



NEW YORK STATE SENATOR

Ruth Hassell-Thompson

## Senator Ruth Hassell-Thompson Writes Letter to Governor to Request Restoration of \$25 Million for the Foreclosure Prevention Services Program

RUTH HASSELL-THOMPSON February 7, 2012

| ISSUE: **FORECLOSURE**

February 6, 2012

Dear Governor Cuomo:

I am writing to request restoration of \$25 million for the Foreclosure Prevention Services Program in your 30 day amendment period. The services provided by the organizations funded in my region such as Neighborhood Housing Services of the North and South Bronx, New York Legal Assistance Group and Legal Services NYC – Bronx have served hundreds of families avoiding foreclosure – an immense positive economic impact for my district and for the state as a whole.

The housing counseling and legal services provided through the Foreclosure Prevention Services Program are a critical component of our state's ability to successfully emerge from the foreclosure crisis ahead of other states. They should be maintained to compliment your Foreclosure Prevention Unit within the Department of Financial Services (DFS), which has a vital role to play in improving outcomes for New York homeowners, but it is not a substitute for direct services to homeowners.

At the statewide level, the Foreclosure Prevention Services Program is a vital, cost-effective program, which, to date, has saved more than 14,000 of New Yorkers' homes from foreclosure and which has saved the State an estimated \$3.4 billion in costs and lost tax revenues associated with foreclosures averted. With over 250,000 homes in New York State currently either in foreclosure or facing foreclosure, additional lost property values and the reduction in local tax bases will add up quickly and slow the State's economic recovery. If nothing is done to save these homes, we estimate the cost would total over \$61 billion in property values and lost tax revenues. Clearly the elimination of New York's program to provide direct assistance to homeowners will result in more individuals losing their homes to foreclosure.

Should the Foreclosure Prevention Services Program and its day-to-day, on-the-ground advocacy for distressed homeowners be dismantled, New York's foreclosure crisis will become more entrenched, and the gains achieved in battling avoidable foreclosures to date will be lost. Again, if funding is not restored in the 30 day amendment period, the network of providers will begin to dismantle well before April 1, leaving thousands of New York homeowners without the services on which they have come to rely, to say nothing of the hundreds of well-trained advocates whose jobs will be lost. The New York Law Journal reported recently that law firms representing banks are adding staff to meet the expected increase in foreclosure actions. An increasing number of homeowners are going to be left with few to no

options for representation and will be forced to face the banks' attorneys unrepresented.

I therefore implore you to reconsider the elimination of this program and to restore \$25 million for the Foreclosure Prevention Services Program in your 30-day amendment period to the 2012-13 Executive Budget so that New York State can continue to be a leader in addressing the foreclosure crisis afflicting our state.

We thank you for your consideration.

Sincerely,

Senator Ruth Hassell-Thompson