

Neighborhood Preservation Coalition of New York State

TESTIMONY PRESENTED TO JOINT BUDGET HEARING OF THE
SENATE FINANCE COMMITTEE AND ASSEMBLY WAYS & MEANS COMMITTEE

FEBRUARY 5, 2015

My name is Paula Gilbert and I am the Interim Executive Director of the Neighborhood Preservation Coalition of New York State, Inc. I want to thank the Chairs of these Senate and Assembly committees for the opportunity to present this testimony on behalf of the Neighborhood Preservation Coalition of New York State and its membership.

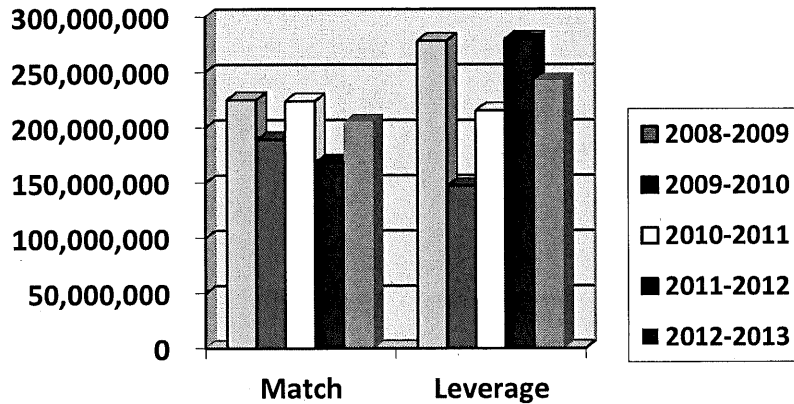
The Neighborhood Preservation Coalition of New York State is a statewide membership organization comprised of over 175 not-for-profit Neighborhood Preservation Companies (NPC's), local development corporations and community housing development organizations. There are 144 NPC's in New York State, which play a vital role in revitalizing New York's neighborhoods and communities through the Neighborhood Preservation Program.

37 Years of Preservation Program Successes

For 37 years, the Neighborhood Preservation Program has been tremendously successful in providing resources to community-based, not-for-profit organizations to revitalize their communities and provide affordable housing services. The State has recognized that the Neighborhood and Rural Preservation Programs are leaders in community revitalization and the key to safe, decent housing for thousands of working families, veterans, seniors, and people with disabilities. This program contributes to the state's economy and has a direct economic impact in communities throughout the State. In FY 2013-2014, for every preservation program dollar appropriated, NPCs raised \$43¹ for their communities. As HCR reported to the Governor and the State Legislature, NPC's raised \$447.9 million in match and leveraged funds from 2012-2013. Over the past five years, the NPC's have raised more than \$2 billion for their communities.

¹ New York Assembly Ways & Means Committee, *Yellow Book: Review and Analysis of the 2015-16 Executive Budget* (January 2015).

Figure I. 5 Years of Significant ROI



An Effective and Efficient Investment

The NPC’s continue to provide services to achieve housing stability and improve our communities. The most economically efficient way to end homelessness is to prevent its occurrence. A 1991 study of eviction prevention programs by the U.S. Department of Health and Human Services found that the average cost to *prevent family homelessness was one-sixth the average cost of a stay in a shelter*. In this regard, NPC’s served more than 10,702 people in housing counseling workshops and more than 14,517 tenant evictions were prevented. More than 4,966 people attended foreclosure workshops where homeowners were assisted with debt consolidation and credit and mortgage counseling. In addition, NPC’s and RPC’s received 52% of the Attorney General’s Homeownership Opportunity Prevention Program (HOPP). For groups in NYC alone, it’s 60% and for the rest of the state it’s 47%.

NPC’s manage more than 5,057 affordable housing buildings throughout the state. In doing so, the NPC’s have achieved the following goals within their communities: the provision of physically decent and safe housing, building residents' wealth, social integration in the larger community, urban vitality, social engagement, institution building, and efficient use of public funds. NPC’s are at the forefront of preserving affordable housing for New Yorkers.

NPC’s activities also include rehabilitation and development projects. These successful capital projects mean much more than improved homes: they preserve existing housing stock, increase the available affordable housing stock, stabilize residential neighborhoods, remove and redevelop blighted and substandard properties, revitalize and strengthen neighborhoods, and create jobs. Through new construction, more than 2,252 state residents became new homeowners or renters of new apartments and there are many new development projects in progress. NPC’s facilitated 10,282 home improvement and 1,520 substantial rehabilitation projects. Rehabilitation and development projects create employment opportunities that offer a living wage for local residents and a new generation of homeowners to invest in local goods and services while increasing the tax revenue to municipalities. All of these improvements to the community, through revitalization, rehabilitation, and new construction of homes and commercial areas in

neighborhoods throughout NY would not be possible if it were not for the work being done by the Neighborhood and Rural Preservation Companies.

Affordable housing development is one of the best ways to stimulate the economy. It creates more jobs for the dollar faster than most other investments, and New York State has a development pipeline that is large enough to have a discernible positive effect on the state's economic growth. In 2012-2013, more than \$200 million was invested in the local construction industry. Rising construction costs mean that we are building fewer units with funding streams that have remained at the same funding levels since the mid-1990s; and cuts to federal capital funds will further decrease production.

In 2012-2013 the Preservation Companies were awarded 40% of NYS HCR's Local Program Awards: 53% of all HOME Awards, 63% of all RESTORE awards, 50% of all Access to Home awards, 9% of New York Main Street awards, 30% of Urban Initiative grants, and 24% of all Affordable Housing Corporation Awards. Most of the funds leveraged with these awards were reinvested in the local community.

The Need for Affordable Housing Across New York State

New York is one of the most expensive states to live in. There are more than 3 million households that exceed the affordability threshold for housing, meaning they paid 30 percent or more of their household income for housing costs². Within this group, more than 1.5 million households paid a staggering 50 percent or more of their income for housing. In 2012, an estimated 50.6 percent of rental households were paying rents above the affordability threshold compared to 40.5 percent in 2000. The percentage of New York City renters who are severely cost burdened, paying more than 35 percent of their income on rent increased from 35.3 percent in 2000 to 39.2 percent in 2007 to 44.3 percent in 2013.

Homeowners in New York pay the sixth highest monthly housing costs in the country for owner-occupied housing. There is a severe lack of affordable housing, as evidenced by the vacancy rates of 1.9 percent for owner-occupied housing and 4.6 percent for rental housing, both of which are below the 5 percent threshold at which a municipality may declare a housing emergency³.

One in every 1,740 housing units in New York received a foreclosure filing in December 2014, 38 percent higher than the same time the previous year⁴. The worst county impacted is Richmond County, where one in every 396 housing units is receiving foreclosure notices. Those figures will likely continue to rise in the areas heavily impacted by Superstorm Sandy.

Full Funding of the Neighborhood and Rural Preservation Program

The two preservation programs have been in existence for 37 years (Neighborhood Preservation Program) and 32 years (Rural Preservation Program). For FY2015-2016, Governor

² Office of the New York State Comptroller, *Housing Affordability in New York State* (March 2014), at 1.

³ *Id.*, at 16.

⁴ RealtyTrac, Foreclosure, <http://www.realtytrac.com/trendcenter/ny-trend.html> (accessed February 4, 2015).

Cuomo has proposed to fund the two programs at less than FY2014. This funding cut comes at a time when demand is high, and program resources require administrative financing.

This year, Governor Cuomo's budget attempts to start the Preservation Programs at \$12.3 million. While a great starting point much appreciated by the existing preservation companies, this would need to be supplemented by additional resources from the Senate and Assembly to not have a detrimental impact on programs, development projects, revitalization occurring in disaster-stricken areas, and other community development services. If not supplemented, this would result in fewer services for residents, less leveraged funding for communities, and fewer revitalization efforts.

Conclusion

Over the past 4 years, New York State has suffered floods, hurricanes and superstorms that have taxed New Yorkers and our state housing agency. The Preservation Companies have been in the field, taking the lead in addressing the housing needs of those affected. With millions of dollars in bank settlement funding being disbursed, now is the best time to ensure that they have adequate administrative capacity and fully fund the program.

We strongly recommend that the Legislature once again take a leading role to fully fund this network of community-based groups that are working to alleviate this state's housing crisis and revitalize communities after disasters such as Irene, Lee, and Sandy. Let the NPC's and RPC's continue to improve neighborhoods and provide residents with affordable homes by funding the Neighborhood and Rural Preservation Program at a total of \$21.2 million.

Investing in this network creates jobs, business, growth and increased tax revenues. It reduces stays in rehabilitative facilities and nursing homes, and decreases public spending on emergency shelters.

The Neighborhood Preservation Coalition of NYS believes that the established network of preservation companies is best equipped to deliver the affordable housing services desperately needed in this state and again ask that you provide them with the operating support they need to make their work successful. We hope that the Governor, NYS HCR, and the NYS Assembly and NYS Senate take into consideration and address the concerns we have with the Governor's proposal and provide the companies with adequate funding to revitalize communities throughout NYS.

RESPECTFULLY SUBMITTED BY:

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