

Testimony Presented to the Public Forum on
Creating and Implementing a true NYS Housing Trust Fund

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Thank you very much for this opportunity to express some views from the perspective of Rural NY. My name is Nancy Berkowitz and I represent the NYS Rural Advocates, a membership organization with non profit and for profit members whose interest is affordable housing for low and moderate income people and livable, vibrant communities in upstate New York. We believe that a new Housing Trust Fund would be a welcome addition to the mix of tools for affordable housing and community development in New York State. We clearly need additional resources to support our efforts to meet the housing needs of our State but we also need a new source of creative ideas and new opportunities for affordable housing.

A NYS Housing Trust Fund should first and foremost be a flexible form of funding for housing low and moderate-income persons. The less restrictive the Housing trust fund is, the more responsive it can be. Why not use the resource to invite all types of development based on the needs of the community? It could include rental, homeownership and preservation projects, Main Street, a mix of housing tenures, mixed use and multigenerational housing. In rural areas and small towns, the concern is that the size, tenure, population and building techniques must be appropriate and compatible with needs of the region. We would like to see funding for appropriate scale housing development in rural areas with a focus on buildings as small as one to four units. We need to allow for deeper subsidies for housing the lowest income persons, and we need to avoid the the pattern of putting the least amount of public monies into a project and instead, we should reward proposals that may have higher upfront costs but use better materials and new building techniques that reduce long term maintenance that would result in increased affordability for tenants.

One feature of a new housing trust fund that would be useful would be funding for “phase I” of affordable housing or community projects. Non-profits, that are often focused on community needs rather than market opportunities, may find it difficult to pay for the planning, needs assessments, market studies, preliminary drawings, site options, environmental and permitting reviews that are currently required under the State’s “project ready” funding standards . This up-front money is required to determine project feasibility and to design the most appropriate building to meet the housing need and to serve the community. Moreover, it occasionally turns out that after time is spent investigating a potential project we find that the project is NOT feasible, however, costs ARE incurred. There are very few workable sources of funding for predevelopment expenses. At the same time, the high cost and demand for developable land makes it especially costly to option properties and exercise site control. A good market study is expensive but it can mean the difference between a project that performs well and a development with high costs and high vacancies. Good predevelopment work costs money and I encourage consideration of a phase I application for funding that is separated out from the full development application. In New York, previous attempts at a loan fund for pre development costs have been unsuccessful. The State’s low tolerance for risks were too great to allow the timely disbursement of funds. However, we should not ask non-profits to shoulder these risks alone. Calculated risks are a part of affordable community development and these subsidies are risks the public has an obligation to share. With a redesigned application process, splitting out pre-development and construction, in some instances, phase II applications could be submitted within months and some cases might take a year or two to get to the final application phase. This would allow efficient and timely use of other funding streams without placing a burden on administrative staff. Preliminary funding or conceptual approvals could be used to leverage additional commitments.

To preserve and maintain affordable housing, we would like to see this new sustainable funding resource used for housing consumers. There is great demand for home buyer education, pre and post purchase

assistance, budget and financial literacy information and assistance to homeowners with mortgages that are unaffordable. In NYS affordable housing providers have galvanized around this issue and there is a movement to create a standard housing counseling curriculum and further define the position of housing counselor in New York State to mean a professional that is certified after mastering a specific set of learning standards. I am part of a task force focusing on this topic, and we are moving forward with determining the standards and certification. However funds are needed for training and administering such a program. We believe the Rural Housing Coalition could provide the program training and that housing counselors could avail themselves of training if these activities are funded.

Trust fund money could also be used as a loan pool for homeowners who have fallen behind on their mortgage loans and their property taxes.

Another key use of a housing trust fund would be to support the development of infrastructure that is required to support affordable housing. The cost of access to public water and waste treatment and other infrastructure costs is often the deal breaker for affordable housing proposals. The lack of sufficient public infrastructure in rural communities is one of the most often cited impediments to affordable housing development in our communities. The development of appropriate infrastructure should be used as a tool to promote smart growth and guide cost effective and environmentally sound development.

A State investment in Rural Land Trusts can be used for conservation, smart growth and housing.

Housing Land Trusts can promote perpetual affordability. The scattered site land trust model has potential for long term sustainability in rural areas. Many localities are looking at regional or local land trusts. I believe the State housing trust fund should support that activity but not preclude those areas without means for local trusts.

While we agree that a State housing trust fund is a desirable source of leveraged funding for local housing trusts funds, we note that small rural communities are much less likely to see the development of

local trust funds and we would be less than supportive of policies that steer an inordinate amount of State housing trust fund dollars to local trust funds.

The best ideas and practices grow out of collaboration. Could we use a new fund to support a “brain trust” or a collaborative effort of best practices for developing affordable housing products that are cost and energy efficient and both in the short and long term, adaptable to various community settings? It might begin with how other states are using their trust funds, take a look at some positive responses to flooding and other natural disasters and take a look at green building both here and abroad. What can we learn? What can we adapt to New York State?

Finally a trust fund can be used to invest in the capacity of rural community development corporations. Using standards of performance and a host of technical assistance services, every community can be served by a strong community based non profit who can respond to local needs. A new state trust fund can make that happen.

Thank you.