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2020 Joint Budget Hearing

Housing

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My name is Lara Kasper-Buckareff. I am the Chief Operating Officer of Legal Services of the Hudson Valley (“LSHV”) and I submit this testimony in support of continued funding for New York’s Home Ownership Protection Program (“HOPP”), which is the sole source of funding for the statewide network of housing counseling agencies and legal services agencies providing foreclosure prevention services for New York’s struggling low and moderate income (“LMI”) homeowners.

Through HOPP funding, we provide free, high quality foreclosure prevention legal services in the seven counties of the Mid-Hudson Region—Westchester, Rockland, Orange, Putnam, Sullivan, Dutchess, and Ulster. Utilizing the most effective advocacy and litigation tools, we have demonstrated success in fighting foreclosure and saving our clients’ homes, whether they are faced with mortgage, tax, and/or homeowner’s and condominium association foreclosure. In 2019, LSHV handled 649 foreclosure cases, impacting 1,714 household members, and prevented 306 foreclosures. In 2020, LSHV handled 371 foreclosure cases, impacting 962 household members, and prevented 38 foreclosures. The decrease in numbers can be attributed to the panoply of pandemic-related moratoria and executive and administrative orders staying foreclosure proceedings. With courts shuttered and proceedings stayed, our advocates nimbly redirected our energies to securing forbearances. It takes no stretch of the imagination to foresee a dramatic uptick in numbers in the year to come.

We work in tandem with the HOPP-funded housing counseling agencies in our seven counties to achieve the best outcomes for homeowners. LSHV focuses on providing homeowners with the legal services that they need to prevent foreclosure, whether the homeowner is pre-foreclosure or a party to a foreclosure matter, while the housing counseling agencies focus on providing loss mitigation services, such as assistance with loan modification applications. We assist with mortgage, tax, and homeowner’s and condominium association foreclosures. A considerable number of our clients are seniors, many facing reverse mortgage foreclosure with their reverse mortgage servicer operating unlawfully and in bad faith.

With the pandemic, a vast majority of our clients—whether they came to us pre-pandemic or post-pandemic—are facing Covid-related hardship and need an attorney to help them obtain a forbearance and other relief. In addition to facing the potential and devastating loss of homeownership, our clients often are in crisis on several fronts. Our dedicated attorneys carefully explore each client’s circumstances to identify the breadth of services that are needed, and work in concert with LSHV colleagues across other legal practice areas to provide robust and holistic services. An example is instructive: an elderly veteran contacted our agency at the start of the pandemic seeking assistance with his pending foreclosure. In short

order, our staff secured a forbearance for the client, identified that the veteran was not receiving tax exemptions to which he was entitled, and connected the veteran with supports in the community to address his loneliness during the pandemic.

Across New York State, the HOPP network comprises 88 non-profit housing counseling and legal services agencies that help New York homeowners, coop owners and condo owners avert homelessness and displacement by preventing avoidable foreclosures, combating mortgage fraud, deed theft, loan modification and partition scams, and challenging predatory and discriminatory lending and abusive mortgage servicing practices that disproportionately impact New York's most vulnerable communities—seniors and people of color. The network serves every county in New York State and all five boroughs of New York City, but current grants funding this vital network end on July 15, 2021, and at present no funding has been provided in the Governor's executive budget to continue this program even though the need for these services is more acute than ever before.

- New York is seeing the highest delinquency rate ever: as of the end of 2020, 11.8% (10,393,141) of New York homeowners were delinquent on their mortgage (according to US Census Household Pulse Survey data). This rate is over three times the last high of 3.8% in January 2009 at the height of the great recession; and over five times the delinquency rate of January 2020. Once foreclosure stays and moratoriums on new filings end during the spring, we expect a flood of new foreclosure filings that will drastically increase our already voluminous caseloads.
- HOPP preserves homeownership in communities of color. Statewide, 43% of clients served by our network providers are homeowners of color; in NYC, the number exceeds 75%. The foreclosure crisis following the great recession disproportionately impacted New York's communities of color, who were targeted for the predatory lending that precipitated that crisis. The COVID-19 pandemic has been no different, with the health impacts and the economic pain felt more acutely amongst black and brown New Yorkers. On average, 15.72% of black homeowners in NY are delinquent compared to 7.53% of white homeowners since September 2020. (US Census Pulse Survey data)
- A complicated patchwork of federal and state programs has been developed which homeowners cannot navigate on their own. No uniform program has been established; FHA, Fannie Mae & Freddie Mac, and conventional lenders are developing independent programs to work with homeowners behind because of COVID. NYS enacted its own law on forbearance programs for New York- regulated lenders and mortgage servicers. Accessing relief requires understanding the details of these various interventions and knowing who owns the loan in question and what program a homeowner may be eligible for. Homeowners need help to ensure they can access relief and they need advocates to make sure lenders are complying with applicable federal or NY laws and regulations. Over the course of this pandemic, our advocates steadfastly have assisted homeowners in navigating this ever-evolving landscape of COVID-related protections, disabused homeowners of misinformation and misconceptions, and provided vital advocacy where servicers have failed to comply with state and federal directives.
- For more than a decade, this network has been helping families in every county across New York State, and in each of the five boroughs of New York City, navigate complex housing challenges -- including mortgage fraud, scams, displacement, discriminatory lending and mortgage servicing -- and it has helped thousands of families to keep their homes and allowed them to stay in their communities. It has helped not just the individual families affected by foreclosures but the communities at large, by preventing displacement and by preventing the increased crime and reduced property values that accompany waves of foreclosure, which, in turn, adversely affect the local community tax base.

If funding for the Homeowner Protection Program (HOPP) is allowed to lapse, majority of the state's existing foreclosure prevention program capacity will disappear overnight, leaving some regions with no service providers. HOPP has been the only dedicated source of funding for foreclosure prevention services. Without HOPP funding, LSHV will be forced to shutter our foreclosure prevention unit. Homeowners in the Mid-Hudson Region who cannot afford an attorney will be left on their own to fight for

their homes, and most likely, will lose their homes. The immediate impact on families, vulnerable adults, and entire communities, and the attendant strain on public resources, cannot be overstated.

Not only will New York families suffer and face displacement; employees across almost 90 organizations are in danger of losing their jobs, and their expertise, along with the associated infrastructure in place that supports this network, which represents a substantial investment by the State of New York, will be discarded. With the loss of HOPP funding, LSHV will most likely need to layoff at least four full-time equivalent attorneys and one full-time equivalent paralegal.

There are also a number of laws and programs in New York State that depend on our services; HOPP service providers are embedded in New York's consumer protections enacted after the foreclosure crisis and now a permanent part of our foreclosure process, such as:

- Lenders are required by law to send pre-foreclosure notices specifically identifying counseling agencies serving the homeowners' county—the very agencies that will be no longer funded to do foreclosure prevention work if funding lapses.
- Network providers are integral to NY's pioneering foreclosure settlement conference process, where we partner with the courts to staff clinics and conferences, and have been instrumental in drastically increasing the numbers of homeowners with representation at settlement conferences and in increasing the numbers of homeowners answering foreclosure complaints and preventing default judgments.

Since 2012, the network had already helped 150,000 NY homeowners since 2012. Those receiving this assistance are working, low and moderate-income families, New Yorkers of color who were targeted for predatory loans, and seniors battling a wave of foreclosures on reverse mortgages. The network mitigates displacements from foreclosures, scams or mortgage distress and challenges abusive mortgage servicing by financial institutions and discriminatory lending practices such as reverse redlining, in which vulnerable communities are targeted for the most toxic of loan products. Most importantly, it levels the playing field, giving distressed homeowners, condo owners and coop owners an advocate in court and in negotiations with large financial organizations.

We URGE the New York State Legislature to include level funding of \$20 million in this year's budget so that the HOPP network can continue its great work combating urgent housing issues and continuing to help homeowners in distress and foreclosure. The foreclosure moratorium is in place through April which means the flood of foreclosure filings will begin this summer, just at the time current contracts with the New York State Office of the Attorney General ends on July 15, 2021. If we are not here, scammers will flood into New York to take our place throwing homeownership issue across our state into a whole new crisis, resulting in thousands more homeowners losing homes that could have been saved.

For more information, please contact me at (845) 471-0058, x409 or lbuckareff@lshv.org.

Respectfully,

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