



## NEIGHBORHOOD PRESERVATION COALITION OF NEW YORK STATE

100 State Street, Suite 710 | Albany, NY 12207

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

February 1, 2016

Good morning. My name is Cara Long and I represent the Neighborhood Preservation Coalition of New York State, Inc. (NPCNYS).

NPCNYS and its membership of over 170 NPC's, LDCs, and CHDOs would like to thank Chairman Farrell, Chairwoman Young, Chairwoman Little, and Chairman Wright, 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, RESTORE, Access to Home and others represents a good sense investment in New York State as appropriated dollars help to raise money and spur economic growth at the local level.

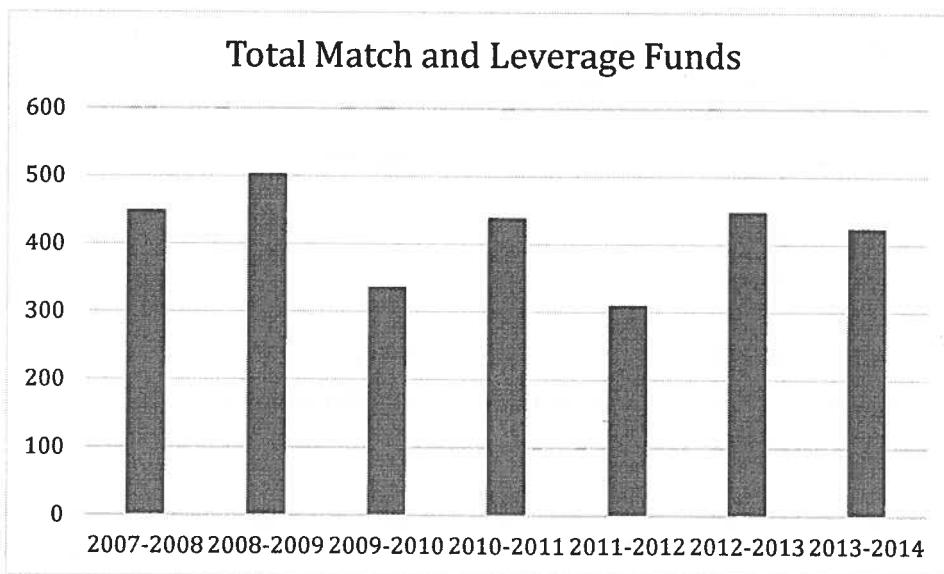
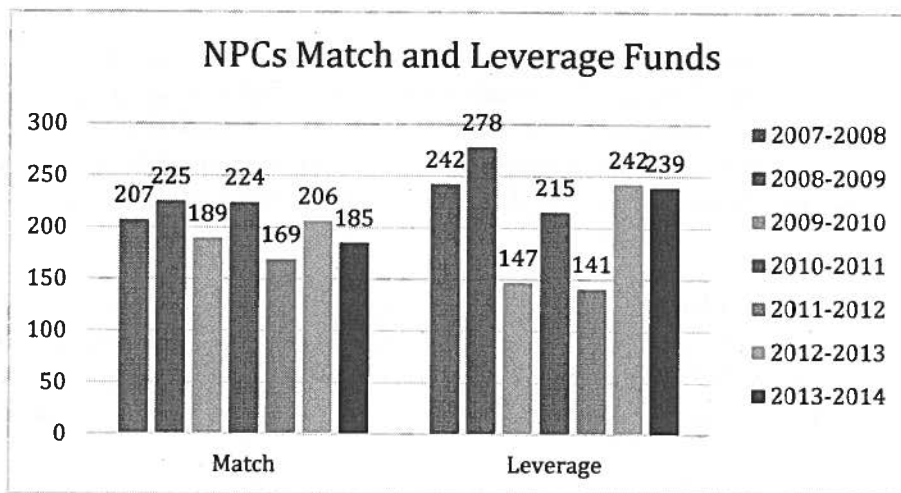
The two preservation programs provide housing and economic solutions to our communities through the following services and activities:

- 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

For 38 years, the State has recognized that the NPP and RPP are leaders 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. In FY 2014-2015, for every preservation program dollar appropriated, Neighborhood Preservation Companies (NPCs) raised approximately \$45 for their communities.

With the one half match requirement and additional leveraged funds to complete work plan activities, NPCs raised approximately \$185 million in match and approximately \$239 million in leverage from private, in-kind and other nonprofit sources in the 2013-2014 contract year totaling \$424.6 million. The charts below detail the trend in match and leveraged funds over the past seven years.



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 and RPCs. This increase in funding, no matter how temporary, helps our companies carry out their activities and fulfill their missions.

Today we focus on 2016-17 budget issues that relate to affordable housing and community revitalization in suburban and urban areas of our state.

New York is ranked 50<sup>th</sup> 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, spending 30 percent or more of their income on housing. In upstate NY, the figure is 52 percent and for downstate, the figure is 55 percent. For homeowners, 32 percent of upstate and 45 percent of downstate are cost-burdened<sup>i</sup>. When you compare New York State to the rest of the nation, only 3 other states have renters who are more cost-burdened than ours (Oregon, Florida, and Hawaii). And only Hawaii and California have homeowners who are more cost-burdened than ours. Our foreclosure rate is the second worst in the nation at 5.3 percent. Only New Jersey has a higher rate. To compound this, 44 percent of households in New York do not have a basic economic safety net to be able to weather emergencies.<sup>ii</sup>

So while our foreclosure rate is down by .6 percent from last year, we are still well above the rest of the nation. One in every 1,681 housing units in New York received a foreclosure filing in December 2015. The worst county impacted is Sullivan County, where one in every 404 housing units is receiving foreclosure notices. There is a concentration of high foreclosure filings in the Hudson Valley region at present – in addition to Sullivan County: Orange County, one in every 503 housing units is receiving foreclosure notices; Putnam County, one in every 606 housing units is receiving foreclosure notices; and Dutchess County, one in every 841 housing units is receiving foreclosure notices.<sup>iii</sup>

Though we are pleased that Governor Cuomo has proposed to fund the two programs at the same level as FY2015-16, we are dismayed that there is a proposed \$3M cut to the Affordable Housing Corporation (AHC), and that no funding has been allocated to very successful programs like Urban Initiatives (UI) and Rural Area Revitalization (RARP).

Historically, NPCs successfully utilized UI –averaging roughly 30 percent of the awards per year - to increase the health, safety and economic viability of distressed urban neighborhoods. In the face of such critical demand, why would the State not fully fund programs with proven track records of success?

Over the past several years, New York State has suffered floods, hurricanes and superstorms that have taxed New Yorkers and our state housing agency. 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. With millions of

dollars in bank settlement funding being disbursed, now is the best time to ensure that they have adequate administrative capacity and adequate sources of funding available to them.

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. As such, we would ask the Legislature to push to restore and increase funding to the following programs: AHC, Main Street, Urban Initiatives and Rural Area Revitalization.

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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<sup>i</sup> 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>

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

<sup>iii</sup> RealtyTrac, Foreclosure, <http://www.realtytrac.com/trendcenter/nv-trend.html> (accessed January 28, 2016).