



December 17, 2007

New York State Division of the Budget
Albany, New York

Housing Policy Testimony
Submitted by Affordable Housing Partnership of the Capital Region

The Affordable Housing Partnership strongly urges an increased investment by New York State in affordable housing in 2008. We support the Empire State Housing Alliance (ESHA) proposal to create a Housing Investment Fund that would leverage resources and spur the economic turn around of depressed city neighborhoods such as those in inner city Albany.

Currently, the cost to rehabilitate the abandoned buildings in these neighborhoods exceeds the market value of the properties. We need a public investment that will spur increased private activity and stimulate the kind of redevelopment that residents desire: rehabilitation of existing properties for sale to owner occupants who will help stabilize their neighborhood.

Leveraging resources:

The Affordable Housing Partnership has been actively involved in the development of the Albany County Housing Trust Fund, an initiative of Albany County Executive Michael Breslin. We recommend the Housing Investment Fund plan put forth by the Empire State Housing Alliance as it encourages investments in local housing trust funds that can provide crucial gap financing and leverage additional resources. For example, the \$300,000 investment from Albany County in its Housing Trust Fund leveraged \$7.8 million in financing from sources such as:

- Private financial resources, including the Capital District Community Loan Fund and Community Preservation Corporation.
- the City of Albany HOME and CDBG programs
- the State Division of Housing and Community Renewal
- Low Income Housing Tax Credits
- HOPE VI
- Albany Housing Authority
- Youth Build Program

- State Member items
- Federal Home Loan Bank
- Private philanthropy from corporations and foundations.

Albany County funded its Housing Trust Fund with sale proceeds of properties auctioned off by the County for delinquent taxes. The ESHA proposal rewards local housing trust funds for finding and dedicating new local resources.

Smart Growth through flexible use of funds:

State funding for a Housing Investment Fund based on the ESHA model will help rebuild communities with its flexible funding preferences

- ESHA recommends funding mixed use and mixed income projects which will rebuild communities, and not continue to concentrate poverty. These revitalized neighborhoods will attract more families to urban areas and decrease the demand for exurban development.
- The ESHA proposal allows local housing trust funds to prioritize investment to address local concerns such as smart growth. The Albany County Housing Trust Fund prioritizes projects which adhere to smart growth principles such as building in communities with existing infrastructure, near public transportation corridors, etc.
- The ESHA proposal also permits flexibility in the use of funds – often a community development project cannot move forward due to the lack of funds for acquisition and demolition of blighted structures that cannot be affordably redeveloped. This flexible use of money will enable many communities to get a project off the ground.

The ESHA proposal also calls for an advisory commission that can advise the Investment Fund about policies and priorities as well as encourage collaboration among various levels of government and the private and non-profit sectors. This advisory board has worked well in Albany County, helping to generate additional community support for the Housing Trust Fund.

While we understand that New York State faces a tight budget year, building affordable homes will leverage resources, drive economic and community development, attract private investment – and improve the lives of our residents. We firmly believe that allocating resources to a Housing Investment Fund will soon pay for itself through increased economic activity.

Sincerely,

Susan Cotner
Executive Director

The Affordable Housing Partnership of the Capital Region Inc. (AHP) is a not-for-profit organization that promotes and supports affordable homeownership in the Capital Region. For more information visit AHP's website at www.ahphome.org.