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Testimony
Presented to a Joint hearing of
New York State Senate Finance Committee
And
New York State Assembly Ways and Means Committee,
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Presented by
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And

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Good Morning Senator DeFrancisco, Assemblyman Farrell, Chairman Wright, Assemblyman Fitzpatrick, Chairwoman Young, Senator Espaillat, distinguished members of the committees and of the Panel: thank you all very much for this opportunity to come before you today to talk about the affordable housing and community development needs and related challenges facing New York's rural communities.

My name is Blair Sebastian and I represent the New York State Rural Housing Coalition. I am joined this morning by my colleague Nancy Berkowitz who represents the New York State Rural Advocates. Together, we are interested in discussing a range of budget issues as they impact affordable housing and community development in the small towns and rural communities of our great State.

There is no question, if your mission is affordable housing, it's really great to work in a State with a "Housing Governor". As we imagine everyone in this room knows, our Governor Cuomo began his career as an entrepreneur developing housing for homeless folks. Later in his career the Governor served a lengthy stint as President Clinton's Secretary of Housing and Urban Development. Our Governor knows affordable housing and the depth of his commitment has been clearly evidenced in the last two executive budgets as he has proposed over a billion dollars in new affordable housing initiatives. He has committed to investing in our aging Mitchell Lama portfolio. He is creating mixed use communities and preserving rural housing through the Community Investment Fund, and even though he is rightfully frustrated with our federal partners, the Governor has continued to honor New York State's commitment to the state and federal partnership that has created and now sustains thousands of units of affordable rental housing in rural communities. For all of this and much more, we are deeply grateful.

But, as there are always “buts”, there are a number of areas where we think more could be done. We are impressed and excited by the Governor’s transformative undertakings in high tech growth here in the capital region and soon we hope in and around Utica; we are equally impressed by his creative and imaginative vision to rebuild downstate housing and the infrastructure that supports it after Super Storm Sandy - these are truly transformative undertakings. But many of us live and work in those other parts of the state - in the small, well worn communities of rural western New York and along the Southern Tier, the Catskills and North Country and in central New York. Our work is much less glamorous and a perhaps a bit mundane but it is important. Over 4 million New Yorkers live in communities with populations of less than 25,000. While these maybe out of the way places, they deserve our consideration and we must find ways to continue to invest in the future of these small but important communities.

Our members work in those small communities and it has been a difficult year for them as it has been for NPCs and for the full range of not-for-profits statewide. As many of you know, Preservation Companies have dealt with unprecedented funding delays since we last appeared before you. There are not for profits in this room today that still have not received the RPP contract payment they were expecting on July 1st of last year. Similarly, there continues to be a very significant lag in reimbursements for those companies under contract to deliver local programs funded by Homes and Community Renewal. We have spoken to small not for profits that are carrying seventy, eighty, a hundred thousand dollars in receivables from New York State. We don’t have to tell members of the finance committees that borrowed money costs money and the smaller you are the more that money costs. Since the costs of funding delays are currently born by the not for profits, these “cash flow” problems have significantly diminished

the resources these groups have available to do the actual work. We urge the members of this panel to reexamine New York State's prompt contracting and prompt payment laws and take whatever actions are available to insure that the hard work of these dedicated not for profits is not undercut by unnecessary payment delays.

Our members have been further challenged as the Administration takes steps that it hopes will raise the level of accountability of not for profits but again, increased reporting, increased bureaucratic activity costs money. As you know, the State is now requiring not for profit contractors to meet the requirements of the newly established Grants Gateway. While the concept of "one stop contracting" is attractive to all who are interested in not for profit efficiency, Grants Gateway has become a serious challenge for many not for profits and has proven to be one more impediment to prompt payment. My own organization, which we think is pretty savvy, has spent over five thousand dollars in recent months complying with the ongoing demands of the Grants Gateway.

In yet another challenge, our member RPCs develop an annual workplan intended to lay out goals and achievements they expect to accomplish in the coming contract year. That workplan is predicated on an understanding of the timing and availability of program funding. One of the best things HCR has done for our members is to bring continuity to the timing and content of its funding rounds. Over the last couple of funding rounds, HCR has abandoned its program of predictable funding rounds leaving RPCs, NPCs and others anticipating funding that does not appear or that appears in a radically altered form. This discontinuity has had a serious negative impact on the ability of not for profits to meet the needs of their communities and by depriving groups of the program dollars they need, we have again reduced the cost effectiveness of these organizations.

For not for profits, doing business with the State of New York is getting more and more complicated and therefore more expensive. Given that this seems to be a “new reality”, we are going to have to accept that we will have increase funding or that we will sustain significant declines in not for profit productivity.

--Good Morning. I would like to begin by thanking you for your commitment to safe and affordable housing. The housing budget requires both capital funds and delivery funds to ensure that housing, appropriate in size and scale is efficiently provided to communities that need it the most. Your support for our programs has been essential to our successes.

The RPC annual program report for 2012 indicates that \$141 million dollars was leveraged by the \$4.2 million RPP program that year – a leverage ratio of some 33 to 1. RPCs are responsive to their communities and they work in partnerships to keep aging people in their homes, help those at risk of becoming homeless, and help homeowners live decently in safe and affordable housing. RPCs delivered over 5000 units of home improvement, and completed 180 substantial rehabs. They attracted or retained 186 businesses, and managed over 2000 units of housing.

RPC funding supports organizational capacity and it subsidizes program delivery. An increase in funding for Preservation Programs means an increase in the amount of housing assistance that can be delivered. Recently, increased administrative burdens of the state housing programs has meant that level RPC funding will provide assistance to a fewer number of units. Adequate funding for the preservation programs protects the state investment in community development and makes sure that affordable housing funds are directed to communities that need it most. We ask that you fund the Preservation Program at the statutory limit of ninety-seven thousand five

hundred dollars (\$97,500) for each group. We also request that you provide \$200,000 to each the Rural and Neighborhood Coalitions for technical assistance and support.

-This year, with new funding available for housing programs from the JPMorgan Chase settlement, we urge you to invest deeply in the NYS Affordable Housing Corporation's affordable homeownership development program and to return AHC funding to the same level as the Housing Trust fund, which is used for rental housing. In order to attract and retain businesses, our communities need a range of affordable housing opportunities. We believe that this is the year to get homeownership back on track. We strongly recommend funding the AHC Program for affordable homeownership at forty-six million seven hundred thousand dollars (\$46,700,000) at the same level as the Housing Trust Fund. The Executive Budget proposes to fund AHC at \$25 million, which is the same amount it was funded at its inception in 1985. We think increased funding is appropriate.

- The New York State Housing Trust Fund, when used with federal tax credits is difficult to access in rural NY. In smaller communities, projects of appropriate scale are developments that are too small in size to attract tax credit investors. Rural Advocates requests a *small project set aside* of ten million dollars (\$10,000,000) within the Housing Trust Fund. The set aside would fund the development of smaller 5, 10 or 12 unit multifamily projects that are appropriate in size and scale to a wide range of neighborhoods and that would require less of an administrative burden to package.

-The New York Main Street Program has a proven record of preserving and revitalizing commercial and mixed use neighborhoods by providing funding for façade renovations, interior commercial and residential building upgrades and streetscape enhancements. NYS Main Street stimulates employment opportunities and leverages investments with matching loans and grants

for downtown building owners. We ask that the New York Main Street Program be funded at \$12 Million. The New York Main Street Program has accumulated a body of experience that should be shared with other communities in our state. Rural Advocates ask that a portion of Main Street funding be used to fund a Main Street Center to provide or coordinate technical assistance and to share resources and best practices for Main Street programs for more efficient use of program dollars.

-RESTORE provides funding to undertake emergency repairs to 1-4 unit homes owned and occupied by an elderly homeowner to correct housing condition such as an inoperable furnace, roof, electrical, plumbing or other emergency repairs. Current budget language demands a 72 hour turn around for these emergency repairs and limits work to a \$5000 per unit. The Executive Budget allocates \$1.4 million for RESTORE. Rural Advocates suggests an addition of \$1.1 million to bring total funding to \$2.5 million. We also recommend an increase to \$7500 per unit for eligible repairs.

-The Access to Home Program grants up to \$25,000 to make accessibility modifications to existing dwelling units occupied by low-income persons with disabilities. This covers installations of ramps, lifts, modifications to kitchens and bathrooms to provide access to persons with mobility, hearing or visual limitations. We recommend an additional 8 million dollars in order to support a more comprehensive program.

We find that there is a continued need for a capital program that addresses small, stand alone, mixed use projects requiring a modest sum of \$200,000 or less. The Governor does not fund the Rural Area Revitalization Program in his executive budget proposal. Rural Advocates request that The Rural Area Revitalization Program (RARP) be funded at \$5 Million. Thank you again for your support of affordable housing and community development in New York