



Testimony of Habitat for Humanity - New York City

To the:

New York State Division of the Budget

Regarding:

Public Hearings in Preparation for the 2008 - 2009 Budget

November 29th, 2007

Testimony respectfully submitted by:

Josh Lockwood

Executive Director

Habitat for Humanity - New York City

Introduction

Thank you for the opportunity to testify today. My name is Josh Lockwood, and I am the Executive Director of Habitat for Humanity - New York City. I also represent Habitat for Humanity New York State, and the Empire State Housing Alliance, a newly established coalition of upstate and downstate organizing groups, calling 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-NYC was founded in 1984 as an affiliate of Habitat for Humanity International, and we build affordable housing in every borough of New York City. Our homes are built with the “sweat equity” of our family partner homeowners, who work side-by-side with volunteers. Our homes are built by New Yorkers for New Yorkers. These homebuyers are police officers, teachers, home health care workers, secretaries, janitors, bus drivers - the people who are the backbone of our community. To date, Habitat - NYC has built more than 170 homes and has made a significant contribution to the revitalization of the city. Currently, Habitat-NYC has an additional 85 units in our pipeline, including the largest multifamily project in the history of Habitat for Humanity, which is currently under construction in Brooklyn. This project is involving 10,000 NYC volunteers in our construction efforts.

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. With an infusion of new homeowners and thousands of volunteers, the construction of these homes transforms the lives of not only our family partners, but the communities in which we build.

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 are 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, my hometown of Utica, Rochester and Buffalo are decimating the affordable housing stock in low-income communities. As residents move out of cities, 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 1990s, 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.

Housing Needs 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 shortage of affordable homes is dire. With unsubsidized rents shooting up and programs like Mitchell-Llama phasing out, the housing costs are skyrocketing to rates only the wealthiest can afford.

The following statistics illuminate the housing crisis that we face today:

- In NYC, the fair market rent for a two-bedroom apartment is \$1,189. To afford this rent and utilities, without paying more than 30% of income on housing, a household must earn \$47,560 annually. According to 2006 Census data, 53% of households in NYC earn below that.
- In NYC, a minimum wage worker earns an hourly wage of \$7.15 per hour. To afford the NYC fair market rent for this two-bedroom apartment, this New Yorker would have to work 135 hours per week, 52 weeks per year.
- Assuming a typical 40-hour work week, 52 weeks a year, a housing wage of \$22.87 is needed to afford a two bedroom apartment in NYC.
- A quarter of all New York City renters pay over 50% or more of their income on rent
- 23% of all renters --725,000-- live in overcrowded conditions, and more than 8,000 families are living in homeless shelters
- New York City needs at least 250,000 more affordable housing units to begin meeting the current need for affordable homes.
- While progressive-minded affordable housing developers like Habitat-NYC are seeking to keep sales and rental costs low, construction costs in the city have increased significantly. Since 2003, the price of concrete has increased 33%, drywall has increased over 60%, copper has soared 133%, and land prices for typical parcels have jumped \$75,000 to \$200,000. A 2005 report by the NYU Furman Center for Real Estate and Urban Policy found that hard costs in the city were 39% over the national average and 8% higher than the next most expensive city, San Francisco.

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.
- 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.
- By bringing thousands of volunteers, and involving local businesses, faith groups, and institutions in our building effort, a Habitat for Humanity project becomes much more than a real estate project. It is a true community development initiative with an economic impact far beyond expenditures on construction material and building contractors.

Drives Economic and Community Development

- The direct economic impact of Habitat - NYC's 170 affordable units has been \$280 million to date. Habitat homeowners have generated close to \$1 million in property taxes, and due to our zero interest loan model, Habitat homeowners have saved \$8.66 million in forgone interest on their mortgages, which is additional disposable income that 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 \$17.8 million in tax revenues and fees.
- A recent report conducted by Habitat for Humanity - New York City, which examined 3,051 Habitat homeowners nationwide, showed homeownership programs reap enormous benefits for families. An overwhelming percentage 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 cite 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, HHTP, 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.