



February 14, 2025

The Honorable Liz Krueger
Chair, Standing Finance Committee
Room 416 CAP, Capitol Building
Albany, NY 12247
financechair@nysenate.gov

The Honorable J. Gary Pretlow
Chair, Standing Committee on Ways and Means
LOB 923, Capitol Building
Albany, NY 12248
wamchair@nyassembly.gov

**Testimony
Submitted to the Joint hearing of
New York State Senate Finance Committee
And
New York State Assembly Ways and Means Committee,**

Presented by
April Ramadhan, for New York State Rural Advocates

Dear Chairperson Krueger and Chairperson Pretlow,

On behalf of the New York State Rural Advocates, thank you for this opportunity to share our thoughts and observations about the impact of the proposed 2026 executive housing budget on small towns and rural places around our State.

PROGRAM DELIVERY

As New York's Rural Communities continue to struggle, *Rural Preservation Companies (RPC)* provide an important conduit for the delivery of State and

Federal resources to our communities. In 2023/2024 we found RPCs supporting local community development efforts by undertaking 204 Infrastructure and Community projects; they wrote 564 grants. RPCs were active addressing the region’s critical housing needs by improving or rehabilitating 3,274 homes; constructing 267 new residential units and managing 4,663 rental units¹. Rural Preservation Companies continue to be the go-to delivery system for many one-time programs including New York’s disaster relief program Resilient and Ready.

We are sorely disappointed to find that in spite of our hard work and the successful efforts of *RPCs* to deliver state and federal housing resources to rural communities, Governor Hochul’s 2026 executive budget proposes to reduce funding for the program by 30%. The proposed cut is all the more distressing because in 2023 the legislature restored to program to full funding by recognizing 20 years of unfunded inflation adjustments to bring total program funding to \$7,557,000. Now, after two seasons without cost-of-living adjustments, the Rural Preservation Program will need an additional \$453,420 to maintain 2023 purchasing power. In addition, due to something we might call “appropriation drift” we find that the RPP program has fallen behind its urban sister program with RPC annual contracts funded at \$9,900 less than NPCs. In order to correct this accidental disparity, the RPC appropriation should be increased by an additional \$594,000. Therefore, **New York State Rural Advocates recommends 2026 Rural Preservation funding of \$8,604,420.**

HOMEOWNERSHIP

Historically, homeownership has been the dominate form of tenure across Rural New York and it has been homeownership that has contributed the lion’s share of

¹ All data from NYS HCR annual RPP/NPP report to the legislature

the modest wealth rural families have been able to accumulate. Unfortunately, that picture is changing for young families as first-time homeownership becomes increasingly unobtainable. At the heart of the problem is affordability.

The increasing disparity between incomes and the cost of housing is driven by several factors including the increased cost of new construction, the substandard condition of much of the available housing stock and competition from second home buyers and institutional investors. The substantial advantage of mortgage financing through programs such as the USDA Section 502 direct loan program and the SONYMA Low-Interest Rate Programs is negated by the processing time these loans require, leaving lower income, first time home buyers unable to compete with the cash offers of out of area buyers and real estate investors. The imbalance between incomes and housing costs impacts existing homeowners as well. The cost of maintaining a home, particularly an older home places a substantial burden on low-income and senior households on fixed incomes.

With respect to homeownership, Rural Preservation Companies are concerned both with advancing opportunities for first time homebuyers and protecting the interests of existing homeowners. For most RPCs, **the Affordable Housing Corporation (AHC)** is the program we most often rely on. AHC supports the development of new owner occupied one-to-four-unit buildings; it supports the acquisition and rehab of existing homes by first time home buyers and it provides important funding for the rehabilitation of hundreds existing homes each year. **Rural Advocates recommends funding of the primary AHC program at \$36 million an increase of \$10 million over recent AHC appropriations.**

We support full funding of the important HOPE/RESTORE and ACCESS to Home programs. RESTORE provides emergency repairs for low income, elderly households. ACCESS facilitates accessibility modifications that allow will more New Yorkers to stay in their own homes. **Recommended 2026 funding: RESTORE \$4 million; ACCESS \$4 million.**

NYS Rural Advocates acknowledge the critical need for substantial funding dedicated to foreclosure mitigation. It is essential that these initiatives receive a consistent funding stream through the Homeowner Protection Program (HOPP). **For 2026, we recommend a funding allocation of \$40 million for HOPP.**

It is important to note that many of the Rural Preservation Companies (RPCs) involved in the HOPP network also offer Pre and Post Purchase Counseling, which may be provided incidentally under HOPP. However, HOPP funding does not explicitly support these counseling services. While we endorse the Governor's proposed investment of \$150 million in new homeownership initiatives, we recognize the urgent need to connect these programs with high-quality homeownership counseling. The last significant increase in homeownership rates occurred from the late 1990s to the early 2000s, only to be followed by a housing crash and foreclosure crisis that led to the establishment of HOPP. We believe that enhanced Pre and Post Purchase Counseling could have better equipped homebuyers and mitigated the severity of this crisis. New York State Rural Advocates strongly encourage State Housing Policy makers to ensure that Pre and Post Purchase Counseling similar to that once provided by the **Rural and Urban Homeownership Programs**, be provided to all participants in State support homebuyer programs.

We support the Governor’s important proposals to invest \$50 million to spur the development of starter homes and another \$50 million to provide access to revolving loan funds for low cost second mortgages. We also support the proposed \$50 million to provide downpayment assistance to minority families with the proviso that those families are also afforded quality Pre-Purchase counseling. Remember that the devastating foreclosure crisis of early this century focused on minority households. Please, let’s not repeat that awful story.

Manufactured Housing is a critical component of the rural housing stock. Rural Advocates calls for additional funding for the **Manufactured Home Replacement Program (MMHRP)** and for the Manufactured Home Advantage Program. MMHRP is funded at \$4 million/year from the 5-year Capital Plan but program lacks an underlying statute. Rural Advocates calls for the establishment of a permanent Mobile Home Replacement program in statue providing for up to \$150,000 for the replacement of a deteriorated mobile home with a new mobile home and up to \$200,000 for replacement with a modular or site-built unit. **Advocates’ support the Manufactured Home Advantage Program at \$5 million** in 2026.

RENTAL HOUSING

While homeownership remains the dominant form of tenure in rural places, there is little doubt that quality rental housing remains an essential part of any community’s well balanced housing stock. The development and operation of rental housing in small markets present serious challenges. The lack of scale and density limit the utility of important development tools such as tax credits and bond financing and drive up the cost of operation for existing properties. The poor

condition of much of the existing stock threatens health and safety and relatively low values in rural markets make revitalization of that stock almost impossible.

Therefore, protecting the existing assisted, affordable rental housing is paramount. The federally funded Rural Rental Housing Stock (Section 515) provides over twelve thousand units of largely rent assisted rental housing for some of Rural New York's lowest income households. This important rental housing is now under threat from several sources. Certainly, the age of the portfolio suggests that rehab needs are extensive. In addition, many of New York's federally funded Rural Rental Housing properties are reaching the end of their regulatory periods and are at risk of pre-payment and removal from the inventory of affordable rental housing.

New York State has long supported the Rural Rental Housing portfolio by providing a rental assistance program that mirrors federal rental assistance and supports some five thousand very low-income households while ensuring the viability of scores of Section 515 properties. **New York State Rural Advocates supports Governor Hochul's proposal to fund the Rural Rental Assistance Program at \$23,455,000.**

There are efforts underway to preserve as much of the Rural Rental Housing Portfolio as possible. Community based not for profits in the Rural Preservation Program are front and center in this effort but the acquisition and rehabilitation of these properties require substantial financial resources and these are limited. In the 2025 State Budget, leaders agreed to include \$10 million to support the preservation of Section 515 Rural Rental Housing. **New York State Rural**

Advocates recommends an additional \$10 million in 2026 to continue the the Section 515 Preservation Program.

As mentioned above, the scale of rural communities and small towns prohibit the use of many of the successful rental development tools such as tax credits and bond financing. It has long been Rural Advocates contention that a permanent funding program to support the development of small rental projects (1 – 20 units) is a glaring omission in New York State’s arsenal of housing development programs. Since 2017, NYS Housing and Community Renewal has operated a modest demonstration project known as SRDI. This effort has demonstrated that community based not for profit organizations can develop and operate high quality rental housing that is appropriately scaled for smaller communities. **New York State Rural Advocates call for the creation of a permanent statewide Small Rental Development Program to be codified in statute and for funding of \$20 million for the program in 2026.**

COMMUNITY DEVELOPMENT

New York Main Street has proven to be an impactful tool capable of transforming small downtowns. As the program is somewhat specialized and administratively challenging, we find capacity to deliver Main Street Program to vary greatly across rural New York. With the advent of the Downtown Revitalization Initiative (DRI), technical support for Main Street is all the more important. NYS Rural Advocates recommends the **establish of a Main Street Center** that will provide support and guidance to communities, to not for profits and to State administrators to provide for more equitable access to the program. **Rural Advocates recommends NYS Main Street funding of \$10 million.**

For the 40 plus years that Rural Preservation Companies have been working to address housing needs in rural communities, we have been constantly challenged by inadequate or missing infrastructure. **NYS Rural Advocates supports the Governor's proposal to provide \$110.5 million to provide public infrastructure** to grow the housing supply in some communities while reminding policy makers that much of the infrastructure needs in rural communities involve private infrastructure in the form of wells and septic systems. We hope these infrastructure needs can be addressed in subsequent New York State Budgets.

For additional questions or information, please contact April Ramadhan at april@nysruraladvocates.org. Thank you.