

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

2 -----

3 JOINT LEGISLATIVE HEARING

4 In the Matter of the
5 2014-2015 EXECUTIVE BUDGET
ON HOUSING

6 -----

7 Hearing Room B
8 Legislative Office Building
Albany, New York
9 February 4, 2014
9:33 a.m.

10

11 PRESIDING:

12 Senator John A. DeFrancisco
Chair, Senate Finance Committee
13
14 Assemblyman Herman D. Farrell, Jr.
Chair, Assembly Ways & Means Committee

15 PRESENT:

16 Senator Liz Krueger
Senate Finance Committee (RM)
17
18 Assemblyman Robert C. Oaks
Assembly Ways & Means Committee (RM)
19
20 Assemblyman Keith L.T. Wright
Chair, Assembly Housing Committee
21
22 Senator Catharine M. Young
Chair, Senate Committee on Housing
23
24 Assemblywoman Earlene Hooper
Senator Malcolm Smith
Assemblyman Michael J. Fitzpatrick

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1 2014-2015 Executive Budget
Housing
2 2-4-14

3 PRESENT: (Continued)

4 Senator Velmanette Montgomery
5 Assemblyman Jeffrion L. Aubry

- 6 Senator Cecilia F. Tkaczyk
- 7 Assemblyman Felix Ortiz
- 8 Senator Ruben Diaz, Sr.
- 9 Assemblywoman Annette M. Robinson
- 10 Senator Gustavo Rivera
- 11 Assemblyman Francisco P. Moya
- 12 Senator Diane Savino
- 13 Assemblyman Walter T. Mosley
- 14 Senator Adriano Espaillat
- 15 Assemblyman Joseph R. Lentol
- 16 Senator Brad Hoylman
- 17 Assemblyman Brian P. Kavanagh

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1 2014-2015 Executive Budget
 2 Housing
 2-4-14

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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 2014-2015. 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 of
15 the Assembly and Senator DeFrancisco, chair
16 of the Senate Finance Committee, will
17 introduce members from the Senate.

18 To my left is Assemblyman Oaks.

19 ASSEMBLYMAN OAKS: Thank you.

20 CHAIRMAN DeFRANCISCO: And ranking
21 member of the Finance Committee, Liz Krueger,
22 is here. The Housing Committee chairman of
23 the Senate, Cathy Young, is here. And
24 Senator Malcolm Smith is here as well.

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5

1 we've talked about the time rules so
2 many times I'm too tired of talking about it.
3 So we know how it goes, and we will abide by
4 it, I hope. Thank you.

5 CHAIRMAN FARRELL: We have with us
6 also Assemblyman Keith Wright.

7 But before introducing the first
8 witnesses, I would like to remind all the
9 witnesses testifying today to keep your
10 statements within your allotted time limits
11 so that everyone can afford the opportunity
12 to speak.

13 With us is also Assemblyman Felix
14 Ortiz.

15 Our first person to speak is Darryl C.
16 Towns, commissioner, New York State Homes and
17 Community Renewal. Good morning, Darryl --
18 Commissioner, excuse me.

19 COMMISSIONER TOWNS: Good morning,
20 Chairman. And let me also say happy birthday
21 to our Chairman Farrell.

22 CHAIRMAN FARRELL: It's nice to be 21.

23 (Laughter.)

24

COMMISSIONER TOWNS: Also good morning

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6

1 to Chairman DeFrancisco, Chair Young and
2 Chairman Wright, and all the distinguished
3 members of the panel.

4 It's an honor to testify before you
5 today on Governor Andrew Cuomo's Executive
6 Budget proposal for fiscal year 2014-2015. I
7 am joined by my colleagues here at Homes and
8 Community Renewal.

9 Over the last three years, Governor
10 Cuomo and the Legislature have worked
11 together to restore New York State as a model
12 for effective, efficient and responsive
13 government. In 2013, for the first time in
14 30 years, New York adopted its third
15 consecutive on-time budget. I look forward
16 to working with you to do our part in making
17 this the fourth consecutive on-time budget, a
18 budget that will help us take another step
19 towards meeting the housing needs of New
20 Yorkers across our state.

21 While closing a record budget deficit,
22 reining in spending and reducing the tax
23 burdens that weigh down New York families and
24 discourage small business growth, I am

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7

1 especially proud that Governor Cuomo
2 continues to make affordable housing among
3 his highest priorities. We know this because

4 of what we've been able to do so far:

5 The \$1 billion House New York program,
6 announced last year, is making real progress
7 in a five-year effort to preserve and create
8 14,300 homes across the state;

9 The changes to the rent regulations,
10 made possible by the rent law passed by the
11 Legislature in 2011, have produced the
12 strongest tenant protections in decades. At
13 the same time, we have added more than 28,000
14 units back to our rent regulation rolls;

15 The more than 28,000 affordable units
16 HCR has financed in the past three years, all
17 of which met critical needs -- including new
18 construction of affordable housing, new
19 supportive housing and rent-regulated units
20 as well as the preservation of existing
21 affordable housing;

22 The groundwork that created the
23 foundation upon which the Governor's
24 Storm Recovery Office has hit the ground

8

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1 running, reimbursing more than 3,000
2 homeowners \$105 million in rebuilding costs.

3 I wanted to give a longer update on
4 the biggest piece of the House New York
5 program, which was last year's acquisition
6 from ESD of the mortgage portfolio for
7 44 Mitchell-Lama housing projects across the
8 state. A year later, this critically
9 important portfolio is now under HCR control

10 and will now be maintained with a \$706
11 million investment that will refinance debt
12 on 35 developments and preserve affordability
13 for 40 years.

14 And we have already made significant
15 progress on the rehabilitation effort. Since
16 closing on the acquisition of the entire
17 portfolio last June, the state's Housing
18 Finance Agency has already closed on
19 financing for four Mitchell-Lama projects
20 containing 973 units. The \$129.8 million in
21 financing will fund much-needed repairs and
22 capital improvements. By the end of the
23 current fiscal year, we expect to close on
24 financing on another two properties

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1 containing 636 units, with total development
2 costs of \$122.1 million.

3 So, while Homes and Community
4 Renewal's list of accomplishments is great,
5 there is much more work to be done. Under
6 the Governor's leadership, our ambitious
7 goals to meet the housing needs of
8 New Yorkers are even greater. As the
9 Governor said in his State of the State
10 address last month, in 2014 "every New Yorker
11 deserves a clean, safe, decent place to
12 live."

13 Accordingly, the 2015 Executive Budget
14 expands upon our success by moving us into
15 the next phase of House New York while adding

16 \$40 million in new capital resources for the
17 construction and renovation of affordable
18 housing for low-income individuals and
19 homeless New Yorkers; seeking to use federal
20 funds to create and preserve an additional
21 3,000 affordable housing units in
22 multi-family developments; creating a
23 Renter's Personal Income Tax Credit, a
24 refundable credit for renters. Our

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1 colleagues at State Tax & Finance, who would
2 administer the credit, estimate that it will
3 assist 1.3 million households and that a
4 family of four in New York City with income
5 less than \$50,000 would receive about \$410;
6 continuing to invest in programs that work,
7 like Main Street and Access to Home;
8 remaining committed to the Governor's vision
9 of Medicaid redesign and his goal to use some
10 of the billions of dollars in savings to
11 create affordable supportive homes for 5,000
12 high-need New Yorkers.

13 In October I had the honor of
14 attending the groundbreaking of one of the
15 first projects to use Medicaid Redesign Team
16 capital funding for housing as a strategy to
17 reduce healthcare costs. The Boston Road
18 development in the Bronx will provide 154
19 homes with support services improving quality
20 of care while simultaneously lowering costs
21 to the state.

22 In conclusion, the Governor's vision
23 to meet our state's diverse housing needs has
24 energized our agency's efforts. While we

11

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1 seek to build on our successes, this year's
2 Executive Budget maintains our focus and
3 keeps our foot on the gas as we work even
4 harder to ensure that this administration's
5 historical commitment to affordable housing
6 becomes reality. We look forward to our
7 continued work and productive partnership
8 with members of the Legislature on these
9 efforts.

10 So at this time I'm happy to answer
11 any questions that you may have in regard to
12 our efforts at HCR. Thank you.

13 CHAIRMAN FARRELL: Thank you very
14 much.

15 To begin will be Keith Wright, chair
16 of the Housing Committee.

17 CHAIRMAN DeFRANCISCO: Excuse me.
18 We've been joined by Senator Tkaczyk and
19 Senator Diaz.

20 ASSEMBLYMAN OAKS: We've also been
21 joined by Assemblyman Fitzpatrick.

22 CHAIRMAN FARRELL: And we've also been
23 honored with Assemblyman Mosley's appearance.

24 ASSEMBLYMAN WRIGHT: Good morning,

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1 Commissioner.

2 COMMISSIONER TOWNS: Good morning.
Page 9

3 ASSEMBLYMAN WRIGHT: First of all,
4 before my -- I just have a couple of
5 questions for you. But before I begin my
6 questioning, I want to thank you for all the
7 help that your office has been providing us
8 in the Assembly, and me in particular, with
9 the help and the information. Quite frankly,
10 I can't remember the last time I've gotten
11 such access to a housing commissioner.

12 So I just want to thank you and your
13 staff for all of the good, good work that
14 you've been doing, and certainly in helping
15 us in the Housing Committee with putting
16 forth our agenda. So thank you very much.

17 The Governor has announced that
18 approximately \$100 million in federal
19 Hurricane Sandy funds will be dedicated to
20 affordable housing. How will the Housing
21 Trust Fund Corporation administer these
22 funds?

23 COMMISSIONER TOWNS: Well, you know,
24 we're excited about this opportunity. Sandy

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1 was very devastating to our state, in
2 particular certain communities, and we'll use
3 that money in order to bolster projects in
4 those areas to make sure that we can quickly
5 resolve these issues and, again, put people
6 back into safe quality housing.

7 ASSEMBLYMAN WRIGHT: Who will be
8 eligible for these funds, Commissioner? And
Page 10

9 what's the process that the Housing Trust
10 Fund will undertake to select these projects?

11 COMMISSIONER TOWNS: Again, the focus
12 on those funds will be to the areas most
13 impacted by Sandy. So it will be focused on
14 those communities.

15 But again, the housing options will be
16 open to New Yorkers.

17 ASSEMBLYMAN WRIGHT: Will the
18 Legislature have any input into the selection
19 of these projects at all?

20 COMMISSIONER TOWNS: You know, we're
21 always open to working in partnership. So
22 where it is feasible, certainly we keep our
23 doors open. But at the end of the day it's
24 about what's feasible in regard to housing.

14

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1 So we leave that discretion to ourselves, but
2 always welcome to suggestions.

3 ASSEMBLYMAN WRIGHT: Well, since last
4 year, I guess last year with the introduction
5 of the TPU, the Tenant Protection Unit -- and
6 I've received some complaints, as I'm sure
7 you have as well, related to I guess the
8 number of rent-regulated apartments that have
9 either been dropped or increased. And I know
10 you've been working very hard.

11 Do you think that the TPU should be
12 expanded?

13 COMMISSIONER TOWNS: I think that
14 we're happy with the success that we have.

15 The whole proposal about the TPU was
16 multi-tiered, so it was not only creating the
17 TPU unit itself but also creating a digital
18 platform so that we would have a mechanism
19 that would alert us to when apartments left
20 the regulatory system.

21 So at this point I think that we're
22 comfortable. But certainly we may be open to
23 some further conversations down the road.

24 ASSEMBLYMAN WRIGHT: Okay. Could we

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1 have a discussion, I guess? Because listen,
2 I'm excited about the TPU and just the mere
3 concept of it because it's something that
4 we've never had before. And certainly I do
5 appreciate it. But I look forward to working
6 with you on that in terms of the enforcement
7 of the TUP's mission, if you will.

8 Something that's been in the news for
9 a while now, and that's the settlement money,
10 that the Governor and Attorney General Eric
11 Schneiderman have reached an agreement on how
12 to divide approximately \$163 million received
13 as part of the securities settlement with
14 JPMorgan Chase.

15 Can you provide any detail on how the
16 agency plans to allocate the money received
17 through the JPMorgan Chase settlement and
18 what housing programs you plan to support
19 with these funds?

20 COMMISSIONER TOWNS: Certainly. We're

21 excited, as everyone else is, about the
22 success of the Governor and the AG working
23 together in order to win that settlement.

24 It's still early in the game in regard

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1 to how it will be applied, but certainly we
2 understand the needs of New Yorkers out there
3 and will be involved in those conversations
4 as we come up with the finishing touches in
5 regard to where those resources will be
6 plugged in.

7 ASSEMBLYMAN WRIGHT: Could you talk
8 about I guess the decrease in funding and
9 what went into the thinking regarding the
10 decrease in funding for our Neighborhood
11 Preservation Programs and our Rural
12 Preservation Programs?

13 COMMISSIONER TOWNS: I think there are
14 a number of ways to look at it. I think that
15 certainly when I had the opportunity to sit
16 on the dais with you guys, it appears that
17 those funds were always zeroed out. We're
18 starting at the same level that we did last
19 year and are continuing to support those
20 organizations, which are the first line of
21 our operation. I mean, they are the ones who
22 are in the trenches, and we look forward to
23 supporting them.

24 But I think that characteristic of a

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17

1 cut is probably not as clear to us. I think
2 that we've maintained the level. Certainly
3 at some point there may be some conversation
4 on how to go forward. But we've not cut
5 those organizations in this proposal.

6 ASSEMBLYMAN WRIGHT: And probably my
7 last question, something that's close to the
8 heart of Chairman Farrell, close to the heart
9 of Mr. Ortiz and certainly Mr. Mosley. How
10 can the State HCR -- I still call it DHCR,
11 but HCR, how can we really inject ourselves
12 as a State Legislature or a state entity into
13 helping our New York City Housing Authority
14 developments?

15 As you know, the Bloomberg
16 administration had put forth all these plans
17 regarding infill, I guess. And certainly a
18 lot of our housing authority developments
19 were devastated by the hurricane, Hurricane
20 Sandy. But some were in very, very bad shape
21 even before the hurricane.

22 Obviously folks in -- our residents of
23 our public housing authorities need a lot of
24 help. And how can we work with you or how

18

‡
1 can the State of New York really help to
2 improve the quality of life with our folks in
3 public housing?

4 And I say that to say that I -- and
5 correct me if I'm wrong, there was a decrease
6 in the budget, I think of some \$700,000, for

7 the Public Housing Tenant Patrol, if I'm not
8 mistaken. But how can we work together on
9 increasing the quality of life for our folks
10 in public housing? Because certainly it's
11 something that's talked about all the time
12 and everybody has a commitment, but we just
13 never seem -- and we have some state-run
14 developments as well for public housing,
15 so ...

16 COMMISSIONER TOWNS: I think that
17 that's a great question. We don't have
18 direct oversight over our New York City
19 Housing Authority --

20 ASSEMBLYMAN WRIGHT: I know you don't.

21 COMMISSIONER TOWNS: -- but certainly
22 a lot of the success we've found in other
23 areas is working in partnership. So I think
24 the answer lies somewhere there.

19

¶
1 We're waiting to resume our
2 partnerships with the City as soon as their
3 leadership is announced. We look forward to
4 sitting with them and figuring out how we can
5 work together in improving conditions not
6 only across New York State but also in
7 New York City as well.

8 ASSEMBLYMAN WRIGHT: Have you heard
9 any rumors as to when their leadership will
10 be picked?

11 COMMISSIONER TOWNS: Only the same
12 things that you've heard.

13 ASSEMBLYMAN WRIGHT: Sorry to hear
14 that.

15 (Laughter.)

16 ASSEMBLYMAN WRIGHT: I'm finished,
17 Mr. Chairman. Thank you.

18 CHAIRMAN FARRELL: Thank you.

19 Senator?

20 CHAIRMAN DeFRANCISCO: Senator Young.

21 SENATOR YOUNG: Thank you.

22 And good morning, Commissioner.

23 Welcome.

24 COMMISSIONER TOWNS: Good morning.

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1 SENATOR YOUNG: It's always great to
2 see a friend and a colleague for 15 years.
3 And I want to sincerely thank you for your
4 service to the people of New York State.

5 I do have several questions regarding
6 different aspects of the housing budget. And
7 I may not make it within the seven-minute
8 time period, so I'll probably have to come
9 back again, but hopefully we can get through
10 these questions.

11 Chairman Wright asked about the TPU.
12 And I know that you stated you're happy with
13 the success of the TPU, but I just had some
14 questions that I'd like to ask today so just
15 so we could clarify some issues.

16 First of all, how is the Tenant
17 Protection Unit funded in the budget, and by
18 what amount?

19 COMMISSIONER TOWNS: There have been
20 existing resources within reappropriations that we
21 have used in order to come up with the
22 funding in order to keep TPU rolling forward.

23 SENATOR YOUNG: Okay. The Legislature
24 rejected the funding for the TPU during the

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21

1 two previous budget cycles. So when you talk
2 about these reappropriations that you've used, what
3 specifically is going to be the source of
4 funding for this coming year?

5 COMMISSIONER TOWNS: It has all been
6 reappropriations. The reappropriations from the prior-year
7 authority is what we've used in order to keep
8 the TPU up and running. We're happy that
9 we've been able to utilize existing
10 resources -- change, if you will, in order to
11 make the dollar, to make our TPU focus and
12 available.

13 And their success over their year and
14 a half of existence has been tremendous. As
15 we pointed out in our testimony, 28,000 units
16 that were formerly outside, that had fallen
17 out of rent regulation, have been returned.
18 which means that that is the same impact as
19 creating 28,000 units for a lot less
20 resource.

21 So probably one of the greatest
22 savings that we've been able to produce, you
23 know, the millions of dollars that it took us
24 to create 28,000 units, as opposed to the

¶

1 hundreds of thousands in returning affordable
2 units back to the rolls.

3 SENATOR YOUNG: To whom does the TPU
4 report?

5 COMMISSIONER TOWNS: Directly to me.

6 SENATOR YOUNG: Directly to you, okay.
7 So it's not to the deputy of the Office of
8 Rent Administration?

9 COMMISSIONER TOWNS: No. A separate
10 organization. The deputy commissioner at the
11 TPU is Richard White.

12 SENATOR YOUNG: Okay. All right,
13 thank you.

14 How many FTEs are working for the TPU?

15 COMMISSIONER TOWNS: Twenty-five.
16 There are 25 full-time employees.

17 SENATOR YOUNG: All right. Any
18 part-time employees?

19 COMMISSIONER TOWNS: A few, and some
20 interns. I mean, you know, we're being
21 creative in order to make sure that all the
22 support to achieve the amount of success that
23 we've achieved.

24 SENATOR YOUNG: Are those paid

¶

1 internships?

2 COMMISSIONER TOWNS: No.

3 SENATOR YOUNG: Okay. And how many
4 interns, would you say?

5 COMMISSIONER TOWNS: It kind of
Page 18

6 varies.

7 DEP. COMMISSIONER DEVINE: We don't
8 know how many there are, but we'll get that
9 information to you on the breakdown of the
10 staffing structure, which would include any
11 interns or part-time employees.

12 SENATOR YOUNG: That would be great if
13 I could get the breakdown.

14 DEP. COMMISSIONER DEVINE: Sure.
15 Absolutely.

16 COMMISSIONER TOWNS: And I was remiss
17 in introducing Sharon Devine, who's our
18 deputy commissioner for budget and
19 administration.

20 SENATOR YOUNG: Very good.

21 The HCR TPU website states, as you
22 stated earlier, that 28,000 apartments have
23 been reregistered and returned to rent
24 stabilization as a result of the TPU's

24

¶
1 efforts. And one of the questions I had, how
2 many of those are prior registrations for
3 these units that had lapsed or never been
4 registered? Do you have a breakdown of that?

5 COMMISSIONER TOWNS: I would think all
6 of them were registered prior. That has been
7 the focus in returning units back to
8 registration that have fallen out.

9 And the success of TPU has also been
10 achieved in cooperation with the landlord
11 community. You know, the ability to return

12 these units has been through conversations
13 with landlords who have agreed to return
14 these. So the relationship that TPU -- or
15 the success that has been reached by the TPU
16 has only been because of the relationships
17 that they've developed with landlords as
18 well.

19 SENATOR YOUNG: Does the 28,000 figure
20 include the thousands of units that were
21 reregistered as a result of the Stuyvesant
22 Town decision? Does that have anything to do
23 with that?

24 COMMISSIONER TOWNS: No, it does not.

¶

25

1 SENATOR YOUNG: It doesn't, okay. All
2 right, thank you.

3 Just before I leave the TPU topic, I
4 just wanted to ask quickly, could you get
5 information back to me in writing about
6 specifically which reappropriation authority
7 you're using to fund the TPU?

8 COMMISSIONER TOWNS: Sure. We can
9 follow up with you.

10 SENATOR YOUNG: That would be great.
11 Okay, thank you.

12 Just switching to Mitchell-Lamas, and
13 I know that you brought that up in your
14 testimony. So in August of 2013 HCR issued
15 an RFP identifying 27 eligible properties
16 that could apply for the \$17.8 million
17 provided in last year's budget that we

18 approved.

19 And I was wondering how these
20 Mitchell-Lama developments were selected as
21 being the most in need of rehabilitation.
22 And what is the plan for addressing the need
23 of the remaining 17 properties in the
24 portfolio?

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1 COMMISSIONER TOWNS: Well, certainly
2 our intent is to bring all of that portfolio
3 to a level of quality housing. Certainly in
4 looking at those resources in that portfolio,
5 there were some that were in much more
6 critical need than others. So our risk
7 assessment team went out in order to
8 categorize these developments.

9 And we're trying to make sure that we
10 get to the most needed developments first,
11 but our intent is to make improvements to the
12 whole portfolio and all of Mitchell-Lamas,
13 both what's in the formerly ESD portfolio as
14 well what we hold in the state fund.

15 SENATOR YOUNG: How many applicants
16 responded to the RFP?

17 COMMISSIONER TOWNS: We'll have to get
18 back to you in regard to that number.

19 SENATOR YOUNG: Okay, thank you. I
20 appreciate that.

21 So when you get back to me, could you
22 provide, Sharon, a list of project
23 applicants, including the property name,

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address, mortgager, borrower, developer,

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sponsor, as well as the number of units and

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also the Senate district? That would be

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helpful.

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DEP. COMMISSIONER DEVINE: Absolutely.

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SENATOR YOUNG: Okay, thank you.

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In HCR's capacity as the 9 percent

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Low-Income Housing Tax Credit allocating

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agency, it was designated as the lead agency

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in reviewing these Mitchell-Lama

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applications; right?

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COMMISSIONER TOWNS: Mm-hmm.

12

SENATOR YOUNG: So in addition to the

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resources provided for in the budget, do you

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expect that federal or state low-income

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housing tax credits will be allocated to

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these Mitchell-Lama properties? If so, can

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you provide details as to how much credit is

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available for this purpose?

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COMMISSIONER TOWNS: I think that that

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is also evolving.

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But certainly our president of finance

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and development, Marian Zucker, and her staff

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have been creative in cooking up different

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formulas in order to meet the needs. So no

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two projects are the same. We look at

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whatever resources that we can use in order

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to move developments forward.

4 So it's the creativity of that staff,
5 and we'll continue to do that. But as best
6 as we can, we can share with you the
7 different pools that we use in order to
8 create these formulas.

9 SENATOR YOUNG: That would be great.
10 Because one of the questions I have is how
11 will this impact the rest of the housing
12 projects around the state. So if you can
13 share that with us. Okay, great.

14 COMMISSIONER TOWNS: I think
15 everything that we do, not only are we trying
16 to make sure that we can get the most out of
17 the resources, but we also take into
18 consideration touching all of the areas of
19 the state, making sure that we have
20 geographical balance and making sure that the
21 pools of money that we utilize are stretched
22 to make sure that at the end of the day we've
23 done a tremendous job in regard to moving
24 forward the amount of affordable quality

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1 housing that we have for New Yorkers.

2 SENATOR YOUNG: Thank you. I'm
3 getting the high sign from Senator
4 DeFrancisco, so I have to come back.

5 SENATOR KRUEGER: We've been joined by
6 senator Espaillat and Senator Hoylman.

7 CHAIRMAN FARRELL: Next, Felix Ortiz.
8 But before that, we've been joined by
9 Assemblywoman Earlene Hooper.

10

Assemblyman Ortiz.

11

ASSEMBLYMAN ORTIZ: Thank you,

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Mr. Chairman.

13

Good morning, Commissioner. Thank you

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for being here, and thank you for your

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testimony.

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I also would like to join my colleague

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Assemblyman Wright in thanking you, but from

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my perspective I would like to thank you more

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because when Sandy hit Red Hook, the

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community that I represent, and I needed to

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speak with someone, you always was on the

22

other side of the line, no matter what time

23

of the day, and you always was responsive.

24

And I think those are the kind of leaders

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that we need in government when

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communities are hurting from very bad needs.

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I also would like to thank you for

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accommodating some of the generators in my

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district to make sure that my community had

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light. It went without electricity and hot

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water for almost seven days. So I would like

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just to put that on the record, because I

9

never had the chance to say that to you that

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publicly.

11

And I want to make sure that people

12

understand that you're the kind of individual

13

that we can count on, whether we agree or

14

disagree, but we come out a consensus and

15

you're always there to give us the answers.

16 Thank you very much for that.

17 COMMISSIONER TOWNS: Thank you,
18 Assemblyman.

19 ASSEMBLYMAN ORTIZ: And I will tell
20 you my constituents are very happy every time
21 I mention your name. They think it's your
22 father, but I want to make sure it's you --

23 (Laughter.)

24 ASSEMBLYMAN ORTIZ: I want to make

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1 sure I make that clear.

2 Commissioner, my question is regarding
3 the \$100 million that the Governor spoke
4 about new housing. Has there been any detail
5 on how that money will be planned to be
6 expended and where?

7 COMMISSIONER TOWNS: No, it's still
8 early in the process. We're still having
9 those conversations.

10 Again, because of the creativity of
11 our staff, whichever form that it comes in,
12 we'll make sure that we're able to add that
13 to the mix of resources that we already have
14 in order to continue to grow our affordable
15 housing resources statewide.

16 So those conversations are still --
17 you know, we have a while for the amendment
18 process, so those conversations are ongoing.

19 ASSEMBLYMAN ORTIZ: And just to
20 finalize, I just would like to make a comment
21 regarding New York City Housing Authority, to

22 piggyback on Assemblyman Wright's comments.
23 I think that once that leadership gets
24 selected, I hope that you can work together

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1 with them and also involve some of us who
2 represent the biggest developments.

3 You know, I have 2900 units that I
4 represent, and I know the difficulties that
5 these people live with and all the problems
6 that they face. So I'm looking forward to
7 working with you and the new leadership as we
8 move forward. Thank you very much.

9 COMMISSIONER TOWNS: We look forward
10 to that also.

11 Just in regard to that disaster
12 recovery, I just want to mention that our
13 Deputy Commissioner Matthew Nelson and his
14 staff did a phenomenal job at the onset.
15 Since then, we've now grown a permanent
16 infrastructure for the state dealing with
17 disaster recovery. But early on, my staff
18 worked double duty. And thank you for the
19 comments.

20 SENATOR KRUEGER: Thank you.

21 CHAIRMAN FARRELL: Thank you.

22 Senator?

23 CHAIRMAN DeFRANCISCO: Senator
24 Espallat, the ranker for Housing.

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1 SENATOR ESPAILLAT: Thank you,
2 Senator.

3 Thank you, Commissioner, for your
4 testimony and your work within HCR.

5 I want to go right to the Tenant
6 Protection Unit. Which, as you know, when
7 rent stabilization was redone, the Tenant
8 Protection Unit was touted as one of the
9 major victories for tenant advocates.

10 What was last year's budget for the
11 Tenant Protection Unit?

12 DEP. COMMISSIONER DEVINE: It was
13 nearly \$5 million. But again, we used
14 reappropriation in order to cover the cost of
15 that unit.

16 SENATOR ESPAILLAT: And what is the
17 projected budget for this year?

18 DEP. COMMISSIONER DEVINE: The same.

19 SENATOR ESPAILLAT: Five million
20 dollars? Okay. So there is no cut in the
21 budget for the Tenant Protection Unit?

22 DEP. COMMISSIONER DEVINE: No.

23 SENATOR ESPAILLAT: One of the issues
24 that we face is that the funding for the

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1 Tenant Protection Unit is not itemized in the
2 budget and therefore we have sometimes
3 difficulty knowing whether there is an
4 increase or a cut.

5 You also mentioned the digital
6 platform. And we know that the digital
7 platform is a very important tool for the
8 Tenant Protection Unit to do its work,

9 because it will identify bad actors, folks
10 that are defrauding the system or breaking
11 the law or harassing tenants. And I know
12 that this is a tool that would greatly
13 enhance the operation of the Tenant
14 Protection Unit.

15 what's the timetable for this platform
16 to be up and running?

17 DEP. COMMISSIONER DEVINE:

18 Approximately 18 months. We're beginning to
19 kick off our activities with a vendor who is
20 being selected. And so we'll have some
21 progress throughout various phases of the
22 18 months, and we can share details on when
23 those milestones will be met.

24 SENATOR ESPAILLAT: So in a year and a

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1 half we'll have the digital platform up and
2 running?

3 COMMISSIONER TOWNS: That's our hope.

4 SENATOR ESPAILLAT: Thank you.

5 Will the Tenant Protection Unit
6 continue to audit individual apartment rent
7 increases, and will it audit major capital
8 improvement activities by landlords?

9 COMMISSIONER TOWNS: Yes, it will
10 continue the work that it's been doing. And
11 continuing, hopefully, to achieve the success
12 that it's produced over that time that it's
13 been in existence.

14 SENATOR ESPAILLAT: And you mentioned
Page 28

15 that there's approximately 25 full-time
16 employees in the unit?

17 COMMISSIONER TOWNS: Correct.

18 SENATOR ESPAILLAT: Do you feel that
19 25 employees is enough to service the entire
20 state?

21 COMMISSIONER TOWNS: I think that
22 we're comfortable with where we are. We've
23 had to be creative in order to make the
24 resources available to keep things moving.

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1 And the achievements that have been reached
2 have been, I think, laudable. So we're
3 comfortable with where we are right now.

4 SENATOR ESPAILLAT: And what's your
5 wish list? How many full-time employees do
6 you think you need to adequately service the
7 state and the hundreds of thousands of
8 rent-stabilized units that we have across the
9 state?

10 COMMISSIONER TOWNS: You know, in
11 regard to wish lists, I think since we've
12 become an integrated housing entity, we're
13 large and have a number of missions. All of
14 our staff works tremendously hard. So in a
15 wish list I think that it would go in a
16 number of places.

17 But we continue to be comfortable with
18 what we're achieving, preserving affordable
19 housing, creating affordable housing, and
20 meeting the Governor's mission of providing

21 quality affordable housing for all New
22 Yorkers. You know, we're working there. But
23 we understand that there are difficult times,
24 so we're reaching efficiencies in order to

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1 continue with our mission.

2 SENATOR ESPAILLAT: And how many
3 housing units did TPU get registered under
4 rent regulation this year?

5 DEP. COMMISSIONER DEVINE: We'll have
6 to get back to you on that data.

7 COMMISSIONER TOWNS: Overall it's been
8 the 28,000. We'll have to get back to you in
9 regard to, you know, what happened in the
10 last 12 months.

11 SENATOR ESPAILLAT: And does this
12 increase generate revenue for the state?

13 COMMISSIONER TOWNS: Not registration
14 per se.

15 But the Castellan settlement, which
16 you're very well aware of, did have a benefit
17 to the state in regard to that settlement
18 with the landlord, not only giving people
19 opportunity to move back to their apartments,
20 but created a fund that if it's not totally
21 utilized, that residual will come back to the
22 state.

23 SENATOR ESPAILLAT: But the owner of
24 each unit must pay a \$10 per year

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1 registration fee; correct?

2 DEP. COMMISSIONER DEVINE: That's
3 correct.

4 SENATOR ESPAILLAT: And this fee has
5 not been increased in over 40 years.

6 DEP. COMMISSIONER DEVINE: That's also
7 correct.

8 SENATOR ESPAILLAT: Would it be a
9 revenue source if we are able to, after
10 40 years, increase the fee?

11 DEP. COMMISSIONER DEVINE: Absolutely.
12 That is something we should get together and
13 discuss, what that level should be. We're
14 more than open to talking about it and
15 considering whether that's an option.

16 COMMISSIONER TOWNS: That question
17 maybe is more directed at DOB in regard to --

18 SENATOR ESPAILLAT: But in essence the
19 increase of the units, right, register is
20 also a revenue source, because each owner has
21 to pay a \$10 registration fee that has not
22 been increased, as opposed to all other fees
23 probably across the state, in over 40 years.
24 Isn't it time to increase the registration

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1 fee?

2 COMMISSIONER TOWNS: The proceeds from
3 that fund go to the Office of Rent
4 Administration, which is independent of the
5 TPU. So I'm not sure whether that answers
6 your question, Senator, but that's where that

7 lies.

8 And I think going forward, and what
9 possibilities there are if that is expanded,
10 I'm sure that the Division of Budget would
11 need to be involved in that conversation.

12 SENATOR ESPAILLAT: Now, I'm going
13 back to the question which was previously
14 addressed, which is the monies that is coming
15 through the JPMorgan settlement and the
16 agreement between the second floor and
17 Attorney General's office, which will yield
18 individually for each part \$80 million-plus
19 for this budget cycle.

20 And I know that last -- I believe it
21 was last year or the year before there was
22 some concern about foreclosure prevention
23 money that was being cut. And there's also a
24 concern about the funding for the unit

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1 itself. I mean, I think that \$5 million is
2 not enough to service the entire state.

3 Is there any template or is there any
4 suggestion as to how this money could be used
5 to best enhance your operation, be it through
6 an increase in the Tenant Protection Unit or
7 perhaps establishing some type of operation
8 that will prevent future foreclosures as a
9 result of some of the practices by that
10 entity that led to the crisis?

11 COMMISSIONER TOWNS: As we have
12 mentioned in our testimony, those

13 conversations are ongoing. And I think that
14 it is the focus of both the Attorney General
15 as well as the Governor in order to see those
16 funds applied in some way to help with
17 affordable housing.

18 SENATOR ESPAILLAT: I'm out of time.
19 I'll get you on the second round.

20 Thank you, Commissioner.

21 SENATOR KRUEGER: Assembly?

22 CHAIRMAN FARRELL: Thank you very
23 much.

24 Assemblyman Fitzpatrick.

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1 ASSEMBLYMAN FITZPATRICK: Thank you,
2 Mr. Chairman.

3 Commissioner, Deputy Commissioner,
4 welcome. Thank you for your time this
5 morning.

6 A couple of questions. Can you tell
7 me since the inception of TPU how many audits
8 for individual apartment improvements have
9 been initiated by the agency? And of those,
10 how many have resulted in a lowering of the
11 legal regulated rent, remained unchanged, and
12 how many are pending against building owners?

13 COMMISSIONER TOWNS: It's a great
14 question. We'll have to get back to you on
15 those specific numbers.

16 ASSEMBLYMAN FITZPATRICK: What are the
17 procedures, you know, for an audit for this
18 action? What is the process?

19 COMMISSIONER TOWNS: Pretty quickly.
20 It was generated by a letter, a series of
21 letters, working in cooperation with
22 landlords. We'll have to get back to you the
23 percentage of landlords that answered these
24 letters.

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1 But through those conversations is how
2 the process began, and we were able to yield
3 these 28,000 units coming back onto the
4 books.

5 ASSEMBLYMAN FITZPATRICK: And then is
6 there a procedure for the building owner to
7 challenge a determination by TPU?

8 COMMISSIONER TOWNS: There is,
9 absolutely.

10 ASSEMBLYMAN FITZPATRICK: Can you tell
11 me how that works?

12 COMMISSIONER TOWNS: Again,
13 conversation. So all of the success that the
14 unit has achieved has been in cooperation.
15 So those conversations with landlords who
16 have their certifications, in order to prove
17 what happened with their units. The TPU
18 moves on to the next thing.

19 So it's been more about communication,
20 having a designated unit that is specifically
21 looking at these issues, while at the same
22 time the Office of Rent Administration
23 continues its mission.

24 ASSEMBLYMAN FITZPATRICK: Just a

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1 follow-up. Senator Espailat mentioned the
2 possibility of this registration fee, an
3 increase as a revenue source. Let me ask
4 you, who ultimately pays for that increase?
5 Does not the tenant ultimately pay for that,
6 when you get right down to it?

7 COMMISSIONER TOWNS: We'll have to
8 look into that.

9 ASSEMBLYMAN FITZPATRICK: Okay. all
10 right. Thank you very much.

11 SENATOR KRUEGER: Senator Smith.

12 SENATOR SMITH: Thank you very much,
13 Madam Chairwoman.

14 Good morning, Commissioner. How are
15 you this morning?

16 COMMISSIONER TOWNS: Good morning.

17 SENATOR SMITH: Let me first
18 congratulate you and the Governor on the
19 renter's credit program. I think that's
20 going to go a long way to those families.
21 Some may think \$400 doesn't mean a lot. But
22 as you know, in communities of color that
23 \$400 can go a long way toward food, toward
24 school supplies, in addition to giving them

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1 the skills or the ability to possibly move up
2 to another apartment and move up into that
3 middle class, which has been a challenge for
4 us.

5 I want to just draw some more
Page 35

6 attention to the JPMorgan issue. HCR has a
7 foreclosure unit?

8 DEP. COMMISSIONER DEVINE: We do not
9 have a foreclosure unit operating right now.
10 All of those activities have been handled out
11 of the AG's office at this point.

12 SENATOR SMITH: So notwithstanding the
13 foreclosure crisis we have, our primary
14 housing agency does not have a unit that
15 deals with foreclosure?

16 COMMISSIONER TOWNS: We originally had
17 a unit established within our agencies.
18 However, the AG's great work in regard to the
19 settlement, the anti-foreclosure programs
20 were transferred over to the thing AG's
21 office.

22 SENATOR SMITH: Okay. So the AG now
23 is in charge of foreclosure challenges that
24 we may have in our districts; is that

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1 correct?

2 DEP. COMMISSIONER DEVINE: Yes.

3 SENATOR SMITH: Is there any
4 discussion with the Governor's office and/or
5 with the AG around the setting up of some
6 type of regional council to deal with
7 foreclosures or the dispensing of the
8 JPMorgan money? As you know, we have
9 Economic Development Regional Councils, we
10 now have health councils, which I heard
11 Dr. Shah talk about yesterday.

12 Has there been any discussion around
13 potential regional councils as relates to how
14 to dispense the JPMorgan benefit money, which
15 as we know is substantial?

16 COMMISSIONER TOWNS: There have been
17 ongoing conversations. I'm not sure if
18 they're looking at that particular model, but
19 that's certainly worth sharing with both the
20 AG and the Governor's office.

21 SENATOR SMITH: Southeast Queens, as
22 you know, has been declared ground zero for
23 the mortgage crisis. And that's, you know,
24 nothing to brag about.

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1 Is there any targeted program that you
2 are looking at with regard to ameliorating
3 the speculators who are now very present in
4 that area, and probably around the City, on
5 foreclosures?

6 COMMISSIONER TOWNS: There's nothing
7 that we have currently within HCR at this
8 time.

9 SENATOR SMITH: Okay. With regard to
10 the Sandy recovery, I think in your testimony
11 you talked about close to 3,000 -- is that
12 it, the number? I'm sorry, you have, yeah,
13 3,000 homeowners, \$105 million in rebuilding
14 costs. My question is, do you have the
15 number as to the number of homes that were
16 sold back to the state or the state purchased
17 with that, from the Sandy recovery?

18 COMMISSIONER TOWNS: We don't have
19 those numbers. As I alluded to, we were the
20 original disaster unit. We have since
21 created a permanent infrastructure led
22 jointly by Seth Diamond and Jamie Rubin. We
23 will share that question with them and make
24 sure that you get an answer in regard to the

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1 specific homes that were purchased. And I
2 would imagine that similarly, you'd like to
3 see that district, if that information is --

4 SENATOR SMITH: Right. I was going to
5 say if I can get it for my district.

6 And finally, the Homeless Housing
7 Assistance Program, I see it's a capital
8 development program. It's gone up
9 110 percent; that is, from \$30 million to
10 about \$63 million. And while that's not a
11 problem, my question in terms of logic is
12 you've discontinued the Advantage Voucher
13 Program, which allows homeless people to go
14 from rent to housing.

15 As anyone knows in a capital program,
16 it takes time to build. It can take five,
17 six, 10 years. So my question is what will
18 those homeless people who were involved in
19 that rental assistance program do during that
20 time?

21 Or maybe you want to reconsider a
22 portion of that going still to maintain that
23 program so that during that construction

24 period, which could be five, six, seven,

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1 eight years, they have that assistance which
2 you have now cut out of the budget.

3 COMMISSIONER TOWNS: It's a great
4 point. We'll have to work with our sister
5 agency and see if there might be more
6 efficiencies in working together with that
7 program.

8 SENATOR SMITH: Okay. And finally, I
9 just want to lend my voice to the chorus
10 regarding the Tenant Protection Unit. I
11 think Assemblyman Keith Wright, obviously our
12 chair, Cathy Young, and ranker, Senator
13 Espaillat, have all hit it right on the head.
14 And there are a number of people who are
15 having challenges.

16 And I know you kept the budget flat on
17 that, but if as you move forward with your
18 negotiations with the Governor and the Office
19 of Budget, that we try and where we can help
20 to raise that number, please let us know.

21 Thank you very much.

22 Thank you, Madam Chairwoman.

23 SENATOR KRUEGER: Thank you.

24 Assembly?

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1 CHAIRMAN FARRELL: Next will be
2 Earlene Hooper.

3 ASSEMBLYWOMAN HOOPER: Thank you.

4 CHAIRMAN FARRELL: Oh, and we've been
5 joined by, excuse me, Assemblyman Joe Lento
6 and Assemblywoman Robinson.

7 SENATOR KRUEGER: And Senator
8 Velmanette Montgomery.

9 ASSEMBLYWOMAN HOOPER: Deputy
10 Commissioner, welcome. And my colleague and
11 good friend Commissioner Towns, how are the
12 girls?

13 COMMISSIONER TOWNS: Very well, thank
14 you, Madam Deputy.

15 ASSEMBLYWOMAN HOOPER: Have one of
16 them finally graduated?

17 COMMISSIONER TOWNS: Not yet. Not
18 yet.

19 ASSEMBLYWOMAN HOOPER: What, next
20 year?

21 COMMISSIONER TOWNS: Nope, just a
22 freshman.

23 ASSEMBLYWOMAN HOOPER: Wow, time goes
24 so rapidly.

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1 It's always a pleasure to have you
2 here. And I'm very proud of the job that
3 you've done, and I just welcome you. And I
4 have had an opportunity to read your
5 presentation.

6 The question that I'm going to present
7 to you might not actually be within your
8 purview, but I would like to get, if
9 possible, your opinion. I represent a

10 community in Nassau County, and Nassau County
11 is wealthy in terms of real estate, not
12 necessarily finances or resources in terms of
13 cash. And several -- not several, I would
14 say a large proportion of that community are
15 aging, own their own homes.

16 The homes sometimes are paid in full
17 if there is not a second mortgage, and the
18 mortgage exceeds the tax burden. And since
19 the home is registered as a one-family home,
20 although there may or could possibly be
21 places within that home, a basement or a
22 family section that can be utilized for
23 additional revenue.

24 Now, my question is, what is your

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1 opinion as it relates to this segment of the
2 population, what I would call the young
3 elderly, who have made their sacrifices for
4 their most important investment and can no
5 longer afford to live in their homes because
6 of the tax burden?

7 I certainly do appreciate and
8 recognize what the Governor is trying to do
9 to assist with the tax burden. But in
10 Nassau County it is a against variance and
11 against the local government to allow a
12 one-family home to rent its facilities, its
13 property, to non-family members.

14 I would like to know your opinion as
15 to how and what would it take for a local

16 municipality to allow a variance, with
17 approval, that a home of this type, with the
18 owners living in the home, having the home
19 meet all the necessary safety requirements in
20 terms of egress or fire, et cetera -- one of
21 the issues is because when the families or
22 the homeowners without approval from the
23 local municipality, change the infrastructure
24 of home, that infrastructure does not compare

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1 with what the fire department has.

2 So the firefighters, who really are
3 putting their lives on the line, will go into
4 a home thinking, based on the floor plan they
5 have of the home, that there should be a door
6 to the left or an exit to the right, but it
7 has been blocked by infrastructure
8 construction.

9 And there have been incidents, not
10 just in Nassau County but in other
11 municipalities, where a firefighter and/or
12 the residents have been confronted with not
13 only injuries but possibly death because the
14 firefighter did not realize he or she was
15 entering into a non-exit entrance.

16 What do you think or how do you think
17 that this could be resolved if a local
18 municipality would allow, with the
19 appropriate safety and regulations put in
20 place, an approval of a variance that would
21 allow someone that I have just described to

22 rent their home so that they may have
23 additional revenues and remain in their home
24 that they've had for maybe 30, 40 years,

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1 without having to be confronted with safety
2 issues not just to themselves but also to
3 those emergency rescue personnel? what is
4 your opinion on that? And would your agency
5 have input if that were to be presented?

6 COMMISSIONER TOWNS: Thank you for
7 that question. It's a difficult one, and I
8 think I would have a difficult time in just
9 answering it here in this setting. I will
10 make staff available for continued dialogue.

11 I think one of the things that the
12 Governor has mentioned in his State of the
13 State -- not particularly to this issue, but
14 he has mentioned that we have tens of
15 thousands of municipalities. And with that
16 tens of thousands of municipalities, we can
17 potentially have tens of thousands of rules
18 in regard to rectifying the situation that
19 you mentioned.

20 so probably as opposed to trying to
21 develop an answer here, it might be reason to
22 have further dialogue. And also adding other
23 agencies, state as well as local agencies, to
24 be a part of that thought.

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1 But just overall, there were a few of
2 us that had some conversations last night,
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3 and we are interested in how we can create a
4 continuum of housing. You know, your area is
5 not much different from other areas -- large
6 stately homes that folks successfully raised
7 their families, sometimes now kids are gone
8 and one of the parents, a widow or widower
9 may be living by themselves.

10 I think we'd like to see a continuum
11 in regard to have somewhere that that senior
12 could move in that local town and make that
13 house now available for the next wave of
14 families. So in regard that we can develop
15 some type of continuum, we'd really be
16 interested in that.

17 But to the issues about the local
18 variance changes, I think that's more of a
19 dialogue than an answer that I can present at
20 this time.

21 ASSEMBLYWOMAN HOOPER: Okay. I
22 understand, certainly, this is without --
23 does not come under your purview. But what
24 is your opinion about something like that

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1 being pursued at the local level?

2 COMMISSIONER TOWNS: Generally I think
3 appropriate use of housing is what we all
4 want to reach. But we're also concerned
5 about safe, quality, affordable housing. So
6 some of those issues that you brought up were
7 scenarios that might not necessarily yield
8 quality safe housing if you don't have a way

9 to get in and get out.

10 So again, I think to just make a broad
11 opinion statement would be difficult for me.
12 But in the effort to find affordable housing
13 for New Yorkers, I think that we're willing
14 to talk about a number of different ways to
15 achieve that.

16 ASSEMBLYWOMAN HOOPER: In closing,
17 what I'm really thinking is that, say there
18 were a home that has been occupied by a
19 family, the children have now left the home,
20 it could be a widow or a widower, and the
21 basement is fully completed -- bath, kitchen,
22 et cetera. And if that home, that house were
23 able to be modified to meet the local
24 approval in terms of appropriate egress with

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1 a push door, the appropriate fire and smoke
2 alarms, the appropriate types of windows,
3 et cetera, is that something that I could at
4 least think about, look at? Because there
5 are so many people who live in their homes
6 for 40-some --

7 CHAIRMAN FARRELL: -- too long.

8 ASSEMBLYWOMAN HOOPER: Oh, my time.
9 Thank you very much. I've just been told by
10 my boss that I've completed my time. Good to
11 see you. Thank you.

12 COMMISSIONER TOWNS: I think that
13 those questions are relevant and probably
14 best had at your local level. As you know,

15 in your area one side of the street may be
16 one municipality with certain rules, the
17 other side of the street is a different
18 municipality. So I think the better
19 conversation is at the local level. And once
20 you have that solved, to see how we can play
21 a role.

22 ASSEMBLYWOMAN HOOPER: Thank you so
23 much. Thank you, Mr. Chair.

24 CHAIRMAN DeFRANCISCO: Thank you.

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1 Senator?

2 SENATOR KRUEGER: Thank you.

3 Senator Cecilia Tkaczyk.

4 SENATOR TKACZYK: Good morning,
5 Commissioner. Thank you for being here.

6 First of all, on behalf of my
7 constituents in Fort Plain, I want to thank
8 you and your staff for responding so quickly
9 to the flood we had in Fort Plain. You know,
10 the Governor came out and said "we're here to
11 help," and then the staff from your agency
12 came out and helped. And I really want to
13 acknowledge that, you know, this was not
14 something you were planning, not something we
15 were expecting, but your staff came to the
16 rescue. And I really want to thank you and
17 just make that note.

18 But I also have concerns that while we
19 have these types of emergencies, that you
20 have the resources so that you can put staff

21 on the ground where we need them and that
22 doesn't mean you can't do the rest of the
23 work at the agency. And that, to me, is a
24 concern.

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1 And I wanted you to respond to the
2 staffing issue. Do you have enough staff to
3 deal with these types of emergencies and
4 process the work that you need to do that's
5 so important?

6 COMMISSIONER TOWNS: We have
7 challenges throughout the agency and a big
8 mission to fulfill. Again, staff has done
9 tremendous. We're looking for better
10 efficiencies.

11 One of the things that I think also is
12 worth noting, that our role in regard to
13 disaster is changing. We now have created a
14 permanent infrastructure, so a lot of the
15 load that we carried 18 months ago has now
16 been transferred to that permanent
17 infrastructure, and for the most part we're
18 back to focusing on creating housing.

19 SENATOR TKACZYK: I appreciate that.

20 But I think it's important that if you
21 need help with more staff, that you let us
22 know and that is part of the budget
23 discussion. And I think, given some of the
24 delays that I've heard about with regard to

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1 some of the other programs, that that might
2 be a concern.

3 COMMISSIONER TOWNS: Again, I think
4 that that was during the time when we were
5 the disaster, slash, housing unit. But now
6 we're back to housing. The disaster
7 organization hopefully will be handling that
8 work here on out.

9 SENATOR TKACZYK: So you don't foresee
10 any delays in the future?

11 COMMISSIONER TOWNS: I do not.

12 SENATOR TKACZYK: Okay. I want to
13 talk about the Neighborhood and Rural
14 Preservation Programs. I know these programs
15 well. They are statewide. We have
16 tremendous not-for-profit community-based
17 entities working on affordable housing and
18 education. And I wanted to know how, does
19 this budget support them?

20 DEP. COMMISSIONER DEVINE: This year
21 there's a \$12 million funding that's been set
22 aside through the Housing Trust Fund
23 Corporation. That will mean \$58,000 per
24 group, so that's a continued commitment --

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1 SENATOR TKACZYK: I'm sorry, how much
2 how much per group?

3 DEP. COMMISSIONER DEVINE: Right now
4 the \$12 million is equally shared amongst the
5 205 organizations, and so they will each
6 receive \$58,000 through the annual contract.

7 SENATOR TKACZYK: Is that the same as
8 last year?

9 DEP. COMMISSIONER DEVINE: It's the
10 same level of commitment that was put forth
11 in the Executive Budget. We understand that
12 the Legislature put in an additional amount
13 of money to get them up to \$65,000 last year.

14 SENATOR TKACZYK: So they were getting
15 \$65,000 last year. And this budget that the
16 Governor is proposing reduced it to \$58,000.
17 And how many groups have we lost over the
18 years, and do we have areas that are not
19 being served by these agencies? And if so,
20 are there any efforts to replace them?

21 COMMISSIONER TOWNS: We are looking at
22 the process of some of the gaps that we have,
23 and there are ongoing conversations in regard
24 to how we can achieve that.

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1 Also, especially with the shifts in
2 population, we need to focus on some of these
3 new areas. So we're having conversations in
4 regard to how to do that.

5 SENATOR TKACZYK: Well, as a Senator I
6 understand the value these organizations
7 have. They're helping us with disaster
8 relief, they're helping us with homeownership
9 counseling, they're helping us with
10 foreclosure prevention, and they are helping
11 us figure out what we need to do on a local
12 level with regard to our housing needs.

13 So to me, they are an imperative
14 partner in our ability to meet local housing
15 needs. And I think it's important that we
16 strengthen this network, rather than continue
17 to make it be part of a political football
18 during the budget session. And we should
19 recognize the value that they do and support
20 it.

21 So I would urge that the funding level
22 be raised to adequately support these
23 organizations. And where we need these
24 organizations strengthened -- we have areas

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1 where we don't have Rural and Neighborhood
2 Preservation Companies where we know they
3 would be very vital, especially in rural
4 areas that are involved in disaster relief.
5 Many of these rural communities could use the
6 help of a local not-for-profit
7 technical-assistance vehicle to help them put
8 together applications and grants to apply for
9 the plethora of affordable housing and
10 Main Street grants, but they can't because
11 they don't have the technical expertise and
12 the resources.

13 So I would really urge you to look at
14 where we can strengthen this network and see
15 more growth in these types of organizations.
16 And as you're looking at the millions
17 available in the JPMorgan Chase settlement,
18 this should be one of those entities that's

19 looked at to receive support. Because one of
20 the things that we need to acknowledge is we
21 know what works.

22 And when we provide homeownership
23 counseling assistance on how to purchase a
24 home and what you should look for, many, many

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1 of the people who went through homeownership
2 counseling did not lose their homes, they
3 stayed in their homes, because they had homes
4 that were affordable. So homeownership
5 counseling is really critical, and I'd like
6 to make sure that we're investing in people
7 and communities that make a difference in the
8 long term.

9 Thank you.

10 COMMISSIONER TOWNS: Great. Thank
11 you.

12 CHAIRMAN FARRELL: Thank you. We've
13 been joined by Assemblyman Brian Kavanagh.

14 SENATOR KRUEGER: And Senator Diane
15 Savino.

16 CHAIRMAN FARRELL: Next to question,
17 Assemblyman Mosley.

18 ASSEMBLYMAN MOSLEY: Thank you,
19 Commissioner, for joining us. It's always a
20 pleasure seeing you.

21 I just have two brief questions. You
22 know, in Brooklyn we have over
23 400,000 seniors. Unfortunately, half of
24 those seniors live in poverty. In lieu of

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1 the JPMorgan settlement and the subsequent
2 settlements that are going to take place, my
3 first question is, do we have a plan or
4 course of action that's currently in place or
5 will be in place as relates to those seniors
6 who need assistance as relates to keeping
7 their homes or preventing them from going
8 into foreclosure or getting them out of
9 foreclosure? Can you elaborate on that?

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COMMISSIONER TOWNS: Yeah, we're
continuing to work and focus on -- there are
a number of ways -- we have a number of
pockets of seniors, those that require
supportive services and those that can live
independently. So we continue to utilize our
resources in order to make sure that housing
options are there.

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One of the things that you realize,
though, in Brooklyn, like a number of other
places particularly in the city, space is
becoming a challenge. And so the outer
boroughs were formerly a bastion of
affordable housing, but now luxury and
market-rate housing are looking also for land

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and finding themselves in the outer boroughs.
So it's becoming more of a challenge in
regard to the land and utilization of that
land. But seniors continue to be a high
priority for us here in our agencies.

6 ASSEMBLYMAN MOSLEY: In lieu of the
7 JPMorgan settlement and the subsequent
8 settlements that are to come, do we see
9 ourselves using those appropriations in whole
10 or in part to deal with that situation?

11 COMMISSIONER TOWNS: I think that
12 there are a number of priorities that we have
13 for New Yorkers that are being challenged by
14 housing.

15 Once those conversations are over and
16 we know exactly how the resources will be
17 used, I'm sure that we'll use them in
18 combination with other resources in order to
19 make sure that not only seniors but people
20 who have supportive needs and low-income
21 families, that we can fight across the board
22 for those in need of affordable housing
23 options.

24 ASSEMBLYMAN MOSLEY: And my second

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1 question relates to TPU. You know, in this
2 digital world that we live in, do you see the
3 TPU units growing, not merely from a manpower
4 perspective but from a digital perspective?
5 Or do you see a combination in growth of
6 digital, equipment and tools, and maybe not
7 more so from a manpower perspective?

8 COMMISSIONER TOWNS: Certainly it will
9 be a combination. So Commissioner White and
10 his staff have done a tremendous job in
11 regard to finding units and putting them back

12 into the system. But still we don't know
13 what make be leaking out on the back end
14 today.

15 So when we have that digital platform,
16 we'll continue the mission of the 25
17 investigators and inspectors, but also have a
18 mechanism that we're not losing today. So I
19 think that we'll continue in combination. I
20 think that that will put us on a track to
21 continue to be successful.

22 ASSEMBLYMAN MOSLEY: Thank you,
23 Commissioner, for your open-door policy. As
24 a young member I've found it satisfying that

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1 you were able to open up your doors to me
2 during my first term and my first year.
3 Thank you so much.

4 CHAIRMAN FARRELL: Senator?

5 SENATOR KRUEGER: Thank you. I'm
6 actually next in line.

7 I just want to start out by saying
8 thank you for finally getting the new
9 regulations published. I feel like much of
10 my adult life has been in waiting for
11 corrected DHCR regulations, and I --

12 COMMISSIONER TOWNS: And I haven't
13 heard from you in a while, so I miss our
14 conversations.

15 SENATOR KRUEGER: well, I'm happy to
16 continue them starting today.

17 (Laughter.)

18 SENATOR KRUEGER: Many people have
19 already talked about the Tenant Protection
20 Unit, and certainly if you live or are
21 representing New York City you understand how
22 important that subagency has already become.
23 And like my colleagues who urge more, I would
24 agree. I think it's proved to be an

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1 invaluable addition to your tools as an
2 agency.

3 I would encourage it to be proactive
4 in a number of ways, and I'm going to start
5 with one example. It was announced
6 yesterday, I believe I read, that a complex
7 in Kew Gardens, Queens, is on the market for
8 sale. It's 53 buildings made up mostly of
9 rent-regulated units.

10 It's my experience that when people
11 purchase large numbers of buildings who have
12 not been in real estate before, and
13 apparently at least the Crain's story is it's
14 more likely to be purchased by some kind of
15 real estate financial market as opposed to
16 somebody who's been in the business of
17 running buildings in New York City, that the
18 worst problems for tenants happen when people
19 who don't know real estate and don't know
20 rent regulation find themselves owning
21 buildings. I've seen that throughout my own
22 district, where people who know nothing about
23 real estate but decided it was a good thing

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to invest buy up buildings and proceed to

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violate endless laws protecting tenants. And

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then you have to play defense.

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while I think if HCR -- and perhaps

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the obvious place is the TPU -- was to track

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sales of buildings with rent-regulated units

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and perhaps send a friendly "Greetings, here

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are the laws, we want to make sure that you

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know what those laws are and that we are here

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to help you understand them and hopefully

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avoid problems," that you might actually go a

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long way to protecting and preserving units

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before you ever discovered there was a

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problem.

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So since that was on my mind and the

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Queens story came out yesterday, I wanted to

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make that recommendation, that that might be

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a very effective way to decrease the number

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of problems we're seeing, particularly when

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there are turnovers in ownership of the

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buildings.

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The City has gone so far as to attempt

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to sort of make a list of who's an acceptable

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or a not acceptable purchaser of certain

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types of buildings. I don't know that the

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state could go as far as that, although I

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would be happy with that.

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I just want to follow up also on

4 Senator Espaillat's question about the
5 increased rent registration fees. And I
6 actually carry a bill that would do so. And
7 so I understand and respect that it's perhaps
8 a DOB question, but I think it's long past
9 due and an excellent revenue source for your
10 department.

11 And I would argue that, as you pointed
12 out, the money technically wouldn't go to the
13 TPU, it would go to the rent --

14 COMMISSIONER TOWNS: Administration.

15 SENATOR KRUEGER: Thank you. That, in
16 my experience, is also an incredibly
17 understaffed unit, and you could use the
18 funds to dramatically improve what they need
19 to be doing as well, and strengthen your
20 department.

21 So I hope that, perhaps in
22 coordination with Senator Espaillat, we can
23 try to encourage the Governor to provide you
24 with a tool that is, I believe, desperately

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1 needed by your department.

2 Recently there was an announced change
3 in how you're going to be determining 80/20
4 packages. Could you explain that a little
5 bit to us? Because that sounded good to me,
6 but I wasn't totally clear on what was
7 changing.

8 COMMISSIONER TOWNS: Yeah. Previously
9 we looked at the 80/20s as a whole entity.

10 we're now condoning out the 20 percent and the
11 state is only financing that 20 percent, the
12 part that is truly affordable, as opposed to
13 the whole project.

14 I think that having listened to some
15 of the comments at this table and in other
16 forums in the past, we've taken heed to
17 making the best utilization out of that state
18 resource. And through this, we are also able
19 to look at many more projects in the
20 pipeline. So the opportunities for us to
21 fast-track affordable housing in that
22 particular mixed pool will be expedited
23 because of this new way of financing.

24 SENATOR KRUEGER: Do you have an

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1 estimate of how many more units a year you
2 might be able to produce through your changed
3 policy in 80/20? I know there's always a
4 timeline for anything to come online.

5 COMMISSIONER TOWNS: We'll follow up
6 with you, Senator.

7 SENATOR KRUEGER: I appreciate that,
8 because I realize how quickly we're going.

9 So there is a proposal for a renter's
10 tax credit within the Governor's budget.
11 There are different ways to do the renter's
12 tax credit, and I actually carry a bill that
13 has a very different formula for providing
14 the renter's tax credit. And so I will be
15 following up with you in writing and to DOB

16 and the Governor that I actually think we
17 could have a bigger impact on the most needy
18 renters in New York City if we were to use a
19 different distribution formula of the
20 proposed \$400 million.

21 This renter's tax credit would
22 actually provide a rent credit even to people
23 who are paying less than 30 percent of their
24 income towards rent. And I think we all in

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1 this day and age understand sort of the
2 difference between having a rent burden that
3 you can't possibly handle because it's eating
4 up so much of your income, people at the 50
5 and 60 and 70 percent of rent in relationship
6 to their income, versus I think a fairly
7 universally understood sort of cutoff point
8 that if your rent is not more than 30 percent
9 of your income -- actually, nowadays in
10 New York City you're sort of closing your
11 eyes and saying a prayer, how did that happen
12 for me.

13 So I do think that there is a better
14 model or several better models for the
15 formulation of the renter's tax credit. I
16 won't test you on it, but I will submit that
17 to you and others.

18 And my time is up, so thank you very
19 much. Assembly?

20 COMMISSIONER TOWNS: Great. Thank
21 you, Senator.

22 CHAIRMAN FARRELL: Thank you very
23 much.
24 Assemblyman Oaks.

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1 ASSEMBLYMAN OAKS: Hi, Commissioner.
2 Good to have you here.

3 Last November the Governor extended
4 the authorization for the buyout program in
5 Staten Island with the Sandy disaster that we
6 had. How long is it now going to be extended
7 for, do we have a sense of that?

8 COMMISSIONER TOWNS: How long will the
9 program be extended so that people will
10 continue to have a choice whether they want
11 to or not?

12 ASSEMBLYMAN OAKS: Yeah. Yeah. Do we
13 know?

14 COMMISSIONER TOWNS: I'm not sure. We
15 would have to talk to the folks over at
16 New York Rising Communities and get back to
17 you.

18 ASSEMBLYMAN OAKS: Do we know, of the
19 129 eligible, how many took advantage of
20 that?

21 DEP. COMMISSIONER DEVINE: No, but we
22 can get you the breakdowns, absolutely.

23 ASSEMBLYMAN OAKS: Okay, I would
24 appreciate that.

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1 And then I know because other areas
2 were affected and then we had the other

3 storms and whatever, has there been any
4 consideration of extending buyout to the
5 Irene or Lee storm people?

6 COMMISSIONER TOWNS: Those questions
7 probably are over with our colleagues at
8 New York Rising, so we'll make sure that we
9 follow up with you.

10 ASSEMBLYMAN OAKS: Thank you.

11 A couple of things from the Executive
12 Budget. In the Main Street program, there's
13 an additional \$2 million, I believe, from
14 what there is this year. Is that going to go
15 for more programs or are we looking at -- in
16 other words, will there be more grants done
17 in the Main Street program or are we looking
18 at giving more money to some of the existing
19 programs?

20 COMMISSIONER TOWNS: No, it gives us
21 an opportunity to expand the program and do
22 more great things.

23 ASSEMBLYMAN OAKS: Are there some of
24 those applications waiting that people

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1 applied before that weren't funded that will
2 be a fairly, you know, streamlined process?

3 COMMISSIONER TOWNS: Well, there's a
4 healthy demand in that program. And so we,
5 you know, look to make sure that we can be
6 helpful to as many places and -- but it is a
7 challenge.

8 ASSEMBLYMAN OAKS: I do know one of
Page 61

9 the communities that has made good use of
10 that program in my district.

11 The other area that I wanted to go is
12 just in the Mortgage Insurance Fund, there is
13 a proposal to do a sweep out of that of
14 \$75 million. Do we know how much money is in
15 there now and just what amount we need to
16 leave in there to make sure that we meet the
17 demand of claims and whatever?

18 COMMISSIONER TOWNS: You know, the MIF
19 is strong and solvent. And we feel that we
20 can meet this obligation without negative
21 impact to the MIF.

22 ASSEMBLYMAN OAKS: And the Governor
23 proposes that those dollars go into a number
24 of housing programs. I know some comments

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1 were made about Rural Preservation and
2 Neighborhood Preservation. He's using some
3 of that money, using it to fund that. Is
4 that now the sole money, is just through the
5 sweep, that's going to go for the RPP and the
6 NPP programs?

7 DEP. COMMISSIONER DEVINE: There are
8 several programs that will be funded through
9 this \$75 million that's proposed to be swept
10 this year. And we can give you the breakdown
11 on how that is going to be disbursed amongst
12 the programs.

13 ASSEMBLYMAN OAKS: Thank you very
14 much.

15 CHAIRMAN DeFRANCISCO: The next
16 questioner is Senator Hoylman.

17 SENATOR HOYLMAN: Thank you,
18 Mr. Chair.

19 Nice to see you, Commissioner.

20 COMMISSIONER TOWNS: Senator.

21 SENATOR HOYLMAN: As you know, I
22 represent Stuy Town/Peter Cooper Village,
23 which really is a true rarity in Manhattan,
24 middle-class housing, 80 acres, 56 buildings,

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1 11,250 units, over 25,000 people in one
2 middle-class complex.

3 I think you know they were hit hard by
4 Sandy, which knocked out numerous services,
5 everything from trunk storage to laundry
6 rooms, security stations. A lot of those
7 services are still not back. And I should
8 also note too that these residents, all
9 25,000 of them, were excluded from the
10 New York Rising program by one block.

11 And they have filed for relief in
12 reduction of services to DHCR. But during
13 those months when they submit these claims
14 for the reduction in services because of
15 Sandy to when DHCR is responding, they are
16 still without the services.

17 And you should also know that these
18 are the same tenants who were hit with five
19 MCI orders in one month, all released at the
20 same time, even though the landlord had

21 applied for these as far back as 2009.

22 So, you know, I wanted to focus on the
23 Rent Administration Program and try to figure
24 out if this backlog of work is due to some

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1 sort of shortage in your staffing or
2 administration in that regard. And I know
3 you have extremely hardworking colleagues;
4 Woody Pascal and Michael Berrios have been
5 terrific to us. But I think in many ways
6 that this program is as important as what
7 I've heard my colleagues speak about in terms
8 of the Tenant Protection Unit. I believe
9 that you need more people there reviewing and
10 responding to these types of applications.

11 And I was wondering -- and I'm certain
12 my colleague from the Assembly who also
13 represents the area, Brian Kavanagh, would
14 share this concern -- what can be done to
15 address this situation? I notice that your
16 line item for the program is basically the
17 same as it was last year.

18 COMMISSIONER TOWNS: You mentioned a
19 lot there, and I know that that is an area
20 that we need to have more attention. I have
21 spoken previously to yourself as well as
22 Assemblyman Kavanagh and certainly can
23 continue those conversations.

24 Our staff is meeting their challenges,

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1 but I think that there are some areas that
2 are, you know, more complicated an than
3 others. And certainly that is one of those
4 areas. So I think that continued
5 conversation may get to us a point where at
6 least we have some understandings. But
7 there's a lot of balance that's needed.

8 I appreciate your concern in regard to
9 the staff, but also you mentioned the great
10 job that Deputy Commissioner Pascal and his
11 folks are doing. But I think we'd like to
12 follow up and have some further conversations
13 in regard to that particular complex, because
14 it does offer a number of different
15 challenges.

16 SENATOR HOYLMAN: Thank you. You
17 know, I think when we look at this budget and
18 we look at tax cuts, we have to make certain
19 that the government we have is working
20 efficiently and effectively for the people it
21 serves before we start redistributing tax
22 cuts. So --

23 COMMISSIONER TOWNS: And I think that
24 generally, as we talked, you know, the

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1 challenges of creating new affordable
2 housing -- first of all, we've got to find
3 the space. It's going to take us anywhere
4 from 18 months to two years to build it. So
5 when we do have affordable housing units that
6 are available, we want to do everything we

7 can to make sure that we keep those.

8 So that's a tremendous collective of
9 affordability, and we want to work with both
10 our state reps in that area to make sure that
11 we can come up with the necessary solutions.

12 SENATOR HOYLMAN: Do you see any
13 opportunities for additional resources to be
14 directed toward the Rent Administration
15 Program?

16 COMMISSIONER TOWNS: Again, we try to
17 be creative. I think that there are a number
18 of issues, both past, present and future,
19 that we need to take into consideration there
20 to see if we can't come up with some
21 solutions that assure the continuation of
22 affordability at those complexes.

23 SENATOR HOYLMAN: We'll be following
24 up on that. Thank you very much.

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1 CHAIRMAN FARRELL: Thank you.

2 Assemblywoman Robinson.

3 ASSEMBLYWOMAN ROBINSON: Thank you
4 very much, Chairman Farrell.

5 And to Commissioner Towns, I certainly
6 want to thank you for the efforts that you
7 have been able to assist me with in my local
8 district as well.

9 To the point of the NPPs, I want to
10 also just echo the sentiment that has already
11 been expressed in regards to how valuable
12 they are in assisting the local community and

13 being able to provide for the technical
14 assistance to homeowners and also to be able
15 to assist people with repairs in their homes
16 as well.

17 But one of the most important things I
18 think is they provide the assistance to
19 homeowners in terms of helping them to be
20 able to stay in their homes, as it has been
21 expressed. And I think that those kinds of
22 programs, NPPs, RPPs, need to be funded at
23 the level that is required so that they can
24 continue to do that.

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1 I think in my mind that if we have
2 programs and services like that at the local
3 level -- and they do it with not a whole lot
4 of money, not a whole lot of money. But
5 they're able to stabilize the communities,
6 and I think that that's very important.

7 So I would certainly recommend to you,
8 through to the Governor, that we make sure
9 that we have the appropriate resources
10 necessary to be able to sustain these
11 programs.

12 In addition to that, I'd like to ask
13 the question -- I didn't see anything in your
14 remarks in regards to veterans housing. We
15 have many veterans that are returning back to
16 the communities for them and their families.
17 So what kind of provisions are being made for
18 veterans that are returning home?

19 COMMISSIONER TOWNS: We're growing in
20 our emphasis in regard to veterans housing,
21 working with our partners over at Veterans
22 and Military Affairs.

23 I think one of them, we just had an
24 opening for a veterans project up in the

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1 Finger Lakes that we're very excited about,
2 actually working in conjunction with the VA,
3 that made land available so we were able to
4 develop some great housing for some veterans.

5 So I'm looking at ways, continuing to
6 be creative to find solutions. Again, we
7 have the challenges in the city because
8 everyone now is looking at the same piece of
9 vacant land. But certainly we'll continue to
10 work in conjunction to find some solutions to
11 those needs. Also working within our
12 preservation links to make sure that the
13 preferences that have been given to veterans
14 are held. So we're working in a number of
15 ways in order to assure that our veterans
16 have quality options available.

17 ASSEMBLYWOMAN ROBINSON: Thank you.
18 That's why I think it's so important that the
19 NPP programs are supported, because they have
20 an opportunity to help people put their
21 properties back online as well. And so in
22 doing that, it also provides opportunities
23 for additional housing for veterans.

24 You know, of course, being from the

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1 city that we have many, many veterans that
2 are in shelters. Many of them, of course,
3 they don't have homes, and so therefore we
4 need to provide for -- we have two different
5 situations, we're taking care of them in
6 shelters, but we're not providing homes for
7 them where they can be with their families.

8 In addition to that, I'd like to ask
9 this question in terms of -- and I know that
10 Assemblymember Mosley mentioned about
11 seniors. That is a dire need in our
12 community as well, as you know well. That is
13 a dire need in our community that we be able
14 to provide for seniors to have their own
15 homes. Many of them are being pushed out.
16 In the market that is created now,
17 seniors are being pushed out of places where
18 they've lived for 15 or 20 years because they
19 cannot afford the rent. And we have many of
20 our elderly who are going into shelters
21 themselves.

22 so I would ask that you would look at
23 that area of the population as well so that
24 we can provide housing for our seniors.

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1 Thank you.

2 COMMISSIONER TOWNS: And just to go
3 back to the veterans for a moment, I want to
4 mention the fact that SONYMA has also
5 financed 332 homes for veterans through our

6 SONYMA programs. And also we administer
7 HUD's VASH program, which is the Veterans
8 Affairs Supportive Housing program. So some
9 other areas in which we are able to support
10 our veterans.

11 And we of course share your concerns
12 in regard to appropriate housing for our
13 seniors.

14 ASSEMBLYWOMAN ROBINSON: I would hope,
15 Commissioner, as we have many buildings
16 within -- I was talking specifically about
17 the Brooklyn community. We have many
18 buildings that are abandoned right now, and
19 people are coming in, developers, speculators
20 coming in and, you know, taking their
21 property.

22 I would think that, like people put in
23 place eminent domain for a stadium or other
24 kinds of things like that, that we could take

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1 eminent domain and provide affordable housing
2 for people within this state. Thank you.

3 COMMISSIONER TOWNS: Thank you.

4 CHAIRMAN FARRELL: Thank you.

5 We've been joined by Assemblyman Moya.
6 Senator?

7 CHAIRMAN DeFRANCISCO: Senator
8 Montgomery.

9 SENATOR MONTGOMERY: Yes, thank you.

10 Good morning, Commissioner.

11 COMMISSIONER TOWNS: Good morning.
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12 SENATOR MONTGOMERY: And I will just
13 start by I'm thinking the Congressman and
14 your mom must be really sitting back enjoying
15 seeing you on the hot seat where he sat for
16 so many years as our Congressman.

17 So it's good to see you. And I must
18 say I really appreciate the fact that
19 certainly you identify completely with the
20 neighborhoods that we talk about,
21 Assemblywoman Robinson and I especially. And
22 thank you for always being so available.

23 I wanted to just follow up on
24 Assemblywoman Robinson's issue, and that is

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1 the whole question of where we are with the
2 NPPs in particular. And as you know, that is
3 where we get most of our affordable housing
4 for special-needs populations in particular.

5 And we see also that there is no
6 funding, I believe, if I'm correct, for the
7 NHS organization. So that's a very big
8 problem. And then I look at this budget
9 proposal and we've actually -- the Governor
10 has proposed a cut in funding for the NPPs
11 because there is no funding available other
12 than what is produced in excess reserves from
13 the Mortgage Insurance Fund.

14 Now, I know we had this discussion
15 last year, and it was my hope that we were
16 going to not only utilize the MIF funding,
17 but that we were also going to add to it or

18 maintain some state support. And it was
19 simply and specifically because we were
20 concerned about what would happen to the
21 funding for the NPPs, RPPs, and what have
22 you.

23 So I just wanted to ask you about that
24 and if there is any way that we can have that

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1 same discussion again, because we absolutely
2 need the services. And I want to remind you
3 that the last time I think that we were
4 together, we were celebrating the opening of
5 Navy Green. And Navy Green came about
6 because one of the NPPs in the borough was
7 able to work with private developers to
8 maintain a number of units that were going to
9 be affordable, and specifically affordable
10 for special-needs people.

11 So my question to you is what can we
12 do to increase the funding and to also make
13 it possible for us to expand access to that
14 funding by the neighborhood housing services
15 organizations.

16 COMMISSIONER TOWNS: First, we share
17 your thoughts in regard to NPPs and RPPs.
18 And last year we were able to work in
19 partnership in order to make some increases
20 there. Hopefully we can continue to work in
21 partnership.

22 The work that is done by all those
23 organizations is certainly very much

24 recognized by us. Again, that's usually the

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1 first line of our being able to reach into
2 communities across the state. So we look
3 forward to working with you to see where we
4 might be able to find ourselves in a more
5 comfortable place.

6 SENATOR MONTGOMERY: Well, I thank you
7 for that, because these organizations are the
8 front line for us against this increasing
9 encroachment of this development that is
10 meant purely to displace people. So we
11 really need those organizations to be
12 enhanced.

13 And I guess if I can ask you, you say
14 that the foreclosure unit has been moved out
15 of your purview into the Attorney General's
16 office. Now, I understand that the Attorney
17 General has received funding based on the
18 settlement with Chase. However, you have the
19 expertise in your office.

20 Now, my question to you is, who now
21 will make the decisions in terms of what we
22 are going to do to not only address
23 foreclosure but to prevent it as well? Since
24 you have the expertise, they have the money,

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1 how is that going to come together to make
2 sure that our communities, people in our
3 communities are helped before they lose their

4 homes?

5 COMMISSIONER TOWNS: Well, the
6 conversations are ongoing. With the
7 Attorney General's latest success with Chase,
8 and the Governor's office and the AG are
9 working in concert to see the best way of
10 utilizing those funds. And certainly we are
11 willing to work with the AG in order to make
12 sure that those funds are put in play to make
13 sure that we can continue our mission
14 together.

15 SENATOR MONTGOMERY: So I appreciate
16 that. And I certainly hope that the AG is
17 going to be working much more closely with
18 you, because we need you to be able to help
19 us on the prevention end while he helps
20 tremendously on keeping people from going
21 completely into foreclosure.

22 Thank you, Commissioner.

23 COMMISSIONER TOWNS: Thank you.

24 CHAIRMAN DeFRANCISCO: Commissioner, a

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1 couple of very quick questions.

2 The Housing Trust Fund, is there still
3 a vacancy on the board?

4 COMMISSIONER TOWNS: Yes.

5 CHAIRMAN DeFRANCISCO: And that's been
6 vacant for over a year; correct?

7 COMMISSIONER TOWNS: It's been some
8 time.

9 CHAIRMAN DeFRANCISCO: When do you

10 expect to have an appointment to that?

11 COMMISSIONER TOWNS: We will keep you
12 updated.

13 SENATOR DEFRANCISCO: That's very
14 responsive. Do you have any estimate as far
15 as how long? Are there candidates that
16 you're considering right now?

17 COMMISSIONER TOWNS: The Appointments
18 Office is always working diligently, and I'm
19 not sure if they have identified a candidate
20 at this time. But certainly they have been
21 addressing all the needs that we have at our
22 agency periodically.

23 CHAIRMAN DeFRANCISCO: Okay, great.
24 But over a year seems a little bit less

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1 diligent than we'd like. So I would
2 appreciate it if you could try to move that
3 along so the board is filled.

4 One other question dealing with the
5 Community Investment Fund. The Legislature
6 put in \$5.35 million last year. And what
7 I've heard is that there's been only one
8 grantee; is that correct?

9 And the problem seems to be -- at
10 least what I've been told is that there were
11 less applicants than were anticipated because
12 of complications in the application process.
13 I guess the first question is, is that the
14 case? And if so, what's being done to make
15 it easier for applicants to apply for these

16 funds and get them?

17 COMMISSIONER TOWNS: Well, we continue
18 to have conversations with the industry in
19 order to make sure that we can rightsize
20 things. We do have several other projects in
21 the pipeline. But certainly we will continue
22 to have conversations with the developer
23 community to make sure that we can maximize
24 the utilization of that fund.

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1 we think that it's very vital,
2 regardless of whether it's urban, rural or
3 in-between communities. The fact to be able
4 to do more mixed-use developments is a very,
5 very big positive.

6 SENATOR DEFRANCISCO: But if nobody is
7 applying, you're not going to be able to get
8 very much done. Is it true that no one's
9 applying?

10 COMMISSIONER TOWNS: Right now we have
11 a total of nine applications in the process,
12 so things are picking up. But --

13 CHAIRMAN DEFRANCISCO: Is it the fact
14 that people are not aware of it, is that the
15 problem? Or --

16 COMMISSIONER TOWNS: It may have been
17 a result of timing.

18 But I think that there's a certain
19 understanding of the potential that is used.
20 We actually developed this one in concert
21 with voices in the industry, in particular

22 the New York State Affordable Housing. And
23 we'll continue to work with the industry to
24 make sure that this is a resource that is,

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1 you know, fully taken advantage of.

2 CHAIRMAN DeFRANCISCO: Okay. But all
3 I'm trying to find out, is there a problem
4 with the application process? Has there been
5 any complaints about the application being --

6 DEP. COMMISSIONER DEVINE: We have not
7 received any direct complaints about the
8 applications. We had nine applications, as
9 the commissioner has stated, and we funded
10 two of those projects. But we're in
11 communication with the other applicants to
12 see what other projects are --

13 COMMISSIONER TOWNS: Senator, it may
14 have been a result of timing in regard to the
15 open window for the application.

16 DEP. COMMISSIONER DEVINE: It's also a
17 new product.

18 CHAIRMAN DeFRANCISCO: Okay. And the
19 word is out that this funding is there for
20 other applicants to apply?

21 COMMISSIONER TOWNS: Again, things
22 have stepped up in our second round.

23 CHAIRMAN DeFRANCISCO: Okay, great.
24 Thank you.

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1 We're now on the questioning. We're
2 going to have Senator Espailat, and then
Page 77

3 Senator Young will close.

4 SENATOR ESPAILLAT: Commissioner, I
5 just would like to go back to the
6 Mitchell-Lama program.

7 Now, you've had the transfer of some
8 of the Mitchell-Lama buildings to your
9 portfolio last year; correct?

10 COMMISSIONER TOWNS: Yes.

11 SENATOR ESPAILLAT: How many were
12 there in total?

13 COMMISSIONER TOWNS: Forty-four.

14 SENATOR ESPAILLAT: Will all 44
15 Mitchell-Lama projects be refinanced?

16 DEP. COMMISSIONER DEVINE: Thirty-five
17 of them will be refinanced over the five-year
18 preservation period.

19 SENATOR ESPAILLAT: Have you
20 identified those 35 already?

21 DEP. COMMISSIONER DEVINE: Yes.

22 SENATOR ESPAILLAT: Okay. And will
23 bonds be issued by the Housing Finance Agency
24 for this purpose during fiscal year

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1 2014-2015?

2 DEP. COMMISSIONER DEVINE: Not all 35.
3 We do have information on when those projects
4 would come up for rehabilitation and rehab,
5 so we can provide some of that information to
6 you offline.

7 SENATOR ESPAILLAT: So are there any
8 bonds proceeds being earmarked for any

9 particular Mitchell-Lama project?

10 DEP. COMMISSIONER DEVINE: Right now
11 we have committed \$166 million for the
12 rehabilitation. And the financing includes
13 multiple different factors, including subsidy
14 bonds and capital resources as well as state
15 tax credits.

16 And so what we're expecting is that
17 that will yield about 973 units that would be
18 rehabbed this year. We have another
19 633 units that will be rehabbed through the
20 end of the fiscal year, this state fiscal
21 year.

22 SENATOR ESPAILLAT: And will there be
23 any impact on rents? Because they will be
24 refinancing in many cases at a lower interest

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1 rate. Will the tenants have to pay an
2 increase in rent?

3 DEP. COMMISSIONER DEVINE: I think a
4 part of the beauty of this and a part of the
5 intended purpose is to maintain affordability
6 for another 40 years for all of the units.
7 So we're --

8 SENATOR ESPAILLAT: Well, will there
9 be increases in rent?

10 COMMISSIONER TOWNS: There may be in
11 some cases. I mean, I think that a number of
12 these are also co-ops, so it will be
13 determined by the individual developments:
14 Level of work, scope of work that's needed,

15 and those types of things.

16 SENATOR ESPAILLAT: And so would this
17 investment, this new expanded portfolio that
18 you have, what guarantees do we have that
19 these units will remain under -- the
20 Mitchell-Lama projects, under regulation and
21 for how long? Are there any provisions
22 anywhere that locks them in for a specific
23 period of time because we are in fact
24 investing in them?

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1 COMMISSIONER TOWNS: Sure. In the
2 refinancing process, those terms are made.
3 And certainly the necessary improvements are
4 also taken into consideration. So that's the
5 overall objective, now that we have the
6 portfolio, is to continue the length of
7 affordability but also raise the quality of
8 the conditions at these various developments.

9 SENATOR ESPAILLAT: And when you
10 decided on the 35 buildings that are going to
11 be worked on, did you consider the
12 Mitchell-Lama units that were previously on
13 your portfolio to begin with?

14 COMMISSIONER TOWNS: Can you repeat
15 that?

16 SENATOR ESPAILLAT: Was the selection
17 of the 35 buildings, was it done just for the
18 buildings that were turned over to you last
19 year or the entire list of Mitchell-Lama
20 units that you had under your portfolio?

21 COMMISSIONER TOWNS: That particular
22 35 is just in that UDC portfolio.

23 But we continue to look at all the
24 Mitchell-Lamas that are in existence as they

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1 come up to their affordability expirations.
2 You know, our thinking is we want to continue
3 to refinance them to make sure that we can
4 keep them in the program.

5 SENATOR ESPAILLAT: So only the ones
6 that were transferred to you were considered,
7 the 44; right?

8 COMMISSIONER TOWNS: No, all of them.

9 SENATOR ESPAILLAT: Could you make
10 that list available to us, please?

11 COMMISSIONER TOWNS: Absolutely.

12 SENATOR ESPAILLAT: Thank you. Thank
13 you, Mr. Commissioner. Thank you so much.

14 COMMISSIONER TOWNS: Thank you.

15 SENATOR KRUEGER: Thank you. Senator
16 Young to close.

17 SENATOR YOUNG: Thank you very much.

18 I heard you say that you had a policy
19 change regarding the 80/20s, and I was
20 wondering when and how and what those policy
21 changes are.

22 COMMISSIONER TOWNS: They basically
23 were announced at the beginning of the year,
24 and we moved to financing the 20 percent of

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1 80/20s. Whatever the affordable portion of
2 80/20s is now what we're financing.

3 SENATOR YOUNG: So what you're doing
4 is you'll only use the bond cap going
5 forward, then?

6 COMMISSIONER TOWNS: Correct. And
7 only on the 20 percent.

8 SENATOR YOUNG: Only on the
9 20 percent. Thank you.

10 You heard it again today and you hear
11 it every year about the support of the
12 Legislature regarding the Neighborhood
13 Preservation Program and the Rural
14 Preservation Program because of the vital
15 work that they do. The budget, the Executive
16 proposal actually transfers the Neighborhood
17 Preservation and Rural Preservation Programs
18 over to the Housing Trust Fund, which as you
19 know is a public benefit corporation.

20 And one of the questions that I had
21 regarding that is, what will guarantee the
22 Legislature transparency in the
23 administration of these programs?

24 DEP. COMMISSIONER DEVINE: We are

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1 still continuing our legislative reporting,
2 and so you'll be able to see, you know, the
3 expenditures of the groups through that
4 process.

5 I know that we have provided some
6 information to you last week with regards to

7 contract processing and payments. And so
8 we're always open to provide information. If
9 you call us, we can get you whatever
10 information you need.

11 SENATOR YOUNG: Okay. Thank you.

12 One of the issues that cropped up this
13 year had to do with the timely payments to
14 the NPCs and the RPCs. And as you know, what
15 happened during that process is that there
16 would seem to be a lot of confusion and delay
17 regarding their contracts. And as a result,
18 the agencies in many cases had to establish
19 lines of credit and pay interest.

20 And it's my understanding that the
21 payments started to flow in the last couple
22 of weeks, which is great. But what steps can
23 be taken to ensure that that doesn't happen
24 again? I know that there's a Grants Gateway

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1 Program that's been established, but it's my
2 understanding, according to the website, that
3 75 percent of the contracts are late through
4 there.

5 So my concern is that we don't
6 overburden these agencies. Because as you
7 know, they exist on a shoestring budget in
8 many cases and really can't afford to have
9 those additional costs, and they can't afford
10 to have the delay in payment. So are there
11 steps that the agency, the department is
12 taking to alleviate that situation?

13 COMMISSIONER TOWNS: I think that was
14 the result of unforeseen circumstances, of
15 these once-in-a-generation storms coming at
16 the four-month clip that the Governor talked
17 about, us having to pull double duty.

18 But now we have an established
19 disaster organization that will do that so we
20 won't be sidetracked. And I anticipate that
21 we'll be back on schedule in order to deal
22 with our first and foremost mission.

23 SENATOR YOUNG: But it is my
24 understanding that contracts are flowing now.

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1 Is that what's happening now, as far as the
2 payments?

3 DEP. COMMISSIONER DEVINE: Right.
4 Right now we have approved 194 of the
5 205 total contracts. And of course you know
6 that they're two-year contracts, so that
7 gives us some efficiencies in the second year
8 of the contract, which will speed payments to
9 the groups.

10 SENATOR YOUNG: Okay, very good.

11 If the NPCs and the RPCs are indeed
12 administered through the Housing Trust Fund,
13 will these agencies be entitled to the same
14 protections under the state's
15 prompt-contracting laws? Is that something
16 that would apply in that case?

17 DEP. COMMISSIONER DEVINE: Yes, there
18 is prompt payment under the Public

19 Authorities Law that would be sure that they
20 get payments promptly.

21 SENATOR YOUNG: Okay, thank you. I
22 had a couple of other areas that I just
23 wanted to follow up on.

24 I know Senator DeFrancisco asked about

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1 the Community Investment Fund, and as you
2 know that's something we're very excited
3 about. It sounds like there hasn't been that
4 much activity so far, and I understand it's a
5 new program.

6 But the statute that was passed
7 establishing the Community Investment Fund
8 actually called for or mandated HCR to report
9 on the program to the Legislature by December
10 31st of 2013. So I was wondering when we
11 could expect to see the report.

12 DEP. COMMISSIONER DEVINE: We're
13 working on that, and we'll get that over to
14 you as soon as possible.

15 SENATOR YOUNG: That would be great.
16 Thank you very much for that.

17 Switching gears again, I wanted to ask
18 about some fees. So DHCR expects its housing
19 credit application fee and low-income housing
20 monitoring fee to generate an additional
21 \$4 million in revenue that's included in the
22 Executive Budget.

23 Based on the agency's regulations,
24 you're now charging four different fees on

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1 low-income housing tax credit projects. So
2 these include the application fee, the
3 allocation fee, the monitoring fee, and the
4 binding agreement fee. And with the binding
5 agreement fee of \$1,000 being new in 2013, so
6 that's something new.

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As I understand, a project can be
charged twice if it requests federal and
state tax credits. So I'm just wondering
what the justification is behind these fees.

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DEP. COMMISSIONER DEVINE: The
application fees that you discuss are a part
of our normal process for recoupment of the
agency's fees medical record to process the
applications. The only new fee that I think
you mentioned was the binding agreements fee,
and it's really an optional fee that may or
may not be assessed, based on the applicant
and whether they request it. So we believe
that it's a nominal impact as far as the
actual amount of revenue that would be coming
in.

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SENATOR YOUNG: From my perspective,
raising fees could be counterproductive to

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the development of affordable housing. So I
was wondering, have you done any kind of
analysis on what the impact is on the
end-user? And that's, you know, people who
have lower incomes and seniors. You've done

6 no analysis on that?

7 DEP. COMMISSIONER DEVINE: We can get
8 you additional information. We understand
9 that this is a very small population of
10 projects that could even be subject to this
11 particular fee. And if we're talking upwards
12 of \$20,000 worth, we're lucky. It's a very
13 small universe.

14 SENATOR YOUNG: I did a brief
15 comparison between the tax credit fees
16 charged by DHCR and HPD. So, for example,
17 HCR charges a tax credit application fee of
18 \$3,000. HPD charges a tax credit application
19 fee of \$1,000 for projects that involve a
20 qualified not-for-profit organization and
21 \$2,000 for projects that do not. HCR charges
22 an allocation fee of 8 percent of the
23 requested tax credit amount, and HPD charges
24 a 5 percent fee.

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1 And so, for example, an applicant who
2 is awarded the maximum allowed annual
3 9 percent low-income housing federal tax
4 credit allocation for project, which is
5 currently \$1.43 million, would pay HCR an
6 allocation fee of \$114,400. But the same
7 awardee, under HPD's process, would pay an
8 allocation fee of \$71,500. So as a result,
9 it's much less through HPD.

10 And the question I have is how can --
11 or why can HPD run programs at so much less

12 of a cost than HCR? What's the difference?

13 DEP. COMMISSIONER DEVINE: We believe
14 that the fees that we have now are
15 comparative nationally. So I think that when
16 those fees were set into place a few years
17 ago, a lot of that analysis was done on
18 nationwide what those fees looked like. And
19 so we can definitely follow up with you and
20 provide more information on that.

21 I understand your question and
22 concern, and I'm not exactly sure how the
23 city's fee base is structured. I don't know
24 what they use the fees for once they get

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1 them. And I think all of that would play
2 into their fee structure and what that means.

3 COMMISSIONER TOWNS: We'll take a look
4 at that. Because I think that there are some
5 fees that are being missed also. So we'll
6 look at that.

7 SENATOR YOUNG: That would be great,
8 Commissioner. Because my concern is that
9 those costs are passed on to the tenants.
10 And that raises, obviously, their financial
11 commitment, and it could be difficult for
12 them. So if you could look into that
13 further, that would be really helpful to be
14 able to do that.

15 I guess that's all. I would like to
16 have a follow-up regarding the federal Home
17 Block Grant funding, if we could get together

18 at some point. But I look forward to all of
19 the information. I know we asked for a lot
20 of things today, and I really appreciate all
21 of your efforts.

22 COMMISSIONER TOWNS: Great. Thank
23 you.

24 DEP. COMMISSIONER DEVINE: Thank you.

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1 CHAIRMAN FARRELL: Thank you, Senator.
2 Thank you, Commissioner.

3 COMMISSIONER TOWNS: Thank you all,

4 CHAIRMAN FARRELL: A pleasure, as
5 always, to be with you. See you soon.

6 Blair Sebastian, executive director,
7 New York State Rural Housing Coalition, and
8 Nancy Berkowitz, director of New York State
9 Rural Advocates.

10 MR. SEBASTIAN: Good morning.

11 CHAIRMAN FARRELL: Good morning.

12 MR. SEBASTIAN: We recognize you're
13 running behind, and we'll do our best to
14 abbreviate our remarks. You have the written
15 text.

16 Thank you for the last two hours of
17 discussion. I think we learned a lot through
18 that discussion. You asked some very good
19 questions. We were delighted to see the
20 commissioner with good answers to most of
21 those questions. So that accomplished much
22 of what we had hoped to accomplish.

23 I was only left confused on one issue.

24

I know that the Neighborhood Preservation

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Program is 36 years old. We know that

2

Chairman Farrell was an original sponsor of

3

the bill, and he recently claimed to be in

4

his 20s.

5

So happy birthday, and we'll kind of

6

work our way through the math problem.

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(Laughter.)

8

MR. SEBASTIAN: Good morning,

9

everyone. My name is Blair Sebastian. I

10

represent the New York State Rural Housing

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Coalition. I'm joined again this morning by

12

my colleague Nancy Berkowitz, who represents

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the New York State Rural Advocates. Together

14

we're interested in discussing a range of

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budget issues as they impact affordable

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housing and community development in the

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small towns and rural communities of our

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state.

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There's no question that if your

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mission is affordable housing, it's really

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great to be working in a state with a housing

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governor. From his extensive experience in

23

our field, we know that Governor Cuomo knows

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affordable housing.

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And the depth of his commitment has

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clearly been evidenced in the last two

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Executive Budgets, as he has proposed over a

4 billion dollars in new affordable housing
5 initiatives. He is committed to investing in
6 our aging Mitchell-Lama portfolio. He is
7 creating mixed-use communities and preserving
8 rural housing through the Community
9 Investment Fund. And even though he is
10 rightfully frustrated with our federal
11 partners, the Governor has continued to honor
12 New York State's commitment to the state and
13 federal partnership that has created and now
14 sustains thousands of units of housing in
15 rural communities. For all of this, and much
16 more, we are deeply grateful.

17 But -- as there are always buts --
18 there are a number of areas where we think
19 more could be done. We are impressed and
20 excited by the Governor's transformative
21 undertakings, but many of us live and work in
22 those other parts of the state, in small
23 well-worn communities of rural western
24 New York, along the Southern Tier, the

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♀
1 Catskills, the North Country and Central
2 New York. Our work is not glamorous, and
3 perhaps a bit mundane, but it's extremely
4 important.

5 Over 4 million New Yorkers live in
6 communities with populations of 25,000 or
7 less. While many of these are out-of-the-
8 way places, they deserve our consideration,
9 and we must find ways to continue to invest

10 in these small but important communities.

11 Our members work in those small
12 communities, and it has been a difficult year
13 for them, as it has been for NPCs and for the
14 full range of not-for-profits statewide. As
15 was discussed here a bit ago, preservation
16 companies have dealt with unprecedented
17 funding delays since we last appeared before
18 you. There are not-for-profits in this room
19 today that have not received the RPP contract
20 payment they were expecting on July 1st of
21 this year.

22 Similarly, there continues to be
23 significant lag in reimbursements for those
24 companies under contract to deliver local

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1 programs funded by Homes & Community Renewal.
2 We have spoken to small not-for-profits that
3 are carrying 70, 80, and \$100,000 in
4 receivables from New York State. We don't
5 have to tell members of the finance
6 committees that borrowed money costs money
7 and that the smaller you are, the more that
8 money costs.

9 Since the costs of funding delays are
10 currently borne by the not-for-profits, these
11 cash-flow problems have significantly
12 diminished the resources these groups have
13 available to actually do work. We urge
14 members of this panel to reexamine New York
15 state's prompt-contracting and prompt-

16 payment laws and take whatever actions are
17 available to you to ensure that the hard work
18 of these dedicated not-for-profits is not
19 undercut by unnecessary payment delays.

20 I make a couple of other points here;
21 I'll leave those for you to read. But I'll
22 simply end my piece by pointing out that for
23 not-for-profits, doing business with New York
24 State is getting more and more complicated

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1 and more and more expensive. Given that this
2 seems to be, at least in part, a new reality,
3 we're going to have to accept that we will
4 either have to increase funding or we will
5 sustain significant declines in
6 not-for-profit productivity.

7 Nancy?

8 MS. BERKOWITZ: Good morning. I'd
9 like to begin by thanking you for your
10 commitment to safe and affordable housing.
11 Your support for our programs has been
12 essential to our success.

13 The RPC annual program report for 2012
14 indicates that \$141 million was leveraged by
15 the 4.2 million RPP program add for last
16 year. That's a leverage of about 33 to 1.
17 So it's an important and economical program.

18 RPC funding supports organizational
19 capacity and it also subsidizes the program
20 delivery. An increase in funding for the
21 Preservation Program means an increase in the

22 amount of housing assistance that can be
23 delivered. Recently, increased
24 administrative burdens at the State Housing

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1 Program has meant that level RPC funding
2 provides fewer number of units. Adequate
3 funding for the preservation programs
4 protects the state's investment in community
5 development and makes sure that affordable
6 housing funds are directed to communities
7 that need it most.

8 We ask that you fund the Preservation
9 Program at the statutory limit of \$97,500 for
10 each group. We also request that you provide
11 \$200,000 for the Rural and Neighborhood
12 Coalitions for their technical assistance and
13 support.

14 This year, with the new funding
15 available for housing programs from the
16 JPMorgan Chase settlement, we urge you to
17 invest significantly in the New York State
18 Affordable Housing Corporation's affordable
19 homeownership development program, and to
20 return the Affordable Housing Corporation's
21 funding to the same level as the Housing
22 Trust Fund, which is used for rental housing.
23 We believe this is the year to get
24 homeownership back on track.

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1 We strongly recommend funding the AHC
2 programs for affordable homeownership at
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3 \$46,700,000, the same level as the Housing
4 Trust Fund. The Executive Budget proposes to
5 fund AHC at \$25 million, the same amount it
6 was funded at its inception in 1985. We
7 think increased funding is appropriate for
8 this program.

9 The New York State Housing Trust Fund,
10 when used with federal tax credits, is
11 difficult to access in rural New York. In
12 smaller communities, projects of appropriate
13 scale are developments that are too small in
14 size to attract tax credit investors. Rural
15 Advocates requests a small project set-aside
16 of \$10 million within the appropriation for
17 the Housing Trust Fund.

18 The New York Main Street program has a
19 proven record of preserving and revitalizing
20 commercial and mixed-use neighborhoods. We
21 ask that the Main Street program be funded at
22 \$12 million. The Main Street program has an
23 accumulated body of experience that should be
24 shared with other communities in our state.

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1 Rural Advocates asks that a portion of
2 Main Street funding be used to fund a Main
3 Street Center to provide or coordinate
4 technical assistance and to share resources
5 and best practices for Main Street programs
6 for more efficient use of those program
7 dollars.

8 RESTORE provides funding to undertake
Page 95

9 emergency repairs for one- to four-unit homes
10 owned and occupied by elderly homeowners.
11 Current budget language demands a 72-hour
12 turnaround for these emergency repairs and
13 limits the work to \$5,000 per unit. The
14 Executive Budget allocates \$1.4 million for
15 RESTORE. Rural Advocates suggests an
16 additional \$1.1 million, to bring total
17 funding to \$2.5 million. We also recommend
18 an increase to \$7,500 per unit for eligible
19 repairs.

20 The Access to Home Program grants up
21 to \$25,000 to make accessibility
22 modifications to existing dwelling units
23 occupied by low-income persons with
24 disabilities. We recommend an additional

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1 \$8 million in order to support a more
2 comprehensive program.

3 We find that there is a continued need
4 for a capital program that addresses small
5 stand-alone mixed-use projects requiring a
6 modest sum of \$200,000 or less. The Governor
7 does not fund the Rural Area Revitalization
8 Program in his Executive Budget proposal.
9 Rural Advocates requests that the Rural Area
10 Revitalization Program be funded at
11 \$5 million.

12 Thank you again for your support of
13 affordable housing and community development
14 in New York.

15 CHAIRMAN FARRELL: Thank you very
16 much.

17 First to question, Keith Wright,
18 chairman of the Housing Committee.

19 ASSEMBLYMAN WRIGHT: Good morning
20 still.

21 MR. SEBASTIAN: Good morning.

22 ASSEMBLYMAN WRIGHT: And thank you so
23 much for coming in.

24 In coming from New York City, I have a

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1 tendency to be kind of city-centric in a lot
2 of ways, but that doesn't mean my commitment
3 to the rural areas is any less or means any
4 less.

5 So I guess what I'm asking you is does
6 the decreasing funding for our RPC program,
7 will it eliminate the ability for the
8 communities to leverage additional funding?
9 And do you have any estimates, I guess is
10 what I'm asking, do you have any estimates as
11 to how much private equity local economies
12 lose as a result of the decrease in funding
13 of these programs?

14 MR. SEBASTIAN: First of all, we're
15 rural folk and tend to be a bit rural-centric
16 sometimes but have all the respect in the
17 world for our urban brethren.

18 ASSEMBLYMAN WRIGHT: You can be
19 rural-centric? Oh, no. Can we come together
20 at some point?

21 MR. SEBASTIAN: We could. We could.
22 Yeah, we'll meet in some suburban place and
23 have a beer or something.

24 (Laughter.)

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1 ASSEMBLYMAN WRIGHT: All right.

2 MR. SEBASTIAN: Yeah, there's a direct
3 correlation between the level of funding.
4 Nancy pointed out one of the things that
5 happens with preservation money is, you know,
6 the small program RESTORE, emergency home
7 repair program -- everybody loves that
8 program. It provides an essential service in
9 communities.

10 Groups are allowed to take an
11 administrative and program delivery fee as a
12 percent of a project. So a \$5,000 or \$6,000
13 RESTORE project probably costs as much to
14 deliver as a \$30,000 home project, but it
15 doesn't return the program delivery
16 administrative fee to support itself. And
17 that's less true but also true of the larger
18 programs.

19 So preservation companies' monies are
20 often used to sort of backfill for those
21 administrative and delivery costs. So
22 preservation funding gets to be a limiting
23 factor.

24 I can only undertake so many local program

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1 contracts with the amount of funds that I have
2 available out of the preservation company. So
3 there should be a pretty direct correlation
4 between the levels you fund the programs and the
5 level of their output.

6 MS. BERKOWITZ: I always have to add
7 my two cents. The other problem in rural
8 areas --

9 ASSEMBLYMAN WRIGHT: would that be two
10 cents in funding?

11 (Laughter.)

12 MS. BERKOWITZ: That would be great,
13 for every dollar.

14 The problem in rural areas is there's
15 just less availability of capacity. There
16 aren't that many people around who can write
17 the grants and administer the grants to get
18 the funding into the communities themselves.
19 so the fewer dollars we have for the
20 Preservation Program, the less access the
21 towns and villages have to those programs in
22 general.

23 ASSEMBLYMAN WRIGHT: Thank you.

24 CHAIRMAN FARRELL: Thank you.

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1 we've been joined by Assemblyman
2 Aubry.

3 Senator?

4 CHAIRMAN DeFRANCISCO: Senator Young.

5 SENATOR YOUNG: Thank you very much.
6 we talk quite frequently, so I don't

7 have any questions today because you always
8 answer those when I see you. But I just
9 wanted to give a sincere thank you to your
10 organizations and to each of you for all that
11 you do to better our communities. You're a
12 vital part of what we're trying to achieve as
13 far as revitalizing New York State.

14 So again, I just want to give you my
15 thanks and regards. And you've made some
16 very valuable suggestions for improving the
17 state budget, and we will take those under
18 serious consideration. And I know we will
19 continue to discuss how to move New York
20 State ahead. So thank you.

21 MR. SEBASTIAN: Thank you, Senator.

22 MS. BERKOWITZ: Thank you, Senator.

23 CHAIRMAN FARRELL: Thank you very
24 much.

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1 MR. SEBASTIAN: Thank you.

2 CHAIRMAN FARRELL: Next is Jessica
3 Vasquez, executive director, Neighborhood
4 Preservation Coalition of New York State.

5 MS. VASQUEZ: Good morning.

6 CHAIRMAN FARRELL: Good morning.

7 MS. VASQUEZ: I'm Jessica Vasquez, the
8 executive director of the Neighborhood
9 Preservation Coalition of New York State. I
10 want to thank the chairs of the respective
11 committees and the Senate and Assembly
12 members for allowing us to present testimony

13 on behalf of the coalition and its members.

14 But also I want to thank you for what
15 has been clearly demonstrated, without a
16 doubt, as support for the Neighborhood and
17 Rural Preservation Programs in your
18 communities. And on behalf of all of those
19 programs, we want to thank you for your
20 support.

21 The coalition itself is a statewide
22 organization, and we have over 175
23 not-for-profit companies -- preservation
24 companies, local development companies,

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1 community housing development organizations,
2 some law firms and architectural firms within
3 our membership. But comprised of it is the
4 146 NPCs, which play a vital role in
5 revitalizing New York's neighborhoods and
6 communities through the Neighborhood
7 Preservation Program.

8 For 36 years the Preservation Program
9 has been tremendously successful in providing
10 resources to community-based not-for-profit
11 organizations to revitalize communities and
12 provide affordable housing services.

13 And Governor Cuomo has recognized the
14 value of these programs to the New York State
15 infrastructure and started the funding this
16 year at \$12 million for the combined
17 programs. And while that's a great starting
18 point and extremely appreciated by the

19 existing preservation companies, this still
20 would need to be supplemented by additional
21 resources from the Senate and Assembly to not
22 have a detrimental impact on programs or
23 development projects and other community
24 development services that are currently in

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1 place.

2 For the past few years, the New York
3 nonprofits and the housing nonprofits have
4 been in high gear responding and leading in
5 disaster recoveries, and now is the time to
6 reinvest, not to actually provide a cut to
7 administrative funds. And so we are looking
8 to have the combined programs funded at
9 \$20 million, not at the \$12 million that's
10 currently being proposed. That would allow
11 for full funding for every preservation
12 company at the statutorily allowed \$97,500,
13 plus \$200,000 for each of respective
14 coalitions providing technical support.

15 In effect, that becomes a 45 -- it's
16 45 dollars to the dollar of investment that
17 New York provides. And last year the
18 Neighborhood Preservation programs provided
19 to their communities more than \$447 million
20 in matching leveraged dollars in terms of
21 affordable housing services and
22 infrastructure.

23 And so we look to you for your
24 continued support in making sure that the

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1 programs are fully funded -- but not only
2 look at reinvestment, we also want to make
3 sure that there are improved efficiencies.

4 And we are looking for your support in
5 helping us work together with HCR to find a
6 more efficient application process, something
7 that will allow us to have reduced time in
8 submission of applications, reduced time in
9 the state agency's review of those
10 applications, reduced costs, which are
11 associated by both the nonprofit and the
12 state in eliminating printing costs and
13 mailing costs and reducing how many state
14 employees need to manage and chase paper.

15 In the Preservation Program this year,
16 we really needed to bring the program online
17 to the 21st century and try to bring it into
18 an online system similar to other programs in
19 the HCR portfolio. The Neighborhood
20 Preservation Program contracting process had
21 16 documents that were required as part of
22 the contracting process. Five required
23 original signatures, and two of those
24 required notarized documents.

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1 And we currently are in a state where
2 we have a Grants Gateway system where some of
3 these documents are being stored. In
4 addition, the Office for the State
5 Comptroller has a vendor responsibility

6 questionnaire that was posted online for
7 organizations to complete.

8 And right now, those are not
9 necessarily the processes that are being
10 utilized for the application process of the
11 Neighborhood Preservation Program. We're
12 still functioning on paper for the most part.
13 There are some documents that can be emailed,
14 but for the most part we are operating on
15 paper.

16 And so we are recommending that we try
17 to move to an online system where we are able
18 to upload documents and not have as much
19 funding lost, in both lost mail but also the
20 amount of expense that the small nonprofits
21 are incurring in using signature delivery
22 systems like Fed Ex and the United States
23 Postal Service next-day service.

24 We have many organizations that have

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1 expended more than a hundred dollars per
2 contract year just in mailing contracting
3 documents. When they are receiving \$67,000,
4 a hundred dollars in mail goes a long way.
5 And so we want to reduce those expenses.

6 Then in addition to that, we are also
7 looking to try to make ourselves be more
8 online with a timely contracting system, as
9 well as being in line with the construction
10 season. We are a state that actually has a
11 construction season where, for the most part,

12 a very large portion of our state can't do
13 any exterior work and construction between
14 November and February.

15 And so we are looking to try to have
16 most of our housing programs in line -- not
17 just to have them be released by the state
18 agency in a timely fashion, but also have it
19 match the construction season so when the
20 awards are granted, the organizations, the
21 grantees receiving these funds for their
22 communities, can actually go straight into
23 production.

24 And not only that, we also have a

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1 problem with having some of these funding
2 awards being off-time when they're leveraged
3 against each other. And so it's very
4 difficult to leverage one grant with another
5 grant program if they're not -- if the notice
6 of funding availability does not come out at
7 the same exact time or close enough in time
8 for those programs to be leveraged against
9 each other.

10 And so with that, I want to close by
11 just thanking you all again for your support
12 on behalf of the behalf of the Neighborhood
13 and Rural Preservation Programs throughout
14 the state, because it has been very clearly
15 demonstrated that you all do know your
16 programs in your communities and that we are
17 working well with them. And so on their

18 behalf, I thank you.

19 CHAIRMAN FARRELL: Thank you very
20 much.

21 Questions, Senator? Thank you very
22 much.

23 SENATOR KRUEGER: Thank you.

24 CHAIRMAN FARRELL: Next, Hilary

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1 Lamishaw, director, Neighborworks Alliance of
2 New York State, and Kevin O'Connor, RUPCO.

3 CHAIRMAN DeFRANCISCO: The speaker at
4 10:25 has submitted their testimony.

5 MS. LAMISHAW: So good morning, almost
6 good afternoon. My name is Hilary Lamishaw.
7 I'm director of the Neighborworks Alliance of
8 New York State, which is a network of some
9 22 community development corporations in
10 New York. With me is Kevin O'Connor from
11 RUPCO, one of my members, who will also be
12 speaking.

13 So I want to say thanks for past
14 support. You have been very supportive of
15 housing. We know from your questions earlier
16 today that you continue to be. We know from
17 discussions we have with your staff that you
18 are.

19 We also appreciate your patience and
20 endurance here today. We know it's a long
21 day, and it's one of many, many hearings. So
22 I'm going to be brief and then allow Kevin to
23 have some time.

24

So there's five sort of issues I just

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1 want to raise briefly, and hopefully be the
2 basis for future discussions. And we do have
3 specific recommendations in the written
4 testimony that we submitted, which I'm not
5 going to read. You can appreciate that, I'm
6 sure.

7 So I want to start with that there's
8 still enormous need in the housing and
9 community fields. And you guys see it your
10 communities all the time, we see it all the
11 time. The levels of funding for the capital
12 programs really need to be increased. We're
13 talking about aging buildings. We're talking
14 about aging people who need help in their
15 homes. So there's a whole sort of list of
16 reasons why capital is so critical for us to
17 make a difference these days.

18 The Neighborhood and Rural
19 Preservation programs I probably don't need
20 to speak to, because you're all very familiar
21 with it. It's again critical. It allows us
22 to do many of the other things we do. I'm
23 based at an NPC in Troy that's a
24 million-and-a-half-dollar organization, and

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1 yet the \$65,000 that it got from the NPC
2 program last year is really critical. It
3 helps fill the gaps. And it's flexible, and

4 that's terrific.

5 The good news, I guess, from the field
6 is that interest in first-time home buying is
7 up again. So there was a little, you know,
8 sort of lull for a while as we went through
9 the foreclosures. And Senator Montgomery had
10 asked how to prevent foreclosures. We think
11 that pre-purchase counseling is the best way
12 to prevent people from going into foreclosure
13 later.

14 We provide financial literacy training
15 to folks, we help people make smart
16 decisions, avoid scams, and know exactly what
17 they're getting into. So we don't push them
18 into homeownership, we let them know what the
19 whole deal is going to be. And in fact if
20 someone decides not to become a homeowner, we
21 think that's a success too.

22 The issue, though, is that credit is
23 really tight. You know, the pendulum has
24 swung to the other extreme from where, you

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1 know, anybody could get a loan in days past.
2 And so we would recommend that funding be
3 provided to the community development
4 financial institutions in the state fund,
5 which is not out of your budget, out of ESDC.
6 But we think that putting some more flexible
7 lending money on the street will make a big
8 difference.

9 Foreclosures, we are not through the

10 crisis yet, unfortunately. Don't shoot the
11 messenger. But foreclosure filings are
12 rising, and significantly. And part of it I
13 think is because there was a lull based on
14 the court decision or the judge's decision to
15 have affirmations from lenders.

16 The good news is that the Attorney
17 General's office put some of his original
18 national settlement money into the HOPP
19 program, Homeowner Protection Program, which
20 replaced, I guess, HCR's previous foreclosure
21 prevention program. It's been working very
22 well. We're in Year 2 of a three-year
23 program. We don't expect that
24 foreclosures are going to end at the end of

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1 three years, so we're hoping that between the
2 Legislature and the Attorney General there
3 will be a continuation.

4 I also want to mention briefly that
5 the Preservation Program dollars really help
6 support foreclosures because the HOPP program
7 doesn't pay a hundred percent of a program.
8 So you really need to have the infrastructure
9 there.

10 Lastly, and this is a conversation for
11 another day as well, is vacant properties, a
12 huge, huge issue in upstate New York and the
13 Hudson Valley as well. Unfortunately, the
14 economics of redeveloping this housing is not
15 there. We think there needs to be gap

16 subsidies to help jump-start the development
17 of some of it.

18 We appreciate that the legislation was
19 passed a couple of years ago to create land
20 banks, which we think is probably the best
21 tool, but only 10 were allowed in the state.
22 Eight have already been approved. So there's
23 a limit. So we would seek legislation to
24 increase the number of land banks allowed in

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1 New York State.

2 And of course the Attorney General's
3 office is putting money into land banks to be
4 able to do some of the redevelopment. We
5 think it's great, but probably not enough.

6 So I will turn it over to Kevin, who I
7 appreciate being here today.

8 MR. O'CONNOR: Thank you, Hilary.
9 Thank you for the opportunity to provide some
10 brief testimony this morning.

11 RUPCO is a Rural Preservation Company
12 and a member of the Neighborworks Alliance
13 operating in the Hudson Valley for more than
14 30 years. We've been a leader in housing and
15 community development. I'd be remiss if I
16 didn't mention the great partnership that
17 we've had with Housing and Community Renewal
18 over the years.

19 We work very broadly in housing and
20 community development. A couple of examples.
21 Last year we completed and leased up

22 Woodstock Commons, 53 units of affordable
23 housing. It took us 10 years to build. And
24 just this past December we closed with HCR on

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1 an \$18 million project to redo a factory in
2 the City of Kingston as 55 units of rental
3 housing for artists in the City of Kingston.
4 We're very excited to be underway on that
5 project as well.

6 I just wanted to relate a couple of
7 stories this morning. Last summer I was
8 asked to tour the boarding homes which house
9 scores of people in Ulster County. And I
10 went with a member of the Ulster County
11 Mental Health Department. Basically, what we
12 found was basically deplorable. We found
13 people living in housing structures that were
14 code-deficient and filled with health
15 hazards -- insect infestation, lead paint,
16 asbestos, mold conditions, fire hazards were
17 present everywhere.

18 The residents were living four to a
19 room in regular-sized bedrooms in very
20 cramped conditions. The bed sheets touched
21 each other, so that you can imagine the
22 bedbug infestation was every five weeks.
23 It's constant. You'd go into a room, there
24 was four televisions in the room, three of

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1 them were on. People were sitting on the
2 edge of their beds should be in day

3 programming. And some of the folks,
4 remarkably, reported living there for seven
5 years.

6 And this is some of the places that
7 we're housing people, not just in the Hudson
8 Valley but throughout New York State.

9 Conversely, last week I ran into one
10 of the residents of one of the buildings that
11 we operate, the Stuyvesant Apartments. And
12 we've operated the Stuyvesant, a supportive
13 housing program, for over 20 years. Peter's
14 lived there for over 10. Peter's now in his
15 mid-60s.

16 I ran out to get lunch last week, it
17 was a bitter cold day, 5 degrees, and there's
18 Peter. Peter's affected now by arthritis and
19 he suffers from COPD, a lung disease. He
20 didn't get it from smoking, he got it from
21 taking prescription medication. So Peter
22 must always have an oxygen tank with him.
23 And he just needed to run a few simple
24 errands; he needed to get a prescription

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1 filled, he needed to get to the bank, and he
2 needed to get to the post office.

3 And so I said, "Jeez, Peter, it's a
4 cold day. You can't do it another day?" And
5 so off he goes, and I'm watching him, he goes
6 about 20 feet and he's got to stop, catch his
7 breath. He goes another 20 feet, he's got to
8 stop. I said, this is going to take him

9 hours. So I ran and I got my car.

10 The point being is that we have people
11 that are ill-housed that we need to do more
12 for, and we have people that are actually
13 well-housed and still we don't have enough
14 services to provide for some of the folks.

15 There's a lot going on in housing,
16 it's sort of a sea change. I've been
17 involved for 25 years; I don't think it's
18 ever been this difficult to keep up with
19 what's going on in housing. A lot of it's
20 great. Medicaid Redesign is producing
21 millions of dollars in savings. But it's
22 changing some of the models of how we're
23 housing people. We've had the recent federal
24 Olmstead decision that was also contributing

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1 to new models.

2 And we've got a tremendous amount of
3 new dollars. OMH, for example, has just
4 released their first capital RFP since 2008,
5 and we're applying for funding there.
6 Governor Cuomo has proposed to double the
7 HHAP budget, and we have the \$613 million
8 JPMorgan Chase settlement.

9 So we would just encourage that there
10 be some significant dialogue amongst the
11 funding agencies here at the state level, the
12 private-sector developers and the nonprofit
13 sector, as we sort of wrestle with the
14 changes that are going on and the abundance

15 of funding.

16 One of the concerns we have is in
17 particular with HHAP funding. We welcome the
18 increase in capital, but we're concerned
19 about where the operating and supportive
20 services dollars are going to come from. We
21 know that the local municipalities, who are
22 already strapped, are not going to be able
23 to.

24 Lastly I would just like to say that I

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1 hope everyone gets a chance to continue to
2 weigh in on the use of the funding coming
3 from the Attorney General's settlement.
4 Housing counseling and education through the
5 nonprofit providers, elimination and
6 repurposing of blighted, abandoned
7 properties, capital subsidies to create
8 affordable and supportive housing, along with
9 the operating and support service funding to
10 sustain permanent rental housing are, in my
11 opinion at RUPCO, the areas of great greatest
12 need.

13 And thank you for the opportunity.

14 CHAIRMAN FARRELL: Thank you very
15 much.

16 Questions, Senator?

17 CHAIRMAN DeFRANCISCO: Senator
18 Krueger.

19 SENATOR KRUEGER: Thank you.

20 Hilary, when you were going through
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21 some of the detail about what's being seen in
22 the foreclosure and court action world now,
23 and the fact that it's growing because things
24 that sort of stopped them midstream seem to

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1 be unstoppable, one of the things I've been
2 hearing about are that people who were facing
3 foreclosure, who were extremely frustrated
4 and perhaps didn't get the right counseling
5 from the kinds of programs you work with,
6 were getting sucked into these fake promises
7 from particular law firms that they would
8 take care of it all.

9 And they would pay money to the law
10 firm that would never get paid to the holder
11 of the mortgage, and that then when that all
12 fell apart -- is there something you can do?
13 And is this a growing problem? You were
14 shaking your head, so I know I didn't make
15 this up. But I'm wondering how big a problem
16 this is out there and what the conclusion is.

17 MS. LAMISHAW: well, I wish you had
18 made it up, actually. But that's not the
19 case.

20 No, it's still a big problem. I
21 mean, I think the Attorney General's office
22 has been pretty vigilant working both with
23 the housing counseling agencies and the legal
24 services groups that they fund through the

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1 HOPP program, and in talks to the groups
2 regularly to say who's doing -- you know, are
3 you seeing that, who's doing it, you know,
4 let's make sure that the lenders are doing
5 what they need to do and that the
6 foreclosure-resolution scam artists are
7 turned in and not there any longer.

8 So I think we're all being very
9 vigilant about it. It's really sad when
10 people come to a not-for-profit housing
11 counseling agency after having lost their
12 money to one of those. I'm not hearing that
13 story quite as much as we did in the past.

14 SENATOR KRUEGER: Because the AG's
15 office has the ability to close down the scam
16 resolution company. But there's no
17 protections or mechanism to get people back
18 the money that they may have paid these scam
19 agencies?

20 MS. LAMISHAW: You know, not that I'm
21 aware of. I'll definitely check with the
22 legal services network to see if they're ever
23 able to do that, and I'll let you know. But
24 it's nothing I've heard about.

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1 Unfortunately.

2 SENATOR KRUEGER: Thank you.

3 MS. LAMISHAW: Sure.

4 CHAIRMAN FARRELL: Thank you. Thank
5 you very much.

6 MS. LAMISHAW: Thank you.

7 CHAIRMAN FARRELL: Carlton Burroughs,
8 lead organizer, Justice for Homeowners, to
9 close. Wave a hand.

10 (No response.)

11 CHAIRMAN DeFRANCISCO: He's out
12 seeking justice.

13 (Laughter.)

14 CHAIRMAN FARRELL: Once, twice, gone.
15 we will adjourn until 1 o'clock this
16 afternoon, when we will be doing Human
17 Services. Thank you.

18 (whereupon, the budget hearing concluded
19 at 12:05 p.m.)

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