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TESTIMONY

For the Joint Housing Budget Hearing

Submitted to:

Assembly Ways and Means Committee Chair

Assemblyman Herman D. Farrell

And

Senate Finance Committee Chair

Senator John A. DeFrancisco

Submitted by

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NYS Rural Advocates

Thank you for the opportunity to submit testimony on the Governor's Budget proposals. It is encouraging to see something good come out of the recent bank scandals. NY has the opportunity with these settlement funds to very positively affect the condition of housing in our state. I urge you to support these proposals and to consider those I have added as well.

The Governor has proposed an ambitious housing agenda committing both state funding and JP Morgan/Chase settlement funds. These resources are both needed and essential for underpinning housing, which is an essential part of the state's infrastructure. Maintaining the existing housing stock and creating much needed affordable housing are critical components of the state's economic growth.

Essential to delivery of these programs is adequate funding of the Rural and Urban Preservation programs, which constitute the major delivery system for many of the programs. The Governor's proposal utilizes Mortgage Insurance Fund (MIF) excess funds to fund the RPC and NPC programs, which would be around \$60,000 per group. The Governor also indicates that \$20,259,000 of the \$439,549,965 of JPMorgan/Chase funds to "support rural and neighborhood preservation program activities". It is not clear if the intent is to bolster the funding of the groups. **Clearly \$60,000 per group is grossly inadequate to support even the basic operation of these groups. Certainly with the major expansion of funding for most of the housing programs, there needs to be a major increase in administrative funding for these organizations. If these funds are utilized for that purpose over a two year period, that would represent a 50% increase in RPC/NPC funding, which would be reasonable.**

Although some administrative funding is now provided with a number of the housing programs, it is not enough to underwrite the entire cost of program delivery. Given the due diligence responsibilities of the programs and the very nature of the client base costs exceed the allocated administrative fees. Clients often have complex needs, which cannot be ignored in delivering the program services.

An essential component to successful program implementation is **Technical Assistance and Training for the RPCs delivering the programs. This has been successfully implemented through the NYS Rural Housing Coalition. Support for these services should be continued at the level of \$250,000.**

\$21,642,000 of MIF is being proposed to extend Rural Rental Assistance to 5000 very low income residents. This will preserve affordable housing for these individuals and families.

The Rural and Urban Communities Fund Program is projected to receive \$17 million from MIF with \$6.8 million of that going to rural areas. This will be a welcome boost to preservation and new development throughout the state.

In the Capital Programs budget, the Governor requests a base funding of \$40,200,000 with an additional \$7.5 million from settlement funds. This program turns away many good projects for lack of enough funding, so this is very good news.

The Governor proposes to continue his commitment to Mitchell Llama rehab funding at a level of \$42 million. He also commits \$8.5 million to Homes for Working Families from MIF and another \$9 million from bonded funds for a total of \$17.5million. This commitment to preservation and creation of new units is laudable.

The Affordable Housing Corporation (AHC) is scheduled to receive \$29 million. This is a very important program for rural areas. The Governor proposes a \$21,689,965 for a neighborhood revitalization purchase program to be run by SONYMA. It will be helpful to see this idea fleshed out.

ACCESS to HOME is projected to receive \$1,000,000 from the general fund and another \$19,601,000 from the settlement. This program is so important to making homes accessible for an aging population and for others with disabilities. For a modest investment people are able to remain in their homes instead of being forced unnecessarily into nursing homes at a much higher cost.

RESTORE is proposed to receive \$1.4 million from the general fund and \$5 million over two years from settlement funds. The importance of this program cannot be emphasized enough. It provides emergency home repairs for the elderly. **Every RPC and NPC should have an allocation of these funds. There does need to be a statutory change increasing the allowable amount to \$10,000. The current limit is not adequate to meet today's construction costs.**

The very popular New York Main Street program is proposed to receive \$4,200,000 from the general fund as well as \$50 million to fund Restore New York and \$15 million for the NYS CDFI Fund. These funds are real investment in revitalizing downtown areas across the state.

The Homeless Housing and Assistance Program is proposed at \$63,000,000 with \$5 million set aside for HIV/AIDS housing with \$27 million in settlement funds to provide rental assistance for those households with another \$16.3 million for similar purposes and \$40 million going to NYC Homeless programs.

Additional funding from the settlement funds will fund a statewide, multiagency supportive housing program to provide supportive services to a large number of vulnerable populations. A construction program to serve up to \$130% of the median income is also proposed as well as a program to rehab existing Article II housing developments.

I would like to suggest a couple of other areas in need of funding. **One is the Rural Area Revitalization Program (RARP). I would recommend \$5 million, but would like to restrict its use to that originally intended, which was assisting small projects such as a store front with an apartment above rather than using this limited resource to fill a gap in large projects. I would also like to see an Infrastructure Development Program, which is an expansion on the Original Infrastructure Development Demonstration Program (IDDP). This program was over-subscribed and helped cover the cost of infrastructure in project development for example extension of a water or sewer line, which would involve off-site expenses essential for the project's development. We would see expansion of this concept to include mobile homes. A funding level of \$20,000,000 is suggested.**

Another obstacle to affordable rental housing is the cost of Security Deposits. We are recommending \$3,000,000 to be made available for Security Deposit Loan funds .I personally created a small program utilizing grant funds, which benefited numerous families in Cayuga County.

Lastly, as I mentioned earlier in reference to the RPC/NPC programs, **adequate funding of staff is going to be critical to the delivery of this volume of housing resources. That includes adequate funding for HCR, SONYMA and HHAP staff to administer and monitor these programs.** This is a phenomenal opportunity to address many areas of housing need in our state. We need to execute it wisely.

Thank you for the opportunity to provide this testimony.