



**Testimony of Housing First!
Hearing on Strengthening New York's Housing Preservation Programs
Hosted by New York State Senator Liz Krueger
April 27, 2007**

Housing First! is a broad alliance with more than 300 diverse organizational members that is dedicated to building and sustaining affordable housing for all New Yorkers. Since the campaign's founding in 2001, we have sought to draw attention to the need for adequate resources for and commitment to preserving affordable housing, in addition to developing new units. We applaud State Senator Liz Krueger's decision to hold this hearing and thus further publicize the need for funding, as well as programmatic and legislative changes to ensure that the City and State do not continue to lose scarce affordable housing units. We agree that the State must immediately develop and implement a comprehensive strategy to preserve its affordable housing, both publicly-assisted units and distressed private rental housing. Housing First!'s New York State Platform calls for a ten-year, \$13 billion public investment to create at least 157,000 new units of affordable housing, and *to preserve at least 63,000 units.*

As you are aware, in many areas of the state, preservation of existing subsidized and private housing is even more important than new development to meeting current and future needs for decent, permanently affordable housing. Mitchell-Lama developments and federally-assisted, private developments are experiencing accelerating losses due to expiring use restrictions. State-assisted public housing has been operating at a deficit due to elimination of state operating subsidies since 1998. Severely distressed private housing is the most pressing problem facing many struggling upstate communities.

Through policy and asset management, Governor Spitzer and the legislature must create a set of financial tools and a mandate to address preservation issues on the state level, tracking developments for which use restrictions are expiring, and encouraging owners whenever possible not to "opt out" of programs like Mitchell-Lama, by providing incentives if necessary. The State must:

- Adopt a goal of preserving every unit of Mitchell-Lama housing statewide;
- Provide incentives to private landlords to preserve their properties, through subsidized loans targeted to preservation, modeled after New York City's successful Participation Loan Program;
- Preserve tax credit projects funded by New York State that are reaching the end of their terms of restricted use; and

- Restore adequate state operating subsidies to State-assisted public housing operated by Housing Authorities throughout New York.

Moreover, the resources of the New York State Housing Finance Agency (HFA) must be better used to support preservation of affordable housing throughout the state. Housing First! commends the recent commitment of HFA of \$50 million in proceeds from refinanced Empire State Development Corporation bonds to a fund for the reservation and development of affordable housing. We are also encouraged that HFA has publicly expressed its intention to allocate a greater percentage of its bond authority towards affordable housing units going forward. We support these efforts and call on the State to:

- Ensure that HFA spends 25% of its unrestricted net assets over a ten year period on affordable housing, while not affecting safety and soundness;
- Dedicate at least 75% of HFA's bonding authority to affordable housing, which at the current level would yield \$4 billion over 10 years for affordable housing development;
- Develop a mechanism through which HFA can support the development of smaller housing projects, which are more appropriate in certain areas of the state; and
- Ensure that a sufficient portion of the state's bond volume cap is directed to affordable housing activities through allocations to HFA and to the New York City Housing Development Corporation (HDC) (including the continuation of an allocation of at least \$500 million annually to HDC). Housing development is effective economic development. Moreover, because affordable housing units in bond deals also can benefit from 4% federal Low Income Housing Tax Credits, the state can leverage each \$2 in federal bond financing with \$1.50 in private equity, thus maximizing its available resources.

Thank you for the opportunity to testify on this critical issue, and for your attention to the need to preserve affordable housing throughout New York State.