



**NYSFAH Testimony before the Joint Legislative Budget Committee
2021-2022 New York State Budget
Housing Priorities and Funding
February 2, 2021**

Thank you, Chairwoman Krueger, Chairwoman Weinstein, Chairman Kavanagh, Chairman Cymbrowitz, and members of this joint legislative budget committee for the opportunity to participate in today's hearing regarding the 2021-22 New York State housing budget.

NYSFAH is the trade association for New York's affordable housing industry statewide. Its 375 members include for-profit and nonprofit developers, lenders, investors, attorneys, architects and others active in the financing, construction, and operation of affordable housing. Together, NYSFAH's members are responsible for most of the housing built in New York State with federal, state and local subsidies and incentives.

We would first like to thank the Senate, the Assembly and the Cuomo Administration for its tremendous efforts during the COVID-19 pandemic to introduce, enact and implement measures to protect tenants and stabilize residential housing. Our ability to persevere through - and to recover from - the pandemic and its severe economic impacts will only be possible if we are able to provide safe and stable housing to all New Yorkers. Your attention and focus on this fact is as commendable as it is necessary if we are to again be a place of opportunity and fairness.

As we have highlighted on numerous prior occasions, New York State has been in the midst of a housing crisis for many years, due to millions of New Yorkers being compelled to pay 30 to 50 percent of their incomes, *and more*, simply for housing. You have recognized that this dramatic situation was unsustainable and you have enacted policies and provided critical funding to remedy this injustice, which has resulted in the development and preservation of thousands of units of affordable housing. But today, our path is more perilous and challenging.

As the New York State Comptroller recently reported, 1.5 million New Yorkers lost their jobs in March and April (and an unemployment rate of 14.5 percent, including a 21.4 percent loss in private sector jobs) and, as of November 2020, we have 820,000 fewer jobs compared to pre-pandemic levels.¹ The occupations that have suffered the greatest job loss are in the leisure and hospitality industry, especially among food services workers, and in the retail trade. Workers in these fields are generally low-income and disproportionately women and minorities – in other words, workers who are the least able to weather economic downturns. Coupled with economic forecasts that these key industries will not recover to pre-COVID levels until the First Quarter of

¹ New York State Comptroller, *Selected Economic Trends* (January 21, 2021). See <https://www.osc.state.ny.us/reports/covid-19-january-21-2021>

2024², these workers are expected to experience a period of sustained unemployment and underemployment and will have less income for necessities such as food, housing, education, and healthcare. A survey by the State Comptroller confirmed that fact, noting that 5.6 million New Yorkers, or 40 percent of our adult population, found it “very difficult” or “somewhat difficult” to pay normal household expenses in mid-December 2020.³

The pandemic has presented a dire situation that will require a renewed commitment and innovative thinking to provide affordable housing to vulnerable New Yorkers. Accordingly, we urge you to prioritize the following:

New 5-Year Housing Plan: The Legislature, working with the Cuomo Administration, has made New York a national leader in its commitment and financial support for affordable housing. Beginning with the landmark 5-Year Housing Plan, which has now been fully appropriated, New York has developed thousands of units of housing for those who need it the most. Housing programs that we rely on to build and preserve affordable housing and to create communities, such as the Middle Income Housing Program, the Rural and Urban Communities Investment Fund, the Low Income Housing Trust Fund, the Homes for Working Families Program, and many more, have enabled us to significantly confront the housing crisis and have offered many New Yorkers a better life.

There is an urgency, however, for a new, multiyear housing plan to continue the progress made through the current housing plan. The multiyear funding approach has been transformational since the known future years of public funding has helped ensure there is a pipeline of projects that come “on line” on an ongoing basis, and that there is no gap in the number of housing starts.

We believe that the next funding plan must exceed the current \$2.5 billion program, given the existing and expected economic impacts of the pandemic. While we understand the State’s fiscal situation creates challenges for such a long term commitment, we would be open to a shorter period of funding. We would, however, urge the State to revisit both the amount of funding and the period of years for such funding once we know the level of support to be received from the Federal government. ***If the State were to receive funds above the \$6 billion “floor” that the Governor has identified, we request that additional new monies be appropriated toward the next 5-year housing plan.***

We would further urge you to establish a statutory 5-year housing capital plan, as proposed in S.2193 (Kavanagh) and A.3807 (Cymbrowitz) and similar to the MTA capital plan, to ensure the model you have created survives into the future and provides a transparent and predictable plan to address New York’s housing needs.

Supportive Housing: We support the Executive Budget proposal to provide a new \$250 million investment - as a downpayment - for the Empire State Supportive Housing Initiative (ESSHI), whose previously appropriated five years’ worth of funding has been fully allocated. Supportive

² Boston Consulting Group (on behalf of New York State Division of the Budget), *NY COVID-19 Preliminary Economic Impact Assessment* (April 2020).

³ New York State Comptroller, *Selected Economic Trends* (January 21, 2021). See <https://www.osc.state.ny.us/reports/covid-19-january-21-2021>

housing is essential to provide stable housing for individuals with disabilities and their families who are facing homelessness, and the proposed funding is necessary to achieve the State's goal of 20,000 supportive housing units over 15 years.

Sustainable Affordable Housing Incentive Program: One particular high-need area for funding relates to a Sustainable Affordable Housing Incentive Program, which would be administered by the State Division of Homes and Community Renewal in cooperation with the New York State Energy Research and Development Authority (NYSERDA). We thank our Housing Committee chairs for sponsoring legislation (A.3798/S.2732) to establish this new program, and we urge the State to provide \$50 million in funding for grants dedicated to creating sustainable affordable housing. Through this program, New York State can achieve the complementary goals of reducing greenhouse gas emissions and achieving savings from burdensome energy costs for low-income families.

Raise the Green Roof: We similarly support Governor Cuomo's directive, as presented in his 2021 State of the State Address, to the Division of Housing and Community Renewal in coordination with NYSERDA to fund and/or provide low-interest loans for the evaluation and implementation of retrofit, solar, and electrification measures for affordable housing projects.

These initiatives, once implemented, will help the State achieve its economy-wide reductions in greenhouse gases by 2040; and help the State satisfy the requirement that it provide at least 35-40 percent of enacted Climate Leadership and Community Protection Act funds and incentives to historically disadvantaged communities.

Extension of Availability of State Low-Income Housing Credits (SLIHC): We strongly support increasing the aggregate amount of the low-income housing tax credit the Commissioner of Housing and Community Renewal may allocate. The Executive Budget would increase the allocation from \$104 million to \$144 million, in \$8 million increments annually for the next five fiscal years. We request that the allocation instead be increased by \$15 million annually for each year of the five-year period in order to address demand, since the need for these credits has traditionally been oversubscribed by four-to-one. Also, the State should increase the maximum per project eligibility for SLIHC from \$750,000 to \$1 million and increase SLIHC per unit cap of \$20,000 to \$22,000 to match the current LIHC cap.

SLIHC incentivizes affordable housing development for households with incomes between 60 percent and 90 percent of the area median income (AMI), and is the only State program aside from the Middle Income Housing Program to reach this income range. SLIHC brings private equity into affordable housing projects, which helps strengthen the long term-financial health of these projects.

Extension of Brownfield Credits: We support the extension of the allowable period for which the tangible property credit component of the brownfield tax credit would be allowed. Brownfield tax credits have been integral in the development of affordable housing - especially in urban areas where land is otherwise scarce and expensive, and the ability to redevelop such properties has provided unique opportunities for affordable housing projects that would not exist otherwise.

Scaffold Law: The Scaffold Law (Labor Law §§ 240 and 241), which holds owners absolutely liable when a worker is injured in a gravity-related accident, even if the employee or third-party

contractor is negligent, is unfair, costly and outdated. This law has contributed to skyrocketing insurance rates and driven most insurance companies from the New York market - adding substantial costs to general liability coverage for affordable housing and other developments. It has increased developer costs and the needed investment by the State for such projects. We support the State reforming this law and enacting commonsense amendments that would apply a standard that considers the respective negligence of the builder, the employee and/or contractor in determining damages and compensation, it would save millions of dollars for developers and the State and result in more units of affordable housing.

Removing Barriers to Affordable Housing: We support initiatives that will encourage the development of affordable housing. The Executive Budget includes two proposals which will help improve conditions for affordable housing development:

- **Rail Advantaged Housing Act:** Provides that the State Department of Environmental Conservation shall establish uniform standards and conditions for rail advantaged housing rezoning proposals, which would encourage the siting of housing or residential buildings within one-half mile of a commuter rail station.
- **Conversion of Underused NYC Commercial and Hotel Property to Affordable Housing:** Suspends local zoning and other restrictions until December 31, 2026 for the conversion of Class B hotels operating with fewer than 150 rooms and Class B or C commercial office buildings, in a defined area of Manhattan, to affordable or supportive housing.

While we are living in perhaps the most challenging time in generations, we believe that we have the opportunity to make progress on our past success. And, yes, we know it will be daunting, but through a continued cooperation among NYSFAFH, our fellow housing organizations, and our partners in government, and especially the New York State Legislature, we are confident that we will provide the safe, quality housing that our fellow New Yorkers need to recover and rebuild.

Thank you again for the opportunity to testify today and for your consideration of our budget requests. I welcome any questions or comments you may have.

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