



RDP Rural Delivery

New York State Rural Housing Coalition, Inc.

April, 2015

State Budget Finalized

For the fifth straight year, New York State officials are claiming an on time budget. The truth of the matter is that the Assembly didn't finish passing budget bills until the wee hours of April 1st but no one really cares about that detail.

For affordable housing advocates, this budget contains some significant increases buried in some very complex legislation. Once again this year, the Governor turned to Mortgage Insurance Fund (MIF) for \$125 million to fund affordable housing programs. Funds from the JP Morgan/Chase settlement fund account for another \$439 million while the State's traditional bonded capital programs contribute another \$155 million.

The Rural and Neighborhood Preservation Programs can be expected to see increases in the next contract cycle although the exact details and amounts of NPP/RRP funding remain to be worked out. RPP was allocated \$3,539,000 from MIF with \$150,000 of that amount

directed to support the NYS Rural Housing Coalition's training and technical assistance work. NPC's are to be supported with a total of \$8,479,000 from MIF and \$150,000 of that amount is directed to the NP Coalition. RPP/NPP will be provided with an additional \$20,259,000 over the next three years. Legislative staff has indicated that they expect that these funds will be largely distributed as across the board increases to the companies.

Several of the State's local programs have also benefited from additional funding. Access to Home is set to receive an additional \$19,601,000 over three years from JP Morgan Chase settlement funds in addition to \$1,000,000 in annual funding contained in the capital programs budget. Housing Opportunities for the Elderly (RESTORE) is awarded \$1.4 million from the capital programs budget and another \$5,000,000 over three years from the settlements funds. The New York Main Street program is set to

receive \$5.5 million in settlement funds on top of the annual appropriation of \$ 4.2 million from capital program funds.

Other affordable housing programs that are important to rural communities will also see increases. The Affordable Housing Corporation Program (AHC) will be funded at \$29 million, an increase of \$4 million. The Rural and Urban Community Fund was increased from \$6.4 million to \$17 million, which will allow for roughly \$6,8 million to fund rural projects under the program, HHAP is set to receive a total of \$63.5 million and the Housing Trust Fund will see total funding of \$47.7 million. For a detailed allocation chart, please turn to Page 8.

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Rural Delivery

Rural Delivery is published by the
New York State Rural Housing Coalition, Inc.

The Coalition is a non-profit statewide membership organization dedicated to strengthening and revitalizing rural New York by assisting housing and community development providers.

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Rural Delivery is published monthly and delivered electronically to a mailing list of 200 community development professionals and policy makers.

For information on advertising in Rural Delivery and to receive a copy of our advertising rate sheet, please contact the Coalition at:
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Bits and Pieces...

Section 514 NOFA Released

The Department of Agriculture has announced the deadline for the next round of Section 514 Farmworker Housing grants. The announcement was published in the Federal Register on March 25th. Applications are due to the Rural Development State Office by June 23rd.

A change in this year's application rating is that additional points will be awarded for projects located in Census Tracts that have had poverty rates over 20 per cent for the past 30 years.

More information is available at www.rd.usda.gov/programsservices/farm-labor-housing-directloans-grants.

Women's Summit Scheduled For June

The 2015 Women's Health and Economic Empowerment Summit will be held in Albany on June 6th. The summit will run from 9:00 AM to 2:00 PM at Albany Law School. Save the date!

Home For Veterans

The current interest rate for SONYMA's Home For Veterans Program is 3.00%. For more information, visit www.nyshcr.org/Topics/Home/Buyers/SONYMA/HomesforVeteransProgram.htm.

A change in Federal law enables SONYMA to waive the first-time homebuyer requirement for any veteran (and their spouse or co-borrower) who served in active military, naval, or air service, and has been discharged or released from their military duties under conditions other than dishonorable.

If you are interested in advertising in this publication each month, please contact the Coalition office at (518) 458-8696 x14 for rate information and ad copy specifications. Let our community know about your services or products.

Federal and U.S. military employees can support the Rural Housing Coalition through the annual Combined Federal Campaign (CFC). If you are a federal government or military employee and would like to donate through the CFC, please enter CFC code #9614 on your pledge card during the next fund drive.

Common Sense Housing Investment Act Introduced

On March 26th, Representative Keith Ellison introduced a bill to reform the mortgage interest deduction and direct the majority of the resulting savings to the National Housing Trust Fund (NHTF).

The "Common Sense Housing Investment Act," HR 1662, is the centerpiece of the United for Homes campaign to fund the NHTF, the block grant to states designed to expand the rental housing supply affordable for extremely low income households. The bill would also provide additional resources for the Public Housing Capital Fund, the Section 8 program, and the Low Income Housing Tax Credit.

HR 1662 would cap the amount of a home mortgage eligible for a tax break at \$500,000, down from the current cap of \$1 million. Only 4.5% of all mortgages taken out from 2011 to 2013 were for more than \$500,000. The bill also would convert the deduction to a non-refundable mortgage interest tax credit. These two changes would expand from 39 million to 55 million, the number of homeowners who would receive a tax break on their mortgages. Virtually all of the 16 million additional homeowners who would benefit would have incomes under \$100,000 per year.

"The Common Sense Housing Investment Act provides a more generous tax benefit for more working families with mortgages and makes a significant contribution to addressing the rental housing crisis. It would enable 16 million more current homeowners with a mortgage to receive a bigger tax break. It also makes a significant contribu-

tion to the gap of seven million affordable rental homes needed for extremely low-income families," Mr. Ellison said in a statement.

"With the new resources generated by Mr. Ellison's bill, we can end homelessness and help ensure that every child, senior citizen, and person with a disability in America has a decent, stable, and affordable home," said Sheila Crowley, NLIHC President and CEO. "Moreover, we can do this without costing the federal government any more money, without adding to the deficit."

The bill is similar to legislation introduced in the 113th Congress, HR 1213, which was referred to the Committees on Ways and Means and on Financial Services, but was never acted on.

HR 1662 has five original co-sponsors, all Democrats. They are Representatives John Conyers, Barbara Lee, Bobby Rush, Bobby Scott, and Donna Edwards. The bill has been referred to the Committees on Ways and Means and on Financial Services again.

The United for Homes campaign, composed of over 2,000 national, state, and local organizations (see article below), and elected officials located in all 435 Congressional Districts and the District of Columbia, endorses HR 1662 and pledges to work with Mr. Ellison to advance this groundbreaking piece of legislation.

Mr. Ellison's press release is at <http://ellison.house.gov/media-center/press-releases/rep-ellison-introduces-the-common-sense-housing-investment-act>

NDC Academy Slated For May

The National Development Council will hold their annual training academy in Washington, DC from May 12th-14th. Workshops include Essential Due Diligence for Business and Real Estate Projects; New Directions for the CDFI Fund; HUD's Transformation Initiative; USDA: Rural Opportunity Investment Initiative; Housing Development Finance Programs; Social Impact Bonds: New Funding for Social Change or Another Step in Privatization?; After Boardwalk: Structuring Historic Tax Credits; LIHTCs: Navigating the Times; Community Quarterbacks & Collective Impact for Community Development; and Business Development Finance and Job Creation Programs.

Tuition of \$825 is inclusive of all NDC Academy 2015 sessions, Networking and Capitol Hill Receptions, and NDC Academy 2015 Awards luncheon. Individuals who register and submit payment before April 11, 2015 may take a 10 percent discount. The discount is not available for payments received after this date.

Please register no later than April 26th, 2015 to ensure that you receive your Academy pre-session information. Register online at http://ndcacademy.org/register/?utm_source=Academy&utm_campaign=b4dbe66612-Academy+Semi-Finalists&utm_medium=email&utm_term=0_191bc6850a-b4dbe66612-219443753-&mc_cid=b4dbe66612&mc_eid=507bbdale5.

Save The Dates! 36th Annual Affordable Housing and Community Development Conference
September 16-18, 2015, Oswego, New York

Project Profile: Carriage Factory Apartments

In our regular feature, Rural Delivery invites members of the Rural Housing Coalition to highlight their community development projects and programs in the pages of this newsletter. This month, we are pleased to present a creative industrial conversion project financed by CPC. In their own words, here is their story:

For 40 years, revitalizing neighborhoods has been the core mission of The Community Preservation (CPC), a non-profit multifamily housing lender committed to working with public and private partners to create and preserve multifamily housing in New York State. The recent completion of the Carriage Factory Apartments in Rochester's Susan B. Anthony Neighborhood underscores this commitment.

Once vacant for 25 years, the Cunningham Carriage Factory, which was originally built in 1910 to manufacture handmade customized horse-drawn carriages, has been transformed into 71 energy efficient loft apartments for income-eligible tenants. Of those units, 39 will house consumers with special needs with onsite supportive services provided by the developer, DePaul.

The \$23 million dollar project received funding from a variety of sources such as CPC, Finger Lakes Regional Economic Development

Council, the city of Rochester, New York State Homes and Community Renewal's Housing Trust Fund Corporation and the New York State



*Carriage Factory,
Before, Left
After, Above
Lobby, Below*



Pension Funds.

This project is expected to serve as a benchmark for historic preservation. It is consistent with the City of Rochester's Consolidated Plan and the City's Housing Policy and Housing Market Analysis--focusing on the need to preserve existing structures and promote adaptive reuse.

The 71 Carriage Factory Apart-

ments are providing necessary affordable housing and helping to revitalize the Susan B. Anthony neighborhood. Approximately 300 construction and 20 long-term positions were created as a result of this project.

"CPC is pleased to have provided a \$10.35 million construction loan and \$2 million permanent loan, with the support of the NYS Pension Funds, for this outstanding project. Though the closing of the construction loan was indeed complicated, CPC's strong relationship with DePaul and our shared mission to meet Rochester's housing needs helped

bring this project to fruition," said Sadie McKeown, Executive Vice President and Chief Operating Officer at CPC.

Additional partners included Christa Construction, DePaul, Goldman Sachs, Monroe County, New York State Office of Mental Health, Red Stone Equity Partners, LLC, Susan B. Anthony Neighborhood Association and SWBR Architects, P.C.



Ed. Note: This is a stunning example of adaptive reuse of an

industrial building, differing from those found in many small towns across the state only in terms of scale. Do you have a similar project waiting to happen in your village?

Rural Diaspora?

A March 27th article in the Washington Post explores the recent phenomenon of rural ex-pats going home to their communities of origin to be part of those communities' re-birth.

The article profiles the return of a 53 year old woman to Pulaski County, Virginia, and the partnership she has created with County government to establish a business that will build on the County's agricultural roots, benefit the teenagers in the area, revive an abandoned property to create an aquaponics greenhouse and community cannery. The County officials want her to succeed because her mission is tied to theirs: Pulaski is chasing its own dream of a new beginning. After a decades-long economic slide, the county has added nearly a thousand jobs in 18 months. New industries are showing interest. And just down the street is a thriving cluster of businesses anchored in an old mercantile building.

The project profiled in the article participated in a national championship to foster and financially support innovative rural entrepreneurship, a partnership between the American Farm Bureau Federation and Georgetown University McDonough School of Business.

The complete article can be found at www.washingtonpost.com/lifestyle/magazine/can-rural-america-be-saved-a-new-national-challenge-tries-to-see/2015/03/20/6d9f85f8-b6b9-11e4-a200-c008a01a6692_story. the Rural Challenge website is at www.strongruralamerica.com/challenge/.

If you seed small businesses attuned to local needs, the project's leaders believe, rural economies will bounce back.

Career Opportunities

REO Foreclosure Specialist

The REO/Foreclosure Specialist will work with the Servicing unit manager and the Agency's servicers to facilitate more timely processing of loans in foreclosure (once all other options to assist the borrower have been exhausted) as well as the processing of required documentation to sell foreclosed properties.

The position is responsible for working with servicers to ensure that foreclosures move through the process as expeditiously as possible. In addition, once properties have been foreclosed and the selling price has been approved by the pool insurer, work with servicers to process the necessary paperwork to sell the properties.

Requirements/Qualifications:

The requirements listed below are representative of the knowledge, skill, and/or ability required for this position:

- 3+ years successful experience in real estate and foreclosure;
- Possess a thorough knowledge of the New York State foreclosure and REO processes;
- Familiarity of New York State real estate contracts and closing documentation;
- Ability to work effectively under pressure;
- Organizational skills to manage multiple accounts simultaneously;
- Ability to work independently with minimal supervision;
- Proficient in MS Excel and MS Word;
- Excellent verbal and written communication skills;
- Strong analytical skills and attention to detail;

To apply, please send resume and cover letter to: jobopportunities@NY-SHCR.org.
EOE

The New York State Rural Housing Coalition is happy to be able to provide help wanted advertising opportunities for our members and non-profit community development agencies. Ad copy must be provided in Microsoft Word format, and may be transmitted by email to rhc@ruralhousing.org. Ad copy must comply with federal and state equal opportunity requirements to be published, and must be received by the 25th of the month to ensure placement in the succeeding issue of *Rural Delivery*. Ads provided in this fashion will also be posted in the Career Opportunities page of the Coalition's website, unless a request is specifically made not to place the advertisement on-line.

HAPPY SPRING!

Rumor has it that Spring really is coming....

Section 3 Proposed Rule to Be Published

On March 19th, HUD's Office of Fair Housing and Equal Opportunity sent an email to Section 3 stakeholders offering a preview of long-anticipated amendments to the interim Section 3 regulations. HUD Secretary Julián Castro has announced imminent publication of the proposed rule. The email includes a link to the proposed rule, which is expected to be published in the Federal Register shortly. In 1994, HUD published an interim rule updating the Section 3 regulations in response to changes made by the Housing and Community Development Act of 1992.

The purpose of Section 3 of the Housing and Urban Development Act of 1968 is to ensure that when HUD assists housing and community development projects, preference for some of the new jobs, training, and contracting opportunities that are created go to low income people and to the businesses that hire them "to the greatest extent feasible."

HUD states in the preamble to the proposed rule that the experience with Section 3 since 1994 has revealed features of the interim rule that could be modified to improve effectiveness, and that efforts since 2009 to improve Section 3 oversight without changing the regulations "have not been as successful as HUD hoped."

The preamble summarizes 11 provisions of the proposed rule that HUD considers significant:

1. Establish a standard for the statutory language, "to the greatest extent feasible." The statute uses the expression "make their best efforts" when referring to the Section 3 obligations of public housing agencies (PHAs). For other entities, such as local and state governments administering the Community Develop-

ment Block Grant (CDBG) or the HOME programs, the statute uses the expression "to the greatest extent feasible," when referring to the Section 3 obligations of those entities. HUD considers the two expressions to be essentially the same. The proposed rule would use only "to the greatest extent feasible." The proposed rule also lists actions PHAs and local and state governments (formally termed "recipients") must take to demonstrate compliance with their Section 3 obligations.

2. Revise the definition of "new hire." The current rule sets a goal of having 30% of new hires at a project to be "Section 3 residents," but the rule has no provision concerning how long the Section 3 resident should be employed. A Section 3 resident is either a public housing resident or a resident whose household income is 80% of the area median income or less. Advocates have long asserted that the rule's lack of attention to the hours worked, as well as the duration of employment, are loopholes that allow contractors to hire Section 3 residents for a short period of time. HUD concurs, proposing to redefine a new hire as someone who works a minimum of 50% of the average hours worked for a specific job category for which the person was hired, for duration of time that the work is performed on the project. The preamble offers an example. If a typical painter works 40 hours per week, then a Section 3 new hire must work a minimum of 20 hours per week for as long as a typical painter works at the project.

3. Change the dollar threshold for non-PHA recipients. For recipients of housing and community development assistance, such as cities, counties, and states receiving CDBG and HOME funds, the cur-

rent rule has a \$200,000 threshold that a recipient receives in a given year from all sources (CDBG, HOME, Lead Hazard Control, etc.). At that threshold, Section 3 obligations are triggered once any portion of those funds are used for any activity involving housing construction or rehabilitation, or other public construction, such as roads, water and sewerage projects. HUD notes that some recipients incorrectly apply the threshold on a per-project basis rather than on a per-recipient basis. In other words, some recipients evade Section 3 obligations at a given project that has less than \$200,000 of HUD assistance.

The proposed rule would establish a new threshold. Section 3 requirements would apply to recipients of housing and community development financial assistance that plan to obligate or commit an aggregate amount of \$400,000 or more in Section 3-covered housing rehabilitation, housing construction, demolition, or other public construction during a given reporting period. HUD notes that this would exempt 37% of all recipients, but these recipients receive less than 5% of all covered federal financial assistance.

4. Revise the definition of "Section 3 business." The current rule defines a Section 3 business as one that meets one of three criteria: (a) Section 3 residents own at least 51% of the business, (b) at least 30% of the employees are permanent, full-time Section 3 residents, or (c) the business commits to subcontracting at least 25% of the dollar amount of all of its subcontracts to businesses that meet either of the other two criteria.

The proposed rule would eliminate the third option because HUD

Section 3 Continued

Continued from Page 6

found “a pattern of misuse by contractors that initially indicated they would award 25% of subcontracts to Section 3 businesses in order to receive preference for contracts, but never provided contracts to them.”

The proposed rule would add two options to the current rule’s (a) and (b). They are:

c) The business meets the definition of “resident-owned business” in the public housing regulations (24 CFR 963.5).

d) At least 20% of the business’s permanent, full-time employees are Section 3 residents, and either:

i. The business sponsors a minimum of 10% of its current Section 3 employees to attend a U.S. Department of Labor (DOL)-recognized, or a state Apprenticeship Agency-approved, apprenticeship or pre-apprenticeship training program that meets DOL requirements; or

i. At least 10% of the employees are participants or graduates of a DOL YouthBuild program.

5. Give priority to Section 3 businesses at housing and community development projects that will retain a minimum of 75% of previously hired Section 3 residents and that will provide a minimum of 50% of on-the-job training or apprenticeship opportunities to Section 3 residents.

6. Replace the 3% goal with a 10% goal for awarding non-construction contracts to Section 3 businesses. The current rule has a goal of awarding at least 10% of the total dollar amount of construction contracts and at least 3% of non-construction contracts, such as accounting and engineering, to Section 3 businesses. HUD states that there is no statutory basis distinguishing goals for construction and non-construction contracts. In addition, interpreting the goal has been a problem for recipients. Therefore, the proposed rule would establish the 10% goal regardless of the type of contract.

7. Introduce a new term, “Section 3 local area.” Currently, a Section 3 resident or business anywhere in the nation can receive preference whether or not they live in or operate in the metropolitan area where the HUD-assisted work is carried out. The proposed rule would require the Section 3 resident or business to live in or be located in the “Section 3 local area,” defined as the metropolitan statistical area or the non-metropolitan county where the Section 3 project takes place.

8. Allow recipients to accept residents or businesses who self-certify that they qualify for Section 3 preference. The proposed rule would also allow recipients to presume that residents or businesses qualify

if they live in or are located in disadvantaged census tracts. Recipients must examine a sample of those who self-certify or who are presumed qualified to verify compliance.

9. Monitor payroll data of developers and contractors. The proposed rule would require recipients administering Section 3 projects that are also subject to Davis-Bacon prevailing wage obligations to monitor a contractor’s payroll for changes in employment, such as terminations, retirements, transfers, and new job vacancies, in order to identify instances when Section 3 obligations are triggered. The intent is to improve contractor accountability.

10. Amend agreements with labor unions. HUD comments that recipients in jurisdictions that have bargaining agreements with labor unions typically have low rates of Section 3 compliance because unions operate outside of Section 3 obligations. The proposed rule would require recipients to amend all existing agreements with labor unions to ensure that Section 3 obligations are included to prevent labor unions from obstructing recipients’ ability to achieve compliance.

11. Establish penalties for recipients that fail to submit Section 3 annual reports. The proposed rule would seek penalties such as denying or withholding subsequent funds.

Main Street Boot Camp A Success

A two day training on revitalizing rural Main Streets was held on March 23rd and 24th in Margaretville. The session, made possible by NYS Homes and Community Renewal, was organized by Peg Ellsworth of the M-Ark project and her staff. The audience consisted of local municipal officials and volunteers from communities in the Catskills, that learned about storefront rejuvenation, attraction of new retailers to your community, developing affordable housing in vacant second and third story space in commercial buildings, and the use of social media in support of revitalization efforts. The training was developed to explore local issues, as well as to foster inter-municipal cooperation. Congratulations to Peg and all the M-Ark staff on organizing a successful event!

2015 State Budget Allocations

	Executive Proposal	Final
<i>Article VII/Mortgage Ins. Fund</i>		
Rural Rental Assistance	21,642,000	21,642,000
Mitchell Lama	42,000,000	42,000,000
Neighborhood Preservation Pgm	8,479,000	8,479,000
Rural Preservation Program	3,539,000	3,539,000
Rural and Urban Fund	17,000,000	17,000,000
Housing Trust Fund	7,500,000	7,500,000
Homes for Working Families	8,500,000	8,500,000
Supportive Housing	16,340,000	16,340,000
		Total: 125,000,000
<i>JP Morgan Chase Settlement</i>		
Construction/Rehab - 130%	50,000,000	25,000,000
Rehab of Limited Profit - Art. 2	50,000,000	25,000,000
Neighborhood Revit.@ SONYMA	21,689,965	21,689,965
Access to Home- Art. 25	19,601,000	19,601,000
RESTORE	5,000,000	5,000,000
Multi-agency Supportive Housing	116,000,000	124,500,000
Restore NY	50,000,000	25,000,000
NY Main Street	0	5,500,000
CDFI Fund	15,000,000	0
LINC	40,000,000	40,000,000
HIV/AIDs Rental Assistance	27,000,000	27,000,000
RPC/NPC	20,259,000	20,259,000
Public Housing Modernization	25,000,000	100,000,000
ADK Community Housing Trust	0	1,000,000
		Total: 439,549,965
<i>Aid To Localities</i>		
Housing Development Fund	8,227,000	8,227,000
<i>Capital Programs Fund/HCR</i>		
Access to Home	1,000,000	1,000,000
AHC	29,000,000	29,000,000
Homes for Working Families	9,000,000	9,000,000
RESTORE	1,400,000	1,400,000
Housing Trust Fund	40,200,000	40,200,000
NY Main Street	4,200,000	4,200,000
Public Housing Modernization	6,400,000	6,400,000
<i>Capital Programs Fund/OTDA</i>		
HHAP	63,500,000	63,500,000
		Total: \$154,700,000



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Illegitimi Non Carborundum