



**Written Testimony of SEIU 32BJ  
2024 Joint Legislative Budget Hearing, Housing  
February 14, 2024**

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SEIU 32BJ is the largest property services union in the nation, with 175,000 members across 11 states and Washington, DC., including more than 85,000 members in New York State. We thank you for the opportunity to provide this testimony to the legislature on the subject of housing policy.

SEIU 32BJ is uniquely well-positioned to speak to the health of the New York multifamily housing sector and the availability of affordable housing. Our members are the doormen, porters, maintenance technicians, superintendents, window cleaners and other essential building service workers upon whose labor New York building owners, managers and tenants rely. Over the past several decades, 32BJ has fought for and won strong contracts that have significantly raised the standard of pay and benefits in the residential housing market. And yet, our members, like so many other working people in New York, struggle to find affordable housing within reasonable commuting time to their jobs.

32BJ is pleased to join our elected leaders, labor partners and other allies to work towards a comprehensive solution to New York’s urgent housing crisis – one that will ensure that working families at all income levels have affordable and stable housing, and which will support the growth of the good union jobs that are indispensable to the state’s economic well-being. We are optimistic about the prospects for achieving a set of policies that works for tenants and workers.

New York City’s housing crisis is the result of the failure of new housing construction to keep pace with population and job growth over the last decade, a problem that has grown more acute since the expiration in 2022 of the 421-a program, which had spurred the majority of new housing production in recent years.<sup>1</sup> From 2010 to 2020, New York City’s population increased by approximately 630,000 residents and the city gained almost a million new jobs, while its housing stock increased by only 200,000 units.<sup>2</sup> The discrepancy between job growth and housing production meant that only 0.19 units of housing were permitted for every job added in New York City from 2010 to 2018.<sup>3</sup>

We at 32BJ have seen first-hand how the lack of affordable housing has forced workers, including those with solid union jobs and good wages, out of their communities and

<sup>1</sup> Raetz, Hayley and Matthew Murphy, “The Role of 421-a during a Decade of Market Rate and Affordable Housing Development,” (NYU Furman Center, Feb. 2022), pg. 9, available at

[https://furmancenter.org/files/publications/The\\_Role\\_of\\_421-a\\_Final.pdf](https://furmancenter.org/files/publications/The_Role_of_421-a_Final.pdf) (“The majority of multifamily units completed between 2010 and 2020 were built using a 421-a exemption. In residential properties of four or more units, 68 percent of units used 421-a...”)

<sup>2</sup> Ward, Jason M., George Zuo, and Yael Katz, “Supporting Housing Affordability in New York City Through Increased Housing Production: A Policy Brief” (Santa Monica, CA: RAND Corporation, 2023), pg. 1, available at [https://www.rand.org/pubs/research\\_reports/RR2775-1.html](https://www.rand.org/pubs/research_reports/RR2775-1.html).

<sup>3</sup> “Strategies to Boost Housing Production in the New York City Metropolitan Area (Citizens Budget Commission, Aug. 2020), pg. 1, available at <https://cbcny.org/research/strategies-boost-housing-production-new-york-city-metropolitan-area>



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even out of the state, resulting in massive displacement and long commutes. 32BJ members increasingly travel from as far away as Rockland County, Newark, and the Poconos to their jobs at NYC buildings. Bus and train trips that can exceed two hours place enormous physical and mental stress on workers and rob them of family time. Nearly 13,000 32BJ members who work in New York City now commute from a home outside of the city, and over 6,000 of those commute from out of state.<sup>4</sup> The displacement of our members, most of whom are workers of color, and many of whom are immigrants, not only burdens their families, but has also eroded the social fabric of many communities.

New York needs to produce hundreds of thousands of housing units to meet the projected half a million unit shortfall.<sup>5</sup> In recognition of this crisis, Mayor Adams and Governor Hochul have announced goals of producing 500,000 and 800,000 new housing units in the city and state respectively over the next decade. Only a bold and comprehensive set of policy interventions has the potential to create the number of new units that our members and countless others need. The state and the city need a broad array of tools to address the massive shortfall, including tax incentive programs to spur private development that includes affordable units for New Yorkers at a range of income levels and that include prevailing wages requirements for construction and building service workers, namely an extension to the 421-a deadline for vested projects, a replacement for the 421-a program, and a tax incentive to convert commercial buildings to residential uses, used in combinations with programs that create pathways to home ownership, rent vouchers for low-income tenants and tenant protections to safeguard renters in unregulated rental housing.

**ELFA Part T – Extend the Project Completion Deadline for 421-a Vested Projects and ELFA Part U – Create New Tax Abatement for Rental Housing Construction**

The Governor’s proposals to replace the expired 421-a program and to extend the deadline for completing already vested 421-a projects are indispensable elements of any viable housing plan. The enormity of the crisis requires that government work with private developers to deliver the volume of units we desperately need, which we believe will also address affordability by creating rent-restricted units through the program’s affordability requirements and creating downward pressure on rents by decreasing competition among renters. A new tax relief program for new multi-family housing construction should include deep affordability requirements, and should seize the potential to produce more and permanently affordable units in higher-rent areas.

The need for a 421-a replacement is evident in both the effect the program has had on production and in the impact its expiration has had on the city’s residential construction pipeline. The majority of multifamily projects constructed in the last decade were 421-a

<sup>4</sup> 32BJ Health Fund staff analysis of member data, on file with 32BJ, showing that of the 80,493 32BJ members who have a NYC work address, 12,856, or 16%, do not have a NYC home address. Of the workers without an NYC work address 8% (6,096) live in NY outside of NYC, 7% (5,677) live in NJ, 0.7% (537) live in PA, and 0.5% (480) live in CT.

<sup>5</sup> Ginsburg, Aaron, “NYC on track to build just 11,000 homes this year, half of 2022 total report finds” (6sqft New York City, Oct. 2023), available at <https://www.6sqft.com/nyc-build-just-11000-homes-in-2023-amid-housing-crisis/>



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developments: between 2010-2020, NYU’s Furman Center reports that nearly 70% of new developments with more than 4 units received the 421-a exemption.<sup>6</sup> 421-a also produced a significant share of the city’s income-restricted housing. Under the statute’s affordability requirements, 421-a created thousands of affordable units, averaging 2,700 per year since 2016. This number represents about 30% of the approximately 9,300 total affordable units constructed per year.<sup>7</sup> In contrast, only 285 multifamily projects containing 9,909 proposed units of housing were issued ground-breaking permits in 2023—less than half the annual average of 20,000-25,000 units.<sup>8</sup>

Additionally, without extension of the 421-a deadline, the future of upwards of 70 already vested projects, expected to produce over 30,000 units, would be at risk.<sup>9</sup> Extending the completion deadline for these projects will also secure approximately 500-1,000<sup>10</sup> new, family sustaining building service jobs thanks to the prevailing wage requirement attached to the 421a program. These are exactly the kind of jobs that New York desperately needs more of – jobs that don’t require a college degree but provide a rewarding career trajectory and a pathway to the middle class.

By requiring that workers in 421-a projects received the same wage and benefits standards that union members fought to win and maintain, 421-a has also prevented developers from undercutting 32BJ’s contract standards. The benefits of the critical prevailing wage component of the policy thus extended beyond the estimated 1,200 prevailing wage service worker jobs<sup>11</sup> created in 421-a buildings, by putting pressure on employers not subject to the program’s prevailing wage requirements to stay competitive in the job market.

Any replacement to 421-a, and any other tax incentives or subsidies for developers, must similarly condition tax benefits for developers on compliance with prevailing wage standards and include meaningful provisions for monitoring and enforcement. Any tax incentive program for new multi-family development must ensure that developers as well as direct employers of building service workers are accountable for compliance with labor standards requirements and that remedies for violations are meaningful, including revocation of the benefit for repeat offenders.

<sup>6</sup> Raetz, Hayley and Matthew Murphy, “The Role of 421-a during a Decade of Market Rate and Affordable Housing Development,” (NYU Furman Center, Feb. 2022), pg. 9, available at

[https://furmancenter.org/files/publications/The\\_Role\\_of\\_421-a\\_Final.pdf](https://furmancenter.org/files/publications/The_Role_of_421-a_Final.pdf) (“The majority of multifamily units completed between 2010 and 2020 were built using a 421-a exemption. In residential properties of four or more units, 68 percent of units used 421-a...”)

<sup>7</sup> “How Does 421a Fit into Creating Affordable Housing Opportunity in NYC” (NY Housing Conference, Jan. 10, 2024), available at <https://thenyh.org/wp-content/uploads/2024/01/FINAL-NYHC-How-421a-Fits-Into-Affordable-Housing-Tools-Jan-9.pdf>

<sup>8</sup> Eddie Small, “Developers Filed Plans for Less than 10k Housing Units Last Year: REBNY Report,” (Crain’s New York Business, Jan. 9, 2024), available at <https://www.craigslist.com/real-estate/developers-filed-plans-less-10k-new-york-housing-units-last-year-rebny-report>.

<sup>9</sup> Brenzel, Kathryn, “Housing Deal with 421a, Good Cause Eviction Falls Apart,” (The Real Deal, June 8, 2023), available at <https://therealdeal.com/new-york/2023/06/08/housing-deal-with-421a-good-cause-eviction-falls-apart/>.

<sup>10</sup> This figure is based on 32BJ’s calculations, estimating that residential housing developments employ anywhere between one worker for every 30 units (on the high end) to one worker for every 60 units (on the low end).

<sup>11</sup> See note 10., above.



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A 421-a replacement must carefully balance the state’s interest in maximizing limited resources while creating a sufficient incentive to actually spur development. We recognize that real estate development is contingent on the decision of a variety of investors, including union pension funds, to undertake a financial risk based on their expectation of a reasonable return on their investment.<sup>12</sup> This reality must guide decisions about the contours of a new tax incentive program, including what affordability bands it requires.

We also recognize that 421-a must be deployed alongside other tools to effectively address New York’s housing crisis. The diversity and magnitude of New Yorkers’ housing needs require a broad range of policy interventions. Experience has shown that 421-a has long worked in concert with other city and state programs to create both market rate and income-restricted affordable housing to serve New Yorkers at all income levels.<sup>13</sup> 421-a has been particularly valuable for significantly boosting the overall volume of units created while also delivering a steady stream of subsidized affordable units, easing pressure on the entire housing market and moderating even market-rate rents.<sup>14</sup> Other city and state programs have focused limited government resources on housing for low-income New Yorkers in greatest need of housing, providing invaluable relief through subsidized projects of deeply affordable units restricted to households at very-low, low and moderate Area Median Income bands.

**ELFA Part R – Authorize Tax Incentive Benefits for Converting Commercial Property to Affordable Housing**

32BJ supports measures proposed in Part R that would facilitate the conversion of commercial space to residential use in New York City. Sinking demand for office space has resulted in the loss of good, union building service jobs, as well as job-loss for other workers serving the commercial office market. Providing tax incentives for conversion

<sup>12</sup> As a reference point, the NYC Comptroller announced in August 2023 that for the fiscal year ending June 30, 2023, [the five City pension systems achieved a robust 8.0% return, net of fees. These returns surpass the 7% target rate set by the state legislature.](#) New York City Comptroller Brad Lander, “Spotlight: New York City Pension Fund Returns for FY 2023” Aug. 8. 2-23, available at <https://comptroller.nyc.gov/reports/spotlight-new-york-city-pension-fund-returns-for-fy-2023/>

<sup>13</sup> Mandatory Inclusionary Housing (MIH), for example, is a zoning tool requiring developers to include permanently affordable housing in areas rezoned to allow for greater residential density. Areas covered by MIH include neighborhood rezonings and rezonings of individual lots pursuant to private ULURP applications. The affordability requirements of MIH were “structured to work with 421-a” at the time of the program’s conception, and are widely understood as reliant on the availability of a long-term property tax exemption. “How Does 421a Fit into Creating Affordable Housing Opportunity in NYC” (NY Housing Conference, Jan. 10, 2024), available at <https://thenyh.org/wp-content/uploads/2024/01/FINAL-NYHC-How-421a-Fits-Into-Affordable-Housing-Tools-Jan-9.pdf>

<sup>14</sup> Ward, Jason M., George Zuo, and Yael Katz, “Supporting Housing Affordability in New York City Through Increased Housing Production: A Policy Brief” (Santa Monica, CA: RAND Corporation, 2023), pg. 3, available at [https://www.rand.org/pubs/research\\_reports/RRA2775-1.html](https://www.rand.org/pubs/research_reports/RRA2775-1.html), (summarizing findings of “recent peer-reviewed research finding that new market-rate rental developments reduce rents of nearby units by between 1 and 6 percent”); Been, Vicki and Ellen, Ingrid Gould and O’Regan, Katherine M., Supply Skepticism Revisited (November 10, 2023). NYU Law and Economics Research Paper Forthcoming, available at SSRN: <https://ssrn.com/abstract=4629628> or <http://dx.doi.org/10.2139/ssrn.4629628> (explaining that recent research studies indicate that overall increases in housing supply slow growth in rents in the region and that, to a certain degree, new construction also reduces rents or rent growth in the surrounding area).



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projects that include affordable housing has the potential to create more housing in core employment zones, helping to boost access to amenity-rich neighborhoods for working families and easier access to jobs for middle- and lower-wage workers. Replacing under- or un-utilized commercial space with residential units would also help replace some of the building service jobs lost during the pandemic, as well as revitalize declining commercial neighborhoods. We support conditioning the tax abatement on compliance with building service worker prevailing wage requirements. Such a requirement will help to ensure that any newly created jobs in converted buildings meet the wage and benefit standards that prevail across the New York City residential sector. It is also consistent with other policies that ensure that public spending supports family sustaining jobs.

ELFA, Part Q – Lift the 12 FAR Cap

The union supports a proposal to allow New York City to lift the 12 Floor Area Ratio (FAR) cap for residential developments. If adopted, the measure will help to boost housing supply by allowing increased density. Importantly, local zoning processes must be retained, which will help to ensure projects continue to be shaped by community and stakeholder engagement; must be done in conjunction with mandatory inclusionary requirements, to boost affordable housing supply; and targeted to increase dense residential development in place of now-obsolete commercial office buildings.

While significantly boosting housing production is necessary to addressing the housing affordability crisis, supply-side measures can and should be deployed in combination with programs and policies to protect tenants from eviction and unreasonable rent hikes, provide housing vouchers to enable low-income renters to access and maintain housing, and stem homelessness. We also welcome proposals to create opportunities for home ownership for working families.

Good Cause Eviction

We recognize the devastating economic and emotional impact of eviction on individuals and families, many of whom struggle to pay rent because of persistently low wages and/or income instability. As such, tenant protections are an essential component of a holistic housing solution. We recognize that many evictions are due to non-payment of rent<sup>15</sup>; this is why 32BJ continues our fight to raise worker wages. But we also appreciate the need for a clear and fair process to ensure that tenants are only evicted for valid reasons and that they are provided the opportunity to renew their leases at a reasonable rent. States like California have figured out how to enact these types of protections in a way that works within the broader housing ecosystem, and we believe New York can do so as well. We support including protections for tenants in unregulated housing as part of a larger package of housing policies.

Housing Access Voucher Program (HAVP)

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<sup>15</sup> See, NYU Furman Center, State of the City 2019, Eviction Filings, (“Eviction filings for non-payment of rent made up the majority (82.1% of filings in 2019, though this type of filing experienced a slight decrease in share from 2018 (83.4%). Available at, [https://furmancenter.org/stateofthecity/view/eviction-filings#:~:text=While%20filings%20decreased%20each%20year,share%20from%202018%20\(83.4%25\)..](https://furmancenter.org/stateofthecity/view/eviction-filings#:~:text=While%20filings%20decreased%20each%20year,share%20from%202018%20(83.4%25)..)).



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New York State is in the midst of the worst homelessness crisis since the Great Depression, with 74,000 people living in shelters and on the streets.<sup>16</sup> The Housing Access Voucher Program would provide immediate rental assistance to New Yorkers, helping people with low or unpredictable income secure permanent housing and protecting others from losing it in the first place. Including HAVP in this year's budget would help more than 50,000 people statewide avoid homelessness.

Right to Counsel

Providing vulnerable tenants with increased access to legal representation would help guard against unwarranted evictions and abusive housing conditions. Ensuring that tenants receive the help of a lawyer when they need one will even the playing field between renters and landlords, keeping more tenants in their homes, stabilizing communities and ensuring that housing remains safe and affordable.

We thank the Legislature for the opportunity to provide these comments and we look forward to a fruitful dialogue on these important matters. If you have any questions, please contact Political Coordinator Deandra Khan at [dkhan@seiu32bj.org](mailto:dkhan@seiu32bj.org) or (929) 208-9181.

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<sup>16</sup> "The 2022 Annual Homelessness Assessment Report to Congress" (U.S. Dept. of Housing and Urban Development, Dec. 2022), available at <https://www.huduser.gov/portal/sites/default/files/pdf/2022-AHAR-Part-1.pdf>.