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Housing

wamchair@nyassembly.gov
financechair@nysenate.gov

My name is Jessica Lennon and I am the Associate Executive Director of the Capital District Women’s Bar Association Legal Project, Inc. (The Legal Project) 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.

The Legal Project is a private, independent, not-for-profit organization founded by the Capital District Women’s Bar Association in 1995 and located in Albany. The Legal Project is unique in that it addresses the civil legal needs of the working poor – those who “on paper” make too much money to qualify for programs for the indigent, but who do not earn enough to pay the fees of private attorneys. The Legal Project provides innovative, cost effective services that are collaborative and that focus on unmet needs in our communities..

The Legal Project’s Homeowner Protection Program serves clients in Albany, Columbia, Fulton, Greene, Montgomery, Rensselaer, Saratoga, Schenectady, Schoharie, Warren and Washington Counties. Our program provides legal advice and representation to homeowners who are facing foreclosure, need assistance with settlement conferences, loan modifications, and other foreclosure services. The Legal Project receives almost \$300,000 of HOPP funding per year for its Homeowner Protection Project, which provides legal services to homeowners in eleven upstate counties. There is only one other legal services provider for these counties, whose intake closes periodically and very few cases are handled by the private bar. Our legal services are critical to residents of these counties and help ensure that these clients, many of whom live in small towns, small cities and rural areas, have the same access to justice and fairness as their counterparts in big cities and more densely populated areas of the state. Many people living in these communities already face a lack of resources and their situations would only be exacerbated by the loss of critical funding to programs such as the Homeowner Protection Program and housing counseling services, which can help preserve and maintain stable housing and, therefore, stable communities.

The Legal Project is one of 88 not-for-profit programs providing homeowner protection services throughout the state, and we work closely with housing counseling agencies throughout the counties we serve. The loss of HOPP funding would render it virtually impossible for homeowners to avail themselves of the significant laws and programs enacted by New York State to help homeowners, communities and neighborhoods impacted by foreclosures. These laws either require or are predicated upon services provided by the HOPP network, or depend on the services provided by the HOPP network.

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. The Legal Project represents clients who are referred by courts, banks' attorneys, Legal Aid, housing counselors or simply hear of us through word of mouth. We typically do not turn clients away, providing at a minimum a consultation to homeowners to apprise them of their rights and discuss things like timelines with them. Even a simple timeline discussion with a client during the course of a consultation can have a huge impact on them as many people do not understand that they do not need to vacate their premises immediately upon receiving a foreclosure notice, and that a proceeding can take anywhere from three months to one and a half years or longer. During a consultation we can discuss not only what options a homeowner may have for saving their home, but what other forms of relief or assistance may potentially be available to them throughout the process, including, for example, moving expenses, expedited hearings for related matters such as disability benefits, and working out an exit plan to allow them to make a gracious exit while maintaining their dignity.

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. At The Legal Project, HOPP funding provides employment for 2 full-time staff attorneys, 1 part-time attorney, 1 full-time program manager and 1 administrative assistant. These staff members are 100% funded by HOPP and therefore without that funding we would be forced to lay them off.

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

For more information, please contact Jessica Lennon at 518-435-1770.