

**New York State Housing Finance Agency (HFA)
State of New York Mortgage Agency (SONYMA)
and
New York State Division of Housing and Community Renewal (DHCR)**

**Management Innovation: Financial
Historic Gains for Affordable Housing**

***"Governor Paterson and the Legislature tripled the State's housing budget to
\$304 million
– the biggest increase in history."***

For more than a decade, New York's capital budget for housing remained flat and, when adjusted for inflation, had actually decreased over that time. Stagnant funding, coupled with dramatic increases in land and construction costs, exacerbated an already critical shortage of affordable housing.

To address this growing crisis, the State's Housing Finance Agency (HFA), State of New York Mortgage Agency (SONYMA) and Division of Housing and Community Renewal (DHCR) joined forces and embarked upon a successful campaign to increase funding in the 2008-09 budget for the construction and preservation of affordable housing.

Under the direction of Governor David A. Paterson, who has made affordable housing a high priority of his administration, we led a housing campaign that was built upon transparency, interagency collaboration, legislative engagement, stakeholder support and effective communication.

Transparency

We recognized that good government practice requires us to inform taxpayers, policy makers, political leaders, advocates and developers as to how efficiently and effectively the State manages its existing housing resources. In this spirit we produced the "New York State Housing Report." For the first time one document gave New Yorkers the entire picture of where the State's housing money comes from, where it is spent and the value we get in return. By bringing together information which is normally spread out over multiple agencies, we were able to ensure greater accountability and transparency, make certain our State's dollars go further, as well as build a foundation on which to advocate for more resources.

In addition to capital funding for the construction or preservation of affordable housing, service dollars are critical to providing housing for special need populations or very low-income households. As a result, the Housing Report extended beyond the State's traditional housing agencies and required collaboration with the NYS Office of Mental Health, Office of Temporary and Disability Assistance and the Division of Budget to help develop our story.

Building a Campaign

Governor Paterson has repeatedly emphasized that, "Affordable housing is critically important for the health and vibrancy of our State. It is an engine for economic development and job

creation, helps strengthen families and communities and improves the quality of life for working families, senior citizens and people living with disabilities.” This message was embodied in the Governor’s proposed 2008-09 Executive Budget to the State Legislature, which proposed record funding for affordable housing and set the stage for an unprecedented housing campaign led by the State’s Housing Agencies.

Interagency Collaboration

It was important that all appropriate State agencies shared a commitment to increased funding for affordable housing and community development. This began with HFA/SONYMA and DHCR working together to realign the State’s housing agencies to ensure they were working together cooperatively for greater efficiency. A strong indication of New York’s success in cultivating a new spirit of collaboration and coordination, for the first time the President of HFA/SONYMA and Commissioner of DHCR jointly testified before the New York State Legislative Fiscal Committees in support of the Governor’s proposed Executive Budget. This is a direct reflection of how our agencies worked side-by-side, strategizing on ways to help our programs work together to more efficiently and effectively address the housing needs of the State.

Legislative Engagement

Housing Leaders appeared before the Senate and Assembly Housing Committees to engage lawmakers on the Governor’s proposed housing budget. We followed up by meeting with individual lawmakers particularly members of the Legislative Standing Committees on Housing, Ways and Means, and Finance. In addition to advocating for adoption of the Governor’s budget, our meetings focused on needs in the Member’s district and we provided briefing materials that included maps to illustrate the State’s record of success in investing in affordable housing. We seized every opportunity to deliver our message on the critical need for additional resources for affordable housing and community development.

Stakeholder Support

An important facet of our Housing Campaign was an effort to build public support for a dramatic increase in funding for affordable housing. New York is fortunate to have the most innovative, experienced and comprehensive affordable housing network in the country, including local governments, developers, housing advocates, lenders and investors, universities and think tanks, foundations, and community development organizations. We realized that by expanding our relationships and mobilizing efforts among State agencies, we had the potential to further advance our effort. We also focused our outreach to business, financial and other community leaders who have not traditionally been actively involved in advocating for affordable housing. The message was simple – affordable housing is a wise investment.

Effective Communication

A variety of communication techniques were employed during the campaign designed to focus attention on the critical shortage of affordable housing; build an awareness that the shortage has community-wide consequences; identify a dramatic increase in State funding as an appropriate response to this shortage; and, ensure that broad public support for an increase in

funding was communicated directly to key legislators. To accomplish these tasks, background materials and talking points were prepared and circulated, sign-on letters and call-ins were organized, press releases, letters to the editor and legislative visits were coordinated.

Historic Gains for Affordable Housing

Governor Paterson and the State Legislature tripled the State's housing budget to \$304 million – the biggest increase in history. HFA will receive \$54 million of those funds to continue financing new all affordable projects and preserve Mitchell Lama projects around the State. AHC will nearly double its normal allocation to \$45 million to continue providing financing for new homes and renovations of existing homes.

The first fruits of that success were recently on display when Governor Paterson announced \$137 million in funding awarded by the DHCR. These funds will help build and preserve 6,415 units of affordable housing – nearly twice the number of units created and preserved by DHCR last year.

As a result of additional resources in the 2008-2009 State budget DHCR was able to award funds to 187 local program administrators, more than double the 92 awards made last year. These 187 awards provide a total of about \$50 million in funding (up from about \$30 million last year) and will assist or create 4,464 units, far greater than last year's unit count of 1,734. In addition, DHCR was challenged by the turmoil in the credit and mortgage markets and the resulting devaluation of State and federal tax credits, which developers sell to generate equity. Increased funding in the State budget has allowed DHCR to offset the loss in value of these credits. In all, this year's capital awards will help build or preserve 40 affordable housing developments in 24 counties in every region of the State and for the first time, the additional resources will enable DHCR to conduct a second funding round this fall.

In announcing the awards, Governor Paterson stated, "The importance of affordable housing cannot be overstated. It encourages businesses to invest in our State and create jobs." The Governor also noted that the \$137 million awarded by DHCR will leverage an additional \$340 million in funding from federal, local, and private sources.

New York State Senate Majority Leader Dean Skelos (R) said, "This investment will renovate and upgrade older housing stocks to revitalize upstate communities and will preserve more affordable housing units. It's also an important economic investment that will create new jobs. The Senate worked with Governor Paterson to increase funding for affordable housing projects in the budget because it has such a direct, positive impact on the lives of thousands of families across the state."

In a similar vein, New York State Assembly Speaker Sheldon Silver (D) noted that, "To fund the construction or rehabilitation of more than 6,000 affordable housing units during such a turbulent time in the mortgage market and in the state economy shows the commitment of the [New York State] Legislature and Executive to providing greater housing opportunities for New York's working families. We thank Governor Paterson for his dedication to helping those in need obtain housing while revitalizing communities throughout New York."