

1 BEFORE THE NEW YORK STATE SENATE FINANCE  
AND ASSEMBLY WAYS AND MEANS COMMITTEES

2 -----

3 JOINT LEGISLATIVE HEARING

4 In the Matter of the  
2016-2017 EXECUTIVE BUDGET  
5 ON HOUSING

6 -----

7 Hearing Room B  
Legislative Office Building  
8 Albany, New York

9 February 1, 2016  
10 10:07 a.m.

11 PRESIDING:

12 Senator Catharine M. Young  
Chair, Senate Finance Committee

13 Assemblyman Herman D. Farrell, Jr.  
14 Chair, Assembly Ways & Means Committee

15 PRESENT:

16 Senator Liz Krueger  
Senate Finance Committee (RM)

17 Assemblyman Robert C. Oaks  
18 Assembly Ways & Means Committee (RM)

19 Assemblyman Keith L.T. Wright  
Chair, Assembly Housing Committee

20 Senator Elizabeth O'C. Little  
21 Chair, Senate Committee on Housing

22 Assemblyman Victor Pichardo

23 Senator Diane Savino

24 Assemblyman Felix Ortiz

1 2016-2017 Executive Budget  
Housing  
2 2-1-16

3 PRESENT: (Continued)

4 Assemblyman Michael J. Fitzpatrick

5 Assemblywoman Rebecca A. Seawright

6 Assemblyman Michael J. Cusick

7 Senator John Bonacic

8 Assemblyman Walter T. Mosley

9 Senator Adriano Espaillat

10 Assemblyman Jeffrion L. Aubry

11 Assemblywoman Rodneyse Bichotte

12 Assemblywoman Latrice M. Walker

13 Senator Leroy Comrie

14 Assemblywoman Jo Anne Simon

15 Senator Brad Hoylman

16 Assemblyman David Weprin

17 Senator James Sanders Jr.

18 Assemblyman William Colton

19 Senator Gustavo Rivera

20 Assemblyman Erik Martin Dilan

21 Senator Simcha Felder

22 Assemblyman Guillermo Linares

23 Senator Phil M. Boyle

24 Senator Bill Perkins

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3 PRESENT: (Continued)

4 Assemblyman Joseph S. Saladino

5 Senator Velmanette Montgomery

6

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1                   CHAIRMAN FARRELL: Good morning. Oh,  
2 boy, Monday morning.

3                   Today we begin the sixth in a series  
4 of hearings conducted by the joint fiscal  
5 committees of the Legislature regarding the  
6 Governor's proposed budget for the fiscal  
7 year 2016-2017. The hearings are conducted  
8 pursuant to Article 7, Section 3 of the  
9 Constitution, and Article 2, Sections 31 and  
10 32A of the Legislative law.

11                   Today the Assembly Ways and Means  
12 Committee and the Senate Finance Committee  
13 will hear testimony concerning the budget  
14 proposal for housing.

15                   And I have joined with me Assemblyman  
16 Keith Wright, Assemblywoman Bichotte,  
17 Assemblyman Cusick, Assemblyman Dilan,  
18 Assemblyman Mosley, Assemblywoman Seawright,  
19 Assemblyman Pichardo, and myself.

20                   And Assemblyman Oaks will tell us his  
21 people.

22                   ASSEMBLYMAN OAKS: Yes, actually we've  
23 been joined by the ranker, Assemblyman  
24 Fitzpatrick.

1                   CHAIRMAN FARRELL: And Assemblyman

2                   Jeff Aubry is also with us.

3                   And Senator Young, would you give us  
4                   your folks?

5                   SENATOR YOUNG: Thank you,  
6                   Assemblyman.

7                   And good morning. I'm Senator  
8                   Catharine Young, chair of the Senate Finance  
9                   Committee. And we're joined today by Senator  
10                  Betty Little, chair of the Housing,  
11                  Construction and Community Development  
12                  Committee; also Senator Diane Savino, Senator  
13                  John Bonacic, Senator Leroy Comrie and, last  
14                  but not least, Senator Liz Krueger.

15                  CHAIRMAN FARRELL: Before introducing  
16                  the first witness, I would like to remind all  
17                  of our witnesses testifying today to keep  
18                  your statements within your allotted time so  
19                  that everyone can be afforded the opportunity  
20                  to speak.

21                  The first witness is New York State  
22                  Homes and Community Renewal Commissioner  
23                  James Rubin.

24                  Good morning.

1                   COMMISSIONER RUBIN: Good morning,  
2                   sir.

3                   Let me say, before I start, first,  
4                   thank you for having me. And I promise you  
5                   this is not a bid for sympathy; I have some  
6                   modest back problems, so if you see me  
7                   shifting during testimony, that is not a  
8                   reflection on my general personality, that  
9                   is simply a fact.

10                  CHAIRMAN FARRELL: It doesn't mean  
11                  you're getting ready to run.

12                  (Laughter.)

13                  COMMISSIONER RUBIN: There you go.  
14                  Feel free to lock the doors.

15                  (Laughter.)

16                  COMMISSIONER RUBIN: Good morning  
17                  Chairpersons Young, Farrell, Wright, Little,  
18                  and distinguished members of the Legislature.  
19                  It is a pleasure to testify before you on the  
20                  housing portion of Governor Andrew M. Cuomo's  
21                  Executive Budget proposal for state fiscal  
22                  year 2016-2017.

23                  This budget continues the Governor's  
24                  commitment to fiscal discipline and strategic

1 investment. It is the latest example of his  
2 work to restore New York to its traditional  
3 place of leadership among the states. With  
4 your help, we have passed budgets on time,  
5 lowered taxes and unemployment rates, and  
6 launched an extraordinary range of  
7 infrastructure projects in every corner of  
8 the state, as well as programs that tackle  
9 the greatest challenges that we have.

10 The Governor's 2016-2017 Executive  
11 Budget and the speech he delivered two weeks  
12 ago made clear his conviction that housing is  
13 a cornerstone of his agenda. With 30 years  
14 of leadership in this field -- in the  
15 nonprofit sector and serving as HUD  
16 Secretary -- the Governor knows that housing  
17 is essential to a brighter future for  
18 New Yorkers and that, like good roads and  
19 bridges and a solid education, assuring that  
20 people have quality homes they can afford  
21 makes life better, communities stronger, and  
22 opportunities greater for everyone.

23 As you may know, I've been  
24 commissioner of HCR for seven months now. In



1           that short time, I have had the opportunity  
2           to travel the state -- often with many of  
3           you -- where I've seen incredible work being  
4           done to increase access to housing and build  
5           vibrant, livable communities. With your  
6           help, we have built or preserved more than  
7           40,000 affordable units since Governor Cuomo  
8           took office. In fact, HCR, I'm proud to say,  
9           set agency records in each of the last two  
10          years, financing almost 10,000 affordable  
11          units in 2015, and over 9,000 the year before  
12          that.

13                         And we have made great progress on the  
14          Governor's \$1 billion House NY initiative,  
15          which is making long-overdue repairs and  
16          upgrades to Mitchell-Lama housing throughout  
17          the state, keeping this crucial stock of  
18          middle-income housing safe and affordable for  
19          another 40 years.

20                         Accomplishments like these are about  
21          much more than bricks and mortar, of course.  
22          They're about providing safe, sustainable,  
23          quality homes that people can afford.  
24          They're about making a brighter future

1 possible for families, individuals, the  
2 homeless, and people with special needs  
3 across the state.

4 But despite our significant  
5 achievements, there is an ever-growing demand  
6 for housing that ordinary New Yorkers can  
7 afford to rent or buy. And for the most  
8 vulnerable among us, the search for a home  
9 often ends in a shelter or on the street.  
10 That's why the Governor now proposes an  
11 unprecedented \$20 billion investment in  
12 affordable housing and addressing  
13 homelessness.

14 First, under the comprehensive House  
15 NY 2020 plan, the Governor is committing  
16 \$10 billion to build or preserve over 100,000  
17 housing units over five years. This includes  
18 50,000 units of new construction and money to  
19 preserve 50,000 units that already exist but  
20 are in desperate need of rehabilitation and  
21 must also stay at rents that people can  
22 afford. The majority of units will be  
23 targeted to low- and very-low-income  
24 households. Our plan leverages successful

1 HCR programs to address the diverse housing  
2 needs across the state and to create new  
3 opportunities for low- and moderate-income  
4 households.

5 The Governor's budget also launches a  
6 \$10 billion multi-agency, multi-pronged  
7 attack on the human crisis of homelessness  
8 that is evident across the state. Each night  
9 in New York, more than 75,000 people sleep in  
10 homeless shelters, and more than 4,000  
11 homeless people sleep on the street. This is  
12 a crisis that affects families, individuals,  
13 and children of all ages, and no area of the  
14 state is immune.

15 The Governor proposes a historic  
16 commitment to expand the supply of affordable  
17 housing with critical support services by  
18 20,000 units -- including 6,000 in the next  
19 five years. This commitment is fully backed  
20 by \$2.6 billion reflected in this year's  
21 state budget. In addition, the state will  
22 spend \$7.8 billion for other homeless housing  
23 and services.

24 Supportive housing is essential for

1 helping the homeless and people with special  
2 needs live independent, productive lives as  
3 part of their communities. Governor Cuomo is  
4 committed to investing in quality supportive  
5 housing, and over the past four years HCR has  
6 actively worked with other agencies to  
7 increase the supply of supportive housing.  
8 Since the Governor introduced the Medicaid  
9 Redesign Team, for example, HCR has closed on  
10 15 multi-family projects that include almost  
11 800 supportive units, using those MRT  
12 dollars.

13 In closing, the Governor's 30-plus  
14 years of housing experience and commitment to  
15 meeting the needs of the state has positioned  
16 New York as a national leader in the field of  
17 affordable housing. This Executive Budget  
18 builds on our accomplishments, propels us  
19 forward, and ensures our commitment to  
20 affordable housing results in real  
21 opportunities for New Yorkers.

22 I'd like to thank you for your  
23 partnership in our successes thus far. I  
24 look forward to working with you to take the

1 next step on this journey, and I'm happy and  
2 available to answer your questions.

3 Thank you very much.

4 CHAIRMAN FARRELL: Thank you very  
5 much.

6 First to question, Assemblyman Keith  
7 Wright, chair of the Housing Committee.

8 ASSEMBLYMAN WRIGHT: Good morning,  
9 Commissioner.

10 COMMISSIONER RUBIN: Good morning,  
11 sir.

12 ASSEMBLYMAN WRIGHT: It's good to have  
13 you. A lot of us that have been grappling  
14 with housing issues are very excited about  
15 there being some money to play with regarding  
16 housing.

17 The Governor has proposed \$20 billion  
18 over five years. Can you walk us through the  
19 funding sources for that 20 billion?

20 COMMISSIONER RUBIN: Thank you for the  
21 question, Mr. Wright.

22 So I think our staff has started to  
23 meet -- my understanding is the staff and the  
24 Division of Budget has started to meet with

1 the legislative staff to brief them on the  
2 sources of the funding. So rather than get  
3 too far into the detail right now, what I  
4 would say is the budget absolutely contains a  
5 substantial amount of new capital funding for  
6 the next -- in this year's budget, but  
7 adequate for funding much of our plan for the  
8 next five years. And then in the five-year  
9 capital plan is the rest of the capital  
10 funding needed to meet our 100,000 unit  
11 commitment.

12 ASSEMBLYMAN WRIGHT: You're calling  
13 for construction of about 50,000 new  
14 affordable units and 6,000 supportive housing  
15 units -- an aggressive construction timeline.  
16 Is that truly, truly feasible?

17 COMMISSIONER RUBIN: It's absolutely  
18 feasible, sir. And it's really the missing  
19 piece -- the agency has done extraordinary  
20 work, as I mentioned in my opening testimony,  
21 just in the last few years to show that they  
22 can meet any goal that's set in front of  
23 them. What they needed really was more  
24 capital for the existing programs, and that's

1           what this budget provides.

2                   ASSEMBLYMAN WRIGHT:  The new units,  
3           will they be green -- everything is building  
4           green right now, for conserving energy and  
5           such.  Will that be a part of the  
6           construction of the new units?

7                   COMMISSIONER RUBIN:  Absolutely, sir.  
8           The agency has taken a number of steps in the  
9           last few years to incorporate green standards  
10          and other sustainable measures into all of  
11          our requirements, and we'll do so going  
12          forward.

13                   ASSEMBLYMAN WRIGHT:  I don't want to  
14          take too long, because housing is an issue  
15          that everyone seems to be an expert on, and  
16          certainly there are nothing but experts here.

17                   But last year, in last year's budget  
18          process -- well, let me just say this.  Our  
19          New York City public housing authorities have  
20          been neglected over the years by not only the  
21          federal government but the state government  
22          and also the city government.  And this is  
23          some of the best housing stock in the City of  
24          New York.  And the state budget, and

1 specifically the Legislature, specifically  
2 the Assembly in particular, came up with a  
3 historic, absolutely historic allotment of  
4 capital somewhere around \$100 million, which  
5 had never been done. It's something that I  
6 think we all up here should be proud of. And  
7 we were able to give that money to the  
8 New York City Public Housing Authority.

9 What is the status of that money from  
10 last year's budget?

11 COMMISSIONER RUBIN: So you're exactly  
12 right, Mr. Assemblyman. The commitment of  
13 \$100 million from last year's budget was  
14 historic. Much needed. As you say, NYCHA  
15 needs money.

16 I believe we announced -- or it was  
17 announced by the Governor back a couple of  
18 months ago that the first \$40 million of that  
19 \$100 million had been allocated to a number  
20 of critical security projects that were  
21 listed out at the time. And I know that work  
22 is underway on those projects between NYCHA  
23 and the state agency that's overseeing the  
24 work, DASNY.



1           I believe that the full capital  
2           plan -- it's called the NYCHA Capital  
3           Revitalization Plan -- is under review by the  
4           Department of Budget and should be completed  
5           very soon, at which time they'll provide it  
6           to your legislative staff.

7           ASSEMBLYMAN WRIGHT: So you're saying  
8           \$40 million of the \$100 million has been  
9           allocated?

10          COMMISSIONER RUBIN: That's correct.

11          ASSEMBLYMAN WRIGHT: And that's  
12          specifically for security cameras and such?

13          COMMISSIONER RUBIN: Correct. Cameras  
14          and other security measures.

15          ASSEMBLYMAN WRIGHT: Okay. And what  
16          about the next \$60 million? And how and when  
17          do you perceive that those monies would be  
18          allocated to the New York City Housing  
19          Authority?

20          COMMISSIONER RUBIN: My understanding,  
21          sir, is that the capital revitalization plan  
22          actually contains the entire 100, but the  
23          remaining 60, which is the part you're asking  
24          about, is under review at the Department of

1 Budget, and its release is imminent.

2 ASSEMBLYMAN WRIGHT: Do you know about  
3 how long that would take, that review  
4 process?

5 COMMISSIONER RUBIN: I don't, sir.

6 ASSEMBLYMAN WRIGHT: Well, and the  
7 reason I'm asking is that folks from the  
8 New York City Public Housing Authority have  
9 stated, No, we haven't gotten any money and  
10 such, so I just -- and of course we are all  
11 committed to the bottom line of trying to  
12 make sure that the folks from the New York  
13 City Public Housing Authority don't get  
14 caught up in bureaucratic delays and such,  
15 because they certainly, certainly, certainly  
16 need the money and we have to get that money  
17 out the door.

18 So I think that's good. I mean, I  
19 think the security cameras and such, security  
20 for public housing is essential. And  
21 hopefully we'll be keeping an eye on that,  
22 making sure we can get that other \$60 million  
23 out of the door.

24 Mitchell-Lama. You talked about

1 Mitchell-Lamas in your testimony. Could you  
2 expand on how we're helping to keep that  
3 great program alive?

4 COMMISSIONER RUBIN: Absolutely. It  
5 is a great program, as you say. It's one of  
6 the really historic contributions to  
7 middle-income and affordable housing that the  
8 state has made over the years. And I suspect  
9 that there's nobody on the panel in front of  
10 me that doesn't have at least one  
11 Mitchell-Lama development in their district.  
12 I know I had the opportunity to talk to  
13 Senator Little about hers last week.

14 The Governor is fully committed to  
15 restoring the Mitchell-Lama properties that  
16 are out there to a state of good repair.  
17 Because of the nature of the program, many of  
18 them over the years have sustained  
19 substantial deferred maintenance. His  
20 billion-dollar House NY plan that I mentioned  
21 in my testimony was, for the most part, a  
22 several-hundred-million-dollar commitment on  
23 the Governor's part to bring the  
24 Mitchell-Lama portfolio back into repair and

1 at the same time strike agreements with those  
2 buildings, where possible, to keep them  
3 affordable at the same level for the next  
4 40 years. And we are, I think, more than  
5 happy --

6 ASSEMBLYMAN WRIGHT: For the next how  
7 many years? I'm sorry.

8 COMMISSIONER RUBIN: Forty.

9 ASSEMBLYMAN WRIGHT: Forty?

10 COMMISSIONER RUBIN: Yeah, wherever  
11 possible. And we are -- the agency is more  
12 than halfway towards its goal that the  
13 Governor set with that. So the entire  
14 portfolio that we are responsible for, we're  
15 about halfway towards bringing it up to  
16 speed.

17 ASSEMBLYMAN WRIGHT: The chairman of  
18 this committee, the gentleman who gave the  
19 opening remarks, his district office is  
20 located in one of our premier Mitchell-Lamas,  
21 and I'm sure that he would like to stay there  
22 for the next 40 years as well.

23 (Laughter.)

24 COMMISSIONER RUBIN: I'll make a note

1 of that, sir.

2 ASSEMBLYMAN WRIGHT: One last  
3 question, Commissioner. The TPU, I know that  
4 there's been some success in terms of the  
5 Tenant Protection Unit and that it was fully  
6 funded last year to the extent of about  
7 \$5.1 million. And you're talking about its  
8 being fully funded this year, but it seems  
9 the money has gone down, maybe to 4.7 or 8, I  
10 think.

11 Is there any talk about expanding the  
12 TPU? Because it really seems to have met  
13 with some success and I think it's helped a  
14 lot of tenants.

15 COMMISSIONER RUBIN: Assemblyman, I  
16 share your pride in the work that the TPU has  
17 done. It was one of the early contributions  
18 that the Governor made to the field of tenant  
19 protection when he formed it several years  
20 ago.

21 As you know, the TPU is a proactive  
22 investigative arm of the Office of Rent  
23 Administration, and it's funded every year as  
24 part of the ORA budget. And the same is true

1           this year.

2                     They've been able to score some  
3           extraordinary successes in bringing back  
4           online, for example, tens of thousands of  
5           units that should have registered as rent  
6           stabilized with the ORA and had, for one  
7           reason or another, left the rolls. They've  
8           also -- working with the members of the joint  
9           task force, the Attorney General's office and  
10          City HPD -- managed to bring some  
11          groundbreaking actions against landlords who  
12          are illegally harassing tenants, and we  
13          expect that the same work -- with the funding  
14          that is in the budget, the same work will be  
15          able to go forward the next year and year  
16          after that.

17                    ASSEMBLYMAN WRIGHT: Thank you. One  
18          last question. In 2015-2016, we appropriated  
19          \$439 million from the JP Morgan Chase  
20          settlement to various housing programs, and I  
21          believe only \$20 million of that has been  
22          spent. Why is it moving so slowly?

23                    COMMISSIONER RUBIN: Assemblyman, your  
24          numbers are right, about \$439 million from

1 the JP Morgan settlement funds. About half  
2 of that actually was allocated to our agency.  
3 It was all, entirely -- my understanding is  
4 the entirety was for housing purposes, but  
5 not all of it was for housing work that's  
6 done by our agency. We share with other  
7 agencies some of the responsibility.

8 Of the money within our agency,  
9 \$100 million of it is the NYCHA money that we  
10 just discussed, so some of that is on its  
11 way. And then the remainder is actually well  
12 on its way out the door. It was -- just as  
13 sort of a procedural matter, it was  
14 appropriated in last year's budget, so call  
15 it April 1st of last year, and from there  
16 went out through a number of RFPs, our usual  
17 capital allocation process. So that the  
18 public had the opportunity to apply for the  
19 money through the various programs that it  
20 was spread through.

21 Those applications are back in. My  
22 understanding is the awards have been made  
23 and contracts are just being signed. So it's  
24 actually on pace with our usual capital

1 process, and the money is moving out the  
2 door. It's just it's been -- you know, it's  
3 gone through our usual process.

4 ASSEMBLYMAN WRIGHT: Thank you,  
5 Mr. Chair.

6 CHAIRMAN FARRELL: Thank you very  
7 much.

8 We've been joined by Assemblyman Ortiz  
9 and Assemblywoman Walker.

10 Senator?

11 SENATOR YOUNG: Thank you very much.

12 And first I'd like to announce that  
13 we've been joined by Senator Adriano  
14 Espaillat, who is the ranking member on  
15 Housing. Also we've been joined by Senator  
16 Brad Hoylman, Senator James Sanders, and  
17 Senator Gustavo Rivera.

18 So good morning.

19 COMMISSIONER RUBIN: Good morning,  
20 ma'am.

21 CHAIRWOMAN YOUNG: It's so great to  
22 have you here today. I think I suspect why  
23 your back hurts, because I know you have --  
24 as you pointed out in your testimony, that



1           you have been traveling the entire state.

2                       And so I wanted to take this  
3           opportunity right now to publicly thank you  
4           for coming all the way out to Livingston and  
5           Allegany Counties. They're still buzzing in  
6           Mount Morris. And as you know, we've been  
7           able to transform the downtown of that  
8           community, and I'm glad that you were able to  
9           see that transformation firsthand.

10                      And I want to thank you because I know  
11           that you understand how incredibly important  
12           housing is -- not just for quality-of-life  
13           issues in New York State, but also how  
14           important it is to our economic growth and  
15           revitalizing neighborhoods and communities.  
16           So thank you for that.

17                      And I hope your back feels better  
18           soon.

19                      COMMISSIONER RUBIN: Thank you,  
20           Senator. Next time I'll probably use a car  
21           instead of walking. I think we'll probably  
22           do better.

23                      (Laughter.)

24                      CHAIRWOMAN YOUNG: Yes, exactly.

1                   COMMISSIONER RUBIN: You have a big  
2                   district.

3                   SENATOR YOUNG: I do want to point out  
4                   you've only been to two of my four counties,  
5                   so we need to get you out to Chautauqua,  
6                   Cattaraugus. And as you know, there's 4,100  
7                   square miles in my district, so I would love  
8                   to have you see all of my communities. I  
9                   don't think that's possible, though, because  
10                  you'll end up in the hospital.

11                  (Laughter.)

12                  COMMISSIONER RUBIN: I have no spring  
13                  break plans.

14                  CHAIRWOMAN YOUNG: So at this time,  
15                  though, I'd like to defer -- and I'll have  
16                  some questions in just a moment -- but I want  
17                  to defer to my colleague Senator Betty  
18                  Little, who's chair of the Housing Committee,  
19                  for some questions.

20                  SENATOR LITTLE: Thank you.

21                  Thanks for being here. And on that  
22                  follow-up from Senator Young, I have six  
23                  counties you can visit. So we'll keep you  
24                  busy, that's for sure.

1                   Certainly I appreciate the Governor's  
2 realization and work on the housing  
3 infrastructure. It's just as important as  
4 roads and bridges are throughout the state.  
5 And as you talked about the House NY program,  
6 I'm sure there are many housing programs and  
7 you've developed already some units.

8                   But I would like to ask, first of all,  
9 how do you expect to be able to spread the  
10 units geographically throughout the state?  
11 And is there an expectation that there would  
12 be a local share in any part of this plan?  
13 And also, are they all-low income, or is  
14 there going to be some mixed-income modeled  
15 in with them?

16                   COMMISSIONER RUBIN: Thank you for  
17 your questions, Senator, I just want to make  
18 sure that I don't -- I think it was three  
19 questions. I want to make sure that I don't  
20 miss any of them. Perhaps in reverse order.

21                   In terms of mixed-income, we are -- we  
22 do focus our work predominantly, as I  
23 mentioned in my opening testimony, on meeting  
24 the affordability needs of low- and

1 very-low-income New Yorkers. But the  
2 mixed-income -- and it's a more recent  
3 addition to our arsenal of programs, but  
4 mixed-income programs have proven to be  
5 extraordinarily popular. They make other  
6 housing -- they help stretch our dollars  
7 farther. They enable us to leverage the  
8 money that you all make available to us  
9 further, through mixed-income development.  
10 And we are absolutely going to continue that  
11 work all throughout the state.

12 To that point, in terms of geographic  
13 diversity, as you know, our agency has a  
14 statewide mandate -- Senator Young sort of  
15 referred to that -- and much of the work that  
16 we have done over the past several years,  
17 even in our record-breaking years, has been  
18 outside of New York City and often, as I  
19 said, in your district or the districts of,  
20 you know, many of your colleagues.

21 We're absolutely committed to  
22 continuing geographic diversity. I  
23 anticipate that of the 100,000 units that I  
24 referred to, about half should be outside of

1 New York City, about half will be inside of  
2 New York City, which is a roughly even split.  
3 And I'm going to be keeping a very close eye  
4 on that.

5 As far as local share, I can't say  
6 that right now as I sit here that I know of  
7 any programs that have a specific local  
8 share, but I'd have to defer and we can come  
9 back to you with some answers on that.

10 SENATOR LITTLE: Okay, thank you. Do  
11 you think the stall in the 421-a program will  
12 affect your ability to achieve this goal of  
13 the 100,000 units?

14 COMMISSIONER RUBIN: The 421-a?

15 SENATOR LITTLE: Yes.

16 COMMISSIONER RUBIN: 421-a -- it's a  
17 good question. 421-a has been an important  
18 piece of the affordable housing development  
19 picture in New York City for, you know, going  
20 on 40 years. That's not what its origin was,  
21 but that's what it's turned into. And  
22 obviously having it makes it easier.

23 But the fact is there's been a  
24 tremendous -- we've done a tremendous amount

1 of work inside New York City without 421-a.  
2 The city with its own two very strong housing  
3 agencies, HPD and HDC, are able to get plenty  
4 of their work done with a raft of other tax  
5 abatement programs as well as the capital  
6 that the mayor makes available to them and  
7 that the state makes available to them  
8 through the volume cap and so forth.

9 In the last legislative session, the  
10 structure that was set up was that the two  
11 sides, labor and the real estate community,  
12 were asked to sit down and try to come to  
13 some agreement. My understanding is the same  
14 as yours; I assume they were unable to come  
15 to that agreement and 421-a has expired as a  
16 result.

17 But I fully anticipate that we'll be  
18 able to meet all of our goals with or without  
19 421-a.

20 SENATOR LITTLE: Good. It was  
21 mentioned earlier the Mortgage Insurance  
22 Fund, we're taking another \$25 million, going  
23 up to \$150 million. Do you know what the  
24 excess reserves are there and how that has

1 any effect by taking more out of it?

2 COMMISSIONER RUBIN: So the Mortgage  
3 Insurance Fund, as you know, is really one of  
4 the gems of HCR's portfolio. It enables us  
5 to do an immense amount of work beyond the  
6 capital that we appropriated every year.  
7 Every year the Mortgage Insurance Fund has a  
8 certain amount of excess reserve that is  
9 typically allocated, as you're referring to,  
10 to other housing needs.

11 The critical thing to understand about  
12 the Mortgage Insurance Fund is that its  
13 credit rating always has to stay very, very  
14 strong or it loses the ability to do all of  
15 this good work. It has a very strong credit  
16 rating, it's got an extraordinarily strong  
17 fiscal management. And I think the amount of  
18 money that you see coming out of it this  
19 year, as in past years, is about the outer  
20 edge of where we want to go.

21 SENATOR LITTLE: Okay, thank you.

22 It was mentioned before, the  
23 Mitchell-Lama projects. And when I first  
24 came to the Legislature -- it's over 20 years

1           ago -- I had no idea what a Mitchell-Lama  
2           project was. But I'm really excited now that  
3           I have one in Malone, very close to the  
4           Canadian border, 185 apartments being  
5           restored and rehabilitated and everything  
6           else.

7                         So I'd love to see, for our Senate  
8           Housing Committee, a list of projects and  
9           their locations so that we could look at how  
10          we could get more of them around the state,  
11          as well as some of the reasons why some get  
12          denied. That's hard to -- you know, I'd love  
13          to understand that better, why there are some  
14          projects. So that's not really a question.

15                        COMMISSIONER RUBIN: That's fine. My  
16          staff will work with yours to do that,  
17          absolutely.

18                        SENATOR LITTLE: Good. Thank you very  
19          much.

20                        And on the New York State Affordable  
21          Homeownership Development Program, we see  
22          that for the fiscal year 2017 there is a  
23          reduction. And then we look at the  
24          Low-Income Housing Trust Fund, and we see



1           that there's an increase. So the affordable  
2           homeownership for '16 was \$29 million, and  
3           for next year it goes down to \$26 million,  
4           whereas the low-income was 47.7 million and  
5           goes up to 54.2 million in the Governor's  
6           plan.

7                        I just would ask, is there lower  
8           demand for affordable homeownership? And why  
9           there is a disparity in both of these funds,  
10          which at one time, I understand, were the  
11          same financial commitment.

12                       COMMISSIONER RUBIN: Senator, I'm  
13          going to defer the specifics of those  
14          individual line items to a discussion between  
15          our staff and yours, if that's okay.

16                       But I will say that it really is -- I  
17          think it's less about a disparity than it is  
18          about perhaps usage in one particular year.  
19          And then, you know, the budget staff and our  
20          staff use that as a bellwether to determine  
21          the amount of capital that should be applied  
22          to those programs for the next year.

23                       But then of course with the new  
24          capital allocation of the \$1.9 billion in new

1 capital for affordable housing, we will have  
2 a certain amount of latitude to spread that  
3 into programs as projects come to us that are  
4 in need of capital, some of which would  
5 otherwise fit under the programs you just  
6 mentioned. So we've got a tremendous amount  
7 of flexibility at the agency.

8 SENATOR LITTLE: Okay. Well, thank  
9 you. And I do have more questions. I'll  
10 come back later. Thank you very much.

11 CHAIRWOMAN YOUNG: Thank you, Senator.

12 CHAIRMAN FARRELL: Thank you.

13 We've been joined by Assemblyman  
14 Weprin.

15 Next to question, Assemblyman  
16 Fitzpatrick.

17 ASSEMBLYMAN FITZPATRICK: Thank you,  
18 Mr. Rubin, for being here.

19 A quick question on the Mortgage  
20 Insurance Fund. How large is the fund?  
21 You're taking out 153 or so million; how  
22 large is it in totality?

23 COMMISSIONER RUBIN: So,  
24 Mr. Fitzpatrick, I'll have to come back to

1           you with exact numbers. It's in the  
2           billions.

3                   ASSEMBLYMAN FITZPATRICK: The  
4           billions?

5                   COMMISSIONER RUBIN: Yup.

6                   ASSEMBLYMAN FITZPATRICK: Okay. So  
7           how much -- at what point -- how much can you  
8           take out before the credit rating is possibly  
9           affected?

10                   COMMISSIONER RUBIN: Sure. So again,  
11           keeping in mind that I'm a relatively new  
12           arrival to the agency -- my background is  
13           finance, but it's not in mortgage finance, I  
14           think I'm pleased to say. The money -- we  
15           should be clear, the money that comes out  
16           from the Mortgage Insurance Fund, or the MIF,  
17           every year is typically from this excess  
18           reserve, typically from the excess reserve  
19           pool. What that means effectively is there's  
20           a baseline below which, and it's in the  
21           multi-billions, into the corpus of the fund  
22           that we don't want to touch.

23                   It's only when the fund has a year  
24           where it produces income beyond that which is

1           needed to reserve for projects, and prudently  
2           reserve for projects. So this year it was --  
3           you know, it's whatever it is, \$50 million or  
4           more. In recent years it's been something  
5           like that.

6                     If you have a down year, we simply  
7           don't -- we simply don't put money out of it.

8                     ASSEMBLYMAN FITZPATRICK: Okay. Thank  
9           you.

10                    COMMISSIONER RUBIN: Thank you, sir.

11                    CHAIRMAN FARRELL: Senator?

12                    Oh, we've been joined by Assemblyman  
13           Colton.

14                    SENATOR YOUNG: Thank you.

15                    Our next speaker is Senator Adriano  
16           Espaillat.

17                    SENATOR ESPAILLAT: Good morning,  
18           Commissioner.

19                    COMMISSIONER RUBIN: Good morning,  
20           Senator.

21                    SENATOR ESPAILLAT: Thank you --  
22           first, let me thank you for coming out to my  
23           district. As you know, I represent the  
24           district with the highest number of

1           rent-stabilized units and also a district  
2           that in the last census saw the sharpest  
3           exodus of residents, second only to Buffalo,  
4           New York. So housing is a critical issue.

5                     I also want to thank Richard White,  
6           the head of the Tenant Protection Unit, for  
7           the fine work that he's done recuperating  
8           units, rent-stabilized units that we had  
9           illegally lost. And he's done a great job,  
10          and I think we're looking to do even better  
11          as we move forward. So I want to take the  
12          time to also congratulate him.

13                    As you know, the Governor announced a  
14          \$20 billion allocation for housing, 10 of  
15          which will go for affordable housing,  
16          creating 50,000 new units and preserving  
17          another 50, and the rest of the funding to  
18          address the homelessness issue: 6,000  
19          supportive beds and 1,000 shelter beds.

20                    What is the timeline for building the  
21          affordable units? And how many projects do  
22          you expect to begin this fiscal year?

23                    COMMISSIONER RUBIN: Senator, thank  
24          you for the question.

1                   Before I answer, I just wanted to make  
2                   a point that every time you thank Richard  
3                   White publicly, I have to give him a bigger  
4                   office.

5                   (Laughter.)

6                   SENATOR ESPAILLAT: That's good.

7                   COMMISSIONER RUBIN: And we're running  
8                   out of offices of that kind of size. So I'll  
9                   have to ask you to hold off.

10                  SENATOR ESPAILLAT: If he keeps it up,  
11                  he'll have the corner office.

12                  COMMISSIONER RUBIN: What makes you  
13                  think he doesn't have the corner office?

14                  (Laughter.)

15                  COMMISSIONER RUBIN: Senator, it's a  
16                  great question. I appreciate it. Our  
17                  timeline -- so there's two pieces of the  
18                  housing plan, as you rightly said. There's  
19                  the 50,000 affordable housing units over five  
20                  years, fully funded, and there's 50,000 --  
21                  50,000 new construction and 50,000  
22                  preservation. And then there's an additional  
23                  6,000 of supportive housing units.

24                  The five years of full funding is what

1           we expect to need to build out those --  
2           those -- to meet those goals. Whether we  
3           start, you know -- as you know, the timeline,  
4           as you well know, the timeline for  
5           construction of a new, a newly constructed  
6           housing project, is somewhat unpredictable,  
7           particularly if you're talking about New York  
8           City, where you have -- but true all over the  
9           state. So I expect that you'll see different  
10          timelines for different kinds of projects.

11                         But we also built in a substantial  
12          expectation of preservation into our plan,  
13          because much -- as we talked about  
14          Mitchell-Lama, it was a perfect example.  
15          Much of the work, the good work that we can  
16          do is just preserve existing housing. And  
17          that has a much shorter timeline.

18                         SENATOR ESPAILLAT: And how will you  
19          select these sites? Is there a framework or  
20          a strategy for selecting where these units  
21          will be built? You know, which boroughs,  
22          what neighborhoods. Is there any formula or  
23          any strategy that you've developed to make  
24          these selections?

1                   COMMISSIONER RUBIN: I would say a  
2 couple of things, Senator.

3                   First of all, part of the way that the  
4 agency works is we are -- we let the market  
5 decide what should be built. We have, as I  
6 said, a statewide mandate. We need to make  
7 sure strategically that we're allocating our  
8 resources statewide in an appropriate way,  
9 according to principles of parity and  
10 fairness and so forth, matching the need, the  
11 local need.

12                   And there is, as we've talked about, a  
13 deep need for affordable housing at all  
14 levels, as well as housing for the homeless  
15 and people with special needs all across the  
16 state. So we keep a very careful eye to make  
17 sure that we're allocating our resources in  
18 that way.

19                   Beneath that, when you're talking  
20 about down to the individual block or project  
21 level, again, we work closely with our local  
22 partners in the development community --  
23 for-profit, not-for-profit, local elected  
24 officials such as yourselves -- to understand



1           where there are available sites. And where  
2           projects that exist need work, we have  
3           regular capital cycles where we make our  
4           capital -- make it known to the public that  
5           our capital is available, and then we take  
6           applications.

7                     It's a very, very transparent process,  
8           but one in which we work closely with all of  
9           our local partners.

10                    SENATOR ESPAILLAT: And budget-wise, I  
11           know that the 20 billion will be spread out  
12           throughout a period of time. How much are  
13           you expecting to allocate, let's say, this  
14           year and the following year? The 20 billion  
15           dollars that were proposed by Governor Cuomo  
16           for the affordable housing, particularly the  
17           new affordable housing, the 10 billion for  
18           the new affordable housing and the  
19           preservation, how are you going to roll that  
20           out in terms of time? This year, next year?

21                    COMMISSIONER RUBIN: Sure. I think on  
22           a relatively smooth time scale. I don't  
23           think you're going to see much lumpiness once  
24           the program really gets going, particularly

1           on the new construction side. I think once  
2           we make our first -- you know, assuming the  
3           budget passes on time, which obviously it  
4           will, we will move quickly to make our first  
5           large batches of capital through all of our  
6           usual programs available, and then you'll see  
7           a smooth rollout over the next five years.

8                         SENATOR ESPAILLAT: Last week Mayor de  
9           Blasio was here and, you know, we spoke about  
10          the mandatory inclusionary zoning and the  
11          criticism or the concern that that has gotten  
12          because of the average or median income  
13          levels. And there seems to be, for many  
14          years, great concerns as to what really is  
15          affordable housing.

16                        And so what is the guidelines that you  
17          have for average or median income for the  
18          affordable housing that you're proposing to  
19          build?

20                        COMMISSIONER RUBIN: Senator, we  
21          use -- and I suspect the city uses pretty  
22          much the same measures -- well-accepted  
23          guidelines that are publicly available to  
24          determine what we call low, very low, and

1 extremely low income. So that when I talk  
2 about we think about 85 percent of our  
3 100,000 units are going to be targeted to  
4 low, very low, and extremely low income  
5 residents in New York, it's the same -- we're  
6 talking about the same income bands as a  
7 percentage of area median income that I  
8 assume Mayor de Blasio and his folks are  
9 talking about.

10 That differs, obviously, from region  
11 to region, so area median income where you  
12 are is different, you know, from Senator  
13 Krueger is or from where Assemblyman Wright  
14 is or so forth.

15 But it's the percentages that really  
16 matter.

17 SENATOR ESPAILLAT: Okay, thank you.

18 What about the -- could you provide us  
19 with a breakdown on the spending for the --  
20 let's say for the \$439 million of the  
21 JP Morgan settlement funds for the 2015-2016  
22 budget cycle? Last year's settlement money.

23 COMMISSIONER RUBIN: Sure, Senator.

24 Absolutely. And we had the opportunity to

1 talk a little bit before with Assemblyman  
2 Wright as well, the -- you're exactly right,  
3 about \$439 million of JP Morgan settlement  
4 money was allocated to the state particularly  
5 for housing purposes. Although, as I said,  
6 our agency is the principal housing agency  
7 for the state, there are other agencies that  
8 do work in the housing field, and they were  
9 allocated or suballocated some of that money.

10 Our agency in particular has a little  
11 bit over \$200 million. The first  
12 \$100 million of that is for NYCHA. And we've  
13 I think spoken about the \$100 million, the  
14 unprecedented, as Mr. Wright said,  
15 \$100 million that you and your colleagues  
16 made available to NYCHA, of which about  
17 \$40 million has already been publicly  
18 targeted towards security purposes, and the  
19 other 58 or 60 million is about to be  
20 approved by the Department of Budget and then  
21 handed over to the Legislature for review.

22 The rest of that money is going  
23 through our ordinary capital allocation  
24 process. It's actually, I think, been

1           awarded. It's somewhere in the neighborhood  
2           of about \$100 million-plus. And which means  
3           that once those awards are announced, the  
4           money is moving out the door on schedule.  
5           That's the same as any other capital we have.

6                        SENATOR ESPAILLAT: Would there be any  
7           additional capital funding for NYCHA in this  
8           budget cycle? Because you have allocated  
9           \$6.4 million, but last year capital funds to  
10          the tune of \$100 million seemed to be very  
11          helpful. And NYCHA continues to need, on an  
12          ongoing basis, an infusion of capital dollars  
13          to keep a very deteriorating housing stock  
14          from really collapsing.

15                      Are you planning to have any  
16          additional capital dollars for NYCHA this  
17          cycle?

18                      COMMISSIONER RUBIN: Not in this  
19          cycle's budget, Senator, no.

20                      SENATOR ESPAILLAT: Okay, the TPU. I  
21          know that traditionally we've been having  
22          this sort of like fight to ensure that TPU  
23          has its own dedicated funding stream and its  
24          own individual unit, but it continues to be

1 funded through the Office of Rent  
2 Administration. And is there an increase  
3 there for TPU or -- and there's also a  
4 concern that the Office of Rent  
5 Administration has not gotten the funding  
6 that it should have to address the needs of  
7 tenants and landlords from across the city  
8 that need their services. The backlog, I  
9 know they're strapped for staffing. And so  
10 now if you connect TPU to that and it's all  
11 like fighting for same funding, I think both  
12 will be compromised.

13 Is there any way that we're going to  
14 get additional funding for the Office of Rent  
15 Administration? And what's the funding  
16 allocated for TPU this year?

17 COMMISSIONER RUBIN: So, Senator, as  
18 we've talked about, both in our meetings and  
19 in this hearing, the work that TPU does is a  
20 critical piece of the Governor's and the  
21 state's responsibility to protect tenants  
22 from illegal harassment.

23 The work of ORA, the Office of Rent  
24 Administration, is equally important. ORA,

1 as you know, is staffed by about 250  
2 extraordinarily hardworking civil servants  
3 whose responsibility is to oversee the  
4 900,000 rent-stabilized and rent-controlled  
5 units in the state -- most of them, as you  
6 know, in New York City, and I think more in  
7 your district than any other. They work  
8 incredibly hard, they work side by side.

9 TPU has a somewhat different role.  
10 It's a proactive investigative arm. We're  
11 happy to keep it funded. We're happy that it  
12 continues to be funded. And we're at the  
13 same time pleased that the Legislature and  
14 the Governor continue to see fit to fund ORA  
15 at levels that we think are adequate to do  
16 their good work.

17 CHAIRMAN FARRELL: Thank you, Senator.

18 SENATOR ESPAILLAT: Thank you. Thank  
19 you, Assemblyman.

20 CHAIRMAN FARRELL: Assemblywoman  
21 Bichotte.

22 ASSEMBLYWOMAN BICHOTTE: Thank you so  
23 much for being here. Appreciate you being  
24 here today to testify on housing.

1           I just had a few statements and  
2           comments and questions around the affordable  
3           housing proposal as well as the TPU and  
4           421-a tax abatement.

5           As you know, in New York City  
6           affordable housing and the weak rent laws  
7           that we have has been very problematic to  
8           New Yorkers, especially in my district --  
9           Flatbush, Brooklyn -- where, you know,  
10          thousands or even millions of New Yorkers are  
11          being pushed out illegally, priced out  
12          illegally out of their homes, which obviously  
13          impacts the rate of the homelessness that  
14          we're facing in New York City.

15          You know, last year many of us got  
16          arrested, we were shouting and yelling and  
17          really wanting to make everyone know that  
18          this is an issue that's near and dear to us  
19          and we have to fix it.

20          So with that said, you know, I hear  
21          that the Tenant Protection Unit is -- seems  
22          like it's being defunded or not funded as it  
23          was last year or previous years. And I'm  
24          very happy that it is in place and that it is



1 an investigative piece that helps us look at  
2 landlords who are illegally destabilizing or  
3 decontrolling these units.

4 I personally think that the \$5 million  
5 that was allocated last year was too little.  
6 Although there were a number of overturned  
7 units that were restabilized, the rate is so  
8 much more. And I'm hoping that you  
9 reconsider to put in place maybe 10 or 20, a  
10 two-digit million-dollar budget to address  
11 what's going in New York City. And that's  
12 why we have this issue of supportive housing  
13 that we need, and affordable housing.

14 But I do want to say that I'm very  
15 happy to see that there was a capital  
16 allocation for affordable housing throughout  
17 the State of New York with the Governor's  
18 proposal on the New York House 2020.

19 My question is in the City of New York  
20 there's been an aggressive goal as well as of  
21 200,000 units proposed by Mayor de Blasio. I  
22 would like to know how the Governor's plan of  
23 50,000 units of affordable housing throughout  
24 the state, and Mayor de Blasio's 200,000

1 units in New York City, how are they being  
2 integrated? Are they being integrated? Are  
3 they working together? Is it part of the  
4 same package?

5 COMMISSIONER RUBIN: Thank you for  
6 your question, Assemblywoman.

7 And although you're not specifically  
8 asking about TPU, I think it's appropriate  
9 that you brought TPU -- you prefaced your  
10 question about the development of more  
11 affordable housing with your comment about  
12 TPU and about the effects on your  
13 constituents of, you know, in some cases  
14 gentrification or of neighborhoods turning  
15 over. Because it's an extraordinarily  
16 complicated problem to deal with, and in many  
17 ways, while TPU is a part of our arsenal to  
18 try to combat illegal harassment, which is  
19 critical, in the end really the only solution  
20 is to continue to build and preserve new  
21 affordable housing. We have to keep the  
22 stock that we have safe and high-quality, and  
23 we have to build more and keep it affordable  
24 to all New Yorkers.

1                   That is -- that really is the  
2                   number-one goal of the Governor's plan.  
3                   That's why he put out an aggressive goal of  
4                   100,000 units over the next five years. And  
5                   most importantly, that's why it's fully  
6                   funded at the levels that we've talked about.

7                   As far as your question about working  
8                   with New York City, I am certainly well aware  
9                   of the mayor's own aggressive goals towards  
10                  development and preservation of affordable  
11                  housing. My counterparts at the city,  
12                  particularly at City HPD and at City HDC, are  
13                  friends of mine, our staffs are friends, have  
14                  worked together productively for years.  
15                  Although we now have a lot more capital to  
16                  invest than we have in the past, the fact is  
17                  our agency has developed thousands and  
18                  thousands of affordable units throughout the  
19                  city, alongside of the city agencies, with no  
20                  problem whatsoever. They're close  
21                  relationships, and nothing about that will  
22                  change going forward.

23                  ASSEMBLYWOMAN BICHOTTE: Okay, thank  
24                  you.

1                   Also one more question around the 421  
2                   tax abatement. You did mention that whether  
3                   it continues to be suspended or not, the  
4                   housing plan will continue. Is there another  
5                   proposed program that might be in place to  
6                   incentivize the developers to continue  
7                   building the affordable housing plan?

8                   COMMISSIONER RUBIN: Sure, it's a  
9                   great question. There's nothing that I'm  
10                  aware of; there's certainly nothing that's  
11                  been developed by our agency. I know that we  
12                  were all waiting eagerly to see whether the  
13                  parties could come to an agreement as last  
14                  year's legislation asked them to. They were  
15                  unable to do so. I think really at this  
16                  point we move forward with the programs and  
17                  the money that we have. The city has  
18                  available to it a number of other tax  
19                  abatements programs that they use expertly.  
20                  And I suspect that they will simply make more  
21                  use of those programs if there is no  
22                  replacement for 421-a as it stood before.

23                  ASSEMBLYWOMAN BICHOTTE: Thank you.

24                  COMMISSIONER RUBIN: Thank you.

1                   CHAIRMAN FARRELL: Thank you.

2                   SENATOR YOUNG: Thank you.

3                   I'd like to point out that we've been  
4 joined by Senator Bill Perkins.

5                   And I'm going to take privilege as  
6 Finance chair to ask a few questions myself  
7 right now. And there's a lot to talk about,  
8 so I might have to go to round two.

9                   But I was very interested and was  
10 listening very carefully to what you were  
11 saying, Commissioner, about the TPU. And so  
12 just to clarify, and I think you've said it,  
13 there's a \$4.5 million increase for state  
14 operations costs in the budget, general.  
15 You're saying that that \$4.5 million is going  
16 to go to fund the TPU?

17                   COMMISSIONER RUBIN: My understanding,  
18 Senator, is it's the same -- it's funding for  
19 the TPU at the same level that it was funded  
20 in last year's budget.

21                   SENATOR YOUNG: So it's interesting  
22 you say that, because I don't believe that  
23 the TPU was lined out in last year's budget.  
24 So the question is, how was it funded? Was

1           it funded through appropriation last year?  
2           Because it wasn't something that the  
3           Legislature approved in the final budget.

4                    COMMISSIONER RUBIN:  Sure.  So,  
5           Senator, first off, if we could come back or  
6           I could have my staff come back to yours to  
7           make sure that we understand fully that  
8           everybody is on the same page about that.

9                    My understanding is that the overall  
10          funding for ORA is the same between this year  
11          and last year, the same authorized  
12          appropriated funding.  Now, whether there are  
13          nuances there that our staff should talk  
14          about, I defer to them.

15                   SENATOR YOUNG:  Yes, because what I'd  
16          like to see is the specific reappropriation  
17          in the amount of funding from last year,  
18          because I don't believe that we have that.  
19          So that would be very helpful.

20                   COMMISSIONER RUBIN:  Understood.  
21          absolutely.

22                   CHAIRWOMAN YOUNG:  You know, you talk  
23          about the differences between the TPU and the  
24          ORA, and it sounds like you're funding the

1 TPU through the ORA. One of the things that  
2 we asked about last year, and I was wondering  
3 if you could give a status update on this,  
4 the Office of Rent Administration does very  
5 critical work, as you know, because they are  
6 out there addressing actual tenant complaints  
7 that come in. And unfortunately, there are  
8 reports that show that they were at least 18  
9 months behind, even more, in addressing those  
10 specific tenant complaints. And so it seems  
11 like the TPU is out there kind of on a  
12 fishing mission, but at the same time you  
13 have actual incidents where tenants are  
14 feeling that they're in harm's way, that they  
15 have a complaint that needs to be addressed.

16 And so I'm hoping that you could give  
17 us -- because I'm sure all of my colleagues  
18 would be concerned about tenant complaints  
19 being addressed -- what the actual status is  
20 now, what's the turnaround, how quickly are  
21 these issues being addressed?

22 COMMISSIONER RUBIN: Thank you for  
23 your question, Senator. I know that there  
24 have been informal and also formal reports of

1           those kinds of operational questions at ORA.  
2           Obviously the work that the reports -- much  
3           of that work predates my time here. But you  
4           have had a chance, a little bit, to get to  
5           know me; I hit the ground running.

6                         CHAIRWOMAN YOUNG: Yes, you have.

7                         COMMISSIONER RUBIN: And I come to  
8           this work from the private sector, and I have  
9           a very high expectation that you can make a  
10          lot of difference in even very complicated  
11          organizations if you review the kinds of  
12          processes that they're using and do more with  
13          the same amount.

14                        It's that kind of approach that we're  
15          taking to the work of ORA. The Governor has  
16          mandated that from the top down and across a  
17          number of agencies, and I think he is exactly  
18          right. It's what we call the Lean Process,  
19          and it's had tremendous impacts on many of my  
20          sister agencies, among them DMV and others.

21                        We're applying -- we're reviewing  
22          ORA's activity every single day, as hard as  
23          we can, to make sure that we are doing the  
24          absolute best to respond quickly to



1 complaints, whether they're from tenants or  
2 from landlords.

3 I should say that much of what the ORA  
4 does is they do have -- obviously they  
5 respond to tenant complaints, you're exactly  
6 right. Much of what they do is simply  
7 processing of landlord requests for increases  
8 in rent. And of course that work is at least  
9 equally important because it goes directly,  
10 often, to the financial viability of the  
11 buildings that the tenants live in. And  
12 ORA works very hard to process those  
13 complaints as fast as possible. And that is,  
14 again, the kind of work that we're going to  
15 be focusing on intently in my tenure.

16 SENATOR YOUNG: I appreciate that. If  
17 there's any kind of data that you could  
18 supply the Senate regarding the turnaround  
19 time with a complaint issue through the ORA,  
20 that would be really helpful to get that.

21 COMMISSIONER RUBIN: I will absolutely  
22 do that, Senator.

23 CHAIRWOMAN YOUNG: It sounds like  
24 you're staying on top of it.

1                   And also, could you please provide to  
2                   the Senate the staffing levels in 2015 and  
3                   2016 for each of the following ORA  
4                   activities? So again, it's processing of  
5                   MCIs by the MCI unit; it would be helpful to  
6                   see that data. And also the processing of  
7                   rent overcharge orders by the overcharge  
8                   unit.

9                   COMMISSIONER RUBIN: I'd be delighted  
10                  to do that.

11                  SENATOR YOUNG: That would be great.  
12                  That would be great. Thank you very much.

13                  Also, just switching over -- and I  
14                  thought Senator Little asked some very good  
15                  questions. I'm glad to hear that, for the  
16                  House NY program and the \$20 billion for the  
17                  100,000 affordable housing units, that the  
18                  units are expected to be distributed  
19                  geographically. You said about half outside  
20                  New York City, about half inside New York  
21                  City. So I'm very glad to see that you're  
22                  focused on a regional balance.

23                  One of the things that I was  
24                  interested to hear you say, and I'd like to

1 probe a little bit further, but you talked  
2 about with or without 421-a, you believe that  
3 we will reach that goal of 100,000 units.  
4 And you talked about HPD, I know HCR, we do  
5 very good work on affordable housing through  
6 financing from the state, and we've gotten a  
7 lot done. My question is, however -- you  
8 know, and I know the Governor is very, very  
9 concerned about affordable housing all over  
10 the state, developing affordable housing in  
11 New York City. And obviously without 421-a,  
12 I think that there's going to be a difficulty  
13 in private-sector investment in developing  
14 affordable housing.

15 When Mayor de Blasio was in last week,  
16 we had a long discussion about the oppressive  
17 tax structure that we have in New York City,  
18 about the fact that the regulatory burden is  
19 so heavy, the land costs are so high, there's  
20 so many impediments to developing affordable  
21 housing. And it's made the crisis even worse  
22 as we've gone along.

23 And so I was just wondering about  
24 421-a. You know, what are your thoughts

1           about moving forward? Because, quite  
2           frankly, from a private-sector development  
3           incentive tool, it's the only tool in the  
4           toolbox that is available out there. So I  
5           wanted to get your thoughts on that.

6                        COMMISSIONER RUBIN: Senator, I thank  
7           you for the question. I guess I'll refer  
8           back to my time in the private sector. New  
9           York City is blessed with -- and 421-a, as  
10          you know, is a New York City-only program, so  
11          the fact that I'm going to talk about New  
12          York City for a moment rather than the rest  
13          of the state I think is -- you know, don't  
14          hold it against me.

15                        You know, it's a -- coming from the  
16          private sector, I can tell you that New York  
17          City has an extraordinarily deep and  
18          sophisticated real estate development  
19          community at all levels -- affordable  
20          housing, for-profit developers, on up to the  
21          highest-end development. 421-a started out,  
22          as you know, not as an affordable housing  
23          tool but as a tool back in the early '70 when  
24          the city needed something to get it back on

1           its feet, and it's developed over time, as  
2           you all know, into a tool for development of  
3           more -- for incentive to provide more  
4           affordable housing.

5                     I guess my view is a -- I have a  
6           short-term view and a long-term view. I  
7           think short term, it's hard to argue that the  
8           absence of 421-a won't have some impact, I  
9           completely agree with you. It's something  
10          that was used widely and now if it doesn't  
11          exist, it's not there and it will take a  
12          little bit of time to readjust, for the  
13          market to readjust.

14                    But over the longer term, and  
15          particularly now that the Governor has chosen  
16          to inject so much new capital into the  
17          affordable housing system, I think the market  
18          will readjust. Whether there is a new  
19          421-a-like thing or not, the market will  
20          figure out how to meet the demand for  
21          affordable housing in New York City, and we  
22          will of course be a big part of it, with or  
23          without 421-a.

24                    CHAIRWOMAN YOUNG: Well, what I'm

1 hearing -- and I appreciate what you have to  
2 say. What I hear is that people are saying  
3 that we just won't build. And so I think  
4 that's a major problem, and it's a shame for  
5 the people of New York City being able to  
6 have affordable housing available to them.  
7 So I would encourage you to continue to work  
8 on a solution along those lines.

9 And I will cede my time, because I  
10 have other questions about supportive  
11 housing, about the Community Investment Fund,  
12 about NYCHA, so you'll be hearing from me  
13 again. But I'll turn it back to the Assembly  
14 right now.

15 COMMISSIONER RUBIN: Thank you,  
16 Senator.

17 CHAIRMAN FARRELL: Thank you.  
18 Assemblyman Mosley.

19 ASSEMBLYMAN MOSLEY: Thank you,  
20 Mr. Chairman.

21 Thank you, Commissioner, for coming in  
22 today.

23 Before I go to my two questions, I  
24 just wanted to try to scale back. When you

1           talked about the guidelines for affordability  
2           being similar to what the city's guidelines  
3           are -- and the city obviously is stating that  
4           they cannot build unless they have a similar  
5           421-a tax abatement program, if not the old  
6           tax abatement program. And you said that you  
7           can meet those demands with or without 421-a,  
8           and then you talked about the market kind of  
9           will meet the demands. Can you extrapolate  
10          on that just a little bit?

11                    COMMISSIONER RUBIN: Sure. You know,  
12           again, I -- you know, a world without 421-a  
13           is a little bit new to all of us, so it's  
14           awfully hard to predict how it's going to  
15           play out.

16                    But the fact that -- I mean, the fact  
17           is the Governor, with this budget, is  
18           injecting over \$2 billion of new capital into  
19           the development and preservation of new  
20           affordable housing than was there last year  
21           at this time, and it's over the next five  
22           years. That, on top of new capital that the  
23           mayor has made available to the market  
24           through his own affordable housing plan,

1 gives me a great deal of confidence that all  
2 of these aggressive goals can be met.

3 ASSEMBLYMAN MOSLEY: And when you say  
4 the market, do you mean the private-sector  
5 market or do you mean the private sector  
6 along with the public-sector market?

7 COMMISSIONER RUBIN: Together.  
8 Operating in tandem. I mean, that's  
9 really -- the only way affordable housing  
10 gets developed, particularly in a market like  
11 New York City, is close partnership between  
12 private and nonprofit.

13 ASSEMBLYMAN MOSLEY: And in your  
14 interpretation, do you believe that 421-a  
15 needs to be completely eradicated or simply  
16 modified?

17 COMMISSIONER RUBIN: You know, as in  
18 many things, I'm agnostic. I think it -- you  
19 know, this is a complicated program; I think  
20 the devil is in the details. 421-a clearly  
21 needed some modification, and the Governor  
22 has been extraordinarily clear about that.

23 It was a program that probably, in the  
24 form that it existed, had run its course and



1 needed to be fixed, and there were proposals  
2 on the table in the last legislative session,  
3 as you well know, to make some important  
4 changes. Had the two sides managed to reach  
5 an agreement, we'd see those changes in place  
6 now. I think we have to wait to see if  
7 something else comes up that has a similar  
8 set of changes that make 421-a -- keep  
9 421-a -- you know, stick to the mission of  
10 421-a to incent the development of affordable  
11 housing while making sure that what is really  
12 a very generous tax abatement program for  
13 private developers is fair to the public as  
14 well.

15 ASSEMBLYMAN MOSLEY: So do you think  
16 that the private-sector market should scale  
17 down its expectations going forward?

18 COMMISSIONER RUBIN: I'm sorry?

19 ASSEMBLYMAN MOSLEY: Do you believe  
20 the private-sector market should scale down  
21 its expectation in terms of profit margins  
22 going forward?

23 COMMISSIONER RUBIN: I don't think  
24 necessarily. No, I really don't. I think

1           it's possible to operate profitably with or  
2           without a 421-a.

3                   ASSEMBLYMAN MOSLEY: Two questions I  
4           had relates to two of the three programs  
5           under the House NY 2020, the Welcome Home NY,  
6           which is to combat neglect in the distressed  
7           communities and increase access to housing,  
8           and the Opportunity NY, which ensures state  
9           investment benefits all New Yorkers through  
10          the launch of this program.

11                   Can you walk us through those programs  
12          and tell us what they collaborate at the city  
13          and/or federal level, in an effort to make  
14          them come to pass?

15                   COMMISSIONER RUBIN: I'm sorry, you  
16          were asking about the --

17                   ASSEMBLYMAN MOSLEY: The Welcome Home  
18          NY program and then the Opportunity NY  
19          program.

20                   COMMISSIONER RUBIN: Ah, okay. So  
21          those are the names that we've put over broad  
22          umbrellas, families of programs, for the  
23          capital, the new capital that the Governor  
24          has rolled out.

1           I think, you know, all of work that we  
2 do -- you asked about cooperation with  
3 federal and local officials. Everything that  
4 we do is in close cooperation with our  
5 partners both at the federal and the local  
6 level, so the same is true of those programs.

7           I think as we complete this budget and  
8 then move into the phase where we're going to  
9 actually allocate capital, we'll continue to  
10 work closely with all of our local partners.

11           ASSEMBLYMAN MOSLEY: I guess what I'm  
12 asking, can you give me a little more --  
13 further details based -- you know, I have  
14 like two paragraphs related to these programs  
15 and I still don't understand, you know, what  
16 they're going to do and how they're going to  
17 be executed.

18           COMMISSIONER RUBIN: Sure. I think  
19 probably the best thing to do, Assemblyman,  
20 is come back to you and your staff as we  
21 flesh those out further. Once this budget is  
22 developed and once we put capital out through  
23 our RFP process so that we can -- we  
24 understand -- in part, we respond to the

1 market coming in to us to propose projects.  
2 You know, all of our programs are developed  
3 in the interest of, obviously, developing  
4 affordable housing and protecting the  
5 affordable housing that exists.

6 ASSEMBLYMAN MOSLEY: So these two  
7 programs are still being created as we speak?

8 COMMISSIONER RUBIN: Well, our budget  
9 was just proposed, as you know, and we're  
10 just a very short period of time into the  
11 proposal of the budget. As the budget moves  
12 forward through the rest of the process and  
13 then is adopted, hopefully in the beginning  
14 of April, we'll have a greater understanding  
15 at that time of how specifically we plan to  
16 allocate that money through those specific  
17 umbrella programs.

18 ASSEMBLYMAN MOSLEY: All right. Thank  
19 you, Mr. Commissioner.

20 COMMISSIONER RUBIN: Thank you.

21 CHAIRMAN FARRELL: Thank you.

22 SENATOR YOUNG: Thank you very much.

23 Our next speaker is Senator John  
24 Bonacic.

1                   SENATOR BONACIC: Good morning,  
2 Commissioner.

3                   COMMISSIONER RUBIN: Good morning,  
4 Senator.

5                   SENATOR BONACIC: Who are you picking  
6 in the Super Bowl, the Broncos or the  
7 Panthers?

8                   (Laughter.)

9                   COMMISSIONER RUBIN: That sounds like  
10 a trap question.

11                   (Laughter.)

12                   SENATOR BONACIC: Not really. You  
13 mean these other questions weren't trap  
14 questions?

15                   (Laughter.)

16                   SENATOR BONACIC: All right, you don't  
17 have to answer that.

18                   COMMISSIONER RUBIN: Am I going to  
19 penalize myself if I tell you that I'm a  
20 29-year Jets fan?

21                   SENATOR BONACIC: I always felt that  
22 the need for affordable housing was  
23 insatiable, and affordable means different  
24 things to different people.

1                   Let's just say in the last six  
2                   years -- you know, we're always saying or the  
3                   Governor is announcing billions here,  
4                   millions there, affordable housing,  
5                   rehabilitation. And I was surprised, when  
6                   Assemblyman Wright asked the question of the  
7                   100 million, you said 40 million was going  
8                   for security. And that was a very  
9                   interesting fact to me.

10                   But do we have statistics that would  
11                   tell us on one side what we allocated for a  
12                   budget for new affordable housing and how  
13                   many affordable housing units were actually  
14                   created, the amount for rehabilitation of  
15                   affordable units, and how many were actually  
16                   created, and how much was spent for security  
17                   in each of the last six years and how they  
18                   were allocated geographically? Is that  
19                   information accessible? Does it have to be  
20                   developed? Can I go somewhere and find that  
21                   bottom line to that question?

22                   COMMISSIONER RUBIN: So in general,  
23                   we, as I'm sure you would expect of us, try  
24                   to be as transparent as we can about the work

1           that we do, where the money is spent, and how  
2           it's developed.

3                     SENATOR BONACIC:  Sure.  Sure.

4                     COMMISSIONER RUBIN:  If you're asking  
5           about the aggregation of that specific data,  
6           what I'd ask you to do is I will come back,  
7           through my staff, to you and see what we can  
8           supply that would satisfy your question.

9                     The security specifically was a  
10          feature particular to the \$100 million that  
11          you all and the Governor made available to  
12          NYCHA last year.  It was \$40 million so far  
13          that's been made available to NYCHA for  
14          security projects.  And that is something  
15          that would have been new just from last year,  
16          and you wouldn't find it in previous years.  
17          But again, we can come back to you with a  
18          further aggregation of data.

19                    SENATOR BONACIC:  The other question I  
20          had, the issue of homelessness has become a  
21          hot button because of the relationship with  
22          the mayor and the governor.

23                    I'm curious, in the last five years  
24          has -- do you have the statistics for

1           homelessness in the State of New York? I  
2           mean, have we escalated that much? Are we  
3           pretty much the same? I know we've had a  
4           recession. And how do we compare in  
5           homelessness, say, to the other four states  
6           with the biggest population? If you know.  
7           And if you don't, is that something you could  
8           provide us?

9                        COMMISSIONER RUBIN: So, Senator, it's  
10           a terrific question. I'm resisting my urge  
11           to pretend that I -- to say what I think I  
12           know in the interest of not giving you wrong  
13           information.

14                       I can tell you that the statistics are  
15           pretty broadly available, primarily from the  
16           federal Department of Housing and Urban  
17           Development, and we've spent a lot of time  
18           with them over the last several months as we  
19           helped work with the Governor, my colleagues  
20           and I, to develop this homelessness action  
21           plan, the 10 -- the \$20 billion -- the  
22           \$10 billion plan that was announced at the  
23           State of the State and is contained in this  
24           budget.



1           I can tell you that the numbers are  
2           stunning. They certainly don't go down.  
3           They maybe vary a bit from year to year, but  
4           particularly in New York City they are as  
5           high now as they have been. The same is  
6           true, by the way, in some of our other large  
7           cities. Los Angeles has a terrible  
8           homelessness crisis; they've actually  
9           declared it an official crisis, I believe,  
10          which enables them to take certain emergency  
11          measures.

12                 So we can certainly provide you with  
13          what they call the high point in time  
14          statistics that will show you exact numbers  
15          on a country-wide basis.

16                 SENATOR BONACIC: Thank you,  
17          Commissioner. And after this hearing is  
18          over, you can answer my first question.  
19          Thank you very much.

20                 (Laughter.)

21                 COMMISSIONER RUBIN: I'd be happy to.

22                 CHAIRMAN FARRELL: Thank you.

23                 Assemblyman Cusick.

24                 ASSEMBLYMAN CUSICK: Thank you. Thank

1           you, Mr. Chairman.

2                   Commissioner, it's good to see you. I  
3           want to thank you also, in your past  
4           position, for your work on Sandy. I know in  
5           our communities you were very helpful, and we  
6           look forward to working with you in your new  
7           role. So congratulations, and welcome to the  
8           budget hearings.

9                   COMMISSIONER RUBIN: Thank you,  
10          Assemblyman.

11                   ASSEMBLYMAN CUSICK: Commissioner, I  
12          just have a quick -- I want to talk about the  
13          supportive housing a little bit. I know that  
14          there's \$10 billion -- a multi-agency,  
15          multipronged approach -- in the Governor's  
16          budget. I want to applaud the Governor and  
17          yourself for putting the money towards the  
18          issue of homelessness.

19                   And also I see in the testimony about  
20          homelessness and people with special needs.  
21          I'd like to focus on that part of it also. I  
22          know that we are facing a crisis when it  
23          comes to the homeless issue all over the  
24          State of New York, in every community. I

1 think, as you mentioned in your testimony, it  
2 does not matter what community, we're all  
3 getting hit with the crisis of homelessness.

4 I think also a crisis that is down the  
5 road that we should start facing now is the  
6 issue of developmental disabilities of folks  
7 for supportive housing. Right now, you have  
8 many people with developmental disabilities  
9 who live at home with elderly parents, and as  
10 the parents are getting older, they're  
11 getting worried what's going to happen to  
12 their adult children and housing issues. And  
13 I think that's the next crisis that the state  
14 is going to be facing.

15 Could you just tell me, in that,  
16 \$10 billion, is there allocations yet or is  
17 that still in the process of working with  
18 other agencies? I know this will come up in  
19 the mental health hearings, but I wanted to  
20 bring it up in this hearing also.

21 COMMISSIONER RUBIN: Assemblyman,  
22 thanks for your question. You also provided  
23 the answer. When we say it's a multi-agency  
24 approach, it really is truly a multi-agency

1 approach. The last several months have seen  
2 an absolutely extraordinary amount of  
3 cooperation between all of the agencies of  
4 the state government that are responsible for  
5 different parts of this -- what is an  
6 extraordinarily complicated problem, driven  
7 obviously by the Governor's own commitment to  
8 trying to attack this crisis across the  
9 state.

10           You point to one part of the problem,  
11 which is sort of a wave that's -- it's  
12 already broken a little bit, but is  
13 absolutely getting ready to break, to break  
14 further, which is the problem of people who  
15 are doubled up, people who are living in  
16 circumstances that really aren't sustainable  
17 and they may be a paycheck or a half a  
18 paycheck away from being out on the street.

19           And frankly, that's why the Governor  
20 thought now is the time to announce this  
21 plan, to make it fully funded, to make it,  
22 you know, clear, to make clear that he's got  
23 not only a one or two or three but a  
24 five-year and really a 15-year commitment to

1 fighting this crisis statewide.

2 ASSEMBLYMAN CUSICK: Great.

3 As we move forward and we have further  
4 budget hearings, you know, again, I want to  
5 put it on the radar concerning the issue of  
6 people with disabilities and the supportive  
7 housing need. And as we move forward, I  
8 think that when we're allocating the money,  
9 that we start doing it now. Because again, I  
10 think it is going to be a crisis down the  
11 road.

12 COMMISSIONER RUBIN: I agree with you,  
13 Assemblyman. And you should take comfort in  
14 the fact that one of the directions that the  
15 Governor has given us, those of us who are  
16 working on this crisis, is to use as much  
17 data as there is available. I talked earlier  
18 with I think Senator Bonacic or, I can't  
19 remember, I responded to a question about the  
20 homelessness numbers.

21 We are looking everywhere we can for  
22 every piece of data available to us about the  
23 nature of homelessness and the causes of  
24 homelessness, because it's a root and branch

1 issue; we have to attack it everywhere it  
2 goes and do it in the most intelligent way  
3 possible. We can't make enough funds  
4 available to solve homelessness, but we can  
5 sure do better than we have done using as  
6 much data as there is out there.

7 ASSEMBLYMAN CUSICK: Thank you,  
8 Commissioner. Thank you, Mr. Chairman.

9 CHAIRMAN FARRELL: Thank you.  
10 Senator?

11 SENATOR YOUNG: Thank you.  
12 Senator Liz Krueger.

13 SENATOR KRUEGER: Hi. Thank you,  
14 Commissioner.

15 Following up on probably a whole  
16 series of questions already, did you define  
17 what the state will call affordable housing  
18 in its \$10 billion, 100,000-unit assignment?  
19 What's the definition that will be used of  
20 affordability? Often it's a percentage of  
21 AMI.

22 COMMISSIONER RUBIN: Sure. Well,  
23 rather than talk about affordability, we talk  
24 about, as you know, at which income bands.

1           So affordable, what we consider to be housing  
2           that's available to -- affordable to the low,  
3           the very low, and extremely low income is  
4           those who are at 60 and I think below that it  
5           goes 40 or so, or 30 -- I don't know the  
6           exact bands.

7                     Affordability is generally, I think,  
8           considered to mean whether it's rent burden.  
9           Right? So if you are at, say, 60 percent of  
10          local AMI, are you required to pay rent that  
11          is more than X percentage of the income  
12          that's available to you for all uses?

13                    I can't tell you sitting here what  
14          number of -- you know, what the  
15          percentages are of people in our plan in  
16          terms of how rent-burdened people are and how  
17          much of those we're going to remove from  
18          their burdens in order to put them into our  
19          new housing, but that is the concern.

20                    SENATOR KRUEGER: And given the  
21          limitations of -- you know, 10 billion sounds  
22          like a lot of money to you and I, but when  
23          you do the math for 100,000 units, it's  
24          actually not so much money.

1                   So do you think spending \$800,000 per  
2                   unit to produce affordable housing is a  
3                   reasonable number?

4                   COMMISSIONER RUBIN: Well, it's  
5                   actually -- I'm going back now to my  
6                   private-sector days; my math brain is kicking  
7                   in. It really -- the mix of 100,000 units  
8                   doesn't lend itself to that kind of division.

9                   So you remember we've talked about  
10                  geographic diversity, we've also talked about  
11                  new construction and preservation. We also  
12                  have a diverse number of programs, as you're  
13                  well aware, that we spend that money through.  
14                  So we do everything from very large  
15                  multifamily developments, typically in  
16                  New York City, but also elsewhere, to  
17                  single-family -- we make available to  
18                  first-time homeowners who are low-income the  
19                  opportunity to own single-family homes in --  
20                  you know, anywhere in New York. And that is  
21                  also part of our mission; it's included in  
22                  that 100,000.

23                  The cost of those different programs,  
24                  the cost of those different units are



1 dramatically different one to the other, and  
2 even on the same block. So it really doesn't  
3 lend itself to that kind of math.

4 SENATOR KRUEGER: I agree with you. I  
5 asked you the question because the Furman  
6 Center did a recent report showing that the  
7 421-a program in recent years has cost  
8 \$833,000 per unit of affordable housing. So  
9 while there are differing opinions about what  
10 happens now that the program has seen a  
11 demise, I would argue not spending \$833,000  
12 per unit of affordable housing is probably  
13 not a terrible thing and we can come up with  
14 better models. That's my rhetorical response  
15 there.

16 Do you define housing and building  
17 housing as economic development?

18 COMMISSIONER RUBIN: Oh, absolutely,  
19 Senator.

20 Not only is the construction or  
21 preservation of housing itself economic  
22 development, because of course it creates  
23 jobs -- you know, it creates jobs, it creates  
24 good jobs, good-paying jobs, typically, and

1           it attracts -- typically, it attracts people  
2           into communities that perhaps were -- you  
3           know, were in desperate need of them, and  
4           upgrades the whole housing stock. And  
5           there's a wealth of academic work that shows  
6           that when you upgrade housing stock in a  
7           particular block, the whole community revives  
8           and there is actual -- it's actually  
9           scientifically shown, you know, within how  
10          many blocks you get to see that revival over  
11          time.

12                        I should also say that much of the  
13          work that our agency does -- and this is what  
14          Senator Young made reference earlier to my  
15          days spent traveling her district. Much of  
16          the work that we do through our grant  
17          programs looks in some ways more like  
18          economic development than it does, strictly  
19          speaking, like housing. We run the Community  
20          Investment Fund program. We run a program  
21          called RESTORE. We have -- out of our Office  
22          of Community Renewal, we have a number of  
23          programs that go directly to things like  
24          storefronts, main street development -- all

1 related to housing, because we try to pair  
2 them up intelligently, but all absolutely  
3 core to economic development and community  
4 development.

5 SENATOR KRUEGER: I agree.

6 I'm hoping that he was misquoted, but  
7 in a newspaper story this weekend the  
8 Governor said that his reason for creating a  
9 PCB-like system to approve grants going  
10 forward was because he saw too much of it  
11 going to housing and not enough to economic  
12 development. So I'm hoping we can both  
13 explain to him housing is economic  
14 development, it's not a competition between  
15 the two.

16 Where am I in time? I can't see a  
17 clock, I'm sorry.

18 CHAIRWOMAN YOUNG: Zero.

19 SENATOR KRUEGER: I'm at zero, I'm  
20 going to need a second round. Thank you.

21 COMMISSIONER RUBIN: Thank you,  
22 Senator.

23 CHAIRMAN FARRELL: Thank you very  
24 much.

1 Assemblywoman Walker.

2 ASSEMBLYWOMAN WALKER: Thank you,  
3 Mr. Chairman.

4 And thank you for your testimony  
5 today. I just have a couple of questions.

6 One of them is as it relates to NYCHA.  
7 Brooklyn is officially reported as the most  
8 unaffordable housing market in America. But  
9 we do have a number of affordable housing  
10 units, and most of them are housed in NYCHA  
11 developments.

12 And listening to your commitment and  
13 the Governor's commitment to affordable  
14 housing, it's alarming that there is a zero  
15 investment this year in NYCHA, considering,  
16 you know, it's the only level of  
17 affordability, at least real affordability,  
18 that most people have.

19 So I'm just concerned as to why there  
20 is no reinvestment.

21 COMMISSIONER RUBIN: Assemblywoman,  
22 you're exactly right about the importance of  
23 NYCHA. It's a critical part of the city's  
24 affordable housing stock and has been for

1 decades.

2 The \$100 million that Assemblyman  
3 Wright referred to earlier was an important  
4 and new investment in NYCHA's well-being.  
5 But the fact is NYCHA has -- and NYCHA's  
6 management I know well. They have a  
7 tremendously difficult job and a very complex  
8 financial structure. But the fact is, NYCHA  
9 has some work to do in making sure that it  
10 spends the money that it does have available  
11 to it quickly and efficiently.

12 And I think one of the Governor's  
13 concerns, my guess is, is that we made the  
14 \$100 million available to them in last year's  
15 budget, we want to see it get spent well,  
16 which is why he's put DASNY in as part of the  
17 mix. And then he wants to make sure -- and I  
18 think NYCHA needs to make sure -- that it's  
19 spending its capital budget well and wisely  
20 that it does have available to it.

21 ASSEMBLYWOMAN WALKER: Well, you know,  
22 I think we have certain mechanisms and  
23 controls that provide audits for NYCHA as it  
24 relates to its spending. So I want not to

1 get caught up in being an auditor of how it's  
2 spending its money.

3 But I will say that the resources that  
4 were allocated, most of them were for  
5 lighting. And there are constituents of mine  
6 who have slop sinks as their kitchen sink,  
7 and we need for the rest of the money to  
8 start moving as expeditiously as possible.  
9 So whatever efforts you can utilize in that  
10 regard to make sure that those monies are  
11 available sooner rather than later, I would  
12 appreciate it.

13 The next question that I have is as it  
14 relates to the House NY 2020 program. We  
15 have a serious problem of providing senior  
16 housing. And I was just wondering how many  
17 of the housing units that will be allocated  
18 will be utilized for senior housing, if any.

19 COMMISSIONER RUBIN: So,  
20 Assemblywoman, I share your concern for  
21 senior housing. You should know that the  
22 work that the agency does already includes a  
23 tremendous amount of development specifically  
24 targeted -- often preservation, but also new

1 construction -- targeting specifically  
2 seniors. It's an important part of our work.  
3 I don't have the numbers in front of me --  
4 and I'm happy to share them with you -- but I  
5 know it's well over a thousand units just in  
6 the last few years that we've either paid for  
7 to newly develop or preserve, targeting  
8 seniors throughout the state.

9 As far as what we're going to be doing  
10 going forward, the good news is that we have  
11 a tremendous amount of capital. We have the  
12 ability to be flexible with it. I fully  
13 expect that a lot of it will be devoted to  
14 seniors one way or another. And we'll keep  
15 working with you to make sure that your  
16 concerns are reflected.

17 ASSEMBLYWOMAN WALKER: So will this  
18 housing program, House NY 2020 will be the  
19 new replacement for New York/New York III or  
20 is this the new name for New York/New York  
21 IV, you know, hopefully if we're able to get  
22 that? And the reason why I say that is  
23 because I would also be interested in seeing  
24 if we can add senior housing to the

1           supportive housing stock that we're  
2           expecting.

3                   COMMISSIONER RUBIN:  So New York/  
4           New York III is essentially done, is my  
5           understanding.  There's a few units left.  
6           That was, you know, the last, most recent  
7           agreement between the city and the state to  
8           develop supportive housing together.  It's  
9           done.

10                   Our new commitment is not a  
11           New York/New York IV, it's a fully funded  
12           state commitment both on the operating  
13           capital side to fund 6,000 new units over  
14           five years and 20,000 new units of supportive  
15           housing over 15 years.  I fully expect that  
16           some of that will be for seniors.

17                   Again, we're going to be applying a  
18           rigorous -- using the data that we've talked  
19           about, a rigorous assessment of where the  
20           needs are in the supportive housing world --  
21           where we see special needs, where we see a  
22           risk of homelessness, and where we see the  
23           homeless population coming from.  And if, as  
24           we expect, seniors are part of that,



1           that's -- they will make their way into our  
2           programs.

3                     ASSEMBLYWOMAN WALKER: Thank you.

4                     CHAIRMAN FARRELL: Senator.

5                     SENATOR YOUNG: Thank you very much.

6                     I'd like to welcome Senator Simcha  
7           Felder, who has joined us, and also Senator  
8           Phil Boyle.

9                     And our next speaker is Senator Leroy  
10          Comrie.

11                    CHAIRMAN FARRELL: We also have been  
12          joined by Assemblywoman Simon.

13                    Thank you, Senator.

14                    SENATOR COMRIE: Thank you. Thank  
15          you, Chairs.

16                    Commissioner, good morning.

17                    COMMISSIONER RUBIN: Good morning,  
18          Senator.

19                    SENATOR COMRIE: I have a couple of  
20          questions to ask you.

21                    Number one, we talked about this  
22          extensive affordable housing plan that the  
23          Governor is rolling out, but no one has  
24          talked or I haven't heard anything about the

1 MWBE component and how that is going to roll  
2 out and what guarantees that we can have to  
3 ensure that those folks that are interested  
4 in being developers can have an opportunity  
5 to be part of the program. Can you  
6 illuminate any of that program, or has any of  
7 that been worked out as yet?

8 COMMISSIONER RUBIN: Senator, I'm  
9 delighted that you asked that. As you know,  
10 the Governor's commitment to MWBE goals is a  
11 core of his agenda and has been since Day 1  
12 of his first term.

13 He recently raised the statewide goals  
14 from 20 percent to 30 percent, as I know  
15 you're also aware. Our agency in the most  
16 recent year, when the goal was 20 percent,  
17 exceeded that 20 percent goal. And with the  
18 new 30 percent, of course it's our full  
19 intention to hit or exceed the 30 percent  
20 goal with our new programs and our existing  
21 programs.

22 So, you know, I guess the one other  
23 thing that I would add is I am particularly  
24 lucky that Bill Thompson, the former

1           comptroller of the city, former head of the  
2           Board of Education, et cetera, who was I  
3           think the chairman of the Governor's task  
4           force on MWBE, is now the chairman of one of  
5           my agencies, the Housing Finance Agency. And  
6           so the chairman and I have spent a tremendous  
7           amount of time since the day I walked in the  
8           door talking about our efforts at the agency  
9           to meet and exceed all the MWBE goals that  
10          the Governor has set for us.

11                    SENATOR COMRIE: I have a follow-up  
12           question on the Housing Finance Agency. I'm  
13           told there's a backlog in putting in  
14           applications and there's a difficulty with  
15           developers in trying to get meetings to apply  
16           for Housing Finance Agency credits.

17                    So can you tell us, is that unit fully  
18           staffed and, if there is a backlog, what that  
19           backlog consists of?

20                    COMMISSIONER RUBIN: Senator, I'm not  
21           aware of any unusual backlog. You know, our  
22           staff, we have an extraordinarily committed  
23           and dedicated staff at the Housing Finance  
24           Agency, at HFA, as throughout the rest of our

1 agency. They are in constant contact with  
2 the development community, and they move  
3 through projects at a rapid pace on a cycle  
4 that's very predictable for our --

5 SENATOR COMRIE: Is it a monthly cycle  
6 or --

7 COMMISSIONER RUBIN: I'm sorry, sir?

8 SENATOR COMRIE: Do they see people on  
9 a monthly cycle? I'm told it's only a  
10 quarterly cycle that they allow new  
11 applications to come in.

12 COMMISSIONER RUBIN: We have regular  
13 capital availability -- for some of our  
14 programs, we have regular capital  
15 availability cycles. And then for some we  
16 have what's called an open resolution, where  
17 there's sort of an ongoing dialogue about  
18 projects. It seems to work well. And since  
19 I've been here, just judging from the pace of  
20 projects that come in the door and then go  
21 out the door after award, I would say it  
22 moves quickly and efficiently.

23 SENATOR COMRIE: Okay. And my Senate  
24 district represents a lot of Mitchell-Lama

1 properties now, and I'm having some questions  
2 regarding issues on the HCR and the timing of  
3 reply to -- request on complaints regarding  
4 everything from the ability to track whether  
5 or not a building is still getting the rent  
6 control -- I have an issue with many  
7 nonprofits that are moving in people that  
8 have mental illness and difficulty with  
9 mental capacities into rent-stabilized  
10 apartment complexes, creating angst for the  
11 long-term renters that have been there, and  
12 also taking those apartments out of rent  
13 control.

14 Can you tell us what the staffing  
15 ratio is to address these complaints that are  
16 coming in?

17 COMMISSIONER RUBIN: Well, it sounds  
18 like, Senator -- it sounds like, first of  
19 all, you have some specific complaints  
20 relating to specific buildings in your  
21 district.

22 SENATOR COMRIE: Yes.

23 COMMISSIONER RUBIN: And I think the  
24 best way to proceed there if they are tenant

1 complaints, we have a very active inbound  
2 process for tenants to call in with  
3 complaints. If there are specific issues, I  
4 would encourage your staff -- and I'll make  
5 sure that my staff follows up with yours to  
6 make sure that we have a good roster of what  
7 the specific issues are.

8 SENATOR COMRIE: I'd like to do a  
9 meeting with your staff regarding two  
10 complexes in my district, Hollis Court  
11 Apartments and in Cunningham Heights, where  
12 there's a preponderance of this problem where  
13 they're having a lot of nonprofits bringing  
14 in mentally ill people that are having  
15 problems.

16 Can you tell us what the normal  
17 turnaround time for a major capital  
18 improvement is and if your staffing is  
19 adequate to respond to those requests from  
20 people that are trying to get credit or  
21 acknowledge, even acknowledging whether MCI  
22 is done? Because I'm getting a lot of  
23 complaints also from both sides, the tenants  
24 and the landlords, that MCIs are not reported

1 or not even recognized.

2 COMMISSIONER RUBIN: Senator, we have  
3 talked a couple of times -- I mentioned a  
4 couple of times earlier that we are fully  
5 aware that what is a very, very complicated  
6 process within the Office of Rent  
7 Administration can take a fair amount of  
8 time. It can be, like other things that  
9 happen in government, frustrating to both  
10 sides of the issue.

11 Part of the reason for that, frankly,  
12 is that there is a requirement that we  
13 provide full due process to everybody who's  
14 involved. And I think that if -- you know,  
15 as anybody who is on either of those -- you  
16 know, either seat that you're sitting in, you  
17 would want the ability to have full due  
18 process, and due process takes time.

19 In the end, we think that the ORA  
20 folks, who are extraordinarily dedicated,  
21 come to the right answer, they get the right  
22 result. And if an MCI, to take one example,  
23 is fully justified at whatever level it was  
24 put in, or at some reduced level, it's

1 implemented in a way that makes it possible  
2 for that building, that specific building, to  
3 be financially feasible and at the same time  
4 provide housing on a rent-stabilized basis  
5 and probably affordable to the people that  
6 live there.

7 SENATOR COMRIE: Well, I hope that we  
8 can get some more staff to ramp up the timing  
9 and also some more investigators to come out  
10 and look at the issues as well.

11 COMMISSIONER RUBIN: Thank you,  
12 Senator.

13 SENATOR COMRIE: We've put in some  
14 requests, and we haven't gotten responses  
15 back. So I'd appreciate the opportunity to  
16 get more details.

17 And if you could send me the details  
18 on the MWBE and how people apply and what  
19 this ratio is of developers that are  
20 applying. Because I'm getting -- again, back  
21 to the first question, a lot of  
22 developers are saying they haven't had an  
23 opportunity to even hear back from HFA  
24 regarding their requests for a state matching



1 fund. Thank you.

2 COMMISSIONER RUBIN: Will do. Thank  
3 you, Senator.

4 SENATOR YOUNG: Thank you, Senator.

5 CHAIRMAN FARRELL: Thank you.  
6 Assemblyman Dilan.

7 ASSEMBLYMAN DILAN: Thank you,  
8 Mr. Chairman.

9 And thank you, Commissioner, for being  
10 here.

11 Just a specific question in and around  
12 senior housing. I'm very concerned because  
13 the federal government, via the 202 program,  
14 has walked away from new issuances of senior  
15 housing. And all across the country we're  
16 going to have baby boomers retiring in short  
17 order. So I want to add my voice to those  
18 who have advocated for senior housing within  
19 the 2020 plan.

20 And Assemblymember Walker touched on  
21 it a little bit, but are there any specific  
22 provisions or programs specifically designed  
23 towards this type of housing in New York  
24 2020?

1                   COMMISSIONER RUBIN: We have a number  
2                   of programs that target seniors. So we  
3                   have -- for example, Access to Home, as you  
4                   know, is a critical program for making sure  
5                   that seniors, where they live, that the  
6                   conditions there are acceptable to them and  
7                   makes sure that they can have access to those  
8                   places that they live.

9                   Just through our usual capital  
10                  programs, we do a tremendous amount of  
11                  development and preservation of housing  
12                  targeting seniors and restricted to seniors.  
13                  You know, even in the short time that I've  
14                  been at the agency, a good number of the  
15                  projects statewide that we've approved at the  
16                  board level have been for seniors.

17                  I agree with you that we need to do  
18                  more and we can do more, and I would be  
19                  completely open to talking about any ideas  
20                  you have.

21                  ASSEMBLYMAN DILAN: But those programs  
22                  have largely happened outside of New York  
23                  2020?

24                  COMMISSIONER RUBIN: No, no, they're

1 within New York 2020.

2 ASSEMBLYMAN DILAN: Within New York  
3 2020.

4 COMMISSIONER RUBIN: Absolutely, sure.

5 ASSEMBLYMAN DILAN: Okay. So you have  
6 another program, Homes for Working Families,  
7 that's targeted towards low-income seniors.  
8 Do you feel that's sufficiently funded?

9 COMMISSIONER RUBIN: Yeah, I think  
10 it's sufficiently funded. You know, it's  
11 actively used by developers. Again, it's  
12 another program that, with the new capital  
13 that we've got for the next five years,  
14 should we find that it needs an additional  
15 injection, we will have the flexibility to  
16 replicate it or to refill it.

17 ASSEMBLYMAN DILAN: Okay. Well, I  
18 certainly look forward to working with you on  
19 those. I'm glad I'm nowhere near retirement,  
20 but there's going to be plenty of people in  
21 my district that are, that need the help.

22 I wanted to talk to you briefly about  
23 the State Low-Income Tax Credit program.  
24 Everyone has mentioned at length that 421-a

1 has expired. In my neighborhood, we have a  
2 large rezoning underway, the East New York  
3 rezoning, that could have relied on 421-a.  
4 It will now rely on 420-c, which is targeted  
5 towards low-income. And that would be  
6 helpful in the short term. Long term, the  
7 city has a problem.

8 But as it relates to 420-c and the  
9 State Low-Income Housing Tax Credit, that's  
10 how the East New York rezoning will be  
11 funded. And I wanted to ask you, to what  
12 extent is the program used -- and from my  
13 experience, it's been used pretty heavily --  
14 and its effectiveness? Can you give us just  
15 an overview, in your opinion, on it?

16 COMMISSIONER RUBIN: Sure. So you're  
17 asking about the SLIHC, the State Low-Income  
18 Housing Credit?

19 ASSEMBLYMAN DILAN: Sure.

20 COMMISSIONER RUBIN: Again, like many  
21 of these tools, it's very important for us.  
22 It has a particular value with respect to  
23 middle-income development. That's often  
24 where we find it used throughout the state.

1           It's been appropriated, I think, at 8 million  
2           for this year and next year and a couple of  
3           years ahead of that, which we think is a  
4           solid level.

5                     ASSEMBLYMAN DILAN:  And how many  
6           applications -- how many people have applied  
7           to use it?

8                     COMMISSIONER RUBIN:  Sitting right  
9           here, I can't tell you, Assemblyman.  I'm  
10          happy to talk to you later.

11                    ASSEMBLYMAN DILAN:  If you could get  
12          me that, that would be important.

13                    COMMISSIONER RUBIN:  Absolutely.

14                    And I should say, typically it's part  
15          of an overall capital package for any given  
16          development.

17                    ASSEMBLYMAN DILAN:  Okay.  And I'm  
18          also, even though it's not a question, just  
19          overall concerned about the city's volume cap  
20          level.  I believe it needs to be increased.  
21          That may be outside of the purview of this  
22          hearing, but I just wanted to go on the  
23          record and say that.

24                    And with that, Mr. Chairman, I thank

1           you very much.

2                    COMMISSIONER RUBIN: Thank you,  
3           Assemblyman.

4                    SENATOR YOUNG: Thank you.

5                    Our next speaker is Senator Brad  
6           Hoylman.

7                    SENATOR HOYLMAN: Thank you, Madam  
8           Chair.

9                    Thank you. Nice to see you,  
10          Commissioner.

11                   COMMISSIONER RUBIN: Nice to see you,  
12          Senator.

13                   SENATOR HOYLMAN: I was subject to the  
14          plague of my daughter's kindergarten class  
15          and am suffering from a cold, so -- it's good  
16          to see you, though.

17                   COMMISSIONER RUBIN: Nice to see you.  
18          Stay where you are.

19                   (Laughter.)

20                   SENATOR HOYLMAN: Yes. Right? And I  
21          apologize to my colleagues. I promise I'm  
22          not infectious.

23                   I wanted to share with you information  
24          about a report you probably already know that

1 recently was published that shows there are  
2 around 200,000 apartments that aren't  
3 properly registered as rent-stabilized units  
4 with DHCR. This is a concern to me. I have  
5 50,000 rent-regulated apartments in my  
6 district.

7           So DHCR data shows 839,797  
8 rent-stabilized apartments registered with  
9 the state. HPD, on the other hand, estimates  
10 1,029,918 rent-stabilized units in a survey  
11 they conducted. So this discrepancy is  
12 really troubling, I think, for a lot of us  
13 who have rent-regulated tenants. It places  
14 them at risk of being overcharged. They  
15 don't have the protections of rent-regulated  
16 apartments and could be evicted without the  
17 due process afforded to rent-stabilized  
18 tenants.

19           And so my question is twofold. One,  
20 why the discrepancy? Why is it there can be  
21 a 200,000-unit discrepancy between the city  
22 and the state? We've spoken a lot up here  
23 about how the city and the state can work  
24 better together. Clearly you can't manage

1           what you don't measure. How are we going to  
2           get a handle on these apartments that are  
3           obviously taken off the rolls? And, second,  
4           do you think for some landlords this is just  
5           the cost of doing business? Are the fines so  
6           low that they can just remove units from rent  
7           regulation and not expect severe consequences  
8           as a result?

9                        COMMISSIONER RUBIN: So as to the  
10           data, Senator, I am aware of the reports that  
11           you're referring to. We've talked a fair  
12           amount in this hearing already about the good  
13           work that the Tenant Protection Unit does.  
14           And as I'm sure you know, among other things,  
15           the Tenant Protection Unit in the last few  
16           years has managed to bring back into the  
17           rent-stabilization system over 40,000 units.

18                       I should add that we recently  
19           announced another effort to go out and find  
20           -- I shouldn't say go out and find. Through  
21           a fairly proactive process of working through  
22           the J51, through the units that had received  
23           J51 tax abatements over the years, finding  
24           units that should have been, under the law,



1           unequivocally under the law, I should say,  
2           should have been registered under the  
3           rent-stabilization code had gone off, had  
4           been declared exempt and left our rolls.

5                        So, you know, bringing our numbers  
6           up -- forgetting for a moment what HPD's  
7           numbers are, but bringing our numbers up has  
8           been one of the impacts that TPU has had in  
9           the last several years. Now, whether they'll  
10          make the number that HPD has, I would need to  
11          have a better understanding of where HPD gets  
12          its numbers. You know, obviously the state  
13          is the repository of the Rent Stabilization  
14          Code data, so HPD's data, you know, may or  
15          may not be right. We certainly will work  
16          closely with them to figure out where the  
17          discrepancy lies. As you say --

18                       SENATOR HOYLMAN: Is there something  
19          underway to synthesize your data between HPD  
20          and your agency?

21                       COMMISSIONER RUBIN: Sure. We had a  
22          preliminary conversation with them about  
23          doing that, and I think it's probably a  
24          terrific idea to restart these conversations.

1 I fully agree.

2 SENATOR HOYLMAN: You know, as you  
3 know, it's particularly galling, since some  
4 of these landlords receive state subsidies,  
5 that they would then remove their units off  
6 of the rent rolls.

7 As to my second question about whether  
8 this is just the cost of doing business for  
9 some landlords, I actually have legislation  
10 that would increase the penalties from three  
11 times the amount of the overcharge to five  
12 times in the first instance and 10 times for  
13 repeat offenders. Do you have any thought on  
14 that proposal?

15 COMMISSIONER RUBIN: I'd be happy to  
16 review the proposal and think hard about the  
17 data.

18 I would say that the general question  
19 of whether it's a cost of doing business is  
20 going to vary -- I mean, as you would expect,  
21 it is going to vary from landlord to landlord  
22 and business to business. Any -- you know, a  
23 New York City landlord, that's what we're  
24 talking about here, may have a very large

1 portfolio of buildings, each one of which  
2 stands in a different fiscal position. And  
3 so what looks like a large penalty to one  
4 landlord on one building is going to be very  
5 different for another landlord in another  
6 building. I think, you know, you would -- I  
7 wouldn't want to make a broad-brush statement  
8 about whether it's simply, as you say, a cost  
9 of doing business.

10 I will say that what TPU does when  
11 they do their work and they do these  
12 proactive audits, they start out with the  
13 data, they make their determinations about  
14 what they are seeing and what they think  
15 ought to be reflected in the rolls, in the  
16 case of a deregistration, and then they'll  
17 approach the landlord, whoever it is, and  
18 talk to them about what's going on.

19 They typically end in a negotiated  
20 settlement. And speaking for the folks who  
21 work for me at TPU, they are not, I would  
22 say, in the business of negotiating to a  
23 settlement that is -- that doesn't reflect  
24 the gravity of the violation that may have

1           happened.

2                   SENATOR HOYLMAN: Thank you very much.

3                   CHAIRMAN FARRELL: Thank you.

4                   We're joined by Assemblyman Linares.

5                   Next to question, Assemblyman Ortiz.

6                   ASSEMBLYMAN ORTIZ: Thank you,

7           Mr. Chairman.

8                   Good morning, Commissioner.

9                   COMMISSIONER RUBIN: Good morning,  
10           Assemblyman.

11                   ASSEMBLYMAN ORTIZ: Just two quick  
12           questions. Question number one is I'm  
13           hearing a lot about new housing. Is any  
14           program in place to ensure that your agency  
15           will be building houses for veterans?

16                   COMMISSIONER RUBIN: It's a great  
17           question, Assemblyman. We actually -- the  
18           Governor has made housing for veterans, and  
19           of course a number of other programs for  
20           veterans, but has made taking care of the men  
21           and women who served in our armed forces a  
22           centerpiece of his agenda since he walked  
23           into office five years ago.

24                   That is a commitment that we share at

1           our agency. We have a number of very  
2           important programs, not limited to but  
3           starting with a mortgage program through our  
4           SONYMA arm that makes low-interest loans  
5           available to veterans both for purchasing  
6           homes and for rehabilitating their homes. We  
7           also administer the HUD VASH vouchers which  
8           are so critical to making sure that veterans  
9           can afford to find themselves a safe place to  
10          live. That work absolutely will continue.

11                     In terms of homeless veterans,  
12          obviously this president has challenged the  
13          states to eradicate veterans' homelessness --  
14          I know it's happened in a number of our  
15          places across the state -- and the Governor  
16          absolutely has -- part of our charge of  
17          combating homelessness is to focus on  
18          veterans' homelessness.

19                     ASSEMBLYMAN ORTIZ: My second question  
20          is regarding the NPP and RPP. Why is the  
21          Executive Budget decreasing this program by  
22          \$2.3 million? Which this program has helped  
23          communities to leverage private sector  
24          funding to support affordable housing.

1                   COMMISSIONER RUBIN: You're asking,  
2                   Assemblyman, about the NPP/RPP program?

3                   ASSEMBLYMAN ORTIZ: That's correct.

4                   COMMISSIONER RUBIN: Sure. So one of  
5                   the first things I had the opportunity to do  
6                   when I came into office was go meet with a  
7                   number of the RPPs in a meeting of their  
8                   coalition. I've since had the opportunity to  
9                   do the same with the NPP coalition. They are  
10                  crucial local partners for us. I know  
11                  funding was increased using some of the  
12                  settlement money from last year, and we've  
13                  managed to increase, using that money, the  
14                  per-group amount that we award. I think  
15                  that's, you know, particularly in communities  
16                  that don't have the local resources on the  
17                  government level that, for example, New York  
18                  City does, these are absolutely critical  
19                  local partners for us in developing  
20                  affordable housing and doing other kinds of  
21                  community development, and I intend to  
22                  continue our commitment to them.

23                  ASSEMBLYMAN ORTIZ: Now, as the  
24                  settlement funds decrease, if they decrease,

1           these programs will continue to decrease and  
2           diminish? Or do you have a second  
3           alternative if we do not get more settlement  
4           funds to be in place with the agency?

5                    COMMISSIONER RUBIN: To my knowledge,  
6           the settlement funding from the last year  
7           funded at this higher level for several years  
8           to come.

9                    ASSEMBLYMAN ORTIZ: And my last  
10          question, to finish, is there's been a lot of  
11          conversation whether or not the Governor  
12          should take over NYCHA due to the fact that  
13          they have 55,000 repairs and we have a lot of  
14          issues getting people to get into NYCHA to  
15          repair the apartments.

16                   Do you think that you will have the  
17          resources to -- if for one reason or another  
18          NYCHA comes to be part of the Governor's  
19          authority, to take on NYCHA?

20                   COMMISSIONER RUBIN: To take over  
21          NYCHA?

22                   ASSEMBLYMAN ORTIZ: Mm-hmm.

23                   COMMISSIONER RUBIN: I think,  
24          Assemblyman, that it would be -- I know I've

1           seen something about that recently. I think  
2           it would be premature for us to even think  
3           about it. NYCHA has got a tremendous task  
4           ahead of them. They have enormous hurdles.  
5           They also have a tremendous amount of  
6           capital. And I think we need to give NYCHA  
7           the time, probably ought to give NYCHA some  
8           -- let me back off and just say I think it's  
9           premature even to think about taking steps  
10          like that with respect to NYCHA. I certainly  
11          haven't been presented with any proposals.

12                    ASSEMBLYMAN ORTIZ: Thank you,  
13           Commissioner. Thank you, Mr. Chairman.

14                    CHAIRMAN FARRELL: Thank you.  
15           Senator?

16                    SENATOR YOUNG: Thank you. Our next  
17           speaker is Senator Diane Savino.

18                    SENATOR SAVINO: Thank you, Senator  
19           Young.

20                    Thank you, Commissioner. I would say  
21           that that was a very good answer at the end  
22           there.

23                    I want to go back to the affordable  
24           housing, the 50,000 units for New York City.



1           The beauty of going almost last is I've heard  
2           all -- the issues of senior housing and  
3           veterans housing has been addressed, so I  
4           don't need to ask you that.

5                     But I'm curious as to -- of the 50,000  
6           for New York City, obviously it's 25,000  
7           preservation, 25,000 new development. Yes?

8                     COMMISSIONER RUBIN: Well, I don't  
9           know that it breaks out that way. Again,  
10          we -- as you know, statewide, we do different  
11          programs different places. I wouldn't want  
12          to say, sitting here right now, how the  
13          preservation or the new construction is going  
14          to break down. As you know, new construction  
15          in New York City is an awfully expensive  
16          thing to undertake. It may be that  
17          preservation in some areas is more  
18          appropriate.

19                    SENATOR SAVINO: And how would we go  
20          about determining what the rehabilitation  
21          units -- how are you going to determine what  
22          housing should be rehabbed? What's the  
23          criteria that will go into this?

24                    COMMISSIONER RUBIN: Well, it depends.



1 development of the properties to begin with,  
2 again, we can do the same thing. We know  
3 where they are, we have a good line of sight  
4 on how they're progressing through their life  
5 cycle. We're happy when they come in and  
6 tell us that, you know, it's Year 17 and we  
7 want to refinance because we need a new roof  
8 or whatever, and we work closely with them  
9 for that.

10           There's any number of projects that we  
11 have never seen before. And you know this  
12 well, I'm sure plenty of them are in your  
13 district. They are from all walks of -- you  
14 know, from any manner of projects. What  
15 we're hoping to find with this massive new  
16 injection of capital for our work, both in  
17 New York City but also very much upstate,  
18 where preservation is such a critical piece  
19 of the affordable housing picture, is that  
20 creative developers -- and there is an  
21 unbelievable developer community, nonprofit  
22 and for-profit in this state -- are going to  
23 come to us with projects. And they are going  
24 to be, a lot of them, preservation projects

1           that we've never seen before. There are  
2           opportunities to repurpose, you know, even in  
3           some cases things that weren't housing.  
4           That's a preservation project.

5                         So that's what we'll see.

6                         SENATOR SAVINO: On the new housing,  
7           it's been mentioned earlier that the mayor of  
8           the City of New York has a very aggressive  
9           housing program of his own; he wants to build  
10          200,000 units of affordable housing. He has  
11          run into tremendous opposition all around the  
12          City of New York from community boards  
13          everywhere, for a bunch of reasons. You  
14          know, some of them legitimate, some of them  
15          less so -- whether it's height restrictions,  
16          density, the effect it will have on school  
17          districts or our transit system. Nobody  
18          seems to like it. Many communities are  
19          opposed to the mandatory inclusionary housing  
20          requirements. So he's having a difficult  
21          time.

22                         What steps will you take to make sure  
23          you don't run into that same level of  
24          opposition from communities?

1                   COMMISSIONER RUBIN: It's a great  
2 question, Senator, and one we've thought some  
3 about.

4                   You know, we come to it, from the  
5 state, obviously, from a somewhat different  
6 perspective. We are not proposing -- and I  
7 don't want to pretend greater familiarity  
8 with the mayor's plans than I have. We're  
9 not proposing anything, for example, with  
10 respect to rezoning, because that's simply  
11 not within our purview. And as you say,  
12 that's one piece of what he is dealing with  
13 at the moment.

14                  Really what we're doing is making new  
15 capital available for developers of all kinds  
16 to identify and then come to us. That's how  
17 we work. We are proactive where we can be,  
18 but we are in many ways reactive to the  
19 market. And I think it's one of our great  
20 strengths that we retain the flexibility to  
21 evaluate what comes in our door.

22                  And then, you know, the broader  
23 question you could ask is, well, how do you  
24 deal with community opposition to a project

1           that is proposed. The answer is, again, we  
2           work closely with local partners. We have a  
3           long history of successfully working with  
4           partners to site projects that encountered  
5           early resistance but, in the long run,  
6           communities accepted.

7                     That's part of what we use, for  
8           example, our community development money to  
9           encourage. Because when you can show a  
10          community that a new affordable housing  
11          development is not simply affordable housing  
12          which has its own benefits but is also, as  
13          Senator Little said, economic development,  
14          it's community service, it ends up being, I  
15          think, widely recognized as a boon to the  
16          community.

17                    SENATOR SAVINO: Thank you.

18                    COMMISSIONER RUBIN: Thank you,  
19          Senator.

20                    SENATOR YOUNG: Thank you, Senator.

21                    I do want to point out that we've been  
22          joined by Senator Montgomery.

23                    CHAIRMAN FARRELL: Thank you, Senator.

24                    Assemblyman Linares.

1 ASSEMBLYMAN LINARES: Thank you. Good  
2 morning. Good morning.

3 COMMISSIONER RUBIN: Good morning,  
4 sir.

5 ASSEMBLYMAN LINARES: Commissioner,  
6 let me begin with some background. The  
7 demand for affordable housing is incredible  
8 in New York City and other parts of New York  
9 State. We can't even say with certainty the  
10 full scope of the problem because not  
11 everyone maintains a waiting list.

12 Seniors may spend years in a list, and  
13 many die before their turn comes up. Of  
14 those seniors who have an apartment, a  
15 significant number pay more than half of  
16 their monthly income on rent. Spending so  
17 much on rent -- if they can get a placement  
18 at all -- leaves a significant number of  
19 older adults in a very precarious situation  
20 that is often one emergency away from a much  
21 more expensive nursing home placement.

22 I have two questions for you. The  
23 Executive's House NY 2020 program proposes  
24 \$10 billion for affordable housing and

1           \$10 billion for supportive housing. How much  
2           of this investment will be targeted to  
3           housing for older adults?

4                         And the second question, is there a  
5           long-term plan for affordable housing for  
6           seniors that takes into account the drying up  
7           of federal funding through the Section 202  
8           program that builds the majority of our  
9           existing senior housing?

10                        COMMISSIONER RUBIN: Assemblyman,  
11           thank you for your questions.

12                        I again share your concern for the  
13           plight of seniors, particularly those who  
14           are, as you say, one paycheck or half a  
15           paycheck away from losing their housing.  
16           This is part of why the Governor took the  
17           aggressive step he did in this year's budget  
18           to make not only an enormous amount of  
19           capital available to the development of new  
20           affordable and supportive housing, but to  
21           make it available on a predictable basis for  
22           the next several years, so we can sit here  
23           now and know that we've got the flexibility,  
24           over the next several years, to build this



1 100,000 units.

2 We are sending a message to the  
3 market, to the market of developers, to the  
4 market of for-profit developers and  
5 not-for-profit developers, and to the people  
6 that we serve, that the money is there, now  
7 we need the projects. And many of those  
8 projects will absolutely be targeted to  
9 seniors.

10 ASSEMBLYMAN LINARES: The question is,  
11 obviously if the message is not clear that  
12 we're recognizing this crisis for seniors --  
13 and by the way, the numbers keep increasing,  
14 especially for seniors of color and the wave  
15 of immigrants that came in the '70s, '80's,  
16 '90s. They're now retired on a fixed income,  
17 and the numbers keep growing. And funding  
18 has dried up at the federal level.

19 However, my concern is how specific  
20 are we being in terms of this priority when  
21 it comes to seniors, in sending the message  
22 that there's a concrete percentage that we're  
23 looking at that will derive from this  
24 proposed investment.

1                   COMMISSIONER RUBIN: So where we sit  
2                   today, we haven't carved out a -- of the new  
3                   capital that's been appropriated, we haven't  
4                   carved out a specific amount simply for  
5                   senior housing. What I expect will happen is  
6                   we're going to learn more, as we start to get  
7                   a wave of projects in, about exactly what the  
8                   level of demand is.

9                   I can tell you that even since I  
10                  joined this agency only seven months ago,  
11                  many of the projects that we've awarded  
12                  funding to have been for seniors. And so I  
13                  have no question that the market understands  
14                  that this agency is committed to serving that  
15                  population.

16                 ASSEMBLYMAN LINARES: The fear usually  
17                 is, when we speak of affordable housing --  
18                 which we're in dire need of, particularly in  
19                 New York City -- seniors get lost in the mix.  
20                 And, you know, they are the most vulnerable.  
21                 They are the ones that really have invested  
22                 the most, and they are the most susceptible  
23                 to either harassment -- and I know that this  
24                 is high on our agenda when it comes to

1 protecting them. But the solution is  
2 building more housing for seniors.

3 COMMISSIONER RUBIN: I couldn't agree  
4 more. I had the opportunity to go visit --  
5 this is not just true in New York City, I had  
6 the opportunity to go visit one of the  
7 projects that we -- it was a preservation  
8 project up here in Albany, and I think it's  
9 Ohav Sholom, just a month, month and a half  
10 ago, and it was a senior project and really  
11 was one of the highlights of my seven months  
12 here. So I look forward to doing more of  
13 that.

14 ASSEMBLYMAN LINARES: Thank you very  
15 much.

16 COMMISSIONER RUBIN: Thank you,  
17 Assemblyman.

18 CHAIRMAN FARRELL: Thank you.  
19 Senator?

20 SENATOR YOUNG: Thank you. Our next  
21 speaker will be Senator Rivera.

22 SENATOR RIVERA: Thank you, Madam  
23 Chairwoman.

24 Hello, Commissioner. How are you?

1                   COMMISSIONER RUBIN: Good morning,  
2                   Senator.

3                   SENATOR RIVERA: You heard earlier  
4                   from my colleague, Adriano Espaillat, who has  
5                   the number one, as far as all the Senate  
6                   districts around the state, number one as far  
7                   as rent-stabilized units. Mine is No. 2. I  
8                   have almost 70,000 units in my district.

9                   And usually when folks come to my  
10                  district office, there are two things that  
11                  they ask about, either employment issues or  
12                  housing issues. And sometimes they're  
13                  connected to each other. So I'm obviously  
14                  very concerned about housing in general for  
15                  my constituency, and making sure that we can  
16                  have both the maintenance of the units that  
17                  we have -- which is why, again, I will  
18                  encourage you to give him a bigger office  
19                  over there --

20                  (Laughter.)

21                  SENATOR RIVERA: -- I will repeat  
22                  that --

23                  COMMISSIONER RUBIN: Thanks a lot.

24                  SENATOR RIVERA: -- and also the

1 creation of new units. So I want to dig into  
2 that a little bit.

3 As far as the financing, in the  
4 Executive proposal there are some changes in  
5 the financing structure, as I understand it,  
6 to the way that it's currently done. Just in  
7 the last couple of years, there's been around  
8 1700 units in my district that have been  
9 created as far as, you know, they're under  
10 construction with the current financing  
11 scheme.

12 Now, as I understand it, there is a  
13 change that you propose that would add the  
14 financing to -- so that it's voted on in the  
15 Public Authorities Control Board. And if  
16 that's the case, could you explain to me why  
17 this change was suggested? And would not  
18 this make it harder for some of these  
19 projects to be able to be developed in a  
20 speedy manner? I want to know why you folks  
21 proposed it.

22 COMMISSIONER RUBIN: Senator, thanks  
23 for your question.

24 So first of all, against this

1 backdrop, I don't want to lose sight of your  
2 central point, which is that the best  
3 solution to an affordable housing crisis is  
4 to build more affordable housing. And the  
5 Governor two weeks ago gave, as you know --  
6 I'm sure you were there -- in the State of  
7 the State address and in his Executive Budget  
8 injected another \$2.5 billion or so into the  
9 next five years of the affordable housing  
10 world. It's not zero-sum, it's new capital  
11 for affordable housing development and  
12 preservation across the state. And I think  
13 that's a point that -- that really is  
14 fundamentally the point that I want to make  
15 sure that we get delivered in this hearing  
16 today. So more money for housing is the  
17 message of the Governor.

18           The question you're asking about the  
19 PACB is really a -- you know, it boils down  
20 to a question of good government and  
21 accountability. You should know that our  
22 agency has an obligation to the PACB. Our  
23 projects go to the PACB for approval. I  
24 think we did a round of them as recently as

1 last -- I want to say Thursday --

2 SENATOR RIVERA: I'm certainly  
3 familiar, since there's a project a block  
4 from my house that you folks approved a loan  
5 for, and God bless America for that.

6 But the issue, since I only have a  
7 couple of minutes, this is what I want to  
8 drill down to. I certainly have no issues  
9 with the process, and I certainly want for  
10 there to be accountability and transparency.  
11 The issue is why the changes to the process  
12 as it currently exists if, just in the last  
13 two years in my district, 1700 new units are  
14 being built with the process as it currently  
15 is. Why the changes to the process as it  
16 relates to the financing?

17 As I understand it, this type of  
18 oversight for municipalities and how  
19 municipalities do their financing of projects  
20 that happen within their borders has not  
21 really been something that the state has  
22 done. Has that been correct?

23 COMMISSIONER RUBIN: Again, it's a  
24 question of accountability. You know,

1           fundamentally what you're talking about is  
2           the state's tax-exempt volume cap for taxing  
3           and bond capacity that's given to the state  
4           at the state level by the federal Treasury.  
5           It's typically about \$1.9 billion a year or  
6           something like that. It's the state's  
7           responsibility to make sure that it's  
8           allocated and used appropriately. That's  
9           what the PACB -- the PACB does that for us.  
10          And it is the purpose of that particular  
11          component of this year's budget to make sure  
12          that that level of accountability and good  
13          government and centralization is extended  
14          everywhere throughout the state that the  
15          state's volume cap is used.

16                    It's not intended and will not be, is  
17                    my understanding, an impediment in any way to  
18                    efficient and fast development of future  
19                    affordable housing. That 1700 units that  
20                    you're talking about would have been 1700  
21                    units, the same timeline, PACB or no PACB.

22                    SENATOR RIVERA: I might have some  
23                    questions for you afterwards, privately, but  
24                    thank you.



1                   COMMISSIONER RUBIN: Happy to talk to  
2                   you.

3                   SENATOR YOUNG: Thank you, Senator.

4                   CHAIRMAN FARRELL: Thank you.  
5                   Assemblyman Pichardo.

6                   ASSEMBLYMAN PICHARDO: Thank you,  
7                   Mr. Chair and my colleagues.

8                   Commissioner, thank you so much for  
9                   your time and indulging us in answering these  
10                  questions.

11                  A quick question, I know it's been  
12                  mentioned earlier in some permutation or  
13                  another, where we need to make sure that we  
14                  protect seniors in making sure that they have  
15                  access to these types of resources.

16                  So I was studying the Executive  
17                  Budget, and one of the programs -- let me  
18                  just make sure that I have the wording  
19                  right -- housing opportunities for the  
20                  elderly. It was funded at about \$6.4 million  
21                  in last year's budget, and it's now,  
22                  according to the Executive, it's being  
23                  proposed at 1.4. So there's been a lot of  
24                  talk about we need to do well for seniors,

1 but why is the Executive drastically cutting  
2 back this specific program, which -- at least  
3 what the title says -- that it's supposed to  
4 go directly into helping seniors with housing  
5 issues.

6 COMMISSIONER RUBIN: So, Assemblyman,  
7 with respect to that particular program, I'll  
8 have to ask for my staff to come back to your  
9 staff and talk about it.

10 ASSEMBLYMAN PICHARDO: Sure.

11 COMMISSIONER RUBIN: But again, I  
12 would say that with all the new capital that  
13 we've got, I am 100 percent confident that  
14 the amount of development that we do  
15 targeting seniors is going to go up from  
16 previous levels.

17 ASSEMBLYMAN PICHARDO: All right,  
18 thank you.

19 And I just want to emphasize something  
20 that's been said; I'm not going to tread on  
21 old ground here. But I wanted to give you  
22 some really tangible examples of why TPU  
23 needs to be funded and needs to be funded at  
24 a higher level.

1           I had the unfortunate problem, issue,  
2           that I had to stand with about a dozen of my  
3           constituents, tenants that live at  
4           2200 Aqueduct Avenue in the Bronx, right off  
5           of 182nd Street, and they lived in their  
6           building for about 18 months without gas. I  
7           reached out to Con Ed and reached out to the  
8           landlord, and they are working very quickly  
9           now that we had to sort of put the -- sort of  
10          the screws on them, so to speak.

11           Also I've been working for over a year  
12          and a half with some tenants over at 2120 and  
13          2126 Tremont Avenue. And fortunately for  
14          them, the City of New York moved those  
15          buildings into alternative enforcement, and  
16          the building was sold to a new property  
17          manager. That they're looking to deal with  
18          repairs that the previous manager didn't  
19          address, and we've asked them.

20           So I just want to emphasize and add my  
21          voice to my colleagues who have mentioned  
22          this before. TPU is necessary and needs to  
23          be funded. And these are just simple  
24          examples I can give you right off the top of

1 my head. I can take all morning and give you  
2 examples from all over my district. But I  
3 just want to make sure that I emphasize that,  
4 that TPU is necessary and needs to continue  
5 to be funded. Thank you.

6 COMMISSIONER RUBIN: I thank you for  
7 that, Assemblyman.

8 One of the first things that I did  
9 when I arrived at HCR seven months ago was go  
10 to an event with our two colleague agencies  
11 in the task force, the Tenant Harassment Task  
12 Force, the Attorney General and the City HPD,  
13 and we stood up in front of a building much  
14 like the one you just described, I think in  
15 Brooklyn, where a similar set of events had  
16 occurred. It's part of what the TPU does.  
17 The vast majority of what the TPU does is --  
18 you know, for the average person, probably  
19 much less interesting; it has to do with the  
20 evaluation of data and audits and very quiet  
21 but fair negotiations of settlements from  
22 landlords who should have kept their  
23 apartments in rent-stabilized status and now  
24 need to return them to that status.

1                   But it's critically important work,  
2                   and I thank you for that.

3                   ASSEMBLYMAN PICHARDO: Thank you,  
4                   Commissioner. Thank you, Mr. Chair.

5                   CHAIRMAN FARRELL: Senator.

6                   CHAIRWOMAN YOUNG: Thank you very  
7                   much.

8                   Senator Little.

9                   SENATOR LITTLE: Thank you.

10                  Once again, I would like to talk a  
11                  little bit about affordable housing. We know  
12                  that there are many types of affordable  
13                  housing, but in my district I have -- and  
14                  other districts throughout the state as  
15                  well -- we have something that's very common,  
16                  the use of mobile homes as an affordable  
17                  option. And as you know, mobile homes do not  
18                  age well, and many times they can't be  
19                  disposed of, they deteriorate and it becomes  
20                  a real issue.

21                  Well, some are in a community park.  
22                  We have a lot of them in which the person  
23                  owns the land, has a well and the septic, but  
24                  the home just is really not adequate,



1 housing creates some particular issues, as  
2 you said. You can't resell a mobile home  
3 once you've lived in it. So once you've  
4 bought it, you own it, and then it's  
5 effectively --

6 SENATOR LITTLE: It's downhill.

7 COMMISSIONER RUBIN: You got it.

8 And it is also the case, as you said,  
9 that the location of the mobile homes are  
10 often in questionable circumstances. They're  
11 often to be found, for example, in flood  
12 plains or they have inadequate footing or  
13 foundations or whatever.

14 When I was running the Governor's  
15 Office of Storm Recovery, we had a number of  
16 particularly sticky issues dating back to  
17 Irene and Lee with mobile homes because of  
18 exactly that kind of problem.

19 I think a program that -- I don't know  
20 what was done several years ago, but our  
21 staff can research it and then we can talk.  
22 I'd be delighted to talk to you and your  
23 staff about resuscitating some assistance for  
24 them.

1                   SENATOR LITTLE: Thank you. Because  
2                   there does seem to be some money that is, you  
3                   know, for incentive programs that's not -- a  
4                   little bit flexible. It would be a great  
5                   program if we could start it.

6                   COMMISSIONER RUBIN: Absolutely.

7                   SENATOR LITTLE: Thank you.

8                   COMMISSIONER RUBIN: Thank you,  
9                   Senator.

10                  SENATOR YOUNG: Thank you, Senator.

11                  The Assembly I believe is done with  
12                  their questioning, so we'll go to Senator  
13                  Velmanette Montgomery.

14                  Sorry, Velmanette. There she is.

15                  SENATOR MONTGOMERY: Thank you. I'm  
16                  here. Thank you.

17                  Good morning.

18                  COMMISSIONER RUBIN: Good morning,  
19                  Senator.

20                  SENATOR MONTGOMERY: Forgive me, this  
21                  question may have already been asked. I  
22                  apologize for being late; I was obviously  
23                  with the children in the Well.

24                  COMMISSIONER RUBIN: Not at all.



1                   SENATOR MONTGOMERY: I wanted to ask  
2                   you -- you know, we talk a lot about the need  
3                   for affordable housing, that it's huge, and  
4                   homelessness and all of those issues related  
5                   to not having housing. However, the largest  
6                   stock of absolutely affordable housing that  
7                   we have, perhaps in the whole state, is  
8                   within NYCHA, the New York City Housing  
9                   Authority. And of course last year we did  
10                  have \$100 million allocated for the purpose  
11                  of attempting to address some of the capital  
12                  needs of NYCHA.

13                  We've been told by the chairwoman at  
14                  NYCHA that a huge part of the problem that  
15                  they have experienced is related to the fact  
16                  that they need new roofing in most of those  
17                  developments. And because of the damage that  
18                  has occurred, based on the lack of -- or the  
19                  problems with roofs, all of the other issues  
20                  stem from that. So unless we do the new  
21                  roofs, we can't expect that other capital  
22                  requirements will work.

23                  So I have two parts to my question.  
24                  One is, what did happen to the \$100 million?

1           Was that actually delivered to NYCHA and did  
2           it support the capital needs based on the  
3           identification of the chairwoman and her  
4           staff? That's number one.

5                     And two, are we in the State of  
6           New York, through your agency, are we looking  
7           to create a funding stream that would support  
8           NYCHA? Because after all, it is the  
9           number-one supply of affordable housing,  
10          really affordable housing, in the City of  
11          New York and probably across the state.

12                    So my question is what are we doing to  
13          establish some way for the state to make sure  
14          that there is an ongoing capital support for  
15          the public housing in our state?

16                    COMMISSIONER RUBIN: Senator, thank  
17          you for your questions.

18                    We have spent some time today talking  
19          about NYCHA, but it makes sense that we would  
20          spend time talking about NYCHA. As you say,  
21          within New York City it is -- you know, NYCHA  
22          is a third of all public housing nationwide,  
23          and in New York City it's an enormous source  
24          of affordable housing for hundreds of

1 thousands of New Yorkers. So it should be a  
2 focus of what we talk about when we talk  
3 about affordable housing.

4 With that said, specifically to your  
5 question about the \$100 million from last  
6 year's budget, the first \$40 million of that  
7 has already been allocated to NYCHA for  
8 security purposes. And by security I mean  
9 very specific building-by-building  
10 expenditures on specific security measures  
11 that I had the opportunity actually to review  
12 at a meeting with Ms. Olatoye and her staff  
13 several months ago.

14 That work is underway, has been  
15 announced and is underway, being overseen  
16 jointly by the Dormitory Authority of the  
17 state, DASNY, and NYCHA. And my  
18 understanding is they are working closely to  
19 get it out, get the security measures in  
20 place very quickly, because obviously that's  
21 a critical need.

22 The second piece of that \$100 million  
23 is included in what's called the Capital  
24 Revitalization Plan. That was the term for

1 the overall \$100 million. That plan, the  
2 rest of it is being reviewed at the  
3 Department of Budget, our Department of  
4 Budget. And my understanding is that  
5 approval of it is imminent. And then the  
6 rest of it will be released for the kind of  
7 work that -- between NYCHA and I assume DASNY  
8 that the first \$40 million was subject to.  
9 And it will be for, again, critical needs  
10 that NYCHA and others have identified for us.

11 As far as an ongoing state capital  
12 funding, an ongoing source of state capital  
13 funding for NYCHA, you know, it's not  
14 traditionally been -- well, funding of NYCHA  
15 is awfully complex. You know, NYCHA's  
16 funding from the federal government has waxed  
17 and waned, NYCHA's funding from other sources  
18 has waxed and waned. NYCHA has enormous  
19 capital needs; they also have an enormous  
20 amount of money that comes to them from a  
21 variety of sources. And I know that while  
22 the staff at NYCHA is dedicated and works  
23 very hard, we need to make sure that, among  
24 other things, they're spending that money

1           wisely and efficiently, the money that they  
2           have access to wisely and efficiently.

3                       I should say that I don't want to lose  
4           sight of the importance of that \$100 million  
5           that we talked about earlier with Assemblyman  
6           Wright and others. You all made that  
7           available to NYCHA, and it wasn't roofs,  
8           ultimately, that it was spent on, but it  
9           was -- you know, NYCHA is where people live  
10          and work. There are lots of important things  
11          about the buildings that aren't roofs. And I  
12          know NYCHA has got an extensive and very  
13          aggressive roof repair plan that they have  
14          undertaken, and I think you all were wise  
15          enough to make sure -- and others, the  
16          Governor, to make sure that there were other  
17          aspects of NYCHA's needs that were met with  
18          that \$100 million.

19                      SENATOR MONTGOMERY: Thank you,  
20          Commissioner. All due respect, security is  
21          not capital. And security doesn't take care  
22          of what appears to be a major problem  
23          throughout the system. So I just want to  
24          register my concern with you.

1                   And also that obviously a system of  
2                   this magnitude serving hundreds of thousands  
3                   of families -- and I represent a number of  
4                   housing, including Red Hook East, Red Hook  
5                   West, which suffered tremendous problems  
6                   based on the storm -- we really need to be  
7                   able to create a sustained way of making sure  
8                   that that housing stays available and is  
9                   upgraded as needed. And I would hope that we  
10                  could begin to talk about ways in which the  
11                  state can work with the city and with the  
12                  federal funding streams to make sure that  
13                  NYCHA is sustainable for the people that it  
14                  was built for and that it serves.

15                  And I must say to you, when I go into  
16                  the buildings in my districts and I see the  
17                  great degree of disrepair and the needs  
18                  there, the molding and the leaks and some of  
19                  the units that are not even usable because  
20                  they are so bad, it really amazes me that we  
21                  have gone so many years ignoring this  
22                  particular source of housing while we have  
23                  exploded, especially in my district and other  
24                  parts of the city as well, exploded in this

1 new development that we are subsidizing,  
2 nonetheless, while we ignore the NYCHA  
3 housing.

4 So I hope that we can work together  
5 with you in coming up with a plan, you and  
6 the Governor, of course, with a plan that  
7 addresses this tremendous need in our city  
8 and our state.

9 COMMISSIONER RUBIN: I thank you for  
10 your comments, Senator.

11 And I share your concern about the  
12 state of disrepair in many of NYCHA's  
13 buildings. There are no shortage of creative  
14 financial proposals that have been put out  
15 there, most recently I know by Comptroller  
16 Stringer the other day. And I think all of  
17 those have to be examined in the context of  
18 the importance that NYCHA plays in New York  
19 City, I agree.

20 SENATOR MONTGOMERY: Yes. Thank you.

21 COMMISSIONER RUBIN: Thank you.

22 SENATOR YOUNG: Thank you, Senator.

23 Our next speaker is Senator Liz  
24 Krueger.

1                   SENATOR KRUEGER: Good after -- let me  
2 see. Afternoon.

3                   To continue. I know you answered a  
4 question from Senator Rivera that you did not  
5 believe that inserting the PACB into the  
6 approval process for bond cap money would  
7 delay. But you actually couldn't control  
8 that if we had this rule, because the PACB  
9 rules are that there are three voting members  
10 and any one saying no means it doesn't go  
11 through.

12                  So just for the record, the Governor's  
13 departments couldn't guarantee that this  
14 would not delay, because last time I checked,  
15 you don't get to determine whether the  
16 Majority Leader of the Senate or the Speaker  
17 of the Assembly decide to vote yes or no in  
18 PACB votes. So is that your -- am I correct?

19                  COMMISSIONER RUBIN: Yes, you are.

20                  SENATOR KRUEGER: Thank you.

21                  There was lots of discussion before  
22 about the commitment for affordable housing  
23 units, and discussion in your testimony about  
24 supportive housing units, and we're all



1           delighted that the state is making these  
2           commitments. And you explicitly said in your  
3           testimony that the 6,000 supportive housing  
4           units in five years, there's actually  
5           \$2.6 billion in the budget for new units, so  
6           I'm delighted that you spoke about those.

7                         But the Governor also, in his State of  
8           the State, spoke about a 15-year commitment  
9           for 20,000 total supportive units. Because  
10          we work on an annual budget basis here, what  
11          can you do to ensure that this commitment is  
12          actually guaranteed going forward? Because I  
13          don't want to speak for the Governor, but I  
14          don't think mathematically he will be the  
15          Governor in 15 years. You and I probably  
16          won't be here. So I'm just --

17                        CHAIRMAN FARRELL: Speak for yourself.

18                        (Laughter.)

19                        SENATOR KRUEGER: Denny will be here.

20                        CHAIRWOMAN YOUNG: Assemblyman Farrell  
21          will be here.

22                        SENATOR KRUEGER: I was just saying  
23          myself -- and I shouldn't speak for you  
24          either, Commissioner.

1                   COMMISSIONER RUBIN: I'm disappointed  
2                   to find out I'm not going to be here in 15  
3                   years.

4                   (Laughter.)

5                   SENATOR KRUEGER: Okay, I won't be  
6                   here.

7                   COMMISSIONER RUBIN: All right.

8                   SENATOR KRUEGER: Okay, fine.

9                   How do we somehow codify or make  
10                  explicit that there is a 15-year plan for  
11                  these 20,000 units? In the past we had these  
12                  New York/New York agreements. I mean, is  
13                  there a plan for another one? Is there  
14                  another model to assure this money and  
15                  commitment goes forward?

16                  COMMISSIONER RUBIN: Senator, it's a  
17                  great question.

18                  I think that -- first of all, the good  
19                  news is that the next five years, which, you  
20                  know, is -- call it five years, but it's five  
21                  years of a development cycle, whatever that  
22                  actually ends up being -- is fully funded.  
23                  And I should point out that that's both on  
24                  the capital and on the operating services

1 side. Although that's not my agency, it is a  
2 fact that that's -- you know, as you know,  
3 that's a critical piece of the development of  
4 supportive housing. So we're looking at now  
5 several years of need that we think that we  
6 can meet.

7 Beyond that, as you said, the  
8 outyears, you know, it's the Governor's  
9 commitment. He said it. I work for a  
10 Governor who I've known perhaps not as long  
11 as you have, but I've known him for a long  
12 time, and he is committed to making sure that  
13 as we get closer to that outyear period,  
14 we'll be reviewing -- I suspect what we'll be  
15 doing is reviewing or my agency will be  
16 reviewing what we've already developed based  
17 on the work that we did from this budget,  
18 reassessing every year using the data that we  
19 get in from the continuum of care and other  
20 sources, and looking forward many more years,  
21 you know, continually doing a look forward to  
22 see what we need.

23 And if, you know, Years 7, 5 or 6 or  
24 whatever it is we see that, you know, it's

1           time to start thinking about that next  
2           period, living up to -- you know, putting in  
3           explicit in a new budget something to meet  
4           the Governor's commitment from this year,  
5           that's what's going to happen.

6                     SENATOR KRUEGER:  Okay, thank you.

7                     And finally, lots of people have  
8           talked about the TPU and the value so many of  
9           us representing New York City see in that.

10                    So there was concern raised by one of  
11           my colleagues that TPU goes on fishing  
12           expeditions and there are still too many  
13           delays in the Office of Rent Administration.  
14           Am I wrong when I assume that what the TPU  
15           does is look at patterns of abuse through the  
16           Office of Rent Administration complaints and  
17           now, hopefully through the Tenant Harassment  
18           Task Force that's being, I guess, jointly  
19           carried out by your department, HPD, and I  
20           believe the Attorney General's office -- so  
21           am I wrong to believe that actually there is  
22           coordination to try to make sure we're going  
23           after sort of big-picture bad players and  
24           address individual people's complaints?  Even

1           though I would agree with my colleagues we're  
2           still too slow on the individual complaints  
3           as well.

4                    COMMISSIONER RUBIN: I would say --  
5           you're not wrong, because I would never want  
6           to say you're wrong about anything.

7                    SENATOR KRUEGER: That's okay. I said  
8           you were wrong --

9                    (Cross-talk.)

10                   COMMISSIONER RUBIN: But I'm sort of  
11           learning what the relationship is --

12                   SENATOR KRUEGER: I can take it.

13                   COMMISSIONER RUBIN: I bet. But I  
14           would say -- you -- you said that they look  
15           for patterns of abuse. I would say they look  
16           for patterns. What TPU does is they look for  
17           patterns, whatever they are. They look  
18           for -- for example, they do audits on blocks  
19           of apartments. They'll take, you know, a tax  
20           abatement program -- to take one example, a  
21           real example, they'll take a tax abatement  
22           program that should have matched benefits  
23           with rent stabilization, you know,  
24           rent-stabilized apartments, and they'll look

1 to see from year to year whether those  
2 apartments, which they -- you know, they know  
3 which apartments they are -- stayed in the  
4 system.

5 It's not abuse, it's just a fact.  
6 They're there, they're not there, if they're  
7 not there and it looks like it's a pattern,  
8 why weren't they there. And at some point  
9 you start digging and you find that, yeah,  
10 they should have stayed in there. And then  
11 eventually you get the result, which is the  
12 one that we had a couple of times recently,  
13 where you get large blocks of apartments that  
14 move back into the rent-stabilized system.

15 That's a -- it's an audit. It's  
16 certainly not a fishing expedition. It's a  
17 review of data that happens on a blinded  
18 basis. Is there coordination with other  
19 aspects, other parts of state government or  
20 local government? There is -- there's  
21 coordination in the sense that they serve  
22 similar functions and sometimes they'll sit  
23 side by side.

24 But really the folks at ORA have very

1 specific and distinct responsibilities. They  
2 are responsible for evaluating sometimes  
3 tenant complaints, but really evaluating  
4 requests from landlords that come in for  
5 rental increases. And as you've talked about  
6 or others have talked about, much of ORA's  
7 work goes to assessing the need, you know,  
8 going through the painstaking labor of  
9 reviewing receipts and so forth, and then  
10 providing tenants with the due process to  
11 contest or agree with those requests. It's a  
12 very different kind of work than what TPU  
13 does, which is proactive and investigative.

14 We do cooperate, as members of the  
15 task force, as you said, the Tenant  
16 Harassment Task Force, with the Attorney  
17 General's office and the City HPD, and there  
18 it's a lot more straightforward: We all have  
19 the same mission, we're arm in arm, and we  
20 cooperate.

21 SENATOR KRUEGER: And just a quick  
22 last question, because I see zero. The State  
23 Comptroller's office had done an audit  
24 showing a 14-month delay in responding on

1 Office of Rent Administration complaints.  
2 Have you been able to improve that number  
3 since that audit?

4 COMMISSIONER RUBIN: Senator, the  
5 audit came out I think before I got here.  
6 The audit period was substantially before  
7 even the audit came out, as is the pattern of  
8 such audits. I've reviewed the audit  
9 carefully, and we have spent a tremendous  
10 amount of time on the internal processes,  
11 some of the -- I would say some of the  
12 mechanisms of which led to the problems that  
13 were identified in the audit.

14 I will come back to your office with  
15 some sense of whether we're making progress.  
16 But I can tell you that I'm not going to sit  
17 here next year and the year after and tell  
18 you that we haven't made efforts and that we  
19 haven't made progress.

20 SENATOR KRUEGER: Thank you very much.

21 SENATOR YOUNG: Thank you very much.

22 And so I'm batting cleanup, I believe.  
23 And I do have several questions, so I hope  
24 people bear with me, but I think we need to



1 be transparent on behalf of the people of  
2 New York State, as you know.

3 I wanted to follow up on Assemblyman  
4 Fitzpatrick's questions about the Mortgage  
5 Insurance Fund. And as you know, under the  
6 Governor's proposal and the Article 7  
7 language, the Governor would utilize  
8 \$150 million in surplus MIF funds, which is a  
9 \$25 million increase over last year. And you  
10 touched on this. I'm not an expert in  
11 mortgage insurance or anything like that  
12 either, as you pointed out you aren't. But  
13 you do feel confident that it won't affect  
14 the state's credit rating; is that true?

15 COMMISSIONER RUBIN: Well, it's -- the  
16 Mortgage Insurance Fund actually has its own  
17 credit rating. And the answer is absolutely.

18 CHAIRWOMAN YOUNG: I'm sorry, the  
19 MIF's credit rating.

20 COMMISSIONER RUBIN: No, no, it's  
21 fine. And the answer is yes. We work  
22 closely with the credit rating agencies,  
23 actually, throughout the year to understand  
24 carefully not only what they think about the

1 work that has been done, but what they think  
2 about the MIF's current fiscal position. And  
3 then I think that what happens is you try out  
4 various scenarios on them and assess whether  
5 they think that what we're proposing to do or  
6 might propose to do would have an impact on  
7 the credit rating.

8 SENATOR YOUNG: And I appreciate that  
9 careful analysis. How much do you think is  
10 available as a surplus overall through the  
11 MIF funds?

12 COMMISSIONER RUBIN: Well, the Article  
13 7 I think is the -- you know, is the -- the  
14 amount in the Article 7 --

15 CHAIRWOMAN YOUNG: The full amount?

16 COMMISSIONER RUBIN: -- yeah, is the  
17 amount that's available.

18 SENATOR YOUNG: Okay. You know what's  
19 really helpful to us as the Senate goes  
20 through our analysis of the Governor's  
21 budget, any information that you have a  
22 report on -- that would be very beneficial, I  
23 believe for the Senate but probably the  
24 Assembly too, as we evaluate this particular

1 initiative.

2 COMMISSIONER RUBIN: Absolutely,  
3 Senator.

4 SENATOR YOUNG: Thank you. That would  
5 be very, very helpful.

6 I'm glad that Senators Bonacic and  
7 Montgomery asked about NYCHA. And obviously  
8 there's been a lot of concerns about safety  
9 and security, to the point where, you know,  
10 crime issues -- we had two little children  
11 stabbed in an elevator by someone who was  
12 mentally ill who had fallen through the  
13 cracks, not gotten the mental health services  
14 that that person needed -- so those are big  
15 issues.

16 And so I've heard you say, and I'm  
17 glad to hear it, for security purposes  
18 there's been \$40 million invested by the  
19 state to tackle some of those issues. And  
20 you also talked about the fact that you have  
21 a Capital Revitalization Plan and the  
22 approval is imminent. And so, you know, I'm  
23 happy to hear that NYCHA is making progress,  
24 because I think all the legislators are

1 concerned about some of the fraud, waste,  
2 abuses that have gone on in the system. And  
3 as a result of that, the tenants, the people  
4 are being impacted in a very negative way,  
5 and they're suffering.

6 So I want to point out, though, in the  
7 2016 enacted budget, when the Legislature  
8 appropriated that \$100 million in JP Morgan  
9 settlement funds for NYCHA, the language says  
10 that no money shall be disbursed until the  
11 commissioner of the New York State Division  
12 of Housing and Community Renewal, in  
13 consultation with the New York City Housing  
14 Authority chair, has developed a capital  
15 revitalization plan for the use of such  
16 funds, and such plan has been approved by the  
17 director of the Division of Budget and  
18 submitted to the Speaker and Minority Leader  
19 of the Assembly and the Temporary President  
20 and Minority Leader of the Senate.

21 So I was wondering if that plan has  
22 been submitted.

23 COMMISSIONER RUBIN: So that's the  
24 plan, Senator, that is -- whose approval is

1 with the -- that's with the Department of  
2 Budget right now and whose approval is  
3 imminent. That's the \$100 million Capital  
4 Revitalization Plan.

5 SENATOR YOUNG: Right. But has it  
6 been submitted to the Legislature?

7 COMMISSIONER RUBIN: Not yet. I think  
8 it's submitted -- my understanding is that  
9 it's submitted once the Department of Budget  
10 reviews it. So again, that's --

11 SENATOR YOUNG: Okay. So we'll look  
12 forward to seeing that, then. Thank you.

13 You know, I was really glad, just  
14 switching gears, to hear your support of the  
15 Rural Preservation Program and the  
16 Neighborhood Preservation Program. And as  
17 you know, those are very vital programs. And  
18 for the rural piece, especially upstate, that  
19 might be the only entity that does economic  
20 development for some of our smaller  
21 communities.

22 And I'm so glad to see that the -- I  
23 was very happy last year when we enacted a  
24 budget that was a three-year plan, because

1 oftentimes we go through a process during the  
2 budget where maybe the funding's been cut for  
3 such programs, and the Legislature again -- I  
4 believe whether you're Democrat, Republican,  
5 in the Assembly or in the Senate -- thinks  
6 very highly of the NPP and the RPP programs.  
7 And so I'm glad to see that it's funded,  
8 because of the impact that it has on people's  
9 lives across the state, again in a very  
10 positive way.

11 HCR works very hard and you have  
12 really good staff. However, there has been  
13 some glitches in the disbursement of funds.  
14 And I was hoping you could give a status  
15 update -- because, you know, we hear from the  
16 agencies around the state, because they  
17 operate on shoestring budgets, oftentimes  
18 they have to go out and get bridge funding in  
19 order to be able to meet their payroll, for  
20 example, or whatever project they're working  
21 on.

22 So I was wondering how that process is  
23 going now, have the glitches been worked out,  
24 is the funding goes out in a timely manner?

1                   COMMISSIONER RUBIN: Senator, with  
2                   respect to any specific issues, obviously I'd  
3                   have to have my staff follow up with yours so  
4                   we make sure that any kinks in specific --  
5                   you know, that we iron out any specific  
6                   funding issues. We certainly don't want it  
7                   to be the case that, as you said, these  
8                   groups who are really the only source of  
9                   local assistance are placed at financial  
10                  risk.

11                  I would say my experience since I got  
12                  here seven months ago, as you said, is that  
13                  the staff, and it's particularly the OCR  
14                  staff headed by Chris Leo, are terrific at  
15                  what they do, they are very, very dedicated  
16                  to the rural needs of the state. And I've  
17                  seen I guess part, at this point, of a cycle  
18                  of grants and awards, and it seems to my eye  
19                  to have gone relatively smoothly. There's  
20                  certainly no intended delays, and no  
21                  complaints of delay have made their way to my  
22                  office. But it doesn't mean that they don't  
23                  exist, and I would welcome the opportunity to  
24                  work with you and your staff on that.

1                   CHAIRWOMAN YOUNG: It would be great  
2                   to get a status update, and also for Senator  
3                   Little to be able to have that information as  
4                   chair of the Housing Committee, because --  
5                   and I have to say, again, as former chair,  
6                   the staff has been very responsive and very  
7                   good and would meet with me, and I'm sure  
8                   that they'll be meeting with her. But we  
9                   have members from all over the state that are  
10                  very concerned about those issues, because  
11                  they hear -- as you know, we get constituent  
12                  cases in our offices, we hear from our  
13                  constituents, and that was a concern. So  
14                  thank you for the information on that.

15                  COMMISSIONER RUBIN: Absolutely.

16                  SENATOR YOUNG: Switching gears to the  
17                  Rural and Urban Community Investment Fund,  
18                  which I am thrilled about, have worked on  
19                  myself -- and as you know, that was  
20                  established. We're so glad to see that the  
21                  Governor has included \$35.3 million to  
22                  increase the funding for the CIF, and it's  
23                  been very effective so far.

24                  As you also know, under the statute



1           that was created, that there is a fair split  
2           between the funding, so 60 percent in urban  
3           areas -- but that's not just New York City,  
4           it's also for upstate cities -- and  
5           40 percent for the rural areas. And there's  
6           been some great projects so far, which is  
7           wonderful. And I want to congratulate you on  
8           that.

9                     One of the questions I had, though, it  
10           seems like a lot of funding so far has gone  
11           towards some of the larger projects. And  
12           again, they're great, great projects. But I  
13           was wondering if there would be any  
14           consideration moving forward to some of the  
15           smaller projects, to, you know, mixing in a  
16           few more of those just to get maybe a more  
17           fair distribution between those types of  
18           issues. Because, you know, there are a lot  
19           of smaller projects that are very worthy  
20           also.

21                     COMMISSIONER RUBIN: I agree. I think  
22           particularly in the rural areas, rural parts  
23           of New York outside of New York City, size is  
24           no indication of the impact on a community.

1 And I know that our staff appreciates that.

2 You know, the early years, the first  
3 couple of years, I guess the first year of  
4 CIF has been, as you said, a resounding  
5 success, and we're delighted to be able to  
6 double down. The demand for that program is  
7 very, very high. And I think that the more  
8 mix of projects we get, the better,  
9 geographically, in terms of size. We look  
10 for impact, not for size.

11 SENATOR YOUNG: But I do think, you  
12 know, just looking at some of the smaller  
13 projects too, they can have -- in a small  
14 community --

15 COMMISSIONER RUBIN: Absolutely.

16 CHAIRWOMAN YOUNG: -- that impact can  
17 be huge, even though it's a small project.  
18 So I would just like for you to take that  
19 into consideration.

20 And again, we're thrilled about it.  
21 The mixed-use has been phenomenal, because  
22 not just meeting affordable housing needs but  
23 also meeting other economic needs in the  
24 community. And again, it's that

1           revitalization that we're all working  
2           towards. So congratulations on that, and I  
3           look forward to seeing how things develop.

4                   COMMISSIONER RUBIN: Thank you,  
5           Senator. I would say that, you know, with  
6           programs like that that are targeted in part  
7           towards smaller communities that don't have  
8           the same track record of working closely with  
9           our agency, you and your colleagues are our  
10          best marketers, often.

11                   And so we'd very much welcome the  
12          opportunity to come and put our staff out in  
13          your areas and maybe working with some of  
14          your regional staff, which I know they do  
15          now, to find those parties who might be good  
16          local partners for smaller CIF projects.

17                   CHAIRWOMAN YOUNG: Thank you very  
18          much.

19                   Two more, Denny.

20                   Also I just wanted to point out,  
21          because it was brought up by my colleague --  
22          just switching gears again, I was glad that  
23          Senator Krueger brought up the Furman  
24          Institute, because they are a very, very

1 credible organization. And the study that  
2 Senator Krueger was referencing actually is  
3 about a hundred -- or, I'm sorry -- it seems  
4 like a hundred -- a year and a half years  
5 old. So it's different information. And  
6 obviously what's happened in the last year  
7 and a half is very different. The  
8 Legislature decided to make several reforms  
9 to the program. Unfortunately, it's expired  
10 right now.

11 So I just want to point that out and  
12 set the record straight, because I want our  
13 colleagues to understand the most recent  
14 Furman report that came out in November of  
15 2015. And they talk about the expiration --  
16 you know, the whole notion, the specter of  
17 421-a expiring and what it would mean.

18 And what it means in some of the areas  
19 around the city is that, for example, they  
20 point out in Bedford-Stuyvesant, that in  
21 these underserved areas where there's  
22 low-to-moderate-income markets, new  
23 development will be stifled and would not be  
24 achievable without 421-a even if the land

1 cost was zero.

2 And so I just want to point that out,  
3 because it has an impact. And basically what  
4 the reports says, that it could lead to a  
5 disruption in the supply of housing by market  
6 rate builders that, while there would likely  
7 be no change in construction in areas  
8 currently dominated by condominium  
9 development, like portions of Manhattan,  
10 there are parts of the city where the  
11 construction of mid- and high-rise buildings  
12 might be disrupted while land prices adjust.  
13 In these neighborhoods, once development  
14 resumes, new development may tend toward  
15 condos rather than rentals. So that  
16 obviously causes a severe problem as far as  
17 the shortage of affordable rental housing.

18 It also goes on to say that -- it  
19 explores what might happen if the newly  
20 revised program goes into effect in 2016  
21 without any increase in construction  
22 costs, and it shows that compared to what the  
23 existing 421-a program might have created,  
24 there are likely to be more affordable rental

1 housing units, but some of these units could  
2 be serving higher-income households.

3 And it says, finally, if construction  
4 costs increase, the report notes that the  
5 development of rental housing could become  
6 even more expensive. And if this were to  
7 happen, the government would have to increase  
8 the level of other subsidies to cover the  
9 increased costs, thus restraining the type  
10 and amount of affordable housing that can be  
11 produced with a given amount of government  
12 resources.

13 So we know that government resources  
14 are not infinite, they're finite. We have a  
15 serious housing shortage in New York City.  
16 And so I just wanted to point that out to my  
17 colleagues.

18 Finally, I just want to talk about  
19 supportive housing, very quickly.

20 You know, the Governor, as was covered  
21 previously, committed to 20,000 units of  
22 supportive housing over the next 15 years,  
23 and \$2.6 billion is budgeted for the first  
24 five years, for 6,000 of the 20,000 units.

1                   And how much of those dollars would be  
2                   used for capital, and how much would be for  
3                   services and operating costs?

4                   COMMISSIONER RUBIN: I believe the 2.6  
5                   is the -- I want to make sure I get this  
6                   right. I think the 2.6 is largely the  
7                   capital piece, and then there's a smaller  
8                   piece included in that for operating  
9                   services. I think about 125 of that is for  
10                  services.

11                  But again, two things. One is I'd be  
12                  happy to come back to you with that. And  
13                  second, I know on the operating and services  
14                  side, you'll be talking to some of my human  
15                  services colleagues later in the week or  
16                  early next week, and that really is their  
17                  purview.

18                  SENATOR YOUNG: You know, that's  
19                  great. Because I know you mentioned  
20                  previously the multi-agency approach.

21                  COMMISSIONER RUBIN: You bet.

22                  CHAIRWOMAN YOUNG: One of the  
23                  challenges that we face with supportive  
24                  housing is that some of the wraparound

1 services that people need -- I mean, they're  
2 in supportive housing because they have some  
3 kind of need that maybe has to do with mental  
4 health, maybe being a veteran, whatever it  
5 is. And I think that we need to take a look  
6 at that to make sure that those needs are  
7 met.

8 I was wondering about, for example,  
9 these populations that I just referenced, do  
10 you know, do you have a goal as to how many  
11 mentally ill, how many are veterans, how many  
12 are homeless? Have you done some kind of  
13 breakdown on what you'd like to achieve with  
14 those dollars?

15 COMMISSIONER RUBIN: So we -- I think  
16 in the early part of this program we're going  
17 to take an approach that doesn't specify,  
18 doesn't target capital -- to speak on the  
19 capital side, doesn't target capital to  
20 particular populations. On the theory that  
21 the first thing that developers of supportive  
22 housing are going to do is go to the human  
23 services agencies and make a case for their  
24 own contracts and services, and then they



1           come to us for capital.

2                       So by the time they get to us, in some  
3           ways the human services side of the state  
4           government will have made the assessment  
5           about the relative level of need in each of  
6           those areas of need.

7                       You know, we have a sense of what data  
8           looks like, but it's going to change from  
9           year to year. And so we're trying to  
10          maintain a balance between allocating capital  
11          as we have the sense that it's needed now,  
12          and being able to maintain the flexibility  
13          from year to year so that not we're locked in  
14          a system that isn't applicable.

15                      CHAIRWOMAN YOUNG: Okay, thank you.

16                      You know, we talk a lot about being  
17          one state. And so I was wondering, is there  
18          a breakdown about how many units would be  
19          divided between upstate and downstate? I'd  
20          be curious to know what upstate's share would  
21          be.

22                      COMMISSIONER RUBIN: We haven't broken  
23          it down specifically, Senator. But unlike,  
24          for example, past New York/New York

1 contracts, this is an all-state -- the  
2 Governor's piece is an all-state commitment.  
3 The 6,000 units is statewide.

4 As you know, the problem with  
5 homelessness is absolutely not limited to  
6 New York City. You know, the upstate  
7 cities -- Buffalo, Syracuse, Rochester,  
8 et cetera -- have well-documented and quite  
9 substantial homeless populations, Albany as  
10 well. And then there's the small areas,  
11 rural areas and so forth, where homelessness  
12 is also a serious issue.

13 So, you know, I wouldn't want to sit  
14 here and make a guess. You know, the numbers  
15 today will tell you that something like, oh,  
16 three-quarters or a bit more of the  
17 population of the state's homeless are in  
18 New York City. And so if you had to use that  
19 as rough justice for how the funding is going  
20 to be allocated, that's probably not a bad  
21 guess.

22 CHAIRWOMAN YOUNG: One of the  
23 populations -- and we're all very concerned  
24 about this, I think. At least I can speak

1 for my colleagues in the Senate, and I'm sure  
2 the Assembly is too. There's an exploding,  
3 as you know, heroin crisis in this state.  
4 And people are dying, families are being torn  
5 apart, it's a very heartbreaking situation.  
6 And I was wondering if there's some  
7 contemplation by the department to apply some  
8 of the supportive housing, have some kind of  
9 drug treatment element to that, because  
10 that's what we're seeing, we're seeing it in  
11 every corner of the state. Whether it's  
12 Chautauqua County, all the way down to  
13 New York City, to Long Island, up to Senator  
14 Little's district to the north, it's  
15 everywhere. And it's a huge need. And I was  
16 hoping you could address that.

17 COMMISSIONER RUBIN: I know of the  
18 need. You're exactly right. I will say that  
19 it falls squarely into the category of  
20 multi-agency -- it's appropriate for  
21 multi-agency address.

22 You'll be pleased to know that our  
23 sister agency, OASAS, which deals primarily  
24 with substance abuse issues, is right there

1 at the table with us when it comes to  
2 addressing the supportive housing needs.  
3 They're a core part of the Governor's  
4 homeless agenda, this homeless action plan.  
5 They've been with us every step of the way.  
6 And I expect that some of the applications  
7 that come to our agency, as the provider of  
8 capital for the development of new supportive  
9 housing, will have OASAS contracts for  
10 substance abuse treatment attached to them.

11 SENATOR YOUNG: Great. Thank you.

12 And finally, what's the breakdown  
13 between new construction congregate sites of  
14 supportive housing and scattered site  
15 supportive housing units that are rented out  
16 of existing buildings? Do you have any kind  
17 of breakdown on that?

18 COMMISSIONER RUBIN: I have a very  
19 clear breakdown. We're providing for  
20 development of 6,000 new congregate units, no  
21 scattered site.

22 SENATOR YOUNG: No scattered site,  
23 okay.

24 COMMISSIONER RUBIN: No, ma'am.

1                   CHAIRWOMAN YOUNG: All right. Well,  
2                   thank you. That concludes my questioning.

3                   And I do want to point out, however,  
4                   that when you visited Mount Morris and went  
5                   to Jane's Pantry, afterward I posted our  
6                   photo on my Facebook page. And I'd like to  
7                   let you know that you generated a record  
8                   amount of likes.

9                   (Laughter.)

10                  CHAIRWOMAN YOUNG: So congratulations  
11                  on that.

12                  And again, thank you so much for your  
13                  testimony today.

14                  COMMISSIONER RUBIN: I appreciate it.  
15                  Thank you, Senator.

16                  CHAIRMAN FARRELL: Thank you. Thank  
17                  you very much. We're finished.

18                  COMMISSIONER RUBIN: Mr. Chairman,  
19                  thank you very much.

20                  (Pause.)

21                  CHAIRMAN FARRELL: Next is Jolie  
22                  Milstein, president of New York State  
23                  Association for Affordable Housing.

24                  MS. MILSTEIN: Hello.

1                   CHAIRMAN FARRELL: Good afternoon.

2                   MS. MILSTEIN: Good afternoon.

3                   CHAIRMAN FARRELL: Which is better  
4 than good evening.

5                   CHAIRWOMAN YOUNG: Good afternoon.

6                   MS. MILSTEIN: Oh, good, there's two.

7                   Thank you, Chairwoman Little, Chairman  
8 Wright, Chairwoman Young, Chairman Farrell,  
9 and members of the Senate and Assembly for  
10 the opportunity to participate in today's  
11 budget hearing on the housing provisions in  
12 the 2016-2017 Executive Budget proposal. My  
13 name is Jolie Milstein, president and CEO of  
14 the New York State Association for Affordable  
15 Housing, NYSAFAH, the trade association for  
16 New York's affordable housing industry  
17 statewide.

18                   Our 375 members include for-profit and  
19 not-for-profit developers, lenders,  
20 investors, construction companies, attorneys,  
21 architects and others active in the  
22 financing, construction, and operation of  
23 affordable housing. Together, NYSAFAH's  
24 members are responsible for most of the

1 housing built in New York State with federal,  
2 state, or local subsidies.

3 We thank you for your continued  
4 support for affordable housing. The ability  
5 of NYSFAFH's members to provide thousands of  
6 safe, new and rehabilitated affordable  
7 housing units each year for low-, moderate-  
8 and middle-income families would not be  
9 possible without your dedication. New York  
10 State's support is critical, given the  
11 growing housing crisis throughout the state  
12 and the urgent need for safe, quality,  
13 affordable housing.

14 NYSFAFH commends Governor Cuomo for  
15 recognizing the urgency of New York's housing  
16 crisis through the House NY 2020 initiative  
17 by which the state would commit \$20 billion  
18 to address homelessness and to create and  
19 preserve 100,000 affordable units across the  
20 state. This commitment could not come at a  
21 more critical time. There are currently more  
22 than 3 million households across New York  
23 State that exceed the "affordability  
24 threshold" for housing; that is, they pay 30

1           percent or more of their household income for  
2           housing costs. Of this population, more than  
3           1.5 million households paid a staggering  
4           50 percent or more of their income for  
5           housing.

6                     In Bronx County, over 57 percent of  
7           households have rents above the affordability  
8           threshold. In Monroe County, that percentage  
9           is 56 percent. In Tompkins County, it is 58  
10          percent. On any given night, more than  
11          80,000 people are homeless in New York State,  
12          many of them children. Some are in need of  
13          support services in order to have housing  
14          stability, while others simply need housing  
15          that they can afford.

16                    The Governor's ambitious housing plan  
17          is the type of bold leadership New York State  
18          needs to take to tackle the housing crisis.  
19          Programs like Homes for Working Families, the  
20          Rural and Urban Community Investment Fund,  
21          and the Low-Income Housing Trust Fund are  
22          critical to our members' ability to develop  
23          and preserve safe, quality, affordable  
24          housing.



1                   NYSAFAH supports the Governor's  
2                   2016-2017 proposed appropriations of  
3                   \$26.75 million for Homes for Working  
4                   Families, \$35.3 million for CIF, and  
5                   \$54.2 million for the Housing Trust Fund.  
6                   These funds will provide critical gap funding  
7                   for affordable housing projects, to enable  
8                   mixed-use affordable housing development in  
9                   urban areas and rural affordable housing  
10                  projects built to the scale of smaller  
11                  communities, and to support the continued  
12                  production and preservation of affordable  
13                  housing for low-income New Yorkers.

14                  NYSAFAH also supports the \$8 million  
15                  annual allocation for SLIHC over the next  
16                  five years, which will help further build a  
17                  robust investor market and generate greater  
18                  private equity in affordable housing  
19                  projects.

20                  The Governor's plan recognizes the  
21                  reality that the development and preservation  
22                  of affordable housing is a multiyear process.  
23                  In addition to providing enhanced resources,  
24                  the Governor's proposed funding of

1           \$1.9 billion over five years creates  
2           predictability in housing resources, which  
3           will enable NYSFAFH members to better plan  
4           their pipelines and more quickly implement  
5           housing projects to serve the needs of  
6           New York's communities. NYSFAFH looks  
7           forward to learning more about the state's  
8           priorities for the five-year funding period.

9                     In particular, we are supporting a  
10           significant new investment in mixed-income  
11           housing. NYSFAFH commends the Governor and  
12           the Legislature on the creation of the  
13           Middle-Income Housing Program in the  
14           2015-2016 budget, which incentivizes  
15           middle-income housing, up to 130 percent area  
16           median income, to create mixed-income  
17           affordable housing projects.

18                     Mixed-income development, where rents  
19           from middle-income units help cross-subsidize  
20           units for very low-income households, is  
21           critical in maintaining economically diverse  
22           communities and sustainable buildings.  
23           NYSFAFH urges your continued support of  
24           middle-income housing as part of the state's

1 five-year affordable housing investment.

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

18 Shall I continue?

19 NYSFAFH further supports the use of  
20 tax-exempt private activity bonds to  
21 subsidize affordable housing projects  
22 throughout the state. These bonds generate  
23 as-of-right Federal Low-Income Housing Tax  
24 Credits and are a catalyst for additional

1 private capital for affordable housing  
2 projects. We urge you to ensure that  
3 affordable housing is given priority in the  
4 volume cap allocation and reallocation of  
5 private-activity bonds, and that it is  
6 equitably distributed between upstate and  
7 downstate.

8           Moreover, we request that you oppose  
9 any new requirements that would delay the  
10 issuance of these bonds for affordable  
11 housing purposes, especially where the state  
12 has no credit risk, such as with local  
13 issuances of such bonds.

14           The state's housing programs are the  
15 bedrock for the preservation and development  
16 of affordable housing in New York State.  
17 However, in some areas, other incentives have  
18 been crucial. Nowhere is this more evident  
19 than in New York City, where as-of-right tax  
20 abatements have helped ensure that the  
21 nation's largest city does not become a haven  
22 for disparity, where there is housing for  
23 only the very wealthy and the very poor.

24           With the expiration of the 421-a tax

1 abatement, many areas of the city will see a  
2 reduction in the development of affordable  
3 housing units at a time when we can ill  
4 afford to have any diminishment of our  
5 housing stock. We know you understand the  
6 gravity and impact of the absence of these  
7 tax benefits, and we need your help to ensure  
8 as-of-right tax abatements are again  
9 available in New York City.

10 Each of us knows and appreciates the  
11 importance of affordable housing in terms of  
12 providing a stable place for New Yorkers to  
13 call home. Beyond this most fundamental of  
14 needs, however, affordable housing is also a  
15 significant economic driver. On average,  
16 annually, New York State's affordable housing  
17 industry generates over 18,000 affordable  
18 housing units, including new construction,  
19 rehab and preservation units; almost 32,000  
20 jobs during construction, and it sustains  
21 5,650 permanent jobs to support resident  
22 spending and building maintenance;  
23 \$1.8 billion in wage compensation during  
24 construction, and \$230 million in wages

1           annually thereafter; \$2.6 billion during  
2           construction in economic spinoff activity,  
3           including spending on materials and services,  
4           while thereafter sustaining \$650 million in  
5           annual economic spending on local goods and  
6           services, and building maintenance.

7                     In addition to increasing the state's  
8           supply of affordable housing, the Governor's  
9           proposed House NY 2020 initiative builds upon  
10          the existing economic benefits of affordable  
11          housing investment, providing job  
12          opportunities for neighborhood residents and  
13          catalyzing economic investment in communities  
14          statewide. Implementation of the plan would  
15          represent a landmark achievement in the  
16          state's commitment and goal of serving the  
17          affordable housing needs of all New Yorkers.

18                    Thank you for the opportunity to  
19          testify today and for your consideration of  
20          NYSFAFH's comments regarding the Executive  
21          Budget proposal. We welcome any questions  
22          and comments that you may have.

23                    CHAIRMAN FARRELL: Thank you very  
24          much.

1                   Senator?

2                   CHAIRWOMAN YOUNG: Thank you.

3                   And I'd like to welcome you,  
4                   President Milstein. It's always great to see  
5                   you. And I want to sincerely thank you for  
6                   all of the wonderful advocacy that your  
7                   organization does on behalf of the people of  
8                   New York State, on behalf of development of  
9                   communities and affordable housing. And so  
10                  you should be congratulated for that.

11                  I know my colleague Senator Little has  
12                  a question for you.

13                  SENATOR LITTLE: Thank you.

14                  It's good to see you here.

15                  In the competitive basis of trying to  
16                  get programs and writing grants and all of  
17                  that, many of the smaller communities have a  
18                  difficult time, for senior housing  
19                  especially, because 50 units in one community  
20                  just doesn't work. We're looking at sizes of  
21                  eight, sometimes. Twelve is a lot. We had a  
22                  community with 24, and it took them two years  
23                  to fill it.

24                  So I would just ask that we try to

1           prioritize some of these small units as we go  
2           forward, and looking at ways that we can make  
3           them more competitive, I guess. You know,  
4           it's always important to have housing and  
5           housing programs for families, but I think  
6           it's still very important to have housing for  
7           seniors. In small communities, too.

8                        MS. MILSTEIN: Thank you for that  
9           comment, Senator. And NYSAFAH will be  
10          speaking, along with HCR and a couple of  
11          other people, on a panel at the Association  
12          of Towns' annual meeting later this month,  
13          where we'll entertain questions and try and  
14          describe the resources and work with HCR to  
15          make sure that we're bringing resources to  
16          those towns and smaller communities across  
17          the state.

18                       SENATOR LITTLE: Thank you.

19                       CHAIRWOMAN YOUNG: Senator Krueger.

20                       SENATOR KRUEGER: Thank you for your  
21          testimony.

22                       I was fascinated with a statistic in  
23          here that Tompkins County and Monroe County  
24          have almost as great a percentage of people



1           who are paying over 50 percent of their rent  
2           as we are seeing in New York City. That was  
3           not my understanding for most of the State of  
4           New York. Is there something unique about  
5           the housing situation in those two counties?

6                     MS. MILSTEIN: I don't know. I'll  
7           have to get back to you on that. Those were  
8           just a couple of the statistics -- we looked  
9           at, statewide, all the counties. We recently  
10          put together advocacy pieces for the  
11          economic development regions, and we looked  
12          at the rent burden in each county. So I can  
13          go back to the data and see if there's  
14          something remarkable that caused that spike,  
15          and I'll get back to you.

16                    SENATOR KRUEGER: And actually  
17          following up on Senator Little's question,  
18          because I think there's a crisis in senior  
19          housing all over the state, in the city we  
20          have some models we call NORCs, Naturally  
21          Occurring Retirement Communities, where you  
22          try to bring services into where seniors are.  
23          Is there an equivalent kind of model with  
24          affordable housing for seniors in other parts

1 of the state, do you know?

2 MS. MILSTEIN: I do not know. But I  
3 know NYSFAFH just last week held a symposium  
4 to talk about the issues facing seniors and  
5 affordable housing across the state. And we  
6 are part of a consortium -- you'll hear from  
7 some others as well today -- asking the state  
8 for a \$50 million a year dedicated fund to  
9 build not only senior housing but associated,  
10 attendant services for those units. So we  
11 understand the crisis, and we are working  
12 hard and lobbying to try and get specific  
13 dedicated funds and a specific slice of a  
14 larger pie to fund senior housing with  
15 on-site coordinating services.

16 SENATOR KRUEGER: Thank you.

17 CHAIRWOMAN YOUNG: Thank you.

18 I wanted to ask a question. Again,  
19 thank you for being here.

20 I just wanted to get your perspective  
21 on how you think the community investment  
22 fund is working. And, you know, are there  
23 tweaks that need to be made to it, or could you  
24 give me some information on some of the

1 projects that you've seen happen in New York?

2 MS. MILSTEIN: My understanding, and  
3 from site visits, I think I can say in a  
4 fairly educated way that the fund is very  
5 popular and quite successful, which is why  
6 we've been lobbying and asking for an  
7 increase in the funds.

8 Both on the rural side and  
9 specifically on the urban side I can say --  
10 because we're mostly in New York City looking  
11 at projects -- that the ability to fund  
12 on-site commercial or community space in  
13 these projects has made the buildings and the  
14 projects and the people who live in them, and  
15 the communities that they serve, much better  
16 developments.

17 So I think you see things on the  
18 ground floor of affordable housing projects  
19 taking advantage of this funding, providing  
20 community services like daycare or retail  
21 space. So not just helping the people who  
22 live in the building, but really they're in  
23 active community development.

24 On the rural side, we see projects

1           that would not be able to get funded -- in  
2           these smaller projects, these smaller rural  
3           projects, it's really a gap-filler that  
4           allows these projects to go forward.  
5           Incredibly important resource -- not as a  
6           stand-alone, but really in the capital stack  
7           that allows these projects to go forward.  
8           And we're hoping that we're able to get some  
9           more funds into that program, because it is  
10          so oversubscribed and highly successful.

11                   CHAIRWOMAN YOUNG: I agree. So thank  
12          you so much.

13                   CHAIRMAN FARRELL: Assemblyman Wright.

14                   ASSEMBLYMAN WRIGHT: I was going to  
15          say good morning. Good afternoon,  
16          Ms. Milstein.

17                   MS. MILSTEIN: Good afternoon.

18                   ASSEMBLYMAN WRIGHT: You may have  
19          answered it already; it certainly was a topic  
20          of discussion with our prior testifier, the  
21          commissioner of housing. 421-a, what have  
22          you heard, what will you hear, what are the  
23          ramifications of it not being around now?

24                   MS. MILSTEIN: Well, I heard the

1 commissioner say that the state will get a  
2 lot of housing built with or without the  
3 incentive, and I understand that. I think  
4 the problem is without 421-a, you're spending  
5 valuable resources, whether it's the state's  
6 resources or someone else's, to pay the real  
7 property tax on affordable housing, primarily  
8 rental units. So it's just taking taxpayer  
9 money out of one pocket and giving it back to  
10 the city to pay real property taxes.

11 And we believe that that's not a good  
12 use of our resources, and we would like to  
13 see an as-of-right abatement reinstated so  
14 that we could continue to build particularly  
15 rental housing in New York City, in some of  
16 the non-Midtown Manhattan areas. We think,  
17 and I think the commissioner backed this up,  
18 that developers who are holding property will  
19 build, instead, condominiums in those areas  
20 rather than affordable rental housing.

21 It's just so expensive to build rental  
22 housing that either the rental housing won't  
23 get built or we'll use those valuable  
24 resources, tax resources, taxpayer dollars,

1 to pay the real property tax going forward.  
2 And I think either of those solutions are not  
3 ideal. I'd like to see some as-of-right  
4 affordable housing tax abatement. And I know  
5 you're committed to seeing that happen as  
6 well.

7 ASSEMBLYMAN WRIGHT: Oh, absolutely.

8 Your prognosis for the building of  
9 possible low-income?

10 MS. MILSTEIN: I'm sorry?

11 ASSEMBLYMAN WRIGHT: Your prognosis  
12 for possibly the building of more low-income  
13 housing?

14 MS. MILSTEIN: Very-low-income, I  
15 think, yes.

16 I think that everyone, all of our  
17 colleagues in the affordable housing industry  
18 are very committed to building a variety of  
19 units, and particularly addressing not only  
20 very-low-income in the 30 percent of the area  
21 median income, but also some middle-income  
22 units in the same project to offset those  
23 costs. We believe that cross-subsidy works  
24 well, we believe in mixed-income projects,

1 and I think that's really the centerpiece for  
2 NYSAFAH's advocacy for 2016, is finding more  
3 resources and shining a light on the success  
4 stories of those mixed-income projects across  
5 the state.

6 ASSEMBLYMAN WRIGHT: Thank you.

7 MS. MILSTEIN: Thank you for your  
8 question.

9 CHAIRMAN FARRELL: Senator?

10 CHAIRWOMAN YOUNG: Thank you.

11 Anyone else? All right.

12 CHAIRMAN FARRELL: Thank you very  
13 much.

14 MS. MILSTEIN: Thank you very much.  
15 It's a pleasure to be here.

16 CHAIRWOMAN YOUNG: Thank you.

17 CHAIRMAN FARRELL: Cara Long, outreach  
18 coordinator, Neighborhood Preservation  
19 Coalition of New York State.

20 MS. CORRA: Good afternoon. My name  
21 is Cara Long Corra, and I represent the  
22 Neighborhood Preservation Coalition of  
23 New York State.

24 Before I begin, the coalition and its

1 membership would like to thank Chairman  
2 Farrell, Chairwoman Young, Chairwoman Little,  
3 and Chairman Wright, as well as the  
4 distinguished members of the Legislature for  
5 this opportunity to present testimony and  
6 provide feedback on the Governor's Executive  
7 Budget proposal for 2016-2017.

8 We are of course happy to see that the  
9 NPP and RPP proposed program funding for this  
10 budget year has remained consistent with  
11 funding from last year, and we're thankful  
12 that the JP Morgan Chase settlement funds are  
13 again included in the proposed budget to  
14 support the activities of the NPCs and RPCs.  
15 The increase in funding, no matter how  
16 temporary, helps our companies carry out  
17 their activities and fulfill their missions.

18 Today the coalition is here to focus  
19 on budget issues that related to affordable  
20 housing and community revitalization in  
21 suburban and urban areas of our state.

22 So the NPP helps to fund the vital  
23 work of the 144 NPCs -- Neighborhood  
24 Preservation Companies -- who provide a range



1 of services, from housing repair and rehab to  
2 affordable housing development, to tenant  
3 advocacy and landlord mediation, to  
4 Main Street revitalization and beyond.

5 It is important to note here that for  
6 every preservation dollar appropriated, NPCs  
7 raise approximately \$45 for their  
8 communities. So that's that economic  
9 development we've been talking about.

10 In light of the depth and breadth of  
11 the work the NPCs do, we are pleased that the  
12 Executive Budget includes a \$6.5 million  
13 increase for the Housing Trust Fund and keeps  
14 the funding stable for Access to Home. We're  
15 also encouraged by the House NY 2020 plan.

16 But we are dismayed by the proposed  
17 cuts to the Affordable Housing Corporation,  
18 which is slated to be cut, as Senator Little  
19 pointed out, from \$29 million to \$26 million,  
20 which is roughly a 10 percent cut. AHC  
21 preserves housing that is safe and decent and  
22 makes it affordable to low- and  
23 moderate-income New Yorkers.

24 As many of you are aware, over half

1 the renters in both upstate and downstate are  
2 cost burdened, spending 30 percent or more of  
3 their income on housing. In upstate  
4 New York, for renters, the figure is  
5 52 percent, and for downstate the figure is  
6 55 percent. For homeowners, 32 percent of  
7 upstate are cost-burdened and 45 percent of  
8 downstate are.

9 When you compare New York State to the  
10 rest of the nation, only three other states  
11 have renters who are more cost-burdened, and  
12 those are Oregon, Florida and Hawaii. And  
13 only Hawaii and California have homeowners  
14 who are more cost-burdened than ours.

15 Our foreclosure rate is among the  
16 worst in the nation -- only New Jersey's is  
17 higher -- and it currently stands at  
18 5.3 percent.

19 Without programs like AHC being fully  
20 and appropriately funded, low- and  
21 moderate-income renters will not have  
22 adequate opportunity to become homeowners,  
23 and homeowners will see fewer opportunities  
24 to make needed repairs to their homes,

1           thereby decreasing the safety and health of  
2           our housing stock as well as the vitality of  
3           our communities.

4                     The cut to AHC seems to reflect a  
5           trend wherein successful HCR programs  
6           administered by the Office of Community  
7           Renewal have not seen increased funding or  
8           new initiatives in many years. Examples  
9           include urban initiatives and rural area  
10          revitalization.

11                    And if we couple all of this -- the  
12          cost burden of renters and homeowners, the  
13          high foreclosure rate, and funding cuts to  
14          vital programs -- with the outflow of  
15          Gen-Xers and Baby Boomers, we can start to  
16          see a very dire problem take on fuller shape:  
17          Excess housing stock in the form of  
18          single-family homes; a continued high  
19          foreclosure rate and perhaps even a spike in  
20          the number of zombie homes; a severe lack of  
21          availability of affordable rental housing;  
22          and consequently a potential rise in  
23          homelessness across the state.

24                    And you need to know, Hawaii has a

1 current homeless state of emergency declared,  
2 and Portland, Oregon, has a current housing  
3 and homeless state of emergency declared.

4 If we do not address our housing  
5 problems right now, and in a meaningful way,  
6 through programs with observable and  
7 measurable impact, we can only expect these  
8 problems to continue and to deepen.

9 In the Governor's announcement of his  
10 2016 agenda, he states that we have made  
11 "significant achievements in affordable  
12 housing preservation and construction over  
13 the past five years." These achievements  
14 were made possible by the programs we spoke  
15 about. And we're happy that the Governor  
16 wants to expand affordable housing for  
17 residents of our state who sorely need it,  
18 but not at the expense of existing programs  
19 that we know work, the programs which have  
20 had this observable and measurable impact,  
21 like AHC, UI, and RARP.

22 In light of this, we would  
23 respectfully request that funding to AHC be  
24 restored, and that an allocation be made to

1 Urban Initiatives and RARP. We must ensure  
2 that all affordable housing programs are  
3 rightsized and able to be leveraged by  
4 not-for-profit housing companies that are  
5 familiar with and focus on the needs of our  
6 communities. Thank you.

7 CHAIRMAN FARRELL: Thank you very  
8 much.

9 Questions? Senator?

10 SENATOR KRUEGER: Thank you very much.

11 MS. CORRA: You're quite welcome.

12 ASSEMBLYMAN WRIGHT: Thank you.

13 CHAIRMAN FARRELL: Laura Mascuch,  
14 executive director, Supportive Housing  
15 Network of New York.

16 Did I mess that name up too much?

17 MS. MASCUCH: Yes.

18 (Laughter.)

19 MS. MASCUCH: The last name is not  
20 easy: Ma-shoo.

21 CHAIRMAN FARRELL: Mascuch?

22 MS. MASCUCH: Yeah. You got very  
23 close.

24 So first of all, thank you, Senator

1 Young, Assemblymember Farrell, Senator  
2 Little, and Assemblymember Wright for giving  
3 me the opportunity to testify today.

4 Good afternoon. My name is Laura  
5 Mascuch. I'm the executive director of the  
6 Supportive Housing Network of New York. The  
7 Network is a membership organization  
8 representing over 200 nonprofits that provide  
9 over 50,000 units of supportive housing  
10 across New York State.

11 Supportive housing is permanent,  
12 affordable housing with on-site support  
13 services for chronically homeless individuals  
14 with special needs, such as mental illness,  
15 substance abuse, HIV/AIDS, or chronic health  
16 conditions. It's a humane way to provide  
17 safe, stable homes for homeless families and  
18 individuals living with disabilities in the  
19 community.

20 These publicly funded interventions  
21 are significantly more expensive when  
22 homeless people are left to cycle in and out  
23 of prisons, hospitals, emergency rooms and  
24 psych centers. We address this expensive

1 system by moving these individuals into the  
2 community and into supportive housing.

3 My testimony today is about the need  
4 to continue to invest in supportive housing  
5 as a way to combat the current homelessness  
6 crisis facing New York State. Statewide,  
7 there are roughly 67,000 men, women and  
8 children staying in shelters at any given  
9 time. In New York City alone, there's  
10 59,000 people, including 24,000 children. An  
11 additional 7,700 people stay in a shelter  
12 outside New York City. Thousands of others  
13 sleep on the streets or in abandoned  
14 buildings and makeshift campsites, while  
15 thousands more exit foster care, hospitals,  
16 and other institutions each year without a  
17 home. While not everyone who is homeless  
18 needs supportive housing, it is the proven  
19 long-term solution for individuals who are  
20 chronically homeless living with mental  
21 illness and chronic health conditions.

22 That is why this past year, 75 percent  
23 of the Legislature called on the Governor to  
24 commit to creating 35,000 units of supportive

1 housing statewide. Both the Senate and the  
2 Assembly sent letters to the Governor asking  
3 for the state to support the need. Several  
4 of you rallied publicly in your local  
5 communities, from Buffalo to New York City to  
6 Rochester to Troy to Long Island, speaking  
7 about this need. You understand that by  
8 wisely investing in this proven solution, we  
9 will not only solve homelessness, but we will  
10 also improve our neighborhoods and save  
11 taxpayer dollars.

12 We wanted to take this time today to  
13 thank you for your passion on this issue and  
14 for bringing attention to this critical need  
15 to create 35,000 units of supportive housing  
16 statewide.

17 We were very excited and pleased to  
18 hear the Governor also agreeing with the  
19 Legislature and recognizing the need for more  
20 supportive housing, declaring a commitment to  
21 build 20,000 new units of supportive housing  
22 across the state over the next 15 years.  
23 This is exactly the type of commitment we  
24 need to help us end homelessness among the



1 most vulnerable. This, in addition to  
2 Mayor de Blasio's 15,000 units, will be a  
3 combined pledge of 35,000 units.

4 This long-term supportive housing  
5 program is part of the state's \$20 billion,  
6 five-year affordable housing plan. The  
7 five-year program is set to invest  
8 \$2.6 billion for 6,000 new units of  
9 supportive housing over the first five years  
10 of the 15-year commitment. The Governor has  
11 said that over 15 years, the plan will result  
12 in 20,000 units of supportive housing.

13 The Network is looking forward to  
14 seeing the Governor's housing and  
15 homelessness plan and is hopeful that an  
16 implementation plan will be set in action  
17 very soon. It is equally critical for the  
18 Governor to codify this long-term, 15-year  
19 commitment so that the intent to create  
20 20,000 new units of supportive housing  
21 through 2031 is realized.

22 We urge the Legislature to continue to  
23 support the need for the state to commit to  
24 funding these 20,000 units over the next

1 15 years and support the Governor's plan to  
2 build the first 6,000 units over the next  
3 five.

4 As you know, supportive housing plays  
5 such a critical role in not only ending  
6 homelessness but addressing neighborhood  
7 revitalization, creating jobs, saving  
8 taxpayer dollars, spurring economic  
9 development, growing affordable housing,  
10 increasing property values, and leveraging  
11 private investment. Therefore, it is  
12 critical we focus on how to quickly and  
13 effectively make this robust commitment a  
14 reality.

15 I also wanted to take this time today  
16 to highlight one additional area of the  
17 proposed budget we are concerned about. The  
18 Executive Budget includes language that would  
19 add new and additional oversight to the  
20 process by which localities use volume cap.  
21 And about a third of supportive housing  
22 developments use volume cap.

23 We are concerned this process adds  
24 unnecessary layers of bureaucracy and

1 approval that could significantly delay  
2 development of supportive housing and also  
3 significantly erode the certainty that is  
4 critically important to investors and  
5 developers.

6 In conclusion, I just wanted to talk  
7 about one real example of how the state's  
8 critical funding helps create something that  
9 is so much more than the sum of its parts.

10 Homesteads at Ampersand is a brand-new  
11 mixed development supportive housing  
12 residence in Plattsburgh, New York, providing  
13 workforce housing for families and supportive  
14 housing for adults with major long-term  
15 mental health challenges. Behavioral Health  
16 Services North, a not-for-profit, partnered  
17 with Regan Development on this 64-unit  
18 residence, filling important housing gaps in  
19 this northern New York community. HCR  
20 provided capital funding through a mix of  
21 Housing Trust Fund, Low-Income Housing Tax  
22 Credits, and HFA second mortgage, totaling  
23 \$14 million. This is the template that the  
24 new Empire State Supportive Housing

1 Initiative will build upon for much of the  
2 next generation of supportive housing  
3 development.

4 As demonstrated through this example,  
5 supportive housing meets the needs of the  
6 local communities. Homelessness among our  
7 most vulnerable is a statewide problem in  
8 both urban and rural settings. By working  
9 together, we create housing that addresses  
10 the needs of this most vulnerable population  
11 and also helps to redevelop our communities.

12 Thank you so much.

13 CHAIRMAN FARRELL: Thank you.

14 Mr. Oaks.

15 ASSEMBLYMAN OAKS: Yes, we've been  
16 joined by Assemblyman Saladino.

17 CHAIRMAN FARRELL: Senator?

18 SENATOR YOUNG: Thank you very much.

19 And welcome. It's very good to see  
20 you.

21 MS. MASCUCH: Good to see you.

22 CHAIRWOMAN YOUNG: Senator Little had  
23 a question.

24 SENATOR LITTLE: Thank you. More of a

1 comment, really. It was a very thorough  
2 report you gave.

3 But the project in Plattsburgh was  
4 incredible. And the nicest part of the  
5 project was a young woman in her 20s,  
6 confined to a wheelchair, who was going into  
7 an accessible apartment. And she said never  
8 has she been able to live in an accessible  
9 apartment. She was so excited.

10 And so it's a great program, great  
11 service. So thanks for your support for  
12 those.

13 MS. MASCUCH: Wonderful. Thank you,  
14 Senator.

15 SENATOR KRUEGER: I just want to thank  
16 you for all the work your organization does  
17 throughout every community I work in.

18 Thank you.

19 MS. MASCUCH: Thank you, Senator  
20 Krueger.

21 CHAIRWOMAN YOUNG: Thank you.

22 CHAIRMAN FARRELL: Thank you.

23 Enterprise Community Partners, Judi  
24 Kende, vice president and New York market

1 leader.

2 MS. KENDE: Good afternoon. My name  
3 is Judi Kende, and I lead the New York office  
4 of Enterprise Community Partners.

5 I would like to thank Chair Farrell,  
6 Chair Young, Chair Wright, and Chair Little  
7 for the opportunity to testify today. And  
8 congratulations to Chair Little on your new  
9 role.

10 Enterprise has worked to create and  
11 preserve affordable housing in New York and  
12 nationwide for 30 years. We have created  
13 nearly 50,000 affordable homes for  
14 114,000 New Yorkers through capital  
15 investment, programmatic solutions, and  
16 policy advocacy.

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

24 Despite the sizeable investment by our

1 organization and our partners, New York is in  
2 the midst of a full-blown housing insecurity  
3 crisis. The number of homeless and  
4 rent-burdened New Yorkers is especially  
5 shocking, because New York has not only  
6 resources to address the issue, but strong  
7 capacity in the public, private, and  
8 nonprofit sectors.

9 The problem is solvable, and we know  
10 how to do it. Affordable housing is the  
11 solution. We know that when families have  
12 stable, safe, affordable housing, kids do  
13 better in school, health risks like asthma  
14 are diminished, and families can buy food and  
15 other necessities.

16 We applaud Governor Cuomo's ambitious  
17 housing commitment, and we look forward to  
18 seeing more details in the forthcoming State  
19 Housing Plan. Today I would like to comment  
20 on a few crucial programs that we hope to see  
21 in this housing plan and that we strongly  
22 urge the Legislature to fully fund in this  
23 budget cycle.

24 First, I'd like to thank the

1           Legislature for your leadership in calling  
2           for the creation of 35,000 units of  
3           supportive housing statewide. Supportive  
4           housing is a cost-effective, proven solution  
5           to chronic homelessness. We urge the  
6           Legislature to support the Governor's  
7           20,000-unit commitment over 15 years and  
8           ensure the resources are in place to build  
9           the first 6,000 units over the next five  
10          years. Governor Cuomo must codify this  
11          commitment to ensure that the intent to  
12          create 20,000 new units of supportive housing  
13          through 2031 is realized.

14                 Separate from supportive housing,  
15          New York State needs a statewide senior  
16          affordable housing program. Our senior  
17          population is growing, and more and more  
18          seniors do not have enough money saved to pay  
19          market rent, let alone pay for a nursing home  
20          stay. We are calling for the creation of a  
21          new program to provide affordable housing and  
22          services to low-income elderly New Yorkers.

23                 Our plan calls for \$250 million over  
24          five years to create 500 new units of senior



1 affordable housing per year. Additionally,  
2 we request \$4.5 million in funding for rental  
3 assistance so that seniors do not become  
4 rent-burdened when their incomes decrease as  
5 they age. Finally, we urge the Legislature  
6 to fund a Resident Advisor Program for  
7 \$10 million per year to provide connections  
8 to services for seniors in affordable  
9 housing.

10 Public housing is a precious and  
11 scarce resource that houses some of our most  
12 vulnerable New Yorkers. We request that the  
13 state match New York City's commitment of  
14 \$100 million this year to NYCHA to address  
15 their capital needs, primarily leaky roofs.  
16 To address transparency and accountability  
17 concerns, we encourage the state to set up a  
18 reporting system for NYCHA to track how the  
19 dollars are spent, similar to the system  
20 NYCHA has in place with the City of New York.

21 And the final program that I'd like to  
22 highlight here is the State Low-Income  
23 Housing Tax Credit, or SLIHC, which allows  
24 funding for units serving households up to

1           90 percent of the area median income. SLIHC  
2           is an invaluable tool that helps create  
3           mixed-income communities, reach deeper levels  
4           of affordability through cross-subsidization,  
5           and create housing appropriate for sometimes  
6           hard-to-reach groups, like seniors, who have  
7           a range of incomes.

8                         We are asking that the annual  
9           allocation of SLIHC be increased from  
10          \$8 million to \$25 million this year, and  
11          gradually increased to \$30 million per year  
12          by 2021.

13                        Finally, I'd like to address another  
14          issue in this year's Executive Budget,  
15          tax-exempt bonds. The Executive Budget  
16          includes a new process requiring volume cap  
17          allocation received by local issuers to be  
18          subject to approval by the Public Authorities  
19          Control Board at the project level. In  
20          addition, the Empire State Development  
21          Corporation commissioner is given authority  
22          to sign off on the local reallocation of what  
23          has historically been an as-of-right cap.

24                        This adds additional layers of

1           bureaucracy and takes away local control of  
2           volume cap. It unnecessarily politicizes a  
3           process and adds uncertainty, increases  
4           costs, and delays projects. We fear that  
5           those hit hardest by these changes will be  
6           nonprofit affordable housing organizations,  
7           minority and women-owned business  
8           enterprises, and small developers who cannot  
9           absorb these additional costs.

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

14                   CHAIRMAN FARRELL: Thank you.

15                   Questions?

16                   ASSEMBLYMAN WRIGHT: Yeah, one quick  
17           one.

18                   CHAIRMAN FARRELL: Mr. Wright.

19                   ASSEMBLYMAN WRIGHT: Thank you,  
20           Mr. Farrell.

21                   How will the proposed volume cap  
22           approvals cause significant delays in  
23           affordable housing production? Could you  
24           explain that again? You may have already

1           talked about it, but I was outside.

2                   MS. KENDE: Sure. No, it's a very  
3           real concern, so I appreciate that question.

4                   Having to take each individual project  
5           to the PACB will create extra time. It has a  
6           real cost. There's extra interest on the  
7           acquisition financing, higher bids if you  
8           have to go out and rebid a construction  
9           contract or incorporate the extra timeline.  
10          And it creates a concern that projects get  
11          rejected late in the time frame. Real estate  
12          projects take 12 to 24 months of  
13          predevelopment, and predictability is  
14          paramount to attracting private advisors.

15                  And lastly, it takes away control from  
16          local municipalities. And this isn't just a  
17          New York City issue, but statewide, for  
18          municipalities and counties across the state.

19                  ASSEMBLYMAN WRIGHT: And I heard you  
20          talk a little bit about NYCHA. How should,  
21          how should the proposed \$100 million be  
22          spent?

23                  MS. KENDE: Well, I think there was a  
24          great question earlier from Senator Young

1 reading how it had been done last year, and  
2 really requiring a plan with the chair of  
3 NYCHA and for the funding to go directly to  
4 NYCHA to be used for those capital needs that  
5 are most dire. And we have people living in  
6 truly untenable living conditions that are  
7 created by leaky roofs and there's mold and  
8 other features that need to be addressed.

9 ASSEMBLYMAN WRIGHT: Thank you.

10 I'm good.

11 CHAIRMAN FARRELL: Thank you.

12 Senator?

13 SENATOR YOUNG: Thank you.

14 We appreciate you being here today.

15 Thank you so much.

16 MS. KENDE: Thank you.

17 CHAIRMAN FARRELL: Blair Sebastian,  
18 program coordinator, New York State Rural  
19 Advocates.

20 MR. SEBASTIAN: Good afternoon. Good  
21 afternoon, Senator Young, Chairman Farrell.  
22 I'm typically accompanied in this mission by  
23 Nancy Berkowitz, who decided not to show this  
24 year when we discovered that there would not

1 be a birthday celebration for the founder of  
2 the NPC program. But happy birthday; we're  
3 in the neighborhood, Assemblyman Farrell.

4 Assemblyman Wright. Senator Little,  
5 welcome to the world of housing. We're  
6 pleased to have you here.

7 We are submitting written testimony  
8 that will go well beyond the time frame  
9 allotted to us here, so I'd like to just kind  
10 of characterize and summarize our position on  
11 some of these issues.

12 First, I would be remiss without  
13 thanking you and Governor Cuomo as well for  
14 the second year commitment in the three-year  
15 commitment to stable and enhanced funding for  
16 Rural and Neighborhood Preservation  
17 Companies. As has been mentioned here  
18 earlier, these community-based organizations  
19 provide essential service in communities --  
20 in our case, in rural communities -- where  
21 government infrastructure is somewhat less  
22 than it might be in more robust suburban and  
23 urban areas. RPCs serve to fill a gap in  
24 those communities that is sort of an

1 essential service, and we're grateful for the  
2 indication of support.

3 My other important role in this  
4 conversation I think is to just highlight the  
5 importance and the challenges that come with  
6 dealing with affordable housing in rural  
7 places.

8 I never outrun my family's concern  
9 about my having moved from the Midwest to  
10 this urban state. But the fact of the matter  
11 is, as we well know, New York State is not an  
12 entirely urban place. In fact, about  
13 90 percent of our land area is rural. Two  
14 million of our fellow New Yorkers live in  
15 rural communities. Over 12 percent of our  
16 state's housing stock are located in small  
17 towns and rural communities. So rural is a  
18 very significant piece of the entire family  
19 of New York package.

20 Rural presents some specific  
21 challenges to doing affordable housing. I  
22 think the first thing that comes to mind is  
23 the issue of tenure. Where about 54 percent  
24 of all New Yorkers live in their own homes,

1           when you move to rural communities, that  
2           statewide -- rural is about 71 percent  
3           homeowners. In some markets, it's  
4           substantially greater than that. Hence  
5           New York State Rural Advocates has a great  
6           interest in homeownership programs. We've  
7           spoken today about the Affordable Housing  
8           Corporation program that we believe deserves  
9           enhanced funding rather than reduced funding.  
10          We find programs like RESTORE and Access to  
11          Home to be critically important and also  
12          believe that they are deserving of additional  
13          funding.

14                 The other big project, there is a  
15          tremendous need for rental housing as well.  
16          A third of our rural residents live in rental  
17          housing. It's kind of expected that the  
18          proportion of folks living in rural will  
19          increase somewhat and have increased somewhat  
20          since the 2008 crash of the housing market  
21          and the homeownership market.

22                 We, rural communities, present some  
23          challenges to affordable housing development,  
24          rental development in those communities by



1 virtue of our small scale. It was alluded to  
2 a little earlier with the way that the  
3 principal mechanism of accomplishing rental  
4 housing these days are programs that leverage  
5 federal and state tax credits, all of which  
6 have very significant transaction costs which  
7 kind of require larger projects to spread  
8 those transaction costs across.

9 So when you get to rural areas in  
10 Senator Little's district, Senator Young's  
11 district, where six, eight, and 10 units are  
12 more appropriate than 40 or 50, the state is  
13 not overwhelmed with products that serve  
14 those kinds of needs.

15 We're real interested in seeing the  
16 Community Investment Program continue to grow  
17 and fill some of that gap. As my colleague  
18 from the NP Coalition pointed out, our  
19 members are active supporters of the Rural  
20 Area Revitalization Program and its urban  
21 complement, Urban Initiatives. Both programs  
22 provide funding for projects and programs of  
23 appropriate scale in smaller communities and  
24 smaller urban places as well.

1                   And we have long called for a  
2                   set-aside from the -- returning to the time  
3                   when we would have a set-aside from the  
4                   Housing Trust Fund that was specifically  
5                   targeted to small projects of, say, 15 units  
6                   or less that do not use tax credits in any  
7                   form.

8                   The other broad area is the entire  
9                   community development area. Small  
10                  communities are very sensitive to the  
11                  holistic approach to affordable housing and  
12                  community development. Our principal housing  
13                  agency, the division -- I guess it isn't a  
14                  division, it's Housing and Community Renewal,  
15                  without preface. We are concerned about the  
16                  community renewal side. We've seen great  
17                  strides and great increases on the finance  
18                  and development side of HCR.

19                  We feel that the community development  
20                  side has been treated less well. And we  
21                  would like to see new attention paid to  
22                  community development activities,  
23                  particularly programs like the Main Street  
24                  Program, which we find to be a very

1           successful mechanism for revitalizing  
2           New York's hundreds of small distressed  
3           downtowns.

4                       Finally, we applaud Governor Cuomo and  
5           his proposal under the House NY 2020 program  
6           and see therein the opportunity to do lots  
7           and lots and lots of great things. We're  
8           pleased that the Governor appears to be  
9           moving towards funding the body of existing  
10          housing, New York's existing housing programs  
11          through the new initiative. We've always  
12          believed it's important to support the  
13          existing programs. There's a great need in  
14          our communities for this resource. We think  
15          the most direct, quick way to get money to  
16          the street is to invest in the existing  
17          programs, which all work quite well, rather  
18          than inventing new programs.

19                      So we're pleased to see the approach,  
20          we're pleased by the magnitude of the  
21          commitment, and we look forward to working  
22          with you and the Governor through this  
23          process to see that our communities are well  
24          served by our combined work.

1 Thank you very much.

2 CHAIRMAN FARRELL: Thank you very  
3 much. Senator?

4 SENATOR YOUNG: Senator Little.

5 SENATOR LITTLE: Thank you.

6 One question I had was on the RESTORE  
7 program for helping the elderly with  
8 emergency housing problems. And you talk  
9 about how bureaucratic it has become.  
10 Bureaucracy doesn't answer well to emergency  
11 situations. Do you have any ideas of how we  
12 could streamline this program or make it more  
13 responsive?

14 MR. SEBASTIAN: Thank you, Senator.  
15 You know, the bureaucratization of all of the  
16 programs gets to be an issue. And there does  
17 seem to have been sort of a convergence of  
18 the way we operate programs.

19 RESTORE was originally intended to be  
20 three-day turnaround. You would get a call  
21 from an eligible low-income elderly homeowner  
22 with some crisis or another and be able to  
23 address that problem in a matter of days.

24 Now there are requirements now,

1 environmental requirements, review  
2 requirements that didn't exist before. We  
3 are challenged by the bidding process and  
4 administrative processes. We now have to  
5 look at the historic preservation status of a  
6 home before we fix the hot water heater.  
7 There are, you know, some issues like that  
8 that have just incrementally grown over time  
9 and have created frustration for the folks in  
10 the field who are looking to answer those  
11 emergency home repair needs in the time frame  
12 originally intended.

13           Specific ideas are -- you know, we've  
14 had conversations with the agency. We  
15 understand that there are regulatory  
16 requirements that the agency has to meet.  
17 Perhaps it's coming back to you and looking  
18 to streamline some of that regulatory  
19 process.

20           SENATOR LITTLE: Maybe we could look  
21 at that and see if some of those things could  
22 be done afterwards, in hindsight, and then  
23 fix. Because I spent time with Alan Hipps  
24 last week, and, you know, the biggest one in

1 the North Country is when the furnace goes  
2 out and they're operating and they have no  
3 heat. So you can't go through preservation.

4 MR. SEBASTIAN: You don't have weeks  
5 to address heating issues in the middle of a  
6 New York winter.

7 SENATOR LITTLE: Right. It's  
8 something we should look at, though.

9 And there was just one other comment  
10 in regard to the Main Street Program. That  
11 is such a good program for small communities  
12 who have a commercial section to be able to  
13 convert their second floors on these  
14 buildings into apartments. It brings people  
15 into so-called downtown areas. Many people  
16 would laugh when they call them downtown;  
17 it's like a crossroads. But nevertheless.  
18 And it also gives people access to more  
19 camaraderie among other people living down  
20 there. So I do support the increase in  
21 funding on that one.

22 MR. SEBASTIAN: It is a great program.  
23 It's proven to have a huge impact on  
24 distressed downtowns, urban and rural.

1           Although, you know, from our point of view  
2           it's worked very, very well in rural places.

3                     SENATOR LITTLE: Thank you very much.

4                     MR. SEBASTIAN: Thank you very much.

5                     SENATOR YOUNG: Thank you.

6                     Assembly?

7                     CHAIRMAN FARRELL: No.

8                     CHAIRWOMAN YOUNG: Senator Krueger had  
9           a question.

10                    SENATOR KRUEGER: Hi. Thank you so  
11           much for your testimony.

12                    So in a nutshell, you were sort of  
13           going down a laundry list of programs for  
14           rural housing and asking for increases. I'm  
15           assuming that based on the dollar amount the  
16           Governor has committed to affordable housing,  
17           you think that based on the expectation of  
18           distribution, there really should be enough  
19           money being put in the budget to make sure  
20           all of these programs are seeing the level of  
21           increases.

22                    Is that your understanding?

23                    MR. SEBASTIAN: Yes, absolutely. And  
24           we have seen this pattern play out before.

1           The JPMorgan Chase settlement funds, for  
2           example, have been distributed to existing  
3           programs and have enhanced those existing  
4           programs, and we would hope that this creates  
5           an opportunity to do more. And also, again,  
6           the opportunity to get into the larger  
7           capital programs.

8                     Again, the Housing Trust Fund focused  
9           very much on leveraging tax credits. It's  
10          very difficult to find a project of scale in  
11          rural communities that could be competitive  
12          in the trust fund. So perhaps that  
13          additional resource will help backfill areas  
14          like that as well.

15                    SENATOR KRUEGER: And is there some  
16          program that we don't have that we should  
17          have for rural housing, as opposed to we've  
18          developed pretty good programs, we've just  
19          been underfunding them for too long?

20                    MR. SEBASTIAN: Yeah, I -- you know,  
21          again, I think that our members who are the  
22          practitioners in this field are comfortable  
23          with the body of programs. There are, you  
24          know, sometimes implementation issues. There



1           are sometimes, you know, programs that -- I  
2           think the evolution of the Rural and Urban  
3           Community Investment Fund are kind of  
4           interesting to watch, because it is -- you  
5           have written a fairly broad statute with a  
6           lot of eligible activities, and watching the  
7           agency sort of work through its own  
8           prioritization of those activities and their  
9           assessment of what is realistic and feasible  
10          to be funded.

11                        You know, we're disappointed the  
12          Rural Area Revitalization Program isn't  
13          there, or has been there sporadically. It's  
14          been funded when there are -- at moments like  
15          this when there seems to be housing money on  
16          the table, RARP and UI get some money, we  
17          spend it out over a couple of years and then  
18          come back looking for more. So that's  
19          important.

20                        We mentioned in the written testimony  
21          the Infrastructure Development Program, which  
22          is again one of those sporadically funded  
23          programs that's done an enormous amount of  
24          good in terms of particularly, again, on the

1 rural side where we're doing developments in  
2 small towns where public infrastructure is  
3 lacking, and it allows us to sort of absorb  
4 the extra costs of trying to figure out how  
5 to deal with sewer and water in places that  
6 don't have sewer and water systems.

7 What our members are also finding is  
8 that individual private residences in  
9 low-income ownership situations in rural  
10 places have enormous needs for wells and  
11 septic systems. We've got the Hoosick Falls  
12 thing going on at this point, although  
13 that's -- and that's public and private. You  
14 know, we're beginning to see private wells  
15 testing positive as well.

16 And so finding some mechanism -- I  
17 guess finally to get around to answering your  
18 question, Senator, some way to address the  
19 private infrastructure needs of low-income  
20 homeowners upstate is probably the one gap  
21 missing that we see.

22 SENATOR KRUEGER: And then, finally,  
23 because an earlier testifier stated that New  
24 York State was 50 out of 51 for foreclosure

1 rate, and then broke down into areas of the  
2 state where our foreclosure rates were  
3 disproportionately high, and it seems to be  
4 more in rural New York.

5 Do you have any sense why we have a  
6 bigger problem with foreclosures in rural  
7 New York at this point in history than almost  
8 anywhere else in the country?

9 MR. SEBASTIAN: Yeah, it's kind of an  
10 interesting conversation. Some of the  
11 difference between the foreclosure crisis  
12 that impacted my experience, the Thruway  
13 cities had more to do with predatory-lending-  
14 type approaches in minority communities, in  
15 urban places. In rural places, it's much  
16 more traditional sorts of foreclosures. It's  
17 the lousy economy. You know, people without  
18 sufficient incomes to support mortgages. As  
19 was mentioned earlier, many of us are but one  
20 step away from a financial crisis, you know,  
21 through a healthcare crisis, an unemployment  
22 crisis, some sort of family crisis.

23 So I think they tend to be more  
24 economic. We also see a fairly high

1 proportion of -- higher-than-comfortable  
2 proportion of property tax foreclosures.  
3 There were hot spots in Senator Young's  
4 district some years ago, not too many years  
5 ago, where we saw a huge number of  
6 foreclosures based on inability to pay local  
7 property tax.

8 So again, generally in rural areas it  
9 tends to be more economic than  
10 predatory-lending driven, the foreclosure  
11 problems.

12 SENATOR KRUEGER: Thank you.

13 CHAIRMAN FARRELL: Thank you.

14 MR. SEBASTIAN: Thank you.

15 CHAIRMAN FARRELL: Thank you very  
16 much.

17 Jacqui Kilmer, CEO, Harlem United.

18 MS. KILMER: Good afternoon, and thank  
19 you very much for the opportunity to testify  
20 before you today. My name is Jacqui Kilmer,  
21 and I'm chief executive officer of Harlem  
22 United.

23 Harlem United has 28 years experience  
24 in providing critical health, housing, and

1 human services to people with multiple  
2 complex needs. With 625 units of supportive  
3 housing, 3,000 primary care visits to our  
4 three Federally Qualified Healthcare Centers,  
5 two AIDS adult day healthcare programs,  
6 mental health, harm reduction, syringe  
7 exchange, community-based outreach and  
8 preventive screenings, Harlem United is able  
9 to level the playing field for more than  
10 15,000 New Yorkers each year. The vast  
11 majority of the New Yorkers that we serve are  
12 among the most disenfranchised citizens of  
13 New York -- homeless or unstably housed,  
14 living with HIV and AIDS, hepatitis C,  
15 diabetes, extreme poverty, substance use and  
16 mental health issues.

17 I'm here today to offer testimony on  
18 the importance of supportive housing in  
19 ending the homeless crisis we are currently  
20 facing across New York State and in cutting  
21 healthcare costs, particularly for people  
22 living with chronic conditions, including HIV  
23 and AIDS, and mental health and substance use  
24 issues.

1           We've heard testimony already on the  
2           statistics of homelessness in New York City  
3           and across the state, and we know we're in a  
4           crisis situation. Ending this crisis will  
5           require significant investments in the most  
6           cost-effective strategy proven to be the only  
7           meaningful and lasting way to end  
8           homelessness for those with the greatest  
9           needs -- and that strategy is supportive  
10          housing.

11           Supportive housing is a relatively  
12          low-cost intervention of affordable housing  
13          combined with patient-centered care that  
14          links high-need individuals and families with  
15          physical health, behavioral health and  
16          support services, including medication  
17          adherence, which can be critical for those  
18          suffering with physical and mental illnesses.  
19          Supportive housing not only breaks the cycle  
20          of homelessness and institutional care for  
21          our most vulnerable citizens, it pays for  
22          itself in reduced costs for shelters,  
23          hospitals, and psychiatric care. A 2013  
24          study by the New York City Department of

1 Health and Mental Hygiene evaluating the  
2 NY/NY III Supportive Housing Program showed  
3 an average net savings of \$10,100 per year  
4 per unit. With 9,000 units slotted for the  
5 NY/NY III program, this is significant  
6 savings.

7 Beginning with the successes of our  
8 own first 60 units of supportive housing in  
9 1991, we at Harlem United know firsthand that  
10 supportive housing can reduce the number and  
11 length of hospital stays, the number of  
12 emergency room visits, and the number of  
13 psychiatric hospitalizations. Our supportive  
14 housing program allows us to reach  
15 HIV-positive individuals with routine testing  
16 and link them to, and retain them in, care to  
17 achieve suppressed viral load. In turn, a  
18 suppressed viral load brings health benefits  
19 not only for the individual, but will  
20 drastically reduce the risk of transmission  
21 to others.

22 Year after year since 2011, in our own  
23 NY/NY III supportive housing program, we have  
24 seen great success, and that success

1 continued in 2015. More than 95 percent of  
2 our clients in the program in December 2015  
3 were linked to care; 79 percent were virally  
4 suppressed. In 2015, 77 percent of our  
5 clients in supportive housing had at least  
6 one primary care visit every six months. In  
7 our world, housing truly is healthcare.

8 Last year at this time, the Governor's  
9 Ending the Epidemic Task Force, of which  
10 Harlem United was a member, had just  
11 completed its work on the historic Blueprint  
12 to End the AIDS Epidemic by 2020. We're now  
13 in the implementation phase. Failure to make  
14 adequate investments in the recommendations  
15 contained in the blueprint at this critical  
16 juncture could very well mean failure to  
17 reach our goal of ending the epidemic by  
18 2020. Investments in supportive housing are  
19 an integral component of the blueprint.

20 For an estimated 10,000 New Yorkers  
21 with HIV, homelessness or housing instability  
22 poses a formidable barrier to retention in  
23 care and effective antiretroviral treatment.  
24 Access to stable housing is a core component



1 of effective HIV healthcare.

2 We support the Governor's plan to  
3 address the homeless crisis with the creation  
4 of new supportive housing units, including  
5 the 20,000 units over 15 years. We do share  
6 the concerns raised earlier, including those  
7 raised by Senator Krueger, about the need to  
8 ensure that the 20,000 units over 15 years  
9 actually become a reality.

10 We also join with our colleagues at  
11 the Supportive Housing Network to urge the  
12 Legislature to support the need for the state  
13 to commit to funding these 20,000 units over  
14 15 years and support the Governor's plan to  
15 build the first 6,000 units over the next  
16 five years.

17 There is no question that capital  
18 funding to increase the supply of available  
19 supportive housing units is necessary.  
20 However, it must come with an ongoing  
21 commitment to provide for the services and  
22 operating funds that are necessary to make  
23 the housing truly supportive and successful.

24 To that end, we urge that an

1 additional \$33 million in Year 1 funding for  
2 the state's share of the cost to expand  
3 HIV/AIDS Services Administration, or HASA,  
4 benefits be added to the budget. This  
5 expansion will ensure lifesaving social  
6 services to an estimated 7,300 HIV-positive  
7 New York City residents who are currently  
8 homeless or unstably housed but unable to  
9 access HASA services because of outdated  
10 medical eligibility requirements.

11 In addition, we urge that an  
12 additional \$17 million be included in the  
13 budget for Year 1 funding to cover  
14 100 percent of the cost of statewide access  
15 to HIV rental assistance for low-income  
16 people living with HIV outside of New York  
17 City. To date, state HIV housing assistance  
18 has not been made available to low-income  
19 New Yorkers living outside of New York City,  
20 leaving an estimated 4,000 to 6,000 people  
21 living in upstate New York and Long Island  
22 with unmet housing needs. We would also urge  
23 that the statewide HIV rental assistance  
24 program be implemented in such a way that the

1 contribution to rent from income be limited  
2 to 30 percent, which would thus mirror the  
3 30 percent rent cap protections in New  
4 York City.

5 The recent killing of a resident of a  
6 shelter in East Harlem by his roommate, both  
7 men reportedly suffering with mental health  
8 issues, highlights once again the critical  
9 need for overhaul of the shelter system,  
10 funding for appropriate staffing and  
11 security, but even more importantly, funding  
12 for more affordable housing and the right  
13 treatment and supports for our citizens who  
14 are living with these chronic conditions that  
15 can be treated and controlled, but only in  
16 the right environments and with the right  
17 supports. It is our responsibility to fix  
18 this, and we have the tools and we know that  
19 they work.

20 New York has led the nation in proving  
21 that supportive housing is the permanent  
22 solution for homelessness and other housing  
23 instability. Harlem United values the  
24 critical role that the Legislature has played

1 in this effort. You are our true partners in  
2 this work. We urge you to continue to invest  
3 in and elevate supportive housing as a means  
4 to these ambitious but reachable goals.

5 Thank you very much.

6 CHAIRWOMAN YOUNG: Thank you.

7 SENATOR KRUEGER: Thank you.

8 MS. KILMER: Thank you.

9 SENATOR KRUEGER: Any Assembly?

10 ASSEMBLYMAN WRIGHT: Yeah. Thank you.

11 Ms. Kilmer, thank you so much for your  
12 testimony. Certainly I am a witness  
13 firsthand to some of the great work that  
14 you've been able to do over the years. And  
15 you've issued a clarion call, so to speak.  
16 Not to be penny wise and pound foolish, are  
17 you somewhat optimistic about the money that  
18 the Governor is putting into this year's  
19 budget, as opposed maybe to some prior years?

20 MS. KILMER: We are optimistic. We  
21 would like to see more {unintelligible} for  
22 the additional 33 million for the city and  
23 17 million for statewide, but we're  
24 optimistic that we can get there.

1 ASSEMBLYMAN WRIGHT: Thank you.

2 MS. KILMER: Thank you.

3 CHAIRMAN FARRELL: Thank you.

4 SENATOR YOUNG: Thank you very much.

5 MS. KILMER: Thank you.

6 CHAIRMAN FARRELL: Calvin Parker,  
7 executive director, New York Housing  
8 Conference.

9 MR. PARKER: Thank you.

10 CHAIRMAN FARRELL: This is tomorrow's  
11 program, right? You're going to give us a  
12 little bit of it? It's a little heavy here.

13 MR. PARKER: It's a little -- pardon?

14 CHAIRMAN FARRELL: Heavy.

15 MR. PARKER: Oh. I'm going to just do  
16 some highlights.

17 CHAIRMAN FARRELL: All righty.  
18 There's a clock in front of you, just in  
19 case.

20 MR. PARKER: Okay, I appreciate that.  
21 I know it's been a long day.

22 So thank you. My name is Calvin  
23 Parker. I'm testifying on behalf of the  
24 New York Housing Conference. I'd like to

1           thank Chair Young, Chair Farrell,  
2           Chair Little, and Chair Wright, as well as  
3           the other members here, for giving me the  
4           opportunity to submit our comments on the  
5           2016-2017 housing budget.

6                     The Housing Conference is a nonprofit  
7           affordable housing policy and advocacy  
8           organization. Our mission is to advance  
9           city, state and federal policies and funding  
10          to support the development and the  
11          preservation of decent and affordable housing  
12          for all New Yorkers. We analyze public  
13          policy, educate and convene stakeholders, and  
14          raise public awareness regarding New York's  
15          need for affordable housing. We are a  
16          broad-based coalition, a member organization  
17          comprised of a balanced mix of nonprofit and  
18          private developers, owners, managers,  
19          professionals, and funders of affordable  
20          housing. And our strength, I believe, is  
21          what I said about being broad-based.

22                     I'm sure the committee members here  
23          recognize the tremendous need for housing,  
24          and it's been touched on by a number of

1 people. So I've got a page of statistics  
2 that I'm just going to skip through, but I'm  
3 hoping that we can talk about the efforts the  
4 state is making moving forward to address  
5 those needs.

6 I want to begin by commending the  
7 Governor and Commissioner Rubin for  
8 recognizing the tremendous housing needs and,  
9 in particular, their proposed budget that  
10 provides unprecedented state support for  
11 homeless initiatives -- and I think, most  
12 importantly, because it recognizes the  
13 connection between homelessness and the  
14 overall need to produce more affordable  
15 permanent. You've heard that from a lot of  
16 the speakers and my colleagues today.

17 The centerpiece is obviously this  
18 \$2 billion House NY program. We're all  
19 waiting anxiously to see what the details of  
20 that program will be. But however it works  
21 out, it's important that it address some of  
22 the main priorities that we have been  
23 focusing on here in New York.

24 First, to build more supportive

1 housing for homeless people. And it is  
2 clear, I think, that the Governor's program  
3 will address that priority. I think some of  
4 the unanswered questions are how the new  
5 program will coordinate the state efforts  
6 with the local efforts. It's important that  
7 they work together and not at cross-purposes.  
8 We believe that it would be great, since this  
9 is such a difficult problem, if the state  
10 could establish statewide and regional goals  
11 to reduce the ranks of the homeless and to  
12 issue periodic reports about what's working  
13 and what isn't.

14 As you've heard from a number of the  
15 speakers, we also think it's critical that we  
16 preserve public housing, especially in New  
17 York City, where it is such an important part  
18 of the overall landscape. We applaud the  
19 \$100 million that was appropriated last year,  
20 and we urge you to make that a longer-term  
21 commitment and to provide funding in each of  
22 the next five years at that \$100 million  
23 level.

24 We understand it's important and we



1 believe it's essential that the funding  
2 language makes sure that these funds go for  
3 the most pressing capital needs, including  
4 roof replacement and mold remediation, as  
5 determined by a physical needs assessment of  
6 the properties.

7 We also recommend an additional  
8 \$75 million to support the new RAD, Rental  
9 Assistance Demonstration projects, to make  
10 New York State competitive with the other  
11 states in the nation in getting access to  
12 this federal funding subsidy.

13 You've heard from a lot of people that  
14 it's important that the state budget address  
15 senior housing. We would want to just  
16 reemphasize that and make sure that the House  
17 NY program does have adequate funding for  
18 senior housing. We believe the best way to  
19 do that is to create a new program separately  
20 for them. You've heard from some people that  
21 some of the projects are too small and  
22 therefore they are not feasible for tax  
23 credits. The way to ensure that all of the  
24 projects with seniors in it that need to be

1 funded are funded, is to create a separate  
2 program. And we're suggesting that this  
3 program be funded at \$50 million a year over  
4 the next five years.

5 Another priority that we've talked  
6 about here and some of our colleagues have  
7 talked about is assisting homeowners to  
8 preserve neighborhoods and to address  
9 foreclosure. You've heard a lot about that,  
10 so I will just refer you to my testimony  
11 about some of the individual things that can  
12 be done.

13 Another issue that we are working on  
14 is support for the State Low-Income Housing  
15 Tax Credit, known as SLIHC. You've heard  
16 about that too. It's especially important  
17 because it helps us address issues across a  
18 wider band of income ranges.

19 While it's great that all these funds  
20 have been made available, I think it's  
21 important that the state take efforts to make  
22 sure that the program rolls out in an  
23 effective and coordinated manner, including  
24 coordination with its local partners.

1           We also think it's important to make  
2           sure that the state uses its existing tools  
3           as effectively as possible. You've heard  
4           from a number of speakers about the volume  
5           cap. It's very important that -- it's a  
6           limited resource, and it's very important  
7           that this volume cap work in support of the  
8           overall housing program that's been  
9           announced. We would like to see housing  
10          prioritized over the other users of the bond  
11          volume cap. We'd like to increase the  
12          transparency, but we don't support new  
13          requirements that would add additional layers  
14          of review.

15                 So I think I managed to race through  
16          that in close to the time. I just want to  
17          say that we appreciate, again, your offering  
18          us the opportunity to speak, and I'm happy to  
19          answer any questions if you have them.

20                 CHAIRMAN FARRELL: Thank you very  
21          much.

22                 Mr. Oaks.

23                 ASSEMBLYMAN OAKS: Mr. Saladino.

24                 CHAIRMAN FARRELL: Oh, Mr. Saladino.

1 ASSEMBLYMAN SALADINO: Thank you, sir.

2 I've been sitting here listening to  
3 one speaker after another, and what I'm  
4 hearing is that the need for these programs  
5 continues to be on the rise. Therefore,  
6 there are more and more consumers. Is that  
7 something that everyone is in agreement on?

8 MR. PARKER: Yes. I think there's  
9 been a -- you're hearing a lot of the same  
10 thing because the housing organizations have  
11 really done something that they haven't done  
12 in the past as much, which is gotten together  
13 and are working together for a joint effort  
14 to prioritize the true needs. And the needs  
15 in New York are tremendous, as you've heard  
16 from all of the statistics. And there's  
17 great programs, and we're happy to see that  
18 the budget is expanding the amount of money  
19 that's going for affordable housing.

20 ASSEMBLYMAN SALADINO: That addresses  
21 how to produce more supply. But what is  
22 going on on behalf of the state, the  
23 not-for-profit organizations, and all the  
24 others to reduce the need for this supply?

1           MR. PARKER: Well, I think there's a  
2 number of things that can be done.

3           The programs that are in this capital  
4 program are sometimes oriented towards the  
5 production programs, but the state and  
6 localities offer a number of programs to  
7 provide assistance to existing homeowners to  
8 make sure that they don't lose their homes,  
9 through education. There are also programs  
10 to provide assurance to renters that --  
11 through rent stabilization, that they don't  
12 lose their home through just the -- in  
13 up-through-the-ceiling increases.

14           So there are ways to take the existing  
15 resources that we have and to make sure we  
16 don't lose them. So preservation is a really  
17 critical part of this whole thing, in  
18 addition to production.

19           ASSEMBLYMAN SALADINO: And is one of  
20 the needs that the supply issue keeps  
21 growing, is it people losing their jobs, is  
22 it companies moving out of New York State, is  
23 it folks who are dealing with higher and  
24 higher property taxes and more and more

1           difficult making ends meet?

2                   MR. PARKER: Well, there's a number --  
3           the housing problems range. And there are --  
4           if a neighborhood is hot, there are people  
5           who can't afford to stay there. If a  
6           neighborhood is not hot, there are people who  
7           want to stay there and their housing values  
8           are going down, and they may become  
9           upside-down in their house. So you can  
10          actually be on both ends of that spectrum and  
11          still find problems.

12                   But, you know, those of us in the  
13          affordable housing field are focused on how  
14          important housing is, it's one of the  
15          important things -- you've heard a lot from  
16          people who say that, you know, it provides  
17          the foundation for, you know, giving your  
18          kids a good education and so -- and it also  
19          has the value of being an economic driver in  
20          economic development.

21                   So it is a really important thing.  
22          And as times getting tighter, people find,  
23          especially in New York, that they have a more  
24          difficult time affording the housing they

1 would like to have.

2 ASSEMBLYMAN SALADINO: So it sounds as  
3 though, and would you agree, that we should  
4 just be spending more time on keeping more  
5 businesses here in New York, attracting more  
6 businesses, providing more jobs, keeping  
7 property taxes down, as some of the drivers  
8 to avoid this falling off the wagon where  
9 people need the housing subsidies and the  
10 housing programs?

11 MR. PARKER: Well, you said a number  
12 of things and I don't know that I am  
13 qualified in particular to respond on some of  
14 those larger questions about public policy.

15 As I said, I don't want to really  
16 speak about taxation because I'm not prepared  
17 to do that and our organization is a  
18 broad-based group of people and I'm sure  
19 that, you know, we would be happy to get back  
20 to you with some answers to some of these  
21 more general questions. But, you know, what  
22 I'm focused on is the need for additional  
23 support for housing, and I'm just trying to  
24 lay out how and why that can happen.

1 ASSEMBLYMAN SALADINO: Thank you.

2 CHAIRWOMAN YOUNG: Thank you.

3 CHAIRMAN FARRELL: Thank you.

4 SENATOR KRUEGER: Thank you.

5 CHAIRMAN FARRELL: Briana Gilmore,  
6 director of planning and recovery practice,  
7 Community Access.

8 MS. GILMORE: Good afternoon. Thank  
9 you all for hearing testimony today. I'll  
10 say this is actually the second time that  
11 Assemblyman Wright will hear testimony from  
12 me just this year on this issue, so I thank  
13 him for his patience, and I thank all of you  
14 for the opportunity to speak with you today.

15 My name is Briana Gilmore. I work in  
16 organization planning and advocacy with  
17 Community Access. We're a New York  
18 City-based public health agency that offers  
19 over a thousand units of supportive housing  
20 around New York City.

21 And our primary consideration is for  
22 the mental health needs of people in  
23 long-term recovery from a diagnosed mental  
24 illness and substance use, as well as the



1 social needs that often impact mental health  
2 concerns -- particularly, for us,  
3 homelessness or housing insecurity,  
4 unemployment, social integration, and  
5 certainly health insecurity.

6 I will not be the first person today  
7 to, obviously, address how the needs around  
8 homelessness have changed. Just to give you  
9 some context, when Community Access built its  
10 supportive housing unit in the 1970s, it was  
11 with a few parents who were the parents of  
12 adult children who had cycled out of state  
13 psychiatric centers in New York City for  
14 decades. So these were individuals in their  
15 30s, 40s and 50s who had never been able to  
16 make it work in their homes or in their  
17 communities, were often brought back to the  
18 psychiatric center and to jail.

19 The needs of our participants today  
20 are much different. We have a lot more  
21 families moving into our supportive housing  
22 units. We have a lot of people who have just  
23 experienced recent economic crises. We have  
24 about a 4,000-person waiting list for our

1 Community Access housing, many of which have  
2 just experienced acute and chronic  
3 homelessness because of the economic crisis  
4 starting in 2007. We also have an  
5 unprecedented need for housing that can  
6 accommodate young children and children who  
7 for the first time are experiencing the  
8 tragedy and trauma associated with life in  
9 the shelter system and on the streets.

10 So still the primary consideration for  
11 people in our shelter system waiting for  
12 housing are mental health and substance abuse  
13 needs, but it's no longer about necessarily  
14 treating chronic needs but dealing with the  
15 emotional and psychological and traumatic  
16 issues that come along with acute and newly  
17 chronic homelessness for individuals who have  
18 never been in the system before.

19 So we're obviously thrilled that the  
20 Governor has committed 20,000 units of  
21 supportive housing this year across the  
22 state. Combined with the 15,000-unit  
23 commitment from Mayor Bill de Blasio earlier  
24 in the fall, this will really meet the

1 30,000-unit need in New York City.

2 But to be honest, I'm still rather  
3 shocked that this commitment was made. All  
4 of us are familiar with the rather tense  
5 rhetoric over the past year and a half around  
6 the New York/New York IV agreement and the  
7 commitment of the dollars for these beds.  
8 And so, you know, still this kind of  
9 politically tenuous situation I feel  
10 consistently shifts the discussion away from  
11 the tragedy of homelessness and onto the  
12 politics of supporting housing in  
13 New York City.

14 So if you'll allow me, the majority of  
15 my testimony today will actually be testimony  
16 from two of our housing participants.  
17 Community Access really strives to  
18 incorporate the lived experience of  
19 individuals that live in our housing into our  
20 advocacy and into the reasons why we continue  
21 to support housing in New York City. And  
22 these individuals would be sitting with me  
23 here today except they're actually planning  
24 an advocacy event for later this evening. So

1 I'm going to read some of their words for  
2 you.

3 This is testimony from Eli Bean, who's  
4 been a tenant in Community Access Supportive  
5 Housing for 11 years: "I grew up in  
6 Brooklyn. I had my own business selling  
7 jewelry and clothes. It was the only  
8 black-owned factory in America at that time.  
9 We lost that business through financial  
10 inexperience. And then I became homeless due  
11 to substance use and depression.

12 "For 10 years, off and on, I was  
13 homeless. I stayed in cardboard boxes,  
14 shelters that were not safe, and drop-in  
15 centers and hospitals.

16 "For 11 years I have lived at  
17 Community Access. I am involved in community  
18 activities. I have my CASAC license. At my  
19 permanent residence at Community Access, we  
20 have different classes, such as computer  
21 classes, computers in the building, a gym,  
22 and a backyard. The staff help us with job  
23 applications.

24 "When I got the apartment, it helped

1 me stay on track. I had a stable place to  
2 live. I stopped drinking. I am 10 years  
3 sober. For the last nine years, I have  
4 facilitated recovery classes at Cumberland  
5 hospital, and I speak at different places  
6 about recovery.

7 "Supportive housing gave me my dignity  
8 back. I hope everyone gets the chance to  
9 live in a place like I do to become a  
10 productive member of society."

11 And from Diana Burgos, a tenant in our  
12 supportive housing for six years: "There is  
13 a very different path that my life could have  
14 taken. I know this because I was on that  
15 path.

16 "Before Community Access, I fought a  
17 long and lonely fight against addiction. My  
18 father battled with addiction, and in too  
19 many ways I followed in his footsteps. I did  
20 not have a happy childhood, and a lot of my  
21 adult life has been in the shadow of that  
22 unhappiness. I made a lot of mistakes, too,  
23 and I hung out with a lot of bad crowds.

24 "For 15 years I had a steady job

1 working for a butcher. But my life never  
2 felt that steady. Not really.

3 "For five years, my home was an old,  
4 abandoned building. I so badly wanted to  
5 turn my life around. It was tough. I went  
6 from a halfway house to a three-quarter house  
7 to a shelter.

8 "Finally, in 2010, I left the shelter  
9 to become a Community Access resident. It  
10 was the start of a new life.

11 "I can't count all the ways Community  
12 Access has been there for me. They've  
13 connected me to so many amazing  
14 opportunities, and have always supported my  
15 recovery. As of today, I have been clean and  
16 sober for five years. I don't know if that  
17 would have been possible without supportive  
18 housing.

19 "Through Community Access, I've  
20 traveled to Albany to meet with elected  
21 officials, to Philadelphia to attend a  
22 Trans-Health Conference, and to Las Vegas to  
23 present at America's biggest annual Harm  
24 Reduction Conference. All of these

1 experiences have been very special and  
2 memorable. I feel part of something bigger  
3 than myself. I feel valued.

4 "I know the importance of supportive  
5 housing. We all have in common the need for  
6 a safe, secure, and loving home, like the one  
7 I finally found at Community Access."

8 So these testimonies are to remind us  
9 that the politically vulnerable situation of  
10 our supportive housing opportunity in New  
11 York City directly impacts the lives and  
12 well-being of people on the streets and in  
13 the shelter. There are 60,000 stories  
14 exactly like this in our shelters today, and  
15 each one of them can be impacted by  
16 supportive housing.

17 So along with other advocates, I'd  
18 like to just make a few requests of all of  
19 you today. I think there must be legislative  
20 will to fuel momentum behind a fourth NY/NY  
21 agreement. Without the signing of this  
22 agreement, we are really in a vulnerable  
23 situation to jeopardize the commitment that  
24 the Executive Budget made to 20,000 units of

1 housing.

2 A total of 30,000 units of supportive  
3 housing should be allocated to New York  
4 City to meet the demand.

5 The Legislature must maintain the  
6 Executive commitment for up to 1,500  
7 scattered-site apartments over the next one  
8 to two years to immediately ease the shelter  
9 census in New York City.

10 I think that a lot of people don't  
11 understand how important the rapidity that  
12 such a demand must be met. As a contractor  
13 for supportive housing units, we are always  
14 eager to do what needs to be done to  
15 implement new housing. But when we have  
16 landlords that kind of are at the mercy of  
17 scattered-site implementation, and when we  
18 have banks that are eager to finance  
19 development in new communities, making sure  
20 that money gets out the door when it's  
21 actually supposed to be offered is very  
22 important for agencies to actually be able to  
23 implement this housing.

24 Third, the commitment of adequate



1 operating and service rates for all models of  
2 supportive housing, in order for past and  
3 future operations to remain financially  
4 viable and programmatically effective.

5 Along with the coalition for  
6 behavioral health agencies, we're actually  
7 requesting a multi-part but non-targeted COLA  
8 of about \$100 million this year, mostly for  
9 OMH supportive housing and SROs, and also for  
10 new OASAS beds, to meet the demand  
11 specifically around inflation needs in New  
12 York City.

13 And lastly, the commitment to the  
14 designation of at least 15,000 of the  
15 state-funded units for NYC.

16 So that's where I'll end my testimony  
17 today. So on behalf of Eli Bean and Diana  
18 Burgos, as well as Community Access, thank  
19 you for the opportunity.

20 CHAIRMAN FARRELL: Thank you very  
21 much.

22 SENATOR YOUNG: Thank you.

23 MS. GILMORE: Any questions?

24 SENATOR KRUEGER: No?

1 MS. GILMORE: Thank you.

2 SENATOR SAVINO: She was very  
3 thorough.

4 CHAIRMAN FARRELL: William Panepinto,  
5 chairperson of the housing committee,  
6 Alcoholism and Substance Abuse Providers,  
7 ASAP.

8 MR. PANEPINTO: Good afternoon.

9 I'm not going to go through my written  
10 testimony --

11 CHAIRMAN FARRELL: Thank you very  
12 much.

13 (Laughter.)

14 MR. PANEPINTO: I will try to just hit  
15 some highlights. Thank you again, Senator  
16 Young, Chairman Farrell, and others here --  
17 Senator Krueger, Mr. Oaks, Senator Savino.

18 I represent an organization of about  
19 300 addiction treatment provider agencies  
20 across New York State, many in New York City,  
21 many in the Thruway cities upstate, and many  
22 in the rural communities. My testimony is  
23 about homelessness and addiction, housing and  
24 services.

1           The issues are addiction hits not just  
2           single men who are in their 60s who have been  
3           on the street and in and out of jail for  
4           decades, but young people. The opioid,  
5           heroin synthetic opioid epidemic, if you  
6           will, has higher percentages of people  
7           seeking treatment in the small rural counties  
8           in the northern part of the state and the  
9           western part of the state than literally in  
10          New York City in terms of the volume, of the  
11          proportionality. There are so many women now  
12          coming to treatment, caught again in the  
13          addiction of the opiates. It's reminiscent  
14          of the crack cocaine epidemic, if you will,  
15          in the late '80s and early '90s, and heroin  
16          addiction in the late '70s and early '80s.

17                 So one of the pieces that we try to do  
18                 with supportive housing for people with  
19                 addiction issues is to do family housing, not  
20                 just housing for singles. So one of the  
21                 pieces we urge you is, in this moving forward  
22                 process around supportive housing, to at  
23                 least look at a third of the housing to be  
24                 for families.

1                   Half of the women who come to  
2                   supportive housing in the beginning of a  
3                   recovery process reunite with at least one  
4                   child, if not all, who were in foster care.  
5                   The families who get into supportive housing  
6                   have the highest rate of stability, the kids  
7                   don't go back to be in foster care, there's  
8                   enormous community life-giving. So we  
9                   really, really urge you to look at family  
10                  supportive housing, not just for single  
11                  adults.

12                  The cocaine issues of the '80s and  
13                  '90s are now the heroin, opioid of this  
14                  period, the last couple of years and moving  
15                  forward. About 45 to 50 percent of the  
16                  people now coming to seek treatment for  
17                  addiction are under the age of 35, and half  
18                  are women.

19                  So if we can stabilize people into  
20                  supportive housing, we can help these people  
21                  reunite with their kids, return to  
22                  employment. One of the pieces we do in a  
23                  model of supportive housing is to supply not  
24                  just the case manager, care manager -- that's

1 the typical way of doing supportive  
2 housing -- but a half-time job counselor,  
3 educational counselor for every 10 adults,  
4 connect to the community colleges, connect to  
5 the certification, skill certification  
6 programs to bring people back into  
7 employment.

8           If we look in New York City, because  
9 of the cost of market rate housing, people  
10 stay in supportive housing a good long while.  
11 But they do get to work. About half of the  
12 people in supportive housing who have come in  
13 with addiction problems have employment  
14 within two years. So we want to look at what  
15 the Corporation for Supportive Housing calls  
16 a moving-on concept, so that you don't  
17 continue to give a whole lot of wraparound  
18 services to people in supportive housing, you  
19 allow them to move on. Give them a smaller  
20 subsidy so they can cover their rent, but you  
21 don't need all the services. That moves on  
22 people and allows the existing apartment to  
23 be used for more people.

24           And again, the last piece is rural

1 housing. There's still over 25 small rural  
2 counties in New York State that have no  
3 housing that's supportive for people in  
4 recovery. We've done units -- I was the  
5 director of housing in OASAS from '07 to  
6 2013. We've done as small as five, eight  
7 units of supportive housing in rural  
8 communities. It makes an enormous impact.

9 So what we're asking is when you guys  
10 look at the rollout of all supportive  
11 housing, look on the rural side at a model  
12 that's scale. Look at how that can be done,  
13 and make sure that every county in the state  
14 has at least one program like this.

15 CHAIRMAN FARRELL: Thank you very  
16 much.

17 SENATOR YOUNG: Thank you. Senator  
18 Krueger has a question, and then I have a  
19 comment.

20 SENATOR KRUEGER: One, I want to thank  
21 you.

22 But two, so when you propose  
23 supportive housing for women with children  
24 who are suffering from substance abuse -- and

1 in fact you say that their ability to get  
2 their children back from foster care and stay  
3 stable is effective -- is the model combining  
4 family supportive housing into buildings with  
5 single supportive housing? Or is the  
6 recommendation separate buildings?

7 MR. PANEPINTO: Most of the housing  
8 that has been done for families where the  
9 head of household is coming in with eviction  
10 issues, trauma issues, all kinds of  
11 experiences of abuse, all of that -- no, the  
12 family housing is usually in a separate space  
13 to where you're doing singles.

14 You really -- there's so much good  
15 research that says give women a choice. And  
16 if women have a choice, let's have housing  
17 separate from where there's lots of single  
18 men also there. It's just a safer -- it  
19 deals with trauma histories. And certainly  
20 on the family side, it works really well to  
21 have family housing.

22 SENATOR KRUEGER: And because there's  
23 also been a movement, at least in New York  
24 City, where I'm from, to expand DV family

1           supportive housing -- domestic violence -- is  
2           there any reason not to think of those two  
3           populations together in the same building?

4                   MR. PANEPINTO: Absolutely. Because  
5           certainly for women who have the longest  
6           struggle with addiction issues, there's  
7           almost always -- there's like a 90 percent  
8           correlation with their own histories of  
9           domestic violence, even childhood abuse. And  
10          for those women especially who are dealing  
11          with the domestic violence crises, they may  
12          not already be really addicted in terms of  
13          dependency, but the ability to sort of reach  
14          to cope with all of the stuff going on in  
15          your life, to take the drink, to do some  
16          prescription medications, it's just fraught  
17          with so much.

18                   So I agree with you, those issues  
19          around domestic violence and histories of  
20          abuse, histories of trauma -- trauma is not  
21          just military trauma, trauma is around what  
22          you've experienced in your life. So that  
23          capacity in supportive housing, to have  
24          access in the housing -- somebody can come to



1           you and be a trauma counselor, someone can  
2           come to you and work with your kids, someone  
3           can come to you and help you connect with the  
4           community college six-month certification  
5           program so I can really get a meaningful  
6           job -- put it all together in the housing.  
7           Don't just tell people, You go to this clinic  
8           and this center and, you know, chase them all  
9           around. Staten Island is a perfect example.

10                    SENATOR KRUEGER: Thank you very much.

11                    SENATOR YOUNG: Thank you.

12                    And I'd like to say thank you for your  
13           focus on rural areas. It truly is  
14           appreciated. And I fully agree with you that  
15           there are so many counties upstate that are  
16           underserved.

17                    And you may have heard me talk to the  
18           commissioner earlier today about the fact  
19           that we have this crisis, as you know so  
20           well, statewide dealing with heroin abuse and  
21           addiction, and we've dealt with prescription  
22           drug abuse, and there's also a rise in  
23           crystal meth in rural areas that is a real  
24           problem.

1                   Last year we were able to secure  
2                   capital funding to help convert a part of WCA  
3                   Hospital, Jones Hill, in Jamestown. But what  
4                   the real challenge is now is to secure the  
5                   operating funds in order to provide the  
6                   services. It's a great place, because it's  
7                   the upper half of a hospital that's not being  
8                   utilized right now, mental health services  
9                   right there, occupational, physical therapy  
10                  services, other services available. But it's  
11                  really looking at how are we going to operate  
12                  and provide these addiction treatments.

13                 MR. PANEPINTO: And that is such a  
14                 beautiful example of how to repurpose  
15                 buildings, especially healthcare buildings.

16                 In Canandaigua, on the VA grounds --

17                 SENATOR YOUNG: Which I visited. It's  
18                 great.

19                 MR. PANEPINTO: -- is repurposing for  
20                 family and single housing and services for  
21                 veterans, men and women, struggling with  
22                 addiction and mental health issues. That's  
23                 worked.

24                 In New York City, Health and Hospital

1 Corporation sites. Kings County -- CAMBA, on  
2 Kings County Campus, has done fabulous  
3 housing, and that could be done in other  
4 Health and Hospital Corporation campuses.

5 CHAIRWOMAN YOUNG: Yup. You're so  
6 right. So thank you.

7 MR. PANEPINTO: So these are great  
8 things.

9 SENATOR YOUNG: Thank you for your  
10 advocacy.

11 MR. PANEPINTO: Thank you so much.

12 CHAIRMAN FARRELL: Next, Raun  
13 Rasmussen, Legal Services of New York City.  
14 He is the executive director.

15 MR. RASMUSSEN: Thank you for this  
16 opportunity to testify today.

17 My name is Raun Rasmussen. I am the  
18 executive director of Legal Services NYC.

19 Legal Services NYC was formed as part  
20 of the War on Poverty nearly 50 years ago,  
21 with the mission to fight poverty and seek  
22 racial, social and economic justice for  
23 low-income New Yorkers. We are the largest  
24 provider of free civil legal services in the

1 country, and our staff of 400 provides  
2 services to more than 80,000 New Yorkers,  
3 including 25,000 children, each year.  
4 Thousands of our clients are threatened with  
5 eviction and foreclosure, and without our  
6 assistance, many would end up in the shelter  
7 system.

8 As you've heard repeatedly today,  
9 New York State is facing a serious affordable  
10 housing crisis. Statewide, more than half of  
11 renters pay more than 30 percent of their  
12 income on housing. In New York City, almost  
13 80 percent of low-income households pay more  
14 than 30 percent, and many pay more than  
15 50 percent of their gross income on rent.  
16 More than 80,000 state residents are homeless  
17 on any given night; nearly 58,000 in New York  
18 City -- and 28,000 of those are students.  
19 It's inconceivable.

20 The reality for low-income homeowners  
21 is equally stark. More than 41,000 new  
22 foreclosure actions were filed in 2015, and  
23 that's nearly double the number that were  
24 filed prior to the financial crisis. So

1 we're still reeling from that crisis.

2 Communities across the state are  
3 forced to cope with zombie properties -- as  
4 you know, vacant and abandoned properties  
5 that, left unrepaired, are sources of  
6 blight -- and thousands of homes, with many  
7 more thousands of apartments, are caught in  
8 foreclosure limbo when servicers refuse to  
9 modify mortgages that could otherwise be  
10 affordable.

11 We have an opportunity now to address  
12 these problems. Over the last year, Fannie  
13 Mae, Freddie Mac, and the FHA have begun to  
14 sell distressed loans at sizable discounts to  
15 investors looking for a quick profit, and  
16 also to some nonprofits and other  
17 mission-driven purchasers. This development  
18 provides a major opportunity to create  
19 affordable mortgage modifications that will  
20 allow families to keep their homes by taking  
21 funds from the bank settlements to create the  
22 Community Restoration Fund.

23 The Community Restoration Fund will  
24 purchase mortgage notes on one- to

1 four-family homes at discounted rates, either  
2 through note purchases or other types of  
3 distressed sales. Homes acquired by the fund  
4 will then have a range of disposition  
5 pathways: Mortgages can be modified so they  
6 will be affordable; homes can be rented to  
7 current homeowners with an option to  
8 purchase; and local, nonprofit development  
9 efforts can be funded to restore vacant  
10 properties as affordable housing available  
11 for purchase or rent.

12           Investing in the Community Restoration  
13 Fund now will also likely bring additional  
14 funds to New York State. Under many existing  
15 bank mortgage settlements, including those  
16 that are to come -- and there will be --  
17 banks have incentives to contribute funds to  
18 entities like the Community Restoration Fund.  
19 As a result, the state's initial investment  
20 can be leveraged with contributions from  
21 banks and with returns from stabilized  
22 properties. These funds can be used to  
23 assist even more New Yorkers.

24           I want to address one other matter

1           that is essential to combating homelessness.  
2           As you have heard, and as I noted, rents in  
3           New York City are far beyond the means of  
4           low- and middle-income families, leading to  
5           increasing rates of homelessness. The city  
6           government has made a valiant effort recently  
7           to try to reduce that problem by expanding  
8           anti-eviction legal services and by providing  
9           subsidies designed to place homeless families  
10          in permanent housing.

11                         But the city can't do it alone. State  
12          welfare levels and rent subsidies are far  
13          behind skyrocketing rents, and vitally needed  
14          state housing subsidies were allowed to  
15          expire at a time when they were most needed.  
16          The shelter allowance was last increased in  
17          2003, and it was raised only to \$400 for a  
18          family of three. That's about 25 percent of  
19          what the HUD fair market rent is for a  
20          two-bedroom apartment, which is \$1571 in the  
21          New York City area.

22                         The Legislature tried to address this  
23          problem in 2004 by creating the Family  
24          Eviction Prevention Supplement program, also

1 known as FEPS, that provided increased  
2 shelter payments to those families on the  
3 brink of eviction. But even those payments,  
4 which were \$850 for a family of three, were  
5 inadequate from the start, and they're even  
6 more grossly inadequate now. They barely  
7 cover half of the cost of HUD's fair market  
8 rent of \$1600.

9 Inadequate shelter allowances and rent  
10 subsidies cause two evils: Homelessness and  
11 the loss of affordable housing. And I want  
12 to just emphasize that, because what happens  
13 in New York City when a low-income tenant is  
14 evicted from an apartment is that the  
15 landlord immediately jacks up the rent and  
16 tries to take the apartment out of rent  
17 stabilization. And one of the questioners  
18 earlier asked what we can do, aside from  
19 creating new housing, and what we can do is  
20 try to stop the hemorrhaging loss of  
21 currently affordable housing by increasing  
22 the rent subsidies that are available.

23 I want to close by quoting Stephanie  
24 Miner, the mayor of Syracuse, who testified



1 movingly about the impact of homelessness at  
2 the Chief Judge's 2014 Task Force on Access  
3 to Justice. She noted: "How is a child  
4 expected to do homework if they don't have a  
5 home? How can a child learn when they're  
6 worrying about where they're going to sleep  
7 that night? And as a parent, how can you  
8 help your child with their homework or read  
9 to them when you're worried about where your  
10 family will sleep?"

11 The stakes are incredibly high. And  
12 we look forward to continuing our partnership  
13 with you to try to address these problems.  
14 Thank you.

15 CHAIRMAN FARRELL: Thank you very  
16 much.

17 Senator?

18 SENATOR KRUEGER: Thank you. Thank  
19 you so much for your testimony. Of course,  
20 much of it I'm familiar with and agree with.

21 I'm interested in this Community  
22 Reinvestment Fund, because I think that's a  
23 new proposal. Who would take ownership of  
24 these one-to-four-family homes under the

1 model you're proposing?

2 MR. RASMUSSEN: The fund would take  
3 ownership. And the fund would have, you  
4 know, powers to -- presumably legislatively  
5 created -- to direct the disposition of homes  
6 through that program.

7 SENATOR KRUEGER: So you would create  
8 a new state entity that would oversee the  
9 individual arrangement and the individual  
10 homes?

11 MR. RASMUSSEN: You know, it could  
12 possibly be a fund created within an existing  
13 agency. But it would be a fund that would  
14 have a discretely authorized, you know,  
15 charge.

16 SENATOR KRUEGER: There's endless  
17 housing programs, particularly in our city.  
18 So is there some variation on it that already  
19 exists from some other point in history,  
20 either within HPD or some other --

21 MR. RASMUSSEN: There's not another  
22 program like this that I'm aware of. You  
23 know, the last time that the state was facing  
24 a foreclosure crisis of this magnitude was

1 back in the late '70s. And what happened in  
2 New York City was that the city took lots of  
3 properties through in rem proceedings --

4 SENATOR KRUEGER: Right.

5 MR. RASMUSSEN: -- as you may recall.  
6 And that is not being proposed these days,  
7 because I think the city learned a lot from  
8 that process. It actually resulted in a lot  
9 of affordable housing and has helped  
10 stabilize the city, but I don't think anybody  
11 is proposing that solution at this point.

12 SENATOR KRUEGER: And there was some  
13 testimony earlier about New York State being  
14 almost the worst in the country for  
15 foreclosures still. And the testifier talked  
16 about actually rural New York State as a  
17 disproportionate problem.

18 Are we still way behind sort of on the  
19 foreclosure issues within the City of  
20 New York?

21 MR. RASMUSSEN: What we're way ahead  
22 of is the funding that has been made  
23 available to both foreclosure prevention  
24 advocacy services and also in mortgage

1           counseling services. And way ahead --  
2           there's still a vast need out there, but as  
3           compared to other states, there's been a  
4           significant amount of attention paid and  
5           there's been a fantastic foreclosure  
6           prevention team, if you will, created that  
7           works statewide to address these issues, both  
8           through substantive legislative approaches  
9           and also through advocacy.

10                         So there's still a lot of work to be  
11           done.

12                         SENATOR KRUEGER: And has anybody else  
13           done this or are doing this? I mean, you  
14           referenced that Fannie Mae, Freddie Mac, FHA  
15           are starting to sell the distressed loans.  
16           Is there any other government entity who has  
17           jumped ahead on this idea?

18                         MR. RASMUSSEN: You know, I'll have to  
19           get back to you on that. But I would also  
20           encourage you to ask that question of the  
21           person who's going to testify after me,  
22           Christie Peale, from the Center for New York  
23           City Neighborhoods. She may have more  
24           information about that.

1                   SENATOR KRUEGER: I will do that.

2                   Thank you very much.

3                   CHAIRMAN FARRELL: Thank you.

4                   MR. RASMUSSEN: Thank you.

5                   CHAIRMAN FARRELL: Christie Peale,  
6                   executive director, Center for NYC  
7                   Neighborhoods.

8                   MS. PEALE: Good afternoon.

9                   CHAIRMAN FARRELL: Good afternoon.

10                  MS. PEALE: My name is Christie Peale.  
11                  I am the executive director of the Center for  
12                  NYC Neighborhoods. I want to thank Chair  
13                  Young, Chair Farrell, Chair Little, and Chair  
14                  Wright, as well as members of the Assembly  
15                  Ways and Means and Senate Finance Committees,  
16                  for holding today's hearing and for the  
17                  opportunity to testify.

18                  Hopefully you've gotten a copy of the  
19                  prepared testimony. And since it's been a  
20                  long morning into the afternoon, I thought I  
21                  could make some highlights as well as answer  
22                  some of the previous questions about the CRF.

23                  So the Center for NYC Neighborhoods  
24                  promotes and protects affordable

1           homeownership in New York so that middle- and  
2           working-class families are able to build  
3           strong and thriving communities. Since our  
4           founding in 2008, our network has provided  
5           over 40,000 homeowners with free,  
6           high-quality housing counseling and legal  
7           services. We have provided approximately  
8           \$33 million in direct grants to  
9           community-based partners and have overseen  
10          another \$30 million in indirect funding. The  
11          majority of our work occurs within the five  
12          boroughs of New York City, but we also  
13          operate three programs that serve New Yorkers  
14          statewide, in partnership with the Office of  
15          the New York State Attorney General.

16                 In his State of the State speech, the  
17          Governor announced the \$20 billion affordable  
18          housing and homelessness plan. We commend  
19          Governor Cuomo for this investment, and we're  
20          proud to be a part of the aforementioned  
21          coalition of 10 affordable housing groups  
22          that have been calling for a five-year,  
23          \$4 billion capital plan to address our  
24          state's housing crisis. We're really

1 interested to see more details about that,  
2 and specifically at the center we're  
3 obviously hoping to see some real detail  
4 about how the budget will address affordable  
5 homeownership issues.

6 So as others have noted, New York  
7 still is struggling with a foreclosure  
8 crisis. There are some statistics in there.  
9 I just wanted to highlight that the negative  
10 impacts of the foreclosure crisis, again,  
11 felt statewide, but are particularly harsh in  
12 communities of color, which have been  
13 disproportionately targeted and harmed by  
14 predatory lending.

15 Nationally, half of the collective  
16 wealth of African-American families was lost  
17 during the Great Recession. And likewise,  
18 the Latino community lost an astounding  
19 67 percent of its total wealth during the  
20 housing collapse.

21 As others have noted, despite the fact  
22 that New York represented only 4.7 percent of  
23 the nation's mortgage loans, our share of  
24 loans in foreclosure is 11 percent. We've

1 consistently been one of the highest states  
2 with our rates of foreclosure.

3 As Mr. Rasmussen just mentioned, we're  
4 still really challenged in dealing with the  
5 mortgage servicing issue in New York State.  
6 And, again, nationally, Fannie Mae, Freddy  
7 Mac and FHA are selling distressed loans,  
8 often to non-bank servicers. Which is  
9 challenging for us. You know, in New York  
10 State we have great regulations as put forth  
11 by the New York State Department of  
12 Financial Services, but the non-bank  
13 servicers don't operate in the same way as  
14 some of the bank servicers. So when we see  
15 large private-equity firms like Lone Star  
16 Funds, Bayview Asset management, and  
17 Selene Finance accumulating vast portfolios  
18 of distressed properties, we're  
19 understandably very concerned.

20 We're also very concerned that these  
21 homes are going to be permanently lost from  
22 the affordable housing stock, and it seems  
23 unlikely that, once gone, we'll be able to  
24 get these properties back. And I hope that



1           you all saw recently in the New York Times an  
2           article about how some of the note purchasers  
3           are displacing current homeowners in hopes to  
4           flip the properties, as Mr. Rasmussen  
5           mentioned, in parts of the city that have  
6           highly speculative real estate markets.

7                        So this year's budget presents a great  
8           opportunity to help New York's homeowners  
9           keep their homes, to support working- and  
10          middle-class homeowners, and to help New York  
11          neighborhoods recover. And we're urging the  
12          Assembly, the Senate and the Governor to pass  
13          a budget that will dedicate \$250 million in  
14          funding over the next five years to support  
15          initiatives that will provide critical  
16          assistance to low- and moderate-income  
17          prospective and current homeowners.

18                       We would advocate that that  
19          \$250 million would support the following  
20          initiatives, including the Community  
21          Restoration Fund. The Community Restoration  
22          Fund will strengthen communities throughout  
23          the state by deterring speculation and  
24          property flipping in low- and moderate-income

1 neighborhoods, helping communities reduce  
2 blight, and restoring desperately needed  
3 property tax revenues to counties and towns.  
4 The Community Restoration Fund will address  
5 diverse community needs. It's really been  
6 designed to be able to work in neighborhoods  
7 in New York City and in communities across  
8 New York State, so we've always been trying  
9 to come up with a statewide fund that can  
10 address problems in lower-value markets as  
11 well as competitive markets.

12 And the idea with a statewide fund  
13 would be that you could buy distressed notes  
14 across the state, have some sort of  
15 cross-subsidization so that there are  
16 benefits returned to all of the different  
17 markets. A sustainable outcome in a market  
18 such as Rochester or Syracuse might look very  
19 different from a sustainable outcome in  
20 southeast Queens, at Hollis or Laurelton, or  
21 in Staten Island.

22 So the idea is that if you can have a  
23 fund to acquire the distressed notes, each  
24 community can come up with the right

1 disposition plan, whether it be demolition,  
2 acquisition for redevelopment for affordable  
3 homeownership or, ideally, a home retention  
4 option where you can modify the home with a  
5 new note owner and keep the current homeowner  
6 in place.

7           So that's the concept for the  
8 Community Restoration Fund. We started  
9 talking about it last year during the budget  
10 cycle. And we have gotten some progress  
11 locally in the city. We have a very small  
12 portfolio of loans that we're working with  
13 the city to purchase.

14           This approach has been used in several  
15 other parts of the country -- New Jersey,  
16 notably, has done a lot of distressed note  
17 purchasing. National Community Capital has  
18 also worked on these in Florida as well, and  
19 there are initiatives in Oregon, I believe  
20 there's a similar initiative in Boston as  
21 well. But there's been a huge campaign of  
22 national advocates to make sure that the  
23 federal government does not sell these  
24 distressed notes right when we're, you know,

1 really trying to get through the foreclosure  
2 crisis.

3 So it's been -- the program has been  
4 in development for many years, and we're  
5 really hoping that we're going to make some  
6 progress this year.

7 In addition, as Mr. Rasmussen  
8 mentioned, there's a statewide network of 90  
9 housing counseling and legal services groups  
10 currently funded through the New York State  
11 Attorney General's office. It's called the  
12 Homeowner Protection Program, or HOPP. That  
13 funding, as is national mortgage settlement  
14 funding, is set to be exhausted next year.  
15 So we're very hopeful that a five-year plan  
16 would include three years of funding for the  
17 HOPP program.

18 This network of 90 groups has just  
19 done extraordinary work, including a number  
20 of the offices in Legal Services of NYC.  
21 They're some of the best practitioners in the  
22 country. And so it's absolutely a great  
23 preservation strategy to continue to fund  
24 that network.

1           And I'd just note, as our colleagues  
2           at NPC and RPC mentioned, that three-year  
3           funding that you were all able to put in  
4           place last year is critical for small and  
5           medium and even large nonprofits to be able  
6           to operate, as Senator Krueger knows from her  
7           experience. Having that funding time frame  
8           drop every year makes it really hard to  
9           retain great staff. And some of the  
10          interventions that we do with existing  
11          homeowners are how we were able to preserve  
12          affordable homeownership and affordable  
13          housing and not have to create new additional  
14          units. Slightly responding to one of the  
15          questions that an earlier member asked.

16                 So we would really be pushing for  
17          additional funding for services; again, to  
18          support an ask of the NPC/RPC coalition. We  
19          think the AHC should not be decreased in  
20          funding. You know, in a huge housing plan we  
21          think funding for repair funds for small  
22          homes is absolutely critical.

23                 In terms of the new intervention that  
24          could be approached, using public funds to do

1 loan loss reserves would leverage other  
2 private money and maybe make that money go  
3 farther. Potentially that would give us the  
4 ability to scale and reach a larger number of  
5 units and boilers. As we said earlier, you  
6 know, you have short-term immediate fixes,  
7 but often it's on a home-by-home basis, which  
8 is challenging to achieve scale with.

9           You know, we've also seen, as  
10 homeownership becomes harder for folks to  
11 achieve -- not only because of suppressed  
12 incomes, but also as folks age in place,  
13 there's been no cost of living increase in  
14 Social Security, so many senior homeowners  
15 are aging in place and no longer able to  
16 afford their mortgage or their taxes. As a  
17 spouse dies, it's a huge challenge. So we're  
18 focusing efforts to maintain services for  
19 vulnerable homeowners.

20           But also we want to make sure that  
21 there's adequate funding to ensure that there  
22 are future opportunities for affordable  
23 homeownership going forward, which is why  
24 we're advocating for increased down payment

1 assistance funding as well.

2 So I'll end it there, and I wanted to  
3 say, again, thank you for the opportunity to  
4 testify. And I welcome any questions.

5 CHAIRMAN FARRELL: Questions?

6 SENATOR KRUEGER: Yes. Thank you.

7 So following up on my question for  
8 Legal Services, that we don't think there's  
9 necessarily any other government that's  
10 already taking on this challenge of basically  
11 buying the distressed homes ahead of these  
12 private -- I don't know what you'd call these  
13 entities that are doing this -- private  
14 equity firms.

15 MS. PEALE: So I would say that my  
16 understanding is that in Florida, the state  
17 HFA did participate in the deal down there,  
18 so there's absolutely a role for the state  
19 government to, you know, participate in a  
20 community restoration fund type of approach.

21 In some cases it might be that the  
22 state may have the ability to get the right  
23 price from the federal government. Although,  
24 you know, being able to be flexible in their

1 approach and partner with a nonprofit fund is  
2 also, you know, advisable. I think having a  
3 CDFI involved allows additional leverage,  
4 additional funds to be raised.

5 SENATOR KRUEGER: And is there any  
6 analysis about how much of a discount these  
7 private equity funds are buying these  
8 properties for, a statistical average?

9 MS. PEALE: There's a lot of data out  
10 there. I'll get back with some specifics.  
11 But what we've seen is because the private  
12 equity funds are able to buy at bulk, they  
13 are often able to buy at 50 cents on the  
14 dollar.

15 What we are really pushing for is to  
16 make sure that either nonprofit consortiums,  
17 those in partnership with municipalities or  
18 state governments, are able to get a similar  
19 benefit and not have to pay a premium. You  
20 know, sometimes we've seen some of the  
21 nonprofit-only pools or the nonprofit  
22 competitions, the ones that are restricted  
23 to -- oh, Detroit there was a municipal-only.

24 So sometimes they say like, oh,



1           because we're negotiating directly with a  
2           municipality, we may not be able to give you  
3           the same discount that we give a competitive  
4           auction winner.

5                         SENATOR KRUEGER:   Because there have  
6           been, I don't know, I can't even tell you how  
7           many proposals there have been to spend and  
8           re-spend the bank settlement funds in this  
9           state over the years.   But given why we're  
10          getting the bank settlement funds, because of  
11          violations by banks in their banking  
12          practices disproportionately correlated to  
13          abuses in the housing finance world, it seems  
14          to me, without having done my due diligence  
15          yet, that this kind of model not only makes  
16          total sense for governments, but also is  
17          probably the most correlated use for bank  
18          settlement monies to, you know, quote,  
19          unquote, using the monies as a cure for what  
20          caused the problems in the first place.

21                        So I'm fascinated with the proposals,  
22          and I appreciate several of you testifying  
23          about it.   I'd love to sit down and talk to  
24          you more afterwards.

1 MS. PEALE: That would be wonderful.

2 I couldn't have said it better; we  
3 really think it's imperative that the funding  
4 be returned to the communities and homeowners  
5 who have been the most directly impacted, and  
6 I think that having that flexibility to craft  
7 tailored solutions that work for, you know,  
8 both rural communities, urban upstate  
9 communities as well as downstate, is really  
10 critical.

11 And I know that Senator Savino has  
12 been paying attention to the zombie issue as  
13 well. There is hopefully an opportunity to  
14 be able to get some of those vacant and  
15 abandoned properties taken care of as well.

16 SENATOR KRUEGER: Thank you.

17 CHAIRMAN FARRELL: Question. Do you  
18 know whether there's been federal banks that  
19 have been getting hit, or has it been the  
20 state banks? In other words, where the  
21 people's houses are being taken.

22 Because I remember back in 2005-2006,  
23 New York State put in a lot of strict rules,  
24 especially in Brooklyn, because they were

1 walking in and selling people things that  
2 they didn't know what they were getting, and  
3 all of a sudden they foreclosed on them. But  
4 we put them there, and of course all of the  
5 banks left the state. Right now we've got  
6 about three of them that are state banks.

7 The question I'm asking is, is it the  
8 federal banks having not the control we had  
9 that are the reasons why these people are  
10 getting caught, and the problems? Is that a  
11 question you can understand? I couldn't  
12 understand it.

13 MS. PEALE: Yes.

14 I would first congratulate the  
15 Legislature on New York State's banking laws.  
16 They're some of the best in the country.  
17 They're very well written. The regulations  
18 that DFS enforces are very smart and really  
19 attack the problem.

20 The servicing industry is really  
21 challenged in their ability to comply with  
22 that. Often the national banks and the state  
23 banks have different entities performing  
24 their servicing, and there are different

1 entities who are negotiating with homeowners  
2 in the settlement conferences, in the  
3 state-mandated settlement conference parts.  
4 So --

5 CHAIRMAN FARRELL: But do you know --  
6 do you have a chart that has the differences  
7 or anything?

8 MS. PEALE: I can look at it. But my  
9 belief -- and I'll try and back this up with  
10 data -- is that it's the servicer that often  
11 drives the outcome rather than the underlying  
12 bank or the originator that gave the  
13 mortgage. They're the ones who have the  
14 authority to go in and settle with the  
15 homeowner. And often it seems as if they are  
16 not settling in the originating bank's best  
17 interest, from our perspective. We often see  
18 homeowners who come into the settlement  
19 conferences with money that's been saved up,  
20 they're ready to make a deal, they really  
21 want to save their home, and for whatever  
22 reason, those negotiations fall apart.

23 So I'll definitely look into the  
24 differentiation between the state and the

1 national banks, but my gut is that the  
2 culprits are in the servicing shops.

3 CHAIRMAN FARRELL: Thank you very  
4 much.

5 MS. PEALE: A pleasure. Thank you.

6 SENATOR KRUEGER: Thank you.

7 CHAIRMAN FARRELL: Thank you.

8 To close, Edward Ubiera, Local  
9 Initiatives Support.

10 MR. UBIERA: Good afternoon, Chairman  
11 Farrell, Senator Krueger, members of the  
12 joint fiscal committees. My name is Edward  
13 Ubiera. I'm the director of policy for the  
14 Local Initiatives Support Corporation's  
15 New York City Program. I'm submitting this  
16 testimony on their behalf. I realize it's  
17 late, so I will just focus on the highlights.

18 LISC is dedicated to helping nonprofit  
19 community development corporations transform  
20 distressed neighborhoods into sustainable  
21 communities of choice and opportunity with  
22 good places to work, to do business, and  
23 raise children. In New York City alone, LISC  
24 and its affiliates have invested over

1           \$2 billion -- leveraging over \$5 billion for  
2           low- and moderate-income neighborhoods,  
3           resulting in over 36,000 units of affordable  
4           housing and over 2 million square feet of  
5           retail and community space.

6                        As we've heard today from many  
7           speakers, we have a housing crisis that is  
8           being felt broadly by all. Renters, seniors,  
9           homeowners, residents of public housing,  
10          shelter residents are all facing new and  
11          extreme pressures. LISC is proud to be part  
12          of a coalition of 10 affordable housing  
13          groups calling for a five-year, \$4 billion  
14          capital plan to address our state's housing  
15          crisis.

16                       The core of our proposal reflects the  
17          use of settlement funds for new and  
18          additional programming vis-a-vis supportive  
19          housing, senior housing, foreclosure  
20          prevention, and an increase in HCR's  
21          traditional production programs like the  
22          Low-Income Housing Trust Fund, Homes for  
23          Working Families, and the State Low-Income  
24          Housing Tax Credit.

1                   We applaud the Governor for announcing  
2                   a \$20 billion comprehensive, multiyear  
3                   affordable housing and homelessness plan. We  
4                   believe that the plan is a powerful and  
5                   affirmative recognition that many New Yorkers  
6                   are in critical need of housing stability.  
7                   Over the next 15 years, it is expected that  
8                   the plan will result in 20,000 units of  
9                   supportive housing. We are hopeful that this  
10                  commitment, combined with that of Mayor de  
11                  Blasio's 15,000-unit commitment in New York  
12                  City, will result in over 35,000 units of  
13                  supportive housing in New York State.

14                  LISC and our coalition partners have  
15                  pledged to work collaboratively with the  
16                  Governor and the State Legislature to ensure  
17                  that new initiatives address the most  
18                  critical gaps in our housing ecosystem and  
19                  achieve maximum impact. As the programmatic  
20                  specifics of the House NY 2020 plan are  
21                  further discussed and finalized, we urge the  
22                  Legislature to ensure that the final plan  
23                  includes the following:

24                  Flexible and proactive preservation

1 financing tools to extend affordability for  
2 projects whose subsidy or tax credit  
3 commitments are expiring; robust production  
4 targets for senior housing; sufficient  
5 funding to stabilize low- and moderate-income  
6 homeowners facing foreclosure; a clear  
7 framework for how HCR and New York City's  
8 housing agencies can effectively coordinate  
9 efforts in creating a robust supportive  
10 housing pipeline; a solution to address the  
11 ever increasing capital repair needs of our  
12 public housing authorities, particularly  
13 NYCHA; and finally, an increase in the amount  
14 of private-activity bond allocation devoted  
15 to local housing needs.

16 In regards to the housing bond issue,  
17 many nonprofit and minority and women-owned  
18 developers of affordable housing have reached  
19 out to LISC with concerns surrounding  
20 proposed changes in how bonds are allocated  
21 for local housing needs. The process to  
22 develop affordable housing is complex and  
23 time-sensitive. Predictability is very  
24 important. It could become very costly to



1 hold on to undeveloped sites indefinitely.  
2 Investors and lenders expect certainty.  
3 Nonprofit and minority and women-owned  
4 developers are least able to bear the cost  
5 and the risk of additional layers of approval  
6 as has been discussed by other speakers.

7 We urge the State Legislature to  
8 support an oversight structure that preserves  
9 the flexibility of local agencies and  
10 developers to operate nimbly and efficiently  
11 within the bond market.

12 Thank you for the opportunity to  
13 submit testimony, and I'm open to any  
14 questions.

15 CHAIRMAN FARRELL: Thank you.  
16 Questions?

17 SENATOR KRUEGER: I appreciate your  
18 being here today and appreciate our recent  
19 conversation. Thank you.

20 MR. UBIERA: Thank you. Good to see  
21 you again, Senator Krueger.

22 CHAIRMAN FARRELL: Do me a favor.  
23 When we close, just a minute.

24 MR. UBIERA: Sure.

1                   CHAIRMAN FARRELL: We're now  
2                   adjourned. The hearing tomorrow begins at  
3                   9:30.

4                   (Whereupon, the budget hearing  
5                   concluded at 2:57 p.m.)

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