



Legal Aid Society

NORTHEASTERN NEW YORK

*SERVING NORTHEASTERN NEW YORK with Offices in
Albany, Amsterdam, Canton, Plattsburgh and Saratoga Springs*

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New York State Legislature
2021 Joint Budget Hearing
Housing
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financechair@nysenate.gov

Dear Senator Krueger and Assemblywoman Weinstein,

On behalf of the Legal Aid Society of Northeastern New York, Inc. (LASNNY), I submit this testimony in support of continued funding for New York's Home Ownership Protection Program ("HOPP"), which is a key 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.

Since 2012, LASNNY has provided direct civil legal services to low-to-moderate income homeowners in the Northeast of New York. We provide our services in the following 16 counties: Albany, Clinton, Columbia, Essex, Franklin, Fulton, Greene, Hamilton, Montgomery, Rensselaer, Schenectady, St. Lawrence, Saratoga, Schoharie, Warren and Washington. providing free, high quality foreclosure prevention services and obtaining positive results for our clients. HOPP funding allows LASNNY to protect the housing stability of New York's most vulnerable populations which invariably coincides with communities of color and seniors on a fixed income. The HOPP 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. 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.

Throughout New York State, Foreclosure Prevention Services continue to be critical:

- 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 by 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.
- For more than a decade, this network has been helping families 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, much of the state's existing foreclosure prevention program capacity will disappear overnight, leaving some regions with no service providers. HOPP has been the key dedicated source of funding for foreclosure prevention services.

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.

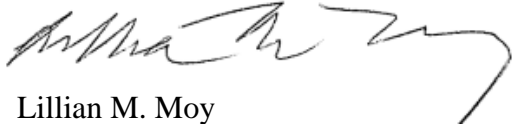
Network providers are integral to NY's pioneering foreclosure settlement conference process, where we partner with the courts to staff clinics and conferences and have been instrumental in drastically increasing the numbers of homeowners with representation at settlement conferences and in increasing the numbers of homeowners answering foreclosure complaints and preventing default judgments.

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 end on July

15, 2021. If we are not here, scammers might flood into New York to take our place, throwing homeownership across our state into a whole new crisis, and possibly resulting in thousands more homeowners losing homes that could have been saved.

For more information, please contact me at lmoy@lasnny.org.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Lillian M. Moy', with a long, sweeping flourish extending to the right.

Lillian M. Moy
Executive Director