



Testimony
Presented to a Joint hearing of
New York State Senate Finance Committee
And
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Presented by

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Good afternoon Senator Krueger, Assemblywoman Weinstein, Senator Kavanagh, Senator Helming, Assemblyman Cymbrowitz, and distinguished members of the panel. On behalf of the New York State Rural Advocates and the Rural Housing Coalition of New York, thank you for this opportunity share our thoughts and observations about the impact of the proposed 2022 executive housing budget on small towns and rural places around our State.

Meeting the affordable housing needs of rural communities presents a number of unique challenges. These are small scale communities made up of widely scattered populations with limited access to traditional sources credit and few philanthropic resources. While housing costs are often lower than comparable metropolitan

regions, New York's rural counties exhibit median incomes that are less than 80% of the median incomes in the more urbanized counties. The widespread occurrence of substandard housing in rural communities can be attributed to advanced age of the rural housing stock and to the limited resources available to provide ongoing capital investment.

It is important to recognize that rural communities are dominated by homeownership tenure and there is surprising evidence that many homeowners – particularly those on fixed incomes - are seriously cost burdened at rates similar to renters statewide. Rural renters, although fewer in number than in urban places, also face serious challenges accessing safe, decent affordable housing opportunities.

By way of highlights, our top priority remains the Rural Preservation Program. As we discuss below, Rural Preservation Companies are governed by boards of directors who are members of the communities served by the RPCs. This means that the Company's programs and activities are tailored to the specific needs and priorities of the community that they serve. Many of the other programs we discuss below constitute the toolboxes from which RPCs draw the tools with which they attack local affordable housing problems.

As owner occupied housing stock is dominate in rural areas, AHC, the Affordable Housing Corporation provides a critical resources for the rehabilitation of existing one to four family homes and it supports the new construction and acquisition of existing properties that serve the homeownership community. We are concerned

that AHC funding has not kept pace with the State's other major housing programs and we urge you to increase funding for this critical rural resource.

While rural housing tenure is dominated by homeowners, low income renters also face huge challenges. Even though rents in rural places often seem modest compared to high cost markets, the condition of much of the rural rental housing stock is dismal. We appreciate the work of private affordable housing developers in upstate New York but we note that scale of most rental development these days overwhelms our small communities. Our not for profits have a wonderful track record of developing appropriately scaled rental housing but we currently lack the resources to accomplish that work. We need a source of funding for small rental projects.

Finally, I want to point out that the executive did not include funding for the Rural Housing Coalition as part of the RPP budget. The training and technical assistance component of RHC is a critical element of the RPPs success. I would like to introduce Mike Borges, the new executive director of the Rural Housing Coalition to briefly talk about new initiatives he is working on.

Rural Preservation Companies (RPCs) are a key element of New York's strategy to address the challenges faced by the State's smaller communities. RPCs are not for profit companies controlled by volunteer boards of directors with the majority of members required to live or work in the service area. In order to successfully meet the affordable housing needs of the low income residents of New York's small towns and rural communities, NYS Rural Advocates calls for the **full funding of the Rural Preservation Program (RPP).**

The Executive proposes to fund the Rural Preservation Program (RPP) with \$5,360,000 from excess reserves of the Mortgage Insurance Fund in 2020. The Executive does not include funding for the important technical assistance and training functions of the Rural Housing Coalition.

In order to *fully* fund currently active RPCs and restore preservation services to three of six unserved or underserved counties and to support the work of the New York State Rural Housing Coalition, Rural Advocates calls on the Legislature to provide the additional funding to **provide RPP with a total appropriation of \$6.2 million dollars**. NYS Rural Advocates recommends that language be added to the budget to provide \$200,000 for the New York State Rural Housing Coalition from the RPP appropriation.

Affordable Housing Corporation: The Executive proposes to flat fund AHC at \$26 million from the Capital Projects budget. **NYS Rural Advocates is calling for an increase in AHC funding to \$40 million this year.** This increase is necessary to offset the impacts of the anticipated increase in *per unit* funding limits and to provide a modest increase in program funding to satisfy a small portion of the overwhelming demand for this very effective program.

Homeownership is the dominate form of tenure in Rural New York. With well over a half a million owner occupied housing units, the homeownership rate in rural service areas exceeds 70% compared to a statewide homeownership rate of just 54%, (note that New York's homeownership rate places us dead last among the 50 States!). AHC provides funding that supports homeowners including down

payment and closing cost assistance, new construction and rehabilitation of owner occupied one to four family homes and mobile home replacement programs.

Homeowner Protection Program (HOPP): Promoting and protecting homeownership is a priority for NYS Rural Advocates and therefore we are deeply concerned that mortgage delinquency rates have reached the highest levels ever due the pandemic's impact on our State's economy. We note that delinquencies disproportionately impact the minority households that are already far behind in rates of homeownership. The foreclosure crisis has certainly not ended but the funds supporting the HOPP program will be exhausted in July of this year. We urge the Legislature to provide \$20 million for a full service homeownership counseling program that includes foreclosure counseling, mitigation assistance and legal services.

Small Rental Projects: Rental housing developers in New York have access to a broad menu of capital funding sources however, our network of community based not for profits have found that none of the State's standing capital programs are particularly suitable for the small scale rental projects that are most appropriate in rural communities.

In recent years HCR has offered one time programs that effectively served the need for small projects. Most recently the Small Rental Development Initiative (SRDI) was organized by the HCR Office of Community Renewal (OCR). In 2017 OCR used \$22 million in recaptured federal HOME funds to underwrite 21 small projects ranging from 3 to 24 units and averaging about 9 units per award. The awards resulted in a mix of rehabilitation and new construction projects located in

18 different counties. The 2017 SRDI was a one-time effort with recaptured federal funds. The 2017 round was seriously oversubscribed and the number of potential small projects under consideration by project sponsors continues to grow.

In 2013 a similar scaled and equally successful program was funded as a set aside within the New York State Housing Trust Fund. Based on that experience we have proposed that the HTF appropriation of \$44.2 million be increased by \$10 million to support a SRDI like program at OCR. We recognize that there may be other sources of funds to underwrite a small project initiative including the transfer of under-utilized funds from the Small Building Participation Loan Program or the Urban and Rural Community Fund. However, we believe it would be beneficial if a small project program were to become a permanent part of HCR's regular offerings.

ACCESS to Home and HOPE/RESTORE: Access to Home supports the modification of individual housing units to meet the needs of households with a disabled member. HOPE/RESTORE provides funding for the rapid response to emergency home repair needs of elderly homeowners. There is unlimited need for both programs and there is substantial not for profit capacity to deliver these programs.

The 2022 Executive budget funds Access to Home at \$1 million from the Capital Projects Fund. New York State Rural Advocates recommends a \$2 million addition to Access to Home for a total of \$3 million in program funding. HOPE/RESTORE is proposed at \$1.4 million from Capital Project Fund. Rural Advocates

recommends a \$1million addition for a current program appropriation of \$2.4 million.

Homeless Housing and Assistance Program: HHAP supports a range of homeless housing developments by providing capital funds for emergency, transitional and permanent housing for homeless households. HHAP has a history of flexibility with respect to scale and design that allows the program to be a highly effective tool in a wide range of situations including in the smallest rural communities.

The 2022 executive budget proposed to fund HHAP at \$128 million with a \$5 million set aside for HIV/AIDs housing from the capital projects fund. We recognize that success of any homeless housing project depends on the quality of service that accompanies the housing. Rural Advocates support the allocation sufficient funding to fully underwrite the support services programs associated with HHAP.

Rural Rental Assistance: Rural Advocates support the Rural Rental Assistance Program (RRAP) to provide “Section 8 like” rent subsidies to some 5000 very low-income disabled, senior and female headed households living in properties with Section 515 Rural Rental Housing loans. RRAP has successfully leveraged federal Section 521 rental assistance in amounts similar to those provided by New York State. The Executive proposes to fund RRAP at \$20,630,000. Rural Advocates support this appropriation.

Many residents of Rural Rental Housing have suffered loss of income due to the COVID Pandemic. We encourage NYS HCR and the state legislature allocate

federal COVID rental assistance funds to augment both state and federal Rural Rental Assistance as necessary to meet the increased need.

Manufactured and Mobile Homes: There are nearly 200,000 mobile homes in New York State. Many older mobile homes in rural areas are found to be seriously deteriorated or dilapidated. Mobile Homes located on owned lands benefit from the Mobile and Manufactured Home Replacement Program (MMHRP). For the past several years MMHRP has been funded from the first Five Year Capital Plan. Those funds are now exhausted and no new funding is proposed in the executive budget. Advocates recommend the addition of \$3 million in current appropriations to support this important program

The 2022 Executive Budget provides \$5 million to support the ***Manufactured Home Advantage Program*** which provides loans for infrastructure and other park improvements; for the acquisition of parks by nonprofits and to support resident ownership of communities through a co-op model. New York State Rural Advocates supports this appropriation.

NY Main Street Program (NYMS): New York's modest Main Street program has proven to be an effective tool for revitalizing both commercial and residential elements of our downtown areas. Rural Advocates believes that it is time to expand the program and include technical assistance and capacity building in addition to program funding. The Executive proposes to fund NYMS with \$4.2 million from the Capital Projects Fund. We note that over the past several years the base appropriation for NYMS has been enhanced with funds from the JP Morgan Chase settlement resulting in annual funding of over \$6 million. The JPMC funds are

now exhausted leaving the Main Street Program with an effective funding reduction of two million dollars for the 2022 program year.

Rural Advocates recommend an additional appropriation of \$2.3 million resulting in a total of \$6.5 million in current appropriations to support the NYMS program.