

**JOINT BUDGET HEARING  
OF THE  
ASSEMBLY WAYS AND MEANS COMMITTEE  
AND THE  
SENATE FINANCE COMMITTEE  
ON THE  
HOUSING BUDGET  
FOR FISCAL YEAR 2010-2011**

**Held in Hearing Room B  
Legislative Office Building  
Albany, NY 12248**

**1:00 P.M.**

**February 3, 2010**

Blair W. Sebastian, Executive Director, New York State Rural  
Housing Coalition

Nancy Berkowitz, Director, New York State Rural Advocates

Paige Bellenbaum, Director of Advocacy, Habitat for Humanity-New  
York City

Ken Harris, Director, New York Association of Homes and Services  
for the Aging, Center for Senior Living and Community  
Services

Joan Roby-Davison, Coordinator, Empire State Housing Alliance

Alison Badgett, Executive Director, New York State Association for  
Affordable Housing

Hilary Lamishaw, Director, NeighborWorks Alliance of New York  
State

Bernell Grier, Interim CEO, Neighborhood Housing Services of New  
York City

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

Karen Gordon, Programs Director, The Preservation Company, Inc.

Anna Rivera, Tenant, The Preservation Company, Inc.

Emma McKinney, Homeowner, The Preservation Company, Inc.

Sheryl Champon-Brown, Program Assistant, The Preservation  
Company, Inc.

and enacting measures to protect the housing consumer. And, yet, even as we move to address those needs, the profile of individuals and families confronting the threat of foreclosure today is evolving as middle-class working families face the loss of employment or dramatic decreases in income. Consequently, in this deficit we're challenged to ensure that those who do have shelter are able to keep their residence while we maintain the homes of the disabled, those with special needs, the elderly, and the moderate- and low-income New Yorker in urban and rural areas throughout the State as well as the working class.

With that, I'd like to introduce our Vice-Chair of the Senate Finance Committee, Senator Liz Krueger, and joining us is its Ranking Member, Senator John DeFrancisco.

Thank you.

CHAIRMAN FARRELL: Good afternoon.

ACTING COMMISSIONER BRIAN LAWLOR: Good afternoon, Chairman Farrell, Chairman Kruger, Chairman Lopez, 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 all today.

Given our time constraints, I'm 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

officials will partner to focus resources for urban revitalization to create new, high-quality homeownership opportunities. Vacant and blighted homes will be rehabilitated and sold to first-time home buyers selected through a lottery process. This 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 this initiative, and said in his 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 a city like Buffalo holds out great promise."

We've already begun our 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, it seeks and encourages creativity and invests in innovative growth opportunities. Those values are the core of the Sustainable

Reinvestment Act contained more than \$250 million for New York State through the newly-created Tax Credit Assistance Program. DHCR shared these resources with nyhomes, 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. Forty-six projects that had been endangered by the meltdown of the financial market were rescued, saving more than 45,000 units of affordable housing and pumping what will turn out to be 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 --

CHAIRMAN KRUGER: Excuse me, Commissioner. Can you tell me what page you're on and what paragraph because I'm losing place?

ACTING COMMISSIONER LAWLOR: You're losing place? I don't have my pages numbered but --

CHAIRMAN KRUGER: Well, that's okay. Maybe you could just summarize it, then, and we wouldn't have to number the pages.

ACTING COMMISSIONER LAWLOR: Excuse me?

CHAIRMAN KRUGER: Maybe you could just summarize your testimony, then we wouldn't have to number the pages.

ACTING COMMISSIONER LAWLOR: Okay. I'm on page --

We already have a track record of streamlining, modernizing and simplifying how we do business and it's enabled us to reduce costs for ourselves and for our partners. I just want to highlight just a couple of the initiatives -- there are a lot of them laid out in my written testimony -- and I will try to keep them brief and skip around.

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. We created the Office of Community Renewal, wrapped that with the New York Main Street Program, enacted new legislation, and already we've been recognized with national awards from the Council of State Community Development Agencies. We utilized a joint application process with nyhomes. We worked collaboratively with the Office of Temporary and Disability Assistance on the Homeless Housing Assistance Program. We're working with HPD in sharing records in our Buildings Department and Violations to make sure that we have current and up-to-date information for apartment buildings across New York State.

We've also worked with the New York State Banking Department and the Office of Court Administration in a comprehensive effort to fight the foreclosure crisis in New York and help families keep their homes. We have overseen a program to provide counseling and legal services for homeowners in every county of the State who entered into a sub-prime or unconventional mortgage. Since the program's inception, more than 20,000 families have registered to receive some type of foreclosure assistance.

difficult challenges facing our State and residents. These awards that I've mentioned 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 own. These challenging times do not lend themselves to easy solutions. Fortunately, our housing community has always led the nation in creative approaches to serious challenges.

We look forward to discussing with the Legislature the significant issues affecting our mission today, and our clients, such as the problems facing tenants of overleveraged 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 economic help to our New Yorkers.

CHAIRMAN FARRELL: Thank you.

MR. JUDD S. LEVY: Good afternoon. Thank you, Chairman Farrell, Chairman Kruger, Chairman Lopez and members of the Assembly and Senate for the opportunity to talk to you today about our accomplishments at the housing finance agencies that are known as "nyhomes." My name is Judd Levy and I am the Chairman of nyhomes. Six weeks ago I stepped in to assume the duties of the President, following the resignation of Priscilla Almodovar.

Nyhomes' mission is to create and preserve affordable

Despite these obstacles, we continued to provide affordable housing across the State for low- and moderate-income New Yorkers, and, remarkably, in some cases, at record levels. For the third straight year, our combined agencies financed more affordable housing than any other housing issuer in the country -- \$1.22 billion was provided for both single-family and multi-family affordable housing.

HFA alone in the past three years preserved more than 10,800 affordable housing units. That's double what was done in the previous three years. During the last three years, we financed the creation of 767 units of supportive housing. In the three years prior, there wasn't a single unit of supportive housing financed by HFA.

At the Mortgage Insurance Fund, we issued commitments of more than \$1.1 billion over the last three years; once again, 100 percent more than were done in the previous three years. This is all through this unbelievably difficult economic environment. The number of housing units we assisted through the Mortgage Insurance Fund was just under 20,000, an increase of 50 percent over the previous three-year period.

We accomplished all of 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, despite the significant increases in productivity.

More specifically, in 2009, on the multi-family side we put a priority, once again, on financing all affordable -- 100 percent affordable -- projects throughout the State. This allowed us to finance



dramatic decline, you need to compare that to, probably, a dozen State housing agencies which shut down their programs completely. California hasn't issued a commitment or a mortgage in over 18 months. In Michigan and other states, their state housing agencies, basically, stopped doing all business, whereas SONYMA and HFA were able to continue.

To remain competitive, we also offered Mortgage Credit Certificates. We introduced a Tax Credit Advance Loan, where someone who was going to get a Federal tax credit to buy a new home, we created a new loan program to finance that. We make them the loan, they buy the house, and when they get the tax credit from the government they pay us back.

We also simplified our Down Payment Assistance Loan program, and now we provide up to \$10,000 to help homeowners buy their homes with down payment assistance.

In 2006 and 2007, 83 percent of our single-family money went Upstate and only 16 percent of single-family money went Downstate. This is the reverse of where our multi-family capital was going. Last year, we got it to 50-50. So, once again, we're really making an effort to see that these funds are available to residents in every county in the State.

With high unemployment, the economic recession and declining housing values, the delinquency on our single-family portfolio rose to 2.3 percent at the end of 2009. That compares to 1.7 percent a year earlier. The good news is the 2.3 percent for the SONYMA portfolio compares to 9.3 percent delinquency for New York State as a

had to stop doing business because they didn't have any mortgage insurance for their citizens, SONYMA was able to step in and keep that business going.

Historically, the mortgage insurance funds are provided by the State's mortgage recording tax. In good times, this tax provided more revenue than was necessary, and the excess was returned to the State's General Fund. The sharp downturn in the real estate market has had a severe impact on this revenue source. We are projecting, now, that there will be no excess balance from the surcharge for the current fiscal year ending in March. Based on current levels, any transfers in the upcoming fiscal year are also suspect.

Some of the things we're looking at, going forward, are the significant problem of overleveraged rental apartments and unsold condominiums throughout neighborhoods in New York City. We're working with the Governor's office and the Legislature on legislation that would expand SONYMA's mortgage insurance powers to let us play a role in this area. Unfortunately, some of these projects and properties are so large that the Mortgage Insurance Fund may not be able to play a role in these transactions.

In neighborhood stabilization, through last week we had completed the documentation on the 29 programs in 22 counties that had been awarded NSP grants from the \$54 million that was provided in round one. We were not successful in round two. The government seemed to be placing much more of the money in the states that had higher foreclosure problems than New York. I think New York State is

Going forward, Brian and I will continue to refine the consolidation proposal which, you must understand, is in the very early stages and we will keep you informed as we move forward.

Finally, 2009 was an extremely difficult year for housing finance agencies across the country. Despite the difficulties that were faced, SONYMA and HFA and HHC, I think, produced remarkable records in terms of housing production. In 2010 we look for significant activity under a national program that the government provided to state housing agencies. We raised \$665 million of debt late in December to fund our 2010 program. We were able to fix the rate on that debt at a very attractive level, such that we are very confident that in 2010 we'll be able to come back and report similar numbers. December was one of the biggest months ever in SONYMA's single-family program and January continues to be significant.

So, we're very pleased and proud of what we accomplished. We're looking forward to working with the Legislature in terms of developing additional programs and keeping nyhomes at the forefront of developments of affordable housing throughout the country.

Thank you very much.

CHAIRMAN FARRELL: Thank you very much. We've been joined by Hakeem Jeffries and Earlene Hooper, the Deputy Speaker. First to question, Vito Lopez.

ASSEMBLYMAN VITO LOPEZ: I have a few questions. Some of them, I'm not even going to ask for an answer for the sake of time.

came out with a multi-billion-dollar initiative. One of the things he wanted to do was build himself out and stimulate the economy. Capital spending on housing would create jobs. I've been to Rome and Utica and I've been to Buffalo. I mean, there are parts of Buffalo that don't exist and people are really dying for money and your programs. You run some of the best programs. The City has more money than you, but the programs you have are much better than New York City's. So, we keep on diminishing that amount of money and is there any thought, since this is bonding money and we're really in a crisis right now, of coming up with a much more extensive capital allocation?

ACTING COMMISSIONER LAWLOR: We have made our case. I think we have a track record, as you have indicated, that our funding does produce an economic multiplier even though our TCAP program, by its certain formulas, estimate upwards of 4,000 jobs. When you combine our resources with what's available with nyhomes through the bonding, I think we still have a strong program. I, really, don't see -- I mean, in our discussions with the Division of the Budget there really is no ability to fund any more; however, if there are any more funds that come from the Federal government, we know what to do with them. We have the network and we would spend those.

ASSEMBLYMAN V. LOPEZ: You wouldn't reject any additional funding from us. With the loss of the TCAP program -- that's \$253 million -- and we look at the continuing devaluation of the tax credits, we have to be moving toward -- maybe it's not as bad as Michigan -- I have someone that comes from Michigan here -- but I

construction financing is going to cost a lot less, which will reduce the amount of subsidy. So, every project that we did last year, when you take the lower cost of construction financing, lower construction costs, in many instances, the reduced debt costs and the higher tax credit prices, we can make a dent in that \$250 million, but it's really just a dent.

ASSEMBLYMAN V. LOPEZ: I know that. But when we look at -- right now, the City of New York, as an example, has one of the highest number of homeless individuals. We have people seeking affordable housing and the definition of "affordable housing," to me, is the lower end, not the top end. I don't see your programs being able to be more expansive because they have not been expanded. So, that presents some difficulty for me and I'm going to be trying as best I can to advocate for additional capital of dollars.

We have an advocacy system around -- I don't know, Denny came here a long time ago, I don't want to date him, but he helped create the NPC and RPC program.

CHAIRMAN FARRELL: I wrote it.

ASSEMBLYMAN V. LOPEZ: He's the father of that. He's had many accomplishments. But to take the guts out of that program, over the years it's, like, been a dance. Whatever the administration, they get cut \$10,000, then we restore it. This year, they were at the high of \$90,000. They really should be at \$150,000 to \$200,000 if you ever inflated the amount that Denny created. So, we go from \$90,000 to \$55,000. That means a worker. So if you have two workers, one goes. And they're very productive. I believe you know that,

Our paperwork requirements, reporting requirements, are way back from where they were. There was a time period where they probably spent a good portion of the money that we gave them reporting back to us what they did with the money, which happened to be a lot of it was reporting to us. We've cut that down. They now have long-term strategic plans and goals that we've worked on together. They're all working off a three-year plan. They could always use more money, but I think they're as strong or stronger than they've ever been.

ASSEMBLYMAN V. LOPEZ: Just one corollary. If you want to come to New York City -- and they're all over the place -- some of their rents are \$3,000 a month. So, they pay \$3,000 a month, that's \$36,000, and we're giving them \$55,000. So, they almost, soon, will not exist and it's something that, I believe, is, on the part of the Second Floor, a very bad call. I have conveyed that to no end and I know that you distribute money, you don't make those priorities.

Two more points. The four workers are going to be attritioned out at the Rent Administration Office. For many people that sit on this side of the aisle, that's troublesome because, if anything, we'd like four more workers there. Could you tell me the rationale for that?

ACTING COMMISSIONER LAWLOR: Well, we're trying to maintain our staffing level as best we can with the funds available. And, yes, we have experienced attrition, we have a strong, dedicated staff agencywide. We've eliminated barriers and silos within the agency to be able to transfer people back and forth. We used to have people that were Rent lines and then we had Housing Management lines

ASSEMBLYMAN V. LOPEZ: There is one that I know very well and I don't want to note it for the record, but I know this person really well.

The last point, just for information for the record: We have developed over the last three or four years a Mitchell-Lama Preservation Program; gone. A very good foreclosure program; gone. The Rural Area Revitalization Program; gone. Urban Initiatives Program; gone. Main Street Program; gone. Infrastructure Development Demonstration Grant; gone. Access to Home; gone. And these are programs that were really, really very good and targeted money in a certain way and there's no funding mechanisms to that. So when you build a neighborhood, the main strip, or the retail strip when you dealt with Main Street, was very important. I just don't know, when we talk about a policy and a plan there's a devastation of housing initiatives and programs where the City of New York, probably, will give out \$1 billion this year in housing, or close to it. We're going to give out \$74 million in capital dollars. I mean, it's outrageous. And we're the State of New York. Our range is not just New York City, our range is Statewide and it's been broached by the City administration. Where is the State? I admit that the State -- and I take blame that the State is not doing its job.

So, I'd like somebody to answer: Whatever happened to those programs and why don't we create initiatives and keep initiatives and really come up with a solid budget allocation for housing? I know that you're sort of carrying the ball. You didn't make the ball, but you're the only one here to talk to.

So, between the two of you what would you recommend that the State of New York be doing to ensure that we can maximize our immediate use of this influx of Federal money? And, two, do you think that this can be moved through our existing Trust Fund program here in New York State or should we be setting up some kind of separate Housing Trust Fund, conceivably, within nyhomes to be able to maximize our ability to get this money ASAP and spend this money ASAP.

ACTING COMMISSIONER LAWLOR: Excellent question. We are hopeful, also, that the funding comes through and the more we hear about it the numbers actually go up. The initial numbers that we heard were \$110 million. I think now it's getting closer to \$140 million. But it is very targeted funds, like you said. The challenge, I think, will be funding projects that are designed and earmarked for people who have 30 percent of Area Median. That really indicates that those projects will probably not be self-sufficient without some kind of an operating subsidy. The Trust Fund does come with a small -- I would almost say a token -- amount of Section 8 authority to go along with it. So, we're going to have to be very creative and find sources to support the operations of these projects. Nyhomes and we have already met and discussed and analyzed how or whether we could funnel some of the money into existing projects in our pipeline, maybe do preservation of some of our older projects. We opened up discussions, also, with the Office of Temporary and Disability Assistance and their HHAP program because we really think that that is the purpose of the Congressional



have as many as 80,000 apartments affected by what's called "The *Roberts Decision*," specifically around Stuy Town and Peter Cooper, the issue of apartments with J-51 tax exemptions having deregulated and the courts ordering that that was, in fact, in violation of State law. What can DHCR be doing proactively to notify residents that they might be protected by rent regulation even though they do not know that? Even since we've talked there are several more buildings in my own district that are going to court on this situation.

ACTING COMMISSIONER LAWLOR: That will, probably, Senator, be the biggest challenge that we face in the coming year, how to manage the possibility that we may have 80,000 units come back -- they are back in the system. But we're facing the challenge of no one knows what the legal regulated rent is yet because there are only two entities that can determine that. One is us, and secondly, is a court of competent jurisdiction. The *Roberts* case, the Court of Appeals made that decision that the long-standing DHCR regulation that had been in effect for five or six years was invalid from the beginning, but they reserved decision on a lot of issues, like how far, retroactively, it goes back, what the statute of limitations are and sent it back to another court. So, we really haven't gotten our hands on that particular case yet. The parties there have reached some type of interim settlement. We have our fingers crossed that that will work out. But in the meantime, we've been doing our own legal research on the issue of the statute of limitations. We think we're pretty clear about what the law and the case law has already decided in that area. We've let the owners know that they are

when this building, and, perhaps, many others end up in foreclosure and going to public auction -- not that I wish that that happens -- that whoever purchases these buildings, in fact, knows what the law is and is prepared, upon purchase, to be professional managing landlords?

ACTING COMMISSIONER LAWLOR: Well, the biggest threat in a situation similar to that, and is going on right now, is the threat of diminishing services until issues resolve as to who owns this building and who's responsible for it. We know that just a short period of deferred or diminished services and maintenance can have long-term impacts on it. So, we have been working very closely with HBD and their building inspectors and targeting and keeping an eye on these buildings and accepting complaints and keeping on top of them. I think that may be the biggest challenge. The dollars, in terms of ownership, of real estate and things like that, of who owns the building and who buys it from foreclosure is -- that's not really DHCR's role. Our role is making sure that the tenants are protected, that they have the services that they're entitled to and that the rents are kept within the rent stabilization system.

So, we're active and we've met and we've already been contacted by potential investors for Riverton to see what might be available for us. So, I think that's going to be a market-driven solution as to the ownership of the buildings, but it's our responsibility to keep an eye on the rent stabilization laws and (inaudible).

SENATOR KRUEGER: I'm going to refer this to Assemblyman Farrell.

CHAIRMAN FARRELL: One quick question. Does the

technical assistance fact sheets for people who are going to buy a public auction building. No, I'm serious.

ACTING COMMISSIONER LAWLOR: Bright idea.

SENATOR KRUEGER: So that they, in fact, know what the laws of New York State are.

You were talking about having to do more with less and the merger. Chairman Lopez already asked a series of questions, but I know that I have met, over the years, with the DHCR staff, who, I think, are trying very, very hard under difficult circumstances to do all that is asked of them. But it also has come to my attention that they are very significantly hindered by the fact that you have an incredibly outdated computer system. I'm wondering where you are with the status of -- even though I appreciate the Chairman's point that not everybody is computer-literate, and I, too, on certain days, wonder if I am -- but also in the 21st Century it's so important to have a modern computer system that allows DHCR to speak, for example, with HPD, for you to be able to track the information from different systems. Where are you in the upgrading status?

ACTING COMMISSIONER LAWLOR: To piggyback on that, for disaster recovery in case we lose data, we will have a backup system. We have in place what is affectionately known as "SHARS", which was developed way back in the '80's as a project tracking system. It has served us well over the years, but it is a mainframe-based system. As we speak I have a team we're calling "The 21st Century Tracking System Project" evaluating off-the-shelf projects. The technology has

us, but I will get back to you directly on that.

SENATOR KRUEGER: One last question, thank you. Shifting to rural rental assistance, in the DRP we ended up cutting approximately \$900,000 for rural rental assistance units and, yet, we didn't reduce the number of units. How are you handling that now and going forward? Because we don't want to lose those units.

ACTING COMMISSIONER LAWLOR: Well, last year we were able to use some Section 8 to fill that gap and we successfully moved a large number of units -- I think 400 units -- on to Section 8, which turned out to be a better situation not only for the tenants but also the owners because there were housing quality standards so they had to be brought up to housing quality issues. That provides a long-term solution to a problem. Again, we plan to -- at the same time we worked -- those are generally Federally-funded projects through the Farmer's Home Administration, now the Rural Development Agency. We worked with them to adjust reserve sizes because reserves have been growing without our knowledge. We are making sure that the properties are properly taxed. The Legislature assigned a few years ago a specific assessment for affordable housing that many people hadn't taken advantage of yet. And again, we're going to address the immediate need with additional Section 8 that we always have a certain number in vacancies and managing the pretty large portfolio that we have. So, it's going to be challenge and it's going to be tight, but we have a plan to make sure that no one loses their rental assistance or their apartment.

SENATOR KRUEGER: Thank you. Thank you, Mr.

ago.

SENATOR JOHN DEFRANCISCO: And he said that he urges the Legislature, before the March 17th deadline set by the Department of Housing and Urban Development, enabling us to qualify for Federal funds for much-needed improvements to the City's public housing development. What legislation is needed?

ACTING COMMISSIONER LAWLOR: We have been working with NYCHA to take a look at that. Currently, the way the Public Housing Law is structured there is no provision for NYCHA to transfer any of their projects that were funded with New York State funds. So they will need special legislation to enable them to do that. We have worked with you in the past to do some restructuring; in fact, in Buffalo we did a project or two that enabled them to transfer, basically, the ownership -- or restructure the ownership structure to enable them to access Federal funds and tax credits and bond resources. So, NYCHA needs a similar bill. They need to have a bill that changes the Public Housing Law that will permit them -- under whatever circumstances the Legislature imposes upon them, the Governor agrees, that assures the long-term viability of these projects for the rest of the State.

SENATOR DEFRANCISCO: And is your Department going to be providing guidance as to what the draft of that should look like?

ASSEMBLYMAN V. LOPEZ: It's already drafted. We could send you a draft; it's ready to go.

SENATOR KRUEGER: It's passed through the Senate

ACTING COMMISSIONER LAWLOR: Yes, I do.

SENATOR DEFRANCISCO: Okay. Secondly, is it Mr. Levy or Mr. Levy?

MR. LEVY: Levy.

SENATOR DEFRANCISCO: Levy. Mr. Levy, you had mentioned that -- you kind of looked at me and my ears perked up when you talked about single-family housing more Upstate New York, because we more normally talk about New York City a lot at this hearing. You said there was, like, 80 percent of the single-family housing units through this program that you were talking about are Upstate?

MR. LEVY: I think two years ago about 85 percent of the funds for single-family housing were going Upstate --

SENATOR DEFRANCISCO: Okay.

MR. LEVY: -- and the balance was Downstate.

Because of the withdrawal of Fannie and Freddie Downstate in providing commitments on condos and co-ops and SONYMA stepping into that market, we're now at about a 50-50 balance.

SENATOR DEFRANCISCO: We're now at 50-50?

MR. LEVY: Yes.

SENATOR DEFRANCISCO: Is there --

MR. LEVY: Fifty-fifty, I think, in dollars, which means the number of units financed Upstate is still quite a bit more than Downstate because the average sales price Upstate is way lower.

SENATOR DEFRANCISCO: Okay. Fair enough. What about other housing programs? What's the breakdown between

spoke to earlier, and I think an increase in activity that resulted from the housing market that spiraled out of control and the effort, I believe, at least, by many landlords to take advantage of that housing market and the rates that they could get if rent-stabilized tenants were pushed out of their apartments, in some cases, unlawfully, that the timeframe by which DHCR has dealt with the increased activity and the increased complaints seems to be longer than it otherwise should be.

And so, the question that I would ask is, first, do you track the length of time from when a complaint comes in to the office and when it is ultimately resolved, and if you do, can you give me a sense of what that length of time is? And, secondly, how will consolidation impact your ability at DHCR to improve upon the efficiency of managing that relationship between landlords and tenants.

ACTING COMMISSIONER LAWLOR: Good questions. We do track every complaint. We track how long it's been in-house. The time it takes to process a complaint often depends upon the issue and the complexity of it. So, I don't want to give you, off the top of my head, any timeframes, but I certainly will speak with Deputy Commissioner Torres and produce a report that shows you that. I think to a certain extent, like you said, our success under the prior Commissioner not only was one of the reasons why we saw an uptake in complaints. There was an increased confidence in our agency that we could actually help people and that we would. That confidence had not been there during the prior Administration. I see an opportunity in our discussions with nyhomes and our discussions when we meet regularly with HPD and

letter to the DHCR Commissioner pointing out that we felt an MCI increase had been improperly granted because there were pending violations -- not that DHCR had noted, but that HPD had noted -- which speaks to the issue of you need to figure out a way to talk to the other agencies that have jurisdiction. DHCR, about 18 months later -- or in September of 2008 -- ruled upon the petition that had been filed by the plaintiffs and determined that, in fact, the MCI had been improperly granted and that there were thousands of dollars that had been taken away from tenants that needed to be returned. The landlord then appealed that decision internally within the DHCR administrative process, and now in February of 2010 we still don't have a resolution.

So, a process that started three years ago that at least resulted in a preliminary determination that thousands of dollars had been improperly taken from tenants still has no resolution and you have local Assemblymembers and State Senators involved. I can only imagine that there are many other instances of complaints not being addressed in what, I feel, is a timely manner and the real concern that I have is that consolidation won't make the situation better; that it will, in fact, make the situation worse. That is a considerable obstacle, in my view, towards supporting the Governor's proposal.

ASSEMBLYMAN V. LOPEZ: So, could you get back to him on Ebbets Field?

ACTING COMMISSIONER LAWLOR: Absolutely. I will absolutely look into that particular proceeding. That sounds like it's gone on too long. It sounds like a pretty complex proceeding. I also



complex at 590 and 600 Fulton Avenue. I believe that's being pushed by the Town of Hempstead and it might have some financing from HFA. I'm not sure if it does. But, indeed, it is presenting a very serious problem.

The Village of Hempstead, although it is located in Nassau County, shares the urban ills of all large municipalities. As you are aware, people in New York State are voting with their feet. In Hempstead, we have a very large undocumented population and a (inaudible) of affordable housing and in addition, because of the tax burden that we experience in Nassau County, homeowners have to leave because of the PILOTs that are being imposed upon us. I would like to ask you -- in fact, the Mayor of the Village of Freeport was here -- I believe it was yesterday -- and he mentioned the impact that PILOTs have on our communities.

I would like to know to what extent to you take into consideration when you package for developers who come into communities, who go into communities with the noble intention of providing affordable housing, multiple housing, at the expense of eroding the foundation of those private homeowners? To what extent do you take into consideration that aspect of your packaging when you provide funds for the developers.

MR. LEVY: It think it's important to understand that HFA provides financing. We do not package properties. We're not a developer. We don't put together deals. Developers come to us with transactions where they've negotiated, generally, in the community, with

financing. And I was apprised -- and I do have documents to that extent -- that HFA would not be able to complete that package without that developer having the PILOT as a part of its financial package. We are having some very serious ramifications because HFA provides a bulk of the financing, the developer -- what we call "OPM," other people's money. It has become such a problem that HFA seems to be the place where the developers go for the bulk of the financing, but a very significant part of that puzzle is the PILOT.

Now, in my district the persons or the entities or the officials who grant the PILOTs are not at the local level. The mayors do not have the authority to grant the PILOT. That committee is developed and set up by the county. In that case, those PILOTs are approved by persons who neither live in the community, have an interest in the community, or have an investment in the community and eroding the community to the extent that although we might have affordable housing, we will not have a base of real property, especially single-family homes in a suburban area.

So my question is not that you provide or are responsible for the PILOTs, but I wanted to know, do you take into consideration when a developer comes to you and they present this package, that a part of that package is a PILOT? And do you take into consideration that impact that it will have on that community as it relates to a single-family homeowner having to walk away because we can no longer afford the taxes that are already there and the taxes we lose based on the PILOT?

MR. LEVY: I would say, Assemblywoman, we do not

CHAIRMAN FARRELL: To close, a couple of quick questions here. Are you using temporary workers in either of your agencies?

ACTING COMMISSIONER LAWLOR: We use a handful. We have 870 employees. We have, over time, about six or seven that are considered temporary that are funded with special revenue accounts to do special projects.

MR. LEVY: We have one, and he's sitting here.

CHAIRMAN FARRELL: One? You'd be he?

(Laughter)

MR. LEVY: I'm the only one.

SENATOR KRUEGER: Are we violating prevailing wage?

SENATOR DEFRANCISCO: One in what city? You said the city.

MR. LEVY: No, I'm saying it's me. That person is sitting here. The one temporary employee at nyhomes is me.

SENATOR DEFRANCISCO: Okay.

CHAIRMAN FARRELL: Thank you very much.

ACTING COMMISSIONER LAWLOR: Thank you.

CHAIRMAN FARRELL: Neighborhood Preservation Coalition of New York State, Jessica Vasquez, Executive Director; Dennis Hanratty, Board Member.

Good afternoon.

MS. JESSICA VASQUEZ: Good afternoon. I need to

Legislature, the NPCs raised over \$503 million in matched and leveraged funds in the last year. This was an increase of over \$53 million from the previous year.

So, what are the results of this investment? The NPCs 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. In this regard, NPCs provided housing counseling to more than 32,000 tenants and prevented over 4,600 evictions in one year. More than 7,000 homeowners were assisted with debt consolidation and credit and mortgage counseling. In addition, they managed more than 5,000 affordable housing units throughout the State.

NPCs' activities also include rehabilitation and development projects. These successful capital projects mean much more than improved homes: They preserve existing housing stock; they increase the available affordable housing stock; they stabilize residential neighborhoods; they remove and redevelop blighted and substandard properties; they revitalize and strengthen neighborhoods; and they create jobs. Through new construction, more than 740 State residents became new homeowners and there are over 3,300 new development projects in progress. NPCs facilitated over 2,400 minor home improvements and over 1,600 moderate or substantial rehabilitation projects. In addition, they 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

and achievements of the NPCs would not have been possible, if not for the support of the entire Legislature. Last year, the Executive Budget would have decimated the NPCs. The Legislature responded by supplementing the Executive Budget to bring the Neighborhood Preservation Program funding to \$13.789 million. This year, the Governor's budget again attempts to decimate the Neighborhood Preservation Program at a level that many programs may not be able to withstand. If the Governor's proposed budget of \$8.479 million holds, the Neighborhood and Rural Preservation Companies will each experience more than a \$30,000 cut per program, an amount that will result in NPCs cutting their working hours, reducing staff and services and, in some cases, even closing their doors.

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 the State's housing crisis. Let the NPCs and RPCs continue to improve neighborhoods and provide residents with affordable homes by funding the Neighborhood Preservation Program at \$15 million and the Rural Preservation Program at \$7.5 million.

The Coalition believes that the established network of NPCs and RPCs 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 that they need to make their work successful.

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

CHAIRMAN FARRELL: I was 12 years old at the time.

MR. SEBASTIAN: -- since those photos were taken.

You know, as Jessica --

CHAIRMAN FARRELL: Just for the record it was 1978 or 1977.

MR. SEBASTIAN: That was for you to say, sir, not for us. We wouldn't admit it or that we were around. As Jessica just, I think, made a very good case for Rural and Neighborhood Preservation Companies, you know quite well, I think, the kinds of work that these organizations do. I would ask you if you have not seen the DHCR 2009 annual report, I would ask you to take a look at it. For many, many years the Division of Housing and Community Renewal was not providing that report. It seems to be required in the statute. This DHCR, under the current Administration, has done a marvelous job of documenting these programs and I think that it's well worth the read.

There has already been talk -- in fact, there has been some talk and there will be more, I'm sure -- about the huge impact of New York State's capital programs on New York State's economy, the job creation and the economic impact of the major housing capital programs and I will, again, allow you to read that portion of my testimony and allow others to speak to that.

A couple of things that I would like to pick up: One, is my interest in the smaller capital programs that were not -- that Assemblyman Lopez mentioned a bit earlier -- that were not included in the Governor's budget. We seemed to have included the large -- and as I

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 and elderly people. Access to Homes 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 thereby saving the State money. All the while, as these programs are meeting human and community needs, they are generating the real economic activity that we would have noted above had we not skipped over it.

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 the Rural Housing Projects or to 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 that we all look for. New York State recognized the need to

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. New York State Rural Advocates endorse the recommendation contained within the briefing paper authored by David Muchnick of Housing First.

So, one of the points I want to make is, I think that this is a really good time to get involved and support economic development through affordable housing. By doing affordable housing we create jobs, we stimulate the economy, we're doing local purchasing, we're creating tax revenue, both local revenue as well as State revenue through sales tax, income tax and then property tax increases. So, I think it's a good time to do affordable housing, as well as it meets the needs, a growing need, that we have in our local communities. Everybody talks about, "Let's keep it local, let's be sustainable." This is a sustainable program. So that's a point I'd like to make.

The other thing is I really want to touch on the numbers because there seems to be interesting kinds of accounting when you look at the presentations of the cuts and what's been cut and what's been added line-by-line in the Budget. The Executive Budget proposes to reduce funding to the Rural and Neighborhood Preservation Programs by almost 40 percent. When you look at the presentation it doesn't seem that bad. In the 2009-10 enacted budget, it provided \$5,770,700 for the Rural Preservation Program and \$13,789,300 was made available to NPPs.



medicine. We believe that this shouldn't be part of just an across-the-board cut. It's important when you can use Section 8, when it fits, that's great. But, often, Section 8 is not an appropriate choice and the units just don't go well with the projects that are out there. We think that we really need \$1 million to make this program whole.

We also ask for your consideration for Main Street and RESTORE and Access to Home. You've heard what they all do. They're working with our low-income elderly, our low-income families. It allows them to remain in their homes so they don't have to seek additional types of -- a facility that provides care, something that costs the State a lot more than the subsidies that we can provide through the programs that DHCR has. We're asking for an additional \$1 million for the RESTORE program. There's \$400,000 in the proposed budget now for the entire State. That's barely enough to make any impact at all.

We think there's a need for \$25 million for the Main Street Program, but \$5 million would be the minimum that, we think, would just -- again, it's a Statewide program, revitalizing downtown. If we want to have active communities where our kids are staying, where there are jobs for them, that are attractive, if we are going to bring new jobs to locate into our downtown Main Streets, we need affordable housing, we need vibrant communities, and this is the kind of program that would do that.

Finally, we request that \$5 million be appropriated to fund Access to Home. Again, we've talked about Access to Home. These are non-profit NPCs and RPCs that help retrofit housing so that

some of your members about how important it is.

**CHAIRMAN FARRELL:** Paige Bellenbaum, Director of Advocacy, Habitat for Humanity of New York City.

**MS. PAIGE BELLENBAUM:** Thank you, Chairman Farrell, Chairman Lopez and others for the opportunity to testify here today. My name is Paige Bellenbaum and I'm the Director of Advocacy for Habitat for Humanity of 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 members of the Senate and Assembly to consider the following three asks: One, fully restore the Governor's proposed reductions to neighborhood and rural preservation programs, supportive housing and homelessness prevention programs; two, support the passage of A.9115/S.5727, the Empire State Housing Investment Fund Act of 2009; and finally, to increase the State's capital investment for affordable housing programs in the 2010-2011 budget.

In a fiscal situation as dire as the one New York State currently faces, it's hard to imagine how asks for increased funding could be made. And in response I would say that as New York 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 everyday New Yorkers. The good news is that all three initiatives promise to not only provide

states that have created true affordable housing trust funds. In a single year, those states' housing trust funds collect in excess of \$1.2 billion devoted to affordable housing and are widely recognized as the most successful mechanism to create affordable housing. Why have 42 other states created such trust funds? Number one, income targeting. One of the key goals of the Housing Investment Fund 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 percent of the AMI, with preference for funding to projects serving households at or below 50 percent of the 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.

The second: Flexibility. The Housing Investment Fund is designed to meet a variety of housing needs -- from assisting low-income renters to first-time home buyers 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.

Third: 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 and preservation initiatives. A reliable stream that is not subject to

otherwise swept into the General Fund. In a good year this reserve can reach as high as \$250 million. In a troubled year such as this one, the Fund reached only a few million. We propose to dedicate this revenue beginning in 2013, giving New York the time it needs to accomplish economic recovery.

Shifting gears. The Neighborhood and Rural Preservation Programs, through the work of the NPCs and RPCs, deliver more than 50 percent of the capital programs administered by DHCR. Yet, their budgets are being cut by about 30 percent, 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 DRP 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 multi-family housing.

The Governor's proposed budget also eliminates funding for homelessness prevention programs such as the Supplemental Homeless Intervention Program, Homelessness Intervention Program and the Homeless Prevention Program. In New York City, close to 40,000

taxes and revenues for local government.

An economic impact study done by Habitat-New York City'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; support 111 jobs and create \$20.45 million in economic activity during the two-year construction phase alone; and funnel \$2 million directly to businesses in the Ocean Hill-Brownsville community, strengthening the economy of one of the City's lowest-income neighborhoods.

Number two, Housing Trust Fund dollars 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 or CDBG funds. 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,

CHAIRMAN FARRELL: Thank you very much.

SENATOR KRUEGER: Thank you, Paige.

CHAIRMAN FARRELL: Ken Harris, Director of Center for Senior Living and Community Services, Association of Homes and Services for the Aging.

MR. KEN HARRIS: Good afternoon.

CHAIRMAN FARRELL: Good afternoon.

MR. HARRIS: I am Ken Harris with the New York Association of Homes and Services for the Aging and I also represent the full range of not-for-profit providers across the continuum, including senior housing providers.

CHAIRMAN FARRELL: Ken, this is a thickey.

MR. HARRIS: Yes, this is a very abbreviated testimony. I promise only a few minutes.

CHAIRMAN FARRELL: Okay. Please.

MR. HARRIS: Our written testimony is much more expanded. There is a great need to expand multi-family senior housing development, preserving existing projects and enhancing housing with supportive services for New York State, especially for low-income seniors. Multi-family senior housing provides an affordable, flexible and socially-active congregate living arrangement that offers an ideal platform on which cost-effectively delivering home health and supportive services to seniors. The availability of these services enables seniors to remain in independent housing for as long as possible and delay the need for placement in a health facility such as assisted living and nursing

On supportive services funded through NYSOFA, the New York State Office for the Aging, they are critical for seniors to remain in independent multi-family housing; yet, the Executive Budget proposes to reduce or eliminate NYSOFA programs that provide socialization, education, counseling, caregiving support, nutrition information and assistance to these seniors. These programs include the Supplemental Nutrition Assistance Program -- SNAP -- and Expanded Income Services for the Elderly Program -- EISEP. These programs help seniors remain in the community, stay independent, and delay placement into higher and, often, more expensive levels of care. Restoring the \$5.8 million in the NYSOFA cuts, these programs will save the State money in the long run.

Another successful NYSOFA program is the Nationally Occurring Retirement Community Services Program. It provides services for older folks who have aged into building complexes; yet, the NORC program is not available for multi-family complexes built specifically as senior housing. While NYAHS is pleased that the approximately \$4 million proposed for these NORC programs was level-funded, we propose this funding should be expanded to multi- senior housing.

NYAHS encourages the Legislature to support senior housing and supportive services for these priorities that will save money in the long run for the State. Number one, creating a dedicated New York State Senior Housing Trust Fund program to develop, preserve and rehabilitate the Federal and State senior housing stock through New York State. One possibility is through the Federal Housing Trust Fund monies

Alliance and this will be a somewhat recurring theme since Paige and I work together quite closely. I have been the Coordinator for the Empire State Housing Alliance for about two years now. Prior to that I was the Director of a Neighborhood Preservation Company. Before that I actually worked for a settlement house. So, some of these issues in this year's budget I feel very strongly about, having worn all of those hats. I am speaking today in regard to those proposed cuts, specifically to the housing programs in this year's Executive Budget.

Right now there is an increasing homeless population throughout New York State. In New York City more than 36,000 people are homeless. Vacant property concerns have spread. For quite some time it appeared to be an Upstate city trend. It is now an issue in New York City and Long Island. I recently toured part of Long Island where on some streets there were three and four and five boarded-up houses on a single block in some of the villages there. In New York City, Picture the Homeless did a survey and estimate 24,000 vacant residential units just in Manhattan, while the City's homeless population continues to increase. Capital resources continue to be inadequate for the demand throughout New York State. In response to these problems, which are clearly evident -- the other one is the increasing poverty. The Brookings Institute just released a study on poverty that indicates a dramatic increase outside of the cities, increasing poverty rate most rapidly in suburban areas but also in rural areas. The Executive Budget proposes elimination of funding for a number of homelessness prevention programs. I'm not going to go through the numbers, but it's my



creating a dedicated revenue stream for affordable housing production.

We encourage the passage of the Empire State Housing Investment Fund -- S.5727/A.9115. It is crafted to allow for flexibility in uses including a central operating support to allow for a creation of housing at the lowest income levels. It would also 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 the existing programs.

Additionally, creation of this would establish a mechanism to capture excess reserves in the Mortgage Insurance Fund when it actually has excess reserves, which it doesn't currently. And it could function as a repository for the National Housing Trust Fund revenues. As you've heard repeatedly now, we expect that there will be nearly \$142 million coming to New York State. Now, while this is a one-shot initially, it should be funded under future years through funds captured from some Federal programs. It's not yet clear what will happen with Fannie Mae and Freddie Mac, but that is the intended revenue source. But it will bring almost \$142 million to New York State and the Section 8 vouchers should be allocated under similar formulas, so that will bring an additional close to \$9 million in Section 8 vouchers to help create or preserve units for extremely low-income and very low-income residents.

I have to say -- and this is not really in my written testimony -- that I am deeply concerned about the fact that some of these supportive programs, homelessness prevention, supportive housing -- even in a whole different portion of the budget, the cap on home care aides for persons who are independent in the community at this point --

300 members include non-profit and for-profit developers, architects, lawyers, equity investors and others involved in the financing, production and operation of affordable housing. As you all know, New Yorkers face a significant and growing affordable housing crisis. This was only exacerbated, of course, by the financial tumult over the last couple of years. Though there has been an uptick in the price of housing tax credits lately, that price has decreased about 30 percent over the last couple of years. Private investors have just been very reluctant to invest in affordable housing, which has affected its production significantly.

Probably the most important step that New York State can take to ease this situation is to increase, significantly, the capital subsidies that you're investing in affordable housing. This investment will not only produce housing, but also jobs as well as income tax and other revenue to the State of New York. That's why NYSAFAH is joining with other housing groups here today to call for a \$500 million capital investment in affordable housing above and beyond what you're already allocating. It's very important to note that this \$500 million would be a bond issuance and, therefore, the actual immediate cost to the State of New York for that investment would be the debt service, which would be approximately \$33.5 million. With that investment it is anticipated that that investment could produce and preserve nearly 16,000 units of affordable housing. You could leverage that investment with \$1.9 billion from other sources. That investment would create 16,800 jobs just during the construction period and sustain another 3,900 annually. That investment would produce \$79 million in taxes and other

So, thank you, in advance, for your commitment to affordable housing and for the opportunity to testify in support of increased and efficient investment in homes that all New Yorkers can afford.

CHAIRMAN FARRELL: Thank you very much, Alison.

SENATOR KRUEGER: Thank you.

CHAIRMAN FARRELL: Hilary Lamishaw, Director of NeighborWorks Alliance of New York State and Neighborhood Housing Services of New York City.

MS. HILARY LAMISHAW: Good afternoon. Thank you, Senator. Good afternoon, Assemblymen. My name is Hilary Lamishaw. I represent the NeighborWorks Alliance of New York State, 22 NeighborWorks organizations across the State from Long Island to Niagara Falls, including urban, rural, and suburban areas, all revitalizing their communities. I'm joined today by one of my members, Bernell Grier, who is the interim CEO of Neighborhood Housing Services of New York City, who will be speaking to you about the impact of the State Executive proposed budget on her organization. So, we've provided written comments to you and I will mention or point out that I will not be reading them in the interests of saving time and also giving Bernell some time to speak. But I do want to mention that there is some testimony attached to the end of mine from one of my members from the western part of the State, the Chautauqua County Home Rehabilitation Improvement Corporation. So, we cover the State and we all have

facing foreclosure. We do have lots of concerns about being able to meet the need out there. It is growing. The end is not yet in sight, as we had actually hoped a couple of years ago, and so we want to work with you and the agencies to continue to monitor the progress that we're making and see what else might need to be done to help folks in need. I also want to mention that whenever we talk about the foreclosure crisis and trying to provide preventive services we always need to be mindful that pre-purchase housing counseling is an important role that needs to continue. A lot of that is funded through the preservation programs and, again, we hope that those funds are restored.

One other issue to highlight is the community lending that a lot of neighborhood-based programs offer. There is a huge credit gap. Banks have often been resistant to lending in low-income communities and to low-income people, but, certainly now, these days, are very risk averse. So it really has sort of frozen the ability of first-time home buyers to access mortgages or for folks to access home improvement loans and energy retrofit money and stuff like that. There are a number of organizations in the State -- 110 of them -- that are certified community development financial institutions. A small subset of them do housing lending, which is really critical to keeping homes improved and developing housing. The Legislature passed a State CDFI program in 2007 but never provided appropriations to it. We would urge you to put some money into that program; specifically, we would point out the Governor's proposal to put \$25 million in a Small Business Revolving Loan Fund. We'd love to see some of that go into a CDFI fund

to do more with less. We have leveraged \$160 million in investment in 2009, and when I read the newspaper daily about the need to retain jobs, we, as an NPC, are considered to be a not-for profit organization, but we are also a small business. We are asking that the State budget be adjusted and we need your help.

Thank you.

CHAIRMAN FARRELL: Thank you very much.

MS. GRIER: Thank you. Thank you, Vito.

ASSEMBLYMAN V. LOPEZ: It's good to see you.

CHAIRMAN FARRELL: When did you leave the district?

ASSEMBLYMAN V. LOPEZ: When you got elected.

MS. GRIER: In 1980 I left the district --

ASSEMBLYMAN V. LOPEZ: Just about when he got elected.

MS. GRIER: -- and I was a former banker and worked very closely with Vito Lopez on several initiatives.

ASSEMBLYMAN V. LOPEZ: On my bank account. She kept on wanting me to have it over 10 bucks.

MS. GRIER: Thank you.

CHAIRMAN FARRELL: Supportive Housing Network of New York Executive Director Ted Houghton.

MR. TED HOUGHTON: Good afternoon. Thank you very much for having me. I'm Ted Houghton and I'm the Executive Director of the Supportive Housing Network. I'm going to go very

improvement over previous administrations. But we need to build more supportive housing, integrating it into other mainstream affordable projects and also building on its own.

Third, we'd like the State to reinvigorate its commitment to New York/New York III. The State and the City have the New York/New York III agreement that they signed in 2005. It will reach its halfway point in 2011. They need to create 9,000 units, 6,250 of them capital units. The State, at the halfway point, will have only built about 17 percent of its target. It's way behind. That's at DHCR, at OTDA and OMH. DHCR needs to build 100 units a year for ten years. Out five years they will only have built -- let's see how many units -- I think that it's somewhere around 156 units when they should have built 500. They've done well building more supportive housing, but they really have to keep their eyes on the prize with New York/New York and get back up to speed on that goal.

Fourth, the last point, is when we build supportive housing we spend a lot of capital dollars and we have office space for services downstairs and this enables us to take chronically homeless people, people who cost the City and the State an awful lot of money to keep in other more expensive settings and we do miracles with them. A lot of them end up employed, a lot of them are really stable and really help the community. We can't do that without services and this year, SRO support services is being cut and there is no money for 2,000 units that are opening up now and next year. We've spent \$352 million building these buildings and now we're going to be asked to open them

MS. KAREN GORDON: Thank you. My name is Karen Gordon. I'm actually the Programs Director of The Preservation Company in Peekskill, New York. We're one of the agencies you've been speaking about. We're an RPC, although we have a unique opportunity in Peekskill where we actually have both the positives and negatives of both a rural and an urban community. With that, with the funding that we receive under the RPC program, we are able to administer a number of programs. Those programs include leveraging over \$1 million in home and AHC funds for rehab, RESTORE funds, coordinating with other organizations for Access to Home, Let's Save Westchester funds. We are one of the leading agencies in Westchester County for referrals to the Let's Save Westchester funds which, actually, expended all of their funds and are currently waiting for the new round of funding to come through. We also coordinate with NYSERDA funds on every single project. That is done in addition to helping 350 tenants annually; 30 homeowners, annually, with post-ownership; 40 homeowners with home repairs in those programs; four local residents going to homeownership annually; and we're currently building 43 units of senior housing. What I want to say is we do this on a budget of \$300,000. Cutting us in any way will hinder our ability to do the work we do, but, more importantly, to do the work in the manner in which we do it.

I'm going to just briefly give one case that we're working on right now. It is a tenant who currently has Section 8. The tenant is suffering from some form of dementia, possibly. She's been suggested to move straight into a nursing home by the person reviewing the Section 8

this organization. Finally, now I have a place to live. That gave me a lot of courage and wisdom to -- this is the first time I've been anywhere and spoke because I'm very embarrassed and very shy. They helped me a whole lot and without them I don't think I could be where I'm at today. I have a grandson of 11 years old that I've been raising since one and I went through a lot. And once I met them, they were not upset and I don't want to see my therapist -- I go there, they help me and I was getting thrown out of where I lived. They're helping me with that also and my life. I'm very happy to have a place that I can go, you know, and talk and be comfortable with because they take out their time and do more than what they're supposed to, to my knowledge, and in my way, because I have a lot of problems, a lot of mental issues and I'd rather see some of the ladies there than go to my therapist. And I'm grateful that today I have a place to live thanks to them and I will have a home from now on.

Thank you.

SENATOR KRUEGER: Thank you.

MS. EMMA MCKINNEY: My name is Emma McKinney. I, also, live in Peekskill and I just want to say thank you for this opportunity. I applied for and, thankfully, received two grants through The Preservation Company back in 2008. The house I live in is well over 50 years old and was definitely in need of some repair. I met and spoke with Karen through The Preservation Company and she told me about some programs that I could qualify for and check out. So, in April of 2008, I received assistance. They were completed by September. During that time I received a new furnace, an oil tank, new windows, a



CHAIRMAN FARRELL: That person that is having trouble with the dementia, be careful with the stove. You're better off disconnecting it or have it disconnected.

MS. GORDON: But you're not allowed to in Section 8, so that's one of the hurdles that we're undergoing.

CHAIRMAN FARRELL: You're not allowed to have it shut off?

MS. GORDON: No.

SENATOR KRUEGER: Because then it would be out of code under Federal law.

MS. GORDON: Yes. So, we're working on allowing her to only have a microwave and trying to get her some medical assistance. But that's only what a Neighborhood Preservation Company could do because a lot of times, staff in these agencies have guidelines and don't have -- for whatever reason, don't go outside of those guidelines without being pushed and what a local non-profit does is really identify the people that need the help, to guide the people administering the programs as to what's --

CHAIRMAN FARRELL: Put a child lock on it. She won't be able to open it. No, I'm serious. A child lock would be a -- I would child lock the stove or take the knobs off of everything but one and then put a child lock on. Because that can burn a house down.

MS. GORDON: Right. And, I think, working with her, we only -- this case has only come up to us in the last week and we're definitely working with her and the landlords to find the best solution for

homeownership voucher services are sponsored and supported by the Rural Preservation Section 8 administrative monies. I can tell you firsthand, I could not even pay for the rent assistance part of the program without the company's Rural Preservation financial backing for us in Otsego County.

I'll take a short walk through my day as a program assistant to let you know what New York Rural Preservation dollars support and what New York housing dollars accomplish. I log in daily referrals from the Office of the Aging, public nursing, Department of Social Services, Weatherization, Catskill Centers for Independence, Catholic Charities, United Way and self-referrals by phone. These are requests for various types of home improvements, most of which are reported as urgent. I should include that telephone service referrals often involve conversations which are sometimes emotional as people find themselves in terrible circumstances.

Otsego Rural Housing presently administers the New York RESTORE, emergency repairs for senior homeowners, New York Home Buyers Program, New York Home Rehabilitation grants, New York Access for Disability Modifications, New York Home Rental Assistance, 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 the Office for the Aging 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

-- literally robbing us, it seems -- families of the Housing Fund 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 now 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 would like to take the time to thank you for this opportunity. Sorry, I'm so nervous.

SENATOR KRUEGER: Don't be nervous. You did very well.

MS. CHAMPEN-BROWN: Thank you.

CHAIRMAN FARRELL: Thank you very much.

SENATOR KRUEGER: Thank you for waiting all day.

MS. CHAMPEN-BROWN: Have a great evening. Get home safe.

SENATOR KRUEGER: Thank you.

CHAIRMAN FARRELL: The meeting is ended. We are adjourned until Monday.

(Whereupon at 5:35 p.m., the Joint Budget Hearing was adjourned.)