



Testimony of Habitat for Humanity New York City and Westchester County

Joint Legislative Public Hearing on 2024 Executive Budget Proposal

Topic: Housing

February 14, 2024

Testimony respectfully submitted by:
Matthew Dunbar
Chief Strategy Officer and EVP

Good afternoon. My name is Matthew Dunbar, Chief Strategy Officer and EVP for Habitat for Humanity New York City and Westchester County. Thank you to Chairs Krueger, Kavanagh, Weinstein, and Rosenthal and members of the committee for holding this important hearing.

Habitat NYC and Westchester was founded in 1984 as an independent affiliate of Habitat for Humanity International. Through our home building and preservation programs, we have served more than 2,400 families across the region. Since our expansion to serve Westchester County in 2020, we have launched our Aging in Place Home Repair, Plus One ADU, and Flood Assistance programs and are excited to grow and extend our mission and services in the greater metro-area.

As a homeownership focused organization, we applaud the State's commitment to the equity-building opportunities homeownership provides through the passage of the \$400M in homeownership funds in the five-year capital plan. We are particularly enthusiastic about the expansion of the State's investment through programs like the Affordable Homeownership Opportunity Program and Plus One ADU program. Both efforts will have a significant impact in increasing New York's supply of affordable housing.

One program the five-year capital plan has not appropriately funded, however, is the NYS Affordable Housing Corporation. **Habitat NYC and Westchester requests an increase to the Affordable Housing Corporation (AHC) budget from the currently proposed \$26M to the much-needed \$36M.** AHC is New York's primary statewide subsidy source for the development and repair of for-sale affordable homes that enable low- to moderate-income households and communities to build equity.

We greatly appreciate the past and current support provided by AHC to our homebuilding efforts and I want to personally express our gratitude to this legislative body for passing Assemblymember Walker and Senator Bailey's AHC reform bill, and to the Governor for signing it into law in 2021. We believe an additional \$10 million in funding will fill many program gaps and right-size the surge in construction costs we are experiencing across the sector.

In addition to this appropriations request, we **support including the Martin Act Amendment S3566-B/A6921-B in the budget**, a bill that aims to preserve existing affordable housing units throughout New York City that are currently at risk of loss due to expiring affordability agreements. S3566-B/A6921-B is designed to preserve these units by allowing the existing owner to convert the market-rate units to condominium status in exchange for maintaining the existing affordable housing units in perpetuity and transferring them to non-profit ownership.

Thousands of safe and stable mixed-income rental buildings have been built in New York City with low income housing tax credits, bond financing, and tax exemptions such as

421-a. In most of these buildings, 20% of units were reserved as income-restricted rental units, subject to a regulatory agreement between the building owner and a City or State housing agency. These regulatory agreements are usually in effect for a term of 30 years. Many of these regulatory agreements are expiring, which means these income-restricted rental units are at risk of loss. There are not adequate tools or subsidies to deal with this mounting problem.

S3566-B/A6921-B creates a new, revenue-positive, market-driven incentive for owners of mixed-income buildings to voluntarily preserve all income-restricted rental units in their buildings, in perpetuity, with no additional public subsidy provided to the building owner and condominium sponsor. It does so by permitting a narrow class of mixed-income building owners to convert the already market rate rental units to condominium status at the 15% threshold that existed prior to changes under the HSTPA.

It is important to note that this bill preserves and creates affordable housing while being revenue-positive, as it does not require any subsidy or extended market-rate tax abatements, instead generating significant tax revenue through mansion taxes, transfer taxes, and new mortgage recording taxes, as well as increasing filing fees to the Office of the Attorney General.

Additional benefits of this bill include:

- providing long-term stewardship of this vital housing stock, income-restricted units will be transferred to qualified not-for-profit owners or community land trusts;
- supporting the creation of affordable homeownership and closing of the racial wealth gap, the qualified not-for-profit owner or community land trust will be allowed and supported to convert the income-restricted units to limited-equity cooperative housing, should the tenants wish to become homeowners;
- ensuring the long-term financial solvency of units that are to be occupied by low income families in perpetuity, the condominium sponsor will be required to set aside a portion of the mandated reserve fund to meet future capital needs of the income-restricted units; and
- the category of eligible buildings includes 421-a buildings and projects with inclusionary housing units, requiring those buildings with units that are already permanently affordable to increase the number of affordable units to 30% in order to access the benefit – creating more affordable housing without any additional subsidy.

We believe that not-for-profits such as ourselves can play a role in these conversions as a qualified owner of the permanently affordable units—in some cases, we can play a pivotal role in helping those tenants become homeowners through our Tenant Opportunity to Purchase Program.

Habitat NYC and Westchester also seeks support for the **equitable taxation of affordable homeownership developments** to ensure low- to moderate-income homeowners can afford to live in their homes. Existing tax exemptions, abatements, and assessment practices are insufficient to ensure the long-term and preserved affordability of low-income homeowners. Non-profit built and CLT homes throughout the state are vulnerable to unfair tax assessments. To preserve this critical housing stock, the State must act to maintain affordability of affordable and resale-restricted homes by passing A6176, A1894, and an as-of-right exemption for income-restricted homes. **We request that any negotiated tax bill, such as 485-x include an as-of-right tax exemption for 100% affordable condominium and cooperative developments and include tax relief and stabilization for 1-4-unit owner-occupied affordable homes and CLT homeowners across the state.**

In addition to these top budget priorities, Habitat NYC and Westchester implores the legislature and Governor to collaborate on a housing policy package that addresses both the necessity of increasing New York's housing supply and tenants' rights to a stable and affordable home. Our lack of housing production has dug us a hole so deep the entire housing continuum has seen dramatic and unsustainable cost increases, and making it easier to build is an essential part of the solution. New York's housing deficit is upwards of 800,000 and we are lagging behind other states – resulting in our low-income neighbors leaving their communities to seek affordability. These homes need to be built over the next decade, in all communities, and at a more rapid pace.

In order to meet the housing needs of our communities, we must unlock and increase New York's housing supply. Habitat NYC and Westchester supports the passage of ambitious policy changes that would unlock new opportunities for affordable housing across the state. Policies that will help increase our housing supply include:

- Creating Transit-Oriented Development around MTA stations
- Legalizing Accessory Dwelling Units, including pre-existing basement apartments in NYC
- Enabling NYC to convert underutilized commercial properties into housing
- Passing the Faith-Based Affordable Housing Act (FBAHA - S7791)
- Requiring all municipalities contribute and provide housing at an increased rate

Thank you again for the opportunity to testify today. Please contact me if you have any questions regarding any of these issues or policies. We look forward to expanding our partnership and impact in the state and region in serving low-income families in need of affordable homeownership.