



**Testimony of Habitat for Humanity – New York City
To the New York State Senate Standing Committee on Housing, Construction &
Community Development
Strengthening New York’s Housing Preservation Programs**

April 27, 2007

Testimony respectfully submitted by:
Paige Bellenbaum, Director of Advocacy
Habitat for Humanity – New York City

Thank you for the opportunity to testify today. My name is Paige Bellenbaum, and I am the Director of Advocacy at Habitat for Humanity – New York City and the Vice President of the Habitat for Humanity of New York State, a coalition of 54 affiliates throughout the state

As an affordable housing developer and advocate, Habitat for Humanity - New York City is pleased to come before the Senate Standing Committee on Housing, Construction, and Community Development today to address the issue of strengthening New York's affordable housing preservation programs, including simplifying the application process to make it easier to obtain much-needed funding.

New York State Habitat affiliates have constructed 1,135 simple, decent and affordable homes for low-income New Yorkers. However, **with the simple regulatory changes we are urging today, we could be building many more homes.**

In past years, state funds set aside for the creation of affordable housing go unspent because of cumbersome application requirements. Unfortunately, Habitat affiliates across the state are among the groups eligible for these unspent state funds, but are unable to access them.

Of the 54 New York affiliates, only two currently receive state housing aid from the Housing Finance Agency and the Affordable Housing Corporation. This is due to a daunting application process that is too time consuming and complicated for the large majority of Habitat affiliates. **Broader access to funding assistance from New York State would increase the capacity of Habitat to provide housing for state families in need by an estimated 50%.**

To make this possible for all Habitat affiliates, **the application process for state funding from HFA and AHC must be streamlined and simplified, and state agencies must provide technical assistance and training sessions designed to help smaller non-profit groups access the funding that will enable them to expand the important work of building affordable homes and strengthening their communities.**

Only 8 state Habitat affiliates have full-time paid staff; the remaining 46 are run by volunteers. Habitat-NYC and Habitat-Suffolk County are the only two affiliates that receive state housing funding—and they can accomplish this only by hiring a full-time staff member trained in government grant applications or a paid outside consultant. In 2006, Habitat-NYC spent \$26,600 dollars on outside consultants for New York State proposal submissions and grants management. Habitat-Suffolk County recently hired a full-time staff member to handle state grant proposals. Such costs may be possible for larger non-profits—but for smaller, volunteer-based groups, this level of expenditure is not an option.

New York State Should Simplify Access to Affordable Housing Funds and Training.

To enable Habitat state affiliates to build more homes for our target population—families earning 50% or less of their community’s Area Median Income—we propose the following recommendations:

- **Simplify and streamline the state affordable-housing funding application process.**
 - The current application is highly technical, and even expert grant consultants sometimes require assistance in understanding the information needed to submit a grant.
- **Decrease pre-development requirements or provide more easily accessible bridge loans for pre-development work.**
 - Many of the pre-development requirements, including signing a conditional contract with an architect and hiring an architect to engage in a feasibility analysis and complete item-cost breakdowns, are prohibitive burdens for smaller non-profits.
 - Bridge loans that would make these requirements doable for smaller groups are available, but difficult to access and often require a consultant.
- **Provide more technical assistance to smaller non-profits, including:**
 - Staff who can clearly articulate the application process and answer all questions that may arise while applying for state housing funding should be available to small non-profit builders.

- **Hold more public information sessions to make non-profit groups aware of the funding sources available to them.**
 - An information session of this type was the impetus for Habitat for Humanity - Suffolk County to explore and obtain funds from the Affordable Housing Corporation.
- **Create an advisory board comprised of affordable housing organizations.**
 - This group would be able to provide first-hand experience on the issues and obstacles they face in acquiring state funding.

We would also like to use today's hearing as an opportunity to identify additional actions New York State should take to maximize the amount of affordable homes preserved and constructed. Among them are: 1) creating more funding streams for affordable homes for ownership, 2) creating a true state affordable housing trust fund, and 3) establishing community land trusts.

New York State Needs More Funding Streams for Affordable Homeownership.

Currently, the *only* state source for building affordable housing for homeownership is through the Affordable Housing Corporation.

Because homeownership strengthens communities and transforms the lives of hard-working low-income families, New York State should explore additional funding sources for building ownership stock.

New York State Should Create a True Housing Trust Fund.

A true housing trust fund has a dedicated revenue stream that does not require annual appropriations and has the legal purpose of providing grants or loans at below-market interest rates to developers of affordable housing. Today, 38 states have established true housing trust funds—New York is among only a handful of states that lack this crucial tool. Creating it would add an estimated \$100 million per year in additional, dedicated funding for affordable housing statewide.

Currently, New York State has several options for creating a true housing trust fund.

Among them, the Governor and state legislature could:

- Amend Article 8, Title 17, of the State Public Authorities Law to allow the State of New York Mortgage Agency to provide low-interest loans and grants directly to developers of affordable housing and allow SONYMA to retain mortgage recording tax surcharge funds in excess of its insurance reserve requirement;
- Amend the state's real estate transfer tax law to dedicate equal portions of these tax revenues—expected to be \$800 million in the 2007 fiscal year—to affordable housing development and environmental purposes. The current law and recently proposed amendments serve only environmental objectives. This fund could create 30,000 safe, decent and affordable homes over the next decade.

New York State Should Establish Community Land Trusts.

Community Land Trusts are private, non-profit corporations created to provide secure, affordable access to land and housing for community members. Such trusts can help provide communities with control over local land use and reduce absentee ownership rates. They promote resident ownership, and most important, ensure permanent affordability. When Community Land Trust residents move, they may sell their homes, but the leases they sign require the homes to be sold back to the CLT, or to other low-income households.

In closing, Habitat for Humanity of New York State encourages the State Legislature to work with HFA, AHC and other state affordable housing agencies to simplify the application process for funding. These agencies should also provide easily accessible technical assistance to non-profits seeking to access funds. We also encourage you to allocate additional funding streams for ownership housing, create a true New York State Affordable Housing Trust Fund and institute a Community Land Trust model across the state. All of these steps will ensure the creation and preservation of affordable housing for years to come.

Thank you.