



**NYSFAH Testimony before the Joint Legislative Budget Committee
2025-26 New York State Budget
Housing Priorities and Funding
February 27, 2025**

- Thank you, Chairs Krueger, Weinstein, Kavanagh and Rosenthal, and members of this legislative budget committee for the opportunity to participate in today’s hearing regarding Governor Kathy Hochul’s Fiscal Year 2026 Executive Budget on Housing.
- I am Jolie Milstein, President and CEO of the New York State Association for Affordable Housing (NYSFAH).

BUILT ON PARTNERSHIP

- NYSFAH has worked over the last 27 years to provide safe, decent and affordable housing to all New Yorkers. We were founded in 1998 by affordable housing industry professionals who had the foresight to recognize the need for a greater public-private partnership. We are a membership organization of over 400 businesses representing for-profit and not-for-profit developers, lenders, investors, attorneys, architects, and others active in the financing, construction, and operation of affordable housing.
- Critical to our work are the resources and policies advanced each year at the local, state and federal levels. Our members balance competitive intricacies and varied financing structures, advance their own capital, and assume the associated risk to develop safe, decent and affordable housing throughout our state.
- Our efforts are made possible thanks to the commitment of Governor Hochul and the Legislature, as well as the talented staff at New York State Homes and Community Renewal, led by Commissioner RuthAnne Visnaukas. With your collective support we are embarking on another year of progress toward creating and preserving 100,000 new affordable homes through initiatives such as the State’s \$25 billion, 5-year Housing Plan.

“STATE OF YES, HOUSING FOR ALL”

- At the time of its passage, the 5-year Housing Plan’s goals seemed lofty, but unfortunately today’s reality demonstrates that it is hardly enough. As with any good plan, it was never intended to be a static endeavor, but rather an active process. This

year's state budget presents a critical opportunity to recalibrate and recommit to ending our affordable housing crisis.

- This need is evidenced by the Governor's pledge last fall to provide \$1 billion in state resources to advance Mayor Eric Adams' City of Yes for Housing Opportunity rezoning plan. We applaud the Governor for including the resources in her proposed Executive Budget to make good on that commitment and helping the city reach its goal of creating 80,000 new homes.
- As a statewide association, we know that the affordable housing crisis has no geographic boundaries and neither should the solutions. The need for more affordable housing is a pressing concern in every corner of the state – in communities large and small; urban, suburban or rural. Housing is the key to economic opportunity for families and a healthy future for our cities, towns and villages.
- We are therefore asking the Legislature to support a \$1 billion "State of Yes, Housing for All Plan" that provides capital, operating and tax credit resources statewide for affordable housing needs.

AFFORDABLE HOUSING RELIEF FUND

- As part of this Plan, we are asking for \$150 million to be appropriated for an "Affordable Housing Relief Fund," to provide capital and operating dollars for the preservation of affordable housing. Every unit lost to a lack of preservation only increases the need for new construction and adds to our losing ground to this crisis. Preserving affordable housing must be equally prioritized to housing development.
- Many properties have not recovered from COVID financial losses and now lack the financial stability to remain affordable. These units are at risk of being lost to expiring affordability agreements and deteriorating physical conditions.
- This is all further exacerbated by the unpredictability the industry is facing on the federal level with regard program funding. There are palpable and long-term consequences of these disruptions that add to the mounting financial pressures affordable housing properties face, like diminishing rent collections, labor shortages, material costs and escalating insurance.
- There has never been a greater need for an Affordable Housing Relief Fund to help stabilize properties than in this budget cycle.

STATE LOW INCOME-HOUSING TAX CREDIT PROGRAM

- This year marks the 25th anniversary of the State Low Income Housing Tax Credit (SLIHC) Program. SLIHC was established in part because of the advocacy of our newly formed organization back in 2000. The program incentivizes affordable housing for households at or below 90 percent of the area median income (AMI). It brings private equity into affordable housing projects, which helps strengthen their long-term financial health.
- NYSFAFH supports Governor Hochul’s budget proposal to double funding for SLIHC to \$30 million annually for the next four years. However, the program also needs to be expanded to allow SLIHC credits to be transferred more than one time to a potential investor. This change will help increase the value of SLIHC and result in greater private investment in affordable housing projects.

TACKLING ESCALATING INSURANCE COSTS

- We also need to alleviate the stressors that continue to impact affordable housing property operations and their financial health. Paramount is addressing the escalating cost of insurance. New York’s affordable housing properties have seen a massive rise in insurance premium rates and the availability of property and casualty insurance.
- Our industry was excited to welcome a new Captive Insurance product to the affordable housing market. Milford Street Association Captive Insurance Company was formed by NYSFAFH members to provide insurance for multi-family properties in New York City that receive public financing and have a regulatory agreement that limits rents.
- However, the product is currently only available to properties in New York City. We are asking the Legislature to provide \$500,000 in funding for a new “Statewide Alternative Risk Feasibility Study” to provide potential captive insurers and commercial insurance companies with the necessary data to evaluate growth throughout the state.
- The upfront costs to participate in a captive can be prohibitive, particularly for smaller affordable housing projects. We urge the state to provide an additional \$3 million for a “Captive Insurance Assistance Program” to offset required capital costs for loss reserves.

Additionally, we urge the Legislature to prioritize the following:

IMPROVE THE NEW YORK STATE HISTORIC TAX CREDIT

- NYSFAFH supports the Executive Budget proposal to allow federal and state historic tax credits to be awarded to different recipients as well as to eliminate census tract limitations for affordable housing purposes.

- First, this change will allow the state historic tax credit to be sold to a different investor from the federal historic tax credit investor, as is permitted in twenty-four other states, which will increase the attractiveness of the state historic tax credit and its value – bringing greater private investment to affordable housing projects. A not-for-profit partner should also be allowed to sell the credit to further enhance its value. This would bring more equity to the project at no cost to taxpayers.
- Next, by eliminating census tract limitations for affordable housing purposes, it will expand affordable housing opportunities in mixed income communities.

HOMELESS HOUSING ASSISTANCE PROGRAM (HHAP)

- NYSAFAH supports the \$25 million increase proposed in the Executive Budget for the Homeless Housing and Assistance Program (HHAP) to create housing, including permanent affordable and supportive housing, specifically for homeless individuals.

PRESERVE UPSTATE PUBLIC HOUSING

- Public Housing Authorities (PHAs) have seen a massive disinvestment in capital funding by the federal government over the last twenty years. Many PHAs have been unable to undertake necessary repairs and upgrades as a result and now have an estimated capital deficit of \$400 million. We recommend an appropriation of \$75 million in capital funding for PHAs outside of New York City. This funding will help to preserve our aging public housing stock.

EMPIRE STATE SUPPORTIVE HOUSING INITIATIVE (ESSHI)

- The Governor’s Executive Budget proposes increasing the Empire State Supportive Housing Initiative (ESSHI) rate from \$25,000/unit to \$31,000/unit, for newly constructed units, with an additional \$3,000 for units in the New York City metro area. This increase will allow projects to keep pace with rising operating costs. NYSAFAH proposes increasing this amount to \$35,000 per unit, with an additional \$3,000 for units in New the New York City metro area. We also request that this increase be extended to all ESSHI units, not just new construction.

REFORM THE MARTIN ACT TO PRESERVE AFFORDABLE HOUSING

- The Martin Act governs the conversion of residential rental buildings to cooperative and condominium status in New York City. In 2019, the threshold needed to convert was changed from 15% of bona fide purchasers to 51% of tenant purchasers to declare the offering plan effective. This change has halted conversions, including condominium conversions that would have resulted in the preservation of affordable housing at risk of loss.

- NYSAFAH supports an amendment to the Martin Act to allow for a select group of large buildings to convert to condominium status based on a threshold of 15% of bona fide purchasers, so long as such condominium conversions would either preserve and in some cases expand affordable units in perpetuity.

STREAMLINE ENVIRONMENTAL REVIEW FOR AFFORDABLE HOUSING

- NYSAFAH supports Governor Hochul’s State of the State initiative to propose Department of Environmental Conservation (DEC) regulatory changes to allow modestly sized home developments to proceed as State Environmental Review Act (SEQRA) “Type II” actions, which will accelerate affordable housing construction by facilitating timely development.
- SEQRA has been strategically exploited to delay affordable housing projects for years. New York is one of only six states that requires environmental review for zoning changes. We urge that affordable multifamily housing developments be allowed, under appropriate thresholds, to be built using a process that requires best practices for site testing and evaluation and in infill areas that have access to sewers.

Thank you for the opportunity to testify today, and for your consideration of our budget requests. I welcome any questions or comments you may have.

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