

TESTIMONY OF JAMIE A. SMARR
CEO, NEW YORK CITY HOUSING PARTNERSHIP
BEFORE THE JOINT LEGISLATIVE BUDGET HEARING

Good afternoon Chairs Krueger and Weinstein, members of Assembly and Senate Committees. I am Jamie Smarr, CEO of the New York City Housing Partnership. Thank you for the opportunity to discuss the need for Legislature tax and zoning incentives in support of affordable housing creation in New York.

The New York City Housing Partnership has, since its founding by Mayor David Koch and David Rockefeller in 1982, created more than 72,000 units of affordable housing in using various State and City housing incentives. These housing units, which are both rental and for-sale housing, make the foundation of New York City's economic recovery from the moribund 1980s to what we see throughout the City today, which are strong and vibrant neighborhoods that support the city's tax base, immense cultural life and business activity.

I am intimately familiar with the role incentives play in the creation of housing. For several years, I served as Director of Tax and Zoning Incentives for New York City Housing Preservation and Development. During my tenure the Legislature had a special program, in addition to 421-a and J-51 programs that have been in affect for more than 50 years now, known as 421-g. 421-g helped to revive, rebuild and transform Lower Manhattan following the 9/11 Terrorist Attacks. Looking back now 20+ years from that terrible time,

I feel the Legislature should be proud of its contribution toward the revival of New York after 9/11 in the form of special incentives for housing development.

Of course we are not here to rest on our laurels or prior achievement. Housing demand has so far outstripped supply in New York present day that recent statistics show New Yorkers have close to a ZERO PERCENT CHANCE of finding a low or moderate rent opportunity in New York City. This is the worst it has ever been. 421-a and J-51 are proven housing incentives that work very well together to encourage both new construction and preservation of existing affordable housing. More than one million New York apartments owe their creation and preservation to these legislative initiatives. 421-a and J-51 together incentivize the private sector to work collaboratively with the government to provide and modernize housing while stimulating the construction and general contracting job sectors, which have always been reliable middle-class job creators. And without middle-class job creation, a vibrant New York will certainly cease to exist.

The Legislature should also create new incentives to spur housing development during this clear crisis of housing supply. Just as 421-g once was deployed by the Legislature to transform empty office buildings downtown into the thriving residential neighborhoods we see there today, New York needs targeted new incentives to encourage additional transformation of moribund office space, hotels and even industrial areas into more housing opportunities for New Yorkers.

There has been significant work recently by both the City and State toward streamlining process of creating new affordable housing. I suggest the Legislature seriously consider providing affordable housing projects with zoning exemptions like present State law allows the School Construction Authority to exempt school construction projects from zoning reviews to speed construction. New Yorkers don't have years and years to wait for more housing opportunities.

New York possesses one of the most robust real estate markets in the world. As we suffer from a housing crisis that threatens New York's future, it is time that we employ the immense private sector expertise we have in New York along with Legislative incentives to quickly implement solutions to safeguard our city's future for the generations to come. New Yorkers need Legislative actions now.

Thank you all.