



**Testimony Before the Assembly Standing Committee on Housing:
Oversight of the State Fiscal Year 2018-2019 State Budget for
New York State Homes & Community Renewal**

December 20, 2018

Good morning. My name is Caroline Nagy, and I am the Deputy Director for Policy and Research at the Center for NYC Neighborhoods. I would like to thank Chair Cymbrowitz as well as the members of the Standing Committee on Housing for holding today's important hearing on the 2018-2019 State budget.

About the Center for NYC Neighborhoods

The Center promotes and protects affordable homeownership in New York so that middle- and working-class families are able to build strong, thriving communities. Established by public and private partners, the Center meets the diverse needs of homeowners throughout New York State by offering free, high-quality housing services. Since our founding in 2008, our network has assisted over 74,000 homeowners. We have provided more than \$33 million in direct grants to community-based partners, and we have been able to leverage this funding to oversee another \$30 million in indirect funding support. Major funding sources for this work includes the New York City Council, the New York City Department of Housing Preservation and Development, and the Office of the State Attorney General, along with other public and private funders.

About Communities First

The Center is a proud member of the Communities First coalition. Communities First is a network of 89 non-profit housing counseling and legal services programs that ensure assistance is available to low- and moderate-income homeowners in every county of New York state. We are seeking to preserve the \$20 million in annual funding for homeowner services statewide. These services keep New York families in their homes, protect New York communities from the blight of vacant and abandoned homes, and help municipalities avoid tax foreclosure.

The "Communities First" proposal being advanced by the coalition will allow organizations from Long Island to Buffalo to continue providing services that promote strong and healthy communities. This will be accomplished by advancing solutions and services in the following areas:

- Providing high-quality housing counseling and legal services to New Yorkers at risk of losing their homes;
- Stemming the flow of zombie properties that destabilize neighborhoods;
- Stopping property scammers from stealing people's homes; and
- Supporting the state's seniors during reverse mortgage foreclosure settlement conferences, a growing problem for aging homeowners.

Looking Back at FY 2017-2018: Successes in Affordable Homeownership

Affordable homeownership is a key building block of a more inclusive and equitable New York State. Affordable homeownership is a tool for opportunity that cuts across economic, racial, and ethnic boundaries. Working- and middle-class communities depend on homeownership as an engine for asset-building and economic mobility. The stability, forced savings, and shelter from New York's rising rents that homeownership provides gives New Yorkers of all backgrounds a pathway to a secure future for their families. With economic inequality on the rise, affordable, accessible homeownership is more important than ever as a means to reduce disparities in opportunity and to narrow the racial wealth gap. For these reasons, we appreciate the strong partnership of the Governor, New York State Homes and Community Renewal, as well as the Legislature in investing in affordable homeownership initiatives throughout the state.

On the 10th anniversary of the foreclosure crisis, New York State has much to be proud of in our response to the foreclosure crisis. Our state has consistently passed far-sighted legislation to ensure no home is lost to illegal foreclosure, provided homeowners with a network of professional housing counselors and legal services attorneys to preserve homeownership, and launched innovative programs to address the devastating consequences of the financial crisis.

In the past year, under the leadership of Governor Cuomo, New York State Homes and Community Renewal (HCR), and the New York Legislature, New York has continued to make progress for New York families and their neighborhoods, from increased protections for senior homeowners to new resources for affordable homeownership. Here are some highlights:

- **Reverse Mortgage Protections:** Senior borrowers at risk of reverse mortgage foreclosure now receive the same notice and procedural protections that New York homeowners receive for conventional mortgage foreclosures. They will now receive a 90-day pre-foreclosure notice and mandatory settlement conferences where parties are required to engage in good faith negotiations to find an alternative resolution to foreclosure if possible.
- **Community Land Trust Loan Fund:** This year, HCR boosted New York's growing Community Land Trust (CLT) movement by partnering with Community Development Financial Institutions to set up revolving loan funds that will expand both the volume and quality of affordable housing provided by CLTs. This funding will provide much-needed financial support for the permanently-affordable housing provided by CLTs.
- **Neighborhood Revitalization Program:** The Center is a proud partner of the SONYMA Neighborhood Revitalization Program, which helps homebuyers purchase and restore vacant and abandoned homes in New York City and other areas of New York State. Eligible buyers can receive up to \$20,000 in home repair assistance, combined with affordable mortgage financing and other grants and supports. This program fulfills the joint goals of reducing blight while helping homebuyers access affordable homeownership opportunities.
- **Manufactured Home Park Lending Programs:** The Center's statewide programs like the New York State Mortgage Assistance Program, serve homeowners all across the state, including manufactured homeowners. Therefore, we commend the groundbreaking initiatives taken by

HCR to support affordable manufactured housing in New York. This year saw the launch of HCR's lending programs to support manufactured home purchase and refinance loans.

Serving New Yorkers Struggling to Avoid Foreclosure

Meanwhile, New York's strong network of homeowner service providers has continued to provide strong results for New York homeowners and their communities statewide. Under Homeowner Protection Program funding, our housing counselors and attorneys have helped over 100,000 New Yorkers and prevented 22,500 foreclosures statewide since the program began in 2012. In the first nine months of 2018, we served 17,000 New Yorkers statewide.

Over the last few months, we've been talking to New York homeowners our network has helped throughout the state. Here are some of their stories:

- From Ms. P in Suffolk County, Long Island: "I became disabled and it took over three years to get social security disability. During that time I fell behind in my mortgage. As a result of help from Trina and Long Island Housing Services, I was able to remain in the home and community that I love. This allowed our children to stay in the home they were raised in and continue in the schools we love. Long Island Housing Services is very professional and they don't get discouraged like I felt. They kept me hanging in there and supported me through all the legal proceedings and appearances in court — I never would have made it without their expertise."
- From Ms. B in Buffalo: "I fell behind on my City of Buffalo taxes due to unemployment. I was out of work for nine months after undergoing a terrible car accident. Because of the injuries I sustained, I went from working full-time to part-time. I am a single mother who resides in my home with my three children, my 22 year old, 19 year old and 16 year old. I desperately wanted to save my home and my children's home no matter what it took. That is why I contacted the Western New York Law Center. Thanks to the Law Center, I was able to save my home."
- From Mr. S in Buffalo: "I am a veteran; my wife and I got our mortgage through the VA. We were always current on my mortgage payments until the accident which left me permanently disabled and wheelchair-bound. It was in the months and years after my accident that we started to fall seriously behind on the VA mortgage. We tried to apply for a loan modification on our own, but that was a very frustrating and ultimately unproductive process. We were constantly asked for more documents, and the bank never made a decision on any of our applications, leaving us in constant limbo. We were living in fear that we were going to lose our home, that it was only a matter of time. By the time we entered the settlement conference phase we were almost two years behind on the mortgage. With the assistance of attorney Pamela Lanich at the Western New York Law Center, the loan was permanently modified, with an affordable interest rate and monthly payments. It made it possible for us to go on living in a dignified and adequate manner."
- In Syracuse, Mr. Baines lost his job when his workplace closed down in 2013, and his wife was unable to work due to health reasons. Mr. Baines has found temporary work, and with help from Amanda Pascall of the HomeOwnership Center in Syracuse, was approved for a NYS-MAP loan in August of 2017, which he has used to pay off his property taxes and avoid an imminent tax foreclosure.

- Keiko Omori became a homeowner on the Upper West Side in Manhattan for the first time in 1993, after her family received reparations from the U.S. government as compensation for being held at a Japanese internment camp during World War II. Keiko’s problems began when she retired in 2012 after 40 years as a legal secretary. She was faced with unexpected medical expenses and found herself struggling with mortgage payments. When she tried to reach out to her bank for a mortgage modification, she was told she needed to provide more and more paperwork. But even when she did, she was denied. She said she felt as if she was “in the dark ... being buried in paperwork,” and left with inconclusive answers, Keiko was eventually connected to the NYS-MAP run by the Center for NYC Neighborhoods. The Center also worked with Keiko’s bank to extend deadlines and to help get her mortgage modified. Ultimately, her monthly mortgage payments were reduced by 68%, allowing her to afford to stay in her home. These services not only helped Keiko keep her home but also ensured the continued financial health of her coop building.

Funding Cliff Looms for New York Homeowners and their Communities

These successes are impressive and are the result of concerted efforts on the part of New York elected officials, agency leaders, homeowners, and advocates. The continued success of these efforts relies on the existence of a strong network of community-based services. Unfortunately, funding for these services will end in March 2019 if the Governor and Legislature do not take action. Services are currently funded through one-time bank settlements funds that are nearly depleted. Due to recent changes in how settlements are treated in the State budget, there is no possibility of continuing to fund the network through new settlement funds. Therefore, homeowner services funding must return to the State budget.

The Communities First campaign has conducted a statewide survey to determine what would happen if the Homeowner Protection Program funding ends. We found that if funding is not renewed, two-thirds of the state’s foreclosure prevention program capacity would disappear overnight, with greater reductions in staff anticipated over the following year. Twenty-eight programs would be forced to close entirely, while another 26 would be limited to one or fewer full-time equivalent staff. The impacts will be particularly strong in certain regions of the state. For example, Nassau and Suffolk counties on Long Island have the largest numbers of foreclosures in New York state; yet programs serving these counties would suffer an 87% reduction in full-time equivalent staff. In Central New York, 11 counties would lose all foreclosure prevention staff, leaving families with no one to help them — and no programs to refer them to.¹

The potential funding cliff comes at a time when tens of thousands of New York homeowners and their communities are still struggling with the devastation caused by the dramatic increase in foreclosures since the 2008 financial crisis. Unfortunately, foreclosures are still at crisis levels. In 2017, there were 20,000 new foreclosure cases filed in New York. This year, the number of 90-Day Pre-Foreclosure

¹ These counties are Broome, Chenango, Cortland, Hamilton, Herkimer, Jefferson, Lewis, Madison, Oneida, Oswego, and Otsego.

Notices—a signal of mortgages going into foreclosure—is projected to be even higher than the year before.

Given the large long-term need for foreclosure prevention services, allowing the \$20 million in annual foreclosure prevention funding to expire would be a serious mistake and leave tens of thousands of New York families and seniors in need without assistance. For these reasons, we urge the Assembly Standing Committee on Housing, as well as your colleagues in the Senate and Governor's office, to take the much-needed step of funding the Communities First proposal for the 2018-2019 state budget.

Thank you for the opportunity to testify.