



Housing Partnership Development Corporation
450 7th Avenue, Suite 2401, New York, NY 10123
tel 646 217 3370 fax 646 217 3788
www.housingpartnership.com

November 29, 2007

Paul E. Francis
Director of the Budget
New York State Division of the Budget
State Capitol
Albany, NY 12224

Dear Budget Director Francis:

The Housing Partnership Development Corporation has worked for 25 years to bring together the public and private sectors to help address the city's affordable housing shortage. Our mission is to create affordable and workforce housing and revitalize neighborhoods through community and economic development promoted by dynamic public/private partnerships. Through programs that secure subsidies from public partners while linking lenders, community groups, and for-profit and non-profit developers, the Housing Partnership creates new housing for people who otherwise would be shut out of the housing market. We have been successful in producing 1,200 units of affordable housing annually through a variety of new construction and other housing programs, with over 19,000 units produced with subsidy assistance from the New York State Housing Finance Agency's Affordable Housing Corporation (AHC).

The Housing Partnership is the dominant 'player' in affordable homeownership in the City of New York (and other nearby jurisdictions) for households above 60% of Area Median Income (AMI) (a client base not currently served), but less than 130% AMI. ***No existing intermediary is serving, claims to serve or has the Housing Partnership's experience with creating homeownership opportunities for moderate and middle income households.***

A crucial part of maintaining affordability for homeownership developments are subsidies provided by the New York State Affordable Housing Corporation. ***The New York State Affordable Housing Corporation is the only publicly-sourced funding available for homeownership in New York State.*** AHC's flexible and highly successful program has created homeownership opportunities in 1-, 2-, and 3-family homes, multi-family cooperatives and condominiums, as well as preservation of existing affordable multi-family apartments through conversion. The Affordable Housing Corporation program leverages significant private investment, yet funding for this program has decreased significantly over the past three fiscal years, from \$35 million in FY 2005-2006 to \$30 million in FY 2006-2007 to \$25 million in FY 2007-2008. The New York State Affordable Housing Corporation subsidy funding for FY 2007-2008 is back to the 1985 levels, despite substantial increases in construction, insurance and land costs. The total amount of New York State AHC subsidies are divided between New York City, Long Island and all upstate regions with an average of \$25,000 - 40,000 allocated per unit for new construction and \$10,000 - 20,000 for rehabilitation. With no more than 50% of all funding allotted to any one municipality, ***New York City will receive no more than \$12.5 million for all affordable homeownership development projects, enabling only 300 - 500 units, depending on***

the per-unit subsidy, to be constructed in New York City. This jeopardizes a pipeline in New York City of 40 projects, which would provide over 1,800 affordable housing units, and disables over 1,300 working New Yorkers to purchase a home. These families will continue to spend a substantial amount of their income on rent, in the City where *over 47% of residents have a rent burden.*

Housing production programs have created thousands of jobs statewide and are among the most successful economic development initiatives for communities. New York City's Police Commissioner, Ray Kelly, attributes the resurgence of New York City's neighborhoods to homeownership stating, "Homeownership brings neighborhood stability. Homeowners are committed to their neighborhoods, and invest their time and resources to make sure they thrive. The streets are livelier, cleaner, and safer," making New York City the "safest big city in America."

The loss of affordable units threatens the viability of community-based nonprofits and small developers. It impacts job creation, translates to lower tax revenue, and hurts working New Yorkers, particularly the police officers, fire fighters, nurses, school teachers and other municipal and essential employees, who are shut out of the traditional housing market.

Each dollar of public funding in the New York State Affordable Housing Corporation program leverages significant private investment. Raising the funding level to \$50 million for FY 2008-2009 could *leverage up to \$500 million in private funding*, making this program an effective use of public money.

The New York State Affordable Housing Corporation and the Housing Partnership have participated in the vast transformation New York City has undergone in the past 25 years, from blighted and depressed neighborhoods to what is referred to as an "over-successful city." In the midst of this success, it is essential to provide opportunities for the hard-working municipal backbone of New York City who has been shut out of the traditional home-buying market. The Affordable Housing Corporation gives low- to moderate-income residents an opportunity to purchase a home, build equity, and provide a safe and stable life for their families.

The Housing Partnership strongly urges increasing the funding level for the New York State Affordable Housing Corporation to \$50 million for FY 2008-2009. This action will play a significant role in our state's economy and in the lives of working New Yorkers.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Martin". The signature is fluid and cursive, with a large initial "D" and "M".

Daniel Martin
President & CEO