



NEW YORK STATE ASSOCIATION FOR AFFORDABLE HOUSING

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2008 LEGISLATIVE AGENDA

Housing Opportunity Fund

We strongly support the \$400 million Housing Opportunity Fund submitted in the 2008-09 Executive Budget. Affordable housing is a serious issue across the state, and the Fund represents a major opportunity to address the housing needs of New Yorkers from the Tug Hill Plateau to the exurbs of eastern Long Island. We support the provisions that would allow a portion of the Fund to be used to address challenges that are outside the scope of existing programs, such as providing workforce and moderate income housing.

We particularly support the use of \$100 million from SONYMA Mortgage Insurance Fund excess reserves to capitalize the Fund. These revenues are the product of the same boom in the state's housing and real estate industry which have made affordable housing more difficult to secure. They should be put to work for the many New Yorkers who have been left behind.

Housing Capital Programs

We support the continuation and expansion of the housing capital programs as submitted in the Executive Budget. These include the Housing Trust Fund (\$29 million), the Affordable Housing Corporation (\$25 million), and the Homes for Working Families Program (\$7 million).

The value of these housing programs has been eroded through inflation. In the past, the legislature has added as much as \$26 million to these programs over the amount requested by the Governor. We urge you to consider a similar add-on this year, unlike last year when no additional funds were added.

We especially urge expansion of the award-winning *Homes for Working Families program*, which uses a creative combination of tax exempt bonding, federal tax credits, and low interest loans to finance the rehabilitation and construction of affordable rental housing for seniors and low income families. HWF provides 1% loans, which are then matched with tax-exempt bonds issued by a public authority. Each dollar of funding leverages about three additional dollars of federal subsidy. Expansion of this program will also make it possible for the Housing Finance Agency to use more of its resources for affordable housing development.

We must also make sure that existing affordable housing units are not lost as the government programs that created them expire. Thus we support the continuation of the *Rural Rental assistance program*, which reaches some of the lowest income residents of our state.

State Low Income Housing Credit

We request that *State Low Income Housing Credit (SLIHC)* be increased and made permanent. With an income maximum that goes to 90% of area median, as opposed to the federal level of 60%, this program has become an important program for developers working in middle-income communities throughout the state. Given the need and the limited resources available for those in that income range, we urge that the amount of the annual credit be increased to \$10 million.

The General Liability Crisis and the Scaffold Law

We are concerned about skyrocketing insurance rates for general liability coverage and the lack of insurance availability for builders of affordable housing. Sections 240 and 241 of the Labor Law, commonly known as the Scaffold Law, have substantially contributed to this insurance crisis by holding others absolutely liable when a worker is injured in a gravity-related accident, even if the employee has been negligent.

We support legislation (see A3080) which would apply normal negligence standards to the circumstances covered by Sections 240 and 241, thus moving away from absolute liability to normal tort procedures. Under this compromise, the worker injured in a gravity-related accident would still have the right to sue his or her employer, but the liability would be apportioned to the actual party at fault, whether it is the employer or employee.

Prevailing Wage Legislation

We urge the Legislature to exempt affordable housing from any legislation that would require the payment of prevailing wages on projects that receive state financing. In order to qualify for government subsidies, rents or purchase prices must be affordable to people below a specified income level. The additional expense resulting from a prevailing wage requirement would increase the cost of affordable housing by as much as 30% which, in most cases, drives the cost of housing beyond eligibility. As a result, such legislation would result in the construction of thousands of fewer units, as scarce subsidies are diverted from other worthy projects to cover the increased construction costs.

We specifically request that affordable housing projects be exempted from efforts to apply prevailing wages to projects financed by Industrial Development Agencies (see A8703). IDA financing is an important resource for affordable housing development: at least 4,000 units of affordable housing have been built in recent years with IDA financing. Almost all of these projects are located in either upstate New York or in the downstate suburban counties where affordable housing is especially difficult to develop. In addition, private activity bond financing from IDA's automatically leverages federal 4% low income housing tax credits which would otherwise be left on the table in Washington.