



New York Housing Conference, Inc.

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Testimony of Rachel Fee, NYHC Executive Director
Joint Legislative Public Hearing on the 2015-2016 Executive Budget Proposal
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Good afternoon Chairman DeFrancisco, Chairman Farrel, Chairwoman Young, Chairman Wright, and members of the joint fiscal committees. On behalf of the New York Housing Conference (NYHC) I would like to thank you for the opportunity to share our views on the executive budget and affordable housing in New York State.

I am Rachel Fee, the executive director of the New York Housing Conference. The New York Housing Conference is a broad-based coalition and we are in our 42nd year of advocating for decent, safe and affordable housing for *all* New Yorkers.

Housing affordability continues to be a critical issue in our State. Each month, many families and too many seniors are forced to make tough choices between paying for necessities such as food and medicine or for the roof over their heads. Nearly three million households in New York are financially insecure in their homes, paying over 30 percent of their income on housing costs, meeting the federal definition of rent-burdened.¹ In New York City, the affordability crisis is real— one in three residents pays more than *half* of their income on housing². Affordability is also worsening. Since 2005, the median gross rent increased by almost 11 percent, after adjusting for inflation, while the median household income of renters rose by a mere two percent³.

Underscoring the severity of the affordable housing crisis is NY State's shameful distinction of having the second highest rate of homelessness in the country. More than 80,000⁴ New Yorkers are homeless, including 25,000⁵ children who will sleep in homeless shelters tonight. The cost to taxpayers far exceeds \$1 billion. This money could be better spent on affordable housing solutions.

In addition to our growing homeless problem, we also must prepare for our aging population. One in five seniors in New York lives in poverty. By 2040, we will see a 40% increase in elderly households⁶. In New York

¹ Office of the New York State Comptroller, *Housing Affordability in New York State* (March 2014), at 1.

² "Housing New York City 2011," by Lee, Dr. Moon Wha, New York City Department of Housing Preservation and Development, November, 2013. Web: <http://www.nyc.gov/html/hpd/downloads/pdf/HVS-report-2011.pdf>

³ "The State of New York City's Housing and Neighborhoods", NYU Furman Center, 2013.

⁴ "The State of Homelessness in America 2014", National Alliance to End Homelessness, May 2014.

⁵ NYC Dept of Homeless Services, Daily Census, Feb 2015.

⁶ NYC Dept of Finance, Web: http://www.nyc.gov/html/dof/downloads/pdf/scrie/scrie_drie_report.pdf

City, the senior population is projected to grow to 1.4 million residents. Today, too many seniors are already struggling under the pressure of rising rents. Even for seniors living in rent-stabilized housing, affordability is an issue- a shocking 65% of single elderly households in rent-stabilized units pay more than half of their income for gross rent⁷. Our State must prepare for this shift in demographics and the ongoing issue of affordability by investing in affordable housing for seniors.

Our State's public housing inventory is also in need of a capital infusion. The New York City Housing Authority alone estimates \$7 billion is required for needed capital repairs. Public housing is a statewide resource that should be valued. Repairs required to maintain safe and decent homes must be provided to its residents.

While demand for affordable housing is overwhelming, solutions are within our reach. Communities that prioritize affordable housing profit in so many ways- with improved education, better health and prosperity of their citizens and greater economic opportunities. Affordable housing is an engine of employment and a force for economic growth in which public investment leverages private capital many times over. Now, in this favorable interest rate environment, is the time to invest public subsidies to maximize private dollars leveraged.

We applaud Governor Cuomo for increasing funds for affordable housing programs in his proposed budget by \$32 million and for allocating a portion of the bank settlement funds to address housing needs. In New York State, we are fortunate to have a comprehensive set of affordable housing finance programs that work effectively. Programs like the **Housing Trust Fund**, the **Affordable Homeownership Development Program**, **RESTORE** and the **Homeless Housing Assistance Program**, which have been around for decades, continue to be in high demand and produce quality affordable housing while creating jobs and stimulating local economies. Programs such as **Homes for Working Families**, **Rural and Urban Communities Initiatives Fund**, **Main Street** and **Access to Home** have also been highly successful and have made a tremendous impact in the communities that have been fortunate enough to benefit from them. These programs should all be continued as per the Executive Budget proposal.

We also support the Governor's call for the creation of the **Rochester Anti-Poverty Initiative** which we believe could be replicated in other cities or counties to learn new ways to coordinate resources, integrate services, and develop more flexible funding arrangements.

We support the Governor's call to establish the **Office of Faith-Based Community Development Services** to assist organizations to deliver services to their neediest residents and combat the root causes of poverty.

We support the Governor's call to create the **Nonprofit Infrastructure Capital Investment Program** as a way to support nonprofit organizations and encourage smart development in a \$50 million initiative.

⁷ "Housing New York City 2011," by Lee, Dr. Moon Wha, New York City Department of Housing Preservation and Development, November, 2013. Web: <http://www.nyc.gov/html/hpd/downloads/pdf/HVS-report-2011.pdf>

We urge the Legislature to work with the Governor to achieve additional funding in four areas of critical need to address our state's housing emergency:

- 1. Invest \$1 Billion of Settlement Funds for Affordable Housing.** Much of the settlement funds originated from fraud and abuses in the mortgage industry which devastated individuals, neighborhoods and ultimately our economy. It is only fair that these funds should be used to provide relief to homeowners and blighted communities impacted by the foreclosure crisis and investment should be made in creating new affordable housing opportunities for families in need. We strongly urge for an expansion of the Governor's proposal that \$440 million of the \$5.4 billion of settlement funds be allocated to housing programs. We recommend that no less than \$1 billion should be set aside for a New York State Affordable Housing Capital Fund, creating a revolving fund for affordable housing investment.
- 2. Enact a New Statewide NY/NY Supportive Housing Agreement.** We applaud Governor Cuomo for proposing a new statewide supportive housing initiative to be launched this year. However, the Governor's proposal for a 5,000-unit program over 5 years must be expanded. 15,000 new construction units are needed in NYC and 5,000 units upstate over the next 10 years. Substantial investment in a large-scale production program is required to get our growing homeless problem under control. Investing in supportive housing is money well-spent as each unit of supportive housing built under the NY/NY III program saved taxpayers a net average of \$10,100 per resident per year. Since much of the savings will benefit the State, requirements for matching service funds from localities should reflect contribution levels similar to prior agreements.
- 3. Increase the State Low Income Housing Credit Cap.** We urge amending the cap to \$150 million over the next five years to better meet demand for this program which provides for variation of income levels in affordable housing. This program can achieve cross-subsidization of rents which can be beneficial for developing very low-income units affordable to seniors and other vulnerable populations. SLIHC is an effective financing tool that can strengthen the quality of our affordable housing development projects and our neighborhoods.
- 4. Preserve Public Housing For Future Generations.** We urge the Legislature to work with the Governor to create a partnership between New York State and public housing authorities to preserve and modernize the State's public housing before it is lost. Work with localities to jointly commit \$200 million annually in capital funds over a ten-year period to enable NYCHA and other public housing authorities across the State to catch up with their mounting backlog of infrastructure improvements. The State should also reinstate operating funds to state-financed public housing units and provide NYCHA with adequate shelter allowance rates.

Thank you again for the opportunity to present this testimony. I would be happy to answer any questions you may have.