

**TESTIMONY PRESENTED TO THE JOINT BUDGET HEARING OF THE SENATE
FINANCE COMMITTEE AND ASSEMBLY WAYS AND MEANS COMMITTEE**

February 9, 2017

NPCNYS and its membership of over 150 NPCs, LDCs, and CHDOs would like to thank Chairman Farrell, Chairwoman Young, Chairwoman Little, and Chairman Cymbrowitz, as well as the members of the Senate Finance and Assembly Ways and Means Committees and Senate and Assembly Housing Committees, and the distinguished members of the Legislature for this opportunity to present testimony and provide feedback on the Governor's Executive Budget Proposal.

Providing funding for housing programs, such as the Neighborhood Preservation Program (NPP) and Rural Preservation Program (RPP), Main Street, the state Low Income Housing Trust Fund, AHC, HOPE RESTORE, Access to Home and others represents a necessary investment in New York State as appropriated dollars help to raise money and spur economic growth at the local level.

The two preservation programs provide housing and economic solutions to our communities through the following services and activities:

- Safe and affordable housing for families
- Housing options which allow the elderly to age in place
- Transitional and permanent housing and services for homeless individuals and families, including veterans
- Construction and/or rehabilitation of older housing stock
- Foreclosure counseling
- Eviction prevention
- Mediation for landlord/tenant disputes
- Emergency home repairs and modifications
- Housing counseling and first time home buyer education
- Quality, affordable afterschool and educational programming for youth
- Main Street development

State of Affordable Housing in New York:

New York State is ranked 50th out of 51 (50 states and the District of Columbia) for Housing & Homeownership by the Corporation for Enterprise Development (CFED). This ranking is based on data about homeownership, the rate of foreclosures, and policies the state has adopted – or not adopted – that would help provide financial security to New York State residents.

Our households are struggling. Over half of renters in both upstate and downstate are cost-burdened (see Appendix I), spending more than 30% of their income on housing. In upstate NY, the figure is 52% and for downstate, the figure is 55%. For homeowners, 32% of upstate and 45% of downstate are cost-burdenedⁱ. When you compare New York State to the rest of the nation, only 4 other states have renters who are more cost-burdened than ours (Oregon, Florida, California, and Hawaii). And California and New Jersey have homeowners who are more cost-burdened than ours. Our foreclosure rate is the second worst in the nation at 5.31%. Only New Jersey has a higher rate. To compound this, 44.7% of households (up from 44% last year) in New York do not have a basic economic safety net to be able to weather emergencies.ⁱⁱ

Recent data indicates that 2.37% of mortgage loans in New York are delinquent by 90 days or more, and the number of pre-foreclosure cases is up by 3.1% over last yearⁱⁱⁱ. One in every 1,739 housing units in New York received a foreclosure filing in December 2016. The county most severely impacted is Orange County, where one in every 467 housing units is receiving foreclosure notices. There is a concentration of high foreclosure filings in the Hudson Valley region at present; In addition to Orange County, in Putnam County, one in every 561 housing units is receiving foreclosure notices; Rockland County, one in every 853 housing units is receiving foreclosure notices. Additionally, Rensselaer and Montgomery County also have high rates, with one in every 831 and one in every 641 housing units receiving foreclosures notices, respectively.^{iv}

Recommendations:

For 40 years, the State has recognized that the N/RPP is a leader in community revitalization and the key to safe, decent housing for thousands of working families, veterans, seniors, and people with disabilities. Both programs contribute to the state's economy and have a direct economic impact in communities throughout the State. Today we focus on 2017-18 budget issues that relate to affordable housing and community revitalization in suburban and urban areas of our state.

We are pleased to see that the NPP and RPP proposed program funding for this budget year

has remained consistent with the funding appropriated last year, which for the NPP is \$8,479,000 from excess reserves of the Mortgage Insurance Fund. And we are thankful that the JP Morgan Chase settlement funds are again included in the proposed budget to support the activities of the N/RPCs. In 2016/17, the Legislature added \$700,000 to the N/RPP enacted budget, for which we are grateful. We would ask that additional funds be added to the N/RPP for 2017/18.

Funds allocated to the preservation companies provide critical services to residents of New York State. Over the past several years, our entire state has suffered floods, hurricanes, storms, and superstorms that have negatively impacted millions of New Yorkers. The Preservation Companies have been in the field, taking the lead in addressing the housing needs of those affected, while also providing a range of other services to address housing affordability and housing shortages. At every turn N/RPCs provide services to connect people to safe, decent, and affordable housing, as well as economic opportunity. The N/RPCs are the appropriate vehicles to help our communities not just weather difficult times, but find ways to succeed in spite of them.

NPCNYS believes that Access to Home, and HOPE RESTORE each merit funding increases. These programs make critical investments in our housing, and by extension our residents, and encourage sustainable homeownership. We would further ask the legislature to make a \$9 million suballocation from the CIF into the NYSHCR Office of Community Renewal to ensure that not-for-profit community-driven developers can be competitive within the CIF program now and into the future.

At present, large-scale developers have LIHC and SLIHC as vehicles to help them leverage CIF funding (see award analysis on p. 4). There is no such vehicle available to locally-based, community-driven not-for-profits, which may contribute to the lack of smaller projects funded through the program and the undersubscription of the program by smaller locally-based not-for-profit organizations that are unable to utilize LIHC and SLIHC. When Urban Initiatives and the Rural Area Revitalization Program were funded, Preservation Companies typically received between 30-40% of the awarded funds. The \$9 million figure helps achieve parity.

Finally, we would also ask the Legislature to consider requesting that NYSHCR develop a five-year Community Plan to ensure that the state connects vital services to its five-year Capital Plan.

CIF Award Analysis

2013:

- Three awards were made totaling \$1,954,024.
 - One was for \$500,000 and it was a rehab of 112 units in Erie County. The project also received LIHC and SLIHC awards.
 - The second award, made to Housing Visions, an NPC, was for \$494,024 and was a mix of new and rehab units. That project produced 49 units and also received HOME and LIHC funding.
 - The third (an early round funding award) was for \$960,000 and was a rehab of 32 units in Cayuga County. No other funding was awarded to this project.

2014:

- Four awards were made totaling \$1,574,506. These awards helped produce 200 units of affordable housing.
 - One was for \$721,906 (to an NPC in Brooklyn) for new construction. It produced 50 units and received both SLIHC and LIHC. Also, 8 PBVs
 - The second award was for \$306,105 and was an adaptive reuse project that produced 53 units in Erie County. It received LIHC and HTF funding.
 - The third was for \$431,495 (to an NPC in Rochester) for new construction. It produced 60 units of affordable housing and also received HTF, HOME, SLIHC, and LIHC.
 - The fourth was for \$115,000 (to an NPC in Binghamton). It was a rehab and new unit project that yielded 37 units. It received LIHC and CDBG funding.

2015:

- Ten awards were made totaling \$10,155,106. These awards helped produce 515 units of affordable housing.
 - One project of 25 units or smaller was funded. The award funded 12 units of new construction in the mid-Hudson region and went to 332 Kear Street
 - Eight of the ten awards also received HTF awards; nine received LIHC awards; three received HOME awards; three received SLIHC awards; two received middle income awards (Those were NPCs: Housing Visions and Ithaca NHS)
 - Award tally by region:
 - Capital Region received one award for \$736,423 that produced 58 units through historic reuse/rehab
 - Mohawk Valley received one award for \$1,500,000 that produced 42 units through new construction

- Central NY received one award for \$592,480 that produced 53 units through rehab and new construction
- The Finger Lakes received one award for \$135,000 that produced 70 units through new construction
- Mid-Hudson received two awards for \$950,000 (\$500,000 & \$450,000) that produced a total of 82 units (70 & 12) both through new construction
- NYC received one award for \$1,500,000 that produced 82 units through new construction
- The Southern Tier received three awards totaling \$2,991,203 that produced 134 units (30, 45, & 59) units, two through historic rehab and one new construction
- Western NY received one award for \$1,750,000 that produced 30 units through historic reuse

We thank the Legislature for once again taking a leading role to fully fund this network of community-based groups. Investing in this network creates jobs, business growth, and increased tax revenues. It reduces stays in rehabilitative facilities and nursing homes, and decreases public spending on emergency shelters. Access to affordable housing acts as a vaccine in our communities, helping to prevent larger problems that threaten livelihood and well-being. In business, conventional wisdom says you should invest resources in current clients and customers because keeping them is invaluable to your success. We believe this wisdom translates and that New York State should make strategic investments in housing for its residents because it is crucial to their – and our – success.

The Neighborhood Preservation Coalition of New York State believes that the established network of preservation companies is best equipped to deliver the affordable housing services desperately needed in this state. We hope that the Governor, New York State Homes and Community Renewal, and the New York State Assembly New York State Senate take into consideration and address the concerns we have with the Governor's proposal and provide the companies with adequate funding to revitalize communities throughout New York State.

RESPECTFULLY SUBMITTED BY:

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ⁱ U.S. Census Bureau, 2009-2013 5-Year American Community Survey, Tables DP03, DP04, and S1101; generated by Cara Long; using American FactFinder; <http://factfinder2.census.gov>

ⁱⁱ Corporation for Enterprise Development *Assets & Opportunities Scorecard/ New York/ Housing & Homeownership*, <http://scorecard.assetsandopportunity.org/latest/state/ny> (January 25, 2016)

ⁱⁱⁱ Mortgage Bankers Association, National delinquency Survey
<https://www.mba.org/news-research-and-resources/research-and-economics/single-family-research/national-delinquency-survey>

^{iv} RealtyTrac, Foreclosure, <http://www.realtytrac.com/trendcenter/nv-trend.html> (accessed February 3, 2017).



Neighborhood Preservation Coalition of New York State
2017/18 Budget Recommendations

The Road to Prosperity Begins in Our Neighborhoods

<i>Program</i>	<i>Executive</i>	<i>NPCNYS Recommendations</i>
Neighborhood Preservation Program	\$3.539 million in current appropriation w/additional funds from JPMC settlement	The Executive Proposal reduces NPC funding by \$500,000 from 2016 levels. NPCNYS would like to see its funding level restored, at a minimum, to last year's level. NPCNYS proposes funding the preservation companies at the current statutory maximum of \$97,500
Foreclosure Prevention Services	The executive does not include funding for Foreclosure Prevention Services	NPCNYS recommends the creation of a statewide Foreclosure Prevention Program funded at \$30 million
Affordable Housing Corporation	\$26 million in capital funds	NPCNYS recommends an additional \$10 million
Access to Home	\$1 million	NPCNYS recommends an additional \$4 million
HOPE/RESTORE	\$1.4 million	NPCNYS recommends an additional \$ 1 million
Rural and Community Investment Fund (CIF)	\$36 million	NPCNYS recommends the Executive proposal with addition of a \$9 million OCR suballocation/carve out
Five-Year Capital Plan	\$2.55 billion	NPCNYS supports the plan with further detail. NPCNYS further proposes the development of a Five-Year Community Plan that accounts for services

APPENDIX

% of all NYS renters who are cost burdened 2011-15



