



Christie Peale Testimony for January 31, 2022 Joint Budget Hearing

Testimony before Joint Senate and Assembly

My name is Christie Peale. I am the Chief Executive Officer & Executive Director for the Center for NYC Neighborhoods. I would like to thank Chair Krueger, Chair Weinstein, and the members and staff of the Senate and Assembly Committees on Finance and Ways and Means for holding today's hearing on the FY 2022-23 Executive Budget Proposal regarding housing. Also, I thank Governor Hochul and her staff for committing a historic amount of state funding for the promotion of homeownership for low- and moderate-income households statewide.

About the Center for NYC Neighborhoods

The Center promotes and protects affordable homeownership in New York so that middle- and working-class families are able to live in strong, thriving communities. Established by public and private partners, the Center meets the diverse needs of homeowners throughout New York state by offering free, high-quality housing services. Since our founding in 2008, our network has assisted over 200,000 homeowners. We have provided more than \$60 million in funding to community-based partners. Major funding sources for this work include the New York City Division of Homes and Community Renewal, and the Office of the State Attorney General, along with other public and private funders. We can finally create the NY we all wanted to see the past decade.

Innovative & Scalable Affordable Homeownership Models

New York City, our state's economic engine, is estimated to have grown by approximately 224,000 in population since 2010 and yet the city has only developed 140,800 units of new housing between 2010 and 2017. We implore the legislature to be bold and build upon the executive budget to fully meet the needs of NY. With this historic opportunity to fund new models to preserve, protect and expand homeownership in New York State, the Center for NYC Neighborhoods has proposed several innovative and scalable affordable homeownership models so that we can work to create an equitable New York for all.

CLT Acquisition & Development Funding - \$50m for FY 23

The Center for NYC Neighborhoods has supported the development of community land trusts in New York City, and the Center and its partners have led in the creation of permanently affordable homeownership options. The dramatic rise in home prices across New York State demonstrates the immediate need to provide low- and



middle-income homeowners access to continuously affordable, safe, and community-controlled housing. Community land trusts across the state have done the hard work of developing the on-the-ground infrastructure to create successful community land trusts.

Now, we are asking that \$50 million be allocated for land acquisition and development in fiscal year 2023 to empower these organizations to expand their reach. This funding will provide organizations with the capacity to acquire land and development opportunities to expand the State's growing community land trust network.

Tenant Opportunity to Purchase \$5m for FY 23

Tenant Opportunity to Purchase (TOPA) programs provide tenants of rental buildings the right of first refusal when their building is being sold; tenants can then choose to assign buying rights to a nonprofit organization, a mutual housing association, or converted to ownership opportunities.

Lack of affordable housing supply is one of the biggest barriers to achieving homeownership. Cities like Washington, DC and San Francisco have implemented programs that allow tenants in buildings the right of first refusal to organize and purchase a building. In DC, the TOPA initiative included funding for tenant organizing.

We are proposing a pilot intervention that focuses on TOPA, or Tenant Opportunity to Purchase This will have a three-prong approach: identifying possible opportunities to partner with tenant organizers and tenant groups; providing technical assistance and possibly funding to tenant organizers and tenant groups; coordinating financing by way of creating a lending product as part of Sustainable Neighborhoods, our sister company, and scoping out available opportunities for acquisition financing.

Home Repair \$3m for FY 23

According to a [2017 study from the Center](#), unaffordable home repairs was the biggest challenge homeowners identified to remaining in their homes, with 63 percent of homeowners reporting that they had an unmet home repair need. While homeowners with good credit or substantial equity are able to fund repairs by refinancing their mortgage or taking out a Home Equity Line of Credit, few options exist for less financially-secure homeowners. Existing Home Repair Programs have a number of issues including:



- **Severely limited resources:** Demand for home repair resources far outweighs the capacity of existing programs. Many programs only provide a small number of grants or loans per year, and homeowners who would otherwise qualify are turned away or face long waits. For example, one program that provides New York State Affordable Housing Corporation grants reported exhausting their year's allotted funding by July, while other popular programs are often closed to new intakes.
- **Fragmented programs:** A large number of small home repair programs exist each with their own criteria and application procedure, creating inefficiencies.
- **Lengthy processing periods:** Even when resources are available, homeowners report waiting for months or even over a year for their loan or grant to be processed. Unfortunately, when needed repairs are put off for lengthy wait periods, existing issues can worsen, leading to even greater repair needs.
- **Grant or loan amounts are too low to fund needed repairs:** Roof repairs were the biggest need reported by East New York homeowners, yet many existing programs do not provide enough funding to support the amount of work required.
- **Strict requirements:** Programs using certain funding sources have a number of limitations in their eligibility requirements that prevent homeowners in need from taking advantage of their resources. Homeowners who are delinquent on their tax or water bills cannot apply, nor can homeowners in foreclosure, or homeowners who have taken out a reverse mortgage on their property, which means that existing programs are unable to meet the needs of the most financially vulnerable homeowners.

We recommend New York State support an overall expansion of home repair resources is necessary, both in terms of the size of individual loans and grants as well as the total number of loans and grants available.

Homeowner Protection Program Funding

We are delighted that Homeowner Protection Program funding has been included in the executive budget for the first time since its creation. The Homeowner Protection Program is powered by the work of 89 organizations across the state which work with homeowners to keep them in their homes.

However, the work of the HOPP network in New York State - especially in the COVID-19 recovery - demands more than the \$20 million allocated to it. In the years following the foreclosure crisis, the program was funded at \$25 million a year.



Two years after the start of the pandemic, mortgage delinquency rates remain high and dwarf even those seen during the height of the 2008 foreclosure crisis. Today, we estimate that the cost of the program should be \$35 million next year, and \$40 million for the two years after that as case loads increase with the ending of the foreclosure moratorium. We are asking the legislature to accept the Governor’s \$20 million proposal but include an additional \$15 million to reach our estimated need of \$35 million.

Homeowner Assistance Fund

Since its launch in January of 2022, the Homeowner Assistance Fund has seen high demand. Presently, 23,014 applications have been submitted and so far, the program is meeting its goal of over 40% participation by socially disadvantaged and vulnerable populations.

Since New York State’s moratorium on foreclosures was lifted on January 15, 2022, we anticipate a wave of foreclosure filings by April of 2022. New York is better prepared to meet this challenge because, unique among most other states, the state has leveraged the federal dollars received from HAF with existing services provided by the state funded HOPP network.

Conclusion

Thank you for the opportunity to speak with you today. We look forward to working with the legislature to maximize the impact of this investment.

Applicants by Race and Ethnicity

