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AFFORDABLE HOUSING in NEW YORK STATE

Housing is the ultimate expression of choice and is essential to true integration, independence, and self-direction. More fundamentally, housing is a basic human need. New York State's long-time housing policy has exemplified the right of all New Yorkers to have access to a safe, decent and *affordable* place to live. In communities where affordable housing exists, families are strengthened and the quality of life for all residents is improved, maintained, and sustained. In addition, housing policymakers have long understood that affordable housing is also a foundation for economic development and job creation. In communities where affordable housing exists, businesses are healthier, neighborhoods are more diverse, the economy is revitalized, economic security is provided, and the environment is sustained. Nothing is more fundamental to the American dream than a safe, affordable place to call home. Yet, as we move into the future, the desire of many New Yorkers to access affordable housing is now a "dream deferred" rather than a "dream achieved."

Nationally, our state is recognized as one of the least affordable places to live. Today, 2009, New York is in a full-blown affordable housing crisis. The future of affordable housing for low- and moderate-income populations is in crisis mode . . . for people living with disabilities, low-income seniors, and other households below 30 percent of the area median income, the crisis has reached epidemic proportion. In community after community, blight and abandonment prevail and foreclosures are skyrocketing at a phenomenal rate. State and local governments are attempting to address the affordable housing crisis as they also face increasing pressure to balance budgets and cut spending. What may become the bottom line at every level of government is less funding for new affordable housing, less funding for affordable housing targeted to households below 30 percent of the area median income, and more discretion given to government over who gets access to affordable housing assistance. The questions then become, "How did New York get to this point?" "How does New York restore its pioneering legacy in affordable housing?"

How did New York get to this point?

There is no one answer to this question. In a crisis of any sort, multiple factors converge to contribute to the problem. State and local budget situations, federal budget issues, and regulations that strangle the very fiber of programs that assist low- and moderate-income households are among the many contributory factors. The state played a role, with a capital budget for housing that has been basically flat for 10 years; when coupled with federal affordable housing capital subsidies that have also remained flat – the end result is disaster. Any increases that have surfaced have almost exclusively come in the form of rental subsidies for tenants in existing homes and for home heating and weatherization assistance. What

happened to individuals seeking homes for the first time? In actuality, the result has been higher costs rather than the expansion of services or programs.

At the federal level, the Department of Housing and Urban Development (HUD) is responsible for administration and oversight of most affordable housing programs throughout the country. Initially, national housing policy was based on the belief that the federal government could help solve housing problems; and the efforts of several federal agencies combined to play an expansive role in housing, including subsidized housing through a variety of programs such as Section 8 projects, Section 515 projects, public housing, and housing units supported by the Low Income Tax Credit Program, as well as subsidies to private developers for low- and moderate-income housing.

However, during the past few decades, federal housing programs were reduced, drastically. Funding for programs that supported the poor was frozen and/or cut and thousands of housing units were lost as government subsidies expired, resulting in an increase in poverty and homelessness. New York's very neediest residents literally found themselves in dire straits. With the role of the federal government shrinking, state and local governments were forced to shoulder more responsibility for the availability of affordable housing.

In New York State, three major agencies – the State's Housing Finance Agency (HFA), the State of New York Mortgage Agency (SONYMA), and the Division of Housing and Community Renewal (DHCR) – administer a variety of housing programs that produce, maintain, preserve, or repair affordable housing units, as well as provide rental and operating subsidies and assist low- and moderate-income homebuyers. The success of their programs depends not only on state initiatives but also on local initiatives, strong leadership, creativity, and on an active and effective federal role.

How does New York restore its Pioneering Legacy of providing high quality, affordable housing?

As one of its initial steps in addressing the federal government's shrinking role in housing, New York State reviewed the separate responsibilities of its three major housing agencies—its existing resources for affordable housing—and determined that the efforts of these agencies would be significantly more effective if they acted in concert, collaborating in carrying out the State's housing agenda. The State's housing agencies can further increase their effectiveness by expanding their collaborative efforts to include other agencies, in order to achieve greater efficiencies and develop innovative solutions to the housing challenges we face. In addition, the State can enhance public private partnerships to better leverage scarce public dollars. And, the State can use New York's programs and dollars to promote the State's green agenda, thereby enhancing energy efficiency and creating healthier and more sustainable homes for our citizens.

There is no doubt that we will face challenges in our efforts to place an increasing number of New Yorkers in suitable and affordable homes. The increase in foreclosures will likely continue as the subprime and predatory lending crises

unfold. A corollary may be continued tightening of credit markets for low- and moderate-income borrowers. In addition, worldwide demand will continue to drive the price of raw materials higher, resulting in higher construction costs. Unfortunately, the price that investors are paying for tax credits is also declining, increasing the need for additional government resources to build the same amount of housing. However, despite our intense lobbying in Washington, it is uncertain whether New York will receive any additional tax exempt bond allocation or federal tax credits that we desperately need. Finally, it is clear that 2009 will be a challenging year for the State Budget, as tax revenues are down significantly from a year ago.

In the face of these challenges, state agencies remain committed to making New York a leader among states in providing quality housing for all our citizens; and New York is blessed to have the most innovative, experienced, and comprehensive affordable housing network in the country, including local governments, developers, housing advocates, lenders and investors, universities and think tanks, foundations, and community development organizations. By expanding our relationships, both among the state agencies and between the state agencies and the special network across our State, there is no doubt that we can achieve great things.