



**Testimony of Housing First!
before the NYS Senate Public Forum on Creating and Implementing
a True New York State Housing Trust Fund, Albany, NY, May 30, 2007**

My name is David Muchnick. I am here today on behalf of Housing First!

Housing First! is a broad alliance of more than 300 diverse organizations who are united by their dedication to developing and sustaining affordable housing for all New Yorkers.

Since 2001, we have fought to focus the public's and the public-sector's attention on the absolute necessity of investing greater resources in the construction and preservation of affordable homes and apartments.

Housing First!'s New York State platform calls for a ten-year, \$13 billion dollar public investment in the creation and preservation of at least 220,000 affordable units – some 157,000 new and 63,000 existing.

Accordingly, Housing First! strongly supports the establishment of a true New York State Trust Fund with \$500 million dollars in dedicated annual revenues for investment in the production and preservation of affordable housing.

Such a level of investment is feasible. There are more than \$1 billion dollars in readily identifiable sources of annual state revenue which are generated by the housing and real estate industries themselves and which could be dedicated for this investment.

Foremost among them is the State of New York Mortgage Agency's annual excess revenues, which could provide an estimated \$100-to-\$125 million annually without damaging the Mortgage Insurance Fund's financial rating.

Then, there are the state Housing Finance Agency's annual excess debt service reserves, which could provide an estimated \$25-to-\$35 million annually.

And, the state's real estate transfer tax could provide more than \$350 million dollars annually without affecting the annual statutory dedications for the environmental protection fund and the clean water/clean air fund.

Such a level of investment is necessary given the magnitude and the diversity of affordable housing needs in urban, suburban, and rural communities across the state. It will empower the governor and the Legislature to make investment decisions among programs that can effectively address:

- the shortage of low-, moderate- and middle-income housing in downstate cities and suburbs as well as in rural retirement and vacation communities,

- the demolition, preservation and rehabilitation needs of upstate cities and rural places with declining populations, increasing vacancies, and shrinking tax bases,
- the statewide shortage of supportive housing and housing for homeless and at-risk families
- the statewide shortage of adapted units for persons with mobility impairments

And, such a level of investment makes economic and financial sense. The new capital investment will create private-sector jobs, strengthen the competitiveness of the state's businesses, facilitate recruitment and retention of essential workers, provide a stabilizer for the state's economy during the ups and downs of business cycles, foster stable families and communities, and more than pay for itself over time.

It is estimated, for example, that the Trust Fund's investment of \$300 million annually could produce 6,000 units of affordable multi-family housing. Based on national averages, during the year of construction, this investment and production would create an estimated 6,700 local jobs, generate \$318 million in local wages and business income, and produce \$18 million for local governments and \$24 million for New York State government. It is also estimated that, during the thirty years of financing, spending by residents of these units would be responsible for sustaining 84,600 local jobs, generating \$3.9 billion in local wages and business income, and producing \$491 million for local governments and \$664 million for the state government.

Thus, the State would recoup its \$300 million investment in the Trust Fund in 13.6 years at a rate of \$22.1 million a year; and, over the remaining 16.4 years of the financing, the State would realize a net gain of \$363 million. Concurrently, the Trust Fund would be repaid the \$300 million it lent out to finance the developments.

Finally, if \$350-million in annual real estate transfer tax revenues were dedicated to the Trust Fund, it would establish parity in the use of these revenues for environmental and affordable housing purposes. As such, it would lay the financial keystone for a balanced, smart growth policy that equally values the complementary goals of conserving our communities and our environment.

Such a policy encourages mixed-use and multi-family housing in village downtowns and at transit hubs to revive tired main streets, use land, sewers, and utilities more efficiently, and alleviate traffic congestion, pollution and sprawl.

Such a policy sustains multi-generation communities by providing affordable homes and apartments for young adult families, seniors and special needs populations, making it easier not only for employers to retain and recruit skilled and talented workers but also for local fire departments and EMT squads to recruit the volunteers essential to their community's safety and security.

Thank you for this opportunity to testify.