



2 Congers Road
New City, New York 10956
(845) 634-3627
(845) 634-8505 F
www.legalaidrockland.org

Daniel Wolff
President
William P. Warren
Vice-President
Alexander Bursztin
Executive Director

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

February 3, 2020

New York State Assembly Ways and Means Committee
New York State Senate Finance Committee
State Capitol
Albany, New York
wamchair@nyassembly.gov
financechair@senate.gov

Testimony of the Legal Aid Society of Rockland County, Inc.

Ladies and Gentlemen:

The Legal Aid Society of Rockland County, Inc. respectfully requests, on behalf of the Rockland County residents whom we serve, 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 ("the HOPP Network") 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 Legal Aid Society of Rockland County, Inc. (LASRC) was founded in 1965, and, from its inception, its sole mission has been to provide high quality legal representation in civil cases to low income clients residing in Rockland County, New York whose essentials of life (shelter, food, subsistence income and medical care) could be protected or obtained through legal representation. LASRC has helped homeowners prevent foreclosure for decades, but, since the financial crisis in 2008, its foreclosure prevention project has assisted 1843 households comprising 5,995 individuals in Rockland County. In 2019 alone, LASRC assisted 393 households comprising 1,202 individuals.

LASRC is part of a regional coalition of housing advisors and legal service providers. We have strong connections with the courts and regularly receive referrals from the Rockland County Department of Finance and the Rockland County Attorney to assist homeowners facing imminent tax foreclosures to find solutions to save their homes. Altogether, the HOPP Network

consists of 87 housing counseling agencies and legal services agencies working together to help New York state residents avoid the loss of their homes to foreclosure.

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:

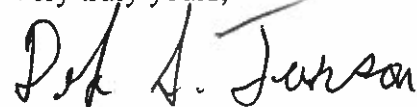
- **Cost of Loss in Property Values and Tax Revenue:** Foreclosed homes cost New York State money in several ways. Foreclosure and vacancy depreciate the value of the foreclosed home and surrounding properties. Depreciated values impact tax revenue from home sales and real property tax collections. Foreclosed 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. Deed theft scams often target seniors and communities of color—especially in gentrifying neighborhoods. To combat this pervasive trend, the single-most important tool available is the network of non-profit housing counselors and legal services providers serving distressed homeowners. but this is the very tool that 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 providers in the HOPP Network 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.

The Legal Aid Society of Rockland County, Inc. therefore respectfully requests that you dedicate \$20 million dollars to continue the services of the HOPP Network in providing foreclosure prevention services to all New Yorkers.

Very truly yours,



Derek S. Tarson
Foreclosure Project Director
Legal Aid Society
of Rockland County, Inc.