

Testimony for Rachel Fee, New York Housing Conference
Joint Legislative Budget Hearing: Housing
February 25, 2026

My name is Rachel Fee. I am Executive Director of the New York Housing Conference (NYHC). I would like to thank the Housing Committee Chairs Senator Brian Kavanagh, Assemblymember Linda Rosenthal and Senate Finance Committee Chair Liz Krueger and Assembly Ways and Means Committee Chair, Gary Pretlow as well as the other members of the Legislature for the opportunity to testify today.

NYHC is a nonprofit affordable housing policy and advocacy organization. As a broad-based coalition, our mission is to advance City, State and Federal policies and funding to support the development and preservation of decent and affordable housing for *all* New Yorkers.

Last year, we praised Albany for passing a budget that included some big wins for housing such as \$1 billion in new capital to support City of Yes Housing reforms in New York City, and a 4-year pilot program for the Housing Access Voucher Program (HAVP). We are encouraged by proposals in the Executive Budget to support housing supply statewide, protect tenants and pursue regulatory reforms that would reduce barriers to building affordable housing in every community. However, New York has a stubborn housing supply shortage and an affordability crisis that was decades in the making and in face of a crisis of this scale, every year must be a housing year:

State Environmental Quality Review Act (SEQRA)

The most impactful action proposed in the Executive Budget this year to address the housing supply shortage is reforming the State Environmental Quality Review Act (SEQRA) to:

- exempt certain housing developments and other community facilities on previously disturbed land and
- establish a two-year maximum deadline for completion of a SEQRA environmental impact statement after a project receives a positive declaration.

NYHC strongly supports the Governor's proposal as we have long supported the Sustainable Affordable Housing and Sprawl Prevention Act (S3492/A6283), which passed the Senate last year. SEQRA has been weaponized to block housing across the state, and it is time to remove this structural barrier to solving our housing crisis. We urge the Legislature to reform SEQRA to require appropriate and timely environmental reviews, especially on previously disturbed sites.

Support for Tenants

We urge the Legislature to make HAVP permanent and increase funding for the program to \$250 million, which will stabilize approximately 10,000 households. Adequately funding HAVP will put New York on track to end the homelessness crisis in our state, with or without federal support. While adding supply is critical to addressing the housing shortage, we must continue to build a housing safety net for the lowest-income renters who are consistently priced out of the housing market.

We also support proposals in the Executive Budget to support tenants including the expansion of SCRIE/DRIE to reduce rent burden from elderly and disabled rent stabilized households, protection from unfair utility shutoffs and mitigation of energy cost burdens, and enhancing penalties for systemic harassment of rent regulated tenants.

We support the creation of an Affordable Independent Senior Housing Assistance (“Resident Assistance”) program to ensure that affordable senior rental housing has appropriate social service coordination on site to allow residents to age with dignity independently. Low-income older adults would be provided on-site and on-request assistance, including help enrolling in essential benefits, connecting with preventive services, and arranging for social and wellness programming in the building. We urge you to provide \$10 million to establish and fund this program over 5 years, beginning with \$2 million in the FY27 budget.

Affordable Housing Preservation and Stability

A top priority for the affordable housing community this year is addressing the alarming share of affordable housing buildings that are in financial distress and urgently needed policy reforms to preserve these buildings. When operating costs and debt service exceed rental income, owners don’t have the necessary funds to make repairs and their buildings are at risk of financial instability that threatens the very financing making these buildings affordable, putting their tenants at risk. Policy interventions to increase revenue and decrease expenses are urgently required to prevent these buildings from defaulting on their loans.

We urge the Legislature to include the following proposals to stabilize existing affordable and supportive housing:

- **Affordable Housing Stability Court Initiative** - \$17 million to fund the first year of a three-year Affordable Housing Eviction Diversion Initiative to prevent eviction and stabilize tenants while quickly resolving arrears for building owners in New York City. The initiative would establish a dedicated court part in each borough to serve tenants of affordable housing with a city or state regulatory agreement.

Addressing nonpayment of rent is critical to preserving affordable housing. Affordable housing in NYC is experiencing worrying trends in nonpayment of rent. Building operators are collecting less rent than City and State affordable housing programs projected in original underwriting. If left unaddressed, this trend can worsen and have much broader impacts on affordable housing financing. In Washington DC and Seattle, nonpayment of rent has become a deterrent to investors in affordable housing, resulting in withdrawal of LIHTC investors and plummeting new construction permits.

In NYC, 43k eviction filings in affordable housing represented 36% of all 2024 filings. While the median arrears sought at filing is just over \$4,500, it can take more than a year to resolve these cases. Over this time, the arrears accumulate, threatening both tenants and owners. An affordable housing diversion program will prompt early intervention to quickly resolve arrears and connect to tenants to both emergency and long-term resources. We expect that it will also save NYC money by reducing the average cost of “one-shot” emergency assistance, which now averages at almost \$10k per household.

- **Affordable Housing Income Limit Compliance Bill** – bill language to allow affordable housing with a regulatory agreement with a state or city agency to adjust rents to align with the current year's area median income (AMI) as indicated in their regulatory agreement. An amendment to the Private Housing Finance law can help increase revenue in affordable housing buildings running operating deficits while complying with affordability terms set in City or State regulatory agreements and without impact to existing tenants.
- **Reform and Renewal of J51** - we support the proposed reforms in the Executive Budget to modernize J-51 and authorize the program for ten years.
- **Affordable Housing Relief Fund** - \$250 million in flexible operating and capital support for distressed subsidized housing at risk of default. NYS must ensure that public investment in affordable housing is protected by shoring up the finances of buildings in distress.
- **Expand and Codify the Reserve Replenishment Program** - make HCR’s Reserve Replenishment Program permanent and expand eligibility to nonprofit and for-profit owners, increase project size limits, and raise award caps to reflect current costs.
- **Empire State Supportive Housing Initiative (ESSHI)** - Invest \$82 million to bring all existing ESSHI programs (currently funded at an average of \$25K/unit) up to parity with rates for programs opening in 2027 and beyond (\$31K/unit and \$34K/unit in NYC metro area).
- **Homeless Housing Assistance Program (HHAP)** - Increase total HHAP funding to \$281 million to cover regular allocation and stabilization funds, including \$256 million, to create nearly 1,000 more units of affordable and SH annually and \$25 million to

continue the supportive housing stabilization fund to preserve and stabilize at-risk projects.

- **New York State Supportive Housing Program (NYSSHP)** - \$62.1 million to protect nearly 10,000 SH homes at risk statewide
- **Public Housing** - While we are grateful that NYCHA funding was included in the City of Yes capital – this alone does not meet their capital needs. We support annual funding for NYCHA and other public housing authorities in need across the state.

Housing Supply

More housing continues to be a great need throughout New York and we are supportive of several proposals in the Executive budget to support housing supply including:

- Add at minimum \$250 million in supplemental capital funding for the five-year housing plan to take advantage of recent LIHTC expansion. This is likely an underestimate of capital needs required for fully utilizing federal credits.
- Increasing the cap on land banks from 35 to 45
- Creation of a \$6 million Manufactured Homes Park Improvement Revolving Loan Fund
- Creation of a \$200 million Smart Growth Water Grant Program to support water infrastructure projects necessary to promote housing preservation and development

Rising Insurance Costs

We support the Governor’s proposals to bring more transparency to the commercial property and homeowner insurance markets. While we strongly support new reporting, premium increase explanations, risk mitigation discounts and a new benchmark loss ratio for homeowners’ insurance, we urge the Legislature to take further steps that will reduce costs. Rapid increases in insurance costs are impacting both new construction underwriting, and the financial viability of existing affordable housing – our report found a 103% increase in insurance premiums over just 5 years. Robust public backing of affordable housing captives can help support lower insurance premiums and better coverage for affordable housing providers.

We also know that insurance costs are impacting all housing operators and there is more that should be done to reduce risk and nuclear verdicts driving costs. We support an exemption from the absolute liability standard in the scaffold law broadly and an immediate exemption for affordable housing with regulatory agreements from a city or state housing agency. We also support ending predatory investment in claims beginning with a mandate to disclose third-party litigation funding (TPLF) to courts and opposing parties in lawsuits. While groups have

cited the increased prevalence of TPLF, its scope and impact remain obscured from policy discussions due to lack of disclosure requirements. We are grateful the Governor and the Legislature continue to pay attention to rising insurance costs and urge you to pursue solutions that can meaningfully bring down prices.

Existing Housing Programs

Lastly, we were very pleased to see \$40 million included in the Executive budget for the Homeowner Protection Program (HOPP). However, there are several HCR programs that are underfunded in the executive budget. The Legislature must maintain strong funding levels for existing HCR programs to support programs that protect homeowners and make affordable housing production and preservation across the state possible. We support:

- \$5 million for Access to Home
- \$10 million for the Small Rental Development Initiative
- \$8 million for Fair Housing Testing
- \$10 million for the Mainstreet Program
- \$20.68 million for Neighborhood Preservation Program
- \$8.57 million for Rural Preservation Program
- \$10 million for USDA 515 Rental Properties Preservation

Thank you again for this opportunity to testify.