



Long Island Housing Services, Inc.

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Protecting Civil Rights for Long Islanders since 1969



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2020 Joint Budget Hearing
Housing

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My name is Ian Wilder. I am the Executive Director of Long Island Housing Services (LIHS), and I submit this testimony in support of continued funding in the amount of \$20 million in this year's budget 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.

Long Island Housing Services, Inc. was established in 1969 and is a private non-profit Fair Housing advocacy organization, serving Nassau and Suffolk. LIHS counsels clients on Fair Housing Rights, Tenants' Rights, First-time Home Buying, Mortgage Default, Foreclosure Prevention, and Homelessness Prevention.

HOPP funding is critical to sustain LIHS' Foreclosure Prevention program. LIHS provides both housing counseling and legal services to Suffolk and Nassau counties, which have experienced some of the highest numbers in foreclosure filings in NY State. As this volume of foreclosures continues to threaten communities across Long Island, and since many of these foreclosures are avoidable,

LIHS focuses its efforts to engage homeowners early in the foreclosure process, to assess affordability and loss mitigations options such as modification and repayment, and to provide legal services through advice and counsel, representation at Mandatory Settlement Conference, and assistance with Pro Se Answers. The goal is to reach homeowners while a positive outcome is still viable, in order to prevent the spread of blight due to vacant and abandoned properties.

Our foreclosure prevention program is distinguished in that we offer both housing counseling and legal services under the same roof. Often working in tandem, housing counselors counsel on budget and affordability, help clients to assess their options, and put together solid applications for mortgage assistance, while staff attorneys provide legal advice, help protect rights and



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*Our mission is the elimination of unlawful housing discrimination
and promotion of decent and affordable housing through advocacy and education.*

defenses, and leverage the Mandatory Settlement Conferences to ensure good faith negotiations – this tightly coordinated delivery of services has been a very successful strategy to achieve positive outcomes.

All LIHS housing counseling clients who request a legal consult, which is nearly 100%, are provided with a pre-settlement conference advice and counsel session, which serves two important functions: first, it prepares the pro se homeowner the opportunity to make the best use of the settlement conference, and second, it allows LIHS to identify those cases where our intervention in form of continued representation could likely make a difference.

Additionally, HOPP funding allows us to provide more robust housing counseling services, which in turn supports our ability to secure additional HUD and CDBG funding. Over the years, through our work with foreclosure prevention clients, HOPP funding has allowed us to cultivate an understanding of the interconnectedness of housing issues.

The lack of affordable housing rentals on Long Island creates a vicious cycle for low-to-moderate income residents. A family may be trapped in a pattern of default and re-default on a loan modification because income is insufficient to maintain the home but rentals are too expensive to transition. The lower income families may be resigned to wait for foreclosure and eviction – and a foreclosed home not only displaces the homeowner family, but too often a tenant family that was renting a basement or accessory apartment.

The rising price of rent in the region also traps many renters as they struggle to build enough savings to purchase. A lack of affordable supportive housing prevents seniors from having a meaningful choice about whether to enter into a reverse mortgage. Most recently the COVID pandemic and resulting moratoria on evictions have exposed the vulnerability of homeowners to mortgage default where they rely on rental income.

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 State 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, the HOPP 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, a 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.

Long Island Housing Services can attest firsthand how a lapse in funding translates to a disruption in foreclosure prevention services. During the HOPP funding gap of 2019, 95% of our foreclosure prevention staff were laid off, all of our housing counseling files were closed, and only a small handful of legal services cases were able to be retained by the program manager. The real-world impact on our clients meant that we were no longer there to guide them through their applications for mortgage assistance, to explain their rights, to advocate for them in court, to escalate their complaints to regulatory authorities, or to receive their referral from their elected official. Fortunately, once funding was restored, we were able to rebuild again fairly quickly, albeit as a smaller program.

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.

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. When asked, many of our housing counseling clients respond that they were referred by their lender. This is a very good thing, because the lender is in the best position to make the referral early, at the first sign of trouble. Reaching the homeowners at the earliest time, before the arrears have accrued to a point where resolution is no longer viable, creates the best opportunity to save the home.
- 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. The second-best opportunity for LIHS to engage homeowners towards a positive resolution is right before their first settlement conference, when they are referred to us by the courts. Too often our clients' applications for mortgage assistance were not reviewed in earnest until the case was called before a court referee, so settlement conference is an essential opportunity for many homeowners to reach a positive resolution. But the conference can be intimidating, confusing, or completely wasted if a homeowner is not prepared properly. Our attorneys will meet with the homeowner in advance of their conference to advise them about their options and counsel them on how to self-advocate. They will also look to intervene in cases where the homeowner requires additional advocacy.

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.

HOPP funding also allow LIHS foreclosure prevention attorneys to assist homeowners to identify and confront and report scammers who have taken their savings – thousands of dollars – at a time when they need it most. Even worse, the scammers have led these struggling homeowners to believe they were in the midst of saving their homes, when in fact more arrears are accruing, they are moving closer toward foreclosure, and a positive resolution is becoming impossible. Our housing counselors work to educate homeowners on how to avoid scams and encourage them to send us they solicitations for our review. Scammers have become adept at

accessing public records to craft personalized solicitations that can appear very official and convincing to a distressed homeowner. Fortunately, through our trust and reputation, we are able to able to avoid many unnecessary tragedies and help homeowner get on the right path toward saving their home.

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.

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.

For more information, please contact Ian Wilder at 631-567-5111 extension 314 or Ian@LIFairHousing.org.