

1 BEFORE THE NEW YORK STATE SENATE FINANCE
2 AND ASSEMBLY WAYS AND MEANS COMMITTEES

2 -----

3 JOINT LEGISLATIVE HEARING

4 In the Matter of the
5 2017-2018 EXECUTIVE BUDGET
6 ON HOUSING

6 -----

7 Hearing Room B
8 Legislative Office Building
9 Albany, New York

9 February 17, 2017
10 9:41 a.m.

11 PRESIDING:

12 Senator Catharine M. Young
13 Chair, Senate Finance Committee

14 Assemblyman Herman D. Farrell, Jr.
15 Chair, Assembly Ways & Means Committee

16 PRESENT:

17 Senator Liz Krueger
18 Senate Finance Committee (RM)

19 Assemblyman Robert C. Oaks
20 Assembly Ways & Means Committee (RM)

21 Assemblyman Steven Cymbrowitz
22 Chair, Assembly Housing Committee

23 Senator Diane J. Savino
24 Vice Chair, Senate Finance Committee

Assemblyman Walter T. Mosley

Assemblyman Brian P. Kavanaugh

Senator Jamaal Bailey

1 2017-2018 Executive Budget
Housing
2 2-17-17

3 PRESENT: (Continued)

4 Assemblyman Andrew P. Raia

5 Assemblywoman Yuh-Line Niou

6 Senator James N. Tedisco

7 Assemblywoman Carmen De La Rosa

8 Senator Velmanette Montgomery

9 Assemblyman Charles Barron

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4 Assemblyman Joseph S. Saladino

5 Senator Velmanette Montgomery

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11 RuthAnne Visnauskas
Executive Deputy Commissioner
12 New York State Homes and
Community Renewal

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1 CHAIRMAN FARRELL: Good morning.

2 Today we begin the final hearing
3 conducted by the joint fiscal committees of
4 the Legislature regarding the Governor's
5 proposed budget for fiscal year 2017-2018.
6 The hearings are conducted pursuant to
7 Article VII, Section 3 of the Constitution
8 and Article II, Sections 31 and 32A of the
9 Legislative Law.

10 Today the Assembly Ways and Means
11 Committee and the Senate Finance Committee
12 will hear testimony concerning the budget's
13 proposal for housing.

14 I will now introduce the members from
15 the Assembly, and Senator Young, chair of the
16 Senate Finance Committee, will introduce the
17 members from the Senate.

18 I have been joined by Chairman Steve
19 Cymbrowitz and Assemblymember Mosley.

20 Mr. Oaks?

21 ASSEMBLYMAN OAKS: Yes, we've also
22 been joined by Assemblyman Raia.

23 CHAIRMAN FARRELL: Senator?

24 CHAIRWOMAN YOUNG: Good morning. I'm

1 delighted to be here. Thank you,
2 Mr. Chairman. I'm also delighted that today
3 is the last hearing that we will have for
4 this year on the budget.

5 (Laughter.)

6 CHAIRMAN FARRELL: We will be dancing
7 later.

8 (Laughter.)

9 CHAIRWOMAN YOUNG: Yes, we shall.

10 So I'd like to welcome everyone. I'm
11 Senator Catharine Young, and I'm chair of the
12 Senate Standing Committee on Finance. And
13 I'm joined by my colleagues Senator Liz
14 Krueger, who is ranking member on the Finance
15 Committee; also Senator Jamaal Bailey, who is
16 ranking member on the Housing Committee; and
17 Senator Jim Tedisco. And Senator Diane
18 Savino, who's vice chair of the Finance
19 Committee.

20 CHAIRMAN FARRELL: And before the
21 first witness, I would like to remind all of
22 the witnesses testifying today to keep your
23 statements within your allotted time limit so
24 that everyone can be afforded the opportunity

1 to speak.

2 I will now ask and welcome New York
3 State Division of Homes and Community Renewal
4 Commissioner James Rubin and RuthAnne
5 Visnauskas -- did I get that? Sorry.

6 EX. DEP. COMMISSIONER VISNAUSKAS:
7 That's okay.

8 CHAIRMAN FARRELL: I came close, I
9 think.

10 -- executive deputy commissioner.
11 Good morning, and welcome.

12 COMMISSIONER RUBIN: Good morning,
13 sir. I apologize, we should have provided
14 you and your colleagues with a pronunciation
15 guide. We've had --

16 CHAIRWOMAN YOUNG: What is it? How do
17 you say it?

18 EX. DEP. COMMISSIONER VISNAUSKAS:
19 Vis-naus-kiss.

20 COMMISSIONER RUBIN: Visnauskas.

21 EX. DEP. COMMISSIONER VISNAUSKAS:
22 It's a good Lithuanian last name.

23 (Laughter.)

24 COMMISSIONER RUBIN: Yes. You've had

1 it easy for two years, two syllables.

2 (Laughter.)

3 COMMISSIONER RUBIN: Good morning,
4 Chairpersons Young and Farrell, Cymbrowitz,
5 Little and distinguished members of the
6 Legislature. My name is Jamie Rubin and I am
7 commissioner and CEO of New York State Homes
8 and Community Renewal.

9 I am joined this morning by RuthAnne
10 Visnauskas, who is my executive deputy
11 commissioner for housing development and my
12 soon-to-be successor as the commissioner of
13 HCR. There was a formal announcement by
14 press release this morning that RuthAnne is
15 going to be succeeding me as I move over to
16 the Governor's office to become the state
17 director of operations, effective next week.

18 For those of you who have not had the
19 opportunity to work with RuthAnne, I'd like
20 to share a little bit of her background for
21 your benefit. Since joining my team,
22 RuthAnne has been responsible for strategic
23 leadership and oversight of all housing and
24 finance programs for the agency.

1 Prior to joining HCR, RuthAnne was
2 managing director of the Housing Advisory
3 Board for the Robin Hood Foundation, New York
4 City's largest poverty-fighting organization,
5 which spends over \$100 million a year in New
6 York City on efforts including housing and
7 other poverty-fighting activities.

8 She also held several key positions at
9 the New York City Department of Housing
10 Preservation and Development, HPD, including
11 the role of commissioner at the end of Mayor
12 Bloomberg's administration.

13 RuthAnne is an experienced and
14 outstanding public servant who shares the
15 Governor's deep commitment, and yours, to
16 expanding affordable housing opportunities
17 and creating stronger communities across the
18 state. I am confident beyond words that I am
19 leaving the agency in strong, capable hands,
20 and I know that you will enjoy working with
21 her, as I have over the last two years.

22 I'd like also to say that it has been
23 an honor and a privilege for me in the last
24 two years to serve as commissioner of HCR and

1 before that for two years as the director of
2 the Office of Storm Recovery, which is, as
3 you know, within HCR. I absolutely leave the
4 agency in solid hands with RuthAnne -- better
5 than solid hands with RuthAnne, but that
6 would not be possible without the men and
7 women of HCR, some of whom are behind me and
8 others, obviously, are stretched throughout
9 the state. They are the finest public
10 servants and professional government workers
11 that I've ever had the opportunity to work
12 with or see, and we're all very fortunate to
13 have them.

14 With that, it is a pleasure to testify
15 before you on the housing portion of Governor
16 Andrew Cuomo's Executive Budget proposal for
17 state fiscal year 2017-2018. This is the
18 second time that I've had the privilege to
19 appear before you to present the Governor's
20 housing budget.

21 I said it last year, and I'll say it
22 again -- as I travel the state, I am
23 constantly inspired by the work that we have
24 done together to increase access not to just

1 housing but to high-quality, innovative,
2 mixed-use, green and sustainable homes
3 throughout New York.

4 As you know, Governor Cuomo has a deep
5 commitment to housing, and I'm thrilled he
6 has once again made housing and community
7 renewal a priority -- because he knows, as
8 you and I do, that access to quality,
9 affordable homes makes life better,
10 communities stronger, and opportunities
11 greater for everyone.

12 As always, we are thankful for the
13 Legislature's partnership as we've worked to
14 address New York's housing needs, and I ask
15 for your continued support building on this
16 proposal.

17 Before I note a few highlights of the
18 Executive Budget, I want to give you some
19 examples of what we have achieved this past
20 year on behalf of New York families with the
21 resources you have helped us secure.

22 In 2016, New York State Homes and
23 Community Renewal made significant progress
24 increasing access to affordable housing and

1 securing the futures of families and
2 individuals across the state. The agency set
3 a record again this past year, financing the
4 creation or preservation of more than 17,000
5 affordable homes and apartments. And we were
6 the number-one housing bond issuer in the
7 nation, with \$2.8 billion issued.

8 Now, our Unified Funding housing round
9 awarded more than \$122 million for affordable
10 housing in urban, suburban, and rural areas
11 of New York. These awards will build or
12 preserve nearly 2,000 affordable apartments
13 and leverage more than \$450 million in public
14 and private resources.

15 We also continue to make great
16 progress transforming New York's 8,600 aging
17 Mitchell-Lama apartments in critical need of
18 repairs and upgrades into quality, safe
19 homes. This year, we preserved another
20 1,360 Mitchell-Lama apartments, bringing the
21 total to 6,660 apartments in 26 locations and
22 keeping this crucial stock of housing for
23 middle-income New Yorkers affordable for
24 another 40 years.

1 And because good homes and strong
2 communities go hand in hand, HCR's New York
3 Main Street program awarded more than
4 \$6 million in 2016 for the renovation of
5 77 residential units and 85 commercial spaces
6 in downtowns and mixed-use business districts
7 throughout the state. These awards will
8 leverage more than \$10 million in additional
9 investment and stimulate reinvestment in
10 properties located within mixed-use
11 commercial districts and adjacent
12 neighborhoods, with a focus on sustainable
13 downtown revitalization.

14 The agency has also put a major
15 emphasis on fighting housing discrimination,
16 with the 2016 launch of HCR's Fair Housing
17 Enforcement Program to uncover discrimination
18 in home rental and sale transactions and
19 ensure compliance with all state, federal and
20 local fair housing laws.

21 And most recently, we introduced the
22 Affordable New York Housing Program, which
23 expands the production of affordable housing
24 and provides fair wages for the workers who

1 build selected buildings developed under this
2 program.

3 This is just a sample of what we have
4 achieved in the past year. And while I'm
5 extraordinarily proud of the work we've done,
6 there remains a very long road ahead. The
7 successes we've had are due in large part to
8 programs and funding sources that were, by
9 their nature, time-limited or temporary. We
10 have been resourceful in our use of these
11 funds, and it is critical to New York
12 families that we maintain our record-breaking
13 production numbers and provide our partners
14 in the affordable housing community a
15 multiyear capital funding plan to continue
16 their work and to provide them with
17 certainty.

18 That's why the Governor's Executive
19 Budget continues funding support for his
20 unprecedented \$20 billion five-year
21 Affordable and Homeless Housing Plan. We
22 have the potential with this budget -- and
23 with your help -- to address our affordable
24 housing crisis and do more for New Yorkers

1 facing housing insecurity and homelessness
2 than we ever have before.

3 The plan will address New York's
4 affordable, supportive and homeless housing
5 crisis by building or preserving more than
6 100,000 housing units across the state over
7 five years. The proposal includes a
8 \$2 billion reappropriation of capital and
9 \$526 million in new capital appropriations.
10 The balance of the \$20 billion consists of
11 tax-exempt bonds, equity, and federal program
12 dollars that leverage our capital subsidy.

13 The Housing Plan will leverage HCR's
14 proven programs to do even more to address
15 the diverse housing needs of the state and
16 create new opportunities for low and
17 moderate-income households. It will include
18 50,000 units of new construction and the
19 preservation of 50,000 existing units
20 desperately in need of rehabilitation, the
21 majority of which will be targeted to low-
22 and very-low-income households.

23 The need is there. This plan is in
24 place. And I am confident that with your

1 support we can have a substantial impact on
2 meeting the housing demand in this state.

3 In closing, the Executive Budget
4 housing proposal builds on the Governor's
5 commitment to moving New York families and
6 individuals forward. It joins other bold
7 initiatives from prior times, like increasing
8 the minimum wage, to establish New York as a
9 national leader and provide struggling
10 families and individuals with the stability
11 that they need to succeed.

12 Your partnership has been instrumental
13 in all that we've been able to achieve so
14 far, and I am asking for your help again as
15 we move forward on our path to assuring that
16 all New Yorkers have access to decent,
17 affordable homes and the opportunity to
18 thrive.

19 Thank you. RuthAnne and I are happy
20 to address your questions.

21 CHAIRMAN FARRELL: Thank you very
22 much.

23 First to question, Chairman
24 Cymbrowitz.

1 ASSEMBLYMAN CYMBROWITZ: Thank you,
2 Chairman. Good morning, everyone.

3 COMMISSIONER RUBIN: Good morning,
4 sir.

5 ASSEMBLYMAN CYMBROWITZ: And thank you
6 to all of you for being here.

7 To those of you who I've had the
8 pleasure of meeting during the last several
9 weeks as the new chair of the Housing
10 Committee, it's nice to see you again. For
11 those of you who are testifying before us
12 today that I haven't met before, I look
13 forward to hearing your testimony today and
14 working with you going forward.

15 We in the Legislature have the
16 responsibility of making sure the budget is
17 done in a way that reflects the needs of our
18 constituents for safe, decent and affordable
19 housing. When people have stable housing, it
20 not only has a positive impact on their
21 lives, but on the economy and their
22 community.

23 Today's hearing is an opportunity for
24 us to get further clarification of the

1 Governor's budget. As many of you know, and
2 as I'm sure some of you will testify, a good
3 spending plan is needed to address issues
4 relating to housing availability and
5 affordability. We in the Assembly majority
6 have always been and remain ready to work
7 with our colleagues in government to meet
8 those housing needs. I thank you in advance
9 for taking the time to speak with us today.
10 I look forward to hearing your testimony and
11 maintaining a dialogue with all of you
12 throughout the budget process.

13 Jamie, RuthAnne, thank you. RuthAnne,
14 first, congratulations and best of luck.

15 EX. DEP. COMMISSIONER VISNAUSKAS:
16 Thank you.

17 ASSEMBLYMAN CYMBROWITZ: Jamie, I
18 guess we've got to say the same.

19 (Laughter.)

20 ASSEMBLYMAN CYMBROWITZ: But I think
21 the most important question for me, just to
22 begin with, is the fact that the Governor's
23 budget funds -- it's a \$20 billion, five-year
24 Affordable and Homeless Housing Plan. Can

1 you talk about why it's important to have a
2 five-year plan and what the thought process
3 was about that? And when it comes to
4 supportive housing, you're talking about
5 6,000 units. Is that something that actually
6 can be built in the five years, based on the
7 process that we have all gone through and
8 understood what it's like to build supportive
9 housing?

10 COMMISSIONER RUBIN: So thank you,
11 Mr. Cymbrowitz, for your question. What
12 we're going to do, if possible, and I
13 apologize if this is going to seem a little
14 awkward at times, we're going to try to split
15 the way we answer. I think hopefully you'll
16 get one view from two mouths.

17 Why don't I just address your question
18 about the five years for a moment. It's a
19 terrific question and one that we've
20 discussed with you and your colleagues as
21 well as your staffs over the last year since
22 the Governor made his proposal of the \$20
23 billion, five-year plan, public in the State
24 of the State and the Executive Budget last

1 year. And principally, the goal of
2 attempting to put in place a five-year
3 capital plan, which the state really has
4 never done before in the housing space, was
5 to mimic what we try to do in other areas of
6 similar infrastructure development, because
7 housing fundamentally is a piece of social
8 infrastructure.

9 So for example, the MTA capital plan,
10 the Port Authority capital plan, other areas
11 of transportation always have multiyear
12 capital plans. And the reason for that is
13 because -- is primarily one of certainty.
14 It's critically important to the people of
15 New York to understand that their needs, the
16 needs of the critical infrastructure that
17 they travel over every day, is going to be
18 met for many years to come.

19 These are multiyear -- the projects
20 that are put in place are multiyear projects.
21 They don't get funded themselves one year at
22 a time, they get funded for multiple years,
23 and the same is true -- and so that the
24 multiyear capital plan is appropriate.

1 Similarly, in the area of housing,
2 although it's not the way that this has been
3 approached in the past, issues of certainty
4 and funding are multiple -- are
5 multiple-year. So for example -- RuthAnne
6 knows this better than I do -- we at our
7 agency do everything that we do in
8 partnership with the housing development
9 community, nonprofit and for-profit. They
10 depend on us to provide a certain amount of
11 funds, but they also put themselves at risk
12 when they secure sites or invest ahead of --
13 ahead of owning particular sites, they invest
14 in design and build planning for those sites.

15 They need -- before they put their
16 money out, particularly nonprofits -- you
17 know, it's particularly true for nonprofit
18 developers -- they need to understand that
19 our support is going to be there when they do
20 their work. And they put themselves at risk,
21 and I think it's appropriate for us, where
22 possible, to tell them that the government is
23 going to be there for many years at a time as
24 well, rather than on a year-by-year basis.

1 It's how they do their work; it's how we
2 should do our work.

3 So it's really a question of certainty
4 to the market, without which we wouldn't be
5 able to do our work.

6 I don't know if RuthAnne wants to add
7 anything, and then maybe you could talk for a
8 second about the 6,000 units.

9 EX. DEP. COMMISSIONER VISNAUSKAS:
10 Yes, I would echo what Jamie said. And sort
11 of specifically on the supportive housing
12 pipeline, I think that rings true where I'm
13 happy to say that we are on schedule and have
14 awarded funding for the first 1200 of the
15 6,000 commitment statewide for -- of
16 supportive housing.

17 And I think that the partners that we
18 work with need to know that they can buy
19 sites today and will have financing next year
20 or the year after. Right? Many of those
21 sites might have to be cleaned up, they might
22 have to go through a public approval process
23 that might take over a year. And just the
24 normal course of sort of development is a

1 year-or-two-year-prior-to-construction
2 process.

3 So we want people to be able to buy
4 sites, nonprofits and for-profits, and be
5 able to bring them to us in a year or two
6 years and know that we'll have the funding
7 available to finance them.

8 ASSEMBLYMAN CYMBROWITZ: So you've
9 been able to fund the 1200, the thousand
10 within the city and the 200 outside the city?

11 EX. DEP. COMMISSIONER VISNAUSKAS: The
12 1200 is statewide, it was about that
13 breakdown. But we can provide you with sort
14 of detail on those.

15 ASSEMBLYMAN CYMBROWITZ: What is the
16 average number of supportive housing units
17 that are built statewide?

18 EX. DEP. COMMISSIONER VISNAUSKAS:
19 Including the city's production on --

20 ASSEMBLYMAN CYMBROWITZ: Yes.

21 EX. DEP. COMMISSIONER VISNAUSKAS: I
22 don't know the city's production numbers as
23 well anymore. Our production has been about
24 800 units in the past couple of years. We

1 have a fairly robust supportive housing
2 pipeline and are sort of building on that.

3 The city, when I was there,
4 traditionally was doing between 500 and a
5 thousand units as well. And in recent years
6 they have increased that goal, so I think
7 their production has also been ramped up.

8 ASSEMBLYMAN CYMBROWITZ: So you'll be
9 funding the city's units as well? So the
10 6,000 includes the city's production?

11 EX. DEP. COMMISSIONER VISNAUSKAS: The
12 6,000 is just HCR's commitment. We certainly
13 do projects in conjunction with the city.
14 But we have many projects in our pipeline
15 that are independent of any other city
16 funding.

17 I mean, as you would expect,
18 projects that we finance in the city have a
19 city tax exemption. So we certainly work
20 with them, on if not the financing in terms
21 of capital, certainly on sort of the tax
22 exemption front, on any affordable housing
23 project that we do.

24 ASSEMBLYMAN CYMBROWITZ: The Executive

1 Budget includes \$100 million for NYCHA, for
2 their capital needs. Based on what we're
3 hearing, what we're all hearing from
4 Washington, with the severe cuts that are
5 projected for public housing, not only NYCHA
6 but statewide, are there contingency plans by
7 the Executive to cover those costs? And just
8 to begin, is the \$100 million enough? For
9 the 17 billion -- obviously, a \$17 billion
10 backlog in NYCHA alone, certainly the
11 \$100 million is not sufficient.

12 COMMISSIONER RUBIN: On the question
13 of the impact of possible federal budget cuts
14 specifically on NYCHA, obviously the new
15 administration is only just in place. The
16 new HUD secretary, who I've not met, is
17 himself only just in place. I have no idea
18 what the status of his team is. There's not
19 been a new budget. I think Congress is still
20 operating under a continuing resolution
21 through April.

22 So obviously we, in housing as in all
23 other areas, are eagerly awaiting the budget
24 proposal that comes out, you know, whenever

1 Congress puts forward -- the president puts
2 forward really his first budget. So it's
3 really impossible right now, obviously, to
4 speculate on what they may have in store for
5 public housing subsidies or any other area of
6 our budget.

7 The Governor, I would say -- in his
8 budget this year, as you know, the Governor
9 has a broader -- has reserved broader
10 flexibility across the entire budget to
11 account for any possible federal budget
12 reductions, which I think is appropriate, and
13 that will extend to our piece of the
14 Executive Budget. But until we see the
15 specifics, obviously, it's impossible to make
16 more comments.

17 You know, obviously NYCHA -- to your
18 second question, NYCHA is largely federally
19 funded, as you know, federal and rent. And
20 is a -- you know, NYCHA is, as you know
21 better than most, a critical source in the
22 city -- really, the principal source -- of
23 safe and secure housing for people of low and
24 moderate incomes.

1 So federal funding for NYCHA,
2 obviously we would strenuously push against
3 any attempts to reduce the subsidies further
4 than where they are today. It's been coming
5 down, obviously, year over year already,
6 Republican and Democrat administrations.

7 But your question is whether our
8 existing \$100 million proposal for NYCHA for
9 the next five years is -- I think you said
10 is it adequate. You correctly stated that
11 NYCHA has a very well publicized, very large
12 maintenance backlog. And as you know, the
13 Governor has in the past couple of budgets
14 attempted to -- has made state contributions
15 to NYCHA's budget: \$100 million from the
16 JPMorgan settlement money a couple of years
17 ago, another \$100 million in this five-year
18 capital plan.

19 And I'm also happy to say that at the
20 end of last year -- and I'll ask RuthAnne to
21 talk about this -- we executed a very large
22 \$400 million financing for one specific, very
23 large NYCHA project in Queens.

24 So I believe in the context of a

1 budget that isn't, obviously, infinite in
2 size, in the context of an affordable housing
3 crisis statewide, that we have to try to meet
4 with the many, many different tools at our
5 disposal the commitments that the Governor's
6 budget has made to -- that the Governor has
7 made in his budget in the last couple of
8 years to NYCHA has been substantial.

9 Why don't I turn it over to RuthAnne.

10 EX. DEP. COMMISSIONER VISNAUSKAS:

11 Yeah, I would just add that we work and
12 support -- we have a very good, strong
13 working relationship with NYCHA and we work
14 with them in multiple ways, so not just on
15 capital. But as Jamie said, but in December
16 we refinanced for them a 1400-unit complex
17 called Ocean Bay out in the Rockaways that
18 took advantage of HUD's RAD program. And
19 NYCHA itself is very focused on transitioning
20 a number of their complexes into RAD as a way
21 to handle federal cuts, which have been going
22 on for, you know, 20 years. And they have
23 been looking at ways to sort of shift
24 themselves to be able to manage their

1 properties long-term in the face of a smaller
2 federal budget.

3 So we provided about \$213 million of
4 volume cap to that transaction in December,
5 which allowed NYCHA, as Jamie said, to put
6 \$400 million -- which well exceeds any one
7 annual capital budget that they would have
8 for themselves to put into a complex like
9 that. And they're able to do a sort of
10 soup-to-nuts not only a rehab of the entire
11 complex but also a large amount of resiliency
12 measures, since it is sort of surrounded by
13 water on both sides out there in the
14 Rockaways.

15 So I just think there's other ways
16 that we can be very supportive of NYCHA in
17 addition to capital resources through volume
18 cap.

19 CHAIRMAN FARRELL: Senator.

20 CHAIRWOMAN YOUNG: Thank you.

21 And again, welcome. And first of all,
22 I'd like to give both of you sincere
23 congratulations and gratitude for everything
24 that you do for housing.

1 And Commissioner Rubin, not long to be
2 commissioner, but you certainly have made an
3 impact all across the state, because we know
4 how vital affordable quality housing is to
5 everyone's quality of life. And thank you
6 for coming out to the 57th Senate District
7 and your commitment to rural housing. I
8 mean, we know that housing is a critical
9 issue all across the state, and thank you for
10 coming out and experiencing rural housing
11 firsthand, seeing the faces of rural poverty,
12 isolated communities, the oldest housing
13 stock in the entire state and actually the
14 entire country in my district. So thank you
15 for doing that.

16 And also congratulations to soon-to-be
17 Commissioner Visnauk -- Visnaukas --
18 Visnauskas. Did I get that right?

19 EX. DEP. COMMISSIONER VISNAUSKAS:
20 That's good.

21 CHAIRWOMAN YOUNG: Okay. I'll get it
22 down.

23 But I know that you've -- you also are
24 interested in statewide housing issues, and

1 thank you for already committing today to
2 come out to my district. And I look forward
3 to hosting you. And I think it will be a
4 very valuable experience for you and for me
5 also.

6 So -- however, with that being said, I
7 just wanted to ask about some of the staffing
8 at the agency. Now that Commissioner Rubin
9 is going to even higher climates, how will
10 the agency be set up? Are there going to be
11 any other administrative changes other than
12 you becoming commissioner?

13 COMMISSIONER RUBIN: You know,
14 obviously, thank you, Senator Young. By the
15 way, thank you for your kind words. It's
16 been a pleasure working with you. I'm sorry
17 that Senator Little wasn't here, but
18 obviously I'll talk to her separately. But
19 it's been a great pleasure working with you
20 and your colleagues in the last two years.

21 There aren't, that I can think of
22 offhand, any other major administrative
23 changes. Obviously, every agency the size of
24 ours goes through a regular process of, you

1 know, retirements and just a general churning
2 of people. And we always try to attract the
3 best and brightest people to staff the agency
4 at all levels. I think we've made great
5 strides there over the last two years since
6 I've been there.

7 But there aren't any major
8 administrative changes other than what we
9 have in front of us today, with one
10 exception, I guess, which is simply -- which
11 is really just a recognition of what was
12 already in place, which was that Linda
13 Manley, who is my general counsel, has been
14 acting general counsel for about six months,
15 and we named her today as the permanent
16 general counsel. Which is great for the
17 agency and for the people of New York.

18 CHAIRWOMAN YOUNG: Great.

19 Now, you're gearing up for major
20 multiyear capital investments, and I wanted
21 to ask about the staffing ratios. Because in
22 2011-2012, HCR reported 757 FTEs. In the
23 2018 proposed budget, the agency anticipates
24 682 FTEs, which is a reduction of 77 staff

1 over time. During this same period, the
2 Office of Rent Administration has increased
3 by six positions, which means that the rest
4 of the agency has really lost 81 staff.

5 So were any of these positions
6 transferred to HFA or SONYMA or payrolls, or
7 how is that working? And I guess the
8 follow-up question to that would be if you're
9 gearing up for these major huge projects,
10 will you have the staffing to be able to
11 handle it?

12 COMMISSIONER RUBIN: Let me say --
13 I'll say a couple of things, and then perhaps
14 RuthAnne can talk a little bit about her
15 perspective on staffing.

16 It's a great question and I appreciate
17 it, because it shows that you recognize that
18 the work is really done obviously by the
19 people of the agency.

20 I don't know -- those numbers -- I'd
21 have to look at the numbers specifically and
22 figure out why we wanted those changes. As
23 you know, HCR as it stands today is the
24 product of a merger back in 2011 between the

1 old DHCR and the HFA-SONYMA complex. And
2 those numbers are low, so I suspect that
3 there's -- some of that is not getting
4 captured in those numbers.

5 But, you know, as part of the merger,
6 which started before I got there and which
7 we've continued to execute since I arrived,
8 as you would expect -- and it was, I assume,
9 part of the justification of the merger --
10 there were some redundant activities.
11 They're two agencies that were doing similar
12 things in different areas with different
13 programs, but there definitely was overlap,
14 which popped up as soon as you put the two
15 agencies under one umbrella. And I suspect
16 that that -- some of that reduction may be
17 the product of a successful merger and a
18 well-thought-out merger.

19 In other places, you know, we may not
20 be operating entirely to fill.

21 But I would also say that there have
22 been a number of managerial initiatives, even
23 some predating me, that the agency, like many
24 of our sister state agencies, have adopted at

1 the urging of the Governor under things like
2 the Lean program and other management
3 initiatives that have enabled the agency and
4 our people to work better and smarter. And
5 the work product that comes out -- as I
6 mentioned, just on the production side, we've
7 had three consecutive record years. In other
8 areas we're just similarly doing, I think,
9 better than we ever have before. You
10 mentioned ORA. Our ORA backlog is way down.
11 Other -- you know, I can go on.

12 I think it's evidence that the agency,
13 far from missing a beat, is operating exactly
14 at peak level. FTE numbers aside, the
15 activity is very, very high and very
16 effective. And again, I think that's just a
17 testament to the quality -- the importance of
18 the merger and the quality of the people that
19 we've got, their ability to adapt to changing
20 circumstances.

21 EX. DEP. COMMISSIONER VISNAUSKAS:
22 Yeah, I would add that when we contemplated
23 the additional funding in the budget for
24 housing, we thought about how many more

1 transactions that would be across the agency
2 and made sure that we felt like we had the
3 right organizational structure and staff in
4 place.

5 So we feel that we stand ready to take
6 that on across underwriting, across our
7 lawyers, across our asset management staff.
8 You know, we were sort of thoughtful about
9 it, and we feel we're ready for the task.

10 CHAIRWOMAN YOUNG: That's good to
11 hear. That's good.

12 Just switching to the Governor's
13 affordable housing plan, in June the Governor
14 and the Legislature signed two MOUs totaling
15 \$150 million. So could you give more details
16 on the results of releasing those funds, such
17 as the projects, locations, and units that
18 they helped create? Could we get more detail
19 on that?

20 EX. DEP. COMMISSIONER VISNAUSKAS:
21 Yes, we'd be absolutely happy to provide the
22 list. We have committed the majority of that
23 150 to date and have more projects that will
24 close at the end of the fiscal year, and we'd

1 be happy to show you the list and all the
2 locations of the projects.

3 CHAIRWOMAN YOUNG: Okay, that would be
4 helpful. I'm also interested in regional
5 balance and that sort of thing, so that would
6 be great to see the list.

7 EX. DEP. COMMISSIONER VISNAUSKAS:
8 Absolutely.

9 COMMISSIONER RUBIN: Certainly.

10 CHAIRWOMAN YOUNG: Can you explain the
11 Governor's current budget proposal for
12 affordable housing, again in a little bit
13 more detail? We've kind of gone over it with
14 a broad brush, but it would be great, before
15 we vote on the actual budget later on, to
16 have some of those details.

17 COMMISSIONER RUBIN: Of course.

18 Do you want to talk about --

19 EX. DEP. COMMISSIONER VISNAUSKAS:
20 Want me to take a stab?

21 COMMISSIONER RUBIN: Yeah, why don't
22 you go ahead and do that.

23 EX. DEP. COMMISSIONER VISNAUSKAS: So
24 we are very focused on the budget and the

1 housing that will be funded by the funds that
2 are in the budget. Although we also do a lot
3 of things outside the budget too, so of
4 course when we think about the work that the
5 agency does, we think about it very
6 holistically. And it's sort of divided, I
7 would say, into a couple of different
8 categories in terms of simplifying it into
9 something that's sort of easy to talk about.

10 We have a very robust new construction
11 pipeline, so we are doing adaptive reuse,
12 which we sort of think of as new construction
13 because it tends to be extensive. So we have
14 a very robust adaptive reuse and new
15 construction pipeline upstate. We have a
16 very robust supportive housing production.
17 Switching to preservation, we will do a lot
18 of -- I'll have a lot of emphasis on making
19 sure public housing is preserved across the
20 state, making sure our Mitchell-Lama
21 portfolio, both the UDC portfolio that we
22 inherited as well as the other Mitchell-Lamas
23 that are across the state, have access to
24 dollars for preservation. We're very focused

1 on middle income. We have an enormous amount
2 of appetite across the state for people doing
3 mixed-income projects that want to take
4 advantage of middle-income dollars as well as
5 the CIF, the Urban and Rural Community
6 Investment Fund.

7 We also, in terms of neighborhood
8 revitalization, think about our Main Street
9 program, which has been very important to
10 upstate communities, and we often have a lot
11 of -- we're very well subscribed in that
12 program. Recently last year we launched, on
13 sort of the homeownership front, a new pilot
14 for manufactured and mobile homes to be fully
15 replaced in upstate communities. And we've
16 had a very strong response to that.

17 In addition to the mobile homes, on
18 the homeownership we obviously have SONYMA,
19 where we provide access to first-time
20 homeownership for -- I think this year we did
21 almost 2,000 new homeowners in the state.
22 The DHC program I think was about 1500 units
23 last year of new homeownership. So we think
24 about it as new construction, as

1 preservation, as community development --
2 homeownership -- in addition to a lot of
3 other work that the agency does sort of
4 maintaining the existing stock around the
5 state.

6 CHAIRWOMAN YOUNG: Thank you. When
7 you get more information, it would be helpful
8 to have -- you talk about the pipeline, and
9 I've heard you talk about the pipeline in the
10 past. So it would very helpful to know which
11 projects are in the pipeline also, if we can
12 get that information.

13 EX. DEP. COMMISSIONER VISNAUSKAS:
14 Certainly.

15 CHAIRWOMAN YOUNG: Do you want me to
16 come back, Mr. Chair? Because I have several
17 other questions. Or do you --

18 CHAIRMAN FARRELL: Yes.

19 CHAIRWOMAN YOUNG: -- want me to keep
20 going? Okay, I'll come back.

21 CHAIRMAN FARRELL: Thank you.

22 CHAIRWOMAN YOUNG: Thank you.

23 CHAIRMAN FARRELL: Mr. Mosley.

24 ASSEMBLYMAN MOSLEY: Thank you,

1 Mr. Chairman. To Chairman Farrell,
2 Chairwoman Young, thank you for your yeoman
3 efforts, to your staffs as well. Thank you
4 for informing me -- I was on my way back up
5 to Albany when you guys informed me that the
6 hearing was going to be delayed till today,
7 so thank you for allowing me to preserve my
8 body and avoid another trip up to Albany.

9 (Laughter.)

10 ASSEMBLYMAN MOSLEY: To our
11 commissioner, congratulations to you on your
12 elevation --

13 COMMISSIONER RUBIN: Thank you, sir.

14 ASSEMBLYMAN MOSLEY: To our soon-to-be
15 commissioner, congratulations to you.

16 EX. DEP. COMMISSIONER VISNAUSKAS:
17 Thank you.

18 I'm going to make efficient use of my
19 time, so I'm just going to go right into the
20 questions.

21 My colleague, Chairman Cymbrowitz,
22 talked about the NYCHA capital needs. And I
23 remember in 2015 the Executive allocated
24 \$100 million to New York City. And there

1 were some issues in terms of how that money
2 was going to be used, how it was going to be
3 allocated, how it was going to actually drill
4 down to the actual developments. And it
5 still exists today. So I just want to find
6 out, what have you done to kind of eliminate
7 some of those barriers and those
8 discrepancies that, you know, find us in this
9 current situation now where we still are
10 trying to get that money to our actual sites
11 in our districts?

12 COMMISSIONER RUBIN: Sure. Thank you,
13 Mr. Mosley.

14 I -- HCR -- so the \$100 million that
15 was committed to NYCHA from the settlement
16 money a couple of years ago was a sort of --
17 the construct that was put in place to invest
18 that money in NYCHA projects included our
19 agency, HCR, more on almost a consulting
20 basis. DASNY, the Dormitory Authority of the
21 State of New York, obviously was really the
22 executing agency, which is appropriate,
23 because they're the ones that are most on
24 point on any number of capital and design and

1 execution projects for the state. And then,
2 of course, NYCHA.

3 You are correct that the process of
4 executing on the list of projects that was
5 developed, partly in partnership with the
6 Legislature, has taken probably longer than
7 it might otherwise have done. I'm happy to
8 say that \$50 million has been transferred
9 over to DASNY and onward to NYCHA. As we sit
10 here now, I don't know the exact numbers, but
11 I think over \$10 million has actually been
12 invested, put to work, in a variety of
13 critical security projects, which is what
14 most of the first \$50 million was designed to
15 address, security projects -- you know, very
16 specific security projects in -- across the
17 NYCHA portfolio.

18 There is a -- there is increased,
19 thanks to you and others of your colleagues,
20 as well as the Governor's office and us,
21 there has been increased focus in the last
22 little bit on making sure that that money is
23 moving even faster. And there's a process
24 underway, I think in partnership with the --

1 certainly, you know, critically between NYCHA
2 and DASNY, to make sure that it's moving
3 quickly. So we're happy to talk further or
4 have our colleagues at DASNY talk to you
5 about that.

6 ASSEMBLYMAN MOSLEY: All right, thank
7 you.

8 The 421-a proposal, I just have just a
9 list of questions. And you can say -- if you
10 don't have the information, you can say "I
11 can give it to you," because something might
12 be a little bit too detailed.

13 How many affordable units will be
14 built at 40 percent AMI, 70 percent AMI, and
15 130 percent AMI? Do you have those numbers?

16 COMMISSIONER RUBIN: Under the entire
17 421-a program?

18 ASSEMBLYMAN MOSLEY: Yeah.

19 COMMISSIONER RUBIN: Which I'm just
20 going to keep calling it the Affordable
21 New York Housing Program.

22 (Laughter.)

23 ASSEMBLYMAN MOSLEY: Okay.

24 COMMISSIONER RUBIN: I think we'll

1 have to come back to you with details about
2 specific AMI -- you know, projections of unit
3 construction at specific AMI levels.
4 Although I would say that really that
5 New York City -- New York City is better
6 positioned, probably, to give you that
7 specific answer.

8 ASSEMBLYMAN MOSLEY: On the
9 Affordable -- whatever you want to call it --
10 (Laughter.)

11 ASSEMBLYMAN MOSLEY: What percentage
12 of the -- 421-a. But I know you want to call
13 it something else. What percentage of the
14 registered rent-stabilized units will be
15 preferential rent units.

16 COMMISSIONER RUBIN: What percentage
17 will be preferential rent?

18 ASSEMBLYMAN MOSLEY: Yeah.

19 COMMISSIONER RUBIN: I wouldn't be
20 able to predict. I wouldn't expect much,
21 frankly. I mean, our experience with
22 preferential rent is that you typically find
23 preferential rents in weaker markets -- you
24 know, weaker rent markets. And 421-a

1 buildings, I think -- RuthAnne hopefully will
2 agree with us -- are generally found, you
3 know, in less-than-weak markets, although
4 that may be changing with the new structure
5 of the -- you know, the three-option
6 structure.

7 But I think typically -- I'd be
8 surprised if there were preferential rents in
9 place in 421-a buildings.

10 ASSEMBLYMAN MOSLEY: What percentage
11 of -- I know that the Governor takes a lot of
12 power away from City Council and from the
13 city in terms of compliance and oversight. I
14 know we talked about this in my office, and I
15 know you said you were going to get back to
16 me.

17 Can you give me a little more detail
18 in terms of compliance and oversight over
19 this project? Because we know it's a
20 statewide initiative, but at the same time we
21 know that the local governments are going to
22 be the ones who are going to be hands-on in
23 terms of compliance and oversight.

24 So can you explain to me what you've

1 gotten back since our last conversation?

2 COMMISSIONER RUBIN: Of course. And
3 you and I have had the opportunity to talk
4 about this in some detail.

5 I share your concern about compliance
6 and oversight. Obviously any time there's a
7 substantial benefit being given to any party,
8 it has to come with a well-thought-out and
9 rigorous compliance and oversight regime
10 attached to it. And I think in this case --
11 in this case we have one in place.

12 I should say we don't really -- the
13 good news is we don't really, with the
14 Affordable New York Housing Program, need to
15 make too much up because this is a tax
16 benefit that's been in existence since the
17 1970s. It's -- you know, compliance and
18 oversight with respect to this program is
19 really is New York City's -- is entirely
20 New York City's. It's New York City's tax
21 abatement and it's New York City's oversight
22 responsibility.

23 And I know my colleagues at HPD --
24 which RuthAnne is in a far better position

1 than I am to speak about -- have a robust
2 mechanism for making sure that developers who
3 receive the tax abatement are complying with
4 their obligations.

5 With respect specifically to the most
6 recent changes in the bill that's before you
7 now, the difference between the 2015 enacted
8 legislation and now, there is a -- as you
9 know, there is a modest additional tax
10 benefit being provided to certain developers
11 for certain very, very large buildings that
12 are constructed in certain restricted
13 geographic areas, in return for which they
14 are providing fair wages according to a very
15 specific wage scale. And you know all about
16 this.

17 So there is an additional compliance
18 and oversight responsibility that's put on
19 them, because there is this wage obligation.
20 We fully expect, as is specifically called
21 out in the law -- in the legislation, that
22 the city's HPD is going to enact and
23 promulgate rules and regulations around
24 compliance and oversight. They're very good

1 at it. They are already, I'm sure, thinking
2 about what that will look like. And that's
3 really where the rubber is going to meet the
4 road, and that will just add to their already
5 existing rules that are pretty well known.

6 So I think this is -- I think this
7 is -- I share your concern, but I'm confident
8 that it will be handled effectively by HPD.

9 ASSEMBLYMAN MOSLEY: Thank you,
10 Commissioner.

11 CHAIRMAN FARRELL: Thank you.
12 Senator?

13 CHAIRWOMAN YOUNG: Thank you.
14 Senator Liz Krueger.

15 SENATOR KRUEGER: Good morning to both
16 of you, and congratulations.

17 COMMISSIONER RUBIN: Thank you.

18 EX. DEP. COMMISSIONER VISNAUSKAS:
19 Thank you.

20 SENATOR KRUEGER: Congratulations or
21 condolences to both of you for your new
22 positions.

23 I'm probably going to have a series of
24 five-minute questions, so we'll start with

1 the operation of the agency.

2 So in January of this year, Governor
3 Cuomo announced DHCR was initiating a major
4 initiative to return 50,000 illegally
5 deregulated apartments in buildings receiving
6 J-51 benefits back to rent regulation. That
7 was seven years after a lawsuit saying these
8 units were in violation of the law. Many of
9 us urged you to send letters out to the
10 tenants telling them that they should
11 cross-check their right to a lower rent
12 because the apartment had been illegally
13 deregulated. Your agency instead decided to
14 send the letters to the owners. I believe
15 you've reported 22,000 of those 50,000 units
16 have reregistered.

17 So two questions. One, now what are
18 we going to do to get the other 28,000 units
19 back into the program? And two, what are we
20 going to do to make sure that all 50,000
21 units are registered at the correct rent?
22 Because the assumption is the vast majority
23 of those units are actually now registered
24 under rent regulation, as they always should

1 have, but under an illegally high rent.

2 COMMISSIONER RUBIN: Thank you,
3 Senator. You asked an elephant of a
4 question, so I'm going to bite little pieces
5 of it off at a time, if that's okay.

6 You are absolutely correct that
7 earlier this year our agency sent out a large
8 group of letters to developers and landlords
9 who had previously received -- had been the
10 beneficiaries of the J-51 tax abatement
11 program in New York City. And as a result of
12 the benefit, they have certain
13 rent-stabilization obligations in those
14 buildings. Much of the reporting, I'm sorry
15 to say, on the results of that mailing has
16 been inaccurate. And there's a two-word
17 phrase that other people are using for
18 inaccurately reported news that I'm not going
19 to use here that's sort of come into
20 popularity recently.

21 But just so we're all in agreement on
22 what actually happened, we did do a mass
23 mailing. The results were exactly what we
24 had hoped that they would be, in many ways,

1 which is all the landlords -- well, not all,
2 but the landlords that we mailed to, the
3 developers that we mailed to in many cases
4 responded to us with -- you know, either by
5 reregistering or by telling us the reasons
6 for which they were not -- they hadn't been
7 in what we'd consider to be compliance. And
8 then we were also able to do, in the interim,
9 more research of our own.

10 The result of that is not that 22,000
11 buildings were reregistered -- or apartments
12 were reregistered --

13 SENATOR KRUEGER: Apartments.

14 COMMISSIONER RUBIN: Yeah, apartments,
15 I'm sorry, were reregistered. Twenty-two
16 thousand apartments have come back onto our
17 registration rolls in that time, which is
18 correct, or something like that. But that is
19 the result of all kinds of other work that we
20 do with the rent-stabilized portfolio, not
21 this particular J-51 initiative. And it's a
22 testament to, you know, the good work that
23 ORA does and TPU and other parts of our
24 agency. That was the entire bolus of

1 apartments that came back on.

2 Apartments that came back on from the
3 J-51 effort was a smaller number. I can find
4 out what that was, if you'd like, at some
5 time later.

6 But what we've since figured out, due
7 to our original research, is that while we
8 sent out I think 4,000 letters, or letters to
9 4,000 developers, in fact we think that the
10 number of developers who are not in
11 compliance with the law as we now know it to
12 be -- and I'll come back to that in second --
13 is something like 200.

14 And we are now initiating the next --
15 you know, we're taking on the next phase of
16 our work, which is we're going back out to
17 those -- right now, going back out to those
18 200 developers -- a much smaller group,
19 obviously -- explaining to them -- you know,
20 explaining, in quotes, to them their
21 obligations, reminding them of their
22 obligations, and giving them an opportunity
23 to remedy themselves, but also telling them
24 that we are now preparing to execute a much

1 more rigorous and aggressive compliance
2 effort.

3 SENATOR KRUEGER: I'm sorry, just let
4 me get the numbers down.

5 COMMISSIONER RUBIN: Sure.

6 SENATOR KRUEGER: So you're saying
7 that the 22,000 in fact is the number based
8 on all the different programs in your agency.

9 COMMISSIONER RUBIN: Correct.

10 SENATOR KRUEGER: And you credited
11 TPU, and I'll give you that. So then you
12 said so of the 50,000 you said you were going
13 to try to recapture specific to the J-51
14 exemption, Roberts v. Tishman Speyer ruling
15 of seven years ago, how many responded? How
16 many of those 22,000 were from that?

17 COMMISSIONER RUBIN: I'd have to get
18 you -- I'll come back to you with those
19 numbers, if I can.

20 SENATOR KRUEGER: Okay. So basically,
21 based on my question, so we didn't get
22 anywhere near half of 50,000, we got far, far
23 less from this effort on this specific issue?

24 COMMISSIONER RUBIN: And I guess I

1 would consider that good news/bad news. The
2 good news is that the compliance level, based
3 on the further research that we've been able
4 to do, the compliance level is actually much,
5 much higher than we had anticipated. The
6 50,000 was an estimate that was, you know,
7 partly as a result of our internal -- you
8 know, sort of our preliminary internal
9 analysis that we did in partnership with the
10 city. And partly, frankly, our data is
11 imperfect, you know, for sure. Fifty
12 thousand was the outside, probably the
13 outside range of how many apartments might
14 have been not registered that ought to have
15 been registered.

16 And the good news is, I think, for the
17 public, the good news is that the landlord
18 community is actually largely in compliance.

19 But there are, as I said, we think now
20 something like 200 developers who are out of
21 compliance, as we consider it, and that's who
22 we're going to talk to next.

23 SENATOR KRUEGER: And what are you
24 going to do to both bring them into

1 compliance and to make sure that the
2 calculations are done to assure these
3 apartments are in fact -- or these landlords
4 are calculating the correct rent they should
5 be collecting?

6 COMMISSIONER RUBIN: So we're going
7 out with another series of letters, I
8 think -- I won't actually be sitting in this
9 seat anymore, but RuthAnne will be sending
10 out another series of letters within a very
11 short period of time -- you know, it's weeks,
12 not months -- to the 200 we've identified,
13 informing them that they are, we believe, out
14 of compliance -- you know, some of them will
15 have complied already, and some not. But for
16 whatever reason, we are now -- this is the
17 group -- telling them that they've got until
18 a date certain, and it's a very quick date
19 certain, it's not -- you know, again, it's
20 weeks, not months -- a date certain to
21 comply, and that we are reserving all of our
22 enforcement rights. And then shortly
23 thereafter we're just going to start
24 exercising those rights. It's a package of

1 pretty robust rights that we can talk about
2 separately, but that we have under our
3 authority as manager of the -- and oversight
4 authority of the rent-stabilized portfolio.

5 In terms of, you know, from the tenant
6 perspective, obviously, first and foremost is
7 the question of, Well, how much rent should I
8 have been paying during this period? Which
9 is determined, as in all cases, through an
10 overcharge proceeding. And in that sense,
11 it's no different than any other overcharge
12 proceeding, which our ORA does many thousands
13 of these every year.

14 I'm sorry to say it is a complicated
15 thing to undertake. There is no sort of
16 one-size-fits-all way to figure out how much
17 rent you should have been paying, over what
18 period of time and from when and all that.
19 Each one is very much a bespoke, you know,
20 transaction. But obviously we are there and
21 intent on protecting the tenants' rights to
22 engage in that discussion.

23 And then once the agency, in
24 partnership with the tenants and landlords,

1 has determined what in fact the overcharge
2 amount is, we will enforce through all means
3 necessary to make sure that they get their
4 rebates.

5 SENATOR KRUEGER: And I'm going to
6 switch to the new commissioner, if you don't
7 mind.

8 COMMISSIONER RUBIN: Please. That's
9 why she's here.

10 SENATOR KRUEGER: Since you'll be out
11 of the building.

12 So I would, on behalf of the
13 Legislature, very much like -- not today --
14 but more detail about if that universe wasn't
15 50,000, what is that universe; what was the
16 difference between what you thought created
17 the number 50,000 versus the number you are
18 now determining; again, how many of those --
19 how many you've actually brought back in,
20 because clearly it's not the 22,000, as the
21 outgoing commissioner just said -- outgoing,
22 incoming -- and then also what you're going
23 to do to notify tenants of the possibility
24 that they've been overcharged.

1 Because as we know, under the law, the
2 tenants have to trigger a request for, true,
3 an overly complicated but necessary process
4 in order to get their rent fixed. So there's
5 no reason to assume, even if you find out
6 there's X number and whatever that X number
7 is -- not 50,000, but some other number --
8 unless the tenant knows, nothing is going to
9 go forward.

10 So I'd like to know the going-forward
11 steps from you.

12 EX. DEP. COMMISSIONER VISNAUSKAS:
13 We'd be happy to pull that together and come
14 sit with you and go through it.

15 SENATOR KRUEGER: Great. And I'm just
16 done with Round 1, so I'll be back.

17 Thank you, Senator.

18 CHAIRWOMAN YOUNG: Thank you.

19 We've been joined by Senator
20 Velmanette Montgomery.

21 CHAIRMAN FARRELL: We've been joined
22 by Brian Kavanagh, who will now ask some
23 questions.

24 ASSEMBLYMAN KAVANAGH: Thank you,

1 Mr. Chairman.

2 And thank you for being here today.

3 I know that there's been some
4 discussion of this already, but I just want
5 to follow up on the -- with regard to funding
6 for public housing in New York. As you know,
7 two years ago we added \$100 million to the
8 budget, through the JPMorgan settlement
9 funds. And that money, most of it is yet to
10 be spent. And we did it in a pretty unusual
11 way, with -- rather than doing a direct
12 capital allocation to the housing authority,
13 we set up an arrangement at the suggestion of
14 the Executive that the Division of Budget and
15 DASNY and your agency play some role in
16 determining how that money gets spent. And
17 that rather than NYCHA, the New York City
18 Housing Authority, spending that money, that
19 DASNY be responsible for making the projects
20 happen.

21 Can you talk about the effectiveness
22 of that approach from your perspective?

23 COMMISSIONER RUBIN: Thank you,
24 Mr. Kavanagh. Absolutely. I should say we

1 had a brief discussion about this with
2 Mr. Mosley, but I'm happy to --

3 ASSEMBLYMAN KAVANAGH: No, I
4 understand.

5 COMMISSIONER RUBIN: -- I'm happy to
6 continue to talk about it.

7 The \$100 million, you're exactly
8 right, the \$100 million was in the budget two
9 years ago. The Governor, I think -- and I
10 should say I wasn't -- I'm not sure I was in
11 this seat exactly at that time. But my
12 understanding at the time was that the
13 Executive, in partnership with the
14 Legislature, came up with a set of projects
15 specifically targeting primarily security and
16 other critical matters across as wide of the
17 NYCHA portfolio as they could come to an
18 agreement on with \$100 million. Which is, on
19 the one hand, a lot of money; on the other
20 hand, pales in comparison to the \$17 billion
21 capital backlog that NYCHA has, as
22 Mr. Cymbrowitz said.

23 It was a good project list. I saw the
24 project list. HCR's role in executing that

1 project list was more consultative than
2 anything else. But in partnership with our
3 colleagues at DASNY, who really had the
4 execution responsibility, and NYCHA, we did
5 come up with a plan to invest that money in
6 those projects in the NYCHA portfolio. And
7 the first \$50 million or so had been
8 transmitted over to DASNY for that purpose.

9 And as I said earlier, I think that
10 the number is something like 10 million or a
11 little bit more than 10 million has actually
12 been put to work in NYCHA security projects.

13 The challenges, I agree with you,
14 there have been some challenges.
15 "Challenges" is the word that I think people
16 like me use when you're talking about things
17 like this. It means it hasn't worked all
18 that well.

19 ASSEMBLYMAN KAVANAGH: That's a kind
20 word, yes.

21 COMMISSIONER RUBIN: But there have
22 been challenges in moving that money as
23 quickly as everybody would have hoped. It is
24 an intense focus of, in particular, DASNY --

1 and I believe with NYCHA at this point -- to
2 try and move those projects faster and make
3 those investments because they are
4 absolutely -- they were sort of focused on
5 quality-of-life issues, security, things like
6 that.

7 ASSEMBLYMAN KAVANAGH: Partly because
8 the Executive put some restriction on what we
9 could do with the money.

10 But again, the effectiveness -- you're
11 now proposing effectively to replicate this
12 program for the next couple of years, with
13 some additional restrictions. Is the -- and
14 that's the royal "we" I'm talking about, the
15 Executive. Generally I know this isn't your
16 proposal specifically, and there's another
17 agency involved. But if this -- if it's
18 23 months later and only 10 percent of the
19 money has been -- is moving on some very
20 straightforward, very modest projects in
21 housing that desperately needs the work, why
22 would we, you know -- maybe that was -- it
23 seemed like a good idea at the time. But why
24 would we continue that approach rather than

1 allocating the money to an agency with a very
2 large capital budget and very substantial
3 needs? Why would we go through this
4 multilayer process again?

5 COMMISSIONER RUBIN: It's a perfectly
6 reasonable question. I guess I would make a
7 couple of observations. One, the
8 \$100 million in this budget proposal for the
9 next five years, I don't know that there's
10 any particular precondition for -- you know,
11 we don't come in with necessarily a similar
12 set of projects that we would propose to
13 invest it in that I'm aware of. Although,
14 you know, it's --

15 ASSEMBLYMAN KAVANAGH: There's not a
16 specific set of projects. But is there not a
17 requirement that the money again go through
18 DASNY, which has no experience doing these
19 kinds of projects in public housing in
20 New York and has failed to do this so far?

21 COMMISSIONER RUBIN: Sure. And I
22 guess I -- based on my familiarity with this
23 process, and also, frankly, some familiarity
24 with both DASNY and NYCHA, from this and

1 other places -- and RuthAnne may echo this --
2 I think we've learned a lot, frankly, over
3 the last 23 months about how to execute this
4 kind of program. And I think that the pace
5 is picking up some for exactly that reason.

6 By the way, some of your colleagues,
7 staff in the Legislature have helped us, as
8 well as the Division of Budget. So I think
9 going forward we can do much, much better.

10 I would also say frankly that while
11 DASNY -- you know, nobody, obviously, is
12 perfect. I have worked with DASNY in the
13 past on many, many small projects,
14 particularly when I was at Storm Recovery,
15 and they have -- they're very, very good at
16 getting money out the door pretty quickly --

17 ASSEMBLYMAN KAVANAGH: This isn't --
18 again, their obligation here is not to get
19 money out the door, their obligation is to go
20 into buildings on Avenue C and D in my
21 district and replace windows. And it's two
22 years later, and, you know, tenants are
23 suffering conditions that could be addressed
24 with money that we allocated for two years,

1 and now we're talking about basically
2 continuing that approach.

3 And I see my time is running short,
4 but -- and the basic question I haven't
5 gotten an answer to is why would we do it
6 this way. It's unique, it's not the way
7 you're proposing to do public housing capital
8 in other parts of the state.

9 And just -- I mean, one more -- just
10 one more question about the level of funding.
11 We did \$100 million two years ago. There was
12 a proposal to do \$100 million last year.
13 Unfortunately, we were unable to come to an
14 agreement in an MOU on how to spend that
15 money. Now the last year's \$100 million is
16 just being rolled into this year's budget.
17 Aren't we due another \$100 million if we want
18 to maintain the level of commitment we agreed
19 to two years ago?

20 COMMISSIONER RUBIN: Well, I'm not
21 sure I'm following that question exactly,
22 but --

23 ASSEMBLYMAN KAVANAGH: Well, if we
24 would have done the -- if we did \$100 million

1 two years ago and we were -- planned to do
2 \$100 million last year but failed to do so,
3 wouldn't we -- had we not failed to come to
4 an agreement on that \$100 million, wouldn't
5 we be talking about another \$100 million this
6 year?

7 Are you suggesting that the
8 \$100 million that is proposed now is the
9 entire Executive commitment to NYCHA for the
10 next five years? You just described it that
11 way a moment ago.

12 COMMISSIONER RUBIN: In terms of
13 capital subsidy, absolutely. But as my
14 colleague RuthAnne talked about earlier, at
15 the end of December of this past year, we had
16 the ability to execute a \$400 million capital
17 project that far exceeds anything that
18 anybody has done -- I think -- any other
19 capital project I'm familiar with in NYCHA,
20 to do a \$400 million capital project in the
21 Rockaways in Ocean Bay. It was the largest
22 such project under this RAD program in the
23 country by magnitudes. And it's going to
24 result in I think it's 1500 -- is it 1500

1 apartments? -- something like 1400 apartments
2 in Ocean Bay being almost entirely overhauled
3 and, by the way, made far more sustainable
4 and resilient in a project that, as you know,
5 is surrounded by the water on two sides.

6 ASSEMBLYMAN KAVANAGH: Right, and --

7 COMMISSIONER RUBIN: Not a dollar of
8 capital subsidy from the Executive Budget
9 went into that project. We did it entirely
10 with tax-exempt bonds and other sources.

11 So we would much prefer, frankly, to
12 replicate that project over and over again --
13 we've done that in other places outside of
14 New York City -- than to snip off little
15 pieces, albeit important, of additional
16 capital funding for very, very small -- or we
17 can do both -- small quality-of-life. If we
18 did that as large projects, I think we'd find
19 that we could make an enormous dent in --

20 ASSEMBLYMAN KAVANAGH: With all due
21 respect, the \$100 million was done on small,
22 what you call quality-of-life projects. I
23 don't think working front doors on your
24 building really count as quality of life in

1 my book, but -- it was done in small
2 snippets, partly at the insistence of the
3 executive branch two years ago, and we have
4 yet to see any of that money in our
5 communities.

6 And my time is more than out, so I'll
7 leave it there. Thank you.

8 COMMISSIONER RUBIN: Thank you, sir.

9 CHAIRWOMAN YOUNG: The next speaker is
10 Senator Bailey.

11 SENATOR BAILEY: Good morning to you
12 both.

13 COMMISSIONER RUBIN: Good morning,
14 sir.

15 EX. DEP. COMMISSIONER VISNAUSKAS:
16 Good morning.

17 SENATOR BAILEY: Thank you for coming.
18 I would be remiss if I did not recognize my
19 predecessor in government, Senator Ruth
20 Hassell-Thompson, former Senator Ruth
21 Hassell-Thompson. Hello, Ruth. How are you?
22 Always a pleasure to see you.

23 COMMISSIONER RUBIN: Our colleague.

24 SENATOR BAILEY: A moment of personal

1 privilege, if you so allow me.

2 A couple of questions for you today.

3 The first is concerning Mitchell-Lama. I
4 represent the largest Mitchell-Lama
5 development in the entire country, in
6 Co-op City. I'm going to ask not just for
7 Co-op City but for the rest of the
8 Mitchell-Lamas in the State of New York.

9 You mentioned that 35 Mitchell-Lama
10 projects will be revitalized. Can you
11 provide me with a list of those projects?

12 EX. DEP. COMMISSIONER VISNAUSKAS:

13 Yes, as part of the UDC portfolio coming over
14 to HCR, we have a five-year plan to refinance
15 Mitchell-Lamas. We've done about 26 to date.
16 As Commissioner Rubin said in his testimony,
17 we've done about 6600 of 8600 apartments. So
18 we are on track and on schedule to do the
19 whole portfolio. And we'd be happy to
20 provide you with a list of those.

21 SENATOR BAILEY: Thank you. And
22 another point of personal privilege, is there
23 anything in the outline for Co-op City?

24 EX. DEP. COMMISSIONER VISNAUSKAS: We

1 have funding for Mitchell-Lamas. Co-op City
2 itself has not come to us with a specific
3 ask. We are always happy to talk to any
4 development companies that want to come in
5 and talk to us about their projects.

6 SENATOR BAILEY: Another question,
7 concerning TPU. While not necessarily to
8 what TPU does, we've seen in the City of
9 New York what can happen to tenants when you
10 have bad landlords. And while the laudable
11 mission of TPU is not germane to what those
12 bad landlords are doing, we need to make sure
13 that tenants are always protected. And I'm
14 concerned that there is no specific line set
15 out in the Executive Budget for TPU.

16 Could you talk about why that's taken
17 place and why that's continued to be
18 discretionary?

19 EX. DEP. COMMISSIONER VISNAUSKAS: So
20 there's actually a change in our budget this
21 year from last year, and we do have a
22 specific line called out for \$4.5 million to
23 fund TPU, and that's the same level of
24 funding that it had last year. Although

1 you're right, certainly, in saying that last
2 year it was not specifically called out but
3 was subsumed within other budget lines.

4 SENATOR BAILEY: Okay. And the final
5 question that I have for you, I think it's --
6 I don't want to keep beating a dead horse,
7 but I have six NYCHA developments in my
8 district. And as you mentioned earlier, it's
9 not just capital, it's other issues. And I
10 guess my major concern is, how are we going
11 to come to solve these other issues, these
12 other non-capital -- these quality-of-life,
13 these fencing issues that we have, the
14 groundwork that needs to get done? What role
15 are we going to -- are you -- is HCR going to
16 play in making sure that these NYCHA
17 developments are going to get what they need,
18 aside from the capital developments and
19 obvious roof repairs that are evident?

20 EX. DEP. COMMISSIONER VISNAUSKAS: I
21 think, first and foremost, we have a really
22 good working relationship with NYCHA, so I
23 think that's the start. And as you know,
24 they laid out several years ago a 10-year

1 plan for themselves that lays out their
2 priorities and how they want to work through
3 a process of addressing their backlog and
4 addressing their needs citywide.

5 So we take our cues from them. And
6 where they feel there's priorities, as they
7 did in December around the Ocean Bay project,
8 we, you know, stand at the ready to work with
9 them in ways that we can.

10 SENATOR BAILEY: Okay, excellent.

11 Thank you, that will be all for now.

12 CHAIRWOMAN YOUNG: Thank you, Senator.

13 CHAIRMAN FARRELL: Thank you.

14 We've been joined by Assemblywoman
15 Niou, and she will now ask questions.

16 ASSEMBLYWOMAN NIOU: Hi. I was
17 watching, and I know that a lot of questions
18 were covered already that I had. But I
19 wanted to ask -- along with Assemblymember
20 Kavanagh and other elected officials and
21 advocates, I'm part of a lead task force
22 which has a goal to reduce exposure to lead
23 paint, especially the poisoning, particularly
24 lead exposure created by hazardous

1 construction or demolition around housing
2 units.

3 The task force is interested in
4 meeting with the state, HCR and DOH to figure
5 out ways to improve the prevention of lead
6 exposure. Can you commit that your agency
7 will meet with our lead task force?

8 EX. DEP. COMMISSIONER VISNAUSKAS:
9 We'd be happy to.

10 COMMISSIONER RUBIN: Yes. I'm going
11 to commit, in both my new role, which is
12 irrelevant after today -- in my existing role
13 and my new role. In my existing role, I'll
14 say absolutely. In my new role, I'll say
15 absolutely. And I'm sure RuthAnne --

16 EX. DEP. COMMISSIONER VISNAUSKAS:
17 Yeah, couldn't agree more. We'd be happy to
18 meet.

19 COMMISSIONER RUBIN: Yes. Yeah. It's
20 a priority for us and for the Governor.

21 ASSEMBLYWOMAN NIOU: Great. So you
22 heard it. And, you know, also we have -- you
23 know, the city gets \$5.5 billion annually
24 from the federal government, money that

1 unfortunately the Trump administration is
2 threatening to revoke. We use that money to
3 provide Section 8 vouchers for poor
4 New Yorkers, to building housing for families
5 at 30 percent of AMI and below, to ensure
6 that our housing stock is physically safe.
7 And how can this administration justify a
8 \$2.4 billion annual expense in the pocket of
9 developers in this climate?

10 COMMISSIONER RUBIN: That -- I guess I
11 should ask which specifically --

12 ASSEMBLYWOMAN NIOU: We're talking
13 about 421-a, I guess. I know that we were
14 talking about it previously.

15 COMMISSIONER RUBIN: 421-a, that's a
16 question -- I think you're asking about the
17 Affordable New York Housing Program.

18 ASSEMBLYWOMAN NIOU: Mm-hmm.

19 COMMISSIONER RUBIN: I -- so a couple
20 of things. We share your commitment to
21 Section 8, the importance of Section 8. As
22 you know, the state is also responsible for a
23 big chunk of the section 8 program, largely
24 outside of New York City. We have about, I

1 think, 40,000 vouchers that we're responsible
2 for.

3 We share your commitment to it and
4 would be alarmed and push back very hard at
5 any attempts to rein that program in from
6 Washington, although we don't anticipate that
7 at the moment.

8 As far as the expense of the
9 Affordable New York Housing Program, or what
10 used to be known as 421-a, the \$2.4 billion
11 number, there are numbers -- you know, there
12 are estimates all over the place as to the
13 cost of it. So I -- rather than -- and that
14 could be -- I'm not sure which specifically
15 which piece that attaches to.

16 But I guess I would say that the
17 principal cost of 421-a, of the Affordable
18 New York Housing Program, comes from two
19 things: The existing rental base of
20 buildings that were developed under this
21 program going back, you know, at this point
22 decades, because it's a -- well, I guess most
23 of them would have rolled off by this point.
24 But buildings constructed in past years under

1 the old program that continue to get the tax
2 abatement benefit every year, and that builds
3 up, obviously.

4 And then more recently, the projected
5 cost -- although because the program was
6 paused, it never took them into effect,
7 really. But the projected cost of the 421-a,
8 what was then called the 421-a program, that
9 was proposed really by the mayor of the city
10 and adopted by the -- passed by the
11 Legislature last year with this MOU, with the
12 MOU requirement attached to it.

13 And as you know, the mayor came to the
14 Legislature with a very, very substantial,
15 really radical reworking of 421-a, making it
16 citywide -- or citywide requirements,
17 affordability requirements, three different
18 options plus a small condo option. You know,
19 all kinds of other changes. You know, we can
20 have a different-spirited philosophical
21 debate about whether we like it or not, but
22 the fact is it was designed and I think
23 effectively designed to develop much more
24 affordable housing over the next several

1 years, and in return to provide a much more
2 extensive tax benefit to developers who
3 develop that housing as well as the rental
4 housing -- non-affordable rental housing
5 attached to it.

6 The estimated cost of that program
7 was, you know, by some accounts in the
8 billions of dollars, and I suspect that's the
9 2.4 that you're talking about.

10 But, you know, the program isn't up
11 and running yet. I don't think we yet know
12 how it's going to play out. It is certainly
13 very, very expensive, much more expensive on
14 an annual basis than the program that existed
15 before, but it also develops a lot more
16 affordable housing. And that's the trade
17 that the mayor -- and, you know, we give due
18 deference to him in terms of making his own
19 strategy for the development of affordable
20 housing using city resources. That was the
21 decision that they made.

22 The program in front of you today has
23 a very, very modest change from what he came
24 forward with, and nothing like -- and that

1 \$2.4 billion really dates back to long
2 preexisting programs and then the mayor's
3 program.

4 EX. DEP. COMMISSIONER VISNAUSKAS: I
5 think, if I might just add, I agree we stand
6 concerned about potential cuts at the federal
7 level, certainly, and will work very closely
8 with our congressional leadership in DC to
9 maintain advocating that there aren't any
10 cuts.

11 And I think I would just say in
12 addition to what Jamie said that, you know,
13 421-a is critical for production of rental
14 housing across New York City. And New York
15 City, as you know, is a rental city. And to
16 the extent that it provides affordable units
17 between 421-a and the \$2 billion that is in
18 the budget right now for housing, that it's
19 not the time to sort of stop, it's the time
20 to double down and make sure that we have all
21 the tools we have to make sure we can provide
22 as much affordable housing throughout the
23 state as we can.

24 ASSEMBLYWOMAN NIOU: And we have

1 88,000 homeless folks. And, you know, I just
2 think that we're making other people rich
3 when then there's 88,000 homeless people
4 across the state, so --

5 EX. DEP. COMMISSIONER VISNAUSKAS:
6 Supportive housing is extremely important to
7 us. We have a really robust supportive
8 housing pipeline. We have a large commitment
9 to it. We couldn't agree more, it's
10 incredibly important to us.

11 ASSEMBLYWOMAN NIOU: I just feel we
12 could just do more there.

13 COMMISSIONER RUBIN: Thank you.

14 ASSEMBLYWOMAN NIOU: Thank you, Chair.
15 Thank you.

16 CHAIRMAN FARRELL: Thank you.

17 CHAIRWOMAN YOUNG: Thank you. Our
18 next speaker is Senator Savino.

19 SENATOR SAVINO: Thank you, Senator
20 Young.

21 I want to go back to the conversation
22 that you were having with Assemblyman
23 Kavanagh about the condition of the New York
24 City Housing Authority.

1 It's guaranteed every year, at some
2 point, some downstate City Council member or
3 citywide elected official is going to have a
4 press conference where they have a list of
5 the worst landlords and slumlords in New York
6 City, and they'll put their picture and all
7 the properties they own. And I'm always
8 surprised that on the top of that list is not
9 the City of New York and the New York City
10 Housing Authority.

11 The conditions in the NYCHA
12 developments are absolutely deplorable. You
13 know that. And as Assemblyman Kavanagh said,
14 we put \$100 million in two years ago, there
15 was supposed to be \$100 million last year,
16 and I think we're proposing another
17 \$100 million this year.

18 The concern is, though, that no matter
19 how much money we seem to move through there,
20 we still have dilapidated conditions in the
21 majority of the developments. We have leaky
22 roofs, we have windows that have -- they're
23 on the waiting list for years to replace
24 them. The hallways, the mold conditions -- a

1 few years ago, after Hurricane Sandy and we
2 saw what was happening with people who were
3 taking advantage of affected homeowners whose
4 homes were infested with mold, we decided to
5 create a licensing requirement for mold
6 removal in New York State.

7 Surprisingly, though, the New York
8 City Housing Authority was carved out of it,
9 because they didn't want to be held to that
10 standard. And so all of the mold remediation
11 that seems to take place in NYCHA
12 developments is substandard, and the mold
13 returns before the guy leaves -- gets off the
14 elevator. And that's usually because the
15 elevators aren't working anyway.

16 (Laughter.)

17 SENATOR SAVINO: So the conditions
18 there are absolutely deplorable.

19 So while I think it's important that
20 we provide the funding, I'm concerned about
21 what happens to the funding we're providing
22 and whether or not it's ever going to get to
23 the repairs and the backlogs that's
24 necessary.

1 So as you know, Jamie, the IDC, under
2 Senator Klein, we've proposed this idea about
3 a year or so ago about creating a new method
4 of doing the repair work at NYCHA, a repair
5 certificate program that would award
6 developers with zoning bonuses in areas
7 subject to upzoning, in exchange for
8 developers conducting the repairs directly at
9 NYCHA buildings, in an effort to move these
10 repairs faster.

11 We know NYCHA can't do it. We know
12 it, whether it's a shortage of staff, a
13 shortage of funding, or just the staff
14 doesn't have the training or the skills or
15 whatever is necessary. But in the meantime,
16 we have 179,000 tenants who are living in the
17 most deplorable conditions that we would
18 normally embarrass a landlord from, and how
19 do we allow this to continue? So why not
20 find an alternative way to do this?

21 So what would your thoughts be on a
22 repair certificate program?

23 COMMISSIONER RUBIN: Let me say a
24 couple of things, if I could.

1 First of all, we'd be delighted to
2 look at the program. And, RuthAnne, I don't
3 know that you've had a chance to see it --

4 EX. DEP. COMMISSIONER VISNAUSKAS: No,
5 I have not.

6 COMMISSIONER RUBIN: But if it's given
7 to her, she will respond quickly to it.
8 Offline, obviously.

9 I -- we obviously share your concerns
10 about the condition of NYCHA housing.
11 It's -- there's no denying that there is a
12 tremendous capital need. We've already
13 talked about it in other contexts. And the
14 state has a commitment to trying to
15 address -- within reason, trying to
16 address -- within its capabilities, trying to
17 address that need.

18 I can't say anything in particular
19 about NYCHA's internal processes, because I
20 don't have, frankly, direct experience.
21 NYCHA's leadership is -- Shola Olatoye is a
22 colleague and a friend and somebody that we
23 work with closely who has tremendous energy
24 and vision, I think, and has made great

1 strides against all kinds of headwinds. And
2 so, you know, I think they've got tremendous
3 leadership, but they also have tremendous,
4 tremendous problems that way predate her.

5 We are absolutely interested in
6 working on anything with NYCHA that would
7 help her get her job done. And that is -- I
8 think she views that, what you just
9 addressed, as being job one, frankly, for
10 her.

11 I would say a couple of other things.
12 One, I will keep coming back to this, the
13 single most -- highest impact, putting aside
14 alternative -- you mentioned alternatives.
15 So whatever it is that the world has been
16 trying to do to fix NYCHA's problems has not
17 been working all that well. And you have to
18 keep pushing ahead for more federal subsidy,
19 you have to do everything you're doing and
20 try to do the blocking and tackling every
21 day, but alternatives are what is needed
22 here, I agree with you.

23 The single smartest alternative
24 program for fixing NYCHA and other public

1 housing that's been developed and executed in
2 the last several years account is the RAD
3 program coming out of HUD. And it is the --
4 it's the basis on which we did this
5 \$400 million deal that I talked about
6 earlier. We've done other similar RAD
7 projects throughout the state. It's
8 applicable to any public housing authority
9 that can apply and be certified.

10 And we have other projects elsewhere
11 in New York State, public housing projects
12 that we're working with actively, that look
13 much like NYCHA in terms of their capital
14 backlogs and the quality of their housing.
15 That's how we're going to make the kind of
16 impact that we need to make for the people
17 that live in public housing in this state and
18 across the country.

19 There are other things we can do, but
20 that's it right there. That's the only way
21 to attract enough capital from all sources in
22 hundreds of millions of dollars, which is the
23 size that we need, to fix public housing in
24 this country. And if we don't do it, if we

1 don't take every advantage of those programs,
2 it's a disgrace. So that's the smart
3 thinking that's already been done. We don't
4 have to make something up; that's what we've
5 got. And our agency, under RuthAnne's
6 leadership, is going to do everything we can
7 to execute more of those RAD projects
8 throughout the state.

9 I would also say that the quality of
10 housing -- you know, preserving quality of
11 housing is one of the couple of core missions
12 of this agency. Not just construction of new
13 affordable housing, but preservation. And
14 again, RuthAnne comes with this very, very
15 strong background in preservation, as you're
16 going to find over the next few years here.

17 It's a problem not only in NYCHA but
18 it's a problem throughout the state. I mean,
19 Senator Young referred earlier to the quality
20 of rural housing in this state. I have been,
21 in my last two years, around the state to see
22 rural housing -- USDA projects, for example,
23 some of which she has in her district -- that
24 look every bit as rundown and dilapidated as

1 anything you would see in NYCHA housing,
2 believe me, and are more exposed to the
3 elements in many cases because of where
4 they're located.

5 Our agency is committed to not only
6 solving quality-of-life problems in NYCHA,
7 but we have a commitment statewide. And that
8 is not true, for example, of the City of
9 New York's government, which obviously
10 operates only in New York City. And that's
11 why when we talk about NYCHA, we do tend to
12 say, well, it's fundamentally, first and
13 foremost, New York City's responsibility. We
14 have a statewide mandate at this agency, and
15 we don't have resources that are always sized
16 up to meet that statewide mandate, we just
17 have to meet everybody's needs throughout the
18 state, 16 million people, which includes
19 everything from the state of rural housing to
20 the state of NYCHA and other public housing.

21 So, you know, all of that to say we're
22 doing everything we can. I agree with you
23 about the need for NYCHA, and we're going to
24 try to meet it as best we can moving forward,

1 while balancing all of our other
2 responsibilities.

3 SENATOR SAVINO: Well, I would just
4 hope that we be open to alternative ways of
5 solving this problem, because the current
6 system does not work, as we know. If you
7 speak to a tenant living in one of the NYCHA
8 developments -- I have 14 of them in Coney
9 Island, I have seven of them in
10 Staten Island. If you speak to someone who's
11 been on a waiting list for two years to have
12 a minor repair done on their apartment, after
13 a while it becomes a little bit -- you know,
14 it's degrading to people's humanity.

15 And I think that we need to find new
16 ways to spend this money -- \$100 million,
17 \$100 million, and \$100 million, that's an
18 incredible amount of money for an institution
19 where it almost appears nothing is changing.
20 And it's not -- and I'm not suggesting in any
21 way that the people who work there aren't
22 dedicated. It's just a system that no longer
23 works, and I think we need to find different
24 ways to bring our public housing up to the

1 standard that it really should be. We should
2 not be shaming private landlords when we are,
3 in my opinion, probably the worst slumlord in
4 the country.

5 So I would hope that you would take
6 the opportunity to meet with us, take a look
7 at this repair certificate program as an
8 idea, as one of the tools in the box to take
9 NYCHA into the 21st century. And I look
10 forward to working with you on other issues.

11 Thank you.

12 EX. DEP. COMMISSIONER VISNAUSKAS:

13 Thank you.

14 CHAIRMAN FARRELL: Thank you.

15 Assemblyman Cymbrowitz, first
16 go-around.

17 ASSEMBLYMAN CYMBROWITZ: Thank you.

18 I'd like to go back to 421-a. We
19 talked about the fact -- you mentioned that
20 it's HPD that does the regulations of
21 abatement and exemption programs. Some of us
22 have been involved in that. However, the
23 proposed legislation removes the ability of
24 New York City to restrict, limit, or

1 condition the eligibility, scope, or the
2 amount of 421-a benefits. What's the
3 Executive's rationale for eliminating the
4 authority of New York City to the point where
5 they're not even part of the discussions?

6 And the second part of my question is
7 about the borders drawn for the new
8 affordability areas in Manhattan, Brooklyn,
9 and Queens. The Governor's proposed language
10 refers to eligible buildings within a
11 geographic boundary that refers to the
12 bulkheads of the East River. Can you explain
13 this concept further, why bulkheads, of all
14 things, were used, a mile from the bulkhead?
15 We're laughing about it, but the concern is
16 why would the Governor even propose this.

17 EX. DEP. COMMISSIONER VISNAUSKAS: So
18 to take your second question first, on the
19 bulkheads, the idea was to go back to a
20 geographic reference that had been in the
21 previous 421-a statute for some time. So
22 it's something that is already written and
23 familiar.

24 So in the old program, which you may

1 have been familiar with, where there was a
2 geographic exclusion area where there was the
3 requirement of affordability, the definition
4 of that had always been off the Queens and
5 Brooklyn bulkhead as a geographic reference.
6 So we maintained that same geographic
7 reference to be consistent with people who
8 are familiar with the program going back a
9 decade.

10 The significance of the mile off of
11 that in the Brooklyn-Queens waterfront is
12 really meant to approximate high-opportunity,
13 high-rent areas where it was felt that the
14 fair wage could be accommodated, so as not to
15 burden areas outside of that, where the rents
16 are not high enough to support the wage.

17 To go to your first question about why
18 New York City does not have the ability to
19 override the program with more restrictive
20 covenants, the thinking on that was the
21 program that is proposed right now is largely
22 the program that the city put forward and was
23 approved by the Legislature in 2015, and that
24 the modifications that are made now are not

1 intended to be changed to allow the industry
2 to -- it's a little bit of a pencils-down, if
3 you will, to allow the industry to move
4 forward and know that should they start
5 construction or be buying sites and want to
6 start construction a year from now, that the
7 421-a program as approved is the 421-a
8 program that they will have and they will be
9 able to finance against 12 months from now
10 and 24 months from now.

11 ASSEMBLYMAN CYMBROWITZ: So if your
12 concern is that things will change a year
13 from now, the goalposts will be moved, why
14 not bring them to the table now?

15 COMMISSIONER RUBIN: I think it would
16 be inaccurate to say that the city wasn't at
17 the table, to be honest. Obviously, you
18 know, we -- RuthAnne and I both, and others
19 in our agency, have a close working
20 relationship with the housing agencies in the
21 city: HDC, HPD, and our colleagues all up
22 and down those agencies. They were -- you
23 know, we, as the discussions went on to try
24 to restart the program that, as RuthAnne

1 said, they really were responsible for
2 designing this restructured 421-a from 2015,
3 they were aware of the discussions. I mean,
4 I think sometimes, frankly, the whole world
5 was, thanks to the media.

6 But they certainly were aware of them,
7 they've had the ability to weigh in at
8 various times, their estimate of cost and
9 other aspects of the program. I've heard the
10 mayor comment on it. You know, frankly, I
11 haven't seen too much other comment from the
12 city government. But they've been certainly
13 around at all points of the discussion.

14 And, you know, obviously this is now
15 in front of the Legislature and they have the
16 opportunity to work with the State
17 Legislature to effect any changes that you
18 and they think are necessary, obviously,
19 with -- you know, understanding that this
20 was -- the small piece of this, the changes,
21 was the result of a pretty difficult
22 discussion between the parties that were
23 outlined in the MOU that was in the
24 legislation you passed last time. So I think

1 you'd want to be careful about making changes
2 that invalidate that deal because of the
3 importance of this program.

4 ASSEMBLYMAN CYMBROWITZ: Well, we have
5 to do that now since they weren't there to be
6 part of it as part of the MOU. So we have to
7 bring them in in order to understand what
8 their opinion is, if they're going to be
9 drawing the regulations and dealing with it
10 specifically.

11 But the fact that they have been
12 excluded and the fact that -- and
13 incorporating what has occurred at NYCHA,
14 with the capital dollars and getting those
15 dollars spent and now having DASNY involved
16 in the middle of it -- is there a signal
17 that's being sent by the Executive to
18 New York City? It seems as if anything that
19 has to do with New York City is not going to
20 bring in New York City to the table of what
21 they think might be the best way of getting
22 things done.

23 COMMISSIONER RUBIN: Assemblyman, I
24 can only comment in the context of the

1 housing world, which is --

2 ASSEMBLYMAN CYMBROWITZ: Well, that's
3 all I'm talking about. I'm only talking
4 about 421-a and NYCHA capital dollars. It
5 seems as if a signal is being sent by the
6 Executive to the city.

7 COMMISSIONER RUBIN: I would say no,
8 there is absolutely not a signal being sent.
9 It's actually -- it's quite explicit, I
10 think. In the case of the Affordable
11 New York Housing Program, again, the program
12 that is before you today, the three -- the
13 three -- you know, with all the details,
14 obviously -- but the three options plus a
15 fourth small condo option, the AMI bands that
16 were developed that are all different from
17 what the 421-a was in prior years, but it
18 merged in 2015, the extension of the tax
19 abatement to 25 years from what it had been
20 previously, which is more like eight and
21 10 years, the removal of the geographic --
22 the GEA, the exclusion and all that -- all of
23 those details were developed really by
24 New York City. They were not developed by

1 the state or by the Executive. That program,
2 as you see it today, is basically a New York
3 City-developed -- and presumably in some
4 consultation with the Legislature, once you
5 were asked to pass it last time in 2015 --
6 that was a New York City program. The only
7 piece that comes from any other source other
8 than directly New York City is the change
9 that was necessary to restart the program,
10 which is the wages and some modest -- you
11 know, many years out extension of the
12 abatement, and then some increases in
13 affordability. That's it. And as I said
14 earlier, on those pieces we were certainly in
15 close contact with New York City.

16 So I think to say that that is -- that
17 this program in particular reflects any
18 message being sent to New York City is really
19 not accurate.

20 With respect to the NYCHA funding,
21 we've talked obviously about NYCHA before.
22 New York City has its own responsibility, its
23 own financial commitment that it's made to
24 NYCHA. I frankly think that, you know, the

1 Governor, by putting money in the -- by
2 committing \$100 million in past years, with
3 your cooperation and partnership, and
4 hopefully \$100 million in this year's budget
5 for the next five years, the Governor is
6 sending a signal, which is that the state
7 thinks it has some responsibility to NYCHA
8 and to other public housing.

9 You know, how that money gets spent
10 into NYCHA is an important but second-level
11 issue. The first order of business I think
12 is get some more money to NYCHA, which he is
13 proposing to do.

14 ASSEMBLYMAN CYMBROWITZ: But the
15 \$100 million, based on what is really needed
16 at NYCHA, is crumbs. And again, it's a
17 signal that's being sent to the city.

18 COMMISSIONER RUBIN: Assemblyman, I
19 really -- I disagree. And that's -- that's
20 what we're doing here. But I do disagree.
21 It's not a signal to the city. The signal to
22 the city is -- the signal to the city in
23 terms of the funding that's being allocated
24 is the state has a commitment to NYCHA. It

1 also has a commitment to other public housing
2 statewide. And as I said earlier, the
3 budget -- the State Budget and the housing
4 piece of the State Budget, while this is the
5 single largest commitment to public
6 housing -- to affordable housing that has
7 ever been made in the history of the state
8 over a long period of time, \$20 billion,
9 \$2.5 billion now for five years in capital
10 subsidy, it's enormous -- it doesn't come
11 close to meeting the affordable housing
12 crisis needs across the state that pop up in
13 every possible form.

14 You know, we talked about rural
15 housing, we talked about mobile housing,
16 we've talked about homeownership issues,
17 which I'm sure somebody will bring up later,
18 which we'll be delighted to talk about. This
19 state has an affordable housing crisis, and
20 it manifests itself every day in all kinds of
21 different ways, not just in public housing in
22 New York City. There is a -- I agree with
23 you, a tremendous need and a very, very high
24 visibility, very highly visible because of

1 where it is and the depth of the need and the
2 long-term -- the long -- the duration of
3 which -- you know, the failure, I would say,
4 of the world to fix it adequately, but it's
5 not the only need.

6 And what we're doing in this budget,
7 we think, is contributing to a solution as
8 well as we also have a deep commitment to
9 finding other ways outside of the budget --
10 for example, our commitment to tax-exempt
11 resources -- to make even bigger impacts on
12 NYCHA's needs. That's what I would say --
13 that's the signal.

14 CHAIRMAN FARRELL: Thank you.

15 COMMISSIONER RUBIN: Thank you.

16 CHAIRWOMAN YOUNG: Thank you.

17 Our next speaker is Senator
18 Montgomery.

19 SENATOR MONTGOMERY: Thank you,
20 Madam Chair.

21 Good morning.

22 COMMISSIONER RUBIN: Good morning,
23 ma'am.

24 SENATOR MONTGOMERY: And I must say

1 that -- I have to give a shout-out to someone
2 who's on your staff who would have been
3 sitting here were she not stolen by you,
4 Senator -- former Senator Hassell-Thompson.
5 So welcome, Senator. Sorry you're not here,
6 but glad you're there. I forgive you.

7 (Laughter.)

8 SENATOR MONTGOMERY: Let me just try
9 to go through a couple of the issues that I
10 want to raise with you before my time runs
11 out, because you don't have a time limit but
12 I do.

13 So first of all, you know that my
14 district -- I don't know if you do know my
15 district.

16 COMMISSIONER RUBIN: I do.

17 SENATOR MONTGOMERY: You do. And
18 we're the epicenter of gentrification, in a
19 very large sense. So the issue of housing,
20 affordable housing, is severe. And we also
21 have, along with that, an issue of supportive
22 affordable housing. So my questions are
23 related to the supportive housing area that
24 you plan in particular.

1 Can you give us an idea of how many
2 units you intend to bring on, currently and
3 in the next year or so, of supportive housing
4 in New York City in particular? And in --
5 well, in the city, but certainly in areas
6 like mine, like I represent.

7 EX. DEP. COMMISSIONER VISNAUSKAS:

8 Sure. So the Governor laid out last January
9 a commitment of 6,000 units of supportive
10 housing over the next five years. We are
11 thrilled to say that we have awarded funds
12 for the first 1200, so the first year's
13 commitment against that 6,000, making us sort
14 of on time and on target for that.

15 And we have behind that a robust
16 pipeline of supportive housing units that we
17 will continue over the course of the next
18 years to meet that 6,000-unit goal.

19 In terms of the split, we would
20 suspect that the -- you know, the -- our
21 development tracks the demand. The majority
22 of the demand is in New York City, although
23 there certainly is supportive housing need
24 upstate as well. So we would expect the

1 majority of the 1200 each year to be in
2 New York City. But we have a -- as I said,
3 we have a very -- there's a great need
4 upstate too, and we have a lot of wonderful
5 nonprofit and for-profit partners who develop
6 that housing across the state.

7 SENATOR MONTGOMERY: And will the
8 majority of that be done by the
9 not-for-profit community in particular?

10 EX. DEP. COMMISSIONER VISNAUSKAS:
11 Traditionally, the not-for-profit community
12 has been sort of the leader in developing
13 supportive housing. We also have some
14 partners who are for-profits who are very
15 strong who sometimes develop on their own.
16 Oftentimes they're partnering with
17 nonprofits, who may prefer to just provide
18 services and don't necessarily want to own
19 and operate real estate.

20 So it's a mix, but I think you'll find
21 that the majority of the -- historically, the
22 majority of the development of supportive
23 housing has been nonprofit-driven.

24 SENATOR MONTGOMERY: I'm glad to hear

1 that. And hopefully that will continue.

2 With regard to two other issues that I
3 want to raise with you, I don't know if
4 you're familiar with the Northwell report,
5 which is really related to a healthcare
6 delivery system and improving that in north
7 Brooklyn. But part of that -- their report
8 and their recommendations have to do with
9 housing as well. And so I've asked the
10 former -- I think the OMH commissioner the
11 same question, and I'm asking you, to what
12 extent you're planning to coordinate your
13 efforts and your plans with OMH, OPWDD,
14 Health, to make sure that their plan is
15 complementary to whatever you're planning,
16 especially as it relates to supportive
17 housing. Because that's apparently what --
18 mostly what they will be doing.

19 EX. DEP. COMMISSIONER VISNAUSKAS: I
20 did read the Northwell report, although I
21 only actually read the sections that related
22 to housing, not the sections that related to
23 health and -- it was a very long, extensive
24 report.

1 I'm happy to say we are working very
2 closely on an interagency task force around
3 housing, related to the Northwell report and
4 the hospital transformation in central
5 Brooklyn. So we're very well coordinated.
6 And where there's housing opportunities, we
7 will jump right into those and provide the
8 appropriate mix and type of housing that's
9 suitable, depending on the different
10 locations.

11 SENATOR MONTGOMERY: So I want to take
12 this opportunity to invite you to my district
13 so that you can see some of the projects that
14 you've done in prior years and how it works.
15 And of course the not-for-profit housing
16 communities have an extremely difficult
17 problem trying to coordinate different
18 agencies' requirements and timelines and
19 regulations, et cetera. So that's going to
20 be very, very important when it comes to
21 utilizing your agency as a lead agency in
22 helping us to develop that housing. So
23 hopefully that can happen.

24 Just one last question on NYCHA. Now,

1 the last time that we did \$100 million for
2 NYCHA that the state allocated, I consider
3 that having been sprinkled like confetti. So
4 I want to hear from you what of that
5 \$100 million was used for structural
6 improvements. Because I represent -- for
7 instance, one of the communities that I
8 represent is Red Hook, and the damage from
9 the floods were extensive. But also, just
10 generally speaking, the projects in my
11 district are in great disrepair, as other
12 Senators have pointed out.

13 And so I'm just curious about, one,
14 what happened to the \$100 million, where it
15 went, what did it do to help improve the
16 situation, the structural situations? And
17 what are your plans for the next \$100 million
18 as it relates to addressing the needs
19 structurally and not cosmetically only?

20 EX. DEP. COMMISSIONER VISNAUSKAS: I
21 can take a piece of that and Jamie can fill
22 in what I miss.

23 On the first 100, 50 million that has
24 gone to DASNY of the first 100 is for

1 projects that are underway. And the
2 anticipation is that those projects will be
3 completed within the year. I don't have a
4 list with me of what those actual projects
5 are, but we would be happy to get that
6 information to you.

7 SENATOR MONTGOMERY: I would like to
8 see that. I would like that.

9 EX. DEP. COMMISSIONER VISNAUSKAS: In
10 terms of the second hundred, there is no
11 predetermined notion yet as to what that
12 funding would go towards. I think that's
13 still open to conversation. And to the
14 extent that it's important to let it be for
15 structural purposes in your community, I
16 think we'd be happy to have that
17 conversation.

18 SENATOR MONTGOMERY: Well, I've spent
19 so much time with the NYCHA administration,
20 and they were as shocked as I was to see that
21 we were not putting the major part of that
22 funding on absolutely structural repair
23 needs. And so I'm hopeful that this will be
24 very different as we move forward. You talk

1 about preserving 50,000 units. Obviously,
2 NYCHA is the largest stock of absolutely
3 affordable housing, so we really need to and
4 have to pay special attention to it. So I
5 thank you for that.

6 And with that, I return my time.

7 CHAIRWOMAN YOUNG: Thank you, Senator.

8 Mr. Chairman?

9 CHAIRMAN FARRELL: Thank you.

10 Mr. Mosley.

11 ASSEMBLYMAN MOSLEY: Thank you,
12 Mr. Chair.

13 Just two quick follow-up questions.
14 In regards to the 2016 numbers that you
15 talked about in your testimony, Mr. Chair, do
16 you actually know the number that you created
17 and preserved in percentages, in terms of the
18 AMI levels of what you created and what you
19 preserved in 2016?

20 EX. DEP. COMMISSIONER VISNAUSKAS: I
21 don't have that in my head, but we can
22 certainly follow up -- I'll follow up with
23 you on that.

24 ASSEMBLYMAN MOSLEY: And then in lieu

1 of the new proposal you have for Affordable
2 New York and the next five years, the number
3 of additional affordable housing units, and
4 in lieu of what Senator Young noted in terms
5 of staffing ratios, will TPU be expanded in
6 an effort to anticipate that growth in
7 housing stock throughout New York State?

8 COMMISSIONER RUBIN: That's a great
9 question.

10 We have no plans to expand TPU
11 staffing at the moment. As I think RuthAnne
12 said earlier, the funding request in this
13 year's budget is equal to funding for TPU in
14 past years.

15 Look, the need is obviously very, very
16 high. Because of the magnitude of the number
17 of apartments that we oversee -- 900,000 or
18 so rent-stabilized apartments throughout
19 New York City that we're responsible for --
20 we could, you know, quadruple the size of any
21 of our pieces of our agency and still not
22 have enough people, in theory.

23 On the other hand, we work very, very
24 smart, we work very, very efficiently. TPU,

1 just like the rest of the agency, does a
2 tremendous volume of work with very, very few
3 people. They leverage themselves. So, you
4 know, saying that TPU has X number of people,
5 \$4.5 million, is sort of deceptive, because
6 TPU is part of, for example, a task force
7 that includes other agencies from New York
8 City, the AG's office and others, with whom
9 they work in close partnership all the time.
10 And so they multiply their effort many, many
11 times to do their work.

12 And then of course there's the rest of
13 our agency -- ORA, the Office of Rent
14 Administration, in particular, which is on
15 point to the day-to-day responsibilities of
16 overseeing the rent-stabilized portfolio.
17 They have their own investigative unit, which
18 is not duplicative. It works in somewhat
19 different ways. And then they do other work
20 that ends up often with positive outcomes, if
21 appropriate, for tenants of all kinds.

22 So, you know, the work -- rather than
23 saying TPU should be larger or smaller or
24 whatever, it's really the outcomes that we're

1 focusing on.

2 ASSEMBLYMAN MOSLEY: Right. And
3 that's why I wanted -- because I know you
4 want to talk about -- it's your manpower, and
5 obviously with technology and innovation we
6 can always find ways to do our job more
7 efficiently.

8 So I think we alluded to this last
9 year during the joint budget hearing, that we
10 need to find better ways to do our job more
11 efficiently. And it doesn't necessarily mean
12 expanding your units. I mean, we have all
13 the tools available to us. I think that we
14 should be looking in a more innovative way in
15 terms of how we can make TPU more efficient.
16 It just doesn't mean just adding manpower.

17 So the last question I have,
18 Mitchell-Lama -- I know a couple of my
19 colleagues had alluded to some of the
20 questions. Have we created any new incentive
21 programs to keep Mitchell-Lama programs in
22 the program? I know that there seems to be,
23 given the marketplace -- and I overlap
24 Senator Montgomery's district, where we are

1 the epicenter of the epicenter.

2 Are there any other new plans in the
3 future in terms of creating further
4 incentives for people to stay in the program?
5 We're talking about preserving real
6 affordable and decent housing for
7 working-class and middle-class men and women.

8 EX. DEP. COMMISSIONER VISNAUSKAS: I
9 would say a couple of things. One, as part
10 of the \$2 billion housing plan, we are
11 continuing funding for outside of just the
12 UDC portfolio for all the other
13 Mitchell-Lamas to have financing tools that's
14 attractive to owners who would come in and
15 utilize our financing tools to preserve their
16 building and make that a smart economic
17 choice for them. So I think having those
18 funds in the budget is critical to that.

19 And I think, secondary to that, we
20 would be happy to sit down and think about
21 strategies that might be relevant to the
22 specific Mitchell-Lamas in your district that
23 we need to get a little more creative, a
24 little more thoughtful about.

1 ASSEMBLYMAN MOSLEY: That is -- I know
2 the Comptroller issued a report in terms of
3 land-banking of New York City. Obviously
4 New York City has the discretion to not be
5 land-banked. We have a number of vacant lots
6 throughout the five boroughs. Obviously
7 there's a discrepancy between the city and
8 what the Comptroller is reporting.

9 But if we can do something in terms of
10 creating a new paradigm in terms of making
11 some amendments to the current rules and
12 regulations as relates to land-banking, in an
13 effort for us to utilize those open lots so
14 that we can create real affordable housing,
15 100 percent affordable housing, I would
16 greatly appreciate that conversation going
17 forward.

18 EX. DEP. COMMISSIONER VISNAUSKAS:
19 We'd be happy to work on that with you.

20 ASSEMBLYMAN MOSLEY: Thank you,
21 soon-to-be-Commissioner.

22 CHAIRMAN FARRELL: Thank you.

23 CHAIRWOMAN YOUNG: Thank you.

24 I'm up again, so thank you for your

1 passion, Jamie, for upstate rural housing and
2 addressing those needs. And I kind of wanted
3 to follow up on that.

4 As you know, there are affordable
5 housing programs that benefit upstate,
6 there's the Rural Rental Assistance Program,
7 there's some Mitchell-Lama, we have our Rural
8 Preservation and our Neighborhood
9 Preservation Companies. We have HUD,
10 Section 8 for low-income, 202 for seniors, we
11 have USDA, we have low-income tax credits and
12 so on. We have the CIF, which is
13 particularly near and dear to my heart
14 because that's the rural and urban fund.

15 But as you know, the vast majority of
16 our affordable housing upstate is in the form
17 of manufactured housing or mobile homes. And
18 over the years I've dealt with many issues
19 related to mobile homes and mobile home
20 parks. I've walked into a trailer --
21 60-year-old trailer, 80-year-old woman living
22 there -- it's rusted out, ceiling caving in.
23 We've had problems with black mold, we've had
24 issues with failed septic systems and raw

1 sewage actually surrounding the homes in a
2 mobile home park. We've had issues with
3 landlords that have doubled the assessment on
4 a trailer or mobile home so that they could
5 collect more taxes and keep it themselves.
6 So we've had a lot of issues over the years.

7 And as you know, HCR has the
8 responsibility for ensuring compliance of
9 mobile home parks under the Real Property
10 Law. So I had a few questions about that.

11 What efforts do you undertake to
12 educate and protect the rights of residents
13 in these parks?

14 EX. DEP. COMMISSIONER VISNAUSKAS: So
15 I can speak about a couple of those things.

16 I'm happy to say that we recently,
17 under the leadership of now not acting, our
18 general counsel, Linda Manley, have taken
19 steps to actually do a little better
20 coordination internally. As you mentioned,
21 HCR has oversight of licensing. We also
22 grant and provide funding for more mobile
23 homes and manufactured homes. I'd be happy
24 to talk about our pilot program that we

1 launched last year on that. And there's also
2 been some legislation at the federal level
3 around financing for individual homeowners of
4 manufactured and mobile homes.

5 So under Linda's leadership, we're
6 looking to combine our what had been somewhat
7 disparate forces internally to make sure that
8 we have a really comprehensive approach to
9 manufactured and mobile home parks across the
10 state. It's obviously a critical, critical
11 resource for housing for so many people.

12 And if I might for a minute just talk
13 about the pilot program that we launched last
14 year, which we were really thrilled to
15 receive funding for. Under Senator Little's
16 leadership, we received \$2 million to launch
17 the pilot program. We received \$6 million
18 worth of applications against the \$2 million,
19 and we will be announcing those in April and
20 look to roll out that program more
21 consistently. It is in our \$2.5 billion
22 budget proposal to make it a five-year
23 program so that we can give people the
24 ability to come in year after year --

1 additional people to come in each year and
2 take advantage of it.

3 So we are sort of taking a new, fresh,
4 hopefully improved and more coordinated
5 approach to making sure that we address the
6 needs of the mobile and manufactured home
7 communities across the state.

8 CHAIRWOMAN YOUNG: We're very excited
9 about that program too, so that's great to
10 hear. We would like to see it expanded.

11 But back to the mobile home parks, how
12 many staff do you have within HCR that are
13 devoted to that effort of compliance and
14 enforcement?

15 EX. DEP. COMMISSIONER VISNAUSKAS: I
16 don't know the exact staffing number, but I'd
17 be happy to get back to you with that.

18 CHAIRWOMAN YOUNG: That would be
19 great. Now, as you know, under the Real
20 Property Law the agency has the ability to
21 bring court actions on enforcement. Do you
22 know how many court actions have been brought
23 over the past like, say, seven years?

24 EX. DEP. COMMISSIONER VISNAUSKAS: I

1 can get you that number as well. I don't
2 have it with me, but I can get that.

3 CHAIRWOMAN YOUNG: And I'd also like
4 to see how much has been collected in fines
5 and penalties and what HCR has actually done
6 with those resources. That would be helpful
7 to know.

8 But would you characterize it as, you
9 know, you're responsive, that you're kind of
10 reactive to different complaints that are
11 brought? Is that how the system works?

12 EX. DEP. COMMISSIONER VISNAUSKAS: We,
13 I would say, have probably traditionally been
14 responsive. But to the extent that in the
15 last couple of months we have sort of pulled
16 together this more comprehensive approach, I
17 think it would probably give us the
18 opportunity to be more proactive. And I
19 think we would be thrilled to sort of pull
20 sort of all the questions that you just
21 asked, pull together all the answers and come
22 sit and have a sort of comprehensive
23 discussion on that. We would appreciate that
24 opportunity.

1 years?

2 EX. DEP. COMMISSIONER VISNAUSKAS:

3 Been created?

4 CHAIRWOMAN YOUNG: Created, yeah.

5 COMMISSIONER RUBIN: Or put into the
6 program, funded with the program.

7 CHAIRWOMAN YOUNG: Right.

8 COMMISSIONER RUBIN: We would have to
9 come back to you about that. I think that
10 there have been -- I think we put a few new
11 through with last year's -- remember, you all
12 increased the funding for the program a
13 couple of years ago with the settlement
14 money, and I think we were able to add some
15 new programs in at that time, sometimes to
16 replace -- as you know, there were some
17 programs that went out of --

18 CHAIRWOMAN YOUNG: I know I saddle you
19 with a laundry list at these hearings, but if
20 you could get me that information, that would
21 be helpful.

22 COMMISSIONER RUBIN: Absolutely. No
23 problem.

24 CHAIRWOMAN YOUNG: And have there been

1 any mergers or have any mergers been
2 requested of NPCs or RPCs? Because there was
3 a discussion over the past several years
4 about mergers. So I was curious about that,
5 anything you --

6 COMMISSIONER RUBIN: Again, we'll come
7 back to you with an answer on that.

8 As you know, mergers between
9 agencies -- any kind of merger is always
10 complicated, difficult to pull off. But that
11 was one of the goals, I think, of some of the
12 additional funding. There was an additional,
13 I think, million dollars or so that was in
14 place to try to facilitate that, so we'll
15 find out.

16 CHAIRWOMAN YOUNG: It would be helpful
17 to have any information on the disbursement
18 of grants, so that would be great.

19 COMMISSIONER RUBIN: Absolutely.

20 CHAIRWOMAN YOUNG: I know that HCR
21 gets revenue from a variety of sources, but
22 part of that includes fees. And could you
23 give a breakdown of fees that you collect and
24 the revenues generated? Do you know those

1 off the top of your head? Because I have a
2 list, but --

3 EX. DEP. COMMISSIONER VISNAUSKAS: I
4 don't know them off the top of my head, no.

5 COMMISSIONER RUBIN: Neither one of us
6 knows.

7 CHAIRWOMAN YOUNG: All right. So what
8 I'm talking about, just to be a little bit
9 clearer, so you have mortgage servicing fees,
10 correct? You have application and monitoring
11 fees collected from developers of housing
12 projects, right? You have payments by
13 New York City to finance a portion of the
14 division's rent-regulation activities. And
15 you have administrative fees collected from
16 HUD in connection with the state's
17 administration of the federal Section 8
18 rental subsidy program. So those are all
19 fees that HCR collects.

20 And part of them -- you know, so some
21 are existing and then you have these
22 opportunities now, with this proposal for the
23 \$2 billion in capital funding and capital
24 projects down the road, and there are fees

1 that are associated with those projects that
2 HCR will be collecting.

3 So I had a question about how much in
4 fees do you anticipate, and what do you do
5 with the fees once you get those? Because
6 with these new projects especially, there's
7 going to be a real infusion of new revenue to
8 HCR. Do you have any estimate or any kind of
9 details on that?

10 EX. DEP. COMMISSIONER VISNAUSKAS: We
11 can follow up with you with more specifics on
12 that.

13 I think I would say generally where
14 there are excess revenue that's within --
15 sort of within HFA as a result of collecting
16 some of the fees that you mentioned, the
17 majority of that goes back out as subsidy
18 into deals. So it's -- you know, it goes
19 back to the same purpose as the rest of the
20 agency is here to serve.

21 But we'd be happy to follow up with
22 you on specific fees.

23 COMMISSIONER RUBIN: If I could add
24 just one -- that's exactly right. I would

1 add one other comment, which is that, you
2 know, one of the other things that we do
3 with -- call it excess revenue, whatever you
4 want to call it, is try to maintain our
5 interest rates, whether in a single-family
6 program or a multifamily program, at levels
7 that facilitate the development of truly
8 affordable housing.

9 And we're only able to do that because
10 we have not only capital funding every year
11 and operating funding, but also other revenue
12 from other sources. And we're able to help
13 pump additional subsidy, in effect, which
14 is -- you could think of as being a forgone
15 fee, effectively, so.

16 CHAIRWOMAN YOUNG: Is there any kind
17 of difference between the application and
18 monitoring fees for developers of huge
19 projects and small projects? It's all the
20 same amount; right?

21 COMMISSIONER RUBIN: I think it's
22 largely the same. I don't think we change it
23 on the basis of -- we will have to come back
24 to you, I'm sorry.

1 CHAIRWOMAN YOUNG: I believe it is the
2 same, like a \$5,000 fee, for example, for a
3 developer.

4 EX. DEP. COMMISSIONER VISNAUSKAS:
5 Mm-hmm. Right.

6 CHAIRWOMAN YOUNG: But that's for
7 these enormous projects that we see, and it's
8 also for some of the smaller projects
9 upstate. Has the agency ever considered
10 maybe doing a sliding scale or something like
11 that? Just because sometimes it's very
12 difficult for a small guy to be able to
13 afford all of the fees associated with a
14 project, and it may preclude them from moving
15 forward in some cases.

16 EX. DEP. COMMISSIONER VISNAUSKAS:
17 We'd be happy to look at that a little
18 closer.

19 CHAIRWOMAN YOUNG: That would be
20 great.

21 I wanted to ask about the value of the
22 tax credits. And as you know, there are a
23 lot of things going on in Washington right
24 now and the speculation alone about

1 whether -- yes, the low-income tax credits.

2 Yes, thank you for clarifying. But there's a
3 lot of speculation with the low-income tax
4 credits. And actually right now it's driving
5 the value of the tax credits down. And I
6 guess one of the questions I had was, what is
7 the state's strategy for managing potential
8 variations in the tax credit pricing?

9 Because we know that those tax credits are
10 critically important to developing affordable
11 housing.

12 EX. DEP. COMMISSIONER VISNAUSKAS:

13 It's a great question. It's an issue that is
14 of great concern to us and which we talk
15 about very often. In fact, we pull together
16 our partners in this industry and the banks,
17 the syndicators, the developers, and talk
18 about what people are seeing in the market,
19 what we might see in the next three months,
20 what we might see in the next nine months,
21 when people expect tax reform, where they
22 expect it's going to land.

23 As you know, it's all speculation to
24 date and we're trying to sort of gauge the

1 right way to act in an uncertain market. We
2 know that the pricing will go down, and we
3 are working with our partners to find ways to
4 absorb that, what will basically create gaps
5 in our projects, whether that would be
6 capital from the state or other resources
7 that we might bring to bear into the
8 projects.

9 But it certainly will be a challenging
10 time for us as we go forward, and we're very
11 cognizant of that.

12 COMMISSIONER RUBIN: You know, just to
13 add to that, to make the obvious point, the
14 fact that, as you obviously are aware,
15 fluctuations in the tax credit pricing leave
16 potential gaps in projects, and sometime
17 those gaps are quite large, millions of
18 dollars --

19 CHAIRWOMAN YOUNG: Is the state going
20 to finance that if there are --

21 COMMISSIONER RUBIN: I'm sorry?

22 CHAIRWOMAN YOUNG: Would the state
23 finance gaps, Jamie, or how would that work?

24 COMMISSIONER RUBIN: Well, what we do

1 is we work with developers to try and either
2 find alternative sources or push them,
3 frankly, to what they call a value engineer,
4 which is basically to cut their costs. But
5 in the end, if there's a gap, the state is
6 committed to developing affordable housing,
7 and we will step in with subsidy. But it
8 highlights the importance of the budget
9 proposal that we're all here to talk about,
10 which is the need for capital subsidy is only
11 going up because of, among other things, the
12 fluctuation, the downward movement in tax
13 credit pricing, which I don't see any change
14 in for a while.

15 CHAIRWOMAN YOUNG: Something we'll
16 have to keep an eye on, for sure.

17 COMMISSIONER RUBIN: Exactly, Senator.

18 CHAIRWOMAN YOUNG: Just with senior
19 housing, when you're doing the scoring on
20 affordable housing projects, it seems to me
21 that senior housing is in the same pool as
22 multifamily housing; is that correct?

23 EX. DEP. COMMISSIONER VISNAUSKAS:
24 Yeah, we've not had a dedicated program for

1 senior housing, although we are proposing
2 that in the current budget you have before
3 you.

4 CHAIRWOMAN YOUNG: That would be
5 great. Because right now what happens, it
6 seems to me that there's a scoring process
7 where multifamily -- there's a real focus on
8 multifamily housing, and they automatically
9 get five extra points. And what that has
10 done is maybe reduced the number of senior
11 housing projects. But we know that the
12 population of seniors is exploding. I have a
13 figure here, the Social Security
14 Administration estimates that 10,000
15 Americans are turning 65 every day. And I'm
16 not there yet but, you know, it's going to
17 happen sometime in the near future.

18 So I'd like to know more about the
19 senior housing that you plan in the budget,
20 because I think that's really crucial to a
21 lot of New Yorkers. And have you considered
22 reviewing your regulatory and scoring
23 documents to address the need for senior
24 housing? Or do you think that your new

1 program will address those issues?

2 EX. DEP. COMMISSIONER VISNAUSKAS: I
3 mean, our thought had been that once we have
4 sort of a dedicated resource that would sort
5 of thematically, right, would give sort of a
6 five-year consistent source of funding for
7 developers of senior housing to know they can
8 come back year to year and access that
9 subsidy, would sort of provide the industry
10 what it needs.

11 CHAIRWOMAN YOUNG: Thank you.

12 I'll come back. I have a couple more
13 questions.

14 CHAIRMAN FARRELL: Thank you.

15 You know, 43 years ago I was elected,
16 and one of the reasons I was elected was
17 because of the housing in my neighborhood.
18 And they were -- the Bronx, as you
19 remember -- no, you weren't even born.

20 COMMISSIONER RUBIN: No, no. Yes, we
21 were there.

22 EX. DEP. COMMISSIONER VISNAUSKAS:
23 Just.

24 COMMISSIONER RUBIN: Just.

1 (Laughter.)

2 CHAIRMAN FARRELL: Houses were being
3 abandoned, landlords were walking away from
4 projects. And I worked with some other young
5 men -- at the time I was young -- and we did
6 a lot of working, and then we found out that
7 there was a problem. The landlords had
8 agents, the people didn't. And I said, you
9 know, maybe we can put together a program
10 that will give them agents to defend
11 themselves against the landlord.

12 And that's how the Neighborhood
13 Preservation Program became what it is today.
14 Because three years in, I realized I was
15 spending more time in the city than up here
16 in Albany because of the work. And we put
17 this program together, and the governor then
18 approved it, and it's grown to where it is.

19 I've been very happy to see the things
20 that have happened. And then you went to the
21 rural program, which made it statewide, which
22 is functioning. But I see here it appears
23 that \$700,000 have been cut out of the
24 program this year. Is there a reason for

1 that? And am I right on the numbers?

2 EX. DEP. COMMISSIONER VISNAUSKAS: The
3 number I believe for this year is that
4 there's about \$18 million in the budget,
5 thanks to the JPMorgan settlement dollars
6 that's --

7 CHAIRMAN FARRELL: It's 18.2 million.
8 But it's still 700,000 short.

9 EX. DEP. COMMISSIONER VISNAUSKAS:
10 Yeah, I'd have to get back to you on the
11 700,000, on the nature of that reduction.

12 CHAIRMAN FARRELL: It would have been
13 nicer if it was in.

14 EX. DEP. COMMISSIONER VISNAUSKAS:
15 Understood.

16 CHAIRMAN FARRELL: All right. Thank
17 you.

18 Let's see. We've been joined by
19 Assemblywoman Carmen De La Rosa.

20 And to close on our side, Assemblyman
21 Kavanagh.

22 ASSEMBLYMAN KAVANAGH: So I guess I'm
23 the only thing between you and your departure
24 after several hours. Just a couple of quick

1 questions to follow up.

2 First of all, toward the end of your
3 comments when we were discussing this before,
4 you said that you would prefer to do
5 approaches like the RAD program that you did
6 quite successfully, jointly with NYCHA and
7 other agencies. You're not asserting that
8 RAD is a substitute for a robust, substantial
9 capital budget for NYCHA; right?

10 COMMISSIONER RUBIN: Absolutely not.

11 ASSEMBLYMAN KAVANAGH: Okay. So they
12 need the kind of capital funding that they
13 can direct to modest repairs, major repairs
14 in buildings across their portfolio; right?

15 COMMISSIONER RUBIN: For sure. And
16 that's what they've advocated for in front of
17 New York City's government, I think --

18 ASSEMBLYMAN KAVANAGH: Okay. And you
19 said that the state -- you acknowledge the
20 state has some responsibility for NYCHA, and
21 you think that the \$100 million that we've
22 given to DASNY expresses that, the
23 Executive's commitment to NYCHA.

24 COMMISSIONER RUBIN: I would put it a

1 different way. I would say that the Governor
2 recognizes that NYCHA has tremendous needs
3 and decided as a result of that to allocate a
4 certain amount of money to NYCHA for capital.

5 ASSEMBLYMAN KAVANAGH: Does the state,
6 which created the New York City Housing
7 Authority by statute and has 2 to 3 percent
8 of the entire state population living there,
9 have some obligation to ensure that these
10 buildings meet minimal standards of decency
11 that Senator Savino was talking about?

12 COMMISSIONER RUBIN: So, Assemblyman,
13 you know better than I, I'm sure, that the
14 responsibility, financial and otherwise,
15 regulatory, for NYCHA has gone through a
16 number of changes over the last number of
17 years, most recently as a result of the ARRA,
18 the federal stimulus program that was put in
19 place by President Obama.

20 You know, the state does not have an
21 actual responsibility to provide funding to
22 NYCHA anymore, and there's a reason for that,
23 because of the changes that it's gone
24 through. I'm not suggesting that NYCHA is

1 adequately funded, because I think we would
2 all agree that --

3 ASSEMBLYMAN KAVANAGH: I'm not asking
4 whether you have a legal responsibility. We
5 don't have a legal responsibility to provide,
6 you know, any number of services we provide
7 to the general public.

8 COMMISSIONER RUBIN: I would separate
9 out -- we can -- perhaps we can talk -- I can
10 come back to you with a legal response as to
11 the state's oversight responsibilities,
12 because we have -- I mean, the state as a
13 whole has responsibilities that go well
14 beyond housing. But with respect
15 specifically to the area that I'm here to
16 talk about, housing funding, we don't have
17 any housing funding responsibility to NYCHA.

18 ASSEMBLYMAN KAVANAGH: Again, I'm --
19 there's a transcript of this hearing that we
20 can all look at. I believe you said before
21 that the Governor recognizes he has a
22 responsibility for NYCHA and that's why we
23 put \$100 million in. You know, but we'll --
24 we can leave it there for now.

1 COMMISSIONER RUBIN: Okay. Well, I am
2 now restating that to say that the Governor
3 recognizes that there is a need for NYCHA,
4 that NYCHA has extensive capital needs, and
5 that in this year's budget and two years
6 ago's budget he attempted to make a
7 contribution to those capital needs, both
8 through the capital and then through the RAD
9 program that we executed earlier last year.

10 ASSEMBLYMAN KAVANAGH: And just -- we
11 danced around the issue of who should be
12 doing this money. I don't think we dealt
13 with this directly. But the current NYCHA
14 proposal from the Executive includes a
15 provision that would require previously
16 appropriated NYCHA funds to be fully
17 obligated before the new appropriation can be
18 obligated, the new \$100 million you're
19 speaking about.

20 Is there any other program in the
21 Governor's proposal that has that kind of
22 requirement that the last \$100 million be
23 fully obligated before anybody can touch the
24 new \$100 million?

1 EX. DEP. COMMISSIONER VISNAUSKAS:

2 We'd have to check on that. I'm not sure.

3 ASSEMBLYMAN KAVANAGH: Do you
4 acknowledge that that's the -- that I'm
5 accurately stating the provision with respect
6 to NYCHA?

7 COMMISSIONER RUBIN: I don't have the
8 legislative language in front of me,
9 Assemblyman, but I assume that it is correct.

10 ASSEMBLYMAN KAVANAGH: Okay. So
11 again, we would -- I'd like to follow up on
12 that. If there's any other program on which
13 your -- would you agree that that's an
14 unusual requirement in a capital budget for
15 housing?

16 COMMISSIONER RUBIN: Not necessarily.
17 I would agree that it -- we will come back to
18 you as to whether there are any other
19 programs within our ambit that have the same
20 requirement. And that's as far as I would
21 go.

22 ASSEMBLYMAN KAVANAGH: Can you -- can
23 you -- you've had a lot of experience with
24 this over the years. You're telling me

1 you're not -- it's not -- it would not be --
2 you would not consider it unusual to have
3 that kind of requirement in a capital budget,
4 that the last capital budget be fully spent
5 before you touch the new capital dollars?

6 COMMISSIONER RUBIN: I really --
7 without understanding whether we have any
8 other -- because my answer would change
9 completely if there were other programs
10 within our ambit --

11 ASSEMBLYMAN KAVANAGH: I'm not asking
12 prospectively or about programs that you're
13 not aware of. I'm asking in your experience,
14 with lots of experience with capital budgets
15 for housing and other things, is this
16 something that you're aware you've done with
17 capital budgets in the past?

18 COMMISSIONER RUBIN: Let me say it
19 differently. Capital programs have different
20 requirements based on what they're intended
21 to do, what the capital goes to. They are
22 not cookie cutter. They don't all look the
23 same. They have different requirements.
24 Some -- as you know, some are -- you know,

1 have design-build requirement -- this
2 is not -- again, this is outside of my ambit.
3 I'm just telling you, outside of, you know,
4 some have design-build capabilities, some
5 don't. You know, if you could stamp out a
6 capital program design that was the same for
7 the entire state for every agency and every
8 capital program that the state funds, perhaps
9 we ought to do that. But that's not what we
10 have.

11 So there are differences between them.
12 This happens to be one of the differences.
13 You know, why it's in there, I wouldn't want
14 to speculate about. But it is different from
15 other programs, but it isn't necessarily
16 unusual in that sense, just --

17 ASSEMBLYMAN KAVANAGH: Okay. Well, I
18 recognize you're speaking on behalf of the
19 full Executive on this topic. But it is the
20 Executive's proposal this time. So I'd like
21 a clear answer of why that is desirable and
22 whether there are other programs. And I
23 recognize that you don't have that answer
24 today.

1 One more quick question. 421-a, as
2 previously legislated and signed into law by
3 the Governor, was part of a comprehensive
4 deal a couple of years ago that included a
5 deal on rent regulation and many other
6 things, in the way that we do business in
7 Albany. The provision was that it would go
8 into effect and then it would be suspended
9 unless the real estate industry --
10 represented by REBNY -- and the trade unions
11 could come to a deal on wages. It was
12 suspended when that MOU was not put in place.

13 Is it your understanding that the law
14 is still -- the law didn't expire at that
15 point, right? It's merely suspended by the
16 lack of an MOU. Is it not the case that the
17 real estate industry, if they could come to a
18 deal under existing law with their workforce
19 on wages, they could continue -- the 421-a
20 program would continue as enacted by this
21 Legislature and the Governor?

22 COMMISSIONER RUBIN: I think that
23 we -- I'd have to get you -- unfortunately, I
24 stopped being an actual lawyer several years

1 ago when I stopped paying my bar fees, which
2 was a great relief to me.

3 ASSEMBLYMAN KAVANAGH: Three hundred
4 dollars.

5 COMMISSIONER RUBIN: I was a terrible
6 lawyer. So I would have to come back to you
7 with an actual legal response as opposed to
8 simply saying what I guessed.

9 CHAIRMAN FARRELL: Thank you. Thank
10 you.

11 ASSEMBLYMAN KAVANAGH: Okay, if you
12 could just -- because you did testify before
13 that this program was necessary, the program
14 proposed by the Governor is necessary to
15 restart the program. I would assert that
16 it's not necessary to restart the program,
17 it's just that the deal we made was not
18 deemed to be sufficiently generous to the
19 real estate industry to cover living wages
20 for -- or prevailing wages for their workers.

21 But thank you, and I realize I'm way
22 over time.

23 CHAIRMAN FARRELL: Thank you.

24 CHAIRWOMAN YOUNG: Senator Krueger.

1 SENATOR KRUEGER: Hi. It's amazing, I
2 only got through one question the first five
3 minutes. So we have several hours.

4 You just answered a question, I
5 believe correctly, that the risk to the
6 low-income housing tax credit means there
7 will be more pressure on the state and other
8 members of government to come up with the
9 capital money and subsidy money needed to
10 build affordable housing. And I agree
11 completely.

12 So if today, in 2017, knowing what we
13 know I came to you and said, for every \$100
14 you give me, I'll give you \$11 of affordable
15 housing, do you think that would be a good
16 deal?

17 COMMISSIONER RUBIN: (No response.)

18 SENATOR KRUEGER: Would that pass
19 muster? That's in fact what the incoming
20 commissioner's expertise has been all these
21 years.

22 COMMISSIONER RUBIN: So our math
23 skills -- I think my math skills and the
24 incoming commissioner's math skills are

1 probably on a par, and I would say that that
2 would be a -- the hypothetical deal would not
3 be one that we would think would be
4 appropriate.

5 SENATOR KRUEGER: And if I came to you
6 with a deal and said, Okay, it was \$11 worth
7 of housing for \$100, but now it's going to be
8 less, do you think that would be a better
9 deal? You already said that wouldn't be a
10 good deal.

11 COMMISSIONER RUBIN: It doesn't sound
12 like it.

13 SENATOR KRUEGER: All right. So the
14 Governor's new affordable housing plan, based
15 on several analysts' independent analyses,
16 show that the old 421-a was getting us, for
17 \$1.1 billion a year in lost tax revenue,
18 154,000 residential units, of which only
19 12,700 were affordable. That's \$11 for every
20 hundred dollars given.

21 The new proposed analysis is that it
22 could be costing us over \$2 billion a year in
23 lost tax subsidy for just slightly more or no
24 more affordable housing. If I am correct

1 that that's the numbers, why would anyone
2 think it would be a good idea to go forward
3 with this program?

4 EX. DEP. COMMISSIONER VISNAUSKAS: I
5 think those numbers were also numbers that
6 were cited by the mayor of the City of
7 New York when he came and testified here. I
8 think, right, he went through the prior
9 iteration of the program was providing about
10 12,000 units of affordable housing a year,
11 and in the new iteration I believe his number
12 was about 21 or 25,000 units a year?

13 SENATOR KRUEGER: No, that was in the
14 proposal I think that he had hoped to get,
15 but not the Governor's proposal.

16 EX. DEP. COMMISSIONER VISNAUSKAS: I
17 thought that was his reference to the -- he
18 was proposing 25 and he thought the
19 Governor's proposal was going to be 21. So
20 it's still substantially more than the
21 previous program, but not as many units as
22 they had --

23 SENATOR KRUEGER: I actually think the
24 mayor's numbers were wrong also, by the way.

1 EX. DEP. COMMISSIONER VISNAUSKAS:

2 Okay. My understanding, that some of the --
3 and I'm not sure if this is the nature of
4 your question -- they believe that some
5 number of apartments will switch into condos,
6 and that accounted for some of the
7 differential between the 21 and the 25.

8 I guess what I can say, sort of at a
9 macro level, is that the legislation approved
10 last year is largely legislation that is
11 important to the city, and that they feel is
12 important to production of rental housing.
13 It is their tax base, and it was their sort
14 of reconstructed program. So I think they
15 find value in it and think -- it's obviously
16 a portion of the mayor's overall 10-year
17 affordable housing plan. It's -- again --

18 SENATOR KRUEGER: I'm actually not
19 asking you what the mayor thinks, I was
20 asking what you think.

21 The last year's program is moot. I
22 just -- that one sunset. So the question is
23 on the proposal before us that the Governor
24 has in the budget, just to clarify, that

1 doesn't allow condominiums, the proposal in
2 the budget, does it?

3 EX. DEP. COMMISSIONER VISNAUSKAS: The
4 current legislation as proposed has two I
5 would say substantial differences than what
6 was in the past, one around affordability.

7 So one is, right, every building
8 receiving 421-a has an affordable component
9 leading, obviously, to the large increase in
10 affordable units citywide. And then there is
11 a provision, there are four or maybe five
12 programmatic options within the proposed
13 legislation -- what was both approved last
14 year and as currently proposed -- one of
15 which allows the tax benefit to go to
16 buildings that are 35 units or less located
17 in the outer boroughs, where the condominiums
18 have an assessed value of \$65,000 or less.

19 SENATOR KRUEGER: It actually has I
20 think seven options in the proposal, when you
21 count that condominium piece, because it's
22 (A) through (G) plus that little condo
23 section.

24 All right, so I represent a part of

1 Manhattan below 96th Street -- I stop at
2 96th Street -- the East Side, parts of
3 Midtown. There is a subsection of Option G
4 that any building with 300 rental units,
5 regardless of where it is -- it doesn't have
6 to be inside or outside the enhanced
7 affordability area -- any apartment building
8 of 300 or more units can take advantage of
9 this program, a 35-year, 100 percent
10 abatement, as long as 30 percent of the units
11 are affordable, with AMI defined as 130
12 percent. Which most of my colleagues would
13 assure you none of us think meets the
14 definition of AMI affordability, 130 percent
15 of AMI.

16 If I look at my district today, an
17 overheated real estate geography, I am
18 watching developers buy up whole blocks of
19 low-level rent-regulated and rent-controlled
20 apartment buildings in plans for this law to
21 go into effect. They are trading air rights
22 and trading buildings to make their packages
23 so that they can build over 300 units per
24 building, not hard to do. There will be

1 30 percent at 130 percent of AMI, with a
2 massive loss of existing affordable units,
3 all over, I would argue, the East Side, the
4 West Side, and downtown Manhattan and north
5 of 96th Street, which is gentrifying at a
6 radically quick rate. And in certain
7 sections of Brooklyn, I suspect Senator
8 Velmanette Montgomery's district and others,
9 and very, very, very quickly. And it will
10 end up being probably the largest-used
11 portion of this law.

12 As Assemblymember Cymbrowitz talked
13 about before, we've taken away any power by
14 the City of New York to say, Wait a second
15 here, what the hell's going on? When you
16 said this is not a surprise to the city, I
17 will tell you that I have stood with my
18 City Council members, my borough president,
19 any number of housing advocates and housing
20 analysts in the City of New York, to say out
21 loud that this is a terrible plan for the
22 future of affordability of city housing and
23 that it will cost the city far, far more than
24 what's being projected, just specifically

1 because of the problems in this Option G,
2 300-plus rental units. If we pass this law,
3 which will conceivably wipe out affordable
4 housing in Manhattan in a pretty quick time
5 frame, do you have the power to stop any
6 individual deal? Can you say no? Or is it
7 as of right?

8 EX. DEP. COMMISSIONER VISNAUSKAS: I'm
9 going to start, if you want to pick up.

10 COMMISSIONER RUBIN: Sure.

11 EX. DEP. COMMISSIONER VISNAUSKAS: I
12 think it sort of divides the issue in my mind
13 into questions, but I want to make sure that
14 I'm getting it right. I mean, the way I
15 would understand the ability for someone to
16 certainly buy up and build a 300-unit or
17 larger building is sort of irrespective of
18 421-a. It's more of a -- you know, obviously
19 it's a market-based decision for any
20 developer. The only reason they would --

21 SENATOR KRUEGER: But when you're
22 getting a 100 percent abatement on your taxes
23 for 35 years, it suddenly looks even better
24 and better, doesn't it?

1 EX. DEP. COMMISSIONER VISNAUSKAS:

2 That may be true, but in exchange for that,
3 right, they have to pay a higher wage than
4 they would otherwise, they have to go from
5 35 years to 40 years of affordability, which
6 is not insignificant, and they have a slight
7 tweak to their --

8 SENATOR KRUEGER: Well, since the
9 average hourly construction wage must be \$45
10 an hour, Manhattan buildings going up at
11 300 units or more are already paying that.
12 So this is not a new universe --

13 COMMISSIONER RUBIN: That is
14 absolutely incorrect, Senator. I'm sorry,
15 but we did a substantial analysis in advance
16 of this, and that is not the case.

17 SENATOR KRUEGER: You did a
18 substantial analysis of the cost of --

19 COMMISSIONER RUBIN: Absolutely.

20 SENATOR KRUEGER: -- of building with
21 labor -- with union labor?

22 COMMISSIONER RUBIN: Mm-hmm, for sure.
23 This is not a union labor requirement,
24 Senator, this is a wage requirement.

1 SENATOR KRUEGER: No, I know. But
2 basically if I look at the buildings going up
3 in my borough that are 300 or more --

4 COMMISSIONER RUBIN: Senator, let's be
5 very clear -- yeah, Senator, I live in your
6 district. Let's be very clear what we're
7 talking about.

8 SENATOR KRUEGER: Yes.

9 COMMISSIONER RUBIN: Luxury
10 condominium buildings --

11 SENATOR KRUEGER: Yes.

12 COMMISSIONER RUBIN: -- are different
13 from rental buildings, which is what we're
14 talking about in the case of 421-a. So the
15 labor costs for a luxury rental -- a luxury
16 condominium building may be different. We
17 never see those. I have absolutely no idea
18 what the costs are. But in the case of
19 rental buildings, labor costs are
20 substantially lower than what they're going
21 to be as a result of this law.

22 SENATOR KRUEGER: Okay. So it's --
23 that's a sidebar question. That doesn't
24 change the reality that we'll be knocking

1 down enormous numbers of affordable units to
2 put up luxury rental buildings where
3 30 percent will have to be only 130 percent
4 of AMI. Am I wrong that it only -- that it's
5 130 percent AMI?

6 EX. DEP. COMMISSIONER VISNAUSKAS:

7 That is one of the options that's been --
8 that was passed by the Legislature in
9 January. Right? The 70 percent at 130 has
10 been in the program since last year. That's
11 not a new --

12 COMMISSIONER RUBIN: Absolutely.

13 EX. DEP. COMMISSIONER VISNAUSKAS:

14 That's not a new option.

15 SENATOR KRUEGER: It was bad then too.

16 I'm not arguing that.

17 EX. DEP. COMMISSIONER VISNAUSKAS:

18 Fair enough.

19 SENATOR KRUEGER: But the good news is
20 that never went into effect, and the City of
21 New York had some role of authorization or
22 having to sign off.

23 The City of New York would have no
24 authorization or signing off or saying "Stop"

1 or "We question that" under this new law, as
2 Assemblymember Cymbrowitz pointed out.

3 COMMISSIONER RUBIN: Senator, I'm
4 sorry, I may be wrong about this, but I think
5 that in the existing law, while the City of
6 New York may have retained some ability to
7 change the law, this was their proposal that
8 they put forward. So I think there is
9 exactly zero chance --

10 SENATOR KRUEGER: As I said, I don't
11 agree with the city of -- the mayor's
12 position either. But I'm not asking him now,
13 I'm asking you.

14 COMMISSIONER RUBIN: Yeah.

15 SENATOR KRUEGER: You're proposing
16 this as a state program within the state
17 budget.

18 COMMISSIONER RUBIN: That is correct.

19 SENATOR KRUEGER: Okay. And so again,
20 I'm asking you, do you -- I think I got the
21 answer. It's a bad economic deal. This --

22 COMMISSIONER RUBIN: Absolutely not,
23 Senator.

24 SENATOR KRUEGER: No?

1 without some tax abatement in place. That is
2 the result of, you know, property tax -- you
3 know, property tax problems that we can talk
4 about at some separate time. But the fact is
5 you need tax abatements to develop rental
6 housing in New York, period. And, you know,
7 we may all think that that's a bad idea, but
8 it is a fact of the market.

9 So this is a tax abatement program,
10 one among many that people use to develop
11 rental housing in New York. And it happens
12 to have attached to it the requirement that a
13 developer who gets advantage of it adds in
14 affordable housing, which I think is
15 basically a net good. And we just -- all
16 we've done in this -- all the Governor has
17 done in the Affordable New York Housing
18 Program you now have in front of you is to
19 add one extra requirement, which is that very
20 large buildings that are developed in very,
21 very high opportunity, high-rent areas pay
22 fair wages. I think that's something that we
23 would all agree is a good thing.

24 SENATOR KRUEGER: I would argue that's

1 a discussion for the economic development and
2 labor world, not to use up city taxpayer
3 money that's being arguably used without the
4 approval of the city or their taxpayers, not
5 for housing but for a labor agreement.

6 Right? They're two different questions.

7 And if you're taking away more
8 affordable units than you're putting in under
9 this model, I don't even see how you can
10 argue it's a win geographically for
11 affordable housing.

12 COMMISSIONER RUBIN: But, Senator, I'm
13 not agreeing with your hypothetical. I don't
14 think that is what's happening. I live in
15 the same district, I know what goes on there
16 just like you do, but that is not the result
17 that we think is going to happen as --

18 SENATOR KRUEGER: But that's actually
19 happening already. It slowed down a little
20 bit when 421-a stopped, although everybody
21 has got everything but shovel in the ground.
22 So it is happening.

23 COMMISSIONER RUBIN: As has the
24 construction of new affordable housing due

1 specifically under 421-a. So now we're going
2 to restart it and you're going to see, I
3 think by the city's own estimates, several
4 thousand new units developed of affordable
5 housing over the next several years.

6 SENATOR KRUEGER: At a ridiculously
7 high price.

8 Oh, I don't -- you know what, next
9 round. Thank you.

10 COMMISSIONER RUBIN: Thank you.

11 CHAIRWOMAN YOUNG: Senator Bailey.

12 SENATOR BAILEY: Let me be the first
13 to wish you good afternoon.

14 COMMISSIONER RUBIN: Good afternoon.

15 SENATOR BAILEY: So a couple of quick
16 questions.

17 First, sometimes when I'm with my
18 daughter I find it to be a minor
19 inconvenience when there's no changing table
20 in the restroom. But there are issues that
21 single homeless fathers are facing throughout
22 the State of New York concerning a lack of
23 accommodation. Can you tell me the steps
24 that HCR is taking to remedy some of the

1 shelter crisis with the single fathers across
2 the state?

3 EX. DEP. COMMISSIONER VISNAUSKAS: Our
4 primary role in homelessness is not around
5 shelters, that's more under the purview of
6 OTDA, who I believe you've heard from.

7 SENATOR BAILEY: I misspoke, I'm
8 sorry.

9 EX. DEP. COMMISSIONER VISNAUSKAS: Our
10 main focus is obviously on supportive
11 housing, and we have a very robust, as I
12 mentioned, commitment to do 6,000 units of
13 supportive housing. And that -- it's a --
14 it's not one type of housing, I think to your
15 question. Right? There is housing for -- we
16 provide housing for, you know, mentally ill
17 individuals, for families, for veterans, for
18 runaway youth.

19 You know, we recognize that
20 homelessness is a problem that is across a
21 spectrum of housing types and individuals,
22 and we will provide to that need.

23 SENATOR BAILEY: Okay. The second
24 question I have is for -- I spoke about the

1 northern Bronx portion of my district. In
2 the City of Mount Vernon we're facing a
3 crisis around zombie properties. There was
4 some legislation around that last year. But
5 I want to know what is HCR's plan, both
6 short-term and long-term, to, one, help
7 remedy this issue in the City of Mount Vernon
8 and help them get these properties back to
9 the tax rolls or finding some other use for
10 them.

11 Because Mount Vernon is a city --
12 it's -- as the former Senator can attest to,
13 there's a lot of pride and a lot of great
14 things that can be done, but we need to make
15 sure that these zombie properties are taken
16 care of. Can you explain what your role may
17 be in that?

18 EX. DEP. COMMISSIONER VISNAUSKAS:
19 Yeah, I'd be happy to. It's an issue that's
20 of great concern to us, and we're very
21 focused on it. We have a couple of
22 programmatic responses which I'll talk
23 through, and we would also be happy to come
24 sit in Mount Vernon and talk specifically

1 about the issues more locally there.

2 SENATOR BAILEY: We'd greatly
3 appreciate that.

4 EX. DEP. COMMISSIONER VISNAUSKAS: We
5 have -- last year we launched a pilot called
6 the Neighborhood Revitalization Program that
7 provides subsidy to homeowners who will buy
8 zombie homes, along with our SONYMA homebuyer
9 programs. So it's sort of capital money to
10 do repairs for folks who will buy zombie
11 homes, you know, where the economics don't
12 make sense of buying and you need that extra
13 money to make sure it's -- to bring it back
14 into habitability.

15 We also last year were thrilled to
16 have legislation passed for the Community
17 Revitalization Fund, which is a subsidiary of
18 SONYMA. And we are using that to buy both
19 defaulted notes that entities like HUD, FHA,
20 Fannie Mae, Freddie Mac hold in the State of
21 New York and do both modifications -- so it's
22 people sort of in homes who are maybe subject
23 to foreclosure, to keep them stable -- as
24 well as homes that may be vacant.

1 It's a longer process to work with
2 those entities to buy notes. We are working
3 very feverishly to have something completed
4 within the next couple of months that we
5 would be happy to talk about that. But we
6 are -- we'd be happy to talk more about that.
7 But we are working, as I said, very
8 diligently to try and address this issue.

9 We have several -- we have, in
10 addition, a pool of nonprofits around the
11 state. We work with the land banks, we work
12 with folks around foreclosure prevention. We
13 have several counseling programs that we get
14 funding from HUD to provide to keep people in
15 their homes to prevent sort of the stem --
16 the growth of zombies.

17 So we would be happy to sit down and
18 talk to you about both what we do and what
19 you think we could do more.

20 SENATOR BAILEY: I would welcome the
21 opportunity.

22 And concerning, again, TPU, I just
23 wanted to I guess make a blanket statement
24 that it is doing great work. And I've been

1 made aware that you've recovered over 6,000
2 rental units in my district. And I think it
3 would be helpful, if the other members have
4 not received that data, for you to
5 disseminate that information to each member
6 so that we know exactly what you are doing
7 concerning TPU in our respective districts.

8 EX. DEP. COMMISSIONER VISNAUSKAS:
9 Absolutely.

10 SENATOR BAILEY: Thank you.

11 Thank you, Madam Chair.

12 CHAIRWOMAN YOUNG: Thank you.

13 People think of Mitchell-Lama as a
14 New York City-only program, but as you know,
15 it's a statewide program. And I think
16 there's supposed to be an annual report. I
17 haven't seen it. Do you know if it's been
18 issued?

19 EX. DEP. COMMISSIONER VISNAUSKAS: I
20 don't know, but we can certainly check and
21 get back to you.

22 CHAIRWOMAN YOUNG: If you can get to
23 us in the Senate a report detailing the
24 individual projects funded under

1 Mitchell-Lama and also detail on, you know,
2 how these projects were financed, the
3 associated costs, including state and federal
4 resources that were invested. Because as you
5 know, if you'd put together a package on it,
6 that would be really helpful.

7 Sorry to keep bogging you down with
8 all these.

9 I was going to ask about bond
10 allocations, but I think I'll skip that. But
11 I do want to ask about Rural and Urban
12 Community Investment Fund. And I was
13 wondering if you could give us a brief
14 update on funding and awards provided by the
15 program.

16 EX. DEP. COMMISSIONER VISNAUSKAS:

17 Sure. We have a very nice active pipeline of
18 projects that have come in. We have
19 exhausted our allocation, I believe, for this
20 current year, and are -- as soon as we get
21 our budget, we'll release an RFP for the
22 next -- I believe it's \$36 million that's
23 still in the House New York funding that we
24 had a couple of years ago for that program.

1 And so I'd be happy to sit down with
2 you and go through the projects specifically
3 that we funded with that. But suffice to say
4 we have awarded the funds that we have, and
5 it's a great program. Folks around the state
6 are really excited about it, and we have a
7 nice pipeline.

8 CHAIRWOMAN YOUNG: I'd love to get
9 together with you and the Finance and the
10 Housing staff to talk about that.

11 Now, in the Governor's proposal he has
12 additional funding, \$36 million through the
13 MIF, through the Mortgage Insurance Fund, and
14 \$45 million in capital appropriations. And
15 how do you see this funding adding to the
16 affordable housing stock statewide?

17 EX. DEP. COMMISSIONER VISNAUSKAS:
18 Those two funds are specific for something,
19 the 36 and the 45. That's for the Community
20 Investment Fund, or that's a different --

21 CHAIRWOMAN YOUNG: It's through the
22 Community Investment Fund, I believe.

23 EX. DEP. COMMISSIONER VISNAUSKAS: I'm
24 sorry, just ask your question again so I make

1 sure I answer it right?

2 CHAIRWOMAN YOUNG: So you're
3 looking -- how do you think this will be
4 distributed statewide?

5 EX. DEP. COMMISSIONER VISNAUSKAS:
6 Well, certainly through the Community
7 Investment Fund we will hold to the 60/40
8 split of urban and rural, if that's what you
9 were asking, absolutely.

10 CHAIRWOMAN YOUNG: And do you -- are
11 there any impediments in getting the funding
12 out? Is there anything that we need to do
13 differently to make sure it --

14 EX. DEP. COMMISSIONER VISNAUSKAS: I
15 can check with the program staff, but I
16 generally think that's a program that folks,
17 you know, feel is very easy to access and
18 use.

19 CHAIRWOMAN YOUNG: Okay, thank you.
20 That would be great.

21 The Governor also proposes \$5 million
22 for the Recent Graduate Homeownership
23 Program, which sounds intriguing to me. But
24 can you provide any additional information

1 about it?

2 EX. DEP. COMMISSIONER VISNAUSKAS:

3 Sure. So we are using the -- our SONYMA
4 platform again to provide a deeper interest
5 rate to recent graduates to stay upstate,
6 specifically in upstate towns, to try to give
7 people the option to achieve homeownership at
8 a lower rate and in sort of our various
9 important upstate communities. So we just
10 launched this recently, so we don't have any
11 numbers on the uptake yet, but we look
12 forward to it being a robust program.

13 CHAIRWOMAN YOUNG: I think it's a
14 great idea, because you know our biggest
15 export out of upstate are our young people,
16 and they feel like they don't have a future
17 in New York. So I think this is a wonderful
18 idea. And so any more information you have
19 about it would be great, on top of what you
20 just explained.

21 Finally, on the MIF, there's a
22 year-to-year decrease in the MIF allocation.
23 What has caused the decrease?

24 EX. DEP. COMMISSIONER VISNAUSKAS: We

1 had a slight decrease this year where -- the
2 number, I believe, is 141 million and change.
3 The reason for the difference I think is
4 probably a question better answered by the
5 Department of Budget. I don't think we know
6 the --

7 CHAIRWOMAN YOUNG: Do you know,
8 however, if there's an impact to the fund's
9 risk-to-credit ratio?

10 EX. DEP. COMMISSIONER VISNAUSKAS: No,
11 we feel very comfortable at the moment that
12 the -- the amount that came out of the MIF
13 this year is somewhat consistent with
14 previous years. You know, it's a little bit
15 off, but we feel that that amount maintains
16 the creditworthiness and accessibility of the
17 MIF.

18 CHAIRWOMAN YOUNG: Okay, thank you.
19 Senator Krueger.

20 SENATOR KRUEGER: Ah, thank you.

21 So much -- so much territory. In
22 2014, the State Comptroller did an audit of
23 the administration of tenant complaints by
24 HCR, and he made a series of recommendations.

1 You wrote a response -- well, not you,
2 actually, excuse me. It was the prior
3 commissioner. You weren't there yet, right?

4 COMMISSIONER RUBIN: No.

5 SENATOR KRUEGER: Okay. But the
6 response, specific to the enormous concerns
7 about time frame for getting cases resolved,
8 I think really circled around the problems of
9 inadequate computers, which is in fact what
10 you wrote -- your agency wrote, neither the
11 outgoing commissioner nor the incoming
12 commissioner, previous -- let's see, saying
13 that we have enormous problems because our
14 computer is a legacy mainframe system and a
15 plan for a much better system in place to
16 ensure compliance -- I'm not reading the
17 whole letter -- the design, build and
18 implementation of the new system will start
19 in September 2014 and be completed by
20 February 2015.

21 But we're subject to state
22 appropriations. So how is that new system
23 working for you?

24 EX. DEP. COMMISSIONER VISNAUSKAS:

1 It's not here yet, but I'm happy to say --
2 well, I can't deliver on those dates. We
3 have signed the contract with the consultant
4 who is doing the modernization, so it is
5 underway and will be completed I believe by
6 the end of this year.

7 And we have also made great strides --

8 SENATOR KRUEGER: The computerization
9 will be completed this year?

10 EX. DEP. COMMISSIONER VISNAUSKAS: We
11 are in contract with the consultant who's
12 doing the modernization of our existing
13 system, which is both the internal processing
14 and also the external facing system. So that
15 is underway. The consultant has been
16 engaged, and the work has started.

17 So we're thrilled about that. Albeit
18 late, it is happening.

19 We have also made great strides in the
20 last year at getting our processing times
21 down. I can certainly follow up with more
22 specifics, but for some of our processes that
23 we're having over sort of a 12-month timeline
24 to get resolved, many of those are now under

1 six months, and some even at four months
2 turnaround.

3 So again, I'm happy to -- I'm sort of
4 new to this area, so I don't have the stuff
5 in my brain, but I'm happy to go through it
6 with you on sort of where we've made
7 improvements. But we, under Jamie's
8 leadership, have done an enormous amount this
9 last year to get those times down.

10 SENATOR KRUEGER: And outgoing
11 Commissioner Rubin, your new title is?

12 COMMISSIONER RUBIN: State director of
13 operations.

14 SENATOR KRUEGER: So as state director
15 of operations, can you do everything possible
16 to ensure that there's no more delays in the
17 critical role of computerization for the
18 agency you're leaving?

19 COMMISSIONER RUBIN: I can try, but
20 I'm told the new commissioner is
21 extraordinarily difficult to work with.

22 (Laughter.)

23 SENATOR KRUEGER: I mean, you know,
24 we're laughing, but this was a discussion I

1 had, I believe with Governor Cuomo upon his
2 inauguration, and my frustration with wanting
3 the agency to have the tools it needed to
4 have to do the work it needed to do on behalf
5 of people all over the State of New York.
6 And he had committed at that time that he
7 knew of this, he was a housing expert
8 himself, and this was a top priority for his
9 administration.

10 So now in 2017, I am literally begging
11 you, do something to get this done.

12 COMMISSIONER RUBIN: You don't need to
13 beg. Senator, I share your frustration. So
14 when I showed up two years ago, one of the
15 first visits that I made was out to Queens,
16 where, as you know, the ORA is located. And
17 I'm happy to tell you, by the way, that
18 RuthAnne went out there this week before she
19 even took office. So the continuity of focus
20 on that area is not -- is going to be
21 maintained and I think accelerated. And it
22 is a terrific thing that we actually have
23 this modernization effort up and running.

24 I will say that it was, at the agency

1 level, the modernization effort was ready to
2 be started a couple of years ago. You have
3 the letter, obviously, from my predecessor
4 Mr. Towns, but at the time, you know, what he
5 wrote in that letter he thought to be
6 accurate. And there was work being done to
7 prepare -- you know, obviously, it's a large
8 contract with an RFP, it has to be bid on a
9 competitive basis, for all the reasons that
10 you would expect.

11 And the agency was ready to go, and
12 there were some external factors that
13 intervened, among them, you know, the
14 Comptroller, with whom we have a very good
15 working relationship, but reviewed the
16 contract -- at one point reviewed the RFP and
17 found it to be lacking, for reasons that we
18 completely disagreed with. We pointed out to
19 them the -- I did -- the irony of the fact
20 that they were -- they had done the audit and
21 now were holding up the process by which we
22 would remedy the problems that they
23 identified in the audit. And they did move
24 ahead and gave us the ability to go forward,

1 but it did put a substantial timeline --
2 substantially extended the timeline with
3 which we were able to operate and fix the
4 problems that you're focusing on.

5 Again, we have a very good
6 relationship with the Comptroller's office,
7 but it was just a -- you know, for whatever
8 reason, it just didn't -- there was not a
9 meeting of minds at that point, which creates
10 an issue.

11 SENATOR KRUEGER: So an uninvited,
12 perhaps, suggestion.

13 COMMISSIONER RUBIN: Sure.

14 SENATOR KRUEGER: Yesterday Dennis
15 Rosen, the Medicaid inspector general,
16 testified before whoever of us was here
17 yesterday. And many of us had worked with
18 him when he took over the SLA for the state
19 before that. He's very good at evaluating
20 and improving systems quickly, and he always
21 impresses everyone with what he can
22 accomplish by looking at an agency that's
23 defined as having problems and getting
24 systems in place to both, A, solve problems

1 more efficiently and, B, avoid them in the
2 first place.

3 So I'm not really being facetious when
4 I suggest -- I'm sure there's other talented
5 people in state government who could come in
6 and help. But I would ask you to go ask him
7 to take a look --

8 COMMISSIONER RUBIN: That's a great
9 suggestion. I appreciate it.

10 SENATOR KRUEGER: -- because he's
11 actually just a damn good administrator.

12 You like him also, Cathy Young, don't
13 you? I saw --

14 CHAIRWOMAN YOUNG: Of course I do.

15 SENATOR KRUEGER: Of course you do.
16 Exactly.

17 COMMISSIONER RUBIN: It's a great
18 suggestion, thank you.

19 SENATOR KRUEGER: All right, thank
20 you.

21 Rent control. A small number of
22 people every year, year in, year out, we
23 raise their rents 7.5 percent, even though
24 they come and they beg you to use your

1 authority within the agency to evaluate the
2 realities of expenses and costs, just like is
3 done for rent-regulated apartments. And in
4 the rent-regulated system, year in, year out,
5 I've seen high years, I've seen low years.
6 I've seen everybody argue on both sides about
7 it. But I've never seen a year where it was
8 over 4 percent, even in the worst-case
9 scenarios. In the last couple of years, it's
10 been zero or 1 percent.

11 Could someone please reevaluate why
12 the hell it's 7.5 percent for these elderly
13 poor people in their rent-controlled
14 apartments? And it is within your authority
15 to do something about it.

16 EX. DEP. COMMISSIONER VISNAUSKAS: I'd
17 be happy to. As you know, I'm new -- this
18 area of the agency is new to me, so I'm -- I
19 just started this past week sort of jumping
20 in and learning the ins and outs. But I'm
21 happy to put my effort towards that and also
22 come back and sit with you and talk about it.

23 SENATOR KRUEGER: And I have 15 years
24 worth of testimony before you every year, if

1 you'd like, to just resend.

2 EX. DEP. COMMISSIONER VISNAUSKAS:

3 Fair enough. Okay.

4 SENATOR KRUEGER: All right?

5 Senior housing. My colleague Cathy
6 Young asked some questions about senior
7 housing. And in the City of New York, I
8 think we define our waitlist for low-income
9 senior housing at 200,000 people. I tell
10 people when they hit middle age to apply,
11 because maybe by the time they're a senior
12 senior, something might come up.

13 She asked you the one question about
14 the specialized program within the state
15 budget proposal for capital money for senior
16 housing, and I just want to reiterate I agree
17 with her. We need to make sure we're
18 defining the evaluation for that application
19 process as really matching the models that we
20 know work in the population in need. And
21 it's a statewide issue.

22 Are you fans of the Section 8 program,
23 from your housing evaluation? I mean, you
24 don't have anything technically to do with

1 it, but you know what it is.

2 EX. DEP. COMMISSIONER VISNAUSKAS: Of
3 course, yes. And we -- and we oversee a
4 large Section 8 program --

5 SENATOR KRUEGER: Oh, you do, outside
6 of New York City. Excuse me. So sorry.

7 EX. DEP. COMMISSIONER VISNAUSKAS:
8 Yes, absolutely. So, I mean, Section 8 is a
9 critical resource for very low income
10 individuals now.

11 SENATOR KRUEGER: So the City of
12 New York has actually proposed to have a
13 Section 8 supplemental program that they have
14 one plan to fund, which may or may not get
15 through the budget process. But it would
16 create a Section 8 specifically for 25,000
17 low-income seniors in the city, paid for by
18 the city. Have you had a chance to evaluate
19 that proposal?

20 EX. DEP. COMMISSIONER VISNAUSKAS: I
21 have not. I just saw it came out in the last
22 couple of days, but I haven't seen specifics
23 on it other than what I saw on the news.

24 SENATOR KRUEGER: I'd appreciate,

1 actually, getting a response back. Because
2 it seems to me it's sort of exactly the kind
3 of program we ought to be looking into, even
4 be looking at beyond New York City and even
5 within the confines of what the state could
6 do.

7 It's money that subsidizes rent to
8 help senior citizens stay in their home,
9 which -- and I think we all know one of the
10 most tragic situations is a senior citizen
11 being evicted. And frankly, at least in the
12 City of New York, if they lose wherever
13 they're living, you're not going to find them
14 an apartment that's affordable. And again,
15 they're not going to live long enough to get
16 through that waiting list of 200,000.

17 So I actually think the concept of a
18 state and/or city Section 8 program for
19 elderly poor people at risk of losing their
20 homes is a fabulous idea, and I would urge
21 the state to consider exploring it within
22 your budget proposals as well.

23 Thank you.

24 COMMISSIONER RUBIN: Thank you,

1 Senator.

2 EX. DEP. COMMISSIONER VISNAUSKAS:

3 Thank you.

4 CHAIRMAN FARRELL: Thank you.

5 CHAIRWOMAN YOUNG: Thank you. I think
6 if we could get the tenant rent increase
7 exemption program passed, that would help
8 needy people, because it's a rent freeze
9 program.

10 But I think we're done on our side.

11 CHAIRMAN FARRELL: Are they? I'm just
12 going to let the young lady ask a question
13 down at the end, Ms. Niou. To close.

14 ASSEMBLYWOMAN NIOU: Thank you so
15 much.

16 It was just kind of a follow-up to
17 some of the other questions that you've
18 gotten. Thank you so much for taking the
19 time to answer all of our questions.

20 I know that NYCHA has been raised
21 several times in this hearing, but I just
22 wanted to echo concerns made by my colleagues
23 regarding the state's role with NYCHA. You
24 know, I represent thousands of public housing

1 residents on the Lower East Side, and it is
2 critical that state funding be allocated.
3 And it is also, you know, very critical that
4 we allocate much more of it, and quickly.

5 NYCHA is in dire need of repairs and
6 security upgrades. And I urge HCR to really
7 think about how to move current and future
8 state funds for NYCHA as quickly as possible.
9 I know that this is especially relevant,
10 given the Assembly's push right now to
11 include about \$500 million in this year's
12 budget.

13 As many of my colleagues have stated,
14 it is critical that we as legislators are
15 able to push for NYCHA funds at the state
16 level, knowing that they'll be spent
17 efficiently, of course. But at the same
18 time, you know, one of the biggest questions
19 that we've been facing right now is whether
20 or not things will move quickly. Because as
21 you know, DASNY has been holding up the funds
22 for a number of reasons. And you know, we've
23 gotten different answers for different
24 questions. And, you know, we have been

1 pushing and pushing and pushing for a release
2 for some of this funding.

3 But, you know, also we need larger
4 amounts if we're able to -- you know, the
5 biggest pushback has been that, you know,
6 maybe we're not giving enough funds to DASNY
7 for certain projects. And we heard that from
8 the Governor at the breakfast that we had
9 with him.

10 And so, you know, how do we remedy
11 that unless we get more funding for them?

12 COMMISSIONER RUBIN: So,
13 Assemblywoman, I agree with you that the need
14 for urgency -- as we've talked about,
15 everybody recognizes the need for funding for
16 NYCHA. I was at that breakfast with you, I
17 heard his commitment, and I know that there
18 is a process in place to accelerate that
19 funding. And I will be monitoring it.

20 ASSEMBLYWOMAN NIOU: Okay.

21 And then, you know, one more just
22 quick thing. Between 2013 and 2015, about
23 359,000 people were evicted from
24 rent-stabilized apartments. This has surely

1 contributed to the homelessness crisis. You
2 know, it's costing the state a lot of money,
3 and how can we strengthen rent stabilization
4 as a whole in order to stand up for tenants
5 and, you know, help the homelessness crisis
6 and also end evictions in New York?

7 EX. DEP. COMMISSIONER VISNAUSKAS:

8 Well, you know, as you know, that process
9 sort comes up through this legislative body
10 every couple of years, and I think we have
11 maybe two or three more years until that
12 comes back up again.

13 But I think in the intervening time,
14 we'd be happy to sit down with you and think
15 about whether you think there's ways just
16 sort of internally on our side, on sort of an
17 administrative side, whether there's things
18 we can be doing outside of that process.
19 We'd be happy to talk through that.

20 ASSEMBLYWOMAN NIOU: So I hope that I
21 can get your commitment to work with you on
22 that.

23 EX. DEP. COMMISSIONER VISNAUSKAS:

24 Absolutely.

1 ASSEMBLYWOMAN NIOU: Thank you so
2 much.

3 CHAIRMAN FARRELL: Thank you. Thank
4 you very much.

5 CHAIRWOMAN YOUNG: Thank you.

6 COMMISSIONER RUBIN: Thank you.

7 EX. DEP. COMMISSIONER VISNAUSKAS:
8 Thank you.

9 CHAIRWOMAN YOUNG: Again,
10 congratulations. And we'll be talking.

11 COMMISSIONER RUBIN: Thank you so
12 much.

13 EX. DEP. COMMISSIONER VISNAUSKAS:
14 Thank you. Have a good day.

15 SENATOR KRUEGER: You too.

16 CHAIRMAN FARRELL: Duncan Barrett,
17 executive board member, New York State
18 Association for Affordable Housing.

19 CHAIRWOMAN YOUNG: If we could have
20 some order, please. If you have
21 conversations, please take those outside.

22 It's great to see you, Mr. Barrett.
23 We appreciate your participation today. As
24 soon as we have some order, we can begin.

1 Okay. We look forward to your
2 testimony.

3 MR. BARRETT: Thank you, Chairwoman
4 Young, Chairman Cymbrowitz, and members of
5 the Joint Legislative Budget Committee for
6 this opportunity to participate in today's
7 hearing on the '17-'18 New York State housing
8 budget.

9 My name is Duncan Barrett. I'm the
10 president of Beacon Communities Development
11 in New York and the past president of the
12 New York State Association for Affordable
13 Housing. NYSAFAH's 375 members include
14 not-for-profit and for-profit developers,
15 lenders, investors, attorneys, and architects
16 and others active in the financing and
17 construction and operation of affordable
18 housing across New York State. Together,
19 NYSAFAH's members are responsible for most of
20 the housing built in New York State with
21 federal, state, and local subsidies and
22 incentives.

23 Out of respect for the speakers to
24 follow me, I will try to be brief and just

1 hit a few points. You have our written
2 testimony.

3 We are very proud at NYSAFAH to be a
4 part of a coalition of prominent housing
5 organizations that have worked together to
6 pursue a greater commitment on the part of
7 the government. And we're thankful to you,
8 the Legislature, and the Governor for the
9 evidence of that commitment with the proposed
10 '17-'18 budget.

11 Like Chairman Farrell, I was around at
12 the beginning of the Neighborhood
13 Preservation Program and remember he and his
14 staff's great work to bring that program to
15 fruition. And that was foundational,
16 Chairman Farrell, in my career. So thank you
17 for that.

18 You all know that New York has a
19 housing crisis, a crisis of affordability.
20 Over 300 million households -- not people,
21 households -- are rent-burdened across the
22 state, and half of those, a million and a
23 half households, pay a staggering 50 percent
24 or more of their income for housing. On any

1 given night, more than 80,000 people in
2 New York are homeless in New York State, and
3 many of those are children.

4 I am impressed with the thoroughness
5 with which you've conducted this hearing, and
6 I appreciate very clearly your commitment to
7 affordable housing. So I don't think I'm
8 telling you anything that you don't already
9 know, and I won't waste your time repeating
10 platitudes.

11 This crisis is not only limited to
12 very-low- and low-income New Yorkers but now,
13 as we've said earlier, extends to
14 middle-income families as well. So the new
15 programs that are proposed for the
16 \$2.5 billion address multiple needs, and it's
17 important that each of these needs -- from
18 middle-income housing to senior housing,
19 importantly, supportive housing, multifamily
20 housing preservation, the CIF, and the RAD
21 program -- are all funded, and we are
22 encouraging you to do that.

23 We want you to know this from the
24 industry's point of view, the housing

1 development industry's point of view, that
2 NYSAFAH and its members of the housing
3 coalition are ready to build and rehabilitate
4 the needed housing to the extent that the
5 public subsidies that we are discussing are
6 available.

7 I know that there is a capacity issue
8 that you've raised underlying several of the
9 questions that were put forth to the agency
10 staff earlier. This state has an admirable
11 and unique track record as a leader of the
12 affordable housing industry for over six
13 generations -- over six decades, excuse me,
14 not six generations -- and we have the
15 capacity to perform. And the resources that
16 you are envisioning and discussing will make
17 that performance possible.

18 I also want to address one other
19 issue. There was a question earlier of the
20 commissioner about the need for
21 multiyear commitments, and I can tell you
22 from my personal experience -- and I've
23 developed over 6,000 units of affordable
24 housing in the 40-plus years I've been doing

1 this -- these projects take years to put
2 together, and that's not just true in the
3 City of New York, it's true in upstate as
4 well. So multiyear commitments on the part
5 of the Legislature and the Executive will
6 actually lead to more cost-efficiencies and
7 more efficient production.

8 We often work two or three years on a
9 project before we're even in a position to
10 apply for funding, so that extended
11 commitment is necessary.

12 And my last point, besides to thank
13 you again for your commitment to affordable
14 housing in this state, is to point out that
15 housing authorities across the state are
16 broken. It is not just the City of New York,
17 although the City of New York's is the most
18 significant housing authority in the state,
19 but our company is partners with six separate
20 housing authorities, from Rockville Center to
21 Rome, and we've worked through the
22 re-creation of close to 1,000 units of public
23 housing in upstate New York. Upstate housing
24 authorities are in dire straits as well.

1 Public housing in this whole country is
2 broken.

3 As the commissioner, the outgoing and
4 the incoming commissioners said earlier, we
5 really need to look at ways to recreate
6 public housing and reinvent public housing,
7 and New York should be the leader in that
8 reinvention. The RAD program is an important
9 component, but it's not the only tool. And
10 just putting money into the broken system is
11 not going to actually yield long-term
12 benefits.

13 Thank you.

14 CHAIRWOMAN YOUNG: Thank you, Duncan.

15 And just to remind you, thank you for
16 summarizing. But your written testimony
17 becomes part of the permanent record, and we
18 do refer to that during budget negotiations
19 and the whole process.

20 But I want to sincerely thank you and
21 your members for everything that you do to
22 develop affordable housing in the state.
23 It's just such a crucial mission, so thank
24 you.

1 MR. BARRETT: It's our joy and our
2 mission. Thank you, Senator.

3 CHAIRWOMAN YOUNG: Thank you.

4 CHAIRMAN FARRELL: Thank you.

5 Questions?

6 Have a good day.

7 MR. BARRETT: Thank you.

8 CHAIRMAN FARRELL: Paul Gilbert --
9 Paula Gilbert, executive director,
10 Neighborhood Preservation Coalition of
11 New York State. And they also have Cara Long
12 Corra, outreach manager.

13 MS. GILBERT: I was going to introduce
14 her, but that's okay.

15 Good afternoon, I'm Paula Gilbert --

16 CHAIRMAN FARRELL: I'm a slow reader,
17 you know.

18 MS. GILBERT: -- and I'm joined by
19 Cara Long Corra, and we represent the
20 Neighborhood Preservation Coalition of
21 New York State.

22 Before we begin, we'd like to thank
23 Chairman Farrell, Chairwoman Young, Chairman
24 Cymbrowitz, as well as the members of the

1 Senate Finance and Assembly Ways and Means
2 Committees and the Senate and Assembly
3 Housing Committees, and the distinguished
4 members of the Legislature for this
5 opportunity to present testimony on behalf of
6 the Neighborhood Preservation Coalition and
7 its membership of over 150 MPCs, LDCs, and
8 CHDOs.

9 MS. LONG CORRA: Okay. So a lot has
10 been said about the affordability crisis that
11 we have in New York State, and we certainly
12 don't dispute that. But there's also a
13 crisis of access. And so providing funding
14 for programs such as the N/RPP, Main Street,
15 Low Income Housing Trust Fund, AHC, HOPE
16 RESTORE, Access to Home and others,
17 represents an effective and efficient
18 investment in our state, as the appropriated
19 dollars help not only to answer unmet housing
20 needs but also to spur economic development.

21 So we're happy to see that the
22 NPP-proposed funding for in the Executive
23 Budget has remained consistent with last
24 year, and that's \$8,479,000 from the excess

1 reserves of the MIF. And we're thankful that
2 JPMorgan Chase settlement funds are included
3 in the proposed budget to support the
4 activities of our preservation companies.

5 Last year, however, there was a
6 legislative add -- which we'd like to again
7 say thank you for -- and we'd like to see
8 that add again this year if possible. The
9 preservation companies have a critical need
10 for stable funding as even small reductions
11 affect and reduce their ability to deliver
12 services and programs.

13 So those of you on Senate and Assembly
14 Housing Committees and members with NPCs
15 located in their districts have already heard
16 from us this year and have an idea of what
17 housing programs and policies we believe are
18 critical to help revitalize our communities
19 and maximize economic growth in the state.
20 Neighborhood Preservation Program funding
21 helps to support a wide range of services
22 that articulate solutions to our most
23 critical housing challenges, from repair and
24 rehabilitation to affordable housing

1 development to tenant advocacy and
2 landlord-tenant mediation, Main Street
3 revitalization, and beyond -- our
4 preservation companies do all of that.

5 Right now, however, many of our
6 neighborhoods and communities are under
7 threat. Residents can't afford their housing
8 costs, and as such their connection to
9 community economic development efforts is
10 strained. If we are to agree that the road
11 to economic prosperity begins in our
12 neighborhoods, then we must ensure that
13 preservation companies have the resources
14 they need to expand this prosperity in their
15 respective communities. We must ensure they
16 have adequate and stable funding that allows
17 them to continue to revitalize our
18 Main Streets, house our families, employ the
19 disconnected, and protect the vulnerable,
20 including children and frail seniors.

21 To demonstrate the power of the
22 network, we're going to share some brief NPC
23 success highlights with you. In Buffalo, our
24 NPCs are working to revitalize downtown

1 neighborhoods by aiding in commercial
2 revitalization and reducing surrounding
3 vacancy and blight. In Rochester, they are
4 expanding access to healthy food while
5 supporting local farmers and their local
6 economy. In Brooklyn, NPCs are creating jobs
7 for low-income women and helping individuals
8 and families create and maintain economic
9 self sufficiency. And all of our NPCs, all
10 143, are working to expand housing
11 opportunities for low- and moderate-income
12 residents of our state.

13 So there's no shortage of examples
14 from every corner of the state that
15 demonstrate the ability of preservation
16 companies to create more vibrant and livable
17 communities.

18 I'm going to turn it back over to my
19 colleague Paula, who's going to talk more
20 specifically about our budget concerns.

21 MS. GILBERT: Thanks, Cara.

22 We are pleased that the Executive
23 Budget includes a \$10 million increase for
24 the Housing Trust Fund and keeps funding

1 stable for the Main Street program. However,
2 we believe that programs like AHC, Access to
3 Home, and HOPE RESTORE must be funded at
4 higher levels. These programs are well
5 subscribed and successful vehicles for
6 expanding and preserving home ownership and
7 home ownership opportunities in New York.

8 This year the coalition is asking for
9 a \$10 million increase to AHC, a \$4 million
10 increase to Access to Home, and a \$1 million
11 increase for HOPE RESTORE. As we have the
12 second-lowest homeownership rate in the
13 nation, we must do more to help create and
14 support sustainable home ownership, and these
15 programs are designed to do that.

16 The 2017-'18 budget also contains a
17 proposed increase to the Rural and Urban
18 Community Investment Fund of \$1 million over
19 what was proposed but not enacted last year.
20 The CIF is designed to empower locally based
21 nonprofits to address the specific needs of
22 their communities. The most recent award
23 information available for the year 2015 shows
24 that 10 awards, totaling \$10 million, remain.

1 Only one project of under 25 units was funded
2 through the CIF, and nine out of 10 awards
3 also received low-income housing tax credits
4 and eight received Housing Trust Fund awards.

5 Larger developers therefore have these
6 programs as vehicles to help leverage CIF
7 funding, but there's no such vehicle for
8 smaller nonprofit community-based developers.
9 As such, we respectfully request that the
10 Legislature consider making a suballocation
11 of \$9 million to the Office of Community
12 Renewal to ensure that nonprofit,
13 community-driven developers can be
14 competitive within the CIF program now and
15 into the future.

16 Our coalition believes it's imperative
17 for New York State to make strategic
18 investments in our state's housing. Access
19 to stable, safe, affordable housing improves
20 the health of our residents and our
21 communities. It boosts educational outcomes
22 for our children, and it helps spur economic
23 growth. Affordable housing therefore acts as
24 a vaccine in our communities, helping to

1 prevent larger problems that threaten our
2 livelihood and well-being.

3 In business, conventional wisdom says
4 that you should invest resources in current
5 clients because keeping them is invaluable to
6 your success. We believe that this wisdom
7 translates, and that New York State must make
8 strategic investments in housing for its
9 residents because it is crucial to their and
10 to our success.

11 N/RPCs are in a unique position to
12 help the state target these investments in
13 areas where they're most needed and in ways
14 that will help maximize the investments. We
15 must make sure that we are funding the right
16 programs at the right levels.

17 Thank you. Questions?

18 CHAIRMAN FARRELL: Thank you.

19 Questions? Mr. Mosley.

20 ASSEMBLYMAN MOSLEY: Thank you,
21 Mr. Chair.

22 Thank you, ladies, for your testimony.

23 I know that Senator Young had brought
24 up questions about the Recent Graduate Home

1 Buyer Program. Do you think that's a program
2 that's going in the right direction,
3 particularly in our non-downstate region
4 where we want to make sure that we keep the
5 intellectual property at home as opposed to
6 going elsewhere?

7 MS. LONG CORRA: I have to admit, I
8 had enormous difficulty hearing that.

9 ASSEMBLYMAN MOSLEY: Okay, I'm sorry.

10 MS. LONG CORRA: It came through
11 muffled.

12 ASSEMBLYMAN MOSLEY: Sorry.

13 The Recent Graduation Home Buyer
14 Program -- Senator Young had talked about it
15 recently, in the last testimony. Can you
16 give us your input in terms of that program
17 as it stands now and what improvement you
18 think should be added to it or be retracted
19 from it?

20 MS. LONG CORRA: I think we have a
21 great need to support existing homeowners and
22 then to work from there out in, say,
23 concentric circles to expand homeownership.

24 The most recent data that we saw was

1 that Gen-Xers and baby boomers are the ones
2 leaving the state due to issues, you know,
3 with high taxes and retirement and whatever.
4 And those houses may not be getting
5 purchased. So we want to do something to
6 keep them here and then generally encourage
7 more homeownership amongst younger people
8 where it has fallen off. So I think, you
9 know, there are many things we can look at
10 that would be strategic, but there has to be
11 a constellation of programs.

12 ASSEMBLYMAN MOSLEY: Okay. And then
13 the 421-a -- I know you didn't allude to this
14 in your testimony -- can you give me an
15 assessment as to your analysis as to the big
16 taxable giveaway we're giving in terms of
17 added taxable revenue we're going to lose as
18 a state and what you think, as advocates in
19 this industry? What can be done to improve
20 that program going forward? I know it's
21 called the Affordable New York Act, but I
22 don't think it's too affordable for anyone.

23 MS. GILBERT: So I'm the first one to
24 admit that I am no 421-a scholar.

1 MS. LONG CORRA: Or Affordable
2 New York, whichever --

3 MS. GILBERT: So I would say that it's
4 obviously very complex. And I think we need
5 to make sure that we're balancing the needs
6 of both, you know, tenants that clearly need
7 to have safe, affordable housing -- that
8 they're not going to be under a threat
9 constantly.

10 But I do believe that there are
11 probably -- we do need to consider the fact
12 that there probably needs to be some kind of
13 tax incentive to do that. Again, I'm not an
14 attorney, so I'm not 100 percent, you know,
15 sure --

16 MS. LONG CORRA: And many of our
17 groups aren't at that level. What they're
18 developing wouldn't be eligible, wouldn't
19 be -- formerly 421-a --

20 MS. GILBERT: Yeah, we have a lot of
21 different-sized NPCs, so some of our smaller
22 developers -- like, this is not going to be
23 an issue for them.

24 ASSEMBLYMAN MOSLEY: Thank you.

1 CHAIRMAN FARRELL: Questions from this
2 side?

3 CHAIRWOMAN YOUNG: Thank you for all
4 that you do.

5 CHAIRMAN FARRELL: Oh, no, one more.
6 Mr. Kavanagh.

7 ASSEMBLYMAN KAVANAGH: Yeah, I won't
8 take up much time. I just wanted to take a
9 moment to thank you for your testimony and
10 for the good work that so many of your member
11 organizations do.

12 I work very closely with the Cooper
13 Square Committee in the Lower East Side, and
14 the Lower East Side Coalition Housing
15 Development and MFY and other stuff. Just --
16 I've taken up a lot of time this morning, but
17 I just wanted to say thank you for your
18 testimony and for your advocacy for
19 continuing funding of these programs.

20 MS. GILBERT: I love to hear that.
21 Our groups do really, really good work with
22 not a lot of funding. It's pretty amazing
23 what they're doing across the state.

24 MS. LONG CORRA: And we're happy to

1 represent them.

2 MS. GILBERT: I hope all of you enjoy
3 the housing cards that you all received.

4 ASSEMBLYMAN KAVANAGH: I agree, so
5 thank you.

6 MS. GILBERT: Thank you so much.

7 CHAIRWOMAN YOUNG: Senator Krueger
8 does have one question.

9 SENATOR KRUEGER: You thought you'd
10 get away --

11 (Laughter.)

12 SENATOR KRUEGER: I got triggered.

13 MS. LONG CORRA: It's not the weekend
14 yet.

15 SENATOR KRUEGER: So at least for the
16 New York City groups, because the mayor has
17 just announced his plan to provide funding to
18 guarantee legal representation for everyone
19 in housing court, I'm curious how you think
20 that might impact both the kinds of work your
21 organizations are asked to do and, perhaps
22 more importantly, the impact on perhaps
23 helping to stabilize some communities where
24 there is actually enormous effort to evict

1 poor people.

2 MS. GILBERT: The mayor's step is a
3 step in the right direction. A lot of our
4 groups in the city have specific employees
5 that help people in housing court, and they
6 are constantly slammed. I mean, they have
7 hundreds of people that come in every single
8 day asking for help. I know even that a lot
9 of times even tenants who will call the
10 Assembly offices, they'll turn around and
11 say, Hey, I know somebody who can help you
12 with this.

13 I think that it's important that we
14 even the playing fields, so the idea that
15 there is legal representation for each tenant
16 that's going through an eviction proceeding
17 is super-important. But at the same time, we
18 have members that do this all the time that
19 aren't attorneys, that probably -- that are
20 pretty amazing at this, that they might
21 actually understand the laws more than I
22 guess another person would.

23 MS. LONG CORRA: And I would say legal
24 representation is of course important, it

1 reduces the number of evictions. And when
2 you look at -- evictions cost a lot of money.
3 And not just that they cost a lot of money,
4 they disrupt families. But we've also -- we
5 don't want to just put money on providing
6 legal services, we want to prevent the
7 conditions that force people into having to
8 have those services in the first place.

9 So yes, they need to be there right
10 now because those conditions exist. But we
11 need to look at ways where we can alleviate
12 those conditions. So we're not putting money
13 there, we're actually making investments in
14 the people to eliminate that problem. We
15 really want to see housing be on a prevention
16 agenda.

17 SENATOR KRUEGER: Right. So I would
18 urge you to sit down as a coalition with
19 members -- with the universe of people who
20 will have expanded funding for legal service,
21 and develop a new model of triage so that you
22 can use your limited resources not to try to
23 rush in to do paralegal representation --

24 MS. GILBERT: Right.

1 SENATOR KRUEGER: -- but to free up
2 your people to do the longer-term stability
3 preservation, which I think you are better
4 at.

5 And I speak from a little experience,
6 because prior to being a Senator I actually
7 ran a pretty big eviction prevention model
8 program under contract with the City of
9 New York, in five sites in two boroughs, and
10 that's what we did at the time. We were not
11 lawyers, but we did a model of triage with
12 Legal Aid/legal services so that people who
13 came to them who really needed lawyers got
14 lawyers; people who came to them and really
15 needed other kinds of services, perhaps more
16 like what you're doing, got sent to us, and
17 vice versa.

18 And it actually worked very
19 effectively, so that you were distributing
20 the best-needed resources the right way. But
21 it only works if you sit down and you work it
22 out.

23 MS. LONG CORRA: Yup.

24 MS. GILBERT: I agree.

1 SENATOR KRUEGER: So I hope that
2 that's what you do.

3 MS. LONG CORRA: Collaboration's the
4 way forward.

5 MS. GILBERT: Yup. Thank you.

6 SENATOR KRUEGER: Thank you.

7 CHAIRWOMAN YOUNG: Thank you for all
8 that you do.

9 CHAIRMAN FARRELL: Thank you.

10 MS. GILBERT: Thank you, Senator.

11 CHAIRMAN FARRELL: Supportive Housing
12 Network of New York, Maclain Berhaupt, state
13 advocacy director.

14 SENATOR KRUEGER: And yet it's not
15 Maclain.

16 MS. MASCUCH: It's not Maclain. We
17 are -- Maclain -- we're just hoping she gets
18 through the hearing without going into labor.

19 But thank you so much. Thank you,
20 Senator Young, Assemblymember Farrell. And
21 Assemblymember Cymbrowitz, nice to see you
22 again. Congratulations.

23 My name is Laura Mascuch, and I'm the
24 executive director of the Supportive Housing

1 Network of New York. We're a membership
2 organization of over 200 nonprofit
3 organizations that build and operate
4 supportive housing. We have over
5 50,000 units across the state, just a real
6 incredible investment.

7 I'm not going to read my testimony,
8 you have it in front of you, but just to hit
9 some highlights.

10 As you know, supportive housing is the
11 most cost-effective and humane way to
12 reintegrate homeless individuals and families
13 back into the community. Those individuals
14 and families have disabilities such as mental
15 illness, HIV/AIDS, substance abuse, and
16 they're leaving very expensive systems.
17 They're cycling in and out of shelter,
18 prisons, and emergency rooms. A recent study
19 by the New York City Department of Health and
20 Mental Hygiene showed us that once integrated
21 back into the community in supportive
22 housing, there was a net public savings of
23 \$10,100 per person per year. So that is
24 significant.

1 As we know, the statistics are fairly
2 staggering right now around homelessness. We
3 have roughly 83,000 men, women, and children
4 staying in shelters -- 70,000 of those are in
5 the City of New York, and another 13,000
6 outside of the city. That includes 24,000
7 children.

8 And really in response to this crisis,
9 and the fact that supportive housing
10 drastically slowed from the past long-term
11 support of housing commitments, the Governor
12 announced last year in the State of the State
13 speech that they would be creating
14 20,000 units of supportive housing over the
15 next 15 years, a really historic commitment.

16 The long-term supportive housing
17 program was part of the Governor's
18 \$20 billion, five-year affordable housing
19 plan to build 100,000 units of housing as
20 well as 6,000 units of supportive housing.

21 So unfortunately, I am here today to
22 once again talk about this commitment,
23 because we have not yet crossed the finish
24 line. Last year when the Governor proposed

1 his commitment, as you know, the
2 \$1.97 billion was appropriated but subject to
3 a memorandum of understanding. A year later,
4 homelessness is rising to record levels, and
5 there's an affordable housing crisis. And we
6 still don't have a signed MOU really
7 committing the long-term funding to
8 affordable and supportive housing.

9 At the very end of the legislative
10 session, \$150 million was appropriated, which
11 enabled us to get started on the first 1,200
12 units, which we were grateful for. But as
13 you know, supportive housing developers and
14 investors and the nonprofits need a long-term
15 financing commitment for future development.

16 In the past, the New York/New York
17 agreements in the city and the state
18 attracted investors because they diminished
19 the risk by providing that long-term
20 commitment up front. So a fully funded
21 five-year plan is critical to us moving
22 forward.

23 What we now need is the Governor and
24 the leaders of the Senate and the Assembly to

1 sign off on the MOU today. That's still a
2 possibility from last year's budget. But we
3 are happy to see that the funding has been
4 reappropriated in this year's budget, with
5 the additional \$526 million.

6 Homelessness among our most vulnerable
7 is a statewide problem, in both urban and
8 rural settings, and by working together we
9 create the housing the community needs for
10 this population. We urge your support.

11 Thank you so much for allowing me to
12 testify today.

13 CHAIRMAN FARRELL: Thank you.

14 Questions? Mr. Cymbrowitz.

15 ASSEMBLYMAN CYMBROWITZ: Laura, thank
16 you very much. Great seeing you again.

17 MS. MASCUCH: Good to see you.

18 ASSEMBLYMAN CYMBROWITZ: I wanted to
19 talk a little bit about the fact that the MOU
20 has dollars appropriated -- 6,000 units over
21 five years. Why does the Supportive Housing
22 Network feel it's important to have it spread
23 out over five years?

24 MS. MASCUCH: So I think, if I'm

1 understanding you -- so the five-year
2 commitment for the 6,000 units, that is your
3 question?

4 ASSEMBLYMAN CYMBROWITZ: Yeah. Why is
5 it important to do it over five years?

6 MS. MASCUCH: Right. So it's
7 important over five years because the
8 nonprofits in particular need the long-term
9 commitment to actually procure the sites. As
10 you well know, it takes two to four years to
11 develop supportive housing, and so the siting
12 and the procurement and the purchase of the
13 property as well as the development is
14 multiyear. And so really for the nonprofit
15 boards, they need to know, if they're
16 allowing their executive director to buy a
17 property, that there will be funding over
18 multiple years, so in case you've maybe just
19 missed this application process with the
20 state, you know there will be a next one, and
21 you can feel comfortable that that property
22 will be financed.

23 ASSEMBLYMAN CYMBROWITZ: Looking at
24 those that can live in the supportive

1 housing, and we've run across many -- and
2 what I see left out in the most recent RFP
3 are seniors who now are developing dementia
4 and Alzheimer's. As some of us get older,
5 that is something that we're finding more of.
6 Is that something that could be used using
7 the supportive housing model? Is that
8 something that we can expand to?

9 MS. MASCUCH: So currently --
10 actually, individuals over the age of 55 is a
11 growing population in the shelter system, and
12 they come with a lot of chronic needs. We
13 have probably, throughout the year, 7,000 to
14 10,000 seniors that cycle in and out of the
15 shelter system.

16 So they do come with a variety of
17 health and mental health needs, and our
18 supportive housing providers have become much
19 more adept at integrating housing and
20 healthcare to really support them. If
21 somebody was very sick with dementia,
22 supportive housing would probably not be the
23 appropriate place, because they might need
24 24-hour care.

1 CHAIRMAN FARRELL: Thank you.

2 Senator?

3 CHAIRWOMAN YOUNG: First of all, great
4 to see you. Thank you so much for everything
5 that you do.

6 And I just wanted to ask quickly about
7 a couple of things.

8 One of the issues that is really
9 important to me, but it's important to a lot
10 of people, is untreated mental illness. And
11 I know that you have served people -- and
12 that is a contributing factor to
13 homelessness. And as you pointed out,
14 homelessness is not just an urban problem,
15 it's a statewide problem. We have it in
16 rural areas also.

17 And the other issue that has really
18 emerged over the past several years -- and
19 it's always been there, but it's an exploding
20 crisis right now, as you know -- is the
21 opioid and heroin crisis. And we've passed
22 legislation, we've worked with -- the two
23 houses have worked together, we've worked
24 with the Governor, and we passed a really

1 comprehensive package last year. We'd like
2 to do more. But it's focusing on prevention,
3 treatment, recovery, and then the law
4 enforcement piece.

5 But where I see a real deficit is in
6 the recovery piece. Because you may be able
7 to get to treatment programs, not always, but
8 you -- oftentimes, you go back to the same
9 setting where you got addicted in the first
10 place. So it's kind of this vicious cycle,
11 and I think that's where supportive housing
12 could be very beneficial.

13 But when you look at the higher level
14 of need in supportive housing, it seems like
15 the model doesn't always work because people
16 may, in recovery or with mental illness, may
17 need a higher level. And we're trying to
18 establish a program for recovery in my
19 district, and we can't seem to pigeonhole it
20 where the funding works.

21 Have you run into that around the
22 state, where there's a level in between and
23 people are falling through the cracks and
24 there doesn't seem to be a good solution?

1 MS. MASCUCH: Right. I think one
2 thing that was positive in this being a
3 statewide agreement is that the state's plan
4 actually is addressing people that are at
5 risk of homelessness. And so prior to this,
6 we had very structured silos of definitions
7 that people had to fit into, and it was
8 difficult, but that recovery population was
9 included. And now that the state has kind of
10 opened it up to at-risk as well, then it
11 might be the answer to that population.

12 I mean, you're very, very correct that
13 they need the supports to maintain the
14 sobriety, and going back to the same persons,
15 places, and things is not going to give them
16 that support to really continue on the road
17 of recovery.

18 CHAIRWOMAN YOUNG: Thank you. I want
19 to continue to work together. There's a lot
20 of important things to do, so thank you.

21 MS. MASCUCH: Thank you. And thank
22 you for your support, Senator.

23 CHAIRWOMAN YOUNG: Senator Krueger.

24 SENATOR KRUEGER: Hi. So you were

1 here earlier when the HCR people were
2 testifying?

3 MS. MASCUCH: Yes.

4 SENATOR KRUEGER: So this is a
5 confusion for me. I agree, the MOU should
6 have been -- let me start again.

7 I don't like MOUs. I continue to
8 argue that's in violation of state budget
9 law, but we do them anyway. And the reason I
10 don't like them is because there's no
11 guarantee it's actually going to happen or
12 happen the way anyone thinks it should
13 happen. So on the one hand, I'm like, oh, a
14 little bit like I told you so.

15 But never mind that. We didn't get
16 the MOU signed. The Governor has now put the
17 money, line-itemed, into the new budget that
18 we're discussing today, plus an additional
19 \$500 million. This morning HCR talked about
20 that really there's a pipeline and some
21 amount of money started, and people are going
22 forward even though that MOU never got
23 signed, so it's not really a big deal if
24 we're a year later in the five-year

1 process -- that's sort of how I was hearing
2 them -- to get things rolling.

3 So what's true? I mean, are we not a
4 year behind where we needed to be? Are you
5 guys still rolling -- because you weren't
6 really going to be able to have shovel in the
7 ground, needing the money in the first four
8 months anyway, you know. I'm just curious.

9 MS. MASCUCH: Yeah. No --

10 SENATOR KRUEGER: Where's reality?
11 And are we going to get the full amount by
12 Year 5 if we're doing 2.5 billion in Year 2
13 and almost zero in Year 1?

14 That's two questions.

15 MS. MASCUCH: So absolutely, there's
16 repercussions. If we were only doing one
17 year of funding, then it's not going to be
18 the way that we can count on it over the next
19 five years in order to get it done.

20 And even now, the way that the ESSHI
21 RFP came out, it came out right on top of the
22 deadlines for the capital programs, and so a
23 number of groups were not able to move very
24 quickly because it was kind of a truncated

4 So with the end of New York/New York
5 III, we're really facing a cliff of no
6 development because we've had no new funding
7 committed, really, for the last three years.

12 SENATOR KRUEGER: And what was your
13 understanding of the five-year commitment for
14 6,000 units? Right, if you're not getting
15 Year 1 money until Year 2, are you under the
16 impression you're going to be able to still
17 meet the 6,000-unit target within five years
18 as long as we are putting the real money in
19 and giving it to you?

23 MS. MASCUCH: Right.

1 put a guarantee of X amount in in Years 2, 3,
2 4, 5 to get to that target?

3 MS. MASCUCH: Right. So about
4 \$1 billion of the 2.5 is for supportive
5 housing. And that is allocated over the five
6 years. And the additional money that they
7 added in, the 526, is actually for money that
8 was supposed to come in in 2020, so now it's
9 actually there.

10 So we feel fairly confident, if we can
11 just get this plan appropriated and going,
12 that we'll have the funding to actually build
13 the 6,000 units.

14 SENATOR KRUEGER: Okay. So we will
15 have been late to get started, but if we
16 could do it right we can still get to the
17 target we had all thought we'd gotten to.

18 MS. MASCUCH: Right. Correct.

19 SENATOR KRUEGER: Thank you.

20 MS. MASCUCH: Thank you.

21 CHAIRWOMAN YOUNG: Thank you.

22 CHAIRMAN FARRELL: Thank you.

23 Next, Enterprise Community Partners.

24 Judi Kende, vice president and New York

1 market leader.

2 MS. KENDE: Good afternoon. I want to
3 thank Chair Farrell, Chair Young, Chair
4 Little, and a special thank you and welcome
5 to the new housing committee chair,
6 Assemblymember Cymbrowitz. We are so excited
7 to work closely with you on affordable
8 housing issues in New York, and laud what
9 you've done to date.

10 My name is Judi Kende, and I lead
11 Enterprise New York. Enterprise is a
12 national nonprofit organization that makes
13 well-designed homes affordable for low- and
14 moderate-income people. Since the New York
15 office opened in 1987, we have built or
16 preserved more than 57,000 affordable homes
17 for 150,000 New Yorkers, representing more
18 than \$3 billion invested.

19 For the sake of time, I'm going to
20 abbreviate a little bit here, but I am so
21 pleased to be joined by so many organizations
22 representing affordable housing providers and
23 community development groups from across the
24 state.

1 We're not only here on behalf of our
2 own organizations, but also on behalf of the
3 coalition of affordable housing stakeholders
4 who are united in advocating for the release
5 of desperately needed funding for housing.
6 And we're frustrated that we have been
7 promised these funds over and over to no
8 avail. And like the others, I remind you
9 that it is not too late to sign the MOU.

10 You have heard over and over the
11 incredible need for affordable housing in the
12 state. Eighty thousand people in our
13 homeless shelters; 1 million households in
14 this state pay over half of their income on
15 rent. And you hear from your own
16 constituents the dire need and the horrible
17 tradeoffs between paying rent and getting
18 medicine, keeping the lights on, and the
19 struggles of people -- that the elderly and
20 parents face.

21 New Yorkers have a wide array of
22 housing needs, and we are fortunate to have
23 as many programs and experts in the field to
24 help address them. We support all funding

1 for the programs outlined in the 2017-2018
2 Executive Budget because we know that we must
3 provide housing for the most vulnerable
4 people in our state, struggling homeowners
5 and working families alike.

6 I'd like to talk specifically about
7 three programs that are top priorities for
8 Enterprise: Supportive housing, senior
9 housing with services, and public housing.

10 The first program I'd like to
11 highlight is supportive housing, and we
12 applaud you all, the 173 Assemblymembers and
13 26 Senators who signed the letter to
14 Governor Cuomo asking him to commit state
15 resources to create 20,000 units of
16 supportive housing. And in last year's State
17 of the State speech, the Governor did just
18 that. But we are back this year anxiously
19 awaiting the release that would lead to the
20 6,000 units of supportive housing over five
21 years. We feel strongly that the commitment
22 must be honored in the Executive Budget.

23 Next, I'd like to discuss the
24 incredible need for a statewide senior

1 housing program. Currently 197,000 seniors
2 across the state are paying more than half of
3 their income on rent, and 43 percent of them
4 rely solely on Social Security. We're asking
5 that funding for senior housing be included
6 in the Executive Budget to provide the
7 capital resources needed to build affordable
8 homes for elderly New Yorkers.

9 And we believe it should be a
10 dedicated affordable senior housing and
11 services program that also includes an
12 additional \$10 million for resident service
13 coordinators, similar to the successful HUD
14 202 program to allow seniors to remain in
15 their homes and avoid costly and undesirable
16 outcomes like hospitalization or premature
17 nursing home stays.

18 Finally, I urge the state to provide
19 financial support for public housing. We are
20 pleased to see the commitment in the
21 Executive Budget for both upstate and
22 downstate housing authorities, and we suggest
23 three parameters. First, the \$100 million
24 should go directly to NYCHA, bypassing other

1 bureaucracies. Second, the funding should be
2 allocated in one year instead of spread over
3 multiple years. Third, the funding should go
4 for NYCHA's infrastructure needs, things like
5 roofs, elevators, and boilers. They might
6 not make exciting ribbon-cuttings, but they
7 are essential to resident health and
8 well-being.

9 In addition to the overwhelming need
10 for affordable housing funding, these
11 programs are smart investments. Affordable
12 housing is financed and operated through
13 proven, effective public-private
14 partnerships, meaning funding from the state
15 leverages other sources, such as private
16 investment. Affordable housing development
17 creates jobs, both in construction and
18 permanent building staff and property
19 management, and generates local tax revenue,
20 all while providing the most basic needs of
21 your constituents -- a safe, quality,
22 affordable home.

23 For these reasons, Enterprise joins
24 countless groups and communities from every

1 region of the state asking the Legislature to
2 lead on housing.

3 Thank you.

4 CHAIRMAN FARRELL: Thank you very
5 much.

6 Questions?

7 CHAIRWOMAN YOUNG: Thank you.

8 CHAIRMAN FARRELL: Mr. Cymbrowitz.

9 ASSEMBLYMAN CYMBROWITZ: Thank you
10 very much. Thank you for the great work that
11 Enterprise does.

12 I happen to agree with your
13 priorities. In particular, many of us in the
14 Assembly agree with the importance of NYCHA
15 funding and agree that it should be done not
16 only in one year, but more money and funds be
17 allocated.

18 Could you talk a little bit about what
19 effect you think the new Trump administration
20 will have not only on your priorities but the
21 potential devastation to NYCHA if more funds
22 are cut not only for their operating but for
23 their capital as well?

24 MS. KENDE: This is a huge concern.

1 And when we look at the state of public
2 housing funding, it has at the federal level
3 decreased over the last several decades. At
4 the same time -- quite dramatically -- at the
5 same time, that Section 8 has stayed still or
6 gone up slightly. And I think that there's
7 really real concern that that trend
8 continues.

9 And when you look at NYCHA and realize
10 that that is a trillion-dollar asset that
11 New York has, it's old infrastructure and we
12 absolutely must preserve and maintain it --
13 it's the only long-term source of affordable
14 housing, and so we are definitely concerned
15 about it and feel it's a critical
16 investment -- before it deteriorates any
17 further.

18 ASSEMBLYMAN CYMBROWITZ: Thank you.

19 SENATOR KRUEGER: Thank you.

20 CHAIRMAN FARRELL: Thank you. Have a
21 good day.

22 New York State Rural Advocates,
23 Judy Eisgruber, president.

24 MS. EISGRUBER: Good afternoon.

1 CHAIRMAN FARRELL: Good afternoon.

2 CHAIRWOMAN YOUNG: Good afternoon.

3 MS. EISGRUBER: On behalf of the
4 New York State Rural Advocates and the
5 New York State Rural Housing Coalition, thank
6 you for this opportunity to present our
7 thoughts about the impact of the proposed
8 2017-2018 Executive Housing Budget --

9 (Interruption.)

10 MS. EISGRUBER: -- on small towns
11 and rural places across our state. My name
12 is Judy Eisgruber, I am the president of
13 New York State Rural Advocates, and I am here
14 also to apologize that Blair Sebastian was
15 not able to make it today.

16 CHAIRWOMAN YOUNG: Tell him hello.

17 MS. EISGRUBER: I am also joined today
18 by Colin McKnight. Colin is the acting
19 executive director of the New York State
20 Rural Housing Coalition, and together we
21 represent private and nonprofit
22 organizations, developers and architects,
23 engineers and accountants, that work to
24 address affordable housing needs in these

1 rural communities.

2 Our interests are focused on the
3 small-scale, community-based approach to
4 affordable housing and community development.
5 At the community level, this approach has
6 been extremely successful, as you know from
7 the work our members have accomplished in
8 your own districts.

9 Affordable housing in rural regions of
10 our state is in crisis. Nearly 50 percent of
11 rural renters pay more than 30 percent of
12 their income to meet their housing needs, and
13 a startling 14 percent of homeowners pay more
14 than 50 percent of their income for housing
15 costs.

16 As you know, rural New York's housing
17 stock is old, with over a third having been
18 built in 1939 or earlier. And using U.S.
19 Census data, the HAC -- the Housing
20 Assistance Council -- has determined that
21 there are over 288,000, or one-third of
22 occupied housing units in rural New York that
23 are deemed to be inadequate by virtue of
24 condition or affordability.

1 We want to remind everyone that over
2 71 percent of the rural housing stock is
3 occupied by owners, compared to a statewide
4 home ownership rate of 54 percent, and
5 therefore Rural Advocates are sensitive to
6 homeownership issues.

7 Foreclosures continue at very high
8 levels, and the presence of zombie homes
9 threaten the safety and values of rural
10 communities. The Rural Preservation Program
11 is now approaching 40 years of service and is
12 still providing leverage and match of well
13 over \$30 for every dollar in funding
14 provided.

15 When the program was created, it
16 included a provision for what was then
17 considered a statewide Super RPC to provide
18 training and technical assistance to the
19 RPCs. That Super RPC is now the New York
20 State Rural Housing Coalition, which has only
21 grown in its importance as a resource for
22 rural communities.

23 Rural Advocates recommends an increase
24 of \$690,000, to bring RPC funding to \$100,000

1 for each group and to provide \$250,000 for
2 the New York State Rural Housing Coalition.
3 Rural Advocates calls for an additional
4 \$500,000 to support five new RPCs in
5 currently unserved rural areas of the state,
6 for a total request of \$4.729 million from
7 the Mortgage Insurance Fund.

8 At this time I'd like to introduce
9 Colin, and he'll take it from here. Thank
10 you.

11 MR. McKNIGHT: I appreciate having the
12 opportunity to share with you today some of
13 the exciting things that are going on in the
14 world of the Rural Preservation Companies and
15 at the Rural Housing Coalition.

16 If I can share any unifying theme with
17 you about the current state of the Rural
18 Preservation Program, it is creativity. We
19 are seeing radically different programs and
20 projects coming out of RPCs all across the
21 state, and I am extremely proud of how the
22 RPCs are responding to market challenges in
23 new and exciting ways.

24 As an example, one of our RPCs has

1 redeveloped an abandoned factory in a small
2 city neighborhood into apartments and a
3 workspace for lower-income artists' families.
4 The completion of this project has profoundly
5 impacted the surrounding neighborhood,
6 bringing in new businesses and residents.
7 This RPC is not resting on its laurels,
8 though, as it is already working on its next
9 big redevelopment, the county poor house.

10 Also, we are working with a trio of
11 RPCs to develop a collaborative plan to
12 rejuvenate hamlets and villages along
13 Route 20 and Route 30 in Schoharie and Otsego
14 counties. The concept is to bring together
15 the programmatic strengths from each of these
16 agencies to bring transformative change to
17 America's Main Street in New York.

18 We are also assisting an RPC in the
19 Finger Lakes to develop a homeless housing
20 project in derelict downtown buildings in a
21 small village. This project has secured most
22 of the funding needed to get underway, and we
23 are assisting with the application for Rural
24 and Urban Community Investment Funds to fill

1 the remaining budget gap. This project has
2 already attracted new businesses to the
3 storefronts of the buildings in question.

4 Finally, we have nine RPCs that are
5 currently recruiting additional personnel
6 under the federal VISTA program. The Rural
7 Housing Coalition is the program sponsor, and
8 the nine VISTA members will be placed with
9 RPCs all across the state, from the
10 Hudson River to the shores of Lake Erie.
11 These VISTA members will be working on
12 research and grant-writing projects to allow
13 the host agencies to increase their programs
14 and services. The VISTAs will also be
15 working on improving digital media to improve
16 public relations, develop disaster plans, and
17 create operations manuals to improve the
18 efficiency of the host agencies.

19 This program is valued at \$315,000 in
20 staffing support for the RPCs, and the
21 coalition is very pleased that we can connect
22 the participating RPCs to this resource.

23 As you can imagine, finding new
24 resources to support the work of the RPCS is

1 never-ending. The Rural Housing Coalition is
2 grateful for the ongoing support of our RPC
3 technical assistance contract each year, but
4 the amount of the funding is simply not
5 enough to meet the need. The coalition has
6 been somewhat successful in securing grants
7 from small foundations to help fill the gap.
8 We want to recognize the John Ben Snow
9 Foundation and the Community Foundation of
10 South Central New York for their help with
11 this important RPC support work. However,
12 foundation funds will never be sufficient to
13 support our work with the RPCs.

14 Our industry is changing, so there are
15 always new technical assistance needs. Our
16 leadership is graying, so we have to be
17 concerned about succession planning. In the
18 last couple of years, we have lost many of
19 the private consultants that worked in the
20 housing rehab and community development
21 field. This has left many small villages and
22 towns across the state with no access to
23 guidance on how to tap into available federal
24 programs such as CDBG and HOME. Very small

1 communities simply can't afford to hire their
2 own community development staff.

3 The Rural Housing Coalition can help
4 fill that information gap, but we are
5 restricted from doing so under our current
6 technical assistance contract, which is
7 limited to serving the needs of RPCs. We
8 would like to suggest that the coalition is
9 ideally suited to serve the small
10 municipalities across the state, if we can
11 secure a similar TA contract targeted to
12 small municipality needs.

13 In order to help those isolated
14 communities, we are requesting an additional
15 \$100,000 from an appropriate source to
16 support this new service this year.

17 MS. EISGRUBER: As Colin points out,
18 one of the great strengths of the Rural
19 Preservation Program is that RPCs have the
20 freedom and flexibility to tailor their work
21 plans to address pressing and often unique
22 local needs.

23 One of those local needs that we are
24 urging New York State government to do is to

1 provide \$10 million to support the network of
2 mortgage foreclosure service providers
3 through the balance of this year and to
4 provide an additional \$20 million for the
5 next full year of funding, for a total
6 funding request of \$30 million. As of
7 September 30th, we will no longer have the
8 Home Ownership Protection program funding
9 from the New York State Attorney General, it
10 will be over, and October 1st we will have no
11 funding for the program.

12 So we thank you for your
13 consideration, and thank you for having us
14 here.

15 CHAIRMAN FARRELL: Thank you very
16 much.

17 CHAIRWOMAN YOUNG: Thank you. Please
18 give our regards to Blair, number one.

19 MS. EISGRUBER: I will.

20 CHAIRWOMAN YOUNG: Number two, you've
21 heard us ask this morning about some of the
22 programs, but I also want to let you know
23 that Senator Little, who is the chair of the
24 Housing Committee in the Senate, is pushing

1 for additional funding for RPCs and NPCs.

2 So thank you.

3 MS. EISGRUBER: Thank you.

4 CHAIRWOMAN YOUNG: So we'll see what
5 happens. But just so you know.

6 CHAIRMAN FARRELL: Thank you.

7 SENATOR KRUEGER: Thank you.

8 CHAIRMAN FARRELL: New York Housing
9 Conference, Rachel Fee, executive director.

10 And the next one will be Christie
11 Peale, Center for NYC Neighborhoods, and then
12 Edward Ubiera, Local Initiatives Support
13 Corporation. Will you come down to the front
14 so -- you like how I got it out? Come down,
15 so then we can get it a little faster.

16 And from now on, can you give us a
17 quick -- the document will be given, and it
18 will end up in the records. But it would
19 move a little faster if you just give us a
20 rundown of what you have here.

21 MS. FEE: Sure.

22 CHAIRMAN FARRELL: Summarize, as they
23 say.

24 MS. FEE: Sure, I'd be happy to

1 summarize. And I'll try not to repeat the
2 statements from -- other groups already made.

3 My name is Rachel Fee. I am executive
4 director of the New York Housing Conference.
5 Thank you for the opportunity to testify, to
6 Chairs Little, Farrell, and Cymbrowitz and
7 other members of the Legislature.

8 New York Housing Conference is a
9 nonprofit affordable housing policy and
10 advocacy organization. As a broad-based
11 coalition, our mission is to advance city,
12 state and federal policies to support the
13 development and preservation of decent and
14 affordable housing for all New Yorkers.

15 Generally we are supportive of the
16 housing priorities outlined in Governor
17 Cuomo's budget to address statewide housing
18 needs in a five-year affordable housing plan,
19 including \$2 billion of reappropriated funds.
20 Almost a year has passed since the \$2 billion
21 was enacted in the 2017 budget. We estimate
22 that about 10,000 affordable housing units
23 could have been financed during this period.

24 Given the severity of our affordable

1 housing crisis, we have been deeply
2 disappointed with each passing day that
3 leaders of the Legislature and the Governor
4 have failed to come to an agreement on the
5 housing plan MOU. We now hope that
6 productive negotiations will take place in
7 advance of the April 1st budget deadline to
8 provide New York State's affordable housing
9 community certainty regarding the
10 availability of funds and programmatic
11 priorities, to ensure an adequate development
12 pipeline is available to meet New Yorkers'
13 dire need for affordable housing.

14 I'd also like to state that we urge
15 lawmakers to separate affordable housing
16 appropriations discussions from the 421-a tax
17 abatement program in order to avoid any
18 possible further delays of appropriations,
19 which will only exacerbate our affordable
20 housing crisis.

21 So you have my written testimony, and
22 I speak about the great need for affordable
23 housing in the state, including some
24 statistics on rent-burdened families, median

1 rent growing faster than household income,
2 our extremely low, emergency-level vacancy
3 rate. And I also talk about homelessness.
4 As we've heard already, 80,000 New Yorkers
5 are homeless across the state. We have the
6 second-highest state homelessness rate in the
7 country.

8 We think that the Governor's plan as
9 outlined provides a good framework for
10 investment to meet many of these housing
11 needs. And specifically I'd like to
12 highlight the need for senior housing as well
13 as homelessness. We're in support of the
14 allocation for supportive housing, for senior
15 housing, in addition to the allocation
16 indicated in the Governor's budget proposal.
17 We'd also like to see \$10 million dedicated
18 to a resident service coordinator program to
19 ensure adequate and appropriate staffing for
20 senior housing.

21 Another top priority of ours is
22 preservation of public housing. Our public
23 housing stock is deteriorating and in dire
24 need of capital investment. We support the

1 Governor's proposal for housing authorities'
2 capital funding outside of New York City, and
3 we think that the \$100 million commitment for
4 NYCHA is sufficient for an annual commitment.
5 Given the significant capital backlog at the
6 New York City Housing Authority, we'd like to
7 see no less than \$100 million annually in a
8 five-year commitment.

9 We would also like to point out that
10 additional funds may be dedicated to
11 statewide housing needs from the \$1.7 billion
12 in unallocated settlement funds which are
13 outlined in the Governor's budget. And this
14 could ensure sufficient capital is available
15 to achieve the Governor's affordable housing
16 plan goals while also ensuring decent and
17 healthy living conditions for NYCHA
18 residents.

19 I'm going to summarize my final
20 remarks here. So in addition to the
21 additional funding for NYCHA that we're
22 seeking, we're also supportive of home
23 stability support, a new rent supplement
24 program to assist families in jeopardy of

1 homelessness, and in addition to this we're
2 supportive of efforts to support
3 homeownership, as indicated in the Governor's
4 budget.

5 I'd like to add that we also want to
6 see continued support for foreclosure
7 prevention programs which are not included in
8 the Governor's budget.

9 We also recommend reforming the
10 mansion tax to ensure dedicated funding for
11 affordable housing programs. This funding
12 should be targeted towards -- reform should
13 be targeted towards high-end luxury sales,
14 especially for non-primary residences. This
15 new revenue can be used as a safeguard
16 against anticipated federal cuts to housing
17 programs.

18 Overall, Governor Cuomo's budget
19 provides a solid framework for investment and
20 affordable housing across the state with a
21 strategic vision to tackle a variety of
22 important housing needs by using state
23 funding to leverage additional public and
24 private funding to build and preserve

1 affordable housing. Of course, this effort
2 will create jobs and also spur economic
3 development in communities across the state.

4 Today I have offered recommendations
5 for important additions to this plan that
6 will better position the state to tackle
7 homelessness, plan for our growing senior
8 population, preserve valued public housing,
9 assist homeowners facing foreclosure, and
10 prepare for potential federal cuts. I hope
11 the Assembly and Senate will consider
12 adopting these policy priorities in the
13 2018 budget.

14 Thank you for this opportunity.

15 CHAIRMAN FARRELL: Thank you.

16 Questions?

17 CHAIRWOMAN YOUNG: Thank you.

18 CHAIRMAN FARRELL: Mr. Cymbrowitz.

19 ASSEMBLYMAN CYMBROWITZ: Thank you,
20 Rachel.

21 Just a little clarification on the
22 mansion tax proposal. Are we talking about
23 the state mansion tax, or are we talking
24 about the new proposal by the mayor in which

1 he wants to use those funds for rental
2 assistance to seniors?

3 MS. FEE: Yeah, so we would be
4 supportive of the mayor's program for having
5 another tier in the mansion tax. And I would
6 say a third tier could even be proposed to
7 target even higher-end luxury sales to
8 provide a dedicated revenue source for
9 affordable housing.

10 ASSEMBLYMAN CYMBROWITZ: Okay. Thank
11 you very much.

12 CHAIRMAN FARRELL: Thank you.

13 CHAIRWOMAN YOUNG: Thank you.

14 SENATOR KRUEGER: Appreciate your
15 work. Thank you.

16 MS. FEE: Thank you.

17 CHAIRMAN FARRELL: Edward Ubiera,
18 director of policy, Local Initiatives Support
19 Corporation, LISC.

20 No, I jumped one. Yes, come on down
21 and I'll get the other one.

22 Chris Peale is next. I jumped over
23 you.

24 MS. PEALE: Good afternoon.

1 CHAIRWOMAN YOUNG: Good afternoon.

2 SENATOR KRUEGER: Afternoon.

3 MS. PEALE: You have my written
4 testimony. I guess I should have known it
5 would be afternoon by the time I got up here.

6 So thank you for your time. My name
7 is Christie Peale, executive director at the
8 Center for NYC Neighborhoods. I would like
9 to thank Committee Chairs Young, Farrell,
10 Little, and Cymbrowitz for holding today's
11 hearing on the housing-related proposals in
12 the Governor's Executive Budget.

13 I will be primarily speaking to the
14 need for foreclosure prevention services
15 funding, which you've heard about several
16 times already. But I also stand strongly
17 with our coalition partners that you've heard
18 from already: Enterprise, the New York
19 Housing Conference, SHNNY, and you'll hear
20 from LISC next in calling for the release of
21 the funds promised in the five-year,
22 \$2 billion housing plan.

23 So the Center for NYC Neighborhoods
24 promotes and protects affordable

1 homeownership in New York so that middle- and
2 working-class families are able to build
3 strong, thriving communities. We were
4 established by public and private partners,
5 and we meet the diverse needs of homeowners
6 throughout New York State by offering free,
7 high-quality housing services.

8 Since our founding we've served over
9 40,000 homeowners. We have provided
10 approximately \$33 million in direct grants to
11 community-based partners, and we have been
12 able to leverage this funding to oversee
13 another \$30 million in indirect funding
14 support. Major funding sources include not
15 only local sources, HPD and the City Council,
16 but also in the past we've received funding
17 from New York State Homes and Community
18 Renewal, the Office of the Attorney General,
19 and other public and private funders.

20 Before diving into this year's budget,
21 I'd like to acknowledge the incredible gains
22 for New York homeowners realized in last
23 year's legislative session. The zombie
24 property reforms, the establishment of the

1 Community Restoration Fund, improvements to
2 the state settlement conference law, and the
3 creation of the Homeowner Bill of Rights are
4 all a strong testament to the commitment of
5 New York's leadership to homeowners and their
6 communities. We commend the Governor, the
7 Senate and the Assembly for your leadership
8 and dedication to this issue.

9 We are also greatly appreciative of
10 the Governor's existing and pending reverse
11 mortgage proposal, which would extend the
12 protections of settlement conferences for
13 senior homeowners in reverse mortgage
14 foreclosures. This is a very smart move, and
15 it will ensure that vulnerable homeowners
16 have the opportunity to learn about their
17 rights and options, as well as get connected
18 to legal assistance and other services,

19 Despite these positive gains, we are
20 disappointed to see that the 2017-'18
21 Executive Budget does not include funding for
22 foreclosure prevention services. While
23 they're included, they were once funded
24 through the State Budget and administered by

1 HCR. Since 2011, the program has been funded
2 and separately administered through the use
3 of one-time settlement funding. And all of
4 that funding, as you heard earlier, will
5 permanently expire in 2017.

6 This funding is crucial to ensuring
7 that New Yorkers fighting to keep their homes
8 do not get cut off from attorneys and housing
9 counselors, and that robust services continue
10 to meet the emerging needs of homeowners --
11 and particularly as there's been a recent
12 spike in reverse mortgage foreclosures.

13 Therefore, we are proud members of the
14 Protect New York Homes campaign, which we
15 hope you all saw on Monday, giving out keys
16 with hearts on them, explaining the current
17 need for existing foreclosure services and
18 the folks that have been hit very hard by the
19 crisis and helped so far with existing
20 funding.

21 The Protect New York Homes campaign
22 seeks \$30 million for HCR in foreclosure
23 prevention funding over the next two years.
24 Current funding expires in September 2017, so

1 we're respectfully requesting \$10 million to
2 maintain services for the 2017-2018 fiscal
3 year, with \$20 million needed to continue
4 services in 2018-2019.

5 I'd just like to take a moment to
6 thank all the legislators who met with the
7 coalition on Monday and who took part in our
8 press conference, and everybody who has
9 currently expressed support for the funding
10 so far. We are greatly appreciative.

11 There's some information in my
12 testimony about the ongoing need of
13 foreclosure prevention services. I know
14 those of you who serve homeowners know how
15 dire the need is. You've heard from your
16 constituents, and you'll hear from other of
17 our partners later today. But I wanted to
18 make sure that I focused on how impactful the
19 services are, so I'm going to skip to the
20 section that talks about how our services
21 work.

22 As Chair Cymbrowitz observed earlier
23 today, housing services are not just about
24 individuals, but they have a direct impact on

1 communities, and there's a real economic
2 impact as well. And that's certainly the
3 case in homeownership services.

4 So our service providers are there for
5 homeowners in every county, as you'll see in
6 the materials that we handed out earlier. We
7 serve Western New York, Southern Tier,
8 Central New York, the Hudson Valley,
9 Long Island, New York City -- we're
10 everywhere in New York State where there is a
11 need.

12 We've developed incredibly strong
13 expertise and a track record when it comes to
14 helping homeowners in foreclosure. In 2016,
15 our network helped 26,000 families, at an
16 average cost of \$770 per home. When we talk
17 about all of the housing needs that are out
18 there, I want us to think about foreclosure
19 prevention services as a real opportunity to
20 make a nominal investment that can prevent us
21 having to spend a lot more money further down
22 the line in other much more costly housing.

23 So this, to me, is an opportunity for
24 us to be penny-wise as opposed to

1 pound-foolish. We can really keep people in
2 existing affordable housing now with this
3 nominal investment in critical services.

4 Obviously we need to be able to create
5 a continuum of housing opportunities, from
6 NYCHA to senior housing to Mitchell-Lama, but
7 we really need to be able to keep people in
8 their homes right now so we don't increase
9 the burden on other sources of affordable
10 housing that we're trying to develop.

11 Eight thousand of these families live
12 in New York City; 18,000 live throughout the
13 state. Our call center that we run in
14 partnership with this network took 9,000
15 calls from homeowners throughout New York who
16 are looking for help with their mortgages,
17 and we helped homeowners obtain more than
18 10,000 home-saving modifications. That's
19 just a huge impact.

20 And I wanted to talk about the impact
21 not only on families, but it also helps
22 tenants who might rent units in their homes.
23 Obviously, we can intuit that the benefits of
24 housing stability have a huge impact on

1 children, and affordable modifications puts
2 money back in our communities, right? These
3 are dollars that can now be spent in our
4 cities and towns across the state.

5 An average loan modification saves the
6 homeowner \$600 per month. For the 2,600
7 New York City homeowners who obtained
8 modifications in 2016, that represents a
9 savings of \$1.5 million per month, or
10 \$18.7 million per year -- and that's in
11 New York City alone. That savings makes a
12 huge difference for the working- and
13 middle-class families we serve.

14 The benefits also extend to
15 neighboring properties. In New York State,
16 for every foreclosure averted, approximately
17 \$260,000 in equity is also saved for homes
18 within 750 feet. That's the aggregate
19 property value that would have vanished if
20 the homeowner had gone into foreclosure. The
21 figure varies around the state. Depending on
22 the density, in New York City the ripple
23 effect could be \$740,000; on Long Island,
24 \$280,000; in the Capital Region, that loss

1 could be \$34,000. So a home goes into
2 foreclosure, and the neighbors lose equity.

3 I want to make sure that you have a
4 chance to look at the testimony from the
5 Empire Justice Center that's been submitted
6 into the record. They're a very -- they've
7 been leading the fight on our Protect
8 New York Homes: Foreclosure Prevention
9 Services Work campaign, and they have a lot
10 of information in their testimony as well
11 about the economic impact of our work.

12 One other point that's not in my
13 testimony that I want to make sure to raise,
14 the state has been fortunate to receive
15 funding from the Goldman Sachs settlement for
16 zero-percent foreclosure prevention loans for
17 homeowners across New York State. So this is
18 a -- these are for homes that -- they can be
19 used to save manufactured housing, homeowners
20 that are at risk of losing their home due to
21 a reverse mortgage, lots of other causes of
22 default.

23 And the distribution of that funding
24 is absolutely dependent on this network of

1 providers. So not only will we lose the
2 impact to the families, we'll lose the impact
3 to the communities, we'll lose the
4 opportunity to leverage tens of millions of
5 dollars in these zero-percent loans that go
6 directly to homeowners across the state.

7 So I have additional information on
8 that program, it's called the New York State
9 MAP program. And again, it helped homeowners
10 in every part of the state in its previous
11 iteration. We have an opportunity to make a
12 huge impact for New York State, but we really
13 need the network of homeowner advocates in
14 place to be able to make that funding go as
15 far as it can go.

16 So I just wanted to close by saying
17 thank you. We really appreciate the great
18 progress that we've made in tackling the
19 foreclosure crisis in partnership with the
20 legislators at the state. But without this
21 network, it's very difficult for homeowners
22 and communities to take advantage of any of
23 these resources. For these reasons, we urge
24 the Senate, the Assembly, and the Governor to

1 reach a state budget agreement that includes
2 \$30 million for HCR for foreclosure
3 prevention services.

4 Thank you very much for the
5 opportunity to testify, and I welcome any
6 questions if you have them.

7 CHAIRMAN FARRELL: Thank you.

8 CHAIRWOMAN YOUNG: Thank you.

9 CHAIRMAN FARRELL: Assemblywoman Niou
10 to speak.

11 ASSEMBLYWOMAN NIOU: Hi. Thank you.
12 Thank you for coming and testifying.

13 I understand that your organization
14 has been very involved with Hurricane Sandy
15 recovery.

16 MS. PEALE: That's correct.

17 ASSEMBLYWOMAN NIOU: And particularly
18 around assisting low- and middle-income
19 homeowners. I understand that insurance
20 around these issues and natural disasters are
21 really difficult to navigate around, and I
22 commend you for that work.

23 So I represent Lower Manhattan --

24 MS. PEALE: Yes.

1 ASSEMBLYWOMAN NIOU: -- which was
2 impacted a lot by Hurricane Sandy and has a
3 high concentration of renters as well as
4 homeowners, particularly low-income residents
5 living in NYCHA properties. What do you
6 think should be the state's priorities when
7 it comes to assisting both low-income and
8 middle-income homeowners and renters recover
9 from Hurricane Sandy and other natural
10 disasters?

11 MS. PEALE: Thank you for that
12 question.

13 I would just like to take an
14 opportunity to recognize a program that the
15 Governor's Office of Storm Recovery is
16 administering called the Residential
17 Technical Assistance Pilot Program. Lower
18 Manhattan is one of the pilot neighborhoods.
19 And in partnership with Enterprise Community
20 Partners, we're working with not only
21 multifamily buildings but single-family
22 property owners to understand their future
23 costs around flood insurance.

24 So I greatly encourage any property

1 owners that might be interested in working
2 with that program to get in touch with us or
3 Enterprise and we'll help them get access to
4 an audit that can not only understand how
5 they can lower their flood insurance but
6 maybe offer future green opportunities as
7 well.

8 So that's one way in which the state
9 has shown great leadership in this area, and
10 we're really happy to be partnering with them
11 on that program. I think future costs around
12 flooding are going to be something we all
13 need to work together to monitor,
14 particularly given that the National Flood
15 Insurance Program is up for reauthorization
16 in 2017.

17 So I would just ask for your
18 partnership as we work together to identify
19 new opportunities and also just to leverage
20 the opportunities we have right now to get
21 the existing funding out, on the ground.

22 ASSEMBLYWOMAN NIOU: Absolutely. One
23 of the things that I have been discussing
24 with a lot of my colleagues is the FEMA

1 drawdown and the lock-in funding. How do you
2 think that -- how better can we move forward
3 with that?

4 MS. PEALE: I'm probably not the best
5 person to answer that question on the spot,
6 but I can get back to you with some
7 additional information about the FEMA
8 drawdown.

9 ASSEMBLYWOMAN NIOU: Great. Thank you
10 so much.

11 CHAIRWOMAN YOUNG: Thank you.

12 Our next speaker is Edward Ubiera,
13 director of policy for the Local Initiatives
14 Support Corporation.

15 Welcome. Thank you for being here.

16 MR. UBIERA: Thank you.

17 Thank you, members of the joint fiscal
18 committees, for the opportunity to testify
19 here today in the matter of the proposed
20 Executive Budget. A special thanks to the
21 committee chairs: Chair Young, Chair
22 Farrell, Chair Cymbrowitz. And good to see
23 you, Senator Krueger.

24 My name is Edward Ubiera. I'm the

1 policy director for LISC's New York City
2 program, and I will be delivering testimony
3 on their behalf.

4 LISC is a national nonprofit community
5 development financial institution supporting
6 local champions of equitable development with
7 financing, capacity building, and technical
8 assistance. For almost 40 years, we've been
9 on the ground building affordable housing and
10 improving communities in collaboration with
11 mission-driven organizations, government
12 partners, and corporate leaders. We've
13 helped rebuild neighborhoods across New York
14 City by investing over \$2 billion in capital,
15 resulting in over 40,000 units of housing and
16 2 million square feet of commercial space.

17 We also have a vibrant practice in
18 Buffalo where, since 1998, we have deployed
19 over \$100 million in investments resulting in
20 roughly 2,000 units of affordable housing.

21 At LISC we are keenly aware that there
22 exists a crisis in housing affordability and
23 supply throughout New York State impacting
24 virtually all segments of society, including

1 working families, seniors, homeowners,
2 very-low-income renters in public housing,
3 and households experiencing hazardous living
4 conditions. You've heard many of the
5 statistics from some of the other advocates:
6 50 percent of renters in the state being
7 rent-burdened; 80,000 persons sleeping in
8 shelters on any given night in the state;
9 unacceptably high waiting lists for senior
10 housing; and public housing that has an
11 aggregate unmet capital repair need
12 throughout the state, not only in New York
13 City, that is in the millions if not
14 billions.

15 We were proud to endorse the
16 Governor's \$20 billion five-year plan to
17 create and preserve 100,000 units of
18 affordable housing and 6,000 new units of
19 supportive housing last year. In our view,
20 and relative to the housing needs felt across
21 the state, we felt that this plan was
22 appropriately ambitious in size and scope.
23 And as members of this committee were aware,
24 that enacted budget stipulated that housing

1 funds were to be authorized in accordance
2 with a memorandum of understanding once
3 programmatic guidelines were to be agreed to
4 by the Legislature and the Governor.

5 Despite strong encouragement by the
6 affordable housing community, that
7 comprehensive MOU was not fully signed.
8 However, we are very heartened this year that
9 the capital commitments reflected in the
10 proposed 2018 budget reflect our priorities,
11 and particularly we are heartened to see that
12 those priorities include supportive housing,
13 new construction, preservation of low-income
14 rental housing, new construction of senior
15 housing, public housing, rehabilitation of
16 public housing, as well as commitments for
17 homeownership.

18 To supplement those capital
19 commitments we would like to support our
20 colleagues at LeadingAge and LiveOn and
21 New York Housing Conference in proposing an
22 allocation of \$10 million for a new residence
23 service coordinator program. We agree with
24 their assessment that service coordination is

1 a cost-effective measure to allow seniors to
2 age in place and avoid expensive nursing
3 homes.

4 State capital funds are vitally
5 important in creating certainty and
6 predictability in the housing finance
7 marketplace. Developers, lenders, and
8 investors cannot effectively set budgets for
9 site acquisition and construction if there is
10 uncertainty on the availability of public
11 subsidies. By some estimates, in 2016
12 roughly 1,000 new units of affordable housing
13 were not planned or built in each month that
14 the MOU was not signed. Given the size and
15 scope of the housing needs statewide, the
16 certainty of a fully funded, multiyear
17 housing plan is needed in order to develop
18 the robust housing pipelines across the
19 state.

20 Further, the changing landscape at the
21 federal level has also added additional
22 urgency to clarifying state commitments of
23 housing resources. Likely cuts to
24 non-defense discretionary spending may impact

1 HUD's budget. Potential changes in federal
2 tax policy may impact the future of housing
3 credits. Committing state resources now will
4 allow developers and lenders to plan ahead
5 and think creatively on how to plug funding
6 gaps resulting from changes in federal
7 policy.

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

13 Thank you.

14 CHAIRWOMAN YOUNG: Thank you,
15 Mr. Ubiera.

16 Any questions from the Assembly?

17 Senator Krueger.

18 SENATOR KRUEGER: Thank you.

19 So LISC builds affordable housing. A
20 lot.

21 MR. UBIERA: Yes. Well, we help
22 finance it.

23 SENATOR KRUEGER: You help finance it.

24 I think your testimony is you have

1 helped finance \$2 billion worth of housing in
2 New York City.

3 MR. UBIERA: We facilitated that level
4 of investment.

5 SENATOR KRUEGER: Thank you.

6 Do you think it's a good business deal
7 to spend \$100 to get \$11 worth of affordable
8 housing? And do you think we need to do that
9 in 2017?

10 MR. UBIERA: We haven't taken an
11 official position on the Governor's proposal.

12 As some context, the mission-driven
13 developers that have accessed our capital,
14 our technical resources, typically have
15 utilized other tax incentive programs like
16 420-c or locally based tax incentive programs
17 like J-51 or Article XI.

18 I would say that for any tax incentive
19 program, there should be a balance between
20 public benefit and fiscal impact. So to the
21 extent that those two are met in the
22 Governor's proposal, I think that additional
23 discussion is needed.

24 SENATOR KRUEGER: And do you think if

1 we invited people like you, and Enterprise
2 was here and ANHD, I think, is coming -- if
3 we put you in a room and said, If you had
4 \$2 billion a year of taxpayer money to build
5 affordable housing in New York City, do you
6 think you could come up with a better plan
7 than the one the Governor's proposed?

8 MR. UBIERA: That's an exciting
9 proposal. Certainly we would like to be
10 invited to have that kind of discussion.
11 So ...

12 SENATOR KRUEGER: Thank you.

13 MR. UBIERA: Thank you.

14 CHAIRWOMAN YOUNG: Thank you. I think
15 we're done, so thank you for participating.

16 Now I want people to come in the
17 queue. Because if you're going to speak, if
18 you could come down closer, that would be
19 helpful.

20 But next we have John Broderick,
21 senior policy analyst from LeadingAge
22 New York.

23 Following Mr. Broderick will be
24 NeighborWorks Alliance of New York State.

1 And following Hilary will be the Association
2 for Neighborhood and Housing Development. So
3 if everybody could get ready, that would be
4 helpful.

5 Welcome, Mr. Broderick.

6 MR. BRODERICK: Thank you very much.
7 I appreciate the opportunity to testify
8 today.

9 CHAIRWOMAN YOUNG: We do too.

10 MR. BRODERICK: LeadingAge New York is
11 part of a national organization of the same
12 name that represents nonprofit providers of
13 long-term care. That includes nursing homes,
14 assisted living, and independent senior
15 housing -- which I'm here to talk about
16 today -- and also continuing care retirement
17 communities, home-and-community-based
18 services, provider-sponsored managed
19 long-term care plans.

20 When I wrote my testimony I said that
21 we were very pleased that there is
22 \$125 million over five years in the
23 Governor's proposed budget. But after
24 hearing incoming Commissioner Visnauskas'

1 testimony, we're more than pleased, we're
2 elated and overjoyed that money is there.
3 And we encourage you to work to ensure that
4 that money stays in the adopted budget.

5 However, we would like to add there's
6 something that's missing in that proposed
7 budget, which is language that would create a
8 new program so that senior housing
9 applications were competing against other
10 senior housing applications and not just in
11 the whole pool.

12 We have been talking to staff about
13 what that language might look like. There's
14 precedent over the past four or five years.
15 There have been three or four new sections of
16 the Private Housing Finance Law that have
17 been added to target specific populations.
18 We hope that you'll agree with us and ensure
19 that that language in some form makes it into
20 your one-house budgets and hopefully into the
21 adopted budget and into law. That's what we
22 really think it will take to get developers
23 back into the business of senior housing with
24 the right kind of supportive services

1 necessary to serve our aging population.

2 The 10,000 people per day that have
3 been turning 65, that's been happening for
4 five years. So now it's 10,000 people per
5 day turning 70. And we've known this for a
6 long time. We've known this is coming.

7 Yesterday afternoon we sent an email
8 to all of your inboxes that has a link to a
9 report by the Bipartisan Policy Center called
10 "Healthy Aging Begins at Home." I will refer
11 you to that, because it is chock-full of
12 great information. They did a ton of
13 research, they have great findings that
14 really articulate this problem, the
15 demographic changes that our country is going
16 through, and makes dozen of recommendations
17 in a number of different areas.

18 The main area is the affordable
19 housing supply. This report talks about
20 there are 11.2 million extremely low income
21 renters competing for 4.3 million affordable
22 apartments; 2.6 million of those people are
23 elderly households without children. So in
24 New York, in a place that is so heavily --

1 the housing stock is so heavily multifamily,
2 that is even more acute.

3 So it's really time for us to have
4 policy catch up with these demographic
5 changes and really invest in senior housing
6 in a bigger way than we have before. The HUD
7 Section 202 program, as you know, has been
8 the primary source of financing for
9 affordable senior housing for the past
10 40 years in this country. Unfortunately, the
11 program was discontinued in 2011 as a new
12 source of capital. We're very thankful that
13 the ongoing rental assistance has been
14 continually funded, and that is going to be a
15 big challenge over the next several years in
16 Washington. And we're working very closely
17 with our partner organizations around the
18 country to ensure that HUD continues to keep
19 up that commitment.

20 But as a capital source for
21 development of new housing, 202 is no longer
22 there. You know the importance of 202s
23 because you have them in your districts and
24 you've been there, and you probably have

1 friends and relatives who have been in those
2 202s. We think they're not just a great
3 source of housing, but a great source -- a
4 great place to work with people to keep them
5 healthy and to keep them independent and out
6 of institutional settings, which as you know
7 are much more expensive.

8 So you've heard the term "housing is
9 healthcare." You've heard that -- you know,
10 you've heard this in the context of
11 supportive housing for many years, and that
12 could not possibly be more true when talking
13 about the elderly population. And while
14 New York State has made tremendous strides in
15 reducing Medicaid expenses by targeting
16 prevention programs to currently high-cost
17 Medicaid users, we just don't have such a
18 program yet for people who are headed toward
19 Medicaid-funded nursing homes. We think that
20 that solution is important and right at our
21 fingertips.

22 Aging in place. I think it's kind of
23 a misused, overused term. I've enjoyed it in
24 this place with you, all morning here, for

1 the past four and a half hours, but --

2 (Laughter.)

3 MR. BRODERICK: Senator Young, you
4 described the 80-year-old woman aging in
5 place in a deteriorated mobile home, and I
6 know there are people aging in place in
7 five-floor walkups in the South Bronx and in
8 Brooklyn, and I know that there are people
9 who are aging in place in large houses that
10 they no longer need but don't have a place to
11 move to.

12 So this Bipartisan Policy Center
13 report talks about "aging with options," and
14 I think it's a better term. And we need to
15 grow ourselves into that. But in order for
16 our seniors to be able to age in healthy and
17 safe ways with options that really work for
18 them and their families, we have some work to
19 do here in New York and around the country.

20 So I'm glad that several of my
21 colleagues have mentioned already the
22 resident service coordinator program that we
23 have proposed. About half of the 202s around
24 the country have resident service

1 coordinators, people who are there on-site to
2 help people make use of social service and
3 healthcare systems so that they can remain
4 independent.

5 We think it's time that New York State
6 create such a program. Ten million dollars
7 will get us about 140 new residence service
8 coordinators. A Medicaid-funded nursing home
9 bed is between \$30,000 and \$50,000 per year.
10 We're proposing that the resident service
11 coordinator program be \$70,000 grants, and
12 that means if one resident service
13 coordinator keeps two people from going
14 prematurely into a Medicaid-funded nursing
15 home, they've paid for themselves.

16 We think -- as in supportive housing,
17 we think independent senior housing with
18 services has tremendous potential for savings
19 on the Medicaid and healthcare side of the
20 budget -- not only in reducing premature or
21 inappropriate entry into Medicaid-funded
22 nursing homes, but also more effective use of
23 primary care, reduction of hospitalizations
24 and rehospitalizations, which is very common

1 among elders.

2 So we're once again very happy about
3 the capital investment; we think there needs
4 to be a program. We think that capital
5 program needs to be linked with the
6 supportive services. We think the way this
7 could work is if \$10 million were to be
8 transferred from the housing side of the
9 budget to the New York State Office for the
10 Aging so that they could handle doing
11 requests for proposals, for resident service
12 coordinators, and then organizations could do
13 HCR for the capital. That's how it's been
14 working very well with the supportive housing
15 model; we think it just needs to be extended
16 to the elderly population.

17 So New York State has a long history,
18 a proud history of serving our elderly
19 population. New York State Homes and
20 Community Renewal has done a lot for elders
21 over the years, but with the changing
22 demographics, with the elimination of 202, we
23 think it's time to double down here and move
24 in the direction of creating a real program

1 that will sustain itself over the years.

2 So thank you very much for the
3 opportunity.

4 CHAIRMAN FARRELL: Thank you very
5 much.

6 CHAIRWOMAN YOUNG: Thank you.

7 SENATOR KRUEGER: Thank you.

8 MR. BRODERICK: Thanks.

9 CHAIRMAN FARRELL: Hilary Lamishaw,
10 director, NeighborWorks Alliance of New York
11 State.

12 MS. LAMISHAW: Good afternoon.

13 CHAIRWOMAN YOUNG: Good afternoon.

14 SENATOR KRUEGER: Good afternoon.

15 MS. LAMISHAW: My name is Hilary
16 Lamishaw, and I'm the director of
17 NeighborWorks Alliance of New York State,
18 which represents 19 community-based housing
19 organizations throughout the state that are
20 affiliated with the national NeighborWorks
21 America company.

22 I want to start by thanking you for
23 both your support and interest in housing as
24 well as your tenacity and endurance in being

1 able to sit through hearings and hear a lot
2 of technical information around housing.

3 I was going to be joined by one of my
4 member groups, Neighborhood Housing Services
5 of New York City, and unfortunately the CEO
6 was unable to make it at the last minute.
7 I've attached her testimony here, and of
8 course she's always available for questions
9 and follow-up specifically to her agency.

10 I'm not going to read the testimony,
11 I'll spare you that, and I will just sort of
12 highlight a couple of things.

13 One is my organizations do a variety
14 of housing services from real estate
15 development, asset management, et cetera, to
16 a lot of housing counseling and,
17 unfortunately, now a lot of foreclosure
18 prevention services as well.

19 But before I get to that, one of the
20 things that about half my groups do is
21 community-based lending as CDFIs, community
22 development financial institutions. And so
23 even though that budget issue is not at your
24 table, I'm going to take advantage of you

1 here and just sort of urge that there be
2 increased funding to this New York State CDFI
3 fund, because for every dollar that New York
4 State puts into it, you can leverage a
5 federal dollar of it. And it really does
6 fill a huge gap at the community-based level
7 for capital for homeowners, homebuyers,
8 repairs, and that kind of thing.

9 So I want to move on to foreclosure
10 prevention services. You've heard a lot
11 about it already, and many of you met with
12 folks earlier this week. So we're a member
13 of the statewide campaign that Christie
14 referred to. We're a member of the statewide
15 network which funds 94 agencies, housing
16 counseling, and legal services. Many of the
17 housing counseling agencies are upstate, by
18 the way.

19 And I do want to mention that there's
20 no other discrete funding for foreclosure
21 prevention services. I think that the
22 incoming commissioner alluded to some funding
23 towards it, and really there's very limited
24 HUD housing counseling, which is sometimes

1 seen as funding. Foreclosure prevention
2 typically doesn't -- it's really for
3 first-time homebuyers, and so you have to be
4 very careful about who you're counseling on
5 which money.

6 So the state's foreclosure prevention
7 money that right now -- which is at the
8 Attorney General's office and which is ending
9 as of September 30th, means that there's
10 going to be no other money to have staff on
11 board to be able to do this critical work.

12 At TRIP, Troy Rehabilitation and
13 Improvement Program, we're based in Troy,
14 New York. We have two staff under the HOPP,
15 the Homeowner Protection Program -- one's a
16 full-time housing counselor doing just
17 foreclosure prevention, the other's an intake
18 specialist -- and a caseload of 140 cases,
19 some of which linger for years. But our
20 counsel was successful in getting 49 mortgage
21 modifications last year -- which is really a
22 drop in the bucket compared to the need, but
23 it's probably 49 more than people would have
24 gotten without having a housing counselor or

1 legal services that advocate for them.

2 I do want to mention a little bit the
3 impact on communities, or the impact of
4 foreclosures in general. And I'll point out
5 that at the back of my testimony I have
6 attached a two-page sort of fact sheet about
7 the economic impact. This was put together
8 for the statewide campaign, and it was put
9 together by Empire Justice Center, which has
10 done great work on the campaign in general,
11 and I think you'll find that information
12 pretty interesting.

13 One of the -- I think the real
14 problem, I guess, of the foreclosure crisis
15 is not only the impact it has on families and
16 disruption in credit and all that kind of
17 stuff, but it really has a huge impact on
18 communities and in some ways undoes decades
19 of work that some of us not-for-profits have
20 been doing in the community. So we've been
21 doing, at TRIP, community revitalization work
22 for some 40 years. Our homeowners have all
23 been counseled, they're pretty stable, but
24 around them we see people, you know, being

1 foreclosed on, leaving, vacancies and all
2 that kind of stuff. And it really does
3 impact the state's investment, the money that
4 we've used that you have appropriated in the
5 past -- that there's nothing we can really do
6 about that.

7 And we have been -- we are partnered
8 with the state on the Neighborhood
9 Revitalization Program. They're depending on
10 us to get homebuyers, owner-occupants, into
11 30 to 50 vacant buildings in the City of Troy
12 in the next year and a half. That's a
13 challenge, it's going to be difficult, but
14 we're up for the challenge. They have asked
15 us to participate with them in the community
16 restoration programs or to do outreach when
17 they buy notes for those that are in our
18 service area, to do outreach and to counsel
19 people in default.

20 But one of the things I do want to
21 clarify, because I know it came up earlier --
22 I think with Senator Bailey, who raised a
23 question about zombie homes and the impact
24 that that has. And I know the Commissioner

1 talked about we're dealing with zombie homes
2 through the Neighborhood Revitalization
3 Program.

4 I would beg to differ with that. My
5 understanding of zombie homes is that those
6 are homes where people who were foreclosed on
7 got their letter, left, disappeared, can't
8 find them, and the lender hasn't proceeded
9 with the foreclosure. So there's no real
10 owner of that property, hence being a zombie.

11 So that's decimating some of the
12 communities. In the City of Troy, again,
13 where we have 600 vacant homes on the city's
14 registry, about a third of them are believed
15 to be zombies. Which means that you can't do
16 anything with them until a lender is forced
17 to go through a foreclosure process. If you
18 can't find the owner of record, you can't
19 sell that property, you can't get a buyer to
20 that property no matter how much subsidy, you
21 know, the state is giving us.

22 So again, the best recourse for that
23 is really prevention in the first place. So
24 to the extent that we can get to people as

1 soon as they're in arrears, as soon as they
2 get a 90-day pre-foreclosure notice, to the
3 extent that we can try to keep them in their
4 house or, if they need to leave, we can help
5 find subsequent homebuyers, I think that's
6 really key. So Christie's comment was
7 "penny-wise and pound-foolish," and it
8 clearly applies in this case.

9 So moving on, preservation programs,
10 we know many of you are very supportive. We,
11 along with our colleagues -- we support our
12 colleagues' recommendation to go back to last
13 year's levels, which are a little bit higher
14 than this year's levels, as someone pointed
15 out earlier. We're very interested in seeing
16 the money involved in the MOU out on the
17 streets. We have a huge need for capital to
18 be able to do the things across the state
19 that my groups want to do.

20 We understand that there's not a lot
21 of detail in some of the programs, and we
22 want to offer that we're happy to engage you
23 in discussions at any point, at any time, to
24 figure out what the best programs are to meet

1 the needs that we see in our communities.

2 So thank you so much, and appreciate
3 your time.

4 CHAIRMAN FARRELL: Thank you.

5 CHAIRWOMAN YOUNG: Thank you.

6 Senator Krueger.

7 SENATOR KRUEGER: Hi. Just one
8 question, Hilary.

9 MS. LAMISHAW: Sure.

10 SENATOR KRUEGER: So it's been my
11 experience now, I guess over the last 15
12 years, that we play this game, what I'll call
13 whack-a-mole. So the same players who were
14 ripping off people with fake mortgages and
15 then stealing deeds and then this and then
16 that, we keep catching up with them and then
17 we outlaw that or we say "You can't do
18 that" -- and then they just pop up, literally
19 the same human beings, under a different
20 company name with a new gimmick.

21 What's the newest gimmick to rip off
22 poor homeowners?

23 MS. LAMISHAW: You know, that's a
24 really good question, and I'm not sure.

1 I would say the scam artists are still
2 out there, and that's the ones who say "For a
3 small investment, I'm going to solve all your
4 credit issues, give me your money." We often
5 see people who come to us saying they've
6 given \$2,000, \$4,000, \$8,000 to someone who
7 was going to save their home, save their
8 life. And so I think that's still a constant
9 one.

10 So I think it's really that people
11 need more basic education, financial
12 education, and need to know that those kind
13 of magical solutions don't work that way.

14 So I would say to the extent that we
15 can get more financial literacy out earlier
16 to people, that would be helpful. Because
17 those -- the moles are always going to be
18 back, and it's going to look different from
19 time to time.

20 SENATOR KRUEGER: Thank you.

21 MS. LAMISHAW: Thanks.

22 CHAIRWOMAN YOUNG: Thank you.

23 CHAIRMAN FARRELL: Thank you.

24 Benjamin Dulchin, executive director,

1 Association for Neighborhood and Housing
2 Development.

3 Next will be Stuart Kaplan.

4 Good afternoon.

5 MR. DULCHIN: Hi, good afternoon.

6 I will be very brief. I will just
7 summarize my remarks, out of respect for the
8 many hours, attentive hours, you guys have
9 spent this morning. And thank you for that.

10 So good afternoon. My name is
11 Benjamin Dulchin, and I am the executive
12 director of the Association for Neighborhood
13 and Housing Development. I want to thank
14 Chairs Little, Farrell, Young, and Cymbrowitz
15 for holding this hearing and for allowing me
16 to testify this morning on the 2018 budget.

17 ANHD, the Association for Neighborhood
18 and Housing Development, is the umbrella
19 organization of now 102 neighborhood-based,
20 mission-driven affordable housing and
21 economic development organizations across all
22 five boroughs of New York City. Our members
23 were instrumental in creating the city-backed
24 affordable housing models that the city has

1 used for the last 30 years. ANHD member
2 organizations over the last 30 years have
3 built well over 100,000 units of affordable
4 housing and currently actively manage about
5 30,000 of those units. So we are deeply
6 steeped in the economics of affordable
7 housing development and finance.

8 Again, I won't take up your time this
9 morning reciting a litany of data to make the
10 case once again that there is an affordable
11 housing crisis in the city and the state.
12 You know, speaking as an organization that
13 works in all five boroughs, every New Yorker
14 knows that there is an incredible affordable
15 housing crunch at almost all levels of the
16 income spectrum except for the very highest
17 level. And more than a third of New Yorkers
18 are grossly over-rent-burdened and are really
19 experiencing it at a devastating level in
20 their own lives.

21 It is pretty clear that rents are
22 rising, incomes are not rising, and the
23 effect is pretty much what you'd think it
24 would be. The New York State government has

1 long supported and consistently supported
2 affordable housing activities and needs to
3 continue to expand those activities to
4 support families across the state. Each new
5 affordable housing unit isn't just a family
6 that's brought some stability, that's able to
7 have a better economic path for themselves;
8 it's also an opportunity to create stronger
9 neighborhoods and stronger communities.

10 We were very heartened with the MOU
11 last year that was to release some \$2 billion
12 in resources for affordable housing. We are
13 further heartened to see in the draft budget
14 announced by the Governor some \$2.5 billion
15 in resources for affordable housing. For the
16 last 12 months, we haven't seen any of those
17 resources actually come to the streets where
18 they can actually build housing because
19 they've been held up in unrelated struggles
20 on other issues in New York State, and that
21 has had a pretty significant impact.

22 Affordable housing developers need the
23 resources, but they also need consistency of
24 expectations to build the affordable housing

1 that we all agree needs to be built. And so
2 we would simply implore the State
3 Legislature, as we would implore the
4 Executive, to decouple the issue of the MOU,
5 to decouple the issue of the financing
6 resources for the affordable housing programs
7 that pretty much everyone agrees on, to
8 decouple those from other issues,
9 particularly 421-a. For some reason, those
10 two issues have been melded together in the
11 political conversation.

12 There's really no programmatic reason
13 for them to be connected. 421-a is -- you
14 know, I think you guys know is really,
15 fundamentally, not about affordable housing.
16 It's an abatement that -- an exemption that
17 is intended to incentivize the private market
18 to build mostly higher-end housing. We think
19 it does so inefficiently.

20 But regardless, it's not fundamental
21 to any of the city's affordable housing
22 plans. It plays a minor role, and it is
23 important to note that although 421-a expired
24 on January 1, 2016, in 2016 the housing

1 production numbers, the affordable housing
2 production numbers just announced by
3 Mayor de Blasio and his administration,
4 demonstrated that they outstripped their
5 housing goals quite significantly.

6 They built some 16,000 affordable
7 units last year, they started some 16,000
8 affordable units last year, surpassing the
9 goals that they had, and going down as the
10 most productive affordable housing
11 development year on record for New York City.
12 And that's pretty impressive, given that
13 we've had some very good affordable housing
14 mayors. And they did that during a year when
15 there was no 421-a.

16 It is pretty irrefutable that 421-a is
17 not essential to the affordable housing
18 conversation, and it should be -- it is an
19 important conversation, but it really should
20 be separated and the MOU should decouple and
21 go forward without it.

22 So with that, I won't sort of repeat
23 what a lot of my colleagues have said. We
24 strongly support the essential elements of

1 the program that the Governor has proposed.
2 The allocation for supportive housing, the
3 allocation for funds to create a home
4 stability support new statewide supplement,
5 the \$100 million to NYCHA is obviously
6 essential.

7 NYCHA has long been underfunded and
8 provides an extraordinary service to the
9 people who most need it without having the
10 resources they really need. And having state
11 support to help to cover the capital needs
12 that are so essential is -- it's an essential
13 service to the New Yorkers who need it most.

14 We would strongly align ourselves with
15 our colleagues calling for continued
16 programmatic support for anti-foreclosure
17 efforts. And just in closing, we support the
18 concept of a mansion tax, which we think is
19 an effective way of creating the resources
20 that we need.

21 So again, we think that the essential
22 elements of the housing plan that have been
23 put forward by the Executive make a lot of
24 sense. But none of them makes sense unless

1 the funding is there, and we would strongly
2 urge that the funding be expeditiously
3 released and not tied up in other issues.

4 Thank you.

5 CHAIRMAN FARRELL: Thank you.

6 CHAIRWOMAN YOUNG: Senator Krueger has
7 a question.

8 SENATOR KRUEGER: Thank you.

9 So thank you for your testimony. Your
10 organization does an enormous amount of
11 digging down to the neighborhood level for
12 data, and in fact you gave us some today, so
13 thank you.

14 But were you here when I was having a
15 discussion with outgoing Commissioner
16 Jamie -- I'm sorry --

17 CHAIRWOMAN YOUNG: Rubin.

18 SENATOR KRUEGER: -- Rubin earlier
19 today, and we were having a little discussion
20 about the reality in our district, of which
21 he is a constituent? And I was laying out
22 that actually we're losing affordable housing
23 at an incredibly rapid rate, and the --
24 specifically the Option G scenario would

1 actually, in my opinion, potentially wipe out
2 affordable housing in a very quick time
3 frame, both in my district up and down the
4 East Side, and probably parallel in sections
5 of the West Side.

6 Based on your data, am I crazy to say
7 that's going to happen?

8 MR. DULCHIN: I think that there's a
9 strong reason to think that you're correct.
10 It is pretty profitable to build market-rate
11 housing in the city, especially in
12 higher-income districts like yours, and to do
13 so while paying no real estate taxes for
14 35 years really makes it a slam dunk. It is,
15 you know, in your neighborhood that they have
16 been building mostly higher-end condos for a
17 while, but it is probably the case -- I mean,
18 housing markets are complicated. It seems to
19 be the case that at least in the outer
20 boroughs that condo markets are getting
21 oversaturated. And so with the creation of
22 this new approach, where you could build a
23 rental and take advantage of a 35-year
24 abatement, an additional 10-year 100 percent

1 exemption, may well turn a number of
2 developers who otherwise wouldn't have
3 acted -- so I suspect that you have -- that
4 there is a lot to what you are saying.

5 SENATOR KRUEGER: Thank you.

6 CHAIRMAN FARRELL: Thank you.

7 Stuart Kaplan, CEO, Selfhelp Community
8 Services.

9 MR. KAPLAN: Good afternoon, all.

10 CHAIRMAN FARRELL: Good afternoon.

11 MR. KAPLAN: Chair Young, Chair
12 Farrell, Chair Cymbrowitz, nice to see you.
13 And Senator Krueger, good afternoon.

14 I am Stuart Kaplan, the CEO of
15 Selfhelp Community Services, and I'm
16 delighted to be able to talk a bit about the
17 Governor's proposed Executive Budget for
18 fiscal 2018, particularly in regard to
19 seniors.

20 I am the first speaker, I believe,
21 that is not representing an association and
22 representing just a particular
23 organization -- in my case, one that was
24 founded in 1936 to care for Holocaust

1 survivors. We continue to do that today. We
2 now have 27 locations around New York City
3 and Long Island serving some 20,000 elderly
4 people, including almost 5,000 Holocaust
5 survivors. Our primary mission is to ensure
6 that seniors are able to live independently
7 and with dignity and to avoid
8 institutionalization.

9 Our network of services at
10 Selfhelp consists of 10 affordable senior
11 housing complexes; four Naturally Occurring
12 Retirement Communities; three case management
13 programs; five senior centers, including one
14 of the first Innovative Senior Centers in the
15 city; home healthcare programs;
16 client-centered technology, including a
17 Virtual Senior Center that we have created;
18 court-appointed guardianship programs; and
19 Alzheimer's programs for people with
20 early-stage and mid-stage dementia.

21 Selfhelp's housing world began in
22 1964. I've heard a number of references
23 today to the Mitchell-Lama program. Selfhelp
24 was the first not-for-profit in the state to

1 begin a Mitchell-Lama program for seniors in
2 1964, followed by another one in 1970. Today
3 our housing complexes care for approximately
4 1400 people around the city, in Queens, the
5 Bronx, and Nassau County. And we will be
6 adding 10 percent to that number with two
7 projects that we have underway in Brooklyn.

8 As you know, the Governor's Executive
9 Budget includes substantial new investments
10 in affordable housing. Among these
11 investments is a proposed appropriation of
12 \$125 million of capital funds dedicated to
13 construction and rehabilitation of senior
14 housing. We clearly applaud that initiative
15 over the next five years.

16 Unfortunately, as has been mentioned,
17 the proposed budget does not include language
18 that would create a distinct senior housing
19 program. Such a program would be strictly
20 for senior housing developers and not
21 co-mingled, if you will, with developers of
22 housing for other populations. This would
23 help to fulfill the Governor's call for
24 New York State to be a leader in age-friendly

1 communities.

2 An affordable housing coalition, many
3 of whom you've heard from today, is drafting
4 legislation that would create a distinct
5 affordable senior housing and services
6 program. We urge you to support this
7 provision and to ensure that it is included
8 in the final budget.

9 We might ask why an affordable senior
10 housing and services program, distinct --
11 well, we have learned that affordable
12 housing, with supportive services for the
13 mental health and behavioral health
14 populations, saves money. Certainly the
15 New York State Medicaid Redesign Team, the
16 MRT initiative, has made substantial
17 investments in affordable housing, with
18 supportive services that help keep these
19 populations stably housed, avoiding costly
20 shelters and other institutional
21 settings and, at the same time, dramatically
22 improving the quality of life for thousands
23 of formerly homeless seniors.

24 Unfortunately, our state has yet to

1 make similar investments in senior housing --
2 senior housing being the primary social
3 determinant of health -- to assist the
4 elderly, many of whom will eventually need
5 and be eligible for Medicaid-funded nursing
6 home care, at great expense to the state.
7 While many seniors are not currently users of
8 Medicaid services because of coverage under
9 Medicare, frail seniors are likely to become
10 high-cost users of Medicaid if they have no
11 other choice than to move to a nursing home
12 and either immediately or eventually receive
13 coverage through Medicaid.

14 An affordable housing with services
15 program is far less costly than skilled
16 nursing facilities, which cost upwards,
17 certainly downstate, of \$100,000 per person
18 per year and are not always the most
19 appropriate place for people to live as they
20 age. And I believe we all know in our hearts
21 that looking forward to nursing home care is
22 not something that people generally do.

23 A model of housing and services that
24 we employ at Selfhelp, as an example, offers

1 much more than just an affordable place to
2 live. We have social workers who support
3 residents' independence and quality of life
4 as they age in their homes. Services include
5 information and referral, wellness programs,
6 volunteer opportunities, social events, and
7 connections to community-based resources that
8 then can offer meals, home care services,
9 case management, and more. These services
10 are available, and I underscore, on an
11 if-and-when-needed basis. People are living
12 independently in these homes and apartment
13 buildings, and they may not need these
14 services when they move in when they are 65,
15 75, or 85, yet they may need them ten years
16 hence.

17 I invite committee members to visit
18 and see the apartments and services and
19 interesting technology that we use in
20 Selfhelp senior complexes, and also to see
21 the smiles on the faces of the seniors. I'm
22 sure that will put smiles on your faces as
23 well.

24 I might add, as opposed to the

1 \$100,000 price tag for a skilled nursing
2 facility downstate, this program at Selfhelp
3 runs at a cost for services of \$800 per year.

4 Our coalition has also proposed adding
5 \$10 million to the budget for a senior
6 housing residence service coordinator
7 program, which would put up to 140 new
8 service coordinators in new and existing
9 senior housing around the state. Service
10 coordinators in senior housing residences
11 have proven to reduce healthcare costs by
12 reducing unnecessary hospitalizations and
13 premature entry into Medicaid-funded nursing
14 homes. And by encouraging health and
15 wellness, and effective use of the primary
16 health system, this investment has enormous
17 cost savings potential. There is currently
18 no funding stream for this service, and an
19 investment would greatly enhance the program.

20 I've mentioned that we have such a
21 program operating at Selfhelp, and we've done
22 it by cobbling together a disparate array of
23 services that come from either the state or
24 the city, and we then underwrite the balance

1 of that with philanthropy. Certainly you
2 would agree this is not an efficient nor a
3 sustainable model that can be scaled
4 statewide.

5 The Affordable Housing and Services
6 Program including the senior housing resident
7 service coordinator program would put
8 New York State in the forefront of senior
9 housing in the nation and again make us a
10 leader in age-friendly communities.

11 In closing, all members received -- as
12 my colleague John Broderick mentioned from
13 LeadingAge New York -- the recommendations of
14 the Bipartisan Policy Commission on the topic
15 of senior housing. It clearly sets forth
16 additional support and rationale for a
17 housing and services model and also provides
18 the empirical data and substantial other
19 material for the rationale for a senior
20 housing with services program.

21 I thank you and would be happy to
22 answer any questions.

23 CHAIRMAN FARRELL: Thank you very
24 much.

1 We've been joined by Assemblyman
2 Barron.

3 Any questions?

4 CHAIRWOMAN YOUNG: I saw
5 Assemblymember Cymbrowitz.

6 CHAIRMAN FARRELL: Yes,
7 Mr. Cymbrowitz.

8 ASSEMBLYMAN CYMBROWITZ: Thank you,
9 Stuart.

10 MR. KAPLAN: Thank you.

11 ASSEMBLYMAN CYMBROWITZ: I can confirm
12 that I did have a smile on my face when I
13 toured your Flushing developments. They
14 truly work with the community that they
15 serve, and it really does make sense to have
16 that program where we can help seniors when
17 they need it. Congratulations on the good
18 work that you and Sandy Myers do. Keep it
19 up.

20 MR. KAPLAN: Thank you so much. I
21 appreciate it, Assemblyman.

22 CHAIRMAN FARRELL: Senator?

23 SENATOR KRUEGER: Thank you.

24 So I think you've answered my

1 questions, but -- so you actually have this
2 model already in place in your sites, the
3 senior --

4 MR. KAPLAN: That's correct.

5 SENATOR KRUEGER: And so what is the
6 funding stream that you currently use?

7 MR. KAPLAN: So collocating services
8 in senior housing comes from a variety of
9 sources. We have funding for senior centers
10 and in two of our properties which comprise
11 two campuses, so there are several buildings
12 associated. We have senior centers that come
13 from -- that are funded through the New York
14 City Department for the Aging.

15 Some of the housing properties provide
16 enough excess income to have a social worker
17 on staff. The social worker is key to the
18 organization and access to all of the other
19 services that I've mentioned.

20 The technology that we employ, which
21 includes sensor technologies and other types
22 of technologies that are used with people
23 with early-stage dementia -- memory games, if
24 you will -- are provided through foundations

1 and philanthropy.

2 When a senior -- when and if a senior
3 should require home care services, the social
4 work staff would be able to help guide the
5 tenant who may -- or the family member who
6 needs those services to home care programs in
7 the community so that home care can be
8 brought in. The same goes for meals, and
9 those have separate independent funding
10 sources.

11 So the types of services that a senior
12 would need to continue to live independently
13 are assessed by staff that are paid for
14 either through philanthropy or by some
15 minimal excess income from the properties,
16 and then we cobble together the rest of the
17 services from there.

18 SENATOR KRUEGER: So basically you're
19 a large enough and a multi-service-enough
20 kind of senior agency that you can cobble
21 together from different parts of different
22 budgets.

23 MR. KAPLAN: Correct, but despite --
24 if we were in a rural county of upstate

1 New York or otherwise, that service
2 coordinator would be able to do the very same
3 thing for a building that had 60 units or --

4 SENATOR KRUEGER: I agree completely.
5 My point was that in much of the state, and
6 even in many parts of the city, the providers
7 or the providers we hope to bring in aren't
8 going to be necessarily large enough to be
9 able to do it on their own, as to some degree
10 you've been able to do it on your own as a
11 model because you have such a multi-pronged
12 agency budget -- I would guess probably, in
13 total, a fairly large agency budget.

14 MR. KAPLAN: Senator, I certainly
15 agree with that as to today.

16 Selfhelp started this model in 1964
17 with our first building for Holocaust
18 survivors. At that time we did not have our
19 senior centers, we did not have the home care
20 programs, we did not have the technology.
21 And yet we recognized, in service to the
22 survivor population, that their needs were
23 greater than most and that we needed to be
24 able to help them to access those types of

1 supports that would help them to live with
2 dignity and independently. So this does date
3 back now more than 60 years -- 50 years.

4 SENATOR KRUEGER: Thank you very much.

5 MR. KAPLAN: Thank you very much.

6 CHAIRMAN FARRELL: Thank you.

7 CHAIRWOMAN YOUNG: Thank you.

8 MR. KAPLAN: Thank you.

9 CHAIRMAN FARRELL: Jacquelyn Kilmer,
10 CEO, Harlem United Community AIDS Center.

11 MS. KILMER: Good afternoon.

12 CHAIRMAN FARRELL: Good afternoon.

13 MS. KILMER: Thank you for the
14 opportunity to testify before you today.

15 My name is Jacquelyn Kilmer, and I'm
16 the chief executive officer at Harlem United.
17 Harlem United has 29 years experience in
18 providing critical health, housing, and
19 responsive human service to people with
20 multiple complex needs. With over 700 units
21 of supportive housing, 3,000 primary care
22 visits a year to our three Federally
23 Qualified Health Centers, two AIDS adult day
24 healthcare programs, mental health, substance

1 use treatment, harm reduction, syringe
2 exchange, community-based outreach and
3 preventive screenings, Harlem United is able
4 to "level the playing field" for more than
5 10,000 New Yorkers each year. The vast
6 majority of the New Yorkers who we serve are
7 those who are the most disenfranchised --
8 homeless or unstably housed, living with HIV
9 or AIDS, hepatitis C, diabetes, extreme
10 poverty, addiction issues and mental illness
11 issues. Harlem United serves the most
12 vulnerable citizens of New York and we are,
13 for many, the service provider of last
14 resort.

15 Beginning with the successes of our
16 first 60 units of HIV supportive housing in
17 1991, we at Harlem United know firsthand that
18 supportive housing can reduce the number and
19 length of hospital stays, the number of
20 emergency room visits, and the number of
21 psychiatric hospitalizations. Our supportive
22 housing programs allow us to reach HIV
23 positive individuals with routine testing,
24 and link them to and retain them in care in

1 order to achieve suppressed viral load.
2 Achieving a suppressed viral load, in turn,
3 brings health benefits for the individual and
4 drastically reduces the risk of transmission
5 to others.

6 In the spring of 2016, Harlem United,
7 working with the New York City Human
8 Resources Administration and the Department
9 of Homeless Services and Veterans Affairs,
10 began providing permanent congregate housing
11 and supportive services to homeless veterans.
12 Not surprisingly, the majority of these men
13 and women are living with chronic mental
14 health conditions or addiction issues or
15 both, in addition to chronic medical
16 conditions.

17 With these men and women, Harlem
18 United sees the need for more intensive
19 services to be readily available, including
20 comprehensive psychosocial and mental health
21 services, in order to make their transition
22 from the streets and homeless shelters to
23 stable, permanent housing successful.

24 We've already heard significant

1 testimony today regarding capital funding
2 that's in the budget and the need to release
3 the \$1.82 billion that is yet to be released
4 from last year, so I won't focus on that.
5 And there's no question that capital funding
6 is very important in order to increase the
7 supply of available supportive housing units.
8 However, it must also come with ongoing
9 commitments to provide for the services and
10 operating funds that are necessary to make
11 the housing truly supportive and successful.

12 In addition, to be a viable resource,
13 scattered-site supportive housing has to have
14 adequate funds to keep pace with the
15 ever-increasing market rents. In order to
16 address these issues, we are asking that the
17 Legislature support the \$30 million in
18 safety-net public assistance funding provided
19 in the Executive Budget to cover expanded
20 participation in HIV/AIDS housing resulting
21 from the policy change allowing
22 income-eligible but non-symptomatic people
23 living with HIV/AIDS in New York City to
24 access services.

1 We're also asking for an additional
2 \$20 million in funding to initiate a
3 demonstration project to leverage the
4 existing HIV emergency shelter allowance to
5 expand access to HIV rental assistance to
6 income-eligible people with HIV who reside in
7 New York State communities outside of
8 New York City. To date, state HIV housing
9 assistance has not been made available to
10 low-income New Yorkers living outside of
11 New York City, which leaves an estimated
12 4,000 to 6,000 individuals with HIV living in
13 upstate New York and in Long Island with
14 unmet housing needs.

15 This \$20 million pilot project would
16 be structured to ensure expanded access by
17 increasing approved rents available under the
18 existing program and providing an affordable
19 housing protection for households with HIV
20 who receive disability income. We would also
21 urge that the statewide HIV rental assistance
22 program be implemented in a way that limits
23 contribution to rent from income to
24 30 percent, thus mirroring the 30 percent

1 rent cap protections in New York City.

2 We would ask for an increase in the
3 \$10 million provided in the Executive Budget
4 for existing OMH-supported housing and single
5 residency occupancy programs, to ensure
6 sufficient funding for all existing
7 scattered-site units statewide at acceptable
8 levels for both rent and services.

9 And finally, we would ask for
10 increased funding for OTDA's New York State
11 Supportive Housing Program by \$4.2 million,
12 to restore last year's cuts to existing
13 programs and fund existing unfunded programs.

14 Thank you.

15 CHAIRWOMAN YOUNG: Thank you.

16 Any questions?

17 SENATOR KRUEGER: Thank you.

18 CHAIRMAN FARRELL: Thank you.

19 Charles King, Housing Works.

20 MR. KING: Good afternoon, honorable
21 chairs and other members of the Senate and
22 Assembly. I'm Charles King. I'm the
23 president and CEO of Housing Works. I'd like
24 to also take this opportunity to introduce

1 Housing Works' new director of New York State
2 government relations, Jillian Faison, who
3 some of you may know from her work here in
4 prior periods.

5 I want to be very frank with you about
6 ending the epidemic here in New York State.
7 There's good news, which I will share, but
8 there's also bad news. The good news is
9 that, first of all, in 2014 New York State
10 made a remarkable commitment to become the
11 first jurisdiction anywhere in the world to
12 end AIDS as an epidemic. And we have
13 followed through on that commitment. I
14 commend both of the houses for their
15 commitment of resources to this effort, as
16 well as the Governor.

17 As it pertains to housing in New York
18 City, we now have a 30 percent cap on tenant
19 income as a contribution to their ability to
20 access supportive housing and enhanced rental
21 assistance. And last June the New York State
22 AIDS Institute changed the definition of HIV
23 disease for purposes of accessing the
24 enhanced rental assistance to include all

1 income-eligible people infected with HIV.

2 As a consequence of these changes, we
3 now have 28,000 households in New York City
4 receiving HIV enhanced rental assistance, and
5 it shows in the data. In the 2015
6 surveillance report for New York City,
7 83 percent of people who are HIV-positive are
8 in care, and a remarkable 75 percent of all
9 people in New York City who are HIV-positive
10 are completely virally suppressed. What that
11 means is they have stopped disease
12 progression in their own bodies and it is
13 impossible for them to transmit the virus to
14 another person. That is a remarkable success
15 story. And as a consequence, for the first
16 time we see a more than 10 percent decrease
17 in new diagnoses among young men who have sex
18 with men, including young men of color. This
19 is a remarkable achievement.

20 That's the good news. The state
21 surveillance report for the same period will
22 be coming out in the next few weeks, and
23 preliminary data indicate that while in
24 New York City, which has 80 percent of the

1 entire epidemic, viral suppression is at
2 75 percent, statewide viral suppression is
3 only at 69 percent.

4 What that means is that in the rest of
5 the state, viral suppression is only about
6 50 percent. And my warning to you is that if
7 we don't address this, we will achieve ending
8 the epidemic by 2020 in New York City alone,
9 and not in the rest of our state.

10 Now, what accounts for this
11 difference? It is not the quality of
12 prevention, it is not the quality of
13 treatment and care that takes place in all of
14 the other localities in New York State.
15 There is one major differential. In New York
16 City, 28,000 households access the enhanced
17 rental assistance program and achieve housing
18 stability. In the rest of our entire state,
19 with 20 percent of the epidemic, only
20 107 households in all of Long Island, Albany,
21 Onondaga, Erie -- all of these other counties
22 heavily impacted by HIV, only 107 households
23 have access to the enhanced rental
24 assistance.

1 Why is this? In part because many
2 localities don't make it widely available,
3 but also because there's not a 30 percent
4 rent cap. As a consequence, if you have any
5 income outside of public assistance, you are
6 deemed ineligible for the enhanced rental
7 assistance. Not only that, but if you are on
8 public assistance, your rent cannot be more
9 than \$480 a month. Please tell me, in what
10 county in New York State can one find rent
11 for less than \$480 a month?

12 That is why we are calling for this
13 year an appropriation of \$20 million to
14 supplement the \$480 rental assistance,
15 coupled with a cap that tenants should not
16 contribute more than 30 percent of their
17 income to their housing statewide, coupled
18 with a change in formula that allows this
19 additional supplemental rent subsidy without
20 counting towards a public assistance
21 recipient's income.

22 If we can achieve this, this will at
23 minimum allow us to ensure stable housing to
24 some 3,600 households around the rest of

1 New York State, meeting the minimum estimated
2 need burden for the entire state, and thereby
3 helping us truly achieve ending the AIDS
4 epidemic throughout New York State and not
5 just in New York City.

6 Thank you very much.

7 CHAIRMAN FARRELL: Thank you.

8 Questions?

9 SENATOR KRUEGER: Velmanette
10 Montgomery.

11 SENATOR MONTGOMERY: Thank you.

12 I just wanted to ask you -- and this
13 is not a housing issue, but it's an AIDS
14 issue in particular. And I just wanted to
15 ask you if you have any sense of how we're
16 doing with people who are incarcerated.
17 Because at one point for us in the city in
18 particular, and I guess statewide, that was a
19 huge problem in terms of --

20 MR. KING: So actually, for people who
21 are incarcerated who have disclosed their
22 status to DOCCS, we are doing exceptionally
23 well. Viral suppression is around
24 95 percent.

1 There is a small percentage of people
2 who go into DOCCS who do not disclose their
3 HIV status. And thanks to the Ending the
4 Epidemic Initiative, the AIDS Institute is
5 now matching, with DOCCS data, the
6 surveillance data and not notifying DOCCS,
7 but actually sending AIDS Institute staff
8 into Corrections to work with those people
9 who haven't disclosed to ensure that they can
10 disclose safely. And if they choose not to,
11 that they're linked to care as soon as
12 they're discharged.

13 The fundamental barrier with DOCCS
14 always -- and there are a lot of steps to
15 address it -- is what happens when somebody
16 is released. Are we ensuring that they are
17 immediately linked to care, to housing, and
18 the services they need in the community so
19 that they can continue their viral
20 suppression?

21 And the other thing that we're working
22 towards is being able to deliver pre-exposure
23 prophylaxis to folk who are at highest risk
24 who are in Corrections so that when they come

1 out and the first thing they do is look for a
2 partner, that they don't run the risk of
3 getting infected as well.

4 SENATOR MONTGOMERY: And you know that
5 the chair of our Health Committee, Dick
6 Gottfried, has legislation, and I'm
7 sponsoring it in the Senate, that would do
8 just exactly what you're talking about.

9 MR. KING: Yes.

10 SENATOR MONTGOMERY: So hopefully we
11 can hear more support from you on that, or
12 more thoughts from you on that legislation.

13 MR. KING: Yes, we strongly support
14 that.

15 And since you've given me the
16 opportunity, I would also note that while the
17 Governor has raised the age for homeless and
18 runaway youth to stay in housing until age
19 24, I believe it is, there have not been any
20 additional funds provided. That's a system
21 that's already clogged up. So we want to
22 celebrate raising the age, but we also need
23 more housing resource for young people who
24 fall in that age cohort.

1 SENATOR MONTGOMERY: Thank you.

2 MR. KING: Sure.

3 CHAIRMAN FARRELL: Assemblyman Barron.

4 ASSEMBLYMAN BARRON: Yes, I just
5 wanted to simply commend you for the work
6 that you're doing, and it's a real minimal
7 ask for a major problem, in viral
8 suppression.

9 But I also wanted to congratulate you
10 on your wisdom for selecting Ms. Faison to be
11 a part of your staff. She is an excellent
12 worker. We've done work in the past.

13 So I want to highly commend you for
14 your position, and I will continue to be very
15 supportive.

16 MR. KING: Assemblyman, she's already
17 proved to be a brilliant decision, and I take
18 total credit myself for that.

19 (Laughter.)

20 CHAIRWOMAN YOUNG: Very nice. Good.

21 CHAIRMAN FARRELL: Thank you very
22 much.

23 SENATOR KRUEGER: Thank you very much.

24 MR. KING: Thank you.

1 MS. FAISON: Thank you.

2 CHAIRMAN FARRELL: Lisa Frisch,
3 executive director, The Legal Project.

4 MS. FRISCH: Thank you very much. My
5 name is Lisa Frisch. I'm the executive
6 director of The Legal Project here in Albany.

7 The Legal Project was created over
8 21 years ago by the Capital District Women's
9 Bar Association as an independent nonprofit
10 with the mission to provide civil legal
11 services to domestic violence victims and the
12 working poor in the Capital Region. We fill
13 a gap of services which are not provided by
14 other programs in the area, and have
15 developed programs to meet the needs in the
16 community, including a foreclosure program
17 that I'm here to talk about.

18 We initially received funding through
19 the New York State Homes & Community Renewal,
20 which was then the New York State Division of
21 Housing and Community Renewal, and we became
22 part of New York's network of foreclosure
23 prevention services, which by now you know is
24 comprised of 94 nonprofit service providers

1 providing no-cost legal services to
2 homeowners in varying stages of the
3 foreclosure process.

4 Upstate, our programs have worked
5 under the leadership of the Empire Justice
6 Center. Locally, The Legal Project has been
7 a member of a coalition in the Capital Region
8 called HOMESAVE, which includes housing
9 counselors, legal services providers, and
10 other local organizations working together to
11 provide the most effective and streamlined
12 homeowner assistance.

13 In 2012, we received funding through a
14 competitive grant process which was
15 administered by the Office of the Attorney
16 General, after the agency was provided funds
17 in the National Mortgage Settlement. This
18 funding allowed us to hire four staff
19 attorneys, a paralegal, and an administrative
20 assistant.

21 The majority of clients served through
22 our current foreclosure program have had an
23 unexpected event in their life that caused
24 major financial disaster, including illness,

1 job loss, and loss of income. These clients
2 are new to legal services. They are
3 essentially the new poor. This is the first
4 time they've reached out for help from any
5 service, generally, and now they often have a
6 multitude of legal issues that have come up
7 as a result of financial or medical issues.

8 We're in the fifth year of this
9 critical funding, and as you know, there's no
10 future settlement funds being allocated to
11 the Office of the Attorney General, due to
12 the change in state rules which now requires
13 all funds to go to the State Budget. Without
14 this core funding again being placed in the
15 State Budget specifically for foreclosure
16 prevention, these critical legal and housing
17 counseling services are surely going to come
18 to an end, and the excellent statewide
19 infrastructure of these services would be
20 lost.

21 In providing these services for the
22 past seven years, it's become really evident
23 that it's absolutely essential for homeowners
24 to have legal representation when going

1 through a foreclosure action. Homeowners who
2 have legal counsel get quicker resolution of
3 these cases, and less time is spent in the
4 state court system.

5 Lenders are always represented by
6 legal counsel. So if a homeowner doesn't
7 have legal representation, they are at a
8 great disadvantage. Lenders' attorneys often
9 rely on the homeowner's lack of knowledge of
10 their rights and options available to them.

11 Our foreclosure program works in
12 tandem with our local housing programs and
13 other legal services programs in the area in
14 order for us to be able to triage these cases
15 and make sure that people don't fall through
16 the cracks. Working within this foreclosure
17 prevention services network has provided
18 homeowners the ability to receive services
19 from housing counselors and legal services
20 early in the process, which greatly increases
21 the likelihood of saving their home. What we
22 know is early intervention makes a huge
23 difference.

24 Currently we have over 200 active

1 cases, most of which we anticipate will be
2 ongoing in September when this current
3 funding ends. We also have new clients
4 seeking our help every single day. This area
5 of law is incredibly specialized, with rules
6 and regulations which are constantly changing
7 and would make it extremely difficult for pro
8 bono attorneys or members of the private bar
9 to pick up any of these cases should we have
10 to discontinue this program.

11 We work with over 200 pro bono
12 attorneys in the Capital Region, and we have
13 tried to come up with mechanisms to have them
14 be able to assist us on this project, and
15 it's really impossible. It requires too much
16 time and expertise to do this. They're very
17 complicated and time-consuming cases, and
18 they sometimes last several years.

19 Our clients include homeowners that
20 are at various stages of the foreclosure
21 process, and the cases are absolutely
22 heartbreaking. We had a single mom whose
23 child became gravely ill, and the child has
24 to travel out of state for time-consuming

1 medical treatments. And the mom spent quite
2 a bit of time away from work, so her salary
3 was reduced and she fell behind on her
4 mortgage payments.

5 We had a veteran who had a VA loan and
6 applied for disability but was denied. While
7 he was fighting his appeal, he fell behind in
8 his mortgage payments. Eventually, he was
9 granted the disability benefits, and he's now
10 able to afford his monthly mortgage payments.
11 But he's so far behind that he couldn't
12 possibly catch up, nor will his lender even
13 speak with him if he cannot pay the entire
14 amount of arrears, including the fees.

15 There's also the elderly woman whose
16 name was not on the reverse mortgage that her
17 husband took out before his death. She faced
18 eviction from her home of 40 years until we
19 were able to reach a settlement with her
20 bank.

21 These are homeowners who are in a
22 position to avoid foreclosure, but who needed
23 the assistance of housing counseling and
24 legal representation to work with the lender,

1 negotiate a settlement, and save their homes.

2 Since the inception of our foreclosure
3 program, The Legal Project has provided legal
4 assistance to over 2,750 homeowners and
5 prevented 217 foreclosures, ultimately
6 preserving homeownership and preventing
7 vacant and abandoned housing in our
8 communities. In 2016 alone, 26,000 New York
9 families across the state were served through
10 the Foreclosure Prevention Services Network.
11 This network provided representation to more
12 than 60 percent of homeowners in settlement
13 conferences, obtaining loan modifications for
14 30 percent of clients.

15 There's some discussion of the fact
16 that foreclosure issues may be declining.
17 What we have seen in this state and certainly
18 in this community is that is not the case.
19 We have seen, since the inception of our
20 program, an amazing 900 percent increase in
21 the number of homeowners seeking our
22 assistance.

23 We know as well that the issue of
24 reverse mortgages has also grown. The

1 Governor did place some protections to
2 include reverse mortgages in the settlement
3 conferences, but if these individuals don't
4 have the assistance of an attorney and
5 housing counselor, these protections and
6 protections such as the MAP program that was
7 discussed earlier will not be meaningful.
8 They need that assistance. They cannot
9 navigate this on their own.

10 New York State has been in the
11 forefront in the area of foreclosure
12 prevention since 2008, when the then New York
13 State Division of Housing and Community
14 Renewal administered the program. Just this
15 past year, a trained and very experienced
16 network of providers provided assistance in
17 every single county and borough in New York
18 State. Statewide, we've helped more than
19 26,000 homeowners at the very reasonable cost
20 of \$770 per family, which is amazingly
21 reasonable.

22 In terms of economic impact in
23 New York State, in 2011 the Empire Justice
24 Center conducted an in-depth study and

1 estimated that every foreclosure averted
2 saves the state, on average, \$41,134 in
3 direct costs. And if you include indirect
4 costs, the average savings goes up to
5 \$186,695. Just using the average for direct
6 costs, based on the 26,351 modifications
7 obtained through the network since 2012,
8 these foreclosure services have saved
9 \$1.084 billion in New York State, which is
10 astounding.

11 We really must keep this network of
12 experienced attorneys and housing counselors
13 in order to avoid a disaster in our courts
14 and in our communities. We are respectfully
15 requesting that the New York State Homes and
16 Community Renewal again be tasked to
17 administer this very successful program with
18 an allocation of \$10 million for the
19 2017-2018 fiscal year and \$20 million for the
20 2018-2019 year, to allow for the continuity
21 of services.

22 Our state must continue to be in the
23 forefront. We've set a national standard for
24 foreclosure prevention because of our

1 farsighted legislation and dedication to
2 providing homeowners with a strong network of
3 professional housing counselors and legal
4 services attorneys. It's vital that we
5 continue to be there for our neighbors in
6 need, not only to help avoid the loss of
7 homes but also to avoid the plague of empty
8 zombie properties that can foster crime and
9 impact property values and local economies.
10 This investment into our existing network of
11 services is absolutely invaluable to our
12 citizens and our communities.

13 Thank you for your kind attention and
14 consideration.

15 CHAIRMAN FARRELL: Thank you.

16 SENATOR KRUEGER: Thank you.

17 CHAIRWOMAN YOUNG: Thank you.

18 CHAIRMAN FARRELL: Thank you very
19 much.

20 Lara Kasper-Buckareff, director of
21 foreclosure prevention, Legal Services of
22 Hudson Valley.

23 MS. KASPER-BUCKAREFF: Good afternoon,
24 Your Honors. Thank you very much for the

1 opportunity to testify.

2 (Unintelligible interruption.)

3 MS. KASPER-BUCKAREFF: Excuse me?

4 SENATOR KRUEGER: We're not that
5 honorable.

6 (Laughter.)

7 CHAIRWOMAN YOUNG: Speak for yourself.

8 (Laughter.)

9 ASSEMBLYMAN BARRON: I'll take the
10 honor.

11 (Laughter.)

12 MS. KASPER-BUCKAREFF: My name is Lara
13 Kasper-Buckareff. I am an attorney and the
14 director of foreclosure prevention at Legal
15 Services of the Hudson Valley. Legal
16 Services is a nonprofit law firm that
17 provides free, high-quality civil legal
18 services in the mid-to-lower Hudson Valley.
19 We cover seven counties and we have a
20 foreclosure prevention unit -- currently
21 funded by the Homeowner Protection Program --
22 that consists of nine attorneys and four
23 paralegals.

24 You do have my written testimony,

1 which I will not be reading today. I will be
2 briefly summarizing my testimony.

3 And I do want to point out that the
4 Hudson Valley has been hit particularly hard,
5 and the foreclosure crisis continues in the
6 Hudson Valley. Three of the five worst
7 counties in terms of the foreclosure rate in
8 New York are located in the Hudson Valley.
9 Those counties are Orange, Putnam, and
10 Rockland.

11 Right now there are 72,000 pending
12 foreclosure cases in New York State's courts.
13 That is 26 percent of the civil caseload.
14 Last year there were 34,000 foreclosure
15 filings across New York State. This far
16 exceeds the pre-crisis foreclosure level of
17 26,706 foreclosures. It's 27 percent higher
18 right now than the pre-crisis level. We
19 still have a crisis.

20 As mentioned by some of the other
21 speakers, our principal funding for
22 foreclosure prevention is going to be ending
23 in September. We are asking you to include
24 funding in the budget to continue the vital

1 services that we provide. Legal Services of
2 the Hudson Valley is one of the 31 legal
3 services across the state to provide these
4 free, high-quality services. We work
5 collaboratively with the 63 housing
6 counseling agencies in this state, and we
7 provide these services, this network provides
8 these services, in every county in this
9 state.

10 Having worked on foreclosure cases at
11 the beginning of the crisis up to now, I can
12 tell you that with the implementation of the
13 HOPP funding, it has made a world of
14 difference for homeowners. It is still
15 nearly impossible for the average homeowner
16 to be able to submit a complete loan
17 modification application and get through that
18 process successfully without the assistance
19 of a housing counselor and a legal services
20 provider. And as mentioned, we do work
21 collaboratively. And we work pre-foreclosure
22 to try to prevent a foreclosure from
23 occurring in the first place.

24 Loan modifications save families

1 around \$5,000 annually. That enables people
2 to stay in their homes and for those people
3 who are able to stay in their homes because
4 of the loan modification, that gives them
5 extra money in their budget to now go out and
6 spend as consumers in this state, which is
7 good for the state.

8 In addition to mortgage foreclosure,
9 we're also avoiding tax foreclosure, and we
10 do that by entering into repayment plans with
11 the county that pay back the taxes with
12 interest. So that's a boon to taxpayers.

13 So I would echo what the other
14 speakers have asked for. I would
15 respectfully request that you would continue
16 these vital services by allocating \$30
17 million in the budget for foreclosure
18 prevention services.

19 Thank you.

20 CHAIRMAN FARRELL: Thank you.

21 Any questions?

22 CHAIRWOMAN YOUNG: Thank you.

23 SENATOR KRUEGER: Thank you.

24 MS. KASPER-BUCKAREFF: Thank you.

1 CHAIRMAN FARRELL: Jordan Zeranti,
2 attorney, Tanisha Bramwell, staff attorney,
3 Western New York Law Center.

4 MS. BRAMWELL: Thank you for giving me
5 the opportunity to address you today on the
6 important subject of residential
7 foreclosures. My name is Tanisha Bramwell,
8 and I'm an attorney at the Western New York
9 Law Center, a not-for-profit law and
10 technology firm. I represent homeowners in
11 Western New York whose homes are in
12 foreclosure.

13 Before I began working at the
14 Law Center, I was an associate attorney and
15 then the lead attorney in the loss mitigation
16 department at a major law firm that
17 represented banks who were foreclosing on
18 homes.

19 Today I will address the impact that
20 foreclosure has on individual homeowners and
21 communities. Jordan Zeranti will address why
22 now, more than ever, we need to ensure the
23 continued representation of homeowners in
24 foreclosure.

1 Because of my experience on both sides
2 of the foreclosure issue, I'm very familiar
3 with the depth of the foreclosure problem in
4 New York State. There were nearly 34,000 new
5 foreclosure filings in 2016, and there are
6 72,000 pending foreclosure cases in our
7 courts. In fact, foreclosures comprise
8 26 percent of the Supreme Court's civil
9 caseload. In Erie County alone, through
10 September of last year, there were 1,008 new
11 filings against residences, making
12 Erie County the seventh highest county in the
13 state with foreclosure filings. Most of
14 other counties ahead of Erie are downstate
15 and more densely populated.

16 In the five counties we serve --
17 namely, Erie, Niagara, Genesee, Orleans and
18 Wyoming -- there were 1,517 new foreclosure
19 filings against homeowners through the first
20 nine months of 2016, and there are thousands
21 of older cases still making their way through
22 the judicial process.

23 Our office currently receives funding
24 administered through the Attorney General's

1 office, and we subcontract funds to the
2 Center for Elder Law and Justice in Buffalo
3 and the Legal Aid Bureau of Buffalo. From
4 September 2012 to November 30th of 2016, the
5 three offices handled 2,820 cases and
6 prevented foreclosures in nearly half the
7 cases. In the cases where we could not
8 prevent foreclosures, we helped homeowners
9 transition to other housing, often through
10 short sales or private sales.

11 The people we help are not people who
12 have overextended themselves by buying
13 expensive homes they cannot afford. The
14 median listing price of a home in the Buffalo
15 area is \$110,000, and home prices were lower
16 in previous years when the homes that are
17 being foreclosed upon were purchased.
18 According to statistics we keep on our cases,
19 people fall behind on their mortgages for
20 three main reasons: illness, divorce, and
21 unemployment. Illnesses and unemployment are
22 often temporary, and divorce settlements get
23 worked out. But when a homeowner falls
24 90 days behind in mortgage payments, banks

1 have the right, which they exercise in the
2 majority of cases, to refuse any partial
3 payments. The homeowner must pay the entire
4 amount of arrears, plus any additional fees,
5 including any legal fees. This is something
6 that most homeowners cannot do, and they then
7 get caught up in the spiral of foreclosure.

8 I know from my experience on both
9 sides of this issue that homeowners cannot
10 get themselves out of this spiral without
11 assistance. When a foreclosure case is
12 filed, they need an attorney, but most
13 homeowners cannot afford one. An attorney
14 makes a dramatic difference.

15 In testimony offered before a hearing
16 held by then-Chief Judge Lippman, one of our
17 clients, a Vietnam veteran from Corfu,
18 New York, in Genesee County, testified that
19 after he was injured on a construction job,
20 his bank refused to negotiate with him while
21 he was waiting for disability payments.
22 After his home was put into foreclosure, our
23 office helped him negotiate a new payment
24 rate on his home loan at a lower interest

1 rate. He was able to remain in his home, and
2 his bank was able to continue to receive
3 payments on his mortgage.

4 This is a typical case for us.
5 Homeowners fall behind in their payments,
6 cannot come up with the huge sum of past
7 mortgage payments, interest, and fees in one
8 check, and have no success in negotiating
9 with the lender or servicer. Our
10 representation makes a difference in these
11 cases. We truly keep people in their homes.

12 This representation is important to
13 communities as well as to individual
14 homeowners. Foreclosed homes vary in
15 appearance. Many are not able to be returned
16 to the market quickly. If a lender has a
17 large inventory of foreclosed homes, the home
18 may sit for years and not receive attention.
19 A foreclosed home might be boarded up and
20 have large signs advertising it as
21 bank-owned. One property in a neighborhood
22 that is going through the foreclosure process
23 can negatively affect the entire
24 neighborhood, because properties in

1 foreclosure bring property values down.

2 Keeping homeowners in their homes
3 avoids these problems. Families who have
4 raised their children in a neighborhood are
5 able to stay, family life is not disrupted,
6 and homeowners who care about the property
7 they own are able to keep their property and
8 maintain it. Representation during the
9 foreclosure process is crucial for homeowners
10 and for the stability of neighborhoods.

11 I hope that you can help ensure that
12 our representation of homeowners can
13 continue. Thank you.

14 CHAIRMAN FARRELL: Thank you very
15 much.

16 MS. ZERANTI: All right, good
17 afternoon -- or should I say good evening
18 yet?

19 SENATOR KRUEGER: No, no, it's
20 afternoon.

21 (Laughter.)

22 MS. ZERANTI: Chairwoman Young,
23 Chairman Farrell, Chairman Cymbrowitz, and
24 distinguished members of the Legislature,

1 thank you for giving me this opportunity to
2 address you. I promise I'll be short. My
3 name is Jordan Zeranti, and I am an attorney
4 at the Western New York Law Center.

5 As you have heard from my colleague,
6 we have represented thousands of homeowners
7 facing foreclosure in New York, and the
8 crisis is far from over.

9 All provisions of New York's Zombie
10 Property and Foreclosure Prevention Act went
11 into effect on December 20th. Among the
12 changes, Chapter 73 strengthens
13 pre-foreclosure notices, which are sent at
14 least 90 days before a foreclosure lawsuit.
15 Now the notices must include a list of at
16 least five nonprofit housing counseling
17 agencies serving that homeowner's county.

18 However, there may no longer be
19 housing counseling agencies to put on that
20 list. As you have heard, foreclosure funding
21 is set to expire in September of this year.
22 Without additional funding, several housing
23 counseling agencies will no longer be able to
24 offer their services. The law strengthening

1 the pre-foreclosure notice will become moot.

2 Furthermore, homeowners will lose the
3 protection of counsel. If funds are not
4 allocated, several legal services agencies
5 will no longer be able to operate. And as
6 distressed loan sales continue and more and
7 more nonbank servicers are entering the
8 market, cases are becoming more complicated.

9 We, as legal services attorneys, help
10 homeowners navigate complex foreclosure
11 matters, and we hold banks accountable when
12 they disregard mortgage servicing
13 regulations. This helps to balance the
14 scales while also improving the efficiency of
15 our court system.

16 Under CPLR 3408, courts are required
17 to hold mandatory settlement conferences.
18 The new law gives homeowners the opportunity
19 to file a late answer within 30 days of their
20 first conference. Without funding, we would
21 not be able to help homeowners draft answers
22 nor would we be able to help them negotiate
23 during the settlement conferences.

24 As many of our partners have stated,

1 there is already a fantastic foreclosure
2 prevention team in place, with 94 agencies.
3 This well-oiled network has kept thousands of
4 people in their homes and avoided the
5 creation of zombie properties, which drive
6 down property values and increase crime in
7 communities.

8 It is especially important that this
9 network stay in place now that federal
10 modification programs have ended. With the
11 ending of the HAMP program, a homeowner's
12 ability to get a modification has
13 significantly lessened. This could lead to
14 an influx of zombie foreclosures. Funding is
15 needed now more than ever to support
16 foreclosure prevention services. Without
17 these services, there will be a void left for
18 scammers to fill, and they'll be able to take
19 advantage of desperate homeowners, as Senator
20 Krueger pointed out earlier.

21 We urge the Senate and Assembly to
22 pass a budget that will dedicate \$10 million
23 for the remainder of this fiscal year, and
24 \$20 million through March of 2019. We look

1 forward to working with you to serve our
2 communities. Thank you.

3 CHAIRMAN FARRELL: Thank you.

4 SENATOR KRUEGER: Thank you.

5 CHAIRMAN FARRELL: Susan Cotner,
6 executive director, HomeSmartNY.

7 MS. COTNER: Thank you very much for
8 having me today. Susan Cotner. Again, I'm
9 executive director of the Affordable Housing
10 Partnership, to clarify, which is a member of
11 HomeSmartNY, which is a coalition of housing
12 counseling agencies. And we've been
13 collaborating with legal services now for the
14 past seems like 10 years, working together to
15 fight foreclosures. And we collaborate so
16 well that our testimony is starting to sound
17 an awful lot alike.

18 So I'm going to just bat cleanup here,
19 I think, and summarize a couple of the main
20 points that we want to make.

21 First and primarily, the foreclosure
22 situation is still in crisis. Here in the
23 Capital Region, we get information on
24 families that are receiving notices of intent

1 for foreclose, and that number spiked this
2 past month. It was the highest number of
3 foreclose notices that have gone out in the
4 past two years. So it's an ongoing issue and
5 concern. We're not out of a crisis mode at
6 all.

7 Every day we're working with families
8 who have lost income because they've lost
9 their job, they've lost their health, they've
10 lost a loved one, and now they're facing the
11 loss of their home. And it's a situation
12 where foreclosure prevention services and
13 trying to negotiate with their bank is a lot
14 more complicated than ever before. Families
15 repeatedly tell us that they try to work
16 things out with their bank and make no
17 progress. It wasn't really until they
18 obtained services from legal service
19 providers, experienced housing counselors,
20 that they can really make any kind of
21 progress and save their home.

22 So the second issue is again on
23 neighborhoods. I know you've got several
24 municipalities coming hat in hand. We've got

1 a major deficit, property values are low.
2 The City of Albany has a thousand vacant
3 units as a result of foreclosures -- tax
4 foreclosure, bank foreclosure. Again, with
5 services not in place, those will continue to
6 grow, continue to lose property taxes. There
7 will be a need for increased city services to
8 deal with vacant housing as a result.

9 There is no other federal funding for
10 our services. As you can imagine, this
11 administration in Washington is not at all
12 sympathetic to the needs of families in our
13 communities. We cannot charge fees to
14 customers who are facing such a financial
15 distress. So we're asking New York State
16 again to continue their leadership role in
17 providing funding for foreclosure prevention
18 services -- again, \$10 million for this
19 upcoming fiscal year and \$20 million for the
20 next.

21 And we thank you for your
22 consideration on that. Thank you.

23 CHAIRMAN FARRELL: Thank you very
24 much.

1 Now, Joseph Shuldiner, Municipal
2 Housing Authority, City of Yonkers.

3 MR. SHULDINER: Thank you. Good
4 afternoon.

5 CHAIRMAN FARRELL: Should we get
6 papers from this young man?

7 MR. SHULDINER: Thank you for calling
8 me young.

9 CHAIRMAN FARRELL: Everybody's young.

10 SENATOR KRUEGER: You are the last.

11 MR. SHULDINER: Yes, you saved the
12 best for last.

13 CHAIRMAN FARRELL: This is it, to
14 close.

15 CHAIRWOMAN YOUNG: This is it.

16 MR. SHULDINER: Okay. Chairwoman
17 Young, Chairman Farrell, Chairman Cymbrowitz,
18 members of the Assembly and State Senate,
19 thank you for staying and for giving me this
20 opportunity to speak.

21 My name is Joe Shuldiner, and I'm the
22 executive director of the Municipal Housing
23 Authority for the City of Yonkers. I'm
24 joined here by two of my board members, the

1 chairman of our board, Judge Doran, and
2 Jim Landy, another board member, as well as
3 Carlos Laboy, our director of development.

4 I was pleased to hear other
5 organizations talk about the need to help
6 housing authorities in what they're facing,
7 and I just want to give you an idea of what
8 it is. There are two things.

9 One, like many housing authorities, we
10 attempted to improve our housing by replacing
11 it, by basically demolition and new
12 construction. That proved to be so expensive
13 and time-consuming that we really had to look
14 for something else. Except for the 200 units
15 of our housing that were built in response to
16 the deseg lawsuit, all of our housing is
17 40 years old or much older. So what we had
18 to do is really look at rehab.

19 We had an independent engineer come
20 in, look at our stock, and they basically
21 said we needed to make \$175 million in
22 capital improvements over the next 10 years.
23 Under the present formula, we get about
24 \$3 million a year from HUD towards that. So

1 in 10 years, we'd have \$30 million to do
2 \$175 million worth of work. So clearly that
3 isn't going to work, and our buildings are in
4 real jeopardy.

5 That basically forced us to pursue
6 HUD's rental assistance demonstration program
7 and try to leverage private funds. But as
8 you know, that means use of tax credits and
9 bonds. Even in the beginning, even when we
10 applied last year, the tax credit and bonds
11 were not sufficient; we needed gap financing.
12 As you are probably aware, since the election
13 the tax credit market has collapsed. While
14 investors are coming back into the tax credit
15 market now, the prices are much lower. So
16 the need for gap financing is even greater
17 than it was.

18 When HCR issued the RFP, they allowed
19 for up to \$40,000 a unit in gap funding, so
20 we're seeking \$70 million. And again, that
21 was before the value of tax credits fell.

22 So for us it's really absolutely
23 necessary, critical, that the Legislature
24 include additional funds in the budget for

1 this year and subsequent years for housing
2 authorities outside New York City to be able
3 to do this work. In the unfinalized MOU,
4 there was \$125 million over five years.
5 We're asking that you include this amount or
6 even more to support these kinds of efforts.

7 Frankly, without this kind of funding,
8 we're totally stuck. I mean, we have no idea
9 what we would do to preserve the housing.
10 And our residents would suffer immeasurably,
11 and we believe the authority and the state
12 will have failed in their obligation to
13 provide our residents with safe, decent and
14 affordable housing.

15 In the information we gave you, we
16 gave you some of the real statistics that go
17 along with this. From my perspective, if we
18 can actually pull this off, it's actually
19 fantastic. I mean, conceptually, to get the
20 kind of money that we're talking about into
21 our buildings, I tell the residents it's not
22 once in a lifetime, it's a once in forever.
23 Since these buildings were built, there's
24 never been the opportunity to provide this

1 kind of funding. But we desperately need the
2 gap financing to make it a reality.

3 Thank you, and I'll take any questions
4 you have.

5 CHAIRMAN FARRELL: Thank you very
6 much.

7 CHAIRWOMAN YOUNG: Questions?
8 Thank you.

9 SENATOR KRUEGER: Thank you. Thank
10 you for coming up.

11 MR. SHULDINER: Thank you.

12 CHAIRMAN FARRELL: Thank you.

13 This is it. This is the end of the
14 last joint legislative budget hearing. There
15 were 13 of them, and they ended today. Free
16 at last.

17 (Laughter.)

18 (Whereupon, the budget hearing
19 concluded at 3:16 p.m.)

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