



**Testimony of Erin Burns-Maine, Vice President of Policy
Community Preservation Corporation**

**Senate Standing Committees on the Judiciary and Housing, Construction and
Community Development
Good Cause Eviction Legislation**

January 7, 2022

Thank you, Chair Hoylman, Chair Kavanagh, and other distinguished members of the New York State Senate, for the opportunity to speak today. My name is Erin Burns-Maine, and I am Vice President of Policy at the Community Preservation Corporation (CPC).

One of the main lessons of this continuing pandemic is the importance of the stability and quality of our housing. Two years ago our homes became the primary resource we have to stay healthy. If you didn't have a stable home you could afford, you were at risk. And if your home or your building wasn't healthy, safe and clean, you were at risk. We all learned about the direct impact of ventilation systems, overcrowded spaces, maintenance and cleanliness had on our health. If your building wasn't wired or didn't have access to modern technology like broadband, it became nearly impossible to access virtual support, work, and school. This was true two years ago and it remains true today.

It is imperative that we work towards preserving safe, quality housing that New Yorkers can afford. Buildings must meet a basic level of health and safety, and we should strive for modern, green systems, and wired buildings to help address inequalities. Good Cause legislation offers a framework for tenant protections across New York State, and we can take this a step further to ensure that landlords maintain their buildings and continue to invest in homes that are safe and clean.

CPC has financed over 220,000 units of affordable and workforce housing primarily across New York State. As a lender, we know that when an owner doesn't have enough revenue to fund an operating and capital reserve, building health suffers. Maintenance is deferred and major capital repairs go unaddressed. Large capital repairs like heating systems, replacing kitchens and baths that have reached their useful life, removing lead-based paint and piping, replacing roofs and risers that are causing moisture and mold, are costly and are often the first to be deferred when a building is not appropriately resourced.

This is especially true for small building owners, and these are the owners we are concerned about. "Mom and Pop" landlords do not have the capital reserves or other assets to pull from to make large repairs and upgrades. Small buildings serve tens of thousands of our state's low- and moderate-income renters, and also tend to be older and in need of more maintenance and upgrading.

Small building owners don't have access to a wealth of pooled resources that established owners of large portfolios have. Often operating on tight margins in the best of times, their building's rent can be the only source of income they have to pay their mortgage, taxes,

insurance, and maintenance needs. Unfortunately the costs for maintenance, materials, labor, insurance, heating oil, etc. have continued to climb while small owners still struggle to cover those expenses.

If a 12-unit building in upstate New York with rents at \$600/month needs a \$15,000 roof replacement, a 3% increase would provide just \$18 per unit. Mom and Pop owners aren't going to be able to take on critical repairs if they can't pay for it, and responsible lenders can't provide financing if they know rents can't cover those costs and repay the loan. We have seen what a lack of investment and long-term deferred maintenance looks like, and it is ultimately the tenants who suffer in substandard living conditions.

Additionally, small owners have been disproportionately impacted by the pandemic. We recently surveyed small building owners in our portfolio and nearly 24% of respondents reported tenants in at least 2 months arrears, a rate nearly 10% higher than large buildings.¹ Small buildings also had higher vacancy rates and tenants were less likely to have applied for ERAP funding.

Good Cause can protect overall building health by considering capital improvements. This can be considered in the legislation as well as funding programs that support capital improvements. For example, the Good Cause legislation passed by the Poughkeepsie Common Council in November 2021 included a provision that courts may take "improvements made to the subject unit or common areas serving said unit" into consideration when reviewing justification for rent increases. This is a common sense solution that ensures locking rents doesn't dissuade a landlord from making necessary investments in the property. Adding parameters to building-wide improvements and consistent in-unit upgrades can also help ensure this provision is implemented fairly.

Additionally, loan programs that support small landlords in making essential capital repairs help protect quality housing. In the City, we have seen success with the Article 8-A Loan Program and J-51 in helping to support small landlords in making these major repairs. At the State level, the Participation Loan Program provides funding assistance for rehabilitation of housing. These programs must be adequately funded to support the needs of small buildings statewide.

We stand ready to assist in crafting legislation that provides tenants with important protections and also keeps their homes healthy, affordable and well maintained. Thank you for your time and consideration. I would be happy to answer any questions you may have.

¹ CPC Data Brief. COVID's Economic Impact on Small Buildings and It's Destabilizing Effect on Tenants and Owners: Landlord Rental Assistance Program is Key to Providing Expedited Financial Relief. December 2021.