



New York State Legislature

2020 Joint Budget Hearing

Housing

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Written testimony submitted by email:

wamchair@nyassembly.gov

financechair@nysenate.gov

On behalf of the New York State residents whom we serve, The Housing Council at PathStone 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.

The Housing Council at PathStone serves over 500 households a year in the Western NY area providing help to homeowners in identifying resources, options, and assistance in structuring a plan to keep their home. We are part of a regional coalition of housing advisors and legal service providers and have strong connections with the courts and regularly receive referrals from our local tax foreclosure office.

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 results 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,

Susan Boss
Executive Director
Sboss@pathstone.org