



**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 2024-2025**

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My name is **Christie Peale**. I am the Chief Executive Officer & Executive Director for the Center for NYC Neighborhoods. I would like to thank Chairs Krueger, Weinstein, Kavanagh, Rosenthal and the members and staff of the Senate and Assembly Committees on Finance, Ways and Means and Housing for holding today's hearing on the FY 2025-25 Executive Budget Proposal regarding housing.

**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 live in 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 200,000 homeowners. We have provided more than \$60 million in funding to community-based partners. Major funding sources for this work include the New York City Division of Homes and Community Renewal, and the Office of the State Attorney General, along with other public and private funders.

**Restore Homeowner Protection Program Funding**

We are calling for the Homeowner Protection Program (HOPP) funding to be restored in the budget and funded at \$40 million. In 2022, for the first time in New York's history, Governor Kathy Hochul included HOPP in the executive budget; but since then funding has been excluded. Last year HOPP was fully funded by the state legislature for the first time at a historic \$40 million. The vast majority of the funding will have been distributed before the program's funding expires in July of 2024.

Last year's bold, historic, and critical support from the legislature provided stability for the HOPP network, a network of 89 non profit community based organizations across the state, that works with homeowners to keep them in their homes. The HOPP network, consisting of hundreds of high quality housing counselors and lawyers, serves over 15,000 families a year and helps over 120,000 New Yorkers avoid homelessness, crushing debt, and displacement. Statewide, 43% of clients served by HOPP are homeowners of color; in NYC the percentage is 75%. HOPP agencies provide homeowner retention counseling, assistance to delinquent borrowers applying for loan modifications and other loss mitigation options (such as New York's Homeowner Assistance Fund), defense of foreclosure actions in court including representation in mandatory foreclosure settlement conferences, deed theft prevention and affirmative litigation challenging predatory and discriminatory lending, abusive mortgage servicing, and scams targeting seniors and communities of color. HOPP agencies also provide the only assistance to homeowners facing property tax lien foreclosures. HOPP levels the playing field, as lenders will always have well-funded legal representation. These services are provided to homeowners at no cost. HOPP service providers preserve homeownership through securing loan modifications by a conservative estimate, in 25% - 30% of cases. HOPP was employed by HCR to assist homeowners applying for the Homeowner Assistance Fund (HAF) and assists many more to save their homes through other workouts. Even instances where homeownership cannot be preserved, HOPP agencies provide invaluable services, helping families navigate the complicated foreclosure process so they can find a soft landing and avoid homelessness. HOPP saves NYS over \$1.2 billion a year in property value preservation, tax savings and



additional cost savings to localities. Every \$1 million invested in HOPP yields a return of over \$5 million in tax and property cost savings to localities alone.

The work of the HOPP network in New York State is paramount to preserving homeownership among struggling New York families. New York is experiencing some of the highest mortgage delinquency rates in the country, especially in communities of color. According to the latest US Census Household Pulse Survey data, in October 2023, 7.4% of New York homeowners with mortgages were delinquent. Even more alarming, in this same time frame, an average 11.6% of Black, Latino/Hispanic, and Asian homeowners reported being behind on their mortgage payment, which is nearly double the rate of 6.0% for White homeowners across the state. The disparate impact of foreclosures cannot be swept under the rug and the need for adequate funding for the HOPP network is a matter of racial justice.

- “Zombie second liens” make up a new wave of foreclosures on long-abandoned second mortgage loans sold to debt buyers, that were targeted to communities of color for predatory, toxic loans during the subprime mortgage lending crisis.
- Deed theft, property flipping, partition and foreclosure rescue scams remain rampant and without HOPP, services, more desperate homeowners will fall victim to scammers.
- Tax foreclosures and tax sales to debt collectors are on the rise, most often jeopardizing homeownership for seniors and lower-income homeowners who don’t have mortgages.
- Seniors with reverse mortgages need assistance more than ever before.
- Natural disasters drastically increase the numbers of distressed homeowners confronting the threat of foreclosure as soon as they hit.

If HOPP funding is not restored, the vast majority of NYS’s existing foreclosure prevention services will disappear, leaving most counties with no services. In addition, the effectiveness of several laws and programs will be jeopardized which require or depend on HOPP services, including:

- NYS’s statewide toll-free homeowner hotline
- NYS Department of Financial Services’ mandate to provide a listing of free counseling services to be included in notices from lenders to homeowners (RPAPL sec. 1304)
- Mandatory settlement conferences; deed theft scam prevention programs and laws
- Zombie property and vacant property programs
- DFS mortgage servicing rules (Part 419 Business Conduct Rules for Mortgage Services)
- Enforcement of protections for tenants in foreclosed properties
- Property tax payment agreement and workouts to avoid foreclosure

Today, we estimate that the cost of the program should be \$40 million and we are respectfully requesting that the Governor and legislature work together to ensure that HOPP is fully funded at \$40 million.

### **Innovative & Scalable Affordable Homeownership Models**

The Center for NYC neighborhoods is a strong proponent of affordable homeownership at scale. We commend Governor Hochul for continuing to support the development of new housing production; however, we critically need the Governor and the legislature to restore HOPP funding to preserve, protect, and expand homeownership, so that longtime homeowners from Buffalo to Brooklyn, are not displaced due to the new units going online in the next 8 years.



New York City, our state's economic engine, has grown by approximately 244,000 new residents since 2010, however between 2010-2017, the city only developed 140,800 units of new housing.

Furthermore, as housing construction fails to keep up with population growth, the racial wealth gap broadened: in 1984, White families had a median wealth 12 times that of Black families and 8 times that of Hispanic households. New York City, which has more than 180,000 Black homeowner households, has seen a concerning decline in the number of Black homeowners: in Queens alone, the City lost more than 20,000 Black homeowners between 2005 and 2017. Nationally, Black homeownership has fared no better — seeing a precipitous decline across the country. Black and Brown homeowners face greater challenges to remaining in their homes than White families: foreclosures were more prevalent in majority-Black neighborhoods, and brown and Black communities are more likely to be targeted for scams, burdened by tax liens, or have difficulty funding large repairs.

Black and brown communities across New York State deserve housing justice in the form of equitable alternative pathways toward permanent, affordable, and stable housing free from displacement, discrimination, and harassment from predatory real estate speculators. Non-market-based, shared equity, and anti-speculative housing models such as community land trusts and cooperatives have been shown to increase housing security and stabilization, reduce foreclosures, maintain equity, and protect intentionally marginalized people from displacement amid economic downturns. In order to reach the goals, the Center for NYC Neighborhoods has proposed several innovative and scalable affordable homeownership models so that we can work to create an equitable New York for all:

#### *Financial Relief for Homeowners Facing Foreclosure*

The Center is proposing a state funded program to provide financial assistance to New York homeowners in foreclosure. With the federal funds that supported the Homeowner Assistance Fund (HAF) almost exhausted, the needs of homeowners in foreclosure are more acute than ever. The new program would be modeled on two previously successful efforts: 1) HAF, which in under a year, launched the first state application portal in the United States and committed or disbursed \$279 million (62% of total available grant funds), with 58% of awards made to BIPOC applicants, and 2) the statewide Mortgage Assistance Program (MAP) that the Center administered from 2016 to 2019, saving over 2,200 homes from foreclosure.

The Center's experience in operating programs such as HOPP and HAF reveal the need to re-launch a foreclosure program as a permanent social safety net for low to moderate income New York homeowners. From 2016-2019, NYS-MAP provided zero-interest mortgage loans of up to \$80K to eligible New York homeowners. These loans were used to bring a homeowner's mortgage current, help get a modification, pay off a mortgage or property tax arrears, or settle other debts that could lead to foreclosure.

Because of leadership from the Governor, Legislature and Attorney General, New York has many best in class and nation-leading programs including HOPP and HAF, your continued support will put us on a path again to break new ground for NYS homeowners and to lead the nation.

#### *End Predatory and Speculative Systems and Stop Gentrification and Displacement*



Black and brown New Yorkers deserve to be free of exploitation from speculative markets, predatory investors, and unaccountable corporations that target Black and brown communities for displacement and undermine the growth of Black and brown homeownership and Black and brown wealth. These dynamics exacerbate the widening of the racial wealth and housing gap. In order to achieve structural change in New York's housing market and provide new revenue sources to support community controlled permanently affordable homeownership opportunities, we respectfully request the following bills be included in the enacted budget:

- Deed Theft - ([S6569A](#))
- End Toxic Home Flipping Act - [S1569](#)
- Prohibit Sale of Tax Liens in Tax Districts - [S8124](#)
- Public Bank NY - ([S1754](#), [A3352](#))
- Affordable Title Insurance - ([S4539](#), [A4500](#))

Without intervention, we will see increased incidences of deed theft and scams, continuous discriminatory mortgage lending practices, speculation, and gentrification. This leads to increased housing costs, deferred maintenance and repairs, and increased risk of displacement.

#### *Tenant Opportunity to Purchase*

We support the Tenant Opportunity to Purchase Act (TOPA), [S00221/A03353](#) in order to provide tenants of rental buildings the right of first refusal when their building is being sold; tenants can then choose to assign buying rights to a nonprofit organization, a mutual housing association, or convert to ownership opportunities.

We also encourage the legislature to support funding efforts in local communities that have a three-pronged approach: identifying opportunities to partner with tenant organizers and tenant groups; providing technical assistance, and pre-development funding to tenant organizers and tenant groups; coordinating financing with city and state agencies, including providing acquisition financing.

#### *Home Repair*

According to a [2017 study from the Center](#), unaffordable home repairs were the biggest challenge homeowners identified to remaining in their homes, with 63 percent of homeowners reporting an unmet home repair need. While homeowners with good credit or substantial equity are able to fund repairs by refinancing their mortgage or taking out a Home Equity Line of Credit, few options exist for less financially-secure homeowners.

We commend the Governor and the legislature for appropriating \$50 million to support an overall expansion of home repair resources both in terms of the size of individual loans and grants, as well as the total number of loans and grants available. We look forward to working with the governor and the legislature to make sure that New York City receives an equitable share of funding support.

#### *Promote Healthy and Resilient Housing in Alignment with Climate Goals*

We support the New York Resilient Revolving Loan Program ([S2837](#), [A3782](#)) in order to provide necessary relief to homeowners dealing with the brunt of climate change and the negative impacts of extreme weather events such as flooding and heat. Homeowners need to be prioritized for rehabilitation,



remediation, disaster preparedness, and energy efficiency to ensure all homes are safe, healthy, and free of dangerous conditions.

#### *Community Land Trusts*

The Center for NYC Neighborhoods has supported the development of community land trusts in New York City, and the Center and its partners have led in the creation of permanently affordable homeownership options, particularly in partnership with the Interboro Community Land Trust. The dramatic rise in home prices across New York State demonstrates the immediate need to provide low- and middle-income homeowners access to continuously affordable, safe, and community-controlled housing. Community land trusts across the state have done the hard work of developing the on-the-ground infrastructure to create successful community land trusts.

#### **Conclusion**

Thank you for the opportunity to speak with you today. We look forward to working with the legislature to rise to the challenge of preserving, protecting and expanding affordable homeownership in New York.