



OFFICE OF THE MAYOR

MAYOR BEN WALSH

February 6, 2024

Hon. Helene E. Weinstein, Chair
Assembly Ways and Means Committee
Hon. Liz Krueger, Chair
Senate Finance Committee

Good morning,

Thank you, Chair Weinstein, Chair Krueger and the members of the Legislative Fiscal Committees, for inviting me to these joint hearings to discuss the State Budget. It is an honor to be here.

I am grateful to the Legislature for its support of the City of Syracuse. I am particularly appreciative of the members of our local delegation, Senator Rachel May, Senator John Mannion, Assemblyman Bill Magnarelli, Assemblywoman Pam Hunter, and Assemblyman Al Stirpe. Throughout my six years as Mayor, New York State has been a steady and impactful partner.

Syracuse is at the center of multiple national and world-leading initiatives in coordination with New York State. Construction on the \$2.25 billion Interstate 81 project is underway. Micron's \$100 billion commitment to build a massive semiconductor chip fab in our community is advancing. The Syracuse Surge, our strategy for inclusive growth in the New Economy, continues to draw investment. With the State's assistance, all of these major efforts are focused on creating equitable opportunity for people in the city and around the region.

These transformational initiatives create new and different challenges, particularly in the areas of housing, public infrastructure and workforce development. As such, I want to continue to work with New York on smart and strategic investments.

Affordable Housing

Syracuse strongly supports the efforts by this Legislature and Governor Hochul to increase affordable housing. In 2020, I introduced the Resurgent Neighborhoods Initiative in Syracuse, a program to increase housing and build stronger neighborhood business corridors. We set a big goal for Syracuse – hundreds of units of affordable, new construction single- and two-family homes at scattered sites all over the city. With New York's help, we're more than halfway to our goal.

We're also working with the State and partners to advance multiple large scale mixed-

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income housing projects. The financing and design plans for the first phase of the East Adams Neighborhood Transformation are actively underway, and construction will begin in 2025. This multi-phase plan will include a 1:1 replacement of all Syracuse Housing Authority public housing units in that neighborhood and include some new mixed-income apartments, totaling 1,400 units of new housing on the southside. We're also reactivating the former state-owned Syracuse Developmental Center site on the westside, and the old Maria Regina campus on the northside, which will put two long vacant properties back on the tax rolls and add hundreds of new units of quality housing.

Syracuse Housing Promise

At my State of the City address last month, I announced a new "Housing Promise." Before I leave office in 2025, Syracuse will have 2,500 new units of quality housing completed or underway in the city. It's an ambitious number but based on our experience and with the help of the State, we will make it happen.

Restoring the city's existing housing stock is one of the most effective ways we can meet the housing needs of a growing region. Decades of job loss and population decline did severe damage to housing in Syracuse. Earlier this year, we completed the Syracuse Housing Study, one of the most in-depth housing analyses ever done by a city.

The study finds the city is burdened with two separate but related problems – we have both a market gap and an affordability gap. The market gap is the difference between what it costs to create and maintain housing and the market's willingness to pay for it; the affordability gap is the difference between what it costs to create and maintain housing and the market's ability to pay for it.

We are now underway with a Syracuse Housing Strategy, which will provide a roadmap for how to address the issues raised by the study in the coming years. It will require non-traditional strategies. We will need to bring new support and assistance to homeowners, especially in transitional or "bridge" neighborhoods. By bolstering these stable but moderately distressed neighborhoods, we will halt further decline and build more areas of strength faster.

Syracuse Housing Trust Fund

With the State's help, we've taken a critical step with the formation of a new Syracuse Housing Trust Fund. The fund will give us more tools and financial capacity to construct, renovate, repair and rehabilitate housing in the city. We will need the State's continued support going forward.

Public Infrastructure

New York's quality, abundant water supply is a precious natural resource. About 200,000 people in the City of Syracuse and multiple surrounding communities get their drinking water from Skaneateles Lake, a pristine Finger Lake southwest of the city. In close coordination with the Health Department and DEC, we're making good progress on a plan to extend one of the two pipes that draw water from the lake to

a deeper location that is less susceptible to increasing turbidity. We're also working on a plan to switch to onsite chlorine generation for disinfection using salt, water and electricity. In partnership with the State, we can ensure clean drinking water and community protection long into the future.

Workforce

The City's highly regarded workforce development initiatives in technology, advanced manufacturing and construction are drawing investment to Central New York. The Syracuse Surge has helped upskill thousands of adults and young people to meet employers' tech workforce needs. Our Syracuse Build initiative is putting city residents into apprenticeships and good paying careers in building and construction.

Syracuse strongly supports Governor Hochul's ON-RAMP proposal to build a network of innovative workforce development hubs across Upstate. With the flagship hub in Syracuse, this project will help expand our successful Syracuse Surge and Syracuse Build programs.

Fiscal Sustainability

I made a firm commitment to the City's financial well-being when I became Mayor. Despite progress through careful fiscal management, the City still spends more on the vital services residents deserve than we take in from taxes, fees, and state aid.

Room Occupancy Tax

Clearly, that is not a sustainable position, which is why we launched a Revenue Enhancement Workgroup last year, with the goal of wiping out our structural deficit. The group identified multiple options, including instituting a hotel room occupancy tax, similar to those enacted recently in the nearby Town of Dewitt and Village of Skaneateles. We will be asking the Legislature to authorize this same source of revenue for the City in this session.

New York State Aid and Incentives to Municipalities

As we institute new local measures to achieve fiscal sustainability, I also must address the negative impact of the state's 15-year freeze on AIM, New York State Aid and Incentives to Municipalities. AIM is the second largest source of revenue for the City of Syracuse. Flat AIM is a major contributor to our fiscal plight.

At the start of 2024, newly elected Syracuse City Auditor Alexander Marion issued a report on the impact of frozen AIM aid on city operations and the city's structural deficit. He made four recommendations, including adjusting the AIM formula considering factors such as "the value of state-owned, tax-exempt properties in each municipality, meeting ambitious goals for affordable housing and improvements made to municipal infrastructure." We ask the Legislature to work with the Administration to update AIM in this year's budget.

In closing, I reiterate my appreciation to the members of the Syracuse delegation and the full Legislature for your steadfast backing. You share in Syracuse's resurgence. We welcome your continued partnership as we work to create equitable and sustainable prosperity for all of the people we serve.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Walsh', written in a cursive style.

Ben Walsh
Mayor

cc: Hon. Rachel May
Hon. John Mannion
Hon. William Magnarelli
Hon. Pamela Hunter
Hon. Al Stirpe