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NEW YORK STATE ASSOCIATION FOR AFFORDABLE HOUSING

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**NYSFAH Testimony before the Joint Legislative Budget Committee re:
2016-2017 Executive Budget Housing Funding**

February 1, 2016

Thank you Chairwoman Little, Chairman Wright, Chairwoman Young, Chairman Farrell and members of the Senate and Assembly for the opportunity to participate in today's budget hearing on the housing provisions in the 2016-17 Executive Budget proposal. My name is Jolie Milstein, President and CEO of the New York State Association for Affordable Housing (NYSFAH), the trade association for New York's affordable housing industry statewide. Our 375 members include for-profit and nonprofit developers, lenders, investors, attorneys, architects and others active in the financing, construction, and operation of affordable housing. Together, NYSAFAH's members are responsible for most of the housing built in New York State with federal, state or local subsidies.

We thank you for your continued support for affordable housing. The ability of NYSAFAH's members to provide thousands of safe, new and rehabilitated affordable housing units each year for low-, moderate- and middle-income families would not be possible without your dedication. New York State's support is critical, given the growing housing crisis throughout the State and the urgent need for safe, quality affordable housing.

NYSFAH commends Governor Cuomo for recognizing the urgency of New York's housing crisis through the House NY 2020 initiative by which the state would commit \$20 billion to address homelessness and to create and preserve 100,000 affordable units across the state. This commitment could not come at a more critical time. There are currently more than 3 million households across New York State that exceed the "affordability threshold" for housing: that is, they pay *30% or more* of their household income for housing costs.¹ Of this population, more than 1.5 million households paid a staggering *50% or more* of their income for housing.² In Bronx County, over 57% of households have rents above the affordability threshold. In Monroe County, that percentage is 56%, in Tompkins County it is 58%.³ On any given night, more than 80,000 people are homeless in New York State, many of them children. Some are in need of support services in order to have housing stability, while others simply need housing they can afford.

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

² *Id.*

³ U.S. Census Bureau, 2009-2013 5-Year American Community Survey.

The Governor's ambitious housing plan is the type of bold leadership New York State needs to tackle the housing crisis. Programs like Homes for Working Families (HWF), the Rural and Urban Community Investment Fund (CIF), and the Low Income Housing Trust Fund (HTF) are critical to our members' ability to develop and preserve safe, quality affordable housing.

NYSFAFH supports the Governor's 2016-2017 proposed appropriations of \$26.75 million for HWF, \$35.25 million for CIF, and \$54.2 million for HFT. These funds will provide critical gap funding for affordable housing projects, to enable mixed-use affordable housing development in urban areas and rural affordable housing projects built to the scale of smaller communities, and support the continued production and preservation of affordable housing for low-income New Yorkers. NYSFAFH also supports the \$8 million annual allocation of SLIHC over the next five years, which will help further build a robust investor market and generate greater private equity in affordable housing projects.

The Governor's plan recognizes the reality that the development and preservation of affordable housing is a multi-year process. In addition to providing enhanced resources, the Governor's proposed funding of \$1.9 billion over five years creates predictability in housing resources, which will enable NYSFAFH members to better plan their pipelines and more quickly implement housing projects to serve the needs of New York's communities. NYSFAFH looks forward to learning more about the State's priorities for the five-year funding period.

In particular, we are supporting a significant new investment in mixed-income housing. NYSFAFH commends the Governor and the Legislature on the creation of the Middle Income Housing Program (MIHP) in the 2015-16 budget which incentivizes middle-income housing (up to 130% area median income) to create mixed-income affordable housing projects. Mixed-income development, where rents from middle income units help cross-subsidize units for very low-income households, is critical in maintaining economically diverse communities and sustainable buildings. NYSFAFH urges your continued support of middle income housing as part of the State's five-year affordable housing investment.

NYSFAFH also supports investment in housing dedicated to serving New York's rapidly growing senior population. Faced with fixed incomes and declining federal funding for new senior housing, many seniors have been hit particularly hard by the housing crisis. Funding affordable senior developments with resident advisors is critical to ensuring seniors have a safe and affordable place to live that allows them to stay in their communities. With your support, we can provide the funding to subsidize a new senior housing program and help provide clean, safe housing and necessary services for some of our most vulnerable people.

NYSFAFH further supports the use of tax-exempt private activity bonds to subsidize affordable housing projects throughout the state. These bonds generate as-of-right Federal Low Income Housing Tax Credits and are a catalyst for additional private capital for affordable housing projects. We urge you to ensure that affordable housing is given priority in the "volume cap" allocation and reallocation of private activity bonds and that it is equitably distributed between

Upstate and Downstate. Moreover, we request that you oppose any new requirements that would delay the issuance of bonds for affordable housing purposes, especially where the State has no credit risk such as with local issuances of such bonds.

The State's housing programs are the bedrock for the preservation and development of affordable housing in New York State. However, in some areas, other incentives have been crucial. Nowhere is this more evident than in New York City where as of right tax abatements have helped ensure that the nation's largest city does not become a haven for disparity: where there is housing for only the very wealthy and the very poor. With the expiration of the 421-a tax abatement, many areas of the City will see a reduction in the development of affordable housing units at a time we can ill afford to have any diminishment in our housing stock. We know you understand the gravity and impact of the absence of these tax benefits, and we need your help to ensure as of right tax abatements are again available in New York City.

Each of us know and appreciate the importance of affordable housing in terms of providing a stable place for New Yorkers to call home. Beyond this most fundamental of needs, however, affordable housing is also a significant economic driver. On average, annually, New York State's affordable housing industry generates:

- 18,490 affordable housing units, including new construction, rehab and preservation units.
- 31,800 jobs during construction, and sustains 5,650 permanent jobs to support resident spending and building maintenance.
- \$1.8 billion in wage compensation during construction, and \$230 million in wages annually thereafter.
- \$2.6 billion during construction in economic spinoff activity, including spending on materials and services, while thereafter sustaining \$650 million in annual economic spending on local goods and services, and building maintenance.⁴

In addition to increasing the State's supply of affordable housing, the Governor's proposed House NY 2020 initiative builds upon the existing economic benefits of affordable housing investment, providing job opportunities for neighborhood residents and catalyzing economic investment in communities statewide. Implementation of the plan would represent a landmark achievement in the State's commitment and goal of serving the affordable housing needs of all New Yorkers.

Thank you for the opportunity to testify today and for your consideration of NYSFAFH's comments regarding the Executive Budget proposal. We welcome any questions or comments you may have.

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⁴ New York State Association for Affordable Housing, *Economic Impacts of Affordable Housing on New York State's Economy* (May 2012). http://nysafah.org/cmsBuilder/uploads/HR&A-Economic-Impact-Report_002.pdf

