

**NY State Senate and
Assembly Housing
Budget Hearing**

January 31, 2022
Remote Hearing

Note: This testimony reflects the position of Pratt Center for Community Development and not necessarily Pratt Institute

Preserving and Strengthening Affordable Housing and Homeownership in NYC

We are Lena Afridi, Interim Executive Director, Rebekah Morris, Senior Program Manager, and Olivia Watts, policy and community organizing fellow, at the Pratt Center for Community Development. We want to thank Senator Kavanagh, Assemblymember Weinstein, and Senate and Assembly leadership for holding this hearing and for the opportunity to testify in support of the listed legislation below.

Founded in 1963, the Pratt Center for Community Development works for a more just, equitable, and sustainable city for all New Yorkers. Pratt Center works with and on behalf of community-based organizations, grassroots community coalitions, and small businesses. We strive to create sustainable neighborhoods where housing, transportation and other resources are accessible, affordable, healthy, and green and promote a diverse economy that delivers access to good jobs and economic opportunities for residents and other local stakeholders. Through on-the-ground efforts, policy design, and advocacy, we are committed to building an environmentally sustainable, affordable, and just city for current and future generations.

New York State is in a housing crisis. The affordable and accessible housing market has been decreasing over the past few years, and, unfortunately, the pandemic has accelerated this loss of affordability. We are seeing exploding home and rental prices and subsequent mass displacement across the state, particularly in low- to moderate- income (LMI) and Black and brown communities. We must do more to stabilize these communities by preserving and strengthening naturally occurring affordable housing, investing in community ownership, creating robust tenant protections, and addressing and protecting against speculation. With the foreclosure and eviction moratoriums coming to a close, the time to act is now. We have the proposed tools to make this happen, and, now, it is up to you to make them a priority and pass these bills.

In addition to the chorus of community voices from LMI neighborhoods and other housing advocates and coalitions, like the Coalition for Affordable Homes and Housing Justice for All, we urge you to pass the following bills that would help achieve statewide housing affordability and stability:

1. Accessory Dwelling Units (ADU's - S4547A/A4854A):

- Accessory Dwelling Units are a vital tool for solving the Statewide housing crisis that has left tens of thousands of New Yorkers and their children homeless or in shelters. It is also a key way to ensure equitable distribution of the responsibility of all communities to participate in solving this crisis. ADUs can increase housing stock without greatly changing the “feel” of a community.
- We applaud the \$85 million allotted by Governor Hochul for technical assistance to homeowners. We believe this number should increase to include 0% and/or forgivable loans for LMI homeowners.
- We strongly encourage the legislature to include a waiver for all 2-family homes in New York City that will add a basement unit to continue to be regulated by NYC building code, rather than shifting the entire building to be covered by the Multiple Dwelling Law (MDL). The MDL will be an impossible barrier for 2-family homes converting to 3-family homes to comply with, as the cost will put access to legalization of ADUs out of reach for all LMI homeowners in NYC. Buildings will remain safe under the NYC’s Buildings Code.

2. Good Cause Eviction (GCE - S3082/A5573):

- According to “The Right to Remain”, a report by Community Service Society and Pratt Center, GCE would protect 1.6M households, nearly 50% of tenants statewide, the majority of whom live in counties with a median income at or lower than the state median income of \$68,486. Pratt Center recommends that the state legislature pass GCE with as much and as broad of coverage as possible, in order to ensure the program is truly impactful and effective.
- To work as effectively as possible, Good Cause must have broad coverage. Means testing and high-income carve-outs could incentivize landlords to select wealthier applicants for vacant apartments, even if a larger number of qualified lower-income tenants applied for the same units.
- The vast majority of unregulated tenants in the state live in units that rent under \$3K a month. About 5% (172,000 units), however, rent for more than \$3,000. A significant proportion of tenants in high-cost rentals are part of multi-generational households, in which multiple workers often share responsibility for covering the rent.

- Many households in high-cost rentals are immigrant families. 40% of high-cost renter households in Queens speak a language other than English at home, as do more than 34% in Nassau, 36% in Suffolk, 25% in Manhattan, and 21% in Brooklyn.
- Good Cause also provides stability: Evictions and housing unaffordability are the leading cause of homelessness. Research, published in 2019 on the effects of Good Cause laws passed in California, found that the laws had a significant impact on housing stability for renters, significantly curbing eviction.

3. **Community Protection Act (CPA - S5376/A6574):**

- Passing the Covid-19 Community Protection Act would be a welcome relief to homeowners living in historically disenfranchised communities who are seeing small-homes across their communities bought under market value and flipped for skyrocketing profits, which drastically increases costs, creating unaffordability thus causing displacement. The law would 1) impose a tax on the transfer of certain residential properties which are sold within two years of the prior conveyance of such property, 2) exempt purchases of residential properties at and below \$750,000 from mortgage recording taxes, in order to create better opportunity for LMI 1st-time homebuyers; and 3) impose a one-time tax on the transfer of certain properties in the city of New York that are sold for one million dollars or more. The passage of this bill would disincentivize developers and real estate speculators from attempting to drive out our LMI families, which upends the foundation of communities and perpetuates displacement for profit.
- While flipping looks different upstate and/or for larger buildings, this legislation specifically targets 1-4 family homes, condos, and co-ops in New York City, where speculation has been rampant for these properties, thus causing a chain reaction of unaffordability (in home costs, property taxes, first-time home buyer closing costs, and rents in these buildings) and displacement.
- Homeowners and aspiring homeowners also deserve a chance in investing in real estate. In order to do that, they need help protecting their investments from predatory actors. Homeownership is the most effective tool toward building intergenerational wealth. Black homeowners in particular need this legislation to preserve and retain these assets as they are disproportionately targeted by speculators.

4. **Tenant Opportunity to Purchase (TOPA - S3157/A5971):**

- We recommend that a \$50 million RFP be used for TOPA.
- The Tenant Opportunity to Purchase Act (TOPA) gives tenants in eligible buildings the right to form a tenant union that has legal rights of 1) first offer and 2) first refusal for purchase of their building should it go up for sale. Buildings can also be bought by "qualified purchasers" -- pre-approved not-profit housing providers with a history of and demonstrated commitment to community ownership in cases when tenants waive or assign their rights. Whenever an owner of a TOPA-eligible building intends to sell, they are required to allow tenants to make a first offer before soliciting any other offer; if an eligible building owner rejects this offer, they must give tenants the opportunity to match any offer by a third party.
- TOPA creates affordable housing by protecting existing tenants' right to stay: tenants who choose not to purchase have the right to stay in their homes at the current rent, subject to the Housing Stability and Tenant Protection Act of 2019. Additionally, TOPA buyers must come to an agreement with HCR to limit the appreciation of the building, which can be sold or rented only to households with an income at or below 80% AMI.
- TOPA stabilizes distressed buildings and grows the state's social housing sector. It has been successful in other tight housing markets, in particular Washington, D.C.

5. **Community Land Trusts (CLT's):**

- CLT Acquisition & Development Funding - We support the Coalition for Affordable Homes in recommending the State uses \$50m for FY23.

- We support the community land trust acquisition bill championed by Senator Kavanaugh. The dramatic rise in home prices across New York State demonstrates the immediate need to provide low- and middle-income homeowners access to continuously affordable and safe housing. We are asking that \$50 million be allocated for land acquisition and development in fiscal year 2023 to continue funding this important work. This funding will provide several organizations with the capacity to successfully purchase land and expand the State's growing community land trust network.
- 6. Designate all of Kings County as a Real Estate Cease and Desist Zone: Protecting Brooklyn Against Speculation**
- We support the legislation signed by Governor Hochul that investigates whether or not additional real estate cease and desist zones should be established in all or part of Kings County. As an organization dedicated to maintaining affordability and generational wealth for LMI homeowners, we would like to see all of Brooklyn become a cease and desist zone. We believe this designation will mitigate the incessant speculation and harassment homeowners face from speculative agents intent on convincing people to sell their homes, a constant occurrence in Brooklyn that leaves homeowners feeling invaded and disrespected and targets the vulnerable, such as seniors. Moreover, this designation would mitigate other predatory tactics, including unlawful deed theft and scamming, that robs homeowners of their wealth and threatens their shelter and security. Homeowner landlords, whose properties provide an invaluable source of affordable housing stock, would no longer be tempted by bad actors to sell their homes at the expense of displacing their tenants. A C&D zone already exists for part of East New York and Cypress Hills.

Pratt Center believes that accessible affordable housing is a fundamental right, and that affordable homeownership is a bedrock of New York's diverse and robust communities. We appreciate and are encouraged to see you pushing in the right direction. We want to thank Governor Kathy Hochul for the unprecedented attention and investment in affordable homeownership in the current proposed budget, such as the first executive investment in the Homeowner Protection Program (HOPP).

A state facing the accelerating effects of the pandemic needs legislation that aims squarely at equity, affordability, and stability, if it is serious about achieving those goals. Its legislation must make sure our cities have the structures in place to maintain and sustain prosperity for our residents, and that all people, especially the historically and currently underserved, have a fair fighting chance of staying and growing their families in our cities – that our housing plans and policy objectives advance racial and social justice.

We thank you for considering our testimony. We look forward to working with Governor Hochul, Senator Kavanaugh and Assembly Member Weinstein, and the Senate and Assembly to make such affordability and stability a strong reality.

For more information, contact

LENA AFRIDI
347 210-6334
lafridi@prattcenter.net

REBEKAH MORRIS
718 637-8652
rmorris@prattcenter.net

OLIVIA WATTS
404 790-1215
oliviamwatts@gmail.com

