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New York State Legislature
2020 Joint Budget Hearing
Housing

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My name is Joan Catalano. I am the Executive Director of Northfield Community LDC of Staten Island, Inc. (“LDC”) 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.

Northfield Community LDC of Staten Island, Inc. “LDC” was founded in 1978 by the merchants, property owners and residents of Port Richmond, Staten Island for the purpose of community improvement and advocacy. Northfield LDC serves all of Richmond County with a focus on Staten Island’s North Shore. The LDC’s program focus on Staten Island’s most vulnerable low-moderate income residents.

Our mission is to enhance the quality of life within the community through the development of affordable housing, rehabilitation and improvement of existing housing stock, energy conservation improvements and testing for safety in buildings, promotion of economic development and financial literacy education, and support of homebuyer and foreclosure prevention efforts.

With HOPP funding Northfield’s three multi-lingual housing counselors provide one-on-one assistance to 150 low and moderate-income homeowners in jeopardy of losing their homes.

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.
- 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.

Loss of HOPP funding would mean that Northfield LDC could no longer afford to keep our three multi-lingual housing counselors. HOPP related services allow us to provide much needed foreclosure prevention one-on-one counseling to over 150 homeowners each year. During COVID 19 there has been much confusion regarding mortgage modifications and

when the moratoriums end there will be many desperate homeowners looking to us for assistance to save their homes.

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. ***Unfortunately, loss of HOPP funding would result in a severe reduction in our ability to staff housing counseling positions. We would be fortunate if we could maintain even a part-time housing counselor.***

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.

Northfield LDC has a new Community Land Trust Initiative with the ongoing support of NYC HPD. The CLT Initiative will prevent vacant and abandoned homes from dotting our communities and will help our neighborhoods survive and thrive. In addition to Northfield's new CLT Initiative successful programs have been established in weatherization and energy conservation, new and rehabilitated affordable housing opportunities for low- and moderate-income homeowners and tenants, foreclosure prevention counseling, first-time homebuyer counseling and

workshops, technical housing services, economic development planning, senior housing, and social service referrals.

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 me at northfieldldc.jcat17@gmail.com or I can be reached at 718-442-7351 ext. 223.

Take good care,

Joan M. Catalano, Executive Director

Northfield Community LDC of Staten Island, Inc.