

TESTIMONY OF JAMIE A. SMARR
CEO, NEW YORK CITY HOUSING PARTNERSHIP
BEFORE THE JOINT LEGISLATIVE BUDGET HEARING
February 14, 2024

Good afternoon, Chairs and 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 Ed 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. We can trace the majority of the 30,000 added residential units that are now part of the thriving lower Manhattan, to the prior 421-g housing incentive program created by the state Legislature.

So as in the past, New York's law-making must continue to rise to the challenge of our present housing crisis. Housing demand has now so far outstripped supply in New York 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. It is about 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 State 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.

I therefore unequivocally support Governor Hochul's 485-x housing incentive proposal. Similar to the past successful program of 421-a, it would be a housing incentive authorized at the State level, which then allows localities to further craft the incentive to meet additional local needs and prerogatives. This is a great idea for how to target more housing creation that benefits from local input and not just a one-size fits all approach from the State government. I strongly recommend the adoption of 485-x by the Legislature.

The Housing Partnership is also in favor of the recently announced legislative initiative to invest in so-called "social housing" in the State of New York. But, with one significant qualifier. Most New Yorkers know of social housing by its more common name, public housing. There is a need for more social housing, but it cannot become successful without a sustained commitment of public funding for its ongoing maintenance and repair. Without this long-term funding commitment from the Legislature, social housing will only go the way of public housing in New York, which has demonstrably suffered from decades of mismanagement and deterioration once the federal government pulled back its prior robust funding

commitments. So again, social housing is a great public policy approach as long as the social housing authority comes with sustained funding commitments.

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 action now.

Thank you all.