



**Testimony of Habitat for Humanity of New York State**

**To the New York State Joint Legislative Committee on Housing on 2021  
Executive Budget Proposal**

**February 2, 2021**

**Testimony respectfully submitted by:**  
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Good morning. My name is Mary Robinson, and I'm the CEO of Habitat for Humanity of New York State, an organization that supports the efforts of the state's affiliates through training and grant administration. I want to begin by thanking Chairs Kavanagh and Cymbrowitz, and members of this joint legislative committee for the invitation to testify on the need for greater investment in homeownership opportunities affordable to low-income New Yorkers.

Habitat for Humanity affiliates work in urban and rural areas, upstate and downstate, building and rehabilitating homes for low-income residents, ensuring homebuyers pay no more than 30% of their income for their homes. Homeownership is an oft-forgotten piece among solutions to the affordable housing problems our state faces.

Affordable rental housing often receives the lion's share of attention within the framework of New York's housing crisis. A truly equitable approach to the state's affordable housing landscape, however, requires opportunities for working families to build equity. A new focus on affordable, generational homeownership is more important than ever as the black homeownership rate has dropped below pre-Fair Housing Act levels. Housing justice is racial justice and its intrinsic that our state invest in and develop strategies that advance equitable, generational homeownership access on both the supply and demand sides of the issue.

Habitat for Humanity knows the power and importance of affordable homeownership. Over the past 10 years, we have built over 661 homes, rehabilitated over 310 homes, and repaired over 448 homes. Throughout our history in New York, we have served thousands of low-income families through homebuilding and housing preservation. Habitat homeowners build side-by-side with volunteers to complete their home and the homes of their neighbors. Our homes are built for New Yorkers by New Yorkers. The conclusion of the building process is long-term housing stability for hard-working families. These homeowners are teachers' aids, home health care workers, administrative workers, janitors, bus drivers – the people who turn our cities' lights on in the morning and lock up at the end of the night.

Our partnership with New York State Homes & Community Renewal makes all this possible through both capital subsidy and access to critical mortgage financing from the State of New York Mortgage Agency. SONYMA financing for Habitat homebuyers at a 1% down payment and 2% fixed-interest rate is the key to ensuring low-income families continue to access new affordable homeownership opportunities across the state. I want to take this moment to thank the Governor, Commissioner Visnaukas and all their dedicated team for the continued commitment to low-income homeownership.

I am here today to call on both the Senate and Assembly to consider the following requests:

- **Include Assemblymember Walker and Senator Bailey's Affordable Housing Corporation (AHC) reform bill in the State budget- increasing capital allocations for homeownership projects to up to \$75,000/unit**
- **Increase the state's appropriation for AHC in the 2021 – 2022 budget to \$44M in parity with the rental-focused Housing Trust Fund**
- **Ensure fair taxation of Community Land Trust homeownership across the State by including Assemblymember Davila's CLT tax relief bill in the budget**

- **Support Assemblymember Epstein and Senator Harckham's Accessory Homes Enabling Act and accompanying financing to advance the effort to create ADUs to increase the supply of affordable rental housing and financially support low-income homeowners**

### Affordable Housing Corporation

My office administers a grant from the Affordable Housing Corporation for 20 NYS Habitat for Humanity affiliates from Buffalo south to Long Island, and others apply for and utilize the program independently. I first want to thank our senators and assembly members for recognizing the importance of homeownership and continuing to fund this vital program.

AHC is the primary NYS program that provides capital subsidies for developers to build, rehabilitate, and repair homes for low-moderate income first-time homebuyers. In 1985, AHC was established by Governor Mario Cuomo with an annual budget of \$25 million with unit subsidy caps of \$25,000. However, funding levels and unit allocation amounts have not kept up with increased construction and rehabilitation costs over the last 35 years. This bill would correct a portion of this oversight by giving NYS Homes and Community Renewal the ability to provide up to \$75,000 in capital funding to projects in high-cost markets, and up to \$50,000 in lower cost counties, that meet the longest and deepest levels of affordability. The Assembly passed the bill in 2019 and both chambers were prepared to pass it last year prior to the state being hit hard by Covid-19.

Construction costs have tripled since AHC was established, yet the program budget has increased by only \$1 million from its original allocation in the mid-80's. Rental programs, on the other hand, have seen much greater increases and are further supported by large-scale programs like the Low-Income Housing Tax Credit.

In New York City, our projects often face budget gaps that keep us from breaking ground and draw out pre-development and related costs for years. Despite the City's increased support, Habitat NYC is still forced to seek out capital from local City Council Members and Borough Presidents to fill the gap – capital that is completely discretionary and extremely competitive with all other capital projects in the district or county. For example, our nearly complete Sydney House project, a 57-unit low-moderate income HDFC cooperative in Speaker Heastie's district, received nearly \$2 million in NYS AHC capital funding, but still required an additional \$4 million in discretionary ResoA capital from the local Council Member and Bronx Borough President which took three years to secure. Other affiliates have even less access to diverse funding sources and local capital support.

Our NYC affiliate alone has projects totaling more than 150 units currently in the pipeline – predominantly located in Central Brooklyn and Southeast Queens. Increasing the cap on AHC grants from \$40 million to \$75 million will allow these projects to move forward and remain affordable for low-income New Yorkers. This bill exemplifies a good public/private partnership as it incentivizes longer-terms and greater depth of affordability.

This increase in per-unit allocations does require a right-sizing of the budget, which has largely remained stagnant since Gov. Mario Cuomo's first appropriation. We request the

program allocation be increased by \$18 million based on the legislative funding change and to be in parity with the rental focused Housing Trust Fund program. We request that the Governor and Legislature include the increase and reforms to the program in the FY2022 budget proposals – bringing the AHC program from \$26 million to \$44 million.

### Community Land Trust Tax Relief

Increased investment should always come alongside increased public benefit. This is why we are also requesting the State acknowledge the importance of the Community Land Trust model and ensure the permanently affordable housing located on CLT land remains affordable in accordance with their missions.

CLTs limit the resale price of the homes, which helps maintain affordability for the next generation of land trust residents and protects against the loss of scarce affordable housing. However, the State still does not have any guidance on how such properties should be taxed, leaving it up to local assessing authorities to determine the taxable value of each home. This 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.

Proposed legislation by Assemblymember Davila and previously carried by both Sens Betty Little and Velmanette Montgomery qualifies CLT-owned land as tax exempt under the not-for-profit 420-a tax law and directs taxing authorities to assess the homes at an appropriate, reduced rate in accordance with the resale restrictions. 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.

In addition to our top three priorities listed above, we are enthusiastic about a number of legislative proposals that would truly advance our State's fair housing efforts. The legislature could and should make Homeownership a priority by taking up and passing some – if not all – of the following issues:

- The New York State Accessory Homes Enabling Act – Announced by Assemblymember Harvey Epstein and Senator Pete Harckham, the accessory dwelling unit enabling legislation would direct municipality to update their zoning codes to equitable and inclusively support homeowners creating an additional rental unit on their property
- Tenant Opportunity to Purchase Act (TOPA) - recently proposed by Senator Zelnor Myrie the legislation would give tenants the first opportunity to purchase their buildings and convert to HDFC cooperative
- HDFC Ombudsman Act – introduced by Assemblymember Harvey Epstein in 2020, the bill would establish much needed technical and legal support for HDFC cooperatives across the state
- Reform the Private Housing Finance Law (PHFL) and Martin Act in relation to HDFCs to strengthen the stewardship and preservation of affordable cooperative homeownership
- Maintain \$20M in funding for the State's network of foreclosure and housing counselors and legal service providers

Affordable housing is a deeply interconnected continuum with each solution, whether it be affordable ownership, rentals, public housing, or shelter, all serving an important segment of the population. For example, a family given the opportunity to purchase a starter home is more likely to leave behind a rent-stabilized or otherwise affordable rental unit, freeing up that unit for another family. We have seen this firsthand at Habitat for Humanity, as a significant number of our first-time homebuyers have transitioned into homeownership directly from public housing units operated by NYCHA. This cascading effect frees up units along the housing continuum, so that by helping one family, we are providing opportunities for more rent-burdened families across the continuum.

Decades of racist redlining and predatory lending prevented countless families of color from ever entering the housing market throughout the 20th century and depressed generational wealth and homeownership rates for non-white families. Nationally, the number of black families who own their own homes has dropped to 1960 levels, or 40.6 percent, compared to a white homeownership rate of 73.1 percent – effectively setting the clock back to levels that pre-date the Fair Housing Act.

By taking up these proposed pieces of legislation and budget priorities, New York State can show the rest of the country that we are leaders in the effort to tackle housing inequality. We as a state should follow-up the historic rent reforms of 2019 and the pandemic storm that further exposed the fact that we are not all in the same boat, with a 2021 that brings historic support for low-income homeowners and homebuyers.

Please feel free to contact me if you have any questions regarding legislative and budget priorities and I thank you for the opportunity to testify today. We look forward to expanding our partnership and impact with the State in serving low-income families in need of affordable homeownership.