



**Testimony Before the New York State Senate Finance Committee
and New York State Assembly Committee on Ways and Means:
Regarding the New York State Executive Budget for Housing, Fiscal Year 2019-2020**

February 4, 2019

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 Committee Chairs Krueger, Weinstein, Kavanagh and Cymbrowitz for holding today's hearing on the housing-related proposals in the Governor's Fiscal Year 2018-2019 Executive 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 campaign. Our campaign is supported by 167 service providers, advocacy organizations, businesses and labor unions, and our goal is to ensure assistance is available to low- and moderate-income homeowners in every county of New York state.¹ Services are currently provided by 89 non-profit housing counseling and legal services programs in every county of New York state, and we seek 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" agenda will allow organizations from Long Island to Buffalo to continue providing services to homeowners in need 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.

¹ See <http://www.nycommunitiesfirst.org> to learn more about the agenda and supporters.

Funding for Homeowners in the 2018-2019 Executive Budget

We are disappointed and deeply concerned that the 2018-2019 Executive Budget does not include funding for Communities First. While Communities First services were once funded through the State Budget and administered by the Department of Homes and Community Renewal, since 2011 the program has been funded and separately administered through the use of one-time settlements with financial institutions. This funding has been exhausted and there is no possibility to use additional settlement funding for the program due to state law changes to how Attorney General settlements can be spent. The funding will end on March 31, and many organizations will need to lay staff off and cut services. The short timeframe will make it extremely difficult for nonprofits and employees to make plans for April 1. The inclusion of this funding in the Executive Budget by way of the 30-day amendment will go a long way towards reassuring our network and the families we serve that New York State stands with homeowners. We urge the Governor to include the funding in the 30-day technical amendments and we ask legislators to support the campaign by encouraging leadership to make the funding a conference priority as well as by requesting its inclusion in the technical amendments.

Funding Cliff Looms for New York Homeowners and their Communities

Continued funding is crucial to ensuring that New Yorkers fighting to keep their homes do not get cut off from their attorneys and housing counselors, and that robust services continue to meet the emerging needs of homeowners, such as the recent spike in reverse mortgage foreclosures. Under its previous 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. Our services are highly cost-effective, at just over \$5,000 per foreclosure averted. By comparison, it costs about \$5,000 per month for a family in a NYC homeless shelter.

Unfortunately, funding for these services will end in March 2019 if the Governor and Legislature do not take action. 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.²

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. For 2018, the number of 90-Day Pre-Foreclosure

² 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 Legislature and the Governor 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 and for your support of these critical services.