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New York State Legislature
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Housing

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On behalf of the Troy Rehabilitation and Improvement Program, Inc. (“TRIP”), 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.

The Troy Rehabilitation and Improvement Program, Inc. (“TRIP”) is a not-for profit, HUD-Certified Housing Counseling agency that has worked for the past 50 years to make stronger communities in Rensselaer County. TRIP has deep roots in assisting our communities work towards a stronger and safer tomorrow. Our HomeOwnership Center was created in 2001 and has assisted thousands of clients throughout the greater Capital Region and surrounding counties to navigate through the process of homeownership and wealth building. Through HOPP funding alone we have been able to assist over 500 delinquent neighbors since 2012. With this funding we are able to assist our local neighbors navigate through the stressful and life altering default and foreclosure prevention process.

Across New York State, the HOPP network comprises of 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.

If funding for the Home Ownership Protection Program ("HOPP") is allowed to lapse, the majority of the state's existing foreclosure prevention program capacity will disappear overnight, leaving many regions with no service providers. Without our services, families who are already significantly struggling will be forced to navigate the confusing and intimidating path of foreclosure on their own. Without our services, those who are already disproportionately affected by this pandemic, (minorities, the elderly, low income homeowners and our rural community members), will continue to suffer the most. We are already seeing delinquency numbers in New York State that are over 3 times higher than what they were at their peak during the 2008-2009 financial crisis. During that last crisis we saw thousands of New Yorkers lose their home. When they lost their home, there was a significant impact on their community. Many delinquent homeowners during foreclosure distress abandon their home in fear of coming home to padlocks on the doors. This leaves homes vacant and neighborhoods decaying into what we now refer to as Zombie Properties. Often, families can still save their home avoiding this situation, if only they were able to seek assistance in navigating the path. Now, when home and safety is more important to our health and livelihood than ever, we need to make sure we are focusing on assisting those clients who are at risk of losing this security.

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. This substantial investment by the State of New York, will be discarded. Specifically for TRIP, the HOPP funding directly pays for our Foreclosure Prevention Counselor and part of our Director of Wealth Building Strategies and Advocacy; both HUD- Certified Housing Counselors who have been with our HUD- Certified HomeOwnership Center for over 8 years. Our Foreclosure Prevention Counselor has worked tirelessly the past 8 years assisting our local neighbors saving their homes from foreclosure and

has specialized in working with servicers and courts to help our neighbors who are behind on their mortgage keep their homes. The two professionals funded through HOPP were integral after the last foreclosure crisis and losing them just as the anticipated wave of foreclosures hit would be a significant loss of expertise and knowledge and a massive detriment to our organization and community.

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. For over a decade, TRIP has offered advice to delinquent homeowners regarding their possible work out options including Loan Modifications, Short Sales, Deed-in-lieu or how to transition into a new home when it is not feasible to save the home. TRIP has been a beacon of light and clarity when assisting clients navigating through the New York State foreclosure process. We have been a reliable avenue in helping decipher bank servicer requests, and as a partner for information and comfort during the court process. Without the assistance of foreclosure prevention counselors and legal advocates delinquent homeowners will be forced to walk through the foreclosure process blind; not knowing how long they have until they lose their home or when they will return to a lock on their doors and they become homeless.

- Network providers are integral to NY's pioneering foreclosure settlement conference process, where we partner with the courts to staff clinics and conferences. HOPP funded agencies 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. These agencies have worked hard to build a productive and beneficial referral program through our local court referees to make sure we can help as many delinquent homeowners as possible. It is often with these referrals that we are able to begin contact with clients and help them save their homes. With loss of HOPP funding, there will be no organizations or legal assistances to refer the clients to for help.

The network has already helped 150,000 NY homeowners, since its inception in 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. It 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.

Without funding for these vital programs, clients will be left to face the courts on their own without any free legal advocates to help them understand the process nor file required legal documents for the court process. They would not have a group of 88 organizations helping to keep an eye out for scams and fraud. Countless New Yorkers who are behind on their mortgage are swindled out of thousands of dollars each year by scammers who are preying on their financial struggles. HOPP funding goes directly to the 88 organizations who work hard to prevent that extra destruction from happening.

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.

This funding is essential. This funding is what will help us keep our communities strong. In this unprecedented time of health and financial uncertainty, this funding will help give our neighbors hope that they will be able to get back on track and work to keep their home; their one place of safety and security. Let's not 'kick' our fellow community members when they are 'down'. Let us reach out a hand to help by making sure we fund the Home Ownership Protection Program to keep the critical foreclosure prevention services alive and strong in New York State.

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, and resulting in thousands more homeowners losing homes that could have been saved.

For more information, please contact Caitlin Burns at caitlin@trionline.org or at 518-949-7292 if I can provide any further details or information about this vital funding.