LISC New York City

Statement of the
Local Initiatives Support Corporation (LISC)
On New York State's Housing Budget

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LISC was created in 1979 to provide financial and technical support to urban revitalization efforts. LISC is the nation's largest community development intermediary. In New York we operate programs upstate out of our Buffalo office, as well as our NYC office. Created with the belief that local nonprofit organizations are most effective in addressing the needs and priorities of their own neighborhoods, LISC NYC's mission is to help resident-focused, community-based development organizations transform distressed communities and neighborhoods into healthy ones—good places to live, do business, work, and raise families.

New York State is in the grip of a widening affordable housing crisis, which, although it manifests itself differently across the state's different regions, threatens the well-being of all residents and communities, as well as the economic competitiveness of the state as a whole. In New York City and the downstate region, a combination of rising rents and real estate prices, and stagnant or falling median incomes are forcing low- and moderate-income families to either pay an increasing percentage of their incomes on housing, or to move away from their communities to lower-cost areas in other states. Meanwhile, many communities in upstate New York are losing population, and experiencing rising rates of vacancy and dilapidation in the private housing stock.

We are greatly encouraged by the professionalism, transparency and responsiveness demonstrated by this administration's appointees to HFA, DHCR and the other housing agencies. They have shown a strong commitment to using their agencies' resources more effectively and efficiently in order to produce and preserve affordable housing.

However, as currently funded, the housing agencies simply do not have the resources they need to adequately address the State's growing housing needs. Funding levels for the DHCR's capital programs have remained essentially flat for more than a decade. Meanwhile, excess earnings and reserves at SONYMA and HFA have been diverted to the state's general fund. Between 2003 and 2007, close to $500 million in surplus reserves and excess earnings were diverted from these two housing agencies.

While we recognize that the State faces a difficult budget year, investment in housing represents an investment in economic development and smart growth, and can pay for itself over time. Spending on housing production and rehabilitations creates residential construction jobs. The availability of affordable workforce housing influences businesses' locational decisions, and affects their ability to grow and contribute to diverse local economies. Housing investment in distressed upstate communities is vital to turning around the cycle of abandonment and spurring economic development.

New York State should therefore immediately commit $100 million in new funding, over current funding levels, for DHCR's core capital programs, and SONYMA and HFA should be authorized to retain at least $100 million of their excess reserves and earnings, so that they may re-invest these funds in affordable housing production and preservation. Increasing spending to these levels simply begins to make up for more than a decade of flat funding for housing in the face of inflation and increasing needs.

Over the longer term, LISC echoes Housing First!'s call for a 10-year, $13 billion initiative to create and preserve 220,000 homes statewide. A key piece of this initiative should be the dedication of revenue streams for housing through the creation of a Housing Trust Fund or Housing Investment Fund. Re-investing at least a portion of revenues generated from real estate activity into affordable and accessible housing makes good business sense, and the State's economic growth and competitiveness depend upon it.