

Budget Testimony

February 4, 2019

Thank you to each of you on the Finance and Housing Committees for giving us a chance to talk to you about the important housing issues facing New York at this time. By way of introduction, I am Colin McKnight, and as of today I am returning to my title of Deputy Director of the New York State Rural Housing Coalition, Inc. I am pleased to introduce you to Jeff Keller, who assumed the title of Executive Director of the Coalition this morning. We 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. We are seeing radically different programs and projects coming out of RPCs all across the state, and are extremely proud of how the RPCs are responding to market challenges in new and exciting ways. In late 2018, we collected data and photos on the latest activities of seven RPCs across the state for inclusion in the annual NPP/RPP Report to the Legislature, which hopefully staff at HCR have provided to you by now. These case studies demonstrate the wide variety of housing activities being undertaken by RPCs, and this year we are pleased to share with you a class of projects and programs that are financed from a wide variety of sources, yet none of them use HCR financing. These seven projects were financed with tax exempt bonds, HHAP, private corporate donations, public funding provided by local towns, grants from philanthropic foundations, and USDA loan guarantees.

Finding additional resources for the RPCs is a huge part of what we do at the Coalition. We support the request of the NY Rural Advocates to increase the funding level for RPCs laid out in the Governor's budget to \$100,000 per RPC. Just three of the projects mentioned above as part



of this year's legislative report totaled over \$50 million in outside investment in our rural communities. This is a massive return on investment for the state's appropriation of RPC funding. Of course, we are also asking for funding parity for the Neighborhood Preservation Programs, as well. In addition to fully supporting the existing network of RPCs across the state, we are hopeful that the legislature will consider setting aside even more funding to allow the establishment of RPC contracts in currently-unserved rural areas, such as Chenango and Seneca Counties, rural Schenectady County, and northern Dutchess County. We believe that there are five rural areas that still need RPC services.

Last year at this time, we asked you to review an article in the 2016-17 Report to the Legislature on the Rural Preservation Program on the Orange County Rural Development Advisory Corporation. We included this case study in the report to make sure that you are aware that the foreclosure crisis has not abated upstate and that mortgage delinquency continues to threaten family and neighborhood stability. Our experience is that in upstate rural communities, the foreclosure crisis remains very real, and there is a continuing and strong need for counseling intervention and prevention services to keep small communities and neighborhoods healthy and viable. Foreclosure prevention is labor intensive with specialized skills required, over and above the skillsets needed for other housing work. Please continue to support foreclosure counseling work. It takes a great deal of time and effort to train foreclosure counselors. The loss of any of these critically-important members of our teams due to funding interruptions will have grave consequences for families across the state.

Mobile and manufactured housing represents one of the largest forms of affordable housing in rural communities. Much work has been done in recent years on the multitude of issues that



negatively impact manufactured housing residents, both in parks and on privately owned sites. We expect this work to continue, but already can see that some initiatives, such as the program to replace dilapidated mobile homes, have been woefully underfunded. We encourage you to consider increasing the appropriation to allow more of these units to be replaced with safe, energy efficient homes. We support the \$5 million executive proposal for this program as a baseline level of funding.

The Affordable Housing Corporation program operated by HFA and HCR is of critical importance upstate, supporting home acquisition as well as rehabilitation of owner occupied properties for lower income families. There is pent up demand for this funding, and frankly the entire annual appropriation, and then some, can be spent each year on upstate projects. It is our understanding that the most recent round of applications received \$67 million in requests. A substantial increase in the AHC appropriation will be needed to prevent us from falling behind the ever-increasing need, and respectfully suggest that \$50 million per year is closer to meeting the need for this valuable program. We recognize that there are some programmatic limitations that affect the impact of AHC funds downstate, and support the conversation to address those concerns, particularly if it means that we can return to larger annual appropriations for the AHC program statewide, once those hiccups are ironed out.

We are pleased that the Governor has proposed fully-funding the Rural Rental Assistance Program at \$21 million from the general fund. This budget line will protect the homes of 5000 rural very low income tenants living in projects financed by USDA. This portfolio of affordable rental housing is an important asset for the rural communities of our state. We would like to see more tools for the additional development of affordable rental housing that is properly scaled for



rural villages and hamlets. As such, we want to express our support for initiatives that focus on small project development, such as the recent SRDI program at HCR. We think that there is a need for at least \$15 million per year of this kind of funding, and agree with the Rural Advocates that it makes sense to have a set-aside for small rural projects (less than 20 units) within the Housing Trust Fund program.

For many years, RPCs have creatively used the Rural Area Revitalization Program to develop housing solutions that also support the revitalization of rural Main Streets. The RARP program offers flexibility that supports innovative projects that can spark new private investment on neighboring properties. This program has gone unfunded in recent years, which is unfortunate, as the real estate market is increasingly responding to new ideas. We believe that an appropriation of \$5 million for the RARP program will leverage an amazing array of new projects across rural New York that will bring new vitality to our communities.

In addition to RARP, we recognize the many successes of the NY Main Street program, which is responsible for getting rural community leaders and business owners to think differently about the opportunities that exist on Main Street. We are grateful that the executive has proposed a \$4.2 million appropriation for this program, but that should just be a starting point. Like the AHC program above, it is our understanding that the application demand for this funding far outstrips the funding that has been available historically. We have seen dramatic improvement in the quality of life in communities that have taken advantage of NYMS, and believe that all rural New Yorkers should have similar opportunities to succeed.

Homelessness in rural communities does not get a lot of media coverage, but it exists. Several of the RPCs profiled in the latest NPP/RPP Legislative Report utilized HHAP funding to



finance the development of new rural permanent housing for the homeless. Despite these new units coming on line this past year, the 2018 Point in Time counts for rural communities of our state suggest that there are about 3000 rural New Yorkers that are unsheltered. This homeless population equates to more than the population of many rural villages. We support a budget increase for the HHAP to \$75 million, to help increase the rural resources and facilities that put a roof over the heads of our neighbors.

The three Access to Home programs, along with the HOPE/RESTORE program, ensure that disabled and elderly New Yorkers can continue to live independently. From a budget perspective, these programs divert New York residents from the expensive alternative of nursing home placement. We believe that \$5 million is needed for the Access to Home programs, and at least an additional \$1 million is needed for HOPE/RESTORE, over and above what Governor Cuomo has proposed.

The Rural and Urban Community Investment Fund is proposed to receive \$45 million over three years under the House NY 2020 plan. We support those funding levels, as the preservation of the rural housing stock is a critical strategy for ensuring the availability of affordable rental housing in rural communities. The CIF is one of the few tools available to keep the USDA rental portfolio in our state in good shape.

Since the inception of the Rural Preservation Program, the Rural Housing Coalition has been charged by the state with the responsibility of building the capacity of the RPCs to take on this challenging work. Now entering our 40th year of service to the state and the RPC network, the Rural Housing Coalition continues to spend quite a bit of time helping RPCs to develop succession plans and to recruit new Executives to address the concern of the greying of our



network's leadership, and in providing orientation support to the new hires. This work promises to continue well into 2019 and beyond. This work is in addition to our ongoing efforts in providing board development training, helping agencies to design new programs and remain in compliance with regulatory requirements for existing programs, and identifying new resources that our RPCs can use to control operating expenses and reduce the need for ongoing operating support. In 1983, the state contracted with the Coalition at \$250,000 for this package of services, but reduced the level of support drastically during the Pataki administration. We are asking for a return to the \$250,000 level for our contract to ensure that we don't have to reduce the level of services provided to the RPCs. We view this increase in our contract budget as a small investment, to ensure that rural communities do not get short-changed in the effort to address their housing and community development needs.

