



**Testimony of Judi Kende  
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**For the Joint Legislative Public Hearing on  
2016-2017 Executive Budget Proposal:  
Housing**

**February 1, 2016**

Good morning. My name is Judi Kende and I lead the New York Office of Enterprise Community Partners. On behalf of Enterprise, I would like to thank Chair Farrell, Chair Young, Chair Wright, and Chair Little for the opportunity to testify here today.

Congratulations to Chair Little on your new role. We look forward to working closely with you on affordable housing issues in New York State.

Enterprise has worked to create and preserve affordable housing in New York and nationwide for 30 years. We have created nearly 50,000 affordable homes for 114,000 New Yorkers through capital investments, programmatic support, and policy advocacy. We have committed nearly \$3 billion in equity, loans and grants to affordable housing and community development in the region.

I am pleased to be joined today by so many colleagues who work diligently to provide housing to low-income and vulnerable New Yorkers. You will hear many examples of how urgent the need is for affordable housing and a consistent message that more resources are

needed for proven, effective programs as well as new opportunities. We gladly add Enterprise's voice to this drumbeat.

### ***New York's Housing Insecurity Crisis***

Despite the sizeable investment by our organization and our partners, New York is in the midst of a housing insecurity crisis. Eighty thousand New Yorkers are homeless, and nearly one million low-income households pay more than half of their income on housing costs.<sup>1</sup>

These statistics are especially shocking because New York has not only the resources to address the issue, but also strong capacity in the public, private, and non-profit sectors. The problem is solvable and we know how to do it. Affordable housing is the solution and we need a lot more to correct the mismatch between supply and demand. We know that when families have stable, safe, affordable housing, kids do better in school, health risks like asthma are diminished, and other forms of consumption, like purchasing healthy food, increase.<sup>2</sup>

### ***New York State Affordable Housing Programs***

Governor Cuomo has proposed a five-year, 100,000 unit affordable housing program. We applaud this ambitious commitment, and we look forward to seeing more details in the

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<sup>1</sup> Enterprise Community Partners "2015 New York City Housing Security Profile and Affordable Housing Gap Analysis" <http://www.enterprisecommunity.com/servlet/servlet.FileDownload?file=00P1400000ihDrDEAU>

<sup>2</sup> Enterprise Community Partners "Impact of Affordable Housing on Families and Communities: A Review of the Evidence Base" [https://s3.amazonaws.com/KSPProd/ERC\\_Upload/0093581.pdf](https://s3.amazonaws.com/KSPProd/ERC_Upload/0093581.pdf)

forthcoming Housing Plan from Homes and Community Renewal. I would like to comment today on a few crucial programs that we hope to see in the housing plan and that we strongly urge the Legislature to fully fund in this budget cycle.

1. Supportive Housing: First, I'd like to thank the Legislature for your leadership in calling for the creation of 35,000 units of supportive housing statewide. Supportive housing is a cost-effective, proven solution to chronic homelessness, which is the most costly kind of homelessness affecting people with some of the highest barriers to housing, like mental illness and addiction.

Governor Cuomo has announced a commitment to create 20,000 units of supportive housing statewide, which is exactly the kind of scale we need to truly begin to address chronic homelessness. This supportive housing program is part of the state's \$20 billion five-year affordable housing and homelessness plan. The five-year program is set to invest \$2.6 billion for 6,000 new units of supportive housing over the first 5 years of the 15-year commitment.

We urge the Legislature to continue to support the state's 20,000-unit commitment over 15 years and ensure the resources are in place to build the first 6,000 units over the next five years. Additionally, Governor Cuomo must codify this commitment to ensure that the intent to create 20,000 new units of supportive housing through 2031

is realized. When combined with Mayor de Blasio's announcement of a plan to create 15,000 units in New York City, this is the largest commitment to supportive housing in history.

2. Senior Housing: New York needs a statewide senior affordable housing program.

Our senior population is growing, and more and more seniors do not have enough money saved to pay market rate rent, let alone pay for a nursing home stay. We must provide safe, appropriate housing and services to help meet this growing need.

We are calling for the creation of a new program to provide affordable housing and services to low-income elderly New Yorkers. This program must have 3 critical components: capital to build the bricks and mortar, rental assistance to keep the buildings running and seniors stably housed, and the services seniors need to age in place safely. Our plan calls for \$250 million over five years to create 500 new units of senior affordable housing per year. Additionally, we request \$4.5 million in funding for rental assistance so that seniors do not become rent burdened when their incomes decrease as they age. Finally, we urge the Legislature to fund the Resident Advisor Program for \$10 million per year to provide connections to services for seniors in affordable housing.

3. Public Housing: Public Housing is a precious and scarce resource that houses some of our most vulnerable New Yorkers. After years of disinvestment at the federal level, the New York City Housing Authority has a huge capital backlog and is in desperate need of critical repairs. We request that the state match New York City's commitment of \$100 million this year to NYCHA to address their capital needs, primarily leaky roofs. To address any transparency and accountability concerns, we encourage the state to set up a reporting system for NYCHA to track how the dollars are spent, similar to the system NYCHA has in place with the City of New York.
  
4. State Low-Income Housing Tax Credit: The final program that I'll highlight here is the State Low-Income Housing Tax Credit, or SLIHC, which allows funding for units serving households up to 90% of Area Median Income. SLIHC is an invaluable tool that helps create mixed-income communities, reach deeper levels of affordability through cross-subsidization, and create housing appropriate for sometimes hard to reach groups, like seniors who are over-income or under-income for traditional housing programs. We are asking that the annual allocation of SLIHC be increased from \$8 million to \$25 million this year, and gradually increased to \$30 million per year by 2021.

### *Private Activity Tax Exempt Bonds*

I would also like to address another issue in this year's executive budget, tax exempt bonds. Much of the affordable housing in New York is financed using private activity tax exempt bonds, or volume cap, issued through the state's Housing Finance Agency or New York City's Housing Development Corporation. The Executive Budget includes a new process requiring as of right volume cap allocation received by local issuers to be subject to approval by the Public Authorities Control Board at the project level. In addition, the Empire State Development Corporation Commissioner is given authority to sign off on the reallocation of what has historically been as-of-right volume cap.

This would add additional layers of bureaucracy and take away local control of volume cap. This unnecessarily politicizes a process that has been proven to work efficiently to produce incredible amounts of affordable housing. It will add uncertainty, increase costs, and delay projects. Given our current housing crisis, we cannot afford to add cost to projects and delay construction.

We fear that those hit hardest by these changes will be non-profit affordable housing organizations, Minority and Women Owned Business Enterprises, and small developers who cannot absorb these additional costs. All those involved in the affordable housing sector, including investors, developers, and local agencies, need certainty to plan projects and quickly bring quality affordable homes online.

As an alternative to the proposed changes, we recommend that unused volume cap be prioritized for affordable housing. These bonds leverage millions of dollars in private equity and federal Low Income Housing Tax Credits, bringing additional resources to localities while addressing critical housing needs.

### *A Smart Investment*

As we think about the best and most effective use of our public dollars, we know that affordable housing is not only the solution to housing insecurity, it is also a smart investment. Affordable housing brings jobs and other forms of investment to neighborhoods. For every 100 units of affordable housing financed through the Low-Income Housing Tax Credit program, there are approximately 122 local jobs created in the first year and 30 jobs annually thereafter. These units also bring \$7.9 million in local income in the first year and \$2.4 million annually. And they generate \$441,000 in local tax revenue annually.<sup>3</sup>

Thank you for the opportunity to testify here today. I would be happy to answer any questions, and I look forward to working with you this budget season and beyond.

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<sup>3</sup> Enterprise Community Partners “Impact of Affordable Housing”