



Habitat for Humanity – New York City Advocacy E-Newsletter 1st Quarter 2008 (Issue No. 23)

In This Issue:

1. Housing Covenant Update
 2. City Housing News
 3. State Housing News
 4. Federal Housing News
 5. Recent Housing Research
-

1. Habitat Update

Last year, Habitat for Humanity – New York City partnered with private consultant Elizabeth Armet and Global Strategy Group to create and conduct a survey for Habitat homeowners across the nation. Ms. Armet offered her services to Habitat-NYC on a pro-bono basis, and Global Strategy performed the firm's services at cost. The purpose of this survey was threefold: to learn how being a homeowner has impacted the lives of Habitat families, what types of financial responsibilities families struggle with, and if they use predatory "fringe banking" products. Habitat-NYC is using the results of this survey to inform our advocacy and outreach efforts moving forward.

Eleven major urban affiliates across the nation participated in our study, with nearly 300 Habitat homeowners participating in a phone survey. Some of the key findings from our study follow:

- **Strong majorities of respondents reported that owning a Habitat home has transformed their lives. Their outlook on life is more positive, their physical health has improved, their children are performing better in school, they are more involved in their communities, and nearly all would recommend Habitat to a friend.**
- **For nine in 10 family partners, purchasing and living in their Habitat home is either the greatest experience of their life, or something they take great pride in.**
- **The majority of families are concerned about various monthly costs, from their mortgage payments to utility bills to groceries and food.**
- **The stress of multiple financial obligations is compounded by the high interest rates many pay on their credit cards, as well as the sizable amounts of debt they carry on these cards. Nearly half of those with a credit card are paying 15% or more in interest, six in 10 have at least \$1,000 in debt and close to a quarter have well over \$5,000 in debt.**

- **More than half of Habitat homeowners have been approached with various predatory lending offers, such as rapid tax refunds, payday loans, rent-to-own scams, deceptive home equity loans and more. More than a quarter of all families reported using one or more of these practices.**

Based on our findings, Habitat-NYC decided to launch a citywide education campaign on predatory lending practices. Our primary goal is to educate our families, and others living in the communities in which we build, on these practices and to provide alternative choices that would put millions of dollars back into the pockets of low-income New Yorkers.

In February and March of this year, Habitat-NYC held a series of training sessions for volunteers on Refund Anticipation Loans. More than 50 volunteers attended the trainings, then hit the streets armed with flyers to distribute throughout low-income communities across the city. They spoke with churches, libraries, schools, police precincts, elected officials, community boards, small business owners and more, and distributed more than 10,000 flyers.

To read our flyer and white paper on Refund Anticipation Loans please visit:

http://habitatnyc.org/pdf/advocate/covenant2008/RAL_factsheet.pdf

http://habitatnyc.org/pdf/advocate/covenant2008/RAL_flyer.pdf

Habitat-NYC invites you to join in the next phase of our education campaign. We will hold trainings on the rent-to-own Industry beginning in late April. The trainings are:

- **Thursday, April 24th 6:30pm – 7:30pm**
- **Saturday, May 3rd 10am – 11am**
- **Tuesday, May 6th 6:30pm-7:30pm**

If you are interested in signing up for one of these trainings, please email Chelsea Clark at cclark@habitatnyc.org.

In June, we will offer trainings on deceptive credit card practices.

2. City Housing News

Bloomberg Housing Initiative Evaluated

A recent report by the Independent Budget Office (IBO) finds that Mayor Bloomberg's affordable housing plan is on schedule to reach its goal of 165,000 units by 2013.

In 2003, Bloomberg launched the New Housing Marketplace Plan, calling for 65,000 affordable units. He expanded the plan in 2006, promising the construction of 92,000 units and the preservation of another 73,000 units. The Department of Housing Preservation and Development (HPD) calls the initiative "the largest municipal affordable housing plan in the nation's history."

IBO examined the first four years of Bloomberg's plan through fiscal year 2007, which ended last June. Some 64,000 units of affordable housing have been financed so far, putting the city on target to reaching the goal, if sustained over the next six years, reports IBO. However, the remaining 101,000 units will be more expensive to complete because they primarily are new construction rather than preservation. In the next six years the city will need to preserve 34,000 units and build 67,000 units in order to reach the goal. IBO said the city's ability to accomplish the remaining goals for preservation appear to be solid, but it expressed concern about funding the units to meet construction goals.

The \$7.5 billion used to fund the Mayor's plan comes from: Department of Housing Preservation and Development's (HPD) capital budget, the City's Housing Development Corporation (HDC), and federal tax-exempt bonds. Each of these funding streams faces challenges. The city's capital contribution funds only 49 percent of the units needed to meet new construction targets, according to IBO. Already HDC spent most of the money budgeted for the Mayor's plan, and the prospect of getting more tax-exempt bonds depends on action in Washington and the broader market. According to IBO, the plan should be reassessed to ensure there are enough resources to meet projected goals.

To see the full report visit: <http://www.ibo.nyc.ny.us/iboreports/NHMP07.pdf>

NYC Faces Rising Construction Costs

The costs of construction have skyrocketed making it particularly difficult for developers seeking to build affordable homes.

On Feb. 14, Assemblyman Vito Lopez held a public hearing on rising costs of construction in New York City. "It costs us \$325,000 to build a 1,000 square foot (condominium), and we're selling that for \$75,000 to \$125,000," said Josh Lockwood, Executive Director of Habitat for Humanity - New York City in testimony before the New York State Assembly Housing Committee. "In the last five years, Habitat-NYC's construction costs have tripled. Our 41-unit condominium complex in Ocean Hill-Brownsville was originally budgeted at \$9 million; it is now going to cost about \$13 million to build" he said.

Costs have increased due to a variety of factors largely beyond any single developer's control. Nationally, rebuilding in New Orleans and other parts of the country has driven up the price of basic materials like plywood. The war in Iraq, similarly, has exhausted materials and consequently increased prices. In New York City, the problem is compounded by the high cost of land as well and the increased cost of insurance in the wake of September 11.

To read Habitat-NYC's testimony follow this link:

http://www.habitatnyc.org/pdf/advocate/State_Hearing_02.14.08.pdf

3. State Housing News

On April 9th, Governor Paterson announced a significant win for affordable housing across New York State. The final New York State housing budget negotiation for 2008-2009 is an additional \$200 million for existing housing programs: \$100 million coming from SONYMA's mortgage insurance fund excess reserves, and \$100 million coming from bonded capital.

Although not exactly what advocates had hoped for in the face of former Governor Spitzer's \$400 million Housing Opportunity Fund proposal, this commitment marks a significant contribution to addressing the affordable housing crisis. Many existing state housing program budgets nearly doubled: the Affordable Housing Corporation, which significantly assists Habitat – NYC, received a \$20 million increase, bringing the total amount to \$45 million, and the Low Income Housing Trust Fund received an additional \$31 million reaching a total of \$60 million.

Over the past two years, Habitat - NYC has been fighting tirelessly for the creation of a true Affordable Housing Trust Fund with the Empire State Housing Alliance, a newly established coalition uniting upstate and downstate organizing groups in a coordinated effort to call on New York State to devote greater funding to affordable housing and smart growth solutions.

ESHA has been an integral force in shaping the future of affordable housing policy. Through the creation of a four part affordable housing and smart growth policy agenda, the first challenge the group took on was the creation of a detailed and expansive Affordable Housing Trust Fund Proposal. **Click here to read the full proposal:**

http://www.habitatnyc.org/pdf/advocate/housing_investment_fund/proposal.pdf

Through numerous legislative visits, press events, postcard, letter and email campaigns over the past year, ESHA, with the help of Habitat-NYC, was able to have a significant impact on the shape of this year's housing budget.

Together, we will continue to work with the Legislature and Administration in the upcoming year to ensure a dedicated revenue stream, more flexible usages of funding and a number of other solutions to improve and strengthen New York's commitment to solving the state housing crisis.

For all of you who signed a postcard or petition, called your legislator, or sent an email – thank you. You are the ones who made this possible!

4. Federal Housing News

National Housing Trust Fund

Housing advocates around the country are working to establish a National Housing Trust Fund. This fund would be a permanent dedicated source of revenue to build, rehabilitate, and preserve at least 1.5 million units of housing over the next 10 years.

On October 10, 2007 the U.S. House of Representatives passed H.R. 2895, the National Housing Trust fund with a strong bipartisan vote of 264-148. The bill was first introduced by House Committee on Financial Services Chair Barney Frank (D-MA) with 16 bipartisan co-sponsors on June 28, 2007. The passage of the bill was a huge victory for the National Housing Trust Fund (NHTF) Campaign, a coalition with more than 5000 organizations that support the fund.

On December 19, a companion bill to the National Affordable Housing Trust Fund Act of 2007, was introduced in the Senate. The bill, S. 2523 is very similar to the legislation that passed in the House. Senators John Kerry (D-MA) and Olympia Snowe (R-ME) were the lead sponsors on this bipartisan

legislation. Other Senators who co-sponsored the bill at introduction were Bernie Sanders, (I-VT), Pete Domenici (R-NM), Charles Schumer (D-NY), Susan Collins (R-ME), Ted Kennedy (D-MA), and Jack Reed (D-RI). Carl Levin (D-MI) and Debbie Stabenow (D-MI) just recently signed on.

The bill has been referred to the Senate Banking Committee that is chaired by Senator Chris Dodd (D-CT) and is awaiting approval.

To read about what you can do to encourage your Senators to endorse the National Affordable Housing Trust Fund Act of 2007 go to:

<http://www.nlihc.org>

To see the differences in the House and Senate bills visit:

<http://www.nlihc.org/doc/NHTF-side-by-side-Sen-House.pdf>

5. Recent Housing Research

Effects of Inclusionary Zoning on Local Housing Markets

A new study by New York University's Furman Center for Real Estate and Urban Policy and the Center for Housing Policy in Washington, D.C., provides local decision-makers with valuable evidence on the impacts of inclusionary zoning (IZ) – a popular but often-controversial affordable housing policy. IZ requires or encourages new residential developments to make a certain percentage of housing units affordable to low- or moderate-income residents. In exchange, developers get non-monetary compensation, including density bonuses, zoning variances and/or expedited permits that reduce construction costs.

To read the policy brief summarizing the results of the research:

http://furmancenter.nyu.edu/documents/IZPolicyBrief_LowRes.pdf

Out of Reach 2007 - 2008

The National Low Income Housing Coalition (NLIHC) released *Out of Reach 2007-2008*, their annual report on the affordability and availability of housing at the national, state and local level. The report's primary measure of housing affordability is the housing wage, which is the hourly wage a worker must earn to afford a two-bedroom apartment in their community. Since the release of *Out of Reach 2006* in December 2006, NLIHC found that the national housing wage has increased 36 percent from \$16.31 to \$17.32. This is higher than the national average hourly wage of \$16 for all workers and well above the average hourly wage of \$13.94 for all renters. The report also finds that in 2008 there was no jurisdiction in the country where a full-time worker earning minimum wage could afford a one-bedroom apartment.

To view the report visit: <http://www.nlihc.org/oor/oor2008/>

New York's Income Disparity

The Center on Budget and Policy Priorities (CBPP) and the Economic Policy Institute (EPI) released a report, *Pulling Apart: A State-by-State Analysis of Income Trends*, that finds New York has the most unequal distribution of income in the United States. The report gives the following major findings:

- In the mid 2000s, New York had the widest income gap between the rich and poor out of all 50 states, and the fourth widest gap between the rich and the middle class.
- The gap between high-income and low- and middle-income families grew dramatically since the 1980s. The richest families gained steadily while the poor and those in the middle barely advanced.
- The gap between the rich and those in the middle class was greater in New York City than statewide.

Follow this link to read the full report:

http://www.fiscalpolicy.org/PullingApartInNewYork_April2008.pdf

**Habitat for Humanity – New York City transforms lives
and our city by uniting all New Yorkers around the
cause of decent, affordable housing for everyone.**

This message was sent to members of Habitat for Humanity – New York City's Housing Justice Action Network. If you were forwarded this e-mail and would like to join our mailing list, please click here!

<http://capwiz.com/habitatnyc/mlm/signup/>

donate now!

[Click here to help build more homes for hard working families.](#)