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**Testimony of Edward Ubiera
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**Joint Legislative Public Hearing
2016-2017 Executive Budget
Housing**

February 1, 2016

Good morning Chairman Young, Chairman Farrell, Chairman Little, Chairman Wright, and members of the joint fiscal committees. 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 NYC

LISC is dedicated to helping nonprofit, community development corporations (CDCs) transform distressed neighborhoods into sustainable communities of choice and opportunity with good places to work, to do business and raise children. In New York City alone, LISC and its affiliates have invested over \$2 billion—leveraging over \$5 billion for low- and moderate-income communities resulting in over 36,000 units of affordable housing and over 2 million square feet of retail and community space.

Housing Crisis Being Felt By All

Virtually every community in New York State is facing the challenges of housing affordability and supply. In New York City, more than 50% of renter households are cost-burdened, paying more than 30% of household income on housing-related costs¹. New York City's rental vacancy rate is roughly 3% and below the statutory 5% vacancy threshold deemed necessary to declare a housing emergency per the Rent Stabilization Laws². Such a low vacancy rate is especially burdensome to low-income households who are effectively locked out of the rental market and in some cases forced into the shelter system as a means of last resort. The New York City Department of Homeless Services reports 58,000 individuals in the shelter system—including 23,000 children³. About one in five seniors in New York City lives in

¹ New York City Department of Housing Preservation & Development, "Housing New York: A Five-Borough, Ten Year Plan," http://www.nyc.gov/html/housing/assets/downloads/pdf/housing_plan.pdf

² New York City Department of Housing Preservation & Development, "HPD Releases Initial Findings of 2014 New York City Housing And Vacancy Survey," February 24, 2015, <http://www1.nyc.gov/site/hpd/about/press-releases/2015/02/24.page>

³ New York City Department of Homeless Services, "Daily Report for 12/18/15," <http://www1.nyc.gov/assets/dhs/downloads/pdf/dailyreport.pdf>

poverty while waitlists for senior housing number in the tens of thousands⁴. Foreclosure filings for homeowners are almost double what they were in the early 2000s totaling 13,554 filings as of December 31, 2014⁵. The public housing system—an important housing stock for very-low income households—faces a \$2.5 billion cumulative projected operating deficit over the next 10 years, and nearly \$17 billion in unmet capital needs for major infrastructure repairs⁶. As you can discern, these cumulative needs are daunting.

Joint Recommendations by New York Affordable Housing Stakeholders

LISC is proud to be a part of a coalition of 10 affordable housing groups calling for a five year, \$4 billion capital plan to address our state’s housing crisis. Coalition member Enterprise Community Partners has submitted a full copy of our budget recommendations for this committee’s consideration. Included in our joint recommendations are proposals to:

1. Dedicate at least \$1 billion in bank settlement funds to housing programs;
2. Expand funding for the Homes for Working Families Program which provides construction and permanent loan financing for affordable housing financed in part by tax exempt bonds (*\$150 million over 5 years*);
3. Expand the Low Income Housing Trust Program which provides bridge or permanent financing for the acquisition, construction, or rehabilitation of affordable housing (*\$300 million over 5 years*);
4. Enact a fourth NY/NY agreement to facilitate development of 35,000 additional units of supportive housing statewide (*\$305 million over 5 years*);
5. Create and fund a new senior housing program to support development of additional senior housing for the rapidly growing low-income population (*\$250 million over 5 years*);
6. Expand foreclosure prevention programs to support low- and moderate-income homeowners at risk of losing their homes (*\$250 million over 5 years*); and
7. Increase the annual allocation of the State Low Income Housing Credit (*\$140 million over 5 years*).

State of the State Speech and SFY 2016-2017 Executive Budget Proposal

We applaud the Governor for announcing a \$20 billion comprehensive, multi-year affordable housing and homelessness plan. We believe that the plan –known as “House NY 2020”– is a powerful and affirmative recognition that many New Yorkers are in critical need of housing stability. It is our understanding that the plan will devote \$10 billion to create and preserve 100,000 units of low- income housing over the next five years –50,000 units to be newly constructed and 50,000 existing units to be preserved. Another \$10 billion will be used for the creation of 6,000 units of supportive housing and 1,000 emergency shelter beds statewide. Over the next fifteen years it is expected that the plan will result in 20,000 units of supportive housing. We are hopeful that this commitment, combined with that of Mayor de Blasio’s 15,000 units in New York City, will result in 35,000 units of supportive housing in New York State.

⁴ LiveOn NY, “City’s Leading Senior Advocacy Organization And Housing Providers Testify In Support Of Citywide Zoning Proposal,” December 16, 2015, <http://www.liveon-ny.org/files/Press%20release%20-%20ZQA%20hearing.pdf>

⁵ NYU Furman Center, “State of New York City’s Housing and Neighborhoods in 2014,” http://furmancenter.org/files/sotc/NYUFurmanCenter_SOC2014_HighRes.pdf

⁶ New York Housing Authority, “Final Agency Annual Plan for Fiscal Year 2016,” <http://www1.nyc.gov/site/nycha/about/annual-plan-financial-information.page>

Implementing the plan will require significant resources. We are pleased to see that the executive budget is directing funding to programs that will deliver on the housing plan's promise. Some welcome and notable highlights included a \$6.5 million increase to the Low Income Housing Trust Fund program; a \$9.25 million increase to the Homes for Working Families program; an \$18.3 million increase to the Rural and Urban Community Investment Fund program (CIF); and a \$1.97 billion capital appropriation for new housing programs.

LISC and our coalition partners have pledged to work collaboratively with the Governor and the State Legislature to ensure that new initiatives address the most critical gaps in our housing ecosystem and achieve maximum impact. As the programmatic specifics of "House NY 2020" are further discussed and finalized, we urge the Legislature to ensure that the final plan reflects:

1. Flexible and proactive preservation financing tools to extend affordability for projects whose subsidy or tax credit commitments are expiring;
2. Robust production targets for senior housing;
3. Sufficient funding to stabilize low- and moderate income homeowners facing foreclosure;
4. A clear framework for how HCR and New York City's housing agencies can effectively coordinate efforts in creating a robust supportive housing pipeline;
5. A solution to address the ever increasing capital repair needs of our public housing authorities – particularly NYCHA; and
6. An increase in the amount of private-activity bond allocation devoted to local housing needs.

Finally, many nonprofit and minority-and women-owned developers of affordable housing have reached out to LISC with concerns surrounding proposed changes in how bonds are allocated for local housing needs. The process to develop affordable housing is complex and time sensitive. Predictability is very important. It could become very costly to hold on to undeveloped sites indefinitely. Investors and lenders expect certainty. Nonprofit and minority-and women-owned developers are least able to bear the cost and risk of additional layers of approval. We urge the State Legislature to support an oversight structure that preserves the flexibility of local agencies and developers to operate nimbly and efficiently within the bond market.

Thank you for the opportunity to submit testimony.

February 1, 2016

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