



Neighborhood Preservation Coalition of New York State

Testimony Presented To Joint Budget Hearing Of The
Senate Finance Committee and Assembly Ways & Means Committee

February 13, 2012

Good afternoon. My name is Jessica F. Vasquez and I am the Executive Director of the Neighborhood Preservation Coalition of New York State, Inc. I want to thank the Chairs of these Senate and Assembly committees for the opportunity to present this testimony on behalf of the Neighborhood Preservation Coalition of New York State and its membership.

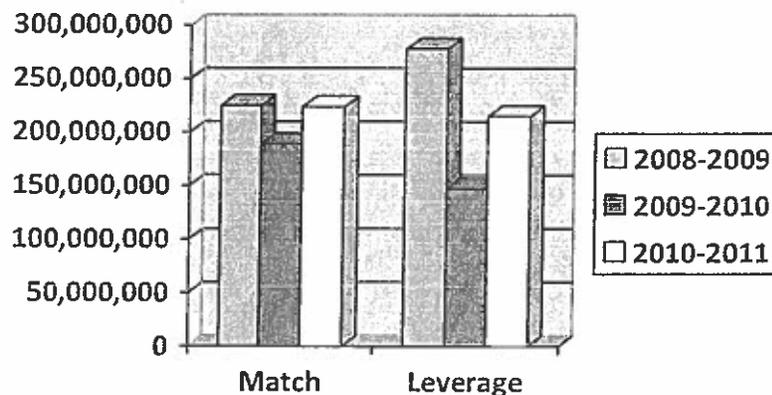
The Neighborhood Preservation Coalition of New York State is a statewide membership organization comprised of over 175 not-for-profit Neighborhood Preservation Companies (NPC's), local development corporations and community housing development organizations. There are 147 NPC's in New York State which play a vital role in revitalizing New York's neighborhoods and communities through the Neighborhood Preservation Program.

35 Years of Preservation Program Successes

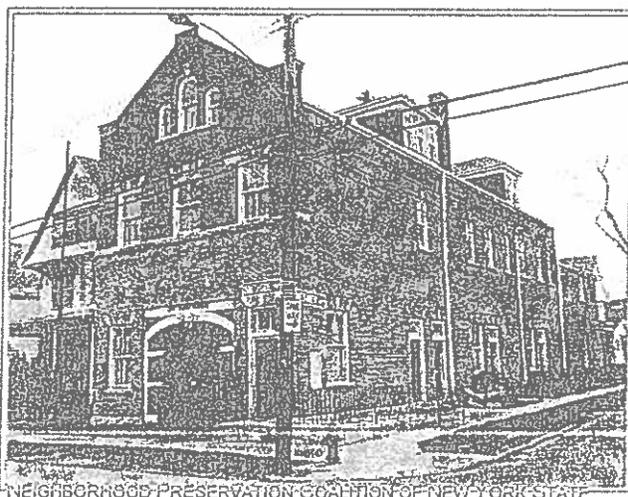
For 35 years, the Neighborhood Preservation Program has been tremendously successful in providing resources to community-based, not-for-profit organizations to revitalize their communities and provide affordable housing services. The State has recognized that the Neighborhood and Rural Preservation Programs are leaders in community revitalization and the key to safe, decent housing for thousands of working

families, veterans, seniors, and people with disabilities. This program contributes to the state's economy and has a direct economic impact in communities throughout the State. In FY 2009-2010, for every preservation program dollar appropriated, NPCs raised \$40 for their communities; and in FY 2010-2011 they raised \$52. As DHCR reported to the Governor and the State Legislature, NPC's raised \$438.9 million in match and leveraged funds from 2010-2011. This was an increase of \$102 million from the previous year. Over the past three years, the NPC's have raised more than \$1 billion for their communities.

Figure 1. 3 Years of Significant ROI



THE PICTURES OF SUCCESS

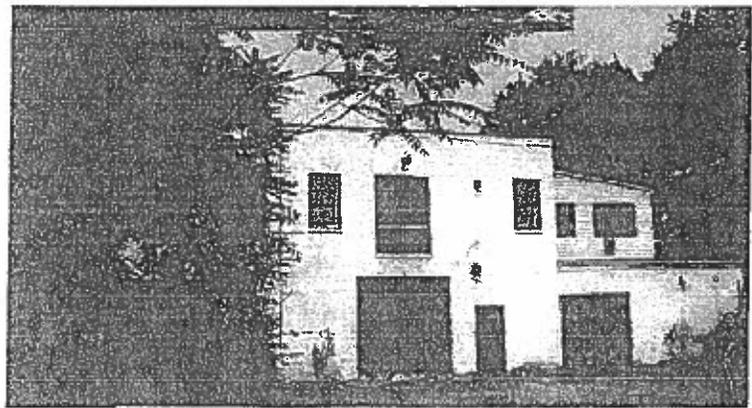


Buffalo A historic former firehouse circa 1907. The City of Buffalo sold it to three different developers and finally found the right buyer in NHS of South Buffalo. The building had been stripped and had 5 feet of water in the

basement when NHS of South Buffalo took possession in August of 1989. In less than 6 months, and with just over \$362, 000 of funding NHS of South Buffalo removed the pool of water and completed a historic rehabilitation. What was once a vacant eyesore across the street from the local high school, is today a 6 unit rental building- 4 are townhouse style, 2 are single 1-bedroom units. This is the first firehouse conversion using Housing Trust Funds outside of NYC. Without the NPC funding, there would be one more vacant building in Buffalo bringing down the property value of the neighboring residences and 6 families would not have affordable housing.

Rochester

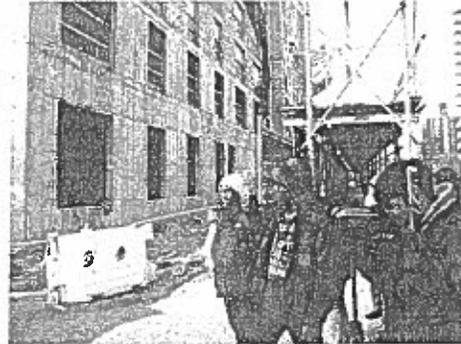
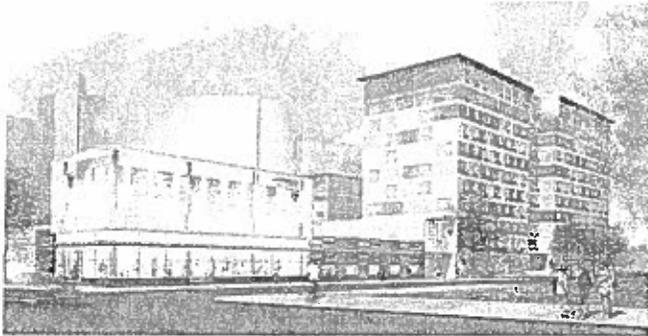
What happens when manufacturers leave communities? They leave behind vacant facilities that become eyesores. NEAD completed the renovation of this former plastics manufacturing plant to accommodate the year round home of the NEAD/CDF Freedom Schools program. This innovative, literacy-based program aims to alleviate two major concerns with neighborhood children – academics and youth-on-



youth violence – through a curriculum centered around five essential components: high quality academic enrichment, parent and family involvement, civic engagement and social action, intergenerational leadership development, and nutrition, health and mental

health. The CDF Freedom Schools program serves hundreds of children and their families in after school, summer and school-year settings.

Brooklyn



Astella Development formed Star HDFC, a partner in a new construction project of 196 units of affordable rental housing on vacant City owned property. It is an \$80 million new construction project scheduled to be completed in June 2013. Astella offered workshops on OSHA construction for 60 local residents who received an OSHA card upon completion, allowing them to work on the site. Astella worked with the builders to place the training participants on the site when specific trades were needed. Not only are they creating affordable housing, but they are creating employment opportunities, and a skill set for future employment.

Syracuse



Syracuse Model Neighborhood Corporation has dramatically changed South Salina

Street, which was once not only the main north-south artery of downtown, it was among the busiest streets in all of Syracuse. What was once predominantly vacant deteriorated buildings is now 5 revitalized mixed use buildings--occupied apartments and stable commercial spaces such as: non-profit training center, restaurants, clothing stores, an NAACP office, office for the neighborhood newspaper and open community meeting space and a variety of retail stores. They are currently working on the 6th building with Main Street funding which will offer 3 apartments and 2 commercial spaces.

An Effective and Efficient Investment

The NPC's continue to provide services to achieve housing stability and improve our communities. The most economically efficient way to end homelessness is to prevent its occurrence. A 1991 study of eviction prevention programs by the U.S. Department of Health and Human Services found that the average cost to *prevent family homelessness was one-sixth the average cost of a stay in a shelter*. In this regard, NPC's conducted more than 13,923 housing counseling workshops and more than 10,705 evictions were prevented. More than 2,924 foreclosure workshops were conducted where homeowners were assisted with debt consolidation and credit and mortgage counseling. In addition, NPC's and RPC's received 35% of the Subprime Foreclosure Prevention Services contracts awarded in the State. To continue this effort, we need you to fund the Foreclosure Prevention Services Program.

NPC's manage more than 6,327 affordable housing buildings throughout the state. In doing so, the NPC's have achieved the following goals within their communities: the provision of physically decent and safe housing, building residents' wealth, social integration in the larger community, urban vitality, social engagement, institution

building, and efficient use of public funds. NPC's are at the forefront of preserving affordable housing for New Yorkers.

NPC's activities also include rehabilitation and development projects. These successful capital projects mean much more than improved homes: they preserve existing housing stock, increase the available affordable housing stock, stabilize residential neighborhoods, remove and redevelop blighted and substandard properties, revitalize and strengthen neighborhoods, and create jobs. Through new construction, more than 3,500 state residents became new homeowners or renters and there are many new development projects in progress. NPCs facilitated 8,049 minor home improvement and 1,500 substantial rehabilitation projects. In addition, the NPC's completed 106 capital improvements and rehabilitation of commercial space. Rehabilitation and development projects create employment opportunities that offer a living wage for local residents and a new generation of homeowners to invest in local goods and services while increasing the tax revenue to municipalities. All of these improvements to the community, through revitalization, rehabilitation, and new construction of homes and commercial areas in neighborhoods throughout NY would not be possible if it were not for the work being done by the Neighborhood and Rural Preservation Companies.

Affordable housing development is one of the best ways to stimulate the economy. It creates more jobs for the dollar faster than most other investments, and New York State has a development pipeline that is large enough to have a discernible positive effect on the state's economic growth. In 2010-2011, more than \$200 million was invested in the local construction industry. Rising construction costs mean that we are building fewer units with funding streams that have remained at the same funding levels since the mid-1990s; and cuts to federal capital funds will further decrease production.

In 2010-2011 the Preservation Companies were awarded more than 46% of NYS HCR's Local Program Awards: 62% of all HOME Awards, 74% of all RESTORE awards, 33% of all Access to Home awards, 15% of New York Main Street awards, 49% of all Affordable Housing Corporation Awards, and 35% of Foreclosure Prevention Program awards. If the program is eliminated there will be less NPCs/RPCs able to administer major projects. Presumably, this will result in a decrease in quality of applications for HCR's Local Program Awards. With a few exceptions, most of the funds leveraged with these awards were reinvested in the local community.

Impact of Program Elimination

Eliminating the funding to Neighborhood and Rural Preservation Companies will only escalate the fiscal crisis the state is facing. Thousands of New York State residents and hundreds of businesses caught in the foreclosure and economic crisis seek assistance from NPC's and their rural counterparts in their efforts to find affordable, decent, safe homes and sustain viable small businesses within their communities. As of December 2011, one in every 4,427 housing units in NYS received a foreclosure filing, with the most activity in Suffolk County and Brooklyn. That is over *31,000 homes* in NYS. If a lack of funding for NPCs and RPCs forces these community-based groups to cut back services or close their doors, what impact will this have on the residents in these communities?

The average annual unemployment rate in NYS has remained near 8% over the past three years and still significantly more than 5.3% in 2008 and 4.5% in 2007. Over 17% of NYS families' income fell below the poverty level. *Forty-two percent* of NY renters spend more than 35% of their income on rent. This leaves these households with

very little income to support other basic necessities like medication, food, clothing and transportation.

As government makes cuts, communities look towards the nonprofits to fill in the gaps and provide services. Community members do not ask an organization if they are receiving adequate funding to maintain their services, *they show up at the doorstep*. There are expectations of a continued level of services. People will still need safe, decent, and affordable housing, safe neighborhoods, and special services for youth and seniors. What will your constituents face when they arrive at the doorstep of an NPC or RPC in your district should these budget cuts be implemented? Will they be turned away due to insufficient staffing? Will they need to return multiple times due to organizations reduced hours? Or will they find a vacant storefront?

In 2009, the Governor's Executive Budget would have decimated the NPC's with a proposed budget of \$8,153,000. In recognizing the need and impact of the Preservation Program, the Legislature responded by supplementing the Executive Budget to bring the NPP state funding to \$13,789,000.

Unfortunately, in 2010 and 2011, the Governor's Executive Budget decimated the NPC's with a budget of \$8,479,000. Over the past two years, organizations throughout the State reduced the paid hours to their employees, instituted furloughs, and 4-day work weeks. Staff were laid off. Local contractors struggled to find projects. This year, Governor Cuomo's budget attempts to eliminate the Neighborhood Preservation Program – in effect increasing demand of other social services. If the Governor's proposed elimination holds, some Neighborhood and Rural Preservation Companies will remain open with reduced working hours, less staff and limited services, and in some cases even close their doors. This would result in fewer services for residents, less leveraged funding for communities, and fewer revitalization efforts.

Conclusion: *Revitalize Communities*

While we recognize the severe condition of the state's finances, we strongly recommend that the Legislature once again take a leading role to fully fund this network of community-based groups that are working to alleviate this state's housing crisis. Let the NPC's and RPC's continue to improve neighborhoods and provide residents with affordable homes by funding the Neighborhood Preservation Program at \$22,000,000.

The Governor has not identified who will meet the needs of residents throughout the State if the NPCs are eliminated. Many residents will lose access to valuable services, programs, information, and affordable housing.

Investing in this network creates jobs, business, growth and increased tax revenues. It reduces stays in rehabilitative facilities and nursing homes, and decreases public spending on emergency shelters.

The Neighborhood Preservation Coalition of NYS believes that the established network of NPC's and RPC's is best equipped to deliver the affordable housing services desperately needed in this state and again ask that you provide them with the operating support they need to make their work successful. Eliminating the current structure without a viable plan for improvement and transition will be neither effective nor efficient.

Thank you for the opportunity to speak on this important issue.

Respectfully Submitted By:

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