

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

2 -----

3 JOINT LEGISLATIVE HEARING

4 In the Matter of the  
5 2015-2016 EXECUTIVE BUDGET  
6 ON HOUSING

6 -----

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

9 February 5, 2015  
10 9:37 a.m.

11 PRESIDING:

12 Senator John A. DeFrancisco  
13 Chair, Senate Finance Committee

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

15 PRESENT:

16 Senator Liz Krueger  
17 Senate Finance Committee (RM)

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

20 Assemblyman Keith L.T. Wright  
21 Chair, Assembly Housing Committee

22 Senator Catharine M. Young  
23 Chair, Senate Committee on Housing

24 Assemblyman Victor Pichardo

Assemblyman Victor Pichardo

Assemblyman Felix Ortiz

1 2015-2016 Executive Budget  
Housing  
2 2-5-15

3 PRESENT: (Continued)

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Assemblywoman Annette M. Robinson

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Assemblyman Walter T. Mosley

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Senator Adriano Espaillat

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Assemblyman Brian P. Kavanagh

8

Assemblywoman Earlene Hooper

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Assemblyman Michael Blake

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Assemblywoman Rodneyse Bichotte

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Senator Jesse Hamilton

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Assemblywoman Roxanne J. Persaud

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Assemblyman Clifford Crouch

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Assemblywoman Latrice M. Walker

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Assemblywoman Jo Anne Simon

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Assemblyman David Weprin

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Assemblyman J. Gary Pretlow

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1                   CHAIRMAN FARRELL: Good morning.

2                   Today we begin the sixth in a series  
3 of hearings conducted by the joint fiscal  
4 committees of the Legislature regarding the  
5 Governor's proposed budget for the fiscal  
6 year 2015-2016. The hearings are conducted  
7 pursuant to Article 7, Section 3 of the  
8 Constitution and Article 2, Sections 31 and  
9 32A of the Legislative Law.

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

14                  I will now introduce the members from  
15 the Assembly, and Senator DeFrancisco,  
16 chairman of the Senate Finance Committee,  
17 will introduce members from the Senate.

18                  We are joined by Assemblyman Keith,  
19 Assemblywoman Earlene Hooper, Assemblyman  
20 Blake, Assemblywoman Bichotte, and  
21 Assemblyman Pichardo. And Assemblyman Oaks.

22                  Oh, Keith Wright.

23                  (Laughter.)

24                  CHAIRMAN FARRELL: I'm so used to -- I

1           only know his first name.

2                       (Laughter.)

3           CHAIRMAN FARRELL:   And Mr. Ortiz.

4                       Yes, Senator?

5           CHAIRMAN DeFRANCISCO:   And with us is  
6           the chairman of the Housing Committee of the  
7           Senate, Cathy Young.   And Diane Savino,  
8           Senator Savino.   And Senator Krueger, the  
9           ranking member of the committee.

10           SENATOR KRUEGER:   And we're also  
11           joined by Adriano Espaillat, the ranker in  
12           Housing, and new Senator Jesse Hamilton from  
13           Brooklyn.

14           CHAIRMAN FARRELL:   I just want to add  
15           one addition.   We are trying out a new idea  
16           from here on in.   The clock now says it's  
17           twenty minutes to 10:00.   In one hour we will  
18           close down anybody coming in.   So if you're  
19           in your chambers listening to this and  
20           deciding you'll come down at 11 o'clock and  
21           get on line, you won't be able to do it.  
22           Because we've found out a lot of people stay  
23           out of the room, listen to us, and then when  
24           the time comes, they come in and they keep

1           handing it out. And that's why we end up  
2           spending five hours on the first two people.  
3           And it creates a lot of problems, especially  
4           when we end up leaving here at 6:30 in the  
5           evening.

6                        So for those that are listening, you  
7           have an hour to get here if you wish to talk  
8           to the commissioners.

9                        And, Commissioner, thank you and  
10          welcome.

11                        COMMISSIONER TOWNS: Thank you very  
12          much, and good morning, all. Good morning  
13          Chairmans Farrell, DeFrancisco, Young and  
14          Wright, and distinguished members of  
15          Legislature.

16                        It's an honor to testify before you on  
17          the housing and community development portion  
18          of Governor Andrew Cuomo's Executive Budget  
19          proposal for the state fiscal year 2015-2016.

20                        Over the last four years, Governor  
21          Cuomo, the Senate and the Assembly have  
22          worked side by side to transform New York  
23          from a state of despair to a state of  
24          opportunity. Together, the Governor and the

1           Legislature have passed four balanced budgets  
2           on time, bringing New York from a \$10 billion  
3           deficit to a projected \$2 billion surplus. We  
4           have lowered taxes and increased employment.

5                     At the same time, the state's agencies  
6           have found new, more efficient ways to  
7           fulfill our missions, ensuring that New York  
8           has the most responsive, efficient and  
9           effective state government in the nation.

10                    Most importantly, we've made  
11           unprecedented investments in affordable  
12           housing and expanded opportunities. Today I  
13           am proud to say New York State Homes and  
14           Community Renewal has just completed one of  
15           its best years ever.

16                    House New York is the largest  
17           commitment to affordable housing in more than  
18           15 years. HCR is making steady progress in  
19           its five-year effort to create and preserve  
20           14,300 homes across the state.

21                    In 2014, HCR's Office of Finance and  
22           Development set an agency record by financing  
23           the creation or preservation of 9,363  
24           affordable housing units, which includes



1 affordable homeownership opportunities to  
2 over 1,000 New York families.

3 Loans and capital from HCR leveraged  
4 enormous private investment, to generate more  
5 than \$6 billion of economic activity and  
6 thousands of construction jobs in our cities,  
7 suburbs and rural communities.

8 All told, HCR has financed over 26,000  
9 affordable housing units in four years.

10 These homes are meeting critical needs around  
11 the state for moderate and low-income  
12 families, but also for vulnerable New Yorkers  
13 with special needs, including seniors,  
14 veterans, and survivors of domestic violence,  
15 as well as homeless and disabled families and  
16 individuals.

17 HCR's Office of Community Renewal  
18 provided \$111 million through 13 programs  
19 that assisted over 4,000 homes and created  
20 almost 900 good-paying jobs.

21 To ensure that the housing we finance  
22 remains affordable and in good condition for  
23 decades to come, HCR's Office of Housing  
24 Preservation monitors over 220,000 units

1 across the state.

2 Finally, HCR continues to oversee and  
3 enforce the state's rent regulations,  
4 overseeing approximately 900,000  
5 rent-stabilized units. Since 2012, HCR has  
6 added more than 37,000 units back to rent  
7 regulation and recovered more than \$1 million  
8 to tenants who were unknowingly overcharged.

9 With the 2015-2016 budget, Governor  
10 Cuomo builds on HCR's accomplishments and  
11 continues to make affordable housing and  
12 community revitalization a top policy  
13 priority for this administration.

14 The Executive Budget provides  
15 \$486 million to expand affordable and  
16 supportive housing and enhance community  
17 development programs around the state. This  
18 includes \$289 million in capital resources  
19 for the third year of the Governor's landmark  
20 House New York initiative, which includes  
21 \$60 million to the Homeless Housing  
22 Assistance Program administered by the Office  
23 of Temporary and Disability Assistance. For  
24 HCR, this is an increase of \$32 million over

1 last year's resources.

2 Of the \$439.5 million from the  
3 JPMorgan Chase settlement funds, \$257 million  
4 is programmed for affordable housing and  
5 community development. I've provided a  
6 summary with my written testimony that lays  
7 out the details of the JPMorgan settlement  
8 funds for your convenience. You may not have  
9 it now; I think it's being copied and it will  
10 be with you momentarily.

11 A few highlights from the Executive  
12 Budget include funding for a statewide  
13 supportive housing initiative targeting  
14 homeless and other vulnerable New Yorkers; an  
15 additional \$20 million to HCR's Access to  
16 Home program that expands eligibility to  
17 veterans; and an increase of funds to  
18 implement the technology transformation at  
19 the Office of Rent Administration that will  
20 assist with addressing the backlog of cases  
21 and inquiries from both tenants and owners.

22 In addition, there are funding  
23 increases to address the preservation needs  
24 of Mitchell-Lama properties, \$20.2 million on

1 top of the recent Executive Budget funding  
2 levels to the Rural and Neighborhood  
3 Preservation Companies to be distributed over  
4 three years from the JPMorgan Chase  
5 settlement funds, and also through the  
6 JPMorgan Chase settlement funds, additional  
7 funding to NYCHA to assist with its  
8 modernization efforts.

9 The Governor's Executive Budget  
10 propels New York forward and ensures that our  
11 commitment to affordable housing continues to  
12 create real and lasting opportunity for  
13 vulnerable New Yorkers. We look forward to  
14 working with you and continuing our  
15 productive partnership on behalf of the  
16 people of the State of New York.

17 I'm happy to answer any questions that  
18 you might have at this time, but thank you  
19 for the opportunity.

20 CHAIRMAN FARRELL: Thank you.

21 To begin with, the chairman of the  
22 Housing Committee, Keith Wright.

23 Excuse me, and we've been joined by  
24 Ms. Persaud, Mr. Kavanagh and Mr. Mosley.

1 ASSEMBLYMAN WRIGHT: Good morning.

2 Good morning, Commissioner, good morning to  
3 everyone. Good morning, Mr. Farrell.

4 And I guess I should have done it  
5 before when I was here yesterday, but I  
6 guess -- and, Mr. Commissioner, I think you  
7 might be remiss that you did not wish the  
8 chairman of Ways and Means a happy birthday.

9 COMMISSIONER TOWNS: I did it in a  
10 sidebar.

11 ASSEMBLYMAN WRIGHT: Sidebar, okay.

12 First of all, Commissioner, I wanted  
13 to say thank you for all of your work that  
14 you've done in the past four years. I can  
15 honestly say that you have brought HCR into  
16 the limelight, you've made it alive, you've  
17 made it accessible, you've made it  
18 transparent. And quite frankly, I don't even  
19 remember who any of your predecessors were.

20 So I just want to say thank you for  
21 doing a great, great job. Whenever I've had  
22 a question, you've always answered it. And  
23 whenever -- I mean, I've seen you and your  
24 staff at various community meetings all over

1 the State of New York, and I think you've  
2 done a fabulous, fabulous job.

3 Thank you for your testimony. And I  
4 just want it clear because OTDA testified  
5 yesterday, and it seems as if, to me, that  
6 there's been some shifting going on in terms  
7 of the homeless, whether OTDA's budgets are  
8 being transferred to HCR or OTDA's  
9 responsibilities are being transferred to HCR  
10 or vice versa. I'm kind of confused on that.  
11 So thus making -- I don't know, your numbers  
12 go up. Could you explain a little bit about  
13 who actually has the budget responsibility,  
14 who has the administrative responsibility,  
15 who has the programmatic responsibility for  
16 homelessness in this state or homelessness  
17 prevention or what have you. Is it HCR or is  
18 it OTDA?

19 COMMISSIONER TOWNS: Sure. There's a  
20 shared responsibility on some of the  
21 programs -- in particular, the Homeless  
22 Housing Assistance Program continues to be  
23 housed at OTDA -- for the ability in order to  
24 leverage resources. There are times that we

1 hold the resource but the continued  
2 administration is over at OTDA.

3 Our mission, though, is broad. So we  
4 work with a number of our sister agencies in  
5 order to bring efficiencies to make sure that  
6 we can have successful results in regard to  
7 providing housing for any of our vulnerable  
8 New Yorkers.

9 So a great working relationship. And  
10 I think that the success that we've had in  
11 the past will only be just advanced further  
12 in the future.

13 ASSEMBLYMAN WRIGHT: So it's a shared  
14 responsibility, if you will. And is that  
15 new, that's a new dynamic that's happened  
16 between the two agencies? Or is there  
17 historical experience in terms of doing that?

18 COMMISSIONER TOWNS: I'm going to let  
19 my executive deputy commissioner, Ted  
20 Houghton, go further.

21 EXEC. DEP. COMMISSIONER HOUGHTON: I  
22 think that everybody involved would say that  
23 the two agencies have never worked more  
24 closely together than they do today, and

1 we're really proud of that relationship.

2 At the same time, we have different  
3 roles. We do capital financing around tax  
4 credits. HHAP, the Homeless Housing  
5 Assistance Program, provides capital. Many  
6 times we work together on the same project so  
7 that we can have a mix of incomes in the  
8 housing, some homeless and some affordable  
9 for anybody that meets the income  
10 eligibility.

11 One of the exciting things that's  
12 happening in this year's budget is that  
13 there's \$27 million coming from us but  
14 flowing to OTDA for administration to  
15 maintain a rent cap for people living with  
16 HIV/AIDS, where they will pay no more than  
17 30 percent of their incomes. And that will  
18 be \$9 million a year for the next three years  
19 to ensure that anybody in New York City  
20 that's living with HIV/AIDS will not pay more  
21 than 30 percent of their income towards rent.

22 ASSEMBLYMAN WRIGHT: Commissioner,  
23 when -- and I believe it was when you  
24 probably first started with HCR that HCR



1 established the Tenant Protection Unit, which  
2 I think has been successful. I would love it  
3 to be more successful. I would love to see  
4 more money put into it. Could you give us a  
5 quick rundown on the progress from the start  
6 of when the TPU, Tenant Protection Unit, was  
7 started and how much money and if it has  
8 grown? Because I did not see it in the  
9 budget here.

10 COMMISSIONER TOWNS: Sure. Well, you  
11 know, the TPU in its short existence went  
12 from zero employees to 25 under the great  
13 leadership of Deputy Commissioner Richard  
14 White, and over that time has returned 37,000  
15 units back to the rent rolls because of -- we  
16 realized that there were units that had  
17 slipped out of the project. Because of the  
18 aggressive audits, we've been able to put  
19 37,000 back on the books. They also have  
20 retrieved a million dollars in overcharges  
21 for New Yorkers as well.

22 So in their short existence, they've  
23 been able to make quite an impact. But  
24 during that time --

1 ASSEMBLYMAN WRIGHT: Short. How long  
2 exactly?

3 COMMISSIONER TOWNS: Two and a half  
4 years?

5 ASSEMBLYMAN WRIGHT: Two and a half  
6 years, okay.

7 COMMISSIONER TOWNS: And a portion of  
8 that time was staffing up. So the ability  
9 that they have will only be greater just --  
10 because now they are fully up and running,  
11 know exactly where they're looking. And so  
12 it's easy to replicate the success that  
13 they've had.

14 ASSEMBLYMAN WRIGHT: As you know,  
15 affordable housing, especially in the City of  
16 New York and all over the State of New York,  
17 as a matter of fact, is very hard to come by.  
18 We are in a -- and I don't think it's a  
19 stretch, we are in a housing crisis all  
20 throughout the State of New York. Your  
21 deputy commissioner talks about the  
22 30 percent income cap, and that's very  
23 important. I mean, I remember my grandmother  
24 used to tell me never pay more than

1           30 percent of your income for rent. And we  
2           have folks paying 30 percent, 40 percent,  
3           50 percent -- some folks paying more. God  
4           only knows what I'm paying. I don't even  
5           know what I'm paying of my income.

6                     Anyway, so how much money is behind  
7           the Tenant Protection Unit in this year's  
8           budget?

9                     EXEC. DEP. COMMISSIONER HOUGHTON: The  
10          Tenant Protection Unit is part of the Office  
11          of Rent Administration's overall budget. And  
12          the two are mixed together, it's so hard to  
13          extract that. But we can get that  
14          information for you.

15                    ASSEMBLYMAN WRIGHT: I'd love to know.  
16          I remember, I think -- I mean, when you first  
17          started, I remember hearing a number of  
18          \$5 million somewhere around. And would like  
19          to know, because I think that's something  
20          that needs to be published and screamed from  
21          the mountain tops as to how much money is in  
22          fact behind the Tenant Protection Unit.

23                    I see that a big part of this year's  
24          budget is a surplus, somewhere in the

1 neighborhood of \$5 billion, which mainly  
2 comes from JPMorgan Chase and other  
3 settlements. And certainly I think you're --  
4 in the Governor's budget I think we are using  
5 the settlements in terms of good, sound  
6 housing policy. However, we have some other  
7 monetary settlements, whether it's the Credit  
8 Suisse settlement, Bank of Tokyo settlement,  
9 the Bank of America settlement, the Bank  
10 Leumi settlement, which all has to do with  
11 the real estate crisis and the banking crisis  
12 that we suffered.

13 And the Governor -- it was part of the  
14 budget, and I think with all those  
15 settlements it's around \$5 billion. And I  
16 see that the Governor wants to spend about  
17 \$5 billion on other things besides housing in  
18 the face of the housing crisis that we're in,  
19 whether it's special infrastructure, Thruway  
20 stabilization, Penn Station access, things of  
21 that nature.

22 Would you advocate for more of that  
23 money to be used in housing? Or is that  
24 something that you could see happening?

1                   COMMISSIONER TOWNS: I think the  
2                   answer is that the settlements have come from  
3                   misdeeds to New Yorkers, and the proper way  
4                   of dealing with that is to make sure that  
5                   those resources go back to New Yorkers. So  
6                   there are so many needs, and certainly we'll  
7                   advocate for affordable housing. But the  
8                   important thing is that those resources are  
9                   coming back and being part of a remedy to  
10                  some of the challenges that New Yorkers  
11                  across the board are having.

12                  ASSEMBLYMAN WRIGHT: That's a good  
13                  answer.

14                  (Laughter.)

15                  ASSEMBLYMAN WRIGHT: I'm finished,  
16                  Mr. Farrell.

17                  CHAIRMAN FARRELL: Thank you.  
18                  Senator?

19                  CHAIRMAN DEFRANCISCO: Senator Young,  
20                  please.

21                  CHAIRMAN FARRELL: Oh, and we've been  
22                  joined by Assemblywoman Walker.

23                  Thank you.

24                  SENATOR YOUNG: Thank you,

1 Mr. Chairman.

2 Good morning, and it's great to see  
3 both of you. I'm glad to have this  
4 discussion this morning.

5 And I appreciate Assemblyman Wright  
6 asking about the Tenant Protection Unit, so I  
7 had some follow-up questions.

8 I heard you say that it's hard to  
9 separate out the budget for the TPU from the  
10 Office of Rent Administration. There is an  
11 \$8 million increase for the ORA included in  
12 the Governor's Executive proposal, and our  
13 staff has been told by Governor's staff, your  
14 staff, that that indeed is for the funding of  
15 the TPU. So is that the case with the  
16 \$8 million proposal?

17 COMMISSIONER TOWNS: I guess we can  
18 provide a breakdown of the \$8 million. But  
19 there are a number of things that are being  
20 used. One is the next step in regard to the  
21 digital platform that will be shared by ORA  
22 and TPU. So there a number of things that  
23 will be used out of that pot of resources.

24 SENATOR YOUNG: What has been the

1 source of funding for the TPU? I know it's  
2 been in place for more than two years now.  
3 What are the sources of funds that you have,  
4 and what's the amount that you've expended so  
5 far?

6 COMMISSIONER TOWNS: We've used  
7 reappropriations.

8 EXEC. DEP. COMMISSIONER HOUGHTON: We  
9 used reappropriations in the past two years,  
10 and a combination of I think appropriations.  
11 But why don't we get you that information  
12 broken down properly after the hearing, if  
13 that would be okay.

14 SENATOR YOUNG: Right. So you're  
15 saying the funds are reappropriated, then.

16 COMMISSIONER TOWNS: Prior year  
17 approps.

18 EXEC. DEP. COMMISSIONER HOUGHTON: In  
19 prior years, yes.

20 SENATOR YOUNG: And what was the legal  
21 basis for the reappropriation? Because I'm  
22 not sure the TPU is actually existing in law.  
23 So if you could give me information on that,  
24 that would be appreciated.





1 methods of investigation are not really  
2 appropriate for -- to discuss publicly.

3 We can talk a little bit about it in  
4 saying that they take a look at vast swaths  
5 of data and they look for any anomalies. And  
6 one of the ways that they have been able to  
7 bring 37,000 units back into rent regulation  
8 is that they have spotted buildings that were  
9 in rent regulation for years and years and  
10 all of a sudden were no longer registering,  
11 and so they were able to identify those and  
12 bring them back into rent regulation.

13 COMMISSIONER TOWNS: And just to be a  
14 little bit clearer, there are a group of  
15 owners as well as advocacy groups that right  
16 now are suing HCR in regard to the TPU and  
17 the new rent regs. So we're limited because  
18 we're in that litigation in regard to the  
19 depths of our conversations there.

20 SENATOR YOUNG: Okay, thank you.

21 I do have a follow-up question,  
22 though. What is the process for an owner to  
23 be able to appeal the TPU's activities or  
24 decisions?

1 EXEC. DEP. COMMISSIONER HOUGHTON: TPU  
2 is an investigative unit, not a -- not the  
3 quasi-judicial unit that the Office of Rent  
4 Administration is. And so the TPU, there's  
5 plenty of communication between the TPU and  
6 owners. Whenever they want to speak or  
7 provide information, the TPU's door is open.  
8 And they enter into voluntary settlements  
9 with the TPU.

10 If they want to go to the judicial  
11 process, then they can go to the Office of  
12 Rent Administration after that.

13 SENATOR YOUNG: Okay. So you've said  
14 today there have been more than 37,000 or  
15 about 37,000 units that have been  
16 reregistered as a result of the TPU's  
17 efforts. And can the TPU categorize this  
18 information regarding these additional units  
19 by building size? Are there ways that you  
20 can break down the data? Is there a report  
21 that would be available to the Legislature on  
22 that?

23 EXEC. DEP. COMMISSIONER HOUGHTON:  
24 That might be difficult to do because the

1 current system that we use for computers is  
2 rather outmoded, but we'll see what kind of  
3 data we can get you.

4 SENATOR YOUNG: Okay. Thank you.  
5 Because I have several questions regarding  
6 that, but maybe I'll submit those to you in  
7 writing, and if you could get back to me on  
8 those.

9 One of the questions I had was I know  
10 this is housed in the Office of Rent  
11 Administration. And just this past December,  
12 the New York State Comptroller issued a  
13 report regarding ORA. And some of the key  
14 findings were, for example, that it took  
15 6.7 months for complaints just to be assigned  
16 to an examiner, with rent overcharge  
17 complaints taking an average of 14.8  
18 months -- and some as long as three years --  
19 to be assigned, and there's a whole slew of  
20 key findings that are along that line.

21 And I guess the question is, you know,  
22 the ORA is a complaint-driven system where  
23 tenants are able to submit complaints -- they  
24 have a problem, they have an issue, they want

1           it to be investigated. And so I guess the  
2           question is if you're expending funds on the  
3           TPU that is out there just casting this broad  
4           net, I'm wondering how the ORA tenant  
5           complaints are being handled. And is there a  
6           way that you can make them more timely,  
7           because it seems like you're expending money  
8           over here when maybe it would be best served  
9           finding out the issues that the tenants are  
10          having and resolving those issues first.

11                    COMMISSIONER TOWNS: I think the best  
12           way to serve New Yorkers is not either/or,  
13           it's both. And also one of the things that  
14           we do -- and you had mentioned the \$8 million  
15           earlier, having a new digital platform, so  
16           taking the manual aspect out of the complaint  
17           system. We'd have an automated system that  
18           would have triggers to give us an opportunity  
19           to kind of know where the problems are.

20                    Currently now a complaint comes in and  
21           also goes through the legal process. But  
22           more than that, the research in that is  
23           driven by going manually to file after file  
24           after file. The digital system that we're

1           creating will give us an opportunity to press  
2           a button and find out months of information  
3           at the press of a punch.

4                        So it's very important for us to make  
5           that transition so that we can bring ORA and  
6           TPU both into the 21st century.

7                        SENATOR YOUNG: Thank you. I had some  
8           questions about the proposed JPMorgan  
9           settlement fund. One is the middle-income  
10          housing program, which I'm very interested  
11          in. But I was hoping you could enlighten the  
12          Legislature about your plans to implement the  
13          \$50 million allocation for that program.

14                       EXEC. DEP. COMMISSIONER HOUGHTON:  
15          Yeah, we're eager to start this program.  
16          I've been at the agency about five months,  
17          and on my first day the commissioner told me  
18          one of the things that we really are trying  
19          to do here is to broaden the eligibility of  
20          incomes of the tenants that we're serving.  
21          And so \$508 million of the JPMorgan Chase  
22          settlement will be available to us to build  
23          housing for people up to 130 percent area  
24          median income.

1                   Currently, federal programs tend to  
2                   focus on 60 percent area median income, which  
3                   is about \$37,000 for an individual in New  
4                   York City, much less in other neighborhoods  
5                   across the state where incomes are not quite  
6                   so high.

7                   But we have a state Low-Income Housing  
8                   Tax Credit that goes up to 90 percent AMI,  
9                   and now we are hoping to have this new tool  
10                  to reach people that are in the workforce at  
11                  130 percent AMI. So that will be not just  
12                  for single buildings, but for buildings that  
13                  will have a mix of incomes in them as well.

14                  SENATOR YOUNG: Oh, okay, thank you.

15                  Is this going to be a statewide  
16                  program?

17                  EXEC. DEP. COMMISSIONER HOUGHTON:

18                  Yes.

19                  COMMISSIONER TOWNS: Yes, it will.

20                  SENATOR YOUNG: Statewide, okay.

21                  COMMISSIONER TOWNS: We understand  
22                  that New Yorkers are vulnerable and at risk  
23                  of homelessness. Those who are providing  
24                  service to them are also vulnerable. So

1            hopefully with this we can begin to change  
2            that and make sure that we can have people  
3            who provide service to communities live  
4            closer to communities.

5            SENATOR YOUNG:  Yup.  I have some  
6            other questions, but I'll give my colleagues  
7            a chance to ask them.

8            CHAIRMAN FARRELL:  Assemblyman Ortiz.  
9            And we've been joined by Assemblywoman  
10          Simon.

11          ASSEMBLYMAN ORTIZ:  Good morning.  
12          Good morning.  Thank you, Mr. Chairman.

13          Good morning, Commissioner.

14          And first of all I would also like to,  
15          as was said before, thank you very much for  
16          the work that you have done and also for  
17          having your doors always open to -- just not  
18          just to myself when I call, but also to our  
19          staff in our district office when we need you  
20          the most, and especially also to your staff  
21          who have all been there for them, to give the  
22          right information in order for us to provide  
23          better services to our constituency and our  
24          district.  So thank you for that.

1                   COMMISSIONER TOWNS: Thank you.

2                   ASSEMBLYMAN ORTIZ: My question is,  
3                   though, regarding the Mitchell-Lama. Last  
4                   year's budget provided \$32 million for  
5                   Mitchell-Lama rehabilitation out of the  
6                   Mortgage Insurance Fund resources. What is  
7                   the status of this project, and can you  
8                   provide more detail on the affordable housing  
9                   that has been preserved or created as a  
10                  result of this investment?

11                  And as you know, in my new district I  
12                  do represent now the Mitchell-Lama Building  
13                  in Bay Ridge.

14                  COMMISSIONER TOWNS: Sure. The -- do  
15                  you have --

16                  EXEC. DEP. COMMISSIONER HOUGHTON: On  
17                  the Mitchell Lamas, we have 165  
18                  Mitchell-Lamas, and they're all eligible to  
19                  leave the program if the owners choose to.  
20                  And we would like to preserve as much  
21                  affordability as possible. And so the first  
22                  step was with the House New York program, we  
23                  were able to get the UDC portfolio from the  
24                  Empire State Development to be transferred



1 over to HCR so that we can refinance it,  
2 rehabilitate these buildings and preserve  
3 their affordability for another 40 years.

4 And we're very proud of what our  
5 finance and development division has done  
6 with this, under the direction of Marian  
7 Zucker, the deputy commissioner of finance  
8 and development. We've been able to close on  
9 financing on 10 Mitchell-Lamas already, and  
10 we are going to have five more before the end  
11 of this fiscal year. That's equivalent to  
12 2,798 units that will be preserved for  
13 another 40 years of affordability. And then  
14 by the end of the year, I think we get to  
15 3,700 and -- just slightly under a thousand  
16 more units in the next few months. That's  
17 for the UDC portfolio.

18 In addition, under the JPMorgan Chase  
19 settlement, we are putting another  
20 \$50 million towards other Mitchell-Lamas,  
21 both state- and city-sponsored, so that we  
22 can preserve those as well. And we're going  
23 to do as much as we can. That's one of the  
24 great successes of the House New York

1 program.

2 COMMISSIONER TOWNS: Last year Senator  
3 Espaillat kind of asked how we were tackling  
4 it. We were getting to those that were in  
5 most critical disrepair, which we took that  
6 in the first tranche. And now we're getting  
7 through the rest of them, which were not in  
8 great condition but in better condition than  
9 the first ones that we took on.

10 ASSEMBLYMAN ORTIZ: Thank you,  
11 Commissioner.

12 And my other topic is regarding the  
13 Neighborhood and Rural Preservation Programs.  
14 And you know those programs are very helpful  
15 to communities like the one that I represent,  
16 as a result that they provide some technical  
17 assistance, you know, they do tenant  
18 assistance, they do other activities,  
19 homebuyer consulting and so on and so forth.

20 And I understand that there has been a  
21 \$6 million appropriation in addition, an  
22 increase, on this program. My question is  
23 not so much about, you know, the \$6 million  
24 that has been increased, but how the DHCR

1 will budget for the outyears. You know, we  
2 can talk about short-term, but we need to  
3 make sure that we have a plan in action for  
4 the outyears where we repeatedly don't have  
5 to come back or the budget gets hit and we  
6 have to cut this program that really helps  
7 the needy of our own community.

8 COMMISSIONER TOWNS: Well, you know,  
9 we share your thoughts there. They're  
10 critical partners for us. I think that the  
11 NPP and RPP agencies are our first line of  
12 understanding what the particular interests  
13 are.

14 As you know, New York State is a big  
15 state, and every 50 miles it's almost like a  
16 different state. So because of our  
17 partnership with those, we're able to  
18 understand and put the resources together in  
19 order to make those regional type of  
20 differences that we need to do. So we can  
21 continue to see them as a priority in regard  
22 to our bucket of resources.

23 ASSEMBLYMAN ORTIZ: Thank you,  
24 Commissioner. And again, thank you, you and

1           your staff, for a job well done and for  
2           always -- and I hope other commissioners can  
3           learn from you that when you need to say  
4           something about make a call and I'll be there  
5           for you, that they will be able to be there  
6           for us as well.

7                     Thank you very much.

8                     COMMISSIONER TOWNS: Thank you.

9                     Thank you.

10                    CHAIRMAN DeFRANCISCO: Senator  
11           Espaillat.

12                    SENATOR ESPAILLAT: Thank you,  
13           Mr. Chairman.

14                    Thank you, Commissioner, for your fine  
15           work and your dedication to this important  
16           state agency. As you know, Commissioner, in  
17           the last 15, 20 years the City of New York  
18           has lost thousands of rent-regulated units.  
19           And ever since we began to relax our rent  
20           regulations and to make them weaker, the city  
21           has seen a hemorrhage of losing significant  
22           numbers of rent-regulated units throughout  
23           the five boroughs.

24                    Do you know how many -- does your

1 office have an idea, let's say in the last  
2 10 years, how many units of rent-stabilized  
3 apartments we've lost in the City of  
4 New York?

5 EXEC. DEP. COMMISSIONER HOUGHTON: We  
6 can get you that information. Over the last  
7 10 years?

8 SENATOR ESPAILLAT: In the last  
9 10 years.

10 EXEC. DEP. COMMISSIONER HOUGHTON:  
11 Yes, we can. But I think the good news here  
12 is that since the creation of the TPU and  
13 some other innovations at ORA, we are  
14 actually now adding units to the  
15 rent-regulated stock in the last three years.

16 SENATOR ESPAILLAT: That's where I'm  
17 heading. We would like to have the number of  
18 units that have been lost in the last  
19 10 years to -- you know, we've heard as high  
20 as 200,000 units. That is a significant  
21 amount of units for the City of New York.  
22 And I think that there are two areas within  
23 your agency that are doing a good job and  
24 could do even a better job at preserving

1           those rent-stabilized apartments. And they  
2           have been the subject already of discussion  
3           here among our members.

4                         First let me congratulate the TPU for  
5           the work you've done in my district. You've  
6           done some significant work in making sure  
7           that, you know, we get back some of those  
8           units, that we focus on some of the bad  
9           actors out there that are taking advantage of  
10          the very lax rent regulation laws that we've  
11          been passing in the last decade and a half.

12                        And the TPU I think is one of those  
13          units that could help us get more of those  
14          rent-regulated apartments back. The other,  
15          obviously, is the Office of Rent  
16          Administration.

17                        And so for the TPU, are you aware of a  
18          lawsuit, litigation that's going on that's  
19          challenging the legitimacy of the TPU?

20                        COMMISSIONER TOWNS: Yes.

21                        EXEC. DEP. COMMISSIONER HOUGHTON:  
22          Yes, we're aware.

23                        (Laughter.)

24                        SENATOR ESPAILLAT: So there is an

1 effort out there to eliminate one of these  
2 strong tools that the state has to preserve  
3 rent-regulated apartments.

4 And so, you know, I'm a strong  
5 supporter of the TPU. So how much money has  
6 been allocated, again, for the TPU this year?

7 EXEC. DEP. COMMISSIONER HOUGHTON: As  
8 we said, we will get you that information.

9 SENATOR ESPAILLAT: So there is no  
10 dedicated budget line in the budget, in the  
11 Governor's budget, for the TPU?

12 COMMISSIONER TOWNS: No. It's grouped  
13 with ORA and part of a total ORA resource.

14 EXEC. DEP. COMMISSIONER HOUGHTON:  
15 Yeah. It's rent regulation.

16 SENATOR ESPAILLAT: And so ORA has  
17 been increased by \$8 million, right, the  
18 budget in the Office of Rent Administration  
19 has been increased by \$8 million. And so can  
20 you say that that \$8 million will go towards  
21 the TPU? Is that your projection?

22 COMMISSIONER TOWNS: No, that's not  
23 the case. Because again, the digital  
24 platform that we spoke about, and you and I

1           have spoken about it before, is also a  
2           portion of that increase in the ORA budget.

3                   SENATOR ESPAILLAT:   Okay, so in your  
4           assessment, if we've gotten back 37,000 new  
5           units, what would it take to bring back  
6           100,000, half of what we lost?  How much  
7           funding would it take for that to occur?

8                   EXEC. DEP. COMMISSIONER HOUGHTON:  I'm  
9           not sure that we'd be able to figure that  
10          out.  I don't know that that's knowable.

11                   SENATOR ESPAILLAT:  Okay.  And let's  
12          go now to the other tool that I think that we  
13          have within your agency to try to maintain  
14          and recapture those units that working  
15          families and middle-class families have lost  
16          in the City of New York, which is the Office  
17          of Rent Administration.

18                   And as my colleague the chairwoman of  
19          the Housing Committee had stated, the  
20          Comptroller just put out a report  
21          highlighting the delays that tenants have to  
22          wait, the time that they have to wait to get  
23          an answer from such a unit.  What is the  
24          current funding for that unit right now?  Is



1           it \$38 million?

2                   COMMISSIONER TOWNS: For the --

3                   SENATOR ESPAILLAT: For the Office of  
4           Rent Administration.

5                   EXEC. DEP. COMMISSIONER HOUGHTON:  
6           We'll get you that information.

7                   SENATOR ESPAILLAT: Well, let me just  
8           go through some numbers that I have, and  
9           perhaps this could shed some light.

10                   In the year 2010-2011, the office was  
11           funded at \$42 million; 2011-2012,  
12           \$37 million. And since then, it's been  
13           consistent at 38. And so we know that with  
14           this level of funding, according to the  
15           New York State Comptroller, you know, the  
16           actual wait time that tenants have to  
17           struggle through is unacceptable. We have  
18           heard our chairwoman state that in fact, you  
19           know, it's just too much. And so we need  
20           additional funding for this particular unit.

21                   So, you know, my proposal is that that  
22           will be increased, that particular line will  
23           be increased.

24                   And of course the Tenant Protection

1 Unit, which has a different dynamic to it,  
2 more of a legal dynamic to the work that's  
3 being done to recapture this unit, as opposed  
4 to the bureaucratic, administrative nature of  
5 the Office of Rent Administration, I think is  
6 equally necessary. These are two important  
7 units within HCR to help the City of New York  
8 and other places across the state help  
9 recapture the potentially 200,000 units that  
10 have been lost because of our very lax and  
11 weak rent laws in the last decade and a half.

12 Now I want to go to the Neighborhood  
13 Preservation and Rural Preservation part of  
14 the budget. Is there a dedicated funding  
15 stream for these particular programs? Where  
16 is the money coming from?

17 EXEC. DEP. COMMISSIONER HOUGHTON:

18 Yes. So there's a \$12 million baseline  
19 funding, which provides about \$59,000 a year  
20 to 204 organizations. In this budget we are  
21 applying \$20 million from the JPMorgan Chase  
22 settlement funds over the next three years to  
23 increase that amount.

24 We haven't worked out all the details

1           yet. We're hoping that you will pass the  
2           budget as it is stated here and we'll be able  
3           to apply that money to these important  
4           groups. We're hoping to get the groups back  
5           up to somewhere around \$90,000 each, as  
6           opposed to the \$59,000 baseline.

7                         We're also -- if we can, we would like  
8           to expand it to new groups, because we know  
9           there's a lot of worthy neighborhood groups  
10          out there. And I have to say that it really  
11          is because of the advocacy of the Assembly  
12          and the Senate for these groups and this  
13          program that we're able to do this. So we  
14          appreciate your concern.

15                        SENATOR ESPAILLAT: Does part of the  
16          funding --

17                        COMMISSIONER TOWNS: Not only groups,  
18          but also some underutilized, underserved  
19          areas, too, across the state.

20                        SENATOR ESPAILLAT: Thank you. Is  
21          part of the funding coming from the Mortgage  
22          Insurance Fund?

23                        EXEC. DEP. COMMISSIONER HOUGHTON:  
24          Yes, we are funding this with the Mortgage

1 Insurance Fund money. There's a total of  
2 \$75 million coming from the Mortgage  
3 Insurance Fund to fund housing programs here.

4 SENATOR ESPAILLAT: But that's not a  
5 dedicated, permanent funding stream in the  
6 budget, that's an entity that is available  
7 now but may not be available tomorrow or  
8 could be available tomorrow? It's not a  
9 funding line in the budget itself.

10 EXEC. DEP. COMMISSIONER HOUGHTON:  
11 It's -- the Mortgage Insurance Fund insures  
12 mortgages and insures capital projects that  
13 we do. It needs to keep a certain balance in  
14 order to maintain its AA bond rating.

15 But there is funding -- it gets funded  
16 from the revenues from the mortgage recording  
17 tax. And as that money flows in good  
18 economic times, as we are on an upswing now,  
19 there's money that we can pull from that  
20 entity and fund other state operations.

21 And so we are fortunate that we've got  
22 the \$75 million plus the \$20 million from  
23 JPMorgan Chase, which will be over three  
24 years. We're very confident that we're going

1 to be able to fund these programs  
2 consistently and into the future.

3 SENATOR ESPAILLAT: Thank you. I have  
4 other questions, but my time is up so I'll  
5 ask them on the second round. But thank you  
6 both for being here with us today.

7 SENATOR KRUEGER: Assembly?

8 CHAIRMAN FARRELL: Assemblywoman  
9 Hooper.

10 ASSEMBLYWOMAN HOOPER: Thank you.  
11 Thank you, Mr. Chair.

12 Before I begin, Mr. Commissioner, I  
13 concur with Keith as to --

14 ASSEMBLYMAN WRIGHT: Assemblyman Keith  
15 to you.

16 (Laughter.)

17 ASSEMBLYWOMAN HOOPER: There's Keith  
18 and then there's Oprah. First names carry a  
19 lot of support and dignity.

20 Anyway, I concur with Keith as to the  
21 exceptional, outstanding work that you have  
22 brought to this issue of housing as you have  
23 led the Commission on Housing.

24 I just want to make a -- I'm going to

1           make a statement and then I'm going to ask a  
2           question pertaining to something that is  
3           very, very important to not just my district  
4           but I think it has impacted several --  
5           especially districts in the City of New York  
6           and otherwise statewide.

7                        I see where the Executive Budget has  
8           provided \$486 million to expand affordable  
9           and supportive housing, enhance community  
10          development programs around the state. What  
11          I would like to really discuss and to ask you  
12          is in reference to the undocumented,  
13          unaccompanied immigrant youth who have been  
14          housed in conditions that are nonconducive to  
15          achieving the minimum of success for their  
16          potential, and who are living in conditions  
17          that would in no way alleviate what they are  
18          experiencing as new arrivals -- in some  
19          instances, 20 to 30 youths living in  
20          one-family housing, and some living in  
21          basements that really are not designed for  
22          human habitat. Unsafe and certainly  
23          nonconducive towards a child being able to  
24          achieve, as I stated, his or her maximum

1 potential.

2 I also would like to discuss as to  
3 whether or not -- how these students are  
4 sometimes designated as homeless rather than  
5 as their having arrived unaccompanied and  
6 undocumented.

7 My question is, how is HCR going to  
8 react, or what is the plan to address this  
9 crisis?

10 COMMISSIONER TOWNS: That's a great  
11 question and a very difficult population to  
12 work with. We continue to work with our  
13 sister agencies, mainly the Office of  
14 Children and Family Services, in order to  
15 come with up with better remedies. Also  
16 extended in that are young people who have  
17 aged out of foster care as well.

18 Fortunately, my right hand here,  
19 Executive Deputy Commissioner Ted Houghton,  
20 comes from the supportive housing world.  
21 Prior to coming to our agency, he was the  
22 executive director for the Supportive Housing  
23 Network for New York. And so our remedy, Ted  
24 will be a part of that, being that he has

1           been involved in that world for a number of  
2           years.

3                       So we don't have an exact program  
4           right now, but we are aware of the severe  
5           challenges in that special population.

6                       ASSEMBLYWOMAN HOOPER: In closing,  
7           where do you suggest, as you are in the  
8           process -- when I say "you," I mean the  
9           agency is in the process of looking at this  
10          crisis -- where do you suggest and how do you  
11          suggest I proceed as these youth are  
12          currently living under these arduous  
13          conditions? Where do you suggest and how do  
14          you suggest that I proceed?

15                      COMMISSIONER TOWNS: Sure. Ted?

16                      EXEC. DEP. COMMISSIONER HOUGHTON: I  
17          would really like to have a conversation with  
18          you and let's try to identify the problem and  
19          figure out what kinds of solutions we can do.

20                      One of the things that we are  
21          proposing this year is a new statewide  
22          supportive housing initiative to create 5,000  
23          units of supportive housing over the next  
24          five years. And that is based on the



1 New York/New York agreements. This will be  
2 the fourth one. The previous New York/  
3 New York III agreement had a specific  
4 set-aside for youth aging out of foster care  
5 and youth coming out of institutions. And  
6 that is certainly something that we could  
7 discuss.

8 The populations that are going to be  
9 targeted by the new initiative have not yet  
10 been determined, but we'd like to hear from  
11 you about the need and try to figure out some  
12 solutions that are really going to work for  
13 these youth.

14 ASSEMBLYWOMAN HOOPER: Thank you  
15 kindly. I shall be reaching out to you,  
16 because we do need help on this issue.

17 Again, Commissioner, I also concur  
18 with Keith.

19 COMMISSIONER TOWNS: Thank you.

20 CHAIRMAN FARRELL: Thank you.

21 Senator?

22 SENATOR KRUEGER: Senator Diane  
23 Savino.

24 SENATOR SAVINO: Thank you, Senator

1 Krueger.

2 Good morning, Commissioner. I want to  
3 talk about two housing programs in New York  
4 City. You know, it seems to be all New York  
5 City all the time here, but I just have to  
6 focus a bit on one program which I think has  
7 probably been the only successful housing  
8 program government ever initiated, and that's  
9 the Mitchell-Lama program. And the other  
10 one, unfortunately, is floundering in the  
11 City of New York -- it's the largest landlord  
12 in New York City -- and that's the New York  
13 City Housing Authority.

14 So I know you said earlier that there  
15 are 165 Mitchell-Lamas currently left in the  
16 City of New York. A few years ago we had a  
17 problem with many of them coming out of the  
18 system. They were prepaying their mortgage,  
19 they were attempting to move them out of the  
20 Mitchell-Lama program, converting some  
21 tenants to Section 8. We had the situation  
22 with sticky vouchers that seems to have  
23 slowed down, in part because of the collapse  
24 of the housing market and the financial

1 markets.

2 But some of those Mitchell-Lama  
3 developments are at the end of their  
4 mortgage, their 30 years is up. Many of  
5 those properties, while they have remained  
6 affordable and want to remain affordable,  
7 they're also suffering from -- you know,  
8 they're 30-year-old buildings. They're very  
9 large complexes, they have complicated  
10 capital needs.

11 And I'm curious as to whether or not  
12 there's a commitment to help some of these  
13 developments with some of their capital needs  
14 so that they can remain a successful  
15 affordable housing program in New York City.

16 COMMISSIONER TOWNS: Sure. And that's  
17 the impetus towards the Governor's House  
18 New York where, you know, that number of  
19 Mitchell-Lamas that you mentioned, some are  
20 city, some are state. But we are focused on  
21 the state Mitchell-Lamas and have purchased  
22 the old UDC Mitchell-Lama portfolio in order  
23 to put the type of attention to bring them  
24 back to a state of good repair.

1                   So it is a commitment of the Governor.  
2                   And as we have been going down the process,  
3                   we think that we will be successful.  
4                   Fortunately, there are landlords that want to  
5                   continue in the program, and that is the  
6                   first step. We will work with them in order  
7                   to find out what kind of resources we can do  
8                   in order to extend the periods of  
9                   affordability for the Mitchell-Lamas.

10                  I agree, they are a tremendous  
11                  resource, and it's a shame whenever we let  
12                  any of them slip out of our hands.

13                  SENATOR SAVINO: Has there been any  
14                  discussion about creating new Mitchell-Lamas  
15                  going forward? You know, the IDC we put  
16                  forward a plan last year about Mitchell-Lama  
17                  2020, building on the fact that it has really  
18                  been -- the only successful government  
19                  housing program has been the Mitchell-Lama  
20                  program.

21                  Has your agency given any thought to  
22                  the future of Mitchell-Lama and bringing the  
23                  idea of maybe not the exact same program but  
24                  a similar program back to the housing market?

1                   COMMISSIONER TOWNS: Well, I think one  
2 of the programs that we're rolling out this  
3 year is the middle-income program that we  
4 spoke about before. And I think that the  
5 population that that program is designed for  
6 is the Mitchell-Lama population.

7                   So we have not been able to come up  
8 with a new Mitchell-Lama program, but  
9 certainly we understand the needs of that  
10 community and are trying to address it in  
11 this year's budget.

12                  SENATOR SAVINO: Well, I certainly  
13 look forward to hearing the details about  
14 that and working with you.

15                  And finally, on the New York City  
16 Housing Authority. I have 15 housing  
17 developments in my district, and I will tell  
18 you, each and every one of them is in  
19 deplorable conditions. And this is not a  
20 knock on the people who work in the Housing  
21 Authority, but it is an incredibly mismanaged  
22 agency. The new commissioner is a lovely  
23 woman and I think she's sincere and her  
24 heart's in the right place, but I think she

1           may have bitten off more than she can chew.

2                       Quite frankly, I'm a little concerned,  
3           though, about the plan to just give them a  
4           chunk of the JPMorgan settlement money,  
5           because I would say almost every one of us  
6           who represents a community where you have  
7           NYCHA developments, we've allocated money to  
8           them for all sorts of improvements, and the  
9           money just seems to disappear. You never  
10          actually see the improvements.

11                      So I'm concerned that if we just give  
12          them the money without it being pegged to a  
13          specific purpose and some ability to  
14          determine that they're actually going to do  
15          the needed work, whether it be the elevators  
16          or mold remediation -- some of the conditions  
17          that we have people living in in public  
18          housing are deplorable, and we really -- it's  
19          outrageous what we allow them to continue to  
20          suffer under.

21                      So I think if we're going to give them  
22          a chunk of money, they're going to have to be  
23          accountable to us and they're going to have  
24          to really show improvements in the conditions

1           for our constituents in every NYCHA  
2           development across the city. And I would  
3           hope that that would be something that you  
4           guys would require before you give them any  
5           more money.

6                     Thank you.

7                     EXEC. DEP. COMMISSIONER HOUGHTON: We  
8           share your concern.

9                     CHAIRMAN FARRELL: Thank you.

10                    Assemblyman Blake.

11                    ASSEMBLYMAN BLAKE: Thank you,  
12           Mr. Chair.

13                    And thank you, Commissioner, for being  
14           with us. And also gratitude to the Ways and  
15           Means team in getting us ready for today.

16                    Several questions, two of which are a  
17           follow-up on Assemblyman Ortiz's questions.

18                    First, can you just give some more  
19           clarity on the difference of the two  
20           Mitchell-Lama initiatives here, repair and  
21           revitalization and then rehabilitation? How  
22           is that practically differing in how it would  
23           be implemented?

24                    EXEC. DEP. COMMISSIONER HOUGHTON: So

1           the first program I think you're referring to  
2           is House New York. And we are now entering  
3           into Year 3 of the House New York initiative  
4           where we were -- we transferred in June 2013,  
5           we transferred the title of 44 properties  
6           over, or management of those properties over  
7           from ESD to HCR. Of those 44 properties, 35  
8           of them, we found, needed to be refinanced  
9           and rehabilitated. And we gave ourselves --  
10          the Governor gave us strict orders to get  
11          this done in five years.

12                        We have done 10 so far. We've got  
13          five more coming to finish -- closed on  
14          financing by the end of this fiscal year. We  
15          are on target to get to that and get all 35  
16          of those back into healthy condition and  
17          remain affordable for the next 40 years.

18                        Outside of the UDC portfolio, there  
19          are many other Mitchell-Lamas that were  
20          sponsored by the city and the state. They  
21          need help too. They're not in as bad  
22          condition as the UDC portfolio because the  
23          financing standards that were used at the  
24          time were stricter and made for stronger



1 buildings, but they still need help.

2 And so we are asking for \$50 million  
3 of the JPMorgan Chase settlement funds to be  
4 used for this purpose to identify  
5 Mitchell-Lamas that need priority help in  
6 fixing whatever it is that they need.  
7 Whether it's boilers, roofs, walls, you know,  
8 we will do it. And we plan on moving that  
9 money as quickly as possible.

10 It will leverage bonds, it will  
11 leverage private investment through tax  
12 credits, and we will be able to maintain  
13 affordability in those buildings for years to  
14 come -- decades to come.

15 ASSEMBLYMAN BLAKE: Definitely would  
16 love to make sure we follow up afterwards. I  
17 represent Concourse Village. You know, we  
18 have more than 1800 units, six buildings,  
19 24 floors, so I'm interested in that  
20 particularly.

21 Second, just as relates to these  
22 respective new initiatives from New York/  
23 New York IV all the way down to the CAFI, how  
24 did the allocation get created? Essentially

1 we're going from zero to 116 or zero to 15.  
2 I'm not seeing much of a rationale of how  
3 those actual numbers were determined for  
4 these respective programs.

5 COMMISSIONER TOWNS: Can you repeat  
6 the question again?

7 ASSEMBLYMAN BLAKE: So essentially for  
8 New York/New York IV supportive housing,  
9 middle-income housing, Mitchell-Lama repair,  
10 ESD, LINC, et cetera, there are several new  
11 initiatives. But the rationale in terms of  
12 how the numbers were actually created for  
13 these initiatives is not very clear. So how  
14 did you come up with these proposed  
15 allocations?

16 COMMISSIONER TOWNS: A large portion  
17 of it is about what we can leverage. And so  
18 the number itself is not the key thing, but  
19 it's how we leverage it with our other  
20 resources in order to accomplish the many  
21 things that we have.

22 The merged entities of all these  
23 housing agencies is a great thing, because  
24 we're able to kind of work together. So the

1 formula, although not exact science, is built  
2 so that we will be able to have the resources  
3 in order to be successful.

4 ASSEMBLYMAN BLAKE: And last ones,  
5 very briefly, as obviously 421a is going to  
6 be a critical conversation this year  
7 regardless of where things end up, I just  
8 want to be on the record that I think it's  
9 important that there's an MWBE component in  
10 some form or fashion as relates to these  
11 developments. You know, we can't continue to  
12 be providing resources in the communities  
13 that have the chance to grow economic  
14 opportunity and not incorporate it in that  
15 manner.

16 And then the last two things. One is  
17 piggybacking on Senator Savino's comment as  
18 relates to NYCHA capital repairs. Just more  
19 clarity in terms of an accountable plan of  
20 what happens with that. You know, from  
21 Webster Houses, Morris Houses, Forest,  
22 et cetera, we have a plethora in our  
23 district, more than 11,000 itself. And just  
24 concern about us giving resources -- what the

1 plan could be, and getting your response on  
2 that.

3 And then lastly, how could more  
4 nonprofits become part of the NPP portion?  
5 It seems right now it's a grandfathered  
6 program in many ways. There are a lot of  
7 phenomenal nonprofits that should be  
8 considered as well.

9 So getting your responses on those  
10 items would be great.

11 COMMISSIONER TOWNS: Sure. I'll start  
12 with the last and then go to the first one.

13 Certainly we understand that since the  
14 program was created that certainly needs have  
15 shifted, new areas have popped up. So  
16 hopefully with this expansion we'll be able  
17 to have discussions and have some agreements  
18 in regard to how we can target some areas  
19 that were left behind, not only in the city  
20 but also throughout suburban and rural  
21 New York as well.

22 We share your concerns about NYCHA,  
23 but we also see the tremendous need. So this  
24 investment, certainly we hear you loud and

1 clear, will follow its evolution. But I  
2 think that we agree that our friends over at  
3 NYCHA certainly need some support. Is it all  
4 financial resources? Maybe not. But we will  
5 certainly watch how this investment goes and  
6 see how we can partner in the future.

7 You know, we can never create enough  
8 housing in order to deal with the challenges  
9 that New Yorkers have. So anywhere that we  
10 can play in regard to preserving affordable  
11 units is also something that we have to be  
12 committed to do.

13 ASSEMBLYMAN BLAKE: And to piggyback  
14 on something that was mentioned earlier to  
15 Deputy Commissioner Ted as relates to  
16 supportive housing -- I'm not sure if this  
17 would be you or it relates to the city -- but  
18 the notification that occurs as relates to  
19 the homeless community, supportive community,  
20 especially within our district is pretty lax,  
21 to say the least. In many instances they are  
22 communities that they are coming in and the  
23 community has no idea that that's actually  
24 occurring.

1                   So we'd love to figure out a follow-up  
2                   mechanism to discuss that as well. Aware of  
3                   the need and aware that resources have to go  
4                   there, but there has to be a better system in  
5                   terms of how the community that's already  
6                   living there is aware of this occurring as  
7                   well.

8                   EXEC. DEP. COMMISSIONER HOUGHTON:  
9                   It's very important to us that communities  
10                  welcome all the housing that we build, and we  
11                  want to hear from you. So we will talk with  
12                  you and see how we can do that better.

13                  ASSEMBLYMAN BLAKE: Thank you.

14                  CHAIRMAN FARRELL: Thank you.

15                  We've been joined by Assemblywoman  
16                  Robinson.

17                  Senator?

18                  SENATOR KRUEGER: Thank you.

19                  Senator Jesse Hamilton.

20                  SENATOR HAMILTON: Thank you.

21                  Good morning, Commissioner Towns,  
22                  Deputy Commissioner Houghton. I just want to  
23                  say it's always a pleasure to see you. Your  
24                  agency has always been helpful in our

1 district. We had a town hall meeting, your  
2 agency was there with a full complement of  
3 staff to assist our residents in our  
4 community. So I just want to say thank you  
5 for the good work you've been doing in the  
6 20th Senatorial District.

7 As you know, I have a large housing  
8 development of NYCHA in Brownsville, which  
9 has the highest murder rate in New York City.  
10 And I've walked through every development  
11 myself, from the top floor to the first  
12 floor, and some of the conditions are way  
13 below par there. Dimly lit stairwells -- as  
14 you know, a young man was shot by an NYPD  
15 officer walking in a dimly lit stairway.

16 And I see you've allocated \$25 million  
17 for capital repairs for NYCHA. And I'm just  
18 trying to find out, for the modernization you  
19 have 178,557 units in NYCHA. And if you take  
20 that per unit, that's \$140 per unit for  
21 modernization. I'm just trying to find out  
22 what the \$25 million is going to be allocated  
23 to for capital repairs in NYCHA.

24 COMMISSIONER TOWNS: Yes, not to fill

1 in the whole hole, but I think it's support.  
2 And I think that as we're hearing from  
3 others, we'll monitor this support and maybe  
4 it will be an effort that will grow down the  
5 road.

6 Speaking to your district, one of the  
7 things that HCR will be involved with -- and  
8 maybe we should follow up with you -- is  
9 Marcus Garvey Houses. We're taking a  
10 holistic approach, working with the city, in  
11 order to make changes.

12 I think that the plan is that starting  
13 at that center, that then we'll also go out  
14 and look at the perimeter houses. A lot of  
15 those are NYCHA. So we'll probably need to  
16 take the opportunity to update you on that  
17 plan that we have in that part of Brooklyn.

18 SENATOR HAMILTON: Thank you,  
19 Commissioner.

20 My second question is Mitchell-Lama.  
21 A large part of your budget is going to  
22 capital improvements, maintenance for  
23 Mitchell-Lama. And I'm just trying to find  
24 out how long are these owners going to stay



1 in Mitchell-Lama, and what percentage of  
2 funding will the owners give towards  
3 modernization. You know, we don't want to  
4 give them a lot of money and then 20 years  
5 from now they opt out of the program.

6 In my district, the utility towers,  
7 they're having problems with the vouchers,  
8 Section 8, sticky vouchers, and rents have  
9 gone up from \$900 a month to \$1500 a month.  
10 So there's a lot of stress, distress of many  
11 of my constituents of affordable housing, of  
12 finding a place to live.

13 So I'm just trying to get a figure of  
14 how much money are the owners giving towards  
15 modernization, percentage-wise, versus what  
16 we're giving.

17 COMMISSIONER TOWNS: Percentage-wise?

18 SENATOR HAMILTON: Yes.

19 EXEC. DEP. COMMISSIONER HOUGHTON: So  
20 the capital that we are -- we're putting  
21 \$50 million of capital towards the  
22 Mitchell-Lama stock that's outside of the UDC  
23 portfolio, and then I believe it's another  
24 \$42 million this year to the UDC portfolio.

1                   However, I think the important thing  
2                   to point out is that this money then  
3                   leverages other money -- bonds, tax credits  
4                   with private investment, owner's  
5                   contributions. And we're able to do an -- it  
6                   leverages so much more than just that amount  
7                   of money that it really makes the difference.

8                   And we'll be working with our partners  
9                   in the city, we'll be working with the  
10                  owners. And we're just going through the  
11                  portfolio making sure that we can have it for  
12                  another generation.

13                  SENATOR HAMILTON: Thank you. Thank  
14                  you, Ted.

15                  My next question is in 2014 you  
16                  created 1,000 units of affordable ownership.  
17                  And I think that's the way to go. Instead of  
18                  affordable housing, affordable ownership.  
19                  God bless the child that has his own. There  
20                  was a Niermeyer {ph} project, as you're aware  
21                  of, Commissioner Towns, where people bought  
22                  properties for \$60,000. Now they're being  
23                  sold for more than \$300,000. And you have a  
24                  generational wealth transfer that takes

1 people from lower-middle class to the middle  
2 class and beyond for their families. I want  
3 to know, if we're going to have \$91 million  
4 capital improvements or new construction, can  
5 we allocate more money for funding for  
6 affordable ownership? You don't have a  
7 problem with gentrification when you own. I  
8 don't mind gentrification if you're going to  
9 pay me a million dollars or more for my  
10 property.

11 So I think the way of the future is if  
12 people have private ownership and own their  
13 own properties. So I am a true believer in  
14 affordable ownership versus affordable  
15 housing, because you stabilize communities,  
16 people take pride in their communities and  
17 what they're doing, and you have longevity.  
18 When you have affordable ownership, depending  
19 on Mitchell-Lama, if they want to opt in, opt  
20 out, people are always fearful of where  
21 they're going to be living at in the long  
22 term.

23 So do you have any expansion of  
24 affordable ownership housing in the next

1 year?

2 COMMISSIONER TOWNS: I think that that  
3 question goes back and is connected to the  
4 NPP/RPP question, because it's about our  
5 partners. We unfortunately don't do the  
6 construction, but we work with great  
7 partners. And I think that as developers  
8 come to us with these ideas, we're always  
9 willing to partner on homeownership as well.

10 In New York City, of course, you know  
11 our challenge is space. So we're looking at  
12 how we can retrofit and maybe take that  
13 affordable housing corporation and apply it  
14 to a vertical model, as opposed to the  
15 success that we had in Niermeyer, but to look  
16 at ways that we can expand on homeownership.  
17 We also think that that's a critical need for  
18 New Yorkers.

19 SENATOR HAMILTON: Yes, Commissioner  
20 Towns, you're right about the vertical  
21 expansion. And, you know, we do have  
22 subsidies for developers. But it seems like  
23 most of the subsidies are not going towards  
24 affordable housing, they're more like luxury

1           housing, under the 421a exemption, the 80/20  
2           rule -- which I don't believe in. I don't  
3           think we should have the 421a for market  
4           housing. It should be for affordable and  
5           low-income.

6                        So hopefully I wish in the future we  
7           can look at creative ways to use subsidies  
8           from the state and federal government in the  
9           city to provide affordable ownership. You  
10          know, so if we're going to build, we should  
11          be able to build to stabilize neighborhoods,  
12          not build to have people who have been living  
13          there for a prolonged period of time being  
14          displaced with subsidies from their own tax  
15          dollars.

16                      So I look forward to working with you  
17          and hopefully introducing legislation that  
18          will preserve the residents who have been  
19          living in the community, first and foremost  
20          with affordable ownership and then, second,  
21          with affordable housing. Because if we're  
22          giving subsidies for people to build, it  
23          shouldn't be to displace people in the  
24          communities that they've been living in for

1 generations.

2 Especially in my neighborhood, Crown  
3 Heights, you have people building luxury  
4 housing with subsidies. And the basic rent  
5 for a studio apartment is \$2,200 per month.  
6 That's on Eastern Parkway and Franklin  
7 Avenue. Eighty-seven percent of the people  
8 in my community cannot afford to pay \$2,200 a  
9 month for a studio apartment. So I have to  
10 fight for my community, and others will fight  
11 for our community, to make sure we maintain  
12 the diversity in the neighborhoods that made  
13 New York City and Brooklyn what it is today.

14 Thank you very much.

15 COMMISSIONER TOWNS: Thank you.

16 CHAIRMAN FARRELL: Thank you.

17 Next, Assemblyman Pichardo.

18 ASSEMBLYMAN PICHARDO: First of all,  
19 thank you, Mr. Chair.

20 Mr. Commissioner, Executive Deputy  
21 Commissioner Houghton, appreciate you  
22 gentlemen taking the time and giving us a  
23 little bit more clarity in terms of the  
24 Governor's budget.

1           I have a few questions. First of all,  
2           let me throw out some numbers. So the AMI  
3           for the borough of the Bronx is roughly about  
4           \$45,000 for a family of four. In my district  
5           in the West Bronx, the 86th, it's roughly  
6           \$17,750 for a family of four. When we talk  
7           about eligibility for low-income housing, I  
8           think that the formula is not only -- it's  
9           probably a little skewed in the sense that  
10          the folks who need it the most have the most  
11          difficult time accessing these resources.

12                 So my question to you is, is there  
13          anything specifically in the budget that the  
14          Governor proposed that expands the  
15          eligibility or the range for folks to apply  
16          or be eligible for affordable housing,  
17          especially the constituency that I represent  
18          in the Bronx?

19                 EXEC. DEP. COMMISSIONER HOUGHTON: We  
20          use a lot of federal resource, we leverage a  
21          lot of federal resources with the state funds  
22          that you legislate to us. Those federal  
23          resources tend to dictate the area median  
24          income that they're targeted towards, usually

1           around 60 percent, sometimes 50, sometimes  
2           80 percent area median income. That often  
3           doesn't allow us to reach the people who  
4           really need it. You know, everybody, we have  
5           so much need at so many different income  
6           levels.

7                     One of the ways that we can address  
8           that is by using rent subsidies. The Section  
9           8 program, also a federal program, is a very  
10          useful tool. But we don't have as much as  
11          we'd like. But that is one of the things  
12          that we're trying to do here with the \$116  
13          million for the New York/New York IV  
14          supportive housing initiative. That's  
15          providing funds that will provide both  
16          operating and services support for very low  
17          income people, and it will allow us to use  
18          these federal resources yet reach people that  
19          are at 30 percent and even lower AMI.

20                    And so those are the challenges that  
21          we're up against. But we're always trying to  
22          figure out ways that we can stretch dollars,  
23          reach deeper income targeting. And we'd like  
24          to hear more from you, talk about this and



1 see where we can do that even better.

2 ASSEMBLYMAN PICHARDO: Absolutely.

3 And secondly, towards that point, in  
4 terms of vulnerable populations, I think  
5 probably the most vulnerable population that  
6 I serve are seniors. And in my experience,  
7 usually the seniors who come into my office,  
8 their biggest complaint is, one, they're  
9 capped in terms of their earning potential.  
10 They're on fixed incomes. And also the idea  
11 that either they're being pushed out of their  
12 homes by certain practices from certain  
13 landlords, or just the fact that their rent,  
14 even if it's rent-stabilized, it keeps going  
15 up. Their eligibility and their income stays  
16 the same, and there's no COLA either through  
17 the federal or through the state. And the  
18 resources for them in finding housing is very  
19 limited.

20 So my question is -- well, my  
21 statement and a question. I think we need to  
22 do more in terms of creating more housing  
23 specifically for seniors. And secondly, I  
24 know that, you know, the bank settlement

1 money is sort of a one-shot deal, but I think  
2 we need to sort of create a more sustainable  
3 funding formula for this particular housing  
4 and these individuals who have such high  
5 needs.

6 So my question is, is there a plan  
7 moving beyond the one-shot deal, which is the  
8 bank settlements, to continue to fund these  
9 programs in the outer years?

10 EXEC. DEP. COMMISSIONER HOUGHTON: The  
11 bank settlement money will allow us to reach  
12 the 5,000 units over the next five years and  
13 will provide us adequate funding for services  
14 and operating for those units in the next  
15 five years. But the commitment goes on. And  
16 we will make sure that folks are able to stay  
17 in their homes and will continue to get the  
18 services and supports they need just the same  
19 way as we have done it with the previous  
20 New York/New York agreements.

21 ASSEMBLYMAN PICHARDO: And finally, I  
22 want to commend Senator Savino for two  
23 points. One, we should expand and increase  
24 Mitchell-Lama housing. In my district we



1 time. And thank you, Mr. Chair.

2 CHAIRMAN DeFRANCISCO: Senator  
3 Krueger.

4 SENATOR KRUEGER: Good morning,  
5 gentlemen.

6 So you used some numbers in your  
7 budget testimony, and I've been looking at  
8 the actual budget, and I'm still a little  
9 confused. So in your testimony there's  
10 \$486 million to expand affordable and  
11 supportive housing, which includes  
12 \$289 million in capital resources. And of  
13 the \$439 million from JPMorgan Chase  
14 settlement funds, 257 million -- I guess  
15 included in the 486 -- is programmed for  
16 affordable housing and community development.

17 But when I add up what's already been  
18 committed in previous years to existing  
19 programs and substitutions for not seeing  
20 increases or continued funding for those, I  
21 think it's only \$32 million new money; is  
22 that correct?

23 COMMISSIONER TOWNS: Thirty-two  
24 million new funding for which area?

1                   SENATOR KRUEGER: In total for housing  
2 programs in your budget.

3                   EXEC. DEP. COMMISSIONER HOUGHTON: As  
4 the commissioner said in his testimony, it's  
5 \$32 million over last year.

6                   But I think that the really important  
7 piece of information for me is look at what  
8 we've been doing. We've got -- for years and  
9 years, HCR's capital budget was \$74 million.  
10 For years and years it hovered around that.  
11 And then with House New York -- and with  
12 additional increases, we added \$17 million,  
13 and then we added \$75 million under  
14 House New York. We are now talking about  
15 \$166 million that HCR is going to spend this  
16 year in capital funding.

17                   That's more than twice as much as the  
18 historic levels for HCR. And that, I think,  
19 is really the take-away. We are growing the  
20 budget. There's more capital than ever. We  
21 just concluded our record year in 2014, and  
22 that really is where it just comes down to.

23                   SENATOR KRUEGER: So we've  
24 historically done terribly on anything for

1 housing, and this year we're going to go up  
2 32 million.

3 COMMISSIONER TOWNS: I think we're  
4 doing better.

5 (Laughter.)

6 SENATOR KRUEGER: So we're doing  
7 better. Mathematically, I agree; \$32 million  
8 more is better. But there's a housing  
9 crisis, everyone here has already said that.  
10 So --

11 CHAIRMAN DeFRANCISCO: I haven't.

12 SENATOR KRUEGER: Oh, you haven't.  
13 Because you haven't spoken yet.

14 (Laughter.)

15 SENATOR KRUEGER: But Syracuse is  
16 having a housing crisis, and you can point  
17 that out when you get to speak.

18 There's over \$640 million in the  
19 JPMorgan settlement deal. And as I read the  
20 settlement, it's supposed to go for  
21 housing-related activities and to deal with  
22 issues of people risking or having already  
23 lost their housing because of a crisis that  
24 was created by bank activity. The other

1 settlement funds, many of them also were  
2 correlated to bad actors in banking,  
3 specifically housing. But it's the JPMorgan  
4 stipulation that is specifically that the  
5 money should be used to deal with housing.

6 So there's \$640 million over several  
7 years, \$80 million of which was supposed to  
8 be spent last year. We put it in the budget  
9 as an MOU; it was never completed. Does the  
10 \$257 million of JPMorgan settlement funds  
11 that you referenced in your testimony include  
12 the \$80 million from last year and this  
13 year's share? And will it all be spent, in  
14 theory, or allocated this year?

15 EXEC. DEP. COMMISSIONER HOUGHTON: I  
16 don't want to answer off the cuff. We'll get  
17 you that information. Some of this money, as  
18 you said, was passed last year but was never  
19 allocated. There was no MOU. But we will  
20 get you all that information and show you  
21 exactly what the breakdown is.

22 SENATOR KRUEGER: Because, trust me,  
23 in these budget hearings people have and will  
24 continue to come through with their excellent

1 proposals for how the state ought to spend  
2 its \$5.4 billion or \$5.8 billion in  
3 settlement funds over some period of time.  
4 But I think that a heavy priority should be  
5 investment in housing, both preservation of  
6 existing, avoiding homelessness, helping  
7 homeless people get back into housing, and  
8 expansion of new affordable housing.

9 And I sincerely worry that there's too  
10 much smoke and mirrors about where the money  
11 will and will not go. And while \$32 million  
12 is going up, we need to do much better for  
13 you so that you can do much better for the  
14 people throughout the State of New York.

15 Sorry, just jumping around. The  
16 federal government seems to be talking about  
17 increasing Section 8 for the first time in a  
18 long time. Do you actually believe there's  
19 any chance you're going to see that money?  
20 And how do you project that will impact  
21 New York State's allocation of Section 8?

22 COMMISSIONER TOWNS: Well, recent  
23 conversations in Washington I think have been  
24 encouraging, not only about Section 8 but



1           about funding programs that have been left  
2           dormant for years. So we're encouraged by  
3           the conversation. But of course we have to  
4           wait and see when the check will be  
5           delivered.

6                     SENATOR KRUEGER: So we don't have a  
7           projection, if the proposal that the  
8           President has put out goes through, New York  
9           State will get X additional? You don't know  
10          what that X is?

11                    EXEC. DEP. COMMISSIONER HOUGHTON: We  
12          actually just calculated that yesterday when  
13          we saw the President's budget, and we had our  
14          staff work on it. So I can get you that  
15          information. I don't have it with me right  
16          now.

17                    But if the President's budget is  
18          passed as it is proposed, we can tell you how  
19          many Section 8s we would get.

20                    SENATOR KRUEGER: I know, it's an  
21          interesting sentence, and none of us get to  
22          help him. Although we could all try. But  
23          yes, I would be very interested in that  
24          number.

1                   Going back to that \$32 million, so the  
2                   Governor had already proposed a five-year  
3                   plan of creating 14,000 additional units of  
4                   affordable housing. How much above that  
5                   14,000 are we now going to get because of the  
6                   \$32 million new?

7                   EXEC. DEP. COMMISSIONER HOUGHTON: I'm  
8                   not sure of exactly the question.

9                   SENATOR KRUEGER: So he had a  
10                  five-year plan for housing that was we want  
11                  to build 14,000 units of affordable housing.  
12                  And now this year -- when he made that  
13                  statement, we didn't have the settlement  
14                  funds. So now this year you said we have  
15                  \$32 million new. I'm just wondering how many  
16                  additional units we get to add on to that  
17                  14,000-unit commitment.

18                  EXEC. DEP. COMMISSIONER HOUGHTON: I  
19                  don't know what the exact calculation is, but  
20                  we can certainly try and get that for you.

21                  I know that we did over 13,000 units  
22                  of housing last year in 2014, and over 9,000  
23                  of those were affordable units. And so we  
24                  are building on it.

1                   I was really impressed by the  
2                   Governor's announcement for House New York  
3                   two years ago, and the fact that he keeps  
4                   adding capital dollars to the budget on top  
5                   of that is impressive to me. And now we're  
6                   talking about significant new resources with  
7                   the JPMorgan Chase settlement money.

8                   So the fact is that we're working as  
9                   hard as we can to get units built, to finance  
10                  these and get them out the door.

11                  SENATOR KRUEGER: You did 9,000 new  
12                  units last year?

13                  EXEC. DEP. COMMISSIONER HOUGHTON:  
14                  Nine thousand units that are both -- that's  
15                  both created and preserved.

16                  SENATOR KRUEGER: Can you break down  
17                  what were preserved versus created?

18                  EXEC. DEP. COMMISSIONER HOUGHTON: We  
19                  can. It's generally about half and half, I  
20                  believe; is that correct? But we can get you  
21                  those answers.

22                  SENATOR KRUEGER: She's shaking her  
23                  head yes. Okay, thank you.

24                  How am I on time?

1                   CHAIRMAN DeFRANCISCO:  You're done.

2                   SENATOR KRUEGER:  I will have a second  
3 round.  Thank you.

4                   CHAIRMAN FARRELL:  Thank you.  
5                   Assemblyman Kavanagh.

6                   ASSEMBLYMAN KAVANAGH:  Thank you,  
7 Mr. Chairman.

8                   And thank you both for your testimony  
9 today.

10                  I want to go back to the question of  
11 the TPU and just more generally talk about  
12 rent regulation.  Because, you know, we  
13 obviously have a philosophical difference  
14 about whether tenants should be protected  
15 from landlords who are engaging in corrupt  
16 and sometimes illegal behavior.

17                  There were -- 37,000 units were  
18 brought back into regulation by the  
19 investigations initiated by TPU.  I just want  
20 to understand, that is -- you mentioned that  
21 that comes from a review of IAI claims,  
22 individual apartment improvements.  Is that  
23 an aggregate of all different kinds of  
24 findings of the TPU, or is it particular to

1 IAIIs?

2 EXEC. DEP. COMMISSIONER HOUGHTON:

3 No, the IAI is a separate issue. The 37,000  
4 units were brought back into rent regulation  
5 that used to be registered and then all of a  
6 sudden they weren't. And TPU went looking  
7 proactively and found that buildings supposed  
8 to be registering that were no longer doing  
9 that, and went to the landlords, and those  
10 owners voluntarily went back into the  
11 registration program.

12 ASSEMBLYMAN KAVANAGH: So in a program  
13 with 900,000 units, you found 37,000  
14 instances in which landlords had improperly  
15 just decided to ignore the rent regulation  
16 laws, is that a fair assessment?

17 COMMISSIONER TOWNS: Thus far.

18 ASSEMBLYMAN KAVANAGH: Thus far. And  
19 over what period is that?

20 COMMISSIONER TOWNS: Two and a half  
21 years of their existence, so probably two  
22 years.

23 ASSEMBLYMAN KAVANAGH: So about  
24 4 percent of the entire rent-regulated

1 stock -- and this is just the ones you've  
2 actually discovered this to be the case --  
3 you found landlords just decided more or less  
4 of their own accord to ignore the rent  
5 regulation laws?

6 EXEC. DEP. COMMISSIONER HOUGHTON:

7 (Nodding.)

8 ASSEMBLYMAN KAVANAGH: Okay. We're  
9 talking today about 900,000 units under  
10 regulation. And someone asked you earlier,  
11 one of my Senate colleagues asked you how  
12 many units have been lost over 10 years.  
13 Without asking for a specific period like  
14 that, can you talk about whether the number  
15 of units under regulation are generally going  
16 up or going down?

17 Like for example, as recently as  
18 2012 -- this is from a New York Times  
19 article, March 2012 -- we were talking about  
20 1,063,000 rent-regulated units. When we  
21 renewed the rent laws in 2011 we were talking  
22 about over a million units. Now we're  
23 talking about 900,000. Can you talk to us  
24 about how the number of units under

1 regulation is going overall?

2 EXEC. DEP. COMMISSIONER HOUGHTON: The  
3 trend has been reversed. We were losing  
4 units leaving regulation -- most of them  
5 legally, but as you say, some owners just  
6 decided to stop registering. But since the  
7 TPU and other innovations at ORA, we have  
8 been able to start adding to the  
9 rent-stabilized stock and the trend has been  
10 reversed.

11 I don't have the exact figures here,  
12 but we can get you the numbers each year and  
13 show you how that has been increasing. I  
14 think it's over the last three fiscal years  
15 we have seen additions to the rent-stabilized  
16 stock.

17 ASSEMBLYMAN KAVANAGH: Net increases  
18 in rent-regulated stock?

19 EXEC. DEP. COMMISSIONER HOUGHTON: Net  
20 increases.

21 ASSEMBLYMAN KAVANAGH: I mean, is it  
22 just incorrect that we had 1.1 million or so  
23 units? I mean that was a number that DHCR  
24 was using in 2011 when we were talking about

1 the renewal fight, and now we're using a  
2 number of 900,000.

3 EXEC. DEP. COMMISSIONER HOUGHTON: I  
4 can't speak to previous numbers.

5 ASSEMBLYMAN KAVANAGH: I understand  
6 that. All right, so you can get us, year by  
7 year, the number of units under regulation?

8 EXEC. DEP. COMMISSIONER HOUGHTON:  
9 Deputy Commissioner Woody Pascal is here. I  
10 believe that we can.

11 ASSEMBLYMAN KAVANAGH: Okay, that  
12 would be very helpful.

13 Do you have currently the resources  
14 necessary to determine whether rent-regulated  
15 units are in fact more broadly complying with  
16 the law?

17 Like, for example, if somebody is  
18 making a claim that they've invested money  
19 through the individual apartment improvement  
20 program or through the major capital  
21 improvement program and that those  
22 investments justify additions into the rent  
23 under the law, do you have the ability to  
24 determine that those investments have in fact



1           been made and that the rent increases  
2           associated with them are justified?

3                   COMMISSIONER TOWNS:  Yes, we do, but  
4           we need to find greater efficiencies in doing  
5           it.  I think that -- again, not to plug the  
6           transition into the digital platform, but  
7           through that we'll able to answer some of  
8           those questions.  It will be real-time  
9           answers in regard to how many rent-regulated  
10          apartments are there.  And there'd be  
11          triggers that if someone decided not to  
12          register their apartment, then it would come  
13          up on a report.

14                   So we -- yes, the answer is yes, we  
15          have the ability but we can always do it  
16          better.

17                   ASSEMBLYMAN KAVANAGH:  You have the  
18          ability to understand the numbers.  But to  
19          actually adequately review the submissions of  
20          landlords to determine whether an MCI --  
21          whether the work was actually done, whether  
22          the investments were reasonable costs,  
23          whether -- you believe you have the resources  
24          to review that over the 900,000-unit housing

1 stock that you're overseeing?

2 EXEC. DEP. COMMISSIONER HOUGHTON:

3 Absolutely. It's important to note that  
4 major capital improvements, when a landlord  
5 files for an increase associated with a major  
6 capital improvement, it does not -- we do not  
7 approve it until we have made sure that the  
8 improvement was actual, that the money spent  
9 was the money that was spent, and that they  
10 have documented that all.

11 It takes a while. And we talk to  
12 tenants, we do inspections, we are able to --  
13 nobody gets an MCI without having that review  
14 beforehand.

15 With IAIs, owners will do an IAI and  
16 report it, and we will accept it. What we  
17 have done with the TPU is to go back and look  
18 and see whether those are real. And we have  
19 been able to find I think it's 1700 --

20 COMMISSIONER TOWNS: Seventeen  
21 hundred.

22 EXEC. DEP. COMMISSIONER HOUGHTON: --  
23 IAIs that we found fault with and were able  
24 to rescind.

1 ASSEMBLYMAN KAVANAGH: How many have  
2 you looked at?

3 EXEC. DEP. COMMISSIONER HOUGHTON: How  
4 many have we looked at of IAIs?

5 COMMISSIONER TOWNS: Well, this is  
6 through 900 owners.

7 EXEC. DEP. COMMISSIONER HOUGHTON:  
8 Seventeen hundred.

9 ASSEMBLYMAN KAVANAGH: Seventeen  
10 hundred IAIs, out of what base is that? How  
11 many overall did you look at to determine  
12 that 1700 of them were improper?

13 EXEC. DEP. COMMISSIONER HOUGHTON:  
14 We'll have to get back to you. We'll figure  
15 it out.

16 ASSEMBLYMAN KAVANAGH: And I've got  
17 20 seconds on --

18 COMMISSIONER TOWNS: That was through  
19 900 owners, though.

20 ASSEMBLYMAN KAVANAGH: I have 16  
21 seconds on my clock. I just want to say, you  
22 know, I share the concerns that some have  
23 expressed about the adequacy of capital  
24 funding for public housing. I, unlike one of

1 my colleagues, think that the current chair  
2 is actually chewing just fine and has not  
3 bitten off more than she can chew. But it's  
4 an enormous challenge. And I would just note  
5 that the New York City Housing Authority  
6 estimates that they have \$18 billion in unmet  
7 capital needs. It's very hard to hold an  
8 agency accountable when you've been starving  
9 it for capital for many, many years, as the  
10 state has and as the city has. So, you know,  
11 I think it's going to be an ongoing  
12 discussion whether the funds in the state  
13 budget are adequate to meet that need.

14 And I of course share the desire to  
15 make sure that that agency is held  
16 accountable. Thank you.

17 COMMISSIONER TOWNS: Thank you.

18 CHAIRMAN FARRELL: Thank you.

19 Senator?

20 CHAIRMAN DeFRANCISCO: Senator Young.

21 SENATOR YOUNG: Thank you very much.

22 Round two. I had some more questions  
23 about the JPMorgan settlement funds. And  
24 there's \$50 million that would be allocated

1 for RESTORE New York. Could you explain how  
2 that would fit into the housing scheme that  
3 we have in the state budget?

4 EXEC. DEP. COMMISSIONER HOUGHTON: I'm  
5 sorry, I couldn't hear the question.

6 COMMISSIONER TOWNS: RESTORE.

7 EXEC. DEP. COMMISSIONER HOUGHTON: Oh,  
8 RESTORE. So that would be \$5 million for  
9 adaptations to help people age in place, for  
10 seniors. And we are adding that \$5 million.  
11 I'm not sure if we have determined yet over  
12 what time period that is. A lot of it is  
13 driven by demand. We are trying to increase  
14 demand for the program and make it easier for  
15 people to use. And we're hoping to get that  
16 money out to help as many seniors as possible  
17 to age in place.

18 SENATOR YOUNG: So again, statewide?

19 EXEC. DEP. COMMISSIONER HOUGHTON: Oh,  
20 absolutely statewide.

21 SENATOR YOUNG: Okay, thank you. I  
22 also, as you know in your past role, Deputy  
23 Commissioner, I was very supportive of the  
24 Supportive Housing Program. And the reason

1 is is because of the impact on the homeless,  
2 people with disabilities, people with mental  
3 illness, and some people with drug  
4 addictions. And I know that through the  
5 settlement funds there's, as you noted,  
6 \$63.5 million that would go through HHAP, but  
7 HCR would have control of \$160 million.

8 One of my deep concerns -- and I was  
9 on a task force this past year -- has to do  
10 with opioid addiction across the state. And  
11 as you know, it's an exploding crisis. And  
12 just to give you an example, even in a rural  
13 area like mine, the City of Jamestown has  
14 three times the national average of newborns  
15 testing positive for drugs, and twice the  
16 state average.

17 And what we're facing is that there  
18 just are no services in rural areas like  
19 mine. And I was hoping that maybe HCR would  
20 consider developing programs that may deal --  
21 through supportive housing that may deal  
22 directly with people with addiction problems.  
23 And, you know, of course mental illness would  
24 be mixed in there.

1                   But I don't know if you have any plans  
2                   for maybe gearing some of the program money  
3                   toward those types of situations.

4                   COMMISSIONER TOWNS: I think Marian  
5                   Zucker, who's president of our finance and  
6                   development, is great with mixing and  
7                   matching of programs. So the additional  
8                   resources that we have for the expansion of  
9                   supportive housing could possibly be mixed  
10                  with our Community Investment Fund resource,  
11                  which helps us to create mixed-use  
12                  development.

13                  So there may be an opportunity for us  
14                  to have some conversations about having  
15                  housing with a first floor that's a clinic or  
16                  some type of treatment facility. So these  
17                  are things that we can look at in the future.

18                  SENATOR YOUNG: And I think, you know,  
19                  not just for my district, but as I said,  
20                  statewide, I think we have to start looking  
21                  at that issue. And we have in the Senate,  
22                  and we were able to pass legislation in the  
23                  Senate and the Assembly, signed by the  
24                  Governor last year, where you look at

1 prevention, you look at law enforcement  
2 pieces but, you know, you look at treatment  
3 also.

4 So I think that would be helpful if we  
5 could put our heads together on something  
6 like that.

7 EXEC. DEP. COMMISSIONER HOUGHTON: We  
8 share your concern, and we really appreciate  
9 your leadership on this issue. And I think  
10 one of the great successes under the Cuomo  
11 administration has been just how closely we  
12 now work with OASAS, the Office of Alcohol  
13 and Substance Abuse Services. They are now  
14 at the housing table, and we are figuring out  
15 ways that we can build housing that will help  
16 people.

17 Because with housing you have a  
18 foundation for recovery. If you don't have a  
19 stable place to live, it's really hard to do  
20 anything else. And so we really are looking  
21 forward to working with them as part of the  
22 New York/New York agreement, which is  
23 statewide, and we'd like to talk with you  
24 about how we can best target this to help



1           that population.

2                       SENATOR YOUNG:   Okay, thank you.

3                       Just switching again, the budget  
4           proposes a \$17 million allocation for the  
5           Rural-Urban Community Initiative Fund.  And  
6           so we've had this program for two years, I'm  
7           very excited about it, but I was hoping that  
8           you could provide an accounting of the  
9           projects which have been funded, with a brief  
10          description and the project cost and the  
11          sources of the project.  Do you have that  
12          information available?

13                      COMMISSIONER TOWNS:  I guess to date  
14          we've received a total of 25 applications.  
15          And we've requested over \$14 million in the  
16          resource and have 14 projects in development  
17          currently.

18                      EXEC. DEP. COMMISSIONER HOUGHTON:  So  
19          that's \$8.2 million for the 14 projects.

20                      I was excited because a few weeks ago  
21          Commissioner Towns had something else so he  
22          let me go and do a ground-breaking with  
23          Cardinal Dolan on a program that -- it's a  
24          senior housing with a senior center

1           downstairs. And they used the Community  
2           Investment Fund to do that.

3                     And that's exactly the kind of thing  
4           we're looking to do, and we want to do even  
5           more of those. And so if you have ideas,  
6           we'd like to hear them. Because it's going  
7           on not just in the city but in rural areas,  
8           suburban areas, everywhere we can.

9                     SENATOR YOUNG: I think that's great  
10          because of that mixed-use element. So could  
11          you get me a list of that information,  
12          including the projects that were applying for  
13          the funds also that were not awarded yet?

14                    EXEC. DEP. COMMISSIONER HOUGHTON:  
15          Okay.

16                    SENATOR YOUNG: It also would be great  
17          if you could get me a similar list of the  
18          CDBG projects that were funded within the  
19          last three years. That would be helpful to  
20          look at that.

21                    And another -- just switching again,  
22          another issue that recently came to my  
23          attention is that the Public Authorities  
24          Budget Office issued a report stating that

1 the Housing Trust Fund Corporation -- and  
2 that was with numerous other public  
3 authorities -- failed to file an annual  
4 report, an audit report as required under  
5 Section 2800 of the Public Authorities Law.

6 So I was wondering, when will this  
7 report -- can you tell me when this report  
8 will be filed?

9 EXEC. DEP. COMMISSIONER HOUGHTON:  
10 This is the report -- I'm sorry, I'm having a  
11 hard time hearing. This is the report on?

12 SENATOR YOUNG: This is required by  
13 the Public Authorities Board, under state  
14 law, to file an annual report, an audit. And  
15 there's been a report that's been issued by  
16 the Public Authorities Budget Office saying  
17 that the Housing Trust Fund Corporation is  
18 delinquent in filing that report.

19 And so I was just wondering when that  
20 report will be filed. It was actually due on  
21 June 30, 2014.

22 EXEC. DEP. COMMISSIONER HOUGHTON: It  
23 actually was filed, but then there was --  
24 they asked for an amendment. And then when

1 we gave that to them, they didn't refile it  
2 and so it was erroneously left on that list.  
3 But we had filed it on time.

4 SENATOR YOUNG: So you've resolved  
5 that?

6 EXEC. DEP. COMMISSIONER HOUGHTON:  
7 Everything was resolved, yes.

8 SENATOR YOUNG: Fabulous. I'm glad to  
9 hear that.

10 EXEC. DEP. COMMISSIONER HOUGHTON:  
11 Thanks. You're on top of it.

12 SENATOR YOUNG: Okay, that's what we  
13 like to hear. Thank you.

14 One of the other questions I had has  
15 to do so with the NPCs and the RPCs. And I'm  
16 very happy to see the funding that's been  
17 allocated this year. As Senator Espaillat  
18 pointed out, it's coming through the MIF. We  
19 don't know what the MIF is going to be doing  
20 year to year necessarily.

21 But I do think you get an indicator  
22 when you go for your bond rating, and you  
23 have to submit, I think, multiyear  
24 projections. And so the concern is we're

1 off-loading all these programs, which are  
2 great programs, onto the MIF. But is there  
3 any way to -- when you go to Moody's, for  
4 example, to try to project what funding is  
5 going to be available through the MIF in  
6 outyears?

7 COMMISSIONER TOWNS: I guess that's a  
8 conversation that could be -- we've been  
9 concerned short-term, but I guess we could  
10 roll that out to have a more distanced  
11 picture of it -- five, 10 years expectation.

12 SENATOR YOUNG: Right. Because I  
13 think you have to submit that information or  
14 determine that when you go through the  
15 bonding process.

16 EXEC. DEP. COMMISSIONER HOUGHTON:  
17 Yeah, they take a look at how many projects  
18 we're insuring for what amounts of money and  
19 making sure that we have a certain level of  
20 reserves. They take a look at the risk  
21 factors in those projects. And we're able to  
22 get the rating agencies to be comfortable  
23 with that.

24 We're very fortunate in that we have

1 Michael Friedman running the Mortgage  
2 Insurance Fund, and he's very, very diligent  
3 about these sort of things. And so I'm very  
4 confident in his abilities to keep that going  
5 in as good condition that it's in now.

6 SENATOR YOUNG: Thank you.

7 One of the other issues is that -- oh,  
8 Round 2 is over. Okay, I'm being shut down.  
9 Thank you.

10 CHAIRMAN FARRELL: Thank you.

11 Assemblywoman Bichotte.

12 ASSEMBLYWOMAN BICHOTTE: Thank you,  
13 Mr. Chair.

14 Good morning, Commissioner, Executive  
15 Director, Chair. It's a pleasure to be here  
16 today to participate in this budget hearing,  
17 an area that is really crucial to the State  
18 of New York, in particular my district out in  
19 Flatbush, Brooklyn, which has become the top  
20 priority.

21 I do have questions in four areas.  
22 I'll make it quick, as I have to leave to  
23 catch my train. But the first thing is on  
24 SONYMA. So the State of New York Mortgage

1 Agency plays an essential role in providing  
2 insurance for the --

3 COMMISSIONER TOWNS: Could you speak  
4 into the mic a little bit more? It's hard  
5 for us to hear down here.

6 ASSEMBLYWOMAN BICHOTTE: Okay. I have  
7 four questions in four different areas. One  
8 is in SONYMA.

9 So SONYMA is the State of New York  
10 Mortgage Agency, which plays an essential  
11 role in providing insurance for New York City  
12 affordable housing as well as it reduces  
13 overall risk in the real estate sector.  
14 Given that we are going into an era that is  
15 expanding in housing, why are we reducing  
16 funding for SONYMA? When I look at the  
17 proposed budget, I see an overall reduction  
18 of \$14.8 million. Can you please explain?

19 EXEC. DEP. COMMISSIONER HOUGHTON: I  
20 don't believe that -- that may be a financing  
21 question that we'll get back to you.

22 One thing that is happening is that we  
23 are taking \$22 million from the JPMorgan  
24 Chase settlements and giving it to SONYMA to

1 help find vacant, distressed, foreclosed  
2 properties and help new homeowners buy them,  
3 fix them up so that we can strengthen the  
4 communities.

5 We are also looking at ways that we  
6 can lower our already low interest rates even  
7 more to assist people like first-time  
8 homebuyers, veterans, people with other  
9 disabilities to become homeowners themselves  
10 and to make that affordable to them.

11 I don't believe that we are dialing  
12 back SONYMA. I'll take a look at the  
13 finances and answer your question, but we'll  
14 have to take a look at that. But we are more  
15 committed to SONYMA than ever.

16 ASSEMBLYWOMAN BICHOTTE: Thank you.

17 COMMISSIONER TOWNS: And we recently  
18 had a marketing fair in your community, in  
19 2014, Welcome Home Brooklyn, kind of taking  
20 our programs to the local community. We held  
21 it at the old Nazareth High School. So we  
22 look to partner with you in order to get the  
23 word out, because we want it to be utilized  
24 and think it's a great opportunity to provide



1 a path to first-time homebuyers.

2 ASSEMBLYWOMAN BICHOTTE: Thank you.

3 Going to the Neighborhood Preservation  
4 funds, I first want to applaud you for  
5 increasing the proposed increase to allow  
6 more organizations to help potential  
7 first-time homebuyers.

8 My question is, with this increase,  
9 how do we ensure that -- the building of  
10 these houses and that there are prevailing  
11 wages for these workers who are building  
12 these homes and that they are not being taken  
13 advantage of? And how do we also ensure that  
14 these funds are not going into the pockets of  
15 the executives of some of these  
16 organizations? We had some concerns about  
17 that in the past. And so where is the  
18 transparency when it comes to that, and  
19 accountability?

20 EXEC. DEP. COMMISSIONER HOUGHTON:  
21 We're quite confident in the way that we  
22 administer these funds. We take a very  
23 careful look at how Neighborhood Preservation  
24 and Rural Preservation funds are used, we

1 look at how those companies operate. And  
2 when we see problems, we step in and we help  
3 them fix them or we move the money to other  
4 groups that will do the job.

5 And so I'm very confident in the NPP  
6 and RPP programs, that we're seeing good work  
7 by good groups, that it's reaching the  
8 people.

9 In construction, we follow all the  
10 rules in terms of when we need to use  
11 prevailing wage. We make sure that people  
12 are paid good wages. And we're more diligent  
13 about that than ever, seeing as what we've  
14 seen with our partners in the city and  
15 others.

16 ASSEMBLYWOMAN BICHOTTE: Thank you.

17 Regarding the Housing Trust Fund, to  
18 my understanding it's not a real housing  
19 trust fund. I think some of the funds are  
20 allocated to some rental property. I would  
21 like to see a dedicated funding stream,  
22 whether it's from the Housing Trust Fund,  
23 whether it's from MIF -- given that's the  
24 Mortgage Insurance Fund, it's very relevant.

1 I would like to see some type of dedicated  
2 revenue stream for homeownership,  
3 affordability homeownership.

4 Is that possible? Is there a way that  
5 we can really truly build a real Housing  
6 Trust Fund that's dedicated, and maybe,  
7 again, use some of the bank settlements as a  
8 kick-start to finance that revenue stream?

9 COMMISSIONER TOWNS: I think that we  
10 hear your concerns. We utilize it very well  
11 in order to fund those missions.

12 In regard to the funding stream, I  
13 think that that would be kind of on the  
14 Legislature to kind of come up with. We have  
15 made sure that all of the resources that we  
16 have are interchangeable so that we can make  
17 sure that we are successful.

18 But certainly if you came up with a  
19 way in order to provide greater services to  
20 New York, that's the business that we're in.

21 ASSEMBLYWOMAN BICHOTTE: Okay. So we  
22 can partner together, write legislation  
23 around that to have a dedicated funding  
24 stream for the Housing Trust Fund. Okay, I

1 look forward to that.

2 And my last question is on a topic  
3 that everybody pretty much touched on, which  
4 is the Tenant Protection Unit. And I concur  
5 and agree with my chairman of the Housing  
6 Committee, Assemblyman Keith Wright, that we  
7 just need to do a lot more with the TPU.

8 My question is, how many auditors or  
9 how many people do we have who are taking  
10 these cases? And how many cases per person?  
11 Is there a way that we can increase the  
12 dedicated number of people to do these  
13 audits? And additionally, with the IAIs and  
14 the MCIs that Assemblyman Kavanagh was  
15 talking about, to my understanding, it's a  
16 95 percent --

17 CHAIRMAN FARRELL: You have to get to  
18 the question.

19 ASSEMBLYWOMAN BICHOTTE: Okay.

20 CHAIRMAN FARRELL: Now.

21 ASSEMBLYWOMAN BICHOTTE: To my  
22 understanding, it's 95 percent. Is that  
23 true? In terms of 95 percent approval with  
24 the IAIs.

1                   COMMISSIONER TOWNS: I don't know  
2                   about the 95 percent, but I will say this,  
3                   that the success that's been obtained by the  
4                   TPU under the leadership of Deputy  
5                   Commissioner Richard White -- the total staff  
6                   is 25, and they've been doing tremendous, as  
7                   you've heard, in regard to the impact that  
8                   they've had. So it's been a tremendous  
9                   effort through the leadership over in TPU.

10                   ASSEMBLYWOMAN BICHOTTE: Thank you.

11                   CHAIRMAN FARRELL: Thank you.

12                   Senator?

13                   CHAIRMAN DeFRANCISCO: Senator  
14                   Espaillat.

15                   SENATOR ESPAILLAT: Thank you,  
16                   Commissioner.

17                   I want to -- the renter's income tax  
18                   credit, are you guys familiar with that?

19                   EXEC. DEP. COMMISSIONER HOUGHTON:  
20                   Yes.

21                   SENATOR ESPAILLAT: And so it is  
22                   proposed that it will cost -- that it cost  
23                   last year \$200 million, and in the outyears  
24                   it would go to \$400 million.

1                   How many renters have benefited from  
2                   that? Because I understand that it is a very  
3                   complicated process that has many hoops and  
4                   obstacles to overcome to actually benefit  
5                   from it, and perhaps there's a need to  
6                   streamline the process. Do you have a number  
7                   of how many renters have benefited from that?

8                   COMMISSIONER TOWNS: That number  
9                   probably is better asked of the Department of  
10                  Tax and Finance. But we know that when it's  
11                  fully implemented in 2018 that the tax credit  
12                  will be up to \$750 for tenants with incomes  
13                  up to \$150,000.

14                 SENATOR ESPAILLAT: The proposed  
15                 adjusted gross income has been increased to  
16                 \$150,000 in this year's proposal. So that  
17                 will actually increase the potential number  
18                 of folks that are eligible for it. So you're  
19                 saying that Taxation and Finance would have  
20                 this information?

21                 EXEC. DEP. COMMISSIONER HOUGHTON:  
22                 That's outside of our agency.

23                 COMMISSIONER TOWNS: I believe that  
24                 would be the better place to ask that

1 question.

2 SENATOR ESPAILLAT: I want to go back  
3 to what Senator Krueger presented. You know,  
4 I'm confused, because I want to know what is  
5 the amount of capital dollars that are being  
6 proposed for housing from the settlement  
7 money. Because I know that the Governor  
8 several years ago presented the House  
9 New York program, and I want to know what  
10 percentage of the money is coming from that  
11 program and in actuality what percentage is  
12 really coming -- the amount that is coming  
13 from the settlement money.

14 I mean, the settlement money -- the  
15 state has great needs, we have infrastructure  
16 needs and other needs. And, you know,  
17 there's sort of like a feeding frenzy to get  
18 to the settlement money. But in essence, you  
19 know, I believe that the money is here  
20 because of some housing-related issues,  
21 problems that we faced as a country. So, you  
22 know, I want to see what actual amount is  
23 coming from the settlement money as opposed  
24 to money that is being dragged in from

1 previous initiatives presented in the past  
2 years.

3 Do you have that number? Is it  
4 \$32 million?

5 COMMISSIONER TOWNS: Did you receive  
6 the settlement handout? Because that breaks  
7 that pool down.

8 SENATOR ESPAILLAT: We don't have  
9 that.

10 EXEC. DEP. COMMISSIONER HOUGHTON: So  
11 \$257 million of the JPMorgan Chase settlement  
12 will come to HCR. So that's the money that  
13 we're most familiar with.

14 With the settlement funds, as you say,  
15 you're correct that much of the settlement  
16 funds resulted from banks' bad behavior on  
17 the mortgage market. But there are other  
18 reasons for the settlements as well, and  
19 there's many needs in New York State,  
20 including infrastructure and other long-term  
21 investments. So we're very pleased with what  
22 we've got with the 257 --

23 SENATOR ESPAILLAT: And what was the  
24 amount of monies that was supposed to come in



1 through the House New York program? Did that  
2 money come in?

3 COMMISSIONER TOWNS: Yes.

4 EXEC. DEP. COMMISSIONER HOUGHTON:

5 Yes. Oh, absolutely. That's --

6 SENATOR ESPAILLAT: So this is  
7 additional money to what we expected from the  
8 House New York program.

9 EXEC. DEP. COMMISSIONER HOUGHTON:

10 Yup. And in addition to that, the Governor  
11 has put in other smaller incremental growth  
12 in the capital budget as well that we're  
13 pleased with.

14 SENATOR ESPAILLAT: Yeah, I would just  
15 concur with Senator Savino on the NYCHA  
16 piece. I think it's important, you know,  
17 that we concentrate and see how some of that  
18 money is allocated to NYCHA and that's in a  
19 lockbox model that, you know, will be used  
20 for a specific purpose.

21 I know that we did -- when we  
22 federalized some of the NYCHA housing that  
23 was not part of a federal program and we got  
24 some stimulus money, it was specifically,

1           some years back, used for pointing and roof  
2           work. So this is the kind of stuff that  
3           we're looking at that is what our  
4           constituents complain about. If you live in  
5           a NYCHA building and your elevator doesn't  
6           work for three or four months and you live on  
7           the 17th floor, you're not going to be a  
8           happy camper.

9                        So, you know, we have to see how we  
10           could look at the best use possible rather  
11           than just throwing the money into a sort of  
12           like complicated bureaucracy that doesn't  
13           seem to work, as well as other affordable  
14           Mitchell-Lamas as well.

15                       Do we have a list for the  
16           Mitchell-Lama units that you guys have been  
17           working on? Is there an actual list that I  
18           can look at to see where they are?

19                       EXEC. DEP. COMMISSIONER HOUGHTON:

20           Yes.

21                       COMMISSIONER TOWNS: Yes.

22                       SENATOR ESPAILLAT: Because I know  
23           there was some additional buildings that were  
24           added to your portfolio last time; correct?

1 EXEC. DEP. COMMISSIONER HOUGHTON:

2 Yes, that is correct.

3 COMMISSIONER TOWNS: That's correct.

4 SENATOR ESPAILLAT: And is that the  
5 buildings that you're working on right now,  
6 the ones that were added to the portfolio, or  
7 the existing Mitchell-Lama programs that also  
8 need some type of help?

9 COMMISSIONER TOWNS: We can get you a  
10 list, and that will give you a status report  
11 of where we are.

12 SENATOR ESPAILLAT: Okay. And  
13 finally, on TPU, how many full-time employees  
14 are there in TPU?

15 COMMISSIONER TOWNS: Twenty-five.

16 SENATOR ESPAILLAT: Twenty-five? And  
17 with 25 full-time employees you've gotten  
18 back 37,000 units of affordable housing that  
19 were not registered and you've been doing  
20 some work on individual apartment  
21 improvements as well, right?

22 COMMISSIONER TOWNS: Correct.

23 SENATOR ESPAILLAT: Good work. Thank  
24 you.

1 COMMISSIONER TOWNS: Thank you.

2 CHAIRMAN FARRELL: Thank you.

3 Assemblyman Mosley.

4 ASSEMBLYMAN MOSLEY: Thank you,  
5 Mr. Chairman.

6 Thank you to the staff. First and  
7 foremost, I'd like to thank the commissioner  
8 and the executive director for your level of  
9 transparency and accessibility. I've been  
10 able to meet with you, Commissioner,  
11 privately.

12 To your deputy commissioners  
13 Mr. Pascal, Mr. White, thank you again to  
14 your staffs for constantly being there for me  
15 and my constituents. As you know, my  
16 district, the 57th Assembly District in  
17 downtown Brooklyn, is almost like the  
18 epicenter for gentrification for the vast  
19 majority of my district.

20 So I'm going to keep it very, very  
21 brief because these questions tend to be a  
22 little bit parochial. So please bear with  
23 me.

24 The first question comes out of your

1 testimony, Commissioner, where you talk about  
2 making steady progress within five years on  
3 efforts to create and preserve 14,300 homes  
4 across the state. Can you be a little bit  
5 more exact in terms of how that relates to  
6 New York City? If you can just give me an  
7 estimate if you don't have those numbers  
8 exactly.

9 EXEC. DEP. COMMISSIONER HOUGHTON: I  
10 don't believe we have the breakdown right  
11 here. You want New York City and rest of  
12 state?

13 ASSEMBLYMAN MOSLEY: Correct.

14 EXEC. DEP. COMMISSIONER HOUGHTON:  
15 Okay, we'll get that to you.

16 ASSEMBLYMAN MOSLEY: My second  
17 question I guess alludes to last year and  
18 also a private conversation I had with the  
19 commissioner in regards to young  
20 professionals. I know you had talked about  
21 setting aside a program for young  
22 professionals who particularly live primarily  
23 in the city who are being priced out. Was  
24 that a program or has it been couched into

1 another program?

2 COMMISSIONER TOWNS: No, it's not been  
3 a program per se. But I think that in the  
4 middle-income program that we're launching is  
5 that -- we hope that some in that population  
6 will apply for the developments that are in  
7 their community.

8 You know, it's an area -- we've talked  
9 about it before -- we're very sensitive to.  
10 When you grow up in an at-risk area and you  
11 do everything that the elders say, you stay  
12 in school, get a good education, you stay out  
13 of trouble, on your first job you're going to  
14 make more than the affordable housing limits  
15 that we have. So we need to increase these  
16 incomes so that we can make sure that we have  
17 mixed communities.

18 So we're hoping that there will be  
19 some success out of the middle-income  
20 proposal that we have.

21 ASSEMBLYMAN MOSLEY: The third  
22 question has to do with the ORA and the  
23 \$8 million increase. And I know that TPU  
24 funding will come out of that \$8 million.

1           What's the percentage that TPU aspires to get  
2           of that \$8 million to go to the unit?

3                   COMMISSIONER TOWNS: In that addition?

4                   ASSEMBLYMAN MOSLEY: The \$8 million.

5                   COMMISSIONER TOWNS: I think we had  
6           said before that we'll have to follow up and  
7           try and break that out for you. A portion of  
8           it are for other things -- again, the digital  
9           platform that we're creating. So there are a  
10          number of uses, not just for TPU, in that  
11          \$8 million.

12                   ASSEMBLYMAN MOSLEY: Okay. And my  
13          last question before I make a little comment.

14                   I know, you know, we do this year by  
15          year in terms of the budget, this delicate  
16          dance we have within the budget process when  
17          it comes to IAIs and MCIs. And I know we get  
18          various supports from other agencies at the  
19          city and state level. Will the agency give  
20          us an elaborate breakdown in terms of MCI,  
21          IAI breakdowns statewide so that we can see  
22          where the trends are in terms of the level of  
23          abuse that's taking place not only in  
24          New York City but throughout New York State?

1                   Because we know that -- you know, we  
2                   get information from different sources. And  
3                   I would like to get it from the source.

4                   COMMISSIONER TOWNS: I think that we  
5                   can probably make information available in  
6                   the aggregate. Certainly confidentiality  
7                   prevents us from breaking it down by address.  
8                   But I think that we can develop a snapshot so  
9                   that you can see the advances that are being  
10                  made.

11                  ASSEMBLYMAN MOSLEY: Okay. Now, this  
12                  is not an indictment against you; I think it  
13                  might be an indictment against all of us.  
14                  But first of all, I'd like to affiliate my  
15                  name to the comments made earlier by  
16                  Assemblyman Pichardo as relates to seniors,  
17                  Senator Hamilton as relates to ownership, to  
18                  Assemblyman Blake in terms of MWBE  
19                  participation, to Senator Savino as it  
20                  relates to our NYCHA units.

21                  But as relates to the housing  
22                  settlements -- and this -- you know, to me, I  
23                  feel shameful in the sense that men and women  
24                  who have lost their homes not only in



1 New York City but throughout New York State  
2 are begging to get 100 percent of that money,  
3 those settlements, back to them. I think --  
4 I know that in light of the fact that we have  
5 things that we have to deal with such as  
6 infrastructure, workforce development and  
7 economic development, that we still have men  
8 and women who are living under the shadows of  
9 losing their homes, homes which they are  
10 trying to save for retirement, homes which  
11 they're going to leverage for college  
12 education and the future generation of  
13 New Yorkers that are going to be living here  
14 and hopefully will make our cities and state  
15 a better place.

16 So to me, I just think that more so  
17 it's an indictment not against you,  
18 Commissioner, but against all of us in the  
19 sense that we have to beg and grovel for  
20 money that was taken from us by institutions  
21 that seem to have bounced back, while at the  
22 same time we as homeowners throughout the  
23 State of New York continue to find ourselves  
24 in a second-class status.

1                   Again, congratulations for all your  
2                   work. I want to thank you for being  
3                   accessible to me. And thank you,  
4                   Commissioner.

5                   And to the chairman, happy birthday.  
6                   Thank you so much.

7                   COMMISSIONER TOWNS: Thank you very  
8                   much.

9                   CHAIRMAN FARRELL: Thank you very  
10                  much.

11                  Senator?

12                  CHAIRMAN DeFRANCISCO: Thank you.  
13                  Just before I call on Senator Krueger, you've  
14                  been jotting down a list of requests. Can  
15                  you send me a copy?

16                  SENATOR KRUEGER: Me too.

17                  EXEC. DEP. COMMISSIONER HOUGHTON: If  
18                  you can read my writing. I think we have  
19                  staff that is also writing it down. I want  
20                  to make sure I don't miss any of them. And  
21                  we will do everything we can to get that to  
22                  you.

23                  CHAIRMAN DeFRANCISCO: Thank you.

24                  Senator Krueger.

1                   SENATOR KRUEGER: Thank you very much.

2                   Just some quick follow-ups.

3                   Senator Young asked about the money,  
4                   the \$60 million from MIF going into HCR, from  
5                   the Mortgage Insurance Fund. Do you know is  
6                   any additional MIF money being taken out and  
7                   put into other agency budgets or the General  
8                   Fund, or is this the only transfer of MIF  
9                   surplus into a program?

10                  EXEC. DEP. COMMISSIONER HOUGHTON:

11                  This is a little bit outside of the agency's  
12                  purview, but my understanding is that this  
13                  year there are two sweeps of the MIF, one for  
14                  \$75 million for House New York that's coming  
15                  to us to primarily take care of the UDC  
16                  Mitchell-Lama portfolio and also to  
17                  supplement some of our capital programs, plus  
18                  a \$50 million sweep that is going to HHAP and  
19                  the Rural Rental Assistance Program. And  
20                  there's one other housing. But it's all  
21                  housing. All the money coming from the MIF  
22                  is being reinvested by this Governor into  
23                  housing.

24                  SENATOR KRUEGER: So the total amount

1           being swept from MIF for those three purposes  
2           is what?

3                     EXEC. DEP. COMMISSIONER HOUGHTON: I  
4           will get you the exact amount.

5                     SENATOR KRUEGER: So 75, 50 and  
6           something?

7                     EXEC. DEP. COMMISSIONER HOUGHTON: I  
8           think it's \$125 million, roughly. But I will  
9           get you the exact amount.

10                    SENATOR KRUEGER: Thank you. If you  
11           would also put on your list what that other  
12           amount is for.

13                    EXEC. DEP. COMMISSIONER HOUGHTON:  
14           Yeah.

15                    SENATOR KRUEGER: The \$32 million new  
16           money that we talked about, is that a dry  
17           appropriation, cash, or a combination?

18                    EXEC. DEP. COMMISSIONER HOUGHTON:  
19           We'll have to get back to you. We'll get you  
20           the exact number. I want to make sure we get  
21           that right.

22                    SENATOR KRUEGER: Thank you.

23                    So there's been a variety of  
24           discussions about the TPU. I much appreciate

1 the work they've been doing to move  
2 apartments back into rent regulation in my  
3 district. I wish there were more resources,  
4 both in ORA and TPU, to ensure they could  
5 meet the demands that I think every elected  
6 official in New York City -- state, city and  
7 federal -- get constantly from constituents.

8 I just want to sort of tie things in.  
9 When people are asking about ORA versus TPU  
10 versus money for computerization, I see it as  
11 all one mandate. Your agency is in the  
12 mid-20th century in terms of having the  
13 technology you need that will maximize your  
14 efficiency and make sure that the people you  
15 have actually have the basic tools they need  
16 to do their job, including tracking patterns  
17 of abuse, not just individual unit by unit.

18 That's not the way to fix these  
19 problems. The way to fix these problems is  
20 to track patterns of abuse, have the ORA be  
21 adequately staffed to respond to people in a  
22 quicker timeline than the State Comptroller's  
23 report showed they are, but also to be able  
24 to allow an entity like TPU to systemically

1 go after the patterns of abuse in bigger  
2 players. And if you don't have the computers  
3 for that, you can't do that.

4 So I would make the argument that you  
5 need to support both units. Clearly they  
6 need to, and I'm sure they do, work together.  
7 But you need to get that computerization --  
8 that I think we've been talking about for as  
9 long as I've been in the Senate -- done.

10 Do you actually have a company and are  
11 going to bid this out and start anytime soon?

12 COMMISSIONER TOWNS: Yeah, absolutely.  
13 We're in the process. The Comptroller's  
14 office is reviewing, and once they come back  
15 with that, we'll be prepared to start.

16 SENATOR KRUEGER: Great.

17 Speaking of the patterns of things  
18 that you can't do, the Roberts case, J-51  
19 buildings are supposed to have rent-regulated  
20 units. We're still being told: Go in, bring  
21 a case in court if you want to resolve this.

22 Isn't there anything that your agency  
23 can do proactively to -- you can look at the  
24 city's list of buildings that receive J-51,

1 I'm sure they will cooperate in that, and  
2 actually do some kind of proactive action to  
3 ensure that units in buildings receiving J-51  
4 tax abatements are meeting their standards  
5 for having rent-regulated units.

6 I constantly get calls from  
7 individuals living in J-51 buildings with  
8 market leases. And we know now, because of a  
9 court case that was decided multiple years  
10 ago, they should be regulated units. So it  
11 seems to me that would enormously increase  
12 the win of your TPU and ORA without having to  
13 deal with it unit by unit.

14 Are you doing anything here?

15 COMMISSIONER TOWNS: Certainly we  
16 understand that there's still other issues  
17 that are there. The --

18 EXEC. DEP. COMMISSIONER HOUGHTON: But  
19 that is one of the things that the TPU does.  
20 Richard White, our deputy commissioner there,  
21 that's one of our methods. If we see that a  
22 building is accepting J-51, well, yes, it  
23 needs to be rent-regulated. The Roberts  
24 decision made that clear. And so that is one

1 of the shortcuts that he's able to take, and  
2 his staff, to take a look and identify these  
3 buildings. And that's part of how we got to  
4 37,000 units back into the rent-regulation  
5 system.

6 SENATOR KRUEGER: So if I were to give  
7 you a list of buildings in my district that  
8 have J-51 where I know there are market  
9 leases, you could take action based on my  
10 providing you that list?

11 EXEC. DEP. COMMISSIONER HOUGHTON: I  
12 would take it from you and I would hand it to  
13 Richard White and we would start working on  
14 it tomorrow.

15 SENATOR KRUEGER: I know my staff in  
16 the city is listening in. Get ready to get  
17 that list in to Richard. Thank you.

18 (Laughter.)

19 EXEC. DEP. COMMISSIONER HOUGHTON:  
20 Thank you.

21 SENATOR KRUEGER: Some reference was  
22 made to 421a and frustrations that a huge  
23 amount of that tax abatement appears to be  
24 going to luxury housing as opposed to



1           affordable housing. The New York State  
2           Council recently had their own hearing on  
3           this issue, and I believe that there's a  
4           desperate need to fix that program or end  
5           that program and start again.

6                     And that's a negotiated issue between  
7           the city and the state. There's state  
8           legislation that will have to happen through  
9           the Legislature looking for the  
10          recommendation from the city.

11                    But a program that your subsidiary  
12          entities seem to control more directly is the  
13          80/20 program. And there have been some  
14          recent exposes, and I believe also a  
15          Comptroller's report highlighting that too  
16          much of that money isn't going for actual  
17          affordable housing and is disproportionately  
18          going for -- to subsidize high-end units  
19          even, I would argue, in my district. Which  
20          for the record, my district, the East Side of  
21          Manhattan, 10th Street to 96th, doesn't  
22          really need state money for subsidization of  
23          luxury units. They're popping up at an  
24          incredible rate with all kinds of questions

1 behind them.

2 So don't spend your 80/20 money badly.

3 Are we doing something to fix this?

4 COMMISSIONER TOWNS: Yeah, I think  
5 that that report came out before our reforms.  
6 We've changed our process to a bifurcated  
7 method where we're only financing the  
8 affordable portions of those. So that's part  
9 of the reason why we had such a banner year,  
10 because now resources are extended because  
11 we've changed our model.

12 So we certainly understand the changes  
13 that we've made have helped us to be more  
14 successful, generally, in regard to the  
15 production of affordable units as well.

16 SENATOR KRUEGER: And do you have a  
17 written list of what those reforms are and  
18 the criteria you're now using are?

19 COMMISSIONER TOWNS: Yes.

20 EXEC. DEP. COMMISSIONER HOUGHTON: To  
21 explain it very succinctly, we used to issue  
22 tax-exempt bonds for 100 percent of an 80/20  
23 project, wherein 20 percent of the units are  
24 affordable. We now issue the tax-exempt



1 EXEC. DEP. COMMISSIONER HOUGHTON: No,  
2 I don't think so.

3 SENATOR KRUEGER: No, you don't?

4 EXEC. DEP. COMMISSIONER HOUGHTON:  
5 We'll find out for you.

6 SENATOR KRUEGER: You can follow up  
7 for me and give me information.

8 EXEC. DEP. COMMISSIONER HOUGHTON:  
9 Yup, we will find out.

10 SENATOR KRUEGER: Thank you.

11 CHAIRMAN FARRELL: Assemblywoman  
12 Walker.

13 ASSEMBLYWOMAN WALKER: Good afternoon,  
14 I guess, at this point. I have a number of  
15 questions, and I'll just, you know, speak and  
16 then we can get back to each other on some of  
17 the answers.

18 I want to commit my sentiments with  
19 many of my colleagues regarding the  
20 settlement monies. And growing up in  
21 Brownsville, I know what it feels like to be  
22 robbed. And I have spoken to many housing  
23 advocates who were very aspirational about  
24 these settlement monies but woke up one day

1 and the monies just weren't available as they  
2 had hoped that they would be.

3 And so I'd like to know from you what  
4 your initial request, as I'm learning a  
5 little bit about the budget requests agencies  
6 get to request from the Governor what they'd  
7 like to see. So what were your original  
8 numbers as it relates to what you'd like to  
9 see funding for HCR?

10 Secondly, I grew up in public housing,  
11 so I'd like to know a little bit more about  
12 what your commitments are as it relates to  
13 changing the deplorable conditions that so  
14 many New Yorkers live in.

15 Next, I also represent a number of  
16 Mitchell-Lama developments. And I do  
17 appreciate the work that you've done over at  
18 Marcus Garvey Village. However, there are  
19 some issues regarding affordability that many  
20 of the tenants have been complaining about.

21 Atlantic Towers is another development  
22 which is city-owned. However, I did hear you  
23 mention, Mr. Executive Director, that you  
24 have worked with some of the city-owned

1 properties in terms of preserving  
2 Mitchell-Llama. But in the event that the  
3 owner and his development moves into rent  
4 stabilization, how are you preparing for  
5 these new 916 units once they arrive?

6 There's some unintended conditions or  
7 maybe even intended conditions of  
8 foreclosures; for instance, homelessness. So  
9 I'd like to know how do we prevent  
10 homelessness by utilizing some monies in  
11 order to prevent some of these new  
12 foreclosures that may be in the pipeline from  
13 actually ever seeing the light of day?

14 And I do commit my comments also with  
15 Assemblywoman Bichotte, where I see that  
16 there is a \$14.8 million cut to the SONYMA  
17 budget.

18 Lastly -- well, not really lastly.  
19 But there is also this issue of affordability  
20 that I really want to understand a little  
21 bit, of what the affordability dynamics are  
22 for many of the residents in the 55th  
23 District. Because the number one question I  
24 keep hearing is "Affordable to whom?"

1                   When it relates to TPU, one of the  
2                   concerns that I have is just the length of  
3                   time for adjudication. Many situations take  
4                   years, and forget about it if you have to do  
5                   an appeal. So I'd like to know a little bit  
6                   about what is the actual length of time for  
7                   most TPU complaints to be adjudicated.

8                   Lastly, there is a significant  
9                   investment in housing in Ocean Hill, Cypress  
10                  Hills, Brownsville and East New York. And  
11                  can you tell me a little bit about what the  
12                  agency's commitment is to making sure that  
13                  the affordable housing plans that are  
14                  committed to those developments are actually  
15                  foreseeable?

16                 EXEC. DEP. COMMISSIONER HOUGHTON:

17                 (Intake of breath.)

18                 (Laughter.)

19                 ASSEMBLYWOMAN WALKER: Yeah, let me  
20                 tell you, I'm a new member. I don't know  
21                 when I'll get another bite at the apple.

22                 EXEC. DEP. COMMISSIONER HOUGHTON:

23                 Right.

24                 COMMISSIONER TOWNS: Well, you know

1           you'll get another bite at the apple.  You've  
2           already bit into the agency, and we welcome  
3           further conversations.

4                     First of all, the affordability  
5           definition is a federal definition.  But I  
6           think that we realize the struggles that  
7           New Yorkers are going through -- part of the  
8           reason why we're going to utilize \$50 million  
9           in order to create a middle-income program to  
10          take care of some of those that are outside  
11          of the federal definition of affordability.  
12          And that comes from working and talking with  
13          New Yorkers.

14                    The issues of the new housing that's  
15          going on in East Brooklyn is still under  
16          development, waiting to see what the city's  
17          rules are.  As you know, there are a number  
18          of zoning changes and other things in order  
19          to -- that need to be done before there can  
20          be development.  But certainly if there's  
21          going to be opportunities to create  
22          affordable housing, the state would like to  
23          play a role in some type of way.

24                    EXEC. DEP. COMMISSIONER HOUGHTON:



1           Want me to pick up a couple of others?

2                   COMMISSIONER TOWNS:   Yeah.

3                   (Laughter.)

4                   EXEC. DEP. COMMISSIONER HOUGHTON:  As  
5           far as the original budget request, it's a  
6           collaborative process with the agency and  
7           DOB.  There is no original budget request, as  
8           far as I know.  We talk, we decide things  
9           together, and we come out with the Executive  
10          Budget.

11                   ASSEMBLYWOMAN WALKER:  So there was no  
12          actual, you know, foreseeable, you know,  
13          "This is how much we would need in order to  
14          complete this" and then somebody came back to  
15          you and said "Well, we won't be able to do  
16          this because we've got to invest \$3 billion  
17          in the Tappan Zee Bridge"?

18                   EXEC. DEP. COMMISSIONER HOUGHTON:  No,  
19          there wasn't.

20                   COMMISSIONER TOWNS:  No.

21                   EXEC. DEP. COMMISSIONER HOUGHTON:  I  
22          mean, we talk about issues that we would like  
23          to address, initiatives that we would like to  
24          do.  We work with our partners at DOB to

1 figure out how much that would cost, whether  
2 or not we can make it happen, and we work  
3 together to create an Executive Budget  
4 proposal. Which we now talk about now.

5 In terms of TPU, there is no  
6 adjudication. TPU is an investigative unit.  
7 If an owner wants to settle with the TPU,  
8 they can do that. If they don't, they can go  
9 to ORA.

10 And ORA is a quasi-judicial unit with  
11 administrative law judges. And at that point  
12 you have a process where you get a ruling,  
13 you have appeals and that sort of thing. And  
14 it sometimes takes long, but it's an  
15 adversarial process, and we have to make sure  
16 to get things right. We want to hear from  
17 the owners and the tenants.

18 I think that was it. We also, you  
19 know, are concerned about NYCHA's conditions  
20 and that's why we're trying to provide some  
21 funding for NYCHA. And we share your  
22 concerns about making that effective.

23 ASSEMBLYWOMAN WALKER: Okay. So I'd  
24 like to just follow up to get a little more

1 in terms of specific answers to many of the  
2 questions that I've asked. And I do thank  
3 you for your time, and I look forward to  
4 working with you.

5 EXEC. DEP. COMMISSIONER HOUGHTON:

6 Okay. We do too.

7 CHAIRMAN DeFRANCISCO: Thank you.

8 CHAIRMAN FARRELL: Thank you.

9 CHAIRMAN DeFRANCISCO: Okay, we've got  
10 several others who want to ask additional  
11 questions. I'd just request that, because a  
12 lot of them are dealing with your own  
13 personal district, you could probably send  
14 them a letter or tell them when you talk to  
15 give you an answer.

16 But if we get moving along, it's  
17 two and a half hours, we've got one witness  
18 not even done yet. So we've got a long way.  
19 A lot of people here would like to go home.

20 (Laughter.)

21 CHAIRMAN DeFRANCISCO: Some people up  
22 here would like to go home before 7 o'clock,  
23 so ...

24 Senator Young.

1                   SENATOR YOUNG:    Thank you,  
2                   Mr. Chairman.  This is a statewide concern, I  
3                   can assure you, that I'm going to ask about  
4                   next.

5                   (Laughter.)

6                   CHAIRMAN DeFRANCISCO:  Oh, I'm sure it  
7                   is.  Sure it is.

8                   SENATOR YOUNG:  I wanted to double  
9                   back on the NPCs and the RPCs.  And again,  
10                  I'm very happy about the funding levels.

11                  One of the questions we've had  
12                  discussions about over the past couple of  
13                  years has to do with the processing of  
14                  vouchers and issuing of payments, because  
15                  it's gotten longer over the past several  
16                  years.  And as you know, that creates a  
17                  hardship for the NPCs and the RPCs.  Many of  
18                  them are small, they don't even have  
19                  sometimes the ability to get bridge loans  
20                  because the bank maybe won't give them to  
21                  them.

22                  And if they do get bridge loans to pay  
23                  the contractors, the contractors can't wait  
24                  four to eight weeks for payment.  So if they

1 get a bridge loan, then they've got to pay  
2 interest on that. And I know that could be  
3 reimbursable under the program, but is there  
4 any way we could address that problem?  
5 Whether it's shortening, working to shorten  
6 the length of time for processing the  
7 vouchers and issuing the payments -- or, if  
8 that's not possible, is there any way that  
9 the agency could set up some type of working  
10 capital fund to help them so they don't have  
11 to go to a bank, instead they would be able  
12 to get, you know, the bridge loans through  
13 HCR so that the interest issue would not  
14 emerge or the lack of maybe being able to get  
15 financing from a bank short-term?

16 Just something to consider.

17 COMMISSIONER TOWNS: I think we'll  
18 take a look.

19 SENATOR YOUNG: Okay, thank you.

20 CHAIRMAN FARRELL: Assemblywoman  
21 Robinson.

22 ASSEMBLYWOMAN ROBINSON: Thank you  
23 very much, Chairman Farrell.

24 And to Commissioner Towns and staff, I

1           certainly want to say thank you to you for  
2           the specific support that you have given to  
3           my district and look forward to continuing to  
4           work with you to discuss those issues and  
5           concerns that we have over these past few  
6           years.

7                     I just wanted to echo the sentiments  
8           that have been expressed in regards to,  
9           number one, the use of the settlement funds.  
10          Over the years we've been able to do much  
11          good work with the settlement funds that have  
12          come from -- whether it be from JPMorgan  
13          Chase or the other settlements that have  
14          taken place, so that we were able to preserve  
15          and protect some of the homes of the people  
16          within the district.

17                    In addition, I think that the issue  
18          around -- my colleague Walter Mosley  
19          mentioned about the adult professionals  
20          living in our communities. I know many  
21          people talk to me about how their children  
22          can't come back and live where they were  
23          raised because the AMIs, the regional AMI is  
24          so high that many of them don't fall within

1           that category, so therefore they have to try  
2           to find other places or they relocate to  
3           other states.

4                     And I think that we have to do a  
5           better job of being able to provide for those  
6           young professionals that we tell them to, you  
7           know, go to school, get a job, and come back  
8           to the community so that you can become a  
9           good citizen, a good steward of the  
10          community.

11                    In addition to that, it is indicated  
12          here, it talks about how that money is going  
13          to -- through the settlement, that money is  
14          going to be provided to NYCHA to assist with  
15          these modernization efforts. I want to know  
16          who will monitor that process. Because I  
17          know that, you know, it has been a work in  
18          progress working with NYCHA. So who will be  
19          monitoring that process?

20                    EXEC. DEP. COMMISSIONER HOUGHTON: It  
21          will be funded through the Public Housing  
22          Modernization funds budget line. And I  
23          believe that that is monitored by -- is it  
24          the Office of Community Renewal or the Office

1 of Housing Preservation?

2 COMMISSIONER TOWNS: Preservation.

3 EXEC. DEP. COMMISSIONER HOUGHTON:

4 Preservation, yes. So the Office of Housing  
5 Preservation within HCR will be the one that  
6 will be monitoring it.

7 And we share your concern. We want to  
8 make sure that we see real results from this  
9 money, and we want to see them soon.

10 ASSEMBLYWOMAN ROBINSON: Right. Okay,  
11 thank you.

12 The other issue is the preservation of  
13 Mitchell-Lama. That is so very, very  
14 important. And I see that monies have been  
15 provided within the budget to be able to do  
16 that. I think that as, you know, some of the  
17 organizations that were originally a part of  
18 the Mitchell-Lama family, that many of them  
19 were trying to opt out, and I'm pleased to  
20 see that you're providing additional  
21 resources to be able to hopefully keep people  
22 in. Because, you know, where would these  
23 families go? The people locked out of the  
24 program and then the rents skyrocket, people



1 would not be able to stay in our communities.  
2 So I'm pleased to see that you have moved in  
3 that direction.

4 So again, just wanted to offer my  
5 comments as well on what we're doing to be  
6 able to preserve and protect affordable  
7 housing within the city and the State of  
8 New York.

9 I do recognize, however, that we have  
10 organizations that have provided -- the NPPs,  
11 RPPs, the Rural and Neighborhood Preservation  
12 Companies that do so much to provide  
13 additional assistance. And they also, like,  
14 double the resources that are provided to  
15 their agencies. And I just hope that we  
16 continue to support them and not just -- at  
17 times it's been a piecemeal arrangement, so  
18 we're just hoping that we're able to continue  
19 to provide them with the resources that they  
20 need to protect and undergird affordable  
21 housing within the State of New York.

22 Thank you.

23 COMMISSIONER TOWNS: Thank you.

24 CHAIRMAN DeFRANCISCO: Senator

1 Hamilton? Oh, okay.

2 CHAIRMAN FARRELL: Thank you.

3 Assemblyman Keith Wright.

4 ASSEMBLYMAN WRIGHT: Thank you,  
5 Assemblyman Farrell. I'll be very quick.

6 Thank you, Commissioner.

7 In your budget, you have NYCHA capital  
8 repairs and you also have Public Housing  
9 Modernization Program. What's the difference  
10 between the two?

11 COMMISSIONER TOWNS: Well, the NYCHA  
12 will go directly to NYCHA, whereas the other  
13 program is available for all of the public  
14 housing throughout the state. NYCHA is  
15 exclusively for New York City.

16 ASSEMBLYMAN WRIGHT: Got it. Because  
17 you have, through the Public Housing  
18 Modernization Program, \$6.4 million last year  
19 and \$6.4 million this year as well. For  
20 NYCHA capital repairs, from last year's  
21 budget there was nothing, I guess, and this  
22 year you have \$25 million.

23 And I want to go back to what Senator  
24 Krueger said. How will that be monitored? I

1 mean, is that just straight going to the city  
2 or will it be monitored and will we get some  
3 sort of breakdown? Because NYCHA, as we all  
4 know, can -- for want a better phrase, can be  
5 a black hole sometimes.

6 COMMISSIONER TOWNS: Well, I believe  
7 the big thing is that we look to come back  
8 afterwards and give a report in regard to how  
9 it was used, and we will make sure that we  
10 present that to you so you can know how the  
11 \$25 million was used. And we'll also monitor  
12 to make sure that it was, you know, properly  
13 dispensed.

14 ASSEMBLYMAN WRIGHT: Rural Rental  
15 Assistance Program. What exactly is that?

16 EXEC. DEP. COMMISSIONER HOUGHTON:  
17 Those are rent subsidies for people living in  
18 rural areas. That's funded at \$21 million  
19 and change this year. And we are going to be  
20 using the MIF to fund that. And we're  
21 pleased to be able to maintain that level of  
22 funding for that important program.

23 ASSEMBLYMAN WRIGHT: Now, I know that  
24 there is a New York City renters assistance

1 program of some sort. And what is that?

2 COMMISSIONER TOWNS: That's a tax  
3 credit.

4 ASSEMBLYMAN WRIGHT: That's a tax  
5 credit. How has that been working? We  
6 haven't done it before.

7 EXEC. DEP. COMMISSIONER HOUGHTON:  
8 That is proposed.

9 ASSEMBLYMAN WRIGHT: That's proposed,  
10 okay.

11 Thank you, I'm good. Thank you,  
12 Mr. Chair.

13 CHAIRMAN FARRELL: Thank you.

14 To close, Mr. Blake, Assemblyman  
15 Blake.

16 ASSEMBLYMAN BLAKE: Thank you, Chair  
17 and Commissioner and Deputy Commissioner.

18 Very briefly, the nonprofit  
19 infrastructure capital investment fund, I see  
20 it as one of the proposals but I haven't  
21 heard us talk about it much. Can you just  
22 give some description of what that would be?

23 EXEC. DEP. COMMISSIONER HOUGHTON:  
24 That's flexible funding. It's a relatively

1 new program. And we've had 25 applications  
2 come in. We've been able to fund 14 of them  
3 for \$8.2 million.

4 But the key to this is that often when  
5 we're building affordable housing, when we're  
6 using federal tax credits, bonds, that sort  
7 of thing, that has to go to affordable  
8 housing, as it should. But if you build  
9 affordable housing in a neighborhood, don't  
10 you want to create some street life, don't  
11 you want to create some retail, some  
12 community uses, whether that's senior  
13 centers, clinics, whatever the community  
14 needs? And sometimes it's retail, and it's a  
15 store, it's a grocery store, things like  
16 that.

17 And so CIF is allowing developers to  
18 be able to think not only about the housing  
19 upstairs but also what's going on on the  
20 street level, so that we can build not just  
21 more units but really build communities.

22 ASSEMBLYMAN BLAKE: And so in that  
23 same vein, how is it related to the Main  
24 Street Program? Is Main Street essentially

1           doing a similar type of effort, or are they  
2           varied?

3                     EXEC. DEP. COMMISSIONER HOUGHTON:

4           Main Street is similar but slightly  
5           different. Also it can be used for both  
6           housing and commercial buildings, and it goes  
7           to localities that want to focus on reviving  
8           downtown areas. A lot of it is used in small  
9           towns and cities across the state.

10                    And similar -- similar objectives, but  
11           a slightly different program. It really  
12           focuses on what's already there, whereas CIF  
13           is talking about new development.

14                    ASSEMBLYMAN BLAKE: Understand.

15                    And the timetable for some of these  
16           programs, I've heard three years discussed,  
17           five years. Is it uniform in terms of the  
18           new initiatives of how the funding stream  
19           would go, or is it varied by initiative?

20                    EXEC. DEP. COMMISSIONER HOUGHTON: It  
21           varies by initiative. I mean, we have to  
22           pass a budget first. We're in the planning  
23           stages. We have some ideas, but we are  
24           trying to figure out the best way to make

1           sure that we're using new funds strategically  
2           and sustainably. So, you know, rather than  
3           put all the money in in one year and then  
4           have nothing next year, we want to make sure  
5           that we're growing these programs so we're  
6           going to be able to sustain them at that  
7           level.

8                         ASSEMBLYMAN BLAKE: And then the last  
9           set for you, Deputy Commissioner, and then  
10          one specifically for Commissioner Towns.

11                        It would be helpful to see what those  
12          timetables would be, and then the definitions  
13          being utilized in terms of for these  
14          respective programs and the population  
15          serviced. Because we've tossed around  
16          different terms, so it would be good to see  
17          that.

18                        And then, you know, Commissioner  
19          Towns, obviously -- again, it was alluded to  
20          earlier, but I just want to come back on it.  
21          For 421a, this obviously is the conversation  
22          that is happening and not happening in many  
23          different ways. Just getting your initial  
24          perspective of the varied possibilities

1 coming up for 421a and exactly, you know,  
2 what do we say in our respective communities,  
3 especially those like mine, where they are  
4 seeing the beginning phases and are concerned  
5 that if we don't have significant changes,  
6 the affordability will not be occurring in  
7 that manner.

8 COMMISSIONER TOWNS: I think you guys  
9 will have that debate. Our challenge is to  
10 continue to provide affordable units.

11 And understanding communities, we know  
12 that not only do we need to build affordable  
13 units, but we need to build community.  
14 That's why it's important to have things like  
15 the Community Investment Fund, so that we can  
16 do mixed-use. It's important for us to have  
17 a population mix, income mixes. Because  
18 really, at the end of the day, building  
19 housing is easy. Brick and mortar builds a  
20 house. But what we really want to specialize  
21 in is renewing communities, and I think  
22 that's what we need.

23 So regardless of how the debate goes,  
24 the rules will be given to us and we'll be



1 prepared to engage.

2 ASSEMBLYMAN BLAKE: Definitely would  
3 welcome you, both of you and your teams, to  
4 the district to talk about that collective  
5 vision.

6 Obviously I think a lot of times, to  
7 that exact point, we're not talking about  
8 mixed-use and community opportunities, and  
9 would definitely welcome that as well.

10 I yield my time, Chairman.

11 CHAIRMAN FARRELL: Thank you very  
12 much. And thank you, gentlemen.

13 COMMISSIONER TOWNS: Thank you. Thank  
14 you, everyone.

15 EXEC. DEP. COMMISSIONER HOUGHTON:  
16 Thank you. Happy birthday, Mr. Chairman.

17 CHAIRMAN FARRELL: Commissioner, I  
18 think we'll be seeing each other in the  
19 streets, but not in front of this again.

20 (Laughter.)

21 CHAIRMAN FARRELL: We won't say  
22 that --

23 (Inaudible cross-talk.)

24 CHAIRMAN FARRELL: -- but walking

1 around.

2 COMMISSIONER TOWNS: At the traffic  
3 light.

4 CHAIRMAN FARRELL: Working for the  
5 people. Thank you.

6 SENATOR KRUEGER: Thank you very much.

7 CHAIRMAN FARRELL: The 10 o'clock,  
8 Blair Sebastian, executive director, New York  
9 State Rural Housing Coalition. And New York  
10 State Rural Advocates, Nancy Berkowitz,  
11 director.

12 MR. SEBASTIAN: Good morning. Good  
13 afternoon, Senator DeFrancisco, Chairman  
14 Farrell, Senator Young, Senator Krueger,  
15 distinguished members of the panel.

16 I'd like to begin by thanking  
17 Assemblyman Wright for reminding us that this  
18 is the second year in a row that you've held  
19 these housing hearings on or about Chairman  
20 Farrell's birthday. Given that the chairman  
21 was one of the original sponsors of the NPC  
22 program all those years ago, we find it  
23 fitting that these hearings are held on or  
24 about his birthday.

1                   And we'd like to thank you for your  
2                   ongoing support.

3                   CHAIRMAN FARRELL: Not that I want to  
4                   break my arm patting my own back, but I  
5                   happened to write that bill on my own. It  
6                   was out of problems that I'd had in my  
7                   district, and that became the bill, because  
8                   Governor Carey needed something to do in  
9                   housing and picked that up.

10                  MR. SEBASTIAN: Well, we do our  
11                  darndest to make you proud, Assemblyman.

12                  CHAIRMAN FARRELL: And you do, thank  
13                  you.

14                  MR. SEBASTIAN: Thank you for the  
15                  support.

16                  My name is Blair Sebastian. I'm with  
17                  the New York State Rural Housing Coalition.  
18                  I'm joined again this morning by Nancy  
19                  Berkowitz, who is with the New York State  
20                  Rural Advocates.

21                  We have a broad interest, I think, in  
22                  housing and community development programs,  
23                  but our particular chore here is to discuss  
24                  the sort of the rural implications of the

1 Executive Budget and to talk to you a little  
2 bit about how the legislative response might  
3 further benefit our communities.

4 Working in rural communities is sort  
5 of special kind of challenges. Most of those  
6 have to do with minimal or lack of resources  
7 and the kind of small scale that is required  
8 to be effective in rural communities. So,  
9 you know, again, there are some sort of rural  
10 nuances to some of the programs we talk  
11 about, and that's what we'd like to address.

12 Assemblyman Wright, glad you're back.  
13 I kind of wanted to pick up on the Rural  
14 Rental Assistance question real quickly here,  
15 if I might. We will depart from the written  
16 comments to kind of move this along.

17 The Rural Rental Assistance Program  
18 was created probably 25 or more years ago and  
19 actually used as an incentive to leverage  
20 substantial federal capital investment in  
21 rural rental housing. The development of  
22 rental housing in rural communities has  
23 always been a challenge. And the USDA RD  
24 program, which later partnered with HCR --

1 DHCR at that time -- to create what was  
2 called then a leveraged loan program, that  
3 rental assistance now supports in the  
4 neighborhood of 4500 of the very  
5 lowest-income residents of rural New York.

6 And without that assistance those  
7 units, that are probably 75 percent headed by  
8 women, and a very large proportion of  
9 disabled families, benefit both from that  
10 housing and that rental assistance. It's a  
11 very important program for us, and we're very  
12 pleased to see it funded at the program  
13 level.

14 The other thing that I think that  
15 we're most interested in is Rural and  
16 Neighborhood Preservation. As you may have  
17 noticed, this is not an easy budget to get  
18 your arms around. But given our  
19 understanding of what's happened, we're  
20 pleased that Governor Cuomo has been  
21 consistent with the original five-year plan  
22 and provided this \$12 million of base  
23 funding.

24 We would note, however, that that base

1 funding is below historic levels of funding  
2 for the program and below last year's funding  
3 for the program. We think that it's  
4 important to, at the very least, maintain  
5 some continuity level in funding levels, and  
6 so we would ask you for an add, a legislative  
7 add to the Governor's proposed funding levels  
8 for those programs to bring them up at least  
9 to \$65,000 or perhaps \$70,000 in regular  
10 funding.

11 We share the concern about the  
12 program's lack of a budget line due to the  
13 MIF funding. At one level it makes little  
14 difference to practitioners where the  
15 resource comes from, but it does concern us  
16 that the budget line is gone and that at some  
17 point we will be talking about essentially  
18 creating a new program when the MIF resource  
19 is exhausted and we have to put it back on  
20 budget.

21 One of the places where -- there are a  
22 couple of places where we would have liked to  
23 see the JPMorgan settlement proceeds used.  
24 Again, that settlement specifically

1 references the need to ameliorate the  
2 consequences of foreclosure and to avoid  
3 preventable foreclosures.

4 We believe that the Affordable Housing  
5 Corporation program is a terrific device to  
6 meet those needs. It provides a down payment  
7 and closing cost assistance and capital  
8 write-down assistance to single-family  
9 acquisition and allows for the acquisition of  
10 single-family homes in a financially  
11 manageable sort of scheme. It's a great  
12 program, and we would love to see in  
13 enhanced. We're pleased to see an additional  
14 \$4 million in the program this year. It  
15 could spend more.

16 And given that the settlement  
17 specifically references avoiding preventable  
18 foreclosures, it seems that there is a hole  
19 left by not funding housing counseling in  
20 this portion of the budget.

21 Homebuyer education has been proven  
22 and is supported by legitimate academic  
23 studies. It does the trick. There's data  
24 that suggests that the folks who are wrapped

1 up in the foreclosure crisis are not folks  
2 who benefited from homebuyer education  
3 programs, and we think it's an incredibly  
4 important function and probably should be  
5 funded.

6 I would quickly point out that a  
7 funded housing counseling program would be an  
8 ideal partner and help facilitate the SONYMA  
9 program that is proposed here to acquire or  
10 to allow for the repurchase of homes that are  
11 vacant because of foreclosure.

12 MS. BERKOWITZ: I want to switch to  
13 the Rural and Urban Community Fund. We  
14 support the Governor's proposal to provide  
15 \$17 million in funding for this program.

16 And just in terms of the rural portion  
17 of this, the priority of the Executive was to  
18 use portions of this program to fund the  
19 federal Rural Rental Housing Portfolio to  
20 rehabilitate it. And it's a very  
21 high-priority activity, and we support the  
22 continued funding of the rural rental  
23 housing.

24 But we'd also like to see an



1 additional fund set aside to support  
2 mixed-use developments with affordable rental  
3 housing, including commercial use in public  
4 spaces and in revitalized communities. We'd  
5 like to see it then increased to \$25 million,  
6 if possible, from the \$17 million that was  
7 allocated and suggested in the existing  
8 budget.

9 The Governor also proposes to fund  
10 Main Street at \$4.2 million for the next  
11 fiscal year. And if you're familiar with  
12 this program at all, you know that these  
13 funds go to downtown, and they not only  
14 leverage private dollars for investment in  
15 downtown buildings but also provide a  
16 catalyst for additional investment in these  
17 downtown areas. We think the program should  
18 receive an additional \$2.5 million. We think  
19 that can be easily spent and absorbed.

20 The other thing I want to talk about  
21 is the proposal to use settlement money to  
22 increase substantially the Access to Home  
23 program and the RESTORE program. We support  
24 those increases. They're used to supplement

1 program funds from the General Fund, and they  
2 provide housing rehab service.

3 Access provides \$25,000 per unit for  
4 adapting an existing home to accommodate  
5 accessibility needs of a low-income person  
6 that allows households with disabled members,  
7 including veterans, to successfully continue  
8 to live in their home. And RESTORE is  
9 intended to provide funds to support  
10 emergency repairs to housing that's occupied  
11 by seniors with limited resources. So we  
12 support those programs.

13 MR. SEBASTIAN: And although they are  
14 incredibly successful programs, they have  
15 become more and more challenging to operate  
16 in recent years, as a result of regulatory  
17 overlays that began some years back with  
18 federal programs and the highly critical  
19 issue of lead contamination of many of the  
20 older homes that disrehabilitation work --  
21 that our rehabilitation work undertakes.  
22 That has just incrementally grown over the  
23 years.

24 And while we have a nice open channel,

1 a dialogue with HCR staff at this point  
2 talking about how we can sort of manage this  
3 what feels like bureaucratic creep, it's not  
4 going away and it does cost money. It makes  
5 these projects more expensive to deliver.  
6 And as appropriators and program managers, we  
7 would like to remind you all of that and hope  
8 that you will take the increased costs of  
9 delivering programs into consideration as you  
10 design funding schemes.

11 Thank you, Senator Young. Apparently  
12 some of our members who live in your district  
13 bend your ear on similar topics. There is,  
14 again, sort of unavoidable lengthening of  
15 time in payment of vouchers through these  
16 programs. Small contractors really cannot  
17 afford to wait. Small contractors will not  
18 continue to work for you if you can't pay  
19 them in a timely fashion. So small  
20 not-for-profits are left to figure out how to  
21 bridge what is now sometimes a four-to-eight-  
22 week reimbursement period.

23 We again would like some consideration  
24 of that challenge. And our suggestion might

1           be that CDFI fund -- an increment that is  
2           contained in the JPMorgan Chase settlement  
3           funds would be a good place for a sort of  
4           dedicated program to provide bridge funding  
5           for not-for-profits who deliver state-funded  
6           programs.

7                        So in the RESTORE program, one of the  
8           things we've talked about in the past is that  
9           both the cost of delivery of RESTORE and the  
10          cost of the projects that we undertake have  
11          all grown. Last year you in budget language  
12          increased the per-unit cap to \$10,000, up to  
13          \$10,000. The agency chose to reset that to  
14          the \$5,000 level. Our members are frustrated  
15          that you can't replace a senior citizen's  
16          worn-out roof for \$5,000, it no longer is  
17          sufficient, and we would encourage you to  
18          sort of support that at least \$10,000-per-  
19          unit threshold in the RESTORE program.

20                       The Housing Trust Fund program, at  
21          35 years old, continues to be a monstrously  
22          productive program, has produced -- by  
23          leveraging the federal low income housing tax  
24          credit and the state tax credit, has

1 succeeded in leveraging huge amounts of  
2 housing.

3           However, in the communities that we  
4 operate in, scale becomes an issue.  
5 Investors and developers prefer to do tax  
6 credit projects of some scale. The cost of  
7 doing these projects is expensive. The risk  
8 of investing in kind of the weaker markets  
9 that some of us inhabit does not draw  
10 investors. We'd like to encourage you to  
11 consider a \$12 million set-aside from the  
12 Housing Trust Fund to provide small project  
13 funds -- in the past when we've done this,  
14 they've been 12 units or less, without tax  
15 credits -- and again, allow rural and small  
16 communities to develop sorely needed rental  
17 housing without using the complex tax credit.

18           We're delighted to see that HHAP is  
19 again funded at \$63 million. We were  
20 impressed -- actually concerned, I think,  
21 when HHAP's budget was doubled in last year's  
22 budget process.

23           We were really pleased to -- well,  
24 pleased, although some of our colleagues who

1 expected to submit applications were not as  
2 pleased to find that HHAP had committed all  
3 of those funds in about six months, had  
4 funded a good \$63 million worth of great  
5 projects in a very short of period of time.  
6 We think that there's sort of a waiting list  
7 for additional projects that we expect next  
8 year's \$63 million of very important HHAP  
9 funding to kind of roll out the door rather  
10 quickly.

11 MS. BERKOWITZ: And finally, I just  
12 wanted to mention another problem that we  
13 think could be addressed, and that is  
14 infrastructure that supports housing,  
15 particularly sewer and water. It's a growing  
16 problem in rural communities.

17 And in the past, New York funded an  
18 Infrastructure Development Demonstration  
19 Program to provide additional infrastructure  
20 costs to rental housing, and it demonstrated  
21 its effectiveness, and we believe it should  
22 be available for single-family units for  
23 homeowners, for mobile homes as well as  
24 rental units.

1                   We urge the Governor and the  
2                   Legislature to devise a funding stream to  
3                   support the development, repair and  
4                   replacement of privately operated  
5                   infrastructure, including private septic  
6                   systems and wells, and \$2 million would  
7                   support 200 units for safe, decent, and  
8                   affordable housing.

9                   MR. SEBASTIAN: We have 40 seconds on  
10                  the clock. Thank you.

11                  (Laughter.)

12                  CHAIRMAN FARRELL: Thirty-seven.  
13                  Thank you very much.

14                  Questions? Senator.

15                  CHAIRMAN DeFRANCISCO: I just have  
16                  one -- well, I don't know if it's a question  
17                  or not. We'll see what comes out.

18                  Part of the monies that you're  
19                  receiving are from the settlement of the  
20                  lawsuit. And it helps to support Rural and  
21                  Neighborhood Preservation groups for three  
22                  years; correct?

23                  MR. SEBASTIAN: (Nodding.)

24                  CHAIRMAN DeFRANCISCO: The only

1 concern I have, that's great. But I don't  
2 think we'll get another \$5.5 billion  
3 settlement in Year 4. So I guess it's just a  
4 comment. I'm just cautioning -- I understand  
5 you don't care where the money comes from --

6 MR. SEBASTIAN: Well --

7 CHAIRMAN DeFRANCISCO: -- if you need  
8 the money and you've got to use the money.  
9 But my concern would be that we may be  
10 automatically having a hole in Year 4.

11 MR. SEBASTIAN: We've taken the  
12 position -- I'm sorry, Nancy -- that this is  
13 one-shot money. And so in the initial  
14 conversations we've had with the agency about  
15 their intentions -- and nobody seems very  
16 clear about exactly how we will handle it --  
17 it needs to be addressed as one-shot.

18 That's the reason I think we are  
19 asking for an additional General Fund add to  
20 the program, because we kind of would like to  
21 see this resource made available in a manner  
22 that would build capacity for the long-term  
23 and help strengthen and raise levels of  
24 sophistication of organizations for the



1 long-term and recognize this is not an  
2 ongoing funding stream.

3 CHAIRMAN DeFRANCISCO: And is this  
4 settlement money going to be used for capital  
5 projects, period?

6 MR. SEBASTIAN: It's not clear. It  
7 would seem that it would be for program  
8 activities. It might be for organizational  
9 infrastructure type. You know, this may be  
10 an opportunity for organizations to update  
11 their IT equipment, for example.

12 CHAIRMAN DeFRANCISCO: Yeah, but that  
13 would be a capital expense, I think,  
14 upgrading it.

15 MR. SEBASTIAN: Yes.

16 CHAIRMAN DeFRANCISCO: But I'm just  
17 concerned that you might try to fund some  
18 administrative costs of that money, and it  
19 won't be there.

20 MS. BERKOWITZ: I think it would be a  
21 great place to look for funding for the  
22 capacity building, using both coalitions, to  
23 provide training for a lot of those NPCs and  
24 RPCs out in the field who are -- maybe it's a

1 different generation, need to learn how to do  
2 development again. So --

3 MR. SEBASTIAN: It's one shot.

4 CHAIRMAN DeFRANCISCO: Okay, thank  
5 you.

6 MR. SEBASTIAN: Thank you.

7 CHAIRMAN FARRELL: Thank you.

8 No, hold on. Mr. Mosley, to close.  
9 Open and close.

10 ASSEMBLYMAN MOSLEY: Just a real quick  
11 question. I recently read an article where a  
12 lot of New York City residents have been  
13 moving up to the Catskills. And I know that  
14 your projections deal with what you're  
15 looking at now, in terms of the catchment.  
16 But are you also looking at it in  
17 anticipation of what's taking place in the  
18 downstate region and the shifting of  
19 population from the urban communities to the  
20 rural communities?

21 And then, likewise, can you kind of  
22 talk about -- I know you talked about the  
23 one-shot deal. But have you considered ways  
24 in which you would leverage that one-shot

1 deal so it's just not a one-shot deal going  
2 forward?

3 MR. SEBASTIAN: Well, again, I think  
4 that our --sort of the expectation is the  
5 one-shot is used to develop capacity and  
6 sophistication that will support the program  
7 down the road. So again, the kind of hope is  
8 that we get, you know, a bang out of this  
9 that reverberates down the road.

10 Nancy may want to speak to the issue  
11 of that sort of migration up the river. But  
12 we began to see this a decade ago. It's had  
13 an impact on housing markets and market  
14 prices and the availability of housing for  
15 lower-income people who are squeezed out by  
16 newcomers who actually have cash to pay for  
17 houses. So we've seen it.

18 MS. BERKOWITZ: But it points to the  
19 importance of maintaining the flexibility of  
20 these programs so that communities can  
21 respond to their own needs. And when they  
22 see changes in population, there are other  
23 rural areas that are closing their schools  
24 and churches and thinking they're going to

1 close the doors.

2 So there's a whole range of needs in  
3 rural and all of New York, and I think it  
4 just shows how important it is to make sure  
5 that the programs that we have that work well  
6 maintain their flexibility so that we can  
7 respond to these varying needs.

8 But it's an interesting thing to  
9 watch.

10 ASSEMBLYMAN MOSLEY: Thank you so  
11 much.

12 CHAIRMAN FARRELL: Thank you.

13 CHAIRMAN DeFRANCISCO: Thank you very  
14 much.

15 SENATOR KRUEGER: Thank you.

16 CHAIRMAN FARRELL: Next, Paula  
17 Gilbert, executive director, Neighborhood  
18 Preservation Coalition of New York State,  
19 10:15 a.m.

20 (Laughter.)

21 MS. GILBERT: So I guess I'll start  
22 with I took this job last week --

23 SENATOR KRUEGER: Can you come closer  
24 to your mic?

1 MS. GILBERT: Okay. And the light's  
2 on.

3 So good afternoon. My name is Paula  
4 Gilbert, and I am the interim executive  
5 director of the Neighborhood Preservation  
6 Coalition of New York State.

7 I would like to thank Chairman Farrell  
8 and Chairman DeFrancisco, Chairwoman Young,  
9 Chairman Wright, members of the Senate  
10 Finance and Assembly Ways and Means  
11 Committees, and distinguished members of the  
12 Legislature, for the opportunity to present  
13 this testimony on behalf of the neighborhood  
14 preservation coalition of New York State and  
15 its membership, comprised of over 175 NPCs,  
16 LDCs and CHDOs.

17 The 144 NPCs in New York State play a  
18 vital role in revitalizing New York's  
19 neighborhoods and communities through the  
20 Neighborhood Preservation Program. Providing  
21 funding for these housing programs, such as  
22 the NPP and RPP, Main Street, Urban  
23 Initiatives, Homes for Working Families, the  
24 State Low-Income Housing Trust Fund, AHC,

1           RESTORE, Access to Home and others, are an  
2           effective and efficient economic investment  
3           in New York State.

4                       We request that all of these programs  
5           are fully funded at amounts higher than last  
6           year's appropriation by legislative add,  
7           especially in light of the bank settlements  
8           providing us a great opportunity to right the  
9           wrongs of those wrongly foreclosed upon in  
10          this state, and to help alleviate the  
11          affordable housing crisis in New York.

12                      We would like to thank the Governor  
13          for his continued support.

14                      The NPCs continue to provide services  
15          to achieve housing stability and improve our  
16          communities. The most economically efficient  
17          way to end homelessness is to prevent its  
18          occurrence. In this regard, NPCs served more  
19          than 10,702 people in housing counseling  
20          workshops, and more than 14,517 tenant  
21          evictions were prevented. Almost 5,000  
22          people attended the foreclosure workshops  
23          where homeowners were assisted with debt  
24          consolidation and credit and mortgage

1 counseling.

2           The NPCs also manage more than 5,000  
3 affordable housing buildings throughout the  
4 state. In doing so, the NPCs have achieved  
5 the following goals within their communities:  
6 the provision of physically decent and safe  
7 housing, building residents' wealth, social  
8 integration in the larger community, urban  
9 vitality, social engagement, institution  
10 building, and efficient use of public funds.  
11 NPCs are at the forefront of preserving  
12 affordable housing for New Yorkers.

13           The NPCs' activities also include  
14 rehabilitation and development projects.  
15 These successful capital projects mean much  
16 more than just improved homes. They preserve  
17 an existing housing stock, increase the  
18 available affordable housing stock, stabilize  
19 residential neighborhoods, remove and  
20 redevelop blighted and substandard  
21 properties, revitalize and strengthen  
22 neighborhoods, and create jobs.

23           Through new construction, more than  
24 2,252 state residents have become new

1 homeowners or renters of new apartments, and  
2 there are many new development projects in  
3 progress. The NPCs facilitated over 10,000  
4 home improvement and 1,500 substantial  
5 rehabilitation projects.

6           Rehabilitation and development  
7 projects create employment opportunities that  
8 offer a living wage for local residents and a  
9 new generation of homeowners to invest in  
10 local goods and services while increasing the  
11 tax revenue to municipalities. All of these  
12 improvements to the community, through  
13 revitalization, rehabilitation, and new  
14 construction of homes and commercial areas in  
15 neighborhoods throughout New York would not  
16 be possible without the work being done by  
17 the Neighborhood and Rural Preservation  
18 Companies.

19           I'd like to briefly focus on some of  
20 the great work the NPCs are doing across the  
21 state. In Buffalo, the Lieutenant Colonel  
22 Matt Urban Human Services Center of Western  
23 New York in East Buffalo has opened Hope  
24 Gardens in December 2014, a revolutionary



1           20-unit new construction project housing  
2           chronically homeless women.

3                   A chronically homeless person is  
4           defined by HUD as an unaccompanied adult with  
5           a long-term disability who has been homeless  
6           for one year or more or has experienced four  
7           episodes of homelessness in a three-year  
8           period. Chronically homeless women have  
9           unique needs different from chronically  
10          homeless men. While men may do well in a  
11          dormitory setting, women do very poorly in  
12          this setting and do not respond well to  
13          institutional controls.

14                   Many of these women have experienced  
15          physical and sexual abuse and suffer from  
16          PTSD and other mental illnesses. Instead, a  
17          homelike setting where they can have their  
18          own personal space is vital to the success of  
19          the program. Each of the 20 women who call  
20          Hope Gardens home has her own fully furnished  
21          studio apartment that features kitchenettes,  
22          showers, laundry facilities, and a courtyard  
23          garden to provide women with a  
24          comfortable place to recover from

1 homelessness.

2           The architect incorporated design  
3 features to assist with the recovery from  
4 homelessness, such as walled-in gardens that  
5 allow residents to safely sleep outside if  
6 they would like to, a common recovery  
7 mechanism of those who have experienced  
8 long-term homelessness. Other design  
9 features include communal spaces, like a  
10 library, lounge and community kitchen to  
11 encourage social interaction.

12           Supportive services for these  
13 residents include a series of interactive  
14 programs including art therapy, poetry  
15 classes, a women's kitchen, yoga, and music  
16 and aroma therapy. They also have a licensed  
17 social worker on-site trained in trauma  
18 counseling and mental illness to help treat  
19 patients in the space they choose.

20           In East Harlem, El Barrio Operation  
21 Fightback has been partnering with other  
22 organizations to combine resources and  
23 creatively overcome challenges in the  
24 production and preservation of affordable

1 housing in a neighborhood experiencing the  
2 pressures of gentrification. In a  
3 partnership with an organization known as  
4 ArtSpace Projects, El Barrio has undertaken  
5 an historic rehab project to convert an  
6 abandoned public school building located at  
7 215 East 99th Street into an arts facility.

8 P.S. 109 now contains 89 units of  
9 affordable live-work housing for artists and  
10 their families along with a 3,000-square-foot  
11 residents' gallery and 10,000 square feet of  
12 non-residential space for arts and cultural  
13 organizations on the ground floor and lower  
14 level.

15 Due to New York City's high-rent  
16 crisis and the shortage of affordable  
17 housing, this development helps remedy the  
18 challenge of providing affordable housing and  
19 workspace to artists in East Harlem. By  
20 supporting these artists, the building helps  
21 maintain East Harlem's rich cultural heritage  
22 and artistic excellence. ArtSpace has also  
23 reserved 50 percent of the units for current  
24 residents of the El Barrio neighborhood to

1 help the community retain its traditional and  
2 valuable Latino identity.

3 And finally, in Syracuse there are  
4 over 4,000 veterans living below the poverty  
5 line. The demand for healthy affordable  
6 housing for veterans in Central New York is  
7 very high. Housing Visions is currently  
8 addressing this demand by providing  
9 affordable sustainable housing for veterans.

10 VanKeuren Square opened in May,  
11 replacing a vacant and deteriorating building  
12 with high-quality affordable housing for  
13 homeless veterans. The majority of tenants  
14 were referred by the VA, which provides  
15 25 housing vouchers lasting 15 years. The  
16 building contains 44 one-bedroom apartments  
17 and six two-bedroom apartments.

18 Building amenities include training  
19 and educational rooms, a computer lab, a  
20 community room, exercise facilities, and a  
21 property management office. It is now home  
22 to more than 50 veterans with physical  
23 disabilities and those with hearing and  
24 vision impairments.

1                   The Syracuse VA also has two Veterans  
2                   Affairs caseworkers on-site for counseling  
3                   and support, and to provide on-site  
4                   supportive services to the tenants.

5                   The building is within walking  
6                   distance of area hospitals, colleges,  
7                   schools, commercial services, and employment  
8                   opportunities. The project fits in with  
9                   Housing Vision's goal of providing affordable  
10                  housing while revitalizing communities.

11                  In conclusion, while we recognize that  
12                  the New York economy is steadily improving,  
13                  there is still much work to be done. We hope  
14                  that the Legislature will once again take a  
15                  leading role to fund all of the capital  
16                  programs as well as fully fund the NPC and  
17                  RPC network of community-based groups that  
18                  are working to alleviate the state's housing  
19                  crisis and to revitalize New York, like the  
20                  groups I've previously mentioned.

21                  Thank you all for the opportunity to  
22                  present testimony on behalf of the  
23                  Neighborhood Preservation Companies.

24                  CHAIRMAN FARRELL: Thank you.

1 Questions?

2 SENATOR KRUEGER: Senator Cathy Young.

3 SENATOR YOUNG: Thank you,

4 Ms. Gilbert, and it's great to have you here

5 today. I know you're interim of the

6 organization, and so you're pitching today.

7 But I wanted to let you know that our office

8 likes to keep in touch with all the different

9 housing groups, and so don't hesitate -- in

10 fact, I would encourage you to drop by my

11 office so we can sit down and chat, you can

12 meet Teresa Rossi, our housing counsel, and

13 we can talk about, you know, your different

14 ideas, needs, concerns, that kind of thing.

15 Okay?

16 MS. GILBERT: Great.

17 SENATOR YOUNG: All right.

18 MS. GILBERT: I took this job a week

19 ago, so it's a little crazy.

20 SENATOR YOUNG: Right. Right. Well,

21 thank you again. So I look forward to

22 getting together, okay?

23 MS. GILBERT: Absolutely. Thank you

24 so much.

1 SENATOR YOUNG: Thank you.

2 SENATOR KRUEGER: Thank you.

3 CHAIRMAN FARRELL: Mr. Blake.

4 SENATOR KRUEGER: Don't go yet, you  
5 have another question.

6 CHAIRMAN FARRELL: Oh, I'm sorry.

7 MS. GILBERT: Oh, sorry.

8 CHAIRMAN FARRELL: Assemblyman Blake.

9 ASSEMBLYMAN BLAKE: Don't run from us,  
10 we can be helpful now.

11 MS. GILBERT: Sorry.

12 (Laughter.)

13 ASSEMBLYMAN BLAKE: Just wanted to get  
14 your perspective. There's obviously been  
15 proposals in the budget about expanding  
16 resources that go out to different  
17 nonprofits, CBOs, et cetera. Advantageous to  
18 your nonprofits, how do you plan on actually  
19 doing the outreach for more CBOs and  
20 nonprofits to become part of the process if  
21 this were to be approved within the budget?

22 MS. GILBERT: You know, there are a  
23 lot of groups that have actually approached  
24 the coalition over the past couple of years

1           expressing interest in becoming Neighborhood  
2           Preservation Companies. So it would be  
3           taking a look at the need in terms of what  
4           the economics of each neighborhood is like  
5           and having a conversation about it.

6                     But especially with Superstorm Sandy,  
7           we found that there are neighborhoods that  
8           aren't being -- that don't fall into  
9           catchment areas of other service areas, so  
10          other NPCs have stepped in to help people  
11          outside their areas.

12                    But there are other -- we would  
13          definitely have to have a conversation about  
14          how we're going to reach out and get the ball  
15          started on including more groups.

16                    CHAIRMAN FARRELL: Ms. Walker.

17                    ASSEMBLYWOMAN WALKER: Hello.

18                    MS. GILBERT: Hi.

19                    ASSEMBLYWOMAN WALKER: Let me just say  
20          that it is my maybe fourth week, so --

21                    MS. GILBERT: Oh, so you're new like  
22          me.

23                    (Laughter.)

24                    ASSEMBLYWOMAN WALKER: So we're



1 together at least on that and really trying  
2 to do what we can do to keep hope alive, I  
3 guess.

4 So I'd like to know perhaps a little  
5 bit more of a breakdown regarding the  
6 services your organization provides. I know  
7 it's a coalition, but I was looking through  
8 and I see a very wide net of services. And  
9 so I'm very concerned about eviction  
10 prevention, which is something that's very  
11 rampant, eviction, in my community. And also  
12 a little bit about the foreclosure prevention  
13 that I've heard you mention.

14 So if you can help me with a breakdown  
15 as it relates to the neighborhoods or areas  
16 or organizations. So just a little bit more  
17 of what who -- what comprises your coalition.

18 MS. GILBERT: Okay. So the coalition  
19 itself, we mostly provide technical  
20 assistance to the 144 NPCs around the state.  
21 So these are neighborhoods -- the groups have  
22 neighborhood areas that they provide  
23 different services to. Each group is a  
24 little bit different than other ones. Some

1 focus on property rehab; others tend to focus  
2 on tenant advocacy. So it's a little bit of  
3 a hodgepodge of a lot of different activities  
4 going on.

5 So mostly what we do is try to get  
6 everybody on the same page. And obviously we  
7 do the advocacy side of things. But -- I'm  
8 trying to think. So it depends on the  
9 neighborhood and it depends on the group.  
10 However, some of the service areas do overlap  
11 with others, and we do have, in a lot of  
12 urban areas, where the groups' service areas  
13 sit right on top of or right next to each  
14 other. So usually if one can't provide some  
15 kind of service, they usually know another  
16 group that could step in and possibly serve  
17 those people.

18 Does that answer your question?

19 ASSEMBLYWOMAN WALKER: I think we can  
20 talk a little bit further offline.

21 MS. GILBERT: Yeah, absolutely.

22 ASSEMBLYWOMAN WALKER: Thank you.

23 CHAIRMAN FARRELL: Thank you.

24 MS. GILBERT: Anything else? Okay.

1                   CHAIRMAN FARRELL: Have a good  
2                   afternoon.

3                   MS. GILBERT: Thank you. You too.

4                   CHAIRMAN FARRELL: Judi Kende, vice  
5                   president, Enterprise Community Partners.

6                   MS. KENDE: Good afternoon. Thank you  
7                   for the opportunity to testify on the housing  
8                   programs included in the 2015-2016 Executive  
9                   Budget.

10                  My name is Judi Kende, and I am vice  
11                  president and New York market leader for  
12                  Enterprise Community Partners. At Enterprise  
13                  we work to bring opportunity to low- and  
14                  moderate-income people through safe, quality  
15                  affordable housing in diverse, thriving  
16                  communities.

17                  Since our New York office opened in  
18                  1987, we have created or preserved more than  
19                  49,000 units of affordable homes for 114,000  
20                  residents and committed nearly \$3 billion in  
21                  equity, grants, and loans to community  
22                  development projects in New York State.

23                  Despite the sizeable investment by  
24                  Enterprise and our partners, New York is in

1           the midst of a full-blown housing insecurity  
2           crisis. In New York State, there are more  
3           than 80,000 homeless individuals and  
4           families. Hundreds of thousands more are one  
5           unexpected event away from losing their homes  
6           because they pay more than half of their  
7           income on housing.

8                     The costs of housing insecurity are  
9           staggering. Homelessness costs the state and  
10          local governments billions of dollars in  
11          temporary shelter, emergency room visits, and  
12          other social services. The typical family in  
13          a New York City shelter stays for more than a  
14          year, at a cost to taxpayers of about \$40,000  
15          per year. That doesn't account for the  
16          indirect costs of letting a child grow up in  
17          a shelter -- from poor health outcomes, to  
18          demands for additional educational services,  
19          to an increased chance of ending up in foster  
20          care.

21                    The solution to housing insecurity is  
22          affordable housing, and we know that that is  
23          a smart investment. Affordable housing  
24          brings jobs and other forms of investment to

1 neighborhoods. For every 100 units of  
2 affordable housing financed through the  
3 low-income housing tax credit program, there  
4 are approximately 122 local jobs created in  
5 the first year, and 30 jobs annually. These  
6 units also bring \$7.9 million in local income  
7 in the first year and \$2.4 million annually,  
8 and they generate \$441,000 in local tax  
9 revenue annually.

10 It is for these reasons, the growing  
11 housing insecurity crisis and the multiplier  
12 benefits of affordable housing, that I urge  
13 you to continue investing in affordable  
14 housing. We join with many advocates today  
15 to call for increased funding for the  
16 New York/New York IV supportive housing  
17 agreement and the State Low-Income Housing  
18 Credit program, known as SLIHC.

19 The Executive Budget includes  
20 \$66 million to create a New York/New York IV  
21 supportive housing agreement. Supportive  
22 housing, which combines affordable housing  
23 with services for households with the highest  
24 barriers to housing, like mental illness and

1           addiction, has been shown to save taxpayers  
2           over \$10,000 per unit per year.

3                       We are pleased to see a proposed new  
4           agreement between the state and localities to  
5           produce permanent housing and services  
6           through the creation of New York/New York IV.  
7           However, the proposed 5,000 units statewide  
8           over five years is much too small to meet the  
9           need. In New York City alone, there are  
10          nearly 60,000 people sleeping in homeless  
11          shelters each night. Currently, only one in  
12          six qualified applicants for supportive  
13          housing finds a home. The proposed production  
14          level represents a decrease of one-third over  
15          the number of units produced under the  
16          New York/New York III agreement.

17                      Enterprise is joined by hundreds of  
18          affordable housing, supportive housing, and  
19          homelessness advocates calling for the  
20          creation of 30,000 supportive housing units  
21          for New York City over the next 10 years,  
22          15,000 of which should be new construction  
23          units.

24                      Just as important as the capital

1           needed to construct these units is the  
2           ongoing service and operating support  
3           necessary to keep residents stably and safely  
4           housed. The current proposal cuts the  
5           support from the state on operating and  
6           services significantly. We ask that this be  
7           rectified to ensure units needed for  
8           supportive housing stay supportive.

9                         New York State's low-income housing  
10           credit is an invaluable tool in creating  
11           affordable housing and leveraging private  
12           dollars from public investment. We support  
13           the proposed increase in funding for SLIHC in  
14           the Executive Budget to \$16 million for  
15           2015-2016, and are asking for an additional  
16           allocation of \$150 million over the next five  
17           years.

18                        In addition to more funds, we need  
19           this program to be long-term, allowing deals  
20           time to come to fruition while the funding  
21           source is secured.

22                        SLIHC is currently oversubscribed  
23           four-to-one, and is a flexible financing  
24           tool. Affordable housing units financed

1 through SLIHC can house families with incomes  
2 up to 90 percent area median income. What  
3 this means in practical terms is that SLIHC  
4 allows us to do two things that are  
5 incredibly important. First, reaching  
6 slightly higher incomes than traditional  
7 affordable housing creates housing for  
8 middle-class families. Second, the slightly  
9 higher rents from these units cross-subsidize  
10 other units, allowing us to provide more  
11 housing for extremely low-income households.  
12 Both types of housing are desperately needed  
13 in New York State.

14 Thank you for the opportunity to  
15 testify today.

16 SENATOR KRUEGER: Senator Jesse  
17 Hamilton.

18 SENATOR HAMILTON: Good afternoon.  
19 Thank you for coming today.

20 MS. KENDE: Thank you.

21 SENATOR HAMILTON: And thank you for  
22 your organization, Enterprise.

23 I just have a quick question. You're  
24 asking for \$150 million over a five-year



1 period?

2 MS. KENDE: Yes.

3 SENATOR HAMILTON: And one think I'm  
4 advocating is affordable ownership rather  
5 than affordable housing. In the long-term,  
6 with market values of housing going up,  
7 generational wealth transfer, transferring to  
8 the next generation, rather than renting for  
9 40 years and then at the end of that you have  
10 nothing to show for it.

11 Do you have a component for affordable  
12 ownership in housing?

13 MS. KENDE: For Enterprise or for our  
14 proposal today?

15 SENATOR HAMILTON: For anything in  
16 particular. I mean, do you foresee in your  
17 organization a component for having  
18 affordable ownership housing?

19 MS. KENDE: We certainly have invested  
20 in projects that have an ownership component,  
21 yes.

22 SENATOR HAMILTON: Okay. You're  
23 Ms. Judi Kende?

24 MS. KENDE: Kende, yeah.

1                   SENATOR HAMILTON: Okay, thank you,  
2                   Ms. Kende.

3                   MS. KENDE: Thank you.

4                   SENATOR KRUEGER: Hi, Judi.

5                   MS. KENDE: Hi.

6                   SENATOR KRUEGER: So the state budget  
7                   increases the funds for the State Low-Income  
8                   Housing Credit program by \$16 million. What  
9                   was it in previous years?

10                  MS. KENDE: I don't have that number  
11                  exactly here, so --

12                  SENATOR KRUEGER: Okay. But we don't  
13                  know -- I was looking through the testimony  
14                  of HCR, and I think they're all gone, so I  
15                  can't ask them. I didn't see a lined-out  
16                  amount. Maybe somebody else who knows can  
17                  text me or something.

18                  But you're asking for \$150 million  
19                  more over five years, we'll assume some even  
20                  distribution. Do you know how big a growth  
21                  that would be in the funds available for  
22                  these kinds of programs?

23                  MS. KENDE: Right now the program is  
24                  four times oversubscribed. And so it still

1 doesn't fully meet that need, but it's a  
2 reasonable increase to try to get us to where  
3 we need to be in terms of having the impact.

4           SENATOR KRUEGER: And it's a tricky  
5 question because obviously there are  
6 different costs for housing in different  
7 parts of the state and different-sized units.  
8 But is there an average cost per unit of the  
9 kind of units that are brought online because  
10 of the State Low-Income Housing Credit  
11 program?

12           MS. KENDE: Do you mean for the area  
13 median -- what area median income, or the  
14 actual --

15           SENATOR KRUEGER: No. You're up to  
16 90 percent AMI, right, you're eligible?

17           MS. KENDE: Yeah.

18           SENATOR KRUEGER: Well, what is the  
19 cost of a unit to be built in this program,  
20 an estimate?

21           MS. KENDE: I can get back to you on  
22 it. I think it can -- it varies, but I don't  
23 know the average cost across the state.

24           SENATOR KRUEGER: Okay, if you could.

1           Because I think we all are struggling with  
2           also understanding is the state really  
3           putting money in, or are we moving deck  
4           chairs on the Titanic? And what is the bang  
5           for the buck, so to speak, in different  
6           housing programs for creating new units?

7                     I think Senator Hamilton's question  
8           reflected, you know, are some programs  
9           available for homeownership, and at what  
10          cost? Are these programs clearly inadequate  
11          for the kind of rental housing that I believe  
12          has had a -- I think the value added when you  
13          put the state money in is fairly enormous  
14          about generating new jobs, generating ongoing  
15          revenue, and you reference some of that in  
16          your testimony.

17                    But trying to understand, you know, if  
18          there were \$150 million more available over  
19          five years, how many additional units  
20          throughout the State of New York do we  
21          believe could be brought online in some  
22          reasonable time period.

23                    MS. KENDE: Absolutely. I'll get back  
24          to you.

1                   And kind of from a philosophical  
2                   component, I think it's a really valuable  
3                   tool because the federal tax credit really  
4                   only allows you to get to that 60 percent  
5                   AMI. And so it's a unique -- and people  
6                   don't just sort of land at that exact number.  
7                   And so it's a very unique tool, and New York  
8                   State is really I think cutting-edge in terms  
9                   of having something that allows this  
10                  income-blending and allows you to hit both  
11                  the extremely low-income folks as well as the  
12                  working class.

13                  SENATOR KRUEGER: And I appreciate  
14                  that. That's why I said it was a trick  
15                  question.

16                  And again, also I think you know and I  
17                  know, but many everybody who's listening  
18                  doesn't know, usually when somebody's  
19                  attempting to do any kind of affordable  
20                  housing, it's not one funding stream that is  
21                  used to pay for the entire cost.

22                  So it's even an unfair question to ask  
23                  how many new units do we get if we have  
24                  \$150 million, because nobody would use

1 exclusively the SLIHC funding for a unit, it  
2 would be leveraging all kinds of other  
3 funding.

4 MS. KENDE: That's a great point. It  
5 is often coupled with multiple other sources,  
6 including low-income housing tax credits.

7 SENATOR KRUEGER: You get the gist of  
8 the questions I'm looking for more  
9 information on.

10 MS. KENDE: Yeah. Yeah. And we can  
11 definitely get back to you with that  
12 information. It's a great question.

13 SENATOR KRUEGER: Thank you.

14 MS. KENDE: Thank you.

15 CHAIRMAN FARRELL: Thank you.

16 Jolie Milstein, president and CEO,  
17 New York State Association for Affordable  
18 Housing.

19 MS. MILSTEIN: Good afternoon. Thank  
20 you for the opportunity to participate in  
21 today's hearing related to the Executive  
22 Budget.

23 My name is Jolie Milstein. I am the  
24 president and CEO for New York State's

1 Association for Affordable Housing, NYSAFAH.  
2 We are the trade association for the  
3 industry, and it's statewide. Our 350  
4 members include not-for-profit, for-profit  
5 developers, lenders, investors, attorneys,  
6 architects and others active in financing,  
7 construction and operation of affordable  
8 housing. Together NYSAFAH members are  
9 responsible for most of the housing built in  
10 New York State with federal, state or local  
11 subsidies.

12 You've heard the stark situation for  
13 affordable housing. Officially, New York  
14 State has a vacancy rate of approximately  
15 4.6 percent for rental housing and  
16 1.9 percent for owner-occupied housing, both  
17 of which are well below the 5 percent  
18 threshold for which a municipality may  
19 declare a housing emergency.

20 You've heard from my colleagues the  
21 rent burden, and I can support that, in  
22 addition to saying of the 3 million  
23 households that exceed the affordability  
24 threshold and are paying more than 30 percent

1 of their household income for housing costs,  
2 more than half of those are paying more than  
3 50 percent. We are truly in a crisis here in  
4 New York State, and that crisis is growing.

5 The 2015-2016 state budget provides a  
6 unique opportunity, a once-in-a-generation  
7 opportunity to address the growing need and  
8 demand for affordable housing through a  
9 significant, one-time appropriation of funds,  
10 available in part from the recent bank  
11 monetary settlement with the state, estimated  
12 at more than \$5 billion.

13 It is important to note that the  
14 overwhelming balance of those funds resulted  
15 from enforcement of bad acts associated with  
16 mortgage foreclosures. And we believe that a  
17 substantial portion of those settlements  
18 should be invested in affordable housing  
19 programs, where there is a clear nexus with  
20 those harmed by the bad acts and the  
21 beneficiaries of the appropriation.

22 We applaud Governor Andrew Cuomo's  
23 proposed housing budget, especially his  
24 commitment to use a portion of the settlement



1 funds for affordable housing programs which  
2 have and will create thousands of new,  
3 critically needed affordable housing units as  
4 well as promote economic development in  
5 New York State.

6 We are especially supportive of the  
7 Governor's proposed \$50 million for low- and  
8 moderate-income housing construction and  
9 rehabilitation, and believe his proposed  
10 appropriation is an important commitment. We  
11 would like to see this new mixed-income  
12 housing program encourage buildings to serve  
13 families with a range of incomes,  
14 contributing to the financial health of  
15 buildings over time as higher rents for  
16 moderate- and middle-income units help  
17 cross-subsidize rents for very low-income  
18 households.

19 Because existing housing incentives  
20 are so restrictive, there is a significant  
21 need for rentals at lower and higher area  
22 median incomes, and the new program should  
23 serve hard-to-reach moderate, middle, and  
24 very low-income households.

1                   Mixed-income housing can also be a  
2                   powerful driver of revitalization and  
3                   economic diversity within neighborhoods, and  
4                   our members build these projects across the  
5                   state. Whether it's in Rochester or Harlem,  
6                   we see our members building projects that  
7                   reach difficult AMI bands, down to 15 percent  
8                   and up to 195 percent, something we need to  
9                   do more of in this state.

10                   We believe there is unprecedented  
11                   demand for low- and moderate-income housing,  
12                   and this demand requires a greater level of  
13                   funding. We have consistently advocated for  
14                   a \$500 million program, and we urge the  
15                   Legislature to work with the Governor to  
16                   achieve this level of funding in the  
17                   2015-2016 state budget.

18                   NYSFAFH commends the Governor for the  
19                   \$183 million appropriation for settlement  
20                   monies to fund 5,000 new supportive housing  
21                   units across the state through a New York/  
22                   New York IV program. These funds are an  
23                   important first step to meeting the housing  
24                   needs of New York's most vulnerable residents

1 as the New York/New York III development  
2 pipeline comes to an end.

3 Today there are over 60,000 people in  
4 homeless shelters in New York City and an  
5 additional 20,000 individuals in shelters  
6 across the rest of the state. In order to  
7 address the growing need for supportive  
8 housing, NYSAFAH supports an expansion of the  
9 New York/New York IV commitments to  
10 30,000 units of supportive housing, including  
11 15,000 units of new construction, over the  
12 next 10 years.

13 NYSAFAH supports the proposed funding  
14 for several key existing housing programs,  
15 including the Homes for Working Families  
16 program, the Rural and Urban Communities  
17 Investment Fund, and the Low-Income Housing  
18 Trust Fund. The Governor would fund these  
19 and many programs through Mortgage Insurance  
20 Fund reserves. Given the availability of the  
21 mortgage foreclosure settlement funds, we  
22 would urge the following programs be  
23 supplemented on a one-time basis.

24 The Governor has proposed \$8.5 million

1 for the Homes for Working Families program,  
2 which both provides gap financing through  
3 low-income loans for new construction or  
4 rehabilitation of affordable housing. It is  
5 designed to leverage resources by supporting  
6 projects financed through tax-exempt bonds  
7 and four percent low-income housing tax  
8 credits. NYSFAFH urges the appropriation be  
9 supplemented by \$35.5 million.

10 The Urban and Rural Community  
11 Investment Fund, a program championed by  
12 NYSFAFH two years ago, would enhance support  
13 for mixed-use development in urban areas and  
14 rural affordable housing projects built to  
15 the scale of smaller communities. A  
16 \$17 million appropriation is proposed, and we  
17 urge the appropriation be supplemented by an  
18 additional \$3 million.

19 NYSFAFH further urges amending the cap  
20 for the SLIHC, State Low-Income Housing Tax  
21 Credit, which is currently oversubscribed  
22 four-to-one, to enable HCR to offer an  
23 additional \$150 million in tax credits over  
24 five years.

1           Each of us know and appreciate the  
2           importance of affordable housing in terms of  
3           providing safe and stable affordable housing  
4           to New Yorkers. Beyond this most fundamental  
5           of needs, however, affordable housing is also  
6           a significant economic driver and leverages  
7           private dollars massively to accomplish these  
8           goals.

9           Accepting and enhancing the Governor's  
10          commitment to funding the housing programs  
11          would represent a landmark achievement in the  
12          state's goal of building and preserving  
13          affordable housing for our neediest citizens.  
14          It is also an investment that will create  
15          jobs and provide an economic rate of return  
16          that further benefits our local communities.

17          Thank you for the opportunity to  
18          testify today and for your consideration of  
19          NYSFAFH's comments and 2015 priorities, and  
20          we welcome any questions or comments you may  
21          have.

22                   CHAIRMAN FARRELL: Thank you.

23                   Questions? Assemblyman Weprin.

24                   ASSEMBLYMAN WEPRIN: Ms. Milstein, I

1 think you were here for the Enterprise  
2 testimony right before you.

3 MS. MILSTEIN: Yes.

4 ASSEMBLYMAN WEPRIN: And they made  
5 reference to the same request for an  
6 additional \$150 million in tax credits over  
7 five years.

8 MS. MILSTEIN: Yes.

9 ASSEMBLYMAN WEPRIN: Are they part of  
10 your association, and was there a joint --

11 MS. MILSTEIN: We collaborated, and  
12 you'll hear this reiterated and echoed in  
13 several of my following colleague's  
14 testimonies.

15 ASSEMBLYMAN WEPRIN: Okay. I think  
16 Senator Krueger started this line of  
17 questioning, but I'm just curious where that  
18 number comes from over a five-year period, as  
19 opposed to an annual increase or increase on  
20 need. You know, it seems to be a figure  
21 taken -- is there some basis in reaching that  
22 \$150 million over five years?

23 MS. MILSTEIN: Yes.

24 ASSEMBLYMAN WEPRIN: And not, oh,

1 three years, over 10 years? How much per  
2 year?

3 MS. MILSTEIN: Last year I believe it  
4 was \$8 million, was the expenditure on  
5 this -- was the increase. We heard that --  
6 we understand the oversubscription to be four  
7 times the current funding level in last  
8 year's budget, and this year's allocation to  
9 be spent is \$16 million. So we felt that by  
10 increasing the annual SLIHC expenditure to  
11 \$30 million over five years, that  
12 \$150 million over five years would really  
13 anchor this program and make a really  
14 significant contribution and make a change in  
15 the need at those income bands.

16 This is a tool that doesn't exist  
17 across any other funding platform and is  
18 unique, I think, in the United States in its  
19 ability to address a cross-section of income  
20 levels within a single project, and is  
21 extremely valuable.

22 ASSEMBLYMAN WEPRIN: Yeah, but why  
23 over five years?

24 MS. MILSTEIN: I can't -- why did we

1           come up with five years?

2                   MR. WALSH: Hi, I'm Jim Walsh. I'm  
3           with Mannatt, Phelps and Phillips, and we  
4           assist NYSFAFH on their government advocacy.

5                   A hundred and fifty million over five  
6           years, frankly, was just a recognition that  
7           it's a large sum of money to try and  
8           appropriate in Year 1, certainly -- and it's  
9           a revenue adjustment. It's not really an  
10          appropriation, as you probably know. Our  
11          thought was certainly it could be built into  
12          the financial plan over five years. But  
13          recognizing all that money won't be spent in  
14          Year 1, and that's why it has to be allocated  
15          over a multiyear period.

16                   ASSEMBLYMAN WEPRIN: Okay. Thank you,  
17          Mr. Chairman.

18                   CHAIRMAN FARRELL: Thank you.

19                   Any questions on this side? To close,  
20          Ms. Walker.

21                   SENATOR YOUNG: I'm sorry.

22                   CHAIRMAN FARRELL: Oh, no, I'm sorry.

23                   CHAIRMAN DeFRANCISCO: Senator Young.

24                   SENATOR YOUNG: I won't hold it



1           against you, Chairman Farrell.

2                     Thank you so much for being here.  And  
3           I commend you for all of the great work that  
4           you do and especially your advocacy for the  
5           Rural and Urban Community Investment Fund.  
6           That was a great victory.  And it's great to  
7           see that the projects now are starting to  
8           come together and starting to be produced.

9                     I really like your proposals, and one  
10          that stands out to me is amending the cap for  
11          the State Low-Income Housing Tax Credit.  And  
12          as you know, I have a bill also that would  
13          provide for a refundable tax credit.

14                    Could you give your thoughts on how  
15          that would benefit more affordable housing to  
16          produce more affordable housing?

17                    MS. MILSTEIN:  No, I don't have any  
18          specific examples at the moment where I can  
19          illustrate the benefit of this, but I'm happy  
20          to get back to you with some specific  
21          examples of how effective this is.

22                    SENATOR YOUNG:  Right.  Well, I think  
23          the more that we can maximize these tax  
24          credits, the more projects we can see occur,

1 so I just wanted to bring that up.

2 But congratulations again on all that  
3 you do, and I think we'll have another very  
4 productive year. There's several things in  
5 the budget, as you pointed out, that are very  
6 beneficial. So thank you.

7 MS. MILSTEIN: Thank you.

8 CHAIRMAN FARRELL: Thank you.

9 Ms. Walker.

10 ASSEMBLYWOMAN WALKER: Thank you  
11 again, Mr. Chairman.

12 I guess this is more of a concern than  
13 a question. But I'm very familiar with your  
14 organization and the great work that it does  
15 in terms of providing housing and in many  
16 low-income communities.

17 But one of the concerns that many of  
18 my constituents have is -- from your  
19 testimony, you used statements like housing  
20 emergency, housing crisis, people living in  
21 units where rents are above affordability,  
22 they're paying 50 percent or more of their  
23 income for housing. And we utilize these  
24 numbers to say we need more affordable

1 housing. And then once they get built, and  
2 many of your subsidiaries receive the  
3 projects, then it becomes "Oh, you have bad  
4 credit, you can't move in here," "Oh, you've  
5 been arrested, you can't move in here," "Oh,  
6 you've had previous eviction cases against  
7 you in housing court, you can't move in  
8 here."

9 Many of them don't hire locally as it  
10 relates to the creation of the housing and  
11 then as it relates to some maintenance and,  
12 you know, different things moving forward.  
13 There's a lack of community participation,  
14 like most of the times we have to like beg  
15 them and shake them to say at least talk to  
16 the community boards or talk to some of the  
17 community groups.

18 So a huge concern that I have is is  
19 always -- you want to do the right thing  
20 because you know that affordability is a  
21 serious issue, but when it comes to  
22 practicality, it's like we still find  
23 ourselves having to battle with these  
24 organizations, although they're using a

1 particular population in order to get the  
2 appropriations that they seek.

3 So it's weird to me how I can say on  
4 the one hand, you know, these communities  
5 need help because of these particular  
6 reasons, and then use those reasons against  
7 the community for pushing them out of access  
8 to the apartments.

9 MS. MILSTEIN: NYSFAFH members have a  
10 very strong commitment to not just build  
11 housing but build communities. And as  
12 Senator Young mentioned, we were instrumental  
13 in putting in place funding for specifically  
14 that, to build housing that builds  
15 communities by addressing needs in smaller,  
16 outside-of-New-York-City rural and urban  
17 areas that hadn't had any resources for  
18 building communities that addressed  
19 affordability, especially, and integrated  
20 services like clinics and supermarkets in  
21 those housing facilities.

22 NYSFAFH has a very strong commitment  
23 to hire locally and to respect communities  
24 when we come in and build projects. And we

1           have a project called Building Skills  
2           New York that actually works with communities  
3           to get into those places and hire locally,  
4           not only to build the buildings and work on  
5           the construction site but also to be hired as  
6           porters and ongoing.

7                     All of our developers are very  
8           sensitive to hiring practices from within a  
9           community. And to the extent that we can be  
10          there and create jobs on-site, not only  
11          during construction but long-term, that is  
12          one of our platforms and a commitment of all  
13          of our members.

14                    ASSEMBLYWOMAN WALKER: So I'll just  
15          say that, you know, I look forward to a  
16          continued dialogue with you on many of the  
17          organizations and affiliates who may not --  
18          who may have that as an aspiration but in  
19          practice we could, you know, work together to  
20          make sure that that particular dream gets  
21          realized.

22                    So thank you for your time.

23                    MS. MILSTEIN: I look forward to  
24          working with you in the future. And welcome.

1                   CHAIRMAN FARRELL: Thank you.

2                   Senator? No?

3                   We have Mr. Blake, Assemblyman Blake.

4                   ASSEMBLYMAN BLAKE: Good afternoon.

5                   Two very quick things: First, just  
6                   wanting to get more specifics in terms of  
7                   your proportion of mixed-income housing.  
8                   Agreed that a lot of times it doesn't happen  
9                   the way it needs to because of inadequate  
10                  resources.

11                  Do you have specific ideas or  
12                  proposals that need to be implemented that  
13                  actually have this take off in the same way  
14                  that Erie Harbor Development and others  
15                  succeeded, trying to figure out how to take  
16                  that to scale in other places?

17                  And then, second, we haven't talked  
18                  about this much today, just getting your  
19                  recent perspectives around Section 3 with  
20                  HUD. A lot of times there's obviously  
21                  opportunity that should be happening, not  
22                  just in the affordable housing component but  
23                  also the job-hiring component, and just  
24                  getting your perspective on how to be better

1           about that for us, for enforcement, and also  
2           in the application of it.

3                   MS. MILSTEIN: I have no experience  
4           with Section 3. Do you have any?

5                   I can't speak to Section 3. I can get  
6           back to you. I'm sure a number of our  
7           members will have comments on that, but my --  
8           that's outside my particular experience.

9                   And -- I'm sorry, your first question  
10          was?

11                   ASSEMBLYMAN BLAKE: Getting more  
12          specifics in terms of how you would propose  
13          us going about trying to implement the  
14          mixed-income housing vision that was alluded  
15          to in a more scaleable manner.

16                   MS. MILSTEIN: Yes. Yes. In fact,  
17          we've spent a lot of time working with the  
18          agencies and trying to model different income  
19          bands and the revenue streams. It's  
20          complicated but incredibly important work,  
21          and it's very different modeling depending  
22          upon rents and where in the state you're  
23          putting this project together.

24                   But all of our developers have formed

1 a task force to try and help model those  
2 programs so we can leverage the funds as much  
3 as possible with private investment and other  
4 sources to make sure those multi-income-band  
5 projects serve a diverse group of residents  
6 in each community.

7 And again, each community across the  
8 state has a different set of opportunities  
9 and challenges, so we are actively working  
10 with the state agency to try and provide the  
11 private-sector input to how best to craft  
12 that program.

13 ASSEMBLYMAN BLAKE: I would welcome  
14 the opportunity to see what practices you all  
15 are thinking about, linked to the Bronx  
16 especially. So I'd welcome that follow-up  
17 after this.

18 MS. MILSTEIN: It presents a great  
19 opportunity, and I look forward to working  
20 with all of you on that.

21 ASSEMBLYMAN BLAKE: Thank you.

22 CHAIRMAN DeFRANCISCO: Senator  
23 Krueger.

24 SENATOR KRUEGER: Hi. Thank you.



1 Assemblymember Blake's questions triggered  
2 one question by me.

3 So NYSAFAH serves large numbers of  
4 low-income people through your programs.  
5 There's a specific problem we are seeing in  
6 New York City of something called tenant  
7 blacklisting -- that if you've been living  
8 somewhere and there's any Housing Court case  
9 that may have been you against your landlord  
10 or they against you, they go -- their names  
11 go on lists and many people in real estate  
12 will no longer rent to them.

13 Do you ensure that your members don't  
14 follow that practice, of not allowing people  
15 who show up on tenant blacklists?

16 MS. MILSTEIN: I have no knowledge of  
17 this problem, but I will take this back to  
18 our membership and get back to you on our  
19 endorsed policy to that.

20 SENATOR KRUEGER: I'd appreciate it.  
21 Because basically the lists are sold, it  
22 doesn't say what the reason was or what the  
23 issue was, it's simply you're on a list, and  
24 so people won't let you be an applicant for

1 the housing.

2 And it's -- yes, we've got  
3 mind-boggling numbers of people applying for  
4 every possible unit, and I appreciate your  
5 highlighting in your testimony the very  
6 disturbing recent experience of 1.5 million  
7 applications for 2500 subsidized apartments,  
8 which is --

9 MS. MILSTEIN: It's frightening.

10 SENATOR KRUEGER: -- it's beyond  
11 comprehension.

12 MS. MILSTEIN: It's not  
13 comprehensible.

14 SENATOR KRUEGER: But I would also  
15 hate to imagine that people desperate for  
16 housing who would be very good tenants don't  
17 even get the opportunity to get considered  
18 because this sort of insidious system has  
19 been exploding, at least in New York City.  
20 So I'd appreciate you getting back to me.

21 MS. MILSTEIN: I'll look into it.  
22 Thank you for your concern.

23 SENATOR KRUEGER: Thank you.

24 CHAIRMAN FARRELL: Thank you very

1 much.

2 To close, Assemblyman Keith Wright,  
3 Chairman Keith Wright.

4 ASSEMBLYMAN WRIGHT: Thank you so  
5 much, Mr. Chairman.

6 Thank you so much, Ms. Milstein. Good  
7 to see you again. Mr. Walsh, good to see you  
8 as well.

9 NYSFAFH is very much a needed  
10 organization. And you and I, we have gone  
11 back and forth many times; you've testified,  
12 we've had meetings. And as Senator Krueger  
13 said, I mean, in New York City in particular  
14 we have such a dire, dire housing emergency.

15 The one thing, if you had one thing on  
16 your Christmas list, if you have one thing,  
17 one thing to wish for to help alleviate this  
18 crisis, what would it be out of this state  
19 budget?

20 MS. MILSTEIN: I think I would have to  
21 say the \$500 million for the mixed-income.  
22 Because I think there is nothing now that  
23 allows us, as you well know -- in a  
24 neighborhood where the area median income is

1 not at a place that allows most of those  
2 residents in a neighborhood to afford  
3 market-rate housing, the gap is huge. And we  
4 need to be able to find subsidies that can  
5 build rental properties that address higher  
6 than a 60 or even a 90 percent of AMI.

7 Market rate is 250 percent of AMI in  
8 many parts of New York City, I think, and we  
9 need more tools to accommodate both those  
10 very lowest ends and the people who are our  
11 teachers and our fireman and the people who  
12 take care of us in the city and have  
13 good-paying jobs but still are priced out of  
14 living in New York City. And it's very tough  
15 with the current programs to address those  
16 housing needs.

17 And I think that with this mortgage  
18 settlement money, we have a real opportunity  
19 to set a precedent and craft something that  
20 will do -- uniquely address some of these  
21 housing problems.

22 ASSEMBLYMAN WRIGHT: I'm sure we'll be  
23 talking more at a later point, but -- thank  
24 you so much.

1 MS. MILSTEIN: Thank you.

2 CHAIRMAN DeFRANCISCO: Senator  
3 Hamilton.

4 ASSEMBLYMAN WRIGHT: I thought I was  
5 to close? I don't like being followed.

6 SENATOR HAMILTON: Sorry about that,  
7 Keith.

8 I just have a quick question. You  
9 mentioned that to build affordable housing is  
10 250 percent of the AMI?

11 MS. MILSTEIN: I'm sorry, I don't --  
12 no, what I'm saying is that a market-rent  
13 apartment in Manhattan, as you know in the  
14 Upper East Side, if it takes -- if you're  
15 earning \$100,000 a year and that's the AMI,  
16 that's the average AMI, to pay 30 percent of  
17 your income towards rental means that you'll  
18 pay \$30,000 a year for a family of four.  
19 That won't even get you a studio apartment in  
20 Senator Krueger's neighborhood. It would  
21 probably be four times that amount to be able  
22 to rent a studio on the Upper East Side.

23 So you can see how big the gap is  
24 between the area median income and 30 percent

1 of that, which we consider a reasonable rent,  
2 versus the housing stock and the escalating  
3 prices for rent in New York City. Certainly  
4 195 percent of AMI would begin to address,  
5 you know, some of the household incomes'  
6 affordability range.

7 SENATOR HAMILTON: So what's the price  
8 per square foot to build affordable? For  
9 instance, say in Brooklyn.

10 MS. MILSTEIN: In New York City or  
11 across the state? I would say in New York  
12 City, a non-prevailing wage project is  
13 probably between \$225 and \$250 a square foot  
14 construction cost.

15 SENATOR HAMILTON: Right. No land  
16 acquisition, just construction.

17 MS. MILSTEIN: Not land. That doesn't  
18 include all the soft costs and predevelopment  
19 and everything else. That's really just to  
20 build the building.

21 And those numbers, because of the  
22 building boom, are going up monthly because  
23 of just the lack of people available to build  
24 the buildings in New York City. You have a

1 housing boom -- we have a construction boom.

2 And so numbers continue to rise.

3 SENATOR HAMILTON: Thank you.

4 CHAIRMAN FARRELL: Thank you.

5 MS. MILSTEIN: Thank you.

6 CHAIRMAN FARRELL: Nicole Branca,

7 deputy executive director of Supportive

8 Housing Network of New York.

9 MS. BRANCA: Good afternoon. My name  
10 is Nicole Branca. I'm the deputy executive  
11 director for the Supportive Housing Network  
12 of New York.

13 The network is a statewide membership  
14 organization representing the nonprofit  
15 developers and social service providers that  
16 provide 48,000 units of supportive housing  
17 for people across New York State.

18 Supportive housing is permanent,  
19 affordable rental housing tied to social  
20 services, and it's the most cost-effective  
21 and humane way to provide a safe, stable home  
22 for homeless individuals and families living  
23 with disabilities and other barriers to  
24 finding and maintaining housing on their own.

1           The people who come to live in  
2           supportive housing, when left homeless, cycle  
3           in and out of much more expensive emergency  
4           care like shelters, hospitals, prisons and  
5           psychiatric centers. I know this came up  
6           earlier, but we can't underscore this topic  
7           enough. It costs up to \$1,000 a day to leave  
8           somebody in a psychiatric hospital,  
9           twenty times the amount it costs to put  
10          somebody in their own in supportive housing.

11           We've had dozens of studies across the  
12          country that have shown the cost savings of  
13          supportive housing, including one most  
14          recently in New York City which showed that  
15          per tenant, per year, the city and state  
16          saved \$10,000. And that was after netting  
17          out the cost of the supportive housing.

18           My testimony today is focused on the  
19          homelessness crisis in New York City and how  
20          we can target resources to help mitigate this  
21          crisis. I am heartened that I am probably  
22          the twelfth person to bring that up today. I  
23          didn't expect that when I wrote my testimony,  
24          so thank you to everybody who beat me to the



1 punch.

2 As folks have already said, last night  
3 there were 80,000 New Yorkers across the  
4 state who didn't have a home. While not  
5 everyone who is homeless needs supportive  
6 housing, it has been proven to be the  
7 solution for people who are living with  
8 disabilities and are chronically homeless.

9 Again, I just want to join the chorus.  
10 The gist of my testimony is around the need  
11 for a New York/New York IV agreement, so I  
12 will stand with my colleagues and say that we  
13 need 30,000 units across the state -- 20,000  
14 new construction, and we are asking for  
15 15,000 in New York City and 5,000 of that  
16 upstate.

17 And I want to thank the administration  
18 for seeding this new agreement in his  
19 Executive Budget.

20 And Senator Young, I also wanted to  
21 address your question from many hours ago on  
22 substance abuse. In New York/New York III,  
23 of the 9,000 units that were created, 1,500  
24 of them were dedicated for people with

1 substance abuse. And as the network has gone  
2 around asking its partners what do we need in  
3 the new agreement, everybody says more units  
4 for people with substance abuse problems.

5 So we hope that the administration is  
6 also hearing that, and that that will be  
7 included in a new agreement. And that's  
8 partly why we're asking for such a big  
9 agreement -- with 80,000 homeless people,  
10 we're asking for 30,000 units. And that  
11 doesn't even include the people exiting  
12 prison without a place to go, youth aging out  
13 of foster care, people exiting drug rehab.  
14 So I just wanted to mention that while I had  
15 the microphone.

16 I also don't want to be repetitive of  
17 everything that's been said today around  
18 New York/New York and supportive housing, but  
19 I do want to make a few points about what  
20 else supportive housing does in addition to  
21 saving taxpayer dollars and ending  
22 homelessness.

23 Supportive housing creates jobs. I  
24 know that all new construction creates jobs.

1 We estimate that New York/New York III, with  
2 its 9,000 units, created 20,000 construction  
3 jobs. But what supportive housing also does  
4 is create jobs for social service workers and  
5 property management. And so in addition to  
6 all the construction jobs, we've created  
7 2,000 jobs for people in the community --  
8 caseworkers, porters, property management.  
9 So we'd like you to keep that in mind as  
10 well.

11 Supportive housing also grows the  
12 stock of affordable housing. Most of our  
13 supportive housing is built in this  
14 integrated model, so for every 60 units of  
15 housing we create for people who are  
16 homeless, we create another 40 units for  
17 low-income people of the community making  
18 60 percent of AMI.

19 So again, while we've created these  
20 9,000 units in this most recent agreement, we  
21 have also created what we estimate to be  
22 2,400 units for low-income people in the  
23 community.

24 Supportive housing is also shown to

1           increase property values. The Furman Center  
2           at NYU did a study in 2008 that looked at  
3           every single supportive housing residence  
4           that had opened in New York City and found  
5           that property values actually went up when  
6           you had a supportive housing building on your  
7           block.

8                         And my last point on this topic is  
9           that supportive housing leverages a ton of  
10          private investment. The New York/New York  
11          III alone, we estimate, has brought in a  
12          billion dollars in private equity into our  
13          neighborhoods. And so we obviously want to  
14          keep that going, and that's why we're asking  
15          for a large commitment.

16                        I want to talk now about what this  
17          will cost the state and say that funding a  
18          capital program for 20,000 units over  
19          10 years is actually within the state's  
20          reach. If the current funding programs at  
21          HCR, OMH, and HHAC are kept at their most  
22          recent levels, we only need a tiny increase  
23          in the housing subsidy and tax credit  
24          allocation to make this work.

1                   We're also hopeful that the national  
2                   Housing Trust Fund money that should be  
3                   coming from Washington next year, we're  
4                   hopeful that the state will use this to  
5                   support a New York/New York IV agreement,  
6                   because the money is specifically targeting  
7                   people at 30 percent of AMI, which is exactly  
8                   our population. And our initial estimate is  
9                   that that would bring \$16 million in capital  
10                  to the state.

11                  We want to echo the request today for  
12                  increasing the SLIHC. That is not something  
13                  that the supportive housing community has  
14                  used much, because it's 90 percent AMI, but  
15                  as we are able to do some income averaging  
16                  with that, it allows us to have integrated  
17                  buildings. And so we can access that if  
18                  there's more of it. And if there's more  
19                  SLIHC, then that might free up more 9 percent  
20                  tax credits for our buildings. So we  
21                  heartily endorse that request today.

22                  I also want to point out that a  
23                  20,000-unit statewide initiative will require  
24                  a significant increase in operating and

1 service funding, but if we plan this out with  
2 reinvestment planning we should be able to  
3 get supportive housing paid for by itself in  
4 the outyears. I'm happy to talk more about  
5 that, but I think people understand  
6 reinvestment -- we're saving so much money in  
7 psych centers and hospitals and so on.

8           And I also -- part of why -- so we  
9 talked a lot about why we need to grow the  
10 amount of supportive housing in the  
11 Governor's initial announcement, but I also  
12 want to point out why we're asking for  
13 10 years and not five years. Partly we don't  
14 want to have to come back every few years and  
15 have this full-on offense about needing more  
16 funding, but it also takes a very long time  
17 to build supportive housing in New York City  
18 and around the state -- to site the housing,  
19 to finance it, to develop it. Five years is  
20 not going to be five years. So this isn't  
21 actually 5,000 over five years, it's going to  
22 end up being seven or eight years when all is  
23 said and done.

24           I also -- something that hasn't come

1 up today around supportive housing is  
2 Section 8. The costs of running supportive  
3 housing can be dramatically decreased if more  
4 of the state Section 8 went to supportive  
5 housing. And by dramatic, I mean a 25 to  
6 50 percent decrease in operating costs if we  
7 are able to bring in more Section 8 into  
8 these buildings, project-based Section 8.

9 And lastly, I just want to conclude by  
10 leaving you with an example. I know  
11 Ms. Gilbert, who I haven't met yet, gave a  
12 really thorough, an outstanding job  
13 describing supportive housing, but I also  
14 wanted to leave you with an example in the  
15 Bronx.

16 A couple of years ago, when HCR was  
17 first given -- with the Medicaid, state  
18 Medicaid funding MRT to use as capital  
19 funding, they gave \$2.6 million to the  
20 Housing Collaborative and Volunteers of  
21 America to build a 66-unit building. And  
22 what this did is it leveraged, again,  
23 significant private financing, but it also  
24 brought in the Office of Mental Health, who

1           could provide mental health services into the  
2           building, and the VA, so they're now able to  
3           house homeless vets in the building as well.

4                     And that just opened -- I don't have  
5           the -- they're doing an opening soon, and I'm  
6           happy -- anybody who wants to go to the  
7           Bronx, I'm happy to send you the invite. But  
8           it was just especially nice that over this  
9           holiday season -- they happened to open their  
10          doors in December, and they were able to  
11          house 75 men, women, and children who were in  
12          the shelter system and put them right into  
13          their own homes.

14                    So that'll end.

15                    CHAIRMAN DeFRANCISCO: How about men,  
16          were they invited?

17                    MS. BRANCA: Yes. Men, women, and  
18          children. I kind of slurred that.

19                    CHAIRMAN FARRELL: Thank you.

20                    Questions? Assemblywoman Walker.

21                    ASSEMBLYWOMAN WALKER: So one of the  
22          instances -- this is very quick. So there is  
23          lots of supportive housing in the district  
24          that I represent, particularly Brownsville



1 and East New York. And one of the situations  
2 that we see is most of the units are  
3 one-bedroom or studio.

4 And I'd like to just add, to all of  
5 the great work that your organization and  
6 affiliates are doing, that you consider more  
7 family-based supportive housing as well.

8 MS. BRANCA: We would love that. In  
9 fact, the Supportive Housing Network and our  
10 colleagues have asked for both more family  
11 supportive housing and youth, who have  
12 largely been left out of a lot of the  
13 supportive housing initiatives over time. So  
14 thank you for that.

15 CHAIRMAN DeFRANCISCO: Senator  
16 Krueger.

17 SENATOR KRUEGER: Hi. Thank you for  
18 your testimony.

19 And I too am glad that everyone is  
20 talking about the New York/New York IV  
21 agreement and the fact that 5,000 units over  
22 five years is just not going to do it in this  
23 state. And I also appreciated your testimony  
24 which highlighted how much money we save when

1 we can provide a supportive housing unit.

2 Senator Young and I are in complete  
3 agreement. You need to have the services for  
4 special-needs populations tied into the  
5 housing, otherwise you sort of flunk both  
6 tests, first for people with substance abuse  
7 problems, mental health, HIV, other  
8 categories of people who are served.

9 There's also a desperate need for more  
10 senior housing for poor or frail elderly  
11 where, at least in New York City, they could  
12 get on a waiting list for senior housing that  
13 maybe they would get called up when their  
14 grandchildren are eligible for senior  
15 housing.

16 I'm just wondering, do you know  
17 approximately how big of your supportive  
18 housing network population is actually  
19 seniors? Because we are seeing growth in all  
20 the different categories.

21 MS. BRANCA: I don't know -- I don't  
22 have the answer for the 48,000 units, how  
23 many are seniors. But I do know that in the  
24 shelter system in New York City, there's -- I

1 think 22 or 23 percent of the singles in the  
2 system are seniors. So I would expect that  
3 our population would mirror that.

4 SENATOR KRUEGER: Because you talked  
5 about some examples of, instead of a  
6 psychiatric unit, prison is the  
7 other alternative housing model we seem to  
8 use for the mentally ill in New York City,  
9 perhaps throughout the entire state. The  
10 homeless shelter populations are beyond, I  
11 think, most of our comprehension.

12 But I know when I have to deal with a  
13 senior facing eviction with no other options  
14 but shelters or hospital placement to a  
15 nursing home, guess what, we're going for the  
16 hospital placement to a nursing home.  
17 Because telling an 89-year-old disabled woman  
18 "Get yourself to a shelter" is the equivalent  
19 of ordering them into a death-penalty  
20 situation.

21 And the costs for hospitalizations and  
22 nursing homes for people who just need a safe  
23 place to live and some services is also, I  
24 think, bankrupting our state.

1                   So I don't really have a question as  
2                   much as I think it's really important for  
3                   everyone in the Legislature and the  
4                   Governor's office to understand we're paying  
5                   a really big price through a whole series of  
6                   different budgets for not making the  
7                   investments we need to make in much more  
8                   cost-effective, much more humane programs  
9                   such as supportive housing.

10                   CHAIRMAN DeFRANCISCO: I'm sure you  
11                   meant an 89-year-old woman or man.

12                   SENATOR KRUEGER: Yes, of course I  
13                   did. Although, for whatever reasons, a lot  
14                   of the men --

15                   CHAIRMAN FARRELL: Are dead.

16                   CHAIRMAN DeFRANCISCO: Are dead.

17                   SENATOR KRUEGER: -- before they get  
18                   to my office. I don't know why.

19                   MS. BRANCA: I will say -- even though  
20                   that wasn't in the form of a question, I will  
21                   say that the Supportive Housing Network is  
22                   very much aware of the overlap with very  
23                   low-income seniors who need services and  
24                   supportive housing. And so some of our

1 members -- the WSFSSH, Project FIND, Catholic  
2 Charities -- have always focused on senior  
3 supportive housing.

4           And we are talking to the city right  
5 now, they're going through a massive rezoning  
6 and talking about how we can structurally  
7 make it more -- have senior and supportive  
8 housing zoning be more compatible, so that we  
9 can do more of that mixing and allow for the  
10 services to help both the supportive housing  
11 tenants and seniors.

12           SENATOR KRUEGER: Thank you.

13           CHAIRMAN DeFRANCISCO: Senator  
14 Hamilton, to close.

15           SENATOR HAMILTON: Yes. I wanted to  
16 commend you, Ms. Branca, for your work in the  
17 community for supportive housing.

18           And my question is we have a -- I'm  
19 from Brooklyn, Crown Heights, and we have a  
20 lot of supportive housing in Crown Heights.  
21 And more than our fair share.

22           And what we find out is that we had a  
23 moratorium on supportive housing because we  
24 found out that the more affluent

1 neighborhoods are not having their fair share  
2 of supportive housing. So what you do have,  
3 you have an oversaturation in low-income  
4 neighborhoods for supportive housing.

5 Some people say you might want to keep  
6 someone close to home. My recommendation is  
7 if you put someone in an affluent  
8 neighborhood, the upward mobility, they can  
9 aspire to be something higher in life.

10 So I just want to make sure to get  
11 your opinion. How do we spread supportive  
12 housing throughout the state and not just  
13 focus on certain neighborhoods?

14 MS. BRANCA: Sure. So in fact this is  
15 a little, unknown fact, that Manhattan has by  
16 far the most supportive housing, largely on  
17 the Upper West Side and Chelsea, some over on  
18 the Upper East Side, in Harlem -- I mean, all  
19 over, because it originally started as sort  
20 of an SRO conversion program.

21 SENATOR HAMILTON: Okay.

22 MS. BRANCA: So -- but I do understand  
23 in the Bronx and further out in Brooklyn  
24 there's been a lot of construction over the

1 last few years. So I do concede to that  
2 point, there's been more recently.

3 Supportive housing is good for  
4 neighborhoods, so we try -- I mean, to talk  
5 about fair share is challenging on that note.  
6 But to answer your question, I would say  
7 subsidy. You know, it's getting quite  
8 expensive to build, and so if we had more  
9 subsidy we could afford to build in some of  
10 the higher-cost neighborhoods.

11 SENATOR HAMILTON: Okay, I'll talk to  
12 Senator Krueger on how she deals with the  
13 supportive housing issue in her neighborhood.  
14 And thank you so much.

15 Thank you, Chair.

16 CHAIRMAN DeFRANCISCO: I can't help  
17 but ask this. In your report you talk  
18 about -- we have determined that 15,000 units  
19 in the city, 5,000 everywhere else. Who is  
20 "we" that determined that?

21 MS. BRANCA: Sure. So the Supportive  
22 Housing Network represents 200 nonprofits, so  
23 we've worked with our membership to develop  
24 that number. And we work with Enterprise and

1 Coalition for the Homeless and Corporations  
2 for Housing, a number of groups that have  
3 come together.

4 CHAIRMAN DEFRANCISCO: And how many of  
5 those 200 groups were from New York City?  
6 What percentage, approximately?

7 MS. BRANCA: Sure, I see where you're  
8 going. So many of them are New York  
9 City-based. But I will say that the reason  
10 why we came up with the split --

11 CHAIRMAN DEFRANCISCO: No, you're not  
12 answering the question. What percentage --

13 MS. BRANCA: Half. Half of our  
14 membership is New York City --

15 CHAIRMAN DeFRANCISCO: -- are upstate?

16 MS. BRANCA: -- and half is upstate.  
17 And Long Island.

18 CHAIRMAN DeFRANCISCO: Okay. Good.  
19 Now, why the disparity in number of houses  
20 needed? What methodology did you use to  
21 determine 5,000 for the rest of the state and  
22 20,000 for the city -- 15,000 for the city?

23 MS. BRANCA: Right, 15,000.

24 So there are a few factors. One, the



1 most basic, is that three-quarters of the  
2 homeless live in New York City, so that is  
3 proportionate.

4 But we also want to be reasonable with  
5 our ask, and we know that New York City has  
6 the Housing Preservation Development and  
7 New York City Housing Authority which has  
8 Section 8 and the development budget to help  
9 finance those units. And if we got 5,000  
10 units outside of New York City, that would  
11 double what's currently being produced.

12 CHAIRMAN DeFRANCISCO: Okay. And do  
13 you have any kind of document wherein which  
14 you calculate it based upon the number of  
15 homeless and the like, the 5 to the 15?

16 MS. BRANCA: Sure, I'm happy to get  
17 that to you.

18 CHAIRMAN DeFRANCISCO: I appreciate  
19 that. Thank you.

20 CHAIRMAN FARRELL: Thank you.

21 MS. BRANCA: Thank you.

22 CHAIRMAN FARRELL: Kimberleigh Smith,  
23 vice president, governmental relations,  
24 Harlem United.

1 MS. SMITH: Hi. Good afternoon.

2 So thank you for the opportunity to  
3 testify before you today. My name is  
4 Kimberleigh Joy Smith, and I am the vice  
5 president for policy and advocacy at  
6 Harlem United.

7 Harlem United is vastly experienced in  
8 providing critical health, housing and human  
9 service to people with multiple needs. We  
10 have about 625 units of supportive housing,  
11 we see nearly 3,000 individuals through our  
12 primary care visits at our federally  
13 qualified healthcare center, we have adult  
14 day health service, mental health programs,  
15 harm reduction, community-based outreach, and  
16 preventive screenings. And through these  
17 programs we're really able to what I consider  
18 level the playing field for more than 15,000  
19 New Yorkers each year.

20 Many of these New Yorkers are dealing  
21 with multiple chronic issues. They are  
22 homeless or unstably housed, they're living  
23 with HIV, hepatitis, and we pretty much serve  
24 New York's most vulnerable. We are, for

1 many, the service provider of last resort.

2 So we applaud the Legislature for  
3 maintaining the current funding levels for  
4 supportive housing, and we certainly want to  
5 acknowledge the support of our own  
6 Assemblyman Keith Wright. And we know that  
7 there's a crisis -- while it bears repeating,  
8 you know, there are 80,000 homeless in  
9 New York State and that the crisis that we're  
10 facing has never been greater.

11 What I'd like to do in the few minutes  
12 I have today in my testimony is really talk  
13 about the importance of supportive housing as  
14 a means to end AIDS and eradicate poverty.

15 So you've heard today, from the  
16 colleagues before me, that supportive housing  
17 is a relatively low-cost intervention of  
18 providing housing combined with  
19 patient-centered care that links high-needs  
20 individuals and families with health,  
21 behavioral health, and support services. And  
22 I just want to say that Harlem United knows  
23 this firsthand. We see that supportive  
24 housing can reduce the number and length of

1 hospital stays, the number of emergency room  
2 visits, the number of psychiatric  
3 hospitalizations, et cetera. And we know  
4 that housing is healthcare.

5 In my material you'll see a visual  
6 representation of what we call the "treatment  
7 cascade." And that's really reaching  
8 HIV-positive individuals with routine  
9 testing, linking them and retaining them in  
10 care to achieve a suppressed viral load,  
11 which in turn brings health benefits for the  
12 individual person and dramatically reduces  
13 the risk of transmission to others. This is  
14 referred to as the treatment cascade.

15 Our New York/New York III program,  
16 which we've had since 2009, I believe, has  
17 shown tremendous success in improving this  
18 cascade. Viral suppression for the clients  
19 in New York/New York III, from 2011 to 2013,  
20 nearly doubled. More than 90 percent of our  
21 tenants in this program in December, just  
22 this past December, were linked to care, and  
23 67 percent are virally suppressed.

24 It followed that in the year prior,

1           84 percent of our housing clients had at  
2           least one primary care visit every six  
3           months. So we know that supportive housing  
4           saves lives.

5           The Governor's ambitious and recently  
6           announced Bending the Curve initiative, which  
7           is his plan to end AIDS by 2020, coupled with  
8           the state's housing resources, provides for  
9           us an unprecedented opportunity to support  
10          and grow the state's investment in supportive  
11          housing, thus moving us toward an end to AIDS  
12          and an eradication of poverty.

13          And so you have my testimony before  
14          you. Some of it reiterates what has been  
15          said, but it basically falls into three  
16          areas.

17          One is to reinvest in human services,  
18          including supportive housing. We know that  
19          healthcare, housing, and supportive services  
20          are necessary variables in the equation to  
21          eradicate poverty. The Governor's  
22          \$50 million proposed investment toward  
23          nonprofit infrastructure is inadequate and  
24          represents little more than 10 percent of the

1 bank surplus that we've talked about. Harlem  
2 United urges that this investment be  
3 significantly bolstered to support nonprofit  
4 infrastructure in human services, including  
5 housing.

6 The second, as we've heard, is to --  
7 we want to again join our colleagues at the  
8 Supportive Housing Network of New York, and  
9 many others before us, to urge an expansion  
10 of New York/New York IV. We know that  
11 without a robust commitment to create more  
12 supportive housing, New York runs the risk of  
13 curtailing the very progress we've made with  
14 the New York/New York agreement in years  
15 past. And so we are supportive of the ask  
16 for 20,000 new units across the state.

17 In addition, the appropriation of  
18 New York/New York for homelessness services  
19 is a step in the right direction, but more is  
20 needed to truly address the homelessness  
21 problem. A one-time commitment to build  
22 supportive housing must come with an ongoing  
23 commitment to provide for the services and  
24 operating funds necessary to make affordable

1 housing truly supportive and successful.

2 And the last area I want to address is  
3 this notion of -- the possibility of ending  
4 HIV/AIDS in New York State by 2020 and  
5 eradicating poverty. As a member of the  
6 Governor's Ending the Epidemic Task Force,  
7 which recently completed its charge to  
8 deliver a blueprint to end AIDS in New York  
9 State by 2020, Harlem United wholeheartedly  
10 endorses the housing recommendations that  
11 were approved by the task force.

12 And these include but are certainly  
13 not limited to providing statewide access to  
14 enhanced housing, transportation and  
15 nutritional assistance to low-income,  
16 HIV-positive individuals regardless of their  
17 AIDS diagnosis in social service districts  
18 across the state; making the 30 percent rent  
19 cap affordable housing protection available  
20 statewide, including affordable housing  
21 protection for rent-burdened people living  
22 with HIV on SSDI as a bridge to work for  
23 low-income people living with HIV; and  
24 expanding housing options for homeless youth,

1 including LGBT youth.

2 And the ask there is \$4.7 million  
3 annually.

4 So in conclusion, we know that  
5 New York has led the nation in demonstrating  
6 that supportive housing is the permanent  
7 solution for homelessness and other housing  
8 instability. Harlem United values the  
9 critical role the Legislature plays in this  
10 effort. You are true partners, and we urge  
11 you to continue to invest in, and elevate,  
12 supportive housing as a means to these  
13 ambitious but reachable goals.

14 Thank you.

15 CHAIRMAN FARRELL: Thank you.

16 Questions?

17 MS. SMITH: Thank you.

18 ASSEMBLYMAN WRIGHT: See you back  
19 home. Thank you.

20 CHAIRMAN FARRELL: Rachel Fee,  
21 executive director, New York Housing  
22 Conference.

23 And next is Shelly Nortz, and then  
24 Adam Prizio and Susan Cotner. If you all



1           come down, you can do it so we don't have  
2           to ...

3                     MS. FEE: I'll be quick.

4                     CHAIRMAN FARRELL: Good afternoon.

5                     MS. FEE: Good afternoon. I'm Rachel  
6           Fee, the executive director of the New York  
7           Housing Conference.

8                     The New York Housing Conference is a  
9           broad-based coalition, and we are in our 42nd  
10          year of advocating for decent, safe and  
11          affordable housing for all New Yorkers.

12                    Housing affordability continues to be  
13          a critical issue in our state. Each month,  
14          many families and too many seniors are forced  
15          to make tough choices between paying for the  
16          necessities such as food and medicine or for  
17          the roof over their heads. Nearly 3 million  
18          households in New York are financially  
19          insecure in their homes, paying over  
20          30 percent of their income on housing costs,  
21          meeting the federal definition of  
22          rent-burdened.

23                    In New York City, the affordability  
24          crisis is real. One in three residents pays

1 more than half of their income on housing.  
2 Affordability is also worsening. Since 2005,  
3 the median gross rent increased by almost  
4 11 percent, after adjusting for inflation,  
5 while the median household income of renters  
6 rose by a mere 2 percent.

7           Underscoring the severity of the  
8 affordable housing crisis is New York State's  
9 shameful distinction of having the  
10 second-highest rate of homelessness in the  
11 country. More than 80,000 New Yorkers are  
12 homeless, including 25,000 children who will  
13 sleep in homeless shelters this night. The  
14 cost to taxpayers far exceeds \$1 billion.  
15 This money could be better spent on  
16 affordable housing solutions.

17           In addition to our growing homeless  
18 problem, we also must prepare for our aging  
19 population. One in five seniors in New York  
20 lives in poverty. By 2040, we will see a  
21 40 percent increase in elderly households.  
22 In New York City, the senior population is  
23 projected to grow to 1.4 million residents.

24           Today too many seniors are already

1 struggling under the pressure of rising  
2 rents. Even for seniors living in  
3 rent-stabilized housing, affordability is an  
4 issue. A shocking 65 percent of single  
5 elderly households in rent-stabilized units  
6 pay more than half of their income for gross  
7 rent.

8 Our state must prepare for this shift  
9 in demographics and the ongoing issue of  
10 affordability by investing in affordable  
11 housing for seniors.

12 Our state's public housing inventory  
13 is also in need of a capital infusion. The  
14 New York City Housing Authority alone  
15 estimates \$7 billion is required for needed  
16 capital repairs. Public housing is a  
17 statewide resource that should be valued.  
18 Repairs required to maintain safe and decent  
19 homes must be provided to its residents.

20 While demand for affordable housing is  
21 overwhelming, solutions are within our reach.  
22 Communities that prioritize affordable  
23 housing profit in so many ways with improved  
24 education, better health and prosperity of



1 Families, Rural and Urban Communities  
2 Initiatives Fund, Main Street and Access to  
3 Home have also been highly successful and  
4 have made a tremendous impact in the  
5 communities that have been fortunate enough  
6 to benefit from them. These programs should  
7 all be continued as per the Executive Budget  
8 proposal.

9 We also support the Governor's call  
10 for the creation of the Rochester  
11 Anti-Poverty Initiative, which we believe  
12 could be replicated in other cities or  
13 counties to learn new ways to coordinate  
14 resources, integrate services, and develop  
15 more flexible funding arrangements.

16 We support the Governor's call to  
17 establish the Office of Faith-Based Community  
18 Development Services to assist organizations  
19 to deliver services to their neediest  
20 residents and combat the root causes of  
21 poverty.

22 We support the Governor's call to  
23 create the Nonprofit Infrastructure Capital  
24 Investment Program as a way to support

1 nonprofit organizations and encourage smart  
2 development in a \$50 million initiative.

3 We urge the Legislature to work with  
4 the Governor to achieve additional funding in  
5 four areas of critical need to address our  
6 states housing crisis.

7 Number one, invest \$1 billion of  
8 settlement funds in affordable housing. Much  
9 of the settlement funds originated from fraud  
10 and abuses in the mortgage industry which  
11 devastated individuals and neighborhoods. It  
12 is only fair that these funds should be used  
13 to provide relief to homeowners and blighted  
14 communities impacted by the foreclosure  
15 crisis and investment should be made in  
16 creating new affordable housing opportunities  
17 for families in need.

18 We strongly urge for an expansion of  
19 the Governor's proposal that \$440 million of  
20 the \$5.4 billion of settlement funds be  
21 allocated to housing programs. We recommend  
22 that no less than \$1 billion should be set  
23 aside for a New York State Affordable Housing  
24 Capital Fund, creating a revolving fund for

1 affordable housing investment.

2 Number two, enact a new statewide  
3 New York/New York supportive housing  
4 agreement. We applaud Governor Cuomo for  
5 proposing a new statewide supportive housing  
6 initiative to be launched this year.

7 However, the Governor's proposal for a  
8 5,000-unit program over five years must be  
9 expanded. Fifteen thousand new construction  
10 units are needed, and 5,000 units upstate,  
11 over 10 years.

12 Substantial investment in a  
13 large-scale production program is required to  
14 get our growing homeless problem under  
15 control. Investing in supportive housing is  
16 money well spent, as you've heard here today.  
17 Each unit of supportive housing built under  
18 the New York/New York III saved taxpayers an  
19 average of \$10,100 per resident per year.  
20 Since much of the savings will benefit the  
21 state, requirements for matching service  
22 funds from localities should reflect  
23 contribution levels similar to prior  
24 agreements.

1                   Number three, increase the State  
2                   Low-Income Housing Credit cap. We urge  
3                   amending the cap to \$150 million over the  
4                   next five years to better meet demand for  
5                   this program, which provides for variation of  
6                   income levels in affordable housing. The  
7                   program can achieve cross-subsidization of  
8                   rents, which can be beneficial for very  
9                   low-income units affordable to seniors and  
10                  other populations. SLIHC is an effective  
11                  financing tool that can strengthen the  
12                  quality of our affordable housing development  
13                  projects and our neighborhoods.

14                  Number four, preserve public housing  
15                  for future generations. We urge the  
16                  Legislature to work with the Governor to  
17                  create a partnership between New York State  
18                  and public housing authorities to preserve  
19                  and modernize the state's public housing  
20                  before it is lost.

21                  Work with localities to jointly commit  
22                  \$200 million annually in capital funds over a  
23                  10-year period to enable NYCHA and other  
24                  public housing authorities across the state



1 to catch up with their mounting backlog of  
2 infrastructure improvements. The state  
3 should also reinstate operating funds to  
4 state-financed public housing units and  
5 provide NYCHA with adequate shelter allowance  
6 rates.

7 Thank you for the opportunity to  
8 present this testimony on behalf of the  
9 New York Housing Conference.

10 CHAIRMAN FARRELL: Thank you.

11 MS. FEE: Thank you very much.

12 CHAIRMAN FARRELL: Have a good day.

13 MS. FEE: Thanks.

14 CHAIRMAN FARRELL: Rachel Fee,  
15 executive director, New York Housing --  
16 that's who I just did? Whoops. Let's do it  
17 again. It was so good I wanted to hear it  
18 twice.

19 (Laughter.)

20 CHAIRMAN FARRELL: Shelly Nortz,  
21 deputy executive director of policy,  
22 Coalition for the Homeless.

23 MS. NORTZ: Good afternoon. And happy  
24 birthday, Chairman Farrell.

1                   CHAIRMAN FARRELL:  Hey, how are you?

2                   MS. NORTZ:  So I'm not going read my  
3                   testimony, I'm going to go through a number  
4                   of illustrations in my testimony.

5                   I'm the deputy executive director for  
6                   policy with the Coalition for the Homeless.  
7                   And I'm going to just wait until the  
8                   testimony is in front of you so you can  
9                   actually look at the graphics.

10                  And I'm going to principally talk  
11                  about the homeless program in the Governor's  
12                  Executive Budget proposal.  And I'm going to  
13                  start with asking you to look at the first  
14                  graphic, which shows the number of people in  
15                  New York City homeless shelters having risen  
16                  to over 60,000 men, women, and children.

17                  That's a 47 percent increase since  
18                  2012, and the trend line is really  
19                  troublesome.  So unless we do something to  
20                  address that trend line, it's going to keep  
21                  rising.  And despite the more recent efforts  
22                  on the part of the city and the state to  
23                  begin to invest in some programs, we have not  
24                  brought them to scale by any stretch of the

1 imagination.

2 I ask you then to just recall that the  
3 presentations we've heard from the Executive  
4 and repeated by many people in recent days  
5 would have you believe that we've got  
6 \$403 million in new homeless investments in  
7 this budget, or \$183 million for a New York/  
8 New York IV program. And what I'd like to do  
9 is walk you through the numbers graphically  
10 so that you understand that that's not what  
11 we're talking about.

12 We're talking about smaller  
13 investments than that, and we are talking  
14 about amounts of money that are spread out  
15 over as many as five years for programs, many  
16 of which are preexisting programs.

17 And so I think, as Senator Krueger has  
18 been asking for the last couple of days,  
19 there are programs that are being moved off  
20 of the General Fund and onto the JPMorgan  
21 fund. They're preexisting programs that are  
22 being spread out over several years. They do  
23 not constitute new programs.

24 And so the first table in my testimony

1 shows in fact that the New York/New York  
2 program is not \$183 million, it's not  
3 \$116 million, it's \$66 million spread over  
4 five years, and it is the sole new program in  
5 the \$183 million pot.

6 The other three programs consist of  
7 the HASA rent cap, which is maintaining the  
8 capped state contribution to that purpose at  
9 \$9 million per year. That's what it was last  
10 year. The next three years are funded at  
11 \$9 million apiece, for \$27 million in that  
12 program.

13 There's the OMH enhanced rent  
14 allowance. This is the rent subsidies that  
15 are provided for the 12,000 to 13,000  
16 supportive housing units in the OMH  
17 portfolio. Last year they were given an  
18 increase of \$550 per unit per year. This  
19 year's increase is \$750 per unit per year.  
20 Again, a preexisting program for \$50 million  
21 spread over five years.

22 The last is the state share of the  
23 preexisting New York City rent supplement  
24 program called LINC 1, Living In Communities.

1 This one is the one that is provided for  
2 homeless families with children that are  
3 eligible for TANF, I believe.

4 So it previously had been funded out  
5 of the TANF block grants, and for a period of  
6 four years retroactive to July 1, 2014, will  
7 be funded at varying amounts. I think the  
8 first year is \$3 million retroactive to 2014  
9 and then \$5 million, and then it will go up  
10 from there.

11 This is not to say that these are not  
12 worthy investments. These are worthy  
13 programs. But they are not an expansion of  
14 services to homeless people, and that's the  
15 thing to be really clear about. The sole new  
16 program in this package is for the  
17 New York/New York IV enterprise.

18 And to just illustrate where that  
19 investment leaves us, I've plotted  
20 New York/New York III and the Campaign for  
21 New York/New York IV against a chart that  
22 looks like this for the Governor's program.  
23 And it just shows that the New York/New York  
24 IV effort for New York City, the units that

1 are set aside for New York City, fall short  
2 even of New York/New York III on an annual  
3 basis.

4 We've confirmed that these beds are  
5 going to be spread out over seven years. So  
6 the money is over five years, but the first  
7 two years are only the scattered-site units  
8 because it takes, as I think my colleague  
9 Nicole said, two to three years to actually  
10 develop the brick-and-mortar units. So we're  
11 not going to see occupancy until Year 3 at  
12 the earliest, and I'm advised that the plan  
13 is for the last of the units to be occupied  
14 at the end of Year 7.

15 So we echo the request for a greatly  
16 expanded effort. I've attached the Campaign  
17 for New York/New York housing request with  
18 its 200 organizational supporters to my  
19 testimony. And we've sent the Governor a  
20 letter asking that he amend the budget in the  
21 21- or 30-day amendment process to match the  
22 effort.

23 I will note that the mayor of the City  
24 of New York has allocated a very substantial

1 supply of supportive housing in his 10-year  
2 housing plan, 12,500 units over 10 years, of  
3 which I understand 7,500 units are available  
4 for a New York/New York IV agreement. We  
5 certainly would like to see the state match  
6 every single one of those in order to make a  
7 real and significant effort.

8 So we thank the Governor for  
9 initiating the program, and we look forward  
10 to increasing it.

11 The remainder of my testimony consists  
12 of a number of recommendations that we first  
13 reviewed when the Assembly held the  
14 homelessness hearing late last year, so I'm  
15 not going to repeat all of them, but they're  
16 there for your perusal. With the exception  
17 of one of them, I don't think we've seen  
18 these increases reflected in the Executive  
19 Budget. But I will also just highlight one  
20 of them at the end, because it's a tricky  
21 one, and I know I've been in to speak about  
22 this with Senator Krueger's office.

23 The disability rent increase and  
24 senior citizen rent increase exemption

1 program income limits that were enacted both  
2 in last year's state budget for seniors, and  
3 subsequently by chapter for people with  
4 disabilities, expire in 2016. And they're  
5 not really a kind of subsidy that can be  
6 raised to that level and then reduced again  
7 without causing a major housing crisis for a  
8 lot of people.

9 So we are recommending early action to  
10 make those income limit increases permanent  
11 in state law. And also I just want to advise  
12 that there is a bit of a trick to that,  
13 because the law in -- I believe it's  
14 associated with the rent laws that expire in  
15 June -- there is a reversion clause in these  
16 statutes that takes over unless it's extended  
17 in June. And so it's a tricky bit of bill  
18 drafting to have sunset dates kind of  
19 crossing over each other.

20 But we're working on it, and we'd be  
21 happy to work with you on making sure that we  
22 don't have a lapse in that.

23 And then lastly, I would just point  
24 you to the last illustration in my testimony



1           which spells out exactly how much money is  
2           planned to be spent out of the JPMorgan fund  
3           and also the New York City mandate relief  
4           that's replaced with a new mandate to show  
5           how much money is projected to be spent in  
6           each of the next five years where we know it.

7                     One of the other numbers that had  
8           people scratching their heads was where --  
9           how do you exactly come to the notion that  
10          we've got a -- for this year a \$50 million  
11          increase in homeless spending. And that's  
12          actually explained in the first column under  
13          2015-2016. It's \$1 million for New York/New  
14          York this year, \$2 million next year, and  
15          then up from there.

16                    And then it shows how the preexisting  
17          programs are pegged at their annual amount  
18          for the next few years. And then \$18 million  
19          that's projected to come from New York City's  
20          reinvested savings.

21                    That actually adds up to \$43 million,  
22          not \$50 million. They rounded it up after  
23          they included the retroactive amount to July  
24          2014. So that's how we got there.

1 I'd be happy answer any questions.

2 Thank you.

3 CHAIRMAN FARRELL: Thank you.

4 SENATOR KRUEGER: Thank you very much.

5 We were taking notes on what we need to do

6 next. Thank you.

7 SENATOR YOUNG: Yes, thank you very

8 much.

9 MS. NORTZ: Thank you.

10 CHAIRMAN FARRELL: Adam Prizio,  
11 manager of governmental affairs, Center for  
12 Disability Rights.

13 I've seen you before, two days ago.

14 MR. PRIZIO: That's right.

15 CHAIRMAN FARRELL: Okay. I do see  
16 something once in a while.

17 (Laughter.)

18 MR. PRIZIO: Thank you, Chairman.

19 Thank you, to the joint committee.

20 You have my testimony in front of you,  
21 so I will be brief, I will be as brief as I  
22 may.

23 SENATOR KRUEGER: Could you bring the  
24 microphone a little closer?

1                   MR. PRIZIO: Yes, ma'am.

2                   My organization is the Center for  
3                   Disability Rights, and we are a  
4                   disability-led organization that we do  
5                   service and advocacy. We advocate for the  
6                   complete integration of people with  
7                   disabilities into our communities,  
8                   participating on an equal basis with  
9                   everybody else.

10                  I'm here to talk about affordable,  
11                  accessible, integrated housing. I'm here to  
12                  urge you to make affordable, accessible,  
13                  integrated housing a priority in all housing  
14                  programs in the state. And the reason for  
15                  this is that demand for affordable,  
16                  accessible, integrated housing is going to go  
17                  way, way up in the next few years ago as a  
18                  result of two programs or policies that are  
19                  sort of converging.

20                  And the first of them is the  
21                  Governor's Olmstead Plan, which comes out of  
22                  the Governor's Olmstead Commission and was  
23                  created to create opportunities for  
24                  independent living for people with

1 disabilities. The Olmstead Plan calls for,  
2 among other things, the Department of Health  
3 to transition 10 percent of the long-term  
4 nursing facility population into home- and  
5 community-based settings over the next five  
6 years. Based on the 2013 population, that's  
7 approximately 1,800 people per year for five  
8 years.

9 So demand is going to go up, people  
10 are going to need more accessible housing  
11 that's accessible to people with mobility  
12 impairments and other impairments.

13 At the same time, the other policy is  
14 the Community First Choice Option, which  
15 New York has selected but has not yet  
16 implemented. This is a federal funding  
17 mechanism through Medicaid that draws in  
18 additional funding for long-term services and  
19 supports to people living in home- and  
20 community-based settings. My organization  
21 estimates that this program has the potential  
22 to draw in between \$299 million and  
23 \$439 million annually, per year, into the  
24 Medicaid budget.

1                   And we would encourage the Legislature  
2                   to make it a priority to include accessible,  
3                   affordable, integrated housing in order to  
4                   maximize that draw and to use some of that  
5                   money to maximize that draw.

6                   So I want to talk about people with  
7                   disabilities, because we are overrepresented  
8                   among low-income people, among people who  
9                   need affordable housing. And the wait times  
10                  for anybody who needs affordable housing are  
11                  long. But if you need a special subset of  
12                  affordable housing which is accessible to  
13                  you, if you have a mobility impairment, let's  
14                  say, the wait times are even longer. Which  
15                  means that you're back in an institution at  
16                  great expense to the state, and in violation  
17                  of your civil rights under the Supreme  
18                  Court's Olmstead decision.

19                  So we want to encourage you to require  
20                  as much housing as possible, potentially all  
21                  housing to be accessible to people with  
22                  disabilities.

23                  We encourage you to restore full  
24                  funding to the Access to Home program. The

1 Access to Home program is created to  
2 subsidize accessibility modifications for  
3 homeowners and renters. It was originally  
4 funded at \$5 million. That funding has been  
5 reduced over the years to \$1 million. It's  
6 \$1 million in this year's budget. And at  
7 \$5 million it was already not enough, and at  
8 \$1 million it's certainly not enough.

9 There is a provision in -- it's not in  
10 the Article 7, but it's in one of the  
11 appropriations, to fund Access to Home at  
12 \$19 million specifically for veterans with  
13 service-related disabilities. And it's our  
14 belief that veterans with service-related  
15 disabilities have access to programs through  
16 the Veterans Administration, specifically the  
17 specially adapted housing grant and the  
18 special housing adaptation grant, which do  
19 the same thing as Access to Home.

20 It's our belief that the \$19 million  
21 would not be touched, because veterans are  
22 going to go through the VA and not through  
23 New York's Access to Home program. And so we  
24 would like to see that addressed.

1           Finally, we believe that housing must  
2           not be linked to supports and services. And  
3           the reason for this is that linking housing  
4           to supports and services undermines the  
5           autonomy and dignity of the tenant by placing  
6           the tenant's housing status in jeopardy if  
7           they refuse to receive services. So we  
8           encourage the creation of housing where  
9           services can be provided but are not linked  
10          in terms of the lease.

11           And the reason for -- the state has a  
12          financial benefit to delinking services and  
13          supports from affordable, accessible,  
14          integrated housing, which is that under the  
15          Community First Choice Act, home- and  
16          community-based settings, which are the  
17          eligible settings for the additional funding,  
18          supportive housing settings don't qualify  
19          unless the tenant was given a meaningful  
20          choice whether to receive those services in a  
21          supportive housing setting or in a  
22          non-supportive integrated housing setting.

23           And so if there -- in the absence of  
24          affordable, accessible, integrated housing

1 settings for people to receive services and  
2 supports without it being linked to their  
3 lease, without them being at risk of being  
4 evicted if they don't want a service, don't  
5 need a service, don't feel that -- don't  
6 trust an attendant to provide the service,  
7 without that, the tenant is not given a  
8 meaningful choice and the funding dollars  
9 under Community First Choice are not  
10 eligible.

11 So I encourage you to make affordable,  
12 accessible, integrated housing a priority for  
13 all people with disabilities in New York.

14 Thank you very much. I'm happy to  
15 take your questions.

16 CHAIRMAN DeFRANCISCO: Senator  
17 Krueger.

18 SENATOR KRUEGER: Just on that final  
19 point. So you've been sitting here today, so  
20 you know that there's millions of people  
21 desperate for housing in New York State, and  
22 we talk about a whopping \$32 million increase  
23 in money for affordable housing. So I'm just  
24 going to take the leap that there isn't going



1 to be the choice available for large numbers  
2 of people as you just described.

3 The law that you're referencing, does  
4 that mean they actually couldn't have  
5 supportive housing if that's the only option  
6 available in a community?

7 MR. PRIZIO: My understanding is --  
8 what I was referring to is eligibility for  
9 the enhanced federal funding under Community  
10 First Choice. The setting -- the setting --  
11 in other words, Community First Choice gives  
12 the state extra funding to provide long-term  
13 services and supports in home and  
14 community-based settings for people --

15 SENATOR KRUEGER: And how much per  
16 person do they give us?

17 MR. PRIZIO: It's 6 percent in  
18 addition to the -- it's six percentage points  
19 on top of the federal Medicaid allocation,  
20 which in New York is 50 percent. So it would  
21 go from 50 to 56 percent.

22 In order for a setting to qualify as  
23 home- and community-based under CFC, the  
24 person has to have a meaningful choice

1           whether to bring in their own services or  
2           receive services -- I'm doing this wrong,  
3           because I don't have the regulation in front  
4           of me, but --

5                     SENATOR KRUEGER: That's okay.

6                     MR. PRIZIO: So the issue in this case  
7           is that it's in the financial interest of the  
8           state to maximize situations where people  
9           have that meaningful choice so that we can  
10          receive that 6 percent extra on the supports  
11          and services.

12                    SENATOR KRUEGER: So it gets us the  
13          6 percent extra, I get that point. But we  
14          may be between a rock and a hard place as far  
15          as actual multiple options.

16                    Again, I'm not saying I don't think  
17          it's possible, I'm saying I know what I see  
18          every day with demand versus supply in any  
19          kind of housing for folks.

20                    MR. PRIZIO: Sure. I think how I  
21          would characterize what I'm saying is that  
22          I'd like the committee to be aware of a  
23          carrot that's out there at the federal level.

24                    SENATOR KRUEGER: Got it. I just

1 wanted to clarify that.

2 MR. PRIZIO: Not a stick, a carrot.

3 SENATOR KRUEGER: Yes, I understand.

4 Thank you.

5 MR. PRIZIO: Thank you.

6 CHAIRMAN DEFRANCISCO: Thank you.

7 Your name was on the speaker list  
8 yesterday. You were replaced by two able  
9 disabled people from Buffalo. They did a  
10 wonderful job.

11 MR. PRIZIO: Thank you.

12 CHAIRMAN DeFRANCISCO: And thank you  
13 for your testifying today.

14 MR. PRIZIO: Thank you, sir.

15 SENATOR YOUNG: Chairman, may I?

16 CHAIRMAN DeFRANCISCO: Oh, I'm sorry.

17 SENATOR YOUNG: Thank you for your  
18 testimony.

19 I wanted to comment on the portion  
20 about Access to Home. And I agree with you  
21 that a million dollars is not enough. It's  
22 always oversubscribed because it's such a  
23 popular program.

24 And you may know this, but this has

1 always been one of the Senate's priorities,  
2 and it's where we negotiate in the final  
3 budget with the Assembly and the Governor to  
4 get more Access to Home funds included.

5 So I just want to let you know that we  
6 will be prioritizing that again this year.  
7 We believe very strongly that we should help  
8 people with disabilities to be able to have  
9 access to their own homes and have the  
10 retrofits that are necessary.

11 I do want to let you know, though,  
12 that the Homes for Heroes program is also a  
13 very important program to help our veterans  
14 returning home. So I think that there is  
15 room, especially this year, to be able to  
16 have substantial and appropriate funding for  
17 both programs.

18 MR. PRIZIO: Thank you.

19 If I can respond, I want to be clear  
20 that it's emphatically not my organization's  
21 position that disabled veterans should not  
22 receive Access to Home-like services. Simply  
23 that we feel that there's maybe a  
24 misallocation in terms of the need.

1                   SENATOR YOUNG: Right. Well, we agree  
2 with you that Access to Home needs more  
3 funding. So thank you for that.

4                   MR. PRIZIO: Thank you.

5                   CHAIRMAN FARRELL: Thank you.

6                   MR. PRIZIO: Thank you, sir.

7                   CHAIRMAN FARRELL: Susan Cotner,  
8 chairperson of advocacy, Coalition for  
9 Excellence in Homeownership Education, to  
10 close.

11                   MS. COTNER: Thank you very much. My  
12 honor to close. And thank you for your  
13 attention. I really appreciate your  
14 commitment to housing issues.

15                   And I want to speak to two missed  
16 opportunities in the JPMorgan settlement  
17 funding. And I'm going to do it from two  
18 different hats, okay? So I'm going to start  
19 with the Coalition for Excellence and  
20 Homeownership Education.

21                   The JPMorgan settlement funds are to  
22 be used to avoid preventable foreclosures and  
23 ameliorate the effects of the foreclosure  
24 crisis. And I question whether or not that's

1 really what's being done with this money.

2           What we're asking, as the coalition --  
3 we're a coalition of 50-plus housing  
4 organizations that provide housing counseling  
5 to first-time homebuyers, to folks who have  
6 been the victims of Sandy scams and frauds,  
7 and to folks who need post-purchase education  
8 to remain smart about credit scores,  
9 maintaining their home so that they can  
10 continue to live in an affordable home and  
11 location.

12           So what we're asking for is  
13 \$8.2 million in one-time funding for a  
14 three-year program that would fund housing  
15 counseling. Again, the main focus of it is  
16 to help get first-time homebuyers smart about  
17 the home-buying process, understand what  
18 credit scores are all about, and get  
19 millennials back into the housing market.  
20 They've been scared away, they're not  
21 prepared. And this is the money that is  
22 needed to help them be successful and avoid  
23 foreclosure. So again, very consistent with  
24 the settlement funds.

1                   So the second program I want to talk  
2                   about is a different hat, and that is as my  
3                   role in doing community development work here  
4                   in Albany. If you just look down the hill at  
5                   Arbor Hill, Sheridan Hollow, the South End  
6                   neighborhoods of Albany, you'll see that  
7                   redevelopment has not been occurring, that  
8                   these are neighborhoods severely affected by  
9                   the foreclosure crisis, and conventional  
10                  programs do not work. Tax credit programs do  
11                  not work in these neighborhoods because of  
12                  the housing stock we have here in upstate.

13                  So again, we encourage the HCR to  
14                  develop a rental rehab program that works for  
15                  one- and two-unit properties. We encourage a  
16                  relook at the way that the Governor is  
17                  planning to use the Regional Economic  
18                  Development Council money in a contest to do  
19                  development projects. That money really  
20                  needs to be devoted to rebuilding  
21                  neighborhoods. That's what's going to create  
22                  jobs and more stable housing.

23                  So we encourage you, as the Senate and  
24                  Assembly, to look out for those and look to

1 rebuild the programs.

2 So thank you.

3 CHAIRMAN FARRELL: Thank you very  
4 much. And have a good day.

5 SENATOR HAMILTON: A question.

6 SENATOR KRUEGER: Oh, a question.

7 CHAIRMAN FARRELL: Oh, a question, I'm  
8 sorry.

9 MS. COTNER: I'm back.

10 SENATOR HAMILTON: I just want to say  
11 thank you, Ms. Cotner, for your presentation.  
12 And homeownership is something that is very  
13 dear to me, especially affordable ownership.  
14 And I will be contacting you so we can work  
15 together.

16 And I also want to thank the chair,  
17 Senator DeFrancisco, and Ms. Ranker Liz  
18 Krueger, and Ms. Young and Mr. Denny Farrell  
19 for making this a great experience for me.  
20 This is my first time doing a hearing as the  
21 Senator. It was a learning experience and an  
22 enriching experience, and I look forward to  
23 working with you.

24 Thank you so much.



1 MS. COTNER: Thank you.

2 CHAIRMAN DeFRANCISCO: Very nice.

3 CHAIRMAN FARRELL: Thank you.

4 We are closed until Monday at 9:30.

5 CHAIRMAN DeFRANCISCO: I should state

6 for the record this is Hump Day. This is

7 Hearing Day No. 7, and we've got six left,

8 just so --

9 (Laughter.)

10 CHAIRMAN DeFRANCISCO: Thank you.

11 (Whereupon, the budget hearing

12 concluded at 2:19 p.m.)

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