



**2010 -2011 JOINT BUDGET HEARING**

**FEBRUARY 3 – 1:00 PM**

**HOUSING**

**HEARING ROOM B**

**LEGISLATIVE OFFICE BUILDING**

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NYS Division of Housing &  
and Community Renewal

Brian Lawlor  
Acting Commissioner

NYS Housing & Finance Authority

Judd Levy  
Acting President & CEO

Neighborhood Preservation Coalition  
of NYS

Jessica Vasquez  
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Habitat for Humanity of NYC

Paige Bellenbaum  
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NY Association of Homes & Services for the aging	Ken Harris Director of Center for Senior Living & Community Services
Empire State Housing Alliance	Joan Roby-Davison Coordinator
NYS Association for Affordable Housing	Duncan Barrett President
	Alison Badgett Executive Director
Neighbor works Alliance of NYS/ Neighborhood Housing Services of NYC	Hilary Lamishaw Director
	Bernell Grier Interm Director
Supportive Housing Network of NY	Ted Houghton Executive Director
Hunger Action Network	Andreas Krienfall Upstate Director
The Preservation Company of Peekskill	Karen Gorden Tenant
	Anna Rivera Tenant
Otsego Rural Housing Assistance Inc.	Sheryl Champen-Brown Employee

#1

JOINT BUDGET HEARING OF THE  
LEGISLATIVE FISCAL COMMITTEES ON THE  
HOUSING BUDGET FOR FISCAL YEAR 2010-1011



TESTIMONY OF BRIAN LAWLOR, ACTING COMMISSIONER  
*of the*  
NEW YORK STATE DIVISION OF  
HOUSING AND COMMUNITY RENEWAL



Good afternoon Chairman Farrell, Chairman Kruger, Chairman Lopez, Chairman Espada and members of the Assembly and Senate.

My name is Brian Lawlor. Governor Paterson recently appointed me Acting Commissioner of the Division of Housing and Community Renewal. It is an honor for me to lead this organization of talented, dedicated and experienced professionals and an honor to address you today.

Given our time constraints, I am **not** going to focus my remarks on past accomplishments, although I can assure you that our achievements in 2009 were extraordinary. The written version of my testimony has all the numbers and statistics to fully demonstrate our success and of course I am always available to discuss our significant accomplishments with you in detail.

I am here today to assure you that even during these challenging times, the Governor is dedicated to confronting the continuing housing crisis that exists in New York. His Executive Budget, which strategically reduces spending while maintaining programs and resources to help New Yorkers in need, provides for more than \$100 million in new capital funds to create and preserve affordable housing.

And his commitment to finding innovative solutions to our problems is evidenced by the Sustainable Neighborhoods initiative he outlined in his State of the State address last month

That initiative reflects an enlightened strategy for helping cities that have been devastated by changing economic conditions and have been left with thousands of vacant homes, blighted neighborhoods and dwindling tax bases.

The Governor's new and innovative Sustainable Neighborhoods Program will utilize and target existing State resources from several agencies, including DHCR and nyhomes.

Under the program, State and local officials will partner to focus resources for urban revitalization and to create new, high quality homeownership opportunities. Vacant and blighted homes will be rehabilitated and sold to first time homeowners selected through a lottery process.

The program will invest in environmentally-responsible projects that develop blighted property, vacant land, community gardens and urban agriculture. State agency experts will work with community development officials in each upstate city to facilitate these projects, and each partnership will establish clear goals for each new sustainable neighborhood.

Robert Beauregard, a professor and Director of the Urban Planning program at Columbia University endorsed the Sustainable Neighborhoods initiative, and said in a Buffalo News column:

*“Governor Paterson... wants to concentrate state and local resources on abandoned housing and encourage affordable housing, and do so in an environmentally responsible way that champions urban agriculture, community gardens and open space... This approach to reversing the fortunes of cities like Buffalo holds out great promise.”*

We have already begun discussions with the City of Buffalo to jointly develop and implement a plan that will help revitalize a city that has been devastated by more than 23,000 vacant homes.

This type of bold, forward-thinking initiative can only succeed when scarce government resources are strategically aligned to foster collaboration and innovation. Government at its best leads discussion, seeks and encourages creativity and invests in innovative growth opportunities. Those values are the core of the Sustainable Neighborhoods Initiative.

This initiative will be led by the Governor’s housing team, and will be a joint effort involving many state agencies, programs and initiatives including but not limited to economic development, energy efficiency, green building techniques and brownfield remediation. There will be a coordinated approach from all state agencies to develop long term solutions which allow these neighborhoods to rebuild around their strengths and become sustainable.

In turn, these upstate neighborhoods will attract and retain new residents and businesses that are built around their existing resources – low cost of living, good affordable housing and nearby schools.

The future of our upstate cities is dependent upon our ability to succeed and deliver coordinated government assistance, and the State’s housing agencies are uniquely qualified to lead the way.

Over the last three years and under the gifted leadership of former Commissioner Deborah VanAmerongen and CEO Priscilla Almodvar, the housing agencies have coordinated their funding decisions, planning and allocation of resources in unprecedented ways. The resulting success stories are legendary and we have reclaimed New York’s stature as a leader in housing policy.

In 2008, Governor Paterson was the first to urge President-elect Obama and our Congressional delegation to include housing capital in any economic stimulus bill. New York had dozens of shovel-ready affordable housing developments across the state that had been stalled by funding gaps caused by the economic downturn.

As a result of the Governor's advocacy, the American Recovery and Reinvestment Act contained more than \$250 million for New York State through the newly-created Tax Credit Assistance Program (TCAP).

DHCR shared those resources with nyhomes and the New York City Department of Housing Preservation and Development and as a result, the impact of those dollars was magnified all over the State and quickly used for ready-to-go projects.

As a result, 46 projects that had been endangered by the meltdown of the financial market were rescued, saving more than 4,500 units of affordable housing and pumping more than \$1 billion in private investment and total development costs into local economies. Simply put, this activity would not have taken place without the Governor's call for TCAP funds.

New York's housing agencies quickly rose to the challenge of administering these funds, interpreting the new federal requirements that accompanied the funding, educating our developers, restructuring budgets and implementing Davis Bacon wage rates, all in accordance with the new transparency requirements that ensure these funds are being used wisely.

This is only one example of how agencies working together can quickly and effectively utilize their resources. The Governor has recognized the successful collaboration between our housing agencies and has directed us to take the next step and to merge and consolidate the policy-making and administrative functions under a single leadership structure.

The idea of unifying the leadership of the State's housing agencies is not new - it has been tried with mixed success in the past. I have worked directly with two State Housing Directors over the years and understand the challenges of integrating the operations of two entities. However, the strides that we have made over the last three years have shown us that integration can be accomplished with the right leadership and with the support of our partners in the affordable housing community.

The Governor, Chairman Levy and I recognize that without a new dedication to this collaboration all the recent gains we have made are at risk of being lost. On the other hand a new commitment to merging and consolidating our housing programs will result in better allocation of resources, better decision making and better service for our customers - the people of New York who need safe, decent and affordable housing.

We also believe that success in this effort will result in greater efficiency in our operations which will increase productivity and result in significant financial savings at a time when resources are scarce and the needs of New Yorkers are great. The financial challenges are significant and our savings target is aggressive and it will be a daily challenge to meet these goals.

However, we already have a track record of streamlining, modernizing and simplifying how we do business that has enabled us to reduce costs for ourselves and our partners. I

would like to highlight some of these initiatives in the areas of coordination, management and reorganization, and streamlining:

### Consolidation/Coordination

One of the first initiatives DHCR undertook in 2007 was the integration of what was known as the Governor's Office for Small Cities into DHCR, and creating the Office of Community Renewal to administer the Community Development Block Grant program. We quickly saw opportunities and moved the NY Main Street program into that office as well. By combining these two programs with similar missions into one office, we are now better able to target limited resources for maximum impact.

As a result, Main Street funds are being utilized in 60 counties around the state, and we're awarding and disbursing these important funds to communities at a faster rate and more effectively than ever before. The versatility of the two programs has also allowed communities to utilize the grants in a number of ways.

The NYS CDBG Economic Development grants we awarded in 2009 will have created or retained more than 1,800 jobs, primarily in economically challenged upstate and rural areas. The NYS CDBG program for 2009 will also enable the purchase of 151 homes and the rehabilitation of 885 affordable housing units for Low and Moderate income families.

As a result of this consolidation and other initiatives, our NY Main Street program received the 2009 President's Award for Innovation from the Council of State Community Development Agencies.

We have also begun to utilize a joint application process with NY Homes for several of our programs, and also work collaboratively with the Office of Temporary and Disability Assistance, sharing underwriting information for applications for that agency's Homeless Housing Assistance Program.

DHCR has also been working more collaboratively with NYC's Department of Housing Preservation and Development, sharing data and expertise on issues of common responsibility. This relationship will increase the speed and accuracy of our case processing, particularly with regard to allegations of decreased services and rent overcharge complaints.

We've also worked with the Department of Health and OMRDD to create a statewide housing listing and locator service, [NYHousingSearch.gov](http://NYHousingSearch.gov). This creative partnership has benefited individuals with disabilities and the agencies and advocates that serve them, by helping to address a fundamental barrier to self-sufficiency -- affordable housing.

The site makes advertising and searching for affordable and accessible housing easier and more efficient. It connects people with housing they can afford that meets their individual needs and is located in the communities of their choice.



The site currently has more than 1,000 active landlords, representing 83,000 units and is searched an average of 650 times per day. Thirty-five percent of landlords using the site report that they've found tenants through NYHousingSearch.gov.

DHCR has also worked together with the NYS Banking Department and Office of Court Administration in the state's comprehensive effort to fight the foreclosure crisis in New York and help families keep their homes.

DHCR has overseen a program to provide counseling and legal services for homeowners in every county of the state who entered into a subprime or unconventional mortgage. Since the program's inception, more than 20,000 families have registered to receive some type of foreclosure assistance.

We have also fostered the establishment of a network of housing professionals to counsel and represent people who are at risk of foreclosure, and help them make informed decisions and avoid similar problems in the future. Through the efforts of our partners at Neighborworks and the Empire Justice Center, more than 1,600 attorneys, paralegals, housing counselors and legal advocates received Foreclosure Prevention and Settlement training.

#### Management and Reorganization

In addition, we will continue to re-evaluate the way we do business and seek out innovative management strategies. For example, the Office of Fair Housing and Equal Opportunity has implemented a new approach to ensure that minority and women-owned businesses fully participate in our programs.

Instead of focusing on imposing fines and penalties on non-compliers, we've educated and trained our contractors so that they understand the purpose of the program and have access to other qualified contractors, and provided incentives to awardees who exceeded their goals.

Last year, the Division dramatically exceeded its MWBE goals. More than 23 percent of our awards and contracts went to minority owned businesses, far greater than the goal of seven percent, and 32 percent to women-owned businesses, again, far greater than the goal of five percent.

DHCR also conducted extensive reviews of our regulations and operations to find where we might be able to focus our resources and conduct business more efficiently. We performed the first comprehensive review and reform of the voluminous Mitchell-Lama regulations since they were developed in 1965.

These outdated regulations in many cases diverted time and resources to issues which did not further the mission of providing safe and affordable housing, and worked against our efforts to preserve Mitchell Lama housing and keep owners in the program.

We also undertook the first comprehensive review of the Neighborhood and Rural Preservation Programs (NPP and RPP) in more than 27 years. As a result of this review, preservation companies have completed needs assessments and long term strategic plans. This has helped the groups identify and target the greatest housing and community renewal needs in their service areas. At the same time, these initiatives have reduced monitoring costs for DHCR.

To make DHCR more efficient and responsive to the public we serve, we undertook a review of our internal operations and discovered an excessive number of Civil Service titles were having a negative impact on the management of the agency and on the career paths of our employees.

With help from the Department of Civil Service and Commissioner Nancy Groenwegen, we developed a plan to consolidate more than 40 professional level titles to produce a housing agency-specific title series that applies to all major program areas.

This has provided the flexibility to place staff in positions where they could best serve the public and the agency and provided new opportunities for advancement that were previously unavailable to our staff.

### Streamlining

We also have a track record of streamlining our operations, cutting red tape and making greater use of technology in order to increase productivity and reduce costs for our agency and our partners.

Our CD Online program allows developers to apply for funding from all our Capital and LPA programs quickly and easily online and has reduced the agency's paper, printing and storage needs.

Our Office of Rent Administration has placed its Maximum Base Rent and Fuel Cost Adjustment forms online. To date we have received more than 3,000 electronic filings of these applications, all of which were submitted without error and electronically filed, increasing staff productivity in other areas.

The Office of Rent Administration will soon place its Annual Rent Registration process online as well, allowing the owners of more than 40,000 buildings to submit registration information for 850,000 apartments electronically, dramatically reducing paper and labor costs, and saving time and money for DHCR and our customers.

We've also automated our waiting list for Mitchell-Lama housing and placed it on our website. This has allowed the agency to process and store applicant information more efficiently and provides transparency to allow applicants for Mitchell-Lama housing to monitor their place on waiting lists.

These initiatives -- utilizing technology, streamlining operations and eliminating duplicative services -- have helped us to significantly decrease our costs. For 2009-2010, we reduced our General Fund and Special Revenue Allocations by 35 percent, from \$41 million in 2007-08 to \$26.5 million in 2009-2010.

We have also reduced our allocation for non-personal services by 30 percent, from \$11.8 million in 2007-2008 to \$8.5 million for the 2009-2010 fiscal year.

We have accomplished these achievements only because we have a staff of dedicated and talented individuals who work as a team and are dedicated to the mission of our agency. I will rely on every member of our team to face the unique challenges in the coming year.

Lastly, I would like to take a few minutes of your time to highlight areas where we, in partnership with the legislature, have had notable successes:

In 2007, DHCR rejected the proposed sale of Starrett City, the largest publicly-assisted rental housing complex in the nation, because we believed the sale price threatened long term affordability of the 6,000 unit complex.

We began working with the owners of Starrett, the Chairs of the Senate and Assembly Housing Committees, Assemblywoman Barron and Senator Sampson and others to develop a plan to protect tenants and maintain affordability at Starrett.

Last year the legislature passed, and the Governor signed into law, legislation allowing the owners of Starrett to refinance the complex and free up \$40 million for capital improvements. In return, Starrett will remain in the Mitchell-Lama program for an additional 30 years, ensuring stability and long term affordability for thousands of tenants.

DHCR was also recognized for the success and innovation of a number of our programs. As I mentioned earlier, the NY Main Street program, enhanced by our Departmental Bill which was unanimously approved by the Legislature, received the 2009 President's Award for Innovation from the Council of State Community Development Agencies.

Our Access to Home Program and our Nursing Home Transition Diversion Waiver Housing Subsidy Program, a partnership with the New York State Department of Health, both received Awards for Excellence from the National Council of State Housing Agencies.

And, in a 2009 analysis and ranking of the Qualified Allocation Plans of all 50 states, Global Green USA, a nationally-recognized non-profit organization placed New York in the nation's top 10 states for incorporating and promoting green building measures in QAPs.

I mention these achievements only to demonstrate what we can accomplish by working together to solve the difficult challenges facing our State and residents. These awards

are meaningless to our fellow New Yorkers who are facing foreclosure, who spend too much of their income on rent or utility bills or live next door to an abandoned home that threatens to destroy the equity they have built up in their home.

These challenging times do not lend themselves to easy solutions. Fortunately, New York's affordable housing community has always led the nation in creative approaches to serious challenges.

We are committed to working with all our partners to seek out every efficiency and to eliminate every last bit of red tape in order to make sure we are all able to continue to accomplish the mission we share.

And we look forward to discussing with the legislature the significant housing issues affecting our mission and our clients, such as the problems facing tenants of over-leveraged multi-family buildings, the Court of Appeals ruling in the recent J-51 case, which returned approximately 40,000 units to rent stabilization and the federalization of the state's public housing portfolio.

I look forward to the opportunity to discuss these issues with you, and to work with you to seek out new ways to provide effective, efficient and economical help to New Yorkers in need.

## NYS Division of Housing and Community Renewal

### 2009 figures

#### **In 2009, DHCR financing was used to create, preserve, or assist 16,252 affordable housing units**

- NYS Community Development Block Grant Program 1,036 units
- Capital Awards 7,352 units
- Local Program Awards 1,987 units
- NY Main Street Program 155 units
- Weatherization Assistance Program (Regular funding) 5,437 units
- Weatherization Assistance Program (ARRA) 285 units completed\*

\*More than 13,000 are in progress

#### **In 2009 DHCR awarded grants that will create more than 2,000 jobs**

- NYS Community Development Block Grant Program 1,822 jobs
- Weatherization Assistance Program 226 jobs to date

#### **In 2009 DHCR awards facilitated more than \$2 billion of construction-related economic activity in local economies**

- Capital Awards \$1.6 billion
- Local Program Awards \$84,000,000
- NYS Community Development Block Grant Program \$332,028,615
- NY Main Street Program \$34,529,206
- Weatherization Assistance Program (ARRA) \$52 mil disbursed to date
- Weatherization Assistance Program (Regular funding) \$50.4 mil disbursed to date

*Data is also available by program, county, and Senate and Assembly District by request.*



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State of New York Mortgage Agency  
New York State Housing Finance Agency  
New York State Affordable Housing Corporation

**Testimony by  
Judd S. Levy, Chairman  
“nyhomes”**

**Before the New York State  
Senate Finance Committee  
Assembly Ways and Means Committee  
Wednesday, February 3, 2010**

Thank you, Chairman Farrell, Chairman Kruger, Chairman Lopez and Chairman Espada and members of the Assembly and Senate for the opportunity to talk to you today about our accomplishments at the housing finance agencies that make up “nyhomes.”

My name is Judd Levy and I am chairman of “nyhomes.” Six weeks ago, I stepped in to serve as the acting President of our agencies following the resignation of Priscilla Almodovar.

“nyhomes” consists of several public authorities, most notably the New York State Housing Finance Agency, the State of New York Mortgage Agency and the New York State Affordable Housing Corporation. We are self-funded and do not rely on taxpayer funds for the operations of most of our programs—with the exception of the Affordable Housing Corporation, which is funded by appropriation.

The mission of our agencies is to create and preserve affordable housing in New York State. To do that, we have three main lines of business:

- Through HFA, we finance the construction and preservation of multifamily rental housing;
- Through SONYMA, we provide low-cost mortgages to first-time homebuyers and through AHC, we provide grants to lower the purchase price of homes purchased by low- and moderate-income New Yorkers;
- Through our Mortgage Insurance Fund, we provide project insurance to affordable multifamily rental projects and pool and primary mortgage insurance for our residential mortgages.
- In addition, this past year our agencies lent our financial expertise to help launch the Governor’s student loan program and to help local governments fund their capital programs. I’ll touch on those programs toward the end of my remarks.





I know I do not have to detail for you the challenging economic environment our agencies operated under during the past year. To summarize, lending institutions remain reluctant to extend credit. Demand for Federal Low-Income Tax Credits—a key component in the financing of affordable housing—remains very soft. And the Federal Reserve's efforts to drive down interest rates on home mortgages made it very difficult for us to remain competitive in the single-family mortgage market.

Despite these obstacles, I'm very proud that we continue to provide affordable housing across the state for low- and moderate-income New Yorkers. And, in most cases, at the same accelerated rate we accomplished in recent years.

For the third straight year, our agencies financed more affordable housing than any other housing issuer in the country--\$1.22 billion in bonds sold for both single-family and multifamily affordable housing.

At HFA, over the last three years we have created or preserved a total of 10,848 affordable housing units—more than double the number of affordable units that were financed by the agency from 2004 to 2006. And, I'm proud to say, that during the last three years, we financed the creation of 767 units of supportive housing—compared to zero during the last three years of the previous administration.

At the Mortgage Insurance Fund, we issued project commitments of more than \$1.1 billion over the last three years—double the amount issued during the previous three years. And the number of housing units we assisted through our mortgage insurance was 19,309 over the last three years, compared to 12,946 during the previous three years.

And we have accomplished all this by becoming more efficient and doing more with less. In fact, the total employment at our agencies has remained relatively flat with a small decrease over the last three years—while our productivity has increased dramatically.

Let me provide you a bit more detail of what we accomplished in 2009.

### **Multifamily**

On the multifamily side, we continue to put a priority on financing new all-affordable multifamily rental projects and renovating existing affordable rental buildings. In total, we financed the creation or preservation of 3,317 affordable rental housing units last year—virtually the same number of affordable units we financed in both 2007 and 2008 despite great turbulence in the housing and capital markets.

- Overall, we financed a total of 20 projects in 13 different counties. That included six Mitchell Lama projects with 1,586 units, where we financed renovations that will improve the quality of life for tenants and insure that these projects will remain affordable far into the future.
- Our projects also included 445 supportive housing units. As many of you know, this was a particular priority of Priscilla Almodovar, our President and CEO for the last three years. She and our staff worked very hard to encourage developers receiving financing to set aside units for supportive housing. And I'm proud to say this was the largest number of supportive housing units HFA has created in any one year since the agency was founded 50 years ago.
- We also worked with DHCR to utilize \$65 million in federal Tax Credit Assistance Program or "TCAP" funds that were included in the Federal stimulus bill. These funds helped us replace funding that disappeared because of the fallout in the tax-credit market and helped us to finance 10 affordable housing projects that would not have been financed otherwise.
- And we were able to leverage more than \$15 million in new private tax credit equity to help finance affordable housing.

We also worked with DHCR as well as several other state agencies, including the Office of Mental Retardation & Developmental Disabilities and the Dormitory Authority, to sell the Bernard Fineson Developmental Disabilities Senior Office Queens. Through an RFP process, Catholic Charities Progress of Peoples Development Corporation was chosen to turn the site into low- and moderate-income senior housing. We expect this transaction to close within the year; construction is expected to take another 15 to 18 months.

To help affordable housing developers deal with the credit crunch, we expanded our "Day 1" credit enhancement program. With coordination from HFA and SONYMA's Mortgage Insurance Fund, we now offer credit enhancement on not just permanent financing but also construction financing for moderate rehab of housing projects that agree to remain affordable for another 30 years. We have offered this program for renovation of Mitchell Lama projects in the past, but we now offer it to all rehab projects that agree to stay affordable.

### **Single-family**

Our single-family programs were probably the most affected by the downturn in the housing industry last year. With the economic recession and the Federal Reserve driving down interest rates in the conventional mortgage market, our single-family mortgage business suffered. In response, we came up with new mortgage products to encourage working class families to purchase their first home.

- For the year, SONYMA purchased \$169 million in mortgages, helping 1,136 New Yorkers buy a home. This is significantly down from 2008—a record year for SONYMA—when we purchased 4,001 mortgages totaling \$532 million, at a time when conventional lenders virtually stopped issuing mortgages for new homeowners.
- To remain competitive, we responded by offering Mortgage Credit Certificates, which enabled homeowners to convert 20% of their interest reduction into a tax credit, thus saving money on their home purchase. This program was so popular that we used up nearly all of the \$50 million allocated for the program in just a few months.
- We also introduced a Tax Credit Advance Loan, which allows homeowners to receive a cash advance on their \$8,000 Federal homeowners tax credit. The program was made possible when Congress extended the tax credit from November through the end of this coming June.
- We also simplified our program to help homeowners at closing by launching a new Down Payment Assistance Loan program. Under this program, we loan homebuyers up to \$10,000 to help pay for their down payment—and the loan is forgiven if the homeowner remains in their new home for 10 years.

Despite all the turbulence in the mortgage market, I'm proud that we have maintained our prudent underwriting standards. Our single-family portfolio of \$3.1 billion, with more than 38,998 mortgages, had a delinquency rate of 2.3% in 2009—far below the national average.

We also continue to award grants to municipalities and nonprofits to subsidize single-family purchase prices and help low-income homeowners make needed renovations. The Affordable Housing Corporation made 92 awards in 2009 totaling \$49.78 million, which helped create or maintain 2,756 affordable housing units in the state.

### **Mortgage Insurance**

One of our proudest accomplishments in 2009 was the performance of SONYMA's Mortgage Insurance Fund. Our mortgage insurance is particularly important in promoting the construction of affordable multifamily rental projects. Because our project insurance is rated "AA1," developers save money using our insurance. Also, lenders that purchase our insurance are then able to sell their mortgages to the city and state pension funds. This frees up new capital so lenders can make more affordable housing loans.

2008 was a record year for the Mortgage Insurance Fund because, with banks restricting credit, many developers and lenders came to us for mortgage insurance. In 2009, we did even better. There were two main reasons for our success:

- Many multifamily lenders, including HFA and New York City—through its Housing Development Corporation—stopped issuing variable rate debt because that market collapsed. Instead, the lenders issued primarily fixed-rate debt to finance rental apartments. That opened the door for the Mortgage Insurance Fund to handle the insurance on their permanent financing, since the fund can only insure fixed-rate mortgages.
- Second, Fannie Mae and Freddie Mac have dramatically reduced their purchasing of multifamily affordable rental mortgages. So lenders instead sold their New York mortgages to the city and state pension funds. The pension funds require mortgages to carry insurance and many lenders came to the Mortgage Insurance Fund for that insurance.

For the year, our Mortgage Insurance Fund issued \$491 million in new project commitments, a 24% increase over 2008, making it one of the biggest years in the 32-year history of the Fund. These commitments will insure 7,836 affordable housing units—more than 1,000 units above our 2008 levels.

Historically, the fund's reserves are provided by the state's mortgage recording tax surcharge. In good times, this tax produced more revenue than the fund needed and excess balances were returned to the State's general fund—up to \$100 million in some years. However, the downturn in the real estate market has, not surprisingly, had a severe impact on this revenue source. We are now projecting that there will be no excess balance from the surcharge for the current fiscal year ending in March.

As some of you are aware, we have looked hard at the problem of overleveraged rental apartments and unsold condominiums, which plague many emerging neighborhoods in New York City. Specifically, we believe the Mortgage Insurance Fund could be helpful in facilitating the refinancing of buildings in foreclosure or default to bring in new ownership that can protect tenants and stabilize neighborhoods affected by the debt crisis.

- We are working with the Governor's office and members of the Legislature on legislation now before both houses that would enable the fund to provide insurance on refinancing overleveraged buildings even if there is not a renovation component to the borrowing. The problem we all face is that lenders are often unwilling to refinance, hoping the market will come back. This of course does not help tenants suffering from inadequate maintenance and services. But we will continue to work with the Legislature, the Governor's office and New York City in efforts to address this problem.

## **Neighborhood Stabilization**

One of our major new initiatives this past year has been our Neighborhood Stabilization Program, where we are helping local governments and nonprofits buy foreclosed homes, fix them up and then sell them to new homeowners.

In April, Governor Paterson announced that 29 programs in 22 counties had been awarded NSP grants from \$54.5 million in Federal funds authorized by the 2008 housing bill and another \$10 million from our Affordable Housing Corporation. By the end of the year, HFA had executed contracts with more than twenty of the local programs, and had begun disbursing NSP funds for the purchase of foreclosed homes.

## **Other Financing Programs**

While the main focus of “nyhomes” is housing, our staff has considerable expertise in public finance and we were happy to offer our expertise to launch two new programs last year:

- In November, SONYMA sold nearly \$98 million in bonds to fund the New York Higher Education Loan Program or NYHELPS, Governor Paterson’s new low-cost student loan program that will offer New York families very favorable rates on loans for students attending college this spring.
  - NYHELPS is being will be run jointly by the New York State Higher Education Services Corporation (HESC), which administers the student loan program, and SONYMA, which oversees financing of the program.
- And this fall, the State of New York Municipal Bond Bank Agency, or MBBA, one of our affiliated agencies, launched the Recovery Act Bond Program to help local governments issue bonds under provisions of the federal American Recovery and Reinvestment Act, or ARRA. Under the program, MBBA purchases general obligation bonds issued by municipalities and then sells Recovery Act Bonds to raise funds to finance these purchases.
  - In December, MBBA sold \$184.6 million in Recovery Act Program bonds to help six local governments finance public improvements and stimulate local economies. The bond issue included both Build America Bonds and Recovery Zone Economic Development Bonds, both of which were authorized under ARRA.

## **Consolidation**

Brian has already talked about the Governor’s proposed consolidation of “nyhomes” and DHCR. But I just want to add that both President Almodovar and Commissioner VanAmerongen paved

the way for this consolidation with the unprecedented cooperation they brought to the two agencies during the last three years. I have mentioned briefly how we have worked together on programs over the last year, but that only scratches the surface. From their personal relationship to the coordination of funding applications to increased communication, our two agencies have learned to work in harmony with each other and that has only benefitted the affordable housing community.

Going forward, Brian and I will continue to refine the consolidation proposal. The final plan will ensure compliance with statutory obligations, continued strong performance of each of our programs and less expensive delivery of our programs. We will keep you informed as we move forward.

### **Conclusion**

In conclusion, 2009 was a difficult year for finance agencies and housing agencies alike. But I am confident that 2010 will be a better year. We have already lowered the interest rates on our single-family mortgages and will likely be able to do the same with our multifamily mortgages. The reason is that, in December, we took part in the Federal government's New Issue Bond Purchase program. Under this program, we sold \$665 million in bonds to the U.S. Treasury so that we can lower the cost of borrowing for both first-time homebuyers and developers of multifamily rental apartments through the next year.

We and you have reason to be proud that "nyhomes" has been able to stay the course during these tough times and remain focused on our mission—to provide affordable housing to New Yorkers who need it. Through the diligence of our hardworking staff, the support of the Governor and the backing of the Legislature, we continue to create and preserve affordable housing in New York State. With your support, we hope to do so for a long time to come. Thank you.

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NEIGHBORHOOD PRESERVATION  
COALITION OF NEW YORK STATE

40 Colvin Avenue, Albany, NY 12206

[www.npcnys.org](http://www.npcnys.org)

Testimony Presented To  
Joint Budget Hearing Of The

Senate Finance Committee  
And  
Assembly Ways & Means Committee

February 3, 2010

Respectfully Submitted By:  
Jessica F. Vasquez, Esq.  
*Executive Director*

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 152 NPC's in New York State which play a vital role in revitalizing New York's neighborhoods and communities through the Neighborhood Preservation Program.

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. Overall, this program contributes to the state's economy and has a direct economic impact in communities throughout the State. In FY 2008-2009, for every preservation program dollar appropriated, NPCs raised \$37 for their communities. As DHCR recently reported to the Governor and the State Legislature, NPC's raised \$503.2 million in match and leveraged funds from 2008-2009. This was an increase of \$53.8 million from last year.



What are the results of this 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 provided housing counseling to more than 32,693 tenants and 4,610 evictions were prevented. More than 7,029 homeowners were assisted with debt consolidation and credit and mortgage counseling. In addition, they manage more than 5,185 affordable housing units throughout the state.

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 740 state residents became new homeowners and there are 3,354 new development projects in progress. NPCs facilitated 2,494 minor home improvement and 1,608 moderate and/or substantial rehabilitation projects. In addition, the NPC's completed 43 capital improvements and rehabilitation of commercial space with an additional 60 projects in progress. Rehabilitation and development projects create employment opportunities that offer a living wage for local residents and the new homeowners 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.

Reducing 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 viable small businesses. If a lack of funding for NPCs and RPCs forces these community-based groups to cutback services or close their doors, where will the residents go? What will these communities look like?

As we have acknowledged in past years, the New York State Legislature has played an important role in trying to address the affordable housing crisis in New York State. The Legislature did an excellent job in past years by putting additional resources into the state's affordable housing programs. Affordable housing programs in New York are fortunate to have two Committee Chairs, Assembly Housing Committee Chair Vito Lopez and Senate Housing Chair and Majority Leader Pedro Espada, who have recognized the value of the state's housing programs and the work that has been accomplished by Neighborhood and Rural Preservation Companies in revitalizing neighborhoods.

The successes and achievements of the NPC's would not have been possible, if not for the support of the Legislature. Last year, the Governor's Executive Budget would have decimated the NPC's with a proposed budget of \$8,153,000. The Legislature responded by supplementing the Executive Budget to bring the NPP state funding to \$13,789,000. This year, Gov. Paterson's budget again attempts to decimate the

Neighborhood Preservation Program -- at a level that could potentially shut down the program. If the Governor's proposed budget of \$8,479,000 holds, Neighborhood and Rural Preservation Companies will each experience almost a \$30,000 cut, an amount that will result in NPCs cutting their working hours, reducing staff and services and in some cases even closing their doors.

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 work 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 \$15,000,000 and the Rural Preservation Program at \$7,500,000.

The Neighborhood Preservation Coalition 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.

Thank you for the opportunity to present testimony on behalf of the Neighborhood Preservation Companies.



**Testimony**  
**Presented to a Joint hearing of**  
**New York State Senate Finance Committee**  
**And**  
**New York State Assembly Ways and Means Committee,**  
**February 3, 2010**

Presented by

Blair W. Sebastian, *New York State Rural Housing Coalition*

And

Nancy Berkowitz, *New York State Rural Advocates*

Good afternoon Chairman Kruger, Chairman Farrell, Senator Espada, Assemblyman Lopez, Senator Bonacic and Assemblyman Fitzpatrick, distinguished members of the panel. Thank you once again for the opportunity to discuss the impacts, implications and alternatives to the 2010/2011 Executive Budget proposal as it pertains to affordable housing in rural places. My name is Blair Sebastian and I represent the New York State Rural Housing Coalition. I am joined today by Nancy Berkowitz who represents our sister organization, the New York State Rural Advocates.

New York State's investment in Affordable Housing serves as an important economic driver in poor communities across the State and through the years this funding has been important in providing jobs, creating economic opportunity and strengthening communities. The funding cuts the Governor is proposing will surely result in the loss of more jobs and the loss of revenue in low income communities.



Rural and Neighborhood Preservation companies represent an essential element of this State's Affordable housing delivery system. New York is the beneficiary of tens of millions of dollars in federal block grant funding through HOME, CDBG and the LIHEAP Weatherization programs, among others. Some of these programs actually require that not for profits be involved in the delivery of the funds. RPCs and NPCs leverage millions of dollars that are invested in rural places, small towns and poor neighborhoods. If you haven't done so already, I urge you to review the DHCR's 2009 Annual Report on the Rural and Neighborhood Preservation Program. It's truly impressive! For instance, the report notes that in 2008/09 RPCs and NPCs made improvements to 4348 owner occupied housing units. RPCs alone raised over \$203 million dollars above and beyond their RPC funding leveraging over \$127 million and generating another \$73.5 million in administrative and capital match. The result is that for every dollar provided these organizations under the RPP, they generate a hefty \$33 dollars in benefit to their communities.

While preparing this testimony I was browsing a table of recent Housing Trust Fund Projects and I noted that the leverage ratio of HTF to other sources was on the order of one to five. That is, for every dollar of Housing Trust Fund we invest, there are another five dollars of federal and private investment going into a project. Based on the number crunching efforts of our friend David Muchnick at Housing First!, crunching that is based on a methodology and data developed by the National Association of Home Builders who ultimately derive much of their data from studies carried out by the United State Census Bureau, we find that for every \$100 million in capital that New York invests in affordable housing development, we gain nearly four thousand jobs during the construction period; we generate some \$195 million in local wages and business income and produce nearly \$17.9 million in taxes and revenues for the State of New York.

The roughly \$100 million in affordable housing capital proposed by the Executive for 2010/11 will require a State cash outlay of around \$7 million next year. Again, \$100 million can be expected to produce \$17.9 million in taxes and revenues for the State at a first year cost of about \$ 7 million in debt service. We cannot let the Upstate economy continue to wither any further. It is important that you invest in affordable housing to protect jobs and help our communities maintain and even gain vitality.





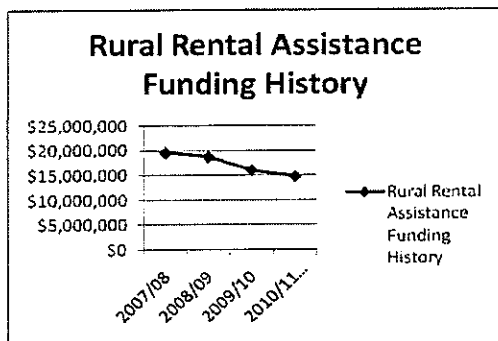
The Executive Budget Proposal focuses on a handful of the largest and “sexiest” capital programs including those that have been most effective in leveraging tax credits. Last year the bottom dropped out of the tax credit program upstate markets. At this point everyone expects the coming year to follow that same pattern. As you know, tax credits are tax shelters. For tax shelters to work there needs to be income to shelter and it’s pretty obvious that at this point there is precious little income out there that requires sheltering. We think it is important that you take this fact into consideration as you contemplate what to do with the capital programs this year. We know, for example that the Housing Trust Fund will be required to fund larger portions of the deals that were supported by the tax credits in the past and therefore affordable housing production will benefit from additional funding to HTF. Without additional funding, there will be fewer units produced.

We urge you to consider funding some of the smaller capital programs that the Executive leaves off the table as these programs have the greatest potential for impact on small and poor communities. The Main Street Program, which you put into statute a year ago, has been very successful in revitalizing older downtowns, providing affordable housing on Main Street and in leveraging private investment in distressed commercial districts across our State. The Rural Area Revitalization Program, or RARP as we know it, has proven to be an important tool for financing small housing projects, supporting mixed use in small projects and for a host of other community development objectives. The RESTORE program provides desperately needed resources to address the emergency home repair needs of low income elderly people. Access to Home has provided retrofits to homes of people with mobility impairments thereby allowing them to stay in their own homes and out of higher cost institutional settings and saving the State money. All the while, as these programs are meeting human and community needs they are generating real economic activity as we noted above.

Those of us who work in rural communities are particularly alarmed by the Governor’s threat to further reduce funding for the Rural Rental Assistance program. The Governor’s proposal takes program funding to levels at which it cannot meet its current obligations to residents of Rural Rental Housing Projects or the Owners of those projects.



The rural rental assistance program plays an important role in what has been a wonderful example of the classic public private partnership. New York State recognized a need to provide safe, decent and affordable housing for low income families in rural communities. In order to



entice private and not for profit developers to take out the deeply subsidized federal mortgages used to construct and operate projects under the Section 515 program, New York agreed to match the federal government in providing a modest rental assistance program to make the projects whole. The reductions to RRAP proposed in the executive budget represent a

breach of faith with residents and owners alike and will put important community assets in jeopardy.

My name is Nancy Berkowitz and I represent the NYS Rural Advocates. We are a membership organization of both for profit and nonprofit developers of new and rehabilitated affordable housing. We work in small towns and villages Upstate, in order to create and sustain safe decent and affordable housing in viable, sustainable communities.

NYS Rural Advocates is a participant in the collaborative that has been organized to study the economic impact of housing and community development. Housing First! proposes a responsible approach to growing the State's housing and community development programs in order to meet New York State's immediate crisis and to move our low income communities forward into a sustainable future. NYS Rural Advocates endorse the recommendation contained within the briefing paper authored by David Muchnick of Housing First!

The Executive's Budget proposes to reduce funding to the Rural and Neighborhood Preservation Programs by almost 40%. The 2009/2010 enacted budget provided a total of \$5,770,700 for the Rural Preservation program and \$13,789,300 was made available to NPP. While the Division of Budget's "Briefing Book" refers to a cut of \$1,125,000 to the Rural Preservation Program, we calculate the proposed cut from the 2009/2010 enacted budget to be \$2.2 million for RPPs and \$5.3 million for NPPs representing a cut of 38.5%.



New York State Rural Advocates call for full funding of the Rural and Neighborhood Preservation Programs. Our goal is to see these programs funded at \$7.5 million for RPCs and \$15 million for NPCs. At a minimum we call on the Legislature to restore RRP and NPP funding to 2009/2010 levels by adding \$2,231,700 to the Rural Preservation Program and \$5,310,300 to the Neighborhood Preservation Program.

Last December's Deficit Reduction Plan, in our view, unwisely took an across the board approach resulting in serious cuts to essential programs. One such program, the Rural Rental Assistance Program provides Section 8 like rental assistance to insure that low income, rural renters have access to safe, decent housing that they can afford. Rural Rental Assistance has been subjected to a series of cuts beginning in 2008 when the program was reduced from \$19.6 million to \$18.7 million. After trimming another \$700 thousand in the 2008 DRP and \$903 thousand in the DRP of December of 2009, the Executive now proposes to reduce the program by another \$300 thousand in this budget bringing the program to a level of \$14.8 million a cut of nearly 25% and leaving the program without enough funds to meet its obligations.

New York State Rural Advocates believe that the Rural Rental Assistance Program will need an additional one million dollars in order to meet current state commitments to residents of USDA subsidized apartments so that those who typically have incomes of about \$11,000 a year can afford to stay in decent housing with enough left over so that don't have to choose between housing, food or medicine.

We understand that DHCR may have an additional allocation of fifteen year Project Based Section 8 available to provide additional support to expiring RRAP contracts. We agree that to the extent that Section 8 can be used to replace RRAP, the need for additional RRAP funds can be reduced accordingly.

Rural Advocates also ask for your consideration of funding for the Main Street program, the RESTORE programs, Access to Home and the Rural Area Revitalization Program.



RESTORE grants are used to address a wide variety of problems, including frozen or broken water pipes, failed septic systems, leaking roofs, and inoperable furnaces in all areas of the state in homes occupied by low income elderly homeowners . These are emergency repair grants that administratively require a rapid response. Keeping elderly in their own homes with their own support systems and familiar surroundings saves our State the significant expense of the alternative of placement in senior or nursing care facilities, and generates jobs, sales tax, local business tax and results in a much better quality of life for seniors.

Rural Advocates call for an additional one million dollars for the RESTORE program. Based on the history and usage of this program, we encourage you to consider future appropriations that invest in our communities and provide emergency repairs for a greater number of seniors with a ten million dollar allocation.

The Revitalization of Main Street is another area where we believe State funds provide an important investment in our communities. We are disappointed that the Executive Budget does not allocate funds for Main Street which has great potential for economic leverage. In order to arrest the decline of downtowns throughout the state, we believe that there is a need for as much as \$25 million for this program. NYS Rural Advocates respectfully request an allocation of \$5 million for the Main Street Program. Likewise, the Rural Area Revitalization Program which provides flexible funding for affordable housing and mixed use projects deserves your support and Rural Advocates request an appropriation of \$5 million for RARP.

Finally, Rural Advocates request \$5 million be appropriated to fund Access to Home. Under this program, State funds are used by nonprofits such as NPCs and RPCs and municipalities to provide retrofit adaptations such as handrails, kitchen and bath modifications, and lighting so that persons with physical disabilities and seniors with age related disabilities can remain in their home. A recent DHCR press release announcing \$4 million in Access to Home awards suggested that the agency was only able to fund 22 of 62 eligible applications.

Thank you for your consideration.

#14



**Joint Housing Committee Legislative Public Hearings on 2010 – 2011  
Executive Budget Proposal**

**February 2, 2010**

Testimony respectfully submitted by:

Paige Bellenbaum  
Director of Advocacy  
Habitat for Humanity – New York City



## **Introduction**

Thank you for the opportunity to testify today. My name is Paige Bellenbaum, and I am the Director of Advocacy at Habitat for Humanity - New York City. I also represent Habitat for Humanity of New York State, and the Empire State Housing Alliance, a coalition of upstate and downstate organizing groups, calling on New York State to devote greater funding to affordable housing and smart-growth solutions.

On behalf of the three hats that I wear before you today, I call on both the Senate and Assembly Housing Committee members to consider the following three asks:

- **Support the passage of A09115 / S5727, The Empire State Housing Investment Fund Act of 2009;**
- **Fully restore the Governor's proposed reductions to neighborhood and rural preservation programs, supportive housing, and homelessness prevention programs;**
- **Increase the state's capital investment for housing programs in the 2010 – 2011 budget.**

In a fiscal situation as dire as the one NY State currently faces, it is hard to imagine how asks for increased funding could be made. And in response, I would say – that as NYS State struggles financially, so do the residents that live here. Job loss, home loss, and homelessness, are just a few of the issues that face every day New Yorkers. The good news is that all three initiatives promise to not only provide necessary affordable housing options statewide, but to concurrently stimulate the economy. Affordable housing development continues to serve as a significant driver of economic development and job creation during a critical time of need.

## **Overview of Habitat for Humanity - NYC**

Habitat-NYC was founded in 1984 as an affiliate of Habitat for Humanity International, and we build affordable housing in every borough of New York City. Our homes are built with the “sweat equity” of our family partner homeowners, who work side-by-side with volunteers. Our homes are built by New Yorkers for New Yorkers. These homebuyers are teachers aids, home health care workers, secretaries, janitors, bus drivers – the people who are the backbone of our community. To date, Habitat - NYC has built more than 220 homes and has made a significant contribution to the revitalization of the city. Habitat-NYC recently completed our largest and greenest 41-unit multifamily development in the Ocean Hill Brownsville section of Brooklyn. This project involved 10,000 NYC volunteers during our construction efforts.

Of the 54 Habitat for Humanity affiliates across the State of New York, collectively we have built or rehabilitated close to 2,000 total units of affordable homes. With an infusion of new homeowners and thousands of volunteers, the construction of these homes transforms the lives of not only our family partners, but the communities in which we build.

## **Housing Needs Across the State of New York**

The level of housing needs across the Empire State vary from region to region. What remains constant are the severity of housing problems and the need to address them. High foreclosure rates and falling property values have increased the number vacant properties, thus adding to the number of families in New York State in need of housing. Affordable rental units are being converted to market rate, or simply being removed through demolition or abandonment, which puts additional pressure on an affordable housing market already failing to meet demand.

Despite Mayor Bloomberg's ambitious housing plan for 165,000 new and preserved affordable units, the shortage of affordable homes in New York City remains dire. Recent research from the Furman Center reports that New York City has actually lost 200,000 affordable units since 2002, due to deregulation and programs like Mitchell-Llama phasing out. These statistics, coupled with a 10.3% unemployment rate, underscore a state of crisis in New York City which requires further action.

## **Solutions**

### ***Pass A09115 / S5727 - the Empire State Housing Investment Fund Act Of 2009***

The Housing Investment Fund Act of 2009 (HIF) would develop a true housing trust fund – that is, a program that receives significant dedicated public revenue to produce and/or preserve affordable housing. If adopted, New York would join the 42 states that have created housing trust funds. In a single year, these state housing trust funds collect in excess of \$1.28 billion devoted to affordable housing, and are widely recognized as the most successful mechanism to create affordable housing.

### **Why have 42 other State Created Housing Trust Funds?**

#### ***Income Targeting***

One of the key goals of the HIF is to provide resources to serve needs that are not being addressed by existing programs, therefore funds are targeted to serve households earning up to 80% of the Area Median Income (“AMI”), with preference for funding to projects serving households at or below 50% of AMI. This is consistent with national practice: serving the housing needs of the lowest- income families is one of the primary goals of a majority of housing trust funds

#### ***Flexibility***

The other key goal of the HIF is flexibility. The HIF is designed to meet a variety of housing needs – from assisting low-income renters to first-time homebuyers to those who have special needs – in numerous ways, including operating and maintenance subsidies, no- or low-interest mortgage programs, to “bricks and mortar” hard costs to support new production and rehabilitation. In a state like New York, where the range of housing needs is so vast – a “flexible” fund ensures that a multitude of housing needs are covered.

### ***Reliability***

A Housing Investment Fund with a dedicated revenue stream provides reliable access to funding. Every year, the affordable housing community faces the prospect of budget reductions, decreasing their likelihood to embark on new construction or preservation initiatives. A reliable stream that is not subject to annual appropriations ensures an increase in development and more efficient production of affordable housing.

### **Funding Mechanisms for the Housing Investment Fund**

The Housing Investment Fund is justified in part because investments in affordable housing pay multiple returns and exemplify the kind of fiscally-responsible, forward-thinking strategies that New York needs. It is equally justified by the fact that it is FREE!

- The National Housing Trust Fund, signed into law by President Bush in 2008 as part of the Housing and Economic Recovery Act, is very close to identifying a funding stream. On December 16, the House passed the Jobs for Main Street Act, 2010 by a vote of 217-212. This bill includes \$1 billion to capitalize the National Housing Trust Fund and \$65 million for project-based vouchers to be coupled with NHTF grants. Recent Senate sources report that what will be included in their version of the jobs bill is still in flux, but chances are quite good that the NHTF fund would be included given the extensive support for the NHTF in the Senate. When the Senate bill passes, New York State is positioned to receive close to **\$142 million** from the federal Fund. The state Housing Investment Fund is a perfect repository to receive National Housing Trust Fund dollars once they come online due to its parallel income targeting and flexibility. According to the National Low Income Housing Coalition, that's an estimated **1,685 jobs** for New York State.
- A future funding stream opportunity would be to capture the excess reserves of the SONYMA Mortgage Insurance Fund, which is otherwise swept into the general fund. In a good year this reserve can reach as high as \$250 million, and in a troubled year such as this one, the fund reached only \$9 million. We propose to dedicate this revenue beginning in 2013, giving New York the time it needs to accomplish economic recovery.

### ***Restore Proposed Reductions to Critical Affordable Housing and Homelessness Prevention Programs***

The Neighborhood and Rural Preservation Programs, through the work of the NPCs and RPCs, deliver more than 50% of the capital programs administered by DHCR. Yet, their budgets are being cut by about 30% - decreasing their ability and effectiveness to create and preserve affordable housing. In addition, these community based organizations frequently serve as the primary stabilizing and revitalizing forces in their neighborhoods. Reducing their funds - while homelessness increases and houses continue to be abandoned - contributes to further deterioration in challenged neighborhoods and rural areas.

The Rural Rental Assistance Program was cut by nearly \$1 million in the Deficit Reduction Plan. This budget does nothing to restore that cut, in spite of the increasing poverty outside of metropolitan areas. Failure to restore this funding may result in loss of housing for vulnerable rural residents, including senior citizens, and will limit the ability of rural organizations to build much needed additional multifamily housing.

The governor's proposed budget also eliminates funding for homelessness prevention programs: Supplemental Homeless Intervention Program (\$5 million), Homelessness Intervention Program (\$2 million), and the Homeless Prevention Program (\$4.5 million). In New York City, close to 40,000 people are homeless, and the shelter population has increased by more than 9% in the past year according to the Coalition for the Homeless "State of the Homeless 2009" report.

### ***Enhance Funding for Existing State Housing Programs***

For the past six years, applications for New York State housing capital funds have exceeded availability by an average of \$167 million per year. In 2008, the gap was \$125 million even with the additional \$200 million appropriated. Habitat for Humanity - New York City, Habitat - NYS, ESHA, and a number of statewide affordable housing advocates including New York State Association for Affordable Housing, the Supportive Housing Network of New York, ANHD, and hundreds of others, joined Assemblyman Vito Lopez on the steps of City Hall last August asking the Governor to increase the state's capital investment for housing programs in the 2010 - 2011 budget.

## **Benefits of the Housing Investment Fund and Increasing the States Investment in Affordable Housing Programs**

### **Drives Economic and Community Development**

Affordable housing investments drive economic development. Affordable housing construction and rehabilitation serve as a stimulus to economic development that would strengthen communities across the state, from jobs, sales, and municipal fees that result directly from housing construction and renovation, as well as through secondary and ongoing tax revenues generated from new residents and new properties.

- The National Association of Home Builders projects that during construction, producing 100 single family homes generates:
  - 324 jobs in the average American community's local economy, of which 147 are in construction;
  - \$21.1 million in local wages and business income;
  - \$2.1 million in taxes and revenues for local government

- An economic impact study done on Habitat-NYC's most recent 41-unit development in Brooklyn found that this project will:
  - Generate about \$34.5 million in economic activity over the next 40 years
  - Generate approximately \$3 for every dollar invested in the \$12.1 million project, more than a 300 percent return on project investment by Habitat-NYC and its supporters
  - Support 111 jobs and create \$20.45 million in economic activity during the two-year construction phase alone;
  - Funnel \$2 million of that \$20.45 million directly to businesses in Ocean Hill-Brownsville, strengthening the economy of one of the city's lowest-income neighborhoods;

Over the next four decades, this project and its new 41 Habitat-NYC homeowner families will:

- Spend \$13.9 million in New York City;
- Contribute more than \$4.4 million in tax revenues to the city and state.

#### **Leverages Public and Private Resources**

Housing trust funds leverage significant resources, providing a stimulus to local economies. Traditionally, because of their flexible use, housing trust fund dollars are used to provide critical "gap financing" – the last bit of funding necessary to make the financing of a housing development project work. For example, where one of the primary uses of the resources of a housing trust fund is production of new affordable housing units, housing trust fund dollars are generally packaged and distributed along with other sources of public financing, such as Low Income Housing Tax Credits (LIHTC) or Community Development Block Grant funds (CDBG). Because the availability of housing trust fund dollars enables a developer to draw down these other financing sources, as well as private funds, housing trust funds are described as "leveraging" additional resources in order to produce affordable housing. On average, nearly \$7 in public and private funds are leveraged for every state housing dollar invested in affordable housing. This dynamic is demonstrated by awards from the Albany County Housing Trust Fund, where the County's \$300,000 investment has leveraged over \$7.8 million in other funding for the selected projects.

#### **Promotes Workforce Retention and Attracts New Employers**

Public investment in affordable housing promotes workforce retention and attracts prospective employers. When commercial developers conduct market studies or when businesses assess location options, a key factor is whether there is sufficient housing for consumers and adequate housing for their employees to sustain their investment. As we hear repeatedly in Long Island and the Hudson Valley, high housing costs are rightly perceived by employers as a barrier to attracting and securing a stable workforce.

**Additional Benefits**

Investments in affordable housing can reduce the demand for other costly government-funded supports, particularly public health and homelessness programs. When we don't have adequate safe, affordable housing, we pay a price, and the price is high. Asthma, lead-paint exposure (a particular problem in older upstate communities), the relatively exorbitant costs of emergency shelter and transitional housing are all examples of what we and the state fiscally bear because we haven't committed the resources we need to decent affordable housing. And access to quality, affordable housing enables families to devote resources that otherwise would have been spent on housing to meet other critical needs, like health care and child care, which also help to support local economies.

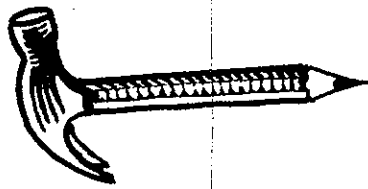
**Conclusion**

Habitat-NYC strongly believes that dedicating state resources to the Housing Investment Fund, restoring proposed cuts to affordable housing and homelessness programs, and increasing the state's capital investment in existing housing programs are exactly the kind of measures the state needs at this moment, and that these investments will create jobs, and strengthen our economy and the well-being of our residents, both immediately and in the future.

Thank you again for the opportunity to testify. I will now take questions.



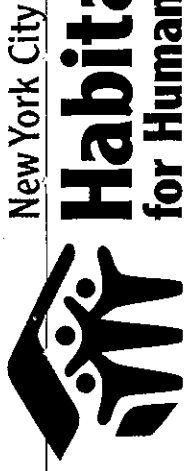
Habitat for Humanity  
New York City  
Hammer &  
Nail Campaign



Work for the Cause,  
Not Just the Day.



For more information, visit:  
[www.habitatnyc.org](http://www.habitatnyc.org)



## What Will a Housing Investment Fund Do?

The Housing Investment Fund will:

- Create a true affordable housing trust fund with a dedicated revenue stream, which will be a permanent vehicle to provide flexible support for affordable housing for years to come
- Stimulate economic development across the state.

For more information, visit:  
[www.habitatnyc.org](http://www.habitatnyc.org)

**Building and Preserving Affordable Homes = Economic Development**  
Affordable housing creates jobs, revitalizes neighborhoods, generates tax revenue and creates decent, safe and permanent homes for all New Yorkers.

Dear Governor Paterson,

I support Habitat for Humanity - New York City. I believe that I can make a difference by lifting a hammer to build homes for families in need.

But I also believe that I have a responsibility to lift my voice to build housing justice for all New Yorkers. I therefore urge you to support the following housing policy that has been endorsed by Habitat-NYC:





#5

Public Hearing Testimony:

# Joint Legislative Budget Hearing on Housing

Submitted to:

**Senate Finance Committee**  
Carl Kruger, Chairman

and

**Assembly Ways and Means Committee**  
Herman D. Farrell, Jr., Chairman

Presented by:

**Ken Harris, Director**  
The NYAHSA Center for Senior Living and Community Services

**February 3, 2010**

Albany, New York  
Legislative Office Building  
Hearing Room B

## **Introduction**

I am Ken Harris of the New York Association of Homes and Services for the Aging (NYAHS), and previously a manager of a senior housing facility, to testify on housing priorities for seniors that should be addressed in the 2010-11 state budget. Our testimony today will focus on the need to develop a range of housing and supportive service options for seniors in New York state, particularly for low-income seniors.

Founded in 1961, NYAHS is the only statewide organization representing the entire continuum of not-for-profit, mission-driven and public continuing care, including senior housing, nursing home, adult care facility, continuing care retirement community, assisted living and community services providers. NYAHS's nearly 600 members serve an estimated 500,000 New Yorkers of all ages annually.

On behalf of NYAHS's membership, I want to commend you for seeking input on what we believe is an urgent public policy need. Our vision is that New York will achieve housing and service capabilities equal to consumer need and choice. We appreciate the opportunity to share our thoughts and concerns in this regard.

There are three primary settings in which New York state assists seniors to remain in independent housing: in homeowner single family homes; in age-integrated rental multifamily housing; and in multifamily senior housing. **This testimony will focus on the need to expand multifamily development, preserve existing projects, and enhance senior housing with supportive services.**

## **Developing Affordable Senior Housing**

Multifamily senior housing provides an affordable, flexible and socially active congregate living arrangement in the long term care continuum. It is unique in its ability to promote independence, preserve dignity, and offer service choices for seniors in a cost-effective environment. It offers quality, affordable housing for low-income seniors that takes advantage of economies of scale in

delivery and scarce federal and state resources. In addition, multifamily senior housing offers an ideal platform on which to cost-effectively deliver home health services such as assistance with bathing, dressing, and medication administration; and community senior services such as meals on wheels, adult day care, senior centers and homemaker services. The availability of these services enables seniors to remain in independent housing for as long as possible, and to delay or obviate the need for placement in a health facility such as assisted living or a nursing home.

### **The Lack of State Financing for Affordable Senior Housing**

Development of multifamily senior housing is difficult for not-for-profit sponsors to complete due to a patchwork of inadequate, overlapping and conflicting state and federal financing sources. Rarely does a senior housing development fully finance under one state or federal program due to the inadequacy of funding under a single program source. Primary New York state financing for multifamily senior housing includes the Low-Income Housing Credit Program (LIHCP), the Mitchell-Lama program, the New York State Low Income Housing Trust Fund and other capital programs under the New York State Division of Housing and Urban Renewal (DHCR) and the New York State Housing Finance Agency (HFA).

Primary federal funding sources for multifamily senior housing include the U.S. Department of Housing and Urban Development (HUD) Section 202 program, Section 202 Project Rental Assistance Contracts (PRAC), Section 236 and the federal LIHCP administered by DHCR, the Internal Revenue Service (IRS), and HUD Section 8 rental assistance vouchers.

Senior housing is funded by DHCR as designated senior housing, or as senior housing apartments for the frail elderly under the state LIHTC program's "Special Needs" category that also includes persons who are homeless or that have alcohol/substance abuse disorders; psychiatric disabilities; physical disabilities; domestic violence issues; and mental retardation/developmental disabilities.

Since primary financing does not meet all the development costs (including site, architect, planning and pre-development) sponsors must apply for secondary state financing to complete

the project , including funding through the HOME and Community Development Block Grant (CDBG) programs.

In addition, multifamily senior housing often combines state and federal funding, and must comply with separate regulations, including the Mitchell-Lama, Section 236, Section 202, Section 8, and the LIHTCP.

Most funding programs for senior housing development and preservation are federal funds administered through DHCR and HFA, including the LIHCP, HOME and CDGB, while the only significant funding source for multifamily senior housing in the Executive Budget is the New York State Low Income Housing Trust Fund level-funded at \$29 million. NYAHSAs believe that state funding dedicated to the development and preservation of affordable senior housing is lacking when the need is so great, and will dramatically increase in the future.

While the Low Income Housing Credit Program uses federal dollars to build affordable housing, DHCR sets the rules for allocating funding of this program through the Qualified Allocation Plan (QAP.) The Legislature should conduct a study on the barriers to developing affordable senior housing in New York state, including changing the QAP scoring to ensure adequate development.

Another critical component to providing affordable housing to seniors is the availability of the federal Section 8 Housing Choice Voucher Program (HCVP) administered through DHCR. The HCVP provides rental assistance and home ownership option to extremely low income households in New York State. While senior housing tax credit properties are being built (at a much slower rate with the downturn in the economy), without a HUD Section 8 voucher, where residents pay thirty percent of their income for rent, tax credit properties for low income seniors become unaffordable.

While a variety of New York state DHCR and HFA programs can be used to develop or preserve multifamily senior housing, the programs' eligibility, application requirements, award amounts, and multiple timeframes are confusing to potential sponsors and developers.

## **DHCR's Statewide Affordable Housing Needs Study**

In May 2009, DHCR issued a comprehensive report entitled the *Statewide Affordable Housing Needs Study* that made several conclusions, including:

- Funding is needed to create rental housing for seniors, along with supportive services, sited close to support systems and public transportation;
- There is a need for timely and effective partnerships between those who develop affordable housing and those who provide social services to individuals and families living in affordable housing developments;
- There is a need for additional funding for repairs or upgrades to modernize and preserve owner occupied and rental housing; and
- There is a need to educate local officials, planning and school boards and community members about the benefits of affordable housing developments in order to mitigate NIMBY opposition.

The *Statewide Affordable Housing Needs Study* is a product of DHCR's effort to reach out and gather first-hand information from local leaders and housing professionals about what they believe are New York's affordable housing and community development issues and needs. NYAHSa agrees with the reports' findings, and encourage the Legislature to fund implementing the above recommendations in this year's budget. <sup>1</sup>

### ***Naturally Occurring Retirement Communities (NORCs)***

In 1994, the Legislature determined that there is an increasing need for support services for frail older people residing in housing complexes and apartment buildings in the state and that the provision of support services would help residents maintain their independence, improve their

quality of life and avoid unnecessary institutional stays. Since then, the state has developed two NORC programs. The *Naturally Occurring Retirement Community Supportive Service Program* (NORC-SSP) provides services to older people living in building complexes. The *Neighborhood NORC* (NNORC) provides similar services to older persons living in a residential area consisting of single-family homes and buildings not more than six stories high. Currently there are 20 NORC-SSP programs and 17 NNORC programs receiving a total of approximately \$4.4 million in annual state funding support across New York state.

National leaders in senior housing and supportive services have looked at New York NORCs as a model of how seniors can “age in place.” At the same time, the NYS Office for the Aging (NYSOFA) is looking at ways to prove NORC effectiveness and potential enhancements to the program. NYSOFA has convened a NORC Advisory Committee involving NYAHSAs and other stakeholders to analyze the model and develop strategies for its expansion. While NYAHSAs are pleased that the NORC and NNORC programs were level funded in the 2010-11 Executive Budget, increased funding for this program could allow for more seniors to remain in an independent setting longer and delay placement in more institutional settings. In fact, NYAHSAs propose that the Legislature research this model to be implemented in settings where seniors not only have naturally “aged-in-place”, but for facilities that were financed and specifically built for seniors such as Mitchell-Lama, Section 202 and senior housing LIHTC programs.

### ***Land Donation for Affordable Senior Housing Development***

One of the largest obstacles to affordable senior housing development is land acquisition. Extremely high real estate prices often stop the affordable senior development process. Yet, recent creative initiatives have begun to work around the land acquisition hurdles.

Last January, HFA issued a Request for Proposals for developers interested in purchasing the site of the Howard Park in Queens for the development of 100 affordable senior housing apartments. This project is part of an initiative to make state properties no longer needed for state operations available for development. In June HFA announced Catholic Charities of Brooklyn and Queens

was selected to turn the Bernard Fineson Development Center into low and moderate-income senior housing and reduce development costs through the state land donation initiative.

An example of federal, state and local cooperation is a recent \$12.2 million HUD Section 202 award to the Sisters of Charity on Staten Island. A HUD funded senior housing facility will be built on NYC Housing Authority property sold to the sponsors for \$1. The apartments could be completed by early 2012. In yet another example of the need for affordable senior housing, 5,144 applications have been submitted for the Sisters of Charity 80 apartment senior housing complex.

NYAHSA applauds both initiatives and strongly encourages federal, state and local land donations of vacant or underutilized property for the development of affordable senior housing.

### **Preserving Existing Affordable Senior Housing**

Immediate New York state financial assistance is needed to preserve current subsidized senior housing apartments. Most of the elderly-specific HUD and state Mitchell-Lama housing projects, which were built in the 1960s and early 1970s, are in need of significant renovations to retain safe environments.

Making matters worse, several subsidized property owners are “opting out” of HUD’s Section 8 federally assisted and insured multifamily housing stock and the state Mitchell-Lama program. This is because HUD limits the rents in subsidized housing, and owners in locations with strong housing demand see opportunities to increase their rental rates as they are able to leave the subsidized program after their 20-35 year mortgage is satisfied.

A much publicized example is Brooklyn’s Starrett City that has 5,881 apartment units in 46 buildings, including a Section 236 project. On November 30, 2006, the owner of the complex announced that they were selling the entire property to transform the affordable apartments into market rate rental units. Thanks to a concerted effort by state and federal lawmakers and regulators to save Starrett City as affordable housing, the sale that occurred ensured that the

property remained as affordable housing. Yet, Starrett City is only one affordable housing development in jeopardy of being lost to market rate rents.

Several NYAHSA members took advantage of the \$253 million administered through DHCR for the Weatherization program through the federal American Recovery and Reinvestment Act.

While this much needed program helped some senior housing facilities complete capital projects, a dedicated New York State Senior Housing Trust Fund program to preserve and rehabilitate the federal and state senior housing stock throughout New York state is needed to keep this critical resource available to low income seniors.

### *Access to Home*

Another highly successful preservation program is *Access to Home*, a state initiative that provides assistance with the cost of adapting homes and multifamily projects to meet the needs of disabled owners/renters to continue to live in their residences and avoid institutional care. Adaptable features funded under the program includes wheelchair ramps and lifts, handrails, easy-to-reach kitchen work and storage areas, lever handles on doors, and roll-in showers with grab bars.

*Access to Home* is administered through DHCR and was funded two years ago at \$14 million for 46 applications, against demand of \$19.4 million. Program funding included \$4 million from bonded capital and \$10 from Housing Trust Fund Corporation earned fees. This year *Access to Home* was eliminated in the Executive Budget, yet DHCR has a Request for Proposal for the *Access to Home* program for \$4 million which will be funded through HTFC fees. Several NYAHSA members have used the program to include accessible building features in their common areas and apartments, thereby enabling their senior residents to safely “age in place.”

**We encourage the Legislature to promote developing and preserving affordable senior housing by:**



- Creating a dedicated New York State Senior Housing Trust Fund program to develop, preserve and rehabilitate the federal and state senior housing stock throughout New York state;
- Implement the senior housing and supportive services recommendations in the DHCR *Statewide Affordable Housing Needs Study*;
- Promoting local and state land donations to help reduce the cost of affordable senior multifamily development by creating a statewide program for this initiative;
- Directing a study on the barriers to developing affordable senior housing in New York state, including changing the Low-Income Housing Credit Program (LIHCP), QAP scoring; and
- Funding the Access to Home program at the 2008 level of \$14 million to allow seniors living in low-income congregate housing to remain longer in their homes.

### **Enhancing Senior Housing With Supportive Services**

In addition to an affordable apartment, many seniors need supportive services such as home care and personal care to remain in a community setting. AARP reports that 20 percent of seniors in rental housing have some difficulty in performing activities of daily living, and that number rises to 26 percent for those seniors in subsidized housing.<sup>2</sup> Policy changes and dedicated funding are needed to meet the housing and service needs of seniors now and into the future.

Funding housing and supportive services makes economic sense and is a good investment. Adding funding to affordable senior housing continues and expands the principles espoused by the Berger Commission by investing state and federal funds where seniors are in the first place – their own homes.

We are pleased to see efforts by the state agencies with jurisdiction over senior housing and supportive services, including DHCR, HFA, NYSOFA and the NYS Department of Health (DOH), to coordinate their efforts to provide affordable housing and supportive services for New York seniors. NYAHSAs has worked collaboratively with these state agencies on the Money Follows the Person Housing Task Force and the Nursing Home Transition and Diversion (NHTD) Waiver Housing Task Force to develop ways to ensure affordable senior housing is available to participants in Medicaid home and community-based waiver programs.

Yet one of the greatest hurdles of seniors accessing the NHTD waiver programs is affordable housing. There are often very long waiting lists for a Section 8 voucher – in some communities ten years long. The state budget has included a NHTD waiver housing subsidy that allows participants in the programs subsidized housing while until they are awarded a Section 8 voucher. While NYAHSAs is pleased that this program was level-funded at \$2.3 million, the eligibility of this program should be expanded to other Medicaid waiver programs, including the Long Term Home Health Care Program.

### **Empowering Communities for Successful Aging**

Medicaid waiver programs are just one way to help seniors “age in place” within the community. In November 2008, with the help of the Albany Guardian Society, NYAHSAs co-sponsored a conference with NYSOFA and AARP entitled, *Empowering Communities for Successful Aging: Housing, Neighborhood Supports, and Services*. The two-day conference was a huge success attracting over 500 participants from municipalities, community associations, faith-based and neighborhood groups, and not-for-profit service providers. The over 50 presentations offered at the conference provided an opportunity for participants to convene, network, and share strategies that lead to a plan of action for the creation of aging-friendly and livable communities. These “best practices” presentations are available on the conference Web site at:

[www.empoweringnycommunities.org](http://www.empoweringnycommunities.org).

NYAHSAs is pleased to report that the work started at this conference in assisting communities toward becoming “aging-friendly” is growing strong and will be continued to be funded at \$245,000 in the Executive Budget. One of NYSOFA’s major activities through this funding is

their “Communities Empowerment Program” initiative that is promoting regional activities and sharing more best practices.

### **.NYSOFA Supportive Services Programs**

Supportive service programs funded through NYSOFA are critical for seniors to remain in independent multifamily housing. Yet the Executive budget proposes to reduce or eliminate the following programs:

*Congregate Services Initiative:* The 200910 NYSOFA budget provided \$806,000 for CSI provides services for older persons in senior centers and other congregate settings. Services include information and assistance, referral, transportation, nutrition, socialization, education, counseling, caregiver support, volunteer opportunities and health promotion and wellness activities. The program is proposed to be eliminated.

*Supplemental Nutrition Assistance Program (SNAP):* SNAP funding is used to provide home delivered meals, some congregate meal funding and other nutrition related services to eligible frail elderly, including in senior housing settings. The Executive Budget reduces this program by \$2 million to \$21.3 million.

*Community Services for the Elderly (CSE):* NYSOFA services funded through CSE include case management, personal care, caregiver services, congregate and home delivered meals, information and assistance, referrals, social adult day care, transportation, respite, wellness activities, senior centers and other congregate programs. CSE program funding would be reduced by \$1 million to \$15.3 million.

*Expanded Income Services for the Elderly Program (EISEP):* EISEP is a community based long term care program that provides case management, respite, and ancillary services. EISEP program funding would be reduced by \$2 million to \$46.03 million.

## **Service Coordination**

A very successful program in HUD Section 202 programs is the service coordinator position. Service Coordinators help seniors remain in independent housing by serving as the “linchpin” to community services programs. By accessing supportive services seniors are often able to prevent or delay placement to a higher level of care, including hospital and nursing home placements. Yet, often senior housing programs funded through the tax credit Low Income Housing Program are not able to fund a service coordinator position. NYAHSAs recommend the state initiate a Service Coordinator program for tax credit senior housing programs that are not able to fund the position in their annual budget. NYAHSAs encourage the Legislature to initiate a New York State Service Coordinator program.

### **NYAHSAs encourage the Legislature to support senior housing and supportive services by:**

- Continuing at least level-funding of NYSOFA supportive services programs including NORC, NNORC, Community Empowerment, CSI, CSE, EISEP and SMAP;
- Expanding eligibility for the state housing voucher program, currently made available through the NHTD waiver, to participants in the Long Term Home Health Care Waiver Program;
- Initiating a Service Coordinator program for tax credit senior housing programs that are not able to fund the position in their annual budget.
- Rejecting proposed Medicaid funding cuts to home care and nursing home services. Reductions in home care services will immediately affect seniors living in congregate senior housing, and limit their ability to remain independent. Reductions in nursing home funding will result in facility closures and eliminate access to a higher level of care when a senior’s health status requires short-term rehabilitation or long term care.

## **Other Housing Funding Considerations**

To ensure that New York's seniors have a variety of affordable and market-rate housing options available to them, NYAHSA encourages the Legislature to consider the following added recommendations:

- Exorbitant real property taxes can mean the difference between developing affordable housing and continuing care retirement communities (CCRCs), and not being able to do so. The decision to assess property taxes or charge a payment in lieu of tax, such as a municipal service agreement, is at the discretion of the local municipality, even if the sponsor is a not-for-profit organization. Real property tax exemptions should be conferred on all not-for-profit entities developing housing options for seniors;
- Enact further changes to Article 46 of the Public Health Law to encourage development of life care, modified and fee-for service CCRCs in New York state. Overly restrictive rules governing the development and operation of these communities have stifled their proliferation in the state; and
- Permanently extend the authority for local Industrial Development Agencies (IDAs) to finance certain civic facilities, including senior housing and nursing home projects. Since January 31, 2008, not-for-profit sponsors have been unable to use a critical affordable housing development tool to finance the development of affordable senior housing. In these times when economic revitalization is desperately needed, it is imperative to make IDA financing for civic facilities permanent. Lawmakers should also eliminate the \$20 million cap on IDA civic facility financing, and consider allowing IDA-financed projects to use lower-cost bond anticipation notes for interim project financing.

## **Conclusion**

NYAHSA members are committed to providing safe, affordable homes with high quality supportive services to their residents. NYAHSA encourages the state to assist senior housing

providers by implementing our recommendations to **expand development, preserve existing housing, and enhance housing with supportive services** to meet current and growing needs of New York's seniors. These recommendations include providing capital financing for senior housing and funding the supportive services seniors need to remain independent. The process of developing senior housing takes several years to complete. Building senior communities that will meet the state's needs for affordable and market driven housing in the next ten years begins with approving funding now for existing programs, and making legislative changes to develop innovative housing models. These investments will prove cost-effective in the long run, as they will allow seniors to live independently for as long as possible while avoiding premature, expensive placements in health care facilities.

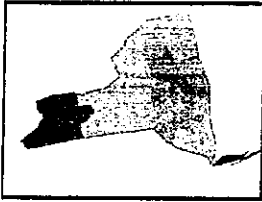
On behalf of NYAHSA, thank you for your interest in the future of senior housing and for the opportunity to testify today. We would be pleased to address any questions you may have.

## Endnotes

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<sup>1</sup> DHCR *Statewide Affordable Housing Needs Study*. May 2009.

<sup>2</sup> Serving the Affordable Housing Needs of Older Low-Income Renters: A Survey of Low-Income Housing Tax Credit Properties, AARP 2002.



## **EMPIRE STATE HOUSING ALLIANCE**

Upstate-Downstate Planning Together

**Testimony presented to the Joint Legislative Committee  
Housing Budget  
February 3, 2010**

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## **INTRODUCTION:**

I am Coordinator for the Empire State Housing Alliance, a newly established coalition uniting upstate and downstate organizing groups in a coordinated effort to call on New York State to devote greater funding to affordable housing and smart growth solutions. Our members include groups from upstate urban areas, rural regions, New York City, and Long Island. We have a diverse membership, ranging from very small faith-based organizations to county wide developers, and include disability advocates, neighborhood and rural preservation companies.

I am speaking today in regard to the proposed cuts to housing programs in the Executive Budget for Fiscal Year 2010-2011.

First, I want to thank you for this opportunity to speak today. I want to acknowledge the dire fiscal situation that the state is currently facing. It is similar to the economic challenges facing New York's residents, who have also experienced severe job losses. Far too many have lost their homes, whether owned or rented, and homelessness and poverty are increasing. The foreclosure and abandonment of homes continues, with the increase in vacant properties now identified as a critical problem in upstate cities like Buffalo, and also in New York City and Long Island.

## **CURRENT CONDITIONS IN NEW YORK:**

In New York City, more than 36,000 people are homeless, and the shelter population has increased by more than 9% in the past year according to the Coalition for the Homeless "State of the Homeless 2009" report. They note an increase in families in New York City shelters of 12%.



Vacant properties concerns have spread, now impacting Long Island which was badly affected by the collapse in the housing market, and New York City. Upstate cities continue to struggle with vacant properties, with more than 20,000 in Buffalo, approximately 3,000 in Rochester in spite of aggressive demolition and acquisition/rehabilitation programs that either eliminate the vacant building or return it to use. Picture the Homeless conducted a survey of vacant structures in Manhattan, estimating 24,000 vacant residential units.<sup>1</sup>

Capital resources remain inadequate for housing development, rehabilitation and preservation.

#### **EXECUTIVE BUDGET RESPONSE TO CONDITIONS:**

In response, the proposed budget eliminates funding for homelessness prevention programs: Supplemental Homeless Intervention Program (\$5 million), Homelessness Intervention Program (\$2 million), and the Homeless Prevention Program (\$4.5 million). The New York State Constitution requires that the indigent and elderly receive care – these cuts would seem to be in violation of that requirement.

The Neighborhood and Rural Preservation Programs, through the work of the NPCs and RPCs, deliver more than 50% of the capital programs administered by DHCR. Yet, their budgets are being cut by about 30% - decreasing their ability and effectiveness to create and preserve affordable housing. In addition, these community based organizations frequently serve as the primary stabilizing and revitalizing forces in their neighborhoods – reducing their funds, while homelessness increases and houses

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<sup>1</sup> "Homeless People Count 2009", Picture the Homeless; [www.picturethehomeless.org](http://www.picturethehomeless.org)

continue to be abandoned, contributes to further deterioration in challenged neighborhoods and rural areas.

The Rural Rental Assistance Program was cut by nearly \$1 million in the Deficit Reduction Plan. This budget does nothing to restore that cut, in spite of the increasing poverty outside of metropolitan areas. Failure to restore this funding may result in loss of housing for vulnerable rural residents, including senior citizens, and will limit the ability of rural organizations to build additional needed multifamily housing.

It is valuable to note that the Executive Budget left the capital programs at the same basic level as prior years (with the exception of 2008, when an additional \$200 million was appropriated). Yet, for more than six years, those funds have been inadequate. Requests for funding have exceeded the available resources by more than \$125 million each year, including 2008. While the lack of cuts to capital programs is relatively good news in a difficult year, funding clearly needs to be increased. Capital production, whether rehabilitation of existing units or new construction, generates permanent as well as temporary jobs, generates additional revenue in the community, and can jumpstart local economies. According to the National Association of Home Builders, three jobs are created for each new home built, and other studies track the ripple effects: buying lunch at a local deli, gas purchased at a corner station, and other local benefits beyond the units built or rehabbed.

## **RECOMMENDATIONS:**

### **Funding restorations:**

- Restore the Neighborhood and Rural Preservation Programs to the enacted level of 2009-2010
- Restore Rural Rental Assistance Program funding to 2010 enacted levels.
- Restoring the funding for housing support services, like the Supplemental Homeless Intervention Program.

### **Additional funding recommendations:**

It is critical that New York State join the 42 other states in creating a dedicated revenue stream for affordable housing production.

The Empire State Housing Investment Fund (HIF), introduced in both the Senate and Assembly (S.5727/A.09115), would create such a fund. It is crafted to allow for flexibility in uses, including the essential operating support to allow for creation of housing at the lowest income levels. It also would support creation of local housing trust funds that could address smaller local or regional housing issues that may not be able to compete at the state level for existing programs.

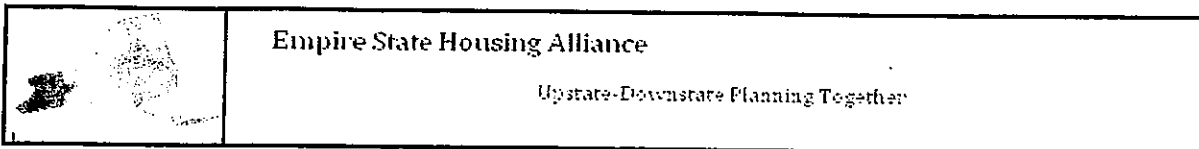
Creation of the HIF now would establish a mechanism to capture excess reserves in the Mortgage Insurance Fund when it recovers from the current housing and fiscal crisis, and could function as a repository for the anticipated National Housing Trust Fund (NHTF) revenues. The NHTF, enacted under the Housing and Economic Recovery Act of 2008, will be funded initially through an appropriation included in the Jobs for Main Street bill passed in the House of Representatives in late 2009, and approval is expected in the US Senate within the next few weeks. When approved, it

will bring \$141.6 million in resources to New York State to create or preserve units for extremely low income and very low income (below 30% AMI and 50% AMI respectively) residents.

The NHTF and HIF target population is also the most vulnerable under the proposed Executive budget, facing serious cuts. This fund, which will capture excess reserves in the SONYMA Mortgage Insurance Fund, costs the state nothing at this point, and will position us to more effectively provide safe, decent and affordable housing for all of New Yorkers.

I am deeply concerned that, while none of these cuts or proposals is significant in terms of the overall budget, the impact on the most vulnerable residents is overwhelming and potentially dangerous. Reducing services, eliminating support and reducing our ability to provide safe housing will force residents into unsafe, overcrowded housing – or onto the streets and into more hazardous situations. Neighborhoods will be less safe, children will face more challenges in school if their housing is destabilized, and property values will continue to lag. We have a moral and constitutional obligation to do better.

Thank you for your time and for your work to balance the revenue available with the greatest needs for all of New York's residents.



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### **S. 5727/A.09115: EMPIRE STATE HOUSING INVESTMENT FUND (HIF) - FACT SHEET**

The Housing Investment Fund (HIF) is based on the findings that

- there is a serious shortage of decent affordable housing in the state for persons of low income, very low income, extremely low income, and poverty-level income, and that the cost to provide such housing is prohibitively high.
- Additionally, there are a significant number of vacant dwellings that create a serious threat to the health and safety of persons who live in or near them.
- It is the policy of the State to preserve and create such housing and to provide for the aid, care and support of the needy, and
- that new state resources must be directed to alleviate the shortage of affordable housing.

The legislation calls for the creation of the Empire State Housing Investment Fund to dedicate public resources to expand the supply of affordable housing and meet the needs of low income households in the state of New York. Distribution of the funds is intended to support the development of housing through:

- support for Local Housing Trust Funds (up to 60% of funds MAY be used for this purpose)
- The balance of the funds (at least 40% of available funds) shall be awarded directly to project applicants on a competitive basis.

HIF awards can be used:

- To make grants, mortgages, or other loans to acquire, construct, rehabilitate, develop, preserve, and insure affordable single-family and multi-family housing;
- For site preparation, including demolition, for affordable housing projects;
- For operating and maintenance subsidies;
- To support development of mixed income projects in a low income census tract;
- To provide grants for technical assistance, outreach and capacity building for non-profit organizations.
- Priority is given to projects serving lowest income residents.

Additional provisions call for the establishment of an Empire State Housing Investment Fund **Advisory Commission**. This commission will include 21 members who shall be residents of the state and reflect the demographics of the state with respect to geography, race, gender and urban-rural mix, and will include public officials, for-profit and non-profit developers, community organizers, tenants, advocates, representatives from the following: supportive housing community, disability rights advocate, homeless community, rural housing community, banking or financial services, homeowner and academic or affordable housing policy expert.

**The HIF, with a dedicated revenue source, will help address the escalating housing needs** throughout the state, with project and program flexibility and public oversight integrated throughout the legislation.

The establishment of the Empire State Housing Investment Fund would position New York State to receive and administer funds distributed through the National Housing Trust Fund, created by HERA in 2008 and funded in the proposed federal budget for 2010.



NEW YORK STATE ASSOCIATION FOR AFFORDABLE HOUSING

**Testimony to the Joint Legislative Budget Hearing on Housing  
February 3, 2010**

Thank you, Chairman Lopez, Chairman Espada, Chairman Farrell and Chairman Kruger and members of the Assembly and Senate, for the opportunity to testify on the New York State housing budget. My name is Alison Badgett, and I am Executive Director of the New York State Association for Affordable Housing (NYSFAH). Formed in 1998, NYSFAH is the trade association for New York's affordable housing development community statewide. Our 300 members include for-profit and nonprofit developers, lenders, investors, attorneys, architects and others active in the financing, construction, and operation of affordable housing. Together, NYSFAH's members are responsible for most of the housing built in New York State with federal, state, or local subsidies.

As you know, across the state New Yorkers face a serious and growing shortage of homes they can afford. While this crisis takes different forms in different parts of the state, too many New York families face the same impossible choice: whether to accept substandard living conditions, spend half or more of their incomes on rent, or leave the state entirely.

The economy of recent years has only worsened the affordable housing crisis in New York. Due to the turmoil in financial markets, the price of low-income housing tax credits dropped by as much as 30% during the past two years, and private lenders are reluctant to offer construction financing and credit enhancements.

One of the most important steps New York can take to ease this situation, is to provide additional capital subsidies for affordable housing, which can stimulate and leverage private investment to not only produce housing, but jobs, and tax revenue for the state. NYSFAH joins with advocates from across New York to call for an additional \$500,000 million in state funding for housing in FY2010-2011. Because the \$500,000 million would be bonded, the immediate, annual cost to the budget is actually \$33.5 million (assuming one self-amortizing bond at 5.35% for 30 years). It is estimated this investment could:

- Produce and preserve nearly 16,000 units of affordable and supportive housing
- Launch \$2.4 billion in total development, leveraging \$1.9 billion from other sources
- Create 16,800 local construction and supporting business jobs during construction
- Sustain nearly 3,900 local jobs annually
- Generate upwards of \$877 million in local wages and business income during construction
- Sustain \$226 million in wages and income annually

- Produce \$79 million in taxes and other revenue for the state and \$92 million for local governments during construction
- Sustain nearly \$34 million in taxes and other revenue annually for the state, as well as \$39 million annually for local governments

Also of critical importance, is ensuring that the scarce public resources that are invested in affordable housing are used to maximize the amount of housing and jobs produced. The imposition of prevailing wage on affordable housing construction would increase the cost of construction by 30%, and cut the number of affordable homes produced in half.

Because of union politics, IDA financing of non-profit construction projects has been on hold since 2008 when the authorizing law expired. By allowing the law to lapse, the state is losing \$15-17 million in Bond Issuance Charges that otherwise would be paid to the state, and approximately \$60 million in personal income tax revenue. NYSFAFH joins with other community groups in urging the Legislature to reauthorize IDA financing, to create jobs efficiently and build homes New Yorkers can afford.

New York State is fortunate to have among the most highly-skilled, efficient affordable housing sectors in the country – as NYSFAFH has testified today, your investment in affordable housing will produce an immediate return in jobs and affordable homes, with long-term, sustained wages, income, and tax revenue to New York State.

Thank you for your commitment to affordable housing, and for the opportunity to testify today in support of increased and efficient investment in homes New Yorkers can afford.

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**ALLIANCE OF  
NEW YORK STATE**

Testimony to the  
Joint Legislative Committees  
on the  
2010-2011 Executive Budget  
On Housing

February 3, 2010

Presented by:

Hilary Lamishaw

Director

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And Improvement Corporation  
Community Development  
Corporation of Long Island  
Home HeadQuarters [Syracuse]  
Housing Assistance Program of  
Essex County  
Housing Resources of Columbia  
County  
Hudson River Housing  
[Poughkeepsie]  
Ithaca Neighborhood Housing  
Services  
Neighborhood Housing Services of  
New York City:  
NHS of Bedford-Stuyvesant  
NHS of East Flatbush  
NHS of North Bronx  
NHS of Northern Queens  
NHS of South Bronx  
NHS of Staten Island  
NeighborWorks® Rochester  
Neighborhood Housing Services of  
South Buffalo  
Niagara Falls Neighborhood  
Housing Services  
Opportunities for Chenango  
PathStone [formerly known as Rural  
Opportunities, Inc.  
NeighborWorks® Home Resources [Olean]  
Rural Ulster Preservation Company  
St. Lawrence County Housing Council  
Syracuse Model Neighborhood  
Corporation  
Troy Rehabilitation & Improvement  
Program  
UNHS NeighborWorks® HomeOwnership  
Center  
West Side Neighborhood Housing Services

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*There are more than 240 NeighborWorks®  
organizations in all 50 states revitalizing communi-  
ties through partnerships between residents, business,  
government and other private and public entities.*



Thank you for the opportunity to speak here today. My name is Hilary Lamishaw and I am the Director of the NeighborWorks® Alliance of NYS, representing twenty-two chartered NeighborWorks® organizations in NYS. I am joined by one of my members, Bernell Grier, the Interim CEO of ***Neighborhood Housing Services of New York City***. She will present testimony about the impact of the proposed Executive Budget on her organization and the communities it serves. Attached to my written testimony is a statement from another of my members – this one at the opposite end of the state, Chautauqua Home Rehabilitation and Improvement Corporation, about the critical services and programs that CHRIC provides and that would be impacted by cuts to its State support. You can tell from these two members that NeighborWorks® organizations (NWOs) are spread across the state, in urban, rural and suburban areas.

NWOs are not-for-profit community-based organizations that are dedicated to revitalizing their communities with strategies that their local boards of directors and public/private/resident partners determine are the right ones for them. Typically, these might include pre- and post-purchase homeownership services, foreclosure prevention, financial literacy, housing rehab, rental housing management, weatherization, supportive housing services, lending, and housing and community facilities development. In addition to providing direct services, these housing activities stimulate local economies through leveraging private first- mortgage loans and related real estate services, increased consumer spending as new homeowners purchase appliances, furniture and other items, housing rehab and home improvement purchases of materials, hiring of contractors as well as program staff, returning non-performing properties to the tax rolls, purchases of related goods and services and more. Ken Wade, CEO of NeighborWorks® America, has testified before Congress that for every dollar spent on quality, affordable housing, \$35 are returned in the form of job creation, increased independence and tax contributions, new businesses, and access to higher education.

**Neighborhood and Rural Preservation Programs.** I would be remiss if I did not express my appreciation for the ongoing commitment of the NYS Legislature to affordable housing. Your support of the Neighborhood and Rural Preservation Programs, in particular, provides core operating support to 215 not-for-profit organizations providing a wide variety of activities to help residents secure decent, affordable housing, increase the supply of housing, revitalize Main Streets, and much much more. So thank you Assemblymember Farrell, Assemblymember Lopez, Senator Kruger, Senator Espada, and all your colleagues for support of the Neighborhood and Rural Preservation Programs and the capital housing programs, which are so vital to the well-being of all this State's communities.

We recognize that we are in the midst of an economic crisis and that tough choices about spending will be made. As you consider the options, we urge you to recognize that not-for-profit housing groups are on the frontlines of the crisis, helping people who are losing their homes, unable to pay their rent, or for whatever reason are unable to secure decent affordable housing.. We fully expect that we may have to sustain some cuts to the very programs that enable us to assist consumers and revitalize our communities. But we do ask you to be equitable and ensure that housing programs do not bear a disproportionate share compared to other programs.

Unfortunately, this is not the case in the proposed Executive Budget. The governor has proposed cutting the Neighborhood and Rural Preservation Programs by 38.5% and 38.6% respectively from the SFY 09-10 budget approved in April 2009, as per the table below.

	SFY 09-10 Legislative Budget	SFY 10-11 Executive Budget
Neighborhood Preservation Program	\$13.789M	\$8.479M
Rural Preservation Program	\$5.77M	\$3.539M

In SFY 09-10 final contract amounts – after restorations and DRP cuts – were \$89,830 (NPCs) and \$87,828 (RPCs). Thank you so much. Obviously, we don’t need to convince you of the benefit to the State from this, such as the leverage and productivity that resulted from these contracts. In fact, DHCR’s 2009 Annual Report does a good job of telling the story, stating \$33 to \$37 dollars for every RPP and NPP invested.

In SFY 10-11, those same contracts are proposed at \$55,783 (NPCs) and \$56,175 (RPCs). Decreasing organizations’ contracts by \$34,047 and \$31,653 respectively from last year’s levels will mean that we can’t help as many people retain their homes; make their homes safe, energy-efficient, and physically accessible; recycle foreclosed properties, or help stabilize communities as businesses close and vacant properties mushroom.

NeighborWorks® organizations are trying to determine exactly what the impact of these deep cuts will be. Staff layoffs are imminent, yet who do you cut? Organizations are already struggling with capacity to meet increased demands from consumers who are feeling the impact of layoffs or reduced hours fueling foreclosures, evictions and utility shut-offs. Increased reporting requirements and contractual administration with regulators and funders are consuming increasing amounts of staff time; we cannot afford to lose those staff. Ultimately, we are facing a downward spiral of reduced preservation dollars

leading to staffing reductions that decrease production and performance on other contracts, thereby hurting an organization's ability to retain those funding sources as well -- and at a time when communities need all the support they can get to staunch the bleeding.

For example, ***Hudson River Housing***, a NeighborWorks® organization serving Dutchess County, states that the proposed cuts to its NPP contract will affect its ability to complete current housing and community projects as well as stop dead any long-range planning: "Our NPP money provides key funding for staff positions – primarily our director of real estate development. This and other related positions are *critical* to allowing us to do *anything* related to developing new projects and bringing to completion projects currently in the pipeline, let alone do the long-range thinking that is necessary to achieving affordable housing and revitalization objectives. Important programs that would be affected include rehabilitation of historic properties in the Main Street corridor; redevelopment of properties to quality affordable housing, including vacant foreclosed properties that have been so much the focus of late; and management of properties that provide low-income and supported housing for the chronically homeless," states Elizabeth Celaya, Community Relations Manager.

The ***Chautauqua Home Rehabilitation and Improvement Corporation (CHRIC)***, an RPC in Chautauqua County, complements its housing programs and services by providing local planning and grantwriting functions countywide. As a result, CHRIC has brought in millions of dollars to the county through a variety of federal programs including Lead Hazard Control, Youthbuild, and the National Foreclosure Mitigation Program, all of which create jobs while improving housing conditions or preventing foreclosures. Testimony from CHRIC may be found at the end of my comments.

**Capital Housing Programs.** The need for decent, affordable housing continues to grow and is being outpaced by the growing numbers of vacant properties, the competition for capital funding outstrips the availability, the infrastructure to put the funds to work quickly is there, and the economic benefits to communities through housing/community development and rehabilitation are clear. We urge you to increase funding to the State's capital programs. Additionally, we suggest that workgroups comprised of program staff and end users be convened to recommend administrative efficiencies in a variety of programs that will be cost effective to the State as well as to the not-for-profit community.

**Foreclosure Prevention Services.** We appreciate the Legislature's action which in SFY 09-10 funded a second round to the State's Foreclosure Prevention Program in the amount of \$25M. DHCR has an open Request for Proposals until August 2010. Thanks too for passing the important foreclosure prevention

legislation in November 2009 which among other things will provide 90 day pre-foreclosure notices and mandatory settlement conferences to all homeowners in default, regardless of the cause. We applaud the efforts of the State Banking Department to work with housing counseling agencies, legal services providers and others to ensure a smooth and effective implementation of the law. We appreciate that DHCR will be using some of the Foreclosure Program funds for an ad campaign, urging homeowners to avoid scams and utilize the not-for-profit housing counseling community. It remains to be seen, however, if there will be enough capacity among foreclosure prevention counselors to assist everyone who will need it. As you know, providing legal protections is a key step yet is not meaningful unless the homeowner is able to get the assistance she needs. Furthermore, we don't expect the foreclosure crisis to be over soon as it has spread way beyond the initial phase of subprime or exotic loans, as noted by NYS Banking Superintendent Richard Neiman, below. He participates in a national State Foreclosure Prevention Working Group (including various States' Attorneys General and bank regulators) which two weeks ago released the findings of its report which includes the following:

- **Six of ten seriously delinquent borrowers are not even involved in loss-mitigation efforts.** The total number of struggling homeowners not on track for any foreclosure prevention assistance continues to grow. HAMP has helped slow down the foreclosure crisis, but current efforts have been insufficient to get ahead of the foreclosure problem.
- **Both loss mitigation and foreclosure efforts appear to be backlogged.** The average time to complete a loan modification for some servicers is over six months.
- **Prime loans are increasingly driving the rising delinquency rates.** The foreclosure problem is broad-based and not isolated to poorly-written or exotic loan products.

We will continue to work closely with the agencies as well as the Chairs of the Banking and Housing committees to monitor the foreclosure crisis and what is needed to best respond to it.

**Community Development Financial Institutions.** One of the key roles that housing organizations can play is to meet the credit needs of its community through receiving federal designation as a Community Development Financial Institution or CDFI. CDFIs make a huge difference by filling the gap where conventional institutions are unwilling or unable to lend, particularly to low-income people or communities. NeighborWorks organizations that are CDFIs engage in housing and community facilities lending, including first-time homebuyer assistance, home improvement lending, energy retrofits, affordable housing development and mixed use development. While CDFIs always served an important role by meeting the credit gap of lower-income people and communities, they are critically important these days because of the virtual vice grip on credit that we are experiencing as lenders reel from the unfettered lending practices of some in the past. ***Ithaca Neighborhood Housing Services*** has been lending since 1978 for home improvement and home purchase. And business has grown every year. In 2009, Ithaca NHS closed 136 loans totaling \$1,385,357 which leveraged \$7.2 million in other loans,

primarily from conventional lenders for home purchases. They expect even greater demand in 2010, especially for energy improvement and home purchase loans. *NeighborWorks® Rochester* lent \$2.36M in housing rehab since 2005. Last year alone they lent \$707,504 which enabled them to leverage an additional \$236,974 in grant funds which they blended with their loans to lower the cost of borrowing money for income eligible households. Demand is up significantly in Rochester and is only thwarted by the difficulty in capitalizing their loan fund. Last year *Home HeadQuarters* in Syracuse made more home improvement loans than all the area banks combined: 330 loans totaling \$3.7M, resulting in the rehabilitation of 350 units. This was in addition to serving 700 families through their Small Homeownership Assistance Rehabilitation Program (SHARP) which provided small grants of up to \$1000 for small home repairs. Home HeadQuarters runs a variety of other programs, such as matching energy grants from NYSERDA with loans whose interest rates have been bought down to under 4%. Due to the freeze in the market for lower-income families to purchase, Home HeadQuarters will start doing first mortgage lending this year.

**Capitalization Needs.** From where does the capital come for these loan funds? The truth is that it hasn't ever been easy but is quite difficult now as a result of the poor economy and lenders' newfound aversion to risk. Grants from NeighborWorks America and federal programs like the Community Development Block Grant (CDBG) program and HOME have helped, although they are very competitive and quite oversubscribed. The federal CDFI Program, created in 1994 and expanded under the Obama administration has also provided capital in the form of grants. In its last funding round, a record number of applications was received with requests increasing 97% over the previous round, representing four times the available amount. This despite the challenge faced by applicants in meeting the required 1:1 match of non-federal dollars for every CDFI dollar received.

Other sources include foundation PRIs and lines of credit from banks. But banks are very risk averse and CRA investments are not being required as they once were. Consequently, if banks provide capital at all they are charging more for it, thereby increasing the cost to the CDFI and ultimately to the end borrower. The higher the cost of capital, the less likely that those who need it most can afford to borrow it. Consequently, grant funding to CDFIs who will then revolve it as low-interest loans is needed to keep credit flowing in low-income communities.

Providing State grant funds to CDFIs will double as it will leverage federal dollars through several programs. The Capital Magnet Fund was recently created by Congress to fund affordable housing development. It is expected to be funded at \$80 million nationally with a competitive Request for

Proposals to be released in March. It will require a non-federal dollar to dollar match. The State does not currently provide any sources for housing lending that could qualify as a match for federal dollars. But the ground was laid by the creation of the NYS CDFI Fund under Article 186 of the Laws of 2007, which placed it at ESDC. Unfortunately, no appropriation accompanied the legislation nor has been made since then.

**Recommendations:**

- 1. Make restorations to the Neighborhood and Rural Preservation Programs to last year's Legislative Budget levels.** This will ensure that consumers and our communities will be able to get the assistance needed additional funds leveraged by these programs are not left on the table; furthermore, that the stimulation of local economies by these not-for-profit community development corporations continues.
- 2. Fund the Neighborhood and Rural Preservation Coalitions** which provide technical assistance to NPCs and RPCs to ensure that groups are as effective, efficient and current as possible.
- 3. Increase funding to the Capital Housing Programs.** The need for affordable housing continues to outstrip the supply, the infrastructure through non-for-profits is available to put it to work, and it creates jobs and increases revenues to communities.
- 4. Fund the State CDFI Fund by directing \$15M from the governor's proposed \$25M small business development revolving loan fund.** This will increase the capital's flexibility, making it available for housing and other needs, and providing matched access to the federal Capital Magnet Fund and federal CDFI fund.
- 5. Provide sufficient funding to meet the supportive housing needs.** Supportive housing are cost-effective ways to house people, saving the State and municipalities from expending resources on emergency housing.
- 6. Commensurate with program cuts should be a reduction in program and regulatory mandates and processes that create administrative inefficiencies.** We propose creating workgroups to review all processes for efficiencies and streamlining, and we will be happy to participate in those.

Thank you for the opportunity to testify before you today.

Attachment: Testimony from the Chautauqua Home Rehabilitation and Improvement Corporation



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website – www.chric.org e-mail – chric@fairpoint.net

*Improving Chautauqua County's Housing Since 1978*

*31 Years of Excellence 1978-2009*

**Joint Legislative Public Hearing on Housing  
Hearing Room B, February 3, 2010  
Testimony for FY 2010-2011 Executive Budget Proposal**

Dear Assemblyman Vito Lopez and Senator Pedro Espada,  
and Housing Committee Members of the NYS Assembly and Senate

I would like to thank both the Assembly and Senate committees for the opportunity to present written testimony on the proposed 2010 – 2011 New York State budget. My housing and community development colleagues can capably speak to you of the large public benefit costs and budget implications of a greatly reduced and underfunded housing proposal for the state's 2010-2011 budget. I would like to center my testimony on the special community development programs it appears will be zeroed out in the Governor's proposed housing budget, as well as the proposed reduction to the Rural Preservation Company program under the Division of Housing and Community Renewal, our state's delivery system for a variety of state housing and community development programs, as well as the entities that draw additional federal and private dollars into the economies of upstate and rural communities across New York.

- **Rural Preservation Companies** are the resource development entities in rural communities and small cities where formal Departments of Development either don't exist, or are unable to field the grant writing staff to leverage state and federal resources for their service areas. In 2009 my Rural Preservation Company, Chautauqua Home Rehabilitation and Improvement Corporation, brought a fourth federal Lead Hazard Control grant to Chautauqua County. The dollar value of this recent three-year grant is \$2.6 million. The total value of the four HUD Grants over the past ten years has been \$8.6 million. These job creation, energy cost reduction, Lead Based Paint poison reduction grants would not have been secured unless a capable Rural Preservation Company was positioned in Chautauqua County. Also in 2009 CHRIC brought a \$644,000 federal Youthbuild grant to our county adding to two previous grants secured by our RPC. In total more than \$1.4 million in Youthbuild funds were secured because of the capacity New York State built in Chautauqua County. Most of these federal dollars were paid out in wages to students, instructors, and program staff, important in a rural county with high unemployment, few good jobs, and high dropout rates. To date that program has helped 38 dropped-out youth earn their General Equivalency Degrees, rehabilitated four vacant houses revitalizing the surrounding neighborhoods, and were sold to income-eligible first time buyers. These federal funds also paid for hundreds of hours of youth community service, and leveraged thousands of dollars in private funding.



The capacity-building funding New York State invested in Rural Preservation Companies allowed CHRIC to respond quickly to the national collapse of the mortgage lending industry. Using a modest federal National Foreclosure Mitigation Counseling grant in combination with the New York State Foreclosure Prevention program through the Division of Housing and Community Renewal, and the New York State Banking Department, my agency has been able to quickly move to assist homeowners in my rural county where loss of jobs and overtime is putting many people's homes at-risk of foreclosure. Without a rural delivery service through the RPC program a response platform would not have existed.

New York State has level-funded the RPC program through much of the last decade with little adjustment for inflation and increasing costs for non-profits, especially in providing health benefits for our employees. Cutting the base funding for RPCs at a moment-in-time where additional stimulus funds are being made available, and an increase in the needs of individuals and communities being challenged by a devastating national economy defies logic. RPCs collectively bring millions of dollars in federal and private funding into upstate New York. We help create jobs, support local contractors and suppliers, and provide technical assistance to other non-profits and small municipalities. I think we all realize this is a difficult time for the state budget, so in the name of equity, RPC funding should be subject to the same across-the-board percentage of cost cutting as other state programs, not deep cuts or the elimination of specialized housing and community development programs.

- **New York Main Street** is a relatively small community development program that has been proving itself across New York State as a revitalization tool for our older downtowns in cities and rural communities alike. NYMS provides the spark for re-development of deteriorating historic buildings that leverages other public and private finding. It is a job-creation program, and a development tool for the re-use of traditional affordable housing units on the upper floors of 'Main Street' buildings. It gives small rural communities in particular, those without Community Development Block Grant entitlement funding, with a real tool for stimulating new investments in Main Streets across rural New York. Over the first five years of the program many improvements have been made to the program's design, bringing it closer to fulfilling the program's tremendous potential. Larger maximum grant awards more realistically address the high costs of retrofitting older buildings, and meeting the high compliance costs of buildings containing asbestos and Lead Based Paint. NYMS has provided new linkages to Historic Preservation, and the potential of the federal and now New York State Historic Tax Credits. Grant subsidy programs like NYMS, (and the Restore NY program under the Empire State Development Corporation), make private investment logical and worthwhile, allowing the preservation of precious architectural and historic assets in many of our cities and upstate communities. The New York Main Street program should not be zero-funded in the proposed state budget, and should be seriously considered as a depository for any new federal stimulus funds moving into New York State. It is a job creation program in its simplest form. It is at heart a 'green' program re-using existing buildings and materials, and not adding to sprawl and the waste of energy through demolition and



filling up landfills. NYMS provides great program benefits of increased housing supply, increased business activity in existing downtowns, and the leverage for federal grant programs and private investment.

CHRIC as a Rural Preservation Company leveraged a \$300,000 HUD Rural Housing and Economic Development grant for our New York Main Street project in Sherman. Approximately fourteen full-time jobs have resulted to date, and when the project is completed, eight upper-floor housing units will be re-occupied. I believe New York Main Street should be minimally funded at \$25 million.

- **Access To Home** has been a very successful program helping elderly and disabled homeowners remain in their homes. As homeowners age in place, the houses that once served them well as able-bodied people can now present challenges of stairways, narrow doors and hallways, and the difficulty of bathing with increasingly frail bodies. The program helps keep elderly and disabled persons out of expensive nursing home care or the costs of in-home aides. Beyond the cost savings, people are happiest when they live in their homes. This program should continue to receive funding, reduced only by the same percentage all state programs are to be reduced.
- **Rural Area Revitalization Program (RARP) and Urban Initiatives (UI)** fill niches that no other program possibly can and neither should be eliminated from the State housing budget. These program allocations within the overall housing budget are miniscule. Sometime it only makes sense for a Preservation Company to undertake a small development project to save a block or a neighborhood, or a structure that is essential to preserving a neighborhood. If reduced, these modest budget allocations should match the same percentage that any other state programs are cut by.

In rural downtowns and small urban communities there is always going to be 'a problem building' that often comes to a 'demolition by neglect' solution wherein the local municipality shoulders the eventual cost of demolition when all hopes of repair are exceeded. It is often a 'pay me now, or pay me later' pattern of having a house or a building go to tax auction, where a less than capable owner wasn't prepared for the real costs of rehabilitation, and the structure sits and waits for someone else to take the 'white elephant' or hot potato' off the local municipality's hands. RARP and UI allow capable non-profits an alternative to demolition, where their ability to leverage funding and direct investment can bring a building back from the brink. RARP and UI provide the substantial subsidies these smaller community development projects need. Again in rural Sherman CHRIC stepped in to take a condemned building that was going to tax auction, and in combination with the New York Main Street, and a Restore NY grant, has now secured a RARP to substantially rehabilitate the interior of the building. The public benefit is that the integrity of the entire historic block was preserved, there were no demolition costs for a small local government, and who would have had difficulty dealing with proper asbestos and Lead hazards in the building. RARP and UI programs can return buildings to productive use, and return them to the tax rolls. That is a win-win which would not have been possible with these small job-creation programs within the state housing budget.

- Restore has traditionally been funded at \$400,000 over the past several years. It assists frail elderly homeowners with modest grant funds to address emergency repair needs such as a failed hot water tank or a leaking roof. Frankly every rural county should be able to receive an allocation of Restore funding to be delivered by Rural Preservation Companies in coordination with Offices For the Aging. To have most upstate counties compete for \$400,000 for the entire state overlooks the large numbers of senior New York homeowners living on greatly reduced incomes in homes that also continue to age. Modest grants to individual homeowners cover unplanned expenses with a quick turn around can address relatively small repairs without seniors having to go to the public welfare system for help, and keep them living in their homes. Small contractors and local vendors benefit from the rehab and construction costs required, and vendors of plumbing, furnace and electrical supply stores benefit from increased business. Restore deserves to be funded at \$1,400,000.

I appreciate the Housing Committee member's time to hear testimony from end-users of these specialized housing and community development programs, and I urge the committees to work with their peers to retain the New York Main Street, Access To Home, the Rural Area Revitalization Program, Urban Initiatives, and the Restore programs within the state budget. If reduced, I urge any reductions of these programs that benefit our small cities and rural communities be fair and equitable, reduced by the same percentages as all other state budget funded programs. I also urge Housing Committee members to apply that same equity to the Rural Preservation Company program, allowing adequate funding that allow PRCs the ability to deliver current state programming, and to leverage the federal and private investment so important to rural communities across upstate New York. Thank you.

John D. Murphy, Executive Director  
Chautauqua Home Rehabilitation and Improvement Corporation

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**Testimony of Neighborhood Housing Services of New York City  
To the Assembly and Senate Regarding Joint Budget Hearings for Housing  
Bernell Grier, CEO Interim**

**February 3, 2010**

***Introduction***

Thank you for the opportunity to testify today. My name is Bernell Grier. I am the Interim Chief Executive Officer of Neighborhood Housing Services of New York City. I am a member of the NeighborWorks Alliance of New York State, a coalition of 21 upstate and downstate community development corporations that are chartered members of NeighborWorks America. We collectively work to find solutions and resources to help our constituency and to achieve affordable housing, green, revitalized and stabilized communities.

Neighborhood Housing Services of New York City works with seven NHS Neighborhood Offices throughout the five boroughs: NHS of North Bronx, Inc. NHS of the South Bronx; NHS of Bedford-Stuyvesant, Inc.; NHS of East Flatbush, Inc., NHS of Northern Queens, Inc.; NHS of Staten Island, Inc. and the Manhattan NeighborWorks Homeownership Center.

Four of the NHS organizations are contracted Neighborhood Preservation Programs (NPPs) that provide comprehensive services and programs throughout their service areas to help homeowners maintain their homes. I am here today to speak to you about the proposed 2010-2011 New York State budget.

The funds that are received are leveraged many times over through private capital funds which enable our offices to provide to provide low interest rate loans and occasional grants to homeowners who are often on a fixed income – like seniors and low/mod income families. The funds help to cover expenses incurred for community outreach and education to build constituent awareness of what NHS offers through its counseling, financial lending resources and grants often acquired through government.

For nearly three decades, NHS has provided New Yorkers with the affordable loans and housing education they need to buy, improve and keep their homes. Our seven offices partner with corporations and government to help more than 11,000 people each year. In our efforts to build strong communities, we are led by local residents and guided by local needs. In 2009 we

invested \$167 million in New York City through private sources and public capital resources acquired through government capital funds such as the HOME LPA Program administered through the Division of Housing and Community Renewal (DHCR); The Home Improvement Program by way of the Affordable Housing Corporation; The Landlord One Loan Program through Housing Finance Agency. NHS is also a designated NYSEDA Lender thereby we provide financing to owners of one-to-four family buildings for energy and weatherization related repairs and improvements.

Since 1996, NHS has provided foreclosure prevention counseling and education to over 5,000 community residents in efforts to protect investment in New York City. As such, we are grantees of the New York State Banking Department and DHCR through the Subprime Lending Foreclosure Programs and provide education and counseling throughout the five boroughs.

### ***Neighborhood Preservation Program***

The Neighborhood Preservation Program (NPP) and Rural Preservation Program (RPP) are two of the most successful and yet most critical programs in New York. We acknowledge that the our economy has been dire and its effect can be felt across New York; but it will affect our constituents, many who are impacted to the preservation programs and the expectation of these deep cuts. I would ask that you prevent the cut all together but if it is unavoidable consider reducing the level of the cut. The governor has proposed very deep cuts to NPP and RPP (at the level of 38.5% and 38.6% respectively) to the funding levels that the Legislature approved last April for the Neighborhood (\$13.789M) and Rural (\$5.77M) Preservation Programs. With the leadership of Assemblyman Lopez' and the work of many legislators downstate the NPCs received \$89,830 contracts and RPCs received contract amounts of \$87,828 after the restorations and Deficit Reduction Plan cuts. When calculating the proposed Executive Budget levels, the SFY 10-11 contract amounts for NPCs will be \$55,783 and for RPCs, \$56,175. This represents a 38% decrease to NPCs (\$34,047 cut from last year's contract) and a 36% cut to RPCs (\$31,653 contract decrease).

The ability to leverage NPP and RPP funds means that cuts in these programs have an exponential effect; therefore the ultimate impact of the State's cut is significantly higher. The funding that is given to NPPs and RPPs expands when we can partner with other institutions and obtain resources to make our communities thrive. NHS Offices have been able to leverage these funds several times over through other private sources of capital funds and some

government grants. These private funds are available to low- and moderate-income customers; however it often times does not support the operation and administration of the offices. In addition, NPPs and RPPs bring millions of dollars into the economy of New York State through the support of local business suppliers, contractors and effect job creation in our communities.

### **Foreclosure Programs**

It is safe to say that virtually every New Yorker may know someone impacted by foreclosure. Foreclosures have exploded in the State over the past few years and many housing counseling agencies have had to expand their capacity to meet this need despite the challenges. We are grateful for the Assembly's leadership in the creation of the Subprime Foreclosure Prevention Program, which in its first year provided sixty-four grants totaling more than \$23M to housing counseling agencies and legal providers. In 2009, over 1,300 families attended foreclosure prevention education seminars and over 1,700 families received individual foreclosure counseling at NHS. The second appropriation of \$25M that was made in this fiscal year, for which DHCR recently put out a Request for Proposals. We also thank the Legislature and the Governor for passing landmark legislation last month that extends crucial foreclosure protections to homeowners, such as pre-foreclosure notices and settlement conferences.

There are direct links to the foreclosures and vacancies of properties exacerbating the preservation efforts of many community groups and decreasing the property values of neighboring homes which ultimately cause a ripple effect within communities. NHS and many of the NPPs seek to retard the negative effects that erode the decades of work that many of us have worked to see in our communities across the state.

### **Capital Programs**

The communities' need for safe, affordable and decent housing is frustrated by the lack of capital needed. From new construction to preservation activities, significantly more funding is needed to meet the need for affordable housing units, to make environmentally safe and structurally sound. New York State has some of the oldest housing stock in the country. Our current housing stock much of which is decades old and pre-dates codes such as lead and asbestos, and to deal with the repercussions of decades of delayed maintenance, as well as the latest crisis of foreclosure, both of which has added to the problem of widespread abandonment in some communities.

Housing development and preservation not only addresses housing needs, but it plays a considerable role in job creation and stimulates local economies. Although it may not seem prudent to urge the State to increase funding for housing during these tough economic times, it is still necessary to state need to level the reductions, if the cuts cannot be fully restored.

In addition to sufficiently funding the State's housing capital programs, we urge the Legislature to increase funds to the State's CDFI (Community Development Financial Institutions) Program, under which approximately a dozen housing organizations do community-based lending like NHS. This is essential to meeting the credit gap that many homebuyers and homeowners are facing today. Our local lending efforts assist with repair loans, down payment and closing cost assistance, and even gap financing. For instance, NHS in 2008 was able to renovate 97 buildings with home repair or improvement loans of \$3.2 million. Furthermore, in 2009, we have seen positive responses for the use of the Home Improvement Program funds that we received from the NYS Affordable Housing Corporation (AHC). We are pleased that the State will continue to fund the AHC at the same level as the previous year of \$25 million. Homeowners that are within 120% of median income and based upon need are able to receive a grant that is combined with a low-interest rate improvement loan in order to help them repair their homes with a manageable loan. These funds are half way depleted and are a testament to the need to have capital available which addresses the credit needs of homeowners.

### **Stimulus Funding**

Although this is not in the budget, Neighborhood Housing Services submitted an application for the Neighborhood Stabilization Program (NSP) funding through the federal stimulus program, in which the New York State Affordable Housing Corporation administers. We appreciate the \$1.4 million that was awarded in NSP Round 1, for our mixed-use commercial buildings that have been developed by our NHS CDC. These funds were earmarked to help further reduce the sales price of these buildings.

In this economy, investors still find it challenging with credit restrictions in the marketplace. As a result, we continue to look for resources to help maintain these buildings until market conditions improve; and to assist in retaining organizational staff functions.

#9



**New York State Senate and Assembly  
Joint Session on  
FY 2010-2011 Executive Budget for Housing  
February 3, 2010**

**Supportive Housing Network of New York  
Ted Houghton, Executive Director**

Good morning. My name is Ted Houghton, and I am the Executive Director of the Supportive Housing Network of New York. The Network represents over 180 nonprofit providers and developers who operate nearly 40,000 supportive housing units throughout New York State, the largest supportive housing membership organization in the country.

Supportive housing – affordable apartments linked to on-site services – is the most cost-effective and humane way to provide stable, permanent homes for formerly homeless individuals and families who often have great difficulty remaining housed. Supportive housing residents are typically frequent users of expensive emergency services like shelters, hospitals, prisons and psychiatric centers. Because placement into supportive housing has been proven to reduce use of these services, supportive housing saves the State taxpayer dollars. And for many of the populations housed, it can save more money than it costs to build, operate and provide services in the housing. This has been proven, time and time again, by dozens of peer-reviewed academic studies.

Equally compelling is evidence that investment in supportive housing creates thousands of construction and permanent jobs, and leverages billions in Federal, local and private investment. This investment strengthens urban, suburban and rural neighborhoods across the state, where supportive residences increase public safety and surrounding property values in the very communities hardest hit by the current economic crisis.

The State needs to address a serious structural budget deficit this year. At the same time, we need to house and care for our most vulnerable residents, spur economic development and reduce future spending. The quickest way to do all three is to significantly increase the State's investment in new supportive housing. Specifically, the State should take four actions:

- 1. Adopt the Housing First! \$500 million affordable housing development initiative.**
- 2. Increase the percentage of DHCR funding that goes to supportive housing.**
- 3. Reinvigorate the State's commitment to the New York/New York III initiative, and to supportive housing development in the rest of the state.**
- 4. Ensure that funds for necessary services and operations are available when new supportive housing residences open their doors.**

**1. Adopt the Housing First! \$500 million affordable housing initiative**

The Housing First! affordable housing coalition recently analyzed the economic impacts of affordable housing development and preservation. We found that building 1,000 affordable housing units generates:

- 1,500 construction jobs and 380 post-construction jobs
- \$73 million in annual local wages and business tax income to the State during construction and \$22 million post-construction
- \$7.8 million in annual taxes and revenues for local governments during construction and \$3.7 million after construction.

And the State's investment attracts other resources. A report by the State's housing agencies found that every \$1 million of State capital investment in housing leverages an additional \$2.47 million in public and private, non-State resources.

We are facing extraordinary levels of unemployment across the state, especially in housing construction and trades. Homelessness is at record highs. Prices for land are lower than they have been in eight years. Now is the ideal time to increase the State's investment in affordable housing to a level reflecting the overwhelming need.

Because it must balance its budget, the State has few ways to stimulate the economy. Investing \$500 million in affordable housing will cost the State just \$33 million a year in debt service. But it will quickly create close to 4,000 construction jobs and over \$80 million in State and local tax revenues. What are we waiting for?

**2. Increase the percentage of DHCR funding that goes to supportive housing**

Over the past three years, DHCR has increased the percentage of its capital funding that goes toward building new supportive housing residences, from an average of 8% of all capital housing funds to about 13% today. We appreciate these efforts, and thank DHCR's senior staff for all of their efforts establishing the supportive housing set-aside of tax credits and other innovations that have helped increase disabled people's access to affordable housing.

However, the need for supportive housing has never been greater, both for vulnerable homeless people, and for the State: shelters are bursting at the seams;



Rockefeller drug law reforms are freeing and diverting substance abusers from prison into the community; and recent court rulings require the State to provide adult home residents with more integrated settings. To address these challenges, DHCR should increase the percentage of its funds going to supportive housing development to 25% of its capital spending.

Increasing investment in supportive housing will not only help get New Yorkers into homes and jobs, it can save the State and localities money. A 2001 study found that each unit of supportive housing reduced spending on shelters, hospitals and other expensive emergency interventions by about \$16,000. This paid for all but \$995 of the cost of building, operating and providing services in the housing. Today, we prioritize multiply-disabled, chronically homeless people for supportive housing, yielding significantly larger savings that often pay for the original investment many times over.

With investment in both congregate and scattered-site supportive housing, savings will begin to accrue immediately, within the same fiscal year, not some date far in the future. Without this investment, we will still spend the money, but we will instead be paying for emergency shelters, prisons and other disamenities that provide a reduced quality of life for everyone. It is long past time that we stop throwing our money away year after year and make a supportive housing investment in the future.

### **3. Reinvigorate the State's commitment to the New York/New York III initiative, and to supportive housing development in the rest of the state.**

In November 2005, DHCR and nine other City and State agencies committed to creating 9,000 new supportive housing units in 10 years. This initiative, known as the New York/New York III Supportive Housing Agreement, is now in its fourth year. Together, the State agencies are approximately 75% behind in their capital commitments.

- DHCR committed to funding the capital development of 1,000 of the 9,000 units, or 100 supportive units per year. When we reach the agreement's halfway point in June, 2011, DHCR will have funded only 16% of its commitment, or 156 units.
- OTDA's Homeless Housing Assistance Program (HHAP) is even further behind on its 100 unit a year commitment, as the \$30 million allocated to the program each year is insufficient to build 100 units in New York City and still fulfill its other commitments to the rest of the state.
- The State Office of Mental Health (OMH) is catching up on its commitment, but it must be allowed to spend previously allocated capital housing dollars in a timely fashion.

To get back on track and meet its full NY/NY III commitment, while still creating supportive housing in the rest of the state: DHCR must increase the percentage of its funding that goes toward supportive housing to 25%; OTDA must double HHAP capital funds to \$60 million annually, and OMH must spend already allocated housing funds more quickly.

I urge the Senate and Assembly to recommit the State to this important initiative. Funding at these levels will allow the State to meet its production goals, while also permitting new supportive housing development in the rest of the state.

**4. Ensure that operating and service funds are available when supportive housing residences open their doors.** We ask the members of the Housing Committees to take a stand on this important issue. The Executive Budget calls for ill-conceived cuts to the funding streams that pay for the services in supportive housing. Specifically the Governor proposes:

- To cut the entire \$5 million Supported Housing for Families and Young Adults (SHFYA) program, the only statewide funding for supportive services for families and youth, including youth leaving institutional and foster care.
- To make deep cuts to the primary funding for services for single adults, the SRO Support Services Program. After years with no cost of living adjustments, the Executive Budget now proposes to cut existing residences by 13%, while providing no money to 22 new residences opening 1,940 units in the next 18 months.

Sharply reducing and, in many cases, eliminating the 'support' in supportive housing endangers the effectiveness of the program model, the tenants' ability to stay housed, and the residences themselves. These cuts, while insubstantial in terms of State savings, would jeopardize our ability to draw down hundreds of millions of federal, local and private dollars that pay for the construction and operating costs of supportive housing. Over \$350 million in capital dollars already invested to build these residences could go to waste.

Most importantly, without services, thousands of residents would be destabilized, many of them returning to homelessness. Hundreds of jobs would be lost, often by people who are just a paycheck away from returning to homelessness. And thousands of homeless and disabled individuals and families would remain homeless, with all the private heartache and public expense that entails.

We ask that you urge your colleagues on the Social Services Committee to restore these funds in the final budget.

**Conclusion**

Until this past year, the State has never wavered from steadily expanding its investment in supportive housing. Indeed, New York has led the nation in proving that supportive housing is the permanent solution for homelessness and other housing instability.

Supportive housing has allowed the State to reduce psychiatric inpatient and shelter beds, and decrease spending on expensive emergency Medicaid spending. It reduces public spending on emergency interventions without decreasing the quality of life for disabled people and the neighborhoods in which we live. State funds also leverage substantial private and federal funding in the fight to end chronic homelessness in New York State. And investment in supportive housing development creates jobs, business, growth and increased tax revenues. For all these reasons, I hope you will work with us to protect and increase the state's investment in supportive housing this year and in the future.

*Respectfully submitted by:*

*Ted Houghton*

*Executive Director*

*Supportive Housing Network of New York*

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THE PRESERVATION COMPANY

TALKING POINTS February, 2010

Vibrant communities and affordable housing attracts economic investment and creates jobs. A strategic State investment will have positive economic impact on local wages and state and local employment, sales, employment and property tax revenues and further private investment and partnerships. Many of these investments depend on the availability and technical experience of non profit community organization, specifically community based and directed organizations.

**The Executive Budget proposed to cut the Rural and Neighborhood Preservation Companies by about 40%. We need to at minimum restore the RPC and NPC Preservation Program by adding \$2,231,700 to the Rural Preservation and \$5,310,300 to the Neighborhood Preservation Program but respectfully request funding these programs at 7 million for RPC and 15 million for NPC.**

The RPC, The Preservation Company, Inc. assists over 350 tenants with financial education and eviction prevention services, over 40 home owners with home repairs, over 30 homeowners with post ownership and brings 4 local residents to home ownership annually, while currently building 43 units of senior housing and managing/owning 8 units of rental housing. Additional programs included intergenerational home maintenance programs, advocacy training programs and life skill programs. This RPC also provides technical assistance to nonprofit agencies addressing issues around transportation, education and business development with a dedicated staff and volunteer core that sits on the boards of the local BID, school board, Livable Communities Collaborative and Rotary. All work is completed through highly collaborative efforts with partnering agencies that have existed from the onset of its development throughout Westchester County and on a budget of approximately \$370,000. Any cut, let alone the number of cuts that are coming from both the public and private and public industry, drastically reduces the capacity of the organization to perform.

With housing and financial education clearly a need for the residents of New York, cutting programs that provide these services effectively and at a cost much less than that of the shelter is counter intuitive and will lead to great costs through shelters and loss of community members. Within the last month alone The Preservation Company was able to successfully negotiate with banks to secure reasonable loan modifications, negotiate with 3 landlords to offer lower rents to longstanding tenants that have received a reduction in their income and have prevented over 20 evictions. It is the hands on relationship that the organization has with its basis as a community based nonprofit governed by community members that ensures that it full agency ensures the future success of the resident through financial education, homeowner education, provision of life skill classes and hands on referrals to its founding agency, a community health center and related agencies including employment centers and scholastic opportunities. It is the heart of the agency that makes it most effective, yet without sustained and increased funding (as our caseload has drastically increased) it is the ability to fully follow-through with each resident that will impossible.

If the agency only prevents one client from unnecessarily being placed in a nursing home and helps access the resources for the client to remain an assisted living facility the savings are greater than the entire funding the agency receives from the state under the RPC program -- **\$84,000**. By restoring and increasing the funds allocated to the RPC and NPC program the State will save millions.

Walk-in Location: 55 Bank Street, Peekskill, NY 10566

Nonprofit 501 (c) 3 Organization



## NYS Rural Advocates Legislative Agenda Talking Points February, 2010

Vibrant communities and affordable housing attracts economic investment and creates jobs. A strategic State investment will have positive economic impact on local wages, state and local employment, sales, employment and property tax revenues and further private investment and partnerships. Many of these investments depend on the availability and technical experience of no profit community organizations

The Executive Budget proposes to cut the Rural and Neighborhood Preservation Companies by about 40%. This year the Executive Proposal is \$ 3.5 MILLION for RPCs and \$8.5 MILLION for NPCs.

**We need to at minimum restore the RPC and NPC Preservation Program by adding \$2,231,700 to the Rural Preservation and \$5,310,300 to the Neighborhood Preservation Program but respectfully request funding these programs at 7 million for RPC and 15 million for NPC**

**One million dollars needs to be added to the NYS Rental Assistance Program to meet current state commitments to landlords whose tenants live in USDA subsidized apartments so that those who typically have incomes of about \$11,000 a year can afford to stay in decent housing.**

RESTORE grants are used to address emergency repairs in homes occupied by low income elderly homeowners keeping elderly in their own homes with their own support systems and familiar surroundings and saves our State the alternative of placement in care facilities. Access to Home provides retrofit adaptations such as handrails, kitchen and bath modifications, and lighting so that persons with physical disabilities and seniors with age related disabilities can remain in their home.

Both programs generate jobs, sales tax, local business tax and results in a much better quality of life. **Increase funding to RESTORE by one million dollars and allocate five million for Access to Home**

New York's Main Street Program brings vitality and economic spark to sleepy, abandoned downtowns. **NYS Rural Advocates respectfully request an allocation of \$ 5 million for the Main Street Program.**

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**Rural Preservation Company Client (Emma McKinney) Advocates for Restored and Increased Funding – Below is her story.**

April 9, 2008

Dear Preservation Company

Believe me it has been well worth it, applying for your grants. Please note that the minimal application fee outweighs hiring and paying a contractor. After finding and pulling out all the documents for submittal you just need to be approved. Upon approval, the process begins, during which patience is key. Don't be discouraged, it takes a while before the work actually begins. Use this time to organize your things, do a real walk through of your home and review what is listed to be done. Also, use this time for changes, and better preparing yourself for when the surveyor comes through the home. Know what you need to have done, but keep in mind of those little items you WANT to have done and maximize on what they are providing for you.

I have tried to encourage anyone I come in contact with to apply. The Preservation Company may be able to find something in addition that you qualify for. That is what happened to me. Believe me, when you live in a house as old as mine every little bit helps.

Presently, I am in the midst of it all and WOW, what an experience. This experience has encouraged me to do the painting myself, make some repairs that I am able to do on my own, and clean out the cellar. Not having to hire a contractor has enabled me to replace my breaking down appliances. YES!! I have learned about soffits, sump pumps, termite damage, roofing, contractor bidding, and in general more about the home that I have lived in for many years over this last year. But more importantly, about what a home should provide for me and my family. During all of this my children see that prayer works, and better things are still yet to come.

Karen and Lynn, whom I have worked with the most, are two great ladies to work with. Shout out to Frank Pugliese and his three man crew, Castle Fuel gets it done in a flash and Frank Caccoma a one-man hit...so far.

This was a great opportunity and I am so glad that I took it.

Sincerely thankful,

Emma McKinney: 914-382-3274

**Rural Preservation Company Client (Ana Rivera) Advocates for Restored and Increased Funding – Below is her story.**

A few years ago I was without a place to live. At the end of the day on a Friday night I had no other place to go and I was told to go to The Preservation Company. It was with their help that I was able to go to the shelter that night. Yet their help did not end there. I am here today because as of this month I have secured Section 8 and I am living in a beautiful apartment with my grandson whom I regained custody of.

I continue to come back to The Preservation Company and their partnering agency, Hudson River HealthCare, to say hello, offer support and at times receive advice as how to reach my future goals. I recently brought my son in to receive information regarding employment opportunities.

At the Department of Social Services I had a very difficult time. DSS does not have time for you and is unable to help guide you in the right direction. It would cost more to have continued for me remain in the shelter and that is where I would still be without the help of The Preservation Company.

I have been able to become more active in the community, my mind is more at ease and able to be a better community member. It makes you more comfortable and more free when you can put your key in and open a home that you want to live in.

Ana Rivera – 845-667-2476



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## Hearing Testimony – February 3, 2010

Submitted by: Sheryl Champen Brown

On behalf of: Otsego Rural Housing Assistance Inc.  
Box 189  
Milford, NY 13807  
607/286-7244

My first contact with the Rural Preservation Company office was as an applicant for Section 8 federal rental assistance

After being accepted on the Section 8 program I was offered a chance to enroll in a Family Self Sufficiency program offered by that agency. The program Coordinator worked with me to come up with a plan to find better paying and long term employment which would allow me, in turn, to earn Section 8 escrow monies as my rent assistance decreased from higher earnings.

Over time, Otsego Rural Housing offered me a part time job based on my past education and previous work experience. This started at twelve hours doing basic clerical jobs. I was also working as Reservation Specialist at a local hotel.

I now work thirty hours as a Program Assistant and have begun to plan to use my Section 8 participation as a home buyer through the Preservation Company's Homeownership Voucher program and possibly a NYS HOME Homebuyer grant.

Both the Family Self-sufficiency and Homeownership Voucher services are sponsored and supported by Rural Preservation. Section 8 administrative monies, I can tell you first hand, could not even pay for the rent assistance part of that program without the company's Rural Preservation financial backing for us in Otsego County.

Now, I'll take a short walk through my day as Program Assistant to let you know what New York's Rural Preservation dollars support and what New York's housing dollars accomplish.

I log in daily referrals from Office for Aging, Public Nursing, DSS, Weatherization, Catskill Center for Independence, Catholic Charities, United Way, and self referrals by telephone. These are requests for various types of home improvements, most of which are reported as urgent. And I should include that telephone self-referrals often involve conversations which are sometimes emotional as people find themselves in terrible circumstances.

Otsego Rural Housing presently administers NY Restore (Emergency repairs for senior home owners), NY HOME Home Buyer, NY HOME Rehabilitation grants, NY ACCESS (disability modifications), NY HOME Rental; Assistance (TBRA), Small Cities Rehabilitation, Federal Section 8 Rental Assistance, and field services for Otsego County's Long-term Home Care (disability

modifications paid through Medicaid) and field services for Office for Aging WRAP Energy improvement fund.

Since we are the only office in our thousand square mile rural county that administers funding programs for housing repairs, rehabilitation, and disability modification programs, the referrals are far more than we have money to help with. Since July 1, the start of our RPP (Rural Preservation Program) contract year I have logged 105 referrals.

Each of the programs is in very high demand and we can show a painful backlog of people for all of these. Last year, we managed more than \$950,000 in construction contracts, \$750,000 being federal, and \$800,000 in federal rent payments to private landlords. I think you'd see this as a very good thing for state and local taxes.

Please understand that the Preservation Program funds are our foundation to apply for all other capital program grants and to keep our office functioning during start-up periods as these other grants move through contract processes. This takes months and requires lengthy paperwork for Environmental Review. In turn, the capital program grants give us the means to address the many housing problems of families in our county. And these grants in the past year brought between \$35,000 and \$40,000 in sales tax maybe that much more in state income taxes, which if you think about it, paid the state back for its Preservation Program.

Oh yes, my day after logging new referrals and taking phone calls. I track contractor insurances for renewals due, file paid bills, organize closed client files for monitoring reviews, copy forms and documents, prepare leases and contracts for Section 8, and record contractor payments for Worker's Comp insurance.

Which, since I bring that up – Worker's Comp now charges Otsego Rural Housing for private contractor sole proprietors working through our programs when NYS does not require these contractors to have Worker's comp. This is a very expensive, complicated, and time consuming cost that is robbing (literally robbing, it seems) families of the housing funds that you provide on their behalf. This insurance must be paid IN ADVANCE, which is more than \$16,000 for us this year, AND we are charged INTEREST on the unpaid balance as we make installments. That is interest on top of installment fees. I don't believe there is any other insurance that is allowed to do this. My director would be more than happy to expand on this to any of you.

With that, I thank you for this opportunity.

Sincerely,

  
Sheryl Champen-Brown