

Commissioner/CEO Darryl C. Towns
New York State Homes and Community Renewal
Testimony on 2014-15 Executive Budget
Joint Legislative Hearing
Albany, NY: February 3, 2014

Good morning Chairman Farrell, Chairman DeFrancisco, Chairwoman Young, Chairman Wright, members of the Senate Finance and Assembly Ways and Means Committees, and distinguished members of the Legislature. It is an honor to testify before you today on Governor Andrew M. Cuomo's Executive Budget proposal for fiscal year 2014-15. I am joined today by my colleagues here at Homes and Community Renewal.

Over the last three years, Governor Cuomo and the Legislature have worked together to restore New York State as a model for effective, efficient, and responsive government. In 2013—for the first time in 30 years—New York adopted its third consecutive on-time budget. I look forward to working with you, to do our part in making this the fourth consecutive on-time budget -- a budget that will help us take another step towards meeting the housing needs of New Yorkers across our state.

While closing a record budget deficit, reining in spending and reducing the tax burden that weigh down New York families and discourage small business growth, I am especially proud that Governor Cuomo continues to make affordable housing among his highest priorities. We know this because of what we've been able to do so far:

- The \$1 billion House New York program, announced last year, is making real progress in a five-year effort to preserve and create 14,300 homes across the State;
- The changes to rent regulations -- made possible by the rent law passed by the legislature in 2011 -- have produced the strongest tenant protections in decades. At the same time we have added more than 28,000 units back to rent regulation.

- The more than 28,000 affordable units HCR has financed in the past three years, all of which met critical needs—including new construction of affordable housing, new supportive housing and rent-regulated units as well as the preservation of existing affordable housing.
- The groundwork that created the foundation upon which the Governor’s Storm Recovery Office has hit the ground running—reimbursing more than 3,000 homeowners \$105 million in rebuilding costs.

I wanted to give a longer update on the biggest piece of the House NY program, which was last year’s acquisition from ESD of the mortgage portfolio for 44 Mitchell-Lama housing projects across the state. A year later, this critically important portfolio is now under HCR control, and will now be maintained with a \$706 million investment that will refinance debt on 35 developments and preserve affordability for 40 years. And we have already made significant progress on the rehabilitation effort: since closing on the acquisition of the entire portfolio last June, the state’s Housing Finance Agency has already closed on financing for four Mitchell-Lama projects containing 973 units; the \$129.8 million in financing will fund much-needed repairs and capital improvements. By the end of the current fiscal year, we expect to close on financing on another two properties containing 636 units with total development costs of \$122.1 million.

So, while Homes and Community Renewal’s list of accomplishments is great, there is much more work to be done. Under the Governor’s leadership, our ambitious goals to meet the housing needs of New Yorkers are even greater. As the Governor said in his State of the State address last month, in 2014 “every New Yorker deserves a clean, safe, decent place to live.”

Accordingly, the 2015 Executive Budget expands upon our success by:

- Moving us into the next phase of House NY while adding \$40 million in new capital resources for the construction and renovation of affordable housing for low-income individuals and homeless New Yorkers;
- Seeking to use federal funds to create and preserve an additional 3,000 affordable housing units in multi-family developments;
- Creating a Renter's Personal Income Tax Credit, a refundable credit for renters. Our colleagues at State tax and Finance, who would administer the credit, estimate it will assist 1.3 million households and that a family of four in NYC with income less than \$50,000 would receive about \$410;
- Continuing to invest in programs that work, like Main Street and Access to Home;
- Remaining committed to the Governor's vision of Medicaid redesign and his goal to use some of the billions of dollars in savings to create affordable supportive homes for 5,000 high-need New Yorkers.

In October, I had the honor of attending the groundbreaking of one of the first projects to use Medicaid Redesign Team capital funding for housing as a strategy to reduce health care costs. The Boston Road development in the Bronx will provide 154 homes with support services improving quality of care while simultaneously lowering costs to the State.

In conclusion, the Governor's vision to meet our state's diverse housing needs has energized my agency's efforts. While we seek to build on our successes, this year's Executive Budget maintains our focus and keeps our foot on the gas as we work even harder to ensure that this administration's historical commitment to affordable housing becomes reality. We look forward to our continued work and productive partnership with members of the Legislature on these efforts.

I am happy to answer any questions you may have. Thank you.