



**NYSFAH Testimony before the Joint Legislative Budget Committee  
SFY 2026–2027 Executive Budget Proposal  
Housing Priorities and Funding  
February 25, 2026**

Thank you, Chairs Krueger, Pretlow, Kavanagh, and Rosenthal, and members of the legislative budget committees, for the opportunity to testify today on the housing components of Governor Kathy Hochul’s Fiscal Year 2027 Executive Budget.

My name is Carlina Rivera, and I am the President and CEO of the New York State Association for Affordable Housing (NYSFAH). Our members work across the state to finance, build, and preserve affordable housing, helping strengthen communities in every region of New York. This work is made possible through partnership with Governor Kathy Hochul, the Senate, Assembly, and New York State Homes and Community Renewal.

At a time of unprecedented housing need and rising costs, we appreciate that the Executive Budget recognizes housing as a core priority. Many proposed investments and policy initiatives align with NYSFAH’s priorities, but the scale and urgency of the crisis demand that we do more.

**ESTABLISH AN AFFORDABLE HOUSING RELIEF FUND**

New York’s affordable housing stock is under pressure, and immediate action is needed to keep these existing homes safe and affordable for the families who rely on them. We request that the Legislature fund a new Affordable Housing Relief Fund at \$150 million to provide statewide grants and low-interest loans to address emergency repairs, compliance upgrades, and operating shortfalls that threaten existing properties. We thank Senator Kavanagh and Assemblymember Rosenthal for sponsoring legislation to establish this program (S.3219/A.1729).

Preserving existing affordable homes is as urgent as building new ones. Many properties are still recovering from pandemic-related financial losses and face rising costs, reduced rent collections, and insurance increases. By providing capital and operating support, the Relief Fund would stabilize these properties, protect tenants, and ensure homes remain safe, affordable, and well-maintained. Every unit preserved eases pressure on the housing market and strengthens communities, making this investment essential to addressing New York’s housing crisis.

## **STREAMLINE APPROVALS AND SEQRA REFORM**

The targeted State Environmental Quality Review Act (SEQRA) reforms proposed by Governor Hochul recognize that in affordable housing development, extended review periods increase financing and legal costs, expose projects to construction price escalation, and reduce the number of homes that limited public resources can deliver.

NYSFAFH supports expanding Type II actions to include certain infill housing on previously disturbed sites. Outside New York City, these exemptions would apply to projects with fewer than 100 units. In New York City, they would apply to projects with fewer than 250 units in lower-density areas and fewer than 500 units in higher-density areas. Eligibility would be limited to sites developed at least two years prior to permit application, containing an existing structure or evidence of maintained space, not located in a flood zone, not used for agricultural purposes in three of the last five years, and already connected to water and sewer infrastructure.

We also support establishing a more predictable SEQRA “shot clock” to bring greater certainty to the review process. Under the Governor’s proposal, scoping for an Environmental Impact Statement (EIS) would be completed within one year of lead agency designation, and the EIS would be completed within two years following a positive declaration, with limited extensions available when truly necessary. These timelines create a more structured and transparent process without eliminating the review contemplated pursuant to SEQRA.

Importantly, these reforms do not circumvent local land use requirements, weaken environmental protections or eliminate public participation. Agencies will continue to evaluate environmental impacts using existing data and regulatory tools, and communities will retain meaningful opportunities for input. What changes is the prolonged timelines to stall housing in locations already planned and served for development -- burdens that fall especially hard on affordable housing.

New York can protect environmental integrity while addressing its historic housing shortage. The Governor’s SEQRA proposals maintain safeguards while removing unnecessary procedures that delay the development of urgently needed homes and increase costs for New Yorkers who can least afford them.

## **ADDRESSING INSURANCE COSTS AND MARKET INSTABILITY**

Rising insurance and liability costs pose a serious and growing threat to affordable housing development and preservation. NYSFAFH supports several important insurance reforms included in the Executive Budget that will improve transparency, accountability, and market function. These include requirements for insurers to clearly explain significant premium increases, expanded access to written explanations for rate hikes, and stronger reporting on premiums and claims for multi-family residential buildings. Together, these measures will

provide policymakers, owners, and tenants with better information about how insurance costs are changing and why.

We also support the Governor's proposals to require insurers to offer discounts for risk-reduction and property-protection measures, such as fire safety systems, security improvements, and water-damage prevention technologies. These reforms promote safer buildings, faster recovery after losses, and greater fairness for policyholders.

While these steps are critical, transparency and consumer protections alone will not fully address the underlying market instability driving premium increases. NYSFAFH therefore urges the Legislature to work with the Governor to establish a New York State Affordable Housing Reinsurance Trust to serve as a state-administered backstop for catastrophic losses. This would help stabilize the insurance market, attract additional insurers, and curb rapidly escalating premiums that undermine housing affordability and long-term property viability.

NYSFAFH also supports reforming New York's Scaffold Law by applying a comparative negligence standard and exempting affordable housing projects from a strict liability standard. This approach would meaningfully reduce insurance and construction costs while maintaining strong worker safety protections.

In addition, we support legislation sponsored by Senator Comrie and Assemblymember Weprin (S.5231/A.3800) to establish the crime of staging a construction site accident as a Class E felony. Strengthening penalties for fraudulent activity would help deter abuse, reduce unnecessary claims, and further stabilize the insurance market without undermining legitimate worker protections.

### **EXPANDING THE 5-YEAR HOUSING PLAN AND CAPITAL PROGRAMS**

We strongly support Governor Hochul's proposal to continue full funding for the 5-Year Housing Plan for 2022-2027(the Plan), including the additional \$250 million in capital funding included in the Executive Budget. We also commend the proposed \$200 million investment in water infrastructure projects to support housing preservation and development statewide, along with an additional \$50 million targeted to rural communities -- investments that are essential to enabling housing production in areas where infrastructure constraints remain a significant barrier.

New York's 5-Year Housing Plan has been essential in advancing affordable housing across the state, creating and preserving tens of thousands of homes. However, demand continues to far outpace available resources, and many programs remain significantly oversubscribed, leaving viable projects unfunded.

To sustain momentum and meet urgent housing needs, NYSFAFH urges that the Plan receive a modest supplement this year to increase capital funding by at least 10 percent, with a comparable increase for standalone housing programs funded outside of the Plan. With

projects ready to move forward today, waiting until the Plan expires and is renewed in the FY 2027-28 enacted budget would jeopardize production, preservation, and affordability at a time when New Yorkers cannot afford delay.

### **REFORMING THE STATE LOW-INCOME HOUSING TAX CREDIT**

The State Low-Income Housing Tax Credit (SLIHC) program is a vital tool for financing affordable housing in New York and is designed to leverage private investment to produce and preserve affordable rental housing statewide. However, the current transfer restriction limits financial flexibility and can prevent otherwise viable projects from moving forward -- particularly at a time of rising construction costs, higher interest rates, and increasingly constrained capital markets.

Limiting credits to a single transfer reduces liquidity, narrows participation in the SLIHC market, and can depress the value that credits command. NYSAFAH urges the Legislature to relax or eliminate this restriction by allowing multiple transfers under clear, transparent conditions while maintaining appropriate oversight. Allowing multiple transfers would enable credits to reach investors best positioned to utilize them, improving market efficiency and pricing.

Other states permit multiple transfers for this reason, recognizing that broader participation strengthens pricing and maximizes the benefit of the credit. Higher pricing directly enhances project feasibility, helps close financing gaps, and reduces reliance on additional public subsidies -- all without increasing state appropriations.

### **CREATING MIDDLE-INCOME HOMEOWNERSHIP OPPORTUNITIES**

New York's housing crisis has extended to many more New Yorkers including middle-income families -- particularly in New York City -- who are increasingly priced out of homeownership, leaving a critical gap in the city's housing market. While existing affordable housing programs appropriately focus on households earning below 80 percent of AMI, middle-income families face limited pathways to ownership, and the continued loss of this population threatens the city's economic diversity and long-term fiscal stability.

NYSAFAH supports establishing an as-of-right property tax incentive to promote middle-income homeownership through the development of mixed-income cooperatives and condominiums. This program would provide a cost-neutral, market-driven tool to expand homeownership opportunities, retain New York City's income tax base, and stimulate new residential construction without requiring direct subsidies or bond financing.

The program would ensure that homes are accessible to middle-income households, supporting neighborhood stability, economic growth, and a more balanced housing ecosystem across the city.

## **INCREASING HHAP FUNDING**

We urge increasing total funding for the Homeless Housing Assistance Program (HHAP) to \$281 million, covering both regular allocations and stabilization funds. This investment would effectively double HHAP funding, ensuring resources to acquire, construct and rehabilitate housing for people who are homeless.

## **MODERNIZING NEW YORK CITY AFFORDABLE HOUSING INCENTIVES**

Modernization of New York City's affordable housing incentives is critical to maintaining feasibility in today's construction and financing environment. We urge reforms to J-51 to better support rehabilitation and energy efficiency upgrades, and revisions to 485-x to more appropriately align affordability requirements and wage standards with current market realities. These updates are necessary to ensure projects can move forward while continuing to deliver long-term affordability.

## **CONCLUSION**

Governor Hochul's FY 2026–27 Executive Budget reflects a strong commitment to addressing New York's housing crisis. NYSFAFH supports many proposals and stands ready to work with the Governor, the Legislature, and partners across the state to strengthen and expand them. Through our collective efforts, we can build and preserve homes, control costs, and use public resources effectively. Immediate action is essential to ensure all New Yorkers have safe, affordable, and sustainable housing.

Thank you for the opportunity to testify and please let me know if you have any questions.

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