

Residential Equity Holdings of NY, LLC

New York State Assembly Joint Legislative Hearing on Housing, March 1, 2023 Support for the Additional Funding of NYS Landlord Rental Assistance Program (LRAP)

To: NY State Assembly Budget Hearing- Housing
From: Jessica Marks, Residential Equity Holdings of NY, LLC
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I'd like to begin this written testimony by thanking all those in Office who have provided aid to mom-and-pop NY landlords, like myself, during the Pandemic. Thanks to your efforts, the LRAP program was put into place in October 2021, and my family and I are sincerely grateful. The LRAP program was created to help landlords whose tenants were unwilling to apply for ERAP funding for unpaid rent during the eviction moratorium. This restitution was desperately needed as we suffered from an eviction moratorium that lasted for years and prevented us from evicting non-paying tenants, including those who were dangerous criminals enacting violence on our property.

Unfortunately, due to the lack of available funds for the program, **I have been notified that ALL of my LRAP applications have been denied for tenants whose rents are partially government-subsidized.** The notices I received state the following reason for denial:

The LRAP Application was not approved because it is for a unit where the tenant household's rent is limited to a set percentage of the household's income (including Section 8 housing and public housing, among other housing situations). State law requires that applications in this category be considered after other LRAP applications have been assessed and only if funds remain available. Limited LRAP funds were available, and due to the large number of applications received, funding is not available to provide LRAP assistance for applications in this category. Therefore, this LRAP application is denied.

We, like many other landlords in NYS, are a family-owned business and have suffered catastrophic losses due to the eviction moratorium. We were promised by our government leaders that we would be made whole as landlords, but that promise has fallen significantly short. We are owed \$20,000 in unpaid rental arrears from applications that had been submitted in October of 2021 to the LRAP program on behalf of tenants who were partially government subsidized. To be clear, this means that even if we had been receiving as little as \$25/month, or less than 5% of the tenant's total rent from Section 8, our LRAP applications have been automatically denied funding for

thousands of dollars, for the years of rental arrears which were not covered by the Section 8 payments we received. It is unconscionable to think that the State of NY will leave thousands of landlords like myself who provided housing and covered the mortgage, utilities, insurance, payroll, and maintenance on our property, despite receiving no rental income for years, to fend for ourselves. It has been 16 months since we applied for LRAP funding, and being told that the funds have run short is both devastating and creating an unimaginable hardship.

As the New York State Budget for Fiscal Year 2023-2024 will be formalized and adopted in the coming months, I am imploring that you please work together to provide funding within this new budget to cover all of the LRAP applications that were submitted during the short 6-week timeframe in which this program was made available, including those applications which have been denied because rents were partially subsidized. I understand that the NY State Comptroller has strongly suggested reallocating U.S. Treasury funding from states that have not used 65% of ERAP funds to states like NY that have already exhausted funding, in order to provide additional rent collection replacement. It is important to recognize that the lack of funding for this program poses a grave risk to maintaining both affordable housing stock and property values as funding for these rental assistance programs near exhaustion. The impact of not receiving funding will directly affect affordable housing across the entire state of NY, as landlords will be defaulting on their mortgages and be forced to shut down their businesses. The housing crisis in low-income areas will be affected most severely as properties will not be maintained and crime rates will skyrocket, giving way for a devastating housing crisis to ensue.

I speak on behalf of myself and so many other landlords when I say that we complied with the government mandate to shelter people in their homes to avoid the spread of Covid. It is imperative that the government that mandated this eviction moratorium now meet its obligation and fulfill its responsibility to make landlords whole for their immense sacrifice. Thousands of landlords are counting on you and so are the tenants who will be evicted, creating an even greater housing crisis, if their applications are not approved and funded.

Thank you for the opportunity to provide this testimony and be a part of this incredibly important and impactful process.

Jessica Marks
Asset Manager/Owner
Residential Equity Holdings of NY, LLC
Phone: 210-264-1213
Email: Marks1979@aol.com