

NEW YORK HOUSING CONFERENCE

NYS Joint Legislative Hearing on Housing Testimony for Rachel Fee, New York Housing Conference February 4th, 2019

My name is Rachel Fee. I am Executive Director of the New York Housing Conference (NYHC). I would like to thank the Committee Chairs Cymbrowitz, Kavanaugh, Krueger and Weinstein, and other members of the Legislature here today, for the opportunity to comment.

NYHC is a statewide, 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.

The Governor's budget proposal reappropriates \$2.9 billion for continued support of the statewide, 5-year housing plan to preserve and produce 110,000 units of affordable housing. HCR is allocated \$174 million in new funding in this budget, although \$72 million of this is for the Governor's Office of Storm Recovery, not HCR's affordable housing programs. Another \$12 million is funded from the Mortgage Insurance Fund excess reserves (MIF) for housing programs, a lower amount than in previous years.

NYS Homes and Community Renewal has stepped up to the challenge of implementing this plan, addressing a wide variety of housing needs across the state. This includes financing supportive housing, planning new senior housing and also addressing the challenges of small building financing and mobile home replacement. The agency has excelled in developing new partnerships and financing opportunities for both the small buildings and mobile home programs which are especially

important sources of affordable housing in upstate communities. We thank the Legislature for being true partners in planning and financing the housing plan, now in its third year, which is making a difference to low-income families in New York.

Presently, there are no State-mandated prevailing wage requirements applying to this housing plan. Governor Cuomo has stated support for prevailing wage requirements for project construction with subsidies. It is important to note that any new prevailing wage requirement will significantly increase costs for affordable housing. This means that either fewer affordable units will be produced within the existing budget or additional subsidy will be required to achieve promised production targets.

According Independent Budget Office analysis published in 2016, prevailing wages may increase construction costs by 23%. A new statewide requirement could also impact New York City's Housing New York Plan, which produced more than 10,000 new construction units and preserved more than 24,000 existing units of affordable housing this past year.

In addition, the Executive Budget calls for reforms of the rent laws including enhanced protections for tenants and the budget affirms the Governor's commitment to end vacancy decontrol and to amend the application of preferential rent. The Governor also commits to limit capital improvement charges based on a report on rent regulation delivered to the Governor by the Commissioner of the Division of Housing and Community Renewal on or after March 1, 2019. New York Housing Conference supports this approach of policy improvements that will protect rents and curb displacement, while also recognizing the need to ensure continued investment by owners in rent stabilized buildings. Reforms for major capital improvements and individual apartment improvements must continue to not only allow owners to recoup investment in their buildings after making needed repairs or upgrades, but to also provide financial incentive to do so.

As members of the #BanIncomeBiasNY Campaign led by Enterprise Community Partners in partnership with Fair Housing Justice Center and Erase Racism, New York Housing Conference proudly supports the Governor's proposal to amend the Human Rights Law to add lawful source of income as a protected class and to prohibit housing discrimination on the basis of lawful source of income. This will expand housing opportunities to renters across the state. We thank Governor Cuomo for the inclusion of this important provision to end source of income discrimination for renters.

We are also in favor of the Executive Budget proposal to limit the amount of security deposit that a landlord may charge a tenant to an amount or value not in excess of two months' rent, including the first month's rent. In addition, we support the Executive's forthcoming regulations prohibiting state-funded housing operators from automatically turning away applicants with poor credit or histories of bankruptcy. Instead, the State will require that all potential tenants and homeowners be holistically evaluated to determine the circumstances behind their credit history and their ability to pay rent on a forward-looking basis. The Executive Budget also proposes that State-funded developers of rental housing will be required to offer tenants the option to have their rent payments reported to credit bureaus at no cost to the tenant, which will enable tenants to help build a credit history. We commend the Governor for these thoughtful recommendations aimed at helping renters achieve success in the private rental market.

Additional budget provisions aim to protect the health of renters. We applaud the Governor's support of new regulations that provide necessary authority to State and municipal housing maintenance code enforcement agencies to include lead paint hazard control in existing enforcement activities and levy applicable fines on residential rental properties throughout New York State. This would ensure that rental housing statewide is maintained in a condition that protects children from the health dangers associated with exposure to lead based paint. We also commend his proposal to lower the

acceptable blood lead level from 15 µg/dl to 5 µg/dl to continue the State's goal of eliminating sources of lead exposure before a child is injured.

While many of the policy proposals suggested in the Executive Budget will expand housing options and bolster the impact of the statewide affordable housing plan, there is a growing need for affordable housing. More than *half* of New York renters devote more than 30% of their income to housing and nearly 1 million families are severely rent burdened, paying more than 50% of their monthly income on housing across the state. Affordable housing is also critical to addressing our homeless crisis- more than 90,000 New Yorkers are homeless across the State. For public housing, insufficient funding has led to deteriorating building conditions for residents of the New York City Housing Authority (NYCHA) as well as for smaller public housing authorities (PHAs) in other parts of the state.

New York Housing Conference recommends the following budget and policy recommendations to improve upon existing programs and address urgent housing needs:

1) Public Housing

Last week NYCHA and HUD announced a new agreement for a monitor. Given the urgency of repairs needed in NYCHA's vast portfolio, it is critical that \$450 million in funds appropriated in fiscal year 2018 and 2019 are immediately deployed. This funding, which was held up this past year in expectation of a monitor agreement, should be swiftly released to address critical capital needs, especially related to heat and hot water.

We also recommend that the State work with the City of New York in a shared long-term capital commitment to meet the \$8 billion funding gap identified in the NYCHA 2.0 Plan which raises \$24 billion towards the \$32 billion total capital needs. We recommend that \$500 million in capital

funding is allocated to NYCHA this year in the State budget. We are seeking a matching commitment from New York City. We also recommend identifying a dedicated revenue source to fund a long-term plan. This could be achieved by reforming the coop/condo abatement set to expire in June, by eliminating tax breaks for luxury homeowners, while maintaining the benefit for the middle class.

For public housing outside of New York City, we recommend an additional \$125 million to allow PHAs to leverage the RAD program. The RAD cap was statutorily increased last year to allow 455,000 units to take advantage of this program converting from public housing to affordable housing, additional State resources should be dedicated to ensure that eligible housing authorities can leverage this program to make repairs. We recommend appropriating \$20 million for capital needs for PHAs not utilizing RAD.

2) Senior Housing

We are pleased that the State's first Senior Housing program is underway and would like to note the absence of a Resident Service Coordinator Program needed to complement the capital funding. Service coordination offers an array of services that assist residents to remain independent by emphasizing wellness and healthy aging. We recommend \$10 million should be added to the budget to fund 5 years of senior services.

3) Support Housing

A central pillar of the State's affordable housing production program administered by HCR creates needed supportive housing for the formerly homeless. OTDA's Homeless Housing Assistance Program (HHAP) has been an important gap filler for projects in HCR's pipeline. It is important to recognize that demand far exceeds available funding. While this is not in the HCR budget, we

advocate for \$64 million in HHAP funds be appropriated to be used for projects in HCR's Empire State Supportive Housing Initiative (ESSHI) pipeline.

4) Home Ownership

I would also like to note the State's important role in foreclosure prevention and creating affordable homeownership opportunities. Foreclosure counseling has been an effective tool in keeping homeowners in their homes and it is important that funding continues to provide support to counseling agencies. We ask that the State appropriate \$20 million in funding for Communities First Foreclosure Prevention Program. Affordable homeownership programs like AHC should be significantly increased in the range of \$13 to \$24 million and be updated with higher per unit limits to meet the growing need in communities across the state.

5) Neighborhood and Community Needs

We recommend an increase to the funding of the Neighborhood and Rural Preservation program by \$10 million to fully fund existing Neighborhood and Rural Preservation corporations and expand the program in currently unserved areas.

We ask the State Legislature to allocate \$40 million for community-based groups to do the necessary outreach and education on Census participation, especially in the hardest-to-count areas of New York. Data from the 2020 Census will decide how much federal funding New Yorkers will receive for the next decade. Federal funding is essential to develop, rehab and operate affordable housing in New York. Moreover, an accurate count is critical to support New York's economy, housing, jobs, schools, medical services, infrastructure, political power, and the quality of life for everyone.

Thank you for this opportunity to provide input in New York State Budget.