



Testimony of Habitat for Humanity - Buffalo
To the:
New York State Division of the Budget
Regarding:
Public Hearings in Preparation for the 2008 - 2009 Budget

November 17th, 2007

Testimony respectfully submitted by:
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Introduction

Thank you for the opportunity to testify today. My name is Ron Tolboys, and I am the President of the Board of Habitat for Humanity Buffalo. I also represent Habitat for Humanity New York State, and the Empire State Housing Alliance, a newly established coalition uniting upstate and downstate organizing groups in a coordinated effort to call on New York State to devote greater funding to affordable housing and smart growth solutions. On behalf of the three hats that I wear before you today, I call on the New York State Division of Budget to direct \$100 million to a true Affordable Housing Trust Fund with a dedicated revenue stream. Because this initiative will produce and preserve housing affordable to low income New Yorkers - at the same time it stimulates the economy - we are now referring to this as a new **Housing Investment Fund**.

Habitat-Buffalo was founded in 1985 as an independent affiliate of Habitat for Humanity International, and we build affordable housing throughout the city of Buffalo. Our homes are built with the "sweat equity" of our family partner homeowners, who work side-by-side with volunteers. These homebuyers are nurses, police officers, teachers, home health care workers, secretaries, janitors, bus drivers - the people who are the backbone of our community. To date, Habitat - Buffalo has built and rehabilitated 170 homes, and has made a significant contribution to the revitalization of the city. Of the 54 Habitat for Humanity affiliates across the State of New York, collectively we have built or rehabilitated close to 1,400 total units of affordable homes.

Creating a New York State Housing Investment Fund would increase production of Habitat for Humanity homes across the state by at least 25 percent every year.

Housing Needs Across the State of New York

The level of housing needs across the Empire State vary from region to region. What remains constant is the severity of housing problems and the need to address them.

- **North Country and the Western Tier**

The price of housing has skyrocketed. Rental housing is scarce, leading to higher costs, even as the economy stagnates and income levels remain low.

- **Upstate Urban Centers**

Population declines in Albany, Syracuse, Utica, Rochester, and Buffalo are decimating the affordable housing stock in low-income communities. As residents move out of city and out of state, buildings are abandoned, leading to the deterioration and decline of entire neighborhoods.

- **Long Island, Westchester, and the Hudson Valley**

In the 1990's, more than a quarter-million young adults moved from downstate suburbs, pushed out by affordable housing shortages. Today, escalating property taxes and a dearth of affordable rentals are forcing working families out of the very communities where they live and work in.

- **New York City**

New York City will add one million people in the next two decades, but despite the real estate boom and Mayor Bloomberg's ambitious housing plan, the supply of affordable homes is severely lacking. With unsubsidized rents shooting up and program like Mitchell-Llama being phased out, the housing costs are skyrocketing to rates only the wealthiest can afford.

Housing Needs in Buffalo

For Buffalo specifically, our housing needs can not be ignored. Recently released Census data confirms the City of Buffalo is now among the very poorest and most blighted large cities in the United States. Our poverty rate is at 30%, ranking second behind Detroit only. The median family income for a family of four in Buffalo is \$37,240, compared to the US MFI, which is \$58,526. The National Vacant Properties Campaign (NVPC), in its 2006

report, *Blueprint Buffalo*, cited the 2000 Census finding of 23,000 vacant housing units in the city. Each abandoned property imposes huge costs on the City as well as its most vulnerable residents. Given the tendency for property abandonment to beget more property abandonment, the proliferation of these vacant houses only furthers neighborhoods' vicious spiral downward, and the tally in its wake has almost certainly increased Buffalo's continued population losses (now containing approximately 16,500 fewer residents in 2006 than 2000). With so many of our communities blighted by poverty, the time for New York State to solve affordable housing needs - in tandem with economic development - is now.

Benefits of a New Housing Investment Fund

In a tight budget year, dedicating funding to affordable housing is a sound investment.

Funding for affordable housing:

Leverages Public and Private Resources

- Across the country, every dollar invested in affordable housing by state housing trust funds leveraged an average of \$7.00 in additional public and private funds. (So essentially, each dollar invested went into projects that attracted an additional \$7 per public dollar)
- Albany County recently awarded \$300,000 from its local housing trust fund to affordable housing projects, leveraging \$7.8 million in additional funding. A small investment by Albany County resulted in leveraging 26 times that amount.

Drives Economic and Community Development

- The direct economic impact of Habitat - Buffalo's 170 affordable units has been \$65.8 Million to date. Habitat homeowners have generated close to \$1 Million in property taxes, and due to the affordability of our housing model, families have an additional \$275 in monthly income which can be used for savings, investments, and the

purchase of consumer good. All of these economic activities benefit the entire community.

- The National Association of Home Builders has found that creating 1,000 multi-family homes generates more than 1,000 full time jobs, \$33.5 million in wages, and 417.8 million in tax revenues and fees.
- A recent report conducted by Habitat for Humanity-New York City, which examined more than 3,000 Habitat homeowners nationwide, showed homeownership programs reap enormous benefits for families. An overwhelming amount of them said their health improved, financial stress declined, children's grades improved, and they became more active in their communities.

Promotes Workforce Retention and Attracts new Employers

- Across the state, employers have cited the lack of affordable housing as a significant barrier to retaining their workers and building their businesses. Affordable housing shortages drive up wages, and result in long commutes, leading to tardiness and absenteeism. These effects are a serious impediment to attracting new businesses critical to the economic revitalization of upstate New York.

Enhancing Existing Housing Programs

While it is crucial to devote resources to a Housing Investment Fund to undertake new activities, existing housing programs also are under-resourced. We urge you to dedicate additional funding to HFA and DHCR for essential programs like AHC, HHTTP, HTF and Access to Homes, which will help meet the affordable housing needs of residents across the state.

Conclusion

In this tight budget year, it is clear that New York State must take measures that both create affordable homes and stimulate the economy. Creating a new Housing Investment Fund to produce and preserve desperately needed affordable housing for low-income New Yorkers

will achieve both outcomes. Building affordable homes will leverage resources, drive economic and community development, promote workforce retention, attract new employers for the Empire State - and improve the lives of our residents. We can not afford not to take advantage of this dual solution to these critical problems.

Thank you for your time, I will now take questions.