

**#1: Development of a housing plan and appointment of key personnel with the authority, expertise, and resources to coordinate the activities of all the agencies involved in housing in NYS and to ensure that programs are transparent, accountable, and efficient.**

The lack of affordable housing in NYS has reached the level of crisis, impacting every region from Long Island to New York City to the reaches of the western tier. While the causes and solutions differ across the state, in every area the affordable housing crisis is hurting countless individuals and families, and impeding efforts to attract businesses, create jobs, reduce property taxes and improve the overall state of the economy.

**Our state, especially our most vulnerable and economically challenged residents, needs our next governor to take immediate action that is decisive and comprehensive to develop a fundamental strategy to provide safe, affordable, accessible and decent housing for all.** We call on the incoming governor to produce the following:

1. A written **strategic ten-year action plan** developed with public input, to be finalized and published by December 2007. The plan should address the full scope of housing needs in the state and define specific objectives, goals, and measurable outcomes for all housing programs and activities, and adequate funding targets to meet them. Specific recommendations should include the following policy areas:
  - a. **geographically-specific housing shortages and challenges upstate and downstate**, including rural, suburban, and urban settings, & weak and strong housing market situations;
  - b. **homelessness** prevention and supportive services;
  - c. **adequate accessible and supportive housing** that is integrated in vibrant neighborhoods and developments;
  - d. **economic challenges** of struggling upstate regions threatened by disinvestment and sprawl, especially shrinking cities and vanishing rural areas;
  - e. strategies to preserve existing affordable housing, including all public housing and Mitchell-Lama units, and to address the deterioration associated with an aging housing stock statewide.
2. A mechanism to **implement the state's plan in coordination with new regional planning and improved land use and housing policies** at the local government level that will promote mixed income neighborhoods with opportunity and choice for all (see platform plank #4 below)
3. A comprehensive fiscal analysis and reforms for fundamental, **long-term solutions to the chronic pressures on local property taxes** in NYS.

To develop a truly comprehensive plan, **the next governor should convene a New York State Housing Summit involving key stakeholders** — citizens' groups and community leaders, policy experts, public officials from state and local governments, housing service providers, bankers and developers — **during the transition phase between Election Day and submission of the governor's first budget.** This meeting should produce the elements and design the process to establish a diverse, inclusive, and well-informed state commission or working group tasked to produce the state housing plan within a year.

**#2 Increase the financial investment – capital and operating – for existing housing programs, refining the purpose and administration of those programs to reduce and/or eliminate barriers to accessing funds for certain types of development and ensuring that funding includes adequate resources to support the capacity of nonprofits.**

While restructuring existing agencies may achieve economic as well as administrative efficiencies, any savings realized will not be sufficient to produce and preserve an adequate supply of affordable housing. As real estate values in many areas have risen sharply, the economics of new development projects serving low- and very low-income families are more and more challenging; many existing affordable projects developed through programs such as Section 8 are at-risk of being converted to market-rate use. In other areas, the private housing market continues to be suppressed and disinvestment remains a challenge. Affordable properties in these markets often need substantial, capital reinvestment to remain in productive use.

The next governor must have a clear plan to increase financial investment in order to meet this need: Affordable housing practitioners across the state need access to resources flexible enough to respond to a range of local market conditions. The resources need to preserve existing affordable housing include:

- Grants and low-interest loans that support the acquisition and rehabilitation of existing properties;
- Capital, in the form of tax credit equity; and
- Operating subsidies to maintain affordability in projects where existing public subsidies end or expire.

At the same time, a base level of new housing production is needed to keep pace with the growing demand for housing in general, and for affordable housing in particular. This fact is particularly true in the rental sector, which often represents the first rung on the housing ladder for newly formed households, immigrants and low-income families.

To meet this need, the next governor’s comprehensive housing plan must include increasing financial resources for affordable housing. **We support the plan submitted to you by Housing First! that would commit \$12.9 billion over ten (10) years for a variety of housing programs in NYS. However, there are other programs – particularly affecting areas outside of New York City – that also require additional resources, including the Rural Area Revitalization program, the RESTORE program, and the Rural Homeownership Assistance and Rural Rental Assistance programs.**

**TEN YEAR NEW YORK STATE FUNDING PLAN: ADDENDUM**

State Capital Budget			
Funding Source	Current Annual Funding	Proposed Annual Funding	Ten Year Funding
Rural Area Revitalization Program	\$1,000,000	\$1,000,000	\$10,000,000
RESTORE Program	\$1,400,000	\$4,000,000	\$40,000,000
Rural Homeownership Assistance	-	\$1,500,000	\$15,000,000
Rural Rental Assistance	\$19,604,000	\$25,000,000	\$250,000,000
Infrastructure Development Program	-	\$25,000,000	\$250,000,000

Rural Preservation Program	\$4,725,000	\$7,500,000	\$75,000,000
Neighborhood Preservation Program	\$10,506,500	\$15,000,000	\$150,000,000
<b>Total Funding</b>	<b>\$37,235,500</b>	<b>\$79,000,000</b>	<b>\$790,000,000</b>

**Funding is also needed to sustain the capacity of nonprofits to provide organizing and support services, to support community-based, affordable housing delivery, and to develop innovative housing projects that encourage long-term affordable, resident-controlled housing, such as equity-sharing leasehold cooperatives and community land trusts.**

The next governor should also reexamine funding criteria that currently prevent existing programs from serving the lowest income families, including matching requirements in the Affordable Housing Corporation and restrictive subsidies in the Rural Rental Assistance Program. The following reforms would also make state agencies more effective and financially efficient:

*Establish Repair Enforcement Boards.* Unlike enforcement in other areas covering everything from the health code to recycling to parking, violations of the housing maintenance code must currently be enforced through the civil court system, a complex and costly process. State enabling legislation providing authority to municipalities across the state to create administrative mechanisms to enforce fines for housing code violations would improve the quality of the housing stock, help deter delinquency by property owners, and help localities capture additional revenues that could be used to support rehabilitation.

*Fuller mobilization of the New York State Housing Finance Agency's resources.* Only half of the units financed by HFA are affordable, compared to almost 4/5<sup>th</sup> of units financed by New York City's HDC. Furthermore, only 8% of unrestricted net assets are used to subsidize affordable housing, with a shamefully low \$8.9 million used in 2004, financing a total of 438 units. By ensuring that 100% of HFA's unrestricted assets are spent on affordable housing, by dedicating 75% of its bonds for affordable housing, by allocating more of the state's volume cap to housing, and by supporting mechanisms for smaller housing projects, the state through HFA could contribute an additional \$3.8 billion to the development of affordable housing.

*Affordability within HFA and other State programs.* The current 80/20 model for HFA-financed projects does not support the depth of affordability and production of affordable units necessary to help resolve the state's overwhelming housing needs. Consistent with an increase in its bond issuances around affordable housing, program models should be revised and supported by increased funding to allow income-diverse models that provide broader and deeper affordability, as in 60/40 or 50/30/20 models.

*Reform of Tax Incentives to Promote Affordable Housing.* Authorized by State statute, New York's 421-a program provides tax benefits to in new rental or co-op construction. As the housing boom and the uneven utilization of the program have both shown, this program represents an inefficient use of tax incentives and is ripe for transformation to encourage affordable housing development. The next Governor should champion legislation to give tax benefits only to buildings that include affordable housing; should eliminate the certificates program and devote 50% of new tax revenues to affordable housing; and should consider deeper affordability targeting in the hottest-market areas.

*Fairer allocation of Federal Low Income Housing Tax Credits.* The next Governor should make sure that the LIHTC is allocated by region according to affordability needs and not political criteria.

*Restore funding for the Infrastructure Development Program,* which separately covered hard costs necessary to extend infrastructure to sites requiring extensive work, costs that would otherwise render a beneficial and economically-feasible development project uncompetitive for other funding programs.

**#3 Secure a dedicated source of revenue to support additional investment in affordable and accessible housing production and preservation (a “true” housing trust fund) particularly for housing sectors that are currently unserved.**

As the federal government’s support for affordable housing has diminished over the past 20 years, many states across the nation have filled the void by creating housing trust funds financed with state revenue. True housing trust funds are distinguished by receiving a dedicated revenue stream that does not require annual appropriations. Housing trust funds are characterized by their flexibility: they are used to support an extremely diverse range of housing activities, from new construction and rehabilitation to rental assistance and homeless shelters.

New York is one of the few states that do not dedicate revenue to affordable housing programs. Capital funding for existing programs, most established more than twenty (20) years ago, has failed to keep pace with inflation, and has been dramatically outstripped by rising development costs. One way to ensure adequate resources for affordable housing activities and to enhance coordination of program activities is to establish a true housing trust fund, which would serve as a repository for dedicated revenue tied to the real estate market and could be used to support both existing programs as well as initiatives serving currently unmet needs. For example, additional resources would permit programs to provide deeper subsidies, allowing developers to serve lower-income families. Most importantly, supplemental funding could expand allowances for rehabilitation costs in order to integrate greater numbers of accessible units into affordable housing projects for those with disabilities who do not require on-site services.

In particular, two existing revenue streams -- both of which directly reflect the escalation of the real estate market and its effects on the availability and affordability of housing -- could provide dedicated funding for a housing trust fund in NYS:

- 1) Excess mortgage recording tax revenues: Currently, mortgage recording taxes are dedicated to SONYMA (State of New York Mortgage Authority) to provide low interest loans to homebuyers. Each year, SONYMA is required to certify revenue in excess of that required for its reserves, which excess then reverts to the General Fund. Amendments to state law could channel these funds to serve their original purpose – increasing affordable housing opportunities in the state.
- 2) Real estate transfer taxes: Revenues from the disposition of real estate in the state have tripled in the last five years, with projected revenue for FY 2006 of approximately \$930 million. While a significant portion of these revenues are dedicated to environmental programs, the balance reverts to the General Fund, rather than being devoted to alleviating the state’s affordable housing needs.

#### #4 Promoting regional planning initiatives that support sustainable, affordable neighborhoods.

The principal goal of regional planning should be the creation of stable mixed-income communities throughout every region, with more equitable and effective school systems, sustainable economies in rural areas, greater affordable housing opportunities in suburbs and new incentives for middle-class homeownership in cities.

The next governor must make curbing sprawl a priority in order to revive struggling cities and municipalities and to ensure an equitable and beneficial distribution of affordable housing. 56 of 57 NYS counties outside of NYC have a shrinking municipality at their core, and the out-migration of residents from the central city leads to racial and economic segregation, wasteful duplication of infrastructure, environmental destruction, concentration of poverty, and crises in the availability of decent affordable housing. Analysis has revealed minimal inflation-adjusted growth in the wealth and income of whole metropolitan regions in recent years. The effects of unfettered home rule are apparent throughout the state:

- The City of Buffalo has more than 23,000 vacant housing units. Since 1995, Buffalo has spent in excess of \$30 million to demolish more than 4,500 abandoned buildings;
- Syracuse has suffered a loss of 21% of the city's tax base since 1990;
- On Long Island, local zoning restrictions create barriers to the development of multifamily housing development, limiting affordable housing and homeownership opportunities for younger residents and stifling business development for want of available workers.

Older municipalities must work with adjacent suburban and rural communities to shape regional growth in a way that redresses existing fiscal and social inequities and limits expensive investments in new infrastructure. **In this context, we call on the next governor to create state enabling legislation and identify incentives for regional compacts as a new paradigm for housing and economic development in NYS.** Compacts create an accountable, decisive forum for coordinated local government decision-making to remedy these serious and growing problems on a regional basis. The compact plan should require:

- Regional housing plans aimed at creating mixed-income communities and de-concentrating poverty.
- Coordination of *local* economic development with regional land use and housing plans: economic development will not be effective unless it is implemented through a land use plan.
- Better integration of *state* housing, environmental and economic development programs and approvals (eg IDAs, Empire Zones, Power for Jobs, etc.) with local land use decisions. Prioritizing funding to those jurisdictions that join regional compacts can serve as a significant incentive to encourage municipalities to yield some of the autonomy they enjoy under home rule principles to a regional body with real authority.
- Transit- and pedestrian-oriented development. National and global leaders in economic development ensure that development is designed around transit corridors and used to create walkable, mixed-use communities accessible to effective workforce transportation. The next governor must coordinate programs of NYSDOT, DHCR, and ESDC to promote this kind of development.