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February 14, 2024

New York State Legislature
Legislative Office Building,
2nd Floor, Albany, New York 12248

Re: Budget Hearing – Housing

Dear Chairs Kavanagh and Rosenthal,

On behalf of the New York Building Congress, thank you for allowing us to submit testimony to the Senate and Assembly Committees on Housing regarding the Legislature's efforts to create a comprehensive plan to address our state's current housing and affordability crises.

The New York Building Congress represents over 500 constituent organizations comprising over 250,000 skilled tradespeople and professionals dedicated to the growth and prosperity of New York City and State. With the lack of affordable housing stock one of the biggest obstacles to these goals, we applaud the Legislature's eagerness to shape a housing package that incorporates the diverse priorities of labor, property owners and developers, third-party stakeholders, the 46% of New Yorkers who rent their homes, and those currently struggling to find a place to call home. The Building Congress is committed to working with a broad coalition to take much-needed action once and for all.

We echo Gov. Hochul's proposal in the Executive Budget to extend eligibility for the recently expired tax incentive program—and enact a newer, more robust one—to reinvigorate the development of affordable housing. We also support the Governor's proposals to remove antiquated restrictions on the FAR cap that hinder development, streamline environmental reviews on affordable housing projects, boost the conversion of unused commercial space into residential units, and incentivize new opportunities for homeowners and tenants like Accessory Dwelling Units.

We respectfully request that you consider these items to be included in any plan put forth by the Legislature—we believe the dire current statistics outlined in our recent Construction Outlook report underscore this request.

New York's housing crisis went from bad to worse when we lost the number one driver for residential housing development in decades. While the program had its critics, when 421-a expired in 2022, we saw a dramatic drop in the construction of new residential housing. In New York City alone our annual projections for new units dropped from 30,000 to just over 11,000. This situation is unsustainable, and we are counting on the Legislature to ensure a home for every New Yorker.

In the Governor's Executive Budget, she introduced 485x, a replacement program for 421-a. We believe this proposal has the potential to provide a much-needed shot in the arm for our statewide housing stock, and will address criticisms of previous incentive programs. 485x would allow the Department of Housing Preservation and Development to determine updated affordability indexes and includes extending the completion deadline for vested projects that qualified for 421-a benefits but failed to start construction prior to the June 2022 deadline. This would save over 33,000 rental units currently in the pipeline. Extending the deadline is appropriate to account for delays and construction challenges due to the pandemic.

Furthermore, the Building Congress is committed to supporting the stipulation that makes the program dependent on the Building and Construction Trades Council and the Real Estate Board of New York agreeing to a Memorandum of Understanding (MOU). With member organizations across both labor and development, we are ready, willing, and able to use our unique position to help guide this program towards success.

As part of the overall housing package, the Building Congress also supports the following FY 2025 Budget proposals:

- ***Lifting the FAR Cap:*** *Removing the arbitrary residential 12 FAR cap is crucial for increasing housing density in urban areas, facilitating the construction of more residential units as well as promoting office conversions. Lifting this obstacle, which doesn't apply to offices, or other tall buildings in New York City, is a critically important step in providing more affordable housing for working families, at a time when we need it most.*
- ***Commercial Space Conversion:*** *We support incentivizing the conversion of underutilized office spaces into residential units, addressing the urgent need for housing while optimizing existing urban spaces. The first step is removing barriers to allow existing commercial buildings across New York City, especially in Manhattan below 96th Street, to convert to residential use to expand affordable housing across the city.*
- ***Enabling As-Of-Right Development for Affordable Housing:*** *By allowing for certain development projects to override zoning obstacles, we will ensure that exorbitant regulatory hurdles do not get in the way of creating necessary affordable units. We support allowing as-of-right construction of affordable housing in districts where less than 10% of housing is available at below-market rent, and the Faith Based Housing Affordability Act to allow faith-based institutions to develop affordable housing on their properties.*

- ***Accessory Dwelling Units:*** *We support including funding in this year's budget to encourage Accessory Dwelling Units and empower both homeowners and tenants. By incentivizing homeowners to build auxiliary units on their properties, we will help to alleviate housing shortages, particularly in areas like the suburbs that lack adequate affordable units.*

We have the opportunity in the FY 2025 budget to improve the lives of all New Yorkers, and we owe it to our great State to meet this crucial moment. Thank you again for the opportunity to testify on behalf of our members, and we appreciate you considering our recommendations.

A handwritten signature in black ink, appearing to read 'Carlo A. Scissura', is positioned above the printed name.

Carlo A. Scissura, Esq.
President and CEO