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Local Organizations and Elected Leaders Push For State Funding To Continue Foreclosure Prevention Program

Loss of State Funding for Foreclosure Prevention Housing Counseling and Legal Defense Would Cause Thousands of New York Homeowners and Communities To Be Left Behind

BUFFALO – Today, February 10, 2017, New York State Assembly members Sean Ryan, Michael P. Kearns, and Monica Wallace, New York State Senator Chris Jacobs, Erie County Legislator Patrick Burke, The Western New York Law Center, West Side & Black Rock-Riverside Neighborhood Housing Services, Belmont Housing Resources for WNY, Legal Aid Bureau, Buffalo Urban League, Center for Elder Law and Justice, Buffalo Niagara Land Improvement Corporation, and the Buffalo Niagara Association of Realtors came together to urge the leaders of the State Assembly, State Senate, and Governor Cuomo to include \$30 million in the state budget to fund the Foreclosure Prevention Services Network over the next two fiscal years.

“Home ownership is a staple of the American dream, and I applaud the work of New York State’s Foreclosure Prevention Services Network and the Western New York Law Center in helping families stay in their homes throughout Western New York,” said New York State Senator Chris Jacobs. “I am committed to working with my colleagues in the legislature and the Governor’s office to ensure adequate funding to enable the continuation of services from a highly-trained network of housing counselors and legal service providers. The assistance and modifications provided lessens the strain on the balance of our state and county public assistance programs, saving taxpayer’s dollars in the long run,” Senator Jacobs added.

Between 2009 and 2012 New York lost an estimated \$242 billion in home equity wealth due to foreclosures- an average decline in value of \$37,649 per home (*Center for Responsible Lending*).

Current funding for the Foreclosure Prevention Services Network ends September 30, 2017. Without an allocation of \$30 million by the New York State Legislature and Governor Cuomo, vital services for homeowners and communities will be lost. The Foreclosure Prevention Services Network consists of more than 94 non-profit organizations across New York State, including housing counseling agencies and legal services providers.

“The Foreclosure Prevention Services Network has become an amazing resource to help prevent foreclosure and keep people in their homes,” said Assembly member Sean Ryan. “I believe we must continue funding for this critical program to help prevent foreclosures that cause blight in our communities. We have a system that is effective, and our state budget should continue to invest in smart strategies like the foreclosure prevention program.”

The network plays an active role in fighting back against the devastation in communities caused by the foreclosure crisis that began with the 2008 recession. In New York State there were nearly 34,000 new foreclosure filings in 2016, which is double pre-recession levels, and 72,000 pending foreclosure cases in our courts; these cases comprise 26% of the Supreme Courts’ civil caseload. These numbers do not include the thousands of homeowners who are delinquent on their mortgages and are in jeopardy of foreclosure. Housing counseling and legal services programs are inundated with calls, servicing over 34,000 families between October 2015 and October 2016. Since its inception the network has represented more than 60% of homeowners in settlement conferences; obtained affordable loan modifications for 30% of clients; and assisted homeowners in finding transition options if loan modification was not possible.

“I have seen firsthand the importance of Foreclosure Prevention services,” said Assembly member Michael P. Kearns. “These vital legal services and housing counseling programs will prevent future foreclosures and keep our community strong.”

The reality is that financial hardships happen across all communities in Western New York and New York State. It is because of the network that people who experience an unforeseen financial hardship and fall behind on their mortgage have somewhere to turn for assistance. "The people who come through our doors for help with their foreclosure come from all walks of life; urban, suburban, rural, middle class, working class, communities of color," said Joseph Kelemen Executive Director at Western New York Law Center. "Hardships do not discriminate; in order to provide continued support to Western New Yorkers it is imperative that the Foreclosure Prevention Services Network be fully funded."

Assembly member Monica Wallace added, "The working and middle class communities of Western New York are no stranger to the economic consequences of zombie properties. Our efforts to protect homeowners and combat this crisis will make real, tangible differences, right here in our community. We are fighting for this crucial funding to help families stay in their home, adapt to a more appropriate living situation, and avoid the inevitable uptick in crime and decrease in surrounding property values that come when a home becomes vacant."

The extenuating circumstances associated with foreclosure and an inability to navigate the process can have a ripple effect through families. "Half of the households we serve have school age children," said Sandra Becker, Senior Housing Programs Manager at Belmont Housing Resources for WNY. "When families overcome housing crises, trauma can be prevented and the success of the children in these families is directly affected. For many of our families who have no safety net, even a seemingly minor event such as illness or a job loss can force them into foreclosure and homelessness. Children of these at-risk families face the possibility of increased school mobility, decreased school attendance and diminished school performance, which have long term effects on their futures."

If funding to housing counseling agencies and legal service providers is lost, there will be no coordinated services to implement Governor Cuomo's reverse mortgage proposal, or to enforce comprehensive reforms passed by both Houses of the Legislature and signed into law by the Governor in 2016. The legislation calls on banks to provide contact information for local housing counseling agencies when a borrower is in default. Without the funding many existing housing counseling agencies will lose the capacity to provide such services, which could lead to more Zombie homes across New York State.

"Zombie homes are an issue throughout Western New York and we need to do everything we can to stabilize our neighborhoods," said Assemblyman Raymond Walter (R, C, I - Amherst), "ensuring there is funding to prevent foreclosures in the first place is a great start."

"The Legal Aid Bureau of Buffalo is committed to continuing the struggle to fight mortgage foreclosures throughout Western New York," said David C. Schopp. "The work done together with our partners in the Foreclosure Prevention Project of Western New York has been key in saving homes, preventing homelessness, and maintaining stable communities. We hope you will allow us to continue this vital collaborative effort."

"Foreclosure prevention is an integral part of West Side & Black Rock-Riverside Neighborhood Housing Services' mission to stabilize neighborhoods through full-cycle, homeowner support services. Anyone can trip and fall and for more than 35 years, our agency has provided the means to lift those in crisis up to solid ground. We humbly ask for the opportunity to continue providing our neighbors with this invaluable resource," said Edwin Jackson, interim Executive Director at West Side Blackrock-Riverside NHS.

"The Foreclosure Prevention Project is critical to furthering our mission of helping our clients live independently and with dignity," said Karen Nicholson, Executive Director at Center for Elder Law and Justice.

Without the \$30 million in funding, these critical services will end September 30th, 2017! Funding at this level will continue to enable counseling agencies and legal services to help homeowners stay in their homes, protect neighborhoods from the negative impacts of foreclosure, and help today's aspiring homebuyers to become tomorrow's successful homeowners.

** For additional information, please see attached flyer titled "Protect New York Homes: Foreclosure Prevention Services Work."