

Testimony of Habitat for Humanity New York City

To the:

Economic Security Cabinet

Regarding:

New York State Regional Town Hall Meetings

July 28, 2008

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. I am here today most importantly to say thank you. In a tight budget year, the Governor and Legislature exercised their renewed commitment to affordable housing in New York State by adding a \$200 million increase in State capital for affordable and supportive housing.

I call on the Economic Security Cabinet to work with the Governor and State Legislature to baseline this commitment for years to come and to create a true Affordable Housing Trust Fund with a dedicated revenue stream from a portion of the available funding. 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**.

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.

Habitat for Humanity - New York City

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 department aides, 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 180 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 1,700 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.

Housing Needs Across the State of New York

We are here today to address a grave national economic downturn that is having a serious impact on low-income families across New York State. Improvements and investments in economic support benefits and workforce development will have an unprecedented impact on the economic security of these families. However, these same families will experience equally positive impacts with desperately needed affordable housing. We must preserve and baseline the state's affordable housing commitment and create a flexible, dedicated revenue stream in the form of a Housing Investment Fund that will grow over time.

Both steps will make enormous strides at tackling the severity of housing needs across New York State. Although these needs may 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 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 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 Mayor Bloomberg's ambitious housing plan, the shortage of affordable homes is severe. With unsubsidized rents shooting up, program like Mitchell-Llama being phased out, and the foreclosure crisis impacting every neighborhood of the city, 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 \$1,318. To afford this rent and utilities, without paying more than 30% of income on housing, a household must earn \$52,720 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 142 hours per week, 52 weeks per year.
- Assuming a typical 40-hour work week, 52 weeks a year, a housing wage of \$25.35 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 750,000 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 2000, overall building costs have increased over 33%. In 2004 and 2005 copper-mill process shot up 185%, drywall prices went up 63%, structural/architectural metal gained 35%, and fuel costs jumped 75.8% in the last year alone. Land prices for typical parcels have jumped \$75,000 to \$200,000. A 2008 report by the NYU Manhattan Institute found that labor costs in NYC are higher than any other major U.S. city.
- According to a recent study by NYU's Furman Center for Real Estate & Urban Policy, "over 30,000 households (or about 76,000 New Yorkers) are living in properties that entered the foreclosure process in 2007," including 15,000 households in rental units -- many of whom face eviction should their building be auctioned. Of the 20 community districts with the highest foreclosure rates in the city, 14 are in Brooklyn and Queens. The Center describes its analysis as a conservative estimate, and given the city's worsening economic climate, the situation is growing more worrisome since.

Benefits of a New Housing Investment Fund


To ameliorate the economic stresses that low-income families are facing across the state, 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

- Habitat-NYC will make an  mated **\$12.1 million capital investment** in its current Ocean-Hill Brownsville development located in Brooklyn. In addition to nearly 7,000 volunteers, this investment will support **111 jobs** for New Yorkers over the course of the construction period. In total, the Project's development will generate about **\$34.5 million in economic activity** over the next 40 years.
 - Every dollar invested by Habitat -NYC on this project will generate over \$3.00 in economic activity to New York City.
 - Habitat- NYC's construction and volunteer efforts will channel nearly **\$2 million to businesses in the Ocean Hill-Brownsville, strengthening the economy of one of the city's lowest-income neighborhoods.**
 - **New York City will benefit from tax revenues in excess of \$4.4 million as a result of this housing complex.**

These numbers reflect the level of economic activity of Habitat's 53 affiliates, as well as any and all affordable housing development and rehabilitation across New York State.

- 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.

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.

Conclusion

It is clear that New York State must take measures that both create affordable homes and stimulate the economy. We must baseline the State's most recent investment in affordable housing, and create a new Housing Investment Fund to produce and preserve desperately needed affordable housing for low-income New Yorkers to 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 low-income families. We can not afford to ignore this dual solution to these critical problems.

Thank you for your time I will now take questions.