

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

JOINT LEGISLATIVE HEARING

In the Matter of the
2018-2019 EXECUTIVE BUDGET
ON HOUSING

Hearing Room B
Legislative Office Building
Albany, New York

January 24, 2018
9:38 a.m.

PRESIDING:

Senator Catharine M. Young
Chair, Senate Finance Committee

Assemblywoman Helene E. Weinstein
Chair, Assembly Ways & Means Committee

PRESENT:

Senator Liz Krueger
Senate Finance Committee (RM)

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

Assemblyman Steven Cymbrowitz
Chair, Assembly Housing Committee

Senator Diane J. Savino
Vice Chair, Senate Finance Committee

Assemblyman Michael Cusick

Assemblyman Walter T. Mosley

Senator Jamaal Bailey

1 2018-2019 Executive Budget
Housing
2 1-24-18

3 PRESENT: (Continued)

4 Assemblyman Michael J. Fitzpatrick

5 Senator James N. Tedisco

6 Assemblywoman Carmen N. De La Rosa

7 Assemblyman Félix Ortiz

8 Assemblyman Jeffrion L. Aubry

9 Senator Brian Kavanagh

10 Assemblywoman Vivian E. Cook

11 Senator Gustavo Rivera

12 Senator Elizabeth O'C. Little

13 Assemblyman Victor M. Pichardo

14 Senator Elaine Phillips

15 Assemblyman Luis Sepulveda

16 Assemblyman Eric M. Dilan

17 Senator Martin M. Dilan

18 Assemblywoman Crystal Peoples-Stokes

19 Assemblywoman Nicole Malliotakis

20 Assemblyman Michael Blake

21 Senator Phil Boyle

22 Assemblywoman Earlene Hooper

23 Senator Patricia A. Ritchie

24 Assemblywoman Diana C. Richardson

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 2 1-24-18

3 PRESENT: (Continued)

4 Senator Brian Benjamin
 5 Assemblywoman Latoya Joyner
 6 Senator Leroy Comrie
 7 Assemblywoman Latrice Walker
 8 Assemblyman N. Nick Perry

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1 CHAIRWOMAN WEINSTEIN: Good morning.
2 Today we begin the second in a series of
3 hearings conducted by the joint fiscal
4 committees of the Legislature regarding the
5 Governor's proposed budget for fiscal year
6 2018-2019. The hearings are conducted
7 pursuant to Article VII, section 3 of the
8 Constitution and Article 2, Sections 31 and
9 32A of the Legislative Law.

10 Today the Assembly Ways and Means
11 Committee and the Senate Finance Committee
12 will hear testimony concerning the Governor's
13 budget proposal for housing. And later on
14 we'll also have the -- there will be a second
15 hearing, on workforce.

16 I'll introduce members of the
17 Assembly, and then Senator Young, chair of
18 the Senate Finance Committee, will introduce
19 members from the Senate. In addition,
20 Ranking Member Oaks will introduce members
21 from his conference.

22 So I would like to just acknowledge
23 that we have with us, from the Assembly,
24 Assemblyman Aubry, Assemblywoman Cook,

1 Assemblyman Cusick, Assemblyman Mosley, and
2 our Housing chair, Assemblyman Steve
3 Cymbrowitz.

4 Bob?

5 ASSEMBLYMAN OAKS: Sure. I'm
6 Assemblyman Bob Oaks, and we're also joined
7 by the ranker on the Housing Committee, Mike
8 Fitzpatrick.

9 CHAIRWOMAN YOUNG: Thank you. Good
10 morning. I'm Senator Cathy Young, chair of
11 the Senate Finance Committee.

12 And I'm very pleased that we are
13 joined by several of our colleagues today.
14 We have Vice Chair Diane Savino, we have
15 Housing Chair Betty Little, we have Ranking
16 Member Liz Krueger, also Senator Elaine
17 Phillips, Senator Jim Tedisco, Senator Jamaal
18 Bailey, and Senator Gustavo Rivera.

19 CHAIRWOMAN WEINSTEIN: Before we
20 introduce the first witness, I'd like to
21 remind all the witnesses testifying today to
22 keep your statements within your allotted
23 time limits so that everyone will be afforded
24 the opportunity to speak.

1 Community Renewal. It's a pleasure to
2 testify before you on the housing portion of
3 Governor Andrew Cuomo's Executive Budget
4 proposal for state fiscal year 2018-2019.

5 The Governor's commitment to providing
6 all New Yorkers with access to safe,
7 affordable housing is reflected in the
8 state's \$20 billion, five-year housing plan.
9 The plan makes housing accessible and combats
10 homelessness by building and preserving
11 112,000 units of affordable housing,
12 including 6,000 units of supportive housing.
13 The plan is a comprehensive approach to
14 statewide housing issues, and it includes
15 multifamily housing, single-family housing,
16 community development, as well as rent
17 stabilization.

18 In calendar year 2017, HCR created or
19 preserved more than 17,000 affordable homes,
20 including more than 9,000 multifamily units
21 of affordable housing.

22 To give a little bit of detail, this
23 year we preserved over 600 Mitchell-Lama
24 units. We financed over 1,000 units for

1 seniors, frail elderly, and our veterans. We
2 are working to preserve over a thousand units
3 of public housing. And we are on track to
4 build the 6,000 units of supportive housing
5 to help address the homelessness crisis. We
6 are fully underway, and we are on track.

7 On the single-family side, our State
8 of New York Mortgage Agency, known as SONYMA,
9 continues to make homeownership affordable
10 for first-time buyers of single-family
11 houses. In 2017, SONYMA offered over
12 \$400 million in mortgage loans that enabled
13 more than 2,000 first-time homebuyers to own
14 their homes.

15 We're also investing in preserving the
16 state's stock of mobile and manufactured
17 homes, which are critical housing for so many
18 New Yorkers, especially those in our upstate
19 communities. And because vibrant communities
20 attract people and businesses, HCR works to
21 develop not just housing, but also
22 neighborhoods and communities.

23 We are particularly proud of our
24 New York Main Street program that awarded

1 more than \$7 million in 2017 to help renovate
2 nearly 100 residential units and 174
3 commercial spaces in downtowns.

4 And lastly, as you know, a large part
5 of our agency's work is focused on the
6 tenants and the owners of New York City's and
7 the surrounding areas' rent-stabilized stock.
8 The Office of Rent Administration processes
9 applications and handles inquiries of the
10 tenants and owners of over 900,000
11 rent-regulated apartments. We continue to
12 achieve operational efficiencies that enable
13 us to more quickly respond to our
14 constituents, processing over 24,000
15 individual cases each year.

16 To date, our Tenant Protection Unit
17 has applied data and analytics to return over
18 62,000 apartments to rent regulation.

19 And this is all just a snapshot of
20 what we have achieved. We have come a long
21 way, but there is more to do. The fiscal
22 2019 Executive Budget proposal closes a
23 \$4.4 billion gap while maintaining funding
24 for critical housing programs and continuing

1 the \$20 billion housing plan. We look
2 forward to putting these investments to work
3 on behalf of New Yorkers. And as always, we
4 are thankful for the Legislature's
5 partnership, which has been instrumental to
6 our success. And I ask for your continued
7 support securing the resources we need to
8 make life better for New York families.

9 Thank you. And I'm happy to address
10 your questions.

11 CHAIRWOMAN WEINSTEIN: Thank you.

12 Our first member to ask questions is
13 Assemblyman Cymbrowitz.

14 ASSEMBLYMAN CYMBROWITZ: Good morning,
15 everyone. Commissioner.

16 COMMISSIONER VISNAUSKAS: Good
17 morning.

18 ASSEMBLYMAN CYMBROWITZ: Thank you,
19 everyone, for being here.

20 First I'd like to congratulate
21 Assemblymember Weinstein for her appointment
22 as chair of the Ways and Means Committee.
23 She has been a champion for housing issues
24 during her career in the Assembly, and I look

1 forward to working with her.

2 Senator Young, I recall my first
3 Housing Committee meeting when you were the
4 ranker, and I know you've continued to be a
5 housing advocate for all of New York State.

6 Last fiscal year, the enacted budget
7 provided an increase of \$2.5 billion, along
8 with other traditional funding, for the
9 construction and/or preservation of
10 affordable housing in New York State. This
11 money was much needed to help alleviate the
12 needs of maintaining affordable housing.
13 However, rising income inequality, housing
14 unaffordability, and homelessness across the
15 state have proven that we need to continue
16 the work that we have done in the last few
17 years.

18 As a state, we have avoided
19 significant damage from Washington on the
20 affordable housing front, but we do face
21 challenges, as the recently passed federal
22 tax bill could impact the incentives and
23 funding we have been able to secure for these
24 programs.

1 As the Legislature, we have the
2 responsibility of making sure the budget
3 addresses the needs of our constituents,
4 including the allocation of funding and
5 policy proposals that have been outlined
6 within this year's budget. We in the
7 Assembly have continued to support programs
8 that have positively impacted the lives of
9 our constituents and are ready to make sure
10 the budget will accurately and appropriately
11 reflect the needs of each of our communities.

12 On many occasions and to many
13 audiences, I have noted that the Assembly
14 majority stands ready to work with the
15 Governor and the Senate to ensure that our
16 housing needs, from public housing to
17 subsidized affordable housing projects, are
18 represented in this budget. Affordable
19 housing comes in many forms and can be
20 strategically achieved through preservation
21 efforts and also through new construction.

22 I would like to thank all of you in
23 advance for taking the time to speak with us
24 today, and I look forward to hearing your

1 testimony and continuing to work with each of
2 you throughout the budget process.

3 Commissioner, could you just walk us
4 through where we are on the rollout of the
5 \$2.5 billion capital plan that was adopted in
6 last year's budget cycle? How much has been
7 committed so far, and how many units are
8 going through the cycle?

9 COMMISSIONER VISNAUSKAS: Yes, I'd be
10 happy to.

11 As you know, we were delighted last
12 year to have the \$2.5 billion approved and to
13 be able to roll out a much-needed housing
14 plan -- excited both because it reflects the
15 commitment to affordable housing across the
16 state, and also because we really see it as
17 providing a stable source of resources for
18 the development community to be able to buy
19 sites, take them through the approval
20 process, and bring them in.

21 So I say that as a way to sort of lay
22 out the notion that we would assume that the
23 housing plan is sort of on a ramp-up, because
24 people do need to acquire sites and take them

1 through local approval processes, design
2 them, get building permits and so forth.

3 I'm happy to say that as of December,
4 about the end of last year, we had put out
5 the door over \$250 million as sort of the
6 first -- so if you think of \$2.5 billion over
7 five years, you can think of it as about
8 \$4 billion or \$5 billion a year, taking out
9 the \$150 million from the first MOU, so we
10 anticipate to spend between \$400 million and
11 \$500 million a year.

12 So we put out the door a little over
13 \$250 million between April and December of
14 last year, and we are on track to probably
15 have another \$75 million or more go out this
16 first quarter, to take us through the end of
17 the first fiscal year. So I feel getting
18 above \$300 million of incremental spending in
19 our first year of the housing plan is a great
20 accomplishment, and we are very excited about
21 that.

22 In terms of units -- do you want me to
23 talk about units also?

24 ASSEMBLYMAN CYMBROWITZ: Yes, please.

1 COMMISSIONER VISNAUSKAS: As I
2 mentioned in my testimony, for calendar year
3 2017 we financed over 17,000 units of
4 affordable housing. To date in the fiscal
5 year we're probably hovering around 13,000,
6 14,000. We had a little bumpiness at the end
7 of the year as a result of the federal tax
8 plan, so projects were sort of shifting in
9 December into this coming year. So we expect
10 to have a fairly robust first quarter. I
11 can't predict where we'll end up by the end
12 of the full fiscal year, but we've been
13 pretty busy so far.

14 ASSEMBLYMAN CYMBROWITZ: A large sum
15 of money, a billion dollars, went for
16 supportive housing, with the most number of
17 units coming from that.

18 With the understanding that it does
19 take time to site and get the project
20 together, how many units have we been able to
21 do in the first year? And what do you expect
22 over the next couple of years?

23 COMMISSIONER VISNAUSKAS: So we
24 financed -- we expect to finance, in this

1 first fiscal year, about a thousand units of
2 supportive housing. As you said, you know,
3 we anticipate that there will be a ramp-up.
4 The supportive housing community is a very
5 strong one, they've been around and doing
6 this work for a very long time. Asking them
7 to sort of double down on the work that
8 they've done in the past I think is a welcome
9 challenge, and they all need to do the work,
10 to buy sites.

11 So we would expect sort of a slow
12 ramp-up of that over the five-year process of
13 the plan and are feeling very happy and
14 comfortable that we think we're aiming to hit
15 about a thousand units in the first year.

16 ASSEMBLYMAN CYMBROWITZ: The Governor
17 has deferred tax credits for three years.
18 How will that affect supportive housing, and
19 how will that affect affordable housing?

20 COMMISSIONER VISNAUSKAS: So there has
21 been deferment of the State Low-Income
22 Housing Credit in the past. And what we saw
23 when we looked back at the deals that were
24 done at that time was that there was not a

1 significant impact to the deals as a result
2 of the deferment.

3 It's not an elimination of the
4 program, which obviously would be different,
5 it's just a short-term deferment. So we feel
6 comfortable that it won't negatively impact
7 our transactions.

8 ASSEMBLYMAN CYMBROWITZ: When you say
9 "short term," how will that affect dealing
10 with banks, with syndicators?

11 COMMISSIONER VISNAUSKAS: As I said,
12 many of the folks that we reached out to were
13 around when this was done I think early in
14 2010, I think it was, and so people were
15 familiar with it from that time. So we
16 didn't get a sense from any of our financial
17 partners that it was going to be a
18 significant impact.

19 ASSEMBLYMAN CYMBROWITZ: Have you been
20 able to think through different ways of
21 working with this deferment? Is it possible,
22 based on the fact that you might mix state
23 and federal tax credits, is there a way that
24 they can be used differently? For example,

1 using the federal tax credits now -- I
2 believe they call it a bifurcation -- of
3 using federal tax credits now and then, on
4 the back end, using the state credits so that
5 it doesn't affect the programs. Because
6 whether -- in 2010, it didn't have an effect;
7 this is a different time. The feds are
8 creating all types of havoc.

9 So I was wondering if your team
10 thought about how we can work with the
11 supportive housing and affordable housing
12 community using tax credits.

13 COMMISSIONER VISNAUSKAS: Yes. So
14 we've been looking at bifurcation. So there
15 are, I believe, 15 states around the country
16 that have a State Low-Income Housing Credit
17 like New York State does. And many of those
18 states have bifurcated the credit, sort of
19 just as you say, in order to increase the
20 number of tools that they have for affordable
21 housing, whether it be for supportive housing
22 or any type of affordable housing.

23 So we are looking at that in this
24 time, given the recent changes at the federal

1 level in the federal credit, about whether it
2 is sort of prudent at this time to look at a
3 bifurcation of the state and the federal
4 credit as a way to fill gaps in projects.

5 ASSEMBLYMAN CYMBROWITZ: And when will
6 you know if this is something that we can do
7 here in the state?

8 COMMISSIONER VISNAUSKAS: I hope in
9 the very near term.

10 ASSEMBLYMAN CYMBROWITZ: And could you
11 talk a little bit about senior housing?
12 There's a great need for senior housing
13 throughout the state. We were able to
14 allocate \$125 million last year. Where are
15 we on that?

16 COMMISSIONER VISNAUSKAS: We are doing
17 great. We have a very active senior housing
18 development community in the State of New
19 York. And I think by the end of this fiscal
20 year we will have financed a thousand units
21 of senior housing across all of our different
22 programs.

23 So while we have the \$125 million in
24 the housing plan, we also assist seniors

1 through other programs. We have Access to
2 Home for Medicaid, which is specifically
3 targeted to seniors. We have HOPE RESTORE.
4 So we have sort of programmatically across
5 the agency a lot of programs that address
6 senior housing.

7 We also are serving some frail elderly
8 through the supportive housing program. We
9 have some units that are being developed
10 through the senior program itself that we
11 rolled in and out in the fall of this year.
12 So we have a very comprehensive approach
13 to it, and I think we will finance about a
14 thousand units this year of senior housing
15 across the state.

16 ASSEMBLYMAN CYMBROWITZ: I'll come
17 back later.

18 CHAIRWOMAN WEINSTEIN: Before we move
19 on to the Senate, I just wanted to say we've
20 been joined by a number of members of the
21 Assembly Housing Committee: Assemblywoman
22 Carmen De La Rosa, Assemblyman Victor
23 Pichardo, Luis Sepulveda, and Eric Dilan.
24 Also, from Ways and Means, Crystal

1 Peoples-Stokes and Félix Ortiz.

2 Senator Young.

3 CHAIRWOMAN YOUNG: Thank you,
4 Chairwoman.

5 And on the Senate side we've been
6 joined by Senator Patty Ritchie, Senator Phil
7 Boyle, and Senator Marty Dilan. Oh, I'm
8 sorry. Oh, he's sneaking up on us. Brian
9 Kavanagh, Senator Kavanagh. So welcome.

10 ASSEMBLYMAN OAKS: And we've been
11 joined by Assemblywoman Nicole Malliotakis.

12 CHAIRWOMAN YOUNG: Thank you.

13 Thank you, Assemblyman Cymbrowitz, for
14 those wonderful comments. I truly appreciate
15 those. And I remember when I was ranking
16 member in Housing in the Assembly too.

17 Welcome, Commissioner.

18 COMMISSIONER VISNAUSKAS: Thank you.

19 CHAIRWOMAN YOUNG: We're so glad to
20 have you here today.

21 And I also want to especially publicly
22 thank you for making the trek out west to
23 tour my district. I think we had a wonderful
24 time and saw a lot of very worthy projects.

1 So I appreciate that very much, and your
2 dedication to your job.

3 COMMISSIONER VISNAUSKAS: Thank you.

4 CHAIRWOMAN YOUNG: Just to piggyback
5 on the supportive housing questions that
6 Assemblyman Cymbrowitz asked, one of the
7 issues that you and I have spoken about in
8 the past has to do with supportive housing
9 for people who are recovering from
10 addictions.

11 Has the department ever considered
12 possibly giving an extra point, for example,
13 in the scoring process to try to stimulate
14 more of those facilities? Because we've seen
15 such a terrible scourge of the opioid and
16 heroin addiction across the state, we're
17 interested in establishing some recovery
18 facilities, supportive housing. And I didn't
19 know if the department had considered that or
20 not.

21 COMMISSIONER VISNAUSKAS: We try to
22 take sort of a fair and kind of unbiased
23 approach in our supportive housing where
24 we -- there are many populations that are

1 served by the programs run by OASAS, run by
2 OTDA, run by OMH, whether it be domestic
3 violence or frail elderly or those suffering
4 from addiction and substance abuse.

5 So we don't do that, and we do it to
6 really allow the service agencies who award
7 those organizations operating funds to come
8 in and we really sort of treat them all
9 equally and we're happy to sort of finance
10 them all and work with them to get their
11 projects done.

12 So I'd be happy to talk to you about
13 that more. At this time we really -- we sort
14 of have an unbiased approach across the
15 different populations.

16 CHAIRWOMAN YOUNG: I know that
17 sometimes you do have priority populations,
18 though, through the scoring process, so.

19 I have several questions. One has to
20 do with the Access to Home for Heroes program
21 that I established in the State Budget. And
22 when the department actually went to
23 implement the program, as you know, the
24 criteria was very restrictive and was not

1 what was intended by the statute when it was
2 passed. And I've passed a bill so it
3 actually says it's more broadly allowing
4 disabled veterans or veterans with a physical
5 disability to qualify.

6 And so my concern is that we make the
7 program work, and we'll be working through
8 the budget process on there, but I'd like to
9 hear your thoughts on it.

10 COMMISSIONER VISNAUSKAS: Yes, we very
11 much agree with you on that. When you set up
12 the additional funding that we got for that
13 program, which was about a \$19 million
14 allocation of dollars, we had some trouble
15 getting it out the door and not having enough
16 demand, we felt, because of this narrow
17 definition. So we would be delighted to work
18 with you on expanding that.

19 And, you know, I think some of the
20 examples that we talk about are while the
21 program is targeted towards mobility
22 improvements in people's homes, oftentimes a
23 service-disabled veteran has not just a
24 mobility issue in their home, they may also

1 have an issue with their boiler or a leaky
2 roof, and we would like to be able to address
3 those issues as well. So we would be
4 delighted to work with you on that.

5 CHAIRWOMAN YOUNG: Thank you. I
6 really appreciate that, Commissioner.

7 Can you update us on the status of the
8 \$100 million that was allocated in the
9 JPMorgan settlement funds for NYCHA in 2016?

10 COMMISSIONER VISNAUSKAS: Yes. So
11 while I think some of that funding was a
12 little slow to get out the door, which we
13 talked about at last year's hearing, at this
14 point in time almost \$89 million of the \$100
15 million is either programs that are completed
16 or are underway.

17 And so we are sort of near the end of
18 what was a total of 155 different projects
19 that were being funded. As you know, we
20 don't actually monitor the projects
21 ourselves -- DASNY is doing the work -- but
22 we certainly keep a watch on the funding.

23 CHAIRWOMAN YOUNG: And as you know,
24 there was another \$200 million that was

1 allocated in this year's budget. Could you
2 give us the status on that also? Because I
3 think you've been charged with coming up with
4 a plan for disbursing funds.

5 COMMISSIONER VISNAUSKAS: So the \$200
6 million that was in the budget that was
7 passed in April required NYCHA to submit a
8 plan for that funding to the Department of
9 Budget and to the Dormitory Authority. So
10 that plan was received in the middle of
11 November and it has been under review by the
12 Department of Budget and by DASNY, and we
13 expect that there will be -- well, actually,
14 I'll say two things. One is the focus of
15 that plan is to spend the money largely on
16 elevators and on boilers at several NYCHA
17 campuses around the city. And we anticipate
18 an approval of that coming in the very near
19 term.

20 CHAIRWOMAN YOUNG: Okay. When the
21 plan is put together, would you share that
22 with the Legislature about what it actually
23 entails, what the projects actually are, with
24 descriptions?

1 COMMISSIONER VISNAUSKAS: Yes. Yes.

2 CHAIRWOMAN YOUNG: I'm sure that all
3 the legislators would like to see that.

4 So if there are remaining funds, do
5 you have additional plans for the funds? You
6 said 80 or 90 million of the \$100 million is
7 already expended. So do you have plans for
8 the remaining funds?

9 COMMISSIONER VISNAUSKAS: Yes. So the
10 whole \$100 million was programmed, I believe
11 in consultation between NYCHA and the
12 Legislature, and 90 of that is out the door
13 for projects that are completed or underway.
14 So the additional \$10 million, \$11 million is
15 programmed, the projects have been
16 identified, they've just not completed or
17 commenced yet.

18 CHAIRWOMAN YOUNG: Thank you.

19 Just switching gears, but still on the
20 NYCHA problem with the lead paint. And as
21 you know, there was an investigation that
22 showed that required inspections for lead
23 paint were not conducted at NYCHA. And I
24 know that in the Governor's budget there's

1 proposed language to require municipalities
2 that administer the Uniform Fire Prevention
3 and Building Code and contain areas
4 designated as high risk for the Department of
5 Health to report lead inspection and
6 remediation outcomes to the Department of
7 Health.

8 But the language actually that is
9 proposed includes a presumption that paint in
10 or on residential buildings and on the
11 exterior of nonresidential buildings
12 constructed before January 1, 1978, is
13 lead-based. These buildings would be
14 required to be maintained so the paint does
15 not deteriorate. So the Department of State
16 would be required to issue regulations
17 requiring periodic inspections of property to
18 ensure compliance with the lead paint codes.

19 Do you know how many municipalities
20 are designated as high risk? Are they all
21 municipalities, or only New York City?

22 COMMISSIONER VISNAUSKAS: The
23 Department of Health is probably better
24 positioned to answer that. Not all

1 municipalities are designated as high risk,
2 it is only certain municipalities across the
3 state. But I don't know those exact figures.

4 CHAIRWOMAN YOUNG: Do you have any
5 further information on NYCHA's compliance
6 regarding the lead paint issue?

7 COMMISSIONER VISNAUSKAS: I do not.

8 CHAIRWOMAN YOUNG: Okay. Thank you.

9 Just switching now to Lake Ontario
10 funding. And as you know, there was
11 assistance that was provided by the
12 Legislature on a number of measures that we
13 were able to pass, and so I have some
14 questions about that.

15 Could you please give us a status
16 update of applications and requested amounts
17 for each of the three assistance programs,
18 which are homeowners, municipal projects, and
19 actually businesses.

20 COMMISSIONER VISNAUSKAS: Yes and no.
21 We don't oversee the Small Business Program,
22 so ESD would have those numbers. But I can
23 talk about the infrastructure and the
24 housing.

1 CHAIRWOMAN YOUNG: That would be
2 helpful.

3 COMMISSIONER VISNAUSKAS: So each of
4 the programs was allocated \$15 million from
5 the original \$45 million. On the
6 infrastructure, the applications for that,
7 the application period for that ended in
8 December. And there is about almost
9 \$10 million of applications towards the 15,
10 and those are underway.

11 On the residential side, there were
12 3500 approved applications that came in.
13 There are 500 homeowners who have already
14 received their assistance -- it's about
15 9 million of the 15 that has gone out the
16 door. And obviously the four nonprofits who
17 are running the program are continuing to
18 process through the balance of the
19 applications.

20 CHAIRWOMAN YOUNG: So you received
21 requests for about \$71.5 million?

22 COMMISSIONER VISNAUSKAS: I think the
23 number I saw recently was about 69. But in
24 the same ballpark, yes.

1 CHAIRWOMAN YOUNG: Okay. So that
2 means there's roughly a \$50 million gap?

3 COMMISSIONER VISNAUSKAS: Mm-hmm.

4 CHAIRWOMAN YOUNG: So can you address
5 the need regarding the gap between the
6 applications and the homeowner program? And
7 are there any plans to try to address that?

8 COMMISSIONER VISNAUSKAS: Yes. So
9 there's three. So recently, I think in the
10 last couple of days, there was an approval
11 for an additional \$5 million from the state's
12 Municipal Facilities Fund that was agreed
13 upon between the Executive and the
14 Legislature to provide sort of an immediate
15 \$5 million to go towards the 15 total on the
16 housing front.

17 In addition, we are looking to get
18 some flexibility in the existing statutory
19 language for the original 45 million to allow
20 funds to be shifted from the underspent
21 programs into housing. So as I had said,
22 there's -- I think it's about 9.8 million of
23 applications that we received for the
24 infrastructure program. So we would look to

1 nonprofits that are running the program I
2 think are doing a tremendous job. Obviously
3 they are taking on a big piece of work that
4 they had not previously done before, and they
5 have processed -- they've received 3500
6 applications, they've awarded 500 awards
7 already and gotten almost \$10 million out the
8 door. So we feel that they have done a great
9 job.

10 I think some of the slowdown is a
11 result of sort of prioritization. So the
12 organizations looked to address homeowners
13 that had imminent life and safety issues in
14 their homes first, and they looked to
15 prioritize primary residences first.

16 So I think what we saw was that some
17 of the more complicated cases, so certainly
18 things that were imminent life and safety --
19 so if there was a water line or a sanitary
20 line that had been damaged, that those sort
21 of more complex cases were processed first,
22 and that may have resulted in somewhat of an
23 slowdown. And we would anticipate to see an
24 uptick in the processing sort of pace as we

1 get to some of the easier applications to
2 process.

3 CHAIRWOMAN YOUNG: Okay. So I assume
4 the department has been giving guidance to
5 the nonprofits that are working with the
6 community; right?

7 COMMISSIONER VISNAUSKAS: We are
8 working very closely with the nonprofits on
9 this.

10 CHAIRWOMAN YOUNG: Okay, great. Thank
11 you.

12 Chairwoman, I'll come back. I have
13 some more questions, but I'll allow other
14 members to ask.

15 CHAIRWOMAN WEINSTEIN: Sure.
16 Assemblyman Mosley.

17 ASSEMBLYMAN MOSLEY: Thank you, Madam
18 Chair.

19 Good morning, Commissioner.

20 COMMISSIONER VISNAUSKAS: Good
21 morning.

22 ASSEMBLYMAN MOSLEY: Thank you for
23 coming. I hear you're a little under the
24 weather, so --

1 COMMISSIONER VISNAUSKAS: Sorry about
2 that.

3 ASSEMBLYMAN MOSLEY: -- thank you
4 for -- no need to apologize. Thank you for
5 bearing through your slight discomfort.

6 I'm just going to go into your
7 testimony where you talked about -- in the
8 rent stabilization portion of the testimony,
9 you're alluding to the Tenant Protection
10 Unit. We enacted \$4.5 million in last year's
11 budget year; the Executive Budget this year
12 enacts the same \$4.5 million towards the TPU,
13 for a zero percent change.

14 Can you explain to us to date,
15 compared from last year to this year, what
16 new applied data analytics and investigative
17 tools the TPU unit has been using thus far?

18 COMMISSIONER VISNAUSKAS: The type of
19 tools or just the results?

20 ASSEMBLYMAN MOSLEY: Tools and
21 results. Thank you.

22 COMMISSIONER VISNAUSKAS: Sure.

23 From an analytic perspective, you
24 know, the staff -- there are sort of many

1 things they do, but one of which is that we
2 look for anomalies. Right? So the system
3 itself is a fairly regimented system, and so
4 when we see something that looks abnormal in
5 terms of an increase or a pattern, we sort of
6 run through the data to look for anomalies
7 and then we investigate them.

8 As you saw in my testimony, to date
9 we've restored over 60,000 units back into
10 the system. And last year alone, that number
11 was about 6,000 units.

12 ASSEMBLYMAN MOSLEY: Now, in my
13 district it seems -- and I'm sure that within
14 many of our downstate members' districts --
15 we're seeing a pattern of landlords who were
16 once in the program many, many years ago who
17 are now, I guess, fraudulently putting out
18 leases that proclaim themselves to be in the
19 program, but they're not in the program.

20 And once they get the tenants into
21 their units, then they're left to be exposed
22 to potential fraud -- you know, fraudulent or
23 illicit activities, which puts them in a
24 position of, Well, do I stay in my unit or do

1 I leave to look for another apartment that's
2 just as affordable? As a result, we see
3 kickbacks, bribes, and the like.

4 How much of an ability does your unit
5 have, or doesn't, in terms of working with
6 local law enforcement as well as working
7 within your office to kind of curtail that
8 illicit activity?

9 COMMISSIONER VISNAUSKAS: So we do a
10 couple of things. Right? So we are sort of
11 doing a data process to look at sort of the
12 system as a whole, but we also take in
13 referrals. So anytime a Legal Aid
14 organization or an advocacy organization or a
15 tenant makes a referral to us, we look at
16 that and we take it seriously.

17 But we also participate on a series of
18 task forces with the city that oftentimes are
19 talking about patterns that people see or
20 landlords that people see. And we work
21 closely with the Attorney General's office
22 and with HPD to make sure that we're all in
23 line looking at sort of bad actors, if you
24 will.

1 ASSEMBLYMAN MOSLEY: So are you
2 saying -- when you say you work with the
3 city, what particular agency within the city
4 do you work with? Do you work with the local
5 district attorney's office, the mayor's
6 office --

7 COMMISSIONER VISNAUSKAS: We work
8 primarily with HPD. And we also work with
9 the Attorney General's office.

10 ASSEMBLYMAN MOSLEY: Okay. Does it
11 ever get to a point where you do work with
12 the local district attorneys?

13 COMMISSIONER VISNAUSKAS: I could
14 check on that and get back to you. I'm not
15 sure how active we've been with them. But we
16 can certainly check on that and get back to
17 you.

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

20 CHAIRWOMAN YOUNG: Thank you.

21 Senator Little, who is chair of the
22 Senate Housing Committee.

23 SENATOR LITTLE: Thank you,
24 Commissioner, for being here.

1 And I want to begin by thanking you
2 for your accessibility, your responsiveness,
3 and for the pleasure I've had of working with
4 you as Housing chair. Your staff has been
5 wonderful and has really helped in the
6 North Country.

7 I mean, there are housing issues all
8 over the state, and certainly the ones in the
9 big cities are much larger and more multiple,
10 but there are housing issues in my district
11 as well, and rural areas of New York State.
12 So the two meetings that we had in my two
13 cities where your staff came up are still
14 being talked about, and people still
15 appreciate the fact that you came and are
16 working on issues with them.

17 And certainly our current issue of the
18 week, the Underwood Park, where -- I don't
19 know that people really understand what
20 winter can do. We always hear about flooding
21 in the summer and spring and fall, but when
22 it floods in the winter, it's ice jams, and
23 it's ice-cold ice that people are getting.
24 And we have a trailer park, a mobile home

1 park, Underwood Park, where there are
2 65 units and 50 have been damaged, 25 are now
3 irreparably destroyed, there is no way to fix
4 them.

5 And yet for the people in this area in
6 the City of Plattsburgh, they are trying to
7 move back into these mobile homes that the
8 city says are condemned because they have no
9 place else to go, and they're very low
10 income, and they have no money to go anyplace
11 else. So thank you for all the help you're
12 giving us on that, and I appreciate it.

13 Also in the North Country, and I think
14 throughout upstate, we have an issue that you
15 probably don't have in the city, the mobile
16 homes. And this is something that I have
17 wanted to work on for a long time. In 2017
18 we got \$2 million for a mobile home
19 replacement program. It supplies up to
20 \$100,000 to replace a mobile home which is on
21 a person's property. The person has to own
22 the property, the well, the septic, and it
23 has to be, you know, in real tough need of
24 repair.

1 And mobile homes, unlike a home in a
2 neighborhood, it's more like a car -- when
3 you open the door, it goes down in value and
4 it doesn't really regain value. So replacing
5 these mobile homes not only helps the family
6 that's living in it, but it helps the
7 neighborhood and the whole community.

8 So the \$2 million, I would just -- I
9 appreciate your support in working through it
10 and just would ask if you had any kind of
11 update you could give me, and the awards that
12 were granted, how we're going with our
13 \$2 million.

14 COMMISSIONER VISNAUSKAS: Thank you.
15 I'd be happy to talk about that.

16 As you know, mobile and manufactured
17 homes is an issue I've become very familiar
18 with and am very --

19 SENATOR LITTLE: Oh, you have. I
20 didn't even mention the visit to the
21 manufactured home place outside Utica that we
22 did together. So thank you.

23 COMMISSIONER VISNAUSKAS: So we are
24 looking sort of comprehensively at the mobile

1 and manufactured home sort of population
2 around the state. There are about 200,000
3 sort of lots in mobile home parks -- just in
4 the parks, not even just in private lots
5 around the state. So it's a substantial
6 population that serves I think what is
7 generally sort of a low- and perhaps
8 moderate-income population across the state.
9 So we care very much about that sort of
10 housing stock.

11 We were very thankful to get the
12 original \$3 million of mobile and
13 manufactured replacement funds. We put that
14 out in an RFP last year. We got twice the
15 demand for the money that we had, and we made
16 awards to five different nonprofits around
17 the state who are now working with individual
18 homeowners to do replacements. So we were
19 thrilled to do that, and we look forward to
20 continuing that program over the next couple
21 of years.

22 SENATOR LITTLE: Thank you. I really
23 appreciate it.

24 And I know that in the big money, the

1 \$2.5 billion, we do have \$13 million over the
2 next five years that we are also going to be
3 using. But I think the fact that it was
4 oversubscribed really addresses the issue
5 that there's a tremendous need.

6 And whenever you delve into an area,
7 you find that there's other issues too. So
8 we were talking about -- this is a program
9 for mobile home owners who own their own
10 property. But there are so many mobile home
11 parks. There are, as you mentioned, over
12 2,000 mobile home parks in New York State,
13 and there are over 71,355 households which,
14 you know, can number about a quarter of a
15 million people.

16 So the parks now are interested in
17 what we can do to help them. And one of the
18 big things that we have been trying to do --
19 I have to mention, too, you sent staff to a
20 forum that we had in one small community, and
21 it was so informative. We had people from
22 the DEC, the Department of Health, the
23 Secretary of State, and Housing. And there
24 was a mobile home park that had problems.

1 And the people got so much information and
2 went out of there knowing that there's a lot
3 more they could do.

4 But we've been trying to work on this
5 lease-to-own, because in a mobile home park
6 it's considered personal property more than
7 it is a house, and therefore they have
8 difficulty getting financing, and then they
9 lease to own, and it's all over the place.
10 And some people find out in the end they
11 really weren't leasing to own and they have
12 no equity in their mobile home.

13 So I would just ask if you would look
14 at our bill and see what could be done for
15 that, as well as some of the other programs
16 and ideas you might have for what we can do
17 to help out the mobile home parks.

18 COMMISSIONER VISNAUSKAS: Yes, I would
19 say two things.

20 One is, you know, HCR is a really big
21 organization that has so many programmatic
22 areas, and it was certainly fun, for lack of
23 a better word, for me to come in and to
24 really understand sort of the breadth of the

1 agency and what we do. And one of the things
2 that I found shortly after coming in was that
3 we have an old revolving loan fund for
4 manufactured home and mobile home parks.
5 That's able to keep going because people pay
6 off the loans, and the park owners use it for
7 infrastructure upgrades and improvements.

8 So we sort of took a look at that
9 program and kind of dusted it off and are
10 trying to expand it and be able to provide
11 more park owners with access to low-cost
12 financing to do road improvements, to do
13 sanitary system improvements, to do septic
14 improvements. So we are -- I'm very
15 interested in working with the park owners to
16 see what type of help we can provide them.

17 And I think on the individual and on
18 the rent-to-own, you know, I certainly feel
19 as a housing person that there isn't a reason
20 why someone who lives in a mobile or
21 manufactured park doesn't have access to a
22 mortgage the same way that any other
23 homeowner does. And so we would be happy to
24 work with you on seeing what types of

1 adjustments we could make to make sure that
2 affordable homeownership for mobile home
3 owners is as available as it is for everybody
4 else.

5 SENATOR LITTLE: Thank you very, very
6 much.

7 And the other thing that you were very
8 helpful in is when the park owners decided
9 that they wanted to buy the park and the guy
10 was going to be selling it to someone else,
11 and instead they do this. And very, very
12 helpful. Your staff has been up there and
13 talked to the people, and there is a program
14 that helps them out. So I truly appreciate
15 that.

16 And, you know, I think that it's a
17 real first, because I don't think anybody,
18 any housing commissioner has ever worked this
19 hard on mobile homes. So thank you very
20 much.

21 COMMISSIONER VISNAUSKAS: Thank you.

22 SENATOR LITTLE: The other thing,
23 Assemblyman Cymbrowitz mentioned the seniors.
24 It became apparent to us last year that

1 seniors were looking for a special allocation
2 for total senior housing. And we did get it,
3 \$125 million, very happy for that. But now
4 we need to get services. And that capital
5 can't be used for services.

6 I don't know if we have ideas on how
7 we can get some services into these senior
8 housing.

9 COMMISSIONER VISNAUSKAS: Yes, so
10 we've been producing senior housing for quite
11 some time, and we were delighted to get a
12 specific allocation for senior housing in the
13 housing plan to continue that work.

14 The housing that we have generally
15 produced often -- I would say most times has
16 services in it, so the types of organizations
17 that are developing these buildings either
18 have a relationship with a service provider
19 or they are in fact themselves -- they may
20 have a contract with some other entity where
21 they are a senior service provider.

22 So I say that just to note that we
23 certainly care about services and we like to
24 see them in the current production of senior

1 housing that we have.

2 That said, going forward, should there
3 be service dollars that are allocated that we
4 can match with our programs, we would
5 certainly be delighted to have that.

6 SENATOR LITTLE: Okay, thank you.

7 One other real upstate issue -- and
8 downstate -- the Neighborhood and Rural
9 Preservation Companies. Certainly for
10 housing having a \$2.5 billion five-year
11 allocation that you can develop a plan and
12 have some predictability as to where your
13 money is and what you can do, it would be
14 nice for the preservation companies to be
15 able to have, to know that they're getting
16 money this year, next year and the year
17 after, and can plan accordingly.

18 And I think that would truly be
19 appreciated if we could come up with
20 something along those lines.

21 COMMISSIONER VISNAUSKAS: Okay.

22 SENATOR LITTLE: And with that, I
23 just, you know, would like -- I think we get
24 into these emergency situations where we need

1 some kind of an emergency fund that we can
2 pull some money out of. I have a broken
3 elevator in a two-or-three-story -- it's
4 three stories, senior housing in Tupper Lake.
5 The plan is if you want to come down and get
6 out of your apartment on the third floor
7 right now, you are going to call the rescue
8 squad, if you're unable to walk or if you're
9 in a wheelchair or you're unable to make the
10 stairs, and they will come and carry you
11 down.

12 That's really not appropriate. We
13 need someplace where we can grab some money
14 and say, okay, we suddenly need a new
15 elevator in this building. They've been
16 talking about it, they haven't done it.

17 So I'd be glad to work with you on
18 that and see if we can come up with some
19 ideas.

20 But again, thank you for all your
21 efforts. I really have enjoyed working with
22 you.

23 COMMISSIONER VISNAUSKAS: Thank you,
24 Senator.

1 CHAIRWOMAN YOUNG: Thank you.

2 We've been joined by Senator Brian
3 Benjamin.

4 CHAIRWOMAN WEINSTEIN: And we've been
5 joined by Assemblyman Michael Blake and
6 Deputy Speaker Earlene Hooper.

7 I'd now like to call on Assemblyman
8 Fitzpatrick.

9 ASSEMBLYMAN FITZPATRICK: Thank you,
10 Chairs.

11 Thanks, Commissioner, for being here
12 this morning. I had a question on the Small
13 Rental Development Initiative and your plan
14 to do more. Of the homes that you've
15 developed so far, where have they been?
16 Where is the best opportunity for growth and
17 development in that program?

18 COMMISSIONER VISNAUSKAS: I'm glad you
19 asked that. We are very proud of the Small
20 Rental Development Initiative, which we call
21 SRDI, for lack of a better acronym.

22 We put it out as a pilot this past
23 year, as a way to sort of understand the sort
24 of small building market upstate a little

1 better, which some of our programs aren't
2 necessarily tailored to very small buildings.

3 We were thrilled to get a very sort of
4 robust pipeline of applications. We awarded
5 20 different organizations -- we made about
6 20 different awards, it was about
7 \$20 million, and it was going to create about
8 200 units of housing. I'd be happy to sit
9 and sort of go through the map with you; I
10 don't have, off the top of my head,
11 everywhere it was, but we had a very
12 broad-based sense of applications around the
13 state for the program.

14 So we will look to roll that out again
15 this year.

16 ASSEMBLYMAN FITZPATRICK: Very good.
17 And how about Long Island, any -- is it
18 mostly upstate you're focusing on, or --

19 COMMISSIONER VISNAUSKAS: I'd have to
20 get back to you on that. I can't recall if
21 we have an awarded project in Long Island.

22 ASSEMBLYMAN FITZPATRICK: Okay. And
23 this is more of a general question, but maybe
24 you noticed this in developing the small

1 rental opportunities.

2 But the issue of zoning requirements,
3 environmental regulations, the Scaffold Law,
4 things like that, in your experience, what
5 recommendations or what problems have you
6 encountered from various communities that
7 need attention in terms of -- you know, to
8 develop more affordable housing, what about
9 zoning regulations? What about 240/241, the
10 Scaffold Law? Which is a big problem on
11 Long Island -- it raises the cost by
12 30 percent, are some estimates.

13 But where is there room for
14 improvement in terms of dealing with
15 municipalities, counties, townships, villages
16 in terms of making the process move faster,
17 more expeditiously, at a lower cost?

18 COMMISSIONER VISNAUSKAS: You know, we
19 generally -- I would say a couple of things.
20 So most developers who work with us obviously
21 take their projects through the local
22 approval process, and we defer to the
23 municipalities. You know, as you know,
24 obviously zoning varies wildly sort of across

1 the state in terms of municipalities' rules
2 and regulations.

3 So I think our sort of approach on
4 that is just to generally be supportive of
5 both sort of our developers through that
6 process, and also to be very transparent with
7 the municipalities about the housing plan and
8 that we have a lot of goals, we
9 programmatically have a wide range of
10 programs, we are trying to reach small
11 buildings, large buildings, new construction,
12 preservation, senior housing -- you know, we
13 sort of have the whole gamut -- so that we
14 can try to tailor projects to what
15 communities' needs are.

16 So we don't get as involved in sort
17 local regulatory issues maybe perhaps as you
18 might think, but rather try to be sort of a
19 transparent force in sort of housing
20 development to get the projects sort of
21 resolved and into construction.

22 ASSEMBLYMAN FITZPATRICK: Okay, great.
23 Thanks very much.

24 COMMISSIONER VISNAUSKAS: You're

1 welcome.

2 ASSEMBLYMAN FITZPATRICK: Thank you,
3 Madam Chair.

4 CHAIRWOMAN YOUNG: Thank you.

5 Our next speaker is Senator Jamaal
6 Bailey, who is ranking member on the Housing
7 Committee.

8 SENATOR BAILEY: Thank you, Madam
9 Chair.

10 Commissioner, thank you once again for
11 coming and testifying before us. And I echo
12 the sentiments of my colleagues and I thank
13 you for your availability as well as that of
14 your staff. You've always been ready,
15 willing and able to assist when we have
16 questions.

17 I have a very diverse district.
18 Housing-wise, it goes from apartments in the
19 Norwood section that have saved by TPU to the
20 largest cooperative development in Co-op City
21 to many homeowners that have been hit hard by
22 the foreclosure crisis. So I have a variety
23 of questions for you today.

24 The first I guess would be around --

1 along the lines of what Senator Little had
2 mentioned about broken elevators in a
3 development. I represent Co-op City, the
4 largest cooperative development again in the
5 State of New York. And we have quite a few
6 issues, such as broken elevators in units
7 that have 32 flights. And we're also the
8 largest NORC in the State of New York, so we
9 have a lot of seniors who have issues
10 sometimes ambulating, whether it be with
11 their shopping carts or on their own.

12 Is there an update as to what HCR is
13 being able to do with places like Co-op City
14 and having that elevator crisis there?

15 COMMISSIONER VISNAUSKAS: So as you
16 know, we have sort of a regulatory function
17 on Co-op City. So we -- because it is so big
18 and unlike sort of any other complex, I guess
19 I would argue, in the state, we have staff
20 within our offices for asset management and
21 Mitchell-Lama who are focused specifically on
22 Co-op City to try to help resolve issues.

23 So we generally are very aware of
24 what's going on and try to work directly with

1 the management and the tenants association to
2 get things to resolve. I don't know the
3 specifics of the elevators, but we're always
4 happy to sit down and talk with you and your
5 staff about it.

6 SENATOR BAILEY: Certainly. Thank
7 you.

8 We mentioned NYCHA earlier and about
9 the \$100 million appropriation and the
10 \$200 million lined out in the budget. And I
11 look at \$200 million as, in my opinion, of
12 not being enough, especially when we
13 mentioned boilers. And if you're looking at
14 statistics, 43 percent of boilers in NYCHA
15 are failing.

16 Is \$200 million enough, and does
17 New York State have a better obligation to
18 step up for residents of NYCHA? What should
19 we be doing, going forward, funding-wise?

20 COMMISSIONER VISNAUSKAS: NYCHA is, as
21 you know, a sort of a federally regulated
22 housing authority, and it reports directly to
23 the mayor of the City of New York. And I
24 think it's fair to say that the issues that

1 NYCHA has with its sort of general
2 infrastructure are not a result of the past
3 year or the past five years, but are a result
4 of sort of the past couple of decades.

5 And I say that meaning that the
6 federal government, as sort of the provider
7 of both operating and capital subsidy for the
8 New York City Housing Authority as well as
9 every other federally regulated housing
10 authority in the State of New York, has
11 consistently cut capital and operating for
12 the New York City Housing Authority year by
13 year.

14 I think, you know, as you probably
15 have read as well as I have, the sum total of
16 that impact on NYCHA just for their operating
17 budget is about a billion dollars of lost
18 revenue. And also as you read in the papers
19 as well as I do, they have a \$17 billion
20 backlog, and I think that number has actually
21 been around for quite some many years and
22 suspect it has grown.

23 So I think that it's hard to talk
24 about if anything is enough money for NYCHA

1 when you think about the decades of federal
2 disinvestment in the housing authority. And
3 I think that's -- it's a somewhat
4 unconscionable withdrawal of funding for
5 housing that generally serves the
6 lowest-income people in the City of New York
7 and in the State of New York.

8 I think, that said, sort of on the
9 \$300 million -- the \$100 million and now the
10 \$200 million -- in my opinion, I think that's
11 an incredible sort of commitment on behalf of
12 the state, and I don't think there has been a
13 commitment that large towards the New York
14 City Housing Authority in decades. So while
15 it may pale in comparison to a \$17 billion
16 backlog that I would argue was caused by
17 years of disinvestment by the feds, I think
18 it's a very significant investment on behalf
19 of the state into the housing authority.

20 SENATOR BAILEY: That's fair. You
21 took the words out of my mouth when you spoke
22 about chronic disinvestment.

23 And it is then the fault of the
24 federal government, for lack of a better

1 term, but I do believe that we as a state do
2 have a responsibility.

3 But speaking from lower-income people
4 to middle-class folks, what can we as state
5 legislators do to create more workforce
6 housing? I know we had the \$2.5 billion. So
7 within that \$2.5 billion, are there amounts
8 of money earmarked towards folks like
9 teachers and police officers and firefighters
10 in my district who, if you're a married
11 couple, sometimes you don't qualify for
12 certain programs. So the middle class is
13 sometimes being priced out of locations and
14 housing.

15 You know, what is HCR going to be able
16 to do -- I should say, how is that being
17 earmarked towards those folks?

18 COMMISSIONER VISNAUSKAS: So I would
19 say that we have sort of two tools that we
20 use for middle-income housing. So the Middle
21 Income Program, which was launched sort of
22 before my tenure, a couple of years ago at
23 HCR, has been a very well-utilized and
24 well-received program, so we have a lot of

1 demand for, as you said, for teachers and
2 firefighters and folks that are just sort of
3 above the low-income threshold for income.

4 So we use both the Middle Income
5 Program allocation that we had gotten from
6 settlement funds some years ago, as well as
7 we continued that program in the housing
8 plan. So we now have five years of funding
9 dedicated specifically towards that
10 middle-income-workforce housing.

11 And we also use the State Low-Income
12 Housing Tax Credit for that. As you know,
13 that's a tax credit that's more flexible than
14 the federal one, which has that hard stop at
15 60. And the state credit goes up to 90. And
16 so we utilize that, in addition to the
17 capital dollars that are in the housing plan,
18 to really target that sort of 60 to 90 or 60
19 to 130 middle-income household.

20 SENATOR BAILEY: Madam Chair, I see
21 that my time is up. May I ask one more
22 question?

23 The appropriation for NORCs, naturally
24 occurring retirement communities, I don't see

1 that it's gone out. I wanted to see what
2 happened to that funding and what are we
3 going to be doing about NORCs this year?

4 COMMISSIONER VISNAUSKAS: So my
5 understanding -- and I would admit that I
6 think the New York State Office for the Aging
7 commissioner may be able to answer the
8 question better than I can -- is that there
9 is a technical issue with the funding going
10 from HCR to NYSOFA to be spent. So we are
11 having to work on sort of fixing what that
12 technical issue is.

13 But it's certainly not for -- you
14 know, we aren't sort of holding the money
15 back and not releasing it to them. I think
16 we need to find sort of a legislative fix for
17 that.

18 SENATOR BAILEY: Certainly. Thank you
19 for your time.

20 Madam Chair, I may have more questions
21 later, if possible.

22 CHAIRWOMAN YOUNG: Thank you.

23 CHAIRWOMAN WEINSTEIN: We've been
24 joined by Assemblywoman Richardson.

1 And to ask questions, Assemblywoman
2 Hooper. But we need to just get a chair for
3 you.

4 ASSEMBLYWOMAN HOOPER: Good morning.

5 COMMISSIONER VISNAUSKAS: Good
6 morning.

7 ASSEMBLYWOMAN HOOPER: And thank you
8 for being here.

9 I apologize for not having been here
10 when you began your presentation, but I have
11 been looking through what you have presented
12 to us, and I would like to make a few
13 statements and then ask a question.

14 I represent Nassau County and two of
15 the villages in Nassau County, the one that's
16 the largest village in the United States, the
17 Village of Hempstead. I also represent
18 Freeport and Roosevelt. It is usually
19 perceived that Nassau County is very wealthy
20 and that they have polo ponies and swimming
21 pools, et cetera. But that county also is
22 facing some serious issues, especially in the
23 district that I represent.

24 And what has happened up to this

1 point -- and we can all probably agree with
2 this -- is that the single-family homes that
3 are usually owned by seniors who have paid
4 off their mortgage, middle-income persons,
5 young professionals, recently employed
6 persons, cannot afford to live in Nassau
7 County. And the Village of Hempstead is the
8 beacon, and it is the place where the
9 undocumented seek to place themselves because
10 they are welcome. But the taxes are the
11 greatest obstacle in Nassau County, as they
12 are in New York State.

13 Yet the undocumented have become
14 afraid to even come out and be recognized as
15 a positive aspect in our community. And they
16 live in housing that they have been able to
17 construct internally to house their families,
18 and sometimes these interiors are unsafe
19 because it's a one-family house that's been
20 renovated, changed to house four or five
21 families. This also causes an issue as it
22 relates to the other homes in that area.

23 My concern is that when I looked at
24 your presentation, the one that you

1 presented, that there is a program -- and I'm
2 getting now to those who own homes, and then
3 I'll go back to those who are struggling to
4 remain there. Those who own homes and find
5 themselves facing foreclosure. Last year I
6 had a constituent who is employed, has a
7 regular job, and was facing foreclosure. And
8 even though I referred her to some of the
9 state programs, the information they gave her
10 was so insufficient and she was bandied from
11 one place to the other because of her income.
12 If her income were enough, then she would not
13 have been facing foreclosure.

14 Now, as I look through this
15 presentation -- and no disrespect to my
16 colleagues, those who are in the upstate
17 area, Bronx, New York City --

18 (Laughter.)

19 ASSEMBLYWOMAN HOOPER: -- I don't see
20 the same type of focus on Nassau County and
21 especially in those communities that I just
22 described.

23 And so I am asking -- my question to
24 you is, what type of focus and special

1 attention are you going to be giving to those
2 areas in Nassau County that need also what
3 has been allocated in the very necessary
4 areas such as New York City, Troy, Buffalo,
5 et cetera? Because we are in dire straits,
6 and we have a community that is seeking help.
7 And I find that it's sometimes more
8 frustrating to deal with HCR than it is to
9 deal with the private institutions. Could
10 you please help me with that?

11 COMMISSIONER VISNAUSKAS: Yes, I'd be
12 happy to. I'm sorry that you feel
13 frustrated, but I would be delighted to talk
14 about the ways in which I think we are
15 impacting Nassau County and Hempstead and
16 some of the folks that you are referring to.

17 So we fund about 40 organizations
18 around the state that provide foreclosure and
19 financial counseling to people. Those
20 organizations serve a couple of thousand
21 people each year. So --

22 ASSEMBLYWOMAN HOOPER: How many are in
23 the areas that I --

24 COMMISSIONER VISNAUSKAS: In Long

1 Island? We'll check on that and find out how
2 many.

3 There are two very strong
4 organizations, as you probably are aware, in
5 Long Island who do the majority of sort of
6 work on affordable housing issues, NHS and
7 the Long Island Housing Partnership. So I
8 would imagine those would be the two
9 organizations, but we'll double-check that --

10 ASSEMBLYWOMAN HOOPER: They are the
11 two organizations. And they were less than
12 capable of providing the necessary resources
13 that this particular constituent needed.
14 There are two, but they don't focus on the
15 problems that we are encountering in Nassau
16 County in the 18th Assembly District, the
17 largest incorporated village and the other
18 surrounding villages. So those two, I know
19 the two you speak of. What other out of the
20 40?

21 COMMISSIONER VISNAUSKAS: Well, so I'd
22 be happy to sit with you and -- (a) we're
23 always happy to talk about any particular
24 sort of constituents issue and make sure

1 they're getting services that either we are
2 funding or can be provided elsewhere. So
3 we're happy to sit down and talk to you about
4 that.

5 And in terms of other efforts that we
6 have within Nassau and with Hempstead, we are
7 doing a couple of things. So in Hempstead,
8 as I'm sure you're familiar, there's sort of
9 a large redevelopment proposed, there are
10 two, perhaps three multifamily projects
11 currently seeking financing from us to
12 provide new construction of low-income
13 housing in Hempstead, on the multifamily
14 side.

15 On the single family side --

16 ASSEMBLYWOMAN HOOPER: Would you be
17 kind enough to -- are you permitted to tell
18 me the names of that? Because two of those
19 groups to which I think you're referring, I
20 have questions.

21 COMMISSIONER VISNAUSKAS: One
22 organization is a nonprofit that's called
23 Concern for Independent Living, and they have
24 a project in our pipeline. And I can't

1 recall off the top of my head the name of the
2 second organization that's in our pipeline.

3 ASSEMBLYWOMAN HOOPER: All right, I'll
4 get it. Go on, thank you.

5 COMMISSIONER VISNAUSKAS: So that's on
6 the multifamily side.

7 We have been working with the -- to
8 sort of pivot a little bit, to the
9 undocumented issue. We certainly -- we don't
10 want people to be living in fear and sort of
11 having instability in their housing. We have
12 been working very closely with the Division
13 of Human Rights as well as the Office of
14 New Americans to make sure that all
15 organizations that operate really around the
16 state understand what sort of the legal
17 issues are around housing and around
18 immigrants' rights.

19 And we've been doing webinars, we've
20 been doing in-person meetings and sort of
21 seminars. But sort of key to that is making
22 sure that the people themselves understand
23 their rights and they don't need to be afraid
24 to come forward.

1 And so we have spent a lot of time in
2 this past year working with both the Office
3 of New Americans and the Division of Human
4 Rights to make sure that fair housing issues
5 are enforced in Long Island as well as
6 everywhere else around the state.

7 ASSEMBLYWOMAN HOOPER: All right,
8 thank you.

9 What I'm going to do is I'm going to
10 set up an opportunity for persons who work
11 with me to meet with the persons who work
12 with you so we can follow through on this at
13 a time that has more opportunity to speak.

14 COMMISSIONER VISNAUSKAS: Absolutely.
15 We'd be delighted.

16 ASSEMBLYWOMAN HOOPER: Thank you.
17 Thank you so much.

18 CHAIRWOMAN WEINSTEIN: Before we move
19 on to the Senate, we've been joined by two
20 other Assemblymembers, Assemblywoman Latoya
21 Joyner and Assemblywoman Latrice Walker.

22 CHAIRWOMAN YOUNG: Thank you.
23 Our next speaker is Senator Savino.

24 SENATOR SAVINO: Thank you, Senator

1 Young.

2 Thank you, Commissioner. I want to
3 briefly touch on a couple of issues.

4 One, as you know, the Mortgage
5 Insurance Fund of SONYMA was established to
6 ensure that mortgage loans for projects that
7 otherwise couldn't obtain insurance would be
8 able to do so. And as the MIF, as we like to
9 refer to it, accrues reserves, those
10 reserves are being used to fund some very
11 valuable programs. Last year it was
12 \$155 million in reserves was spent on some of
13 the programs -- the Rural Rental Assistance
14 Program, Neighborhood and Rural Preservation,
15 Homeless Housing. This year again the
16 Governor is proposing to use the excess
17 reserves from the MIF to fund those programs,
18 at a much smaller rate. I think he's only
19 allocating \$44 million. All worthwhile.

20 But the concern I think some of us
21 have is that if these programs are so
22 important -- and they are -- why not put them
23 into the General Fund, instead of just
24 depending on the reserves from the MIF?

1 Because last year we had \$155 million, this
2 year we only have \$44 million.

3 COMMISSIONER VISNAUSKAS: So the
4 funding that you saw last year, the 155, was
5 the sort of last installment of what was a
6 five-year drawdown of the MIF of about
7 \$100 million a year, for a \$500 million
8 total.

9 That sort of plan and that decision
10 was made sort of well before my time, so I
11 can't speak to it so well, but my
12 understanding is that they sort of made an
13 assessment of sort of what was an appropriate
14 amount of funding that could be drawn from
15 the MIF reserves. It was drawn, it was
16 programmed, and that amount was sort of sized
17 to ensure that there was still enough in the
18 reserves to not impact the rating overall of
19 the MIF.

20 And so what you see now is sort of the
21 drop. There's really sort of a burnoff of
22 that five-year, \$500 million draw, and that
23 it's back to sort of -- I guess what I would
24 call sort of the baseline amount to fund, as

1 you said, the Rural Rental Assistance
2 Program, the NPPs and the RPPs, as well as
3 the Homeless Housing Assistance Corporation.
4 So those amounts are somewhat baselined and
5 flat to the amounts that had coming out prior
6 to this five-year, \$500 million draw.

7 SENATOR SAVINO: I would just say I
8 think at some point we should consider
9 whether or not we should move the funding for
10 these programs actually to the General Fund,
11 because who knows if we can depend upon, you
12 know, excess reserves long enough.

13 On senior housing, I know in the
14 budget there's a discussion about allocating
15 \$125 million for senior housing. And whether
16 or not that's enough money is debatable; it
17 probably isn't. But there's another area of
18 senior housing -- and let me just say I think
19 it's appalling that the New York City Housing
20 Authority is not here to address us. Perhaps
21 they don't want to be, you know, put on the
22 hot seat again. But publicly I have called
23 the New York City Housing Authority the worst
24 slumlord in the country. And I represent 20

1 different developments, between Brooklyn and
2 Staten Island. And some of them are senior
3 developments. And they are in as bad shape
4 as all of the rest of them.

5 Last week I met with the chair of the
6 housing authority, and she indicated to me
7 that they would like to get out of the
8 business of senior housing. So the question
9 is, has there been any discussions with the
10 state and NYCHA for someone else to assume
11 responsibility for these senior developments?

12 COMMISSIONER VISNAUSKAS: No, we have
13 not had any conversations or been approached
14 by NYCHA about their senior housing.

15 SENATOR SAVINO: Well, I'd love to
16 know who they are speaking to.

17 And then finally, on the issue of
18 Mitchell-Lamas, because I represent several
19 large Mitchell-Lamas, and as you know, the
20 Mitchell-Lama program is now about 70 years
21 old. And the buildings themselves, they are
22 beginning to show the wear and tear of
23 properties that are that old. And many of
24 them are trying to remain in the program.

1 Some of them, though, are in areas where they
2 could easily convert out of Mitchell-Lama,
3 and it would be in the financial interest of
4 the residents there, but they don't want to
5 do that, they want to stay in Mitchell-Lama.

6 The problem they're facing now is the
7 capital needs of some of these developments
8 are so exorbitant and there's really little
9 resources for them. So has there been any
10 thought about providing a significant pool of
11 capital for some of these Mitchell-Lamas to
12 be able to apply to so that they can make the
13 necessary repairs, whether it's roofs or
14 windows or elevators, so that these --
15 this -- which I believe is the most
16 successful affordable housing program the
17 state has ever created -- can remain that way
18 for generations to come?

19 COMMISSIONER VISNAUSKAS: Yes, I'd be
20 delighted to answer that. We have a real
21 soft spot for our Mitchell-Lamas at HCR.

22 As you know, we supervise a lot of
23 state-supervised Mitchell-Lamas in New York
24 City. We were thrilled last year to put

1 \$125 million into the budget specifically for
2 Mitchell-Lamas. We had had sort of a
3 previous program that's still rolling off
4 where we were addressing about 35
5 Mitchell-Lamas around the state.

6 That work is continuing and will
7 probably finish up this year, and then we
8 have started now to look at the rest of the
9 Mitchell-Lama portfolio and work our way
10 through with this capital program to really
11 refinance them all, make the capital repairs
12 they need, and put them on a good footing for
13 another -- maybe not 70 years, but at least
14 another 30 years until they might need
15 another infusion of capital.

16 SENATOR SAVINO: Thank you. And I'll
17 just end by saying I would love to work with
18 you more closely on this issue, because it
19 would be a tremendous loss if these units
20 were converted to market rate.

21 Thank you.

22 COMMISSIONER VISNAUSKAS: We'd be
23 delighted. Thank you.

24 CHAIRWOMAN YOUNG: Thank you, Senator.

1 CHAIRWOMAN WEINSTEIN: Next from the
2 Assembly is Assemblywoman Peoples-Stokes.

3 ASSEMBLYWOMAN PEOPLES-STOKES: Good
4 morning. Thank you very much, Commissioner,
5 for being here.

6 I just want to tag on to Senator
7 Savino's comments regarding Mitchell-Lama.
8 And thank you for the work that the state did
9 with a Mitchell-Lama building in my district
10 that literally transformed the building from
11 old and decrepit -- for seniors -- into a
12 modern building that they all just love so
13 much. And every time I see one of them, they
14 say how much they appreciate the state's
15 efforts in that.

16 So I hope that that can be duplicated
17 across the state so that other residents and
18 seniors will have the same pleasure of living
19 in decent-quality, affordable housing.

20 I also want to thank you for just the
21 time that you have invested with developers
22 in Buffalo to help move properties forward,
23 both single homes and affordable houses. And
24 just to let you know you're always welcome in

1 Buffalo.

2 Secondly, I would say that I wonder
3 if -- I know that the state has a really good
4 strategy on dealing with minority- and
5 women-owned businesses. And I wonder if any
6 of that applies to the development category
7 of business and if you all have been able to
8 gather any data on the number of developers
9 of color that work within the State of New
10 York as a result of building houses and/or
11 large residential facilities.

12 And if you don't have any data on that
13 could you start collecting it? And if
14 you could not only start collecting it, but
15 you could also begin to work on a strategy so
16 that we might begin to work towards
17 opportunities for more developers of color to
18 be in the residential development business?

19 COMMISSIONER VISNAUSKAS: Absolutely.
20 It was actually a pleasure to go up to
21 Buffalo and to celebrate the ribbon-cutting
22 of that senior Mitchell-Lama. Those are
23 certainly the very heartwarming moments of
24 the work that I get to do, and I look forward

1 to continuing that everywhere we work across
2 the state.

3 In terms of our overall MWBE goals, so
4 we have sort of three areas for our MWBE
5 efforts. We have procurement, we have
6 bond-related commitments, and then we have
7 development, as you said. So we are very
8 focused on our development work and on
9 encouraging MWBE involvement in that.

10 We just recently, two weeks ago, did a
11 ground-breaking for what is the biggest new
12 construction project in the Bronx that we'll
13 be doing with an MBE developer. It's a
14 \$60 million development, it's 130 units.
15 It's a large project.

16 We work very closely in the city with
17 the New York Real Estate Chamber and are
18 always looking to develop relationships
19 around the state to encourage all MWBEs to be
20 able to take advantage of our programs. And
21 if they feel that they can't, to help us
22 understand what tools they need to be able to
23 get involved in what we think is, you know, a
24 great business in the affordable housing

1 world.

2 ASSEMBLYWOMAN PEOPLES-STOKES: Thank
3 you.

4 Lastly, how large is your staff? How
5 many people?

6 COMMISSIONER VISNAUSKAS: HCR is about
7 a thousand people strong.

8 ASSEMBLYWOMAN PEOPLES-STOKES: And how
9 diverse is it?

10 COMMISSIONER VISNAUSKAS: I have a lot
11 of women in senior leadership. And on
12 average, our staff is very diverse.

13 ASSEMBLYWOMAN PEOPLES-STOKES: I would
14 love to see those numbers as well.

15 I think that's one of the things that
16 we could probably do a better job of
17 throughout the state, in every agency, is to
18 increase, you know, the level of diversity.
19 In the same manner in which we work to add
20 opportunities for businesses, we should add
21 opportunities for employment as well.

22 COMMISSIONER VISNAUSKAS: Agreed.

23 ASSEMBLYWOMAN PEOPLES-STOKES: But
24 thank you very much. I appreciate your work.

1 COMMISSIONER VISNAUSKAS: Thanks.

2 CHAIRWOMAN YOUNG: Senator Benjamin.

3 SENATOR BENJAMIN: Thank you, Madam
4 Chair. (turning on mic) I'm a new Senator,
5 sorry. Thank you, Madam Chair.

6 Thank you, Commissioner.

7 First I want to go back to what
8 Senator Savino was referring to. I want to
9 thank you for your help with Lakeview
10 Apartments, which is four buildings,
11 446 units of Mitchell-Lama apartments in my
12 district. They're looking to come out.

13 I just wanted to get a sense from you,
14 where are things? Obviously we're waiting
15 for the federal government to let us know, on
16 the RAD side, what's possible. What's going
17 on, from your perspective, on this?

18 COMMISSIONER VISNAUSKAS: So we've
19 been working very closely with the owner of
20 the Lakeview Mitchell-Lama in your district.
21 We see those 444 affordable apartments in
22 your district, and we very much would like to
23 hold onto them and preserve them.

24 So I think there's two big activities

1 going on. One is there's been an enormous
2 amount of capital investment that's been
3 going on in that building for the past year.
4 I think the numbers are something like 80 or
5 90 percent of the bathrooms and kitchens in
6 that building have now been completely
7 renovated, which is great.

8 In addition, there has been for
9 decades -- a decade at least -- scaffolding
10 up on the outside of that building, creating
11 both sort of an eyesore and also not great
12 for sort of security and for the neighborhood
13 and the residents. That scaffolding is about
14 to come down because the facade work that was
15 necessitating it has been completed. So I
16 think the interior kitchens and baths, the
17 many security upgrades that have been done,
18 and the scaffolding coming down are sort of
19 incredible physical improvements to that
20 building.

21 Now, as important, is working on
22 getting a preservation scheme for all the
23 units. So as you mentioned, we are sort of
24 waiting, sort of for lack of a better word,

1 for the federal government and the budget to
2 come out, and we are very hopeful that we
3 will get a project-based Section 8 contract
4 for that whole building that will allow it to
5 be preserved for the long term.

6 SENATOR BENJAMIN: And if that doesn't
7 occur?

8 COMMISSIONER VISNAUSKAS: We have been
9 working with the owner on sort of alternative
10 strategies. We've been working with the city
11 on providing a tax abatement and on the state
12 sort of tools that we have to get long-term
13 affordability. As you know, there is an
14 affordability plan in place that was
15 negotiated between the owner and the tenants
16 that protects low-income, in-place tenants,
17 so we will certainly enforce that and sort of
18 look to use all the tools that we have, in
19 the absence of a project-based contract, to
20 ensure affordability.

21 SENATOR BENJAMIN: Thank you.

22 In regards to the Tenant Protection
23 Unit, one of the things that I'm very
24 concerned about in my district are the number

1 of rent-regulated apartments that I have and
2 making sure that people feel safe. And I
3 believe that the TPU can help with that. So
4 I guess I want to ask you a couple of
5 questions on TPU.

6 The \$4.5 million for TPU, do you
7 believe that's enough? And if not, what do
8 you believe is an appropriate number for TPU?

9 COMMISSIONER VISNAUSKAS: I do. I
10 think the staff at TPU do an incredible job,
11 and I think that level of funding is one that
12 we feel comfortable to stay consistent to
13 carry out the great work that they do.

14 SENATOR BENJAMIN: Are there any
15 things you think we can be doing in terms of
16 legislatively to help improve the work of
17 TPU, or strengthen the ability of TPU to do
18 its job?

19 COMMISSIONER VISNAUSKAS: Not
20 legislatively. But I think one thing that we
21 look forward to doing and would love to do is
22 -- you know, the greatest thing we can do is
23 sort of arm tenants with information so that
24 they know their rights, because we need them

1 to be filing cases when they think they're
2 being overcharged and to be aware that
3 they're in a rent-regulated building.

4 So we would be happy to always be out
5 in your district and be providing as much
6 information as we can to tenants so they know
7 their rights with respect to the
8 rent-stabilization system.

9 SENATOR BENJAMIN: Gotcha. Okay.

10 Next I want to move on to
11 rent-controlled apartments. I have a number
12 of those in my district as well. Maximum
13 base rent, it's still confusing to me how
14 this gets calculated. But the first question
15 I have for you, is there an administrative
16 fix to reducing maximum base rent and how
17 it's calculated? Or is that only something
18 that the Legislature can do?

19 COMMISSIONER VISNAUSKAS: It is
20 statutory. It's only something that the
21 Legislature can do.

22 SENATOR BENJAMIN: Okay. All right.
23 Understood.

24 To that point, what would you

1 recommend -- do you believe that maximum base
2 rent, in the way in which it's calculated, is
3 fair?

4 COMMISSIONER VISNAUSKAS: I think that
5 the maximum base rent calculation is -- most
6 people would look at it and have a little bit
7 of like a bad high school math flashback.
8 It's a complicated formula that involves
9 water and sewer, involves operating expenses,
10 involves a return on equity.

11 And so we, by statute, simply sort of
12 process the formula, and we take the inputs
13 that we receive from different data sources,
14 and it produces an increased number for the
15 maximum base rent.

16 So I generally -- I'm a proponent of
17 sort of transparency in government.
18 Sometimes it's hard to think that the maximum
19 base rent complicated formula is something
20 that provides much transparency to the
21 tenants and to people sort of writ large. So
22 I guess we'll leave it at that.

23 SENATOR BENJAMIN: Okay. Thank you
24 for your time. That's enough for me.

1 CHAIRWOMAN YOUNG: Thank you.

2 CHAIRWOMAN WEINSTEIN: Assemblyman
3 Michael Blake.

4 ASSEMBLYMAN BLAKE: Thank you, Chair.
5 Commissioner, good to see you again.

6 I want to first thank you on behalf of
7 our residents in the South Bronx of
8 La Central. Obviously we're very excited
9 about that. I also want to piggyback on some
10 of the questions that have been raised as
11 relates to Mitchell-Lama, chairing that
12 subcommittee.

13 I just want clarity, Commissioner. Is
14 there a dollar amount in the current proposed
15 budget for Mitchell-Lama programming? I know
16 we talked about previous capital, but is
17 there a current dollar amount?

18 COMMISSIONER VISNAUSKAS: So we
19 received last year in the budget an
20 allocation of \$125 million, which we would
21 expect to spend over the next five years. So
22 every year we will have \$25 million targeted
23 specifically towards Mitchell-Lama
24 properties.

1 ASSEMBLYMAN BLAKE: So it's only being
2 based upon that \$25 million itself. But just
3 for clarity, before, there was at least
4 \$75 million for Mitchell-Lama preservation
5 programs in the 2017-2018? It looks like the
6 enacted --

7 COMMISSIONER VISNAUSKAS: I think
8 that's a total that would cover multiple
9 years, but I could be wrong.

10 But we -- I guess I would say we sized
11 the program, we thought to meet what we think
12 is the demand. You know, we supervise a
13 series of Mitchell-Lamas in the city and
14 around the state, and so we sort of view it
15 as sort of working through our portfolio and
16 making sure we're doing the capital
17 investments that our portfolio needs to be on
18 good footing.

19 So we felt that was an adequate amount
20 of money. But, you know, we're always happy
21 to sit down and talk with you (a) about any
22 Mitchell-Lama in your district and any of the
23 capital needs it might need.

24 ASSEMBLYMAN BLAKE: Of course we have

1 continual concern and interest because of
2 Concourse Village and Jamie Towers and so
3 many other complexes. We would certainly
4 like to understand how success has been
5 determined.

6 The Mitchell-Lama Housing Project
7 Rehabilitation Program at \$41 million before;
8 it's not continued. I understand that's from
9 a previous transition of funding. But
10 understanding how practically that works
11 would be incredibly helpful to know for our
12 tenants, and obviously it's a continuing
13 concern itself.

14 Transitioning, I also want to
15 highlight the understanding that NYCHA is not
16 necessarily in your portfolio, but given the
17 capital repairs portion that was before of
18 the \$200 million, I'm just trying to
19 understand, is there anything that's being
20 considered in terms of proposed capital
21 repairs that you all would be overseeing with
22 HCR?

23 COMMISSIONER VISNAUSKAS: This is the
24 NYCHA funding that you're talking about?

1 ASSEMBLYMAN BLAKE: Correct.

2 COMMISSIONER VISNAUSKAS: No, we do
3 not oversee any of that work. We really are
4 just a conduit for the funds. So as I had
5 said, sort of NYCHA submits to DOB and to
6 DASNY, and they approve, DASNY does the work,
7 and we sort of reimburse DASNY for the cost.

8 ASSEMBLYMAN BLAKE: I understand. But
9 given the current concerns, especially as
10 relates to boilers, that have been regularly
11 occurring, was there any consideration of
12 recommending to the Governor and others that
13 there should have been NYCHA capital repairs
14 funding that you all will oversee again for
15 this year?

16 COMMISSIONER VISNAUSKAS: No, I don't
17 believe that was suggested.

18 ASSEMBLYMAN BLAKE: And just
19 interested as to why, given the continual
20 concerns that we're experiencing.

21 COMMISSIONER VISNAUSKAS: I mean, I
22 think the goal would be to get this
23 \$200 million out the door. You know, as I
24 had said, the funding was approved in April;

1 we received a plan in November. We are
2 working -- DASNY and DOB are working very
3 expeditiously to get that approved and to get
4 those projects underway. So I think that's
5 sort of everyone's focus at this time.

6 ASSEMBLYMAN BLAKE: And has all the
7 funding from previous NYCHA funding been
8 allocated?

9 COMMISSIONER VISNAUSKAS: So about
10 \$88 million of the first hundred has been
11 spent on either projects that are completed
12 or are underway, and so it is nearly
13 completed.

14 ASSEMBLYMAN BLAKE: And so for the
15 remaining allocation it has not been
16 determined. Has there been conversation of
17 reallocating it for the emergency of boilers?

18 COMMISSIONER VISNAUSKAS: My
19 understanding is that those funds are
20 allocated to projects that were agreed to
21 between NYCHA and the Legislature and that
22 those people still want those projects that
23 were identified originally to go forward.

24 ASSEMBLYMAN BLAKE: So just putting it

1 on the record that we definitely think it is
2 of urgent need and would ask that you all
3 consider, moving forward, especially as the
4 Governor has the 21 days and 30-day
5 amendments, to consider that recommendation
6 to be pressed forward moving forward.

7 In addition, just a better
8 understanding. Senior housing has obviously
9 come up a few times in the conversations
10 around the senior centers. We obviously have
11 seven in our district, William Hodson being
12 one of them itself.

13 I'm just trying to understand. The
14 language of developing, preserving,
15 rehabilitating occurs throughout multiple
16 parts of the testimony in the language. I'm
17 just trying to practically understand, how
18 are you all defining rehabilitation versus
19 preservation as you determine the allocation
20 of funding?

21 COMMISSIONER VISNAUSKAS: It's the
22 same thing. When we say rehab, we really
23 mean rehabilitate, preserve, refinance, get
24 the buildings the capital repairs they need

1 and put them sort of on a good financial
2 footing for the long term. So I guess we use
3 the terms rehabilitation and preservation
4 interchangeably.

5 ASSEMBLYMAN BLAKE: And so in that
6 aspect, then, going back to where we started
7 on Mitchell-Lama, I think it being pertinent,
8 given the continuing concerns that still
9 exist, is there a reason why there wasn't a
10 larger requested dollar amount that you all
11 will be pursuing for Mitchell-Lama given the
12 continued capital needs that are existing?

13 COMMISSIONER VISNAUSKAS: We frankly
14 didn't think we needed it. You know, at this
15 point when we sort of originally conceived
16 the overall budget allocation, we looked at
17 all the Mitchell-Lamas that are under
18 supervision and what we thought the sort of
19 refinancing and capital needs would be, and
20 we sort of sized it.

21 You know, we could have hit it wrong
22 and we can try and adjust along the way, but
23 we felt that that was an adequate amount of
24 money to put all the Mitchell-Lamas that we

1 think need it on good footing.

2 ASSEMBLYMAN BLAKE: Thank you.

3 Looking forward to the data on the successes
4 that have happened on previous Mitchell-Lama
5 and moving forward as well. Thank you.

6 COMMISSIONER VISNAUSKAS: Great.

7 Thank you.

8 CHAIRWOMAN YOUNG: Thank you. Our
9 next speaker is Senator Brian Kavanagh.

10 (Microphone not turned on.)

11 SENATOR KAVANAGH: I'm new here.

12 (Laughter.)

13 SENATOR KAVANAGH: Thank you, Madam
14 Chair.

15 And thank you for being here to
16 testify today.

17 Just to begin, we have a situation in
18 our district at 85 Bowery where 95 people
19 were removed from their homes in an emergency
20 vacate order, including 17 children. Has
21 your staff made you aware of what's going on?

22 COMMISSIONER VISNAUSKAS: Yes, I'm
23 very aware.

24 SENATOR KAVANAGH: So just -- it's a

1 very complicated situation, and we're working
2 on ensuring that the residents there, many of
3 whom are not native speakers of English, have
4 been given the services they need and
5 understand what's going on. And there's a
6 lot of coordination issues.

7 I don't want to belabor it because
8 this is a budget hearing, but are you --
9 there were rent-stabilized units in the
10 building. Many of them have been converted
11 illegally. Is your agency focusing on
12 working cooperatively with the city to figure
13 out how to ensure that people's rights are
14 protected and get people back into their
15 homes as soon as possible?

16 COMMISSIONER VISNAUSKAS: Yes. So we
17 have known about the building for quite some
18 time. It's had some -- the issues are not
19 new, they're obviously as a result of some
20 things that have been going on for a while.

21 We -- I will probably get this a
22 little bit wrong to say we have active
23 litigation, but I think we have sort of a
24 form of litigation around the rent

1 stabilization rights of the tenants in that
2 building that's ongoing. I can't speak to it
3 either because it's in litigation but also
4 I'm not -- I would be doing it a disservice
5 to sort of explain it to you.

6 We'd be happy to sit down with you and
7 talk about it a little more. But we are
8 certainly always focused on making sure that
9 any building that has rent-stabilized tenants
10 that ends up with a vacate for sort of the
11 structural stair issue that happened, that
12 the tenants' rights are preserved, should
13 they need to be out of the building for some
14 period of time, for when they come back. But
15 there is a little bit of I think litigation
16 on that building.

17 SENATOR KAVANAGH: Okay. And can we
18 follow up after?

19 COMMISSIONER VISNAUSKAS: Certainly.

20 SENATOR KAVANAGH: I want to echo and
21 reinforce some of the things several of my
22 colleagues have spoken about with respect to
23 New York City Housing Authority capital
24 funding.

1 Your predecessor sitting in that chair
2 and I last year had a conversation about
3 whether the state has any obligation at all
4 to fund NYCHA, and the administration has
5 asserted at various times that there is no
6 such obligation.

7 So we've now put \$200 million, over
8 the course of several budget cycles, into the
9 state budget to cover what is estimated to be
10 somewhere between a \$17 billion and
11 \$25 billion capital shortfall. We've got
12 half a million people living in those
13 buildings.

14 We're hearing a lot these days about
15 the need for the state to address shortfalls
16 in fundamental services because of federal
17 action or federal inaction, and obviously
18 some of those issues are new. But this
19 failure to fund capital in NYCHA is a
20 perennial issue now, and it's very hard to
21 understand why the administration is choosing
22 not to put any meaningful new money into
23 NYCHA while, by the way, identifying over
24 \$6 million for public housing in other parts

1 of the state, which on a per capita basis is
2 far larger than anything that's been done for
3 NYCHA in at least a decade.

4 So just -- and given that the state
5 has some responsibility for that, that the
6 state is sort of factually and financially
7 responsible for part of that gap because the
8 state failed to provide capital subsidies for
9 state buildings for many years that NYCHA was
10 picking up, why is it that we're having a
11 conversation where it's starting in the
12 Executive Budget with zero funding for this
13 desperate capital need?

14 COMMISSIONER VISNAUSKAS: So at the
15 risk of repeating myself for some of your
16 colleagues, I think that the state has a very
17 big -- has made a very big commitment to
18 NYCHA, as you said. And as was said last
19 year and I would repeat, NYCHA is the
20 responsibility of the feds and it is an
21 entity that reports in to the mayor of the
22 City of New York. It is not a
23 state-regulated entity.

24 And I think that the \$17 billion to

1 \$25 billion backlog is not a result of
2 disinvestment for this year or last year and
3 the year before, this is decades of
4 disinvestment by the federal government.
5 NYCHA itself, right, cites that --

6 SENATOR KAVANAGH: Just to interrupt,
7 but also by the state government as well. I
8 mean, the state stopped doing expense and
9 capital subsidies for the state developments
10 in 2001, and those were on the books of NYCHA
11 for many years. And obviously we recently
12 addressed that by federalizing it.

13 COMMISSIONER VISNAUSKAS: Right.

14 SENATOR KAVANAGH: But aren't we
15 partly responsible for the deficit? And more
16 importantly, that when you have half a
17 million New Yorkers living in desperate
18 conditions, don't we have an obligation as a
19 state to try to address that, just as we're
20 talking about addressing many other
21 shortfalls of the federal government?

22 COMMISSIONER VISNAUSKAS: I would say
23 two things. I don't think we're responsible
24 for the \$25 billion potential capital

1 deficit. I think that is a direct
2 responsibility of the federal government, and
3 they have disinvested not only in NYCHA but
4 in public housing across the state. Right?
5 So when I go see other public housing
6 authorities in upstate New York, they have
7 the same issue, that they're getting their
8 operating and their capital budgets cut.

9 I think that what we on the proactive
10 side, and sort of somewhat on a parochial
11 side, what HCR has done both with NYCHA but
12 also with other housing authorities across
13 the state is use the tools that we have to
14 try to reposition their portfolios. In the
15 case of NYCHA, obviously their portfolio is
16 extremely large, so we are able to have a
17 greater impact on other smaller authorities.

18 But as I'm sure you know, last year we
19 provided about \$200 million of volume cap to
20 the New York City Housing Authority to
21 refinance 1500 units in the Rockaways. That
22 enabled that development to receive about
23 \$450 million of capital repairs. NYCHA's
24 annual capital budget itself for all 176,000

1 units is \$300 million a year. So in one sort
2 of leveraged transaction, spurred by a
3 \$200 million volume cap commitment from HCR,
4 every single bathroom and kitchen and every
5 single roof, boilers, resiliency ...

6 So I think from a -- and we do that
7 upstate too, right? So we are working in
8 Schenectady and we are working in Buffalo and
9 we are working with other housing authorities
10 across the state to use RAD, to use Section 8
11 vouchers, and to use whatever tools we can in
12 the face of federal disinvestment to make
13 sure that those buildings get rehabbed and
14 get put on a good footing.

15 SENATOR KAVANAGH: I see my time is
16 up. But you would agree that the combined
17 impact of that and spending is grossly
18 inadequate to the needs of public housing
19 residents in New York City; right?

20 COMMISSIONER VISNAUSKAS: I think that
21 the disinvestment by the feds in NYCHA has
22 created a very difficult to overcome
23 17-to-25-billion-dollar capital --

24 SENATOR KAVANAGH: And the State

1 Budget doesn't reflect any effort to offset
2 that disinvestment.

3 COMMISSIONER VISNAUSKAS: I think that
4 a \$300 million commitment from the Governor
5 from this year's budget and from two years
6 ago is the biggest state commitment we've
7 seen to NYCHA in a decade or more, or two
8 decades -- or maybe ever, I don't know.

9 So I think that at this moment there's
10 a real commitment on behalf of the Governor
11 to NYCHA. We don't have \$17 billion or 25 --

12 CHAIRWOMAN YOUNG: Thank you.

13 SENATOR KAVANAGH: I'll yield my time.
14 But with all due respect, I mean, the reason
15 we have that money in this budget, we're
16 reallocating it partly because it wasn't
17 spent or because it's taken many years to get
18 the money out the door. So, I mean, to be
19 continued.

20 But, you know, I join many who are
21 going to try to push very hard to get a real
22 commitment this year from the state.

23 CHAIRWOMAN YOUNG: Thank you.

24 CHAIRWOMAN WEINSTEIN: Assemblyman

1 Ortiz.

2 ASSEMBLYMAN ORTIZ: Thank you, Madam
3 Chairman.

4 And Commissioner, good morning. And I
5 think we're moving very fast for the first
6 time, so you'll be in good shape to get out
7 of here soon. I think.

8 I have a couple of questions, and I
9 just would also like -- if you allow me to do
10 this -- to echo Senator Savino about the
11 Mitchell-Lama. I do represent a
12 Mitchell-Lama in Bay Ridge; it's called the
13 Bay Ridge Tower. It's a big complex.

14 I also would like to make sure that as
15 you continue to move forward, that you keep
16 those Mitchell-Lama developments in mind.
17 Because we have seen the defect on the
18 elevators and others -- I will not get into
19 detail, but I just want to make sure that you
20 know I am supporting and echo what she
21 expressed.

22 Secondly, I also would like to point
23 out the need for veteran housing. I'm a
24 veteran myself. I think that we need to make

1 sure that we become a little more proactive,
2 especially for what's going on in Washington.

3 And also what's going on in Washington
4 brings me to the NYCHA issue for the
5 explanation that you just gave to one of the
6 Senators about it being a federal entity.
7 But I do believe that we do also have
8 responsibility. And I hope that the state
9 will look into really how to help the folks
10 in NYCHA.

11 I represent the second largest NYCHA
12 development in New York City, which is the
13 area of Red Hook. And I would like to join
14 my support to Assemblyman Blake and Senator
15 Bailey for their comments, because I do
16 believe it's very important for us to
17 understand that we cannot wait for Washington
18 for really trying to come to their rescue,
19 especially these days. I think it will be up
20 to us, especially the state, to begin to move
21 forward, to come up with a common-sense
22 denominator and a vision and think out of the
23 box on how we can extend our arms to those
24 places, whether it's Buffalo, New York City,

1 Rochester, Syracuse. But we do need that
2 help.

3 On another issue, the Neighborhood
4 Preservation Program, which is a program that
5 has helped so many communities, including my
6 own community, I see in here a reduction
7 almost of 50 percent. What methodology was
8 used in order to come out with that
9 50 percent reduction to these programs that
10 are so valuable to our community?

11 COMMISSIONER VISNAUSKAS: Sure. So
12 the NPPs and the RPPs had historically been
13 funded at about \$58,000 per organization per
14 year.

15 A couple of years ago there was a
16 three-year kind of add-on to the contracts
17 that was created as a result of some
18 settlement dollars. And so the organizations
19 saw an increase in their funding for those
20 three years. But they knew at the time of
21 the increase that it was going to drop back
22 down to the base-level funding of \$58,000 a
23 year at the end of those settlement dollars.

24 So while I guess you see it as a cut,

1 and it's perceived as a cut, I think the
2 organizations sort of planned for the
3 increase in funding as well as an
4 understanding that it might come back down to
5 the base level.

6 ASSEMBLYMAN ORTIZ: Well, I hope that
7 we can go back and -- as budget negotiations
8 continue, I hope that we can reconsider these
9 programs that, like I say, have been very,
10 very helpful to minority communities and I
11 think the community as a whole. And I think
12 it's very important to look into it and to
13 think about how can we do it and do better
14 for them.

15 Lastly, I understand that the
16 memorandum of understanding for the
17 \$200 million between NYCHA and your agency
18 and DASNY is probably in place. Can you tell
19 us, if you can, what are some of the
20 criterias and when it's going to be executed?

21 COMMISSIONER VISNAUSKAS: Sure. So
22 the funding was approved in April, and NYCHA
23 submitted in the middle of November a plan
24 for the spending of those dollars. That plan

1 is targeted primarily towards boilers and
2 elevators.

3 The plan was submitted to the
4 Department of Budget and to DASNY in the
5 middle of November. They've been reviewing
6 it and would be looking to improve that in
7 the very near term, and then DASNY, you know,
8 sort of the lead agency that executes to make
9 sure that those dollars get out the door.

10 ASSEMBLYMAN ORTIZ: Well, I hope that
11 as you continue to move forward that you can
12 provide some of this information to our
13 chairwoman, and that way that we can get that
14 information as well, that we can provide that
15 information to our constituents.

16 Thank you very much, and thank you for
17 the good job that you're doing. Thank you.

18 COMMISSIONER VISNAUSKAS: Thank you.

19 CHAIRWOMAN YOUNG: Thank you.

20 Our next speaker is Senator Patty
21 Ritchie.

22 SENATOR RITCHIE: Good morning,
23 Commissioner.

24 COMMISSIONER VISNAUSKAS: Good

1 morning.

2 SENATOR RITCHIE: I would like to
3 follow up on Senator Young's questions
4 regarding the Lake Ontario Fund. I just want
5 to clarify, under the residential category,
6 did you say that \$69 million was what the
7 applications totaled and there was a
8 \$50 million gap there?

9 COMMISSIONER VISNAUSKAS: Yes, there
10 have been about -- it's sort of an
11 approximate, but there were 3500 applications
12 that were received. And using sort of the
13 average award amount to date, we think that
14 sum total will be about 69, 70, \$71 million
15 of total need.

16 SENATOR RITCHIE: So we're not really
17 sure what we're going to need for a total
18 amount there. I guess my question is, does
19 that include projects that have already been
20 denied?

21 COMMISSIONER VISNAUSKAS: The
22 \$69 million represents an estimate for the
23 3500 applications that we've received. I
24 guess I'd have to look at whether -- if

1 there's sort of specific applications or how
2 many denials we've had.

3 SENATOR RITCHIE: Okay. Because I am
4 interested about the denials, because I have
5 had reports back that some applicants feel
6 like their application has been denied when
7 it shouldn't have been. And I know there is
8 an appeal process, but I also know that we've
9 had a few struggles along the way on items
10 that were eligible at the end of session and
11 somehow were cut out. We're still dealing
12 with those issues now.

13 So I would assume that at some point
14 the item that is in question now, if that is
15 taken care of, the \$69 million may be short
16 to fund those applications. So I would ask
17 if we have any information on denials, if you
18 could pass that on, that would be helpful.

19 COMMISSIONER VISNAUSKAS: Absolutely.

20 SENATOR RITCHIE: One of the other
21 concerns that I have is the agency in my area
22 looks to have received almost 1200
23 applications, but only 147 of them have been
24 awarded. The remaining applications, do you

1 know have they been reviewed? Are they
2 eligible for funding? Or what's the status?

3 COMMISSIONER VISNAUSKAS: So you're
4 right, the overall number is there's been
5 about 500 awards to date, and it's about
6 \$9 million. And the nonprofits are
7 continuing to process and make awards on a
8 regular basis. They have not stopped as a
9 result of sort of a gap in the funding.

10 I think we'd be happy to sit with you
11 on any of the particular nonprofits and go
12 through any of their sort of statistics and
13 where they are. We know there have been some
14 complaints about slowness, and so we are
15 working with the nonprofits to make sure that
16 they are not -- you know, that if they need
17 any support or any help, that we're providing
18 that so they can keep processing as fast as
19 they can.

20 SENATOR RITCHIE: Because that is my
21 main concern right now. It's January.
22 February, we'll be okay. But soon we'll be
23 approaching spring when residents are going
24 to be looking to address the problems. And

1 if we've only gone through 10 percent of the
2 applications in the months that preceded,
3 we're going to have a real problem when the
4 spring rolls around. So I would appreciate
5 any assistance from your agency to help
6 streamline or push those applications
7 forward.

8 COMMISSIONER VISNAUSKAS: Yes. We
9 were absolutely happy to take any and all
10 suggestions on ways that we could better
11 streamline.

12 As I had said earlier, we perceived
13 some of the sort of perceived slowness at the
14 front end as a result of the more complicated
15 cases coming through first, because we
16 prioritized addressing all the imminent
17 health and safety sort of cases first, and so
18 those were sort of by nature more complicated
19 and a little slower.

20 So we hope and expect to see sort of
21 an uptick in the approval rate when we get
22 out of sort of the imminent life and safety
23 into more of the sort of less complicated
24 awards.

1 SENATOR RITCHIE: And my final
2 question is filling the gap. I know you
3 mentioned moving money from the other two
4 categories. Can you tell me how you will
5 prioritize those? What do you believe the
6 ending gap will be, and how are we going to
7 address that?

8 COMMISSIONER VISNAUSKAS: Yes, so
9 there's sort of three parts to the answer.

10 So there was \$5 million of Municipal
11 Facilities Fund that was approved in the last
12 couple of days that will take the \$15 million
13 housing allocation to 20. We believe that
14 given the applications for the infrastructure
15 and the Small Business Program, that there's
16 about an additional \$10 million that we do
17 need a legislative change to be able to move
18 the money among the categories.

19 But if that goes through, then that
20 would take the 20 to 30 million, and then we
21 would be looking to work, the Legislature and
22 the Executive together, to fund the balance
23 of the 30 to the 69, 70 to also get funded
24 out of the Municipalities Facilities Fund.

1 SENATOR RITCHIE: And just one last
2 follow-up. Because we are still kind of
3 going back and forth on one issue as far as
4 eligibility, if we could maybe figure that
5 out sooner than later. So that when we're
6 going back to ask for enough financial
7 support so that the program is kept whole,
8 that we know what we're looking at with
9 regards to that one issue and we include
10 that.

11 COMMISSIONER VISNAUSKAS: Okay.

12 SENATOR RITCHIE: Thank you,
13 Commissioner.

14 CHAIRWOMAN YOUNG: Thank you.

15 CHAIRWOMAN WEINSTEIN: Assemblywoman
16 Latrice Walker.

17 ASSEMBLYWOMAN WALKER: Thank you. So
18 I want to thank the chair for allowing me an
19 opportunity to bring some issues that I
20 thought were pertinent to this conversation.

21 I do want to commit my comments to a
22 number of my colleagues as it relates to the
23 New York City Housing Authority and their
24 \$2 billion request for boilers and other

1 issues to address their heating concerns.
2 There have been a number of conversations
3 that we've had regarding implementing some of
4 the resources that may be available under the
5 energy budget as well as a number of programs
6 that your office has embarked upon with the
7 New York City Housing Authority, including
8 the replacement of windows.

9 Can you speak to some of those
10 investments and how we may be able to work
11 together with the New York City Housing
12 Authority to address the current boiler
13 crisis?

14 COMMISSIONER VISNAUSKAS: Sure. If I
15 understand the question on the first part, I
16 think you're referring to that we have been
17 working with the housing authority through
18 our weatherization program. And so, you
19 know, the weatherization program is funds
20 that come down through the Department of
21 Energy to the state, and HCR receives sort of
22 a suballocation of those funds.

23 We are very proud of our
24 weatherization program. We think it's an

1 incredibly important tool around the state.
2 And so we have begun working with NYCHA to do
3 weatherization of several of their campuses,
4 so basically sort of like energy sealing
5 around the building, which not only -- I
6 would sort of posit it not only helps the
7 building become more energy-efficient and for
8 heat to stay in, but also, from a health
9 issue, all types of sealing of buildings
10 helps keep out vermin, and vermin is often
11 sort of a cause of asthma and other sort of
12 health triggers in the household.

13 So we are very proud of the work that
14 the weatherization team does and think that
15 NYCHA is certainly an important place for us
16 to be partnering.

17 ASSEMBLYWOMAN WALKER: So is there any
18 possibility -- because I know at least one
19 development that I'm aware of that received
20 boiler replacements through the -- through,
21 you know, your organization, your office as
22 well as through NYSERDA.

23 So have there been any conversations
24 regarding addressing the housing boiler issue

1 and inclusion in perhaps a budget item to
2 help compensate for some of the \$2 billion
3 deficit on the boiler need?

4 COMMISSIONER VISNAUSKAS: So my
5 understanding -- but I'd be happy to sit down
6 and we can talk more specifics about it. But
7 it is our -- the weatherization staff and the
8 NYCHA staff continue to talk about other
9 developments that would be eligible and
10 appropriate.

11 We have a big demand for
12 weatherization in all the boroughs, certainly
13 in Brooklyn we have a big demand and a big
14 sort of backlog on the weatherization fund.
15 It's not a huge program, so we try to spread
16 it around as best we can to touch as many
17 buildings. But we'll be happy to talk to you
18 about other developments that we might work
19 collaboratively on.

20 ASSEMBLYWOMAN WALKER: Awesome.

21 So lastly -- I know I'm in my last
22 couple of moments -- I want to introduce a
23 sort of concept regarding reentry housing.

24 I'm not sure what your agency -- how

1 it oversees the sort of three-quarter housing
2 living circumstances that have been
3 presented, but from what I understand, that
4 there are like small rooms with two and four
5 bunk beds and eight people living in a room.
6 The conditions there have many building code
7 violations. Most of the resources in terms
8 of rent are covered by subsidies. However,
9 it's like, you know, what are the subsidies
10 sort of paying for.

11 So I'd like to know what is your
12 agency's response or involvement in reentry
13 housing? And as we are looking to create
14 more and protect and preserve more affordable
15 housing and supportive housing, how do we
16 include reentry housing in that conversation?

17 COMMISSIONER VISNAUSKAS: That's a
18 great question and sort of a topic that we
19 think about often. HCR does not have any
20 direct oversight of the three-quarter houses
21 in the city, and the funding doesn't flow
22 through us. I believe it flows through some
23 of the service agencies of the state, but I'm
24 actually not that familiar with how they're

1 funded.

2 What I would talk about is one of the
3 things we've been doing this last year is
4 working with the upstate housing authorities
5 on changing their reentry policy. Right?
6 There has been some sort of federal
7 guidelines around whether people could or
8 could not come back into public housing from
9 a -- in a reentry situation.

10 And so we have been working with sort
11 of trying to pilot in some of the upstate
12 housing authorities, to allow them to change
13 their policies to allow folks coming out of
14 the incarceration system to come back home.

15 That said, I would also be delighted
16 to sit down with you and sort of brainstorm
17 if you think there's other things we could
18 doing programmatically around the reentry
19 population, we'd be happy to talk about that.

20 ASSEMBLYWOMAN WALKER: Awesome. Thank
21 you.

22 CHAIRWOMAN YOUNG: Thank you.

23 Our next speaker is Senator Marty
24 Dilan.

1 SENATOR DILAN: Thank you again,
2 Madam Chairperson, and also our ranker.

3 I would like to ask you about the
4 activities of your Tenant Protection Unit and
5 if you can provide us with an overview of
6 those activities. And what type of cases are
7 you getting, how long does it take to close
8 those cases? And if you can also provide us
9 information on your staffing levels and are
10 they sufficient?

11 And also in your testimony you
12 mentioned that you collected \$4.2 million in
13 overcharges. I'd like to know what happens
14 to that money and how is that used. Is it
15 used to enhance tenant protections?

16 Thank you.

17 COMMISSIONER VISNAUSKAS: Yes, I'm
18 always delighted to talk about the work that
19 the TPU does. So I will try to hit all of
20 those questions.

21 The Tenant Protection Unit is
22 currently staffed with 29 staff. It's lined
23 out in the budget at \$4.5 million to support
24 the staff in their efforts. The unit takes

1 in referrals from a variety of sources, so we
2 work with Legal Aid organizations, we work
3 with advocacy organizations, we get referrals
4 from tenants and private citizens. And we
5 take all of those seriously and look into
6 them.

7 At any given time we have many cases
8 ongoing. I couldn't really say how long any
9 case takes, they're all sort of different and
10 some get resolved quicker and some take
11 longer. Some end up getting to be referrals
12 to the Attorney General's office for criminal
13 cases. There's a very sort of wide range.

14 But to answer sort of I think the last
15 piece of your question, the money, the funds
16 that get recaptured is funds that the tenants
17 paid, primarily sort of overcharges in rent,
18 and it goes back to them. So these are sort
19 of settlements on behalf of tenants where
20 they may have been overcharged, and they get
21 those funds returned to them.

22 SENATOR DILAN: Okay, thank you.

23 That's it.

24 CHAIRWOMAN YOUNG: Thank you. Thank

1 you, Senator.

2 CHAIRWOMAN WEINSTEIN: Assemblyman
3 Oaks.

4 ASSEMBLYMAN OAKS: Yes, Commissioner,
5 I just want to follow up. Chairwoman Young
6 and Senator Ritchie both asked some questions
7 about the Lake Ontario program; just some
8 follow-up.

9 And also to say that at the two
10 hearings that were held, Mr. Leo's presence
11 and responses were extremely helpful through
12 that process. Those also were lengthy events
13 with a lot of people with concerns, and so
14 your comments today already may have been
15 helpful.

16 I'd just like to follow up a little
17 bit. The Governor's budget amends -- and
18 we've talked about the pots of money and
19 you've given some description of that
20 happening. I guess I'd like to talk a little
21 bit about the timing. So are we going to be
22 dependent on a past budget to be able to move
23 those dollars and move ahead? Or are we --
24 the \$5 million you talked about just recently

1 moving to -- you know, so that it can be
2 spent out.

3 So timing, can people be expecting
4 dollars and approvals before the budget, or
5 are we going to have to be waiting?

6 COMMISSIONER VISNAUSKAS: So first I
7 would thank you for the praise for Chris Leo,
8 who's the president of the Office of
9 Community Renewal, and actually would thank
10 everybody for all of the nice comments they
11 provided about my staff today. HCR has an
12 incredible staff.

13 And while I sit up here and you say
14 nice things about me, it's really all of
15 them, both all of the people sitting behind
16 me and the other 975 people back in the
17 offices who do all the work that the agency
18 does every day. It's really an incredible
19 group of public servants that I am honored to
20 work with.

21 With respect to the Lake Ontario, my
22 understanding is that the nature of the
23 utilization of the state Municipal Facilities
24 Fund as a sort of non-budget-related source

1 is that it can be done sort of outside of the
2 budget processes, so those funds don't have
3 to wait until the end of the process to get
4 secured. So that's my understanding, that
5 it's intended to be a more of a "now"
6 resolution.

7 ASSEMBLYMAN OAKS: And you gave
8 numbers of the applications, numbers that
9 have gone out the door. Do you have numbers
10 of approved ones that are waiting to go out
11 the door at this point?

12 COMMISSIONER VISNAUSKAS: I just have
13 sort of the latest numbers that we have -- I
14 think a couple of days ago it was like 495 in
15 my Q&A, and then last night it came in and it
16 was like 502. So it's an ongoing --
17 applications are going awarded all the time.

18 We'd be happy to sit with you and look
19 sort of specifically at your district and
20 where we are.

21 ASSEMBLYMAN OAKS: My understanding is
22 that there are, though, some that have been
23 approved that haven't gone out yet because
24 the money I think had been used up that had

1 been. But hopefully those dollars that you
2 just talked about will open up that problem
3 and solve it.

4 COMMISSIONER VISNAUSKAS: Yes,
5 absolutely.

6 ASSEMBLYMAN OAKS: And then my last
7 thing is on the appeals process. I know
8 you've had one. And is that still
9 functioning, if someone for some reason has
10 not applied but they still feel like they
11 should be able to be considered?

12 COMMISSIONER VISNAUSKAS: Yes, there's
13 a time frame sort of after the decision
14 within which someone has to file an appeal,
15 but you can still file an appeal.

16 ASSEMBLYMAN OAKS: Senator Little
17 talked some on -- and I'll jump issues now --
18 talked some on mobile home issues, and I know
19 Senator Young has had a significant interest
20 in that area as well.

21 Certainly a lot of us who represent
22 rural areas have some significant concerns on
23 the aging out of mobile homes that have been
24 in parks for, you know, now 50-plus years,

1 and just that housing stock both as it -- the
2 individuals who today are in them and may not
3 be in the best conditions and, going forward,
4 of meeting the needs of our rural areas.

5 And so I know there are the programs
6 that have been worked on. You talked about
7 some of the past dollars. And from my
8 perspective, I'd just like to work both with
9 my Senate and Assembly colleagues and
10 certainly your office of trying to look at
11 ways we might be able to be of help for those
12 who are in those homes across our state.

13 COMMISSIONER VISNAUSKAS: Great. We
14 would love to work with you. As I said, we
15 really, as a sort of New York City houser for
16 the majority of my career, I was not as
17 familiar with sort of the issues around all
18 of the mobile home parks, other than just
19 from being a general sort of citizen.

20 And so having understood sort of the
21 issues around the park owners, around the
22 mortgage issue, around rent-to-own, you know,
23 it's a really sort of broad series of issues.
24 So we would be delighted to sit with you and

1 talk through some of the things that we're
2 thinking about and get any input you might
3 have on things that we haven't thought about
4 yet.

5 ASSEMBLYMAN OAKS: Thank you very
6 much.

7 CHAIRWOMAN YOUNG: Thank you.

8 Our next speaker is Senator Liz
9 Krueger.

10 SENATOR KRUEGER: Thank you very much.
11 Thank you for your testimony today.

12 So many of my colleagues have asked so
13 many different questions, and we have five
14 minutes, so I'm going to try to do a
15 lightning round, almost.

16 So you answered earlier a question
17 about exploring the bifurcation of State
18 Low-Income Housing Tax Credits, and you said
19 in the next couple of months. My
20 understanding is that could bring in an
21 additional 20 to 25 million of investment in
22 affordable housing. What's the negative for
23 the state in doing that?

24 COMMISSIONER VISNAUSKAS: When you

1 bifurcate it -- I guess I would sort of start
2 by saying I don't perceive there are a lot of
3 negatives.

4 I think when you bifurcate it, it
5 relies then on the state to administer the
6 program solely, so we don't rely sort of on
7 the federal process. So we would have to
8 take on some administrative function, whether
9 that's the Department of Taxation or HCR, to
10 implement it. But I don't perceive a lot of
11 downsides to it myself.

12 SENATOR KRUEGER: And in the
13 Governor's revenue section he's actually
14 deferring certain tax credits for a
15 two-to-to-three-year period, including the
16 payments on low-income tax credits,
17 low-income housing credits, and brownfield
18 redevelopment tax credits.

19 Could you talk about what you think
20 the impact on affordable housing projects
21 would be by delaying these tax credits?

22 COMMISSIONER VISNAUSKAS: So we have
23 reached out to some of our partners in the
24 industry, and many of them have been around

1 for a while, were here when it happened
2 before. And so our understanding to date is
3 they don't perceive a significant impact in
4 the pricing because there's just a delay,
5 it's not sort of a cancellation of the
6 program.

7 So we are sort of moving forward
8 assuming there's not going to be a
9 particularly negative impact on that delay.

10 SENATOR KRUEGER: So -- devil's
11 advocate -- I'm almost at the end of the
12 process of building an affordable housing
13 project, and of course the money comes in
14 after, at the end. So I took mezzanine
15 bridge loans to pay for the construction, and
16 I was counting on these credits coming in
17 pretty quickly because of where I am in the
18 process, and now I'm being told to wait.
19 Don't you see this as a problem for some of
20 them?

21 COMMISSIONER VISNAUSKAS: I mean --
22 I'll just sort of give a similar example. We
23 have a project that has state credits in it
24 and there's an equity investment on the

1 behalf of the developer. In this case, it's
2 a for-profit developer, and so they would
3 rely on the tax credit to come through to
4 take their equity out. And so in this case
5 they will have to wait two more years and
6 they will have to leave their equity in the
7 project. So it diminishes their returns. It
8 doesn't make them upside down, it doesn't
9 make them sort of lose money, but it impacts
10 their returns.

11 So I'm sympathetic to it. It's an
12 impact sort of on the world in which I work
13 and spend all my waking hours on. But we
14 don't perceive it as sort of making projects
15 not be able to go forward or not be able to
16 complete.

17 SENATOR KRUEGER: Many of my
18 colleagues brought up the TPU issues. And I
19 guess I don't totally share your position
20 that they have adequate resources to do the
21 work they can be doing, because we're not
22 seeing units being brought back into a fairly
23 calculated rent regulation even when
24 landlords are being notified.

1 I have had a bill for several years
2 that would actually increase the funding for
3 TPU and Office of Rent Administration by
4 tripling the annual rent stabilization
5 registration fee. It's \$10 a year; my bill
6 would increase it to 30. It's no cost to the
7 state. And actually the -- and the landlords
8 would pass it on to the tenants. And the
9 tenant universe actually thinks it's an
10 excellent idea. They want there to be
11 adequate money to correctly administer the
12 programs. Do you have a position on that
13 idea?

14 COMMISSIONER VISNAUSKAS: I haven't
15 seen your bill specifically, but I would be
16 happy to sit down and talk about it with you.

17 SENATOR KRUEGER: Good. I look
18 forward to that.

19 I also want to follow up on a question
20 about when you get involved when there's
21 documentation of illegal activities with rent
22 regulation in buildings.

23 So an office that my district does a
24 lot of work with is the city's Office of

1 Special Enforcement, who's actually been
2 bringing cases in court against the
3 transition from rent-regulated units into
4 illegal hotel units. And they have won court
5 cases and they have negotiated. And then my
6 understanding is they submit that information
7 to your agency to try to make sure somebody
8 gets these units back into rent regulation.

9 I'm not sure any of that ever happens.
10 Do you know whether there's follow-through to
11 make sure these units -- after court cases
12 have been won establishing it was an illegal
13 conversion away from rent regulation, that
14 we're getting those units back into the
15 program?

16 COMMISSIONER VISNAUSKAS: I have an
17 enormous amount of faith in the staff at the
18 Office of Rent Administration. There are
19 sort of 300-plus staffers there who work on
20 the city system. And we certainly -- not
21 only is it our job to sort of enforce the
22 rules and regulations of the system, but also
23 to take legal court orders and do what they
24 advise us to do.

1 So I'd be happy to sit with you if you
2 feel like there's specific buildings, and we
3 can take a look and make sure that they are
4 in the system.

5 SENATOR KRUEGER: Good.

6 And then I'm at zero, but I'm just
7 going to go really quickly. Last year the
8 universe of foreclosure groups were begging
9 the state to come up with money to continue
10 the HOPP program to provide funds for people
11 who are losing their homes in foreclosure
12 situations. There was money through the
13 Attorney General's office that is basically
14 running out now, and they were calling for
15 state funding for this program.

16 Is there state funding in this budget
17 for this program?

18 COMMISSIONER VISNAUSKAS: No, I don't
19 believe there's any funding at this time for
20 the HOPP program providers specifically.

21 SENATOR KRUEGER: Do you think that's
22 a problem if we defund all of these
23 successful programs when we still have the
24 second-highest national average rate in the

1 country of foreclosure?

2 COMMISSIONER VISNAUSKAS: I certainly
3 wouldn't argue that the work that the HOPP
4 providers do is incredibly important work
5 around the state. Right? The best thing we
6 can do on the foreclosure front is to keep
7 people out of foreclosure. And then on the
8 back end, obviously we have a lot of efforts
9 to help people sort of post-foreclosure.

10 But I certainly agree that the work
11 they do is invaluable and important.

12 SENATOR KRUEGER: Thank you. Thank
13 you.

14 CHAIRWOMAN YOUNG: Thank you.

15 CHAIRWOMAN WEINSTEIN: Assemblyman
16 Pichardo.

17 ASSEMBLYMAN PICHARDO: Thank you,
18 Madam Chair.

19 Commissioner, good morning.

20 COMMISSIONER VISNAUSKAS: Hi.

21 ASSEMBLYMAN PICHARDO: It's still good
22 morning.

23 So I know this falls out of your
24 purview, but I just wanted to make sure that

1 I brought this to your attention. So in my
2 district there has been an uptick in
3 complaints around mold remediation. I know
4 that the Tenant Protection Unit has been
5 really efficient and effective and flexible
6 in dealing with individual caseload but also
7 dealing with quality-of-life issues for
8 tenants across the state.

9 So have you encountered or spoken to
10 any of the folks there in dealing with this
11 issue with mold remediation?

12 COMMISSIONER VISNAUSKAS: I am
13 certainly sort of aware of mold issues
14 generally in sort of the housing stock across
15 the state. But we have not been approached,
16 or specifically through the TPU, to sort of
17 address mold in any particular way.

18 ASSEMBLYMAN PICHARDO: Again, I just
19 wanted to bring this to your attention just
20 so that it's in your orbit.

21 Also I know it was mentioned earlier,
22 I just want to make sure that I get these
23 numbers correct. So in terms of supportive
24 housing, what percentage of that is allocated

1 directly for housing for veterans?

2 COMMISSIONER VISNAUSKAS: So the way
3 that the Empire State Supportive Housing
4 Initiative, which we call ESSHI, was set up
5 is that it is a broad -- it's an RFP that
6 goes out each year and it sort of has a broad
7 series of categories. So it's veterans,
8 individuals with mental illness, domestic
9 violence survivors, frail elderly. It's -- I
10 forget the number, but it's at least ten
11 populations.

12 The different providers apply and get
13 awarded. The service dollars and the
14 operating dollars only then come to the
15 capital agencies, which is both HCR and OTDA,
16 and we sort of finance their projects.

17 So there is not sort of a cap on any
18 particular population in the RFP. It's
19 driven sort of by the agencies themselves who
20 are the service providers, and we then
21 finance those projects as they come into our
22 agency.

23 ASSEMBLYMAN PICHARDO: Thank you. I
24 yield my time. Thank you, Madam Chair.

1 CHAIRWOMAN WEINSTEIN: Thank you.

2 CHAIRWOMAN YOUNG: Thank you.

3 I always have a lot of housing
4 questions, so I have some follow-up,
5 Commissioner.

6 Some of the members have talked about
7 the \$2.5 billion affordable housing program,
8 and you reference that there are several
9 projects in the pipeline. And in the past
10 you've been very kind to share an updated
11 list of the projects that are actually moving
12 forward. Would you be able to do that again?

13 COMMISSIONER VISNAUSKAS: We try not
14 to -- we'd be happy to sort of sit down and
15 talk to you, always, of course about our
16 pipeline. We try not to be too -- we don't
17 want them to feel sort of that they're
18 guaranteed as our pipeline, because in our
19 pipeline all projects have issues and they
20 have bumps, and so we work through them and
21 we sort of finance them as they come to the
22 end of sort of resolving all their sort of
23 preconstruction issues.

24 So we don't generally release our

1 pipeline to be particularly public, but we
2 would be happy to sit down with you and talk
3 about it.

4 CHAIRWOMAN YOUNG: Okay, thank you.

5 What does HCR do to ensure regional
6 fairness in the projects?

7 COMMISSIONER VISNAUSKAS: So we are
8 looking at that all the time.

9 And when we initially launched the
10 plan, we looked at it as a 50 percent New
11 York City, 50 percent rest of state,
12 50 percent preservation, 50 percent new
13 construction. And so we try to make sure
14 that we stay within those parameters. And
15 any given year we will for sure be above or
16 below that in all the categories. But we
17 will presume that over the whole five-year
18 period it will sort of balance to make sure
19 that we have a very fair plan. But we sort
20 of just monitor along the way to make sure
21 that we're meeting the goal.

22 CHAIRWOMAN YOUNG: Okay. Thank you.

23 Now just switching to fees. And HCR
24 gets a lot of revenues from different sources

1 but, as you know, HCR gets a lot of revenue
2 from fees. And oftentimes the fees can
3 affect a person's rent, whether it's high or
4 not or whether a housing situation is even
5 affordable.

6 So last year we had requested a
7 breakdown from HCR on the programs that you
8 collect fees on that are related to the
9 federal government, the federal programs.
10 And so you did send over a list of the fees,
11 but there was no detail along with it, like
12 how much is collected, how much the agency
13 actually receives in connection to those
14 fees.

15 And so I was hoping that this year not
16 only can you send over a list of the fees
17 that HCR collects, but also detail on it.
18 And it's everything from mortgage servicing
19 fees; application, reservation and monitoring
20 fees collected from developers of housing
21 projects; application and allocation fees
22 associated with the federal and state housing
23 tax credit programs; payments by New York
24 City to finance a portion of the Division of

1 Rent Regulation activities; administrative
2 fees collected from HUD in connection with
3 the state's administration of the federal
4 Section 8 rental subsidy program; and any
5 other fees collected.

6 Because I think in the spirit of
7 transparency, the Legislature needs to
8 understand where these fees come from, what's
9 being collected, and how they're used.

10 COMMISSIONER VISNAUSKAS: We'll be
11 happy to follow up.

12 CHAIRWOMAN YOUNG: That would be
13 great, thank you.

14 Some of my colleagues have referenced
15 the federal low-income housing tax credits.
16 And first of all, I want to say kudos to you
17 for understanding the importance of
18 bifurcating the federal and the state tax
19 credits. I've had legislation for years on
20 that because I think it would go a long way
21 in maximizing those tax credits. But with
22 the federal Tax Cuts and Jobs Act that has
23 now been signed into law, tax reforms have an
24 impact on the low-income housing tax credits.

1 Could you explain exactly what you're seeing?

2 COMMISSIONER VISNAUSKAS: Yes. So
3 while the law was just signed recently, we
4 actually saw the impact of it well over a
5 year ago when it was really first announced
6 and the market responded, so --

7 CHAIRWOMAN YOUNG: And you started to
8 talk about it then at that point, right?

9 COMMISSIONER VISNAUSKAS: Yeah, so
10 people really saw that. We saw the impact of
11 the 35 percent rate down to -- and, you know,
12 it was the subject of much discussion at the
13 time as to whether it was going to be 15, 20,
14 25 or something in between.

15 And so a lot of our financial partners
16 in the industry sort of adjusted at the time.
17 And so we've been sort of absorbing that
18 impact for I would say a year now. And now
19 that it's sort of signed into law, it's sort
20 of codified. But we've really been seeing it
21 for a year.

22 CHAIRWOMAN YOUNG: What steps is the
23 agency taking to deal with any potential
24 disruption in tax-credit pricing?

1 COMMISSIONER VISNAUSKAS: We had to
2 work through a lot of deals, as I said, sort
3 of in the early part of last year when the
4 banks and the tax credit investor market
5 responded. And we saw sort of a drop, we had
6 some gaps in some projects.

7 And so that makes us have to get even
8 sort of craftier than I would argue we try to
9 be on a regular basis with all the deals, and
10 look for ways to fill gaps, whether that's
11 fighting for another penny on the syndication
12 or trying to get the banks to flex some of
13 their terms to allow greater amortization.
14 Or sort of we do whatever we can to try to
15 fill those gaps.

16 CHAIRWOMAN YOUNG: Thank you.

17 As you know, last year we enacted a
18 multiyear housing program. And will the
19 housing production be affected under this new
20 scenario?

21 COMMISSIONER VISNAUSKAS: It's sort of
22 a hard question to answer. I mean, I think
23 we absorbed a lot this past year. And I
24 think we don't know what the future holds for

1 us. And so I could sort of list all the
2 negative things that I think would happen
3 around the federal budget. I also think that
4 there can be positive things. Markets can
5 change, and things could get better.

6 So I think that it's -- it's a
7 five-year plan, and so I'm not going to
8 handicap it one year in. I think we can get
9 a little further in and see how we do. And
10 as I said, it's a very -- it's a fluid
11 industry and it's a fluid market. So I think
12 just as we get hit one place, we could
13 bifurcate our state tax credit and we can
14 sort of use that to balance out. And we may
15 find some other tool as we go along the way
16 that will help us stay on target.

17 CHAIRWOMAN YOUNG: So you've talked
18 about this, but the SLIHC actually has been a
19 resource for filling the gap. And so we do
20 seem to have a gap now, and the Executive
21 Budget, as some of my colleagues have
22 referred to, has a two-year deferment on the
23 state portion of the low-income housing tax
24 credit.

1 Could you explain the rationale a
2 little bit more why the Governor has proposed
3 that?

4 COMMISSIONER VISNAUSKAS: I think at
5 the risk of probably speaking a little bit
6 out of school, I would say that the federal
7 tax cut was an enormous impact on the
8 affordable housing industry. Obviously it
9 impacts a lot of other aspects of the
10 American economy as well.

11 And so I am sympathetic to the notion
12 that if corporations went from a 35 percent
13 rate to a 21 percent tax rate, that the state
14 doesn't necessarily feel that those
15 corporations should be taking additional
16 state credits on top of that. It's a -- I
17 would argue, from my perspective, it seemed
18 like a very generous tax cut that has a very
19 negative impact on the work that I do.

20 So I am sympathetic to a delay of sort
21 of what is an additional benefit to many
22 corporations.

23 And as I had said, we felt when we
24 looked at it that it wasn't going to be sort

1 of a negative impact because it was something
2 that had been accommodated at a previous
3 time, and it's just a delay.

4 CHAIRWOMAN YOUNG: So I take the
5 opposite approach. I think that there is a
6 gap now. And so if these state credits can
7 fill the gap, I don't see the reason for a
8 two-year deferment.

9 I think that if there is a gap now,
10 it's more critical than ever to make sure
11 that the gap is filled. Here's a solution to
12 that. And, you know, I understand what
13 you're saying, but I think that we need to
14 really think about the housing market and
15 continuing to develop it, having a lot of
16 progress and economic activity surrounded by
17 it.

18 And so I think that we'll probably be
19 taking a look at that two-year deferment
20 because I think it could have actually
21 negative consequences moving forward.

22 COMMISSIONER VISNAUSKAS: And if I
23 may, we would love to continue talking about
24 the bifurcation. You know, we have to look

1 at it and sort of understand sort of the full
2 sort of complexity of it. But I think to
3 your point, that certainly is a tool that we
4 could be looking at.

5 CHAIRWOMAN YOUNG: Thank you very
6 much.

7 I want to talk about the Rural and
8 Urban Community Investment Fund. I know
9 that's been going along very well. Could you
10 give us a little update on that?

11 COMMISSIONER VISNAUSKAS: Yes. So we
12 always have robust demand for the Rural and
13 Urban Community Investment Fund. It funds
14 sort of a diverse array of projects on the
15 housing side in the rural areas as well as a
16 lot of community facility space in more urban
17 areas.

18 We had an example of a project that
19 was funded that was an old school, and so not
20 only was the housing renovated with the
21 funds, but a former auditorium/gymnasium was
22 turned into sort of a civic center in the
23 village where there had not previously been
24 sort of that kind of space.

1 So we find that the CIF is really such
2 a flexible and useful tool around the state
3 and is the reason, as you know, that in
4 addition to the settlement dollars that we
5 had had that originally created the program,
6 we have now sort of extended that within the
7 housing plan so we can keep that resource
8 going.

9 CHAIRWOMAN YOUNG: Right, I believe
10 it's \$36 million through the MIF and 45,
11 capital; right? Is that correct?

12 COMMISSIONER VISNAUSKAS: Right.
13 Correct.

14 CHAIRWOMAN YOUNG: Okay. I think
15 that's great. And I think it's a great
16 program.

17 Are there any impediments to quality
18 programs accessing this funding? Have you
19 seen anything that has gotten in the way of
20 good projects?

21 COMMISSIONER VISNAUSKAS: I have not.
22 But, you know, we're always happy to take
23 input to the extent that people are hearing
24 that.

1 CHAIRWOMAN YOUNG: Okay. Well, thank
2 you. Thanks.

3 CHAIRWOMAN WEINSTEIN: Assemblyman
4 Cymbrowitz.

5 ASSEMBLYMAN CYMBROWITZ: Thank you.

6 I too would like to piggyback on what
7 Senator Young said. The tax deferral, two
8 years, we're talking about \$82 million and
9 \$278 million in the second year. What
10 percentage of that deferral goes to
11 affordable housing and supportive housing?
12 We're talking about a \$2.5 billion budget
13 that can be affected by this deferral.

14 COMMISSIONER VISNAUSKAS: I don't know
15 the exact percentage. I'd be happy to take a
16 look at that and get back to you.

17 ASSEMBLYMAN CYMBROWITZ: Yeah, I think
18 that's something that we'll all have to work
19 together on to figure out whether this
20 deferral plan of the Governor is really the
21 right way to go.

22 COMMISSIONER VISNAUSKAS: Okay.

23 ASSEMBLYMAN CYMBROWITZ: The Executive
24 Budget includes \$6.4 million for public

1 housing modernization for public housing
2 authorities covering most of the state.

3 Could you tell us how HCR determines
4 the amount of funding that should be
5 dedicated to this program? Is there an
6 assessment conducted by HCR? And how are
7 housing authorities selected for this
8 program?

9 COMMISSIONER VISNAUSKAS: Sure. So
10 the funding has been fairly flat for the last
11 number of years at the \$6.4 million. A
12 portion of -- the funding is specifically for
13 state-supervised housing authorities, of
14 which there are 11 around the state. So we
15 work with those housing authorities sort of
16 on a rolling basis to provide funding to sort
17 of supplement their capital needs. So we are
18 sort of in very close contact with those
19 housing authorities anyway, because they are
20 under our supervision, so we have a fairly
21 close relationship.

22 And as I said, sort of in any given
23 year we may even be in sort of a multiyear
24 funding sort of program with them as they

1 work their way through their portfolio or as
2 they take on very sort of large, significant
3 capital projects.

4 ASSEMBLYMAN CYMBROWITZ: Can you give
5 us some background on the program, why NYCHA
6 has not been included.

7 COMMISSIONER VISNAUSKAS: Sure. So
8 it's just for state-supervised housing
9 authorities. So there's 11 -- there are many
10 housing authorities around the state, as you
11 know. There's federal ones and then there's
12 state ones. There are just at this time only
13 11 state-supervised, so this funding is
14 specifically for those state housing
15 authorities. And the federalized housing
16 authorities can't take advantage of it per
17 statute.

18 So we'd be happy to sit and go through
19 the list of those housing authorities and
20 some of the projects that they've used in the
21 last couple of years.

22 ASSEMBLYMAN CYMBROWITZ: I've heard us
23 talk about disinvestment by the feds. That's
24 very clear. And we should be giving

1 lead the way of setting up and figuring out
2 what's best between the state and the city.

3 COMMISSIONER VISNAUSKAS: Always happy
4 to have a conversation with you about all
5 housing issues around the state,
6 Assemblymember.

7 It is true that some 20 years ago the
8 state housing authority was transferred to
9 the feds. And now I think, per sort of
10 contract, they are directly under federal
11 regulation, so we have no more regulatory
12 authority over those. But certainly the
13 NYCHA conversation is one that neither begins
14 nor ends in this hearing, so I'm always happy
15 to sit down with you.

16 ASSEMBLYMAN CYMBROWITZ: Thank you.

17 SENATOR KRUEGER: Senator Leroy
18 Comrie.

19 SENATOR COMRIE: Thank you.

20 Good morning, Commissioner. I was
21 looking over your testimony. I'm sorry, I
22 had another hearing on racing that's going on
23 at the same time, but -- and maybe I might
24 have missed it, but I didn't see anything in

1 your testimony dealing with the major
2 foreclosure issues that are happening in the
3 state.

4 As you may know, foreclosures are
5 going back up in many parts of the state,
6 including my Senate district. I represent
7 Southeast Queens communities -- St. Albans,
8 Jamaica Hills, Queens Village, Briarwood,
9 Cambria Heights and Jamaica. And
10 unfortunately, all the statistics are
11 pointing to a rise in foreclosures in my area
12 and throughout other minority parts of the
13 state.

14 I'm disappointed that there is nothing
15 in your testimony dealing with the rise in
16 foreclosures. There was nothing in the
17 Governor's budget address dealing with the
18 rise in foreclosure. And we have over \$10
19 billion in recovery money from people that
20 have suffered from foreclosures. I can't
21 understand why there is nothing in the budget
22 to address this issue that is occurring.

23 As you know, balloon mortgages that
24 were taken out 10 years ago are now coming to

1 bear, and people cannot afford the mortgages
2 that they originally took. Their lifestyles
3 unfortunately may have changed, and
4 definitely their income and salaries are not
5 keeping up with inflation. Yet this
6 administration has nothing in the budget to
7 address these statistics that we all know
8 that's happening.

9 Can you give us anything today to make
10 me feel comfortable that before the budget is
11 adopted that there will be a plan to address
12 the rise in foreclosures in New York State?

13 COMMISSIONER VISNAUSKAS: Yes, thank
14 you for your question. I take the
15 foreclosure issue in the state very
16 seriously. It has obviously a negative
17 impact not only on the people who suffer from
18 foreclosure, but also on the neighborhoods
19 and communities in which they live.

20 So I would say that there are a lot of
21 things that HCR does around foreclosure that
22 you can't necessarily see in the budget, so
23 I'll just talk about a couple of them, if you
24 will.

1 We fund agencies that do foreclosure
2 counseling, so we have some federal dollars
3 that flow through our agency. And we fund
4 about 40 different organizations around the
5 state who do financial assistance counseling
6 for homeowners.

7 We have a program which operates in
8 your borough, in your district, where we are
9 sort of on the back end of the foreclosure,
10 sort of more on the zombie home issue. We're
11 sort of providing kind of what we call sort
12 of like a bucket of solutions for people, so
13 it gives people down payment assistance, it
14 gives them a \$20,000 grant --

15 SENATOR COMRIE: I'm sorry,
16 Commissioner, I'm aware of what's funded and
17 I only have a few minutes. I want to know
18 what are you doing to increase. All of these
19 organizations are overwhelmed by applications
20 that they're stuck in the court system. I
21 want to know what's going to increase the
22 assistance that's given to these programs and
23 services.

24 Is there anything in your budget that

1 indicates an increase in support to these
2 programs so that they can be more effective
3 in outreach, to do more things to reach out
4 to these new over 30 percent increase in
5 foreclosures? And what is going to be -- is
6 there anything in your budget to show
7 increased payments to any of the groups that
8 are all complaining that they don't have
9 enough funding to do their job now? With the
10 numbers from last year, not even with the
11 increased numbers that are happening now.

12 COMMISSIONER VISNAUSKAS: Yes, I think
13 last year you saw the funding for some of our
14 foreclosure programs sort of in with our
15 general -- our homeownership budget line.
16 But they are primarily focused on sort of
17 getting zombie properties back into good
18 health and getting -- we also sort of
19 launched the Community Restoration Fund,
20 which I'm sure you also know, which is to
21 assist homeowners who are in foreclosure by
22 doing mortgage modifications. We purchased
23 about 400 notes around the state and are set
24 up to purchase some more in the near term.

1 We also work with our New York City
2 counterparts on that program.

3 So we do not feel as if we are turning
4 our back on the foreclosure issue. I would
5 be happy to sit down with you and talk about
6 a little more the greater efforts you think
7 we could be doing in your district. But we
8 certainly feel like we have rolled out a
9 series of sort of initiatives to try to
10 address zombies as well as foreclosure.

11 SENATOR COMRIE: Well, again,
12 commissioner, I'm just advocating for my
13 district, which is hurting, but there are
14 other districts around the state that are
15 hurting as well, in Syracuse, in the Bronx.
16 In Rochester we have minority districts that
17 are suffering the largest loss of property
18 since the Reconstruction. And we really need
19 to get some more focus from the state, some
20 more dollars towards that.

21 So I would like to sit down to discuss
22 the entire thing and hopefully get this in
23 the budget for additional funding before the
24 adopted budget on April 30th {sic}. This is

1 not -- while I like to be selfish, it's
2 larger than just my particular district.
3 Every minority district in the state, the
4 increase in foreclosures are becoming over a
5 30 percent increase from last year, and we as
6 a state need to address that, especially
7 since we have settlement funds that could go
8 to these agencies to make that happen.

9 And I would hope that the Governor's
10 office can work with the Attorney General's
11 office to release the necessary amount of
12 funds to stem this tide and push it back. So
13 I do hope that we meet, you know, in the next
14 week or two to address that.

15 I know my time is up, Madam Chair,
16 that's why I'm not going to ask any other
17 questions.

18 Thank you. I look forward to the
19 meeting.

20 COMMISSIONER VISNAUSKAS: Thank you.

21 SENATOR KRUEGER: Thank you. Thank
22 you, Senator Comrie.

23 And now we're going to quick rounds,
24 second round for Housing Chair Betty Little.

1 SENATOR LITTLE: Thank you very much.

2 And I will be quick.

3 I just had a question, the
4 Neighborhood and Rural Preservation
5 Companies, in 2016 there were these incentive
6 grants, \$2 million that was allocated for --
7 if there were any new NPCs and RPCs, to
8 provide new services as well as if there was
9 needed technical assistance for any kind of
10 group mergers.

11 And my question was just have they
12 been implemented and ongoing? Is there money
13 left or --

14 COMMISSIONER VISNAUSKAS: You know, I
15 don't know the exact details on that, but I
16 can get them and we'll follow up.

17 SENATOR LITTLE: Sure. That would be
18 great.

19 And the only other thing is on the
20 \$2.5 billion affordable housing capital plan,
21 is there a plan -- we had talked about this
22 because I think in rural areas this is
23 important -- to target small and
24 scattered-site projects? Are we going to go

1 forward with that?

2 COMMISSIONER VISNAUSKAS: Yes, we
3 rolled out a pilot last year, a small rental
4 building pilot. And we awarded about
5 20 different projects, a sum total of about
6 \$20 million. And so we're sort of taking the
7 lessons learned from that, and we'll roll out
8 another round of funding this year
9 specifically to address small buildings.

10 SENATOR LITTLE: Good. Thank you very
11 much. That's it, thanks.

12 CHAIRWOMAN WEINSTEIN: Mr. Blake for a
13 quick question.

14 ASSEMBLYMAN BLAKE: Yes, Commissioner,
15 just in the Article VIIIs it specifies the
16 Executive has a proposal to modify
17 regulations concerning lead paint exposure.
18 I would presume but I just want to be clear,
19 is that as relates to public housing?

20 COMMISSIONER VISNAUSKAS: That is a
21 bill that directs the Department of State --
22 and a second state agency which is escaping
23 me at the moment while I am speaking -- to
24 work with municipalities on lead paint

1 regulations and inspections in sort of
2 heavily impacted districts around the state.

3 So it's not -- that Article VII is not
4 specific to -- if you're reading what I think
5 you're reading, it's not specific to public
6 housing, it's more about inspections in
7 high -- I forget what they sort of call them,
8 but you know, in areas around the state that
9 have a very high prevalence of child lead
10 poisoning.

11 ASSEMBLYMAN BLAKE: But I would
12 suspect, that given the conversations and
13 stories, that public housing in large part
14 prompted this Article VII. So would that be
15 fair to assess?

16 COMMISSIONER VISNAUSKAS: I think it's
17 really irrespective of what type of housing a
18 child lives in, it's really about the
19 children.

20 ASSEMBLYMAN BLAKE: So then just
21 clarification, then. If there's an
22 Article VII that clearly would be based upon
23 an increased assessment of state government
24 engagement in public housing, why then

1 wouldn't there be greater engagement as
2 relates to the other needs of public housing
3 as well?

4 COMMISSIONER VISNAUSKAS: The bill is
5 actually -- and I'm not best set to talk
6 about it because it is not an HCR-
7 administered bill, but is that this is really
8 around -- it's directing municipalities to
9 make sure that they are doing proper lead
10 inspections. So it's not specific from the
11 state to an owner or state to sort of public
12 housing, it's about municipalities.

13 ASSEMBLYMAN BLAKE: So does HCR do
14 lead inspections on facilities you oversee?

15 COMMISSIONER VISNAUSKAS: We are not a
16 lead inspection agency, no. That's generally
17 under the purview of a department of health,
18 either a state or a local department of
19 health.

20 ASSEMBLYMAN BLAKE: Forgive me, I
21 think we're getting a little too literal.
22 Are there lead inspections that occur at HCR
23 facilities that you own and oversee? So,
24 i.e., a Mitchell-Lama complex.

1 COMMISSIONER VISNAUSKAS: Which we
2 don't own, right, we regulate.

3 Does HCR do lead inspections at a
4 Mitchell-Lama anywhere around the state,
5 that's your question?

6 ASSEMBLYMAN BLAKE: Correct.

7 COMMISSIONER VISNAUSKAS: No, we do
8 not. We don't have regulatory sort of
9 mandate or authority to do lead inspections
10 in privately owned housing.

11 ASSEMBLYMAN BLAKE: So I'm just trying
12 to understand. So then HCR has an effort
13 where there would not be lead inspections in
14 facilities that you regulate?

15 COMMISSIONER VISNAUSKAS: So the --
16 I'm sort of, I think, trying to tie back to
17 the legislation. The legislation is really
18 directing municipalities to make sure they
19 are --

20 ASSEMBLYMAN BLAKE: Forgive me,
21 Commissioner, I'm separating it from the
22 legislation. The Article VII was just as
23 that particular -- I'm separately asking, on
24 buildings that HCR regulates, it sounds like

1 you're saying that lead inspections do not
2 happen there.

3 COMMISSIONER VISNAUSKAS: For -- and I
4 might get this a little wrong because this is
5 not -- it's not under my jurisdiction per se.
6 But for a Mitchell-Lama in the City of New
7 York, where we are a regulator of the
8 Mitchell-Lama rents. So -- right? In the
9 case of Mitchell-Lama, what we're regulating
10 is really the rents. We look at income and
11 expense reports every year and we set rents.
12 That's our sort of primary regulatory
13 function.

14 If there are lead paint issues, those
15 are subject to city local code. They would
16 be subject to Local Law 1 in the City of
17 New York, which is administered by, I think,
18 the City Department of Health and perhaps
19 some other city entity.

20 So no, we do not do, nor do we have
21 regulatory authority to do, inspections in a
22 Mitchell-Lama in the City of New York.

23 ASSEMBLYMAN BLAKE: So who would be
24 that entity, whether it be -- as relates to

1 this Article VII? Who would be the
2 commissioner or agency that would be
3 implementing the lead inspections as relates
4 to this Article VII?

5 And separately, who then is doing lead
6 inspections in facilities that HCR would be
7 regulating?

8 COMMISSIONER VISNAUSKAS: So they are
9 generally the purview of the locality.

10 And again, I'm probably getting a
11 little bit out of my depth to talk
12 extensively about local lead laws. But there
13 are obviously sort of federal laws around
14 lead, but they are -- generally
15 municipalities have their own. As you sort
16 of probably are aware, in New York City
17 there's Local Law 1, I believe. That does
18 not exist in other municipalities around the
19 state, right? Other municipalities have
20 their own local lead law. So they all
21 enforce their own lead law. Whether it be
22 through their municipal building department
23 or the health department, I couldn't really
24 speak to. But it's locally -- it's local

1 jurisdiction.

2 ASSEMBLYMAN BLAKE: Understood. And
3 just for the record, it would be helpful to
4 get more guidance on which agency would be
5 the one implementing this proposed
6 Article VII, given the lead conversation
7 we're having across the state.

8 Thank you, Madam Chair.

9 SENATOR KRUEGER: Thank you.

10 We have one last second round, Jamaal
11 Bailey, ranker on the Housing Committee.

12 SENATOR BAILEY: That's a lot of
13 pressure, Senator Krueger. I'll have to make
14 sure this isn't a terrible question.

15 I just wanted to double back on your
16 comments to Senator Comrie concerning zombie
17 properties. As you may know, there is a
18 significant crisis about zombie properties
19 specifically in my district in the City of
20 Mount Vernon, four square miles which has
21 been decimated by, you know, issues and
22 concerns about housing.

23 Could you walk me through a specific
24 plan concerning funding for the zombie

1 property crisis?

2 COMMISSIONER VISNAUSKAS: Sure. So we
3 have sort of a couple of tools in the toolbox
4 around zombies, because they are a
5 challenging problem.

6 So we have a program that we provide
7 funding to individuals who want to buy zombie
8 homes. So we give them down payment
9 assistance, we give them a \$20,000 grant to
10 do repairs on the house, and we give them a
11 mortgage, a low-rate, long-term sort of
12 fixed-rate mortgage. So we give what we
13 think is -- what people would see as a
14 barrier to seeing sort of a zombie home and
15 thinking, I don't think I can do that, we
16 provide sort of the financial package to get
17 it done.

18 And we also work with nonprofits. So
19 if that homeowner says, I can't really
20 renovate that house on my own, the nonprofit
21 can go in, use the grant funding, renovate
22 the home, and then the homeowner can live in
23 the home.

24 I see that obviously as sort of a

1 triple win, that someone gets a new home, the
2 house gets fixed up, and everybody on that
3 block sees their neighborhood get a little
4 better when the blight of a zombie is
5 removed. So that's, I think, on the
6 homeowner side.

7 Last year we had some legislation
8 passed for the Community Restoration Fund.
9 That was really an effort to look at really
10 high-impacted areas around the state of
11 foreclosure, where we're buying defaulted
12 notes. So there's many notes and mortgages
13 that are held by entities such as Fanny Mae
14 and FHA. And so we have bought and will
15 continue to buy what are defaulted mortgages
16 in really heavily impacted areas and work
17 through that portfolio.

18 I think I may have talked about this a
19 little bit last year, but it's sort of a
20 combination of right-sizing mortgages for
21 people -- some people thinking it's not the
22 right housing choice for them and they sort
23 of want to give the keys back and maybe go be
24 a renter, but they just need to get out of an

1 untenable situation. In some cases where the
2 buildings are vacant, and we will then sort
3 of foreclose and then use our other programs
4 to get those buildings back into good use.

5 So we have kind of a series of
6 programs across the agency that we are trying
7 to address zombies. We are always open to
8 more suggestions. If we're missing the mark
9 in Mount Vernon, we'd be happy to talk to you
10 about that.

11 SENATOR BAILEY: Certainly. And one
12 brief follow-up.

13 We mentioned supportive housing and
14 homelessness, and this is something that may
15 not necessarily be within your purview, but
16 one of the major constituent complaints that
17 we have is that when folks were in the system
18 that get these vouchers -- and while I know
19 you can't regulate what private landlords do,
20 I'm wondering, is there something that HCR is
21 doing to make it more palatable for these
22 landlords to be willing to rent to these
23 folks who are in deep need? Because as you
24 know, these vouchers are time-limited and

1 these folks are on the verge if not already
2 homeless. And we want to make sure that we
3 are assisting them in the best way possible.

4 So I'm just wondering, is there a
5 thought process or is there something that
6 HCR can do to lighten the load on them a
7 little?

8 COMMISSIONER VISNAUSKAS: Yes, I --
9 there are many municipalities around the
10 state where it is illegal to discriminate
11 against someone based on their source of
12 income, so whether that is a Section 8
13 voucher or some other sort of public
14 assistance. It is not statewide, it is only
15 in certain municipalities.

16 So we would -- we'll have to talk
17 about that being a statewide law so that
18 veterans and folks coming out of the domestic
19 violence system and other folks who rely on
20 rental support for their housing do not get
21 discriminated against in any corner of the
22 state.

23 SENATOR BAILEY: Well, thank you for
24 your time, Commissioner.

1 COMMISSIONER VISNAUSKAS: Thanks.

2 CHAIRWOMAN WEINSTEIN: Thank you,
3 Commissioner. So you're just about at the
4 end.

5 (Laughter.)

6 CHAIRWOMAN WEINSTEIN: So I really
7 want to thank you for the amount of time
8 you've spent here, and I want to thank you
9 and your staff for working both with me,
10 Assemblyman Cymbrowitz, and Senator Savino to
11 try and find a solution to the problem facing
12 so many of our middle-class homeowners -- not
13 really homeowners, co-ops who are living in
14 Section 213 HUD co-ops -- so we can maintain
15 that affordable housing.

16 You've spoken a lot about -- in
17 response to questions about the zombies, the
18 vacant and abandoned. I just was wondering
19 if you could explain what interaction you
20 have, the agency has with DFS as they're
21 compiling the registry, the statewide
22 registry of the vacant and abandoned homes.

23 COMMISSIONER VISNAUSKAS: Yes, I'd be
24 happy to.

1 We work closely with DFS. As you sort
2 of mentioned, they are the holder and keeper
3 of the registry and also of all the other
4 enforcement tools that go along with that.
5 But we sort of actively work with them.

6 It is a -- it's a complicated
7 situation. The judicial process is a long
8 one in trying to figure out how people stuck
9 in the foreclosure process for whatever
10 reason don't bring down themselves and the
11 neighborhoods that they live in. So we are
12 sort of constantly looking at data, trying to
13 think of solutions, think of more
14 programmatic tools that we can create to
15 address it.

16 CHAIRWOMAN WEINSTEIN: And, you know,
17 one thing that I know New York City is
18 looking at doing, and maybe that's something
19 that you can look at in terms of the rest of
20 the state, is they're trying to identify the
21 factors in advance that foretell a potential
22 vacant and abandoned -- looking at failure to
23 pay property tax, failure to pay water,
24 sewer, electric bills, some of those other --

1 those factors that are out there, to try and
2 identify these properties and maybe act
3 before they become vacant and abandoned and a
4 blight on neighborhoods.

5 So I would hope that in some
6 interaction with the city, maybe we could
7 develop some more statewide model that
8 localities could look at as ways to help
9 identify these properties in advance.

10 COMMISSIONER VISNAUSKAS: Yeah. I
11 mean, I think that's right, that's an
12 interesting effort around sort of is there a
13 predictive model that you could sort of catch
14 things early if you know what they look like.

15 I think that New York City benefits
16 from having all the data in their hands so
17 they have all the pieces of the sort of data
18 puzzle. We would be a little more
19 challenged, obviously, statewide because not
20 everybody is electronic on all fronts. But
21 we can certainly start with places that are
22 and see if we can make a dent in it.

23 CHAIRWOMAN WEINSTEIN: Well, I'm even
24 thinking that to develop sort of a protocol

1 that you could share with localities so that
2 they can start to try and find these
3 properties in time to make sure that they're
4 addressed.

5 COMMISSIONER VISNAUSKAS: Yup,
6 absolutely.

7 CHAIRWOMAN WEINSTEIN: Well, thank you
8 again for -- oh, I'm sorry.

9 CHAIRWOMAN YOUNG: I have one more.

10 I just want to go back to the
11 Low-Income Housing Tax Credits on the state
12 level, and I just would urge you and the
13 Governor to reconsider the position. And the
14 reason I say that is that we depend on people
15 who want to invest in New York State, want to
16 develop affordable housing. And those people
17 that we're assuming are counting on the State
18 Low-Income Housing Tax Credits to be
19 available have made business decisions based
20 on that assumption.

21 So to now defer it for two years
22 basically I think hurts a lot of the
23 projects, which means it hurts people that
24 need affordable housing. And also I would

1 say that it creates a credibility problem for
2 New York State that I don't think that we
3 should have or need. And, you know, I would
4 hate to see people not use those credits down
5 the road because there's a credibility issue.
6 So I just wanted to raise that.

7 But thank you, Commissioner, for your
8 testimony today.

9 COMMISSIONER VISNAUSKAS: Thank you.

10 CHAIRWOMAN WEINSTEIN: Thank you. And
11 hope you feel better on your way back to the
12 office.

13 COMMISSIONER VISNAUSKAS: Thanks,
14 everyone.

15 CHAIRWOMAN WEINSTEIN: Our next
16 witness is the New York State Association for
17 Affordable Housing, Duncan Barrett, executive
18 board member.

19 MR. BARRETT: Good afternoon.

20 CHAIRWOMAN YOUNG: Welcome. We're
21 glad to have you here.

22 MR. BARRETT: Thank you for this
23 opportunity to testify to the legislative
24 joint committee. I am Duncan Barrett; I'm

1 the president of Beacon Communities and the
2 past president of NYSAFAH, and I'm testifying
3 this afternoon on behalf of NYSAFAH.

4 I am impressed with your stamina, and
5 I will be very brief.

6 New York has a long, proud history of
7 leadership, commitment and innovation in
8 community development and housing. In 1901,
9 you -- your predecessors, the legislature --
10 passed the Tenement House Act, and that
11 really was the foundation of this state's
12 efforts to create and preserve decent, sound,
13 sanitary housing for people of limited means.

14 And we as NYSAFAH are comprised of
15 not-for-profit and for-profit housing
16 developers and associated professionals. We
17 produce most of the new and preserved
18 affordable housing in this state, in
19 partnership with the state, largely. And
20 we're very appreciative of the very
21 significant financial commitment that the
22 state has made to affordable housing and the
23 long-term planning that has gone into funding
24 affordable housing, and I think that

1 continues to demonstrate the leadership that
2 this state provides to the nation in this
3 regard.

4 I'd really only like to speak about
5 three things very briefly.

6 We, as I've heard members of this body
7 express, are concerned with the deferral of
8 the state housing credits and the other
9 associated credits. The cap on what projects
10 fall under that deferral is helpful, and so
11 it doesn't catch up a whole lot of projects.

12 But I was present for the 2010
13 deferral; I personally have scars from that
14 deferral. That was very costly for my
15 company.

16 And I got a blistering call from an
17 investor in an affordable senior housing
18 project -- it was a Mitchell-Lama
19 preservation project in Saratoga Springs,
20 done in partnership with a not-for-profit,
21 Wesley Health Care, and JPMorgan Chase was
22 the investor in that project. They put, I
23 think, \$10 million into it. And a very
24 senior officer of JPMorgan Chase called me

1 one night at home and just tore me to shreds
2 over the deferral, and expected me to go see
3 the Governor and convince the Governor that
4 this was a mistake -- which, of course, I
5 didn't do.

6 But I think the point made earlier by
7 members of this body is with all due respect
8 to the commissioner -- and I have a great
9 deal of respect for the agency and the staff
10 of the agency. But this really goes to the
11 public/private partnership and the trust that
12 needs to exist between the investors, the
13 developers, the residents and the state.

14 And this kind of deferral, while it
15 only hurts a few, sends exactly the wrong
16 message to the investor community, the
17 banking community, and it -- we need their
18 capital, frankly. And we need their trust.

19 So I'm appreciative personally of the
20 comments that members made earlier, and I
21 think you're right on. Bifurcation of the
22 state credit from the federal credit, which
23 you've discussed before, which I know has
24 been discussed within the Legislature in past

1 sessions, is a worthwhile endeavor, and I
2 would support trying to get that done this
3 year. We believe that that will add \$25
4 million in new capital to the production and
5 preservation of affordable housing in this
6 state, without any additional expense to the
7 taxpayers of the State of New York. Of the
8 16 states that have a state tax credit to go
9 with the federal tax credit, 12 of those
10 states bifurcate the credits. It is a
11 sensible, efficient, virtually no-cost
12 strategy, and we should do it now,
13 particularly in light of the erosion of the
14 value of the federal credit.

15 And just one last point, again to say
16 thank you. We're really appreciative of the
17 opportunity to be partners with the Executive
18 and the Legislature in improving the lives of
19 New Yorkers.

20 As I said at the onset, New York has
21 been the national leader in innovation of
22 affordable housing. Many of you have spoken
23 to the stress that federal public housing is
24 under in this state. My company is partners

1 right now with five upstate public housing
2 authorities. It's not an easy mission that
3 they've been charged with. HUD has really
4 harmed them in a systemic, continued way.
5 And I think it's time to reinvent public
6 housing, and I think New York is the place to
7 do that.

8 And I think during the next year or
9 two years, we should look for strategies and
10 mechanisms to do that. The public housing
11 we're recreating now in Troy and in Rome,
12 things we've done in Rockville Centre and
13 Albany, are a combination of tax credits and
14 public housing resources, and there probably
15 is no other future for public housing.

16 Thank you. I appreciate your time and
17 your perseverance.

18 CHAIRWOMAN YOUNG: Thank you,
19 Mr. Barrett. It's always great to see you.

20 Do members have questions?

21 SENATOR KRUEGER: I think we on the
22 Senate side covered exactly what you're
23 covering.

24 ASSEMBLYWOMAN WALKER: So thank you

1 for your testimony. There's just a couple of
2 fundamental questions that I have.

3 I do hear your testimony on the
4 importance of tax credits as it relates to
5 your level of community development and the
6 folk that you represent. But one of the
7 concerns that we have had is as it relates to
8 the inclusion of MWBE participation in many
9 of the contracting opportunities. And the
10 conversation, when it's at the agency level,
11 we hear about the goals and whether or not
12 the agencies are hitting them. But many
13 times they tell us that it's more so when the
14 contractor actually receives the job who is
15 responsible for the facilitation of those
16 goals.

17 So can you talk to me a little bit
18 about your member organizations or whether or
19 not you as an entity, you know, sort of
20 stress that -- you know, tell me about how
21 that -- the meeting MWBE goals actually are
22 handled.

23 MR. BARRETT: Certainly. And thank
24 you for that question, because we -- I and

1 NYSAFAH think this is a core issue that needs
2 to be worked on. And we don't think it's
3 easy, but it never gets done if you don't
4 start. So a few observations.

5 One, in June I will be celebrating my
6 50th anniversary in the affordable housing
7 world, if you will. And so I have seen the
8 evolution of this from the early HUD days,
9 when it was uncertain about how to proceed,
10 to today, where I think the state's
11 commitment to MBE/WBE participation is real,
12 tangible and in the forefront of all of the
13 players' consciousness.

14 The reality is these things only
15 succeed -- that is, we only actually achieve
16 the participation -- and I'm pleased to say
17 that our company has met those goals on each
18 and every project we've undertaken in the
19 last decade. I can't speak to before that
20 because I really, at my age, don't remember.

21 But the only way to achieve the goals
22 is to start -- well before you hire the
23 contractor -- to set out a plan to go through
24 a recruitment process. And we've evolved the

1 strategy now that we actually would like to
2 partner on the development side with MBE
3 developers because the goals, as you all
4 know, have increased, the percentages have
5 increased. And if I can be frank, we don't
6 necessarily -- we work in many communities in
7 upstate New York that have smaller business
8 communities, smaller businesses to deal with
9 than what happens downstate. We don't have,
10 generally speaking, as much of a challenge
11 finding WBEs as we do MBEs to partner with.

12 So we're out actually trying to build
13 sustainable, repetitive relationships with
14 MBE developers as a way to improve our
15 performance, and we're not alone in that.
16 Many of the other for-profit developers and
17 not-for-profit developers in NYSFAFH are
18 taking the same strategy. But the goals have
19 to be foremost in your project planning when
20 you start the project. These projects take
21 two or three years to put together,
22 typically. So it's a long, drawn-out
23 process.

24 I think the other thing we need to

1 think about is capitalization tools for MBEs
2 and WBE companies. Working capital loans
3 that are state-sponsored and not
4 bank-sponsored.

5 ASSEMBLYWOMAN WALKER: So I do agree
6 that there is still some homework left, and I
7 think -- I also hear an entry point from many
8 of the downstate businesses to some of the
9 upstate NYSFAFH-related companies. So thank
10 you for that, and I do look forward to
11 connecting with you further on that issue.

12 Lastly, again, I just want to flag the
13 importance of reentry housing. We know that
14 there's been a number of changes or reforms
15 to our criminal justice system to allow more
16 people to spend more time at home with their
17 families, but we want to make sure that they
18 do have a home to come to once that takes
19 place. So in your supportive housing
20 initiatives where I see that a number of the
21 affordable housing development is going, that
22 you do at least consider looking at doing
23 some reentry housing as well.

24 MR. BARRETT: So HCR, to their credit,

1 has mandated in many of the projects that
2 they've funded in the past or the present --
3 and they have repeatedly sent us notices of
4 this mandate -- that we amend our affirmative
5 fair housing marketing efforts to exclude any
6 automatic denial of occupancy to somebody
7 with a criminal record.

8 The history of affordable housing --
9 and it's a HUD history, largely, not a state
10 history -- is that we could deny housing to
11 somebody with a serious criminal record. We
12 are now, by the state mandate -- and the
13 people that are responsible for this are --
14 were behind me, at least -- prohibited from
15 simply writing a plan or in fact
16 administering housing access opportunities to
17 people with criminal records simply because
18 they have a criminal record.

19 Unfortunately, we're put in the
20 position that we're not equipped to
21 administer or trying to sort out who is --
22 might be a threat to our current tenants and
23 who might not, and we're simply not trained
24 to do that. But we're struggling with the

1 issue. I think that the state housing agency
2 has taken the lead in bringing this to the
3 forefront. And I think that process will
4 improve, but I can't tell you what the status
5 of it is.

6 CHAIRWOMAN YOUNG: Thank you,
7 Assemblywoman.

8 Senator Savino.

9 SENATOR SAVINO: Thank you.

10 I just have one question. At the tail
11 end of your testimony you said you think it's
12 time for NYCHA to get out of the business of
13 managing housing.

14 MR. BARRETT: No, I didn't say that.

15 SENATOR SAVINO: I'll paraphrase --

16 MR. BARRETT: I think we need to
17 reinvent --

18 SENATOR SAVINO: We need to rethink
19 it.

20 So what I want to know is you
21 obviously must have given it some thought.
22 What ideas do you have? Because quite
23 honestly, you know, every year our citywide
24 elected officials like to put out a report,

1 you know, detailing the worst landlords in
2 the City of New York, and I'm always
3 surprised that NYCHA is not at the top of the
4 list.

5 But we've been struggling over this
6 for years, and in the meantime, people are
7 living in these deplorable conditions, and
8 deplorable is an understatement. So as a
9 developer of affordable housing, you must
10 have given it some thought. What ideas do
11 you think we should begin to explore as a way
12 to manage what is supposed to be a healthy
13 home for 400,000 people?

14 MR. BARRETT: So, Senator, I'm near --
15 not at, but near the end of my career, so I
16 feel empowered just to say things that I
17 believe without respect to the consequences.

18 SENATOR SAVINO: Please do.

19 MR. BARRETT: And so -- and I can't
20 speak to NYCHA's problems, the real estate
21 work I've done in the five boroughs of the
22 City of New York is very limited, and I've
23 not worked with NYCHA ever. I know people
24 that work there, but I've never worked with

1 them.

2 But I have worked with six or seven
3 upstate and Long Island housing authorities,
4 and I think universally we face the problem
5 that HUD imposed upon them, for 60 years, an
6 irrational set of rules, denied them adequate
7 resources to actually operate the capital
8 facilities that they owned, and trained them
9 to manage affordable housing poorly if not
10 very badly. And so we have to get federal
11 public housing out of HUD's hands.

12 And what it has meant, in my limited
13 experience -- so I don't know how many public
14 housing projects we've recreated. I'd be
15 delighted to show you some, because some of
16 them came out physically very well. But what
17 that has meant, in my limited experience, is
18 that we have imported federal and state
19 housing credits and some state public housing
20 mod funds into the renovation of public
21 housing, restructured the operation of that
22 housing in cooperation with the local housing
23 authority -- because we don't, our company
24 doesn't want to be a housing authority, and

1 we don't want to really be in the business of
2 managing public housing. But -- nor do we
3 think that we're necessarily equipped to do
4 that -- and recreated those as housing
5 properties that are, one, in tip-top physical
6 condition -- because if you don't get there,
7 you can't possibly manage it for the rents
8 that are affordable to the tenants -- and,
9 two, not taken it out of the housing
10 authority's hands, but taken it out of the
11 HUD administrative management processes.

12 And that has led to energy-efficient
13 economically self-sustaining housing that
14 operates more like private housing than
15 public housing. And, in all except a couple
16 of cases, the housing authority is still the
17 managing agent, so we're not displacing the
18 local initiative or the local people.

19 I mean, one of the challenges,
20 bluntly, is the housing authority employees'
21 benefit package is better than the benefit
22 package in the private sector, and so that
23 housing is more expensive to operate. But
24 we've found ways to work around -- that's a

1 problem that I don't have an obvious solution
2 to but needs to be addressed. But we've
3 found ways to work around that by driving
4 down energy costs.

5 So the biggest single cost in public
6 housing in upstate New York -- I can't speak
7 to NYCHA -- is energy. The second biggest
8 cost is staff and staff benefits. And energy
9 is where the opportunity is.

10 SENATOR SAVINO: Thank you.

11 MR. BARRETT: Certainly.

12 CHAIRWOMAN YOUNG: Thank you.

13 CHAIRWOMAN WEINSTEIN: Assemblyman
14 Mosley.

15 ASSEMBLYMAN MOSLEY: Thank you, Madam
16 Chair.

17 I think you answered, Mr. Barrett,
18 parts of my question. But first of all, I
19 congratulate you on your nearly 50 years
20 being in the affordable housing industry.
21 It's really commended. And I think it also
22 brings a level of honesty with those years
23 because of your knowledge base as well as
24 just being around for that long.

1 But the one thing that I get asked a
2 lot in my district, with the growing level of
3 income inequality, obviously, everyone talks
4 about how do we redefine affordability. And
5 I do commend and applaud your comments as
6 relates to HUD, removing HUD out of the
7 equation, but also with the issue of how do
8 we deal with costs, bringing down costs, as
9 opposed to allowing costs to be the driving
10 force in terms of how do we redefine
11 affordability, as well as dealing with staff
12 benefits.

13 But the one question I want to -- and
14 maybe it's just a general philosophical
15 question -- are we doing everything in our
16 powers right now possible to deal with the
17 level of -- the amount of affordable housing
18 that we're building, given all that we're
19 dealing with particularly in the downstate
20 area in terms of homelessness and people
21 doubling and tripling up throughout our city?
22 And then has our strategies evolved with the
23 times, and are we doing everything to be as
24 creative as possible, stepping outside of the

1 box, to deal with the level of -- you know,
2 dealing with the issue of creating more,
3 quote, unquote, affordable housing throughout
4 the State of New York?

5 MR. BARRETT: So are we doing well in
6 those regards? I think so. I think we're
7 doing exceptionally well, from my
8 perspective, compared to what we did in 1971.

9 ASSEMBLYMAN MOSLEY: That's a pretty
10 low bar, though.

11 MR. BARRETT: But it is a low bar.
12 And it isn't that -- whether or not we're
13 doing well. We certainly are not doing
14 enough. And I do believe -- and you're
15 young, so this is up to you. This is not up
16 to me.

17 ASSEMBLYMAN MOSLEY: I appreciate
18 that.

19 MR. BARRETT: I'm glad to help you
20 think about it.

21 But I do believe that we need to
22 rethink how we can do this more efficiently,
23 because we don't have enough resources, and
24 the need is immense. There are 3 million --

1 not people, households in New York that are
2 rent-burdened, some of them seriously
3 rent-burdened. And some of them living in
4 deplorable housing conditions.

5 We renovated a combined federal and
6 state public housing project in Rome,
7 New York. Rome is a small city in the Mohawk
8 Valley. A decent, very decent place that had
9 been built in 1952 as housing for returning
10 World War II vets. The vets had all settled
11 someplace by the time the housing got
12 finished, but that was the plan. Built as
13 barracks. When we started that project in
14 2010, I think, or 2011 -- 2011, there was
15 structural failure on the site. The steel
16 beams that held up the entryway where you
17 walked into the -- these are townhouses, by
18 the way, brick townhouses -- walked in, was
19 over a crawl space with running water in it,
20 and they had rusted out because they were
21 60-plus years old. And so the slabs that --
22 and this was family housing, large family
23 housing. The slab that you stepped onto when
24 you walked in the door was settled, and some

1 of it was failing.

2 So the challenge is immense. The
3 opportunity exists -- we have, in this state
4 -- you have put up the capital and we have
5 the ingenuity and the experience to do this
6 well. But we ought to take a breath during
7 the year we're in now, frankly, and think
8 about how to do it more efficiently.

9 ASSEMBLYMAN MOSLEY: Just to follow
10 up, given that benefits continue to rise, and
11 costs, should we always be looking towards
12 energy efficiency, particularly now, given
13 the evolution of how we can use energy in so
14 many different forms and facets, as a
15 prerequisite to building affordable housing?

16 MR. BARRETT: I'm not sure I
17 understand your question. I believe -- and I
18 started out my life as an engineer, so I
19 think -- not a philosopher, so I just think
20 about the mechanics of things.

21 But I believe there is a real
22 opportunity with the reduced cost of
23 renewable energy sources, to take energy off
24 the table as a variable of ever-increasing

1 costs for affordable housing, and create
2 housing that can be economically
3 self-sustaining, not just physically
4 self-sustaining with higher and higher
5 subsidies, but economically self-sustaining
6 over a long period of time.

7 We're renovating properties now that,
8 as I said, are 40, 50, 60 years old. And we
9 can't build properties that only last seven
10 years. That's ludicrous. That's --

11 ASSEMBLYMAN MOSLEY: It's not
12 sustainable.

13 MR. BARRETT: -- the grossest form of
14 inefficiency.

15 ASSEMBLYMAN MOSLEY: All right, thank
16 you.

17 CHAIRWOMAN YOUNG: Thank you.

18 Senator Little.

19 SENATOR LITTLE: Okay, I think I have
20 it (referring to mic). You can tell I'm not
21 very technical, I guess.

22 MR. BARRETT: Yeah.

23 (Laughter.)

24 SENATOR LITTLE: I just really want to

1 say that I appreciate you and your members
2 and all the work that you do. You are great
3 partners, working with us in affordable
4 housing, mixed-use housing, and just a
5 variety of types of housing that you have
6 produced in the area -- and some challenges.
7 And we certainly know how important the tax
8 credits are and intend to do what we can to
9 work on those.

10 But thank you very much. I know at a
11 recent project in Plattsburgh, I toured the
12 place and met with a young woman who was in a
13 wheelchair and had been confined to a
14 wheelchair for a number of years. And it was
15 a handicapped apartment. And she said, "This
16 is the first time in my life I have ever
17 actually had an apartment that I could move
18 around in and do things in."

19 MR. BARRETT: Yeah.

20 SENATOR LITTLE: So appreciate all
21 your efforts. And you are really great
22 partners, and look forward to more and more
23 projects, especially in the 45th Senate
24 district. Thank you.

1 MR. BARRETT: And we understand where
2 your district is, yes. Thank you. It's
3 always good to see you.

4 SENATOR LITTLE: Thank you.

5 CHAIRWOMAN YOUNG: Thank you, Senator.

6 CHAIRWOMAN WEINSTEIN: Assemblyman
7 Cymbrowitz.

8 ASSEMBLYMAN CYMBROWITZ: Duncan, thank
9 you for all you've done for affordable
10 housing in your career.

11 Just a request. If you can send us a
12 list of the energy programs that you have
13 used from HCR in order to bring down the
14 costs of new boilers, as well as to provide
15 ongoing operating dollars for those units,
16 that would be extremely helpful as we go
17 forward.

18 MR. BARRETT: I would be delighted to
19 do that. And you need to include NYSERDA in
20 that, as some of the capital program funds
21 flow through NYSERDA.

22 ASSEMBLYMAN CYMBROWITZ: Appreciate
23 it. Thank you very much.

24 MR. BARRETT: My pleasure.

1 CHAIRWOMAN WEINSTEIN: Assemblyman
2 Blake for a question.

3 ASSEMBLYMAN BLAKE: Good afternoon.

4 MR. BARRETT: Good afternoon.

5 ASSEMBLYMAN BLAKE: A few just quick
6 contextual questions, just for clarity.

7 The affordability threshold itself,
8 what is the breakdown of that within New York
9 City? I know the data is saying it for the
10 state.

11 MR. BARRETT: I really don't know.
12 The statistics that I gathered were
13 statewide, and our company owns an old,
14 renovated, in-shape Mitchell-Lama in Yonkers,
15 but that's as close as we get to the five
16 boroughs.

17 ASSEMBLYMAN BLAKE: Might I ask that
18 you're able to share with us the breakdown?

19 MR. BARRETT: I think NYSFAH's staff
20 can provide that information, and I will make
21 sure that we do.

22 ASSEMBLYMAN BLAKE: We'd certainly
23 appreciate that. And cities -- not just New
24 York City, other cities, because obviously

1 other places are dealing with that challenge.

2 How are you defining low income and
3 middle income?

4 MR. BARRETT: So I am, for today's
5 purposes, using what is essentially HUD's
6 definition, which is 50 and 80 percent of the
7 area median income.

8 But there are programs that -- the
9 theory of this and the practice of this have
10 evolved over years. So there are markets
11 where we should be facilitating housing for
12 even higher income groups. A lot of the -- a
13 number of the Mitchell-Lama -- we've done a
14 bunch of Mitchell-Lamas. A number of the
15 Mitchell-Lamas have mixed-income already that
16 has evolved over the years, either through a
17 lax administration of the regulations or the
18 evolution of the community itself. And
19 protecting the mixed-income nature of those
20 properties we believe is important to the
21 health of the community as a whole and the
22 property specifically.

23 ASSEMBLYMAN BLAKE: So what would be
24 the number-one recommendation that you would

1 have that we should be working on to address
2 the affordable housing crisis right now?

3 MR. BARRETT: I would have to think
4 about that, Assemblyman. I know what -- I'm
5 a transaction person, so I'm focused on
6 creating and preserving projects.

7 ASSEMBLYMAN BLAKE: Understandably. I
8 mean, we're here to protect the residents.

9 MR. BARRETT: I think if I could say
10 there is one thing that we should be doing to
11 avert the next affordable housing crisis in
12 New York State, it would be to find a way to
13 recreate federal public housing. Because it
14 is a tragedy awaiting us.

15 ASSEMBLYMAN BLAKE: Understand. But
16 given the challenges that are happening right
17 now as it relates to public housing itself --
18 let's put that in a separate bucket. What
19 would be something, on behalf of your
20 organization, that you would say we need to
21 be looking at and doing now with the
22 affordable housing crisis that exists
23 throughout New York City and New York State?
24 Separate from public housing.

1 MR. BARRETT: I don't have one action
2 that I could recommend to you, sir, I'm
3 sorry.

4 ASSEMBLYMAN BLAKE: Understand.

5 When it comes to the tax deferral
6 proposal, on the second page here it's
7 commented several times that your
8 organization sees it as a flawed proposal.
9 It would be helpful just to get some very
10 quick context of why do you see it to be so
11 problematic.

12 MR. BARRETT: So as I said before, I
13 think it's a breaking of the trust between
14 the for-profit and not-for-profit developer
15 community, the investment community -- which
16 we're dependent upon -- and the state. And
17 we need those trust relationships because
18 these are often convoluted transactions --

19 ASSEMBLYMAN BLAKE: Understand.

20 MR. BARRETT: -- that you have to just
21 believe that people are not going to abuse
22 you later.

23 And this is a form of taking. It
24 isn't from very many projects; I don't know

1 what the financial impact is. But I can tell
2 you I spent four or five hours yesterday --
3 we have four SLIHC projects in upstate New
4 York. I spent four or five hours yesterday
5 on the phone with investors saying "This
6 doesn't hurt your project. You're not going
7 to use your SLIHC, because we're well under
8 the \$2 million cap." But I first had to
9 figure out what the proposal was, because it
10 wasn't clear to me.

11 ASSEMBLYMAN BLAKE: Absolutely.

12 So one follow-up. That would be
13 helpful, is that fiscal impact, if you can
14 share that.

15 And lastly, I know the time is short
16 here. On the last page, you raise a point of
17 something that I brought up several times and
18 many of our colleagues have brought up, as
19 relate to minority and women-owned
20 businesses, and it specifically says that you
21 consistently called for an increase in the
22 personal net worth threshold because it
23 encourages MWBEs to underperform in order to
24 remain under the net worth threshold, and

1 punishes them for being successful.

2 MR. BARRETT: It seems un-American to
3 me.

4 ASSEMBLYMAN BLAKE: So understanding
5 we're at our time limit, so just -- I'm
6 receiving here that obviously you believe the
7 net worth threshold should be eliminated.

8 MR. BARRETT: Our association and I
9 personally believe it should be eliminated.

10 ASSEMBLYMAN BLAKE: And you do not
11 believe that the net worth threshold being
12 eliminated would harm developers and the
13 housing community.

14 MR. BARRETT: It wouldn't harm
15 developers, and I don't believe it would harm
16 small MBE or WBE businesses either, because
17 we still need an array of business partners
18 in any of these transactions.

19 ASSEMBLYMAN BLAKE: We absolutely
20 agree, and it's good to hear that the
21 community agrees as well. Thank you.

22 CHAIRWOMAN WEINSTEIN: Thank you.
23 Do you --

24 CHAIRWOMAN YOUNG: No, I just want to

1 say thank you, and really appreciate working
2 with you.

3 CHAIRWOMAN WEINSTEIN: But if you
4 could just hold for one more question, the
5 Assembly ranker, Assemblyman Fitzpatrick, has
6 a question.

7 ASSEMBLYMAN FITZPATRICK: Thank you,
8 Mr. Barrett. Thank you for your 50-year
9 career in helping the people of New York get
10 affordable housing.

11 Some of my question is a little bit
12 similar to what Mr. Blake was asking. But
13 earlier you said "It's time to reinvent
14 public housing." Is it also time to reinvent
15 affordable housing, I guess, as well?

16 And since you said you're more
17 transaction-oriented, what are we doing well,
18 what are we not doing well? Can you name two
19 or three things that we're doing well and
20 should keep doing, and what transactions
21 would you change to provide more affordable
22 housing? What needs to --

23 MR. BARRETT: Again, that's a
24 complicated question, Assemblyman. You know,

1 I think what we're doing well as a
2 partnership between the provider industry and
3 the state partners and the private partners
4 is we are actually building much
5 higher-quality housing than we built in the
6 seventies. And I built housing in the
7 seventies, so I am -- there are things that I
8 would like to redo now, and there are things
9 actually I am redoing.

10 But we are building much
11 higher-quality housing. We need to
12 systemically, as the state and as the
13 provider community, think long term and not
14 short term, because we're not building
15 anything that can be refinanced in 15 years.
16 That's a myth. These properties that we are
17 rehabilitating or redeveloping need to last
18 30 to 50 years. There just isn't enough
19 money to keep redoing these things. We've
20 got to do them well now.

21 And I don't think -- I think the
22 developer community largely thinks about
23 that. I think the state agency has so much
24 on its plate, it thinks about what they can

1 get done in the next year, largely, and not
2 so much worrying about how is this really
3 going to impact us 30 years from now. And
4 somebody needs to be worrying about that.

5 ASSEMBLYMAN FITZPATRICK: Thank you.

6 MR. BARRETT: You're welcome.

7 CHAIRWOMAN WEINSTEIN: Thank you for
8 your testimony here --

9 MR. BARRETT: My pleasure.

10 CHAIRWOMAN WEINSTEIN: -- and
11 responding to questions.

12 MR. BARRETT: Thank you for your time
13 and your endurance.

14 CHAIRWOMAN WEINSTEIN: Next we have
15 Neighborhood Preservation Coalition of
16 New York State, Cara Long Corra, executive
17 director.

18 MS. CORRA: Good afternoon. I am Cara
19 Long Corra, the executive director of the
20 Neighborhood Preservation Coalition of New
21 York State, or NPCNYS, as we're probably more
22 commonly known. I'd like to thank the
23 chairpersons and the members of the
24 Legislature for affording us the opportunity

1 to present testimony on the Governor's
2 2018-2019 Executive Budget proposal.

3 Today we are here to focus on the
4 budget issues that relate to affordable
5 housing and community revitalization,
6 specifically to the Neighborhood and Rural
7 Preservation Programs. And we believe that
8 providing funding for N/RPP is a sound
9 investment in New York State, as appropriated
10 dollars help spur economic development and
11 will maximize the state's existing funding
12 commitment to create and preserve 100,000
13 units of affordable housing and 6,000 units
14 of supportive housing.

15 The 2018-2019 proposed program funding
16 from the Executive Budget for N/RPP has
17 remained consistent with funding appropriated
18 for the last several years, which for NPP is
19 the \$8.479 million from the excess reserves
20 of the MIF. However -- and this has been
21 touched on earlier -- since 2015-2016, both
22 programs have received an additional \$6.7
23 million annually from the JPMorgan Chase
24 settlement funds. That funding has now

1 expired; it expired in the 2017-2018 cycle.
2 So if N/RPP are funded at the proposed
3 levels, our preservation companies are
4 looking at taking roughly a 37 percent
5 funding cut from last year.

6 Preservation companies have a need for
7 both stable and adequate funding, as even
8 small reductions, let alone great reductions,
9 affect their ability to deliver services.
10 And to elaborate on what those services are,
11 I would like to highlight a few achievements
12 of NPP.

13 In 2016, NPPs rehabilitated nearly
14 9,000 units of housing and created
15 approximately 2,000 units of affordable
16 housing. They prevented over 10,000
17 evictions and provided assistance to 4,000
18 state residents through homeless diversion
19 programming. They helped attract and retain
20 350 businesses in their neighborhoods, and
21 they raised \$473 million for their
22 communities.

23 But we believe we can do better. And
24 if we agree that the road to economic

1 prosperity begins in our neighborhoods and
2 communities, then we must act to ensure that
3 N/RPCs have the resources they need. And
4 that is why we're asking the Legislature to
5 include funding for the community plan as a
6 four-year complement to that \$2.25 billion
7 capital plan that was included in last year's
8 budget.

9 The community plan, the details of
10 which are included in our written
11 testimony -- and some of you have heard about
12 from our members -- maximizes the investment
13 our state has already made in affordable
14 housing by ensuring that the preservation
15 companies have the capacity and resources
16 they need to leverage programs included in
17 the capital plan.

18 The community plan is also an
19 opportunity to help us better address the
20 underlying causes of a few of our state's
21 most persistent housing challenges, both
22 those that are manifest -- the lack of
23 availability of affordable units -- and those
24 that are more latent and have more to do with

1 financial need and economic access.

2 The four components of the plan are as
3 follows. The first is annual funding of
4 \$21 million for the N/RPCs, which will
5 provide roughly \$100,000 to each company to
6 carry out their work; \$12 million to extend
7 Graduate to Homeownership to be more
8 inclusive of millennials and people of color.

9 Our state has a very low rate of
10 homeownership; I believe it's the
11 second-lowest in the nation. It's
12 53 percent, compared with the national
13 average of 63 percent. Part of the reason
14 for this low rate is the pronounced gap in
15 homeownership among millennials of any color
16 and people of color of all ages. For
17 instance, black African-American residents
18 own homes at a rate of 31 percent,
19 Asian-American residents own homes at a rate
20 of 46 percent, Hispanic residents at a rate
21 of 24 percent. And homeownership among
22 people age 25-34 is at 38 percent. But it's
23 also low for people in the next age bracket
24 up, at 35-44, at 51 percent.

1 By comparison, people aged 45-plus own
2 homes at a rate of 67 percent, and white
3 residents own homes at a rate of 63 percent.
4 So you can see there's a marked gap there.

5 The coalition believes expanding
6 Graduate to Homeownership to be more
7 inclusive would maximize that program vision
8 for stronger and more vibrant communities.

9 Following that thread in the third
10 component is providing state funding for
11 first-time homebuyer counseling to all
12 residents who aspire to become homeowners.
13 It prepares people for homeownership, and
14 it's been shown to reduce delinquency by
15 29 percent. As we are in an active and
16 ongoing foreclosure crisis, we want to do
17 more on that prevention, and we believe
18 prepurchase counseling helps us accomplish
19 that in the long term. So we'd like to see
20 New York State contribute \$3 million annually
21 for that.

22 And finally -- this program has been
23 talked about much, to our great delight --
24 New York State HCR last year rolled out the

1 new program, the Small Rental Development
2 Initiative, using \$15 million in recaptured
3 home funding. SRDI, as it's know, provides
4 funding for the preservation of nonprofit
5 owned and managed rental housing of two to
6 25 units.

7 The RFP -- remarkably, it was released
8 in March and was due in May, and the ratio of
9 applications to awards was 3:1 even on that
10 truncated timeline of a two-month turnaround.
11 So there is a market. And we would like to
12 see \$25 million annually for SRDI.

13 So I think I have used up my allotted
14 time, but I'd like to thank you again for the
15 opportunity to present testimony. And I
16 would be happy to answer any questions any of
17 the members may have.

18 CHAIRWOMAN WEINSTEIN: Yes, Mr. Blake
19 for a question.

20 ASSEMBLYMAN BLAKE: First, thank you
21 for being here. And I absolutely agree with
22 your points around the Graduate to
23 Homeownership. It has been something that
24 many of us have discussed regularly around

1 communities of color and millennials that are
2 struggling.

3 And I think often when the
4 conversations around middle-income housing
5 happen in some aspects, we don't also assess
6 that people that go to college and want to
7 come back home are usually in that gap, but
8 they don't hit that AMI threshold in a lot of
9 communities, and then they're struggling
10 because they're not essentially poor enough
11 or rich enough to make it in a lot of these
12 different communities itself.

13 And also the prepurchasing. Just
14 would love some practical understanding, if
15 this funding were to occur, how would this
16 actually be applied throughout to achieve the
17 success that you're looking for it to
18 achieve?

19 MS. CORRA: You know, we've given some
20 thought to that, but we don't want to
21 presuppose the knowledge that HCR has into
22 how they would roll that out, because they
23 would ultimately be responsible. But we'd
24 love to give input into that, and our members

1 certainly have opinions on how that could
2 happen.

3 ASSEMBLYMAN BLAKE: Treat this as the
4 opening input phase right now. So as we're
5 thinking this through for the expanded
6 Graduate to Homeownership program -- and
7 let's divide this up -- millennials and
8 communities of color, your recommendation of
9 how that would work. And then separately,
10 the prepurchasing program, what would be your
11 recommendations on that as well. And lastly,
12 would you have different visions, city versus
13 upstate, and how that practically would work?

14 MS. CORRA: I think there are -- I'll
15 answer the last part first. I think there
16 are already existing ratios that answer that
17 and how that would be distributed.

18 I would like to see any funding be
19 able to be combined with other pots of
20 funding for down-payment assistance, because
21 what we really are targeting is, you know,
22 the median income that may be a little higher
23 but is still under. And so when we're
24 talking about buying a first house and, you

1 know, getting that 20 percent down payment,
2 oftentimes you would need more down payment
3 assistance than is currently available
4 through one vehicle.

5 And last year, Mr. Mosley, you and I
6 talked about the need for a constellation of
7 programs to answer that. And I would see
8 this program as part of that constellation to
9 help articulate a response to needing a bit
10 more down-payment assistance.

11 ASSEMBLYMAN BLAKE: So before
12 transitioning on the point, approximately how
13 much in dollars is typically the need that
14 you're identifying for a first-time homeowner
15 in terms of the gap that they're struggling
16 with in trying to make that initial down
17 payment?

18 MS. CORRA: I think it does depend on
19 where you are. I mean, as certainly we hear
20 from our members now, you could buy a house
21 in upstate New York for \$130,000. That is
22 not the reality in downstate New York. But
23 what you have in upstate New York is a less
24 robust economy, so you might only be making

1 -- you might be working full-time, but you
2 may only be making \$20,000 or \$25,000. And
3 so, you know, some of this could fill the
4 gap.

5 Whereas if you were going to get
6 \$10,000 and you need \$20,000 so that you have
7 the 20 percent, it would fill that gap.

8 ASSEMBLYMAN BLAKE: So what about --
9 so let's say in the Bronx. Let's use an
10 example. Approximately what are you seeing
11 as the gap for someone that wants to be a
12 first-time homeowner in the Bronx, in terms
13 of their -- what they have versus what they
14 need?

15 MS. CORRA: Tens of thousands of
16 dollars.

17 ASSEMBLYMAN BLAKE: And then as it
18 relates to the data you listed out in terms
19 of communities of color versus white versus
20 homeownership itself, any specific
21 recommendations you have of what you're
22 seeing that could be done immediately to
23 increase the numbers of homeownership of
24 communities of color?

1 MS. CORRA: I mean, you know, greater
2 outreach to make folks aware that these
3 programs exist is always needed. And
4 sometimes people aspire to homeownership but
5 they don't see it as realistic. And so
6 educating folks in our communities that there
7 are programs that they can utilize -- and the
8 preservation companies are certainly there
9 doing that -- but, you know, expanding that
10 awareness. Because sometimes you just rule
11 it out before you rule it in.

12 ASSEMBLYMAN BLAKE: And lastly, to
13 that point, for the prepurchasing component,
14 is -- sometimes we talk about ownership and
15 it's literally seen as a physical house, you
16 know, in itself.

17 MS. CORRA: Right.

18 ASSEMBLYMAN BLAKE: Is part of the
19 counseling for someone that's thinking about
20 condos, whether it be Mitchell-Lamas, other
21 different options as well? Or is it
22 literally just being treated for someone
23 that's trying to purchase a home?

24 MS. CORRA: No. In other state

1 programs, and I believe this would hold
2 consistent in New York State, it would go
3 toward, you know, condos, townhomes, anything
4 like that, yeah.

5 ASSEMBLYMAN BLAKE: Thank you.

6 MS. CORRA: You're welcome. Thank
7 you, Assemblyman Blake.

8 CHAIRWOMAN YOUNG: Thank you.

9 Senator Bailey.

10 SENATOR BAILEY: Yes, thank you, Madam
11 Chair.

12 Thank you for your testimony. And I
13 was taking a look at -- and Assemblyman Blake
14 pretty much took all my questions. But I do
15 have one more for you.

16 In your testimony you mentioned that
17 New York State is ranked 51 out of 51 for
18 housing and homeownership by Prosperity Now.
19 So it looks like a totality of circumstances
20 type of thing with foreclosure and the like.
21 If you were to have to rank these issues and
22 the concerns about what New York State can
23 do, what would you prioritize that we should
24 be doing first?

1 MS. CORRA: I think about things in
2 terms of a continuum, right? And so we need
3 to be helping people at various junctures in
4 that continuum. If it's homeownership, you
5 need to be helping with prepurchase, then you
6 need to help people maintain those homes
7 throughout the various stages of their life,
8 and you need to help folks who get into
9 trouble for whatever economic or external
10 reasons with foreclosure.

11 You need to do the same thing with our
12 renters, because ultimately to be
13 sustainable, you would be looking at
14 renters -- a certain percentage of them being
15 able to become homeowners, which they cannot
16 do if they are rent-burdened. So really we
17 go around in the circle.

18 So we need to -- it's an equation, and
19 you need to balance that equation.

20 SENATOR BAILEY: So attorneys have to
21 go through something called continuing legal
22 education, where every year we have to go
23 through a number of credits and a number of a
24 variety of things.

1 Folks who are going through these
2 courses, what is the nature of the continuing
3 education they're going to receive about
4 housing? Because it's great to bring them in
5 for the first time for these programs, but
6 how do we help them sustain these homes? How
7 do we help them maintain them? So maybe
8 these folks need continuing housing
9 education, for lack of a better term.

10 MS. CORRA: Yup. And, you know, I've
11 been through a program, but that was 10 years
12 ago. But that entity that helped you -- and
13 it was a preservation company that helped
14 me -- they exist all the time. They're there
15 in the community. And so I know that they
16 educate folks about the various programs that
17 they have all through the stages of their
18 homeownership.

19 And like I said, they're permanent.
20 They're bricks and mortar. So if you
21 encounter a problem, you've already
22 interacted with that agency once, you're
23 likely to go back.

24 SENATOR BAILEY: Yeah, I just don't

1 want people to be able to finally get the
2 financing, realize the dream of
3 homeownership, and then the next step they
4 are unable to sustain that.

5 Nothing further. Thank you for your
6 time.

7 CHAIRWOMAN YOUNG: Thank you.

8 CHAIRWOMAN WEINSTEIN: Assemblyman
9 Mosley.

10 ASSEMBLYMAN MOSLEY: Thank you,
11 Director Corra, for your testimony.

12 I just am going to reach back to what
13 Mr. Barrett alluded to in regards to bringing
14 down costs. And he alluded to energy
15 efficiency. And in looking in your
16 testimony, you talk about N/RPP as a sound
17 investment, and I'm trying to identify, is
18 there a component that talks about energy
19 efficiency initiatives in the investment? Is
20 it alluded to do in emergency home repairs
21 and modifications? Is there a component that
22 you have that talks about energy efficiency
23 when it comes to making a sound investment
24 through your organization?

1 MS. CORRA: So the N/RPCs, you know,
2 they're not a monolith, they all do different
3 things, but of course if they're developing
4 and/or rehabbing, energy efficiency is
5 paramount in what they're doing to help bring
6 down those costs in the long term and also
7 make a safe and healthy environment for the
8 people living in the homes.

9 And those programs are generally
10 accessed just like Duncan had said, you know,
11 through the weatherization program or through
12 NYSERDA, and they put together those packages
13 to answer the energy portion.

14 ASSEMBLYMAN MOSLEY: Do we see a trend
15 or are we seeing levels of energy efficiency
16 programs being implemented -- maybe, say, in
17 the North Country and upstate compared to the
18 city? Or are we seeing a proliferation of a
19 mixture of energy-efficiency programs
20 throughout the state?

21 MS. CORRA: You know, I couldn't speak
22 to that question directly right now, I'd have
23 to do a little more research. It's sort of
24 peripheral to where I am. But I'd be happy

1 to canvass the network and start talking
2 about that more broadly.

3 ASSEMBLYMAN MOSLEY: Yeah, I'd love to
4 have that continuing conversation with you.
5 Thank you.

6 CHAIRWOMAN YOUNG: Senator Savino.

7 SENATOR SAVINO: Thank you, Senator
8 Young.

9 Thank you, Ms. Corra, for your
10 testimony. I share with you the concern
11 about young people not being able to purchase
12 a house. I see this all the time. The
13 smartest thing I ever did was buy a house.
14 But I grew up in Queens, in Astoria, which is
15 totally unaffordable now, and it was when I
16 first decided to buy a house. I realized I
17 was going to have to travel.

18 And I earned a particular amount of
19 income, I was slightly above middle class,
20 working for the city at the time, and I was
21 eligible for a SONYMA mortgage. And as you
22 know, SONYMA pairs you with region. They
23 encourage people to move and purchase homes
24 in certain parts of the state, which for a

1 lot of people would require them to leave
2 their home community.

3 I wound up having to go to Orange
4 County to buy my first house. But it was a
5 brand-new house, \$130,000 -- beautiful, built
6 for me. After a very short period of time, I
7 realized I didn't like living in the country
8 by myself, and so I sold my house and I wound
9 up still not being able to afford a house in
10 Queens, and I wound up in Staten Island.

11 And that's the reality for a lot of
12 people even if they can put together savings
13 enough for a down payment. So I'm just
14 curious, do you think there's more that we
15 can do to create down payment assistance
16 programs for first-time homebuyers, matching
17 SONYMA's mortgages with where people want to
18 live?

19 I was lucky in that I wasn't married,
20 I didn't have any children, so I wouldn't be
21 uprooting them by moving them first to Orange
22 County and then to Staten Island. But for a
23 lot of people who want to be able to buy a
24 home in the neighborhood that they have roots

1 in, where their family is, where they've
2 known their whole life, it's rapidly becoming
3 a dream for people.

4 How do we fix that?

5 MS. CORRA: I -- there is -- you know,
6 one, we see this as a multipart equation,
7 right, so we need the extra money there, we
8 need it as a package. Wells Fargo has made
9 lending commitments, a national lending
10 commitment to increase homeownership in
11 communities of color.

12 We'd like to see other banks make
13 those lending commitments, and I believe some
14 of them are, because we're not going to do it
15 just through straight assistance, it's going
16 to be just like anything else -- it's going
17 to be a partnership.

18 And I think if you have the right
19 package of programs, you can incentivize
20 those partnerships, because people should be
21 able to -- you know, my family got priced out
22 of the city, and so they left. But you
23 should be able to live in the area where you
24 have roots. That's very important to us.

1 SENATOR SAVINO: Thank you.

2 CHAIRWOMAN WEINSTEIN: You set?

3 CHAIRWOMAN YOUNG: No. We have -- so
4 Senator Comrie. But I wanted to give the
5 Assembly the chance.

6 CHAIRWOMAN WEINSTEIN: We're all set.

7 CHAIRWOMAN YOUNG: Okay, Senator
8 Comrie.

9 SENATOR COMRIE: Thank you, Madam
10 Chair.

11 Good afternoon -- (mic turned off).
12 Oh, different rooms, different rules. Sorry.
13 Coming from racing where you don't have to
14 turn it on, to here where you have to turn it
15 on.

16 Good afternoon. I want to thank you
17 for everything that you're doing with the
18 Coalition for Neighborhood Preservation. I
19 don't know if you were here earlier when I
20 asked regarding the fact that there's a 30
21 percent increase in foreclosures happening
22 across the state.

23 And what would you suggest would be
24 done to address it from your coalition, and

1 what resources would you need from the state
2 to make that happen?

3 MS. CORRA: When we first envisioned
4 the community plan, we envisioned the
5 foreclosure funding as part of it under
6 Preserve NY, right? Because this is a
7 parallel of the capital plan on the community
8 side, and so certainly the foreclosure money
9 is important.

10 Those folks -- and their members
11 include members of the N/RPCs -- had
12 organized prior to this and did make a
13 separate funding ask. And I don't want to
14 speak out of turn, but I believe they went to
15 the Attorney General for that funding. And
16 so that money will be there, I believe, this
17 year going forward. But in future years, I
18 think it could be included under the
19 community plan if we are to make this a
20 four-year complement.

21 And these are problems that we need to
22 monitor. We need to study them, just like
23 we've done, and then we need to introduce and
24 assess interventions.

1 But I believe what New York State has
2 done at the peak of that crisis really did
3 help stabilize communities and help keep a
4 lot of homeowners in their homes. And so
5 that's a practice that we would like to see
6 continue and to come under the auspices of
7 the plan at some point, if that were at all
8 possible.

9 SENATOR COMRIE: So you're saying that
10 you're looking forward to just getting the
11 money from one source or from -- through the
12 settlement money from the Attorney General's
13 office?

14 MS. CORRA: It's not -- I don't want
15 to represent that, because that coalition was
16 separate. But I believe that that's what
17 happened, and maybe somebody with a bit more
18 knowledge can speak to that.

19 SENATOR COMRIE: No, no, I -- I'm not
20 -- did the money -- most of the money has
21 come from the Attorney General's office
22 through the settlement funding. There needs
23 to be a statewide --

24 MS. CORRA: A permanent, yes. A

1 permanent, yes.

2 SENATOR COMRIE: -- focus on it and a
3 governmental focus on it as well.

4 MS. CORRA: I agree.

5 SENATOR COMRIE: And I would hope that
6 the Governor's office will focus on doing
7 more to ensure that they're not just
8 depending on one-shots.

9 With the crisis going up and the
10 percentages increasing, as far as the people
11 that are impacted by this foreclosure, we
12 need to do things across the board. In the
13 court system, we need to get more
14 administrative law judges that are working on
15 this issue. And dealing with the banks, we
16 need to be able to be more aggressive in
17 dealing with the folks that are trying to
18 up-end settlement agreements once they get
19 started.

20 So there really needs to be a
21 statewide focus on it. It just can't be done
22 through the great organizations that are
23 trying to stem the tide by themselves.

24 So, you know, the question I asked

1 earlier was not just to throw more money at
2 it, but to draw more attention at the entire
3 system that's dealing with the fact that
4 we're having such a foreclosure increase.
5 Because a lot of it is happening not just
6 because of the people defaulting, but the
7 system failing them as they try to go through
8 the banks, deal with the courts, and running
9 into six- and eight-month wait times and
10 everything else.

11 So, you know, we need to deal with
12 this as a statewide issue, hopefully
13 utilizing more resources into the state
14 agencies, especially the Office of Court
15 Administration, to deal with this scourge.

16 So again, I want to thank the
17 coalition for everything you're doing. I
18 want to commend the group for wanting to stem
19 the tide. And I hope that we do more,
20 working together, to do everything we can to
21 create better affordable housing throughout
22 New York State.

23 Thank you.

24 MS. CORRA: Thank you, Senator.

1 SENATOR COMRIE: Thank you, Madam
2 Chair.

3 CHAIRWOMAN YOUNG: Thank you, Senator.

4 CHAIRWOMAN WEINSTEIN: So I think
5 that's all for our members. Thank you for
6 being here.

7 Next we have the Supportive Housing
8 Network of New York, Laura Mascuch, executive
9 director.

10 MS. MASCUCH: Hi, good afternoon. My
11 name is Laura Mascuch. I'm the executive
12 director of the Supportive Housing Network of
13 New York.

14 We are a membership organization,
15 30 years old, grew up with the supportive
16 housing community. We have 200 nonprofits
17 throughout New York State and 50,000 units of
18 housing that are owned and managed by those
19 groups.

20 I want to thank Chairwomen Young and
21 Weinstein for having this hearing today, and
22 Housing Committee Chairs Little and
23 Cymbrowitz. Thank you.

24 So supportive housing is affordable

1 housing linked to on-site social services.
2 It's the most effective and humane way to
3 create stable and permanent homes for
4 formerly homeless individuals and families
5 who often have difficulty remaining housed.
6 It presents a critical tool in ending
7 homelessness, offering permanent housing with
8 on-site supportive services for homeless
9 families and individuals.

10 I'm going to take Chair Weinstein's
11 lead and just direct you to page 6. I just
12 want to show what your commitment and
13 investment in supportive housing has brought
14 to the state. On page 6, we have La Central,
15 which is a partnership between Breaking
16 Ground and Comunilife. It will eventually be
17 a five-building, 1.1 million square foot
18 development, 992 units of low-income,
19 affordable and supportive housing, and it
20 will also have tremendous community
21 amenities. It has a YMCA, a television
22 studio, and a skate park. So we're very
23 excited about that.

24 It received funding through HCR's SHOP

1 program, the Supportive Housing Opportunity
2 Program, as well as HFA and OTDA's Homeless
3 Housing and Assistance Program.

4 If you turn the page, you'll see right
5 across the river, Troy, Unity House, which is
6 a partnership with community builders.
7 Tapestry is an integrated 67-unit affordable
8 and supportive housing residence for formerly
9 homeless survivors of domestic violence.
10 This project was also funded through the
11 Empire State Supportive Housing Initiative
12 with HCR's Low-Income Housing Tax Credits,
13 Housing Trust Fund, and OTDA's Homeless
14 Housing Assistance Program.

15 And later you can also take a look at
16 Skybird Landing, in Geneseo, and Tres
17 Puentes, which is WSFSSH, which is a project
18 for seniors. So really very stunning
19 buildings that have been supported through
20 the state's incredible commitment.

21 So the Empire State Supportive Housing
22 Initiative, as you know, is the largest
23 supportive housing commitment in the country,
24 ensuring New York's place as a leader in

1 investing in a proven solution to prevent
2 homelessness. And we are extremely grateful
3 for the Legislature's support. I just want
4 to talk a little bit about where the program
5 is right now and two issues that we're
6 keeping our eye on.

7 This year, as you know, the Executive
8 Budget continues to support this endeavor by
9 reappropriating \$2.5 billion for the housing
10 plan. It includes \$950 million in capital
11 funding for 6,000 units of supportive
12 housing, which is the first 6,000 out of the
13 Governor's 20,000-unit commitment over the
14 next 15 years.

15 It also includes the reappropriation
16 of \$124.5 million for the matching services
17 and operating funding for the units. And of
18 course having this long-term commitment in
19 capital services and operating funding really
20 supports the entire process, because
21 investors know that the projects will be
22 there, nonprofits' boards know that it's a
23 good investment and a way to move. So we're
24 very supportive of it being long-term.

1 The state has made great strides in
2 this last year. We have nearly a thousand
3 units that are funded. And again, in this
4 next round, there are 169 projects
5 encompassing 5400 units that have received
6 conditional awards. So at this pace, we are
7 confident that the state will be meeting its
8 goal of 6,000 units.

9 And just to end, just two issues. As
10 we've all talked about this morning, the
11 federal landscape is a challenging one. The
12 uncertainty remains constant and threatening.
13 We are both looking at not only the impact on
14 the Low-Income Housing Tax Credit with the
15 tax reform proposal that has been approved by
16 the federal government, but also there's very
17 important programs at HUD that help maintain
18 these supportive housing projects, such as
19 Section 8 and McKinney-Vento, which is the
20 Homeless Housing Assistance Program.

21 And with Section 8, obviously we'll be
22 watching the budget. If it remains
23 flat-funded, there is a poor effect on the
24 number of Section 8 vouchers that are

1 currently in existence. And in effect, if we
2 don't increase the budget, it creates a cut.
3 There's also conversations around time limits
4 and work requirements, so we're watching
5 that.

6 And of course McKinney-Vento, the
7 Homeless Housing Assistance Program, funds
8 continuums of care throughout New York State,
9 so we watch that funding as well. And to the
10 point of the tax credit being impacted by the
11 change in the corporate tax rate.

12 The second issue is that OTDA's
13 Homeless Housing Assistance Program -- and I
14 know it's not this housing committee's
15 specific jurisdiction, but it impacts
16 development. It is particularly focused on
17 homelessness, and it's been a great source of
18 capital for supportive housing deals.
19 Several deals this past year got awards
20 between 5 and 7.5 million, and it was also in
21 very high demand both in the city and rest of
22 state -- a number of supportive housing
23 developments just use HHAP to do supportive
24 rest of state -- and it closed in four

1 months, triply oversubscribed.

2 So we would really appreciate and are
3 going to be advocating that HHAP's budget be
4 increased by \$30 million.

5 So New York State has never wavered
6 from steadily expanding its investment in
7 supportive housing. We've led the nation.
8 And we greatly appreciate your support, and
9 thank you for allowing me to testify.

10 CHAIRWOMAN WEINSTEIN: Mr. Blake has a
11 question.

12 ASSEMBLYMAN BLAKE: Thank you.

13 Good afternoon.

14 MS. MASCUCH: Yes.

15 ASSEMBLYMAN BLAKE: So as I'm sure
16 you're aware, in the Bronx, in particular the
17 South Bronx, we have a pretty sizable
18 concentration in particular in our district.
19 We have Community Boards 3 and 6 in
20 particular. It's pretty present. And as
21 also noted in your testimony, the development
22 of La Central that's coming into the Bronx as
23 well obviously will also have impact there.

24 I am certainly sympathetic, given that

1 my mother was formerly homeless, so it's
2 something that is very personal for our
3 communities. I am interested, though, in two
4 different parts.

5 Number one, how are individuals
6 selected in large part that come into
7 particular communities? I just often feel
8 that it's not individuals that either are
9 from the Bronx or from those communities that
10 are in large part taking those facilities and
11 taking those units themselves. Which I
12 think, to me, is part of a fair exercise; you
13 want to have representation itself.

14 And then secondly, what is happening
15 to inspire the developers and others in the
16 community to find more ways to help someone
17 not just transition into supportive housing,
18 but then make the next transition up of
19 ownership of other places as well, finding
20 other apartments as well? It just often
21 feels like we're approaching a stop-gap but
22 we're not taking it to the next step of
23 actually helping these communities in large
24 part. That's two specific questions.

1 And lastly, just in case of time
2 constraints, for the mentally ill community
3 that is struggling, often in large part --
4 I've seen it often within our district, that
5 are coming into the district, then are being
6 transitioned into supportive housing
7 entities. I'm often not seeing the
8 connection that's happening of yes, let's
9 have developments that are occurring for
10 supportive housing, but simultaneously we
11 have to substantially increase the support in
12 providing mental health support for these
13 individuals as well.

14 So I'm interested in seeing that
15 intersectionality of what you are seeing in
16 terms of effective best practices to actually
17 address both problems at the same time.

18 MS. MASCUCH: Okay, I might not take
19 those all in order, but -- and you let me
20 know if I address all of your questions.

21 So supportive housing does provide
22 on-site support services for those
23 individuals with mental health issues. And
24 to get to your initial question, there's a

1 centralized city application process that
2 looks at the eligibility for each supportive
3 housing building. Because some of them can
4 be for the mentally ill, potentially
5 substance abuse, people in recovery, those
6 with HIV/AIDS, it could be seniors, it can be
7 veterans. So there's kind of a central
8 process that has to happen, and it actually
9 happens in each locality throughout the
10 state.

11 And then those applications are sent
12 to the supportive housing residences where
13 there are vacancies, and then a screening
14 interviewing process happens and the person
15 is accepted into housing.

16 We have an incredible retention rate.
17 It's a very successful model for someone
18 leaving chronic homelessness with a special
19 need and really being able to reintegrate.
20 So if not for supportive housing, that person
21 would remain homeless on the streets or in
22 shelter.

23 What we're also looking at now,
24 though, because it is such a rare resource,

1 even though it is permanent housing, is that
2 there's now the city's supporting a Moving On
3 program that's providing Section 8
4 certificates or vouchers to people wanting to
5 leave supportive housing and further
6 integrate into the community that don't need
7 the more intensive on-site support services.
8 And that's a quick way to create more
9 capacity in order to have more people leave
10 homelessness and continue on that journey.

11 So I think I addressed -- did I
12 address all three? Was there one --

13 ASSEMBLYMAN BLAKE: Well, the portion
14 on the first one was in particular how to
15 make sure that residents that come from
16 particular communities are the ones that are
17 getting the larger concentration of those
18 units.

19 MS. MASCUCH: Right. Right.

20 So supportive housing is both
21 supporting and affordable housing units. And
22 although the affordable goes through a
23 lottery, there's community board preference
24 for half of those units. The city right now

1 does not preference by borough with the
2 applicant. However, many people say I lived
3 in the Bronx, I want to go back to the Bronx,
4 I want to go back to Brooklyn, and so there's
5 a lot of client choice in the project that
6 actually takes people back to their home
7 borough.

8 SENATOR KRUEGER: Hi. Thank you for
9 being here today.

10 Assemblymember Blake talked about a
11 large number in his district. We have
12 discussed the fact that it surprises people
13 that actually my district has almost the
14 greatest number of supportive housing units
15 in the City of New York.

16 MS. MASCUCH: It does.

17 SENATOR KRUEGER: And while there are
18 always some people who have concerns about
19 it, what we constantly see is people have
20 concerns about street homeless, they have
21 concerns about people who have nowhere to go,
22 people who might be acting out because they
23 get no services. They may be suffering from
24 mental health, substance, et cetera. And

1 that supportive housing by and large actually
2 runs extremely well, and communities are much
3 happier to see fewer people on their streets.

4 You highlight in your testimony that
5 if you had \$30 million more this year, you
6 could be speeding up the process of getting
7 new applicants for new facilities sort of
8 into the pipeline significantly quicker. So
9 you actually -- you know them, they have a
10 place to go, and they're literally just
11 waiting in line because while we have a
12 long-term commitment of the money, we're not
13 releasing it soon enough.

14 Can you just explain that?

15 MS. MASCUCH: Sure. So the projects
16 using the Homeless Housing Assistance Program
17 actually had applications in the pipeline,
18 and it closed within four months. And so
19 those gaps were created through the
20 low-income housing tax credit devaluation
21 that was part of it. And also both the state
22 and the city have term sheets with certain
23 unit costs. And so if costs were going up,
24 there was a gap that was created that needed

1 to be filled in some funding stream, and so
2 many groups have historically and continue to
3 rely on HHAP.

4 So we're encouraging that -- and
5 really actually over the last three to four
6 years, as long as I have been here, it has
7 been triply oversubscribed. There's just a
8 tremendous demand. And again, it's used rest
9 of state for the smaller supportive housing
10 projects. So it's just a very effective
11 program that very quickly can match.

12 So if people have to now wait for the
13 budget to be passed and the next RFP to go
14 out, we could be delaying projects for about
15 a year before they get up and running. We've
16 brought this issue to the attention of both
17 the state and the city to see, with these
18 certain group of projects that are sitting in
19 limbo, if we can do something to address them
20 in the meantime so that we can close them and
21 keep moving. Because as you know, you delay,
22 costs just go up further.

23 SENATOR KRUEGER: So many groups here
24 today are testifying they need more money or

1 they don't want to be cut. I think all of us
2 here get it. But in the Governor's budget,
3 he specifically shows that there's \$244
4 million of the JPMorgan settlement money that
5 has yet to be appropriated or reappropriated.

6 Is there anything that would prevent
7 you from using JPMorgan money if it was made
8 available?

9 MS. MASCUCH: No, if it was made
10 available.

11 SENATOR KRUEGER: Thank you.

12 CHAIRWOMAN YOUNG: Thank you.

13 CHAIRWOMAN WEINSTEIN: Thank you.

14 Thank you for your testimony here today.

15 MS. MASCUCH: Thank you.

16 CHAIRWOMAN WEINSTEIN: Next we have
17 the New York State Rural Advocates, Blair
18 Sebastian, and New York State Rural Housing,
19 Colin McKnight.

20 MR. SEBASTIAN: Good afternoon.

21 CHAIRWOMAN WEINSTEIN: Good afternoon.

22 SENATOR KRUEGER: Good afternoon.

23 MR. SEBASTIAN: I'd like to echo
24 Mr. Barrett's observation. You all have got

1 a lot of stamina. I'm always impressed at
2 how --

3 CHAIRWOMAN WEINSTEIN: Talk to us in
4 about four or five hours. We'll let you
5 know.

6 MR. SEBASTIAN: Thank you very much.
7 I'd do introductions here, but that uses
8 precious time and I guess I don't want to use
9 it. Thank you all for sticking with us and
10 being willing to talk.

11 We opened our written testimony I
12 guess with a discussion of distressed rural
13 communities and the extent of distressed
14 rural communities that are found around our
15 state. Many of you represent districts that
16 contain those communities, and so I know
17 you're sensitive to that issue.

18 I would like to call to your attention
19 the current issue of the New Republic has a
20 kind of wonderful little article about
21 telling rural people to move won't solve
22 poverty. We have heard suggestions that
23 maybe the best way to address upstate rural
24 poverty is for people to move to other

1 places. The article goes into explaining why
2 that's not -- why, one, it's impractical and,
3 two, it certainly isn't going to solve the
4 problem.

5 Sitting through this hearing and
6 listening to these conversations, I think
7 we're delighted to hear a number of topics
8 that we've raised over the years become part
9 of the discussion here. And we were often
10 gratified to hear these things come up.

11 One of those is manufactured housing.
12 Rural communities represent very large
13 populations of manufactured housing. At some
14 of the communities we work in, 15, 18, 20
15 percent of the housing stock are manufactured
16 housing. We have come a long way in
17 addressing those issues through the creation
18 of the Mobile and Manufactured Housing
19 Replacement Program. But as has been
20 observed earlier, that program only addresses
21 manufactured housing that's located on
22 private owned property.

23 There's a huge stock of deteriorated,
24 dilapidated mobile homes in parks, and we

1 have no way to get to those in the current
2 structure. Here I would suggest that maybe
3 the federal Housing Finance Agency, which
4 supervising Fanny Mae and Freddy Mae, have
5 tasked those organizations with finding a way
6 to provide a secondary market for chattel
7 loans that deal with mobile homes because
8 first mortgages, in a traditional sense are
9 not available. That financing is much more
10 like that of a car loan. Chattel loans are
11 the financing mechanism.

12 If we had a secondary market for those
13 loans, we would be in a much better position
14 to finance the replacement of mobile homes in
15 parks. There is also probably more we can do
16 to address those.

17 We heard discussion of small projects,
18 something that we have been very much
19 interested in talking about for many years.
20 Small rural communities are easily
21 overwhelmed by the sort of run-of-the-mill
22 multifamily affordable housing project. When
23 -- I don't go back near as far as Duncan, but
24 I go back a ways, and we produce an awful lot

1 of Section 515 rural rental housing. In the
2 old days, those came in packages of 24 units.
3 And 24 units was actually very -- almost
4 overwhelming in some of the small markets
5 that we work in.

6 So we're delighted to see a focus and
7 to hear the agency commissioner talk about a
8 focus on small-scale, appropriate- scale
9 projects, and we're glad that the agency is
10 going to reconsider rolling out another round
11 of SRDI. We would certainly suggest that
12 that \$15 million or whatever it was available
13 in HOME money -- probably less this year --
14 is not enough to meet that need, as we've
15 heard. And we would love to see direct
16 appropriation that would support small
17 projects.

18 The discussion of foreclosure is also
19 another one that kind of brings us back to a
20 topic that we've raised any number of times
21 in these conversations with you all. The
22 best way to have dealt with the foreclosure
23 crisis would have been to better prepare
24 buyers before the crisis occurred. Housing

1 counseling, both prepurchase and postpurchase
2 counseling, are hugely important and have a
3 track record, a record of effectiveness.

4 We've seen, through studies done by
5 national organizations, that those households
6 who received prepurchase counseling before
7 they bought a home are not the folks who are
8 generally caught up in the foreclosure
9 crisis.

10 We could have done much better in
11 terms of preparing people for homeownership.
12 We can continue to do better in preparing
13 people for homeownership. We would love to
14 see permanent, reliable funding for pre- and
15 post-purchase housing counseling.

16 And finally, the suggestion that the
17 Rural and Neighborhood Preservation
18 Corporations need a more secure home for
19 their source of funding. While we're
20 grateful for the rather robust funding of the
21 last couple of years for rural and
22 neighborhood preservation, as has been
23 pointed out, that funding has more or less
24 collapsed with the full expenditure of the

1 amount of JPMorgan Chase money that was
2 allocated to the program. RPCs and NPCs are
3 looking at a 35 to 40 percent cut.

4 That's going to mean a reduction in
5 staff. That will mean they pull back on
6 programming, as we've talked about here
7 before. Some of that RPC/NPC money goes to
8 backfilling for programs like HOPE/RESTORE,
9 Access to Home, Access for Veterans. None of
10 those programs -- the administrative fees of
11 those programs don't cover their cost.
12 Groups use RPC/NPC money to sort of backfill
13 from those.

14 So the consequence of this serious cut
15 would be a problem. We talked in our written
16 presentation about ways that we think maybe
17 we could address some of those problems.

18 But again, it was -- and Access for
19 Vets was another one that we have really --
20 Access for Vets, we've been thinking about an
21 awful lot and make some specific suggestions.

22 We also -- New York State Rural
23 Advocates supports an increase in the funding
24 for the Rural Housing Coalition. As we talk

1 about in the paper, reductions in HCR staff
2 over the years has resulted in an awful lot
3 of workload being pushed off, moved off on
4 the coalitions. And we think that the
5 network would be well served by a better
6 investment in Neighborhood Preservation
7 Coalition's network and the RPC Coalition.

8 And I'd like to let Colin speak to
9 that and related issues.

10 MR. McKNIGHT: Thanks.

11 One of the things that I think is
12 important to share with you is that the
13 coalition has been dealing with the graying
14 of our industry. We have been increasingly
15 doing board trainings and technical
16 assistance to the preservation companies in
17 rural parts of the state on issues of
18 succession planning, hiring new executive
19 leadership, orienting new leadership as
20 they're coming on.

21 Moving forward through 2018, we see
22 that demand continue to be very, very strong,
23 so that the availability of our services in
24 support of the preservation companies -- the

1 demand will continue to be there.

2 I appreciate the fact that the
3 Legislature has continuously supported the
4 coalition's work as a TA provider for nearly
5 40 years now. We hope that you will continue
6 to see the value in the services that we
7 provide. But there is also a change in the
8 marketplace right now that is related to the
9 graying of the industry. Over the last
10 couple of years we've seen any number of the
11 private community development consultants
12 that work across the state with small
13 villages and townships have retired, and this
14 has left a void in the marketplace,
15 particularly in these counties where there is
16 no preservation company present.

17 And one of the things that we want to
18 make sure does not happen is that those small
19 communities that still need the services of a
20 community development partner don't continue
21 to have access to those skills, those levels
22 of expertise and guidance that they need in
23 order to access the state and federal funds
24 that you make sure are available statewide.

1 So we are asking specifically for a
2 \$100,000 bump in our contract this year to
3 allow us to move forward with working with
4 the smaller municipalities that simply don't
5 have the resources to hire their own
6 community development staff. And that will,
7 in our view, allow a much greater return on
8 investment by making sure that the community
9 development dollars those communities can
10 compete for will not go elsewhere across to
11 other states that are -- in the instance
12 where our communities can't submit the
13 applications necessary.

14 I do want to thank all of you that
15 expressed interest in tweaking the Access to
16 Heroes program. We have several members in
17 our coalition that have currently open
18 contracts that they cannot move because of
19 the restrictive eligibility requirements of
20 the program. Those requirements don't allow
21 us to recognize the fact that we have heroes
22 from Vietnam, from Korea, from World War Two
23 who are aging into disability. And in my
24 view, those heroes are equally deserving of

1 our support and assistance to allow them to
2 live through their retirements in dignity.

3 I personally am a child of both a
4 World War Two veteran and a Korean War
5 veteran, and I applaud you. I'm delighted to
6 hear that you're interested in making those
7 tweaks. It's really important.

8 We are -- I've lost my time. Sorry.

9 CHAIRWOMAN WEINSTEIN: We've been
10 joined by Assemblyman Perry here today.

11 CHAIRWOMAN YOUNG: I want to thank
12 both of you for your testimony and for all
13 the great works that you do in our
14 communities all across New York.

15 Thank you for those comments on the
16 Homes for Heroes program. The intention when
17 it was established was that it would cover
18 all veterans and allow vets to age in place
19 who have made so many sacrifices for our
20 country. And unfortunately, the agency
21 decided to go back to a 2006 definition that
22 was very restrictive. That wasn't the
23 intention, and that's not the language that
24 we had put forward.

1 So I believe the commissioner is very
2 sincere about trying to fix the program so
3 that our vets can access it. But thank you
4 for your support on that. And certainly,
5 again, thank you for all that you do.

6 Senator Krueger has a question.

7 SENATOR KRUEGER: Thank you.

8 So I recently heard a -- I guess it
9 was an NPR story about a pattern that seems
10 to be happening throughout this country. And
11 I'm more familiar with what happens when it
12 hits urban America, but I'm curious whether
13 you're seeing it in rural New York.

14 So when people lost their houses to
15 foreclosure, companies went around buying
16 them up and now they make the houses rental
17 houses, and sometimes it's the original owner
18 who's now there as a tenant, or other people
19 who can't afford to buy but are now renting
20 these houses that were single-family-owned
21 houses until they were foreclosed upon.

22 And these companies have no standards
23 for tenant rights or even leases that have
24 any rights or protections that, say, we have

1 in New York State. But perhaps in upstate
2 New York, dealing with tenant and lease
3 violations wasn't such a common occurrence
4 because there weren't that many people in
5 leased private homes up until now.

6 So I'm curious whether you're seeing
7 this pattern at all in rural New York or if
8 this is skipping you.

9 MR. SEBASTIAN: There's a couple of
10 related patterns, some of which precede the
11 foreclosure crisis.

12 If you look at the large portion of
13 rental stock in small towns in upstate
14 New York, they are old single-family homes
15 that have been purchased by investors --
16 sometimes local investors, sometimes not.
17 We've seen large blocks of housing units,
18 existing older single-family homes, scooped
19 up at tax auctions, for instance, by
20 investment groups.

21 So the pattern of converting
22 owner-occupied housing into rental housing is
23 a pattern that's kind of long existed. I
24 think it's been accelerated during the

1 foreclosure crisis. I think that provided
2 certainly lots of opportunities for investors
3 and investment groups to scoop up housing to
4 rent back and hold in hopes of a recovered
5 market.

6 The similar sort of thing -- we've
7 talked a little bit earlier today about the
8 lease-to-own and the mobile home parks. That
9 pattern also is found in single-family homes
10 in upstate communities and long has been.
11 That sort of rent-to-own market, we've seen
12 it for many, many, many years.

13 You know, there are lots of folks who
14 don't get housing counseling who see this as
15 probably their only opportunity to become
16 homeowners, that when someone offers them,
17 you know, you can pay me \$500 a month for 20
18 years and at the end I'll give you the
19 deed -- the trouble is that 10 or 12 years
20 out, there's a default and the investor takes
21 the property back and re -- which is not
22 unlike what's going on in mobile home parks
23 these days.

24 So that pattern also sort of predates

1 the foreclosure crisis. Again, I think the
2 foreclosure crisis has provided an impetus
3 for kind of stepping up, ramping up that type
4 of behavior.

5 SENATOR KRUEGER: Do you know, is
6 there anyone who's tracking data like this in
7 New York or even tracking what investment
8 companies are doing this?

9 MR. SEBASTIAN: If we knew, we'd be
10 thrilled. The problem is there's --
11 nothing's filed. You know, there's nothing
12 filed with the county clerk, there's -- you
13 know, the rent-to-own, lease-to-own
14 transactions are not filed anywhere. So it's
15 almost impossible to track.

16 We've worked with rural legal services
17 folks, you know, trying to figure out what
18 kind of numbers are involved. We find out
19 about them -- our members find out about them
20 when people who are participating in these
21 rent-to-own schemes come looking for home
22 repair loans and grants from state and
23 federal money, and the first thing that
24 they're asked for is, well, you know, we need

1 to put together your file, we need your deed.
2 Well, I don't have a deed. Well, then you
3 don't really own this home. Well, yeah, it's
4 my house, I'm buying it. But, you know, with
5 clearly no understanding that the financing
6 structure here does not result in
7 homeownership.

8 SENATOR KRUEGER: Thank you.

9 CHAIRWOMAN WEINSTEIN: Assemblyman
10 Mosley.

11 ASSEMBLYMAN MOSLEY: Thank you, Madam
12 Chair.

13 And thank you, both gentlemen, for
14 your testimony, for all you do for veterans.
15 As a grandson and the son of Korean and World
16 War Two veterans, and as a member of the
17 Veterans Committee, it's a sensitive issue
18 for me and my family when it comes to how do
19 we treat our veterans, the men and women who
20 continue to fight our battles both at home
21 and abroad, that we treat them with the level
22 of dignity that they rightfully deserve.

23 But my question, given everything
24 that's happening in Washington, D.C., and

1 what we anticipate to come if we don't do
2 anything, the homeownership programs that you
3 currently have -- if we did nothing, what
4 would the tax provisions that have been
5 passed in Washington, D.C. do to your program
6 and do to the homeowners and those who wish
7 to be homeowners that go through your
8 program?

9 MR. SEBASTIAN: Well, I can take part
10 of that.

11 One of the things that I think --
12 well, a couple of things. One, what tax
13 reform at the federal level is going to do
14 for our work is reduce the amount of money
15 available to provide other forms of
16 assistance. Right? As federal revenues go
17 down, we're not going to have money for
18 important programs.

19 ASSEMBLYMAN MOSLEY: What type of
20 impact will it have eventually on the ground?

21 MR. SEBASTIAN: Well, most directly,
22 there is a program at the USDA Rural
23 Development that serves rural communities
24 that provides a direct loan product, a

1 subsidized interest rate down to 1 percent,
2 terms out to 33 years. It's the best device
3 we've ever had, and have had it for a long
4 time, to get very-low-income folks into
5 reliable homeownership situations. So we're
6 going to lose funding for programs like that
7 that will have a direct impact.

8 You know, the price structure upstate
9 is such that -- and the income structure
10 upstate, with the folks we work with -- is
11 such that if households itemize, they only
12 itemize for the first few years of their
13 mortgage. And so the kind of direct impact
14 of, you know, the SALT deduction thing will
15 be less impactful.

16 Again, I think in the low-income rural
17 communities we work in, it's that secondary
18 impact that's going to result from the
19 diminishment of funding for the HOME program,
20 for the Community Development Block Grant
21 program, and for programs like USDA's direct
22 mortgage program.

23 ASSEMBLYMAN MOSLEY: You know, and as
24 I say, we're only as strong as our weakest

1 link. And although the vast majority of our
2 state's population is in the downstate
3 region, what are the disturbing trends you
4 see when it comes to homelessness, as relates
5 particularly to our veterans, but in general?
6 Do you see the homeless staying in your
7 region, or do they come to the city to look
8 for social services that they might not be
9 able to get in your region? Like where do
10 you see the disturbing trends?

11 MR. McKNIGHT: I really believe that
12 rural homelessness stays rural. We see the
13 biggest concentrations -- I shouldn't say
14 see, because they're truly hidden. There is
15 the living in the car phenomenon, the couch
16 surfing phenomenon, and at least during the
17 season, the living in the state park
18 campground phenomenon. So doubling up is a
19 huge part of it.

20 I don't see people moving from a rural
21 community in upstate New York to the five
22 boroughs because they think they will be able
23 to access services. They don't want to leave
24 their communities any more than anybody else

1 does.

2 MR. SEBASTIAN: The New Republic
3 article that I alluded to kind of gets to
4 that point. You know, the importance of
5 rural communities and rural family networks.

6 You know, so very often -- Colin
7 mentioned couch surfing, you know.
8 Homelessness in the rural places sometimes
9 looks a little different. It's doubling up
10 and -- two families to a mobile home, for
11 instance, something we've seen a fair amount
12 of in the North Country. So those support
13 networks in rural communities are hugely
14 important.

15 You know, there has been a pattern --
16 you know, I worked in Western New York for a
17 lot of years, and Buffalo and Rochester, you
18 know, kind of saw people migrating from rural
19 places, at least temporarily, in search of
20 assistance. We often worried that people
21 were moving from Pennsylvania into the
22 Southern Tier of New York for the same
23 purposes.

24 There's a certain amount of mobility

1 in those -- in homeless populations, kind of
2 out of desperation. But again, it's that
3 family network and community support networks
4 in rural communities that -- you know, we've
5 done a pretty good job of addressing it.
6 We're certainly not there yet. But, you
7 know, our investment in supportive housing,
8 for example, reaches those small places. The
9 Homeless Housing Assistance Program does a
10 great job of funding very small projects,
11 either to provide permanent housing for
12 formerly homeless families or emergency and
13 transitional housing for those families.

14 So we're making progress. There are
15 still people living in untenable situations.
16 And as Colin points out, they're pretty much
17 invisible. You don't see the folks living
18 in -- I had a favorite client for many years
19 who they left a couple of boards off the back
20 of the local sawmill because they knew the
21 guy was crawling through the opening in the
22 back and staying there. So we just sort
23 of -- blind eye to it. There's a lot of that
24 in upstate rural communities.

1 ASSEMBLYMAN MOSLEY: Thank you for
2 your testimony. Thank you, gentleman.

3 CHAIRWOMAN WEINSTEIN: Thank you very
4 much.

5 MR. SEBASTIAN: Thank you very much.

6 CHAIRWOMAN YOUNG: Thank you.

7 CHAIRWOMAN WEINSTEIN: Next we have
8 the New York Housing Conference, along with
9 Judi Kende.

10 I just want to remind you that you
11 have 10 minutes to share.

12 MS. FEE: Yes.

13 MS. KENDE: Yes.

14 MS. FEE: Thank you. My name is
15 Rachel Fee. I'm executive director of the
16 New York Housing conference. I'm joined by
17 Judi Kende from Enterprise Community
18 Partners, New York market leader, a valued
19 member of our advisory board. And Judi will
20 help me present some of New York Housing
21 Conference's top policy priorities and then
22 also talk about recommendations that
23 enterprise has for improving SCRIE.

24 I'd like to thank the Committee Chairs

1 Young, Weinstein, Cymbrowitz and Little, and
2 other committee members for the opportunity
3 to comment today. New York Housing
4 Conference is a nonprofit affordable housing
5 policy and advocacy organization. As a
6 broad-based coalition, our mission is to
7 advance city, state, and federal policies and
8 funding to support the development and
9 preservation of decent and affordable housing
10 for all New Yorkers.

11 Last year's allocation of more than
12 \$2.5 billion in the 2018 budget has enabled
13 New York State homes and Community Renewal to
14 begin implementation of a 100,000-unit,
15 five-year housing plan. We thank the New
16 York State Legislature for funding this
17 broad-reaching plan that will improve the
18 lives of New Yorkers and address housing
19 needs across the state in a public-private
20 partnership model that will create jobs and
21 benefit communities.

22 With the growing need for affordable
23 housing, and uncertainty regarding federal
24 resources, maintaining state funding is

1 critical. Right now more than half of
2 New York renters devote more than 30 percent
3 of their income to housing. Nearly 1 million
4 families are severely rent-burdened in our
5 state, paying more than 50 percent of their
6 monthly income on housing.

7 Affordable housing is also critical to
8 addressing our homeless crisis. Nearly
9 90,000 New Yorkers will sleep in shelters
10 across the state, including almost 30,000
11 children. That's gone up since we testified
12 last year. For public housing, insufficient
13 funding is impacting the quality of life for
14 residents every day. The New York City
15 Housing Authority capital backlog is now
16 estimated at \$25 billion, according to the
17 Citizens' Budget Commission.

18 To this end, we are pleased that
19 Governor Cuomo's budget proposal continues
20 support for a statewide affordable housing
21 plan, creating new opportunities for
22 construction and preservation of affordable
23 housing for families -- but we need to do
24 more. We urge the committee to also consider

1 additional priorities that are not fully met
2 in the housing plan.

3 First, preserve public housing. We
4 call for ongoing annual capital funding of at
5 least \$250 million for the New York City
6 Housing Authority for investment in
7 preserving public housing. Maintaining
8 public housing, a critical component of
9 New York City's affordable housing stock, is
10 the responsibility of New York State and
11 New York City when federal funding is not
12 sufficient.

13 I now turn to Judi to talk about our
14 other top priorities.

15 MS. KENDE: Sure.

16 So establishing a new Senior Service
17 Coordinator funding; specifically,
18 appropriating \$10 million for the Resident
19 Service Coordinator Program, to enhance
20 service coordination in existing and new
21 senior housing that includes an array of
22 services that assist residents to remain
23 independent by emphasizing wellness and
24 healthy aging. And this is modeled after the

1 successful HUD 202 program.

2 And then also to do more to promote
3 housing opportunity to further fair housing
4 goals. And specifically, to support a
5 statewide Source of Income Discrimination
6 Protection Amendment -- supporting an
7 amendment to the New York State Human Rights
8 Law to expand the protected classes to
9 include lawful sources of income, such as
10 wages, salaries and federal, state and local,
11 corporate and nonprofit assistance payments
12 or subsidies. This amendment would extend
13 housing discrimination protections to
14 individuals utilizing Housing Choice
15 Vouchers, Social Security, SSI and
16 unemployment insurance, alimony, veteran's
17 benefits and the like to cover housing costs.

18 We urge you to pass Senate Bill S149,
19 amended to remove the exemption for dwellings
20 of five units or less.

21 MS. FEE: So in addition, we would
22 like to allow for greater density: Lift the
23 state cap on residential development.

24 I'm going to just breeze through these

1 additional recommendations in the interests
2 of time, but you have my written testimony
3 submitted.

4 We'd also like to adapt to the changes
5 in the federal tax code and really take this
6 opportunity to bifurcate the State Low-Income
7 Housing Tax Credit to increase the investor
8 pool and raise pricing. And we've heard that
9 discussed already this afternoon.

10 We would also advocate that we should
11 exclude affordable housing from the deferred
12 credit plan in the Governor's budget. So we
13 recommend excluding credits for deferment
14 used for affordable housing projects, and
15 that would include the State Low-Income
16 Housing Credit, brownfields and historic
17 credits when used in affordable projects.

18 We also think that we need to do more
19 to support homeownership, and we'd like to
20 enact the Community Land Trust Tax Exemption
21 on Community Land Trust land and assessment
22 caps for permanently affordable housing.

23 We'd also like to increase the
24 Affordable Housing Corporation funding and

1 per-unit allocations for permanently
2 affordable homeownership projects in
3 high-cost communities. And this program has
4 not seen the per-unit increases since 1985.

5 So I thank you for this opportunity to
6 testify, and I'm going to turn to Judi to
7 also talk about Enterprise's priorities
8 around SCRIE.

9 MS. KENDE: Thank you, Rachel.

10 And this is found in testimony that I
11 submitted for the record.

12 SCRIE, or the Senior Citizen Rent
13 Increase Exemption, is a valuable program
14 that freezes rent for seniors in
15 rent-regulated apartments. However, SCRIE
16 does not decrease rents for tenants who enter
17 the program who are already severely
18 rent-burdened. And this means that right now
19 more than a third of SCRIE participants pay
20 70 percent or more of their income on rent.

21 And for these reasons, we urge the
22 Legislature to pass the SCRIE Rollback Act,
23 S7057/A8424, which would freeze rents at
24 one-third of income for eligible households,

1 ensuring that seniors do not sacrifice other
2 necessities to pay rent.

3 Thank you.

4 CHAIRWOMAN YOUNG: Questions?

5 Assemblyman.

6 ASSEMBLYMAN MOSLEY: Thank you, Madam
7 Chair.

8 Just two quick questions. On page 2
9 when you talk about the support of a
10 Statewide Source of Income Discrimination
11 Protection Amendment, is that a current piece
12 of legislation that is pending or is that
13 something that you're proposing to us?

14 MS. KENDE: So there is a current bill
15 right now, it's S149. It has one provision
16 in it that we recommend removing, and that is
17 the exemption for dwellings of five units or
18 less.

19 ASSEMBLYMAN MOSLEY: And there is no
20 Assembly same-as?

21 MS. KENDE: No.

22 ASSEMBLYMAN MOSLEY: Okay.

23 And my second question, a couple of
24 years ago the Comptroller of New York City

1 issued a report talking about land
2 grants/land trusts. And I support this
3 portion of your testimony on page 3 which
4 talks about the enactment of a land trust tax
5 exemption on CLT land and assessment caps for
6 permanently affordable housing.

7 How will we entice -- if you can, how
8 will we entice New York City to be a part of
9 this type of proposal? Because clearly in
10 the past it seems like they've kind of
11 thwarted being a part of the land grant/land
12 trust conversation.

13 MS. KENDE: So New York City right now
14 does have several Community Land Trusts, so
15 that conversation has shifted. Do you mean
16 specifically around the tax exemption piece
17 of it?

18 ASSEMBLYMAN MOSLEY: Right.

19 MS. KENDE: I think it's a good
20 question, and certainly something that we
21 would also be providing similar testimony
22 towards for this.

23 MS. FEE: Yeah, and I think especially
24 when used for affordable homeownership, just

1 really taking out -- if we can have the tax
2 exemption that is long-term, we can talk
3 about permanent homeownership and that when
4 those homes change hands and go from owner to
5 owner, that we really have some long-term
6 affordability there. And that's really the
7 crux of that recommendation.

8 ASSEMBLYMAN MOSLEY: I hope I can
9 follow up with you in regards to that
10 conversation.

11 MS. FEE: Yes.

12 ASSEMBLYMAN MOSLEY: Thank you so
13 much.

14 CHAIRWOMAN YOUNG: Thank you.

15 Senator Krueger has some questions,
16 but before we do that, I had a couple of
17 questions.

18 Could you go a little bit deeper on
19 the SCRIE program and the issues with it?

20 MS. KENDE: Sure. So the SCRIE
21 program, which is for seniors who earn about
22 \$50,000 a year or less, people's rents are
23 frozen at the point where they enter the
24 program. And so if two people have the same

1 exact income level and one person enters when
2 they're eligible at 33 percent of their rent,
3 it's frozen there. If another person enters
4 when they're paying 70 percent of their rent,
5 it's frozen at 70 percent of their rent.

6 And what we know is that there's a
7 large number of people who are paying
8 70 percent for their rent. Their monthly
9 income left for other expenses is less than
10 \$200, and they're making untenable choices
11 between paying for medicine or food or
12 electricity.

13 And so what we'd like to see is a
14 rollback so that regardless of when you enter
15 the program, your rent is capped at the 33
16 percent.

17 CHAIRWOMAN YOUNG: Does New York City
18 have control over that 70 percent? Or would
19 that need a legislative fix by Albany?

20 MS. KENDE: No.

21 CHAIRWOMAN YOUNG: We would have to do
22 it?

23 MS. KENDE: Yup.

24 CHAIRWOMAN YOUNG: Does the DRIE

1 program have the same problem?

2 MS. KENDE: Yes, this is for SCRIE and
3 DRIE.

4 CHAIRWOMAN YOUNG: Okay. For DRIE
5 also, okay.

6 Are you familiar with the proposed
7 TRIE program that would just help tenants
8 that -- so there's legislation that I've
9 sponsored, we've passed actually in the
10 Senate, that is modeled after the SCRIE and
11 DRIE programs. But basically it's for any
12 tenant that is struggling -- so that if they
13 make \$50,000 a year or less, and they are
14 paying high amounts of their income toward
15 rents, it would be along the same lines.

16 Is that something you may be
17 interested in?

18 MS. KENDE: I'm not familiar with it,
19 but it sounds good, yeah.

20 CHAIRWOMAN YOUNG: Okay, that's good
21 to know. I think it could be something that
22 would be very beneficial to a lot of people.

23 The other question I had was for
24 Rachel. And you heard the commissioner of

1 HCR speak earlier about the bifurcation of
2 the Low-Income Housing Tax Credits. And I
3 just wanted to get your thoughts, because I
4 had legislation -- we had it in 2011, and
5 then we actually changed it to a refundable
6 tax credit because we wanted to make it
7 workable. We've passed it in the Senate
8 several times, but we haven't gotten it
9 through the Assembly.

10 Could you address that? Because I
11 know Duncan spoke about the bifurcation also
12 as something that could be positive.

13 MS. FEE: Yes, thank you for your
14 leadership on this issue. And I know that we
15 were supportive of your previous bills
16 addressing this.

17 It seems like at this point in time
18 looking at bifurcation would make sense
19 because of the change of tax liability at the
20 federal level. So, you know, if we're
21 keeping those two tax credits intertwined, it
22 just doesn't give us the broadest investor
23 pool that we could. And there could be more
24 appetite for the state credit right now, and

1 that could increase prices and really bring
2 more equity into affordable housing.

3 CHAIRWOMAN YOUNG: So I think it makes
4 sense too, so hopefully we can get that done.

5 MS. FEE: Yeah, I think it's good
6 timing.

7 CHAIRWOMAN YOUNG: Great. Thanks.

8 CHAIRWOMAN WEINSTEIN: Assemblyman
9 Blake.

10 ASSEMBLYMAN BLAKE: Good afternoon.

11 Interested, on page 2, about your
12 public housing component of calling for the
13 ongoing capital funding. And given what
14 we've all been talking through, interested in
15 what do you see as the most immediate needs?
16 Obviously there's conversation about repairs
17 to the roofs, there's conversation around the
18 boilers. There's a whole host of different
19 things.

20 So I was interested in what you would
21 prioritize and how you're coming up with that
22 determination.

23 MS. FEE: So we're calling on both the
24 city and the state to share an equal

1 commitment here to increase capital funding
2 to NYCHA. And we would be looking at NYCHA's
3 most pressing capital needs. And I think
4 that they have a pretty good idea of how they
5 would prioritize those. And that includes,
6 like you just mentioned, the roofs, the
7 boilers, pointing buildings where there's
8 water -- repointing the brick facades where
9 there's water penetration. I think
10 elevators are also a safety issue.

11 So, I mean, I wouldn't prescribe
12 exactly how it should be funded, but I would
13 say it should go to the most critical capital
14 needs. The first allocation that the state
15 made in recent years, we were not in favor
16 of, you know, kind of pet projects being
17 funded. We think that really we need to
18 focus on improving the living conditions for
19 NYCHA residents, and that should start with
20 the capital infrastructure.

21 ASSEMBLYMAN BLAKE: And second, we
22 haven't really talked about it much, but just
23 getting your sense of the state of
24 rent-regulated units itself. Throughout the

1 Bronx obviously we're having a continual
2 challenge around this dynamic, and just
3 getting a sense if you have any
4 recommendations of things we should
5 considering around that front.

6 MS. KENDE: On rent regulation? Yeah.
7 I think that's a really important issue for
8 2019 when it comes due, and I think that we
9 have to look at vacancy decontrol, we have to
10 look at the formula for MIAs and AIAs --
11 those are the maintenance and individual
12 apartment improvements. And then also
13 looking at the issue of preferential rent.

14 And then I think that the overarching
15 thing, in addition to changing the
16 regulations, is to change the enforcement and
17 to have more transparency around what the
18 legal rent is and a database that people can
19 access to see that very clearly, because
20 there is a lot of looseness around that.

21 MS. FEE: As a broad coalition,
22 New York Housing Conference has not taken a
23 position on rent laws in the past. But we
24 are going to convene a policy group to really

1 discuss if we should do so moving into 2019.
2 And the motivation for that is really the
3 rising rents in New York and the extreme
4 market pressures we're seeing on
5 neighborhoods that had not felt them in the
6 past.

7 So I agree it's an important issue.

8 MS. KENDE: Sorry, I was speaking on
9 behalf of Enterprise there, not as a board
10 member.

11 ASSEMBLYMAN BLAKE: And lastly,
12 getting again your sentiment of the state
13 around rent stabilization, J-51. And you
14 talked about enforcement a little bit, but
15 just -- I know we're moving in topics
16 intentionally. How severe a crisis is it in
17 terms of the lack of enforcement that you're
18 seeing, that you're sensing? Is it something
19 that we need to be focusing more upon? What
20 would be your recommendations to be looking
21 at on that as well?

22 MS. FEE: The enforcement on J-51 and
23 the other tax incentive programs is not
24 something that I have knowledge of or

1 expertise on, unfortunately.

2 MS. KENDE: I'll represent Enterprise;
3 I don't on that specifically.

4 On the rent regulation, I think that
5 when you look at -- and, you know, the Bronx
6 is right up there. The highest amount -- the
7 neighborhoods with the highest evictions
8 correlate perfectly to the neighborhoods with
9 the highest rent stabilization. And there's
10 just a lot of incentives for tenant
11 harassment and other things to -- because
12 between tenants you can raise the rents and
13 you can do a lot of improvements and allow
14 the rents to be brought to market.

15 So it's a really critical issue, and
16 landlords are incented to evict people.

17 CHAIRWOMAN WEINSTEIN: Thank you.

18 And just -- Rachel, I just wanted to
19 not let you go until I said I too share the
20 concern of people who have spoken, both now
21 and earlier, about the need for capital
22 funding for NYCHA.

23 But I didn't want to let go unsaid
24 your comment about funding for pet projects.

1 The majority of the funding, the last round
2 of funding for NYCHA, was for enhanced
3 security. I know in the developments in my
4 area, the residents asked and chose that it
5 be for cameras and elevators. And that was
6 in fact in so many of the developments the
7 use of that funding, which, you know,
8 obviously improves the safety and health of
9 residents.

10 Clearly a lot more needs to be done.
11 I just didn't want to leave it that the money
12 was just sort of frittered away and not put
13 to good use.

14 MS. FEE: That was probably a poor
15 choice of words, and I appreciate the
16 security needs at many NYCHA developments.

17 I guess there was a bit of frustration
18 that, given what we just saw recently with
19 boilers that are failing and, you know, known
20 leaks in roofs, that that money couldn't have
21 been targeted to the top priorities on the
22 capital improvement list.

23 So I'll clarify my comments.

24 CHAIRWOMAN WEINSTEIN: Thank you for

1 being here.

2 CHAIRWOMAN YOUNG: Senator Bailey.

3 SENATOR BAILEY: Thank you, Madam
4 Chair.

5 I have one brief question. You
6 mentioned about the tax exemption for
7 Community Land Trusts. When I think of land
8 trusts, I think of the Dudley Street
9 Initiative in Boston, which is like the gold
10 standard, in my opinion, for what CLTs have
11 been doing.

12 Do you have any recommendations on how
13 we can expand community land trusts
14 statewide, either through policy or through
15 the convening of working groups? Do you have
16 any recommendations for that?

17 MS. KENDE: So Enterprise, through
18 bank settlement funding, has funded seven
19 CLTs statewide. And we are leading a
20 learning collaborative around that to lift up
21 best practices. And I think to the extent
22 that, you know, there is additional funding
23 that's available to both form them and to
24 help bring properties into the land trust,

1 that would make a difference.

2 SENATOR BAILEY: Okay. I would love
3 to have further dialogue with you about how
4 we can expand community land trusts, because
5 I am a huge believer in them. I would love
6 to, again, engage in future discussion with
7 you. Thank you.

8 CHAIRWOMAN YOUNG: Thank you.

9 Senator Krueger.

10 SENATOR KRUEGER: Hi. I want to thank
11 you for your testimony.

12 So you closed on a SCRIE rollback
13 proposal. So I am a big supporter of SCRIE.
14 But of course it's the City of New York who
15 then pays for the difference between the
16 property tax, the rent freeze, and through a
17 reduction in property tax. Have you done any
18 projections about what this would cost?

19 MS. KENDE: We have. And, you know, I
20 don't want to speak out of school. What's
21 that? Yeah, the number I'm -- so Senator
22 Savino is saying about \$350 million. I'd
23 remembered a lower number. I'd remembered
24 250. But I'll confirm it.

1 (Inaudible exchange.)

2 MS. KENDE: Then you've got it, 350.

3 SENATOR KRUEGER: So it would be an
4 additional \$350 million above what the city
5 already pays for SCRIE?

6 MS. KENDE: Yes.

7 SENATOR KRUEGER: Okay. And in fact
8 Senator Young highlighted a bill of hers
9 which again, in a perfect world, all the
10 increases in rent costs for low-income people
11 would be paid by the City of New York. The
12 dilemma is how much property tax can you take
13 away from a locality for a specific purpose
14 without explaining how you're going to make
15 them whole to cover other costs at the local
16 level.

17 So I'd be curious whether your
18 coalition is going to try to lobby support
19 from the City of New York for your SCRIE
20 rollback proposal.

21 MS. KENDE: Yes, we have been. We've
22 been working with the Office of Finance, the
23 finance division, and we've been talking to
24 the city about it.

1 SENATOR KRUEGER: Great. Thank you.

2 CHAIRWOMAN WEINSTEIN: Thank you.

3 MS. FEE: Thank you.

4 CHAIRWOMAN WEINSTEIN: Thank you. Our
5 last witness for this hearing is Center for
6 Disability Rights, Gregg Beratan.

7 MS. CARROLL: Good afternoon. I'm
8 here instead of Mr. Beratan. My name is
9 Kathryn Carroll. I'm a policy analyst at the
10 Center for Disability Rights. Thank you so
11 much for this opportunity to testify on how
12 housing proposals in the budget will affect
13 disabled New Yorkers.

14 The Center for Disability Rights is a
15 disability-led not-for-profit organization
16 headquartered in Rochester, and CDR advocates
17 for the full integration, independence and
18 civil rights of people with disabilities.

19 I'm here testifying today because
20 we're experiencing a crisis-level shortage of
21 accessible, affordable and integrated housing
22 throughout the state. The inability to find
23 accessible, affordable and integrated housing
24 is arguably the most pressing obstacle to

1 people with disabilities living and working
2 and thriving in the community. Without
3 thoughtful inclusion of people with
4 disabilities in housing proposals in the
5 budget, the Governor's Olmstead plan, as
6 recommended by the Olmstead Cabinet, cannot
7 be achieved.

8 In our budget priorities publication
9 and our written response to the State of the
10 State, we called on the Governor to create a
11 tax credit for homeowners who make their
12 homes more accessible; restore funding to
13 Access to Home; prioritize public housing for
14 people transitioning out of institutions and
15 nursing facilities who are otherwise
16 homeless; and increase the amount of
17 accessible units in publicly funded housing
18 projects. I will briefly address each of
19 these items.

20 In 2015, 2016 and 2017, the
21 Legislature passed a bill creating a tax
22 credit for visitability in housing. Each
23 time, the Governor vetoed that tax credit
24 because it was not in the budget. This year

1 we see that there's \$20 billion in the
2 budget, a plan for affordable and homeless
3 housing, and spending another \$59 million to
4 create segregated housing for disabled New
5 Yorkers. But apparently the Governor could
6 not find just \$1 million to allocate to the
7 Visitability Tax Credit.

8 Another program which helps make homes
9 more accessible, Access to Home, has been cut
10 75 percent during the Governor's time in
11 office, and there was no effort to increase
12 that funding this year.

13 Both the Visitability Tax Credit and
14 Access to Home would help our aging
15 grandparents build ramps to stay in their
16 homes and help newly injured quad- and
17 paraplegics make their bathrooms accessible
18 or widen doorways. This can be done with a
19 minimal fiscal impact on the state.

20 We will continue calling on the
21 Governor to include these programs in the
22 budget amendments. We also thank you, our
23 Assemblymembers and Senators, for your
24 assistance in bringing visitability to the

1 Governor's desk, and we are asking you to
2 help us make it a reality, long overdue.
3 Include a tax credit in the budget for
4 visitability, capped at \$1 million.

5 We would also like the Access to Home
6 program for disabled people to get additional
7 funding of \$10 million.

8 Currently, the state funds a separate
9 Access to Home for Veterans program for
10 veterans with disabilities. We ask that when
11 disabled veteran funding goes unused, that
12 funding is then opened up to the entire
13 disability community.

14 Unfortunately, budget items this year
15 again do not address the needs of New Yorkers
16 who are currently stuck in nursing facilities
17 and other institutions and do not have a home
18 to return to in the community. Homeless
19 shelters are often inaccessible to people
20 with disabilities, and as a result these
21 people are then put into institutions. But
22 meanwhile, these homeless people, because
23 they are being kept in institutions, they are
24 not considered homeless and therefore are not

1 eligible for supports provided under
2 initiatives combating homelessness.

3 Although disabled people in
4 institutions may have a bed and a roof, they
5 do not have a home. Furthermore, disabled
6 people being segregated from the homeless
7 population in shelters cannot justify the
8 state failing to address their homelessness
9 too. We ask that New Yorkers with
10 disabilities get priority to move to public
11 housing when transitioning out of an
12 institutional setting.

13 The Governor's budget plans to
14 continue the five-year investment in
15 affordable, supportive and related housing
16 services. While focusing on the
17 affordability of units preserved and created,
18 the budget does not mention the accessibility
19 of such units. Any housing units created by
20 the state should be accessible to address the
21 housing crisis in New York State for people
22 with disabilities.

23 It is time that the Governor address
24 the state's long-standing history of

1 nonenforcement in regards to accessibility.
2 There are far too many loopholes for
3 developers. And lack of accessible housing
4 is a primary reason that disabled and elderly
5 people are unable to transition from
6 institutional settings into the community,
7 and it is also often a reason people are
8 forced into institutions in the first place.

9 CDR calls upon the Governor to ensure
10 that all new publicly funded housing stock
11 includes adequate levels of accessible units
12 to ensure that no disabled person is unable
13 to transition back into the community, or is
14 forced into an institution due to a lack of
15 housing. As part of this, we call on you to
16 double the number of accessible units
17 required in all new housing and to remove the
18 loopholes that allow developers to evade
19 state rules on accessibility.

20 And just in closing, I'll say that 27
21 years after the passage of the American with
22 Disabilities Act, we have to continue asking
23 and fighting for accessibility in the
24 community for disabled people. Affordable,

1 accessible, and integrated housing is
2 critical to giving disabled people a shot at
3 leading full and productive lives. Our
4 community must be included in housing policy
5 and associated funding.

6 CHAIRWOMAN WEINSTEIN: So thank you
7 very much for coming here and submitting your
8 testimony. We'll certainly look at some of
9 the issues that you raise as we move forward
10 in our budget negotiations. I believe you
11 said it all, and we don't have any -- none of
12 the members have questions for you. Thank
13 you so much for being here today.

14 MS. CARROLL: Thank you.

15 SENATOR KRUEGER: Thank you.

16 CHAIRWOMAN YOUNG: Thank you.

17 CHAIRWOMAN WEINSTEIN: So this
18 concludes the joint hearing on housing.
19 Shortly, after a short break, we'll be
20 convening the joint budget hearing on the
21 workforce.

22 (Whereupon, the budget hearing
23 concluded at 2:26 p.m.)

24

