

New York State Budget Testimony

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Good morning, Chair Kavanagh and Members of the Committee. I'd first like to thank you, along with Chairs Kreuger and Pretlow, for holding this hearing today. It's an opportunity for all of us to highlight critical issues on housing and economic development, some of which are addressed by the Governor's Executive Budget, and others that should be addressed in the Enacted Budget in the coming weeks.

New York continues to face a growing housing crisis. The core of this problem is simple: There's more people in need of housing in our state than there's housing available for them. To solve the crisis, we need to create more housing across the board. We need to move beyond the local zoning rules that all too often serve as a roadblock to development while keeping true to community needs and engagement; we need to create affordable housing that establishes a graduated path to homeownership; and we need to think about how we holistically develop communities.

Faith Based Housing Development and Local Zoning Rules

In this year's budget, the Legislature and Governor have the opportunity to revisit the zoning issue by including the Faith Based Affordable Housing Act. Under this bill, churches, synagogues, mosques and other faith-based institutions would be able to override local zoning rules to construct affordable housing on their underused land.

These institutions can provide this property at low, or even no cost, which makes it easier to reach 100% affordability for even the lowest income brackets, especially when you consider the current challenges of rising interest rates and costs for materials and construction. In doing so, they'd be able to prove that bringing new residents to a community helps grow the local economy and deliver greater stability, especially with an increased ability to hire locally. They'd show that loosening zoning restrictions is a path toward sustainable growth and benefits all residents, new and old.

We know that religious institutions are ready to do this work. Through LISC NY's [New York Land Opportunity Program](#) (NYLOP), we are already bringing faith-based and mission-based groups together with developers to build affordable housing on underused property these organizations own. For example, in 2023, over 200 faith-based institutions joined us for a conference in Albany to learn how to develop their land/property for sorely needed housing and community real estate, which led to us to explore the ways we can capitalize on this interest. Just last year, 10 of these organizations said they were interested in developing their land through NYLOP.

But a program like NYLOP can only go so far. Just like any other development, these projects must follow local zoning laws, which often don't allow for the type of dense development that helps make these new homes affordable and will do the most to combat our housing crisis.

Thanks to these zoning rules, it can take a decade or more to get the approvals needed to get a new housing project under development, if it can be done at all. The Faith Based Affordable Housing Act would give programs like NYLOP a jumpstart by breaking down these barriers to progress.

It's critical that we show New Yorkers that the way forward is through growth. With faith-based housing, we can turn to institutions that we trust to lead the way and take a step forward. For those reasons, the Faith Based Affordable Housing Act should be included in the Enacted State Budget this year.

Graduated Affordable Housing Path to Homeownership

At its best, affordable housing serves as a pathway to homeownership. Affordable housing works like a ladder. When a family is among the lowest income brackets, they start climbing this ladder from the bottom where the highest levels of affordability are found. Housing brings stability and the opportunity to grow a family's wealth. As families climb up the ladder of affordability, with each step representing a different income bracket, they leave behind them newly available housing capacity other families in need. At the top of the ladder should be an opportunity for homeownership – to build generational wealth that raises families up for the long-term.

This means that we must focus on creating affordable homes for every level of income so there's a graduated path to follow. This includes support at the very top of the ladder, where renters seek to make the jump to first time homeownership, an increasingly difficult move to make in an undersupplied housing market.

The Governor's Executive Budget proposes two solutions that would prove beneficial. First, it provides \$50 million to help low- and moderate-income buyers make a downpayment on their first home. This critical funding will break down a key barrier to homeownership – the ability to save thousands of dollars for a down payment – and help New Yorkers achieve homeownership.

The second solution would be New York State's first Mixed-Income Revolving Loan Fund to provide low-cost, second mortgages designed to spur development of mixed-income housing outside of New York City. To understand the importance of this fund, and how it would work, it's important to recognize that affordable housing deals are a financial puzzle.

In every affordable housing deal, there's tax credits, grants, and a slew of loans for every development stage. Very often, within this complex mix, there's a gap that's very often filled by nonprofit investors typically in the form of a Community Development Financial Institution, or CDFI, like LISC NY. While CDFIs are often one of the smaller investors in a project, the low-cost loans they provide complete the financing puzzle. For example, last year a \$60 million project to create and preserve 102 units of affordable housing spread across 12 buildings in Brooklyn wouldn't have happened without the \$3.4 million, last-mile loan provided by LISC NY, a nonprofit CDFI.

A state revolving loan fund would work much the same way by filling construction financing gaps with a lower-cost and more flexible form of capital than is generally available in market financing. And by providing support for mixed-income developments, the fund will help further develop graduated affordable housing so that New Yorkers have the opportunity to continue to climb the rungs of the ladder from housing for the lowest income brackets all the way up to homeownership.

Holistic Community Development

Building more housing is critical to uplifting New York's underinvested markets, but in the process, we can't overlook the importance of investing in the population. At LISC NY, we're increasingly focused on investing in the entire community.

In 2024, LISC NY issued a record \$124.2 million in loans -- leagues above the \$4.3 million invested in 2014 -- leveraging \$323.5 million in total -development cost, preserving or constructing 763 units of affordable housing, developing 50,349 square feet of community and commercial space, and creating 900 jobs.

Driving this growth was an effort to diversify the asset types in LISC NY's investment portfolio to help sustain the organization for the long-term and support in holistic community development. For example, LISC NY supported renovations at the Bushwick Starr Theater in Brooklyn so it can better connect with the community and promote the artists it serves. A similar investment in La MaMa's landmark off-Broadway theater will help it continue to support the East Village community for years to come. In Buffalo, LISC NY invested in a building that'll bring a food coop to an impacted neighborhood, and a mixed-use development that'll include a laundromat, supporting entrepreneurial growth in a neighborhood, and for a business, that struggle to access capital.

As you work through budget negotiations, we hope you'll consider opportunities to support this holistic investment and grow the economy for all New Yorkers.

The Enacted Budget

The State Budget is always an opportunity to explore new ways of investing in our communities, and this year's budget is no different. We hope that you'll support the initiatives we've outlined here to expand investment so we're providing faith-based institutions with the opportunities to build housing that will support their congregations and the surrounding communities, creating long-term pathways to access to housing, opportunity for homeownership, and investing holistically in our communities. Thank you.