

Opinion: NY must keep helping homeowners

December 28, 2011 by MARK LADOV AND ROOPAL PATEL

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After the nation's housing bubble burst in 2008, [New York State](#) took action to address the foreclosure crisis crippling housing markets and devastating low-income communities. The state invested in an innovative, collaborative web of programs to provide housing counseling and legal services to [New Yorkers](#) confronted with the loss of their homes. But now that funding is set to expire.

In the recent tax reform agreement, Gov. [Andrew M. Cuomo](#) and state legislators quietly agreed to include \$1 million in emergency funding to keep these programs running -- though an additional \$3.8 million would be needed to ensure the programs can serve homeowners through the end of the fiscal year in March. This appropriation for the New York State Division of Homes and Community Renewal is hopeful news. But it's just a drop in the bucket compared to what's needed. [Albany](#) must restore full funding for foreclosure counseling and legal services in the 2012 budget. It's a matter of basic fairness, and a smart investment that will pay off for our troubled state budget.

More than 250,000 households are facing foreclosure in the state, including 66,000 on [Long Island](#). These are complex legal proceedings, yet court officials report that about two-thirds of homeowners don't have a lawyer to represent them.

Moreover, many unrepresented homeowners are going up against high-volume law practices more interested in filing foreclosures in bulk than in resolving individual cases appropriately. When the lender is represented by a foreclosure mill churning through cases, and the homeowner doesn't have a lawyer at all, why should we be surprised when a family loses its home?

That loss has real costs for all of us. Researchers at the Furman Center for Real Estate and Urban Policy have documented that home foreclosures in New York lead to a reduction in neighboring property values, hurting homeowners and reducing income from property taxes. And foreclosures lead to other costs that are harder to measure -- such as the increase in crime associated with vacant bank-owned properties, and the educational impact of pulling

kids out of neighborhood schools when the family is forced to move.

All of us pay these costs, but the burden isn't shared equally: low- and moderate-income communities and communities of color are disproportionately impacted. Witness last week's \$335 million settlement by [Bank of America](#), over allegations of discriminatory lending practices by its Countrywide unit. Nationwide, nearly one in four loans in low-income neighborhoods has gone through foreclosure or is seriously delinquent. Among borrowers with good credit, African-Americans and Latinos were more than three times as likely to receive a subprime loan than their white counterparts. And these higher interest rates lead to higher foreclosure rates among minority homeowners, even when compared with white homeowners of comparable income.

Foreclosure attorneys and housing counselors are at the front lines of the struggle to address these problems. An analysis by the Empire Justice Center, a nonprofit, public interest law firm, found that New York State's \$50 million in grants for foreclosure prevention (distributed by the state since 2008) have assisted more than 80,000 homeowners and saved at least 14,000 homes from foreclosure. The center estimates this investment saved New Yorkers billions of dollars by preventing families from slipping into homelessness, shoring up property values in struggling communities and preserving our state's property tax base.

Funding these efforts in next year's budget will save billions more. Restoring \$25 million for fiscal year 2012 will ensure that our state's existing network of housing counselors and legal services providers won't shut down.

The State Legislature should also take action on stalled legislation to improve New York's foreclosure process, through a bipartisan bill that would protect the legal rights of unrepresented homeowners -- in part by requiring that banks prove they own a mortgage loan before suing for foreclosure, hardly a radical notion. Majority Leader [Dean Skelos](#) (R-Rockville Centre) should ensure the bill gets an up-or-down vote next year.

New Yorkers should demand adequate legal representation and counseling for our neighbors facing foreclosure. The investment will pay off for all of us.

For more information on the Brennan Center's support for foreclosure prevention services, please visit www.brennancenter.org/fightingforeclosure.

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