



**Joint Legislative Budget Hearing  
February 5, 2021  
Testimony of Michael McKee, Treasurer**

Thank you for the opportunity to testify about the state housing budget. I particularly want to thank Senate Finance chair Liz Krueger and Assembly Ways and Means chair Helene Weinstein, and the two Housing Committee chairs, Senator Brian Kavanagh and Assembly Member Steven Cymbrowitz.

Before I start, I want to thank all of you – or certainly most of you – for enacting a true moratorium on evictions on December 28. Special thanks are owed to Majority Leader Andrea Stewart-Cousins and Speaker Carl Heastie for this essential measure.

This eviction moratorium gives us all some breathing room to figure out what to do about back rent that untold numbers of New Yorkers will never be able to pay. Andrew Cuomo’s lifting of the blanket moratorium last October 1 was inexcusable. It led to hundreds of unjust evictions in upstate New York, and a few in New York City, and the unjust arrest of Assembly Member Demond Meeks by the Rochester police.

But it’s important to note that many upstate judges have ignored the moratorium and allowed eviction cases to go forward, just as they ignored Tenant Safe Harbor Act defenses before December 28.

**Tax the rich, house the poor.**

“Tax the rich, house the poor” might sound like a superficial chant at a rally, but that is our basic message to you this year. Again. We are beyond the point where our statewide housing crisis can be addressed with token funding.

We have worked for the last two years with many other like-minded organizations to develop not only a platform for critical housing programs, but also to find ways to fund them. Tenants PAC strongly urges passage of the *Invest in Our New York Act* sponsored by Senator Jabari Brisport and Assembly Member Demond Meeks.

While there is some reason to believe that New York State will now receive funds from the federal government, it will not be enough to close the gap, let alone support new funding initiatives that are long overdue, not only in housing.

A one-shot infusion of federal funds is not a long-term solution to our budget problems. We need structural budgetary reform this year and in future years, with much higher taxes on the richest New Yorkers, that will produce funds adequate to the needs of a civilized society.

Once again Andrew Cuomo has presented you with an executive budget that makes no serious dent in our statewide housing crisis. You, our friends in the legislature, must use every tool available to you to best the governor in this tiresome budget dance that has repeated itself year after year.

And this year you have some new tools. You need to use them.

It is time that both houses break the “We can't afford it” syndrome that has had Albany in its grip for many years. The austerity diet that Albany has inflicted on New Yorkers for decades must end.

Albany has cut taxes on the rich and big corporations. Our governor has wasted billions of dollars on stupid economic development projects that afford him a ribbon-cutting photo-op then go bust, like his ill-fated central New York film studio. These billions have rewarded the already rich and produced virtually no benefits for working New Yorkers.

It would be unconscionable for the legislature to approve a budget this year without providing significant funds to help repair public housing across the state, and to create vouchers necessary to house homeless New Yorkers and those at risk of homelessness. And the state must begin to invest meaningfully in social housing.

For starters, we need real movement on the supportive housing units that Andrew Cuomo promised five years ago but has failed to deliver. We need funding sufficient to start getting our fellow New Yorkers out of congregate shelters and off the street and into permanent homes. Housing, not shelters.

And of course, you must do something about pandemic back rent that has been accruing for the last ten months, as untold thousands of New Yorkers have lost their jobs or had their hours and salaries cut and have fallen behind on rent and will never be able to pay it. The \$1.3 billion on its way from Washington will not be enough. This issue is also important for small landlords.

I trust by now that you are going to take a fresh look at how rental assistance should be structured, given the disastrous program you enacted last year. This program has been a fiasco not simply because the state housing agency did a lousy job of rolling it out, but more fundamentally because of punitive restrictions inserted by the legislature. I recommend that you use “*COVID-19 Housing relief for All*” legislation by Senator Julia Salazar and Assembly Member Yuh-Line Niou as the model.

It is time to end the wasteful and destructive 421-a and 485-a programs which are used to subsidize the production of unaffordable market-rate housing and gentrify low-income neighborhoods. There is absolutely no oversight of how these landlords behave which is why so many of them get away with ignoring the requirement that they comply with the rules of rent stabilization. Some have called for the state housing agency to audit 421-a buildings which cost billions of dollars in lost revenue. I believe 421-a should be repealed, along with 485-a.

I also urge you to increase funding for the Neighborhood Preservation Companies and Rural Preservation Companies programs. These non-profit groups provide an important service to the state and to their communities, and their funding has been frozen.

The governor has inserted language into Section 1101 of the tax law that would allow for tax collection from illegal hotels operating outside the scope of state and local laws. This is a back-door legalization of Short-Term Rentals and a boost to Airbnb and other platforms that are engineering the withdrawal of residential rental apartments from the market, exacerbating the housing squeeze. I urge that you delete this proposal from the final budget.

Inadequate and non-existent code enforcement is a major problem in all parts of our state. If you want to improve code enforcement, you have to put some money in it. And we call for funding to curb the lead poisoning of children, which is a scandal.

To accomplish these goals will take a good deal of new money. You must bite the bullet and use your supermajorities to make millionaires and billionaires pay their fair share. You must tax the rich, as the Albany Times Union said in its editorial of January 25.

### **Division of Housing and Community Renewal, Office of Rent Administration**

We support increased funding for the Office of Rent Administration, especially in light of its new responsibilities created by the Housing Stability and Tenant Protection Act of 2019. But ORA needs a change in culture more than it needs more funds.

ORA has always approached its task as finding some middle ground between landlords and tenants – in many instances letting landlords off the hook for their failure to comply with the law – instead of vigorous enforcement of the rent laws with the primary purpose of tenant protection and preservation of the affordable rental housing stock. ORA has adopted policies to discourage tenants from filing complaints.

During the twelve years of the Pataki administration, when George Pataki did everything he could to undermine and weaken rent regulation, numerous anti-tenant policies were adopted, both in terms of regulatory changes and administrative procedures. In the 14 years since Pataki left office, no Democratic governor— we have had three since 2007 – has taken any steps to correct them.

While I recognize that this is a budget hearing, some legislative changes could dramatically improve enforcement of our rent laws.

First and foremost, the rent registration system needs to be restored to its pre-1993 status, when the legislature and Gov. Mario Cuomo removed meaningful penalties for failure to register apartments or to file fraudulent registrations, converting the system overnight into a toothless, voluntary program. The Housing Stability and Tenant Protection Act of 2019 failed to address this issue.

During the first nine years the rent registration system was in effect, landlords who failed to file initial and annual rent registrations, or who filed fraudulent registrations, faced severe penalties, including rent rollbacks. After the 1993 gutting of the system, the penalty is a five-dollar fine. You need to fix this. Just go back to the language in the Omnibus Housing Act of 1983. But be sure to include a requirement that landlords register rent-controlled as well as rent-stabilized apartments, an unfortunate omission in the 1983 law.

And I must repeat an urgent plea I have made for several years. Please mandate that ORA re-open the Nassau County District Rent Office, which was closed in 2009 by the administration of Gov. David Paterson as a cost-savings measure in the face of a state budget deficit. In actuality this closing saved very little money: the state continued to pay the rent on the empty office for several years, and no staff were laid off but were simply transferred to the principal Office of Rent Administration at Gertz Plaza in Jamaica, Queens. So, the only actual savings is the rent. But this closing has created a tremendous hardship for tenants in Nassau County, who are now forced to drive to Gertz Plaza in Queens to seek advice, or if they do not have a car, take the Long Island Railroad to Jamaica and then walk several long blocks to Gertz. For elderly tenants in particular this has been very difficult.

Thank you again for the opportunity to testify today. We look forward to working with you throughout the session to strengthen and expand rent and eviction protections, improve enforcement of our rent laws, and protect and expand our affordable housing stock.

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