



Testimony to Joint Legislative Public Hearing on the Executive Budget -- Housing
By Susan Cotner
Advocacy Chair, Coalition for Excellence in Homeownership Education

February 5, 2015

The Honorable John DeFrancisco
Chair, NYS Senate Finance Committee

The Honorable Herman D. Farrell, Jr.
Chair, NYS Assembly Ways and Means Committee

Dear Senator DeFrancisco and Assemblyman Farrell:

New York State has been generously providing housing counseling support to families in foreclosure through the Attorney General's Homeowner Protection Program. What is missing from the Governor's Executive Budget is funding for families before they purchase a home so that they obtain good financial products from the start and are prepared to be successful owners.

Housing Counselors in our 50+ member network provide counseling and advice to thousands of New Yorkers who wish to become homeowners. Families learn financial strategies to become prepared for the best mortgage loan products and gain the confidence needed to advocate for themselves in a commission driven real estate world. Households gain access to down payment assistance and home repair resources that help make their home purchase more affordable.

Housing counseling works – according to a Freddie Mac study, households who receive counseling are 29% less likely to default on their loan. Homeownership and stable tenancy remain important community development goals as studies show the benefits to neighborhoods and local tax bases of ownership and community engagement by those who invest in their neighborhood.

CXHE requests the legislature to use funds from the mortgage settlement for a one-time investment of \$8.2 million for pre- and post-purchase programs as well as funding for Sandy Relief counseling. This will allow counseling agencies to replace funds lost to federal funding cuts and will tide us over as we transition to a fee-for-service model.

For more information on this program and CXHE, contact Susan Cotner, CXHE advocacy chair, 518-434-1730 or scotner@ahphome.org.

Settlement Funds Must be Used to Help Prevent Future Foreclosures

The NYS Coalition for Excellence in Homeownership Education, representing a statewide network of 70+ housing counseling agencies, notes that the agreement with JP Morgan Chase requires settlement funds to be used to avoid preventable foreclosures and ameliorate the effects of the foreclosure crisis. We urge New York to use funds to aid households facing foreclosure and to address blighting, vacant buildings. In addition, funds should be used to help educate New Yorkers so we avoid a future foreclosure crisis.

New York should devote \$8.2 million in one-time funding to not-for-profit housing counseling agencies. Programs to include:

- Pre-purchase counseling: Foreclosure prevention starts when prospective homebuyers become informed consumers at the time they purchase their first home. Housing counselors review credit reports, budgets, savings strategies, grant programs and good loan products.
- Post-purchase counseling: Post purchase programs connect New York homeowners to resources and referrals as well as money and credit strategies that help keep housing affordable.
- Sandy Relief: Housing counselors are still needed to help homeowners affected by Hurricane Sandy navigate a multitude of disaster relief parties. Counselors provide much-needed information and advice in a time of significant change, helping to ensure neighborhood stability.

Housing Counseling Programs Work:

- Delinquency rates of first-time homebuyers receiving counseling are 29% lower than those not receiving counseling (Freddie Mac, 2013).
- Homeowner insurance companies had a 45% lower loss to earned premium ratio than the industry standard with homeowners who attended post purchase education programs (MAHA HomeSafe data, 2011).
- Counseled borrowers are 67% more likely to remain current on their mortgages, thus increasing their mortgage sustainability (Urban Institute, 2011).

The Ask:

- Funding is needed now as federal funding for housing counseling has been reduced by 50% over the past three years. These funds will help agencies transition to fee for service for future sustainability. \$100,000 for 70 groups for a 3 year program. Total \$7M
- Although the post-purchase program can be self-sustaining through fees, it requires an initial investment to bring it to scale. Funding to coordinate the program and \$10,000 for 50 groups to promote the program. Total \$600,000
- Sandy relief counseling for 3 years, \$600,000 total.

\$8.2M would help consumers: Housing counselors help first time buyers become successful homeowners. Homeownership and stable tenancy builds wealth, promotes neighborhood reinvestment, and leads to stronger property tax bases. Housing stability helps children succeed in school and increases civic engagement.



NYS Coalition for Excellence in Homeownership Education (CXHE)

2015 Fact Sheet: 2.4.2015

CXHE becomes HomeSmart New York in 2015!

Who we are: CXHE is a state-wide coalition of not-for-profit housing counseling agencies. Our members are dedicated to serving New York's tenants and homeowners with high quality financial and homeownership education services. CXHE works to professionalize homeownership services, build relationships with industry partners, and advocate for policies, programs and resources that benefit New York residents and promote the availability of services. Learn more at www.nyscxhe.org.

Statewide impact: In the year ending 9/30/2014, CXHE members (31 of 50 members reporting)

- Provided housing education workshops to over 14,900 households
- Gave advice to over 5,600 potential first time homebuyers
- Helped 1080 first time buyers with the purchase of their home
- Advised 6,075 homeowners at risk of foreclosure about their options
- Worked with 2,292 homeowners with insurance or home repair issues
- Counseled nearly 5,800 tenants, helping to prevent homelessness.

Members:

Affordable Housing Partnership, Albany County Rural Housing Alliance, American Debt Resources, Inc., Arbor Housing and Development, Belmont Housing Resources of WNY, Better Neighborhoods Inc., Bishop Sheen Ecumenical Housing Foundation, Brooklyn Housing & Family Services, Inc, Buffalo Urban League, Catholic Charities Chemung/Schuyler, CCCS of Buffalo, Central Islip Civic Council, Community Action Partnership of Madison County, Community Development Corp of LI, Consumer Credit Counseling Service of Rochester, INC., Cooperative Federal ,Cypress Hills Local Development Corp, Debt Counseling Corp, Economic Opportunity Council of Suffolk, Friends of the North Country, Greenpath, Inc., Home Headquarters, Housing Action Council, Housing Assistance Program of Essex County, The Housing Council, Housing Help, Inc., Housing Resources of Columbia County, Human Development Services of Westchester, Keuka Housing Council, Long Island Housing Partnership, Long Island Housing Services, Inc, Metro Interfaith Housing Management Corp, Neighborhood Housing Services of East Flatbush, Neighborhood Housing Services of NYC, Neighborhood Housing Services of S Buffalo , Neighbors Helping Neighbors, NeighborWorks Alliance of New York State, NeighborWorks Rochester, New York Mortgage Coalition, NEHDA, Inc., Orange County Rural Development Advisory Corp, Parodneck Foundation, Pratt Area Community Council, Putnam County Housing Corporation, Quaranta Housing Services, RUPCO, Schoharie County Rural Preservation Corp., TRIP NeighborWorks Homeownership Center, United Tenants of Albany, Utica Neighborhood Housing Services, Western Catskills Community Revitalization Council Inc., West Side NHS