



**HOMEOWNER PROTECTION
PROGRAM FUNDING CAMPAIGN**

December 2, 2021

The Honorable Kathy Hochul
Governor of New York State
NYS State Capitol Building
Albany, NY 12224

Dear Governor Hochul:

Thanks to your leadership in implementing a statewide foreclosure moratorium for homeowners with COVID-19 pandemic-related hardships, thousands of New Yorkers have been able to remain in their homes. Once the moratorium and forbearance plans conclude in early 2022, however, New York will see an unprecedented crisis. To ensure services to homeowners continue across the state, we respectfully request that you include \$35 million for the Homeowner Protection Program (HOPP) in your 2022-23 Executive Budget, and a commitment for \$40 million for each of the following two years (a total \$115 million).

HOPP funds **89** nonprofit legal services and housing counseling agencies, serving every county across the state. These community-based organizations employ hundreds of specially trained lawyers and housing counselors preventing families from losing their homes. Prior to HOPP, over 90% of foreclosure cases ended in a default judgment against the homeowner, meaning the homeowner never filed a defense and the home was lost. That number fell to less than 15%, thanks to homeowners being connected with HOPP providers. Pre-pandemic, home-saving loan modifications were achieved in 25%-35% of the cases, conservatively estimated. HOPP assists hundreds more to save their homes through other home retention workouts and from tax foreclosure assistance. Even where homeownership cannot be preserved, HOPP agencies help families to find a soft landing, saving the state billions in property preservation, tax loss and ancillary costs to communities that result from vacancy and homelessness.

Foreclosures have been a continual and pervasive problem in New York State since the 2008 economic crisis, though the pandemic has undeniably exacerbated the issue. The average delinquency rate since HOPP began in 2012 up until the pandemic was **4.9%**. The average rate over a recent three month period (from July 21 to October 11) was more than double, at **10.75%**, representing an average 433,423 homeowners in distress. Even more stark is the difference in delinquency rates between white homeowners and homeowners of color: **19.8%** of Latino, Hispanic, Black, and Asian homeowners are delinquent, compared to **6.6%** of white homeowners in our state. This is a civil rights and economic justice crisis, not merely a housing crisis, when one contemplates the potential further disparity in homeownership rates for communities of color compared with predominantly white communities.

HOPP is the only source of dedicated funding for foreclosure prevention, and one of the only statewide programs supporting low-income and working-class homeowners. If funding is not maintained and enhanced, HOPP services will disappear in most counties. In addition, without service providers on the ground, homeowner and consumer protections enacted following the subprime mortgage lending crisis will be rendered meaningless and ineffectual. These laws and programs include:

- NYS's statewide toll-free homeowner hotline (855-HOME-456);
- NYS Department of Financial Services' mandate to provide a listing of free counseling services for notices that lenders must send homeowners prior to a foreclosure filing (NY RPAPL § 1304);
- Mandatory foreclosure settlement conferences which give defendants the opportunity to seek help from HOPP providers in order to access their statutory right to answer foreclosure complaints, as well as the chance to negotiate workouts (CPLR § 3408);
- Deed theft scam prevention laws – without HOPP services, desperate homeowners will turn to scammers, and enforcement of consumer protection laws will be subverted;
- Zombie property and vacant property programs, including working with land banks, put in place to help communities in the wake of the last foreclosure crisis; and
- DFS's Business Conduct Rules for Mortgage Servicers (Part 419) made permanent in 2019, which are very strong but rely on advocates to ensure compliance.

State-funded foreclosure prevention services began in 2008 with \$25 million in state general fund dollars. HOPP was established in 2012 and has been funded with \$20 million annually, mostly with settlement proceeds reached by the State with mortgage lenders. The 2021-22 State Budget allocated three years of funding to HOPP from American Rescue Plan Act funding. Subsequent U.S. Treasury Department guidance limited the use of that funding and HOPP received a special appropriation from SONYMA's Mortgage Insurance Fund so services could continue.

Considering New York's unprecedented delinquency rate, the backlog of foreclosure filings that will restart in 2022, and a wave of new filings to come, HOPP services are urgently needed and must be increased to meet the need. We know well from the last crisis that it will take years to resolve the pending level of mortgage and tax delinquencies. Continuing to operate with funding renewed on a year-to-year basis is untenable, given the level of services needed to prevent a catastrophic loss of homeownership.

The 70 under-signed organizations urge you to include \$35 million for HOPP in your 2022-23 Executive Budget and a commitment of \$40 million for each of the succeeding two years. If you would like additional information, please contact Kirsten Keefe, Empire Justice Center at (518) 429-0837, kkeefe@empirejustice.org, Kevin Wolfe, Center for NYC Neighborhoods at 646-757-2883, kevin.wolfe@cnycn.org, or Jacob Inwald, Legal Services NYC at 646-442-3634, jinwald@lsnyc.org.

Sincerely,

AARP
Affordable Housing Partnership of the Capital Region
Albany County Rural Housing Alliance, Inc.

American Debt Resources, Inc.
Arbor Housing And Development
Belmont Housing Resources for WNY, Inc.
Bronx Legal Services
Brooklyn Bar Association Volunteer Lawyers Project
Brooklyn Legal Services
Brooklyn Legal Services Corporation A
Brooklyn Neighborhood Services
Buffalo Urban League, Inc.
CAMBA/ CAMBA Legal Services
Catholic Charities of Chemung/Schuyler Counties
CCCS of Buffalo
Center for Elder Law & Justice
Center for NYC Neighborhoods
Central Islip Civic Council, Inc.
Chautauqua Opportunities Inc.
City Bar Justice Center
Consumer Credit Counseling Service of Buffalo, Inc.
Consumer Credit Counseling Service of Rochester, Inc.
Empire Justice Center
EOC of Suffolk, Inc.
Frank H. Hiscock Legal Aid Society
Friends of the North Country, Inc.
Galvan Housing Resources
Hispanic Brotherhood. Inc.
Home HeadQuarters
Housing and Family Services of Greater New York
Housing Assistance Program of Essex County, Inc.
Hudson River Housing.org
Human Development Services of Westchester, Inc.
IMPACCT Brooklyn
JASA Legal Services for Elder Justice
Keuka Housing Council, Inc.
Labor & Industry For Education, Inc.
Legal Aid Bureau of Buffalo, Inc.
Legal Aid Society of Mid-New York, Inc.
Legal Aid Society of Northeastern New York, Inc.
Legal Aid Society of Rockland County, Inc.
Legal Services NYC
Legal Services of the Hudson Valley
Long Island Housing Services, Inc.
Metro Interfaith Housing Management Corp
Mobilization for Justice, Inc.
Nassau Bar Foundation, Inc
Nassau/Suffolk Law Services

Neighborhood Housing Services of Jamaica, Inc.
Neighborhood Housing Services of Queens
New Economy Project
New York Legal Assistance Group
NHS Brooklyn, CDC, Inc.
Northfield Community LDC of Staten Island, Inc.
Putnam County Housing Corporation
Queens County Bar Association Volunteer Lawyers
Queens Legal Services
Rockland Housing Action Coalition, Inc.
Staten Island Legal Services
The Housing Council at Pathstone
The Legal Aid Bureau of Buffalo, Inc.
The Legal Aid Society of Rochester, NY
The Legal Project
The SafeGuard Group
Troy Rehabilitation and Improvement Program, Inc.
United Tenants of Albany
Utica Neighborhood Housing Service, Inc (dba: HomeOwnershipCenter)
Westchester Residential Opportunities, Inc.
Western Catskills Community Revitalization Council, Inc.
Western New York Law Center, Inc.

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