



**Testimony**

**Presented to a Joint hearing of**

**New York State Senate Finance Committee**

**And**

**New York State Assembly Ways and Means Committee,**

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Presented by

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Good morning, Senator Krueger, Assemblymember Weinstein, Senator Kavanagh, Senator Helming, Assemblymember Rosenthal, Assemblyman Fitzpatrick and distinguished members of the panel. On behalf of the New York State Rural Advocates, thank you for this opportunity share our thoughts and observations about the impact of the proposed 2025 executive housing budget on small towns and rural places around our State.

Rural areas and small towns in our state continue to be challenged economically and demographically and these factors directly and negatively impact all aspects of the rural housing market. In his report *Rural New York: Challenges and Opportunities*,<sup>1</sup> Comptroller DiNapoli points out that while New York State’s population increased by 4.2 percent between 2011 and 2021, the population of the ten rural counties he examined saw their populations decline by 3.4 percent over

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<sup>1</sup> September 2023, the report examines data for ten rural counties including: Allegany, Chenango, Delaware, Essex, Greene, Hamilton, Lewis, Schuler, Sullivan and Wyoming.

the same period. The report also documents the aging of the rural population as the median age in the counties in his study increased from 43 years old to 45.8 compared to 39.2 years old for the entire state.

The Economic Research Service of the USDA provides data comparing rural and urban counties in New York and finds that per-capita income in rural counties is only \$50,737 in 2021 compared to \$88,969 in our urban counties. Earnings per job in rural counties equals \$59,215 compared to 93,831 in urban counties.

The impacts of this distress on housing are many. In looking at census data for the Comptroller's ten rural counties we find that fully one third of the housing units, (57,000) were built prior to 1950 and just 339 units have been built since 2020. The result is the Comptroller finding that in 2021 the rural counties have 5,510 fewer housing units than in 2016. Our own look at the Comptroller's ten rural counties finds over 8000 owner occupied housing units with values of less than \$50,000 and over 500 units that still lack complete plumbing. All indications of widespread substandard housing.

In response to reports of widely disparate housing needs in rural areas, in 1980 the Legislature created the Rural Preservation Program (RPP) with the goal of providing financial and programmatic support to community based, not for profit organizations in rural areas of the state. The beauty of the RPP design is that it relies on local leaders to govern RPCs. The local boards of directors of RPCs are in a position to evaluate their community's housing needs and the capacities of their organizations and to devise work programs that are tailored to their particular rural communities.

This diversity of approach is evident as we look around rural New York. We find RPCs that have developed and now operate almost 5000 units of multifamily housing. RPCs in 2023 undertook the rehabilitation of over 3000 single family homes. In the same year RPCs assisted first time home buyers secure over \$35 million in new mortgages and provided housing related financial counseling to an additional 2,500 households and prevent nearly 800 evictions.

Many of these activities generate administrative and program delivery fees but those sources are generally program specific and are not available to support the organization's overhead or to underwrite the development of new grant funded programs. For these purposes, RPCs rely on RPP funding. Not surprisingly, RPC's output is directly tied to the level of RPP funding available to them. After some twenty years of stagnant funding, in FY 24 State budget, appropriators increased RPP funding to \$7.557 million thereby returning the program to the buying power it had in 2000. **For 2025, New York State Rural Advocates in recommending that we continue to recognize the increased cost of doing business and provide RPP with a 4% cost of living increase and bring program funding to \$7,859,200.**

One of the primary roles of RPC is the delivery of State Housing Programs and RPCs rely heavily on those programs. Given that over 70% of the housing units in rural New York are owner occupied, RPCs are particularly concerned with State housing programs that serve homeowners. Foremost among those programs is the Affordable Housing Corporation, (AHC). AHC supports the development of new owner occupied one-to-four-unit buildings; it supports the acquisition and rehab of existing homes by first time home buyers and it provides important funding for the rehabilitation of hundreds existing homes each year. **Rural Advocates**

**recommends funding of the primary AHC program at \$36 million an increase of \$10 million over recent AHC appropriation.**

We support full funding of the important HOPE/RESTORE and ACCESS to Home programs. RESTORE provides emergency repairs for low income, elderly households. ACCESS facilitates accessibility modifications that allow will more New Yorkers to stay in their own homes. **Recommended 2024 funding: RESTORE \$4 million; ACCESS \$4 million**

NYS Rural Advocates recognize the need for robust funding for foreclosure mitigation and pre and post purchase home ownership counseling. These efforts should be provided with a reliable stream of funding through the **Homeowner Protection Program (HOPP)**. **Recommended 2025 funding: \$40 million.**

Manufactured Housing is a critical component of the rural housing stock. Rural Advocates calls for additional funding for the **Manufactured Home Replacement Program (MMHRP)** and for the Manufactured Home Advantage Program. MMHRP is funded at \$4 million/year from the 5-year Capital Plan but program lacks an underlying statute. Rural Advocates calls for the establishment of a permanent Mobile Home Replacement program in statute providing for up to \$150,000 for the replacement of a deteriorated mobile home with a new mobile home and up to \$200,000 for replacement with a modular or site-built unit. Advocate's support the **Manufactured Home Advantage Program at \$5 million** in 2025.

While rural housing tenure is dominated by homeownership, rentals provide essential housing options for many of the region's lowest income households.

New York State Rural Advocates are sensitive to the issue of scale of rental housing. We find that in rural areas - as in many smaller urban settings, large scale, LIHTC type developments risk over whelming smaller markets. The 2023/2024 budget contained \$7 million from the Capital Projects Fund to support the **Small Rental Development Initiative (SRDI)** but the executive does not budget for additional small project funding in her 2025 spending plan. In order to support a viable, sustainable *statewide* program, Rural Advocates recommends that SRDI be **codified in statute** and the program should be **funded at \$20 million** in 2024/25.

**The Rural Rental Assistance Program (RRAP)** provides essential rent subsidies to some five thousand of our State's lowest income households living in federally funded, Rural Rental Housing and RRAP continues to provide leverage for the preservation of units supported by the program. **Recommended 2025 funding: \$23,180,000**

**New York Main Street** has proven to be an impactful tool capable of transforming small downtowns. As the program is somewhat specialized and administratively challenging, we find capacity to deliver Main Street Program to vary greatly across rural New York. With the advent of the Downtown Revitalization Initiative (DRI), technical support for Main Street is all the more important. NYS Rural Advocates recommends the **establish of a Main Street Center** that will provide support and guidance to communities, to not for profits and to State administrators to provide for more equitable access to the program. **Rural Advocates recommends NYS Main Street funding of \$10 million**