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Testimony of The Legal Aid Society

Joint Legislative Public Hearing on 2015-2016

Executive Budget Proposal: HOUSING

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The Legal Aid welcomes the opportunity to highlight issues of concern to our clients with respect to the Proposed Executive Budget for the 2015-2016 fiscal year. We are particularly concerned this year about supportive housing, public housing and rent regulated housing.

ABOUT THE LEGAL AID SOCIETY

The Legal Aid Society ("LAS"), the nation's oldest and largest not-for-profit legal services organization, is more than a law firm for clients who cannot afford to pay for counsel. It is an indispensable component of the legal, social, and economic fabric of New York City – passionately advocating for low-income individuals and families across a variety of civil, criminal and juvenile rights matters, while also fighting for legal reform.

The Legal Aid Society has performed this role in City, State and federal courts since 1876. It does so by capitalizing on the diverse expertise, experience, and capabilities of 1,100 of the brightest legal minds. These 1,100 Legal Aid Society lawyers work with more than 700 social workers, investigators, paralegals and support and administrative staff. Through a network of borough, neighborhood, and courthouse offices in 26 locations in New York City, the Society provides comprehensive legal services in all five boroughs of New York City for clients who cannot afford to pay for private counsel.

The Society's legal program operates three major practices — Civil, Criminal and Juvenile Rights — and receives volunteer help from law firms, corporate law departments and expert consultants that is coordinated by the Society's Pro Bono program. With its annual caseload of more than 300,000 legal matters, The Legal Aid Society takes on more cases for more clients than any other legal services organization in the United States. And it brings a depth and breadth of perspective that is unmatched in the legal profession.

The Legal Aid Society's unique value is an ability to go beyond any one case to create more equitable outcomes for individuals and broader, more powerful systemic change for society as a whole. In addition to the Society's annual caseload of 300,000 individual cases and legal matters, the Society's law reform representation for clients benefits some two million low-income families and individuals in New York City and the landmark rulings in many of these cases have a State-wide and national impact.

Need for More Supportive Housing

In 2005, at the time of the 10-year NY/NY III supportive housing agreement, there were 30,000 people in New York City's homeless shelters. That agreement, now in its final year, provided an average of 900 State- and City-funded housing units per year over ten years. Tonight there are almost twice as many people in the City's shelter system. For this reason, we support the Campaign 4 NY/NY Housing's recommendation that the City and State

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provide 30,000 units of supportive housing – including new construction of 15,000 units – over the next 10 years for families and individuals with disabilities and other special needs. The campaign is endorsed by nearly 200 organizations and businesses that support, build and manage the City's exemplary supportive housing program.

We are pleased that the Governor's Executive Budget acknowledges the tragedy of record homelessness in New York City, and that both the City and State want to develop additional NY/NY housing. However, given the historically large number of disabled and special needs New Yorkers who are homeless, we are disappointed that the Executive Budget proposes only \$66 million for a NY/NY IV agreement, less than half of the number of State-funded units under NY/NY III, and just one-sixth of what is recommended by the Campaign 4 NY/NY Housing. These funds are to be obligated over a period of five years for the State share of the service and operating costs, with the needed capital assumed to come from the baseline funds appropriated for the Homeless Housing Assistance Program (HHAP) and the Housing Trust Fund (HTF). Further, the HHAP program is scheduled to be reduced from \$63.5 million this year to \$57.5 million in each of the subsequent years through 2020. The full occupancy of these units is planned to be complete by the end of 2022, or seven years out. By contrast, NY/NY III included a \$211 million capital appropriation in the Office of Mental Health budget – in addition to capital resources from HHAP and HTF baseline appropriations.

Each year in New York City, 20,000 applications for supportive housing are approved, but only one-in-six applicants receive a supportive housing unit. We note that Mayor de Blasio's ten year capital plan includes 12,500 supportive housing units. We understand that 7,500 are available for inclusion in a NY/NY IV Agreement (an average of 750 units per year), consistent with our recommendation for supportive housing capital investment.

Need for Increased Capital Funding for Public Housing

Public housing in New York City is a vital and vibrant source of stable and affordable housing for low-income New Yorkers, with over 500,000 residents living in 179,000 apartments spread throughout the New York City Housing Authority's (NYCHA) 334 developments. NYCHA has fallen into critical condition in recent years, marked by significant operating deficits year after year and accelerating deterioration of its housing infrastructure. Today, NYCHA has an estimated \$99 million operating deficit due to inadequate funding at all levels of government. Additionally, NYCHA has over \$15 billion in unmet capital needs to its aging buildings. Residents are living with chronic disrepairs and face year-long waits for needed repairs in their apartments.

For years, NYCHA has suffered financially as a result of chronic underfunding from the Federal government. However, the City and State have also contributed to NYCHA's financial crisis. The City and State used to provide ongoing operating and capital subsidy

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support to 21 NYCHA developments (15 State and 6 City) that were ineligible for federal operating and capital support. However, the State stopped providing such financial support in 1998 (and the City in 2003) and this has contributed to NYCHA's operating deficits year after year. In 2008, NYCHA was able to take advantage of an opportunity to "federalize" its State and City developments and while this has helped with the operating deficits, there are still a number of these units that receive no ongoing operating subsidies because they were excluded from the federalization.

To address the current backlog in major capital improvements, the State must make a long-term \$1 billion commitment to significant capital investment in infrastructural improvements to NYCHA buildings. We request that the State: (1) sign a joint agreement with Mayor de Blasio dedicating \$400 million in Battery Park City Authority excess revenues to NYCHA capital improvements; and (2) commit \$800 million in State capital (or bank settlement) funds to NYCHA capital improvements.

Need for Additional Funding for the Tenant Protection Unit

The rent laws cover approximately one million apartments where 2.5 million New Yorkers live. Rent-regulation is the largest source of affordable housing for low- and moderate-income tenants and, in over sixty percent of rent stabilized apartments, the households are Black, Puerto Rican, Hispanic or Asian. Rent stabilized apartments are mostly concentrated in rapidly gentrifying communities that are historically communities of color. The laws are complex and until recently laxly enforced.

Prior to 2012, enforcement of the laws only occurred after a tenant initiated complaint. When tenants failed to make a complaint, there was no proactive enforcement. The lack of enforcement led to an understanding in the landlord community that laws could be violated with impunity. It was for this reason that we welcomed the creation of the Tenant Protection Unit (TPU), a unit that would be tasked with proactively enforcing the rent laws.

In the short amount of time since it was created, the TPU has had an enormous impact. By targeting bad actors flagrantly violating the rent laws, the TPU has preserved thousands of units of affordable housing. Specifically, through the efforts of the TPU, 28,000 apartment have been re-registered and brought back into rent stabilization. Additionally, the TPU has begun random audits of individual apartment increases and has discovered a significant number of overcharges. Through the TPU's efforts, tens thousands of dollars have been returned to tenants. Further, the TPU has investigated landlords who harass and intimidate tenants and has entered into settlement agreements that have far reaching impact for tenants.

The TPU's great accomplishments stand out in comparison to some of the difficulties that tenants have in pursuing claims against their landlords at the Office for Rent Administration (ORA). A recent audit found that it took an average of six months for a case to be assigned

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to an examiner with rent overcharges taking an average of 14 months to be assigned to an examiner. We understand that some of the difficulties that tenants face at ORA is due to staffing shortages and funding shortfalls. However, the lack of enforcement of the rents laws under previous administrations lead to a belief in the landlord community that they could ignore the laws. That belief has begun to be challenged by the small staff working at the TPU.

Based upon the Tenant Protection Unit's strong track record, small size and the growing need to protect the rent-regulated housing stock, we are requesting that the State legislature increase the TPU's budget in the FY2016 Budget. There is great need for the Tenant Protection Unit to expand and broaden its reach. Increased funding would provide the Unit with the resources to fulfill their mandate to protect the rent-regulated housing stock. The Tenant Protection Unit has less than two dozen employees to proactively enforce the laws protecting nearly a million homes and is currently funded solely with agency reappropriations. That is simply not enough resources to fairly enforce the rent laws. Tenant Protection Unit funding is a top budget priority for the affordable housing and tenant advocacy movement.

CONCLUSION

We thank you for the opportunity to submit this testimony and we look forward to working with you in the coming weeks and months to ensure that the needs of the most vulnerable New Yorkers are not overlooked.

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