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Testimony Before the New York State Senate Finance Committee and Assembly Committee on Ways and Means Regarding Priorities for the New York State Executive Budget for Housing, Fiscal Year 2023-2024

March 1, 2023

The Association for Neighborhood and Housing Development (ANHD) thanks Committee Chairs Liz Krueger, Helene Weinstein, Brian Kavanagh, and Linda Rosenthal for the opportunity to testify on the housing-related proposals in the Governor's Fiscal Year 2023-2024 Executive Budget.

About the Association for Neighborhood and Housing Development

ANHD is one of New York City's lead policy, advocacy, and technical assistance and capacity-building organizations. We maintain a membership of 80+ neighborhood-based and city-wide nonprofit organizations that have affordable housing and/or equitable economic development as a central component of their mission. We are an essential voice, bridging the power and impact of our member groups to build community power and ensure the right to affordable housing and thriving, equitable neighborhoods for all New Yorkers. We value justice, equity and opportunity, and we believe in the importance of movement building that centers marginalized communities in our work.

ANHD's work directly supports the needs of our members who develop, manage, and organize to preserve affordable housing, and who fight to bring equity into low-wealth communities in New York City—especially communities of color. Our groups rely on us for technical assistance and capacity-building resources that allow them to maximize their resources, skills and impact. The support services, research, analysis, public education and coalition building we do helps to identify patterns of local neighborhood experiences and uplift citywide priorities and needs. Our work translates into the capacity to win new programs, policies and systems that ensure the creation and preservation of deeply and permanently affordable housing, and economic justice.

Restoration of Funding for the Displacement Alert Project

ANHD thanks the Senate and Assembly for your ongoing support of the Displacement Alert Project (DAP). The [DAP Portal](#) data tool allows elected officials, staff, and community organizations to understand where tenants and small homeowners are at the greatest risk of displacement and intervene with strategies to stop displacement.

Thanks to your support, DAP Portal has been able to adapt to remain useful in a changing housing landscape. Whether it is eviction threats, alarming numbers of housing maintenance violations, or rapid building sales, DAP Portal offers nuanced insight into the displacement risk in each New York City neighborhood and district.

Your previous support has driven over 13,000 users to DAP Portal in 2022, provide tailored individual and group assistance to community groups and elected officials alike, and produce original analysis with DAP's housing and displacement data to reveal changing housing needs and threats.

ANHD respectfully requests a \$200,000 budget allocation of operating support to expand and enhance DAP Portal. Renewed support will allow us to create a smoother mobile and web experience for users, increase capacity for additional trainings, continue to update political boundaries to ensure accuracy given new maps, and continue to produce original analyses and visualizations of displacement threats in our City.

User testimonials

"DAP Portal is absolutely essential to my work. It is my first reference on client calls and when investigating cases, and I can honestly say that it has saved me hundreds of hours of navigating agency data sets, which I can reallocate to better serving our clients." - *Tenant attorney, New York City legal services provider*

"ANHD's DAP Portal has been an invaluable constituent services tool. It provides easy to find information on issues tenants are facing in buildings, which we've used to better target tenant rights outreach campaigns and track down landlords." - *Mariana Alexander, Chief of Staff, Council Member Lincoln Restler*

"Tools like the DAP Portal are crucial for us developing our base of tenants' associations in the Southwest Bronx. It is invaluable to us to have a tool we can use to track different indicators of building neglect, harassment, and predatory tactics that is also flexible and can meet our needs in an ever-changing landscape. Much of the success of the DAP Portal is owed to ANHD's commitment to centering impacted communities in their technical assistance work and really listening to organizers share the obstacles they face in organizing powerful campaigns." - *Jordan Cooper, Co-Director, CASA Bronx*

We Need True Solutions to End Our Housing Crisis

While ANHD applauds the Governor's commitment to tackling New York's growing housing crisis, her proposed luxury tax breaks and deregulation strategy is severely misguided.

As we have seen in prior administrations, big housing unit goals drive forward misguided production at the expense of investing in the actual housing needs and solutions that could address our housing crisis. The Governor's plan deprioritizes the urgency of homelessness, evictions, and crippling rent burden with a single-minded focus on spurring development, regardless of affordability.

To truly tackle New York's housing crisis, we need to address the needs of those who are most impacted by the crisis: our lowest-income communities and communities of color who are systematically excluded from stable and affordable housing. Below, we outline some of our top policy priorities for this year's housing budget, and urge the Senate and Assembly to stand with New York communities who need housing the most.

End misguided development goals and invest in truly affordable housing for our communities

Housing Compact - New Homes Targets & Fast Track Approvals Act and Transit-Oriented Development Act of 2023

ANHD supports the need for a more equitable distribution of housing development across New York State and the requirement that all municipalities do their part in the creation of affordable homes. However, we do not support the use of blanket housing targets across New York City community districts to achieve this goal. Establishing a 3% growth target – with no mandates for affordability – for all 59 community districts in New York City disregards the historic inequity and racial and economic disparities between them, reinforces problematic local land use patterns, and risks doing more harm than good in low-income communities and communities of color with high displacement risk.

What is needed is a comprehensive, equity-centered, community- and data-driven process that takes demographics, needs, and displacement risk into account, alongside current and historic housing production, to arrive at appropriate targets by community district to ensure a more equitable distribution of development. This type of process should inform both local growth targets, and the goals of transit oriented development: understanding that not every neighborhood, including those around subway stations, are the same. In addition, the goals for transit oriented development in New York City must take into account the need to preserve manufacturing zones, especially those in Industrial Business Zones, and not allow them to be rezoned for housing. This same detailed and equity-focused approach should also be given to the consideration of where fast track approvals are appropriate. This issue is better addressed through bill S7635A/A8883, which rightfully carves out New York City community districts with a median income of 100% AMI or less, or where affordable housing production is already high.

421-a

The 421-a tax incentive program, first created in 1971, expired last year. The New York State Legislature must ensure it is not renewed and that we instead use the tax revenue for the public good.

ANHD fundamentally rejects the framing that 421-a is an affordable housing program. We must come to terms with its real impact and the implications for true housing affordability if instead of handing over more than \$1 billion annually in tax exemptions to luxury developers, we were to use those funds to further true affordability in public housing, ending homelessness, protecting tenants, and closing the racial homeownership gap.

For this reason, ANHD rejects Governor Hochul's State of the State and budget extending the deadline for the completion of 421-a projects until June 15, 2026. We are in a housing crisis now. Tens of thousands are unhoused and hundreds of thousands face the threat of housing insecurity. We need to redirect public resources towards truly affordable housing. We should be prioritizing HAVP, legalizing accessory dwelling units (ADUs), and universal, statewide Right to Counsel, not subsidies for luxury developers.

Protect, support, and stably house tenants

Housing Access Voucher Program (HAVP)

ANHD strongly supports enacting and funding HAVP (S568A/A4021), which would put New York on a pathway to ending the homelessness crisis in our state. We thank the Senate and Assembly for including \$250 million for HAVP in your one-house budgets last year and urge you to include it again this year.

We need immediate solutions to address our housing and homelessness crises. COVID relief and protections have expired, but need has only gotten greater. We need flexible rental assistance that will meet today's crisis. HAVP does this by offering immediate rental assistance to New Yorkers, helping them access permanent housing or from losing it in the first place. Funding HAVP at \$250 million would help an estimated 50,000 people avoid homelessness.

Statewide Right to Counsel (RTC)

Following the expiration of COVID eviction protections, evictions have accelerated at alarming speeds: more than 174,000 eviction cases have been filed across New York State since January 15, 2022.¹ Evictions are highly racialized. ANHD found that throughout the pandemic, landlords have filed evictions over twice as often in majority-people of color zip codes versus majority-white zip codes.²

¹ Data from the New York State Office of Court Administration (OCA) [via the Housing Data Coalition](#) in collaboration with the [Right to Counsel Coalition](#). This figure includes New York State cities and does not include towns and villages that do not report case data to OCA, so it is an underestimate. Based on available property type data, ANHD estimates that approximately 5.13% of statewide eviction cases are commercial rather than residential, which is accounted for in these estimates: 183,762 total filed non-payment and holdover cases adjusted to 174,335 between January 15, 2022 and February 10, 2023.

² NYS OCA data was analyzed in conjunction with ACS 2019 5-Year Estimates, B25003 (Tenure) and B02001 (Race) to calculate this figure. Non-payment and holdover eviction filings March 23, 2020 through

ANHD applauds the Governor's continuation of \$35 million for legal services for renters outside of New York City. These funds have been important to set up an infrastructure for tenants to get representation in their eviction cases. However, the need remains much greater both inside and outside of New York City. As the success of RTC has shown in New York City, access to an attorney monumentally increases a tenant's ability to stay in their home.³ It is a lack of support and resources for universal representation that undermines the efficacy of our New York City Right to Counsel, and why we need a universal, Statewide law covering all tenants facing eviction. **We fully support the passage of Statewide Right to Counsel (S2721/A1493) and the Right to Counsel Coalition's budgetary ask of \$172 million to fund the first year of implementation.** The investment will pay off in spades by preventing homelessness down the line; the independent financial firm Stout estimated that Right to Counsel will save \$3-6 for every dollar invested.⁴ We urge the Senate and Assembly to include full funding for Statewide Right to Counsel in your one-house budgets.

In addition to a universal Right to Counsel, tenants urgently need protection from arbitrary rent increases and lease terminations. The passage of legislation prohibiting eviction without good cause will instill critical protections to an estimated 1.6 million renter households statewide which are currently vulnerable to no-fault evictions and would be eligible for good cause protections.⁵

Accessory Dwelling Units and Basement Legalization

ANHD is pleased to see support for the creation of Accessory Dwelling Units (ADUs) via tax incentives; however, we are disappointed there is no mention in the Governor's budget of funding for ADUs. ADUs and basements have the potential to create and preserve hundreds of thousands of units of deeply affordable housing throughout the state. This is an issue that our members have been advocating for for over a decade. Without legalization, basement tenants live in fear of displacement and homeowners risk tens of thousands of dollars in fines and possibly risk losing their home.

We need funds to be available to homes with existing units as well as for new construction. **We support S2276/A1075, which paves the way for local ADU ordinances and includes ADUs as a form of housing accommodation under the human rights law.** The bill also exempts ADUs from the State's Multiple Dwelling Law, which is necessary to facilitate the creation and legalization of most ADUs. With additional money and these changes, New York State could move forward with this impactful mechanism to create and preserve safe, affordable housing.

Emergency Rental Assistance

The enormous mismatch between the need for rent relief statewide and available funds has been an ongoing and enormous challenge for New York. The State has been able to move \$2.8 billion to renters since Emergency Rental Assistance funds were first available, which is a remarkable achievement.

January 7, 2022 divided by number of renter households in majority-people of color zip codes versus majority-white zip codes.

³ https://www.nyc.gov/assets/hra/downloads/pdf/services/civiljustice/OCJ_UA_Annual_Report_2021.pdf

⁴ <https://www.stout.com/-/media/pdf/evictions/cost-rtc-onyc-stout-report-march-2022.pdf>

⁵ <https://www.cssny.org/news/entry/good-cause-eviction-legislation-protect-rental-households-tenants>

At the same time, the economic impact of the pandemic has not disappeared, as made clear by the over 140,000 non-payment eviction cases filed Statewide since January 15, 2022.⁶ An estimated 593,000 New York State households remain behind on rent, 80% of them people of color and 77% of them low income.⁷

Unfortunately, the fact that income-restricted housing was deprioritized in rental assistance has led to the unsurprising result that non-profit, mission-driven developers have been left in the lurch and are not able to pay vendors, to contribute to capital reserves, to renovate units for re-rental, or even to pay their mortgages. By deprioritizing public housing for relief, we have further hamstrung the ability of our public housing authorities to safely house their residents. These are the providers of the most deeply affordable housing in our City and State, and if they cannot operate their buildings, New York's lowest income tenants will take the hit and face eviction. We cannot let that happen. **The State must collaborate with the Federal and City governments to fill the gap.** We must ensure our non-profit affordable and public housing providers can fulfill their mission.

Fair Housing Testing

We are pleased to see that the Governor included funding of \$2 million again for fair housing testing to reduce discrimination in the rental market. This funding is necessary to proactively enforce our fair housing laws. However, this comes as the State is cutting funding for foreclosure prevention and for legal assistance for renters facing evictions, both of which disproportionately impact people of color. We know that housing discrimination is rampant across all types of housing, transactions, protected classes, and areas of the State. New York should be leading, not trailing, the nation in proactively and aggressively preventing fair housing violations for all New Yorkers.

Provide ownership opportunities to communities

Tenant Opportunity to Purchase Act (TOPA)

We are disappointed the Governor did not include TOPA in her budget proposal. **ANHD supports the passage and funding of TOPA, S221/A3353.** Throughout New York, tenants face horrific conditions in their buildings. Many face a lack of heat and hot water, lack of repairs, and buildings not being cleaned, among other poor conditions. With the recent tragic fire in the Bronx, it is essential that we ensure tenants live in safe and secure apartments and buildings where they are respected.

An opportunity for the Legislature to accomplish this is TOPA. TOPA gives tenants in eligible buildings the right of first offer and the right of first refusal when a building is offered for sale. This gives tenants the power to change their conditions and create equity in their communities. TOPA also gives tenants the opportunity to partner with mission-driven nonprofit housing developers, whose purpose is to develop and sustain affordable housing and make necessary improvements. Cities like Washington D.C. and San Francisco have had TOPA for years and it has been an effective tool to stop displacement and gentrification.

⁶ See Footnote 1. 148,051 non-payment cases filed between January 15, 2022 and February 10, 2023 adjusted to 140,456.

⁷ <https://nationalequityatlas.org/rent-debt>

TOPA can be an important tool in sustaining affordable housing, and give tenants the power to control and improve their living conditions, but TOPA legislation alone will not be effective without adequate resources in the budget to fund acquisitions and capital repairs for TOPA buildings.

Community Land Trust Acquisition Fund

As a member of the Coalition for Affordable Homes, **ANHD supports Senator Kavanagh's Community Land Trust Acquisition Fund legislation (S2506A)**. Homeownership and affordable housing remains out of reach for too many homeowners of color and low- and moderate-income New Yorkers. The State must increase mechanisms to create and access affordable and safe housing. Funding will increase the capacity of community-based organizations to successfully purchase land and expand the State's growing community land trust network.

Support homeowners of color and homeowners at risk

Access to Homeownership for Black New Yorkers and POC New Yorkers

Year after year, fewer than 10% of home purchase loans in New York City go to Black borrowers, with the majority of those concentrated in just a few neighborhoods and originated by higher cost non-bank lenders. Racial disparities among banks and non-bank lenders in applications, approvals, and denials limit access to credit, while appraisal bias further limits and erodes the wealth Black and people of color (POC) homeowners can accrue and the equity they can tap into to repair their home or use for other purposes. All of this is compounded by the wealth gap that limits how much equity a prospective homebuyer has to purchase a home. New York State should be a leader in creating opportunities for Black and POC New Yorkers to achieve and maintain homeownership, including money dedicated to increasing the stock of housing, increasing access to capital and financial assistance, protecting existing homeowners from displacement, and combatting discrimination in all aspects of the homeownership system.

Homeowner Protection Program Funding

After dedicating a historic \$20 million last year to the Homeowner Protection Program (HOPP), Governor Hochul is now threatening the program's existence by cutting all funding in this year's budget. This program supports 90 organizations across the state that work diligently to keep homeowners in their homes. This program is the State's first line of defense against foreclosures. The housing counselors and legal service providers in the HOPP network help protect homeowners against deed theft, connect them with programs like the Homeownership Assistance Fund (HAF), and help more owners stay in their homes. HOPP needs \$40 million in this year's state budget for each of the next two years for the network to continue providing satisfactory foreclosure prevention services to homeowners across New York State. **We fully support the Coalition for Affordable Homes in calling on the Governor to reverse the cuts, and to include full funding of \$40 million for HOPP in her 30 day amendment.**

Access to banking

Using a bank account is associated with financial stability. People with mainstream bank accounts tend to keep more of their earnings, fare better against financial shocks, and save more for the future. This became painfully clear during COVID, which disproportionately impacted lower-income, BIPOC, and immigrant communities in every conceivable way, from sickness and death to job loss to housing insecurity and more. These same communities have [higher rates of unbanked residents](#) and fewer bank branches than wealthier and whiter communities; [branch closures](#) only exacerbate these inequities. Fewer banks and lack of access to mainstream banking impacted New Yorkers' ability to access COVID relief. At any time, this impacts the ability to save money and build credit, both of which are necessary to achieve homeownership and access credit to remain in their homes. Excess fees at banks or alternative financial services like check cashers means less money for basic necessities, including housing costs.

We appreciate that the Governor's budget includes a proposal to address abusive bank fees, but that is just one factor that impacts access to affordable banking and credit. The State should be leading in combating branch closures, getting banks to open in BIPOC communities, and addressing other barriers to banking such as language access, products, and access for immigrants with ITIN numbers. Very few banks accept New York City's municipal ID, IDNYC, as primary identification. But the few that do are state-chartered, and the State should be encouraging more to do so.

We support an increase in funding to the Department of Financial Services so that the agency can hold banks accountable to their obligations under the Community Reinvestment Act (CRA), fair housing laws, and consumer protection laws. This is especially important given the expansion of CRA to non-bank mortgage lenders, new analysis of MWBEs in CRA, and the department's stated commitment to combat redlining, increase access to banking, and protect consumers. The state will also have to evaluate and adjust to the pending changes to the federal CRA regulations that are expected to come out this year.

Protect Our Homes and Communities, Stop Predatory Housing Speculation Act of 2023

New York State homeowners and aspiring homeowners also need help protecting their investments from predatory actors that fuel harassment and speculation. Homeowners in historically redlined communities are facing increasing displacement pressures as homes across their communities are bought and flipped for skyrocketing profits. **Passing the Protect Our Homes and Communities, Stop Predatory Housing Speculation Act of 2023 (S1569/A1023)** would provide relief to these communities. This bill would impose a tax on the transfer of certain residential properties sold within two years of the prior sale. The passage of this bill would disincentivize developers and real estate speculators from attempting to drive out low- and moderate-income families, which upends the foundation and stability of communities and perpetuates displacement for profit.

Homeowner Stabilization Fund

We are encouraged to see the Governor's budget create the Homeowner Stabilization Fund to finance home repairs in communities that have been identified as having high

levels of low-income homeowners of color and homeowner distress. This has long been identified as an unmet need among homeowners of color in New York City, where a [third of owner-occupied homes](#) have at least one maintenance defect. Yet too often, BIPOC and lower-income homeowners lack access to resources to repair their homes, putting them at risk of displacement and losing the equity they had built up in their homes. For many Black homeowners and other homeowners of color, this is the primary source of assets and wealth they have to pass onto future generations. When housing conditions deteriorate, it puts homeowners at risk of displacement and future generations at risk of lost wealth and opportunity. We look forward to seeing more details on the level of funding and mechanisms to distribute it, in order to assess how well it will serve BIPOC homeowners in New York City.

Thank you again for the opportunity to testify. If you have any questions or for more information, please contact Lucy Block at lucy.b@anhd.org
