

JOINT LEGISLATIVE BUDGET HEARING  
FEBRUARY 5, 2013

Senator DeFrancisco, Senator Young, Assemblyman Farrell and Assemblyman Wright:

My name is Jeffrey Eaton and I am the President/CEO of Arbor Housing and Development, a 43 year old 501c3 housing organization in the Southern Tier of upstate New York. We provide a diverse array of housing programs, which include those typically provided by rural preservation companies.

I appreciate the opportunity to comment on Governor Cuomo's proposed 2013 housing budget and statutory changes to the Housing Preservation Program.

I'm sure you will not be surprised that the proposed changes to the preservation program in Article 27 have been the focus of many conversations with my colleagues. Creating a single preservation program without distinguishing between rural and urban geographies, transferring oversight to the Housing Trust Fund from HCR, funding the first two (2) years of the five (5) year budget commitment through the MIF sweep, and using Article 16 as the template for the program changes, represent significant change for many of us who have operated these programs for many years. Unfortunately, change often generates feelings of fear of the unknown. That fear is also exacerbated with thoughts of a program that has operated effectively for many years, is no longer a legislative program and you potentially lose the underlying support we have enjoyed from both the Assembly and Senate for each program.

While I agree there are a number of sections in Article 27 that require language improvement to clarify the intent of the Governor and HCR, I find Article 27 generally grounded in Articles 16 and 17. Article 27 seeks to fund community "preservation" corporations, adequately defined as not-for-profits engaged in housing and community renewal activities. In the era of shrinking resources and looking for more efficiency, I find it hard to argue against this type of transformation. While the Preservation Program Community may not agree with the funding mechanism or new structure of the program, it does appear there is intent to create a five year commitment for Preservation Company funding, which is a different approach from prior years.

I support the efforts of both Coalitions, as well as the NeighborWorks Alliance in working with HCR staff to adopt language that eliminates any confusion and uncertainty from the proposed Article 27 changes. It is also important that Article 27 protects both the integrity and original legislative intent of the preservation program, and reduces the fear of the unknown.

Article 27 also anticipates the merger of preservation companies, which I think is done in a reasonable manner, with respect to funding. It is important the companies have the flexibility to choose options that help them create greater capacity and sustainability. The primary difference in this year's language appears to be the ability for rural and neighborhood preservation programs to merge with each other. I would caution however,

that the process of funding or structuring companies differently can be a complicated and time consuming process. Arbor Housing and Development merged with another rural preservation company in January 2011, after almost two (2) years of planning and spending approximately \$40,000 on the planning and implementation process. If New York State is serious about the consolidation and collaboration process, and the subsequent strengthening of the preservation companies, I recommend that planning funds be available as well.

I would also like to address some other areas of the proposed budget:

- The Governor has proposed funding the preservation companies and the Rural Rental Assistance Program (RRAP) from the Mortgage Insurance Fund (MIF). While it is a relief not to have to advocate for inclusion of this funding in a zeroed out budget, \$56,000 per preservation program is not adequate enough funding. It is imperative that additional funding be allocated, including consideration of funding at the current statutory limit of \$97,500.

The Governor further guarantees the funds will be available for two years, with the assurance that the state's five year plan moves the funding back into the budget. I advocate for transferring the MIF allocation to the budget during the first two years.

- I agree with the Governor that there is a significant shortage of quality affordable housing in New York State and support his commitment of one billion dollars for additional housing funding over the next five years. Community Preservation Companies have clearly demonstrated their ability to generate jobs and contribute to local community and economic development over the years. Arbor Housing and Development is demonstrating that with our \$2.5 million dollar office project in Corning New York, as well as our planned workforce housing development project, "The Reserve in Horseheads" in Horseheads, New York. And we are only one of dozens of community preservation programs state wide who are committing their resources in their target areas in the interest of community revitalization and economic development.

It is important there be a clearer commitment though, to resources that specifically benefit rural areas, such as RESTORE and RARP. These programs have been historically underfunded and can clearly be used effectively in rural communities. It certainly makes sense to fund established, successful and highly productive rural programs instead of establishing new initiatives. I also recommend the re-establishment of HTF Small Project Initiative set aside funding. There is a clear need for the development of smaller projects with less than 12 units in rural settings. Small projects are not competitive for LIHTC funding, and because of the state's commitment to LIHTC, we are not able to meet the housing needs in our rural areas. It is important that the state's resources are "right sized" so there is an effective resource in smaller markets and communities around the state.

- The budget language references Training and Technical Assistance (T & TA) funding, but provides no specifics and no funding allocation. With the additional \$1 Billion dollars of housing funds, it is particularly important that local housing groups have access to Training & TA services. I recommend that specific language, as well as funding, be included in the MIF to provide these services.
- The Governor is also recommending the Homeless Housing and Assistance Program (HHAP) be moved to HCR. On the face of it, it might seem to make sense to consolidate all of the state's housing resources in one agency. Arbor Housing and Development operates HHAP funded programs, which require specific supportive services for all projects. I am concerned that moving the program potentially slows down the development process, in part because of reliance on non-capital OTADA programs. It could make it more difficult to coordinate the homeless services components, particularly with the reduced staff resources in HCR. Rather than rush the process of integrating HHAP with HCR, I recommend that a "task force" that includes HHAP providers be developed to study the impacts of separating the capital funding side from the supportive services side of the program.

Thank you for the opportunity to present these thoughts and I welcome the opportunity to answer any questions or discuss them in greater detail at any time.

Submitted by:

Jeffrey Eaton, CEO

