

New York State Legislature
2020 Joint Budget Hearing
Housing
February 5, 2020

On behalf of the New York State residents whom we serve, Neighborhood Housing Services of Brooklyn (Bedford-Stuyvesant) CDC, Inc. d/b/a/ Brooklyn Neighborhood Services (BNS) respectfully requests that \$20 million be dedicated in the FY 20-21 budget for the continuation of the Homeowner Protection Program (HOPP). Since 2009, New York has funded a network of housing counseling agencies and legal services providers working directly with distressed homeowners that has prevented thousands of avoidable foreclosures and helped stabilize communities plagued by foreclosure across the State. The program was funded first under a NYS Homes and Community Renewal program and starting in 2012 under the NYS Office of the Attorney General's HOPP program.

BNS has experienced tremendous growth in the programs and services since 1992, and today we serve residents throughout Central Brooklyn in Bedford-Stuyvesant (primarily), Brownsville, Bushwick, Crown Heights, Cypress Hills, East New York, Fort Greene, Ocean Hill, Red Hook and Williamsburg. Our menu of services include: Foreclosure Prevention Counseling, First-time Homebuyer Education and Counseling, Financial Literacy Education (youth & adult), Emergency Home Repair and Renovation Grants, Down-Payment and Closing Cost Assistance, Tenant Counseling and Education, low to no cost 1-4 unit moderate rehab loans and Senior Services.

Continued investment in the HOPP network of 87 housing and legal services agencies is a good investment for New York State as **HOPP services provide savings to New York State by reducing the following costs:**

- **Cost of Loss in Property Values and Tax Revenue:** Foreclosed homes cost New York State money in several ways. Foreclosure and vacancy depreciate the value of the foreclosed home and surrounding properties. Depreciated values impact tax revenue from home sales and real property tax collections. Foreclosed homes, and especially homes vacated as the result of foreclosures, cost localities hundreds of thousands of dollars every year in code enforcement, repairs and emergency response calls. Based on the estimated loss in home values to New York State residents, tax losses as a result of lower assessments and property costs incurred by localities, the elimination of the HOPP program could cost New York State as much as \$4.4 Billion in lost property values, and over \$437 Million in annual losses due to lower tax revenue collections and costs to localities to manage vacant buildings.
- **Cost of homelessness:** In every part of the State, available and affordable housing are significant issues. Displaced homeowners with financial troubles are unlikely to find good housing with affordable rents. Using an average cost per year in New York City (\$64,000) to provide emergency shelter to a household, housing just 312 families and individuals (3% of households served by HOPP) equals more than the cost of HOPP annually. In preventing the cost of homelessness alone, HOPP pays for itself.



- **Cost to homeowners by scammers:** Without the HOPP network in place, scams will increase. Mortgage loan modification scams can cost homeowners in the range of \$5,000 – \$8,000 a scam, while deed theft scams strip hundreds of thousands of dollars in home equity—often built up over generations-- with each stolen property. The State incurs costs as the result of law enforcement efforts and families lose equity and opportunities for generational wealth building. While alarm is increasingly expressed about the pervasiveness of deed theft targeting primarily seniors and communities of color—especially in gentrifying neighborhoods—the single-most important tool we have to combat this plague is the network of non-profit housing counselors and legal services providers serving distressed homeowners which the Governor’s budget proposes to dismantle by defunding.
- **Cost to New York State’s economy:** Instability in housing impacts a number of factors including health, financial stability, emotional distress, childhood education and development, criminal activity, and support networks particularly for older homeowners, to list a few. (Urban Institute) Costs of supportive services rise for localities and state systems as New Yorkers who have suffered foreclosure turn to government programs for help.

The HOPP network partners are the only non-profit services available in New York State to help distressed homeowners. **Without continued funding for the HOPP program, homeowners will lose their homes.** Prior to the State’s investment in HOPP, nearly 90% of all foreclosure cases ended in a default judgment against the homeowner. Since 2012, the majority of homeowners have had representation at mandatory settlement conferences, and the default rate has fallen from 90% to less than 20%. Given the losses associated with foreclosure, the **HOPP program continues to be a wise investment and low cost alternative** for New York State. Allowing a budget to pass that abandons the State’s investment in this program makes no business sense, and will send a message to New York’s struggling homeowners that the State is abandoning them.

Sincerely,



Richard M. Trouth, Executive Director