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Testimony: Fund Affordable, Supportive and Social Housing Across New York State

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New York State Joint Legislative Budget Hearing on Housing

Thank you for the opportunity to testify at today's 2022 Joint Legislative Budget Hearing on Housing. My name is Samuel Stein and I am a housing policy analyst at the Community Service Society of New York (CSS), a leading nonprofit organization that promotes economic opportunity for New Yorkers. We use research, advocacy, and direct services to champion a more equitable city and state, including to urgently address the effects of the city's housing affordability crisis.

Before March 2020, many low-income New Yorkers were already living on the edge, with rent eating up a substantial portion of their earnings. The pandemic has intensified this ongoing crisis. According to the latest data from the New York State Office of Court Administration, nearly than 227,000 tenants have been sued for eviction across New York State as of this month. They are now on the brink of losing their homes as New York State's eviction moratorium was allowed to expire two weeks ago.

The combined impact of the pandemic and the State's ongoing housing crisis has not been distributed evenly. According to data from CSS's 2021 "Unheard Third" survey, the longest running survey of low-income communities in the nation, more than one in four low-income tenants are behind on their rent during the pandemic, with Black and Latinx tenants – and particularly women – at greatest risk for long term consequences as a result of rent debt. In the past year, rents increased for 43 percent of tenants with incomes below the federal poverty line. Rents rose at a proportionately higher rate for low-income tenants of color than for low-income white tenants: 49 percent of Asian tenants and 41 percent of Black and Latinx tenants experienced rent increases, compared to 32 percent of white tenants. More than one third of low-income tenants reported that they were worried they would be evicted or forced to move when the eviction moratorium ends.

This heightened crisis demands urgent action from our state government to keep people housed, to house those experiencing homelessness, and to ensure safe conditions for all. The following are some of the most important housing issues and legislation CSS has identified for the upcoming budget.

End and Prevent Homelessness

On any given night, approximately 92,000 people in New York State are experiencing homelessness. There are several important programs the state can fund to immediately rehouse the homeless and prevent more homelessness in the future.

The Housing Access Voucher Program (HAVP, Kavanagh S.7628A/ Cymbrowitz 3701A) could be the most important and effective tool to achieve both of these ends. HAVP would create a state-funded voucher that would operate much like the federal Section 8 program. Half the new vouchers would go toward rehousing people experiencing homelessness, and half would go to low-income tenants (including those who cannot access Section 8 vouchers) to help them remain housed despite declining incomes and rising costs. A commitment of \$1 billion toward this program would have a transformative impact, aiding almost 85,000 families or individuals in exiting or preventing homelessness.

Another opportunity to end homelessness and prevent further displacement would be to expand the Housing Our Neighbors with Dignity Act (HONDA), a bill passed last legislative session to support nonprofit housing providers in converting commercial buildings into affordable and supportive housing. The initial \$100 million dedicated to this program was available only to New York City providers. Increasing funding for this program, making it available to localities across the state, and revisiting language that was included in earlier versions of the bill regarding land use and certificates of occupancy would make this tool more effective in facilitating much needed new affordable and supportive housing production.

One factor driving homelessness in New York State is the difficulty justice-involved individuals face in securing housing. The Governor's executive budget included a bill that would bar housing discrimination based on conviction history, but it included two large carve-outs that would decisively undermine the bill's intent and impact. We urge the state to continue pushing for full non-discrimination measures that ensure that housing is not denied – and thus homelessness is not all but guaranteed – for people with prior convictions.

At the same time, the State must expand tenant protections to prevent eviction and displacement – the greatest driver of our homelessness crisis – by: creating a statewide Right to Counsel (May, S6678A/ Joyner, A7570A) to guard against illegal evictions; by passing Good Cause eviction protections (Salazar, S2892B/ Hunter, A5030B) to stop no-fault evictions; and by banning winter evictions, as cities like Seattle have done already.

Fund Social Housing Conversions and Developments

To truly end the housing crisis and move toward long-term stability, New York must set a course toward increasing and improving its stock of social housing. By social housing, we mean housing in the public domain, operated, regulated and managed through a combination of government, non-profit and resident ownership. Its three key features are: deep affordability (or promoting social equality); decommodification (or insulating housing from market forces); and democratic management (or enabling residents to exercise control over their housing). New York State has a rich social housing history, from our early and robust public housing program, to Mitchell-Lama, to low-income cooperative development after the city's fiscal crisis. There are several opportunities today to build on this legacy and invest in the next generation of social housing models.

Governor Hochul's executive budget proposed a \$50 million social housing pilot program as part of her larger \$400 million homeownership initiative. The social housing pilot program should prioritize those projects that incorporate meaningful resident control. In addition, her executive

budget includes \$120 million to preserve and reinvest in Mitchell-Lama housing throughout the state. These are important first steps toward protecting legacy social housing and developing new models.

In addition, the State should look to complementary tools to aid in supporting social housing conversions. One such bill is the Tenant Opportunity to Purchase Act (TOPA: Myrie, S3157/ Mitaynes, A5971). Under TOPA, when rental buildings go up for sale, tenants would have the right of first refusal to either buy the building themselves and turn it into a limited-equity cooperative or designate a preferred buyer who would steward the building under a social housing model. This legislation would prevent high-speed flipping of rental buildings for extreme profit and would give tenants a stronger hand in determining their housing futures.

Preserve and Protect NYCHA

But the single largest and most important social housing program in New York – public housing – deserves much more support and attention. We are deeply disappointed that no commitment was made to the New York City Housing Authority (NYCHA) in the Governor’s budget. This was particularly surprising since the Governor earlier registered NYCHA as a priority concern and charged the Lieutenant Governor with the formation of a NYCHA Task Force. The authority faces a \$40 billion capital backlog as well as operating shortfalls that force it to use a portion of its inadequate federal capital funds to fill the gap.

New York City’s public housing is the state’s largest single affordable housing resource. Yet its residents struggle daily with seriously deteriorating conditions. We had hoped the federal Build Back Better bill would address many, if not all, of NYCHA’s capital needs, but the prospects now seem dim. In that light, CSS renews its request that the state make a long-term capital commitment of \$1.5 billion annually to restore NYCHA’s infrastructure, a commitment that we will also press the City to match.

Recouping Lost Tax Revenue

Solutions to the State’s housing and homelessness crises will require substantial investment and a significant reorientation of the State’s tax policy. One place to start is to end the 421-a tax exemption once and for all by either allowing it to expire in June or abolishing it sooner (Myrie, S7238/ Rosenthal, A01931). Propping up 421-a has turned out to be the state’s single most costly housing expenditure. This exemption cost the New York City \$1.7 billion in foregone tax revenue from developers in Fiscal Year 2021 and over \$22 billion (adjusted for inflation) in the last three decades combined. It has proven, time and time again, to be extremely inefficient in supporting the State’s housing affordability goals.

We commend the Governor’s proposal to formally end the 421-a program, but the replacement she suggests – while allowing for lower income levels in the affordable housing that would be created with the tax subsidy – relies on much of the same logic as 421-a, and will thus likely replicate its costs and inefficiencies into the future. Rather than revise or recreate 421-a, New York State should replace it with a program that either ties the value of the tax benefit to the cost of the affordable housing it produces (rather than subsidizing both the luxury and affordable

units in a given development), or, better yet, use those resources toward the development of new social housing and the preservation of existing social housing (including most urgently NYCHA public housing).

Thank you again for the opportunity to offer our comments. For more information or if you have any questions, please feel free to contact me at sstein@cssny.org.