



Testimony of Judi Kende
Vice President & New York Market Leader
Enterprise Community Partners, Inc.

For the New York State
Joint Legislative Public Hearing on
2019-2020 Executive Budget Proposal on Housing

February 4th, 2019

My name is Judi Kende, and I lead the New York office of Enterprise Community Partners, a national affordable housing non-profit. Since our New York office opened in 1987, we have helped build or preserve more than 63,000 affordable homes for over 167,000 New Yorkers through capital investments, programmatic initiatives, and policy advocacy. We have committed more than \$3.6 billion in equity, loans and grants to affordable housing and community development in the region.

On behalf of Enterprise, I would like to thank the Assembly's Housing Committee Chair, Assembly Member Cymbrowitz and the Chair of the Senate Committee on Housing, Construction and Community Development, Senator Kavanagh, for the opportunity to speak to you this morning.

I am pleased to join so many housing providers, advocates and community development groups, echoing similar comments in our industry. Enterprise supports funding for a wide variety of programs, because we know that we must provide housing for the most vulnerable people in our state, struggling homeowners, working families, and more. I will speak today about several key programs and their funding needs.

1. **Public Housing - NYCHA** - First, I would like to discuss public housing, a critical source of permanently affordable housing. The New York City Housing Authority (NYCHA) has suffered from decades of decreased federal funding and now faces a capital backlog of \$32 billion. Over the past two years, the state allocated \$450 million to NYCHA that would address critical infrastructure upgrades, however those funds remain locked up. We urge the Legislature to do everything it can to ensure that those funds are released to NYCHA immediately.

NYCHA is in crisis and will require all levels of government to solve its problems. We are also asking the City to support NYCHA and we urge the City and the State to come together and establish a joint commitment to deliver \$8 billion to NYCHA over ten years. This should



begin with at least a \$500 million commitment from each level of government to preserve public housing units which are not slated for conversion and therefore not eligible for private financing. We also urge the State to identify a dedicated long-term funding source for current repairs and upgrades and to also meet future needs.

NYCHA also provides cash assistance to over 10,000 households in the form of shelter allowance for families with Section 8 vouchers to help pay their rent. However, NYCHA is currently unable to collect the maximum shelter allowance for these families. Last session, we supported A7859/S6433, sponsored by Assembly Member Hevesi and Senator Felder that would have permitted NYCHA to collect the maximum shelter allowance. We urge the Legislature to pass this bill. There is precedent for this legislation, as other Section 8 administrators have been able to collect the maximum allowance since 2005. This legislative change would free up over \$10 million in voucher funds, which NYCHA would use to issue an additional 829 Section 8 vouchers, allowing the housing authority to grow the Section 8 program for first time since 2010.

2. **Upstate Public Housing** - Public housing also serves communities outside of New York City. We echo the asks of public housing authorities upstate to request that HCR earmark funding to offset costs for basic needs like physical needs assessments and prequalification consulting services. In addition, under the umbrella of health and safety, we ask that the state set aside \$20 million for public housing authorities with 800 units or fewer to offset capital costs for items related to the prevention of lead poisoning, respiratory damage as it relates to mold and other health challenges.
3. **Senior Services** - We are very appreciative of the \$125 million in senior housing capital that was allocated in the Governor's 5-year housing plan in 2017. But to ensure that seniors remain safely and affordably housed, it is critical that more seniors have access to services. As the units that use the state's senior housing capital come on-line, we ask for \$10 million over five years for services to accompany these units. Onsite service coordinators have been proven to dramatically improve health outcomes and reduce hospital trips for seniors in New York. \$10 million would benefit 2,860 seniors over five years.
4. **Supportive Housing** - Supportive housing is a proven solution to chronic homelessness, which affects people with some of the highest barriers to housing, like mental illness and addiction. While it saves money in the long term, supportive housing requires substantial upfront investment. The Homeless Housing and Assistance Program (HHAP), administered by the Office of Temporary and Disability Assistance, is a critical source of gap financing for supportive housing developed by HCR. We ask that the State double the FY 2019 allocation for a total of \$128 million, given the unprecedented demand for the program last year. This additional funding is a smart investment. Supportive housing is shown to save over \$10,000 per household per year in public funding, due to reduced shelter stays and jail visits.



5. **Homeownership** – Homeowners in New York State are still reeling from the effects of the recession. New foreclosure cases grew 8% in 2018 from the year before, and that number is expected to increase in 2019. Given that homeownership is a critical source of stability and a mechanism to build wealth, we believe that preventing foreclosures is essential to reducing the racial wealth gap. The Communities First Program, a network of 89 non-profit housing counseling and legal services programs, is a holistic approach to preventing foreclosures and displacement. Funding for this program, which has hovered around \$20 million since 2008, is scheduled to end on March 31st, 2019 and we ask that the state allocate \$20 million for this program as a permanent budget item, ensuring the program continues to provide vital services.
6. **Rent Regulations** – Rent stabilization allows over 2.5 million New Yorkers to remain in their homes without threat of displacement or sharp rent increases. We are glad the Governor indicated in his Executive Budget his intent to make critical reforms to New York’s rent regulation laws to close loopholes and protect tenants. As part of a broad coalition that includes affordable housing developers and tenant advocates, we urge the Governor and Legislature to work together this session to reform the vacancy allowance, preferential rents, major capital improvements, individual apartment improvements, and eliminate vacancy deregulation. These changes are critical to protecting millions of low- and moderate-income New Yorkers who rely on our critical stock of regulated housing.
7. **The Tenant Protection Unit (TPU)** – In addition to the legislative reforms outlined above, we must ensure that the laws are paired with sufficient enforcement. The Tenant Protection Unit of HCR is chronically underfunded, making it easier for bad acting landlords to get away with fraud and harassment. We ask that \$5.3 million be allocated to TPU to ensure greater enforcement of the rent laws.
8. **Source of Income Protections** –We applaud and thank the Governor for including statewide source of income protections in his Executive Budget. We have so many renters who are excluded from the housing market, simply because they receive social security, housing choice vouchers, or other lawful sources of income. Additionally, this kind of discrimination is often used as a proxy for more blatant, racial discrimination. As part of the broad Ban Income Bias coalition, we urge the Senate and Assembly to adopt this language to ensure that ‘lawful source of income’ is added as a protected class in the New York State Human Rights Law.
9. **Family Homelessness** – As noted in the 30-day amendment that we sent to the Governor on behalf of Enterprise, New Destiny Housing and Citizens’ Committee for Children, we recommend an amendment that would establish funding for Rapid Rehousing for domestic violence survivors. Rapid Rehousing is a HUD-approved model which rapidly connects domestic violence survivors who are homeless or at risk of homelessness because of their abuse to safe, affordable permanent housing by providing a tailored package of services that may include time-limited financial assistance and targeted support services. Rapid Rehousing



is critical to reducing the number of low-income families headed by domestic violence survivors who become homeless and ensuring their safety and the safety of their children.

Enterprise also urges the Legislature to fund a new statewide rent supplement for families and individuals who are eligible for public assistance benefits and who are facing eviction, homelessness, or loss of housing due to domestic violence or hazardous living conditions.

10. **Rent to Build Credit** – We are thrilled with the Governor’s announcement of a new rent to build credit program, requiring state-funded housing developments to give tenants the option to have rental payments count towards their credit scores. This program models Enterprise’s groundbreaking Rent to Build Credit Program, launched with the NYC Comptroller’s Office. We would happily share lessons learned throughout our program to ensure that the state’s program is successful.

11. **Prevailing Wage** – Presently, there are no State-mandated prevailing wage requirements that apply to the State’s housing plan. Governor Cuomo has stated support for prevailing wage requirements for project construction with subsidies. According Independent Budget Office analysis published in 2016, prevailing wages may increase construction costs by 23%. This means that either fewer affordable units will be produced within the existing budget or additional subsidy will be required to achieve promised production targets. A new statewide requirement could also impact New York City’s Housing New York Plan, which produced more than 10,000 new construction units and preserved more than 24,000 existing units of affordable housing this past year. We urge the Legislature to take this potential impact into account as it weighs changes to prevailing wage requirements. This request should be coupled with advocating for a wage floor and support for living wages for construction workers.

Enterprise joins countless groups and communities from every region of the state in asking the Legislature to lead on housing. Thank you for the opportunity to speak today and we look forward to working with you this session.