



Neighborhood Preservation Coalition of New York State

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

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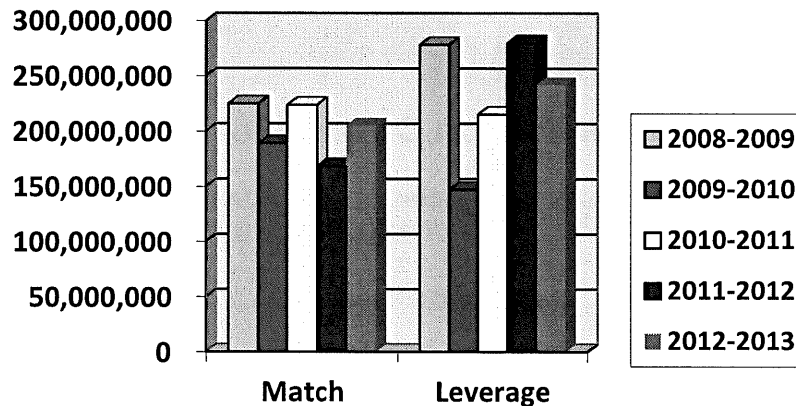
My name is Jessica F. Vasquez and I am the Executive Director of the Neighborhood Preservation Coalition of New York State, Inc. I want to thank the Chairs of these Senate and Assembly committees for the opportunity to present this testimony on behalf of the Neighborhood Preservation Coalition of New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

The Neighborhood Preservation Coalition of New York State is a statewide membership organization comprised of over 175 not-for-profit Neighborhood Preservation Companies (NPC's), local development corporations and community housing development organizations. There are 146 NPC's in New York State which play a vital role in revitalizing New York's neighborhoods and communities through the Neighborhood Preservation Program.

36 Years of Preservation Program Successes

For 36 years, the Neighborhood Preservation Program has been tremendously successful in providing resources to community-based, not-for-profit organizations to revitalize their communities and provide affordable housing services. The State has recognized that the Neighborhood and Rural Preservation Programs are leaders in community revitalization and the key to safe, decent housing for thousands of working families, veterans, seniors, and people with disabilities. This program contributes to the state's economy and has a direct economic impact in communities throughout the State. In FY 2012-2013, for every preservation program dollar appropriated, NPCs raised **\$45** for their communities. As DHCR reported to the Governor and the State Legislature, NPC's raised \$447.9 million in match and leveraged funds from 2012-2013. Over the past five years, the NPC's have raised more than \$2 billion for their communities.

Figure I. 5 Years of Significant ROI



An Effective and Efficient Investment

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

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

NPC's activities also include rehabilitation and development projects. These successful capital projects mean much more than improved homes: they preserve existing housing stock, increase the available affordable housing stock, stabilize residential neighborhoods, remove and redevelop blighted and substandard properties, revitalize and strengthen neighborhoods, and create jobs. Through new construction, more than 2,252 state residents became new homeowners or renters of new apartments and there are many new development projects in progress. NPC's facilitated 10,282 home improvement and 1,520 substantial rehabilitation projects. Rehabilitation and development projects create employment opportunities that offer a living wage for local residents and a new generation of homeowners to invest in local goods and services while increasing the tax revenue to municipalities. All of these improvements to the community, through revitalization, rehabilitation, and new construction of homes and commercial areas in neighborhoods throughout NY would not be possible if it were not for the work being done by the Neighborhood and Rural Preservation Companies.

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

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

Full Funding of the Neighborhood and Rural Preservation Program

The two preservation programs have been in existence for 36 years (neighborhood preservation program) and 31 years (rural preservation program). For FY2014-2015, Governor Cuomo has proposed to fund the two programs at less than FY2013. This funding cut comes at a time when demand is high, and program resources require administrative financing.

Over the past two years, organizations throughout the State reduced the paid hours to their employees, instituted furloughs, and 4-day work weeks. Staff were laid off. Lines of credits and organizational credit cards have been exhausted. Local contractors struggled to find projects. This year, Governor Cuomo's budget attempts to start the Preservation Programs at \$12.2million. While a great starting point much appreciated by the existing preservation companies, this would need to be supplemented by additional resources from the Senate and Assembly to not have a detrimental impact on programs, development projects, revitalization occurring in disaster-stricken areas, and other community development services. If not supplemented, this would result in fewer services for residents, less leveraged funding for communities, and fewer revitalization efforts.

Greater Efficiencies

1. Paperwork Reduction for Contracting
2. The current Preservation Program statute delineates a semi-annual payment process with timeframes.¹ This language is essential for two reasons:
 - a. One, organizations need to know that they can count on this program in order to leverage additional programmatic resources for their community. Knowing exactly when they can plan to receive payments assists in their planning and budgeting. In November 2011, the NY Office of the State Comptroller issued a report based on their study on NY's Prompt Contracting Law "that 71 percent of contracts with NFPs were not approved by the start or renewal date....and the report found that nine out of ten of these [OSC approved] contracts were

¹ NYS PHV Article XVI, §904 (3). "Payments shall be made by the division to the neighborhood preservation company, not less frequently than semi-annually, at or prior to the commencement of each such time period, to compensate such company for the neighborhood preservation activities which it shall undertake to perform provided, that with respect to contracts entered into on or after June thirtieth, nineteen hundred ninety-seven the first such payment shall be made by the division beginning on or after July first of the fiscal year for which an appropriation in support of such payment was made and provided further that the final such payment to the neighborhood preservation company shall be made no later than March thirty-first of such fiscal year, unless such payment has been withheld pursuant to subdivision eight of section nine hundred three of this article."

approved an average of six months after their start date.”² This type of delay in contracting and payment causes significant disruption in the provisions of services as well as financially, as this money is statutorily defined as being used for payroll and overhead costs. For the past two years, HCR has commenced the application late. In 2013, HCR commenced the application **two weeks** prior to the contract start date, even though there was an on-time budget. This past year, most of the applications weren’t reviewed until the fall and it was only during the winter when payments began to flow to the preservation companies.

- b. Second, it assists with accountability. State agencies would need to complete their contracting and renewal processes on a timely basis and thereby mitigating the issues that arise from delayed contracting.
3. **Online Application.** It is our belief that an online application system should be implemented for the Preservation Program, just like all of the larger budget items in HCR’s portfolio. If an online system is used there will be greater efficiencies in the submission and review of contracts.
- a. Specifically, the nonprofits would have financial efficiencies in reducing printing and mailing costs. There are sixteen (16) documents required for the Preservation Program contracting. Of those, five (5) require original signatures with two (2) notarized. Many companies FedEx or USPS next-day their contracting documents to obtain proof of delivery. Unfortunately, too many Preservation Companies had to resubmit original signature documents because their submissions did not reach the program staff. HCR has an online system for the other Local Programs such as Access, RESTORE, and HOME. There should also be one for the Preservation Program.
 - b. There will be greater efficiencies on HCR as they will be able to login to a system and see all of the required documentation online and will reduce the need of four to five different agency employees handling actual paper. In addition, an online system would mitigate the mail lost by HCR which have caused delays in contracting and payments. Improved efficiencies and oversight need to occur to prevent this from being repeated.
4. **Vouchering and Payments**
- a. Various Local Programs managed by HCR suffered significant delays in voucher processing. We need improvements in communications to prevent the financial impact delays can cause. A delay in paying vouchers/disbursements are delays in paying local vendors and small businesses, especially minority contractors.

Conclusion

In the past 3 years, New York State has suffered floods, hurricanes and superstorms that have taxed New Yorkers and our state housing agency. The Preservation Companies have been in the field, taking the lead in addressing the housing needs of those affected. With millions of dollars in recovery programming being disbursed to preservation companies, now is the best time to ensure that they have adequate administrative capacity and fully fund the program.

We strongly recommend that the Legislature once again take a leading role to fully fund this network of community-based groups that are working to alleviate this state’s housing crisis and revitalize communities after disasters such as Irene, Lee, and Sandy. Let the NPC’s and RPC’s continue to improve neighborhoods and provide residents with

² New York State’s Not-for-Profit Sector, www.osc.state.ny.us/reports/nfp/nfpreport11-2011.pdf

affordable homes by funding the Neighborhood and Rural Preservation Program at a total of \$20.4 million.

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

The Neighborhood Preservation Coalition of NYS believes that the established network of preservation companies is best equipped to deliver the affordable housing services desperately needed in this state and again ask that you provide them with the operating support they need to make their work successful. The Governor agrees and has started the combined program at \$12.2 million. We hope that the Governor, NYS HCR, and the NYS Assembly and NYS Senate take into consideration and address the concerns we have with the Governor's proposal and provide the companies with adequate funding to revitalize communities throughout NYS.

Campaign to Fund Affordable Housing for All New Yorkers

Housing Appropriations for Fiscal Year 2014

Name of Program	FY 2011 Appropriated	FY 2012 Appropriated	FY 2013 Appropriated	FY 2014 Executive Proposed Budget	FY 2014 Amount Requested
Neighborhood Preservation Program	8,479,000	7,832,436	10,073,000	8,749,000	14,483,000
Rural Preservation Program	3,539,000	3,388,902	4,204,000	3,539,000	6,000,000
Housing Trust Fund	32,200,000	32,200,000	32,200,000	46,500,000	50,000,000 ³
Affordable Housing Corporation	25,000,000	25,000,000	25,000,000	25,000,000	40,000,000
RESTORE	400,000	400,000	400,000	1,400,000	2,500,000
Urban Initiatives	0	4,000,000	2,000,000 ⁴	0	5,000,000
Rural Homeownership Program	0		0	0	5,000,000
Access to Home	1,000,000	1,000,000	1,000,000	1,000,000	9,000,000
Main Street	2,200,000	3,000,000	2,200,000	4,200,000	12,000,000
Urban Homeownership Program	0		0	0	5,000,000
Homes for Working Families	7,000,000	7,000,000	7,000,000	10,750,000	10,000,000
Infrastructure Development Program	0		0	0	5,000,000
Homeless Housing and Assistance Program	30,000,000	30,000,000	30,000,000	63,000,000	63,000,000
Rural & Urban Community Investment Fund	--	--	5,354,000	6,750,000	5,354,000

RESPECTFULLY SUBMITTED BY:

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³ This includes a request for a \$10 million set-aside for small projects.

⁴ An additional \$50,000 was made available as part of the 2013 Unified Funding that was only available if requested in combination within one or more of the other four Unified Funding Programs (HTF, NYS HOME Site-Specific, LIHC, and SLIHC)