



**Joint Legislative Budget Hearing on Housing Programs  
January 31, 2022  
Testimony of Michael McKee, Treasurer**

This statement is submitted in lieu of in-person testimony.

In a nutshell, we need more money for housing programs and we need for the legislature to get serious about creating a meaningful amount of truly affordable and permanent housing affordable to low and moderate income New Yorkers, and to provide state funding for vouchers that can be used to get our unhoused sisters and brothers out of shelters and off the streets, and into permanent housing.

**END 421-a**

I start with this because it perfectly illustrates the folly of continuing down the path of bribing private, profit-making developers to create a tiny number of “affordable” units while giving them billions of dollars in lost tax revenue to subsidize luxury market-rate housing.

Here’s an article from Crain’s New York Business of January 27, updated earlier today.

<https://www.craigslist.com/craigslist-forum-affordable-housing/citys-most-contentious-affordable-housing-program-could-be-getting>

Crain’s reports that New York City has gained 9, 071 “affordable” units since 2016. Apart from the reality that most of these units are not affordable to ordinary working people, and many of them are not permanently affordable, this is a PATHETIC outcome. Community Service Society is in the process of quantifying the tax revenues lost for these 9,000-odd units. I think it will show, once again, that this is not a good return on investment.

It’s time for a new approach. It’s time for a new Mitchell-Lama program, without the mistake of a 20-year buyout option; if we are going to subsidize the creation of new housing, it should be permanently affordable.

It's time to look at the Vienna model of social housing, implemented in 1919 and still operational more than a century later. Twenty-five percent of Viennese live in public housing and another 37 percent live in subsidized housing. The City of Vienna makes land and financing available when it determines that the housing supply needs to be expanded, and hires top architects. The housing created is beautiful, with wonderful amenities including sculpture.

It's time to look at Community Land Trusts, Mutual Housing Associations, limited-equity coops.

Governor Hochul's tweaks to this program essentially add up to the same old, same old. Going back to the 1980s, the legislature has tinkered around the edges to make this program less awful. There is no other way to look at this experience other than to see it as (1) a failure, (2) a boondoggle, and (3) socialism for the rich: we are giving this money away to some of the richest people of the planet.

Enough. Back to the drawing board.

At the same time the legislature should end 485-a, the upstate equivalent, which has the same problems.

## **PROHIBITION OF EVICTIONS WITHOUT GOOD CAUSE**

We urge you to include S3082/A5573 in the budget. Now that the moratorium on evictions has expired, tens of thousands of renters in unregulated apartments across the state are in great danger of displacement through no-cause holdovers. These tenants – at least 1.6 million people – have no protections against termination of their tenancies for any reason or no reason. Their only possible defense is retaliation, which is virtually impossible to prove.

There is a huge amount of misinformation out there about this bill. It is not rent control: it merely gives tenants a defense against a no-cause eviction, IF the tenant chooses to stay and fight. We know from experience that many tenants will not, either from fear, from the lack of a lawyer (especially hard to obtain outside NYC), and/or from ignorance that they might have a defense to an unfair eviction. Organizers are always telling tenants, Don't self-evict. Sadly, many of them do.

The bill does not stop landlords from raising rents by any amount they choose; it simply gives judges a benchmark to determine whether a landlord is justified in raising the rent by more than 1.5 times the rate of inflation, or if the landlord is simply trying to price a tenant out. And despite repeated inaccurate descriptions, including by some tenant

advocates, there is nothing in the bill that would require a landlord to renew any tenant's lease.

These protections are quite moderate, nothing close to the protections of rent controls. This relief is badly overdue and the longer you wait to enact it, the more evictions we will see.

## **RIGHT TO COUNSEL**

Governor Hochul is to be commended for making funds available for free lawyers for tenants at risk of eviction outside NYC. But you and we know that the \$25 million already made available plus the \$35 million in the executive budget add up to a drop in the bucket. We need \$500 million for this program.

In upstate New York there are no separate housing courts (Rochester is in the pipeline) and judges, even those who are lawyers, tend to be ignorant of landlord-tenant law. In some areas eviction cases are decided by Justices of the Peace.

Most landlords are represented, while very few tenants are. When a judge who is not herself familiar with the law gets an explanation from the landlord's counsel, they adopt that position even if it's wrong.

## **HOUSING ACCESS VOUCHER PROGRAM**

This legislation, S2804B/A3701A, is seriously needed. For too long we have allowed government to get away with managing homelessness instead of ending it, building shelters instead of building housing. And for our unhoused neighbors who do find an apartment, the lack of a Section-8 type voucher is a huge barrier.

HAVP will provide Section 8-type vouchers to persons and families who need housing. We need \$1 billion for this program. Not doing this would be immoral.

## **HOUSING OUR NEIGHBORS WITH DIGNITY ACT**

Last year's budget contained \$100 million for a pilot project to convert unused or obsolete hotels and commercial buildings to affordable housing in NYC. We need \$1 billion for this program, and we need it to apply statewide.

## **TENANT OPPORTUNITY TO PURCHASE**

We are pleased that Governor Hochul included \$500 million in the executive budget for this initiative, which can lead to the creation of genuine social housing. But \$1 billion would be a more appropriate number.

## **OFFICE OF RENT ADMINISTRATION**

We support increased funding for the Office of Rent Administration, especially in light of its new responsibilities created by the Housing Stability and Tenant Protection Act of 2019. But ORA needs a change in culture more than it needs more funds.

ORA has always approached its task as finding some middle ground between landlords and tenants – in many instances letting landlords off the hook for their failure to comply with the law – instead of vigorous enforcement of the rent laws with the primary purpose of tenant protection and preservation of the affordable rental housing stock. ORA has adopted policies to discourage tenants from filing complaints.

During the twelve years of the Pataki administration, when George Pataki did everything he could to undermine and weaken rent regulation, numerous anti-tenant policies were adopted, both in terms of regulatory changes and administrative procedures. In the 15 years since Pataki left office, no Democratic governor– and we have had four since 2007 – has taken any steps to correct them.

While I recognize that this is a budget hearing, some legislative changes could dramatically improve enforcement of our rent laws.

First and foremost, the rent registration system needs to be restored to its pre-1993 status, when the legislature and Gov. Mario Cuomo removed meaningful penalties for failure to register apartments or to file fraudulent registrations, converting the system overnight into a toothless, voluntary program. The Housing Stability and Tenant Protection Act of 2019 failed to address this issue.

During the first nine years the rent registration system was in effect, landlords who failed to file initial and annual rent registrations, or who filed fraudulent registrations, faced severe penalties, including rent rollbacks and treble damages. After the 1993 gutting of the system, the penalty is a five-dollar fine. You need to fix this. Just go back to the language in the Omnibus Housing Act of 1983. But be sure to include a requirement that landlords register rent-controlled as well as rent-stabilized apartments, an unfortunate omission in the 1983 law.

And I must repeat an urgent plea I have made for several years. Please mandate that ORA re-open the Nassau County District Rent Office, which was closed in 2009 by the

administration of Gov. David Paterson as a cost-savings measure in the face of a state budget deficit. In actuality, this closing saved very little money: the state continued to pay the rent on the empty office for several years, and no staff were laid off but were simply transferred to the principal Office of Rent Administration at Gertz Plaza in Jamaica, Queens. So, the only actual savings is the rent. But this closing has created a tremendous hardship for tenants in Nassau County, who are now forced to drive to Gertz Plaza in Queens to seek advice, or if they do not have a car, take the Long Island Railroad to Jamaica and then walk several long blocks to Gertz. For elderly tenants in particular, this has been very difficult.

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