

**Testimony of Baaba Halm**  
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**To the New York State Senate and New York State Assembly**  
**Joint Legislative Budget Hearing on Housing**  
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My name is Baaba Halm and I am Senior Vice President of Programs for Enterprise Community Partners, a national nonprofit that exists to make a good home possible for the millions of families without one. We support community development organizations on the ground, aggregate and invest capital for impact, advance housing policy at every level of government, and build and manage communities ourselves. Since our New York office opened in 1987, we have committed more than \$6 billion in equity, loans and grants to affordable housing and community to create or preserve nearly 87,000 affordable homes across New York State.

On behalf of Enterprise, we would like to thank Chair Linda Rosenthal and Chair Brian Kavanagh, as well as Senate Finance Committee Chair Liz Krueger and Assembly Ways and Means Committee Chair J. Gary Pretlow for the opportunity to testify today on State Fiscal Year (SFY) 2026-27 budget and the tremendous housing needs across New York State.

**Overview**

Affordability has risen to the number one priority across our state. The ability of New Yorkers to afford their housing, as well as the sustainability of the affordable housing industry itself, are center stage.

These are not easy challenges to tackle. An uncertain landscape at the federal level is not only threatening longstanding housing resources but also amplifying pressures on low- and moderate-income New Yorkers in areas like health care, childcare, and food access. New York State cannot stand by as these challenges balloon and the impact bears down on our communities.

In recent years, thanks to your leadership, we have seen continued investment in affordable housing across New York – steady capital funding through the current five-year plan, and new investment in vital programs like the Housing Access Voucher Program, which launched as a pilot. Important housing supply measures to encourage office-to-residential conversations, reform the Floor Area Ratio (FAR) limitations, and steer more state resources toward “pro-housing communities” have been important steps to encourage needed housing growth.

This year, we must build upon those steps in a major way. State dedication to solving our housing crisis is more important than ever. We must look to continue encouraging housing supply and breaking down additional barriers to affordable housing delivery. Importantly, we must also take steps to aggressively tackle a crisis that has arisen around distressed housing, to protect the units already created, and ensure we are not losing more units than we are creating.

This testimony will highlight key priorities that must be part of the effort to tackle housing affordability for all of New York State.

### **Distress in Housing: Prioritizing Preservation and Operational Sustainability**

In October 2024, Enterprise [released a report](#) highlighting worrying signs of distress in New York' affordable housing stock. We analyzed combined Enterprise/National Equity Fund data encompassing over 420 projects and more than 37,000 units of 100% affordable housing in the state.

The results found that over the past several years, financial strain in affordable housing properties has risen significantly, leading to 57% of projects running operational deficits – taking in less income than they are expending. This is driven by astronomical increases in insurance costs, rising rates for other categories like utilities and repairs, and reduced rent collection. This data is representative of the challenges across the affordable housing portfolio and if left unaddressed, threaten our affordable housing stock as a whole. We must tackle preservation of this precious resource with the same urgency as the need to add new housing units. We join a coalition of housing advocates in calling for preservation to be prioritized this session through a variety of means. This includes:

- **Codify, Increase Resources for, and Expand the Parameters of the Reserve Replenishment Program.**
  - Last year's budget established the Reserve Replenishment Program through Homes and Community Renewal (HCR), which allows for distressed properties to bolster either replacement or operating reserves. This resource is important, as it allows funding to be flexibly utilized based on the challenge of a particular property. Having demonstrated success, this program should be codified, funds increased to meet the needs, and parameters expanded so it is available to distressed properties of greater unit size and different owner types.
  
- **Expand the Affordable Housing Relief Fund (S. 3219 / A. 1729).**
  - Establish a \$150 million fund that provides targeted financial support to distressed affordable housing properties across the state through grants or low-interest loans for critical capital repairs, and other operating shortfalls that jeopardize the viability of our existing affordable housing stock.

- **Fully Fund the NYS Supportive Housing Program (NYSSHP) and the Homeless Housing Assistance Program (HHAP).**
  - As our supportive housing stock ages and resources like the Continuum of Care are under threat, it is important that we bolster supportive housing with resources to fill gaps and ensure it remains a resource. We join the Supportive Housing Network of New York in this request.
  
- **Support the Preservation of USDA 515 Housing.**
  - New York State has around 22,000 units of United States Department of Agriculture (USDA) Section 515 housing. Developed in the 1990s and early 2000s in rural areas around the State, much of this housing is approaching the end of their regulatory periods, bringing potential loss of affordability. Last year, New York State thankfully stepped up to provide funding to preserve these properties for the future, and we support the Rural Housing Coalition in their ask for \$10 million in additional funding this year.

### **Tackling the Insurance Crisis**

While rising insurance costs are a component of what is driving distress in affordable housing, the significance of the problem necessitates its own focus area in this testimony. Put simply, affordable housing cannot survive insurance increases along the same trajectory that it has experienced these past seven years.

Our report demonstrated that insurance costs have risen 110% on average since 2017. The costs are now \$1,495 per unit statewide. In the Bronx, where a significant amount of affordable and rent stabilized housing is located, costs are highest in the entire state, at \$1,806 per unit.

Rising rates, a diminished marketplace of carriers willing to write new policies, and increasing exclusions, deductibles and conditions being imposed by carriers—this is the landscape facing affordable housing operators, which will require a package of solutions to reverse.

We are therefore encouraged by Governor Hochul’s proposals to increase transparency around rate increases, mandate discounts for risk-reduction measures, annual reporting and anti-fraud measures. We urge the legislature to include these proposals in their One-House budgets and to take the following steps.

- **Compel the Department of Financial Services (DFS) to Issue More and Better Data (A. 9016).**
  - Despite increased focus on insurance challenges in housing, significant gaps in data remain. This legislation requires annual reporting on the housing insurance marketplace, with broader scope than the 2022 DFS-HCR report.
  
- **Create an Affordable Housing Insurance Task Force (A. 9015).**

- With broad representation across insurance, housing, and government stakeholders, this task force would be helpful in opening communication across industries and advancing recommendations.
- **Establish an Affordable Housing Insurance Relief Fund (S. 7939 / A. 7828A).**
  - Although a stopgap measure rather than a long-term solution, emergency funding is needed to stabilize properties who have experienced shockwaves in their insurance costs. This would create a new pathway for those resources.
- **Dedicate Funding for Risk Mitigation and Mandate Premium Relief.**
  - New York’s insurance law already outlines mitigation measures that housing owners can undertake, which may result in the DFS Superintendent mandating actuarially-supported reductions in costs. These are primarily in the single-family home realm. DFS should expand these measures to include more options for multifamily housing, and funding should be available through housing programs to help affordable owners make upgrades.
- **Pilot a Carveout from the Scaffold Law for Affordable Housing Properties.**
  - A five-year exemption from the absolute liability standard for affordable housing would allow for data collection and analysis of changes in pricing and carrier participation, which would then inform policy decisions.
- **Mandate Disclosure of Third Party Litigation Funding (TPLF) to Courts and Opposing Parties in Lawsuits.**
  - While groups have cited the increased prevalence of TPLF, its scope and impact remain obscured from policy discussions due to lack of disclosure requirements. What entities are funding lawsuits and what kind of lawsuits are they most commonly funding? Are terms fair to the plaintiffs or are they predatory? Are affordable housing owners being targeted by firms looking to fund lawsuits? Increased transparency could help bring these issues to light.
- **Explore a New York State Reinsurance Backstop.**
  - A state-sponsored option to step in and cover insurance losses beyond a certain excess amount for affordable housing properties would bring down the price of private insurance across the board by reducing their exposure. If this fund were set up in a way that were actuarially sound, initial capital investment and replenishment could be a better investment than the eventual preservation needs across a portfolio which is struggling with costs at scale.
- **Develop Incentives for Insurance Carriers to Cover Affordable Housing.**

- The State can establish incentives – such as tax credits or regulatory fast tracking – for carriers who actively write new and renew affordable policies for the rent-regulated affordable housing stock.

### **Continue Encouraging Housing Supply**

Addressing historical undersupply trends through targeted investment, reduction of barriers, and zoning flexibility is important to making housing more accessible and affordable. In New York City, the City of Yes for Housing Opportunity zoning text amendments and ballot measures passed in November represent meaningful steps to allow more housing in more areas of the city. We must build off that momentum, particularly given the clear evidence that voters themselves favor easier pathways to housing development, even “in their own backyards.”

- **Pass sensible SEQRA Reform (S. 3492).**
  - Considering the environmental impact of development actions is important. However, as currently written and applied, the State Environmental Quality Review Act (SEQRA) ensnares too many affordable housing projects in lengthy, costly and sometimes insurmountable barriers. This does not make sense for projects that are modest, that are on previously disturbed land, and that are built sustainably. It certainly does not make sense for projects getting held up based upon allegedly conflicting with “neighborhood character,” as is now the case. Enterprise therefore supports the Governor’s sensible proposal to reform the SEQRA process to create clearer timelines for preparing environmental impact statements and to expand the types of affordable housing projects that qualify as Type II actions. This proposal has the potential to make more affordable housing feasible statewide.
- **Pass the Faith Based Affordable Housing Act (S. 3397 / A. 3647).**
  - The New York University Furman Center found that there are 8,181 properties, totaling more than 17,000 acres of land owned by faith-based organizations (FBOs) in the state, outside New York City. Many of these sites could provide an opportunity for affordable housing creation in a way that benefits local communities and the faith organizations themselves, but there are zoning barriers which make them infeasible. This legislation would pave the way for more zoning flexibility to give FBOs options for their land.
- **Allocate Additional Resources for the New York Acceleration Fund.**
  - Last year’s final budget included \$100 million to create the New York Acceleration fund, a revolving loan fund model to bring down the cost of capital so more housing can be built statewide. This simple model has already created a pipeline of 1,800 units and is expected to generate \$1 billion in overall housing investment. We urge the Legislature to include additional resources to replenish the fund.

## **Increasing Housing Access and Combatting Homelessness**

According to a report by Comptroller DiNapoli, 2024 saw the highest rate of homelessness in the history of New York State, which also experienced the sharpest rise in its homelessness of any state in the country. While rates have declined somewhat, as the migrant emergency which swelled shelter counts has abated, persistent homelessness remains a serious issue. Federal funding cuts, shifting priorities, and impacts from changes to Medicaid and SNAP will exacerbate the issue. Purely unlocking housing supply, while important, is not the sole solution to this crisis.

- **\$250 million for the Housing Access Voucher Program (HAVP).**
  - We applaud the Legislature and the Governor for finally advancing HAVP in pilot form. New York needs local resources that it controls and can rely upon. However, \$50 million is not enough, and can barely begin to fill gaps that are created from disruptions to federal sources like Emergency Housing Vouchers and the Continuum of Care program. The full amount of \$250 million as requested by advocates is a smart investment that will reduce homelessness in our state and mitigate challenges emanating from Washington, D.C.
  
- **\$47.3 million for Housing Navigation and Related Supports to Improve Voucher Utilization.**
  - New York State’s voucher utilization and success rates – the ability of people with vouchers to successfully find and secure housing before the vouchers expire – is too low. For many public housing authorities across the state, it hovers at or below 50%. Far more voucher holders should be able to successfully secure housing. Housing navigation and other tools like landlord incentives should be resourced by the state, to ensure that the tools we have are able to have the positive impact that they should.
  
- **Fund the Affordable Independent Senior Housing Assistance Program.**
  - Aging New Yorkers in older senior housing properties often do not have the level of services needed to age-in-place with dignity and the proper connections to resources. This program would allow for light-touch services for these properties and bring increased housing stability to an at-risk population.
  
- **Improvements to SCRIE/DRIE/SCHE and DHE.**
  - The Senior Citizens Rent Increase Exemption (SCRIE) and Disabled Rent Increase Exemption (DRIE) are critical tools to keep rent-burdened seniors and people with disabilities in their homes. Yet as rising costs outpace increases to social security and retirement benefits, too many vulnerable New Yorkers are being left behind. We support legislation to account for inflation in the

SCRIE/DRIE/SCHE/DHE programs, along with legislation to increase the program's accessibility and allowing municipalities to cap program participant payments at 30% of rent.

### **Fair Housing**

As the federal government walks back commitments to enforcing fair housing infractions, New York State must remain a leader in this space by taking affirmative steps to defend housing rights.

- **Expand Funding for the Fair Housing Testing, Education and Networking Program.**
  - We request that the budget allocate \$8 million for the Fair Housing Testing, Education and Networking program, which funds a network of nonprofit fair housing organizations to do systemic fair housing work in their communities across the state. New York is one of the only states to fund this work, which has become even more critical as the federal government divests from fair housing and threatens to cancel federal grants. \$8 million will allow participating organizations to withstand expiring federal funding and go deeper in their service areas.
  
- **Pass the Source of Income (SOI) Proxy Discrimination Act (S. 1130 / A. 4120).**
  - Enterprise strongly supports legislation to close loopholes that allow landlords to impose unreasonable income requirements on voucher holders, effectively sidestepping source of income protections.