



NEW YORK STATE ASSOCIATION FOR AFFORDABLE HOUSING

242 W 36th Street 3rd Floor • New York, New York 10018

Phone: 646-473-1205 • info@nysafah.org • www.nysafah.org

**NYSFAH Testimony before the Joint Legislative Budget Committee
2017-2018 New York State Budget
Housing Priorities and Funding
February 17, 2017**

Thank you Chairwoman Young, Chairman Farrell, Chairwoman Little, Chairman Cymbrowitz, and members of this joint legislative budget committee for the opportunity to participate in today's hearing on the 2017-18 New York State housing budget. My name is Duncan Barrett, President of Beacon Communities Development, LLC in New York and Past President of the New York State Association for Affordable Housing (NYSFAH), the trade association for New York's affordable housing industry statewide. NYSFAH's 375 members include for-profit and nonprofit developers, lenders, investors, attorneys, architects and others active in the financing, construction, and operation of affordable housing. Together, NYSFAH's members are responsible for most of the housing built in New York State with federal, state and local subsidies and incentives.

We are also very proud to be part of a coalition of prominent housing organizations that have worked together to pursue a greater commitment by our government partners to fund increased housing opportunities for all. The Cuomo Administration, the Senate and the Assembly have worked to respond to this call, and we thank you for your continued support. The fact is that the ability of NYSFAH's members to provide thousands of new and rehabilitated affordable housing units each year for low- and middle-income families would not be possible without your dedication.

We know that you are familiar with New York State's housing crisis and the urgent need for safe, quality affordable housing. There are more than 3 million households across New York State that exceed the "affordability threshold" for housing: that is, they pay *30% or more* of their household income for housing costs.¹ Of this population, more than 1.5 million households paid a staggering *50% or more* of their income for housing.² On any given night, more than 80,000 people are homeless in New York State, many of them children. Some are in need of support services in order to achieve housing stability, while others simply need housing they can afford.

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

² *Id.*

This is not a crisis for only low-income New Yorkers, but extends to middle-income families who cannot afford to live where there is limited housing stock or where property values are high; circumstances that affect every corner of the State; in rural, urban and suburban areas. It also affects every age group – from our young people to our seniors.

We are all well-aware of the housing crisis, and we all have to ensure that we continue to work towards solutions to solve this crisis. **Please know this: NYSAFAH members and the housing coalition are ready to build and rehabilitate needed housing to the extent that public resources are provided to help subsidize the costs of such housing.** The funding must, however, remain targeted and equitable to ensure that the full range of housing needs are being met and to avoid homelessness before it gets to that point.

We commend Governor Cuomo for again recognizing the urgency of New York's housing crisis and proposing more than \$2.5 billion in appropriations for a range of critical housing programs. NYSAFAH supports the Governor's proposed allocations, especially:

- ***\$950 million for the Supportive Housing Program*** which would provide capital and operating subsidies for the development of up to 6,000 units throughout the state over the next five years;
- ***\$601.025 million for Multifamily New Construction*** which would provide capital subsidies for the new construction or adaptive reuse of rental housing affordable to households that earn up to 60 percent of area median income (AMI);
- ***\$177 million for Multifamily Preservation*** which would provide funding for substantial or moderate rehabilitation of site specific multi-family rental housing currently under a regulatory agreement or extended use agreement;
- ***\$150 million for the Middle Income Housing Program (MIHP)*** to support economically diverse communities by funding the middle-income component of mixed-income projects. Investing in middle income housing is critical to building strong, economically vibrant communities that serve households across the income spectrum. First established in SFY 2015-2016, MIHP provides incentives for projects that reach households with incomes up to 130% area median income (AMI). MIHP is the only State program available that serves these middle-income households and is already oversubscribed in its first year;
- ***\$125 million for senior housing*** which would incentivize the development and rehabilitation of affordable housing targeted to low-income seniors, aged 55 and above;
- ***\$125 million for Rental Assistance Demonstration (RAD) program for public housing*** which would provide substantial or moderate rehabilitation and/or the demolition and replacement through new construction of site-specific multi-family rental housing currently owned by public housing authorities outside of New York City;

- **\$100 million in Mitchell-Lama funding** to provide capital subsidies to preserve and improve Mitchell-Lama properties in the state;
- **\$81 million for the Rural and Urban Communities Investment Fund (CIF)** to support development that meets the needs of both urban and rural communities throughout New York State. CIF is an essential tool for developing mixed-use affordable housing in urban areas with retail and community facility spaces that these neighborhoods need. CIF also helps ensure that the rural affordable housing needs are being addressed by supporting housing projects built to the scale of smaller communities;
- **\$65.2 million for the Low Income Housing Trust Fund** to support the development and preservation of affordable housing for low-income New Yorkers. These funds help revitalize communities and ensure safe, quality, affordable housing that New Yorkers can call home; and,
- **\$16 million for Homes for Working Families Program** to provide necessary gap funding for affordable housing projects. This program is an essential resource for fully leveraging available federal resources, such as federal 4% Low Income Housing Tax Credits and volume cap to maximize affordable housing production in New York State.

The Governor's proposed budget further recognizes the reality that the development and preservation of affordable housing is a multi-year process. In addition to providing enhanced resources, the Governor's proposed funding creates predictability in housing resources, which will enable NYSFAH members to better plan their projects and more quickly implement housing projects to serve the needs of New York's communities.

The need for the State to provide a long-term commitment for affordable housing is paramount given anticipated changes in federal housing incentives. The federal Low-Income Housing Tax Credit (LIHTC) provides approximately \$8 billion in tax credits for the acquisition, rehabilitation, and construction of rental housing throughout the United States, resulting, on average, 107,000 units annually. New York State has used and benefited from a substantial share of these tax credits and our affordable housing projects are heavily dependent upon the efficacy of these credits. With the Trump Administration prioritizing a reduction in corporate tax rates, the value of and the need for LIHTC credits is expected to be significantly diminished. The result will be less private investment in affordable housing projects from the purchase and sale of these tax credits. NYSFAH is working with a coalition of housing organizations at the national level to urge the federal government to address this anticipated loss of private capital. However, we know we will need our state partners to remain steadfast in their commitments to provide necessary affordable housing incentives and funding if we are to remain successful.

Finally, each of us knows and appreciates the importance of affordable housing in terms of providing a stable place for New Yorkers to call home. Beyond this most fundamental of needs,

however, affordable housing is also a significant economic driver. From 2011-2015, statewide affordable housing efforts generated \$54.5 billion in total economic impact, which was a substantial increase from the \$39.6 billion generated between 2003-2010. Moreover, annually during the same period, New York State's affordable housing industry generated³:

- More than 25,000 affordable housing units, including new construction, rehab and preservation units.
- More than 65,000 jobs during construction, and sustains 9,000 permanent jobs to support resident spending and building maintenance.

Affordable housing is critical to our economy. It is workforce housing that enables low- and middle-income employees to support their families. It is also money put back into our communities; supporting construction workers, suppliers, local retailers and other businesses that are key to economically sustainable communities.

We urge you to support the Governor's proposed funding for housing programs in the 2017-18 State budget. Availability of this funding would represent a landmark achievement in the State's commitment and goal of serving the housing needs of all New Yorkers.

Thank you again for the opportunity to testify today and for your consideration of NYSFAH's comments regarding the New York State budget. I welcome any questions or comments you may have.

Contact: Jolie Milstein, President and CEO, at jmilstein@nysafah.org and (646) 473-1208; or Jim Walsh, Manatt, Phelps & Phillips, LLP, at jwalsh@manatt.com and (518) 431-6717.

³ HR&A Advisors, Inc. (prepared for New York State Association for Affordable Housing), *Economic Impacts of Affordable Housing on New York State's Economy* (February 2017).