

WRITTEN ONLY



**affordable
housing
PARTNERSHIP**
of the capital region, inc.

HOMEOWNERSHIP CENTER

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:

While the Governor’s 2015-16 Executive Budget offers funding for many good housing programs, the budget has missed the opportunity to address the significant and lasting negative impact of the foreclosure crisis in upstate cities and small communities. The Budget fails to provide adequate funding for the rehabilitation and re-development of small, blighting, existing properties in low-income and transitional neighborhoods.

Upstate communities have been severely impacted by the foreclosure crisis and economic downturn, leaving hundreds of 1-4 family buildings vacant. Many of these properties are in deplorable shape; they are typically older, multi-family buildings that have experienced years of disinvestment and deferred maintenance. The costs of purchase and rehabilitation of these homes often exceed their market values, making conventional financing virtually impossible to obtain. Even demolition of these properties can be quite costly – typically around \$25,000 - \$30,000 for a two-unit building. Consequently, vacant buildings continue to exert blighting influences, driving away potential developers, businesses and homebuyers from those very neighborhoods that would benefit most from investment.

We advocate for funding for a “Take Stock in Your Block” program to provide rehabilitation financing to incentivize responsible local ownership in low-income neighborhoods. The program would provide development funding to rehabilitate buildings for purchase by nearby local owners – people who have already invested in their neighborhood and therefore have the most at stake in the success of their neighborhood.

A Take Stock in Your Block comprehensive program would leverage private financing and support incentives to neighborhood residents to defray the high costs of purchase, rehab, and/or demolition. In Albany, we would use the rehabilitation funds (\$25,000 per unit is needed) to leverage:

1. Reasonable acquisition and construction financing from private lenders or Community Development Financial Institutions (CDFI).

2. Weatherization and NYSERDA HPwES programs to make the units more energy efficient
3. Possible place-based Section 8 certificates.
4. Landlord training (currently offered by housing agency partners)
5. Construction advice from program partners including non-profit architectural programs and historic preservation organizations.

This program is modeled on a successful 2003-4 project in Troy of providing rehab assistance to nearby property owners to acquire and rehab buildings in their neighborhood. This program should include funding for demolition and land disposition of buildings that are too expensive to repair. Many of these lots could be divided and given to adjacent property owners as side lots.

Existing New York State rental programs are too cumbersome and complicated to be an effective financing stream for small, but strategic, rehabilitation projects. Financing that encourages mixed-use and mixed-income neighborhoods is needed. A Take Stock in Your Block program will rebuild our housing infrastructure, bring back property values, increase our upstate property tax base, and reduce the need for on-going subsidy.

New York State HCR has managed small scale rental rehab type programs in the past, and could be called upon to develop a program. This would be an ideal program use of the \$1.5 billion proposed to be allocated to the upstate Regional Economic Development Councils – funds that could be shared equitably for funding for rehabilitation subsidies, lending capital for Community Development Financial Institutions and monies for improved infrastructure. These kinds of community rebuilding projects would result in local jobs and strengthened neighborhoods that would attract and support locally owned businesses that are proven job creators for local residents. A rental rehab program that addresses blight caused by the foreclosure crisis is a most appropriate use of NYS's settlement funds.

For more information about Take Stock in Your Block, please contact me at 518-434-1730 or scotner@ahphome.org.

Sincerely,



Susan Cotner
Executive Director