



Testimony for Rachel Fee, New York Housing Conference Joint Legislative Public Hearing on FY2022 Executive Budget Proposal for Housing

February 2, 2021

My name is Rachel Fee. I am Executive Director of the New York Housing Conference (NYHC). I would like to thank the Committee Chairs Kreuger, Weinstein, Kavanagh and Cymbrowitz as well as the other members of the Legislature for the opportunity to comment on the FY2022 Budget.

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.

The Governor's Executive Budget commits to another year of supportive housing with a \$250 million investment; extends low-income housing credits for five years; codify sales tax exemption for affordable housing; and proposes changes to SONYMA to expand homeownership and support distressed homeowners. We support all of these proposals.

However, with an enormous need for affordable housing and the urgency of economic recovery, we make the following recommendations to further address our affordable housing crisis:

Continuation of a Statewide Housing Plan

We are now in the final year of New York State's Five-Year Housing Plan yet the need is greater than ever. It is important for the state to signal a commitment to consistent and predictable funding to maintain a pipeline of production. Further, with interest rates at extreme lows and an economy in desperate need of stimulus, now is the time to double down on our investment in affordable housing.

- **New Five-Year Housing Plan** – We are calling for a \$3 billion investment in a new 5-year housing plan, including 7,000 units of supportive housing. We detailed how this investment can be structured in a way that is both fiscally responsible and responsive to the urgent needs of New Yorkers throughout the state in our most recent [policy brief](http://thenyh.org/wp-content/uploads/2021/01/State-Five-Year-Housing-Plan-Policy-Brief-1.20.2021.pdf).¹
- **Codify the requirement for an affordable housing five-year capital plan.** We strongly support S2193/A3807, a proposal to establish a requirement for a five-year housing capital plan. This will ensure continued investment in affordable housing and certainty

¹ <http://thenyh.org/wp-content/uploads/2021/01/State-Five-Year-Housing-Plan-Policy-Brief-1.20.2021.pdf>

for affordable housing developers and investors.

Address Housing Poverty and Homelessness

COVID-19 has ravaged entire communities and exposed just how widespread housing insecurity is in our state. Though we have enacted some of the strongest eviction protections in the country, an estimated 1.2 million households are at risk of eviction once the moratorium ends².

- **\$1.3 Billion to Protect Renters** – The Budget advances the emergency rental assistance program supported by Federal funds allocated in the last Covid relief package. We support this proposal and would like to see a program where funds are easily accessible by tenants and landlords and reach those most at risk of homelessness, including undocumented households. Terms of eligibility should be broad and easy to understand and the application should be as simple as possible.³

Office & Hotel Conversion Proposal

The Executive Budget offers a path to residential conversion to hotels and offices by overriding local zoning for a limited period. While we appreciate the Governor's bold effort to ease regulation and his forward-thinking approach to providing solutions to the growing distress exhibited in the commercial real estate market, there are key principles we would like to see incorporated to this vision.

- **Maximize affordable housing.** The proposal requires 20% affordable, less than the 25%- 30% minimum required in Mandatory Affordable Housing. Any zoning benefit created by this legislative action should be accrued to the public in an equivalent amount of affordable housing. Analysis should be conducted on value created in order to ensure a fair public benefit.
- **Deep affordability.** The lowest income renters have the fewest housing options and more opportunities must be created for extremely low-income households earning 30% AMI. Prioritize deep affordability.
- **Affordable housing must be required on-site.** We strongly oppose an option to pay into a fund. Many neighborhoods with eligible offices and hotels in Manhattan are out of reach for affordable housing development and have few affordable housing options for low-income New Yorkers. This is an issue of equity.
- **Manufacturing zone suitability.** Additional criteria may be considered for conversions of buildings located in manufacturing zones such as proximity to residential blocks, transit or amenities to avoid inappropriate residential conversions.
- **Certificate of No Harassment.** For hotels with SRO units, the zoning override must not eliminate the requirement for a certificate of no harassment to protect existing tenants.

² <https://www.nytimes.com/2021/01/01/nyregion/nyc-eviction-moratorium-shelters.html>

³ <https://nlihc.org/sites/default/files/Best-Practices-for-State-and-Local-Emergency-Rental-Assistance-Programs.pdf>

- **Facilitate SRO Conversion.** Ease accessibility requirements to allow low-cost conversions of hotels to affordable SRO housing operated by nonprofits to serve the homeless.
- **Prioritize nonprofit ownership for supportive housing and SRO housing to serve the homeless.** The current proposal could potentially create competition for nonprofit organizations seeking acquisition opportunities to expand supportive housing supply or convert hotels into SRO housing.
- **Resources for 100% Affordable Housing.** The Governor’s proposal offers ease of zoning restrictions for conversions to supportive housing and under city and state affordable housing programs. New resources are needed to support such an effort.
- **Overriding local zoning is a big deal.** In some cases local zoning can offer stakeholders a meaningful voice and process to help shape their environment and an override may disregard long-fought community negotiations. In other cases, local zoning can be overly restrictive or exclusionary and overrides can help advance progress and equity. In this case, there are many unknown factors to fully understand the potential impact. As it presently stands, it provides welcomed ease of restrictions to create needed housing, but it does not go far enough in creating affordable housing.
- **Analysis & Stakeholder Consultation.** Analysis of data and market trends can help improve this proposal including: a fuller understanding of financial distress for hotels and offices; conversion costs for offices; economic impact on tourism and business sectors; geographic exclusions areas; criteria for suitability for housing in manufacturing zones; additional waivers needed to reduce conversion costs and consultation with stakeholder groups and local government.

We look forward to working with the Governor, the Legislature and other stakeholders to maximize opportunities for the creation of affordable housing in underutilized commercial real estate.

Preserve Public Housing

We continue to advocate for investment in public housing, a vital source of affordable housing in our state. A year ago, New York City Housing Authority’s (NYCHA) capital needs were estimated at \$40 billion⁴. This number will only continue to grow without immediate investments.

- **NYCHA Public Preservation Trust** –NYCHA’s Blueprint for Change would create and transfer units to a Public Housing Preservation Trust and utilize Tenant Protection Vouchers (Section 8) to finance repairs. The Blueprint would maintain public ownership of the authority while accessing federal funding to complete critical repairs in apartments, while codifying tenant protections. We hope this important legislative proposal will advance by gaining the support of residents and including their input.

Thank you for this opportunity to testify.

⁴ <https://www.nbcnewyork.com/news/local/nycha-needs-40-billion-in-extra-capital-new-boss-says/2259520/>