



**Testimony before
Joint Legislative Public Hearing
2017-2018 Executive Budget**

Housing

February 17th 2017

Thank you members of Joint Fiscal Committee for the opportunity to speak here today in the matter of the 2017-2018 Proposed Executive Budget. My name is Edward Ubiera, Director of Policy for the Local Initiatives Support Corporation's New York City Program. I am submitting this written testimony on behalf of LISC.

About LISC

LISC is a national nonprofit community development financial institution (CDFI) supporting local champions of equitable development with financing, capacity building, and technical assistance. For almost 40 years, we've been on the ground building affordable housing and improving communities in collaboration with mission-driven organizations, government partners, and corporate leaders. We've helped to rebuild neighborhoods across New York City by investing over \$2 billion in capital, resulting in over 40,000 units of affordable housing and over 2 million square feet of retail and community space. LISC also has a vibrant practice in Buffalo where since 1998, we have deployed over \$100 million in investments resulting in roughly 2,000 units of affordable housing.

Housing Crisis Is Being Felt Across A Wide Spectrum of Society in New York; Robust Multiyear Plan Needed To Address This Crisis

At LISC, we are keenly aware that there exists a crisis in housing affordability and supply throughout New York State impacting virtually all segments of society including working families, seniors, homeowners, very-low income renters in public housing, and households experiencing homelessness. Only a coordinated, multiyear statewide housing plan can put a dent to this crisis. The facts on the ground are simply daunting. More than 50% of renter households in New York are currently rent-burdened paying more than 30% of their income on housing costs. According to LiveOn New York, wait lists for low-income senior apartments exceed 200,000—and that's only in New York City. Low-income homeowners, particularly in communities of color, continue to face high rates of default and foreclosure several years after the Great Recession. The public housing system, historically an important housing stock for very-low income renters, faces mounting operating deficits and unmet infrastructure repair needs totaling billions. Further, this crisis has been particularly hard felt by households challenged by physical and/or mental disabilities or other hazardous living conditions. We see the evidence of this hardship with over 80,000 persons accessing the shelter system statewide on any given night.

We Support The "House NY 2020" Capital Commitments Reflected In 2018 Budget

The preservation and development of affordable housing remain strategic priorities for LISC. To that end, in 2016 LISC was proud to endorse the Governor's \$20 billion, five-year plan to create and preserve 100,000 units of affordable housing and 6,000 new units of supportive housing. In our view, and relative to the housing needs felt across the state, this plan was appropriately ambitious in size and scope. As

members of this committee are aware, the FY2017 enacted budget stipulated that housing funds pursuant to this plan were to be authorized in accordance with a Memorandum of Understanding (MOU) to be executed once programmatic guidelines were agreed to by the Legislature and the Governor. Despite strong encouragement by the affordable housing community for a comprehensive MOU, only \$150 million was fully authorized. Fast forward to FY2018, we at LISC are very much heartened that the proposed budget continues to reflect the Governor's multi-year commitment to a statewide housing plan with over \$2.7 billion in capital resources appropriated. We support this level of capital commitment, particularly in the following high need areas:

- **Supportive Housing:** \$950 million for the construction of 6,000 units supportive housing;
- **New Construction:** \$601 million for new construction of low-income rental housing;
- **Housing Preservation:** \$177 million for substantial rehabilitation of low-income rental housing;
- **Senior Housing:** \$125 million for preserving and developing housing for low income seniors;
- **Public Housing:** \$125 million to preserve public housing units statewide; and \$100 million to preserving NYCHA units; and
- **Homeownership:** \$41.5 million to promote affordable homeownership among low-income households.

To supplement the capital commitment to senior housing construction, we join our colleagues at Leading Age and LiveOn in supporting an allocation of \$10 million to provide resident service coordinators in all newly developed senior housing. We agree with their assessment that service coordination is a cost-effective measure to allow seniors to age-in-place and avoid expensive nursing homes.

Critical That Legislature And Governor Approve Funding Commitments For Multiyear Plan By FY 2018 Budget Deadline, Especially in Light of Federal Policy Landscape

State capital funds are vitally important in creating certainty and predictability in the housing finance marketplace. Developers, lenders, and investors cannot effectively set budgets for site acquisition and construction if there is uncertainty on the availability of public subsidies. By some estimates, for every month without a signed MOU in calendar year 2016, roughly 1,000 new units of affordable housing were not planned or built. Given the size and scope of housing needs statewide, the certainty of a fully funded, multiyear housing plan will be needed in order to develop the robust housing pipelines needed across the high priority needs stated above.

The changing landscape at the federal level has also added additional urgency to clarifying state commitments of housing resources. Likely cuts to nondefense discretionary funding may impact HUD's budget. Potential changes in federal tax policy may impact the future pricing housing credits. Committing state resources now will allow developers and lenders to plan ahead and think creatively on how to plug funding gaps resulting from changes in federal policy.

In closing, we strongly encourage state leaders to follow through on their commitment and reach an agreement to provide landmark plans for a robust, multiyear statewide housing plan.

Thank you for the opportunity to testify.

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