



**Written Testimony of Abby Jo Sigal, Vice President and New York Director and
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**For the New York State Senate Finance and Assembly Ways & Means Committee
Joint Legislative Budget Hearing on the
Division of Housing and Community Renewal
Albany, New York
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Enterprise appreciates this opportunity to submit written testimony in connection with the New York State's Division of Housing and Community Renewal's fiscal year 2008-2009 budget.

Enterprise is a national innovator in community revitalization and a leading provider of development capital and expertise needed to create decent, affordable homes and rebuild communities. For 25 years, Enterprise has pioneered neighborhood solutions through public-private partnerships with financial institutions, governments, community organizations, for profit neighborhood developers and others that share our vision. Enterprise has raised and invested \$8 billion in equity, grants and loans to help build or preserve 225,000 affordable rental and for-sale homes to create vibrant communities.

In New York's downstate region, Enterprise focuses its work in New York City while supporting affordable housing development in suburban counties and Hudson Valley communities, including Long Island, Newburg, Poughkeepsie, Mt. Vernon, White Plains and Yonkers. In upstate New York, Enterprise concentrates its work in Rochester, Syracuse, Ithaca, Binghamton; the rural communities surrounding those cities; and Steuben, Wyoming, and Livingston Counties. Throughout New York State, Enterprise has invested more than \$1.7 billion to create and preserve more than 25,000 affordable homes working with 200-plus community-based organizations and affordable housing developers. In 2004, Enterprise launched its New York City Billion Dollar Promise, our commitment to invest \$1 billion to develop 15,000 affordable homes by 2009.

New York's Critical Affordable Housing Needs

Having a place to live is the crucial first step out of poverty. The need for affordable housing is acute throughout New York State, although upstate and downstate counties present different challenges and solutions. Finding an affordable home is often impossible for many low-income people in New York City and the surrounding metropolitan area, one of the most expensive housing markets in the country. Nearly 80 percent of low-income New Yorkers spend more than a third of their income on rent. Meanwhile, the number of units affordable to low-income households continues to fall as the number of affordable units available on the market diminishes. A report by New York University's Furman Center for Real Estate & Urban Policy found that 205,000 affordable units were lost between 2002 and 2005 in New York City alone. Should this trend continue, thousands of working New Yorkers – teachers, taxi-cab drivers,

firefighters and others who are integral to New York's livelihood – will be embroiled in a severe housing crisis.

FY 2008-2009 Executive Budget

Enterprise commends the State and the Spitzer Administration on the proposed fiscal year 2008-2009 executive budget's commitment to strengthening New York's affordable housing programs. We support the proposed Executive Budget and its new and continued investments in affordable housing.

We encourage the Committee to restore funding to key DHCR programs that saw decreased funding levels but are instrumental to the work of Enterprise and our local community development partners as we deliver affordable housing and supportive services to the neediest populations. Specifically, we urge the Committee to restore funding to the Neighborhood Preservation Program, which saw a \$3.3 million cut in the proposed budget, down to \$10.6 million. Additionally, the Committee should restore funding to the Rural Preservation Program, cut to \$4.59 million from \$5.95 million in the previous fiscal year.

We recommend that the legislature consider tying other state resources aimed at municipalities based on their willingness to support affordable housing. Conversely, state resources for municipal improvements and services should be limited if localities are not supportive of affordable housing efforts.

Housing Opportunity Fund

The 2008-2009 executive budget proposes a one-year \$400 million Housing Opportunity Fund, the largest single year investment in affordable and supportive housing in state history. This Fund will bring much-needed capital to the development of affordable, supportive and workforce housing across the state. We are pleased that the new Fund will be financed by the release of reserves held by the State of New York Mortgage Agency (SONYMA) Mortgage Insurance Fund. Reinvesting these funds in affordable housing is sound policy – in previous years, these funds have been redirected to address the State's budget shortfalls in other areas. We would like to see these funds dedicated to affordable housing going forward and have these resources available ongoing. These resources should allow existing programs like The Housing Trust Fund, Affordable Housing Corporation Program and Homeless Housing Assistance to be expanded while also allowing targeting funds for new efforts.

Enterprise supports using part of the proceeds from the sale of property located at the Jacob K. Javits Convention Center site to further generate resources for the Fund. However, if there are delays in the sale of this property, the State must proactively identify other resources to supplement the Fund. The State's affordable housing needs are simply too urgent to delay.

Upstate Revitalization Fund

We commend Governor Spitzer's commitment to revitalizing upstate economies to the benefit of all people, but particularly low-income residents. The proposed Executive Budget includes a \$1 billion Upstate Revitalization Fund that will substantially and immediately infuse capital into upstate economic development initiatives. Increasing the availability of affordable

housing is a crucial means of attracting talented employees for growing businesses. Therefore, as part of this revitalization initiative, we support the dedication of \$100 million from Mortgage Insurance Fund reserves for the development and preservation of affordable housing, including supportive and workforce housing.

Meeting Supportive Housing Needs

According to a report by the National Alliance to End Homelessness, an estimated 61,000 people experience homelessness annually in New York State. A significant portion of this population is considered chronically homeless. Permanent supportive housing has proven an effective means of ending homelessness for this population as it combines permanent housing with services, including mental health and substance abuse treatment. We are pleased that the executive budget maintains three important programs in the Office of Temporary and Disability Assistance (OTDA) that fund housing-based supportive services – Supported Housing for Families and Young Adults (SHFYA), SRO Support Services and the Homeless Housing and Assistance Program (HHAP). Enterprise encourages the Committee to support for supportive housing program funding levels proposed in the Executive Budget.

Green Building, Sustainable Development and Energy Efficiency

Enterprise particularly commends the state for its commitment to green affordable housing development. Enterprise and DHCR have worked closely together to develop a green building initiative best suited for New York's affordable housing programs. Building on Enterprise's national cost effective Green Communities model and criteria, DHCR is encouraging affordable housing developers to build green. Enterprise's Green Communities Initiative is a national commitment to invest more than half a billion dollars in affordable housing that is energy-efficient, healthy and environmentally sustainable, as well as located near jobs, schools, transportation and services. Green Communities has already resulted in more than 10,000 environmentally friendly homes nationwide, including more than 3,000 in New York. In partnership with the Clinton Climate Initiative, Enterprise has issued a \$30 million challenge to government partners, foundations and financial institutions toward a Green Fund intended to help fulfill our commitment to create and preserve at least 15,000 affordable green homes for New York's low-income residents.

This commitment will have a direct impact on the environment, reducing carbon emissions by 400,000 to 500,000 tons over 10 years and resulting in utility cost savings of \$850 to \$1,200 for each green affordable housing unit. We encourage the State to increase its commitment to sustainability by allocating additional resources to support sustainable development. We are encouraged that the Administration has released an Executive Order creating a Smart Growth Cabinet, which will focus on preventing sprawl and implementing smart land use policies and are committed to working with the State to continue to develop sustainable affordable housing.

Mitigating Foreclosures across New York

The federal Congressional Joint Economic Committee predicts an estimated 68,000 foreclosures in New York between 2007 and 2009. The State must participate in mitigating the current mortgage foreclosure crisis by prioritizing housing counseling and continuing to expand

current efforts, such as the “Keep the Dream” refinancing program, in order to assist a broader base of homeowners. The current program only assists those homeowners who are less than 60 days delinquent and have loan to values on their homes that do not exceed 100 percent. We encourage the State to consider increasing eligibility for single-family homeowners whose first mortgages are more than \$417,000, the current cap.

Enterprise supports the Spitzer Administration’s efforts to work with the legislature to pass a bill to amend state foreclosure law and provide additional protections to homeowners facing foreclosure. Any legislation should require lenders to verify borrower ability to repay loans, provide for debt counseling, increase the foreclosure notice period and enhance lender liability.

The foreclosure crisis threatens not only the homeowners faced with losing their homes but also the low- and moderate-income communities that will become plagued with concentrations of foreclosed properties unable to be sold by investors/lenders during the next few years. Without innovative disposition programs and targeted incentives, these properties will increasingly negatively impact whole communities, including through decreased property values, increased blight and increased crime rates. Moreover, states and localities will see decreased tax revenue.

Enterprise is involved in federal Asset Control Area programs in Rochester and New York City, which allow local governments and qualified nonprofit organizations to purchase FHA-foreclosed homes in designated revitalization areas, rehabilitate them and resell them affordably. We will continue to collaborate with the State and local governments to apply our lessons learned through the ACA program to address the growing community development needs associated with the mortgage foreclosure crisis.

Conclusion

The legislature should adopt a budget that encourages and incentivizes mixed-income housing in healthy communities of choice. Enterprise remains committed to working with affordable housing developers, elected officials and city, state and federal housing agencies to ensure that families of all incomes have the opportunity for decent, affordable housing with ready access to jobs, quality schools and services.