

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

2 -----

3 JOINT LEGISLATIVE HEARING

4 In the Matter of the
2016-2017 EXECUTIVE BUDGET
5 ON HOUSING

6 -----

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

9 February 1, 2016
10 10:07 a.m.

11 PRESIDING:

12 Senator Catharine M. Young
Chair, Senate Finance Committee

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

15 PRESENT:

16 Senator Liz Krueger
Senate Finance Committee (RM)

17 Assemblyman Robert C. Oaks
18 Assembly Ways & Means Committee (RM)

19 Assemblyman Keith L.T. Wright
Chair, Assembly Housing Committee

20 Senator Elizabeth O'C. Little
21 Chair, Senate Committee on Housing

22 Assemblyman Victor Pichardo

23 Senator Diane Savino

24 Assemblyman Felix Ortiz

1 2016-2017 Executive Budget
Housing
2 2-1-16

3 PRESENT: (Continued)

4 Assemblyman Michael J. Fitzpatrick

5 Assemblywoman Rebecca A. Seawright

6 Assemblyman Michael J. Cusick

7 Senator John Bonacic

8 Assemblyman Walter T. Mosley

9 Senator Adriano Espaillat

10 Assemblyman Jeffrion L. Aubry

11 Assemblywoman Rodneyse Bichotte

12 Assemblywoman Latrice M. Walker

13 Senator Leroy Comrie

14 Assemblywoman Jo Anne Simon

15 Senator Brad Hoylman

16 Assemblyman David Weprin

17 Senator James Sanders Jr.

18 Assemblyman William Colton

19 Senator Gustavo Rivera

20 Assemblyman Erik Martin Dilan

21 Senator Simcha Felder

22 Assemblyman Guillermo Linares

23 Senator Phil M. Boyle

24 Senator Bill Perkins

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3 PRESENT: (Continued)

4 Assemblyman Joseph S. Saladino

5 Senator Velmanette Montgomery

6

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1 CHAIRMAN FARRELL: Good morning. Oh,
2 boy, Monday morning.

3 Today we begin the sixth in a series
4 of hearings conducted by the joint fiscal
5 committees of the Legislature regarding the
6 Governor's proposed budget for the fiscal
7 year 2016-2017. The hearings are conducted
8 pursuant to Article 7, Section 3 of the
9 Constitution, and Article 2, Sections 31 and
10 32A of the Legislative law.

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

15 And I have joined with me Assemblyman
16 Keith Wright, Assemblywoman Bichotte,
17 Assemblyman Cusick, Assemblyman Dilan,
18 Assemblyman Mosley, Assemblywoman Seawright,
19 Assemblyman Pichardo, and myself.

20 And Assemblyman Oaks will tell us his
21 people.

22 ASSEMBLYMAN OAKS: Yes, actually we've
23 been joined by the ranker, Assemblyman
24 Fitzpatrick.

1 CHAIRMAN FARRELL: And Assemblyman

2 Jeff Aubry is also with us.

3 And Senator Young, would you give us
4 your folks?

5 SENATOR YOUNG: Thank you,
6 Assemblyman.

7 And good morning. I'm Senator
8 Catharine Young, chair of the Senate Finance
9 Committee. And we're joined today by Senator
10 Betty Little, chair of the Housing,
11 Construction and Community Development
12 Committee; also Senator Diane Savino, Senator
13 John Bonacic, Senator Leroy Comrie and, last
14 but not least, Senator Liz Krueger.

15 CHAIRMAN FARRELL: Before introducing
16 the first witness, I would like to remind all
17 of our witnesses testifying today to keep
18 your statements within your allotted time so
19 that everyone can be afforded the opportunity
20 to speak.

21 The first witness is New York State
22 Homes and Community Renewal Commissioner
23 James Rubin.

24 Good morning.

1 COMMISSIONER RUBIN: Good morning,
2 sir.

3 Let me say, before I start, first,
4 thank you for having me. And I promise you
5 this is not a bid for sympathy; I have some
6 modest back problems, so if you see me
7 shifting during testimony, that is not a
8 reflection on my general personality, that
9 is simply a fact.

10 CHAIRMAN FARRELL: It doesn't mean
11 you're getting ready to run.

12 (Laughter.)

13 COMMISSIONER RUBIN: There you go.
14 Feel free to lock the doors.

15 (Laughter.)

16 COMMISSIONER RUBIN: Good morning
17 Chairpersons Young, Farrell, Wright, Little,
18 and distinguished members of the Legislature.
19 It is a pleasure to testify before you on the
20 housing portion of Governor Andrew M. Cuomo's
21 Executive Budget proposal for state fiscal
22 year 2016-2017.

23 This budget continues the Governor's
24 commitment to fiscal discipline and strategic

1 investment. It is the latest example of his
2 work to restore New York to its traditional
3 place of leadership among the states. With
4 your help, we have passed budgets on time,
5 lowered taxes and unemployment rates, and
6 launched an extraordinary range of
7 infrastructure projects in every corner of
8 the state, as well as programs that tackle
9 the greatest challenges that we have.

10 The Governor's 2016-2017 Executive
11 Budget and the speech he delivered two weeks
12 ago made clear his conviction that housing is
13 a cornerstone of his agenda. With 30 years
14 of leadership in this field -- in the
15 nonprofit sector and serving as HUD
16 Secretary -- the Governor knows that housing
17 is essential to a brighter future for
18 New Yorkers and that, like good roads and
19 bridges and a solid education, assuring that
20 people have quality homes they can afford
21 makes life better, communities stronger, and
22 opportunities greater for everyone.

23 As you may know, I've been
24 commissioner of HCR for seven months now. In

1 that short time, I have had the opportunity
2 to travel the state -- often with many of
3 you -- where I've seen incredible work being
4 done to increase access to housing and build
5 vibrant, livable communities. With your
6 help, we have built or preserved more than
7 40,000 affordable units since Governor Cuomo
8 took office. In fact, HCR, I'm proud to say,
9 set agency records in each of the last two
10 years, financing almost 10,000 affordable
11 units in 2015, and over 9,000 the year before
12 that.

13 And we have made great progress on the
14 Governor's \$1 billion House NY initiative,
15 which is making long-overdue repairs and
16 upgrades to Mitchell-Lama housing throughout
17 the state, keeping this crucial stock of
18 middle-income housing safe and affordable for
19 another 40 years.

20 Accomplishments like these are about
21 much more than bricks and mortar, of course.
22 They're about providing safe, sustainable,
23 quality homes that people can afford.
24 They're about making a brighter future

1 possible for families, individuals, the
2 homeless, and people with special needs
3 across the state.

4 But despite our significant
5 achievements, there is an ever-growing demand
6 for housing that ordinary New Yorkers can
7 afford to rent or buy. And for the most
8 vulnerable among us, the search for a home
9 often ends in a shelter or on the street.
10 That's why the Governor now proposes an
11 unprecedented \$20 billion investment in
12 affordable housing and addressing
13 homelessness.

14 First, under the comprehensive House
15 NY 2020 plan, the Governor is committing
16 \$10 billion to build or preserve over 100,000
17 housing units over five years. This includes
18 50,000 units of new construction and money to
19 preserve 50,000 units that already exist but
20 are in desperate need of rehabilitation and
21 must also stay at rents that people can
22 afford. The majority of units will be
23 targeted to low- and very-low-income
24 households. Our plan leverages successful

1 HCR programs to address the diverse housing
2 needs across the state and to create new
3 opportunities for low- and moderate-income
4 households.

5 The Governor's budget also launches a
6 \$10 billion multi-agency, multi-pronged
7 attack on the human crisis of homelessness
8 that is evident across the state. Each night
9 in New York, more than 75,000 people sleep in
10 homeless shelters, and more than 4,000
11 homeless people sleep on the street. This is
12 a crisis that affects families, individuals,
13 and children of all ages, and no area of the
14 state is immune.

15 The Governor proposes a historic
16 commitment to expand the supply of affordable
17 housing with critical support services by
18 20,000 units -- including 6,000 in the next
19 five years. This commitment is fully backed
20 by \$2.6 billion reflected in this year's
21 state budget. In addition, the state will
22 spend \$7.8 billion for other homeless housing
23 and services.

24 Supportive housing is essential for

1 helping the homeless and people with special
2 needs live independent, productive lives as
3 part of their communities. Governor Cuomo is
4 committed to investing in quality supportive
5 housing, and over the past four years HCR has
6 actively worked with other agencies to
7 increase the supply of supportive housing.
8 Since the Governor introduced the Medicaid
9 Redesign Team, for example, HCR has closed on
10 15 multi-family projects that include almost
11 800 supportive units, using those MRT
12 dollars.

13 In closing, the Governor's 30-plus
14 years of housing experience and commitment to
15 meeting the needs of the state has positioned
16 New York as a national leader in the field of
17 affordable housing. This Executive Budget
18 builds on our accomplishments, propels us
19 forward, and ensures our commitment to
20 affordable housing results in real
21 opportunities for New Yorkers.

22 I'd like to thank you for your
23 partnership in our successes thus far. I
24 look forward to working with you to take the

1 next step on this journey, and I'm happy and
2 available to answer your questions.

3 Thank you very much.

4 CHAIRMAN FARRELL: Thank you very
5 much.

6 First to question, Assemblyman Keith
7 Wright, chair of the Housing Committee.

8 ASSEMBLYMAN WRIGHT: Good morning,
9 Commissioner.

10 COMMISSIONER RUBIN: Good morning,
11 sir.

12 ASSEMBLYMAN WRIGHT: It's good to have
13 you. A lot of us that have been grappling
14 with housing issues are very excited about
15 there being some money to play with regarding
16 housing.

17 The Governor has proposed \$20 billion
18 over five years. Can you walk us through the
19 funding sources for that 20 billion?

20 COMMISSIONER RUBIN: Thank you for the
21 question, Mr. Wright.

22 So I think our staff has started to
23 meet -- my understanding is the staff and the
24 Division of Budget has started to meet with

1 the legislative staff to brief them on the
2 sources of the funding. So rather than get
3 too far into the detail right now, what I
4 would say is the budget absolutely contains a
5 substantial amount of new capital funding for
6 the next -- in this year's budget, but
7 adequate for funding much of our plan for the
8 next five years. And then in the five-year
9 capital plan is the rest of the capital
10 funding needed to meet our 100,000 unit
11 commitment.

12 ASSEMBLYMAN WRIGHT: You're calling
13 for construction of about 50,000 new
14 affordable units and 6,000 supportive housing
15 units -- an aggressive construction timeline.
16 Is that truly, truly feasible?

17 COMMISSIONER RUBIN: It's absolutely
18 feasible, sir. And it's really the missing
19 piece -- the agency has done extraordinary
20 work, as I mentioned in my opening testimony,
21 just in the last few years to show that they
22 can meet any goal that's set in front of
23 them. What they needed really was more
24 capital for the existing programs, and that's

1 what this budget provides.

2 ASSEMBLYMAN WRIGHT: The new units,
3 will they be green -- everything is building
4 green right now, for conserving energy and
5 such. Will that be a part of the
6 construction of the new units?

7 COMMISSIONER RUBIN: Absolutely, sir.
8 The agency has taken a number of steps in the
9 last few years to incorporate green standards
10 and other sustainable measures into all of
11 our requirements, and we'll do so going
12 forward.

13 ASSEMBLYMAN WRIGHT: I don't want to
14 take too long, because housing is an issue
15 that everyone seems to be an expert on, and
16 certainly there are nothing but experts here.

17 But last year, in last year's budget
18 process -- well, let me just say this. Our
19 New York City public housing authorities have
20 been neglected over the years by not only the
21 federal government but the state government
22 and also the city government. And this is
23 some of the best housing stock in the City of
24 New York. And the state budget, and

1 specifically the Legislature, specifically
2 the Assembly in particular, came up with a
3 historic, absolutely historic allotment of
4 capital somewhere around \$100 million, which
5 had never been done. It's something that I
6 think we all up here should be proud of. And
7 we were able to give that money to the
8 New York City Public Housing Authority.

9 What is the status of that money from
10 last year's budget?

11 COMMISSIONER RUBIN: So you're exactly
12 right, Mr. Assemblyman. The commitment of
13 \$100 million from last year's budget was
14 historic. Much needed. As you say, NYCHA
15 needs money.

16 I believe we announced -- or it was
17 announced by the Governor back a couple of
18 months ago that the first \$40 million of that
19 \$100 million had been allocated to a number
20 of critical security projects that were
21 listed out at the time. And I know that work
22 is underway on those projects between NYCHA
23 and the state agency that's overseeing the
24 work, DASNY.

1 I believe that the full capital
2 plan -- it's called the NYCHA Capital
3 Revitalization Plan -- is under review by the
4 Department of Budget and should be completed
5 very soon, at which time they'll provide it
6 to your legislative staff.

7 ASSEMBLYMAN WRIGHT: So you're saying
8 \$40 million of the \$100 million has been
9 allocated?

10 COMMISSIONER RUBIN: That's correct.

11 ASSEMBLYMAN WRIGHT: And that's
12 specifically for security cameras and such?

13 COMMISSIONER RUBIN: Correct. Cameras
14 and other security measures.

15 ASSEMBLYMAN WRIGHT: Okay. And what
16 about the next \$60 million? And how and when
17 do you perceive that those monies would be
18 allocated to the New York City Housing
19 Authority?

20 COMMISSIONER RUBIN: My understanding,
21 sir, is that the capital revitalization plan
22 actually contains the entire 100, but the
23 remaining 60, which is the part you're asking
24 about, is under review at the Department of

1 Budget, and its release is imminent.

2 ASSEMBLYMAN WRIGHT: Do you know about
3 how long that would take, that review
4 process?

5 COMMISSIONER RUBIN: I don't, sir.

6 ASSEMBLYMAN WRIGHT: Well, and the
7 reason I'm asking is that folks from the
8 New York City Public Housing Authority have
9 stated, No, we haven't gotten any money and
10 such, so I just -- and of course we are all
11 committed to the bottom line of trying to
12 make sure that the folks from the New York
13 City Public Housing Authority don't get
14 caught up in bureaucratic delays and such,
15 because they certainly, certainly, certainly
16 need the money and we have to get that money
17 out the door.

18 So I think that's good. I mean, I
19 think the security cameras and such, security
20 for public housing is essential. And
21 hopefully we'll be keeping an eye on that,
22 making sure we can get that other \$60 million
23 out of the door.

24 Mitchell-Lama. You talked about

1 Mitchell-Lamas in your testimony. Could you
2 expand on how we're helping to keep that
3 great program alive?

4 COMMISSIONER RUBIN: Absolutely. It
5 is a great program, as you say. It's one of
6 the really historic contributions to
7 middle-income and affordable housing that the
8 state has made over the years. And I suspect
9 that there's nobody on the panel in front of
10 me that doesn't have at least one
11 Mitchell-Lama development in their district.
12 I know I had the opportunity to talk to
13 Senator Little about hers last week.

14 The Governor is fully committed to
15 restoring the Mitchell-Lama properties that
16 are out there to a state of good repair.
17 Because of the nature of the program, many of
18 them over the years have sustained
19 substantial deferred maintenance. His
20 billion-dollar House NY plan that I mentioned
21 in my testimony was, for the most part, a
22 several-hundred-million-dollar commitment on
23 the Governor's part to bring the
24 Mitchell-Lama portfolio back into repair and

1 at the same time strike agreements with those
2 buildings, where possible, to keep them
3 affordable at the same level for the next
4 40 years. And we are, I think, more than
5 happy --

6 ASSEMBLYMAN WRIGHT: For the next how
7 many years? I'm sorry.

8 COMMISSIONER RUBIN: Forty.

9 ASSEMBLYMAN WRIGHT: Forty?

10 COMMISSIONER RUBIN: Yeah, wherever
11 possible. And we are -- the agency is more
12 than halfway towards its goal that the
13 Governor set with that. So the entire
14 portfolio that we are responsible for, we're
15 about halfway towards bringing it up to
16 speed.

17 ASSEMBLYMAN WRIGHT: The chairman of
18 this committee, the gentleman who gave the
19 opening remarks, his district office is
20 located in one of our premier Mitchell-Lamas,
21 and I'm sure that he would like to stay there
22 for the next 40 years as well.

23 (Laughter.)

24 COMMISSIONER RUBIN: I'll make a note

1 of that, sir.

2 ASSEMBLYMAN WRIGHT: One last
3 question, Commissioner. The TPU, I know that
4 there's been some success in terms of the
5 Tenant Protection Unit and that it was fully
6 funded last year to the extent of about
7 \$5.1 million. And you're talking about its
8 being fully funded this year, but it seems
9 the money has gone down, maybe to 4.7 or 8, I
10 think.

11 Is there any talk about expanding the
12 TPU? Because it really seems to have met
13 with some success and I think it's helped a
14 lot of tenants.

15 COMMISSIONER RUBIN: Assemblyman, I
16 share your pride in the work that the TPU has
17 done. It was one of the early contributions
18 that the Governor made to the field of tenant
19 protection when he formed it several years
20 ago.

21 As you know, the TPU is a proactive
22 investigative arm of the Office of Rent
23 Administration, and it's funded every year as
24 part of the ORA budget. And the same is true

1 this year.

2 They've been able to score some
3 extraordinary successes in bringing back
4 online, for example, tens of thousands of
5 units that should have registered as rent
6 stabilized with the ORA and had, for one
7 reason or another, left the rolls. They've
8 also -- working with the members of the joint
9 task force, the Attorney General's office and
10 City HPD -- managed to bring some
11 groundbreaking actions against landlords who
12 are illegally harassing tenants, and we
13 expect that the same work -- with the funding
14 that is in the budget, the same work will be
15 able to go forward the next year and year
16 after that.

17 ASSEMBLYMAN WRIGHT: Thank you. One
18 last question. In 2015-2016, we appropriated
19 \$439 million from the JP Morgan Chase
20 settlement to various housing programs, and I
21 believe only \$20 million of that has been
22 spent. Why is it moving so slowly?

23 COMMISSIONER RUBIN: Assemblyman, your
24 numbers are right, about \$439 million from

1 the JP Morgan settlement funds. About half
2 of that actually was allocated to our agency.
3 It was all, entirely -- my understanding is
4 the entirety was for housing purposes, but
5 not all of it was for housing work that's
6 done by our agency. We share with other
7 agencies some of the responsibility.

8 Of the money within our agency,
9 \$100 million of it is the NYCHA money that we
10 just discussed, so some of that is on its
11 way. And then the remainder is actually well
12 on its way out the door. It was -- just as
13 sort of a procedural matter, it was
14 appropriated in last year's budget, so call
15 it April 1st of last year, and from there
16 went out through a number of RFPs, our usual
17 capital allocation process. So that the
18 public had the opportunity to apply for the
19 money through the various programs that it
20 was spread through.

21 Those applications are back in. My
22 understanding is the awards have been made
23 and contracts are just being signed. So it's
24 actually on pace with our usual capital

1 process, and the money is moving out the
2 door. It's just it's been -- you know, it's
3 gone through our usual process.

4 ASSEMBLYMAN WRIGHT: Thank you,
5 Mr. Chair.

6 CHAIRMAN FARRELL: Thank you very
7 much.

8 We've been joined by Assemblyman Ortiz
9 and Assemblywoman Walker.

10 Senator?

11 SENATOR YOUNG: Thank you very much.

12 And first I'd like to announce that
13 we've been joined by Senator Adriano
14 Espaillat, who is the ranking member on
15 Housing. Also we've been joined by Senator
16 Brad Hoylman, Senator James Sanders, and
17 Senator Gustavo Rivera.

18 So good morning.

19 COMMISSIONER RUBIN: Good morning,
20 ma'am.

21 CHAIRWOMAN YOUNG: It's so great to
22 have you here today. I think I suspect why
23 your back hurts, because I know you have --
24 as you pointed out in your testimony, that

1 you have been traveling the entire state.

2 And so I wanted to take this
3 opportunity right now to publicly thank you
4 for coming all the way out to Livingston and
5 Allegany Counties. They're still buzzing in
6 Mount Morris. And as you know, we've been
7 able to transform the downtown of that
8 community, and I'm glad that you were able to
9 see that transformation firsthand.

10 And I want to thank you because I know
11 that you understand how incredibly important
12 housing is -- not just for quality-of-life
13 issues in New York State, but also how
14 important it is to our economic growth and
15 revitalizing neighborhoods and communities.
16 So thank you for that.

17 And I hope your back feels better
18 soon.

19 COMMISSIONER RUBIN: Thank you,
20 Senator. Next time I'll probably use a car
21 instead of walking. I think we'll probably
22 do better.

23 (Laughter.)

24 CHAIRWOMAN YOUNG: Yes, exactly.

1 COMMISSIONER RUBIN: You have a big
2 district.

3 SENATOR YOUNG: I do want to point out
4 you've only been to two of my four counties,
5 so we need to get you out to Chautauqua,
6 Cattaraugus. And as you know, there's 4,100
7 square miles in my district, so I would love
8 to have you see all of my communities. I
9 don't think that's possible, though, because
10 you'll end up in the hospital.

11 (Laughter.)

12 COMMISSIONER RUBIN: I have no spring
13 break plans.

14 CHAIRWOMAN YOUNG: So at this time,
15 though, I'd like to defer -- and I'll have
16 some questions in just a moment -- but I want
17 to defer to my colleague Senator Betty
18 Little, who's chair of the Housing Committee,
19 for some questions.

20 SENATOR LITTLE: Thank you.

21 Thanks for being here. And on that
22 follow-up from Senator Young, I have six
23 counties you can visit. So we'll keep you
24 busy, that's for sure.

1 Certainly I appreciate the Governor's
2 realization and work on the housing
3 infrastructure. It's just as important as
4 roads and bridges are throughout the state.
5 And as you talked about the House NY program,
6 I'm sure there are many housing programs and
7 you've developed already some units.

8 But I would like to ask, first of all,
9 how do you expect to be able to spread the
10 units geographically throughout the state?
11 And is there an expectation that there would
12 be a local share in any part of this plan?
13 And also, are they all-low income, or is
14 there going to be some mixed-income modeled
15 in with them?

16 COMMISSIONER RUBIN: Thank you for
17 your questions, Senator, I just want to make
18 sure that I don't -- I think it was three
19 questions. I want to make sure that I don't
20 miss any of them. Perhaps in reverse order.

21 In terms of mixed-income, we are -- we
22 do focus our work predominantly, as I
23 mentioned in my opening testimony, on meeting
24 the affordability needs of low- and

1 very-low-income New Yorkers. But the
2 mixed-income -- and it's a more recent
3 addition to our arsenal of programs, but
4 mixed-income programs have proven to be
5 extraordinarily popular. They make other
6 housing -- they help stretch our dollars
7 farther. They enable us to leverage the
8 money that you all make available to us
9 further, through mixed-income development.
10 And we are absolutely going to continue that
11 work all throughout the state.

12 To that point, in terms of geographic
13 diversity, as you know, our agency has a
14 statewide mandate -- Senator Young sort of
15 referred to that -- and much of the work that
16 we have done over the past several years,
17 even in our record-breaking years, has been
18 outside of New York City and often, as I
19 said, in your district or the districts of,
20 you know, many of your colleagues.

21 We're absolutely committed to
22 continuing geographic diversity. I
23 anticipate that of the 100,000 units that I
24 referred to, about half should be outside of

1 New York City, about half will be inside of
2 New York City, which is a roughly even split.
3 And I'm going to be keeping a very close eye
4 on that.

5 As far as local share, I can't say
6 that right now as I sit here that I know of
7 any programs that have a specific local
8 share, but I'd have to defer and we can come
9 back to you with some answers on that.

10 SENATOR LITTLE: Okay, thank you. Do
11 you think the stall in the 421-a program will
12 affect your ability to achieve this goal of
13 the 100,000 units?

14 COMMISSIONER RUBIN: The 421-a?

15 SENATOR LITTLE: Yes.

16 COMMISSIONER RUBIN: 421-a -- it's a
17 good question. 421-a has been an important
18 piece of the affordable housing development
19 picture in New York City for, you know, going
20 on 40 years. That's not what its origin was,
21 but that's what it's turned into. And
22 obviously having it makes it easier.

23 But the fact is there's been a
24 tremendous -- we've done a tremendous amount

1 of work inside New York City without 421-a.
2 The city with its own two very strong housing
3 agencies, HPD and HDC, are able to get plenty
4 of their work done with a raft of other tax
5 abatement programs as well as the capital
6 that the mayor makes available to them and
7 that the state makes available to them
8 through the volume cap and so forth.

9 In the last legislative session, the
10 structure that was set up was that the two
11 sides, labor and the real estate community,
12 were asked to sit down and try to come to
13 some agreement. My understanding is the same
14 as yours; I assume they were unable to come
15 to that agreement and 421-a has expired as a
16 result.

17 But I fully anticipate that we'll be
18 able to meet all of our goals with or without
19 421-a.

20 SENATOR LITTLE: Good. It was
21 mentioned earlier the Mortgage Insurance
22 Fund, we're taking another \$25 million, going
23 up to \$150 million. Do you know what the
24 excess reserves are there and how that has

1 any effect by taking more out of it?

2 COMMISSIONER RUBIN: So the Mortgage
3 Insurance Fund, as you know, is really one of
4 the gems of HCR's portfolio. It enables us
5 to do an immense amount of work beyond the
6 capital that we appropriated every year.
7 Every year the Mortgage Insurance Fund has a
8 certain amount of excess reserve that is
9 typically allocated, as you're referring to,
10 to other housing needs.

11 The critical thing to understand about
12 the Mortgage Insurance Fund is that its
13 credit rating always has to stay very, very
14 strong or it loses the ability to do all of
15 this good work. It has a very strong credit
16 rating, it's got an extraordinarily strong
17 fiscal management. And I think the amount of
18 money that you see coming out of it this
19 year, as in past years, is about the outer
20 edge of where we want to go.

21 SENATOR LITTLE: Okay, thank you.

22 It was mentioned before, the
23 Mitchell-Lama projects. And when I first
24 came to the Legislature -- it's over 20 years

1 ago -- I had no idea what a Mitchell-Lama
2 project was. But I'm really excited now that
3 I have one in Malone, very close to the
4 Canadian border, 185 apartments being
5 restored and rehabilitated and everything
6 else.

7 So I'd love to see, for our Senate
8 Housing Committee, a list of projects and
9 their locations so that we could look at how
10 we could get more of them around the state,
11 as well as some of the reasons why some get
12 denied. That's hard to -- you know, I'd love
13 to understand that better, why there are some
14 projects. So that's not really a question.

15 COMMISSIONER RUBIN: That's fine. My
16 staff will work with yours to do that,
17 absolutely.

18 SENATOR LITTLE: Good. Thank you very
19 much.

20 And on the New York State Affordable
21 Homeownership Development Program, we see
22 that for the fiscal year 2017 there is a
23 reduction. And then we look at the
24 Low-Income Housing Trust Fund, and we see

1 that there's an increase. So the affordable
2 homeownership for '16 was \$29 million, and
3 for next year it goes down to \$26 million,
4 whereas the low-income was 47.7 million and
5 goes up to 54.2 million in the Governor's
6 plan.

7 I just would ask, is there lower
8 demand for affordable homeownership? And why
9 there is a disparity in both of these funds,
10 which at one time, I understand, were the
11 same financial commitment.

12 COMMISSIONER RUBIN: Senator, I'm
13 going to defer the specifics of those
14 individual line items to a discussion between
15 our staff and yours, if that's okay.

16 But I will say that it really is -- I
17 think it's less about a disparity than it is
18 about perhaps usage in one particular year.
19 And then, you know, the budget staff and our
20 staff use that as a bellwether to determine
21 the amount of capital that should be applied
22 to those programs for the next year.

23 But then of course with the new
24 capital allocation of the \$1.9 billion in new

1 capital for affordable housing, we will have
2 a certain amount of latitude to spread that
3 into programs as projects come to us that are
4 in need of capital, some of which would
5 otherwise fit under the programs you just
6 mentioned. So we've got a tremendous amount
7 of flexibility at the agency.

8 SENATOR LITTLE: Okay. Well, thank
9 you. And I do have more questions. I'll
10 come back later. Thank you very much.

11 CHAIRWOMAN YOUNG: Thank you, Senator.

12 CHAIRMAN FARRELL: Thank you.

13 We've been joined by Assemblyman
14 Weprin.

15 Next to question, Assemblyman
16 Fitzpatrick.

17 ASSEMBLYMAN FITZPATRICK: Thank you,
18 Mr. Rubin, for being here.

19 A quick question on the Mortgage
20 Insurance Fund. How large is the fund?
21 You're taking out 153 or so million; how
22 large is it in totality?

23 COMMISSIONER RUBIN: So,
24 Mr. Fitzpatrick, I'll have to come back to

1 you with exact numbers. It's in the
2 billions.

3 ASSEMBLYMAN FITZPATRICK: The
4 billions?

5 COMMISSIONER RUBIN: Yup.

6 ASSEMBLYMAN FITZPATRICK: Okay. So
7 how much -- at what point -- how much can you
8 take out before the credit rating is possibly
9 affected?

10 COMMISSIONER RUBIN: Sure. So again,
11 keeping in mind that I'm a relatively new
12 arrival to the agency -- my background is
13 finance, but it's not in mortgage finance, I
14 think I'm pleased to say. The money -- we
15 should be clear, the money that comes out
16 from the Mortgage Insurance Fund, or the MIF,
17 every year is typically from this excess
18 reserve, typically from the excess reserve
19 pool. What that means effectively is there's
20 a baseline below which, and it's in the
21 multi-billions, into the corpus of the fund
22 that we don't want to touch.

23 It's only when the fund has a year
24 where it produces income beyond that which is

1 needed to reserve for projects, and prudently
2 reserve for projects. So this year it was --
3 you know, it's whatever it is, \$50 million or
4 more. In recent years it's been something
5 like that.

6 If you have a down year, we simply
7 don't -- we simply don't put money out of it.

8 ASSEMBLYMAN FITZPATRICK: Okay. Thank
9 you.

10 COMMISSIONER RUBIN: Thank you, sir.

11 CHAIRMAN FARRELL: Senator?

12 Oh, we've been joined by Assemblyman
13 Colton.

14 SENATOR YOUNG: Thank you.

15 Our next speaker is Senator Adriano
16 Espaillat.

17 SENATOR ESPAILLAT: Good morning,
18 Commissioner.

19 COMMISSIONER RUBIN: Good morning,
20 Senator.

21 SENATOR ESPAILLAT: Thank you --
22 first, let me thank you for coming out to my
23 district. As you know, I represent the
24 district with the highest number of

1 rent-stabilized units and also a district
2 that in the last census saw the sharpest
3 exodus of residents, second only to Buffalo,
4 New York. So housing is a critical issue.

5 I also want to thank Richard White,
6 the head of the Tenant Protection Unit, for
7 the fine work that he's done recuperating
8 units, rent-stabilized units that we had
9 illegally lost. And he's done a great job,
10 and I think we're looking to do even better
11 as we move forward. So I want to take the
12 time to also congratulate him.

13 As you know, the Governor announced a
14 \$20 billion allocation for housing, 10 of
15 which will go for affordable housing,
16 creating 50,000 new units and preserving
17 another 50, and the rest of the funding to
18 address the homelessness issue: 6,000
19 supportive beds and 1,000 shelter beds.

20 What is the timeline for building the
21 affordable units? And how many projects do
22 you expect to begin this fiscal year?

23 COMMISSIONER RUBIN: Senator, thank
24 you for the question.

1 Before I answer, I just wanted to make
2 a point that every time you thank Richard
3 White publicly, I have to give him a bigger
4 office.

5 (Laughter.)

6 SENATOR ESPAILLAT: That's good.

7 COMMISSIONER RUBIN: And we're running
8 out of offices of that kind of size. So I'll
9 have to ask you to hold off.

10 SENATOR ESPAILLAT: If he keeps it up,
11 he'll have the corner office.

12 COMMISSIONER RUBIN: What makes you
13 think he doesn't have the corner office?

14 (Laughter.)

15 COMMISSIONER RUBIN: Senator, it's a
16 great question. I appreciate it. Our
17 timeline -- so there's two pieces of the
18 housing plan, as you rightly said. There's
19 the 50,000 affordable housing units over five
20 years, fully funded, and there's 50,000 --
21 50,000 new construction and 50,000
22 preservation. And then there's an additional
23 6,000 of supportive housing units.

24 The five years of full funding is what

1 we expect to need to build out those --
2 those -- to meet those goals. Whether we
3 start, you know -- as you know, the timeline,
4 as you well know, the timeline for
5 construction of a new, a newly constructed
6 housing project, is somewhat unpredictable,
7 particularly if you're talking about New York
8 City, where you have -- but true all over the
9 state. So I expect that you'll see different
10 timelines for different kinds of projects.

11 But we also built in a substantial
12 expectation of preservation into our plan,
13 because much -- as we talked about
14 Mitchell-Lama, it was a perfect example.
15 Much of the work, the good work that we can
16 do is just preserve existing housing. And
17 that has a much shorter timeline.

18 SENATOR ESPAILLAT: And how will you
19 select these sites? Is there a framework or
20 a strategy for selecting where these units
21 will be built? You know, which boroughs,
22 what neighborhoods. Is there any formula or
23 any strategy that you've developed to make
24 these selections?

1 COMMISSIONER RUBIN: I would say a
2 couple of things, Senator.

3 First of all, part of the way that the
4 agency works is we are -- we let the market
5 decide what should be built. We have, as I
6 said, a statewide mandate. We need to make
7 sure strategically that we're allocating our
8 resources statewide in an appropriate way,
9 according to principles of parity and
10 fairness and so forth, matching the need, the
11 local need.

12 And there is, as we've talked about, a
13 deep need for affordable housing at all
14 levels, as well as housing for the homeless
15 and people with special needs all across the
16 state. So we keep a very careful eye to make
17 sure that we're allocating our resources in
18 that way.

19 Beneath that, when you're talking
20 about down to the individual block or project
21 level, again, we work closely with our local
22 partners in the development community --
23 for-profit, not-for-profit, local elected
24 officials such as yourselves -- to understand

1 where there are available sites. And where
2 projects that exist need work, we have
3 regular capital cycles where we make our
4 capital -- make it known to the public that
5 our capital is available, and then we take
6 applications.

7 It's a very, very transparent process,
8 but one in which we work closely with all of
9 our local partners.

10 SENATOR ESPAILLAT: And budget-wise, I
11 know that the 20 billion will be spread out
12 throughout a period of time. How much are
13 you expecting to allocate, let's say, this
14 year and the following year? The 20 billion
15 dollars that were proposed by Governor Cuomo
16 for the affordable housing, particularly the
17 new affordable housing, the 10 billion for
18 the new affordable housing and the
19 preservation, how are you going to roll that
20 out in terms of time? This year, next year?

21 COMMISSIONER RUBIN: Sure. I think on
22 a relatively smooth time scale. I don't
23 think you're going to see much lumpiness once
24 the program really gets going, particularly

1 on the new construction side. I think once
2 we make our first -- you know, assuming the
3 budget passes on time, which obviously it
4 will, we will move quickly to make our first
5 large batches of capital through all of our
6 usual programs available, and then you'll see
7 a smooth rollout over the next five years.

8 SENATOR ESPAILLAT: Last week Mayor de
9 Blasio was here and, you know, we spoke about
10 the mandatory inclusionary zoning and the
11 criticism or the concern that that has gotten
12 because of the average or median income
13 levels. And there seems to be, for many
14 years, great concerns as to what really is
15 affordable housing.

16 And so what is the guidelines that you
17 have for average or median income for the
18 affordable housing that you're proposing to
19 build?

20 COMMISSIONER RUBIN: Senator, we
21 use -- and I suspect the city uses pretty
22 much the same measures -- well-accepted
23 guidelines that are publicly available to
24 determine what we call low, very low, and

1 extremely low income. So that when I talk
2 about we think about 85 percent of our
3 100,000 units are going to be targeted to
4 low, very low, and extremely low income
5 residents in New York, it's the same -- we're
6 talking about the same income bands as a
7 percentage of area median income that I
8 assume Mayor de Blasio and his folks are
9 talking about.

10 That differs, obviously, from region
11 to region, so area median income where you
12 are is different, you know, from Senator
13 Krueger is or from where Assemblyman Wright
14 is or so forth.

15 But it's the percentages that really
16 matter.

17 SENATOR ESPAILLAT: Okay, thank you.

18 What about the -- could you provide us
19 with a breakdown on the spending for the --
20 let's say for the \$439 million of the
21 JP Morgan settlement funds for the 2015-2016
22 budget cycle? Last year's settlement money.

23 COMMISSIONER RUBIN: Sure, Senator.

24 Absolutely. And we had the opportunity to

1 talk a little bit before with Assemblyman
2 Wright as well, the -- you're exactly right,
3 about \$439 million of JP Morgan settlement
4 money was allocated to the state particularly
5 for housing purposes. Although, as I said,
6 our agency is the principal housing agency
7 for the state, there are other agencies that
8 do work in the housing field, and they were
9 allocated or suballocated some of that money.

10 Our agency in particular has a little
11 bit over \$200 million. The first
12 \$100 million of that is for NYCHA. And we've
13 I think spoken about the \$100 million, the
14 unprecedented, as Mr. Wright said,
15 \$100 million that you and your colleagues
16 made available to NYCHA, of which about
17 \$40 million has already been publicly
18 targeted towards security purposes, and the
19 other 58 or 60 million is about to be
20 approved by the Department of Budget and then
21 handed over to the Legislature for review.

22 The rest of that money is going
23 through our ordinary capital allocation
24 process. It's actually, I think, been

1 awarded. It's somewhere in the neighborhood
2 of about \$100 million-plus. And which means
3 that once those awards are announced, the
4 money is moving out the door on schedule.
5 That's the same as any other capital we have.

6 SENATOR ESPAILLAT: Would there be any
7 additional capital funding for NYCHA in this
8 budget cycle? Because you have allocated
9 \$6.4 million, but last year capital funds to
10 the tune of \$100 million seemed to be very
11 helpful. And NYCHA continues to need, on an
12 ongoing basis, an infusion of capital dollars
13 to keep a very deteriorating housing stock
14 from really collapsing.

15 Are you planning to have any
16 additional capital dollars for NYCHA this
17 cycle?

18 COMMISSIONER RUBIN: Not in this
19 cycle's budget, Senator, no.

20 SENATOR ESPAILLAT: Okay, the TPU. I
21 know that traditionally we've been having
22 this sort of like fight to ensure that TPU
23 has its own dedicated funding stream and its
24 own individual unit, but it continues to be

1 funded through the Office of Rent
2 Administration. And is there an increase
3 there for TPU or -- and there's also a
4 concern that the Office of Rent
5 Administration has not gotten the funding
6 that it should have to address the needs of
7 tenants and landlords from across the city
8 that need their services. The backlog, I
9 know they're strapped for staffing. And so
10 now if you connect TPU to that and it's all
11 like fighting for same funding, I think both
12 will be compromised.

13 Is there any way that we're going to
14 get additional funding for the Office of Rent
15 Administration? And what's the funding
16 allocated for TPU this year?

17 COMMISSIONER RUBIN: So, Senator, as
18 we've talked about, both in our meetings and
19 in this hearing, the work that TPU does is a
20 critical piece of the Governor's and the
21 state's responsibility to protect tenants
22 from illegal harassment.

23 The work of ORA, the Office of Rent
24 Administration, is equally important. ORA,

1 as you know, is staffed by about 250
2 extraordinarily hardworking civil servants
3 whose responsibility is to oversee the
4 900,000 rent-stabilized and rent-controlled
5 units in the state -- most of them, as you
6 know, in New York City, and I think more in
7 your district than any other. They work
8 incredibly hard, they work side by side.

9 TPU has a somewhat different role.
10 It's a proactive investigative arm. We're
11 happy to keep it funded. We're happy that it
12 continues to be funded. And we're at the
13 same time pleased that the Legislature and
14 the Governor continue to see fit to fund ORA
15 at levels that we think are adequate to do
16 their good work.

17 CHAIRMAN FARRELL: Thank you, Senator.

18 SENATOR ESPAILLAT: Thank you. Thank
19 you, Assemblyman.

20 CHAIRMAN FARRELL: Assemblywoman
21 Bichotte.

22 ASSEMBLYWOMAN BICHOTTE: Thank you so
23 much for being here. Appreciate you being
24 here today to testify on housing.

1 I just had a few statements and
2 comments and questions around the affordable
3 housing proposal as well as the TPU and
4 421-a tax abatement.

5 As you know, in New York City
6 affordable housing and the weak rent laws
7 that we have has been very problematic to
8 New Yorkers, especially in my district --
9 Flatbush, Brooklyn -- where, you know,
10 thousands or even millions of New Yorkers are
11 being pushed out illegally, priced out
12 illegally out of their homes, which obviously
13 impacts the rate of the homelessness that
14 we're facing in New York City.

15 You know, last year many of us got
16 arrested, we were shouting and yelling and
17 really wanting to make everyone know that
18 this is an issue that's near and dear to us
19 and we have to fix it.

20 So with that said, you know, I hear
21 that the Tenant Protection Unit is -- seems
22 like it's being defunded or not funded as it
23 was last year or previous years. And I'm
24 very happy that it is in place and that it is

1 an investigative piece that helps us look at
2 landlords who are illegally destabilizing or
3 decontrolling these units.

4 I personally think that the \$5 million
5 that was allocated last year was too little.
6 Although there were a number of overturned
7 units that were restabilized, the rate is so
8 much more. And I'm hoping that you
9 reconsider to put in place maybe 10 or 20, a
10 two-digit million-dollar budget to address
11 what's going in New York City. And that's
12 why we have this issue of supportive housing
13 that we need, and affordable housing.

14 But I do want to say that I'm very
15 happy to see that there was a capital
16 allocation for affordable housing throughout
17 the State of New York with the Governor's
18 proposal on the New York House 2020.

19 My question is in the City of New York
20 there's been an aggressive goal as well as of
21 200,000 units proposed by Mayor de Blasio. I
22 would like to know how the Governor's plan of
23 50,000 units of affordable housing throughout
24 the state, and Mayor de Blasio's 200,000

1 units in New York City, how are they being
2 integrated? Are they being integrated? Are
3 they working together? Is it part of the
4 same package?

5 COMMISSIONER RUBIN: Thank you for
6 your question, Assemblywoman.

7 And although you're not specifically
8 asking about TPU, I think it's appropriate
9 that you brought TPU -- you prefaced your
10 question about the development of more
11 affordable housing with your comment about
12 TPU and about the effects on your
13 constituents of, you know, in some cases
14 gentrification or of neighborhoods turning
15 over. Because it's an extraordinarily
16 complicated problem to deal with, and in many
17 ways, while TPU is a part of our arsenal to
18 try to combat illegal harassment, which is
19 critical, in the end really the only solution
20 is to continue to build and preserve new
21 affordable housing. We have to keep the
22 stock that we have safe and high-quality, and
23 we have to build more and keep it affordable
24 to all New Yorkers.

1 That is -- that really is the
2 number-one goal of the Governor's plan.
3 That's why he put out an aggressive goal of
4 100,000 units over the next five years. And
5 most importantly, that's why it's fully
6 funded at the levels that we've talked about.

7 As far as your question about working
8 with New York City, I am certainly well aware
9 of the mayor's own aggressive goals towards
10 development and preservation of affordable
11 housing. My counterparts at the city,
12 particularly at City HPD and at City HDC, are
13 friends of mine, our staffs are friends, have
14 worked together productively for years.
15 Although we now have a lot more capital to
16 invest than we have in the past, the fact is
17 our agency has developed thousands and
18 thousands of affordable units throughout the
19 city, alongside of the city agencies, with no
20 problem whatsoever. They're close
21 relationships, and nothing about that will
22 change going forward.

23 ASSEMBLYWOMAN BICHOTTE: Okay, thank
24 you.

1 Also one more question around the 421
2 tax abatement. You did mention that whether
3 it continues to be suspended or not, the
4 housing plan will continue. Is there another
5 proposed program that might be in place to
6 incentivize the developers to continue
7 building the affordable housing plan?

8 COMMISSIONER RUBIN: Sure, it's a
9 great question. There's nothing that I'm
10 aware of; there's certainly nothing that's
11 been developed by our agency. I know that we
12 were all waiting eagerly to see whether the
13 parties could come to an agreement as last
14 year's legislation asked them to. They were
15 unable to do so. I think really at this
16 point we move forward with the programs and
17 the money that we have. The city has
18 available to it a number of other tax
19 abatements programs that they use expertly.
20 And I suspect that they will simply make more
21 use of those programs if there is no
22 replacement for 421-a as it stood before.

23 ASSEMBLYWOMAN BICHOTTE: Thank you.

24 COMMISSIONER RUBIN: Thank you.

1 CHAIRMAN FARRELL: Thank you.

2 SENATOR YOUNG: Thank you.

3 I'd like to point out that we've been
4 joined by Senator Bill Perkins.

5 And I'm going to take privilege as
6 Finance chair to ask a few questions myself
7 right now. And there's a lot to talk about,
8 so I might have to go to round two.

9 But I was very interested and was
10 listening very carefully to what you were
11 saying, Commissioner, about the TPU. And so
12 just to clarify, and I think you've said it,
13 there's a \$4.5 million increase for state
14 operations costs in the budget, general.
15 You're saying that that \$4.5 million is going
16 to go to fund the TPU?

17 COMMISSIONER RUBIN: My understanding,
18 Senator, is it's the same -- it's funding for
19 the TPU at the same level that it was funded
20 in last year's budget.

21 SENATOR YOUNG: So it's interesting
22 you say that, because I don't believe that
23 the TPU was lined out in last year's budget.
24 So the question is, how was it funded? Was

1 it funded through appropriation last year?
2 Because it wasn't something that the
3 Legislature approved in the final budget.

4 COMMISSIONER RUBIN: Sure. So,
5 Senator, first off, if we could come back or
6 I could have my staff come back to yours to
7 make sure that we understand fully that
8 everybody is on the same page about that.

9 My understanding is that the overall
10 funding for ORA is the same between this year
11 and last year, the same authorized
12 appropriated funding. Now, whether there are
13 nuances there that our staff should talk
14 about, I defer to them.

15 SENATOR YOUNG: Yes, because what I'd
16 like to see is the specific reappropriation
17 in the amount of funding from last year,
18 because I don't believe that we have that.
19 So that would be very helpful.

20 COMMISSIONER RUBIN: Understood.
21 absolutely.

22 CHAIRWOMAN YOUNG: You know, you talk
23 about the differences between the TPU and the
24 ORA, and it sounds like you're funding the

1 TPU through the ORA. One of the things that
2 we asked about last year, and I was wondering
3 if you could give a status update on this,
4 the Office of Rent Administration does very
5 critical work, as you know, because they are
6 out there addressing actual tenant complaints
7 that come in. And unfortunately, there are
8 reports that show that they were at least 18
9 months behind, even more, in addressing those
10 specific tenant complaints. And so it seems
11 like the TPU is out there kind of on a
12 fishing mission, but at the same time you
13 have actual incidents where tenants are
14 feeling that they're in harm's way, that they
15 have a complaint that needs to be addressed.

16 And so I'm hoping that you could give
17 us -- because I'm sure all of my colleagues
18 would be concerned about tenant complaints
19 being addressed -- what the actual status is
20 now, what's the turnaround, how quickly are
21 these issues being addressed?

22 COMMISSIONER RUBIN: Thank you for
23 your question, Senator. I know that there
24 have been informal and also formal reports of

1 those kinds of operational questions at ORA.
2 Obviously the work that the reports -- much
3 of that work predates my time here. But you
4 have had a chance, a little bit, to get to
5 know me; I hit the ground running.

6 CHAIRWOMAN YOUNG: Yes, you have.

7 COMMISSIONER RUBIN: And I come to
8 this work from the private sector, and I have
9 a very high expectation that you can make a
10 lot of difference in even very complicated
11 organizations if you review the kinds of
12 processes that they're using and do more with
13 the same amount.

14 It's that kind of approach that we're
15 taking to the work of ORA. The Governor has
16 mandated that from the top down and across a
17 number of agencies, and I think he is exactly
18 right. It's what we call the Lean Process,
19 and it's had tremendous impacts on many of my
20 sister agencies, among them DMV and others.

21 We're applying -- we're reviewing
22 ORA's activity every single day, as hard as
23 we can, to make sure that we are doing the
24 absolute best to respond quickly to

1 complaints, whether they're from tenants or
2 from landlords.

3 I should say that much of what the ORA
4 does is they do have -- obviously they
5 respond to tenant complaints, you're exactly
6 right. Much of what they do is simply
7 processing of landlord requests for increases
8 in rent. And of course that work is at least
9 equally important because it goes directly,
10 often, to the financial viability of the
11 buildings that the tenants live in. And
12 ORA works very hard to process those
13 complaints as fast as possible. And that is,
14 again, the kind of work that we're going to
15 be focusing on intently in my tenure.

16 SENATOR YOUNG: I appreciate that. If
17 there's any kind of data that you could
18 supply the Senate regarding the turnaround
19 time with a complaint issue through the ORA,
20 that would be really helpful to get that.

21 COMMISSIONER RUBIN: I will absolutely
22 do that, Senator.

23 CHAIRWOMAN YOUNG: It sounds like
24 you're staying on top of it.

1 And also, could you please provide to
2 the Senate the staffing levels in 2015 and
3 2016 for each of the following ORA
4 activities? So again, it's processing of
5 MCIs by the MCI unit; it would be helpful to
6 see that data. And also the processing of
7 rent overcharge orders by the overcharge
8 unit.

9 COMMISSIONER RUBIN: I'd be delighted
10 to do that.

11 SENATOR YOUNG: That would be great.
12 That would be great. Thank you very much.

13 Also, just switching over -- and I
14 thought Senator Little asked some very good
15 questions. I'm glad to hear that, for the
16 House NY program and the \$20 billion for the
17 100,000 affordable housing units, that the
18 units are expected to be distributed
19 geographically. You said about half outside
20 New York City, about half inside New York
21 City. So I'm very glad to see that you're
22 focused on a regional balance.

23 One of the things that I was
24 interested to hear you say, and I'd like to

1 probe a little bit further, but you talked
2 about with or without 421-a, you believe that
3 we will reach that goal of 100,000 units.
4 And you talked about HPD, I know HCR, we do
5 very good work on affordable housing through
6 financing from the state, and we've gotten a
7 lot done. My question is, however -- you
8 know, and I know the Governor is very, very
9 concerned about affordable housing all over
10 the state, developing affordable housing in
11 New York City. And obviously without 421-a,
12 I think that there's going to be a difficulty
13 in private-sector investment in developing
14 affordable housing.

15 When Mayor de Blasio was in last week,
16 we had a long discussion about the oppressive
17 tax structure that we have in New York City,
18 about the fact that the regulatory burden is
19 so heavy, the land costs are so high, there's
20 so many impediments to developing affordable
21 housing. And it's made the crisis even worse
22 as we've gone along.

23 And so I was just wondering about
24 421-a. You know, what are your thoughts

1 about moving forward? Because, quite
2 frankly, from a private-sector development
3 incentive tool, it's the only tool in the
4 toolbox that is available out there. So I
5 wanted to get your thoughts on that.

6 COMMISSIONER RUBIN: Senator, I thank
7 you for the question. I guess I'll refer
8 back to my time in the private sector. New
9 York City is blessed with -- and 421-a, as
10 you know, is a New York City-only program, so
11 the fact that I'm going to talk about New
12 York City for a moment rather than the rest
13 of the state I think is -- you know, don't
14 hold it against me.

15 You know, it's a -- coming from the
16 private sector, I can tell you that New York
17 City has an extraordinarily deep and
18 sophisticated real estate development
19 community at all levels -- affordable
20 housing, for-profit developers, on up to the
21 highest-end development. 421-a started out,
22 as you know, not as an affordable housing
23 tool but as a tool back in the early '70 when
24 the city needed something to get it back on

1 its feet, and it's developed over time, as
2 you all know, into a tool for development of
3 more -- for incentive to provide more
4 affordable housing.

5 I guess my view is a -- I have a
6 short-term view and a long-term view. I
7 think short term, it's hard to argue that the
8 absence of 421-a won't have some impact, I
9 completely agree with you. It's something
10 that was used widely and now if it doesn't
11 exist, it's not there and it will take a
12 little bit of time to readjust, for the
13 market to readjust.

14 But over the longer term, and
15 particularly now that the Governor has chosen
16 to inject so much new capital into the
17 affordable housing system, I think the market
18 will readjust. Whether there is a new
19 421-a-like thing or not, the market will
20 figure out how to meet the demand for
21 affordable housing in New York City, and we
22 will of course be a big part of it, with or
23 without 421-a.

24 CHAIRWOMAN YOUNG: Well, what I'm

1 hearing -- and I appreciate what you have to
2 say. What I hear is that people are saying
3 that we just won't build. And so I think
4 that's a major problem, and it's a shame for
5 the people of New York City being able to
6 have affordable housing available to them.
7 So I would encourage you to continue to work
8 on a solution along those lines.

9 And I will cede my time, because I
10 have other questions about supportive
11 housing, about the Community Investment Fund,
12 about NYCHA, so you'll be hearing from me
13 again. But I'll turn it back to the Assembly
14 right now.

15 COMMISSIONER RUBIN: Thank you,
16 Senator.

17 CHAIRMAN FARRELL: Thank you.
18 Assemblyman Mosley.

19 ASSEMBLYMAN MOSLEY: Thank you,
20 Mr. Chairman.

21 Thank you, Commissioner, for coming in
22 today.

23 Before I go to my two questions, I
24 just wanted to try to scale back. When you

1 talked about the guidelines for affordability
2 being similar to what the city's guidelines
3 are -- and the city obviously is stating that
4 they cannot build unless they have a similar
5 421-a tax abatement program, if not the old
6 tax abatement program. And you said that you
7 can meet those demands with or without 421-a,
8 and then you talked about the market kind of
9 will meet the demands. Can you extrapolate
10 on that just a little bit?

11 COMMISSIONER RUBIN: Sure. You know,
12 again, I -- you know, a world without 421-a
13 is a little bit new to all of us, so it's
14 awfully hard to predict how it's going to
15 play out.

16 But the fact that -- I mean, the fact
17 is the Governor, with this budget, is
18 injecting over \$2 billion of new capital into
19 the development and preservation of new
20 affordable housing than was there last year
21 at this time, and it's over the next five
22 years. That, on top of new capital that the
23 mayor has made available to the market
24 through his own affordable housing plan,

1 gives me a great deal of confidence that all
2 of these aggressive goals can be met.

3 ASSEMBLYMAN MOSLEY: And when you say
4 the market, do you mean the private-sector
5 market or do you mean the private sector
6 along with the public-sector market?

7 COMMISSIONER RUBIN: Together.
8 Operating in tandem. I mean, that's
9 really -- the only way affordable housing
10 gets developed, particularly in a market like
11 New York City, is close partnership between
12 private and nonprofit.

13 ASSEMBLYMAN MOSLEY: And in your
14 interpretation, do you believe that 421-a
15 needs to be completely eradicated or simply
16 modified?

17 COMMISSIONER RUBIN: You know, as in
18 many things, I'm agnostic. I think it -- you
19 know, this is a complicated program; I think
20 the devil is in the details. 421-a clearly
21 needed some modification, and the Governor
22 has been extraordinarily clear about that.

23 It was a program that probably, in the
24 form that it existed, had run its course and

1 it's possible to operate profitably with or
2 without a 421-a.

3 ASSEMBLYMAN MOSLEY: Two questions I
4 had relates to two of the three programs
5 under the House NY 2020, the Welcome Home NY,
6 which is to combat neglect in the distressed
7 communities and increase access to housing,
8 and the Opportunity NY, which ensures state
9 investment benefits all New Yorkers through
10 the launch of this program.

11 Can you walk us through those programs
12 and tell us what they collaborate at the city
13 and/or federal level, in an effort to make
14 them come to pass?

15 COMMISSIONER RUBIN: I'm sorry, you
16 were asking about the --

17 ASSEMBLYMAN MOSLEY: The Welcome Home
18 NY program and then the Opportunity NY
19 program.

20 COMMISSIONER RUBIN: Ah, okay. So
21 those are the names that we've put over broad
22 umbrellas, families of programs, for the
23 capital, the new capital that the Governor
24 has rolled out.

1 I think, you know, all of work that we
2 do -- you asked about cooperation with
3 federal and local officials. Everything that
4 we do is in close cooperation with our
5 partners both at the federal and the local
6 level, so the same is true of those programs.

7 I think as we complete this budget and
8 then move into the phase where we're going to
9 actually allocate capital, we'll continue to
10 work closely with all of our local partners.

11 ASSEMBLYMAN MOSLEY: I guess what I'm
12 asking, can you give me a little more --
13 further details based -- you know, I have
14 like two paragraphs related to these programs
15 and I still don't understand, you know, what
16 they're going to do and how they're going to
17 be executed.

18 COMMISSIONER RUBIN: Sure. I think
19 probably the best thing to do, Assemblyman,
20 is come back to you and your staff as we
21 flesh those out further. Once this budget is
22 developed and once we put capital out through
23 our RFP process so that we can -- we
24 understand -- in part, we respond to the

1 market coming in to us to propose projects.
2 You know, all of our programs are developed
3 in the interest of, obviously, developing
4 affordable housing and protecting the
5 affordable housing that exists.

6 ASSEMBLYMAN MOSLEY: So these two
7 programs are still being created as we speak?

8 COMMISSIONER RUBIN: Well, our budget
9 was just proposed, as you know, and we're
10 just a very short period of time into the
11 proposal of the budget. As the budget moves
12 forward through the rest of the process and
13 then is adopted, hopefully in the beginning
14 of April, we'll have a greater understanding
15 at that time of how specifically we plan to
16 allocate that money through those specific
17 umbrella programs.

18 ASSEMBLYMAN MOSLEY: All right. Thank
19 you, Mr. Commissioner.

20 COMMISSIONER RUBIN: Thank you.

21 CHAIRMAN FARRELL: Thank you.

22 SENATOR YOUNG: Thank you very much.

23 Our next speaker is Senator John
24 Bonacic.

1 SENATOR BONACIC: Good morning,
2 Commissioner.

3 COMMISSIONER RUBIN: Good morning,
4 Senator.

5 SENATOR BONACIC: Who are you picking
6 in the Super Bowl, the Broncos or the
7 Panthers?

8 (Laughter.)

9 COMMISSIONER RUBIN: That sounds like
10 a trap question.

11 (Laughter.)

12 SENATOR BONACIC: Not really. You
13 mean these other questions weren't trap
14 questions?

15 (Laughter.)

16 SENATOR BONACIC: All right, you don't
17 have to answer that.

18 COMMISSIONER RUBIN: Am I going to
19 penalize myself if I tell you that I'm a
20 29-year Jets fan?

21 SENATOR BONACIC: I always felt that
22 the need for affordable housing was
23 insatiable, and affordable means different
24 things to different people.

1 Let's just say in the last six
2 years -- you know, we're always saying or the
3 Governor is announcing billions here,
4 millions there, affordable housing,
5 rehabilitation. And I was surprised, when
6 Assemblyman Wright asked the question of the
7 100 million, you said 40 million was going
8 for security. And that was a very
9 interesting fact to me.

10 But do we have statistics that would
11 tell us on one side what we allocated for a
12 budget for new affordable housing and how
13 many affordable housing units were actually
14 created, the amount for rehabilitation of
15 affordable units, and how many were actually
16 created, and how much was spent for security
17 in each of the last six years and how they
18 were allocated geographically? Is that
19 information accessible? Does it have to be
20 developed? Can I go somewhere and find that
21 bottom line to that question?

22 COMMISSIONER RUBIN: So in general,
23 we, as I'm sure you would expect of us, try
24 to be as transparent as we can about the work

1 that we do, where the money is spent, and how
2 it's developed.

3 SENATOR BONACIC: Sure. Sure.

4 COMMISSIONER RUBIN: If you're asking
5 about the aggregation of that specific data,
6 what I'd ask you to do is I will come back,
7 through my staff, to you and see what we can
8 supply that would satisfy your question.

9 The security specifically was a
10 feature particular to the \$100 million that
11 you all and the Governor made available to
12 NYCHA last year. It was \$40 million so far
13 that's been made available to NYCHA for
14 security projects. And that is something
15 that would have been new just from last year,
16 and you wouldn't find it in previous years.
17 But again, we can come back to you with a
18 further aggregation of data.

19 SENATOR BONACIC: The other question I
20 had, the issue of homelessness has become a
21 hot button because of the relationship with
22 the mayor and the governor.

23 I'm curious, in the last five years
24 has -- do you have the statistics for

1 homelessness in the State of New York? I
2 mean, have we escalated that much? Are we
3 pretty much the same? I know we've had a
4 recession. And how do we compare in
5 homelessness, say, to the other four states
6 with the biggest population? If you know.
7 And if you don't, is that something you could
8 provide us?

9 COMMISSIONER RUBIN: So, Senator, it's
10 a terrific question. I'm resisting my urge
11 to pretend that I -- to say what I think I
12 know in the interest of not giving you wrong
13 information.

14 I can tell you that the statistics are
15 pretty broadly available, primarily from the
16 federal Department of Housing and Urban
17 Development, and we've spent a lot of time
18 with them over the last several months as we
19 helped work with the Governor, my colleagues
20 and I, to develop this homelessness action
21 plan, the 10 -- the \$20 billion -- the
22 \$10 billion plan that was announced at the
23 State of the State and is contained in this
24 budget.

1 I can tell you that the numbers are
2 stunning. They certainly don't go down.
3 They maybe vary a bit from year to year, but
4 particularly in New York City they are as
5 high now as they have been. The same is
6 true, by the way, in some of our other large
7 cities. Los Angeles has a terrible
8 homelessness crisis; they've actually
9 declared it an official crisis, I believe,
10 which enables them to take certain emergency
11 measures.

12 So we can certainly provide you with
13 what they call the high point in time
14 statistics that will show you exact numbers
15 on a country-wide basis.

16 SENATOR BONACIC: Thank you,
17 Commissioner. And after this hearing is
18 over, you can answer my first question.
19 Thank you very much.

20 (Laughter.)

21 COMMISSIONER RUBIN: I'd be happy to.

22 CHAIRMAN FARRELL: Thank you.

23 Assemblyman Cusick.

24 ASSEMBLYMAN CUSICK: Thank you. Thank

1 you, Mr. Chairman.

2 Commissioner, it's good to see you. I
3 want to thank you also, in your past
4 position, for your work on Sandy. I know in
5 our communities you were very helpful, and we
6 look forward to working with you in your new
7 role. So congratulations, and welcome to the
8 budget hearings.

9 COMMISSIONER RUBIN: Thank you,
10 Assemblyman.

11 ASSEMBLYMAN CUSICK: Commissioner, I
12 just have a quick -- I want to talk about the
13 supportive housing a little bit. I know that
14 there's \$10 billion -- a multi-agency,
15 multipronged approach -- in the Governor's
16 budget. I want to applaud the Governor and
17 yourself for putting the money towards the
18 issue of homelessness.

19 And also I see in the testimony about
20 homelessness and people with special needs.
21 I'd like to focus on that part of it also. I
22 know that we are facing a crisis when it
23 comes to the homeless issue all over the
24 State of New York, in every community. I

1 think, as you mentioned in your testimony, it
2 does not matter what community, we're all
3 getting hit with the crisis of homelessness.

4 I think also a crisis that is down the
5 road that we should start facing now is the
6 issue of developmental disabilities of folks
7 for supportive housing. Right now, you have
8 many people with developmental disabilities
9 who live at home with elderly parents, and as
10 the parents are getting older, they're
11 getting worried what's going to happen to
12 their adult children and housing issues. And
13 I think that's the next crisis that the state
14 is going to be facing.

15 Could you just tell me, in that,
16 \$10 billion, is there allocations yet or is
17 that still in the process of working with
18 other agencies? I know this will come up in
19 the mental health hearings, but I wanted to
20 bring it up in this hearing also.

21 COMMISSIONER RUBIN: Assemblyman,
22 thanks for your question. You also provided
23 the answer. When we say it's a multi-agency
24 approach, it really is truly a multi-agency

1 approach. The last several months have seen
2 an absolutely extraordinary amount of
3 cooperation between all of the agencies of
4 the state government that are responsible for
5 different parts of this -- what is an
6 extraordinarily complicated problem, driven
7 obviously by the Governor's own commitment to
8 trying to attack this crisis across the
9 state.

10 You point to one part of the problem,
11 which is sort of a wave that's -- it's
12 already broken a little bit, but is
13 absolutely getting ready to break, to break
14 further, which is the problem of people who
15 are doubled up, people who are living in
16 circumstances that really aren't sustainable
17 and they may be a paycheck or a half a
18 paycheck away from being out on the street.

19 And frankly, that's why the Governor
20 thought now is the time to announce this
21 plan, to make it fully funded, to make it,
22 you know, clear, to make clear that he's got
23 not only a one or two or three but a
24 five-year and really a 15-year commitment to

1 fighting this crisis statewide.

2 ASSEMBLYMAN CUSICK: Great.

3 As we move forward and we have further
4 budget hearings, you know, again, I want to
5 put it on the radar concerning the issue of
6 people with disabilities and the supportive
7 housing need. And as we move forward, I
8 think that when we're allocating the money,
9 that we start doing it now. Because again, I
10 think it is going to be a crisis down the
11 road.

12 COMMISSIONER RUBIN: I agree with you,
13 Assemblyman. And you should take comfort in
14 the fact that one of the directions that the
15 Governor has given us, those of us who are
16 working on this crisis, is to use as much
17 data as there is available. I talked earlier
18 with I think Senator Bonacic or, I can't
19 remember, I responded to a question about the
20 homelessness numbers.

21 We are looking everywhere we can for
22 every piece of data available to us about the
23 nature of homelessness and the causes of
24 homelessness, because it's a root and branch

1 issue; we have to attack it everywhere it
2 goes and do it in the most intelligent way
3 possible. We can't make enough funds
4 available to solve homelessness, but we can
5 sure do better than we have done using as
6 much data as there is out there.

7 ASSEMBLYMAN CUSICK: Thank you,
8 Commissioner. Thank you, Mr. Chairman.

9 CHAIRMAN FARRELL: Thank you.
10 Senator?

11 SENATOR YOUNG: Thank you.
12 Senator Liz Krueger.

13 SENATOR KRUEGER: Hi. Thank you,
14 Commissioner.

15 Following up on probably a whole
16 series of questions already, did you define
17 what the state will call affordable housing
18 in its \$10 billion, 100,000-unit assignment?
19 What's the definition that will be used of
20 affordability? Often it's a percentage of
21 AMI.

22 COMMISSIONER RUBIN: Sure. Well,
23 rather than talk about affordability, we talk
24 about, as you know, at which income bands.

1 So affordable, what we consider to be housing
2 that's available to -- affordable to the low,
3 the very low, and extremely low income is
4 those who are at 60 and I think below that it
5 goes 40 or so, or 30 -- I don't know the
6 exact bands.

7 Affordability is generally, I think,
8 considered to mean whether it's rent burden.
9 Right? So if you are at, say, 60 percent of
10 local AMI, are you required to pay rent that
11 is more than X percentage of the income
12 that's available to you for all uses?

13 I can't tell you sitting here what
14 number of -- you know, what the
15 percentages are of people in our plan in
16 terms of how rent-burdened people are and how
17 much of those we're going to remove from
18 their burdens in order to put them into our
19 new housing, but that is the concern.

20 SENATOR KRUEGER: And given the
21 limitations of -- you know, 10 billion sounds
22 like a lot of money to you and I, but when
23 you do the math for 100,000 units, it's
24 actually not so much money.

1 So do you think spending \$800,000 per
2 unit to produce affordable housing is a
3 reasonable number?

4 COMMISSIONER RUBIN: Well, it's
5 actually -- I'm going back now to my
6 private-sector days; my math brain is kicking
7 in. It really -- the mix of 100,000 units
8 doesn't lend itself to that kind of division.

9 So you remember we've talked about
10 geographic diversity, we've also talked about
11 new construction and preservation. We also
12 have a diverse number of programs, as you're
13 well aware, that we spend that money through.
14 So we do everything from very large
15 multifamily developments, typically in
16 New York City, but also elsewhere, to
17 single-family -- we make available to
18 first-time homeowners who are low-income the
19 opportunity to own single-family homes in --
20 you know, anywhere in New York. And that is
21 also part of our mission; it's included in
22 that 100,000.

23 The cost of those different programs,
24 the cost of those different units are

1 dramatically different one to the other, and
2 even on the same block. So it really doesn't
3 lend itself to that kind of math.

4 SENATOR KRUEGER: I agree with you. I
5 asked you the question because the Furman
6 Center did a recent report showing that the
7 421-a program in recent years has cost
8 \$833,000 per unit of affordable housing. So
9 while there are differing opinions about what
10 happens now that the program has seen a
11 demise, I would argue not spending \$833,000
12 per unit of affordable housing is probably
13 not a terrible thing and we can come up with
14 better models. That's my rhetorical response
15 there.

16 Do you define housing and building
17 housing as economic development?

18 COMMISSIONER RUBIN: Oh, absolutely,
19 Senator.

20 Not only is the construction or
21 preservation of housing itself economic
22 development, because of course it creates
23 jobs -- you know, it creates jobs, it creates
24 good jobs, good-paying jobs, typically, and

1 it attracts -- typically, it attracts people
2 into communities that perhaps were -- you
3 know, were in desperate need of them, and
4 upgrades the whole housing stock. And
5 there's a wealth of academic work that shows
6 that when you upgrade housing stock in a
7 particular block, the whole community revives
8 and there is actual -- it's actually
9 scientifically shown, you know, within how
10 many blocks you get to see that revival over
11 time.

12 I should also say that much of the
13 work that our agency does -- and this is what
14 Senator Young made reference earlier to my
15 days spent traveling her district. Much of
16 the work that we do through our grant
17 programs looks in some ways more like
18 economic development than it does, strictly
19 speaking, like housing. We run the Community
20 Investment Fund program. We run a program
21 called RESTORE. We have -- out of our Office
22 of Community Renewal, we have a number of
23 programs that go directly to things like
24 storefronts, main street development -- all

1 related to housing, because we try to pair
2 them up intelligently, but all absolutely
3 core to economic development and community
4 development.

5 SENATOR KRUEGER: I agree.

6 I'm hoping that he was misquoted, but
7 in a newspaper story this weekend the
8 Governor said that his reason for creating a
9 PCB-like system to approve grants going
10 forward was because he saw too much of it
11 going to housing and not enough to economic
12 development. So I'm hoping we can both
13 explain to him housing is economic
14 development, it's not a competition between
15 the two.

16 Where am I in time? I can't see a
17 clock, I'm sorry.

18 CHAIRWOMAN YOUNG: Zero.

19 SENATOR KRUEGER: I'm at zero, I'm
20 going to need a second round. Thank you.

21 COMMISSIONER RUBIN: Thank you,
22 Senator.

23 CHAIRMAN FARRELL: Thank you very
24 much.

1 Assemblywoman Walker.

2 ASSEMBLYWOMAN WALKER: Thank you,
3 Mr. Chairman.

4 And thank you for your testimony
5 today. I just have a couple of questions.

6 One of them is as it relates to NYCHA.
7 Brooklyn is officially reported as the most
8 unaffordable housing market in America. But
9 we do have a number of affordable housing
10 units, and most of them are housed in NYCHA
11 developments.

12 And listening to your commitment and
13 the Governor's commitment to affordable
14 housing, it's alarming that there is a zero
15 investment this year in NYCHA, considering,
16 you know, it's the only level of
17 affordability, at least real affordability,
18 that most people have.

19 So I'm just concerned as to why there
20 is no reinvestment.

21 COMMISSIONER RUBIN: Assemblywoman,
22 you're exactly right about the importance of
23 NYCHA. It's a critical part of the city's
24 affordable housing stock and has been for

1 decades.

2 The \$100 million that Assemblyman
3 Wright referred to earlier was an important
4 and new investment in NYCHA's well-being.
5 But the fact is NYCHA has -- and NYCHA's
6 management I know well. They have a
7 tremendously difficult job and a very complex
8 financial structure. But the fact is, NYCHA
9 has some work to do in making sure that it
10 spends the money that it does have available
11 to it quickly and efficiently.

12 And I think one of the Governor's
13 concerns, my guess is, is that we made the
14 \$100 million available to them in last year's
15 budget, we want to see it get spent well,
16 which is why he's put DASNY in as part of the
17 mix. And then he wants to make sure -- and I
18 think NYCHA needs to make sure -- that it's
19 spending its capital budget well and wisely
20 that it does have available to it.

21 ASSEMBLYWOMAN WALKER: Well, you know,
22 I think we have certain mechanisms and
23 controls that provide audits for NYCHA as it
24 relates to its spending. So I want not to

1 get caught up in being an auditor of how it's
2 spending its money.

3 But I will say that the resources that
4 were allocated, most of them were for
5 lighting. And there are constituents of mine
6 who have slop sinks as their kitchen sink,
7 and we need for the rest of the money to
8 start moving as expeditiously as possible.
9 So whatever efforts you can utilize in that
10 regard to make sure that those monies are
11 available sooner rather than later, I would
12 appreciate it.

13 The next question that I have is as it
14 relates to the House NY 2020 program. We
15 have a serious problem of providing senior
16 housing. And I was just wondering how many
17 of the housing units that will be allocated
18 will be utilized for senior housing, if any.

19 COMMISSIONER RUBIN: So,
20 Assemblywoman, I share your concern for
21 senior housing. You should know that the
22 work that the agency does already includes a
23 tremendous amount of development specifically
24 targeted -- often preservation, but also new

1 construction -- targeting specifically
2 seniors. It's an important part of our work.
3 I don't have the numbers in front of me --
4 and I'm happy to share them with you -- but I
5 know it's well over a thousand units just in
6 the last few years that we've either paid for
7 to newly develop or preserve, targeting
8 seniors throughout the state.

9 As far as what we're going to be doing
10 going forward, the good news is that we have
11 a tremendous amount of capital. We have the
12 ability to be flexible with it. I fully
13 expect that a lot of it will be devoted to
14 seniors one way or another. And we'll keep
15 working with you to make sure that your
16 concerns are reflected.

17 ASSEMBLYWOMAN WALKER: So will this
18 housing program, House NY 2020 will be the
19 new replacement for New York/New York III or
20 is this the new name for New York/New York
21 IV, you know, hopefully if we're able to get
22 that? And the reason why I say that is
23 because I would also be interested in seeing
24 if we can add senior housing to the

1 supportive housing stock that we're
2 expecting.

3 COMMISSIONER RUBIN: So New York/
4 New York III is essentially done, is my
5 understanding. There's a few units left.
6 That was, you know, the last, most recent
7 agreement between the city and the state to
8 develop supportive housing together. It's
9 done.

10 Our new commitment is not a
11 New York/New York IV, it's a fully funded
12 state commitment both on the operating
13 capital side to fund 6,000 new units over
14 five years and 20,000 new units of supportive
15 housing over 15 years. I fully expect that
16 some of that will be for seniors.

17 Again, we're going to be applying a
18 rigorous -- using the data that we've talked
19 about, a rigorous assessment of where the
20 needs are in the supportive housing world --
21 where we see special needs, where we see a
22 risk of homelessness, and where we see the
23 homeless population coming from. And if, as
24 we expect, seniors are part of that,

1 that's -- they will make their way into our
2 programs.

3 ASSEMBLYWOMAN WALKER: Thank you.

4 CHAIRMAN FARRELL: Senator.

5 SENATOR YOUNG: Thank you very much.

6 I'd like to welcome Senator Simcha
7 Felder, who has joined us, and also Senator
8 Phil Boyle.

9 And our next speaker is Senator Leroy
10 Comrie.

11 CHAIRMAN FARRELL: We also have been
12 joined by Assemblywoman Simon.

13 Thank you, Senator.

14 SENATOR COMRIE: Thank you. Thank
15 you, Chairs.

16 Commissioner, good morning.

17 COMMISSIONER RUBIN: Good morning,
18 Senator.

19 SENATOR COMRIE: I have a couple of
20 questions to ask you.

21 Number one, we talked about this
22 extensive affordable housing plan that the
23 Governor is rolling out, but no one has
24 talked or I haven't heard anything about the

1 MWBE component and how that is going to roll
2 out and what guarantees that we can have to
3 ensure that those folks that are interested
4 in being developers can have an opportunity
5 to be part of the program. Can you
6 illuminate any of that program, or has any of
7 that been worked out as yet?

8 COMMISSIONER RUBIN: Senator, I'm
9 delighted that you asked that. As you know,
10 the Governor's commitment to MWBE goals is a
11 core of his agenda and has been since Day 1
12 of his first term.

13 He recently raised the statewide goals
14 from 20 percent to 30 percent, as I know
15 you're also aware. Our agency in the most
16 recent year, when the goal was 20 percent,
17 exceeded that 20 percent goal. And with the
18 new 30 percent, of course it's our full
19 intention to hit or exceed the 30 percent
20 goal with our new programs and our existing
21 programs.

22 So, you know, I guess the one other
23 thing that I would add is I am particularly
24 lucky that Bill Thompson, the former

1 comptroller of the city, former head of the
2 Board of Education, et cetera, who was I
3 think the chairman of the Governor's task
4 force on MWBE, is now the chairman of one of
5 my agencies, the Housing Finance Agency. And
6 so the chairman and I have spent a tremendous
7 amount of time since the day I walked in the
8 door talking about our efforts at the agency
9 to meet and exceed all the MWBE goals that
10 the Governor has set for us.

11 SENATOR COMRIE: I have a follow-up
12 question on the Housing Finance Agency. I'm
13 told there's a backlog in putting in
14 applications and there's a difficulty with
15 developers in trying to get meetings to apply
16 for Housing Finance Agency credits.

17 So can you tell us, is that unit fully
18 staffed and, if there is a backlog, what that
19 backlog consists of?

20 COMMISSIONER RUBIN: Senator, I'm not
21 aware of any unusual backlog. You know, our
22 staff, we have an extraordinarily committed
23 and dedicated staff at the Housing Finance
24 Agency, at HFA, as throughout the rest of our

1 agency. They are in constant contact with
2 the development community, and they move
3 through projects at a rapid pace on a cycle
4 that's very predictable for our --

5 SENATOR COMRIE: Is it a monthly cycle
6 or --

7 COMMISSIONER RUBIN: I'm sorry, sir?

8 SENATOR COMRIE: Do they see people on
9 a monthly cycle? I'm told it's only a
10 quarterly cycle that they allow new
11 applications to come in.

12 COMMISSIONER RUBIN: We have regular
13 capital availability -- for some of our
14 programs, we have regular capital
15 availability cycles. And then for some we
16 have what's called an open resolution, where
17 there's sort of an ongoing dialogue about
18 projects. It seems to work well. And since
19 I've been here, just judging from the pace of
20 projects that come in the door and then go
21 out the door after award, I would say it
22 moves quickly and efficiently.

23 SENATOR COMRIE: Okay. And my Senate
24 district represents a lot of Mitchell-Lama

1 properties now, and I'm having some questions
2 regarding issues on the HCR and the timing of
3 reply to -- request on complaints regarding
4 everything from the ability to track whether
5 or not a building is still getting the rent
6 control -- I have an issue with many
7 nonprofits that are moving in people that
8 have mental illness and difficulty with
9 mental capacities into rent-stabilized
10 apartment complexes, creating angst for the
11 long-term renters that have been there, and
12 also taking those apartments out of rent
13 control.

14 Can you tell us what the staffing
15 ratio is to address these complaints that are
16 coming in?

17 COMMISSIONER RUBIN: Well, it sounds
18 like, Senator -- it sounds like, first of
19 all, you have some specific complaints
20 relating to specific buildings in your
21 district.

22 SENATOR COMRIE: Yes.

23 COMMISSIONER RUBIN: And I think the
24 best way to proceed there if they are tenant

1 complaints, we have a very active inbound
2 process for tenants to call in with
3 complaints. If there are specific issues, I
4 would encourage your staff -- and I'll make
5 sure that my staff follows up with yours to
6 make sure that we have a good roster of what
7 the specific issues are.

8 SENATOR COMRIE: I'd like to do a
9 meeting with your staff regarding two
10 complexes in my district, Hollis Court
11 Apartments and in Cunningham Heights, where
12 there's a preponderance of this problem where
13 they're having a lot of nonprofits bringing
14 in mentally ill people that are having
15 problems.

16 Can you tell us what the normal
17 turnaround time for a major capital
18 improvement is and if your staffing is
19 adequate to respond to those requests from
20 people that are trying to get credit or
21 acknowledge, even acknowledging whether MCI
22 is done? Because I'm getting a lot of
23 complaints also from both sides, the tenants
24 and the landlords, that MCIs are not reported

1 or not even recognized.

2 COMMISSIONER RUBIN: Senator, we have
3 talked a couple of times -- I mentioned a
4 couple of times earlier that we are fully
5 aware that what is a very, very complicated
6 process within the Office of Rent
7 Administration can take a fair amount of
8 time. It can be, like other things that
9 happen in government, frustrating to both
10 sides of the issue.

11 Part of the reason for that, frankly,
12 is that there is a requirement that we
13 provide full due process to everybody who's
14 involved. And I think that if -- you know,
15 as anybody who is on either of those -- you
16 know, either seat that you're sitting in, you
17 would want the ability to have full due
18 process, and due process takes time.

19 In the end, we think that the ORA
20 folks, who are extraordinarily dedicated,
21 come to the right answer, they get the right
22 result. And if an MCI, to take one example,
23 is fully justified at whatever level it was
24 put in, or at some reduced level, it's

1 implemented in a way that makes it possible
2 for that building, that specific building, to
3 be financially feasible and at the same time
4 provide housing on a rent-stabilized basis
5 and probably affordable to the people that
6 live there.

7 SENATOR COMRIE: Well, I hope that we
8 can get some more staff to ramp up the timing
9 and also some more investigators to come out
10 and look at the issues as well.

11 COMMISSIONER RUBIN: Thank you,
12 Senator.

13 SENATOR COMRIE: We've put in some
14 requests, and we haven't gotten responses
15 back. So I'd appreciate the opportunity to
16 get more details.

17 And if you could send me the details
18 on the MWBE and how people apply and what
19 this ratio is of developers that are
20 applying. Because I'm getting -- again, back
21 to the first question, a lot of
22 developers are saying they haven't had an
23 opportunity to even hear back from HFA
24 regarding their requests for a state matching

1 fund. Thank you.

2 COMMISSIONER RUBIN: Will do. Thank
3 you, Senator.

4 SENATOR YOUNG: Thank you, Senator.

5 CHAIRMAN FARRELL: Thank you.
6 Assemblyman Dilan.

7 ASSEMBLYMAN DILAN: Thank you,
8 Mr. Chairman.

9 And thank you, Commissioner, for being
10 here.

11 Just a specific question in and around
12 senior housing. I'm very concerned because
13 the federal government, via the 202 program,
14 has walked away from new issuances of senior
15 housing. And all across the country we're
16 going to have baby boomers retiring in short
17 order. So I want to add my voice to those
18 who have advocated for senior housing within
19 the 2020 plan.

20 And Assemblymember Walker touched on
21 it a little bit, but are there any specific
22 provisions or programs specifically designed
23 towards this type of housing in New York
24 2020?

1 COMMISSIONER RUBIN: We have a number
2 of programs that target seniors. So we
3 have -- for example, Access to Home, as you
4 know, is a critical program for making sure
5 that seniors, where they live, that the
6 conditions there are acceptable to them and
7 makes sure that they can have access to those
8 places that they live.

9 Just through our usual capital
10 programs, we do a tremendous amount of
11 development and preservation of housing
12 targeting seniors and restricted to seniors.
13 You know, even in the short time that I've
14 been at the agency, a good number of the
15 projects statewide that we've approved at the
16 board level have been for seniors.

17 I agree with you that we need to do
18 more and we can do more, and I would be
19 completely open to talking about any ideas
20 you have.

21 ASSEMBLYMAN DILAN: But those programs
22 have largely happened outside of New York
23 2020?

24 COMMISSIONER RUBIN: No, no, they're

1 within New York 2020.

2 ASSEMBLYMAN DILAN: Within New York
3 2020.

4 COMMISSIONER RUBIN: Absolutely, sure.

5 ASSEMBLYMAN DILAN: Okay. So you have
6 another program, Homes for Working Families,
7 that's targeted towards low-income seniors.
8 Do you feel that's sufficiently funded?

9 COMMISSIONER RUBIN: Yeah, I think
10 it's sufficiently funded. You know, it's
11 actively used by developers. Again, it's
12 another program that, with the new capital
13 that we've got for the next five years,
14 should we find that it needs an additional
15 injection, we will have the flexibility to
16 replicate it or to refill it.

17 ASSEMBLYMAN DILAN: Okay. Well, I
18 certainly look forward to working with you on
19 those. I'm glad I'm nowhere near retirement,
20 but there's going to be plenty of people in
21 my district that are, that need the help.

22 I wanted to talk to you briefly about
23 the State Low-Income Tax Credit program.
24 Everyone has mentioned at length that 421-a

1 has expired. In my neighborhood, we have a
2 large rezoning underway, the East New York
3 rezoning, that could have relied on 421-a.
4 It will now rely on 420-c, which is targeted
5 towards low-income. And that would be
6 helpful in the short term. Long term, the
7 city has a problem.

8 But as it relates to 420-c and the
9 State Low-Income Housing Tax Credit, that's
10 how the East New York rezoning will be
11 funded. And I wanted to ask you, to what
12 extent is the program used -- and from my
13 experience, it's been used pretty heavily --
14 and its effectiveness? Can you give us just
15 an overview, in your opinion, on it?

16 COMMISSIONER RUBIN: Sure. So you're
17 asking about the SLIHC, the State Low-Income
18 Housing Credit?

19 ASSEMBLYMAN DILAN: Sure.

20 COMMISSIONER RUBIN: Again, like many
21 of these tools, it's very important for us.
22 It has a particular value with respect to
23 middle-income development. That's often
24 where we find it used throughout the state.

1 It's been appropriated, I think, at 8 million
2 for this year and next year and a couple of
3 years ahead of that, which we think is a
4 solid level.

5 ASSEMBLYMAN DILAN: And how many
6 applications -- how many people have applied
7 to use it?

8 COMMISSIONER RUBIN: Sitting right
9 here, I can't tell you, Assemblyman. I'm
10 happy to talk to you later.

11 ASSEMBLYMAN DILAN: If you could get
12 me that, that would be important.

13 COMMISSIONER RUBIN: Absolutely.

14 And I should say, typically it's part
15 of an overall capital package for any given
16 development.

17 ASSEMBLYMAN DILAN: Okay. And I'm
18 also, even though it's not a question, just
19 overall concerned about the city's volume cap
20 level. I believe it needs to be increased.
21 That may be outside of the purview of this
22 hearing, but I just wanted to go on the
23 record and say that.

24 And with that, Mr. Chairman, I thank

1 you very much.

2 COMMISSIONER RUBIN: Thank you,
3 Assemblyman.

4 SENATOR YOUNG: Thank you.

5 Our next speaker is Senator Brad
6 Hoylman.

7 SENATOR HOYLMAN: Thank you, Madam
8 Chair.

9 Thank you. Nice to see you,
10 Commissioner.

11 COMMISSIONER RUBIN: Nice to see you,
12 Senator.

13 SENATOR HOYLMAN: I was subject to the
14 plague of my daughter's kindergarten class
15 and am suffering from a cold, so -- it's good
16 to see you, though.

17 COMMISSIONER RUBIN: Nice to see you.
18 Stay where you are.

19 (Laughter.)

20 SENATOR HOYLMAN: Yes. Right? And I
21 apologize to my colleagues. I promise I'm
22 not infectious.

23 I wanted to share with you information
24 about a report you probably already know that

1 recently was published that shows there are
2 around 200,000 apartments that aren't
3 properly registered as rent-stabilized units
4 with DHCR. This is a concern to me. I have
5 50,000 rent-regulated apartments in my
6 district.

7 So DHCR data shows 839,797
8 rent-stabilized apartments registered with
9 the state. HPD, on the other hand, estimates
10 1,029,918 rent-stabilized units in a survey
11 they conducted. So this discrepancy is
12 really troubling, I think, for a lot of us
13 who have rent-regulated tenants. It places
14 them at risk of being overcharged. They
15 don't have the protections of rent-regulated
16 apartments and could be evicted without the
17 due process afforded to rent-stabilized
18 tenants.

19 And so my question is twofold. One,
20 why the discrepancy? Why is it there can be
21 a 200,000-unit discrepancy between the city
22 and the state? We've spoken a lot up here
23 about how the city and the state can work
24 better together. Clearly you can't manage

1 what you don't measure. How are we going to
2 get a handle on these apartments that are
3 obviously taken off the rolls? And, second,
4 do you think for some landlords this is just
5 the cost of doing business? Are the fines so
6 low that they can just remove units from rent
7 regulation and not expect severe consequences
8 as a result?

9 COMMISSIONER RUBIN: So as to the
10 data, Senator, I am aware of the reports that
11 you're referring to. We've talked a fair
12 amount in this hearing already about the good
13 work that the Tenant Protection Unit does.
14 And as I'm sure you know, among other things,
15 the Tenant Protection Unit in the last few
16 years has managed to bring back into the
17 rent-stabilization system over 40,000 units.

18 I should add that we recently
19 announced another effort to go out and find
20 -- I shouldn't say go out and find. Through
21 a fairly proactive process of working through
22 the J51, through the units that had received
23 J51 tax abatements over the years, finding
24 units that should have been, under the law,

1 unequivocally under the law, I should say,
2 should have been registered under the
3 rent-stabilization code had gone off, had
4 been declared exempt and left our rolls.

5 So, you know, bringing our numbers
6 up -- forgetting for a moment what HPD's
7 numbers are, but bringing our numbers up has
8 been one of the impacts that TPU has had in
9 the last several years. Now, whether they'll
10 make the number that HPD has, I would need to
11 have a better understanding of where HPD gets
12 its numbers. You know, obviously the state
13 is the repository of the Rent Stabilization
14 Code data, so HPD's data, you know, may or
15 may not be right. We certainly will work
16 closely with them to figure out where the
17 discrepancy lies. As you say --

18 SENATOR HOYLMAN: Is there something
19 underway to synthesize your data between HPD
20 and your agency?

21 COMMISSIONER RUBIN: Sure. We had a
22 preliminary conversation with them about
23 doing that, and I think it's probably a
24 terrific idea to restart these conversations.

1 I fully agree.

2 SENATOR HOYLMAN: You know, as you
3 know, it's particularly galling, since some
4 of these landlords receive state subsidies,
5 that they would then remove their units off
6 of the rent rolls.

7 As to my second question about whether
8 this is just the cost of doing business for
9 some landlords, I actually have legislation
10 that would increase the penalties from three
11 times the amount of the overcharge to five
12 times in the first instance and 10 times for
13 repeat offenders. Do you have any thought on
14 that proposal?

15 COMMISSIONER RUBIN: I'd be happy to
16 review the proposal and think hard about the
17 data.

18 I would say that the general question
19 of whether it's a cost of doing business is
20 going to vary -- I mean, as you would expect,
21 it is going to vary from landlord to landlord
22 and business to business. Any -- you know, a
23 New York City landlord, that's what we're
24 talking about here, may have a very large

1 portfolio of buildings, each one of which
2 stands in a different fiscal position. And
3 so what looks like a large penalty to one
4 landlord on one building is going to be very
5 different for another landlord in another
6 building. I think, you know, you would -- I
7 wouldn't want to make a broad-brush statement
8 about whether it's simply, as you say, a cost
9 of doing business.

10 I will say that what TPU does when
11 they do their work and they do these
12 proactive audits, they start out with the
13 data, they make their determinations about
14 what they are seeing and what they think
15 ought to be reflected in the rolls, in the
16 case of a deregistration, and then they'll
17 approach the landlord, whoever it is, and
18 talk to them about what's going on.

19 They typically end in a negotiated
20 settlement. And speaking for the folks who
21 work for me at TPU, they are not, I would
22 say, in the business of negotiating to a
23 settlement that is -- that doesn't reflect
24 the gravity of the violation that may have

1 happened.

2 SENATOR HOYLMAN: Thank you very much.

3 CHAIRMAN FARRELL: Thank you.

4 We're joined by Assemblyman Linares.

5 Next to question, Assemblyman Ortiz.

6 ASSEMBLYMAN ORTIZ: Thank you,

7 Mr. Chairman.

8 Good morning, Commissioner.

9 COMMISSIONER RUBIN: Good morning,
10 Assemblyman.

11 ASSEMBLYMAN ORTIZ: Just two quick
12 questions. Question number one is I'm
13 hearing a lot about new housing. Is any
14 program in place to ensure that your agency
15 will be building houses for veterans?

16 COMMISSIONER RUBIN: It's a great
17 question, Assemblyman. We actually -- the
18 Governor has made housing for veterans, and
19 of course a number of other programs for
20 veterans, but has made taking care of the men
21 and women who served in our armed forces a
22 centerpiece of his agenda since he walked
23 into office five years ago.

24 That is a commitment that we share at

1 our agency. We have a number of very
2 important programs, not limited to but
3 starting with a mortgage program through our
4 SONYMA arm that makes low-interest loans
5 available to veterans both for purchasing
6 homes and for rehabilitating their homes. We
7 also administer the HUD VASH vouchers which
8 are so critical to making sure that veterans
9 can afford to find themselves a safe place to
10 live. That work absolutely will continue.

11 In terms of homeless veterans,
12 obviously this president has challenged the
13 states to eradicate veterans' homelessness --
14 I know it's happened in a number of our
15 places across the state -- and the Governor
16 absolutely has -- part of our charge of
17 combating homelessness is to focus on
18 veterans' homelessness.

19 ASSEMBLYMAN ORTIZ: My second question
20 is regarding the NPP and RPP. Why is the
21 Executive Budget decreasing this program by
22 \$2.3 million? Which this program has helped
23 communities to leverage private sector
24 funding to support affordable housing.

1 COMMISSIONER RUBIN: You're asking,
2 Assemblyman, about the NPP/RPP program?

3 ASSEMBLYMAN ORTIZ: That's correct.

4 COMMISSIONER RUBIN: Sure. So one of
5 the first things I had the opportunity to do
6 when I came into office was go meet with a
7 number of the RPPs in a meeting of their
8 coalition. I've since had the opportunity to
9 do the same with the NPP coalition. They are
10 crucial local partners for us. I know
11 funding was increased using some of the
12 settlement money from last year, and we've
13 managed to increase, using that money, the
14 per-group amount that we award. I think
15 that's, you know, particularly in communities
16 that don't have the local resources on the
17 government level that, for example, New York
18 City does, these are absolutely critical
19 local partners for us in developing
20 affordable housing and doing other kinds of
21 community development, and I intend to
22 continue our commitment to them.

23 ASSEMBLYMAN ORTIZ: Now, as the
24 settlement funds decrease, if they decrease,

1 these programs will continue to decrease and
2 diminish? Or do you have a second
3 alternative if we do not get more settlement
4 funds to be in place with the agency?

5 COMMISSIONER RUBIN: To my knowledge,
6 the settlement funding from the last year
7 funded at this higher level for several years
8 to come.

9 ASSEMBLYMAN ORTIZ: And my last
10 question, to finish, is there's been a lot of
11 conversation whether or not the Governor
12 should take over NYCHA due to the fact that
13 they have 55,000 repairs and we have a lot of
14 issues getting people to get into NYCHA to
15 repair the apartments.

16 Do you think that you will have the
17 resources to -- if for one reason or another
18 NYCHA comes to be part of the Governor's
19 authority, to take on NYCHA?

20 COMMISSIONER RUBIN: To take over
21 NYCHA?

22 ASSEMBLYMAN ORTIZ: Mm-hmm.

23 COMMISSIONER RUBIN: I think,
24 Assemblyman, that it would be -- I know I've

1 seen something about that recently. I think
2 it would be premature for us to even think
3 about it. NYCHA has got a tremendous task
4 ahead of them. They have enormous hurdles.
5 They also have a tremendous amount of
6 capital. And I think we need to give NYCHA
7 the time, probably ought to give NYCHA some
8 -- let me back off and just say I think it's
9 premature even to think about taking steps
10 like that with respect to NYCHA. I certainly
11 haven't been presented with any proposals.

12 ASSEMBLYMAN ORTIZ: Thank you,
13 Commissioner. Thank you, Mr. Chairman.

14 CHAIRMAN FARRELL: Thank you.
15 Senator?

16 SENATOR YOUNG: Thank you. Our next
17 speaker is Senator Diane Savino.

18 SENATOR SAVINO: Thank you, Senator
19 Young.

20 Thank you, Commissioner. I would say
21 that that was a very good answer at the end
22 there.

23 I want to go back to the affordable
24 housing, the 50,000 units for New York City.

1 development of the properties to begin with,
2 again, we can do the same thing. We know
3 where they are, we have a good line of sight
4 on how they're progressing through their life
5 cycle. We're happy when they come in and
6 tell us that, you know, it's Year 17 and we
7 want to refinance because we need a new roof
8 or whatever, and we work closely with them
9 for that.

10 There's any number of projects that we
11 have never seen before. And you know this
12 well, I'm sure plenty of them are in your
13 district. They are from all walks of -- you
14 know, from any manner of projects. What
15 we're hoping to find with this massive new
16 injection of capital for our work, both in
17 New York City but also very much upstate,
18 where preservation is such a critical piece
19 of the affordable housing picture, is that
20 creative developers -- and there is an
21 unbelievable developer community, nonprofit
22 and for-profit in this state -- are going to
23 come to us with projects. And they are going
24 to be, a lot of them, preservation projects

1 that we've never seen before. There are
2 opportunities to repurpose, you know, even in
3 some cases things that weren't housing.
4 That's a preservation project.

5 So that's what we'll see.

6 SENATOR SAVINO: On the new housing,
7 it's been mentioned earlier that the mayor of
8 the City of New York has a very aggressive
9 housing program of his own; he wants to build
10 200,000 units of affordable housing. He has
11 run into tremendous opposition all around the
12 City of New York from community boards
13 everywhere, for a bunch of reasons. You
14 know, some of them legitimate, some of them
15 less so -- whether it's height restrictions,
16 density, the effect it will have on school
17 districts or our transit system. Nobody
18 seems to like it. Many communities are
19 opposed to the mandatory inclusionary housing
20 requirements. So he's having a difficult
21 time.

22 What steps will you take to make sure
23 you don't run into that same level of
24 opposition from communities?

1 COMMISSIONER RUBIN: It's a great
2 question, Senator, and one we've thought some
3 about.

4 You know, we come to it, from the
5 state, obviously, from a somewhat different
6 perspective. We are not proposing -- and I
7 don't want to pretend greater familiarity
8 with the mayor's plans than I have. We're
9 not proposing anything, for example, with
10 respect to rezoning, because that's simply
11 not within our purview. And as you say,
12 that's one piece of what he is dealing with
13 at the moment.

14 Really what we're doing is making new
15 capital available for developers of all kinds
16 to identify and then come to us. That's how
17 we work. We are proactive where we can be,
18 but we are in many ways reactive to the
19 market. And I think it's one of our great
20 strengths that we retain the flexibility to
21 evaluate what comes in our door.

22 And then, you know, the broader
23 question you could ask is, well, how do you
24 deal with community opposition to a project

1 that is proposed. The answer is, again, we
2 work closely with local partners. We have a
3 long history of successfully working with
4 partners to site projects that encountered
5 early resistance but, in the long run,
6 communities accepted.

7 That's part of what we use, for
8 example, our community development money to
9 encourage. Because when you can show a
10 community that a new affordable housing
11 development is not simply affordable housing
12 which has its own benefits but is also, as
13 Senator Little said, economic development,
14 it's community service, it ends up being, I
15 think, widely recognized as a boon to the
16 community.

17 SENATOR SAVINO: Thank you.

18 COMMISSIONER RUBIN: Thank you,
19 Senator.

20 SENATOR YOUNG: Thank you, Senator.

21 I do want to point out that we've been
22 joined by Senator Montgomery.

23 CHAIRMAN FARRELL: Thank you, Senator.

24 Assemblyman Linares.

1 ASSEMBLYMAN LINARES: Thank you. Good
2 morning. Good morning.

3 COMMISSIONER RUBIN: Good morning,
4 sir.

5 ASSEMBLYMAN LINARES: Commissioner,
6 let me begin with some background. The
7 demand for affordable housing is incredible
8 in New York City and other parts of New York
9 State. We can't even say with certainty the
10 full scope of the problem because not
11 everyone maintains a waiting list.

12 Seniors may spend years in a list, and
13 many die before their turn comes up. Of
14 those seniors who have an apartment, a
15 significant number pay more than half of
16 their monthly income on rent. Spending so
17 much on rent -- if they can get a placement
18 at all -- leaves a significant number of
19 older adults in a very precarious situation
20 that is often one emergency away from a much
21 more expensive nursing home placement.

22 I have two questions for you. The
23 Executive's House NY 2020 program proposes
24 \$10 billion for affordable housing and

1 \$10 billion for supportive housing. How much
2 of this investment will be targeted to
3 housing for older adults?

4 And the second question, is there a
5 long-term plan for affordable housing for
6 seniors that takes into account the drying up
7 of federal funding through the Section 202
8 program that builds the majority of our
9 existing senior housing?

10 COMMISSIONER RUBIN: Assemblyman,
11 thank you for your questions.

12 I again share your concern for the
13 plight of seniors, particularly those who
14 are, as you say, one paycheck or half a
15 paycheck away from losing their housing.
16 This is part of why the Governor took the
17 aggressive step he did in this year's budget
18 to make not only an enormous amount of
19 capital available to the development of new
20 affordable and supportive housing, but to
21 make it available on a predictable basis for
22 the next several years, so we can sit here
23 now and know that we've got the flexibility,
24 over the next several years, to build this

1 100,000 units.

2 We are sending a message to the
3 market, to the market of developers, to the
4 market of for-profit developers and
5 not-for-profit developers, and to the people
6 that we serve, that the money is there, now
7 we need the projects. And many of those
8 projects will absolutely be targeted to
9 seniors.

10 ASSEMBLYMAN LINARES: The question is,
11 obviously if the message is not clear that
12 we're recognizing this crisis for seniors --
13 and by the way, the numbers keep increasing,
14 especially for seniors of color and the wave
15 of immigrants that came in the '70s, '80's,
16 '90s. They're now retired on a fixed income,
17 and the numbers keep growing. And funding
18 has dried up at the federal level.

19 However, my concern is how specific
20 are we being in terms of this priority when
21 it comes to seniors, in sending the message
22 that there's a concrete percentage that we're
23 looking at that will derive from this
24 proposed investment.

1 COMMISSIONER RUBIN: So where we sit
2 today, we haven't carved out a -- of the new
3 capital that's been appropriated, we haven't
4 carved out a specific amount simply for
5 senior housing. What I expect will happen is
6 we're going to learn more, as we start to get
7 a wave of projects in, about exactly what the
8 level of demand is.

9 I can tell you that even since I
10 joined this agency only seven months ago,
11 many of the projects that we've awarded
12 funding to have been for seniors. And so I
13 have no question that the market understands
14 that this agency is committed to serving that
15 population.

16 ASSEMBLYMAN LINARES: The fear usually
17 is, when we speak of affordable housing --
18 which we're in dire need of, particularly in
19 New York City -- seniors get lost in the mix.
20 And, you know, they are the most vulnerable.
21 They are the ones that really have invested
22 the most, and they are the most susceptible
23 to either harassment -- and I know that this
24 is high on our agenda when it comes to

1 protecting them. But the solution is
2 building more housing for seniors.

3 COMMISSIONER RUBIN: I couldn't agree
4 more. I had the opportunity to go visit --
5 this is not just true in New York City, I had
6 the opportunity to go visit one of the
7 projects that we -- it was a preservation
8 project up here in Albany, and I think it's
9 Ohav Sholom, just a month, month and a half
10 ago, and it was a senior project and really
11 was one of the highlights of my seven months
12 here. So I look forward to doing more of
13 that.

14 ASSEMBLYMAN LINARES: Thank you very
15 much.

16 COMMISSIONER RUBIN: Thank you,
17 Assemblyman.

18 CHAIRMAN FARRELL: Thank you.
19 Senator?

20 SENATOR YOUNG: Thank you. Our next
21 speaker will be Senator Rivera.

22 SENATOR RIVERA: Thank you, Madam
23 Chairwoman.

24 Hello, Commissioner. How are you?

1 COMMISSIONER RUBIN: Good morning,
2 Senator.

3 SENATOR RIVERA: You heard earlier
4 from my colleague, Adriano Espaillat, who has
5 the number one, as far as all the Senate
6 districts around the state, number one as far
7 as rent-stabilized units. Mine is No. 2. I
8 have almost 70,000 units in my district.

9 And usually when folks come to my
10 district office, there are two things that
11 they ask about, either employment issues or
12 housing issues. And sometimes they're
13 connected to each other. So I'm obviously
14 very concerned about housing in general for
15 my constituency, and making sure that we can
16 have both the maintenance of the units that
17 we have -- which is why, again, I will
18 encourage you to give him a bigger office
19 over there --

20 (Laughter.)

21 SENATOR RIVERA: -- I will repeat
22 that --

23 COMMISSIONER RUBIN: Thanks a lot.

24 SENATOR RIVERA: -- and also the

1 creation of new units. So I want to dig into
2 that a little bit.

3 As far as the financing, in the
4 Executive proposal there are some changes in
5 the financing structure, as I understand it,
6 to the way that it's currently done. Just in
7 the last couple of years, there's been around
8 1700 units in my district that have been
9 created as far as, you know, they're under
10 construction with the current financing
11 scheme.

12 Now, as I understand it, there is a
13 change that you propose that would add the
14 financing to -- so that it's voted on in the
15 Public Authorities Control Board. And if
16 that's the case, could you explain to me why
17 this change was suggested? And would not
18 this make it harder for some of these
19 projects to be able to be developed in a
20 speedy manner? I want to know why you folks
21 proposed it.

22 COMMISSIONER RUBIN: Senator, thanks
23 for your question.

24 So first of all, against this

1 backdrop, I don't want to lose sight of your
2 central point, which is that the best
3 solution to an affordable housing crisis is
4 to build more affordable housing. And the
5 Governor two weeks ago gave, as you know --
6 I'm sure you were there -- in the State of
7 the State address and in his Executive Budget
8 injected another \$2.5 billion or so into the
9 next five years of the affordable housing
10 world. It's not zero-sum, it's new capital
11 for affordable housing development and
12 preservation across the state. And I think
13 that's a point that -- that really is
14 fundamentally the point that I want to make
15 sure that we get delivered in this hearing
16 today. So more money for housing is the
17 message of the Governor.

18 The question you're asking about the
19 PACB is really a -- you know, it boils down
20 to a question of good government and
21 accountability. You should know that our
22 agency has an obligation to the PACB. Our
23 projects go to the PACB for approval. I
24 think we did a round of them as recently as

1 last -- I want to say Thursday --

2 SENATOR RIVERA: I'm certainly
3 familiar, since there's a project a block
4 from my house that you folks approved a loan
5 for, and God bless America for that.

6 But the issue, since I only have a
7 couple of minutes, this is what I want to
8 drill down to. I certainly have no issues
9 with the process, and I certainly want for
10 there to be accountability and transparency.
11 The issue is why the changes to the process
12 as it currently exists if, just in the last
13 two years in my district, 1700 new units are
14 being built with the process as it currently
15 is. Why the changes to the process as it
16 relates to the financing?

17 As I understand it, this type of
18 oversight for municipalities and how
19 municipalities do their financing of projects
20 that happen within their borders has not
21 really been something that the state has
22 done. Has that been correct?

23 COMMISSIONER RUBIN: Again, it's a
24 question of accountability. You know,

1 fundamentally what you're talking about is
2 the state's tax-exempt volume cap for taxing
3 and bond capacity that's given to the state
4 at the state level by the federal Treasury.
5 It's typically about \$1.9 billion a year or
6 something like that. It's the state's
7 responsibility to make sure that it's
8 allocated and used appropriately. That's
9 what the PACB -- the PACB does that for us.
10 And it is the purpose of that particular
11 component of this year's budget to make sure
12 that that level of accountability and good
13 government and centralization is extended
14 everywhere throughout the state that the
15 state's volume cap is used.

16 It's not intended and will not be, is
17 my understanding, an impediment in any way to
18 efficient and fast development of future
19 affordable housing. That 1700 units that
20 you're talking about would have been 1700
21 units, the same timeline, PACB or no PACB.

22 SENATOR RIVERA: I might have some
23 questions for you afterwards, privately, but
24 thank you.

1 COMMISSIONER RUBIN: Happy to talk to
2 you.

3 SENATOR YOUNG: Thank you, Senator.

4 CHAIRMAN FARRELL: Thank you.
5 Assemblyman Pichardo.

6 ASSEMBLYMAN PICHARDO: Thank you,
7 Mr. Chair and my colleagues.

8 Commissioner, thank you so much for
9 your time and indulging us in answering these
10 questions.

11 A quick question, I know it's been
12 mentioned earlier in some permutation or
13 another, where we need to make sure that we
14 protect seniors in making sure that they have
15 access to these types of resources.

16 So I was studying the Executive
17 Budget, and one of the programs -- let me
18 just make sure that I have the wording
19 right -- housing opportunities for the
20 elderly. It was funded at about \$6.4 million
21 in last year's budget, and it's now,
22 according to the Executive, it's being
23 proposed at 1.4. So there's been a lot of
24 talk about we need to do well for seniors,

1 but why is the Executive drastically cutting
2 back this specific program, which -- at least
3 what the title says -- that it's supposed to
4 go directly into helping seniors with housing
5 issues.

6 COMMISSIONER RUBIN: So, Assemblyman,
7 with respect to that particular program, I'll
8 have to ask for my staff to come back to your
9 staff and talk about it.

10 ASSEMBLYMAN PICHARDO: Sure.

11 COMMISSIONER RUBIN: But again, I
12 would say that with all the new capital that
13 we've got, I am 100 percent confident that
14 the amount of development that we do
15 targeting seniors is going to go up from
16 previous levels.

17 ASSEMBLYMAN PICHARDO: All right,
18 thank you.

19 And I just want to emphasize something
20 that's been said; I'm not going to tread on
21 old ground here. But I wanted to give you
22 some really tangible examples of why TPU
23 needs to be funded and needs to be funded at
24 a higher level.

1 I had the unfortunate problem, issue,
2 that I had to stand with about a dozen of my
3 constituents, tenants that live at
4 2200 Aqueduct Avenue in the Bronx, right off
5 of 182nd Street, and they lived in their
6 building for about 18 months without gas. I
7 reached out to Con Ed and reached out to the
8 landlord, and they are working very quickly
9 now that we had to sort of put the -- sort of
10 the screws on them, so to speak.

11 Also I've been working for over a year
12 and a half with some tenants over at 2120 and
13 2126 Tremont Avenue. And fortunately for
14 them, the City of New York moved those
15 buildings into alternative enforcement, and
16 the building was sold to a new property
17 manager. That they're looking to deal with
18 repairs that the previous manager didn't
19 address, and we've asked them.

20 So I just want to emphasize and add my
21 voice to my colleagues who have mentioned
22 this before. TPU is necessary and needs to
23 be funded. And these are just simple
24 examples I can give you right off the top of

1 my head. I can take all morning and give you
2 examples from all over my district. But I
3 just want to make sure that I emphasize that,
4 that TPU is necessary and needs to continue
5 to be funded. Thank you.

6 COMMISSIONER RUBIN: I thank you for
7 that, Assemblyman.

8 One of the first things that I did
9 when I arrived at HCR seven months ago was go
10 to an event with our two colleague agencies
11 in the task force, the Tenant Harassment Task
12 Force, the Attorney General and the City HPD,
13 and we stood up in front of a building much
14 like the one you just described, I think in
15 Brooklyn, where a similar set of events had
16 occurred. It's part of what the TPU does.
17 The vast majority of what the TPU does is --
18 you know, for the average person, probably
19 much less interesting; it has to do with the
20 evaluation of data and audits and very quiet
21 but fair negotiations of settlements from
22 landlords who should have kept their
23 apartments in rent-stabilized status and now
24 need to return them to that status.

1 But it's critically important work,
2 and I thank you for that.

3 ASSEMBLYMAN PICHARDO: Thank you,
4 Commissioner. Thank you, Mr. Chair.

5 CHAIRMAN FARRELL: Senator.

6 CHAIRWOMAN YOUNG: Thank you very
7 much.

8 Senator Little.

9 SENATOR LITTLE: Thank you.

10 Once again, I would like to talk a
11 little bit about affordable housing. We know
12 that there are many types of affordable
13 housing, but in my district I have -- and
14 other districts throughout the state as
15 well -- we have something that's very common,
16 the use of mobile homes as an affordable
17 option. And as you know, mobile homes do not
18 age well, and many times they can't be
19 disposed of, they deteriorate and it becomes
20 a real issue.

21 Well, some are in a community park.
22 We have a lot of them in which the person
23 owns the land, has a well and the septic, but
24 the home just is really not adequate,

1 housing creates some particular issues, as
2 you said. You can't resell a mobile home
3 once you've lived in it. So once you've
4 bought it, you own it, and then it's
5 effectively --

6 SENATOR LITTLE: It's downhill.

7 COMMISSIONER RUBIN: You got it.

8 And it is also the case, as you said,
9 that the location of the mobile homes are
10 often in questionable circumstances. They're
11 often to be found, for example, in flood
12 plains or they have inadequate footing or
13 foundations or whatever.

14 When I was running the Governor's
15 Office of Storm Recovery, we had a number of
16 particularly sticky issues dating back to
17 Irene and Lee with mobile homes because of
18 exactly that kind of problem.

19 I think a program that -- I don't know
20 what was done several years ago, but our
21 staff can research it and then we can talk.
22 I'd be delighted to talk to you and your
23 staff about resuscitating some assistance for
24 them.

1 SENATOR LITTLE: Thank you. Because
2 there does seem to be some money that is, you
3 know, for incentive programs that's not -- a
4 little bit flexible. It would be a great
5 program if we could start it.

6 COMMISSIONER RUBIN: Absolutely.

7 SENATOR LITTLE: Thank you.

8 COMMISSIONER RUBIN: Thank you,
9 Senator.

10 SENATOR YOUNG: Thank you, Senator.

11 The Assembly I believe is done with
12 their questioning, so we'll go to Senator
13 Velmanette Montgomery.

14 Sorry, Velmanette. There she is.

15 SENATOR MONTGOMERY: Thank you. I'm
16 here. Thank you.

17 Good morning.

18 COMMISSIONER RUBIN: Good morning,
19 Senator.

20 SENATOR MONTGOMERY: Forgive me, this
21 question may have already been asked. I
22 apologize for being late; I was obviously
23 with the children in the Well.

24 COMMISSIONER RUBIN: Not at all.

1 SENATOR MONTGOMERY: I wanted to ask
2 you -- you know, we talk a lot about the need
3 for affordable housing, that it's huge, and
4 homelessness and all of those issues related
5 to not having housing. However, the largest
6 stock of absolutely affordable housing that
7 we have, perhaps in the whole state, is
8 within NYCHA, the New York City Housing
9 Authority. And of course last year we did
10 have \$100 million allocated for the purpose
11 of attempting to address some of the capital
12 needs of NYCHA.

13 We've been told by the chairwoman at
14 NYCHA that a huge part of the problem that
15 they have experienced is related to the fact
16 that they need new roofing in most of those
17 developments. And because of the damage that
18 has occurred, based on the lack of -- or the
19 problems with roofs, all of the other issues
20 stem from that. So unless we do the new
21 roofs, we can't expect that other capital
22 requirements will work.

23 So I have two parts to my question.
24 One is, what did happen to the \$100 million?

1 Was that actually delivered to NYCHA and did
2 it support the capital needs based on the
3 identification of the chairwoman and her
4 staff? That's number one.

5 And two, are we in the State of
6 New York, through your agency, are we looking
7 to create a funding stream that would support
8 NYCHA? Because after all, it is the
9 number-one supply of affordable housing,
10 really affordable housing, in the City of
11 New York and probably across the state.

12 So my question is what are we doing to
13 establish some way for the state to make sure
14 that there is an ongoing capital support for
15 the public housing in our state?

16 COMMISSIONER RUBIN: Senator, thank
17 you for your questions.

18 We have spent some time today talking
19 about NYCHA, but it makes sense that we would
20 spend time talking about NYCHA. As you say,
21 within New York City it is -- you know, NYCHA
22 is a third of all public housing nationwide,
23 and in New York City it's an enormous source
24 of affordable housing for hundreds of

1 thousands of New Yorkers. So it should be a
2 focus of what we talk about when we talk
3 about affordable housing.

4 With that said, specifically to your
5 question about the \$100 million from last
6 year's budget, the first \$40 million of that
7 has already been allocated to NYCHA for
8 security purposes. And by security I mean
9 very specific building-by-building
10 expenditures on specific security measures
11 that I had the opportunity actually to review
12 at a meeting with Ms. Olatoye and her staff
13 several months ago.

14 That work is underway, has been
15 announced and is underway, being overseen
16 jointly by the Dormitory Authority of the
17 state, DASNY, and NYCHA. And my
18 understanding is they are working closely to
19 get it out, get the security measures in
20 place very quickly, because obviously that's
21 a critical need.

22 The second piece of that \$100 million
23 is included in what's called the Capital
24 Revitalization Plan. That was the term for

1 the overall \$100 million. That plan, the
2 rest of it is being reviewed at the
3 Department of Budget, our Department of
4 Budget. And my understanding is that
5 approval of it is imminent. And then the
6 rest of it will be released for the kind of
7 work that -- between NYCHA and I assume DASNY
8 that the first \$40 million was subject to.
9 And it will be for, again, critical needs
10 that NYCHA and others have identified for us.

11 As far as an ongoing state capital
12 funding, an ongoing source of state capital
13 funding for NYCHA, you know, it's not
14 traditionally been -- well, funding of NYCHA
15 is awfully complex. You know, NYCHA's
16 funding from the federal government has waxed
17 and waned, NYCHA's funding from other sources
18 has waxed and waned. NYCHA has enormous
19 capital needs; they also have an enormous
20 amount of money that comes to them from a
21 variety of sources. And I know that while
22 the staff at NYCHA is dedicated and works
23 very hard, we need to make sure that, among
24 other things, they're spending that money

1 wisely and efficiently, the money that they
2 have access to wisely and efficiently.

3 I should say that I don't want to lose
4 sight of the importance of that \$100 million
5 that we talked about earlier with Assemblyman
6 Wright and others. You all made that
7 available to NYCHA, and it wasn't roofs,
8 ultimately, that it was spent on, but it
9 was -- you know, NYCHA is where people live
10 and work. There are lots of important things
11 about the buildings that aren't roofs. And I
12 know NYCHA has got an extensive and very
13 aggressive roof repair plan that they have
14 undertaken, and I think you all were wise
15 enough to make sure -- and others, the
16 Governor, to make sure that there were other
17 aspects of NYCHA's needs that were met with
18 that \$100 million.

19 SENATOR MONTGOMERY: Thank you,
20 Commissioner. All due respect, security is
21 not capital. And security doesn't take care
22 of what appears to be a major problem
23 throughout the system. So I just want to
24 register my concern with you.

1 And also that obviously a system of
2 this magnitude serving hundreds of thousands
3 of families -- and I represent a number of
4 housing, including Red Hook East, Red Hook
5 West, which suffered tremendous problems
6 based on the storm -- we really need to be
7 able to create a sustained way of making sure
8 that that housing stays available and is
9 upgraded as needed. And I would hope that we
10 could begin to talk about ways in which the
11 state can work with the city and with the
12 federal funding streams to make sure that
13 NYCHA is sustainable for the people that it
14 was built for and that it serves.

15 And I must say to you, when I go into
16 the buildings in my districts and I see the
17 great degree of disrepair and the needs
18 there, the molding and the leaks and some of
19 the units that are not even usable because
20 they are so bad, it really amazes me that we
21 have gone so many years ignoring this
22 particular source of housing while we have
23 exploded, especially in my district and other
24 parts of the city as well, exploded in this

1 new development that we are subsidizing,
2 nonetheless, while we ignore the NYCHA
3 housing.

4 So I hope that we can work together
5 with you in coming up with a plan, you and
6 the Governor, of course, with a plan that
7 addresses this tremendous need in our city
8 and our state.

9 COMMISSIONER RUBIN: I thank you for
10 your comments, Senator.

11 And I share your concern about the
12 state of disrepair in many of NYCHA's
13 buildings. There are no shortage of creative
14 financial proposals that have been put out
15 there, most recently I know by Comptroller
16 Stringer the other day. And I think all of
17 those have to be examined in the context of
18 the importance that NYCHA plays in New York
19 City, I agree.

20 SENATOR MONTGOMERY: Yes. Thank you.

21 COMMISSIONER RUBIN: Thank you.

22 SENATOR YOUNG: Thank you, Senator.

23 Our next speaker is Senator Liz
24 Krueger.

1 SENATOR KRUEGER: Good after -- let me
2 see. Afternoon.

3 To continue. I know you answered a
4 question from Senator Rivera that you did not
5 believe that inserting the PACB into the
6 approval process for bond cap money would
7 delay. But you actually couldn't control
8 that if we had this rule, because the PACB
9 rules are that there are three voting members
10 and any one saying no means it doesn't go
11 through.

12 So just for the record, the Governor's
13 departments couldn't guarantee that this
14 would not delay, because last time I checked,
15 you don't get to determine whether the
16 Majority Leader of the Senate or the Speaker
17 of the Assembly decide to vote yes or no in
18 PACB votes. So is that your -- am I correct?

19 COMMISSIONER RUBIN: Yes, you are.

20 SENATOR KRUEGER: Thank you.

21 There was lots of discussion before
22 about the commitment for affordable housing
23 units, and discussion in your testimony about
24 supportive housing units, and we're all

1 delighted that the state is making these
2 commitments. And you explicitly said in your
3 testimony that the 6,000 supportive housing
4 units in five years, there's actually
5 \$2.6 billion in the budget for new units, so
6 I'm delighted that you spoke about those.

7 But the Governor also, in his State of
8 the State, spoke about a 15-year commitment
9 for 20,000 total supportive units. Because
10 we work on an annual budget basis here, what
11 can you do to ensure that this commitment is
12 actually guaranteed going forward? Because I
13 don't want to speak for the Governor, but I
14 don't think mathematically he will be the
15 Governor in 15 years. You and I probably
16 won't be here. So I'm just --

17 CHAIRMAN FARRELL: Speak for yourself.

18 (Laughter.)

19 SENATOR KRUEGER: Denny will be here.

20 CHAIRWOMAN YOUNG: Assemblyman Farrell
21 will be here.

22 SENATOR KRUEGER: I was just saying
23 myself -- and I shouldn't speak for you
24 either, Commissioner.

1 COMMISSIONER RUBIN: I'm disappointed
2 to find out I'm not going to be here in 15
3 years.

4 (Laughter.)

5 SENATOR KRUEGER: Okay, I won't be
6 here.

7 COMMISSIONER RUBIN: All right.

8 SENATOR KRUEGER: Okay, fine.

9 How do we somehow codify or make
10 explicit that there is a 15-year plan for
11 these 20,000 units? In the past we had these
12 New York/New York agreements. I mean, is
13 there a plan for another one? Is there
14 another model to assure this money and
15 commitment goes forward?

16 COMMISSIONER RUBIN: Senator, it's a
17 great question.

18 I think that -- first of all, the good
19 news is that the next five years, which, you
20 know, is -- call it five years, but it's five
21 years of a development cycle, whatever that
22 actually ends up being -- is fully funded.
23 And I should point out that that's both on
24 the capital and on the operating services

1 side. Although that's not my agency, it is a
2 fact that that's -- you know, as you know,
3 that's a critical piece of the development of
4 supportive housing. So we're looking at now
5 several years of need that we think that we
6 can meet.

7 Beyond that, as you said, the
8 outyears, you know, it's the Governor's
9 commitment. He said it. I work for a
10 Governor who I've known perhaps not as long
11 as you have, but I've known him for a long
12 time, and he is committed to making sure that
13 as we get closer to that outyear period,
14 we'll be reviewing -- I suspect what we'll be
15 doing is reviewing or my agency will be
16 reviewing what we've already developed based
17 on the work that we did from this budget,
18 reassessing every year using the data that we
19 get in from the continuum of care and other
20 sources, and looking forward many more years,
21 you know, continually doing a look forward to
22 see what we need.

23 And if, you know, Years 7, 5 or 6 or
24 whatever it is we see that, you know, it's

1 time to start thinking about that next
2 period, living up to -- you know, putting in
3 explicit in a new budget something to meet
4 the Governor's commitment from this year,
5 that's what's going to happen.

6 SENATOR KRUEGER: Okay, thank you.

7 And finally, lots of people have
8 talked about the TPU and the value so many of
9 us representing New York City see in that.

10 So there was concern raised by one of
11 my colleagues that TPU goes on fishing
12 expeditions and there are still too many
13 delays in the Office of Rent Administration.
14 Am I wrong when I assume that what the TPU
15 does is look at patterns of abuse through the
16 Office of Rent Administration complaints and
17 now, hopefully through the Tenant Harassment
18 Task Force that's being, I guess, jointly
19 carried out by your department, HPD, and I
20 believe the Attorney General's office -- so
21 am I wrong to believe that actually there is
22 coordination to try to make sure we're going
23 after sort of big-picture bad players and
24 address individual people's complaints? Even

1 though I would agree with my colleagues we're
2 still too slow on the individual complaints
3 as well.

4 COMMISSIONER RUBIN: I would say --
5 you're not wrong, because I would never want
6 to say you're wrong about anything.

7 SENATOR KRUEGER: That's okay. I said
8 you were wrong --

9 (Cross-talk.)

10 COMMISSIONER RUBIN: But I'm sort of
11 learning what the relationship is --

12 SENATOR KRUEGER: I can take it.

13 COMMISSIONER RUBIN: I bet. But I
14 would say -- you -- you said that they look
15 for patterns of abuse. I would say they look
16 for patterns. What TPU does is they look for
17 patterns, whatever they are. They look
18 for -- for example, they do audits on blocks
19 of apartments. They'll take, you know, a tax
20 abatement program -- to take one example, a
21 real example, they'll take a tax abatement
22 program that should have matched benefits
23 with rent stabilization, you know,
24 rent-stabilized apartments, and they'll look

1 to see from year to year whether those
2 apartments, which they -- you know, they know
3 which apartments they are -- stayed in the
4 system.

5 It's not abuse, it's just a fact.
6 They're there, they're not there, if they're
7 not there and it looks like it's a pattern,
8 why weren't they there. And at some point
9 you start digging and you find that, yeah,
10 they should have stayed in there. And then
11 eventually you get the result, which is the
12 one that we had a couple of times recently,
13 where you get large blocks of apartments that
14 move back into the rent-stabilized system.

15 That's a -- it's an audit. It's
16 certainly not a fishing expedition. It's a
17 review of data that happens on a blinded
18 basis. Is there coordination with other
19 aspects, other parts of state government or
20 local government? There is -- there's
21 coordination in the sense that they serve
22 similar functions and sometimes they'll sit
23 side by side.

24 But really the folks at ORA have very

1 specific and distinct responsibilities. They
2 are responsible for evaluating sometimes
3 tenant complaints, but really evaluating
4 requests from landlords that come in for
5 rental increases. And as you've talked about
6 or others have talked about, much of ORA's
7 work goes to assessing the need, you know,
8 going through the painstaking labor of
9 reviewing receipts and so forth, and then
10 providing tenants with the due process to
11 contest or agree with those requests. It's a
12 very different kind of work than what TPU
13 does, which is proactive and investigative.

14 We do cooperate, as members of the
15 task force, as you said, the Tenant
16 Harassment Task Force, with the Attorney
17 General's office and the City HPD, and there
18 it's a lot more straightforward: We all have
19 the same mission, we're arm in arm, and we
20 cooperate.

21 SENATOR KRUEGER: And just a quick
22 last question, because I see zero. The State
23 Comptroller's office had done an audit
24 showing a 14-month delay in responding on

1 Office of Rent Administration complaints.
2 Have you been able to improve that number
3 since that audit?

4 COMMISSIONER RUBIN: Senator, the
5 audit came out I think before I got here.
6 The audit period was substantially before
7 even the audit came out, as is the pattern of
8 such audits. I've reviewed the audit
9 carefully, and we have spent a tremendous
10 amount of time on the internal processes,
11 some of the -- I would say some of the
12 mechanisms of which led to the problems that
13 were identified in the audit.

14 I will come back to your office with
15 some sense of whether we're making progress.
16 But I can tell you that I'm not going to sit
17 here next year and the year after and tell
18 you that we haven't made efforts and that we
19 haven't made progress.

20 SENATOR KRUEGER: Thank you very much.

21 SENATOR YOUNG: Thank you very much.

22 And so I'm batting cleanup, I believe.
23 And I do have several questions, so I hope
24 people bear with me, but I think we need to

1 be transparent on behalf of the people of
2 New York State, as you know.

3 I wanted to follow up on Assemblyman
4 Fitzpatrick's questions about the Mortgage
5 Insurance Fund. And as you know, under the
6 Governor's proposal and the Article 7
7 language, the Governor would utilize
8 \$150 million in surplus MIF funds, which is a
9 \$25 million increase over last year. And you
10 touched on this. I'm not an expert in
11 mortgage insurance or anything like that
12 either, as you pointed out you aren't. But
13 you do feel confident that it won't affect
14 the state's credit rating; is that true?

15 COMMISSIONER RUBIN: Well, it's -- the
16 Mortgage Insurance Fund actually has its own
17 credit rating. And the answer is absolutely.

18 CHAIRWOMAN YOUNG: I'm sorry, the
19 MIF's credit rating.

20 COMMISSIONER RUBIN: No, no, it's
21 fine. And the answer is yes. We work
22 closely with the credit rating agencies,
23 actually, throughout the year to understand
24 carefully not only what they think about the

1 work that has been done, but what they think
2 about the MIF's current fiscal position. And
3 then I think that what happens is you try out
4 various scenarios on them and assess whether
5 they think that what we're proposing to do or
6 might propose to do would have an impact on
7 the credit rating.

8 SENATOR YOUNG: And I appreciate that
9 careful analysis. How much do you think is
10 available as a surplus overall through the
11 MIF funds?

12 COMMISSIONER RUBIN: Well, the Article
13 7 I think is the -- you know, is the -- the
14 amount in the Article 7 --

15 CHAIRWOMAN YOUNG: The full amount?

16 COMMISSIONER RUBIN: -- yeah, is the
17 amount that's available.

18 SENATOR YOUNG: Okay. You know what's
19 really helpful to us as the Senate goes
20 through our analysis of the Governor's
21 budget, any information that you have a
22 report on -- that would be very beneficial, I
23 believe for the Senate but probably the
24 Assembly too, as we evaluate this particular

1 initiative.

2 COMMISSIONER RUBIN: Absolutely,
3 Senator.

4 SENATOR YOUNG: Thank you. That would
5 be very, very helpful.

6 I'm glad that Senators Bonacic and
7 Montgomery asked about NYCHA. And obviously
8 there's been a lot of concerns about safety
9 and security, to the point where, you know,
10 crime issues -- we had two little children
11 stabbed in an elevator by someone who was
12 mentally ill who had fallen through the
13 cracks, not gotten the mental health services
14 that that person needed -- so those are big
15 issues.

16 And so I've heard you say, and I'm
17 glad to hear it, for security purposes
18 there's been \$40 million invested by the
19 state to tackle some of those issues. And
20 you also talked about the fact that you have
21 a Capital Revitalization Plan and the
22 approval is imminent. And so, you know, I'm
23 happy to hear that NYCHA is making progress,
24 because I think all the legislators are

1 concerned about some of the fraud, waste,
2 abuses that have gone on in the system. And
3 as a result of that, the tenants, the people
4 are being impacted in a very negative way,
5 and they're suffering.

6 So I want to point out, though, in the
7 2016 enacted budget, when the Legislature
8 appropriated that \$100 million in JP Morgan
9 settlement funds for NYCHA, the language says
10 that no money shall be disbursed until the
11 commissioner of the New York State Division
12 of Housing and Community Renewal, in
13 consultation with the New York City Housing
14 Authority chair, has developed a capital
15 revitalization plan for the use of such
16 funds, and such plan has been approved by the
17 director of the Division of Budget and
18 submitted to the Speaker and Minority Leader
19 of the Assembly and the Temporary President
20 and Minority Leader of the Senate.

21 So I was wondering if that plan has
22 been submitted.

23 COMMISSIONER RUBIN: So that's the
24 plan, Senator, that is -- whose approval is

1 with the -- that's with the Department of
2 Budget right now and whose approval is
3 imminent. That's the \$100 million Capital
4 Revitalization Plan.

5 SENATOR YOUNG: Right. But has it
6 been submitted to the Legislature?

7 COMMISSIONER RUBIN: Not yet. I think
8 it's submitted -- my understanding is that
9 it's submitted once the Department of Budget
10 reviews it. So again, that's --

11 SENATOR YOUNG: Okay. So we'll look
12 forward to seeing that, then. Thank you.

13 You know, I was really glad, just
14 switching gears, to hear your support of the
15 Rural Preservation Program and the
16 Neighborhood Preservation Program. And as
17 you know, those are very vital programs. And
18 for the rural piece, especially upstate, that
19 might be the only entity that does economic
20 development for some of our smaller
21 communities.

22 And I'm so glad to see that the -- I
23 was very happy last year when we enacted a
24 budget that was a three-year plan, because

1 oftentimes we go through a process during the
2 budget where maybe the funding's been cut for
3 such programs, and the Legislature again -- I
4 believe whether you're Democrat, Republican,
5 in the Assembly or in the Senate -- thinks
6 very highly of the NPP and the RPP programs.
7 And so I'm glad to see that it's funded,
8 because of the impact that it has on people's
9 lives across the state, again in a very
10 positive way.

11 HCR works very hard and you have
12 really good staff. However, there has been
13 some glitches in the disbursement of funds.
14 And I was hoping you could give a status
15 update -- because, you know, we hear from the
16 agencies around the state, because they
17 operate on shoestring budgets, oftentimes
18 they have to go out and get bridge funding in
19 order to be able to meet their payroll, for
20 example, or whatever project they're working
21 on.

22 So I was wondering how that process is
23 going now, have the glitches been worked out,
24 is the funding goes out in a timely manner?

1 COMMISSIONER RUBIN: Senator, with
2 respect to any specific issues, obviously I'd
3 have to have my staff follow up with yours so
4 we make sure that any kinks in specific --
5 you know, that we iron out any specific
6 funding issues. We certainly don't want it
7 to be the case that, as you said, these
8 groups who are really the only source of
9 local assistance are placed at financial
10 risk.

11 I would say my experience since I got
12 here seven months ago, as you said, is that
13 the staff, and it's particularly the OCR
14 staff headed by Chris Leo, are terrific at
15 what they do, they are very, very dedicated
16 to the rural needs of the state. And I've
17 seen I guess part, at this point, of a cycle
18 of grants and awards, and it seems to my eye
19 to have gone relatively smoothly. There's
20 certainly no intended delays, and no
21 complaints of delay have made their way to my
22 office. But it doesn't mean that they don't
23 exist, and I would welcome the opportunity to
24 work with you and your staff on that.

1 CHAIRWOMAN YOUNG: It would be great
2 to get a status update, and also for Senator
3 Little to be able to have that information as
4 chair of the Housing Committee, because --
5 and I have to say, again, as former chair,
6 the staff has been very responsive and very
7 good and would meet with me, and I'm sure
8 that they'll be meeting with her. But we
9 have members from all over the state that are
10 very concerned about those issues, because
11 they hear -- as you know, we get constituent
12 cases in our offices, we hear from our
13 constituents, and that was a concern. So
14 thank you for the information on that.

15 COMMISSIONER RUBIN: Absolutely.

16 SENATOR YOUNG: Switching gears to the
17 Rural and Urban Community Investment Fund,
18 which I am thrilled about, have worked on
19 myself -- and as you know, that was
20 established. We're so glad to see that the
21 Governor has included \$35.3 million to
22 increase the funding for the CIF, and it's
23 been very effective so far.

24 As you also know, under the statute

1 that was created, that there is a fair split
2 between the funding, so 60 percent in urban
3 areas -- but that's not just New York City,
4 it's also for upstate cities -- and
5 40 percent for the rural areas. And there's
6 been some great projects so far, which is
7 wonderful. And I want to congratulate you on
8 that.

9 One of the questions I had, though, it
10 seems like a lot of funding so far has gone
11 towards some of the larger projects. And
12 again, they're great, great projects. But I
13 was wondering if there would be any
14 consideration moving forward to some of the
15 smaller projects, to, you know, mixing in a
16 few more of those just to get maybe a more
17 fair distribution between those types of
18 issues. Because, you know, there are a lot
19 of smaller projects that are very worthy
20 also.

21 COMMISSIONER RUBIN: I agree. I think
22 particularly in the rural areas, rural parts
23 of New York outside of New York City, size is
24 no indication of the impact on a community.

1 And I know that our staff appreciates that.

2 You know, the early years, the first
3 couple of years, I guess the first year of
4 CIF has been, as you said, a resounding
5 success, and we're delighted to be able to
6 double down. The demand for that program is
7 very, very high. And I think that the more
8 mix of projects we get, the better,
9 geographically, in terms of size. We look
10 for impact, not for size.

11 SENATOR YOUNG: But I do think, you
12 know, just looking at some of the smaller
13 projects too, they can have -- in a small
14 community --

15 COMMISSIONER RUBIN: Absolutely.

16 CHAIRWOMAN YOUNG: -- that impact can
17 be huge, even though it's a small project.
18 So I would just like for you to take that
19 into consideration.

20 And again, we're thrilled about it.
21 The mixed-use has been phenomenal, because
22 not just meeting affordable housing needs but
23 also meeting other economic needs in the
24 community. And again, it's that

1 revitalization that we're all working
2 towards. So congratulations on that, and I
3 look forward to seeing how things develop.

4 COMMISSIONER RUBIN: Thank you,
5 Senator. I would say that, you know, with
6 programs like that that are targeted in part
7 towards smaller communities that don't have
8 the same track record of working closely with
9 our agency, you and your colleagues are our
10 best marketers, often.

11 And so we'd very much welcome the
12 opportunity to come and put our staff out in
13 your areas and maybe working with some of
14 your regional staff, which I know they do
15 now, to find those parties who might be good
16 local partners for smaller CIF projects.

17 CHAIRWOMAN YOUNG: Thank you very
18 much.

19 Two more, Denny.

20 Also I just wanted to point out,
21 because it was brought up by my colleague --
22 just switching gears again, I was glad that
23 Senator Krueger brought up the Furman
24 Institute, because they are a very, very

1 credible organization. And the study that
2 Senator Krueger was referencing actually is
3 about a hundred -- or, I'm sorry -- it seems
4 like a hundred -- a year and a half years
5 old. So it's different information. And
6 obviously what's happened in the last year
7 and a half is very different. The
8 Legislature decided to make several reforms
9 to the program. Unfortunately, it's expired
10 right now.

11 So I just want to point that out and
12 set the record straight, because I want our
13 colleagues to understand the most recent
14 Furman report that came out in November of
15 2015. And they talk about the expiration --
16 you know, the whole notion, the specter of
17 421-a expiring and what it would mean.

18 And what it means in some of the areas
19 around the city is that, for example, they
20 point out in Bedford-Stuyvesant, that in
21 these underserved areas where there's
22 low-to-moderate-income markets, new
23 development will be stifled and would not be
24 achievable without 421-a even if the land

1 cost was zero.

2 And so I just want to point that out,
3 because it has an impact. And basically what
4 the reports says, that it could lead to a
5 disruption in the supply of housing by market
6 rate builders that, while there would likely
7 be no change in construction in areas
8 currently dominated by condominium
9 development, like portions of Manhattan,
10 there are parts of the city where the
11 construction of mid- and high-rise buildings
12 might be disrupted while land prices adjust.
13 In these neighborhoods, once development
14 resumes, new development may tend toward
15 condos rather than rentals. So that
16 obviously causes a severe problem as far as
17 the shortage of affordable rental housing.

18 It also goes on to say that -- it
19 explores what might happen if the newly
20 revised program goes into effect in 2016
21 without any increase in construction
22 costs, and it shows that compared to what the
23 existing 421-a program might have created,
24 there are likely to be more affordable rental

1 housing units, but some of these units could
2 be serving higher-income households.

3 And it says, finally, if construction
4 costs increase, the report notes that the
5 development of rental housing could become
6 even more expensive. And if this were to
7 happen, the government would have to increase
8 the level of other subsidies to cover the
9 increased costs, thus restraining the type
10 and amount of affordable housing that can be
11 produced with a given amount of government
12 resources.

13 So we know that government resources
14 are not infinite, they're finite. We have a
15 serious housing shortage in New York City.
16 And so I just wanted to point that out to my
17 colleagues.

18 Finally, I just want to talk about
19 supportive housing, very quickly.

20 You know, the Governor, as was covered
21 previously, committed to 20,000 units of
22 supportive housing over the next 15 years,
23 and \$2.6 billion is budgeted for the first
24 five years, for 6,000 of the 20,000 units.

1 And how much of those dollars would be
2 used for capital, and how much would be for
3 services and operating costs?

4 COMMISSIONER RUBIN: I believe the 2.6
5 is the -- I want to make sure I get this
6 right. I think the 2.6 is largely the
7 capital piece, and then there's a smaller
8 piece included in that for operating
9 services. I think about 125 of that is for
10 services.

11 But again, two things. One is I'd be
12 happy to come back to you with that. And
13 second, I know on the operating and services
14 side, you'll be talking to some of my human
15 services colleagues later in the week or
16 early next week, and that really is their
17 purview.

18 SENATOR YOUNG: You know, that's
19 great. Because I know you mentioned
20 previously the multi-agency approach.

21 COMMISSIONER RUBIN: You bet.

22 CHAIRWOMAN YOUNG: One of the
23 challenges that we face with supportive
24 housing is that some of the wraparound

1 services that people need -- I mean, they're
2 in supportive housing because they have some
3 kind of need that maybe has to do with mental
4 health, maybe being a veteran, whatever it
5 is. And I think that we need to take a look
6 at that to make sure that those needs are
7 met.

8 I was wondering about, for example,
9 these populations that I just referenced, do
10 you know, do you have a goal as to how many
11 mentally ill, how many are veterans, how many
12 are homeless? Have you done some kind of
13 breakdown on what you'd like to achieve with
14 those dollars?

15 COMMISSIONER RUBIN: So we -- I think
16 in the early part of this program we're going
17 to take an approach that doesn't specify,
18 doesn't target capital -- to speak on the
19 capital side, doesn't target capital to
20 particular populations. On the theory that
21 the first thing that developers of supportive
22 housing are going to do is go to the human
23 services agencies and make a case for their
24 own contracts and services, and then they

1 come to us for capital.

2 So by the time they get to us, in some
3 ways the human services side of the state
4 government will have made the assessment
5 about the relative level of need in each of
6 those areas of need.

7 You know, we have a sense of what data
8 looks like, but it's going to change from
9 year to year. And so we're trying to
10 maintain a balance between allocating capital
11 as we have the sense that it's needed now,
12 and being able to maintain the flexibility
13 from year to year so that not we're locked in
14 a system that isn't applicable.

15 CHAIRWOMAN YOUNG: Okay, thank you.

16 You know, we talk a lot about being
17 one state. And so I was wondering, is there
18 a breakdown about how many units would be
19 divided between upstate and downstate? I'd
20 be curious to know what upstate's share would
21 be.

22 COMMISSIONER RUBIN: We haven't broken
23 it down specifically, Senator. But unlike,
24 for example, past New York/New York

1 contracts, this is an all-state -- the
2 Governor's piece is an all-state commitment.
3 The 6,000 units is statewide.

4 As you know, the problem with
5 homelessness is absolutely not limited to
6 New York City. You know, the upstate
7 cities -- Buffalo, Syracuse, Rochester,
8 et cetera -- have well-documented and quite
9 substantial homeless populations, Albany as
10 well. And then there's the small areas,
11 rural areas and so forth, where homelessness
12 is also a serious issue.

13 So, you know, I wouldn't want to sit
14 here and make a guess. You know, the numbers
15 today will tell you that something like, oh,
16 three-quarters or a bit more of the
17 population of the state's homeless are in
18 New York City. And so if you had to use that
19 as rough justice for how the funding is going
20 to be allocated, that's probably not a bad
21 guess.

22 CHAIRWOMAN YOUNG: One of the
23 populations -- and we're all very concerned
24 about this, I think. At least I can speak

1 for my colleagues in the Senate, and I'm sure
2 the Assembly is too. There's an exploding,
3 as you know, heroin crisis in this state.
4 And people are dying, families are being torn
5 apart, it's a very heartbreaking situation.
6 And I was wondering if there's some
7 contemplation by the department to apply some
8 of the supportive housing, have some kind of
9 drug treatment element to that, because
10 that's what we're seeing, we're seeing it in
11 every corner of the state. Whether it's
12 Chautauqua County, all the way down to
13 New York City, to Long Island, up to Senator
14 Little's district to the north, it's
15 everywhere. And it's a huge need. And I was
16 hoping you could address that.

17 COMMISSIONER RUBIN: I know of the
18 need. You're exactly right. I will say that
19 it falls squarely into the category of
20 multi-agency -- it's appropriate for
21 multi-agency address.

22 You'll be pleased to know that our
23 sister agency, OASAS, which deals primarily
24 with substance abuse issues, is right there

1 at the table with us when it comes to
2 addressing the supportive housing needs.
3 They're a core part of the Governor's
4 homeless agenda, this homeless action plan.
5 They've been with us every step of the way.
6 And I expect that some of the applications
7 that come to our agency, as the provider of
8 capital for the development of new supportive
9 housing, will have OASAS contracts for
10 substance abuse treatment attached to them.

11 SENATOR YOUNG: Great. Thank you.

12 And finally, what's the breakdown
13 between new construction congregate sites of
14 supportive housing and scattered site
15 supportive housing units that are rented out
16 of existing buildings? Do you have any kind
17 of breakdown on that?

18 COMMISSIONER RUBIN: I have a very
19 clear breakdown. We're providing for
20 development of 6,000 new congregate units, no
21 scattered site.

22 SENATOR YOUNG: No scattered site,
23 okay.

24 COMMISSIONER RUBIN: No, ma'am.

1 CHAIRWOMAN YOUNG: All right. Well,
2 thank you. That concludes my questioning.

3 And I do want to point out, however,
4 that when you visited Mount Morris and went
5 to Jane's Pantry, afterward I posted our
6 photo on my Facebook page. And I'd like to
7 let you know that you generated a record
8 amount of likes.

9 (Laughter.)

10 CHAIRWOMAN YOUNG: So congratulations
11 on that.

12 And again, thank you so much for your
13 testimony today.

14 COMMISSIONER RUBIN: I appreciate it.
15 Thank you, Senator.

16 CHAIRMAN FARRELL: Thank you. Thank
17 you very much. We're finished.

18 COMMISSIONER RUBIN: Mr. Chairman,
19 thank you very much.

20 (Pause.)

21 CHAIRMAN FARRELL: Next is Jolie
22 Milstein, president of New York State
23 Association for Affordable Housing.

24 MS. MILSTEIN: Hello.

1 CHAIRMAN FARRELL: Good afternoon.

2 MS. MILSTEIN: Good afternoon.

3 CHAIRMAN FARRELL: Which is better
4 than good evening.

5 CHAIRWOMAN YOUNG: Good afternoon.

6 MS. MILSTEIN: Oh, good, there's two.

7 Thank you, Chairwoman Little, Chairman
8 Wright, Chairwoman Young, Chairman Farrell,
9 and members of the Senate and Assembly for
10 the opportunity to participate in today's
11 budget hearing on the housing provisions in
12 the 2016-2017 Executive Budget proposal. My
13 name is Jolie Milstein, president and CEO of
14 the New York State Association for Affordable
15 Housing, NYSFAFH, the trade association for
16 New York's affordable housing industry
17 statewide.

18 Our 375 members include for-profit and
19 not-for-profit developers, lenders,
20 investors, construction companies, attorneys,
21 architects and others active in the
22 financing, construction, and operation of
23 affordable housing. Together, NYSFAFH's
24 members are responsible for most of the

1 housing built in New York State with federal,
2 state, or local subsidies.

3 We thank you for your continued
4 support for affordable housing. The ability
5 of NYSFAFH's members to provide thousands of
6 safe, new and rehabilitated affordable
7 housing units each year for low-, moderate-
8 and middle-income families would not be
9 possible without your dedication. New York
10 State's support is critical, given the
11 growing housing crisis throughout the state
12 and the urgent need for safe, quality,
13 affordable housing.

14 NYSFAFH commends Governor Cuomo for
15 recognizing the urgency of New York's housing
16 crisis through the House NY 2020 initiative
17 by which the state would commit \$20 billion
18 to address homelessness and to create and
19 preserve 100,000 affordable units across the
20 state. This commitment could not come at a
21 more critical time. There are currently more
22 than 3 million households across New York
23 State that exceed the "affordability
24 threshold" for housing; that is, they pay 30

1 percent or more of their household income for
2 housing costs. Of this population, more than
3 1.5 million households paid a staggering
4 50 percent or more of their income for
5 housing.

6 In Bronx County, over 57 percent of
7 households have rents above the affordability
8 threshold. In Monroe County, that percentage
9 is 56 percent. In Tompkins County, it is 58
10 percent. On any given night, more than
11 80,000 people are homeless in New York State,
12 many of them children. Some are in need of
13 support services in order to have housing
14 stability, while others simply need housing
15 that they can afford.

16 The Governor's ambitious housing plan
17 is the type of bold leadership New York State
18 needs to take to tackle the housing crisis.
19 Programs like Homes for Working Families, the
20 Rural and Urban Community Investment Fund,
21 and the Low-Income Housing Trust Fund are
22 critical to our members' ability to develop
23 and preserve safe, quality, affordable
24 housing.

1 NYSAFAH supports the Governor's
2 2016-2017 proposed appropriations of
3 \$26.75 million for Homes for Working
4 Families, \$35.3 million for CIF, and
5 \$54.2 million for the Housing Trust Fund.
6 These funds will provide critical gap funding
7 for affordable housing projects, to enable
8 mixed-use affordable housing development in
9 urban areas and rural affordable housing
10 projects built to the scale of smaller
11 communities, and to support the continued
12 production and preservation of affordable
13 housing for low-income New Yorkers.

14 NYSAFAH also supports the \$8 million
15 annual allocation for SLIHC over the next
16 five years, which will help further build a
17 robust investor market and generate greater
18 private equity in affordable housing
19 projects.

20 The Governor's plan recognizes the
21 reality that the development and preservation
22 of affordable housing is a multiyear process.
23 In addition to providing enhanced resources,
24 the Governor's proposed funding of

1 \$1.9 billion over five years creates
2 predictability in housing resources, which
3 will enable NYSFAFH members to better plan
4 their pipelines and more quickly implement
5 housing projects to serve the needs of
6 New York's communities. NYSFAFH looks
7 forward to learning more about the state's
8 priorities for the five-year funding period.

9 In particular, we are supporting a
10 significant new investment in mixed-income
11 housing. NYSFAFH commends the Governor and
12 the Legislature on the creation of the
13 Middle-Income Housing Program in the
14 2015-2016 budget, which incentivizes
15 middle-income housing, up to 130 percent area
16 median income, to create mixed-income
17 affordable housing projects.

18 Mixed-income development, where rents
19 from middle-income units help cross-subsidize
20 units for very low-income households, is
21 critical in maintaining economically diverse
22 communities and sustainable buildings.
23 NYSFAFH urges your continued support of
24 middle-income housing as part of the state's

1 five-year affordable housing investment.

2 NYSAFAH also supports investment in
3 housing dedicated to serving New York's
4 rapidly growing senior population. Faced
5 with fixed incomes and declining federal
6 funding for new senior housing, many seniors
7 have been hit particularly hard by the
8 housing crisis. Funding affordable senior
9 developments with resident advisors is
10 critical to ensuring seniors have a safe and
11 affordable place to live that allows them to
12 stay in their communities. With your
13 support, we can provide the funding to
14 subsidize a new senior housing program and
15 help provide clean, safe housing and
16 necessary services for some of our most
17 vulnerable population.

18 Shall I continue?

19 NYSAFAH further supports the use of
20 tax-exempt private activity bonds to
21 subsidize affordable housing projects
22 throughout the state. These bonds generate
23 as-of-right Federal Low-Income Housing Tax
24 Credits and are a catalyst for additional

1 private capital for affordable housing
2 projects. We urge you to ensure that
3 affordable housing is given priority in the
4 volume cap allocation and reallocation of
5 private-activity bonds, and that it is
6 equitably distributed between upstate and
7 downstate.

8 Moreover, we request that you oppose
9 any new requirements that would delay the
10 issuance of these bonds for affordable
11 housing purposes, especially where the state
12 has no credit risk, such as with local
13 issuances of such bonds.

14 The state's housing programs are the
15 bedrock for the preservation and development
16 of affordable housing in New York State.
17 However, in some areas, other incentives have
18 been crucial. Nowhere is this more evident
19 than in New York City, where as-of-right tax
20 abatements have helped ensure that the
21 nation's largest city does not become a haven
22 for disparity, where there is housing for
23 only the very wealthy and the very poor.

24 With the expiration of the 421-a tax

1 abatement, many areas of the city will see a
2 reduction in the development of affordable
3 housing units at a time when we can ill
4 afford to have any diminishment of our
5 housing stock. We know you understand the
6 gravity and impact of the absence of these
7 tax benefits, and we need your help to ensure
8 as-of-right tax abatements are again
9 available in New York City.

10 Each of us knows and appreciates the
11 importance of affordable housing in terms of
12 providing a stable place for New Yorkers to
13 call home. Beyond this most fundamental of
14 needs, however, affordable housing is also a
15 significant economic driver. On average,
16 annually, New York State's affordable housing
17 industry generates over 18,000 affordable
18 housing units, including new construction,
19 rehab and preservation units; almost 32,000
20 jobs during construction, and it sustains
21 5,650 permanent jobs to support resident
22 spending and building maintenance;
23 \$1.8 billion in wage compensation during
24 construction, and \$230 million in wages

1 annually thereafter; \$2.6 billion during
2 construction in economic spinoff activity,
3 including spending on materials and services,
4 while thereafter sustaining \$650 million in
5 annual economic spending on local goods and
6 services, and building maintenance.

7 In addition to increasing the state's
8 supply of affordable housing, the Governor's
9 proposed House NY 2020 initiative builds upon
10 the existing economic benefits of affordable
11 housing investment, providing job
12 opportunities for neighborhood residents and
13 catalyzing economic investment in communities
14 statewide. Implementation of the plan would
15 represent a landmark achievement in the
16 state's commitment and goal of serving the
17 affordable housing needs of all New Yorkers.

18 Thank you for the opportunity to
19 testify today and for your consideration of
20 NYSFAFH's comments regarding the Executive
21 Budget proposal. We welcome any questions
22 and comments that you may have.

23 CHAIRMAN FARRELL: Thank you very
24 much.

1 Senator?

2 CHAIRWOMAN YOUNG: Thank you.

3 And I'd like to welcome you,
4 President Milstein. It's always great to see
5 you. And I want to sincerely thank you for
6 all of the wonderful advocacy that your
7 organization does on behalf of the people of
8 New York State, on behalf of development of
9 communities and affordable housing. And so
10 you should be congratulated for that.

11 I know my colleague Senator Little has
12 a question for you.

13 SENATOR LITTLE: Thank you.

14 It's good to see you here.

15 In the competitive basis of trying to
16 get programs and writing grants and all of
17 that, many of the smaller communities have a
18 difficult time, for senior housing
19 especially, because 50 units in one community
20 just doesn't work. We're looking at sizes of
21 eight, sometimes. Twelve is a lot. We had a
22 community with 24, and it took them two years
23 to fill it.

24 So I would just ask that we try to

1 prioritize some of these small units as we go
2 forward, and looking at ways that we can make
3 them more competitive, I guess. You know,
4 it's always important to have housing and
5 housing programs for families, but I think
6 it's still very important to have housing for
7 seniors. In small communities, too.

8 MS. MILSTEIN: Thank you for that
9 comment, Senator. And NYSAFAH will be
10 speaking, along with HCR and a couple of
11 other people, on a panel at the Association
12 of Towns' annual meeting later this month,
13 where we'll entertain questions and try and
14 describe the resources and work with HCR to
15 make sure that we're bringing resources to
16 those towns and smaller communities across
17 the state.

18 SENATOR LITTLE: Thank you.

19 CHAIRWOMAN YOUNG: Senator Krueger.

20 SENATOR KRUEGER: Thank you for your
21 testimony.

22 I was fascinated with a statistic in
23 here that Tompkins County and Monroe County
24 have almost as great a percentage of people

1 who are paying over 50 percent of their rent
2 as we are seeing in New York City. That was
3 not my understanding for most of the State of
4 New York. Is there something unique about
5 the housing situation in those two counties?

6 MS. MILSTEIN: I don't know. I'll
7 have to get back to you on that. Those were
8 just a couple of the statistics -- we looked
9 at, statewide, all the counties. We recently
10 put together advocacy pieces for the 10
11 economic development regions, and we looked
12 at the rent burden in each county. So I can
13 go back to the data and see if there's
14 something remarkable that caused that spike,
15 and I'll get back to you.

16 SENATOR KRUEGER: And actually
17 following up on Senator Little's question,
18 because I think there's a crisis in senior
19 housing all over the state, in the city we
20 have some models we call NORCs, Naturally
21 Occurring Retirement Communities, where you
22 try to bring services into where seniors are.
23 Is there an equivalent kind of model with
24 affordable housing for seniors in other parts

1 of the state, do you know?

2 MS. MILSTEIN: I do not know. But I
3 know NYSFAFH just last week held a symposium
4 to talk about the issues facing seniors and
5 affordable housing across the state. And we
6 are part of a consortium -- you'll hear from
7 some others as well today -- asking the state
8 for a \$50 million a year dedicated fund to
9 build not only senior housing but associated,
10 attendant services for those units. So we
11 understand the crisis, and we are working
12 hard and lobbying to try and get specific
13 dedicated funds and a specific slice of a
14 larger pie to fund senior housing with
15 on-site coordinating services.

16 SENATOR KRUEGER: Thank you.

17 CHAIRWOMAN YOUNG: Thank you.

18 I wanted to ask a question. Again,
19 thank you for being here.

20 I just wanted to get your perspective
21 on how you think the community investment
22 fund is working. And, you know, are there
23 tweaks that need to be made to it, or could you
24 give me some information on some of the

1 projects that you've seen happen in New York?

2 MS. MILSTEIN: My understanding, and
3 from site visits, I think I can say in a
4 fairly educated way that the fund is very
5 popular and quite successful, which is why
6 we've been lobbying and asking for an
7 increase in the funds.

8 Both on the rural side and
9 specifically on the urban side I can say --
10 because we're mostly in New York City looking
11 at projects -- that the ability to fund
12 on-site commercial or community space in
13 these projects has made the buildings and the
14 projects and the people who live in them, and
15 the communities that they serve, much better
16 developments.

17 So I think you see things on the
18 ground floor of affordable housing projects
19 taking advantage of this funding, providing
20 community services like daycare or retail
21 space. So not just helping the people who
22 live in the building, but really they're in
23 active community development.

24 On the rural side, we see projects

1 that would not be able to get funded -- in
2 these smaller projects, these smaller rural
3 projects, it's really a gap-filler that
4 allows these projects to go forward.
5 Incredibly important resource -- not as a
6 stand-alone, but really in the capital stack
7 that allows these projects to go forward.
8 And we're hoping that we're able to get some
9 more funds into that program, because it is
10 so oversubscribed and highly successful.

11 CHAIRWOMAN YOUNG: I agree. So thank
12 you so much.

13 CHAIRMAN FARRELL: Assemblyman Wright.

14 ASSEMBLYMAN WRIGHT: I was going to
15 say good morning. Good afternoon,
16 Ms. Milstein.

17 MS. MILSTEIN: Good afternoon.

18 ASSEMBLYMAN WRIGHT: You may have
19 answered it already; it certainly was a topic
20 of discussion with our prior testifier, the
21 commissioner of housing. 421-a, what have
22 you heard, what will you hear, what are the
23 ramifications of it not being around now?

24 MS. MILSTEIN: Well, I heard the

1 commissioner say that the state will get a
2 lot of housing built with or without the
3 incentive, and I understand that. I think
4 the problem is without 421-a, you're spending
5 valuable resources, whether it's the state's
6 resources or someone else's, to pay the real
7 property tax on affordable housing, primarily
8 rental units. So it's just taking taxpayer
9 money out of one pocket and giving it back to
10 the city to pay real property taxes.

11 And we believe that that's not a good
12 use of our resources, and we would like to
13 see an as-of-right abatement reinstated so
14 that we could continue to build particularly
15 rental housing in New York City, in some of
16 the non-Midtown Manhattan areas. We think,
17 and I think the commissioner backed this up,
18 that developers who are holding property will
19 build, instead, condominiums in those areas
20 rather than affordable rental housing.

21 It's just so expensive to build rental
22 housing that either the rental housing won't
23 get built or we'll use those valuable
24 resources, tax resources, taxpayer dollars,

1 to pay the real property tax going forward.
2 And I think either of those solutions are not
3 ideal. I'd like to see some as-of-right
4 affordable housing tax abatement. And I know
5 you're committed to seeing that happen as
6 well.

7 ASSEMBLYMAN WRIGHT: Oh, absolutely.

8 Your prognosis for the building of
9 possible low-income?

10 MS. MILSTEIN: I'm sorry?

11 ASSEMBLYMAN WRIGHT: Your prognosis
12 for possibly the building of more low-income
13 housing?

14 MS. MILSTEIN: Very-low-income, I
15 think, yes.

16 I think that everyone, all of our
17 colleagues in the affordable housing industry
18 are very committed to building a variety of
19 units, and particularly addressing not only
20 very-low-income in the 30 percent of the area
21 median income, but also some middle-income
22 units in the same project to offset those
23 costs. We believe that cross-subsidy works
24 well, we believe in mixed-income projects,

1 and I think that's really the centerpiece for
2 NYSFAFH's advocacy for 2016, is finding more
3 resources and shining a light on the success
4 stories of those mixed-income projects across
5 the state.

6 ASSEMBLYMAN WRIGHT: Thank you.

7 MS. MILSTEIN: Thank you for your
8 question.

9 CHAIRMAN FARRELL: Senator?

10 CHAIRWOMAN YOUNG: Thank you.

11 Anyone else? All right.

12 CHAIRMAN FARRELL: Thank you very
13 much.

14 MS. MILSTEIN: Thank you very much.
15 It's a pleasure to be here.

16 CHAIRWOMAN YOUNG: Thank you.

17 CHAIRMAN FARRELL: Cara Long, outreach
18 coordinator, Neighborhood Preservation
19 Coalition of New York State.

20 MS. CORRA: Good afternoon. My name
21 is Cara Long Corra, and I represent the
22 Neighborhood Preservation Coalition of
23 New York State.

24 Before I begin, the coalition and its

1 membership would like to thank Chairman
2 Farrell, Chairwoman Young, Chairwoman Little,
3 and Chairman Wright, as well as the
4 distinguished members of the Legislature for
5 this opportunity to present testimony and
6 provide feedback on the Governor's Executive
7 Budget proposal for 2016-2017.

8 We are of course happy to see that the
9 NPP and RPP proposed program funding for this
10 budget year has remained consistent with
11 funding from last year, and we're thankful
12 that the JP Morgan Chase settlement funds are
13 again included in the proposed budget to
14 support the activities of the NPCs and RPCs.
15 The increase in funding, no matter how
16 temporary, helps our companies carry out
17 their activities and fulfill their missions.

18 Today the coalition is here to focus
19 on budget issues that related to affordable
20 housing and community revitalization in
21 suburban and urban areas of our state.

22 So the NPP helps to fund the vital
23 work of the 144 NPCs -- Neighborhood
24 Preservation Companies -- who provide a range

1 of services, from housing repair and rehab to
2 affordable housing development, to tenant
3 advocacy and landlord mediation, to
4 Main Street revitalization and beyond.

5 It is important to note here that for
6 every preservation dollar appropriated, NPCs
7 raise approximately \$45 for their
8 communities. So that's that economic
9 development we've been talking about.

10 In light of the depth and breadth of
11 the work the NPCs do, we are pleased that the
12 Executive Budget includes a \$6.5 million
13 increase for the Housing Trust Fund and keeps
14 the funding stable for Access to Home. We're
15 also encouraged by the House NY 2020 plan.

16 But we are dismayed by the proposed
17 cuts to the Affordable Housing Corporation,
18 which is slated to be cut, as Senator Little
19 pointed out, from \$29 million to \$26 million,
20 which is roughly a 10 percent cut. AHC
21 preserves housing that is safe and decent and
22 makes it affordable to low- and
23 moderate-income New Yorkers.

24 As many of you are aware, over half

1 the renters in both upstate and downstate are
2 cost burdened, spending 30 percent or more of
3 their income on housing. In upstate
4 New York, for renters, the figure is
5 52 percent, and for downstate the figure is
6 55 percent. For homeowners, 32 percent of
7 upstate are cost-burdened and 45 percent of
8 downstate are.

9 When you compare New York State to the
10 rest of the nation, only three other states
11 have renters who are more cost-burdened, and
12 those are Oregon, Florida and Hawaii. And
13 only Hawaii and California have homeowners
14 who are more cost-burdened than ours.

15 Our foreclosure rate is among the
16 worst in the nation -- only New Jersey's is
17 higher -- and it currently stands at
18 5.3 percent.

19 Without programs like AHC being fully
20 and appropriately funded, low- and
21 moderate-income renters will not have
22 adequate opportunity to become homeowners,
23 and homeowners will see fewer opportunities
24 to make needed repairs to their homes,

1 thereby decreasing the safety and health of
2 our housing stock as well as the vitality of
3 our communities.

4 The cut to AHC seems to reflect a
5 trend wherein successful HCR programs
6 administered by the Office of Community
7 Renewal have not seen increased funding or
8 new initiatives in many years. Examples
9 include urban initiatives and rural area
10 revitalization.

11 And if we couple all of this -- the
12 cost burden of renters and homeowners, the
13 high foreclosure rate, and funding cuts to
14 vital programs -- with the outflow of
15 Gen-Xers and Baby Boomers, we can start to
16 see a very dire problem take on fuller shape:
17 Excess housing stock in the form of
18 single-family homes; a continued high
19 foreclosure rate and perhaps even a spike in
20 the number of zombie homes; a severe lack of
21 availability of affordable rental housing;
22 and consequently a potential rise in
23 homelessness across the state.

24 And you need to know, Hawaii has a

1 current homeless state of emergency declared,
2 and Portland, Oregon, has a current housing
3 and homeless state of emergency declared.

4 If we do not address our housing
5 problems right now, and in a meaningful way,
6 through programs with observable and
7 measurable impact, we can only expect these
8 problems to continue and to deepen.

9 In the Governor's announcement of his
10 2016 agenda, he states that we have made
11 "significant achievements in affordable
12 housing preservation and construction over
13 the past five years." These achievements
14 were made possible by the programs we spoke
15 about. And we're happy that the Governor
16 wants to expand affordable housing for
17 residents of our state who sorely need it,
18 but not at the expense of existing programs
19 that we know work, the programs which have
20 had this observable and measurable impact,
21 like AHC, UI, and RARP.

22 In light of this, we would
23 respectfully request that funding to AHC be
24 restored, and that an allocation be made to

1 Urban Initiatives and RARP. We must ensure
2 that all affordable housing programs are
3 rightsized and able to be leveraged by
4 not-for-profit housing companies that are
5 familiar with and focus on the needs of our
6 communities. Thank you.

7 CHAIRMAN FARRELL: Thank you very
8 much.

9 Questions? Senator?

10 SENATOR KRUEGER: Thank you very much.

11 MS. CORRA: You're quite welcome.

12 ASSEMBLYMAN WRIGHT: Thank you.

13 CHAIRMAN FARRELL: Laura Mascuch,
14 executive director, Supportive Housing
15 Network of New York.

16 Did I mess that name up too much?

17 MS. MASCUCH: Yes.

18 (Laughter.)

19 MS. MASCUCH: The last name is not
20 easy: Ma-shoo.

21 CHAIRMAN FARRELL: Mascuch?

22 MS. MASCUCH: Yeah. You got very
23 close.

24 So first of all, thank you, Senator

1 Young, Assemblymember Farrell, Senator
2 Little, and Assemblymember Wright for giving
3 me the opportunity to testify today.

4 Good afternoon. My name is Laura
5 Mascuch. I'm the executive director of the
6 Supportive Housing Network of New York. The
7 Network is a membership organization
8 representing over 200 nonprofits that provide
9 over 50,000 units of supportive housing
10 across New York State.

11 Supportive housing is permanent,
12 affordable housing with on-site support
13 services for chronically homeless individuals
14 with special needs, such as mental illness,
15 substance abuse, HIV/AIDS, or chronic health
16 conditions. It's a humane way to provide
17 safe, stable homes for homeless families and
18 individuals living with disabilities in the
19 community.

20 These publicly funded interventions
21 are significantly more expensive when
22 homeless people are left to cycle in and out
23 of prisons, hospitals, emergency rooms and
24 psych centers. We address this expensive

1 system by moving these individuals into the
2 community and into supportive housing.

3 My testimony today is about the need
4 to continue to invest in supportive housing
5 as a way to combat the current homelessness
6 crisis facing New York State. Statewide,
7 there are roughly 67,000 men, women and
8 children staying in shelters at any given
9 time. In New York City alone, there's
10 59,000 people, including 24,000 children. An
11 additional 7,700 people stay in a shelter
12 outside New York City. Thousands of others
13 sleep on the streets or in abandoned
14 buildings and makeshift campsites, while
15 thousands more exit foster care, hospitals,
16 and other institutions each year without a
17 home. While not everyone who is homeless
18 needs supportive housing, it is the proven
19 long-term solution for individuals who are
20 chronically homeless living with mental
21 illness and chronic health conditions.

22 That is why this past year, 75 percent
23 of the Legislature called on the Governor to
24 commit to creating 35,000 units of supportive

1 housing statewide. Both the Senate and the
2 Assembly sent letters to the Governor asking
3 for the state to support the need. Several
4 of you rallied publicly in your local
5 communities, from Buffalo to New York City to
6 Rochester to Troy to Long Island, speaking
7 about this need. You understand that by
8 wisely investing in this proven solution, we
9 will not only solve homelessness, but we will
10 also improve our neighborhoods and save
11 taxpayer dollars.

12 We wanted to take this time today to
13 thank you for your passion on this issue and
14 for bringing attention to this critical need
15 to create 35,000 units of supportive housing
16 statewide.

17 We were very excited and pleased to
18 hear the Governor also agreeing with the
19 Legislature and recognizing the need for more
20 supportive housing, declaring a commitment to
21 build 20,000 new units of supportive housing
22 across the state over the next 15 years.
23 This is exactly the type of commitment we
24 need to help us end homelessness among the

1 most vulnerable. This, in addition to
2 Mayor de Blasio's 15,000 units, will be a
3 combined pledge of 35,000 units.

4 This long-term supportive housing
5 program is part of the state's \$20 billion,
6 five-year affordable housing plan. The
7 five-year program is set to invest
8 \$2.6 billion for 6,000 new units of
9 supportive housing over the first five years
10 of the 15-year commitment. The Governor has
11 said that over 15 years, the plan will result
12 in 20,000 units of supportive housing.

13 The Network is looking forward to
14 seeing the Governor's housing and
15 homelessness plan and is hopeful that an
16 implementation plan will be set in action
17 very soon. It is equally critical for the
18 Governor to codify this long-term, 15-year
19 commitment so that the intent to create
20 20,000 new units of supportive housing
21 through 2031 is realized.

22 We urge the Legislature to continue to
23 support the need for the state to commit to
24 funding these 20,000 units over the next

1 15 years and support the Governor's plan to
2 build the first 6,000 units over the next
3 five.

4 As you know, supportive housing plays
5 such a critical role in not only ending
6 homelessness but addressing neighborhood
7 revitalization, creating jobs, saving
8 taxpayer dollars, spurring economic
9 development, growing affordable housing,
10 increasing property values, and leveraging
11 private investment. Therefore, it is
12 critical we focus on how to quickly and
13 effectively make this robust commitment a
14 reality.

15 I also wanted to take this time today
16 to highlight one additional area of the
17 proposed budget we are concerned about. The
18 Executive Budget includes language that would
19 add new and additional oversight to the
20 process by which localities use volume cap.
21 And about a third of supportive housing
22 developments use volume cap.

23 We are concerned this process adds
24 unnecessary layers of bureaucracy and

1 approval that could significantly delay
2 development of supportive housing and also
3 significantly erode the certainty that is
4 critically important to investors and
5 developers.

6 In conclusion, I just wanted to talk
7 about one real example of how the state's
8 critical funding helps create something that
9 is so much more than the sum of its parts.

10 Homesteads at Ampersand is a brand-new
11 mixed development supportive housing
12 residence in Plattsburgh, New York, providing
13 workforce housing for families and supportive
14 housing for adults with major long-term
15 mental health challenges. Behavioral Health
16 Services North, a not-for-profit, partnered
17 with Regan Development on this 64-unit
18 residence, filling important housing gaps in
19 this northern New York community. HCR
20 provided capital funding through a mix of
21 Housing Trust Fund, Low-Income Housing Tax
22 Credits, and HFA second mortgage, totaling
23 \$14 million. This is the template that the
24 new Empire State Supportive Housing

1 Initiative will build upon for much of the
2 next generation of supportive housing
3 development.

4 As demonstrated through this example,
5 supportive housing meets the needs of the
6 local communities. Homelessness among our
7 most vulnerable is a statewide problem in
8 both urban and rural settings. By working
9 together, we create housing that addresses
10 the needs of this most vulnerable population
11 and also helps to redevelop our communities.

12 Thank you so much.

13 CHAIRMAN FARRELL: Thank you.

14 Mr. Oaks.

15 ASSEMBLYMAN OAKS: Yes, we've been
16 joined by Assemblyman Saladino.

17 CHAIRMAN FARRELL: Senator?

18 SENATOR YOUNG: Thank you very much.

19 And welcome. It's very good to see
20 you.

21 MS. MASCUCH: Good to see you.

22 CHAIRWOMAN YOUNG: Senator Little had
23 a question.

24 SENATOR LITTLE: Thank you. More of a

1 comment, really. It was a very thorough
2 report you gave.

3 But the project in Plattsburgh was
4 incredible. And the nicest part of the
5 project was a young woman in her 20s,
6 confined to a wheelchair, who was going into
7 an accessible apartment. And she said never
8 has she been able to live in an accessible
9 apartment. She was so excited.

10 And so it's a great program, great
11 service. So thanks for your support for
12 those.

13 MS. MASCUCH: Wonderful. Thank you,
14 Senator.

15 SENATOR KRUEGER: I just want to thank
16 you for all the work your organization does
17 throughout every community I work in.

18 Thank you.

19 MS. MASCUCH: Thank you, Senator
20 Krueger.

21 CHAIRWOMAN YOUNG: Thank you.

22 CHAIRMAN FARRELL: Thank you.

23 Enterprise Community Partners, Judi
24 Kende, vice president and New York market

1 leader.

2 MS. KENDE: Good afternoon. My name
3 is Judi Kende, and I lead the New York office
4 of Enterprise Community Partners.

5 I would like to thank Chair Farrell,
6 Chair Young, Chair Wright, and Chair Little
7 for the opportunity to testify today. And
8 congratulations to Chair Little on your new
9 role.

10 Enterprise has worked to create and
11 preserve affordable housing in New York and
12 nationwide for 30 years. We have created
13 nearly 50,000 affordable homes for
14 114,000 New Yorkers through capital
15 investment, programmatic solutions, and
16 policy advocacy.

17 I am pleased to be joined today by so
18 many colleagues who work diligently to
19 provide housing to low-income and vulnerable
20 New Yorkers. You will hear many examples of
21 how urgent the need is for affordable housing
22 and a consistent message that more resources
23 continue to be needed.

24 Despite the sizeable investment by our

1 organization and our partners, New York is in
2 the midst of a full-blown housing insecurity
3 crisis. The number of homeless and
4 rent-burdened New Yorkers is especially
5 shocking, because New York has not only
6 resources to address the issue, but strong
7 capacity in the public, private, and
8 nonprofit sectors.

9 The problem is solvable, and we know
10 how to do it. Affordable housing is the
11 solution. We know that when families have
12 stable, safe, affordable housing, kids do
13 better in school, health risks like asthma
14 are diminished, and families can buy food and
15 other necessities.

16 We applaud Governor Cuomo's ambitious
17 housing commitment, and we look forward to
18 seeing more details in the forthcoming State
19 Housing Plan. Today I would like to comment
20 on a few crucial programs that we hope to see
21 in this housing plan and that we strongly
22 urge the Legislature to fully fund in this
23 budget cycle.

24 First, I'd like to thank the

1 Legislature for your leadership in calling
2 for the creation of 35,000 units of
3 supportive housing statewide. Supportive
4 housing is a cost-effective, proven solution
5 to chronic homelessness. We urge the
6 Legislature to support the Governor's
7 20,000-unit commitment over 15 years and
8 ensure the resources are in place to build
9 the first 6,000 units over the next five
10 years. Governor Cuomo must codify this
11 commitment to ensure that the intent to
12 create 20,000 new units of supportive housing
13 through 2031 is realized.

14 Separate from supportive housing,
15 New York State needs a statewide senior
16 affordable housing program. Our senior
17 population is growing, and more and more
18 seniors do not have enough money saved to pay
19 market rent, let alone pay for a nursing home
20 stay. We are calling for the creation of a
21 new program to provide affordable housing and
22 services to low-income elderly New Yorkers.

23 Our plan calls for \$250 million over
24 five years to create 500 new units of senior

1 affordable housing per year. Additionally,
2 we request \$4.5 million in funding for rental
3 assistance so that seniors do not become
4 rent-burdened when their incomes decrease as
5 they age. Finally, we urge the Legislature
6 to fund a Resident Advisor Program for
7 \$10 million per year to provide connections
8 to services for seniors in affordable
9 housing.

10 Public housing is a precious and
11 scarce resource that houses some of our most
12 vulnerable New Yorkers. We request that the
13 state match New York City's commitment of
14 \$100 million this year to NYCHA to address
15 their capital needs, primarily leaky roofs.
16 To address transparency and accountability
17 concerns, we encourage the state to set up a
18 reporting system for NYCHA to track how the
19 dollars are spent, similar to the system
20 NYCHA has in place with the City of New York.

21 And the final program that I'd like to
22 highlight here is the State Low-Income
23 Housing Tax Credit, or SLIHC, which allows
24 funding for units serving households up to

1 90 percent of the area median income. SLIHC
2 is an invaluable tool that helps create
3 mixed-income communities, reach deeper levels
4 of affordability through cross-subsidization,
5 and create housing appropriate for sometimes
6 hard-to-reach groups, like seniors, who have
7 a range of incomes.

8 We are asking that the annual
9 allocation of SLIHC be increased from
10 \$8 million to \$25 million this year, and
11 gradually increased to \$30 million per year
12 by 2021.

13 Finally, I'd like to address another
14 issue in this year's Executive Budget,
15 tax-exempt bonds. The Executive Budget
16 includes a new process requiring volume cap
17 allocation received by local issuers to be
18 subject to approval by the Public Authorities
19 Control Board at the project level. In
20 addition, the Empire State Development
21 Corporation commissioner is given authority
22 to sign off on the local reallocation of what
23 has historically been an as-of-right cap.

24 This adds additional layers of

1 bureaucracy and takes away local control of
2 volume cap. It unnecessarily politicizes a
3 process and adds uncertainty, increases
4 costs, and delays projects. We fear that
5 those hit hardest by these changes will be
6 nonprofit affordable housing organizations,
7 minority and women-owned business
8 enterprises, and small developers who cannot
9 absorb these additional costs.

10 Thank you for the opportunity to
11 testify. I would be happy to answer any
12 questions, and I look forward to working with
13 you this budget season and beyond.

14 CHAIRMAN FARRELL: Thank you.

15 Questions?

16 ASSEMBLYMAN WRIGHT: Yeah, one quick
17 one.

18 CHAIRMAN FARRELL: Mr. Wright.

19 ASSEMBLYMAN WRIGHT: Thank you,
20 Mr. Farrell.

21 How will the proposed volume cap
22 approvals cause significant delays in
23 affordable housing production? Could you
24 explain that again? You may have already

1 talked about it, but I was outside.

2 MS. KENDE: Sure. No, it's a very
3 real concern, so I appreciate that question.

4 Having to take each individual project
5 to the PACB will create extra time. It has a
6 real cost. There's extra interest on the
7 acquisition financing, higher bids if you
8 have to go out and rebid a construction
9 contract or incorporate the extra timeline.
10 And it creates a concern that projects get
11 rejected late in the time frame. Real estate
12 projects take 12 to 24 months of
13 predevelopment, and predictability is
14 paramount to attracting private advisors.

15 And lastly, it takes away control from
16 local municipalities. And this isn't just a
17 New York City issue, but statewide, for
18 municipalities and counties across the state.

19 ASSEMBLYMAN WRIGHT: And I heard you
20 talk a little bit about NYCHA. How should,
21 how should the proposed \$100 million be
22 spent?

23 MS. KENDE: Well, I think there was a
24 great question earlier from Senator Young

1 reading how it had been done last year, and
2 really requiring a plan with the chair of
3 NYCHA and for the funding to go directly to
4 NYCHA to be used for those capital needs that
5 are most dire. And we have people living in
6 truly untenable living conditions that are
7 created by leaky roofs and there's mold and
8 other features that need to be addressed.

9 ASSEMBLYMAN WRIGHT: Thank you.

10 I'm good.

11 CHAIRMAN FARRELL: Thank you.

12 Senator?

13 SENATOR YOUNG: Thank you.

14 We appreciate you being here today.

15 Thank you so much.

16 MS. KENDE: Thank you.

17 CHAIRMAN FARRELL: Blair Sebastian,
18 program coordinator, New York State Rural
19 Advocates.

20 MR. SEBASTIAN: Good afternoon. Good
21 afternoon, Senator Young, Chairman Farrell.
22 I'm typically accompanied in this mission by
23 Nancy Berkowitz, who decided not to show this
24 year when we discovered that there would not

1 be a birthday celebration for the founder of
2 the NPC program. But happy birthday; we're
3 in the neighborhood, Assemblyman Farrell.

4 Assemblyman Wright. Senator Little,
5 welcome to the world of housing. We're
6 pleased to have you here.

7 We are submitting written testimony
8 that will go well beyond the time frame
9 allotted to us here, so I'd like to just kind
10 of characterize and summarize our position on
11 some of these issues.

12 First, I would be remiss without
13 thanking you and Governor Cuomo as well for
14 the second year commitment in the three-year
15 commitment to stable and enhanced funding for
16 Rural and Neighborhood Preservation
17 Companies. As has been mentioned here
18 earlier, these community-based organizations
19 provide essential service in communities --
20 in our case, in rural communities -- where
21 government infrastructure is somewhat less
22 than it might be in more robust suburban and
23 urban areas. RPCs serve to fill a gap in
24 those communities that is sort of an

1 essential service, and we're grateful for the
2 indication of support.

3 My other important role in this
4 conversation I think is to just highlight the
5 importance and the challenges that come with
6 dealing with affordable housing in rural
7 places.

8 I never outrun my family's concern
9 about my having moved from the Midwest to
10 this urban state. But the fact of the matter
11 is, as we well know, New York State is not an
12 entirely urban place. In fact, about
13 90 percent of our land area is rural. Two
14 million of our fellow New Yorkers live in
15 rural communities. Over 12 percent of our
16 state's housing stock are located in small
17 towns and rural communities. So rural is a
18 very significant piece of the entire family
19 of New York package.

20 Rural presents some specific
21 challenges to doing affordable housing. I
22 think the first thing that comes to mind is
23 the issue of tenure. Where about 54 percent
24 of all New Yorkers live in their own homes,

1 when you move to rural communities, that
2 statewide -- rural is about 71 percent
3 homeowners. In some markets, it's
4 substantially greater than that. Hence
5 New York State Rural Advocates has a great
6 interest in homeownership programs. We've
7 spoken today about the Affordable Housing
8 Corporation program that we believe deserves
9 enhanced funding rather than reduced funding.
10 We find programs like RESTORE and Access to
11 Home to be critically important and also
12 believe that they are deserving of additional
13 funding.

14 The other big project, there is a
15 tremendous need for rental housing as well.
16 A third of our rural residents live in rental
17 housing. It's kind of expected that the
18 proportion of folks living in rural will
19 increase somewhat and have increased somewhat
20 since the 2008 crash of the housing market
21 and the homeownership market.

22 We, rural communities, present some
23 challenges to affordable housing development,
24 rental development in those communities by

1 virtue of our small scale. It was alluded to
2 a little earlier with the way that the
3 principal mechanism of accomplishing rental
4 housing these days are programs that leverage
5 federal and state tax credits, all of which
6 have very significant transaction costs which
7 kind of require larger projects to spread
8 those transaction costs across.

9 So when you get to rural areas in
10 Senator Little's district, Senator Young's
11 district, where six, eight, and 10 units are
12 more appropriate than 40 or 50, the state is
13 not overwhelmed with products that serve
14 those kinds of needs.

15 We're real interested in seeing the
16 Community Investment Program continue to grow
17 and fill some of that gap. As my colleague
18 from the NP Coalition pointed out, our
19 members are active supporters of the Rural
20 Area Revitalization Program and its urban
21 complement, Urban Initiatives. Both programs
22 provide funding for projects and programs of
23 appropriate scale in smaller communities and
24 smaller urban places as well.

1 And we have long called for a
2 set-aside from the -- returning to the time
3 when we would have a set-aside from the
4 Housing Trust Fund that was specifically
5 targeted to small projects of, say, 15 units
6 or less that do not use tax credits in any
7 form.

8 The other broad area is the entire
9 community development area. Small
10 communities are very sensitive to the
11 holistic approach to affordable housing and
12 community development. Our principal housing
13 agency, the division -- I guess it isn't a
14 division, it's Housing and Community Renewal,
15 without preface. We are concerned about the
16 community renewal side. We've seen great
17 strides and great increases on the finance
18 and development side of HCR.

19 We feel that the community development
20 side has been treated less well. And we
21 would like to see new attention paid to
22 community development activities,
23 particularly programs like the Main Street
24 Program, which we find to be a very

1 successful mechanism for revitalizing
2 New York's hundreds of small distressed
3 downtowns.

4 Finally, we applaud Governor Cuomo and
5 his proposal under the House NY 2020 program
6 and see therein the opportunity to do lots
7 and lots and lots of great things. We're
8 pleased that the Governor appears to be
9 moving towards funding the body of existing
10 housing, New York's existing housing programs
11 through the new initiative. We've always
12 believed it's important to support the
13 existing programs. There's a great need in
14 our communities for this resource. We think
15 the most direct, quick way to get money to
16 the street is to invest in the existing
17 programs, which all work quite well, rather
18 than inventing new programs.

19 So we're pleased to see the approach,
20 we're pleased by the magnitude of the
21 commitment, and we look forward to working
22 with you and the Governor through this
23 process to see that our communities are well
24 served by our combined work.

1 Thank you very much.

2 CHAIRMAN FARRELL: Thank you very
3 much. Senator?

4 SENATOR YOUNG: Senator Little.

5 SENATOR LITTLE: Thank you.

6 One question I had was on the RESTORE
7 program for helping the elderly with
8 emergency housing problems. And you talk
9 about how bureaucratic it has become.
10 Bureaucracy doesn't answer well to emergency
11 situations. Do you have any ideas of how we
12 could streamline this program or make it more
13 responsive?

14 MR. SEBASTIAN: Thank you, Senator.
15 You know, the bureaucratization of all of the
16 programs gets to be an issue. And there does
17 seem to have been sort of a convergence of
18 the way we operate programs.

19 RESTORE was originally intended to be
20 three-day turnaround. You would get a call
21 from an eligible low-income elderly homeowner
22 with some crisis or another and be able to
23 address that problem in a matter of days.

24 Now there are requirements now,

1 environmental requirements, review
2 requirements that didn't exist before. We
3 are challenged by the bidding process and
4 administrative processes. We now have to
5 look at the historic preservation status of a
6 home before we fix the hot water heater.
7 There are, you know, some issues like that
8 that have just incrementally grown over time
9 and have created frustration for the folks in
10 the field who are looking to answer those
11 emergency home repair needs in the time frame
12 originally intended.

13 Specific ideas are -- you know, we've
14 had conversations with the agency. We
15 understand that there are regulatory
16 requirements that the agency has to meet.
17 Perhaps it's coming back to you and looking
18 to streamline some of that regulatory
19 process.

20 SENATOR LITTLE: Maybe we could look
21 at that and see if some of those things could
22 be done afterwards, in hindsight, and then
23 fix. Because I spent time with Alan Hipps
24 last week, and, you know, the biggest one in

1 the North Country is when the furnace goes
2 out and they're operating and they have no
3 heat. So you can't go through preservation.

4 MR. SEBASTIAN: You don't have weeks
5 to address heating issues in the middle of a
6 New York winter.

7 SENATOR LITTLE: Right. It's
8 something we should look at, though.

9 And there was just one other comment
10 in regard to the Main Street Program. That
11 is such a good program for small communities
12 who have a commercial section to be able to
13 convert their second floors on these
14 buildings into apartments. It brings people
15 into so-called downtown areas. Many people
16 would laugh when they call them downtown;
17 it's like a crossroads. But nevertheless.
18 And it also gives people access to more
19 camaraderie among other people living down
20 there. So I do support the increase in
21 funding on that one.

22 MR. SEBASTIAN: It is a great program.
23 It's proven to have a huge impact on
24 distressed downtowns, urban and rural.

1 Although, you know, from our point of view
2 it's worked very, very well in rural places.

3 SENATOR LITTLE: Thank you very much.

4 MR. SEBASTIAN: Thank you very much.

5 SENATOR YOUNG: Thank you.

6 Assembly?

7 CHAIRMAN FARRELL: No.

8 CHAIRWOMAN YOUNG: Senator Krueger had
9 a question.

10 SENATOR KRUEGER: Hi. Thank you so
11 much for your testimony.

12 So in a nutshell, you were sort of
13 going down a laundry list of programs for
14 rural housing and asking for increases. I'm
15 assuming that based on the dollar amount the
16 Governor has committed to affordable housing,
17 you think that based on the expectation of
18 distribution, there really should be enough
19 money being put in the budget to make sure
20 all of these programs are seeing the level of
21 increases.

22 Is that your understanding?

23 MR. SEBASTIAN: Yes, absolutely. And
24 we have seen this pattern play out before.

1 The JPMorgan Chase settlement funds, for
2 example, have been distributed to existing
3 programs and have enhanced those existing
4 programs, and we would hope that this creates
5 an opportunity to do more. And also, again,
6 the opportunity to get into the larger
7 capital programs.

8 Again, the Housing Trust Fund focused
9 very much on leveraging tax credits. It's
10 very difficult to find a project of scale in
11 rural communities that could be competitive
12 in the trust fund. So perhaps that
13 additional resource will help backfill areas
14 like that as well.

15 SENATOR KRUEGER: And is there some
16 program that we don't have that we should
17 have for rural housing, as opposed to we've
18 developed pretty good programs, we've just
19 been underfunding them for too long?

20 MR. SEBASTIAN: Yeah, I -- you know,
21 again, I think that our members who are the
22 practitioners in this field are comfortable
23 with the body of programs. There are, you
24 know, sometimes implementation issues. There

1 are sometimes, you know, programs that -- I
2 think the evolution of the Rural and Urban
3 Community Investment Fund are kind of
4 interesting to watch, because it is -- you
5 have written a fairly broad statute with a
6 lot of eligible activities, and watching the
7 agency sort of work through its own
8 prioritization of those activities and their
9 assessment of what is realistic and feasible
10 to be funded.

11 You know, we're disappointed the
12 Rural Area Revitalization Program isn't
13 there, or has been there sporadically. It's
14 been funded when there are -- at moments like
15 this when there seems to be housing money on
16 the table, RARP and UI get some money, we
17 spend it out over a couple of years and then
18 come back looking for more. So that's
19 important.

20 We mentioned in the written testimony
21 the Infrastructure Development Program, which
22 is again one of those sporadically funded
23 programs that's done an enormous amount of
24 good in terms of particularly, again, on the

1 rural side where we're doing developments in
2 small towns where public infrastructure is
3 lacking, and it allows us to sort of absorb
4 the extra costs of trying to figure out how
5 to deal with sewer and water in places that
6 don't have sewer and water systems.

7 What our members are also finding is
8 that individual private residences in
9 low-income ownership situations in rural
10 places have enormous needs for wells and
11 septic systems. We've got the Hoosick Falls
12 thing going on at this point, although
13 that's -- and that's public and private. You
14 know, we're beginning to see private wells
15 testing positive as well.

16 And so finding some mechanism -- I
17 guess finally to get around to answering your
18 question, Senator, some way to address the
19 private infrastructure needs of low-income
20 homeowners upstate is probably the one gap
21 missing that we see.

22 SENATOR KRUEGER: And then, finally,
23 because an earlier testifier stated that New
24 York State was 50 out of 51 for foreclosure

1 rate, and then broke down into areas of the
2 state where our foreclosure rates were
3 disproportionately high, and it seems to be
4 more in rural New York.

5 Do you have any sense why we have a
6 bigger problem with foreclosures in rural
7 New York at this point in history than almost
8 anywhere else in the country?

9 MR. SEBASTIAN: Yeah, it's kind of an
10 interesting conversation. Some of the
11 difference between the foreclosure crisis
12 that impacted my experience, the Thruway
13 cities had more to do with predatory-lending-
14 type approaches in minority communities, in
15 urban places. In rural places, it's much
16 more traditional sorts of foreclosures. It's
17 the lousy economy. You know, people without
18 sufficient incomes to support mortgages. As
19 was mentioned earlier, many of us are but one
20 step away from a financial crisis, you know,
21 through a healthcare crisis, an unemployment
22 crisis, some sort of family crisis.

23 So I think they tend to be more
24 economic. We also see a fairly high

1 proportion of -- higher-than-comfortable
2 proportion of property tax foreclosures.
3 There were hot spots in Senator Young's
4 district some years ago, not too many years
5 ago, where we saw a huge number of
6 foreclosures based on inability to pay local
7 property tax.

8 So again, generally in rural areas it
9 tends to be more economic than
10 predatory-lending driven, the foreclosure
11 problems.

12 SENATOR KRUEGER: Thank you.

13 CHAIRMAN FARRELL: Thank you.

14 MR. SEBASTIAN: Thank you.

15 CHAIRMAN FARRELL: Thank you very
16 much.

17 Jacqui Kilmer, CEO, Harlem United.

18 MS. KILMER: Good afternoon, and thank
19 you very much for the opportunity to testify
20 before you today. My name is Jacqui Kilmer,
21 and I'm chief executive officer of Harlem
22 United.

23 Harlem United has 28 years experience
24 in providing critical health, housing, and

1 human services to people with multiple
2 complex needs. With 625 units of supportive
3 housing, 3,000 primary care visits to our
4 three Federally Qualified Healthcare Centers,
5 two AIDS adult day healthcare programs,
6 mental health, harm reduction, syringe
7 exchange, community-based outreach and
8 preventive screenings, Harlem United is able
9 to level the playing field for more than
10 15,000 New Yorkers each year. The vast
11 majority of the New Yorkers that we serve are
12 among the most disenfranchised citizens of
13 New York -- homeless or unstably housed,
14 living with HIV and AIDS, hepatitis C,
15 diabetes, extreme poverty, substance use and
16 mental health issues.

17 I'm here today to offer testimony on
18 the importance of supportive housing in
19 ending the homeless crisis we are currently
20 facing across New York State and in cutting
21 healthcare costs, particularly for people
22 living with chronic conditions, including HIV
23 and AIDS, and mental health and substance use
24 issues.

1 We've heard testimony already on the
2 statistics of homelessness in New York City
3 and across the state, and we know we're in a
4 crisis situation. Ending this crisis will
5 require significant investments in the most
6 cost-effective strategy proven to be the only
7 meaningful and lasting way to end
8 homelessness for those with the greatest
9 needs -- and that strategy is supportive
10 housing.

11 Supportive housing is a relatively
12 low-cost intervention of affordable housing
13 combined with patient-centered care that
14 links high-need individuals and families with
15 physical health, behavioral health and
16 support services, including medication
17 adherence, which can be critical for those
18 suffering with physical and mental illnesses.
19 Supportive housing not only breaks the cycle
20 of homelessness and institutional care for
21 our most vulnerable citizens, it pays for
22 itself in reduced costs for shelters,
23 hospitals, and psychiatric care. A 2013
24 study by the New York City Department of

1 Health and Mental Hygiene evaluating the
2 NY/NY III Supportive Housing Program showed
3 an average net savings of \$10,100 per year
4 per unit. With 9,000 units slotted for the
5 NY/NY III program, this is significant
6 savings.

7 Beginning with the successes of our
8 own first 60 units of supportive housing in
9 1991, we at Harlem United know firsthand that
10 supportive housing can reduce the number and
11 length of hospital stays, the number of
12 emergency room visits, and the number of
13 psychiatric hospitalizations. Our supportive
14 housing program allows us to reach
15 HIV-positive individuals with routine testing
16 and link them to, and retain them in, care to
17 achieve suppressed viral load. In turn, a
18 suppressed viral load brings health benefits
19 not only for the individual, but will
20 drastically reduce the risk of transmission
21 to others.

22 Year after year since 2011, in our own
23 NY/NY III supportive housing program, we have
24 seen great success, and that success

1 continued in 2015. More than 95 percent of
2 our clients in the program in December 2015
3 were linked to care; 79 percent were virally
4 suppressed. In 2015, 77 percent of our
5 clients in supportive housing had at least
6 one primary care visit every six months. In
7 our world, housing truly is healthcare.

8 Last year at this time, the Governor's
9 Ending the Epidemic Task Force, of which
10 Harlem United was a member, had just
11 completed its work on the historic Blueprint
12 to End the AIDS Epidemic by 2020. We're now
13 in the implementation phase. Failure to make
14 adequate investments in the recommendations
15 contained in the blueprint at this critical
16 juncture could very well mean failure to
17 reach our goal of ending the epidemic by
18 2020. Investments in supportive housing are
19 an integral component of the blueprint.

20 For an estimated 10,000 New Yorkers
21 with HIV, homelessness or housing instability
22 poses a formidable barrier to retention in
23 care and effective antiretroviral treatment.
24 Access to stable housing is a core component

1 of effective HIV healthcare.

2 We support the Governor's plan to
3 address the homeless crisis with the creation
4 of new supportive housing units, including
5 the 20,000 units over 15 years. We do share
6 the concerns raised earlier, including those
7 raised by Senator Krueger, about the need to
8 ensure that the 20,000 units over 15 years
9 actually become a reality.

10 We also join with our colleagues at
11 the Supportive Housing Network to urge the
12 Legislature to support the need for the state
13 to commit to funding these 20,000 units over
14 15 years and support the Governor's plan to
15 build the first 6,000 units over the next
16 five years.

17 There is no question that capital
18 funding to increase the supply of available
19 supportive housing units is necessary.
20 However, it must come with an ongoing
21 commitment to provide for the services and
22 operating funds that are necessary to make
23 the housing truly supportive and successful.

24 To that end, we urge that an

1 additional \$33 million in Year 1 funding for
2 the state's share of the cost to expand
3 HIV/AIDS Services Administration, or HASA,
4 benefits be added to the budget. This
5 expansion will ensure lifesaving social
6 services to an estimated 7,300 HIV-positive
7 New York City residents who are currently
8 homeless or unstably housed but unable to
9 access HASA services because of outdated
10 medical eligibility requirements.

11 In addition, we urge that an
12 additional \$17 million be included in the
13 budget for Year 1 funding to cover
14 100 percent of the cost of statewide access
15 to HIV rental assistance for low-income
16 people living with HIV outside of New York
17 City. To date, state HIV housing assistance
18 has not been made available to low-income
19 New Yorkers living outside of New York City,
20 leaving an estimated 4,000 to 6,000 people
21 living in upstate New York and Long Island
22 with unmet housing needs. We would also urge
23 that the statewide HIV rental assistance
24 program be implemented in such a way that the

1 contribution to rent from income be limited
2 to 30 percent, which would thus mirror the
3 30 percent rent cap protections in New
4 York City.

5 The recent killing of a resident of a
6 shelter in East Harlem by his roommate, both
7 men reportedly suffering with mental health
8 issues, highlights once again the critical
9 need for overhaul of the shelter system,
10 funding for appropriate staffing and
11 security, but even more importantly, funding
12 for more affordable housing and the right
13 treatment and supports for our citizens who
14 are living with these chronic conditions that
15 can be treated and controlled, but only in
16 the right environments and with the right
17 supports. It is our responsibility to fix
18 this, and we have the tools and we know that
19 they work.

20 New York has led the nation in proving
21 that supportive housing is the permanent
22 solution for homelessness and other housing
23 instability. Harlem United values the
24 critical role that the Legislature has played

1 in this effort. You are our true partners in
2 this work. We urge you to continue to invest
3 in and elevate supportive housing as a means
4 to these ambitious but reachable goals.

5 Thank you very much.

6 CHAIRWOMAN YOUNG: Thank you.

7 SENATOR KRUEGER: Thank you.

8 MS. KILMER: Thank you.

9 SENATOR KRUEGER: Any Assembly?

10 ASSEMBLYMAN WRIGHT: Yeah. Thank you.

11 Ms. Kilmer, thank you so much for your
12 testimony. Certainly I am a witness
13 firsthand to some of the great work that
14 you've been able to do over the years. And
15 you've issued a clarion call, so to speak.
16 Not to be penny wise and pound foolish, are
17 you somewhat optimistic about the money that
18 the Governor is putting into this year's
19 budget, as opposed maybe to some prior years?

20 MS. KILMER: We are optimistic. We
21 would like to see more {unintelligible} for
22 the additional 33 million for the city and
23 17 million for statewide, but we're
24 optimistic that we can get there.

1 ASSEMBLYMAN WRIGHT: Thank you.

2 MS. KILMER: Thank you.

3 CHAIRMAN FARRELL: Thank you.

4 SENATOR YOUNG: Thank you very much.

5 MS. KILMER: Thank you.

6 CHAIRMAN FARRELL: Calvin Parker,
7 executive director, New York Housing
8 Conference.

9 MR. PARKER: Thank you.

10 CHAIRMAN FARRELL: This is tomorrow's
11 program, right? You're going to give us a
12 little bit of it? It's a little heavy here.

13 MR. PARKER: It's a little -- pardon?

14 CHAIRMAN FARRELL: Heavy.

15 MR. PARKER: Oh. I'm going to just do
16 some highlights.

17 CHAIRMAN FARRELL: All righty.
18 There's a clock in front of you, just in
19 case.

20 MR. PARKER: Okay, I appreciate that.
21 I know it's been a long day.

22 So thank you. My name is Calvin
23 Parker. I'm testifying on behalf of the
24 New York Housing Conference. I'd like to

1 thank Chair Young, Chair Farrell,
2 Chair Little, and Chair Wright, as well as
3 the other members here, for giving me the
4 opportunity to submit our comments on the
5 2016-2017 housing budget.

6 The Housing Conference is a nonprofit
7 affordable housing policy and advocacy
8 organization. Our mission is to advance
9 city, state and federal policies and funding
10 to support the development and the
11 preservation of decent and affordable housing
12 for all New Yorkers. We analyze public
13 policy, educate and convene stakeholders, and
14 raise public awareness regarding New York's
15 need for affordable housing. We are a
16 broad-based coalition, a member organization
17 comprised of a balanced mix of nonprofit and
18 private developers, owners, managers,
19 professionals, and funders of affordable
20 housing. And our strength, I believe, is
21 what I said about being broad-based.

22 I'm sure the committee members here
23 recognize the tremendous need for housing,
24 and it's been touched on by a number of

1 people. So I've got a page of statistics
2 that I'm just going to skip through, but I'm
3 hoping that we can talk about the efforts the
4 state is making moving forward to address
5 those needs.

6 I want to begin by commending the
7 Governor and Commissioner Rubin for
8 recognizing the tremendous housing needs and,
9 in particular, their proposed budget that
10 provides unprecedented state support for
11 homeless initiatives -- and I think, most
12 importantly, because it recognizes the
13 connection between homelessness and the
14 overall need to produce more affordable
15 permanent. You've heard that from a lot of
16 the speakers and my colleagues today.

17 The centerpiece is obviously this
18 \$2 billion House NY program. We're all
19 waiting anxiously to see what the details of
20 that program will be. But however it works
21 out, it's important that it address some of
22 the main priorities that we have been
23 focusing on here in New York.

24 First, to build more supportive

1 housing for homeless people. And it is
2 clear, I think, that the Governor's program
3 will address that priority. I think some of
4 the unanswered questions are how the new
5 program will coordinate the state efforts
6 with the local efforts. It's important that
7 they work together and not at cross-purposes.
8 We believe that it would be great, since this
9 is such a difficult problem, if the state
10 could establish statewide and regional goals
11 to reduce the ranks of the homeless and to
12 issue periodic reports about what's working
13 and what isn't.

14 As you've heard from a number of the
15 speakers, we also think it's critical that we
16 preserve public housing, especially in New
17 York City, where it is such an important part
18 of the overall landscape. We applaud the
19 \$100 million that was appropriated last year,
20 and we urge you to make that a longer-term
21 commitment and to provide funding in each of
22 the next five years at that \$100 million
23 level.

24 We understand it's important and we

1 believe it's essential that the funding
2 language makes sure that these funds go for
3 the most pressing capital needs, including
4 roof replacement and mold remediation, as
5 determined by a physical needs assessment of
6 the properties.

7 We also recommend an additional
8 \$75 million to support the new RAD, Rental
9 Assistance Demonstration projects, to make
10 New York State competitive with the other
11 states in the nation in getting access to
12 this federal funding subsidy.

13 You've heard from a lot of people that
14 it's important that the state budget address
15 senior housing. We would want to just
16 reemphasize that and make sure that the House
17 NY program does have adequate funding for
18 senior housing. We believe the best way to
19 do that is to create a new program separately
20 for them. You've heard from some people that
21 some of the projects are too small and
22 therefore they are not feasible for tax
23 credits. The way to ensure that all of the
24 projects with seniors in it that need to be

1 funded are funded, is to create a separate
2 program. And we're suggesting that this
3 program be funded at \$50 million a year over
4 the next five years.

5 Another priority that we've talked
6 about here and some of our colleagues have
7 talked about is assisting homeowners to
8 preserve neighborhoods and to address
9 foreclosure. You've heard a lot about that,
10 so I will just refer you to my testimony
11 about some of the individual things that can
12 be done.

13 Another issue that we are working on
14 is support for the State Low-Income Housing
15 Tax Credit, known as SLIHC. You've heard
16 about that too. It's especially important
17 because it helps us address issues across a
18 wider band of income ranges.

19 While it's great that all these funds
20 have been made available, I think it's
21 important that the state take efforts to make
22 sure that the program rolls out in an
23 effective and coordinated manner, including
24 coordination with its local partners.

1 We also think it's important to make
2 sure that the state uses its existing tools
3 as effectively as possible. You've heard
4 from a number of speakers about the volume
5 cap. It's very important that -- it's a
6 limited resource, and it's very important
7 that this volume cap work in support of the
8 overall housing program that's been
9 announced. We would like to see housing
10 prioritized over the other users of the bond
11 volume cap. We'd like to increase the
12 transparency, but we don't support new
13 requirements that would add additional layers
14 of review.

15 So I think I managed to race through
16 that in close to the time. I just want to
17 say that we appreciate, again, your offering
18 us the opportunity to speak, and I'm happy to
19 answer any questions if you have them.

20 CHAIRMAN FARRELL: Thank you very
21 much.

22 Mr. Oaks.

23 ASSEMBLYMAN OAKS: Mr. Saladino.

24 CHAIRMAN FARRELL: Oh, Mr. Saladino.

1 ASSEMBLYMAN SALADINO: Thank you, sir.

2 I've been sitting here listening to
3 one speaker after another, and what I'm
4 hearing is that the need for these programs
5 continues to be on the rise. Therefore,
6 there are more and more consumers. Is that
7 something that everyone is in agreement on?

8 MR. PARKER: Yes. I think there's
9 been a -- you're hearing a lot of the same
10 thing because the housing organizations have
11 really done something that they haven't done
12 in the past as much, which is gotten together
13 and are working together for a joint effort
14 to prioritize the true needs. And the needs
15 in New York are tremendous, as you've heard
16 from all of the statistics. And there's
17 great programs, and we're happy to see that
18 the budget is expanding the amount of money
19 that's going for affordable housing.

20 ASSEMBLYMAN SALADINO: That addresses
21 how to produce more supply. But what is
22 going on on behalf of the state, the
23 not-for-profit organizations, and all the
24 others to reduce the need for this supply?

1 MR. PARKER: Well, I think there's a
2 number of things that can be done.

3 The programs that are in this capital
4 program are sometimes oriented towards the
5 production programs, but the state and
6 localities offer a number of programs to
7 provide assistance to existing homeowners to
8 make sure that they don't lose their homes,
9 through education. There are also programs
10 to provide assurance to renters that --
11 through rent stabilization, that they don't
12 lose their home through just the -- in
13 up-through-the-ceiling increases.

14 So there are ways to take the existing
15 resources that we have and to make sure we
16 don't lose them. So preservation is a really
17 critical part of this whole thing, in
18 addition to production.

19 ASSEMBLYMAN SALADINO: And is one of
20 the needs that the supply issue keeps
21 growing, is it people losing their jobs, is
22 it companies moving out of New York State, is
23 it folks who are dealing with higher and
24 higher property taxes and more and more

1 difficult making ends meet?

2 MR. PARKER: Well, there's a number --
3 the housing problems range. And there are --
4 if a neighborhood is hot, there are people
5 who can't afford to stay there. If a
6 neighborhood is not hot, there are people who
7 want to stay there and their housing values
8 are going down, and they may become
9 upside-down in their house. So you can
10 actually be on both ends of that spectrum and
11 still find problems.

12 But, you know, those of us in the
13 affordable housing field are focused on how
14 important housing is, it's one of the
15 important things -- you've heard a lot from
16 people who say that, you know, it provides
17 the foundation for, you know, giving your
18 kids a good education and so -- and it also
19 has the value of being an economic driver in
20 economic development.

21 So it is a really important thing.
22 And as times getting tighter, people find,
23 especially in New York, that they have a more
24 difficult time affording the housing they

1 would like to have.

2 ASSEMBLYMAN SALADINO: So it sounds as
3 though, and would you agree, that we should
4 just be spending more time on keeping more
5 businesses here in New York, attracting more
6 businesses, providing more jobs, keeping
7 property taxes down, as some of the drivers
8 to avoid this falling off the wagon where
9 people need the housing subsidies and the
10 housing programs?

11 MR. PARKER: Well, you said a number
12 of things and I don't know that I am
13 qualified in particular to respond on some of
14 those larger questions about public policy.

15 As I said, I don't want to really
16 speak about taxation because I'm not prepared
17 to do that and our organization is a
18 broad-based group of people and I'm sure
19 that, you know, we would be happy to get back
20 to you with some answers to some of these
21 more general questions. But, you know, what
22 I'm focused on is the need for additional
23 support for housing, and I'm just trying to
24 lay out how and why that can happen.

1 ASSEMBLYMAN SALADINO: Thank you.

2 CHAIRWOMAN YOUNG: Thank you.

3 CHAIRMAN FARRELL: Thank you.

4 SENATOR KRUEGER: Thank you.

5 CHAIRMAN FARRELL: Briana Gilmore,
6 director of planning and recovery practice,
7 Community Access.

8 MS. GILMORE: Good afternoon. Thank
9 you all for hearing testimony today. I'll
10 say this is actually the second time that
11 Assemblyman Wright will hear testimony from
12 me just this year on this issue, so I thank
13 him for his patience, and I thank all of you
14 for the opportunity to speak with you today.

15 My name is Briana Gilmore. I work in
16 organization planning and advocacy with
17 Community Access. We're a New York
18 City-based public health agency that offers
19 over a thousand units of supportive housing
20 around New York City.

21 And our primary consideration is for
22 the mental health needs of people in
23 long-term recovery from a diagnosed mental
24 illness and substance use, as well as the

1 social needs that often impact mental health
2 concerns -- particularly, for us,
3 homelessness or housing insecurity,
4 unemployment, social integration, and
5 certainly health insecurity.

6 I will not be the first person today
7 to, obviously, address how the needs around
8 homelessness have changed. Just to give you
9 some context, when Community Access built its
10 supportive housing unit in the 1970s, it was
11 with a few parents who were the parents of
12 adult children who had cycled out of state
13 psychiatric centers in New York City for
14 decades. So these were individuals in their
15 30s, 40s and 50s who had never been able to
16 make it work in their homes or in their
17 communities, were often brought back to the
18 psychiatric center and to jail.

19 The needs of our participants today
20 are much different. We have a lot more
21 families moving into our supportive housing
22 units. We have a lot of people who have just
23 experienced recent economic crises. We have
24 about a 4,000-person waiting list for our

1 Community Access housing, many of which have
2 just experienced acute and chronic
3 homelessness because of the economic crisis
4 starting in 2007. We also have an
5 unprecedented need for housing that can
6 accommodate young children and children who
7 for the first time are experiencing the
8 tragedy and trauma associated with life in
9 the shelter system and on the streets.

10 So still the primary consideration for
11 people in our shelter system waiting for
12 housing are mental health and substance abuse
13 needs, but it's no longer about necessarily
14 treating chronic needs but dealing with the
15 emotional and psychological and traumatic
16 issues that come along with acute and newly
17 chronic homelessness for individuals who have
18 never been in the system before.

19 So we're obviously thrilled that the
20 Governor has committed 20,000 units of
21 supportive housing this year across the
22 state. Combined with the 15,000-unit
23 commitment from Mayor Bill de Blasio earlier
24 in the fall, this will really meet the

1 30,000-unit need in New York City.

2 But to be honest, I'm still rather
3 shocked that this commitment was made. All
4 of us are familiar with the rather tense
5 rhetoric over the past year and a half around
6 the New York/New York IV agreement and the
7 commitment of the dollars for these beds.
8 And so, you know, still this kind of
9 politically tenuous situation I feel
10 consistently shifts the discussion away from
11 the tragedy of homelessness and onto the
12 politics of supporting housing in
13 New York City.

14 So if you'll allow me, the majority of
15 my testimony today will actually be testimony
16 from two of our housing participants.
17 Community Access really strives to
18 incorporate the lived experience of
19 individuals that live in our housing into our
20 advocacy and into the reasons why we continue
21 to support housing in New York City. And
22 these individuals would be sitting with me
23 here today except they're actually planning
24 an advocacy event for later this evening. So

1 I'm going to read some of their words for
2 you.

3 This is testimony from Eli Bean, who's
4 been a tenant in Community Access Supportive
5 Housing for 11 years: "I grew up in
6 Brooklyn. I had my own business selling
7 jewelry and clothes. It was the only
8 black-owned factory in America at that time.
9 We lost that business through financial
10 inexperience. And then I became homeless due
11 to substance use and depression.

12 "For 10 years, off and on, I was
13 homeless. I stayed in cardboard boxes,
14 shelters that were not safe, and drop-in
15 centers and hospitals.

16 "For 11 years I have lived at
17 Community Access. I am involved in community
18 activities. I have my CASAC license. At my
19 permanent residence at Community Access, we
20 have different classes, such as computer
21 classes, computers in the building, a gym,
22 and a backyard. The staff help us with job
23 applications.

24 "When I got the apartment, it helped

1 me stay on track. I had a stable place to
2 live. I stopped drinking. I am 10 years
3 sober. For the last nine years, I have
4 facilitated recovery classes at Cumberland
5 hospital, and I speak at different places
6 about recovery.

7 "Supportive housing gave me my dignity
8 back. I hope everyone gets the chance to
9 live in a place like I do to become a
10 productive member of society."

11 And from Diana Burgos, a tenant in our
12 supportive housing for six years: "There is
13 a very different path that my life could have
14 taken. I know this because I was on that
15 path.

16 "Before Community Access, I fought a
17 long and lonely fight against addiction. My
18 father battled with addiction, and in too
19 many ways I followed in his footsteps. I did
20 not have a happy childhood, and a lot of my
21 adult life has been in the shadow of that
22 unhappiness. I made a lot of mistakes, too,
23 and I hung out with a lot of bad crowds.

24 "For 15 years I had a steady job

1 working for a butcher. But my life never
2 felt that steady. Not really.

3 "For five years, my home was an old,
4 abandoned building. I so badly wanted to
5 turn my life around. It was tough. I went
6 from a halfway house to a three-quarter house
7 to a shelter.

8 "Finally, in 2010, I left the shelter
9 to become a Community Access resident. It
10 was the start of a new life.

11 "I can't count all the ways Community
12 Access has been there for me. They've
13 connected me to so many amazing
14 opportunities, and have always supported my
15 recovery. As of today, I have been clean and
16 sober for five years. I don't know if that
17 would have been possible without supportive
18 housing.

19 "Through Community Access, I've
20 traveled to Albany to meet with elected
21 officials, to Philadelphia to attend a
22 Trans-Health Conference, and to Las Vegas to
23 present at America's biggest annual Harm
24 Reduction Conference. All of these

1 experiences have been very special and
2 memorable. I feel part of something bigger
3 than myself. I feel valued.

4 "I know the importance of supportive
5 housing. We all have in common the need for
6 a safe, secure, and loving home, like the one
7 I finally found at Community Access."

8 So these testimonies are to remind us
9 that the politically vulnerable situation of
10 our supportive housing opportunity in New
11 York City directly impacts the lives and
12 well-being of people on the streets and in
13 the shelter. There are 60,000 stories
14 exactly like this in our shelters today, and
15 each one of them can be impacted by
16 supportive housing.

17 So along with other advocates, I'd
18 like to just make a few requests of all of
19 you today. I think there must be legislative
20 will to fuel momentum behind a fourth NY/NY
21 agreement. Without the signing of this
22 agreement, we are really in a vulnerable
23 situation to jeopardize the commitment that
24 the Executive Budget made to 20,000 units of

1 housing.

2 A total of 30,000 units of supportive
3 housing should be allocated to New York
4 City to meet the demand.

5 The Legislature must maintain the
6 Executive commitment for up to 1,500
7 scattered-site apartments over the next one
8 to two years to immediately ease the shelter
9 census in New York City.

10 I think that a lot of people don't
11 understand how important the rapidity that
12 such a demand must be met. As a contractor
13 for supportive housing units, we are always
14 eager to do what needs to be done to
15 implement new housing. But when we have
16 landlords that kind of are at the mercy of
17 scattered-site implementation, and when we
18 have banks that are eager to finance
19 development in new communities, making sure
20 that money gets out the door when it's
21 actually supposed to be offered is very
22 important for agencies to actually be able to
23 implement this housing.

24 Third, the commitment of adequate

1 operating and service rates for all models of
2 supportive housing, in order for past and
3 future operations to remain financially
4 viable and programmatically effective.

5 Along with the coalition for
6 behavioral health agencies, we're actually
7 requesting a multi-part but non-targeted COLA
8 of about \$100 million this year, mostly for
9 OMH supportive housing and SROs, and also for
10 new OASAS beds, to meet the demand
11 specifically around inflation needs in New
12 York City.

13 And lastly, the commitment to the
14 designation of at least 15,000 of the
15 state-funded units for NYC.

16 So that's where I'll end my testimony
17 today. So on behalf of Eli Bean and Diana
18 Burgos, as well as Community Access, thank
19 you for the opportunity.

20 CHAIRMAN FARRELL: Thank you very
21 much.

22 SENATOR YOUNG: Thank you.

23 MS. GILMORE: Any questions?

24 SENATOR KRUEGER: No?

1 MS. GILMORE: Thank you.

2 SENATOR SAVINO: She was very
3 thorough.

4 CHAIRMAN FARRELL: William Panepinto,
5 chairperson of the housing committee,
6 Alcoholism and Substance Abuse Providers,
7 ASAP.

8 MR. PANEPINTO: Good afternoon.

9 I'm not going to go through my written
10 testimony --

11 CHAIRMAN FARRELL: Thank you very
12 much.

13 (Laughter.)

14 MR. PANEPINTO: I will try to just hit
15 some highlights. Thank you again, Senator
16 Young, Chairman Farrell, and others here --
17 Senator Krueger, Mr. Oaks, Senator Savino.

18 I represent an organization of about
19 300 addiction treatment provider agencies
20 across New York State, many in New York City,
21 many in the Thruway cities upstate, and many
22 in the rural communities. My testimony is
23 about homelessness and addiction, housing and
24 services.

1 The issues are addiction hits not just
2 single men who are in their 60s who have been
3 on the street and in and out of jail for
4 decades, but young people. The opioid,
5 heroin synthetic opioid epidemic, if you
6 will, has higher percentages of people
7 seeking treatment in the small rural counties
8 in the northern part of the state and the
9 western part of the state than literally in
10 New York City in terms of the volume, of the
11 proportionality. There are so many women now
12 coming to treatment, caught again in the
13 addiction of the opiates. It's reminiscent
14 of the crack cocaine epidemic, if you will,
15 in the late '80s and early '90s, and heroin
16 addiction in the late '70s and early '80s.

17 So one of the pieces that we try to do
18 with supportive housing for people with
19 addiction issues is to do family housing, not
20 just housing for singles. So one of the
21 pieces we urge you is, in this moving forward
22 process around supportive housing, to at
23 least look at a third of the housing to be
24 for families.

1 Half of the women who come to
2 supportive housing in the beginning of a
3 recovery process reunite with at least one
4 child, if not all, who were in foster care.
5 The families who get into supportive housing
6 have the highest rate of stability, the kids
7 don't go back to be in foster care, there's
8 enormous community life-giving. So we
9 really, really urge you to look at family
10 supportive housing, not just for single
11 adults.

12 The cocaine issues of the '80s and
13 '90s are now the heroin, opioid of this
14 period, the last couple of years and moving
15 forward. About 45 to 50 percent of the
16 people now coming to seek treatment for
17 addiction are under the age of 35, and half
18 are women.

19 So if we can stabilize people into
20 supportive housing, we can help these people
21 reunite with their kids, return to
22 employment. One of the pieces we do in a
23 model of supportive housing is to supply not
24 just the case manager, care manager -- that's

1 the typical way of doing supportive
2 housing -- but a half-time job counselor,
3 educational counselor for every 10 adults,
4 connect to the community colleges, connect to
5 the certification, skill certification
6 programs to bring people back into
7 employment.

8 If we look in New York City, because
9 of the cost of market rate housing, people
10 stay in supportive housing a good long while.
11 But they do get to work. About half of the
12 people in supportive housing who have come in
13 with addiction problems have employment
14 within two years. So we want to look at what
15 the Corporation for Supportive Housing calls
16 a moving-on concept, so that you don't
17 continue to give a whole lot of wraparound
18 services to people in supportive housing, you
19 allow them to move on. Give them a smaller
20 subsidy so they can cover their rent, but you
21 don't need all the services. That moves on
22 people and allows the existing apartment to
23 be used for more people.

24 And again, the last piece is rural

1 housing. There's still over 25 small rural
2 counties in New York State that have no
3 housing that's supportive for people in
4 recovery. We've done units -- I was the
5 director of housing in OASAS from '07 to
6 2013. We've done as small as five, eight
7 units of supportive housing in rural
8 communities. It makes an enormous impact.

9 So what we're asking is when you guys
10 look at the rollout of all supportive
11 housing, look on the rural side at a model
12 that's scale. Look at how that can be done,
13 and make sure that every county in the state
14 has at least one program like this.

15 CHAIRMAN FARRELL: Thank you very
16 much.

17 SENATOR YOUNG: Thank you. Senator
18 Krueger has a question, and then I have a
19 comment.

20 SENATOR KRUEGER: One, I want to thank
21 you.

22 But two, so when you propose
23 supportive housing for women with children
24 who are suffering from substance abuse -- and

1 in fact you say that their ability to get
2 their children back from foster care and stay
3 stable is effective -- is the model combining
4 family supportive housing into buildings with
5 single supportive housing? Or is the
6 recommendation separate buildings?

7 MR. PANEPINTO: Most of the housing
8 that has been done for families where the
9 head of household is coming in with eviction
10 issues, trauma issues, all kinds of
11 experiences of abuse, all of that -- no, the
12 family housing is usually in a separate space
13 to where you're doing singles.

14 You really -- there's so much good
15 research that says give women a choice. And
16 if women have a choice, let's have housing
17 separate from where there's lots of single
18 men also there. It's just a safer -- it
19 deals with trauma histories. And certainly
20 on the family side, it works really well to
21 have family housing.

22 SENATOR KRUEGER: And because there's
23 also been a movement, at least in New York
24 City, where I'm from, to expand DV family

1 supportive housing -- domestic violence -- is
2 there any reason not to think of those two
3 populations together in the same building?

4 MR. PANEPINTO: Absolutely. Because
5 certainly for women who have the longest
6 struggle with addiction issues, there's
7 almost always -- there's like a 90 percent
8 correlation with their own histories of
9 domestic violence, even childhood abuse. And
10 for those women especially who are dealing
11 with the domestic violence crises, they may
12 not already be really addicted in terms of
13 dependency, but the ability to sort of reach
14 to cope with all of the stuff going on in
15 your life, to take the drink, to do some
16 prescription medications, it's just fraught
17 with so much.

18 So I agree with you, those issues
19 around domestic violence and histories of
20 abuse, histories of trauma -- trauma is not
21 just military trauma, trauma is around what
22 you've experienced in your life. So that
23 capacity in supportive housing, to have
24 access in the housing -- somebody can come to

1 you and be a trauma counselor, someone can
2 come to you and work with your kids, someone
3 can come to you and help you connect with the
4 community college six-month certification
5 program so I can really get a meaningful
6 job -- put it all together in the housing.
7 Don't just tell people, You go to this clinic
8 and this center and, you know, chase them all
9 around. Staten Island is a perfect example.

10 SENATOR KRUEGER: Thank you very much.

11 SENATOR YOUNG: Thank you.

12 And I'd like to say thank you for your
13 focus on rural areas. It truly is
14 appreciated. And I fully agree with you that
15 there are so many counties upstate that are
16 underserved.

17 And you may have heard me talk to the
18 commissioner earlier today about the fact
19 that we have this crisis, as you know so
20 well, statewide dealing with heroin abuse and
21 addiction, and we've dealt with prescription
22 drug abuse, and there's also a rise in
23 crystal meth in rural areas that is a real
24 problem.

1 Last year we were able to secure
2 capital funding to help convert a part of WCA
3 Hospital, Jones Hill, in Jamestown. But what
4 the real challenge is now is to secure the
5 operating funds in order to provide the
6 services. It's a great place, because it's
7 the upper half of a hospital that's not being
8 utilized right now, mental health services
9 right there, occupational, physical therapy
10 services, other services available. But it's
11 really looking at how are we going to operate
12 and provide these addiction treatments.

13 MR. PANEPINTO: And that is such a
14 beautiful example of how to repurpose
15 buildings, especially healthcare buildings.

16 In Canandaigua, on the VA grounds --

17 SENATOR YOUNG: Which I visited. It's
18 great.

19 MR. PANEPINTO: -- is repurposing for
20 family and single housing and services for
21 veterans, men and women, struggling with
22 addiction and mental health issues. That's
23 worked.

24 In New York City, Health and Hospital

1 Corporation sites. Kings County -- CAMBA, on
2 Kings County Campus, has done fabulous
3 housing, and that could be done in other
4 Health and Hospital Corporation campuses.

5 CHAIRWOMAN YOUNG: Yup. You're so
6 right. So thank you.

7 MR. PANEPINTO: So these are great
8 things.

9 SENATOR YOUNG: Thank you for your
10 advocacy.

11 MR. PANEPINTO: Thank you so much.

12 CHAIRMAN FARRELL: Next, Raun
13 Rasmussen, Legal Services of New York City.
14 He is the executive director.

15 MR. RASMUSSEN: Thank you for this
16 opportunity to testify today.

17 My name is Raun Rasmussen. I am the
18 executive director of Legal Services NYC.

19 Legal Services NYC was formed as part
20 of the War on Poverty nearly 50 years ago,
21 with the mission to fight poverty and seek
22 racial, social and economic justice for
23 low-income New Yorkers. We are the largest
24 provider of free civil legal services in the

1 country, and our staff of 400 provides
2 services to more than 80,000 New Yorkers,
3 including 25,000 children, each year.
4 Thousands of our clients are threatened with
5 eviction and foreclosure, and without our
6 assistance, many would end up in the shelter
7 system.

8 As you've heard repeatedly today,
9 New York State is facing a serious affordable
10 housing crisis. Statewide, more than half of
11 renters pay more than 30 percent of their
12 income on housing. In New York City, almost
13 80 percent of low-income households pay more
14 than 30 percent, and many pay more than
15 50 percent of their gross income on rent.
16 More than 80,000 state residents are homeless
17 on any given night; nearly 58,000 in New York
18 City -- and 28,000 of those are students.
19 It's inconceivable.

20 The reality for low-income homeowners
21 is equally stark. More than 41,000 new
22 foreclosure actions were filed in 2015, and
23 that's nearly double the number that were
24 filed prior to the financial crisis. So

1 we're still reeling from that crisis.

2 Communities across the state are
3 forced to cope with zombie properties -- as
4 you know, vacant and abandoned properties
5 that, left unrepaired, are sources of
6 blight -- and thousands of homes, with many
7 more thousands of apartments, are caught in
8 foreclosure limbo when servicers refuse to
9 modify mortgages that could otherwise be
10 affordable.

11 We have an opportunity now to address
12 these problems. Over the last year, Fannie
13 Mae, Freddie Mac, and the FHA have begun to
14 sell distressed loans at sizable discounts to
15 investors looking for a quick profit, and
16 also to some nonprofits and other
17 mission-driven purchasers. This development
18 provides a major opportunity to create
19 affordable mortgage modifications that will
20 allow families to keep their homes by taking
21 funds from the bank settlements to create the
22 Community Restoration Fund.

23 The Community Restoration Fund will
24 purchase mortgage notes on one- to

1 four-family homes at discounted rates, either
2 through note purchases or other types of
3 distressed sales. Homes acquired by the fund
4 will then have a range of disposition
5 pathways: Mortgages can be modified so they
6 will be affordable; homes can be rented to
7 current homeowners with an option to
8 purchase; and local, nonprofit development
9 efforts can be funded to restore vacant
10 properties as affordable housing available
11 for purchase or rent.

12 Investing in the Community Restoration
13 Fund now will also likely bring additional
14 funds to New York State. Under many existing
15 bank mortgage settlements, including those
16 that are to come -- and there will be --
17 banks have incentives to contribute funds to
18 entities like the Community Restoration Fund.
19 As a result, the state's initial investment
20 can be leveraged with contributions from
21 banks and with returns from stabilized
22 properties. These funds can be used to
23 assist even more New Yorkers.

24 I want to address one other matter

1 that is essential to combating homelessness.
2 As you have heard, and as I noted, rents in
3 New York City are far beyond the means of
4 low- and middle-income families, leading to
5 increasing rates of homelessness. The city
6 government has made a valiant effort recently
7 to try to reduce that problem by expanding
8 anti-eviction legal services and by providing
9 subsidies designed to place homeless families
10 in permanent housing.

11 But the city can't do it alone. State
12 welfare levels and rent subsidies are far
13 behind skyrocketing rents, and vitally needed
14 state housing subsidies were allowed to
15 expire at a time when they were most needed.
16 The shelter allowance was last increased in
17 2003, and it was raised only to \$400 for a
18 family of three. That's about 25 percent of
19 what the HUD fair market rent is for a
20 two-bedroom apartment, which is \$1571 in the
21 New York City area.

22 The Legislature tried to address this
23 problem in 2004 by creating the Family
24 Eviction Prevention Supplement program, also

1 known as FEPS, that provided increased
2 shelter payments to those families on the
3 brink of eviction. But even those payments,
4 which were \$850 for a family of three, were
5 inadequate from the start, and they're even
6 more grossly inadequate now. They barely
7 cover half of the cost of HUD's fair market
8 rent of \$1600.

9 Inadequate shelter allowances and rent
10 subsidies cause two evils: Homelessness and
11 the loss of affordable housing. And I want
12 to just emphasize that, because what happens
13 in New York City when a low-income tenant is
14 evicted from an apartment is that the
15 landlord immediately jacks up the rent and
16 tries to take the apartment out of rent
17 stabilization. And one of the questioners
18 earlier asked what we can do, aside from
19 creating new housing, and what we can do is
20 try to stop the hemorrhaging loss of
21 currently affordable housing by increasing
22 the rent subsidies that are available.

23 I want to close by quoting Stephanie
24 Miner, the mayor of Syracuse, who testified

1 movingly about the impact of homelessness at
2 the Chief Judge's 2014 Task Force on Access
3 to Justice. She noted: "How is a child
4 expected to do homework if they don't have a
5 home? How can a child learn when they're
6 worrying about where they're going to sleep
7 that night? And as a parent, how can you
8 help your child with their homework or read
9 to them when you're worried about where your
10 family will sleep?"

11 The stakes are incredibly high. And
12 we look forward to continuing our partnership
13 with you to try to address these problems.
14 Thank you.

15 CHAIRMAN FARRELL: Thank you very
16 much.

17 Senator?

18 SENATOR KRUEGER: Thank you. Thank
19 you so much for your testimony. Of course,
20 much of it I'm familiar with and agree with.

21 I'm interested in this Community
22 Reinvestment Fund, because I think that's a
23 new proposal. Who would take ownership of
24 these one-to-four-family homes under the

1 model you're proposing?

2 MR. RASMUSSEN: The fund would take
3 ownership. And the fund would have, you
4 know, powers to -- presumably legislatively
5 created -- to direct the disposition of homes
6 through that program.

7 SENATOR KRUEGER: So you would create
8 a new state entity that would oversee the
9 individual arrangement and the individual
10 homes?

11 MR. RASMUSSEN: You know, it could
12 possibly be a fund created within an existing
13 agency. But it would be a fund that would
14 have a discretely authorized, you know,
15 charge.

16 SENATOR KRUEGER: There's endless
17 housing programs, particularly in our city.
18 So is there some variation on it that already
19 exists from some other point in history,
20 either within HPD or some other --

21 MR. RASMUSSEN: There's not another
22 program like this that I'm aware of. You
23 know, the last time that the state was facing
24 a foreclosure crisis of this magnitude was

1 back in the late '70s. And what happened in
2 New York City was that the city took lots of
3 properties through in rem proceedings --

4 SENATOR KRUEGER: Right.

5 MR. RASMUSSEN: -- as you may recall.
6 And that is not being proposed these days,
7 because I think the city learned a lot from
8 that process. It actually resulted in a lot
9 of affordable housing and has helped
10 stabilize the city, but I don't think anybody
11 is proposing that solution at this point.

12 SENATOR KRUEGER: And there was some
13 testimony earlier about New York State being
14 almost the worst in the country for
15 foreclosures still. And the testifier talked
16 about actually rural New York State as a
17 disproportionate problem.

18 Are we still way behind sort of on the
19 foreclosure issues within the City of
20 New York?

21 MR. RASMUSSEN: What we're way ahead
22 of is the funding that has been made
23 available to both foreclosure prevention
24 advocacy services and also in mortgage

1 counseling services. And way ahead --
2 there's still a vast need out there, but as
3 compared to other states, there's been a
4 significant amount of attention paid and
5 there's been a fantastic foreclosure
6 prevention team, if you will, created that
7 works statewide to address these issues, both
8 through substantive legislative approaches
9 and also through advocacy.

10 So there's still a lot of work to be
11 done.

12 SENATOR KRUEGER: And has anybody else
13 done this or are doing this? I mean, you
14 referenced that Fannie Mae, Freddie Mac, FHA
15 are starting to sell the distressed loans.
16 Is there any other government entity who has
17 jumped ahead on this idea?

18 MR. RASMUSSEN: You know, I'll have to
19 get back to you on that. But I would also
20 encourage you to ask that question of the
21 person who's going to testify after me,
22 Christie Peale, from the Center for New York
23 City Neighborhoods. She may have more
24 information about that.

1 SENATOR KRUEGER: I will do that.

2 Thank you very much.

3 CHAIRMAN FARRELL: Thank you.

4 MR. RASMUSSEN: Thank you.

5 CHAIRMAN FARRELL: Christie Peale,
6 executive director, Center for NYC
7 Neighborhoods.

8 MS. PEALE: Good afternoon.

9 CHAIRMAN FARRELL: Good afternoon.

10 MS. PEALE: My name is Christie Peale.
11 I am the executive director of the Center for
12 NYC Neighborhoods. I want to thank Chair
13 Young, Chair Farrell, Chair Little, and Chair
14 Wright, as well as members of the Assembly
15 Ways and Means and Senate Finance Committees,
16 for holding today's hearing and for the
17 opportunity to testify.

18 Hopefully you've gotten a copy of the
19 prepared testimony. And since it's been a
20 long morning into the afternoon, I thought I
21 could make some highlights as well as answer
22 some of the previous questions about the CRF.

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 and thriving communities. Since our
4 founding in 2008, our network has provided
5 over 40,000 homeowners with free,
6 high-quality housing counseling and legal
7 services. We have provided approximately
8 \$33 million in direct grants to
9 community-based partners and have overseen
10 another \$30 million in indirect funding. The
11 majority of our work occurs within the five
12 boroughs of New York City, but we also
13 operate three programs that serve New Yorkers
14 statewide, in partnership with the Office of
15 the New York State Attorney General.

16 In his State of the State speech, the
17 Governor announced the \$20 billion affordable
18 housing and homelessness plan. We commend
19 Governor Cuomo for this investment, and we're
20 proud to be a part of the aforementioned
21 coalition of 10 affordable housing groups
22 that have been calling for a five-year,
23 \$4 billion capital plan to address our
24 state's housing crisis. We're really

1 interested to see more details about that,
2 and specifically at the center we're
3 obviously hoping to see some real detail
4 about how the budget will address affordable
5 homeownership issues.

6 So as others have noted, New York
7 still is struggling with a foreclosure
8 crisis. There are some statistics in there.
9 I just wanted to highlight that the negative
10 impacts of the foreclosure crisis, again,
11 felt statewide, but are particularly harsh in
12 communities of color, which have been
13 disproportionately targeted and harmed by
14 predatory lending.

15 Nationally, half of the collective
16 wealth of African-American families was lost
17 during the Great Recession. And likewise,
18 the Latino community lost an astounding
19 67 percent of its total wealth during the
20 housing collapse.

21 As others have noted, despite the fact
22 that New York represented only 4.7 percent of
23 the nation's mortgage loans, our share of
24 loans in foreclosure is 11 percent. We've

1 consistently been one of the highest states
2 with our rates of foreclosure.

3 As Mr. Rasmussen just mentioned, we're
4 still really challenged in dealing with the
5 mortgage servicing issue in New York State.
6 And, again, nationally, Fannie Mae, Freddy
7 Mac and FHA are selling distressed loans,
8 often to non-bank servicers. Which is
9 challenging for us. You know, in New York
10 State we have great regulations as put forth
11 by the New York State Department of
12 Financial Services, but the non-bank
13 servicers don't operate in the same way as
14 some of the bank servicers. So when we see
15 large private-equity firms like Lone Star
16 Funds, Bayview Asset management, and
17 Selene Finance accumulating vast portfolios
18 of distressed properties, we're
19 understandably very concerned.

20 We're also very concerned that these
21 homes are going to be permanently lost from
22 the affordable housing stock, and it seems
23 unlikely that, once gone, we'll be able to
24 get these properties back. And I hope that

1 you all saw recently in the New York Times an
2 article about how some of the note purchasers
3 are displacing current homeowners in hopes to
4 flip the properties, as Mr. Rasmussen
5 mentioned, in parts of the city that have
6 highly speculative real estate markets.

7 So this year's budget presents a great
8 opportunity to help New York's homeowners
9 keep their homes, to support working- and
10 middle-class homeowners, and to help New York
11 neighborhoods recover. And we're urging the
12 Assembly, the Senate and the Governor to pass
13 a budget that will dedicate \$250 million in
14 funding over the next five years to support
15 initiatives that will provide critical
16 assistance to low- and moderate-income
17 prospective and current homeowners.

18 We would advocate that that
19 \$250 million would support the following
20 initiatives, including the Community
21 Restoration Fund. The Community Restoration
22 Fund will strengthen communities throughout
23 the state by deterring speculation and
24 property flipping in low- and moderate-income

1 neighborhoods, helping communities reduce
2 blight, and restoring desperately needed
3 property tax revenues to counties and towns.
4 The Community Restoration Fund will address
5 diverse community needs. It's really been
6 designed to be able to work in neighborhoods
7 in New York City and in communities across
8 New York State, so we've always been trying
9 to come up with a statewide fund that can
10 address problems in lower-value markets as
11 well as competitive markets.

12 And the idea with a statewide fund
13 would be that you could buy distressed notes
14 across the state, have some sort of
15 cross-subsidization so that there are
16 benefits returned to all of the different
17 markets. A sustainable outcome in a market
18 such as Rochester or Syracuse might look very
19 different from a sustainable outcome in
20 southeast Queens, at Hollis or Laurelton, or
21 in Staten Island.

22 So the idea is that if you can have a
23 fund to acquire the distressed notes, each
24 community can come up with the right

1 disposition plan, whether it be demolition,
2 acquisition for redevelopment for affordable
3 homeownership or, ideally, a home retention
4 option where you can modify the home with a
5 new note owner and keep the current homeowner
6 in place.

7 So that's the concept for the
8 Community Restoration Fund. We started
9 talking about it last year during the budget
10 cycle. And we have gotten some progress
11 locally in the city. We have a very small
12 portfolio of loans that we're working with
13 the city to purchase.

14 This approach has been used in several
15 other parts of the country -- New Jersey,
16 notably, has done a lot of distressed note
17 purchasing. National Community Capital has
18 also worked on these in Florida as well, and
19 there are initiatives in Oregon, I believe
20 there's a similar initiative in Boston as
21 well. But there's been a huge campaign of
22 national advocates to make sure that the
23 federal government does not sell these
24 distressed notes right when we're, you know,

1 really trying to get through the foreclosure
2 crisis.

3 So it's been -- the program has been
4 in development for many years, and we're
5 really hoping that we're going to make some
6 progress this year.

7 In addition, as Mr. Rasmussen
8 mentioned, there's a statewide network of 90
9 housing counseling and legal services groups
10 currently funded through the New York State
11 Attorney General's office. It's called the
12 Homeowner Protection Program, or HOPP. That
13 funding, as is national mortgage settlement
14 funding, is set to be exhausted next year.
15 So we're very hopeful that a five-year plan
16 would include three years of funding for the
17 HOPP program.

18 This network of 90 groups has just
19 done extraordinary work, including a number
20 of the offices in Legal Services of NYC.
21 They're some of the best practitioners in the
22 country. And so it's absolutely a great
23 preservation strategy to continue to fund
24 that network.

1 And I'd just note, as our colleagues
2 at NPC and RPC mentioned, that three-year
3 funding that you were all able to put in
4 place last year is critical for small and
5 medium and even large nonprofits to be able
6 to operate, as Senator Krueger knows from her
7 experience. Having that funding time frame
8 drop every year makes it really hard to
9 retain great staff. And some of the
10 interventions that we do with existing
11 homeowners are how we were able to preserve
12 affordable homeownership and affordable
13 housing and not have to create new additional
14 units. Slightly responding to one of the
15 questions that an earlier member asked.

16 So we would really be pushing for
17 additional funding for services; again, to
18 support an ask of the NPC/RPC coalition. We
19 think the AHC should not be decreased in
20 funding. You know, in a huge housing plan we
21 think funding for repair funds for small
22 homes is absolutely critical.

23 In terms of the new intervention that
24 could be approached, using public funds to do

1 loan loss reserves would leverage other
2 private money and maybe make that money go
3 farther. Potentially that would give us the
4 ability to scale and reach a larger number of
5 units and boilers. As we said earlier, you
6 know, you have short-term immediate fixes,
7 but often it's on a home-by-home basis, which
8 is challenging to achieve scale with.

9 You know, we've also seen, as
10 homeownership becomes harder for folks to
11 achieve -- not only because of suppressed
12 incomes, but also as folks age in place,
13 there's been no cost of living increase in
14 Social Security, so many senior homeowners
15 are aging in place and no longer able to
16 afford their mortgage or their taxes. As a
17 spouse dies, it's a huge challenge. So we're
18 focusing efforts to maintain services for
19 vulnerable homeowners.

20 But also we want to make sure that
21 there's adequate funding to ensure that there
22 are future opportunities for affordable
23 homeownership going forward, which is why
24 we're advocating for increased down payment

1 assistance funding as well.

2 So I'll end it there, and I wanted to
3 say, again, thank you for the opportunity to
4 testify. And I welcome any questions.

5 CHAIRMAN FARRELL: Questions?

6 SENATOR KRUEGER: Yes. Thank you.

7 So following up on my question for
8 Legal Services, that we don't think there's
9 necessarily any other government that's
10 already taking on this challenge of basically
11 buying the distressed homes ahead of these
12 private -- I don't know what you'd call these
13 entities that are doing this -- private
14 equity firms.

15 MS. PEALE: So I would say that my
16 understanding is that in Florida, the state
17 HFA did participate in the deal down there,
18 so there's absolutely a role for the state
19 government to, you know, participate in a
20 community restoration fund type of approach.

21 In some cases it might be that the
22 state may have the ability to get the right
23 price from the federal government. Although,
24 you know, being able to be flexible in their

1 approach and partner with a nonprofit fund is
2 also, you know, advisable. I think having a
3 CDFI involved allows additional leverage,
4 additional funds to be raised.

5 SENATOR KRUEGER: And is there any
6 analysis about how much of a discount these
7 private equity funds are buying these
8 properties for, a statistical average?

9 MS. PEALE: There's a lot of data out
10 there. I'll get back with some specifics.
11 But what we've seen is because the private
12 equity funds are able to buy at bulk, they
13 are often able to buy at 50 cents on the
14 dollar.

15 What we are really pushing for is to
16 make sure that either nonprofit consortiums,
17 those in partnership with municipalities or
18 state governments, are able to get a similar
19 benefit and not have to pay a premium. You
20 know, sometimes we've seen some of the
21 nonprofit-only pools or the nonprofit
22 competitions, the ones that are restricted
23 to -- oh, Detroit there was a municipal-only.

24 So sometimes they say like, oh,

1 because we're negotiating directly with a
2 municipality, we may not be able to give you
3 the same discount that we give a competitive
4 auction winner.

5 SENATOR KRUEGER: Because there have
6 been, I don't know, I can't even tell you how
7 many proposals there have been to spend and
8 re-spend the bank settlement funds in this
9 state over the years. But given why we're
10 getting the bank settlement funds, because of
11 violations by banks in their banking
12 practices disproportionately correlated to
13 abuses in the housing finance world, it seems
14 to me, without having done my due diligence
15 yet, that this kind of model not only makes
16 total sense for governments, but also is
17 probably the most correlated use for bank
18 settlement monies to, you know, quote,
19 unquote, using the monies as a cure for what
20 caused the problems in the first place.

21 So I'm fascinated with the proposals,
22 and I appreciate several of you testifying
23 about it. I'd love to sit down and talk to
24 you more afterwards.

1 MS. PEALE: That would be wonderful.

2 I couldn't have said it better; we
3 really think it's imperative that the funding
4 be returned to the communities and homeowners
5 who have been the most directly impacted, and
6 I think that having that flexibility to craft
7 tailored solutions that work for, you know,
8 both rural communities, urban upstate
9 communities as well as downstate, is really
10 critical.

11 And I know that Senator Savino has
12 been paying attention to the zombie issue as
13 well. There is hopefully an opportunity to
14 be able to get some of those vacant and
15 abandoned properties taken care of as well.

16 SENATOR KRUEGER: Thank you.

17 CHAIRMAN FARRELL: Question. Do you
18 know whether there's been federal banks that
19 have been getting hit, or has it been the
20 state banks? In other words, where the
21 people's houses are being taken.

22 Because I remember back in 2005-2006,
23 New York State put in a lot of strict rules,
24 especially in Brooklyn, because they were

1 walking in and selling people things that
2 they didn't know what they were getting, and
3 all of a sudden they foreclosed on them. But
4 we put them there, and of course all of the
5 banks left the state. Right now we've got
6 about three of them that are state banks.

7 The question I'm asking is, is it the
8 federal banks having not the control we had
9 that are the reasons why these people are
10 getting caught, and the problems? Is that a
11 question you can understand? I couldn't
12 understand it.

13 MS. PEALE: Yes.

14 I would first congratulate the
15 Legislature on New York State's banking laws.
16 They're some of the best in the country.
17 They're very well written. The regulations
18 that DFS enforces are very smart and really
19 attack the problem.

20 The servicing industry is really
21 challenged in their ability to comply with
22 that. Often the national banks and the state
23 banks have different entities performing
24 their servicing, and there are different

1 entities who are negotiating with homeowners
2 in the settlement conferences, in the
3 state-mandated settlement conference parts.
4 So --

5 CHAIRMAN FARRELL: But do you know --
6 do you have a chart that has the differences
7 or anything?

8 MS. PEALE: I can look at it. But my
9 belief -- and I'll try and back this up with
10 data -- is that it's the servicer that often
11 drives the outcome rather than the underlying
12 bank or the originator that gave the
13 mortgage. They're the ones who have the
14 authority to go in and settle with the
15 homeowner. And often it seems as if they are
16 not settling in the originating bank's best
17 interest, from our perspective. We often see
18 homeowners who come into the settlement
19 conferences with money that's been saved up,
20 they're ready to make a deal, they really
21 want to save their home, and for whatever
22 reason, those negotiations fall apart.

23 So I'll definitely look into the
24 differentiation between the state and the

1 national banks, but my gut is that the
2 culprits are in the servicing shops.

3 CHAIRMAN FARRELL: Thank you very
4 much.

5 MS. PEALE: A pleasure. Thank you.

6 SENATOR KRUEGER: Thank you.

7 CHAIRMAN FARRELL: Thank you.

8 To close, Edward Ubiera, Local
9 Initiatives Support.

10 MR. UBIERA: Good afternoon, Chairman
11 Farrell, Senator Krueger, members of the
12 joint fiscal committees. My name is Edward
13 Ubiera. I'm the director of policy for the
14 Local Initiatives Support Corporation's
15 New York City Program. I'm submitting this
16 testimony on their behalf. I realize it's
17 late, so I will just focus on the highlights.

18 LISC is dedicated to helping nonprofit
19 community development corporations transform
20 distressed neighborhoods into sustainable
21 communities of choice and opportunity with
22 good places to work, to do business, and
23 raise children. In New York City alone, LISC
24 and its affiliates have invested over

1 \$2 billion -- leveraging over \$5 billion for
2 low- and moderate-income neighborhoods,
3 resulting in over 36,000 units of affordable
4 housing and over 2 million square feet of
5 retail and community space.

6 As we've heard today from many
7 speakers, we have a housing crisis that is
8 being felt broadly by all. Renters, seniors,
9 homeowners, residents of public housing,
10 shelter residents are all facing new and
11 extreme pressures. LISC is proud to be part
12 of a coalition of 10 affordable housing
13 groups calling for a five-year, \$4 billion
14 capital plan to address our state's housing
15 crisis.

16 The core of our proposal reflects the
17 use of settlement funds for new and
18 additional programming vis-a-vis supportive
19 housing, senior housing, foreclosure
20 prevention, and an increase in HCR's
21 traditional production programs like the
22 Low-Income Housing Trust Fund, Homes for
23 Working Families, and the State Low-Income
24 Housing Tax Credit.

1 We applaud the Governor for announcing
2 a \$20 billion comprehensive, multiyear
3 affordable housing and homelessness plan. We
4 believe that the plan is a powerful and
5 affirmative recognition that many New Yorkers
6 are in critical need of housing stability.
7 Over the next 15 years, it is expected that
8 the plan will result in 20,000 units of
9 supportive housing. We are hopeful that this
10 commitment, combined with that of Mayor de
11 Blasio's 15,000-unit commitment in New York
12 City, will result in over 35,000 units of
13 supportive housing in New York State.

14 LISC and our coalition partners have
15 pledged to work collaboratively with the
16 Governor and the State Legislature to ensure
17 that new initiatives address the most
18 critical gaps in our housing ecosystem and
19 achieve maximum impact. As the programmatic
20 specifics of the House NY 2020 plan are
21 further discussed and finalized, we urge the
22 Legislature to ensure that the final plan
23 includes the following:

24 Flexible and proactive preservation

1 financing tools to extend affordability for
2 projects whose subsidy or tax credit
3 commitments are expiring; robust production
4 targets for senior housing; sufficient
5 funding to stabilize low- and moderate-income
6 homeowners facing foreclosure; a clear
7 framework for how HCR and New York City's
8 housing agencies can effectively coordinate
9 efforts in creating a robust supportive
10 housing pipeline; a solution to address the
11 ever increasing capital repair needs of our
12 public housing authorities, particularly
13 NYCHA; and finally, an increase in the amount
14 of private-activity bond allocation devoted
15 to local housing needs.

16 In regards to the housing bond issue,
17 many nonprofit and minority and women-owned
18 developers of affordable housing have reached
19 out to LISC with concerns surrounding
20 proposed changes in how bonds are allocated
21 for local housing needs. The process to
22 develop affordable housing is complex and
23 time-sensitive. Predictability is very
24 important. It could become very costly to

1 hold on to undeveloped sites indefinitely.
2 Investors and lenders expect certainty.
3 Nonprofit and minority and women-owned
4 developers are least able to bear the cost
5 and the risk of additional layers of approval
6 as has been discussed by other speakers.

7 We urge the State Legislature to
8 support an oversight structure that preserves
9 the flexibility of local agencies and
10 developers to operate nimbly and efficiently
11 within the bond market.

12 Thank you for the opportunity to
13 submit testimony, and I'm open to any
14 questions.

15 CHAIRMAN FARRELL: Thank you.

16 Questions?

17 SENATOR KRUEGER: I appreciate your
18 being here today and appreciate our recent
19 conversation. Thank you.

20 MR. UBIERA: Thank you. Good to see
21 you again, Senator Krueger.

22 CHAIRMAN FARRELL: Do me a favor.
23 When we close, just a minute.

24 MR. UBIERA: Sure.

1 CHAIRMAN FARRELL: We're now
2 adjourned. The hearing tomorrow begins at
3 9:30.

4 (Whereupon, the budget hearing
5 concluded at 2:57 p.m.)

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