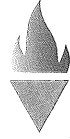


Submitted Testimony



Empire Justice Center

Making the law work for all New Yorkers

Albany ♦ Rochester ♦ Westchester ♦ Long Island

**Joint Legislative Public Hearings on
2016-2017 Executive Budget Proposal:
Housing**

February 1, 2016

Prepared by:

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Introduction

Thank you for the opportunity to testify today. My name is Kirsten Keefe and I am Senior Attorney for Empire Justice Center. We are a statewide legal services organization with offices in Albany, Rochester, Westchester and Central Islip (Long Island). Empire Justice provides support and training to legal services and other community-based organizations, undertakes policy research and analysis, and engages in legislative and administrative advocacy. We also represent low income individuals, as well as classes of New Yorkers, in a wide range of poverty law areas including foreclosure prevention, public benefits, domestic violence and civil rights.

Empire Justice Center's budget and legislative priorities highlight the critical value of bringing greater stability to the lives of low income New Yorkers, through a variety of means. Our testimony will address two ways in which New York has the opportunity to make strategic investments that will have an incalculable positive effect on the lives of individual New Yorkers, as well as a very practical economic and societal benefit for communities and our state.

I. Fuel and Shelter Allowances Must Go Up

As discussed in our recent report released in December 2015, "Turn Up the Heat: It's Time to Raise New York's Shelter and Fuel Allowances,"¹ there is nothing more central to the concept of meeting basic needs to stabilize people's lives than ensuring that families and individuals can live in safe, decent, stable housing. But as has been widely reported, the number of New Yorkers who now live in housing that is unsafe or overcrowded, or who are homeless - staying in shelters or on the street - continues to increase to record-breaking levels. **New York's rate of homelessness is more than double the national average.** In fact, our State saw the greatest increase in homelessness in the nation from 2013 to 2014, a shameful trend that saw no signs of abating in 2015 and through the new year.²

Being homeless harms families and compromises the future of New York's children. Stable housing is crucial for the overall mental and physical health of families, especially for a child's optimal development and educational success.³ "Homeless children have worse physical health, are less likely to have a regular source of medical care, and are more likely to use emergency rooms," as compared with other children who live in stable housing.⁴

The Governor announced a bold and progressive agenda for reducing future homelessness in New York in his State of the State Address. While Empire Justice fully supports the important

¹ See <http://www.empirejustice.org/assets/pdf/publications/reports/turn-up-the-heat/turn-up-the-heat-report.pdf>.

² The increase in homelessness is reported in National Alliance to End Homelessness, "The State of Homelessness in America, 2014," and in U.S. Department of Housing and Urban Development, "The 2014 Annual Homeless Assessment Report to Congress" October 2014. Regarding the continuing rise in homelessness in 2015, see, for example, Hansi Lo Wang, "New York City Struggles to Keep up with High Homeless Numbers," an NPR report, August 2015.

³ See, for example, Hannah Emple, *Stable Housing is Unequivocally Good for Children and Families*, Children Health Watch, 2012; Maya Brennan, Patrick Reed, and Lisa A. Sturtevant, *The Impacts of Affordable Housing on Education: A Research Summary*, Center for Housing Policy, November 2014; Rebecca Cohen, *The Impacts of Affordable Housing on Health: A Research Summary*, Center for Housing Policy, May 2011.

⁴ National Law Center on Homelessness & Poverty, *Beds and Buses: How Affordable Housing Can Help Reduce School Transportation Costs* at 4, September 2011.

the DSS paid the outstanding balance on her utility account, but incorrectly put Ms. V into a repayment agreement for the utility assistance that further reduced her monthly welfare grant. Now, one year later, Ms. V's landlord is threatening to evict her for nonpayment of the full rent. Because of the inadequacy of the heating and fuel allowances available to Ms. V, she is now teetering on the brink of homelessness – which will make securing stable, long-term employment exponentially more difficult.

As illustrated by Ms. V, the inevitable consequence of these miniscule heating and shelter allowances is that households in need in New York State have little or no chance of retaining decent housing and are thrust into crisis by a system purported to be the safety net. Families are forced to divert the part of their welfare grant designated for basic needs like clothing and transportation to attempt cover their rent, and even then, are still at risk of being forced to live in overcrowded, substandard, even illegal housing in order to keep a roof over their heads. There are 120,000 homeless students in our State's public schools, a number that increased by a third from 2009 to 2014, and it is many of these most vulnerable students who are most affected by these overlapping gaps in assistance.

The paradox in this situation is that, while families on public assistance are unable to afford sufficiently heated, stable housing with their welfare grant, the **local counties are required to pay exponentially more to house these same families when they become homeless.** Emergency housing is extremely expensive. New York State's homeless shelter system costs the state over \$1 billion dollars annually.⁶ In 2008, Orange County estimated that "the average cost of providing services to a homeless family... equaled \$157 per day (\$4,710 per month)."⁷ The 2008 Fair Market Rent for a one-bedroom unit in Orange County was \$901 per month, and for two bedrooms was \$1,103. So, providing a family with sufficient rent for decent, stable housing would have cost less than one-quarter of the cost of placing them in emergency housing. It is startling to consider the cost savings and vastly improved quality of life for low income families that reasonable shelter and heating allowances would offer so many households.

Emergency housing and services for the homeless are essential, but the long term solution rests in enabling low income households to secure and retain decent, permanent housing on a workable budget. For these reasons, Empire Justice recommends that:

- As a down payment, New York must increase the shelter allowance to at least 50% of regional Fair Market Rents to bring a modicum of stability to the lives of the poorest New Yorkers, and reduce the costly and cumulative harm that is the unavoidable result of homelessness. This down payment will be a critical step toward truly meeting the housing needs of families and individuals living on welfare.
- Increase the fuel for heating allowance to an amount commensurate with the market rate after 28 years. Going forward, OTDA should be required to reassess the market

⁶ Governor Andrew Cuomo, State of the State and Budget Address (January 13, 2016). Available online at <http://www.governor.ny.gov/news/video-transcript-built-lead-governor-cuomos-2016-state-state-and-budget-address>

⁷ Orange County Department of Social Services, "Proposal for Revised Shelter Supplement," 2008.

The Wall Street investors are simply more concerned with quick profits than with our homeowners and communities.

To address this problem, New York State needs a non-profit fund that cares about what happens to these properties. The fund would buy these pools of mortgage notes instead of allowing Wall Street to carelessly profit on them. We recommend that New York invest \$100 million of the bank settlement recoveries to create the Community Restoration Fund (CRF). Instead of allowing these mortgage notes to land in the hands of disinvested Wall Street investors, the CRF would own them and be in a better position to work with homeowners through New York's existing network of housing advocates to modify loans and keep people in place. For properties that are vacant and abandoned, or which have to be foreclosed, the CRF can reinvest profits and work with municipalities, land banks, land trusts and other community partners to ensure a positive disposition of the property whether it be rehabbed and resold, or demolished. The "zombie property" issue - referring often times to vacant and abandoned properties languishing in the foreclosure process or thereafter, owned by absent third parties - has been a growing concern in New York and this new trend of Wall Street buyers is only worsening the problem. New York can be competitive and take control of this problem with proper investment.

My colleagues and I stand ready to work with you to address these two important issues that could both have an immense impact on the well-being and economic stability of New York State's families and communities.

Thank you once again for the opportunity to testify today. Please feel free to contact me at should you have any questions.

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