



**ALLIANCE OF  
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Hudson River Housing [Poughkeepsie]  
Ithaca Neighborhood Housing Services  
Neighborhood Housing Services of NYC:  
NHS Homeownership Center  
NHS of Bedford-Stuyvesant  
NHS of East Flatbush  
NHS of North Bronx  
NHS of Northern Queens  
NHS of South Bronx  
Neighborhood Housing Services  
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There are more than 240 NeighborWorks®  
organizations in all 50 states revitalizing  
communities through partnerships between  
residents, business, government, and other private  
and public entities.

Testimony of the

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**NeighborWorks® Alliance of New York State**

**To the NYS Joint Assembly and Senate Budget Committees on Housing**

February 4, 2014

Thank you for the opportunity to testify here today. My name is Hilary Lamishaw and I am Director of the NeighborWorks® Alliance of New York State. With me is Kevin O'Connor, CEO of RUPCO, a member of the Alliance and a not-for-profit affordable housing and community development agency in the Hudson Valley. The NeighborWorks Alliance is a network of twenty-two of these community-based not-for-profit organizations revitalizing communities throughout NYS, joining more than 200 across the country that are part of NeighborWorks® America's national network.

We appreciate that the executive budget recognizes the importance of the State's Rural and Neighborhood Preservation Programs through the total appropriation of \$9.5M, yet the \$59,000 per group appropriation is inadequate in meeting the housing needs of communities.

The preservation programs fund organizations that stimulate local economies through housing development and rehabilitation, first-time homebuyer programs, small business lending, home repairs and energy efficiencies, Main Street development, job training, financial counseling and the myriad of other services provided. It is the cornerstone for organizations to build their capacity to meet local needs. It often supplements other program funds, since there are few programs that are funded 100% from a single source; most funders want to see leverage. The preservation programs are the foundation upon which housing services are provided in New York State.

Furthermore, NPCs and RPCs are the long-time trusted community agencies that help deliver disaster relief services, as many of them did in conjunction with the state after the hurricane and flood damages that impacted so many communities over the past couple of years.

We urge the legislature to fund the Rural and Neighborhood Preservation Programs at \$6M and \$14.5M respectively which will allow contracts of \$97,500 per group so that they may have sufficient resources to provide needed housing services.

Here is a brief rundown of some of the issues that we are seeing in communities currently:

### ***Homeownership***

- There is a great deal of interest in first-time homeownership by low- and moderate income families. However underwriting criteria is very tight and mortgages are difficult to access. Through NPC and RPC funding, which leverages federal and private funding, we provide financial counseling to help consumers improve their financial situations and increase their credit scores and savings; and pre-purchase education so they can make smart decisions.
- Assistance with acquisition assistance and/or rehab grants often make the difference between being able to afford a home or not. We apply for HOME LPA (federal ) funds which serves this purpose, as are several other federal programs.
- Accessibility to credit is needed. Funding the State's Community Development Financial Institutions program (community-based lending organizations administered by Empire State Development) will enable CDFIs to lend money locally and receive a federal match dollar for dollar.

### ***Foreclosures***

- Foreclosure filings continue to increase. An Office of Court Administration report shows that: "In 2013, through October, nearly 34,000 new mortgage foreclosure cases were filed. That is

on track to surpass the number of mortgage foreclosure cases in 2011 and 2012 combined.

One in every 663 housing units in New York State received a foreclosure filing in the third quarter of 2013 and one in every 2,031 received a foreclosure filing in September. “

- The need for foreclosure counseling has grown steadily across most areas of the state. According to Neighborhood Housing Services of NYS, the increasing rate of clients has been felt particularly in Northern Queens communities, Bedford-Stuyvesant and East Flatbush service areas in Brooklyn; and in the North Bronx neighborhoods. According to Janelle Green from NHSNYC, “Right after Sandy there was a moratorium on foreclosure cases, but the foreclosure process has now resumed, resulting in an increase of cases in the past year. The New Client and Modifications for each neighborhood office of Neighborhood Housing Services of NYC from January – December 2013 are detailed below.”
- Foreclosure prevention and default counseling is key to helping consumers. The state’s Homeowner Protection Program (known as “HOPP” and administered by Attorney General Schneiderman’s office) is funding fifty-one housing counseling agencies or collaborations of agencies and thirty legal services offices so that consumers throughout the state can be assisted. This 3-year program is funded through national mortgage settlement funds resulting from the Attorney General’s case against lenders. This program has been working extremely well; however, the crisis is expected to last longer than the HOPP program is expected to, so there likely will be a need for direct state funding again in the future.

<b>Organization</b>	<b>New Clients CY 2013</b>	<b>Modifications CY 2013</b>
Northern Queens NHS	168	47
Bedford Stuyvesant NHS	117	43
East Flatbush NHS	196	42

North Bronx NHS	140	49
South Bronx NHS	57	13

This begs the question about the governor's plans for his share (\$81M) of the JPMorgan Chase settlement. We fervently hope that the governor will allocate those funds to housing related activities, as stipulated in the agreement. We urge the legislature to do what it can to ensure the proper use of these funds for housing. And we would welcome the opportunity to participate in discussions about the highest need and best use.

***Rental Housing***

- The American Dream does not necessarily need to include homeownership for everyone these days. Rental housing is more attractive to many. Affordability in the unregulated markets freeze out many low income families.
- From Neighborhood Housing Services of NYS: Accessory Dwelling Units – conversion of some illegal basement units generally located in 1-4 unit homes into housing that is safe , affordable and taxable. There are some basements that can be developed to meet the required codes for ingress and egress. Where relevant, state housing codes should support this endeavor where vacancies are limited in New York City.

***Repairs/Rehabilitations***

- NYS has an older housing stock, much of it filled with lead and asbestos and in need of repairs. Current homeowners and purchasers seek repair programs to bring their homes up to code. These programs are limited in number and funding.
- Capital resources to support senior housing: In particular, capital funding is need to help seniors – including many of us aging baby boomers – with home repairs so they can age in place

safely and in the dignity and security of our own homes. Many groups provide repair and access modifications to seniors, but the funding is quite limited. The legislature can help in terms of ensuring affordability, property tax benefits for the low- and moderate and middle-income homeowners.

***Vacant Properties***

- Outside of metro NY and LI, vacant buildings are invading communities. The reasons for vacancies are varied and, we believe, growing due to mortgage foreclosures; tax arrears; and the economics (or greed) where a building is abandoned when it no longer has any value. Vacant buildings create blight and threats to a community’s health and safety. Just yesterday the City of Troy had to demolish two 19<sup>th</sup> century vacant buildings due to alleged arson.
- It is not easy to redevelop these properties. Capital is needed to provide development subsidies for purchasers of a vacant property – the gap money between what is needed to bring it to code and its’ still very low market value even after rehab. Mortgage financing is also an issue; lenders do not typically make loans for vacant buildings and when they do, the rates are at a higher commercial rate. Again, adequately funding community-based CDFIs is a great way to make credit available among low-income communities.

***Capital Programs***

<b>Capital Program</b>	<b>NW Alliance Recommended Funding Levels</b>
Affordable Housing Corp	\$46.7M (maintain parity with HTF)
Main Street	\$12M
RARP	\$5M
RESTORE	\$2.5M
ACCESS	\$9M

Housing Trust Fund	Additional \$10M for small project setasides
NYS Community Development Financial Institutions	\$10M for housing lending

Thank you for the opportunity to testify before you today. And thank you so much for your support of housing programs in the past. I will now turn it over to Kevin O'Connor to provide his perspective as a deliverer of housing and community development services. We welcome any questions, today or in the future.

Testimony of RUPCO, Inc.

To the NYS Joint Assembly and Senate Budget Committees on Housing

February 4, 2014

Thank you for the opportunity to present testimony today on behalf of RUPCO, Inc., a Rural Preservation Company (RPC) and a chartered member of NeighborWorks America.

For more than 30 years, RUPCO, a 501-c-3 not-for-profit agency, has been a leader in creating and maintaining quality, sustainable housing and rental opportunities, inspiring understanding and acceptance of affordable housing initiatives, fostering community development and revitalization, and providing opportunity to people to improve their living standards.

In that time RUPCO has established a successful track record as a leader in the creation and improvement of quality, sustainable housing, created strong partnerships locally and nationally, and has maintained a fiscally healthy balance sheet, allowing for flexibility and agility in providing services.

RUPCO, originally named the Rural Ulster Preservation Company, was formed in 1981. While the organization has grown and evolved, it has stayed true to its original mission – to lead the creation of better communities for all through its work. Our Mission is to create homes, support people and

improve communities. Our Vision is for strong, vibrant and communities with opportunity and a home for everyone.

We find ourselves today in a time of great uncertainty: there is both an urgent housing need and an apparent sea change in government's response to the need. As a senior staff member working in non-profit housing for the past quarter century, I have never found it more difficult to keep up with what is going on in our industry.

Let me first relate two stories. This past summer, I had the opportunity to accompany Kelly McMullen, senior staff at Ulster County Department of Mental Health on a tour of local boarding homes in Ulster County. We went to three different locations and found the conditions to be generally the same: deplorable. Despite all good intentions of the boarding home's operators, the physical structures were code deficient, filled with health related hazards including an array of exposures to lead paint, asbestos, insect & rodent infestation, radon and mold. Fire hazards were present. The residents lived 4 to a room in cramped conditions. Envision 4 single beds touching each other such that one could imagine the bed bug infestation reoccurring constantly. In many rooms, I counted 4 televisions with three of them on at the same time. I observed people sitting on the edge of their beds instead of being in day programming and remarkably, some of the folks reported living in these conditions for as long as 7 years. Clearly, and by anyone's definition, these people are ill housed.

Last week I ran into 'Peter,' a resident of the Stuyvescent Apartments, a supportive housing program that RUPCO operates in Kingston. It was one of those 5 degree days – bitter cold – and there was Peter, in his mid-60's, standing outside the front door. Peter suffers from severe arthritis and COPD, a debilitating lung disease that he got from taking prescribed medication, not from smoking. Peter must have oxygen with him at all times and so there he was on the street, bundled up, pulling his oxygen tank atop the snow crusted sidewalk because he needed to run a few errands. Peter told me he needed to fill

a prescription at the drug store, get money from his bank account and that he also needed to get to the post office. All were in normal walking distances but I watched Peter struggle for a few steps in the bitter cold, only to have to stop every 20 feet to catch his breath. It was clear that these simple errands were a great ordeal for Peter and might have kept in him out in the bitter clod for more than an hour. So I ran to get my car to give Peter a ride.

As I told my staff yesterday at our monthly staff meeting, there are folks that are struggling to get into some stabilized & decent housing but even those who have achieved a level of affordable housing, like Peter, still struggle to get by, sometimes even to take care of life's simplest needs. I urged my staff to do whatever they could do to meet the need and today I urge the legislature to do what it can do to meet the same need. Because home really matters!

While the need for a decent, safe & affordable home is as great as it has ever been – today it is more complex. Today our housing has to work harder to fit both shrinking household size and changing household composition. The single family suburban home, the dominant model in the Hudson Valley no longer fits our changing demographics – neither aging empty nesters or the young creative class is looking for this model and we'll need to create new housing models to suit the new demand. Ironically, our aged housing stock must now accommodate our aging population and provide for aging in place and greater levels of accessibility & visitability for our older, frail elderly and disabled populations. The housing must be made more energy efficient to combat rising energy costs and decrease energy consumption; it must be made more resilient to ward off rising tides stemming from climate change and it must be made more healthy as we finally realize the direct links between our homes and our health.

Clearly home matters – as home is at the center of our lives and serves as bedrock for the rest of our lives. Housing is a continuum that needs to be broad enough to house everyone in our communities from empty nesters looking to downsize, our workforce including young families starting out and mobile

singles to folks with special needs and the homeless - we must find ways to house everyone in our community! The housing continuum also needs to be kept fluid so that bottlenecks don't occur. Section 8 housing choice vouchers are vital to providing affordable housing for our seniors, disabled and poor families seeking self-sufficiency yet last year's federal sequester has been extremely harmful as we have lost over 100 vouchers in Ulster County alone. Going forward, access to mortgages with low down payment requirements coupled with non-profit delivered home buyer education will be critical to assure that there are future homebuyers, increasingly expected to be minorities and immigrants to absorb the vast influx of homes, currently owned by boomers, which will flood onto the market in coming years. And new types of rental housing must be built to meet the needs of downsizing seniors along with young, creative and mobile workforces that will dominate future housing markets.

The good work underway with Medicaid Redesign is certain to have many positive outcomes for New Yorkers and is already saving crucial dollars yet mindful of the law of unintended consequences, we should seek greater communication among NYS funding agencies including HCR, OMH, OPWDD, OASIS & OTDA with private developers and the non-profit providers in this fast moving environment of change. In addition to Medicaid Redesign, we also have the recent Olmstead federal decision that has put forth a new standard of integrated housing that sets the bar higher for integrating persons with special needs into mainstream housing. On top of these programmatic changes, we have new & unprecedented sources of funding hitting the streets. Illustratively, OMH has just released its first RFP for capital dollars since 2008; Governor Cuomo has proposed to double OTDA's Homeless Housing Assistance Program (HHAP) to \$63M and provide other capital increases while Attorney General Schneiderman has just won a \$613M settlement with JP Morgan Chase. Clearly the need for strategic planning & implementation, communication and coordination within the realm of housing has never been greater.

All of us in housing welcome the attention and increase in capital funding. However I am concerned about the need for additional operating and supportive service dollars to couple with the capital dollars. Recently OMH & OPWDD have provided operating and support service funding to leveraged HCR capital dollars. The recent boost in HHAP funding begs the question of where the money for operating and support services will come from as it is highly unlikely to be available from already strapped localities. I point attention to the AG's recent settlement with JP Morgan Chase, discussed further below, as a possible source of operating and support funding to leverage the capital funds and provide for a complete housing package.

I am also concerned about the difficulty we have in siting affordable, supportive or homeless housing in the Hudson Valley and throughout NYS. Having spent fully ten years in Woodstock, NY to build 53 units of intergenerational housing for seniors, working families, artists & special needs populations, I know first-hand the hindrance of local opposition. Given that NYS is a home rule state with an environmental quality review process that can be manipulated by a locality either to too easily permit or over zealously block development, projects that can be fast tracked are not always the best sites for housing. Rather they may be 'low hanging fruit' for which developers can gain 'quick' approval. While fast tracking is laudable and an obvious approach that answers immediate housing need - local support is not always readily available. Therefore recognition, accommodation and even assistance from the State level in dealing with the local approval process is important and needed. In other words, scoring of funding applications tied to demonstration of local support and approvals may not always produce the best results.

Last year the Attorney General created the Land Bank Community Revitalization program with authorizing legislation that called for up to ten land banks to be located in NYS. In the Mid-Hudson Valley, Newburgh created a land bank but both Kingston are without land bands as are many other parts

of the state including the City of Albany. I hope to participate in dialogue with the Attorney General's Office this year about expanding the reach of the land banks through regionalization of the existing banks or by adding new land banks such that all areas of the state hit hard by vacant and abandoned properties are able to make use of land banking as a tool and access funding dedicated to land banks by the AG's office.

Finally, the recent announcement by Attorney General Schneiderman of the \$613M settlement with JP Morgan Chase is indeed great news for New Yorkers as a deterrent to future fraudulent actions and for what the money can accomplish. As it appears that the Governor and the Attorney General have agreed to split the first year's portion, I hope that all parties, including the legislature will be invited to weigh in on how the money is best spent to meet the myriad of housing needs in NYS. Housing counseling and education through the non-profit providers; elimination & re-purposing of blighted, abandoned properties; capital subsidies to create affordable & supportive housing along with operating and supportive services funding to sustain permanent rental housing are the areas of greatest need.

Respectfully Submitted,



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