

ALBANY, NY (April 19, 2024) - Today, advocates and housing counselors from across the state celebrated the funding of Homeowner Protection Program (HOPP), which provides free housing counseling and legal services to New York homeowners at risk of foreclosure, in the FY25 state budget but expressed disappointment and concern over the sweeping of \$40 million from the state's Interest on Lawyer Account (IOLA) to fund HOPP.

Below are statements from HOPP member organizations:

“While we are grateful to all the legislators who rallied in support of funding HOPP this year after the Governor yet again excluded it from her budget proposal, we are deeply concerned that Gov. Hochul only agreed to fund the program at the expense of low-income New Yorkers,” said **Jacob Inwald, Director of Litigation at Economic Justice at Legal Services NYC, a technical assistance contractor in the HOPP program**. “Raiding IOLA, a fund that supports 81 non-profit legal service organizations from interest on deposits by attorneys—not from taxpayer funds—means that these groups now may have to cut essential services that allow low-income New Yorkers to access food, shelter, jobs, and healthcare. We cannot rob Peter to pay Paul and celebrate it as a win for all New Yorkers. Nor should we use IOLA as a slush fund or as a way to avoid spending state funds on HOPP which keeps thousands of struggling homeowners in their homes each year. Ultimately, this perennial funding problem could be avoided if Gov. Hochul and the state legislature codified HOPP so New Yorkers can rely on these essential services. It is simply not tenable for this vital network, which represents a substantial investment by the state, to be threatened with extinction every year.”

“The Governor and legislature have agreed on the critical funding of HOPP in the state budget for over a decade and yet year after year there is no agreement as to where the funding comes from,” said **Jim Dukette, HOPP Anchor Program Director at Empire Justice Center**. “Temporary solutions to a permanent need are not sustainable. This year, pilfering IOLA funds that are an essential resource for dozens of legal services organizations across the state is troubling. Assisting one vulnerable family at the expense of another is no solution. The need for HOPP is permanent and the funding should be as well. We urge the Governor and legislature to codify HOPP.”

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BACKGROUND:

Governor Hochul's initial executive budget proposed a sweep of \$100M from IOLA to the general fund, while at the same time proposing to eliminate funding for HOPP. After the entire legal community objected to such an unprecedented attempt to raid the IOLA fund to pad the state's coffers, the Governor rescinded the sweep in her 30 day amendments, but still neglected to fund the HOPP network. When questioned at legislative budget hearings about the proposed elimination of funding for HOPP earlier this year, Homes and Community Renewal Commissioner Visnaukas stated that the administration looked forward to working with the legislature to restore HOPP funding. At the eleventh hour, however, Gov. Hochul conditioned the restoration of the HOPP funding on the sweep of \$55 million from IOLA—\$40 million for HOPP and \$15 for ERAP—in the final budget.

The IOLA is a dedicated fund for civil legal services for low-income New Yorkers. Its revenue comes from interest earned on lawyers' trust accounts—not taxes. The sweep would be the first time in history that IOLA funds have been diverted to any other purpose and would set a disastrous precedent, which is why the entire legal community—including the New York State Bar Association, the NYC Bar Association, many county bar associations, the New York Legal Services Coalition, dozens of law firms from across the state, and 60 large law firm and corporate legal department leaders—spoke out against the initial proposal earlier in the budget process. Read more about the sweep [here](#).

IOLA currently supports 81 non-profit legal organizations in every region of the state to serve low-income New Yorkers with civil legal problems affecting their most basic needs, such as food, shelter, jobs and access to health care. In the last year, IOLA grantees closed over 307,000 cases benefiting nearly 640,000 New Yorkers and generating over \$3.5B of economic benefit to New York. At no time in IOLA's 40-year history—despite the budget fluctuations facing the state through those years—have these funds been diverted to any other purpose.

The HOPP program, comprised of 89 non-profit housing counseling and legal service providers across the state, helps struggling homeowners keep their homes by fighting deed theft and mortgage fraud scams, helping homeowners apply for grants and loan modifications, representing homeowners in court and finding alternative housing when they can no longer stay in their homes. Last year, more than 20,000 people received assistance from the program—protecting their rights in court, lowering their bill payments and preventing avoidable foreclosures with home-saving solutions that benefit homeowners, lenders and local governments.

HOPP is the model for the nation for homeownership preservation services because it funds legal services providers and housing counseling agencies to work in collaboration. The mission of HOPP is that “no family in New York ever loses their home because they do not have access to a lawyer or qualified housing counselor.” IOLA civil services grants do not

fund housing counseling. Without housing counselors working as equal partners with legal services advocates, HOPP not only loses what makes it unique but also the expertise of hundreds of committed professionals providing services in every county in New York.

Despite the program's effectiveness in helping thousands of New Yorkers stay in their homes, HOPP continues to face budget funding challenges and requires members to advocate in Albany each year. If the legislature were to enact S7297B/A7636B, the HOPP program would be codified in New York's laws and the annual exercise of HOPP's threatened elimination by the Governor only for it to be restored by the legislature could be avoided, along with the associated disruption to services provided to at-risk homeowners.