

New York State Rural Advocates

September 2006

Diverse Housing Promotes Rural Economic Vitality

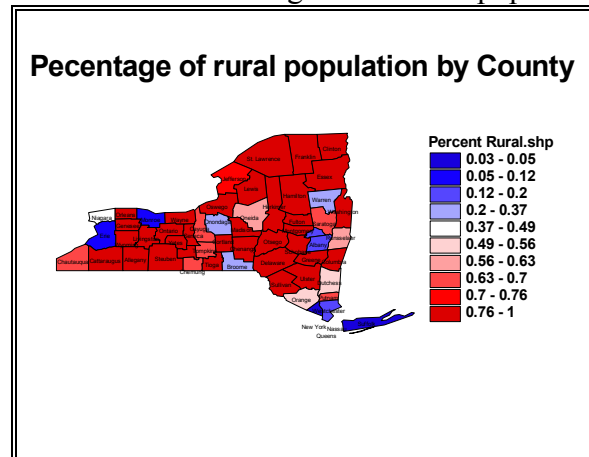
New York State's Rural Areas are challenged by disinvestment, antiquated economies, out migration and an aging population. New York needs a new housing policy that addresses regional differences in rural areas. Non-profit community development leaders, given the tools, are anxious to engage in this challenge.

Why does New York need a Rural Housing Policy?

The rural areas of New York State are distinctly different than Metropolitan regions.¹

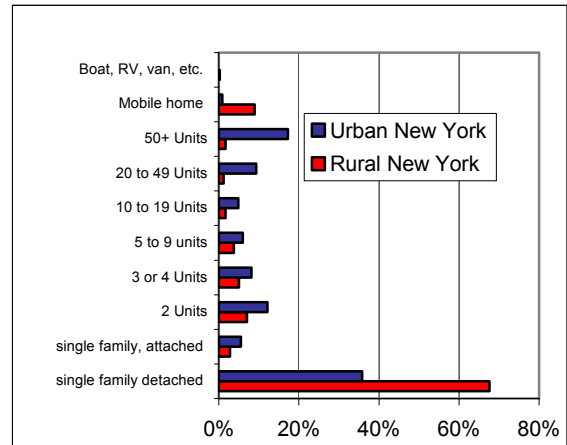
Rural areas, villages and small cities of our State represent a significant portion of our State. Over four million people or twenty two percent of the State's residents live in over 900 communities with populations of 25,000 or less.

Ninety-two percent of New York State's land area is rural. Thirty-two of the State's sixty-two counties are entirely rural. Forty counties are at least two thirds rural and there are fifty-six counties with some significant rural population.



Rural New Yorkers have less income than their urban counterparts, in fact, nine of the ten New York Counties with the lowest per capita

income are rural. The character of rural housing is different too. Seventy percent of housing units are single-family detached houses compared to urban parts of the state where single-family homes make up only 36 percent of the housing stock. Unlike New York's metropolitan communities, large multi-family rental developments are uncommon in rural New York. In rural communities, mobile homes are the second most common type of housing comprising some 9 percent of the stock.

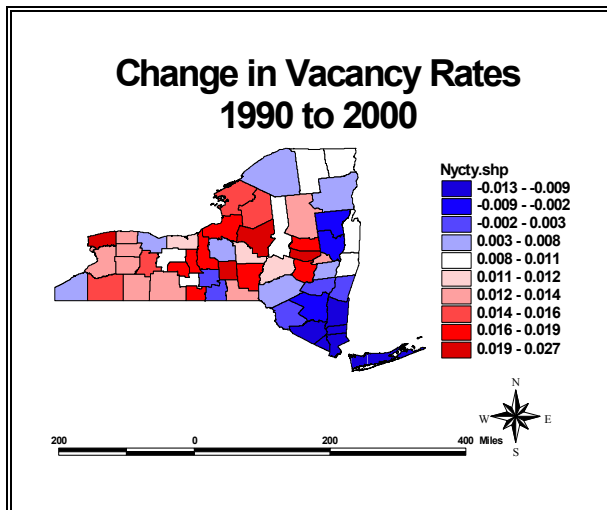


Incomes and real estate values are typically lower than in urban areas. For instance the 2000 Census finds the median value of a single-family home in western New York is only 48% of the value for the state as a whole.

The housing stock in rural New York is old and much of it suffers serious disinvestment. We estimate that there are some 211,000 units of housing in rural New York currently in need of

rehabilitation. **To bring all of these units up to standard condition would require an investment of more than \$5.3 billion.**

Vacancies vary widely in rural New York with 20% of housing units counted by the census as being vacant. The nature of vacancies varies from region to region. In much of rural New York, vacancies are a direct consequence of population loss. In other areas, vacant units reflect growing numbers of second homes. In some attractive markets, it is no longer uncommon to find second homebuyers acquiring multiple properties, demolishing existing buildings and constructing new, ever larger homes. All of this creates an increasingly tight market for lower income year round residents.



Although rural areas have a much higher home ownership rates than urban parts of the state, (82% compared to 49%), we find fewer forms of ownership options. Cooperatives, mutual housing and condominiums are forms are not typically seen in non-metropolitan communities.

Rural places are often more challenged by a lack of financial and social capital than in metro areas. Most rural communities lack a significant financial, corporate or philanthropic presence and with it, the capacity for the professional partnerships needed to tackle the housing crisis they face. Many rural communities do not have the technical expertise and financial infrastructure to support planners, community

development and housing departments within their municipalities.

Rural NY lacks the resources to assist low and moderate income persons who wish to live a reasonable distance from their places of work and schools. We need to ensure that there is access to safe, decent and affordable housing near existing jobs and economic opportunities.

Because the rural areas in New York differ so much from urban communities, a rural housing policy will look very different than one designed for metropolitan centers.

Planning now for the future is efficient and cost effective. Housing and energy costs continue to escalate. While the State has provided resources to address affordable housing, annual appropriations have not increased since 1985 effectively cutting the program by half. The State must provide the resources and an array of flexible housing and development tools. Policy makers need to embrace housing, revitalization and economic development, within the context of the local environment with a holistic approach to community development. We can't afford a haphazard approach to housing – a critical need in the lives of New Yorkers.

Who can best address this rural housing crisis?

Rural communities need housing development that is appropriate in scale and that is sensitive to the needs and desires of its residents. Recent State housing policy has valued cost efficiency and leverage over appropriateness of scale. Large rental developments are not the norm in rural New York and do not integrate well. Private developers are simply not interested in small market affordable housing based on limited profits without efficiencies of scale.

In order to develop housing appropriate for rural areas, we urge New York State policy makers to look to community based, not for profit housing organizations. The community

based, non-profit sector has effectively been working in rural NY for the past 30 years.

Rural Housing Community Development Corporations, including those funded by the NYS Rural Preservation Program, exist in nearly every rural county of New York State. They are governed by boards of directors composed of members of the community and they are accountable to the communities in which they work. They have well-developed linkages to Federal, State and local governments, team with for profit developers when appropriate, and have a long track record of accessing resources for their diverse, rural communities. Each company responds to the particular needs of their market and can plan appropriately for economic revitalization and housing in a manner that is consistent with the goals of their community.

Rural Community Development Corporations are an excellent value. The RCDC's participating in the Rural Preservation program have provided more than twenty six dollars of housing activity for every dollar of administrative funding provided to them. RCDCs are successful housing developers and managers. They have produced hundreds of rental units and new single-family homes. Rural CDCs are the principle delivery mechanism for the rehabilitation of single family and rental housing in rural parts of our State.

What MUST New York State Do?

It is clear that more than anything else, Rural New York suffers from long term disinvestment. One simple answer to the region's challenges is to invest deeply in our housing stock.

Planning

New York State Rural Advocates believes that the State must invest resources and technical expertise to support local planning with incentives to integrate affordable housing into local development plans. It is essential that the

State invest in affordable housing that is smart, sustainable, energy efficient, and less costly to maintain and preserve over time. We call on the State to develop resources that include the use of building materials, appliances, exteriors and interiors of homes that are built to conserve energy and minimize long-term maintenance.

Rural Community Development Corporations, funded under the NYS Rural Preservation Program, are an important linkage between state and local government, local communities, private for profit developers and investment stakeholders. RCDCs play a vital role in community planning.

Delivery

New York State must increase its investment in its not for profit housing delivery system, using Rural Community Development Corporations as its primary vehicle.

We call on the State of New York to not only invest in the Rural Preservation Program itself, but to provide resources to those non profit developers working in communities to provide affordable housing and community opportunities appropriate to each unique area of rural NY.

NYS must continue to invest in the capacity of rural community development corporations. These professional non-profit corporations should be recognized for their accomplishments and the milestones they continue to accomplish in meeting community needs. Standards of performance should be uniformly consistent to ensure that every community is served by a strong community based non profit responding to local needs. NY State programs need to pay for themselves and need to include long term accountability measures, funding for monitoring as well as maintenance for the affordable housing it sponsors.

Production

- New York State needs a true **Housing Trust Fund** supported with a dedicated source of revenue. A Trust fund can provide a source of flexible funding that can provide capital subsidies, operating subsidies, rental assistance and a full complement of tools and important programs.
- New York needs a policy of **consumer education** that includes pre and post purchase counseling so that people are given an opportunity to build wealth and remain in their home.
- New York State must undertake the development of **rental housing** that meets the needs of the State's lowest income families and its most distressed communities.
- New York State must support the development of **infrastructure** in our rural communities. Hundreds of rural places across the State lack the water and sewer capacity to support development.
- New York State policy makers must focus on **partnerships** with local leaders, advocates, private developers, lenders, and employers and provide incentives for the development of affordable housing that meets the needs of workers and families.
- The State must support investment in forms of affordable housing that result in "perpetual affordability" using mechanisms such as rural **Land Trusts**.
- The State should encourage innovative and cost effective approaches to housing development including appropriate forms of **manufactured housing**.
- New York State should consider and support a variety of **homeownership** options that are designed to address the needs of low-income, minority and first time homebuyer households in forms that will remain affordable to those families.

Preservation

- Rural New York has a substantial supply of housing, however much of that stock suffers from disinvestment and functional obsolescence. Policy makers need to encourage rehabilitation, adaptive reuse and infill housing. We must support reinvestment in this existing stock.
- New York cannot afford to lose expiring rental units. Policies that support non profit acquisition and recapitalization of expiring units must be supported with adequate resources.
- The State must invest in the preservation and revitalization of its Main Streets, with consideration given to both the historic and commercial elements of our community crossroads. We need to embrace programs like the **Rural Area Revitalization Program** that provides flexible funding for mixed-use development and plans that incorporate economic, community and affordable housing development.
- State policy makers must strive to maximize existing Federal funding to take advantage of a full range of allowable activities. **We must recommit ourselves to using every tool available and to apply every solution in our tool kit.** More than simply leveraging Federal resources, we need to focus those resources on meeting the most serious needs, the households with the lowest incomes and the communities with the most difficult challenges with a holistic approach to housing and communities.

ⁱ For our purposes, we are defining rural New York as those communities that would qualify as rural under Article XVII of Private Housing Finance Law. Generally, that means all communities with a population of less than 25,000. Unless otherwise noted, all calculations are based on the 2000 Census and are made by the New York State Rural Housing Coalition.