

**Testimony Before the New York State Joint Legislative Budget Hearing:
Regarding the New York State Executive Budget for Housing, Fiscal Year 2021-2022**

February 2, 2021

Good morning. My name is Christie Peale, and I am the Executive Director and CEO of the Center for NYC Neighborhoods. I would like to thank Committee Chairs Krueger, Weinstein, Kavanagh and Cymbrowitz for holding today's hearing on the housing-related proposals in the Governor's Fiscal Year 2020-2021 Executive Budget.

About the Center for NYC Neighborhoods

The Center promotes and protects affordable homeownership in New York so that middle- and working-class families are able to build strong, thriving communities. Established by public and private partners, the Center meets the diverse needs of homeowners throughout New York State by offering free, high-quality housing services. Since our founding in 2008, our network has assisted over 150,000 homeowners.

About HOPP

The Center is a proud member of the Homeowner Protection Program (HOPP) funding campaign to preserve foreclosure prevention services in New York State. The HOPP network partners are the only non-profit services available in New York State to help distressed homeowners. Services are currently provided by 88 non-profit housing counseling and legal services programs in every county of New York state, and we seek to preserve the \$20 million in annual funding for homeowner services statewide. Since 2012, HOPP grantees have served an average of 15,833 New York families per year, at an average cost of just \$1,263 per family. These services keep New York families in their homes, protect New York communities from the blight of vacant and abandoned homes, and help municipalities avoid tax foreclosure. The cost of funding HOPP for a year pales in comparison to the amount of money it saves the state--from providing social support for families forced to leave their homes to diminished tax revenues that follow a foreclosure.

HOPP funding allows organizations from Long Island to Buffalo to continue providing services to homeowners in need that promote strong and healthy communities. This is accomplished by advancing solutions and services in the following areas:

- Providing high-quality housing counseling and legal services to New Yorkers at risk of losing their homes to mortgage, reverse mortgage, or tax foreclosure;
- Stemming the flow of zombie properties that destabilize neighborhoods;
- Stopping property scammers from stealing people's homes; and
- Supporting the state's seniors during reverse mortgage foreclosure settlement conferences, a growing problem for aging homeowners.

Funding for Homeowners in the 2021-2022 Executive Budget

We are disappointed and deeply concerned that the 2021-2022 Executive Budget does not include funding for HOPP. While foreclosure prevention services were once funded through the State Budget and administered by the Department of Homes and Community Renewal, since 2011 the program has been funded and separately administered through the use of one-time settlements with financial institutions. The funding is vital to many organizations that will immediately need to lay staff off and cut services without it. The short timeframe will make it extremely difficult for nonprofits and employees to make plans to serve homeowners from April 1 and beyond. The inclusion of this funding in the Executive Budget by way of the 30-day amendment will go a long way towards reassuring our network and the families we serve that New York State stands with homeowners. We urge the Governor to include the funding in the 30-day technical amendments and we ask legislators to support the campaign by encouraging leadership to make the funding a conference priority as well as by requesting its inclusion in the technical amendments.

Protection Cliff Looms for New York Homeowners and their Communities

Continued funding is crucial to ensure that New Yorkers fighting to keep their homes do not get cut off from their attorneys and housing counselors, and that robust services continue to meet the emerging needs of homeowners. Under its previous funding, our housing counselors and attorneys have helped over 100,000 New Yorkers and prevented 22,500 foreclosures statewide since the program began in 2012. Our services are highly cost-effective, at just over \$5,000 per foreclosure averted. By comparison, it costs about \$5,000 per month for a family in a NYC homeless shelter.

The potential funding cliff comes at a time when tens of thousands of New York homeowners and their communities are in desperate financial condition as a result of the coronavirus pandemic. While foreclosure moratoria and forbearance plans are keeping foreclosures artificially low at the current time, we anticipate a massive need for homeowner assistance in the coming months as homeowner forbearance periods expire and unpaid tax bills stack up.

New York State's rate of non-current homeowners (8.31%) far exceeds that of the country as a whole (6.41%)¹ and the most recent data from the Census Bureau showed that 21% of New York State mortgage holders report slight or no confidence in being able to make their next month's mortgage payment compared to 14% nationally.²

As has been well documented, the effects of the COVID-19 pandemic are disproportionately felt among New York's Black and Brown communities. Many of these communities have seen higher rates of COVID-19 infections and deaths and the economic impacts of the COVID economy have also been mostly severely experienced Black and Brown families. We risk a repeat of the aftermath of the Great Recession

¹ <https://www.blackknightinc.com/black-knights-first-look-at-december-2020-mortgage-data/>

² Census Bureau, Week 22 Household Pulse Survey

in which the loss of household wealth among Black and Latinx homeowners vastly exceeded that of Whites.

Without continued funding for the HOPP program, New York families like the ones mentioned here will find themselves without services. It's likely that they will be unable to navigate the complicated foreclosure process on their own and 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%. We can't go back to that unacceptable situation. 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.

For these reasons, we urge the Legislature and the Governor to take the much-needed step of funding HOPP for the 2021-2022 state budget.

Thank you for the opportunity to testify and for your support of these critical services.