



**Testimony**  
**Presented to a Joint hearing of**  
**New York State Senate Finance Committee**  
**And**  
**New York State Assembly Ways and Means Committee,**  
**February 4, 2019**

Presented by

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In order to meet the affordable housing needs of the low income residents of New York's small towns and rural communities, **NYS Rural Advocates** calls for the full funding of the ***Rural Preservation Program (RPP)***: Rural Preservation Companies (RPCs) are community based organizations governed by local boards of directors. RPCs are committed to ensuring that rural communities and small towns have access to the full range of affordable housing and community development services that are particularly appropriate to their own communities.

Created in 1980, RPCs generate millions of dollars that are invested in affordable housing in New York's rural communities. During the 2016/17 program year, RPCs raised over \$117.5 million in match and leverage to build, repair or manage over 6,600 units of rural housing. RPCs provide a range of other services by, for example, providing debt consolidation and credit counseling to over 1,300 households; the organizations assisted 563 first time homebuyers and they provided down payment and closing cost assistance to 267 homebuyers. RPCs served small rural communities by providing grant writing and grant administration to 234 communities.<sup>1</sup>

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<sup>1</sup> [http://www.nyshcr.org/Publications/NRPPAnnualReport/NPC-PC%202017%20Annual%20Report11\\_19\\_2018.pdf](http://www.nyshcr.org/Publications/NRPPAnnualReport/NPC-PC%202017%20Annual%20Report11_19_2018.pdf)

When the Rural Preservation Program was created it included provision for what was then considered a statewide “super RPC” to provide training and technical assistance to RPCs. That super RPC is now the NYS Rural Housing Coalition which has only grown in its importance as a resource for rural communities.

The Executive proposes to fund the Rural Preservation Program (RPP) with \$3.539 million from the Mortgage Insurance Fund resulting in program funding of \$59,983 for each of 59 existing RPCs. The Executive does not include funding to support training and technical assistance from the New York State Rural Housing Coalition in the proposed budget. The Executive’s proposal represents a 1/3 reduction in funding from the \$5,360,000 available to RPP in 2017/2018. NYS Rural Advocates recommends an additional \$3 million from the general fund to bring Rural Preservation Company funding to \$100K per organization and provide for 3 new RPCs to address the needs of unserved rural areas of the State. These additional funds would also allow an allocation of \$250,000 for the NYS Rural Housing Coalition’s training and technical assistance activities.

***Affordable Housing Corporation:*** Homeownership is the dominate form of tenure in Rural New York. With well over a half a million housing units occupied by owners, the homeownership rate in rural service areas exceeds 70%.<sup>2</sup> AHC provides funding that supports homeowners including down payment and closing cost assistance, new construction and rehabilitation of owner occupied one to four family homes and mobile home replacement programs.

The executive budget proposes \$26 million in capital project funding for AHC in 2017/18. In response to a December 2017 NOFA, AHC received applications requesting in excess of \$67 million<sup>3</sup>. We also note that there are proposals to increase AHC per unit funding limits under consideration this session. Given current demand and anticipated funding increases within the program, NYS Rural Advocates recommends that the Affordable Housing Corporation be funded at \$50 million.

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<sup>2</sup> Housing Assistance Council, Rural Data Portal

<sup>3</sup> HFA Board of Director’s materials, January 17,2019

***Foreclosure Mitigation and Pre & Post Purchase Homeownership Counseling:*** Promoting and protecting homeownership is a priority for NYS Rural Advocates and therefore we find it alarming that 20,000 new foreclosure notices were filed in New York State during 2017. The foreclosure crisis has not ended but the settlement funds supporting foreclosure services are exhausted. We urge the Legislature to provide adequate funding for a full service homeownership counseling program that includes foreclosure counseling, legal services, pre and post purchase counseling for low income and first time homebuyers.

***Rural Rental Assistance:*** Rural Advocates support the Governor’s proposal to provide the Rural Rental Assistance Program (RRAP) with \$21 million from the general fund. RRAP provides “Section 8 like” rent subsidies to some 5000 very low income disabled, senior and female heads of households living in properties with Section 515 Rural Rental Housing loans.

***Manufactured and Mobile Homes:*** There are nearly 200,000 mobile homes in New York State. Many older mobile homes in rural areas are found to be seriously deteriorated or dilapidated. Mobile Homes located on owned lands benefit from the Mobile and Manufactured Home Replacement Program. Advocates recommend the addition of \$3 million in current appropriations to supplement MMHRP funds appropriated through the House NY 2020 capital funding plan. The executive requests \$5 million to support the ***Manufactured Home Advantage Program*** which provides loans for infrastructure and other park improvements as well as first mortgage loans to homeowners residing in parks. New York State Rural Advocates supports this \$5 million appropriation.

***NYS Housing Trust Fund - Small Rental Project Development set aside:*** HTF is New York’s primary rental development program and is the State’s principle mechanism for leveraging federal low income housing tax credits. The Governor proposes to provide the Housing Trust Fund with \$44.2 million from the Capital Projects budget. Based on NYS HCR’s recent positive experience with the Small Rental Development Initiative, (SRDI) funded using the onetime recapture of federal HOME funds, NYS Rural Advocates recommends that an additional \$15 million in capital funds be provided to the Housing Trust Fund to support an ongoing SRDI program supporting the development of small projects of less than 20 units that will not use tax credits.

***ACCESS to Home and HOPE/RESTORE:*** Access to Home supports the modification of individual housing units to meet the needs of households with a disabled member.

HOPE/RESTORE provides funding for the rapid response to emergency home repair needs of elderly homeowners. There is unlimited need for both programs and there is substantial not for profit capacity to deliver these programs.

The executive budget proposes to fund ***Access to Home*** at \$1 million from the Capital Projects Fund. New York State Rural Advocates recommends a \$4 million addition to Access to Home for a total of \$5 million in program funding. ***HOPE/RESTORE*** is proposed at \$1.4 million from Capital Project Fund. Rural Advocates recommends a \$1million addition for a current program appropriation of \$2.4 million.

***NY Main Street Program (NYMS):*** New York’s modest Main Street program has proven to be an effective tool for revitalizing both commercial and residential elements of our downtown areas. Rural Advocates believes that it is time to expand the program and include technical assistance and capacity building in addition to program funding. The executive proposes to invest \$4.2 million in New York’s Main Street Program.

***NYMS*** has proven to be a particularly useful tool for the revitalization of small downtowns all across our State. The Executive proposes to fund NYS Main Street with \$4.2 million from the Capital Projects Fund. Rural Advocates recommend an additional appropriation of \$5.8 million resulting in a total of \$10 million in current appropriations to include the creation and funding of a New York Main Street Center that would provide adequate staffing to manage a larger program and to assist in the development of local capacity to deliver Main Street programs. Rural Advocates also recommends that the program be removed from the Regional Economic Development Council administration in favor of a direct NYS HCR Request for Proposals. The NY Main Street experience suggests that these modest programs often fail to show up on the REDC radar and routinely fail to gain the support of some Regional Councils. This leaves communities in some Regions without access to this small but powerful community revitalization tool.

***Infrastructure Development Program (IDP):*** Infrastructure costs are a serious impediment to the development and operation of affordable housing. In rural areas and small towns, much infrastructure is private with a predominance of wells and septic systems. The maintenance and

repair of these systems can be beyond the financial capacity of many low income homeowners. Rural Advocates call for an expanded infrastructure development program that will assist homeowners and small, rural multifamily projects to meet non municipal infrastructure costs. New York State Rural Advocates recommends funding IDP at \$4 million to support 200 units at up to \$20,000 for a demonstration program to be administered by the NYS Rural Housing Coalition under the supervision of NYS Housing and Community Renewal.

***Rural Area Revitalization Program:*** RARP is a highly successful program that provides grants and loans of up to \$200,000/project for small, high impact, mixed-use projects that stimulate and leverage other funding including housing on Main Street. RARP is not funded in the executive’s budget proposal. Rural Advocates recommends that RARP be funded at \$5 million.

***Rural and Urban Community Investment Fund:*** The CIF provides funding “for the creation, preservation or improvement of affordable housing; or the creation, preservation or improvement of the commercial, retail or community facilities component of mixed use affordable residential developments,…”

Created several years ago, the program is intended to be a flexible funding source that can leverage other funds to meet very diverse community needs. The executive budget provides no additional funds for the Community Investment Fund in the current budget proposal. The program will receive an additional \$45 million over three years from the House NY 2020 program. Rural Advocates support these funding levels

***Homeless Housing and Assistance Program:*** HHAP supports a range of homeless housing developments by providing capital funds for emergency, transitional and permanent housing for homeless households. HHAP has a history of flexibility with respect to scale and design that allows the program to be effective in a wide range of situations including in the smallest rural communities.

The executive proposes to fund HHAP with \$58 million in capital funding with an additional \$5 million set aside for HIV/AIDs housing. Rural Advocates notes that HHAP is desperately oversubscribed. Within 60 days of releasing its NOFA, HHAC issued a Notice of High Volume Interest with over \$130 million in applications on hand. NYS Rural Advocates recommends HHAP funding of \$75 million from the capital projects budget.

New York State 2020 Housing Budget (proposed)				
Capital Projects Fund		2019 Enacted	2020 Proposed	Rural Advocates
	Affordable Housing Corp	\$26,000,000	\$26,000,000	\$50,000,000
	Homes for Working Families	\$14,000,000	\$14,000,000	\$14,000,000
	HOPE/RESTORE	\$1,400,000	\$1,400,000	\$2,400,000
	Housing Program	\$132,000,000		
	Housing Trust Fund	\$44,200,000	\$44,200,000	\$59,200,000
	New York Main Street	\$4,200,000	\$4,200,000	\$10,000,000
	Public Housing Modernization	\$6,400,000	\$6,400,000	\$6,400,000
	Access to Home	\$1,000,000	\$1,000,000	\$5,000,000
	Homeless Housing and Assistance Program	\$63,000,000	\$63,000,000	\$75,000,000
	New York City Housing Authority Program	\$250,000,000		
	Manufactured Home Advantage Program		\$5,000,000	\$5,000,000
	Governor's Office of Storm Recovery		\$72,000,000	\$72,000,000
	<b>Total</b>	<b>\$542,200,000</b>	<b>\$237,200,000</b>	<b>\$299,000,000</b>
<b>Aid to Localities</b>				
	Housing Development Fund	\$8,227,000	\$8,227,000	?
	CDBG	\$40,000,000	\$40,000,000	\$40,000,000
	Weatherization	\$32,500,000	\$32,500,000	\$32,500,000
	Local Area Program	\$3,140,000	\$3,062,000	\$3,062,000
	Rural Preservation	\$1,821,000		\$3,000,000
	Neighborhood Preservation	\$4,351,000		\$7,000,000
	Rural Rental Assistance		\$21,000,000	\$21,000,000
	Housing Counseling/Foreclosure			\$20,000,000
	RARP/UI			\$5,000,000
	Rural Infrastructure Fund			\$4,000,000
	<b>Total</b>	<b>\$90,039,000</b>	<b>\$104,789,000</b>	<b>\$135,562,000</b>
<b>Mortgage Insurance Fund*</b>				
	Rural Rental Assistance	\$23,649,000		\$0
	Neighborhood Preservation	\$8,479,000	\$8,479,000	\$8,479,000
	Rural Preservation	\$3,539,000	\$3,539,000	\$3,539,000
	HHAP/AIDS operational support	\$8,333,000		
	HHAP Supportive Services	\$2,000,000		
	City of Albany	\$9,000,000		
	<b>Total</b>	<b>\$55,000,000</b>	<b>\$12,018,000</b>	<b>\$12,018,000</b>
	<b>Total Housing spending</b>	<b>\$687,239,000</b>	<b>\$354,007,000</b>	<b>\$446,580,000</b>