



ANHD
50 Broad Street, Suite 1402
New York, NY 10004
Tel: (212) 747-1117

Testimony Before the New York State Senate Finance Committee and Assembly Committee on Ways and Means Regarding Priorities for the New York State Executive Budget for Housing, Fiscal Year 2024-2025

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The Association for Neighborhood and Housing Development (ANHD) thanks Committee Chairs Liz Krueger, Helene Weinstein, Brian Kavanagh, and Linda Rosenthal for the opportunity to testify on the housing-related proposals in the Governor's Fiscal Year 2024-2025 Executive Budget. My name is Emily Goldstein, and I am ANHD's Director of Organizing and Advocacy.

About the Association for Neighborhood and Housing Development

ANHD is one of New York City's lead policy, advocacy, and technical assistance and capacity-building organizations. We maintain a membership of 80+ neighborhood-based and citywide nonprofit organizations that have affordable housing and/or equitable economic development as a central component of their mission. We are an essential voice, bridging the power and impact of our member groups to build community power and ensure the right to affordable housing and thriving, equitable neighborhoods for all New Yorkers. We value justice, equity and opportunity, and we believe in the importance of movement building that centers marginalized communities in our work. ANHD turns 50 years old in 2024, and across 5 decades and 5 boroughs we have consistently focused on addressing New York's housing affordability crisis, displacement, and economic inequity to build community power.

ANHD's work directly supports the needs of our members who develop, manage, and organize to preserve affordable housing, and who fight to bring equity into low-wealth communities in New York City—especially communities of color. Our groups rely on us for technical assistance and capacity-building resources that allow them to maximize their resources, skills and impact. The support services, research, analysis, public education, and coalition building we do helps to identify patterns of local neighborhood experiences and uplift citywide priorities and needs. Our work translates into the capacity to win new programs, policies and systems that ensure the creation and preservation of deeply and permanently affordable housing, and economic justice.

Restoration of discretionary funding for the Displacement Alert Project

ANHD sincerely thanks the Senate and Assembly for your critical ongoing support of our Displacement Alert Project (DAP) the past five years. The DAP Portal data tool (portal.displacementalert.org) allows elected officials, staff, and community organizations to understand where tenants and small homeowners are at the greatest risk of displacement and intervene with strategies to stop displacement.

Thanks to your support, DAP Portal has been able to adapt to remain useful in a changing housing landscape. Whether it is eviction threats, alarming numbers of housing maintenance violations, or rapid building sales, DAP Portal offers nuanced insight into the displacement risk in each New York City neighborhood and district.

Your previous support has allowed us to receive over 22,000 users to DAP Portal in 2023, register over 1,000 accounts, and provide tailored individual and group assistance to community groups and elected officials. We have produced original analysis and reports with DAP's housing and displacement data to reveal changing housing needs and threats.

ANHD respectfully requests a renewed \$250,000 budget allocation of operating support to expand and enhance DAP Portal and sustain ANHD's anti-displacement data and research. Renewed support will allow us to redesign DAP Portal to dramatically improve user experiences, ensure data is as up to date and accurate as possible, add new datasets, develop tutorials and training materials, increase the frequency of trainings, and continue to produce original analyses and research.

Specifically, renewed funding will allow us to:

- Undertake a comprehensive user-centered redesign of the DAP Portal data tool to dramatically improve user experiences, building off of in-depth interviews with users about necessary improvements
- Develop tutorials and training materials that will help users independently learn to use DAP Portal for basic and advanced needs
- Continue to ensure data is accurate and up to date across the website
- Add new datasets, such as affordable housing produced under recent mayoral administrations and their AMI levels
- Increase the frequency and reach of hands-on trainings to Senate and Assembly members and their staff, community-based organizations, advocates, legal services providers, and other stakeholders
- Continue to advocate for public data related to affordable housing displacement, which will strengthen the utility of the tool and its equity impacts
- Continue to publish timely data analyses, visualizations, and research products to support anti-displacement policy and advocacy, such as our Housing Risk Chart and AMI Cheat Sheet

Our response to Governor Hochul's housing-related proposals in the FY25 Executive Budget

The proposed FY25 Executive Budget's failure to include robust solutions to stabilize low-income households during a period of record homelessness, evictions, and rent increases is profoundly disappointing. While ANHD appreciates Governor Hochul's proposal to continue providing emergency funding to New York City to shelter and provide services for asylum-seekers, remedies to provide stability for low income tenants, preserve at-risk affordable housing, and reduce homelessness are glaringly absent.

It is a mistake to conflate building any and all new housing with tackling housing affordability. Public resources must go where the need is greatest, and funding must be accompanied by laws and policies that help make the right to safe, decent and affordable housing into a reality for all. We have a slate of solutions at the ready which can keep our lowest-income New Yorkers in their homes, house New Yorkers living in shelter, and leverage existing housing stock to alleviate our crisis.

We commend the Senate and Assembly for your leadership on housing last session and strongly urge you to again take a leading role in ensuring that New Yorkers receive the preservation and protection of existing affordable housing and have access to immediate solutions to access or remain in dignified housing that they can afford.

Alongside our members, partners, and the legislature, ANHD will continue to fight for BIPOC, low-income, and immigrant New Yorkers' housing resources and protections.

Emergency Preservation Funds

New York's affordable housing stock is at serious risk due to unaddressed rent arrears accumulated during the height of the pandemic. ANHD and our members have been ringing the alarm bells since the 2020. The deprioritization of income-restricted housing in New York's Emergency Rental Assistance Program led to the disheartening result that many of our affordable housing developments continue to carry increasingly unsustainable deficits from rent arrears. Non-profit, mission-driven developers are particularly vulnerable because they generally operate on razor-thin margins in order to maximize affordability in their buildings and services in their communities. They do not have past profits or income from market rate buildings in their portfolios to help make up these gaps, and many are experiencing challenges with being able to pay vendors, to contribute to capital reserves, to renovate units for re-rental, and pay their mortgages.

If New York State does not address rental arrears now, not only do we risk losing affordable housing units, but many of New York's lowest-income tenants will be at risk of displacement and homelessness. Mission-driven providers are doing all they can to avoid evicting tenants with significant rental arrears, but have almost no remaining options. The state must intervene to place our affordable housing stock back on sound financial footing and avoid further worsening our already untenable homelessness crisis. **We urge the Legislature to include \$250 million in Emergency Preservation Funds in the Fiscal Year 2025 to keep our affordable housing in safe condition and keep our lowest-income tenants housed.**

Housing Access Voucher Program (HAVP)

ANHD strongly supports enacting and fully funding HAVP (S568B/A4021) at \$250 million, which would put New York on a pathway to ending the homelessness crisis in our state. We thank the legislature for supporting HAVP last year and urge you to prioritize its passage this year.

Modeled from Section 8, HAVP offers rental assistance to homeless New Yorkers as well as those who have not yet lost their housing, keeping them from entering the shelter system and straining it further. HAVP will be available to New Yorkers regardless of immigration status or criminal record, making it a source of housing opportunity to groups that have been perpetually excluded and therefore chronically homeless or housing insecure. Funding HAVP at \$250 million would help an estimated 20,000 households and 50,000 people avoid homelessness.¹

We need immediate solutions to address our housing and homelessness crises. Homelessness has skyrocketed in the last year and HAVP is more necessary than ever. One year ago, New York City's shelter population was reported to be 80,000. Now, with the inclusion of Humanitarian Emergency Response and Relief Centers, it is over 150,000.²

Vouchers make a monumental difference in housing stability. A 2023 mayoral report showed 16% of families with children who exited shelter without a subsidy returned within one year, compared to less than 1% of families who exited with a subsidy.³

We are hemorrhaging money on shelters and services that could be spent much more efficiently on housing vouchers, while stabilizing families who desperately need it. Long-term rent subsidies, like those offered by HAVP, are proven to reduce homelessness, increase housing stability, and promote beneficial outcomes for family well-being, including reductions in adult psychological distress, experiences of intimate partner violence, school mobility among children, food insecurity, and sleep and behavior problems in children.⁴

HAVP is a straightforward and sensible measure to immediately stem the disaster we face. With widespread support across the political spectrum, from grassroots groups to real estate, we believe it is a no-brainer and that the legislature should prioritize its passage this year.

Reject 421-a replicas

The 421-a tax incentive program, first created in 1971, expired two years ago. 421-a was designed 50 years ago as a general housing supply booster, not an affordable housing program. Attempts to turn it into one have failed.

The most recent version of 421-a largely created so-called affordable units at 130% AMI, over \$4,000 for a two-bedroom in New York City.⁵ Governor Hochul's proposed 485-w program in 2022 would have produced mostly 90% AMI units: almost \$3,000 for a two-bedroom, which only 8.6% of rent-burdened New York City households can afford.⁶

¹ Cost estimate by Community Service Society

² <https://citylimits.org/nyc-shelter-count/>

³ https://www.nyc.gov/assets/operations/downloads/pdf/pmmr2023/2023_pmmr.pdf

⁴ <https://www.huduser.gov/portal/sites/default/files/pdf/Family-Options-Study-Full-Report.pdf>

⁵ <https://anhd.org/blog/fund-truly-affordable-housing-not-luxury-development>,
https://furmancenter.org/files/publications/The_Role_of_421-a_Final.pdf

⁶ <https://anhd.org/report/2023-ami-cheat-sheet>

We can expect much of the same from a new 421-a replacement. It will inevitably subsidize supply at rents that are too high for New Yorkers who most need housing. We ask the legislature to avoid the same trap that we've entered time and time again, and reject the framing that a 421-a replacement will produce the affordability that we truly need. We are being asked to give too much away for too little, and it won't solve our affordability crisis.

We must protect and invest in our existing stock of affordable units, in programs to keep at-risk tenants and homeowners housed, and in new development and rental assistance that actually serves those most impacted by the affordability crisis. We must prioritize deep and true affordability at the levels that rent-burdened and homeless New Yorkers actually need with both our policies and dollars. **We urge you to reject 421-a lookalikes such as Affordable Neighborhoods for New Yorkers (485-x).**

Address skyrocketing insurance premiums

ANHD's members, and the affordable housing industry overall, have witnessed dramatic increases in insurance premiums in recent years, even before the COVID-19 pandemic began. Just as disturbingly, our members report that insurance carriers are declining to offer quotes for buildings in some neighborhoods, particularly in the Bronx, or offering quotes two- to three-times higher than other neighborhoods. Insurance carriers also use tenants' income or source of income to deny or hike up insurance costs. This discrimination is unacceptable and amounts to modern-day redlining.

High insurance costs have a direct effect on the construction and preservation of affordable housing, and will decrease the number of units we can create with our limited housing dollars. Non-profit housing developers like ANHD's members are especially impacted by this issue because they have so little slack in their operating budgets. A dramatic increase in building operating costs due to higher insurance rates means less organizational resources for staff, social services, and building maintenance. High premiums, deductibles, and exemptions are severely threatening existing affordable housing portfolios, which are underwritten to standards that are no longer a reality.

We support language in the Governor's proposed budget that prohibits insurance companies from discriminating against affordable housing and tenant source of income in their policies. We recommend that the final budget specify that both property and liability insurance be covered by the provision. The change must also come with penalty and enforcement language so the costs of noncompliance are clear to both insurance companies and the NYS Department of Financial Services as regulator.

We also support S7298/A7910, which would prohibit refusal to issue an insurance policy or modifying a policy for less than its full value based on the inclusion of affordable housing or tenants with rental assistance in a building.

In addition to addressing discrimination, we need measures to address the skyrocketing costs of insurance premiums in general so that our non-profit mission-driven developers can continue to operate and house low-income tenants. Untenable insurance costs are only exacerbating the arrears crisis, and must be addressed in tandem to maintain our vital affordable housing.

Pass and fund Statewide Right to Counsel (RTC)

Following the expiration of COVID eviction protections, evictions have accelerated at alarming speeds. In New York City, over 15,600 households have been evicted by court-ordered marshals since January 15, 2022, a figure that does not include tenants who “self-evict” before their cases reach that point.⁷ Evictions are highly racialized. ANHD found that throughout the pandemic, landlords filed evictions over twice as often in majority-people of color zip codes than in majority-white zip codes.⁸

As the success of RTC has shown in New York City, access to an attorney monumentally increases a tenant’s ability to remain housed: when implemented correctly, 84% of tenants facing eviction remain in their home.⁹ We need a universal, Statewide law covering all tenants facing eviction. Its funding will pay off in spades by preventing homelessness down the line; the independent financial firm Stout estimated that Right to Counsel will save \$3-6 for every dollar spent.¹⁰ **We urge the legislature to support the passage and funding of Statewide Right to Counsel (S2721) this session.**

Additionally, we ask the legislature to **pass the Defend Right to Counsel bill (S3254/A4993)**, which would ensure that tenants in localities that have passed a Right to Counsel law are given the time they need to be connected to legal representation.

A guaranteed right to counsel is imperative to ensure that tenants can access legal protections to which they are entitled. It will save money in the long term and help keep New Yorkers housed. We ask for your leadership in passing these bills this year.

Pass Good Cause Eviction

In addition to a universal Right to Counsel, tenants urgently need protection from arbitrary rent increases and lease terminations. **We support the passage of Good Cause legislation (S305/A4454)**. “Good cause” would mean landlords could only evict tenants in arrears or in default of their lease. It would also prevent landlords from raising rents more than 3% or 1.5 times the Consumer Price Index by allowing tenants to raise such increases as a defense in an eviction proceeding.

Good Cause would instill critical protections to an estimated 1.6 million eligible renter households statewide which are currently vulnerable to no-fault evictions.¹¹ Every tenant in New York should live free from the fear of eviction: either formal, through housing court, or informal, through the landlords’ decision not to renew the lease or a sudden rent hike. Rent stabilized tenants benefit from the right to renew their leases and from protections against large rent hikes. Good Cause legislation would guarantee almost all New York renters the right to renew the lease with regular annual rent increases, providing a crucial measure of stability and housing security for families across our state.

⁷ <https://www.righttocounselnyc.org/nycrcrisismonitor>

⁸ <https://anhd.org/report/new-yorks-pandemic-rent-crisis>

⁹ https://www.nyc.gov/assets/hra/downloads/pdf/services/civiljustice/OCJ_UA_Annual_Report_2021.pdf

¹⁰ <https://www.stout.com/-/media/pdf/evictions/cost-rtc-onyc-stout-report-march-2022.pdf>

¹¹ <https://www.cssny.org/news/entry/good-cause-eviction-legislation-protect-rental-households-tenants>

The current lack of regulation in many rental units undermines millions of New Yorkers' ability to assert their rights to repairs or against harassment. All tenants have rights to a safe and habitable home. But many endure a lack of heat, mold, disrepair, and harassment because they fear that if they demand better conditions and assert their rights, their landlord will retaliate by not renewing their lease or imposing an impossible rent hike. Good cause legislation will keep those tenants safely in their homes while guaranteeing protections that existing laws should offer them.

Legalize basement and cellar apartments

The legalization of basement and cellar apartments has the potential to preserve and ensure the safety of tens of thousands of deeply affordable housing units in New York City. Without legalization and in current circumstances, basement tenants live in fear of dangerous flooding or fires and displacement. Homeowners risk tens of thousands of dollars in fines and possibly even losing their homes. We have the opportunity to unlock housing that is affordable and accessible to many thousands of low-income, immigrant, and BIPOC tenants and an important source of income for small homeowners – without requiring ongoing subsidy or preservation dollars.

We support S2276/A1075A, which will allow New York City to bring basement units into conformance with critical safety standards. S2276/A1075A will grant NYC the authority to establish its own vital safety standards for existing units. We also support the general facilitation of the creation and legalization of ADUs and their inclusion as a form of housing accommodation under the human rights law.

Thank you again for the opportunity to testify. If you have any questions or for more information, please contact Lucy Block at lucy.b@anhd.org.
