



Testimony by The Legal Aid Society
Joint Legislative Hearing:
2019-2020 Executive Budget Proposal – Housing
February 4, 2019

Introduction

The Legal Aid Society (the Society) is the nation’s oldest and largest not-for-profit legal services organization advocating for low-income individuals and families across a variety of civil, criminal and juvenile rights matters, while also fighting for legal reform. With a staff of more than 2,000 lawyers, social workers, investigators, paralegals and support and administrative staff; and through a network of borough, neighborhood, and courthouse offices in 26 locations in New York City, the Society provides comprehensive legal services in all five boroughs of New York City for clients who cannot afford to pay for private counsel.

The Society exists for one simple yet powerful reason: to ensure that no New Yorker is denied their right to equal justice because of poverty. The mission of the Society’s Civil Practice is to improve the lives of low-income New Yorkers by providing legal representation to vulnerable families and individuals to assist them in obtaining and maintaining the basic necessities of life — housing, health care, food and subsistence-level income or self-sufficiency. The Society’s legal assistance focuses on enhancing individual, family and community stability by resolving a full range of legal problems in the areas of housing and public benefits, foreclosure prevention, immigration, domestic violence and family law, employment, elder law, tax law, community economic development, health law and consumer law.

The Society’s Civil Practice maintains an annual caseload of 300,000 individual cases and legal matters. Additionally, the Society’s Law Reform Practice benefits more than 1.7 million low-income families and individuals in New York City and the landmark rulings in many of these cases have a State-wide and national impact.

Thank you for the opportunity to offer comments on the 2019-2020 Executive Budget Proposal as it relates to housing. Our comments will focus on three areas of particular interest to our clients, the New York City Housing Authority, the Division of Housing and Community Renewal and the Rent Laws, and funding for representing homeowners in foreclosure proceedings.

New York City Housing Authority

At the federal level– the amount of operating and capital subsidies that NYCHA receives from HUD has not been sufficient to cover its costs and needs for over a decade. Between 2001-2013, NYCHA estimates that it suffered a cumulative operating and capital subsidy loss of nearly \$2 billion.

Decades ago, the State and City built 26 developments and provided operating and capital funding for them for many years. In 1995, five developments were transferred to the public housing program and received federal subsidies. The State and City continued to provide operating and capital funding to the remaining 21 developments – until 1998, when the State eliminated its operating subsidy and 2003 – when the City followed suit. In 2001, the State reduced its capital contributions from \$15 million to \$6.4 million. In 2010, the majority of City and State developments were federalized, but NYCHA continues to operate 4,207 units without subsidies. These developments currently “share” in the federal funds provided for NYCHA’s public housing– this costs NYCHA more than \$23 million a year.

NYCHA’s recent Physical Needs Assessment of its property portfolio indicates \$32 billion is needed to make repairs and upgrades to ensure safe, decent living conditions for the 600,000 New Yorkers who call NYCHA home. NYCHA’s recently released *NYCHA 2.0 Plan* that lists different strategies that NYCHA plans to undertake in order to reduce the capital needs backlog by raising \$24 billion in revenue. This leaves a budget gap of \$8 billion.

We call on Governor Cuomo and the State Legislature to commit to a long-term capital plan for NYCHA as a matter of social justice. First, the State needs to release the \$450 million in already appropriated funds (FY17 in the amount of \$200 million and FY 2019 in the amount of \$250 million). This will enable NYCHA to make urgent repairs and upgrades to its aging heating systems and other critical capital needs. Second, the State should commit to fund the \$8 billion budget gap starting with \$500 million in FY 2020. NYCHA is in need of a serious long-

term capital commitment from the State and City and we urge the State to work with New York City counterparts and develop a 10 year joint funding plan. We call on the State to fund \$500 million in FY 2020 to preserve those units that are not being converted to Section 8 and are thus not eligible for private financing. Third, a dedicated funding source should be identified for current repairs and upgrades and also to meet future needs. Reforming the cooperative and condominium tax abatement to exclude owners earning over two hundred and fifty thousand dollars a year would yield at least one hundred million dollars annually which could raise two billion in bonded capital. With the abatement up for renewal in June, it is time to redirect housing resources to where they are most needed.

Division of Housing and Community Renewal and the Rent Laws

As this committee is well aware, this year the rent laws, the Emergency Tenant Protection Act of 1974, the Emergency Housing Rent Control Law and the Local Emergency Housing Rent Control Act sunset on June 15, 2019. While in past years, there has been a question as to whether these laws would continue to exist passed their sunset date, we believe that based on public statements by Governor Cuomo, Majority Leader Stewart-Cousins and Speaker Heastie, the laws will be renewed. The question is whether those laws will be strengthened and expanded. We call on the legislature to renew, strengthen and expand the rent laws, however, under the circumstances, we believe that this is not a budget issue. As such, we look forward to working with the Senate and the Assembly to carefully consider what decades of weakening amendments have done to the rent laws and how we can address mass harassment, displacement unjust, unreasonable and oppressive rents, and excessive and unwarranted rent increases. We expect that after the budget is enacted we can have conversations about how to expand tenant protections across New York State to “forestall profiteering, speculation and other disruptive practices tending to produce threats to the public health, safety and general welfare” and to “prevent uncertainty, hardship and dislocation.”

Under these circumstances, it was disappointing to read the Administration’s budget proposal. On one hand, it appears to add 94 positions to DHCR which we would support. On the other hand, the proposal threatens to withhold 8 million dollars this year and 8 million dollars next year if the legislature does not pass legislation in the exact form that the Administration requires. What that looks like, we do not know. We know from our experience with the agency

that processing landlords' requests for Major Capital Improvements is the agency's first priority and we believe that were 8 million dollars subtracted from DHCR's budget, the agency's response would be to protect these Major Capital Improvement requests. That would result in even less capacity and interest in responding to tenant complaints or proactive enforcement of the rent laws. We urge the legislature to de link DHCR's funding from any condition imposed by the Administration.

We hope that the rent laws and expanding tenant protections will be the subject of hearings later this session and we look forward to providing testimony at such hearings.

On the budget proposal, the subject for this hearing, we call for an additional \$5.3 million for the Tenant Protection Unit to ensure more robust tenant protections. The failure to fund robust tenant protections at the State Housing Agency has led to major losses of rent regulated housing. That must change.

Homeownership Funding

As part of a statewide coalition of 167 advocacy organizations, businesses and labor unions, we are asking the State to include \$20 million in the 2019-2020 Executive Budget for "Communities First" to continue funding critical services to homeowners and communities throughout the state. Communities First seeks to build on New York State's existing network of housing counseling and legal service providers, currently slated to shut down on March 31, 2019, to preserve homeownership, address abusive lending and real estate practices, prevent homelessness and stabilize neighborhoods.

Conclusion

We appreciate the opportunity to testify before the Joint Legislative Budget Committee. We look forward to working on these issues with you and your committees.

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