



Metropolitan Council on Housing

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Statement from the Metropolitan Council on Housing On Governor Cuomo's New Housing Production Program

I'm Jaron Benjamin, the executive director at Met Council on Housing. For more than 50 years, our organization has won broad tenant protections to ensure safe, stable, and affordable housing for all New Yorkers. Met Council is a member of the Real Rent Reform Campaign, which represents 75 community organizations in NYC and neighboring suburbs.

My remarks are in direct response to Governor Andrew Cuomo's proposal for the State of New York to invest \$1 billion "to preserve and create more than 14,000 quality affordable housing units statewide by reallocating and making better use of existing funds" (pages 109-110, State of the State).

Certainly, any proposal to create new or preserve existing affordable housing is commendable. But 14,000 units is a small fraction of the need; according to the Governor's own figures, there is a documented statewide shortage of 547,000 affordable housing units (page 110, SoS).

Considering the cost of creating more affordable housing units and the dearth of both existing units and funding, it's clear we have an affordable housing crisis on our hands. But it's important to understand how we arrived at this juncture; when we examine the history, it becomes clear that we've created this shortfall in affordable housing units through poor policy decisions.

Without doubt, the biggest blow to our affordable housing stock was the passage of Vacancy Destabilization, which began the destruction of the state's most significant housing program. This measure gutted the rent regulation program and has resulted in the loss of at least 300,000 affordable apartments in the downstate region in the last nineteen years.¹ When a rent controlled or rent stabilized apartment becomes vacant, the landlord can remove the unit from regulation and charge market rents. And despite misleading propaganda from the real estate lobby, Vacancy Destabilization has nothing to do with any tenant's income, only with turnover of the apartment.²

Since more than half of the statewide shortage was created by this poor policy decision, we must learn from past consequences and avoid similar mistakes. While the Governor does not indicate exactly how this \$1 billion initiative will be funded, it appears his plan is to slash the Neighborhood and Rural Preservation Programs in his Executive Budget. This more than 50% cut to each program would be a disastrous "reallocation."

We commend the Legislature for defending the Neighborhood Preservation Companies and Rural Preservation Companies programs year after year. We urge that you consider carefully any structural changes that the governor proposes to these programs, and make sure that their integrity is maintained. We also urge that you find funding sufficient not

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only to restore the proposed cut, but also to give these worthy community based organizations an increase.

The NPC and RPC programs, which provide modest administrative funds to some 250 non-profit organizations, are two of the most successful of all the state's current housing programs. Last year's Executive Budget proposed to zero out funding for these two essential programs, but the Legislature made a full restoration.

While poor policy decisions can make the affordable housing crisis worse, sound policy decisions will help preserve and strengthen the existing housing stock. For example, the proposal to transfer 44 troubled Mitchell-Lama developments from Empire State Development to NYS Homes and Community Renewal is potentially a good move.

Because Governor Rockefeller gave UDC the power to override local building codes, many had construction defects that have been largely ignored. When UDC went belly up in the state's fiscal crisis of the mid-1970s, the portfolio was transferred to the state's Mitchell-Lama program.

The UDC buildings have long been the stepchildren of Mitchell-Lama. Apart from the lack of funding to revitalize them, Empire State Development has no capability to manage residential housing. The transfer to HCR is intended to facilitate refinancing and rehabilitation of these developments. That would be a substantial accomplishment.

That's definitely a good start, and Governor Cuomo needs to continue in this direction.

To solve the affordable housing problem, the Governor cannot continue to overlook a no cost means to preserve far more affordable units than his new proposal would produce. If Governor Cuomo really wants to preserve our shrinking supply of affordable housing, he should lead the fight to repeal Vacancy Destabilization, and to protect Mitchell-Lama and Section 8 housing when landlords take those buildings out of government supervision. Both these bills are sponsored by Senator Andrea Stewart-Cousins and Assembly Member Linda Rosenthal.

¹ According to data from NYS Division of Housing and Community Renewal, since 1994 landlords in New York City have registered a total of 121,659 units as deregulated due to High Rent/Vacancy Deregulation – but registration of these units is voluntary, thus this number represents a “floor” or minimum count of the actual number of deregulated units. Plus this number does not include the number of units lost to Vacancy Deregulation in Nassau, Westchester and Rockland Counties. (Source: NYC Rent Guidelines Board, “Changes to the Rent Stabilized Housing Stock in New York City in 2011,” May 31, 2012.)

² According to DHCR, since 1994 DHCR has granted orders deregulating 5,506 units in New York City based on high income (currently \$200,000 per year). Unlike the estimate for Vacancy Deregulation, the number of units deregulated for high income is exact, because DHCR must issue an order deregulating the apartment. In addition, the actual number of units deregulated for high income is probably less than 5,506 because some of the orders are under appeal. (Source: NYC Rent Guidelines Board, “Changes to the Rent Stabilized Housing Stock in New York City in 2011,” May 31, 2012.)