

Testimony
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And
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Presented by

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Good Morning Senator Young, Senator Savino, Assemblyman Farrell, Senator Little, Assemblyman Cymbrowitz, distinguished members of the panel. On behalf of the New York State Rural Advocates and the New York State Rural Housing Coalition, thank you for this opportunity present our thoughts about the impact of the proposed 2017/18 executive housing budget on small towns and rural places across our State.

My name is Judy Eisgruber, I am president of NYS Rural Advocates and I am joined today by Colin McKnight. Colin is the acting executive director of the New York State Rural Housing Coalition. Together we represent private and nonprofit organizations, developers and architects, engineers and accountants that work to address affordable housing needs in these rural communities.

Our interests are focused on the small scale, community based approach to affordable housing and community development. At the community level, this approach has been extremely successful as you know from the work our members have accomplished in your own districts.

Affordable housing in rural regions of our State is in crisis. Nearly 50% of rural renters pay more than 30% of their income to meet their housing needs and a startling 14% of homeowners pay more than 50% of their income for housing costs. Rural New York's housing stock is old with over a third having been built in 1939 or earlier and using U.S. Census data, the Housing Assistance Council has determined that there are over 288,000, or one third of occupied of housing units in rural New York that are deemed to be "inadequate" by virtue of condition or affordability. We want to remind everyone that over 71% of rural housing stock is occupied by owners compared to a statewide home ownership rate of 54% and therefore, Rural Advocates are sensitive to homeownership issues. Foreclosures continue at very high levels and the presence of Zombie homes threaten the safety and values of rural communities.

The Rural Preservation Program – RPCs insure that rural communities and small towns have access to a range of appropriate affordable housing and community development services. The RPP is now approaching 40 years of service and is still providing leverage and match of well over \$30 for every \$1 in funding provided. When the program was created it included provision for what was then considered a statewide "super RPC" to provide training and technical assistance to RPCs. That

super RPC is now the NYS Rural Housing Coalition which has only grown in its importance as a resource for rural communities.

Governor Cuomo proposes to fund RPP with \$3.539 million from the Mortgage Insurance Fund. This represents a reduction of \$200,000 from the 2016 funding level. Once again this year, MIF funds will be supplemented with the final installment of funds from the JP Morgan Chase Settlement. As has become the custom, the executive proposes no funding for the Rural Housing Coalition.

Rural Advocates recommends an increase of \$690,000 to bring RPC funding to \$100K for each group and to provide \$250,000 for the NYS Rural Housing Coalition. Rural Advocates calls for an additional \$500,000 to support five new RPCs in currently unserved rural areas of the state for a total request of \$4.729 million from the Mortgage Insurance Fund.

I appreciate having the opportunity to share with you today some of the exciting things that are going on in the world of the Rural Preservation Companies, and at the Rural Housing Coalition. If I can share any unifying theme with you about the current state of the Rural Preservation Program, it is Creativity. We are seeing radically different programs and projects coming out of RPCs all across the state, and I am extremely proud of how the RPCs are responding to market challenges in new and exciting ways.

As an example, one of our RPCs has re-developed an abandoned factory in a small city neighborhood into apartments and workspace for lower income artists' families. The

completion of this project has profoundly impacted the surrounding neighborhood, bringing in new businesses and residents. This RPC is not resting on its laurels, though—as it is already working on its next big re-development, the county poor house.

Also, we are working with a trio of RPCs to develop a collaborative plan to rejuvenate hamlets and villages along Route 20 and Route 30 in Schoharie and Otsego Counties. The concept is to bring together the programmatic strengths from each of these agencies to bring transformative change to America's Main Street in New York.

We are also assisting an RPC in the Finger Lakes to develop a homeless housing project in derelict downtown buildings in a small village. This project has secured most of the funding needed to get underway, and we are assisting with an application for Rural and Urban Community Investment Funds to fill the remaining budget gap. This project has already attracted new businesses to the storefronts of the buildings.

And finally, we have 9 RPCs that are currently recruiting additional personnel under the federal VISTA program. The Rural Housing Coalition is the program sponsor, and the 9 VISTA members will be placed with RPCs all across the state, from the Hudson River to the shores of Lake Erie. These VISTA members will be working on research and grant writing projects to allow the host agencies to increase their programs and services. The VISTAs will also be working on improving digital media to improve public relations, develop disaster plans, and create operations manuals to improve the efficiency of the

host agencies. This program is valued at \$315,000 in staffing support for the RPCs, and the Coalition is very pleased that we can connect the participating RPCs to this resource.

As you can imagine, finding new resources to support the work of the RPCs is never-ending. The Rural Housing Coalition is grateful for the ongoing support of our RPC technical assistance contract each year, but the amount of the funding is simply not enough to meet the need. The Coalition has been somewhat successful in securing grants from small foundations to help fill the gap. We want to recognize the John Ben Snow Foundation and the Community Foundation of South Central New York for their help with this important RPC support work. However, Foundation funds will never be sufficient to support our work with the RPCs.

Our industry is changing, so there are always new technical assistance needs. Our leadership is greying, so we have to be concerned about succession planning. In the last couple of years, we have lost many of the private consultants that worked in the housing rehab and community development field. This has left many small villages and towns across the state with no access to guidance on how to tap into available federal programs such as CDBG and HOME. Very small communities simply can't afford to hire their own community development staff. The Rural Housing Coalition can help fill that information gap, but we are restricted from doing so under our current technical assistance contract, which is limited to serving the needs of RPCs. We would like to suggest that the Coalition is ideally suited to serve the small municipalities across the state, if we can secure a similar TA contract targeted to small municipality needs. In order to help those isolated

communities, we are requesting an additional \$100,000 from an appropriate source to support this new service this year.

As Colin points out, one of the great strengths of the Rural Preservation Program is that RPCs have the freedom and flexibility to tailor their work plans to address pressing and often unique local needs. In 2008, at the beginning of the great housing market collapse and the ongoing foreclosure crisis, about half of the RPCs were providing homeownership counseling as certified HUD housing Counseling agencies. With counseling capacity in hand, it is not surprising that many RPCs stepped up and began partnering with legal services providers assisting clients with foreclosure issues. For the past several years, this foreclosure prevention work has been supported with bank settlement funds. However, that stream of funding will disappear in September of 2017 and without an alternate way to fund this work, tens of thousands of New York families facing foreclosure will be cut off from the housing counseling and legal services they need to stay in their homes.

Rural Advocates urge New York State government to provide \$10 million to support the network of mortgage foreclosure service providers through the balance of this year and to provide an additional \$20 million for the next full year of funding for a total funding request of \$30 million.

Our members are pleased that a portion of the previously appropriated \$2 billion **House NY 2020** Initiative is restated in this budget with specific program allocations. Rural

Advocates supports the allocation plan and we note that the proposed distribution of program funds addresses several high priority rural issues including small scale rental projects, the preservation of existing, assisted housing, manufactured housing, homeownership opportunities, supportive and senior housing. There is a need to provide additional definition of the mechanisms that will be used to invest these funds. We see that most of the proposed funding streams land within existing programs; however some funding streams such as mobile homes and senior housing should be accompanied by the creation of new statutory programs.

The Affordable Housing Corporation provides essential funding in support of a range of homeownership activities. The AHC program provides down payment and closing cost assistance to first time home buyers; development subsidies for the creation of new homeownership opportunities and funding for rehabilitation programs that assist low income homeowners to maintain the homes they own. The program is also able to provide resources to repair and/or replace older mobile homes and should receive a portion of funds from the manufactured housing allocation of the HOUSE NY 2020 program.

The executive budget proposes \$26 million in funding for AHC in 2017/18. Given the importance of the Affordable Housing Corporation Program to rural communities, Rural Advocates recommends an additional \$10 million to bring the program total to \$36 million.

Rural Advocates support the Governor's proposal to provide the Rural Rental Assistance Program (RRAP) with \$22.960 million from excess reserves of the Mortgage Insurance Fund. RRAP provides "Section 8 like" rent subsidies to some 4000+ very low income disabled, senior and female heads of households living in properties with Section 515 Rural Rental Housing loans.

Access to Home allows for the modification of individual housing units to meet the needs of households with a disabled member. HOPE/RESTORE provides funding for the rapid response to emergency home repairs needs of elderly homeowners. There is tremendous need in rural communities for both programs and there is substantial not for profit capacity to deliver these programs.

The executive budget proposes to fund Access to Home at \$1 million in the 2016/17 budget. Rural Advocates recommends an additional \$4 million in funding for the traditional Access to Home Program. HOPE/RESTORE is proposed to be funded at \$1.4 million. Advocates recommends an additional \$1 million for total RESTORE funding at \$2.4 million.

The Rural and Urban Community Investment Fund was created two years ago and has become an effective source of funding for the preservation of affordable rural rental housing and to support the commercial, retail or community facilities component of mixed use affordable housing developments.

Rural Advocates supports the Governor's proposed mix of funding for the CIF but we recommend that a portion of these funds be sub-allocated to HCR's Office of Community Renewal in order to take full advantage of the program's flexibility.

RARP, the Rural Area Revitalization Program and its urban counterpart, UI are highly successful programs that provide grants and loans of up to \$200,000 per project for small, high impact mixed use projects that stimulate and leverage other funds including housing on Main Street. RARP is not funded in the executive budget. Rural Advocates call for a \$5 million appropriation for RARP and an equal amount for UI.

New York's modest Main Street program has proven to be an effective tool for revitalizing both commercial and residential elements of our downtown areas. Rural Advocates believes that it is time to expand the program and include technical assistance and capacity building in addition to program funding. The executive proposes to invest \$4.2 million in New York's Main Street Program. Rural Advocates recommend an additional appropriation of \$5.8 million resulting in a total of \$10 million in current appropriations.

New York State has made significant progress in addressing repair and replacement issues of dilapidated and unsafe manufactured housing. Last year the budget contained an appropriation of \$2 million for manufactured housing replacement efforts. This year's executive budget proposes an additional \$13 million in House NY 2020 funding.

However, the manufactured housing replacement program continues to lack a specific statutory framework. Rural Advocates recommends the adoption of a statute similar to

last session's S.6954 with per unit maximums stratified by the type of replacement housing with a lower dollar threshold for replacement with manufactured housing and up to \$100,000 in assistance for site built replacement housing. Rural Advocates also suggests that the program statute include strict underwriting criteria in order to insure that subsidy amounts are appropriate and reflect only the amount actually needed by the household to finance the replacement housing.

Although the Homeless Housing and Assistance Program (HHAP) is not at this table, we think it is important to recognize this extremely important program. HHAP works well in rural areas and has proven to be flexible with respect to scale and design. Rural Advocates support the Governor's proposed \$63 million in capital funding and the additional provision of \$6.525 million from the Mortgage Insurance Fund.

Thank you for your consideration and Rural Advocates stands ready to address any questions or issues you may have either now or in later discussions.