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Committees (Joint Fiscal Committees)

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1. Good morning Chairman Kruger, Chairman Espada, Chairman Farrell, Chairman Lopez and members of the Joint Fiscal Committees. On behalf of the New York Housing Conference I'd like to thank you for the opportunity to share some of our deepest concerns about the future of affordable housing in New York State with regard to the proposed State Budget.
2. Founded in 1973, the Housing Conference is a broad-based coalition of major not-for-profits and private developers, owners, and managers. Our members advocate for the production, rehabilitation, and preservation of affordable housing, both in New York City and throughout the State.
3. I was last here a scant two years ago, yet it seems much longer given the profound changes our economy has experienced – changes that would have seemed inconceivable then. It seems that each day brings a new, more troubling development, making optimism a scarce commodity indeed.
4. That being said, I am grateful to be able to return to the cause I care about most; helping to preserve and increase affordable housing prospects for low- and moderate-income families. I will be reprising my role as a housing advocate, albeit of the non-governmental variety. And while this career choice might seem counterintuitive in light of current events, there was a sense of urgency in my decision.
5. To be candid, I fear the cascading effects of the current financial crisis threaten to reverse much of the gains we've worked so hard to achieve in New York State – gains made possible by certain trailblazers in our midst today. As our new President stated so eloquently just last week, none of us can afford to remain on the sidelines in these times.
6. Speculation as to how and why we find ourselves, as a nation, on the edge of this financial precipice has reached a fever pitch: a generation of economists not yet born will be deconstructing the crisis long after we're all gone. Nonetheless, let me offer a theory on the subject that has gained currency of late.
7. Government and the private sector – with the notable exception of community-based housing companies who know better – successfully fostered a bizarre culture of

- homeownership in which anyone – even those with NO INCOME – could get in on the party. Our exuberance became so irrational that anyone who chose not to “buy into” the party, regardless of their financial status, was made to feel somehow inferior, even un-American.
8. We’d become so obsessed, as a society, with the idea of suburban living – complete with “maximum square footage at minimum prices” – that we marketed the American Dream like a cheap product. Along the way, we effectively devalued an entire class of people and their place of residence; specifically renters and multifamily housing.
 9. We must return to the idea that greater density of multi-family housing makes sense economically, socially, and environmentally, and is more sustainable than endlessly-sprawling developments.
 10. Now that the “tectonic” political shifts around us have started to settle, the demanding work of problem solving can begin in earnest. And though we hope the economy will soon follow suit, we cannot delay our efforts until then.
 11. All of these developments – the implosion of the financial industry; the freezing of capital markets; the precipitous loss of equity in the housing market – have not changed the fact that New Yorkers continue to depend on the State’s affordable housing programs for stability if not survival. We should not pull the net out from under them; in fact, we must reinforce it in anticipation of increased demand.
 12. There is broad consensus around the idea that affordable housing is at the confluence of many vital currents that flow through our lives. Our health hinges on it; our children can thrive in it; life-outcomes are decided by it. With it, anything is possible; in its absence, the simplest tasks become burdens.
 13. Affordable housing is the undisputed linchpin in the lives of poor minority households, the disabled, and the elderly: it is as much infrastructure as the Tappan Zee or the New York State Thruway. A Section 8 Voucher is a bridge over troubled times for a single-mother in Washington Heights; a safe, decent, affordable apartment provides the surest path between a poor child and a good education; a handicapped accessible home provides a foundation for personal independence.
 14. Too often in this type of forum we give short shrift to the catalytic effect affordable housing exerts on the economy, both locally and nationally. I would like to underscore the collateral benefits of housing for a moment and make the argument for increasing spending, not reducing it, as one way to stabilize the financial volatility the State is currently experiencing.
 15. I remember a number of years ago that another housing advocate came up with a simple yet elegant slogan: Housing Equals Jobs. That fact is lost on many people because of the stigma attached to low-income housing – even to this day. Let’s look at some supporting data on this subject from a variety of sources:

- a. A study by the National Association of Builders (NAHB) entitled, “The Direct Impact of Home Building and Remodeling on the U.S. Economy” (October 7, 2008) states that “the development of a typical 100 unit multi-family apartment complex generates 116 jobs, \$8.6 million in income from all affected industries and \$3.349 million in tax revenue (including income, sales and property taxes and other assessments) to federal, state and local governments.”
 - a. According to the American Association of Architects (AIA), the building sector of our economy accounts for one in every ten dollars of the United States gross domestic product or GDP. [It is important to note that AIA is projecting an 11 percent decline in design and construction activity in 2009.]
 - b. In Vermont, our progressive neighbor to the East, a recent editorial in the Burlington Free press states that “...since 2002, housing investments have generated \$286 million in renovation and housing construction, creating 10,040 jobs and 2,782 units of housing.
16. The ripple effect of a dollar spent on housing as it moves through the economy is something that bears repeating, especially given today’s environment and the new set of national priorities as described by President Obama.
17. Ladies and gentlemen, that initial dollar invested moves through the economy and expands many times over; it goes from builder, to vendor, to supplier, and further; then it reappears in income to neighboring businesses and in the form of jobs and wages. If this does not meet the classic definition of economic stimulus, I don’t know what does.
18. There is no dearth of ready projects in New York State, considering the average age of the assets in our public housing portfolio, for instance. You could move to modernize and weatherize these assets tomorrow and it wouldn’t be too soon. Extending the useful life of these projects would save the State millions of dollars and preserve stock that is basically irreplaceable.
19. Of course the paradox of times like these is that government – in an attempt to cut spending and increase efficiency – often ends up thwarting its own goals by being “penny wise and pound foolish”: Let’s not make that mistake with affordable housing.
20. When viewed both from an economic development perspective and a social benefit prospective, the provision of affordable housing represents a two-for-the price-of-one proposition: a family is housed at an affordable rate, with all the attendant benefits for the larger society, while the economy receives a meaningful stimulus. Everyone comes out ahead.
21. A timid response to the affordable housing and credit crises is no response at all: we must act decisively and courageously if we are to emerge from this deepening recession. That is why we firmly believe that the road to economic recovery in New York State goes through affordable housing. Toward that end, the New York Housing Conference would like to make the following recommendations:

- a. Provide \$500 million in the current budget for affordable housing capital programs in order to fully leverage federal resources;
 - b. Restore the Neighborhood and Rural Preservation Programs to full funding levels;
 - c. Avoid the expansion of prevailing wage requirements and clarify current policy where contradictions exist. Government should help to facilitate a productive dialogue between labor and the affordable housing industry that helps to bring resolution to this complex issue and avoids false choices.
22. As an affiliate of the National Housing Conference, we also intend to advocate to New York's Congressional delegation on these issues, understanding that federal aid is also vital to our efforts. Additionally, we would ask you to support the following recommendations on the federal level to move our agenda forward.
- a. Make the case in Washington that Economic Stimulus funds earmarked for infrastructure projects and green-collar job creation must flow to construction and rehabilitation projects idled or hindered by a deleveraged banking system, and that such projects will create thousands of green- and blue-collar jobs.
 - b. Make \$5 billion immediately available to states and localities to spur housing and community development, and to make up equity shortfalls for tax credit programs.
 - c. Provide 200,000 new project-based or stand-alone Section 8 Housing Vouchers according to the needs of localities. A further economic stimulus would be to allow families to pay twenty-five percent of their income for rent instead of thirty percent.
 - d. Request Troubled Asset Relief Program (TARP) funds or other resources available to purchase long-term fixed rate Housing Bonds at reasonable rates, which will establish the market and draw in other investors.
 - e. Work to ensure that the Economic Stimulus bill fully capitalizes the public housing program; contains preservation funds for privately-owned multi-family housing; and expands the market for the Low Income Housing Credit program.
23. Wouldn't it be fitting if just as wild speculation in housing caused the current market meltdown, with a little optimism and a well-executed plan, affordable housing helped restore normalcy and balance to the markets? And we know from recent history that hope is more than just a word: sometimes it can be a winning strategy. Thank you.