

# **Testimony of RuthAnne Visnauskas, Commissioner/CEO New York State Homes and Community Renewal**

## **Joint Legislative Budget Hearing February 14, 2024**

Good morning, Chairs Krueger and Weinstein. I am RuthAnne Visnauskas, Commissioner and CEO of New York State Homes and Community Renewal. It is my pleasure to testify before you today on Governor Hochul's 2025 Executive Budget and HCR's efforts to address New York's housing crisis.

We are nearing completion of the second year of the Governor's Five-Year Housing Plan, a \$25 billion dollar investment to create and preserve 100,000 affordable homes across New York, including 10,000 with supportive services. I am proud to give you this update: in the first two years, we are on track to create and preserve 40,000 affordable homes.

As the Governor has said repeatedly over the past year, the shortage of housing is driving up costs and driving people out of New York State—and the only thing that will solve this issue is to increase the supply of homes.

If we need more proof that we need a major housing production boom, we have that in the latest Housing and Vacancy Survey (HVS), which pegs New York City's rental vacancy rate at a shocking 1.41 percent: the lowest in 56 years.

A healthy vacancy rate is considered somewhere between five and eight percent. For asking rents below \$2,400, the availability of units is at a functional zero. A vacancy rate this low places enormous pressure on our housing market and enormous stress on our families. What is more disheartening than starting your search for housing knowing less than <1% of units in New York City are even available? This is exactly why enacting the housing supply elements of Governor Hochul's 2025 budget is more important than ever.

I like to think we may be poised to turn the corner, but while the Governor's 100,000-unit housing plan is on track, it cannot on its own create the housing that we need in this State. There is no doubt that we still need to generate hundreds of thousands of homes over the next decade to make up for severe underproduction. All communities and levels of government must be part of the solution.

We still need significant legislative changes to allow for production at scale to meet the demand. That is our mission and will be our legacy for New Yorkers—for young people looking to buy a first home, for families that need room to grow, and for older New Yorkers who want to remain in the communities they've lived in their entire lives.

### **Creative solutions**

As the Governor has said repeatedly and sometimes more bluntly, the high cost of rents and home prices caused by a shortage of housing is driving people out of New York—and the only

thing that will solve this issue once and for all is to increase the supply of homes that people of all ages and all phases of life need in every corner of our state.

Before I begin discussing how the proposals in the new Executive Budget will accomplish this, I'd like to give you some updates on some of HCR's programs that address the depth and breadth of the need for housing and community renewal.

Regarding strengthening communities directly, I want to make the point that in the 2023 fiscal year, HCR dedicated \$26 million to 24 State Land Banks and awarded \$5 million to Main Street reinvestment programs in two dozen cities.

These investments not only make our cities, towns, and villages more desirable and financially stable, they create jobs, and those jobs draw workers who will be looking to establish solid homes for themselves and their families.

At HCR, we aim to keep people stably housed. We do that through a wide array of home repair and improvement programs like HOPE and RESTORE, through our Weatherization program and through new initiatives such as the Buffalo Home Improvement Program and the Housing Stabilization Fund.

Inspired by the success of the Buffalo program, we are poised to deliver \$45 million through the Housing Stabilization Fund - providing home repair funds to nine additional targeted communities across the state with the highest rates of homeownership amongst households of color where there are also significant indicators of housing distress.

Similarly, in the past year, our affordable homeownership program has already awarded 15 projects with over 500 units of homeownership.

I'm proud to note that New York was the first state to gain approval for its plan to spend the \$451 million in American Recovery Act funds and we have expended all of this federal funding to assist 18,000 households in stabilizing their homes including preventing 8,600 tax foreclosures or condo and co-op evictions or foreclosures.

We are determined that the homes we finance are energy efficient and built according to the best green practices. Thanks to our close partnership with NYSERDA, in the last budget year HCR has awarded more than \$12 million in Clean Energy Initiative funds to 18 projects with 1,453 units that meet or exceed New York State climate goals.

## **2025 Budget Proposals**

Looking forward, wrapped into the budget this year are two very important resiliency programs aimed at protecting people and property from climate change and storm damage.

This year, HCR will launch the \$250 million Voluntary Homeowner Buyout Program to work with community leaders and residents who are living in flood prone areas that suffer repetitive damage from storms to relocate to safer communities. At the same time, we will help those localities to create and strengthen community-friendly barrier protections, increasing safety measures in the face of future storms.

In addition, the \$40 Million Resilient and Ready Program will help homeowners make improvements to their homes to prevent displacement including closing off living space below Base Flood Elevation, installing flood vents, and relocating mechanical equipment to higher elevations.

Nearly every New Yorker understands the huge effort and fortitude it takes to secure a decent, safe, and affordable home in the neighborhood of their choice.

The Governor's Executive Budget addresses this housing conundrum for every type of New Yorker, in every sort of community whether rural or urban, large, or small. We are proposing urgent action to shape our collective future and which will dictate whether New York retains its primacy as a place to live, work, grow, and raise a family.

Pro-Housing Community certification remains a key component to this pressing challenge. Municipalities will now be required to be certified as pro-housing to qualify for \$650 million in discretionary funding, including through the Downtown Revitalization Initiative, the NY Forward program and the New York Main Street program.

In addition, the budget proposes \$500 million in capital funds dedicated to developing up to 15,000 housing units on state-owned property.

New York City, given its dangerously low vacancy rate, and the critical importance of maintaining its status as a world-leading role as an economic driver, and center for creativity, has a starring role in the budget. Legislation to increase the housing supply in New York City includes a new tax incentive for the development of rental housing, an extension of the deadline for developments vested in the prior tax incentive, authority for the city to lift outdated residential density restrictions, a tax incentive to encourage affordable housing in office conversions, and a path toward legalizing existing basement and cellar apartments.

Through it all, we must keep pushing back on discriminatory practices on the part of industries and landlords. We will continue to aggressively enforce the State and Federal Fair Housing Laws. New Yorkers deserve that respect and protection.

Further, the Governor's plan proposes legislation to increase protections for affordable housing providers by prohibiting insurance carriers from raising premiums or denying coverage based on tenant level and source of income, the existence of affordable housing units, or the buildings' or residents' receipt of government assistance. When these costs go up, they increase the cost of operating housing.

Finally, the Governor has proposed legislation to protect homeowners by creating a clear definition of the crime of deed theft to enhance enforcement and other measures to prevent against this heinous crime.

## **Closing**

I've travelled from one end of New York to the other this past year, attending meetings, taking tours, and best of all officiating at ribbon cuttings and groundbreakings. For example: in Schenectady I helped cut the ribbon on Northside Village, the extensive redevelopment of a public housing complex that is now complete and provides 300 modern, affordable, and energy-efficient homes. And I was thrilled to celebrate the opening of 55 new apartments at The Green at Garvies Point in Glen Cove on Long Island's North Shore.

Whatever the location or type of development, from Buffalo to Watertown, Binghamton, Oneida, Rochester, Lake Placid, or New York City, I am always deeply moved by the incredible impact that getting a permanent, safe home has on individuals and families, and the cumulative effect on the stability and reputation of communities and thus our entire state.

There is no substitute for that. What remains made abundantly clear is that the state's housing crisis will only be remedied with bold, creative, and timely solutions.

As we all know, the urgency of our housing crisis demands immediate action, and it can only be solved if we increase supply. The Governor's initiatives, as expressed in her Executive Budget, cover our ideas for meeting the housing needs of every type of New Yorker, in every sort of community whether rural or urban, large, or small.

Thank you, and I am ready to take your questions.

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