



Testimony for Rachel Fee, New York Housing Conference Joint Public Hearing on the State Housing Budget

January 31, 2022

My name is Rachel Fee. I am Executive Director of the New York Housing Conference (NYHC). I would like to thank Committee Chair's Cymbrowitz, Kavanaugh, Krueger & Weinstein, as well as the other members of the Legislature for the opportunity to comment as you work to put forth housing budgets.

NYHC is a nonprofit affordable housing policy and advocacy organization. As a broad-based coalition, our mission is to advance City, State and Federal policies and funding to support the development and preservation of decent and affordable housing for *all* New Yorkers.

NYHC is encouraged by Governor Hochul's \$216.3 billion Executive Budget, including the \$4.5 billion five-year housing plan. The framework for the new housing plan and accompanying legislative proposals align with many of the recommendations we issued in a December [report](#) in coalition with 16 partners.

However, we do think that the legislature can expand upon the executive budget to do more to ensure the State's affordable housing investments meet the immense need in our state. The Governor's budget proposes spending a total of \$92 billion in capital, with the housing plan making up just 7.5% of the total- less than transportation, higher education, economic development, and parks and environment capital spending. If the last few years have taught us anything, it is that housing access and affordability is central to the well-being of New York's residents and we can no longer stand to diminish its importance. There are a number of ways the FY 2023 Executive Budget can be expanded, but I will begin with proposals put forward by Governor Hochul that we support.

The State's Role in Land Use

New York State can do much more to encourage the development of affordable housing in all areas, expand housing choice opportunities, and reduce and prevent poverty concentration and residential racial segregation. One of the key avenues to do this is through use of legislative powers to regulate zoning. New York State must step up and become a leader to encourage multifamily housing development and expand affordable housing production across the state. Since the 1960s, Massachusetts has streamlined the process for affordable housing developments to overcoming local zoning, particularly in towns where less than 10% of the

housing stock is affordable. Chapter 40B and Chapter 40R have driven local market rate and affordable housing development in the face of reticent localities. As of 2017, 65 communities reached this 10% affordability goal in Massachusetts and 37 municipalities have approved 42 districts with transit-access and zoning improvements. And now, Rhode Island, Connecticut, and Illinois are working on instituting similar processes.

The 2020 Decennial Census Survey revealed that New York has two of the top ten most segregated metropolitan regions in the country. Throughout the state, exclusionary zoning is a common force for preventing the production that can help alleviate the supply shortage we face. Because of this, we believe that the Transit Oriented Development Act of 2022, the Creating Housing Opportunities through Building Conversion Act, Accessory Dwelling Unit Legalization, and the repeal of the 12 residential FAR cap in NYC are crucial policies we need to implement now. Particularly regarding the Transit Oriented Development Act (or TODA) we hope to see the Governor's proposal adopted and strengthened by the legislature. We must ensure that such a policy is effective by not allowing for opt-out clauses, and this body should consider both incentives and financial penalties that will allow it to avoid the pitfalls faced in other states. Recent legislation by Senator May S 7635 would also enhance the state's ability to encourage affordable housing production with the creation of a NY Housing Appeals Board.

In this same vein, we would like to see the state not just encourage localities to use its land more effectively, but also take advantage of all of its own assets. The utilization of state-owned land to create housing opportunities should be a major part of this conversation to add to our housing stock.

Capital Budget and Five-Year Plan

In addition to these policy changes, we support the serious investment in affordable and supportive housing construction represented in the budget. The need for a new and robust commitment to affordable and supportive housing has never been greater. More than half of New York renters spend more than 30 percent of their income on rent; of those, nearly one million spend more than 50 percent. However, the long-term outlook of this new five-year plan will create more consistency in affordable housing pipelines and acquisitions throughout the state and provide developers with the confidence needed to produce and rehab tens of thousands of new units in this short amount of time. With a still historically low 30-year treasury rate of 2.09% and New York personal income tax and general obligation bonds rated at AA+ (S&P and Fitch) and Aa2 (Moody's), it not only fits a moral need but is sound economics to invest in affordable housing at this time.

Specifically, the plan sets 100,000 affordable homes as a goal, including 10,000 homes with support services for vulnerable populations, and electrifies an additional 50,000 homes. The entirety of NY State's capital budget for the plan is \$5.7 billion, which includes the \$4.5 billion in housing plan funds and \$1.2 billion balance of capital funding is based on 5-years of projected

funding. It is important to note that in order to reach the total of \$5.7 billion, these programs will have to be appropriated at their FY23 levels for the next five years (now until FY2027).

Building on the Executive Budget Proposal

The next 5-year housing plan must come with improved transparency and require regular public reporting. Public reporting on progress for the plan should be posted on NYS Housing & Community Renewal's website on an annual basis. Both production and spending should be reported in total and on a regional basis by unit, affordability level, new construction vs preservation, homeownership vs rental with indication of any special populations served such as seniors, formerly homeless, veterans, details on impact of the housing plan in terms of production and preservation needed. We hope the enacted budget requires this basic reporting.

We also recommend the following to be included in the enacted budget:

1. Evictions & Homeless Prevention:

We support the Governor's proposal to include an expansion of legal assistance for those facing evictions. The \$35 million Eviction Prevention Legal Assistance Program will offer free legal assistance to renters below 200 percent of the Federal poverty line. In addition, we recognize that the State made great strides to improve the implementation of the ERAP program. However, the ending of the moratorium and sheer volume of tenants at risk, means much more is needed. We don't feel that waiting for a federal response is prudent and instead call for the state to put forth relief funds that address the crisis today and a voucher program that will mitigate evictions in the future. With \$2B in a pandemic relief reserve in the current executive budget, we propose that aid to renters and landlords at-risk be prioritized. Furthermore, this moment serves as a perfect time to advance a program like the Housing Access Voucher Program or HAVP as laid out in Senator Kavanaugh's bill S2804. HAVP is a permanent, statewide Section 8-like rental assistance program, wherein half of vouchers are dedicated to help homeless New Yorkers and the remainder go towards eviction prevention. On any given night, 92,000 people live in shelters and on the streets; thousands more are uncounted and doubled- or tripled-up in apartments. We cannot allow this situation to get worse.

2. Public Housing:

Likewise, public housing in New York City faces a crisis that requires State action. The Governor's Budget fails to address any of NYCHA's \$40 billion capital shortfall representing unconscionable living conditions, systematic outages and warranting a federal monitor. While, the Build Back Better Act brought the hope of significant federal funds, the promise of federal aid is dwindling. The Governor, working closely with the Legislature, must engage NYC Mayor Eric Adams in developing a long-term City-State funding strategy. We recommend that any plan include a minimum capital allocation of \$1.5 billion annually from the State and absent new federal funding, we call for \$1.5

billion in capital appropriations to NYCHA this year. We also hope to see increases to public housing developments outside of NYC in the enacted budget.

3. Fair Housing:

In terms of fair housing and anti-discrimination efforts, the Executive Budget allocates \$2 million for fair housing testing and \$215,000 for new housing credit check reforms. While it is great to see this new funding to fight discrimination in the state, it falls \$1 million short of what is needed for organizations working through our existing fair housing program to work. The current Eliminating Barriers to Accessing Housing in New York Program or EBHNY will require at least \$3 million to be successful in this important work. We hope that future budgets reflect this need and look to the EBHNY program when formulating anti-housing discrimination efforts. Ultimately, we don't need to reinvent the wheel here, we just need adequate resources.

4. Affordable Homeownership:

The budget certainly shows a concerted effort to provide real affordable homeownership options in the coming years. The new shared equity housing pilot is promising. Furthermore, the Affordable Housing Corporation (AHC) will require \$24 million in additional funding for the program to have the intended impact in all markets. As far as legislative concerns, the budget did not include a Community Land Trust non-for-profit tax exemption. As done in Senator Brouk's S6326A (A7930 - Assem Davila), the State needs to provide specific guidance on how properties owned by CLT's should be taxed. Leaving it up to local assessing authorities to determine the taxable value of each home leads to significant uncertainty across the State with some assessors treating the homeowners fairly and others taxing them as if they were market-rate homes. This change would empower local assessors to treat these permanently affordable homes fairly and ensure income-qualified homebuyers will have the ability to afford the purchase for generations to come.

5. Resident Housing Services:

Finally, we strongly recommend the establishment of a service coordinator model for congregate senior housing. We recommend the creation of an Independent Senior Affordable Housing Assistance Program. Such a program will allow for resident assistants in more new and existing affordable senior housing developments, connecting low-income residents with an array of existing community programs and resources that can help extend independent living and keep them out of more costly levels of care.

A full set of specific funding recommendations are provided on page 35 of our December report.

In conclusion, we hope that the people of NY who need safe and affordable homes and the conditions they face are not lost in the jargon of housing production and budget lines. New Yorkers need affordable housing now more than ever. It is also crucial to recognize that with

this need and increase in funding, the State also needs the capacity to carry out this work; this means providing the departments within HCR and relevant agencies with enough staff to successfully manage this immense and important undertaking.

I look forward to answering any questions you have. Thank you for this opportunity to testify.