

**Testimony**  
**Presented to a Joint hearing of**  
**New York State Senate Finance Committee**  
**And**  
**New York State Assembly Ways and Means Committee,**  
**February 5, 2013**

Presented by

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

*And*

*Nancy Berkowitz, New York State Rural Advocates*

Good Morning Senator DeFrancisco, Chairman Farrell, Assemblyman Wright, Assemblyman Fitzpatrick, Chairwoman Young, Senator Espaillat, distinguished members 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 NYS Rural Housing Coalition. I am joined this morning by my colleague Nancy Berkowitz who represents the New York State Rural Advocates. And Nancy and I joined today by Jessica Vasquez, the executive director of the Neighborhood Preservation Coalition of New York State. Together, we are interested in a range of budget

issues as they impact affordable housing and community development in low income communities all across the empire state.

I would like to begin by thanking the members of this panel and all of your colleagues in the New York State Senate and Assembly for without your strong and consistent support over the years it is unlikely that we would be here today once again talking about how to save the Rural and Neighborhood Preservation program initiative. We measure the value you put on the work done by our members in your communities by the tremendous level of support you have shown for this program. On behalf of the entire not for profit affordable housing community, we thank you all very much.

We would also like to applaud Governor Cuomo for recognizing the important work that the preservation companies do to help rebuild communities and to create and sustain jobs around our State. We are grateful that he has found a way to include us in this budget. We recognize that these are challenging times for budget makers. In this budget discussion, we may quibble about mechanics and approaches but we are most concerned about maintaining the effectiveness of the current programs. Please don't let our angst diminish our expressions of gratitude for allowing us a budgetary starting point in this budget that is vastly improved from where we have started in the past several years.

*WE RESPECTFULLY REQUEST A LEGISLATIVE ADD OF \$9 MILLION TO BRING RPP/NPP TO THE \$97,500 CAP.*

This being said, we have not yet found a way to support the proposal to replace Articles 16 and 17 with a new Article 27 as it is proposed in the Article 7 bill. We are however, committed to

working with the Governor and his staff and members of this legislature to try and construct a program that will serve all communities, rural and urban alike. We need a program that recognizes that the State of New York, in this case the funder, must insure that it gets as good a value for its investment as it receives under the current statutes. We need a program design that establishes an effective relationship between the State and the community based not for profit housing organization that deliver the State's capital and LPA programs .

We rural folk have a long history of seeing the needs and aspirations of our communities being compromised as we are forced to take a back seat to our more powerful and sometimes more sophisticated urban brethren. I am quick to concede that we can get a bit defensive about it all. But whenever rural interests are collapsed into a regional mix, rural seems to find its self coming up short. Given that history, or that perception of history, it should surprise no one that we are concerned that if the Article 27 preservation program proposed by the Governor is to be enacted, it must contain provisions that will insure that rural communities continue to maintain access to the level of resources that they currently have under article 17. Such assurances will be necessary if we are to support any proposal to redesign the current preservation programs.

Although modeled on the existing preservation programs, Article 27 really does represent a departure from the programs supported by Article 16 and even more from Article 17. The Rural Preservation statute has been in place for thirty years and throughout that period the programs funded through RPP have provided many, many millions of dollars of benefits to struggling

communities and low income households throughout Upstate New York. We are convinced that the success of both Neighborhood and Rural Preservation companies has something to do with the proper relationship between that funder and the not for profit delivery system. We point out that relationship as reflected in 16 and 17 evolved over time and therefore it may be too easy to miss important subtleties that could that could undermine the new program. We need to be thoughtful as we decide which elements of articles 16 and 17 we bring forward and which additional, new elements we introduce into an article 27.

We need to better understand the implications of transferring the programs from HCR to the Housing Trust Fund Corporation. We need to provide the agency with realistic performance standards that are measurable and enforceable. We need to provide grantees under the program with protection of a due process to insure fair and equitable treatment. Not for profit housing work is difficult and unpredictable and we need to insure that program participants will have a stream of reliable funding advances that will not be interrupted except for good cause.

We applaud the Governor for choosing to invest funds generated by housing activities for other housing activities. The dedication financial resources resulting from the sweep of funds from the mortgage insurance fund to other affordable housing activities is a very good thing.

We are gratified that for the first time in years, the very important rural rental assistance program (RRAP) is funded at a level sufficient to meet its current needs after several years of serious underfunding. This is truly an important gesture toward rural communities and an

overwhelming contribution to well being of some 5000 low income households who depend on RRAP to insure that they have access to safe, decent and affordable housing.

Rural Advocates are pleased that the MIF funds were to be used as part of the Governor's proposal to invest a billion dollars over the next five years for affordable housing. Included in this initiative is a proposal to commit \$231 million over the five years to the creation and preservation of over 5,000 affordable housing units through various housing and community development programs. Given the clear understanding of the relationship between housing and community renewal activities and jobs we think it is important that a significant portion of this resource be directed to generate economic activity in struggling, small upstate communities and by funding the follow programs:

- Legislative improvements to the NYS Affordable Housing Corporation Program will allow this program to become an increasingly important resource for the improvement New York's older housing stock and to improve the quality of life for low income homeowners. \$50 million should be allocated to this important homeownership program.
- *RESTORE* grants that are used to address emergency repairs in homes occupied by low income elderly homeowners keeping elderly in their own homes with their own support systems and familiar surroundings. This program saves our State the alternative of placement in care facilities. This program should be funded at a minimum of \$2 million dollars to be used state wide and the administration should reflect the turnaround time demanded by an emergency program and not require such things as liens on the home.

- ***Access to Home*** provides retrofit adaptations such as handrails, kitchen and bath modifications, and lighting so that persons with physical disabilities and seniors with age related disabilities can remain in their home. Both programs generate jobs, sales tax, local business tax and results in a much better quality of life. Access to Home should be funded at 9 million dollars.
- The ***Rural Area Revitalization Program*** addresses small, stand alone projects in rural areas. These projects are not necessarily on Main Street but the legislative intent of this program is to construct or repair housing, community facilities or commercial projects tangential to housing. This program should be used for projects that are too small to attract several sources of funding, yet addresses a key need. This may address important community buildings that if lost, would determine the direction of an entire community. RARP may also create or preserve very small rental properties. We believe that RAAP should be funded at five million to support the work in Rural New York.
- ***New York's Main Street Program*** brings vitality and economic spark to sleepy, abandoned downtowns. The Governor has proposed a reduction of this important and oversubscribed program. NYS Rural Advocates respectfully request an allocation of at least \$ 5 million for the Main Street Program

Rental programs are also important to rural communities and are good state investments when they are appropriate in size and scale. While tax credits are important vehicles for developing affordable housing and are effective in many areas of New York State, there are other areas where the rental market precludes tax credit developments because of their small scale. Small scale apartment demand may be as few as 5 or 6 units in some rural communities. Any

consideration of a rural community fund should support very small projects. We further recommend the establishment of a set aside within the New York State Housing Trust Fund.

This small project set aside would be appropriate for both urban and rural areas and should be established within the Housing Trust Fund with a \$10 million set aside.

The New York State Rural Housing Coalition and NYS Rural Advocates believe that the transfer of the Homeless Housing and Assistance Program (HHAP) from OTDA to DHCR is a mistake. We have great respect for the professionals in the development unit of HCR. They have mastered the dispassionate, steely eyed management style that is required when in the housing development process is supported by investors from Wall Street and is regulated by the Internal Revenue Service. But HHAP is not that. Yes, there are projects with funding by both HFTC and HHAP. We support the integration of HHAP units into larger mixed income projects and these blended projects will always be important. But most of HHAP grantees are social services organizations that require safe, decent affordable housing as part of their more comprehensive program. The culture of HCR will not serve the interests of HHAP grantees nor will the separation of HHAP from its related services programs. This is a very specialized capital program and its services component is an essential part of serving the program's intended beneficiaries. The development of projects sponsored by serious and effective service providers with little upfront cash cannot be approached in the same way as that of a well funded development firm. Leverage is a wonderful thing but if it doesn't meet the need of the program or project, it doesn't mean very much. We recommend that you do not accept the transfer of HHAP to DHCR.

Again, thank you for this opportunity to address our concerns.