



Testimony of Habitat for Humanity - Flower City
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:
Mussette Castle

Vice President of the Board

Habitat for Humanity - Flower City

Introduction

Thank you for the opportunity to testify today. My name is Mussette Castle, and I am the Vice President of the Board of Habitat for Humanity Flower City. 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 mechanism as a new **Housing Investment Fund**.

Habitat-Flower City was founded in 1984 as an independent affiliate of Habitat for Humanity International, and we build affordable housing throughout the Rochester. 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-Flower City has built and rehabilitated 162 homes and made a significant contribution to revitalizing Rochester. Of the 701 homes built in the city in 1990-2000, 61 (11 percent) were Habitat homes. The 54 Habitat for Humanity affiliates across New York State have built or rehabilitated almost 1,400 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

Housing needs across the Empire State vary from region to region. What remain 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, 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 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.

- **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, housing costs are skyrocketing to rates only the wealthiest can afford.

Housing Needs in Rochester

For Rochester specifically, our housing needs can not be ignored. Based on 2006 Census data, the median household income is \$27,407, and more than one in every three residents live below the poverty level. A recent Brookings Institute study notes that between 1999 and 2005, poverty in Rochester increased from 26 percent to 30 percent. Child poverty increased from 38 percent to 42 percent, ranking Rochester 11th in child poverty nationwide. 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 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 leveraged 46 times the original amount.

Drives Economic and Community Development

- The 162 affordable units created by Habitat for Humanity Flower City have added \$6.8 million to the city's tax base, and more than \$1.4 million has been paid in property taxes. **Every 11 new Habitat homes add more than \$500,000 to the tax base annually.**

- The National Association of Home Builders 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.

Improves Lives

- A recent report conducted by Habitat for Humanity – New York City, which examined more than 3,000 Habitat homeowners nationwide, showed that affordable homeownership programs reap enormous benefits for families. Among them, Habitat families said their health improved, financial stress declined, children’s grades improved, and they became 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, which leads 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, promoting workforce retention, attract new employers for the Empire State – and improve the lives of our residents. We cannot afford to not take advantage of this dual solution to these critical problems.

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