



## **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 2025-2026**

February 27, 2025

The Association for Neighborhood and Housing Development (ANHD) thanks Committee Chairs Liz Krueger, Gary Pretlow, Brian Kavanagh, and Linda Rosenthal for the opportunity to testify on housing-related proposals for the Fiscal Year 2025-2026 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. 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 six years. The DAP Portal data tool ([portal.displacementalert.org](https://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 support has allowed us to expand our impact gaining over 400 new users, bringing the total to 1,280 users. Additionally, we have seen increased engagement with visits doubling year over year with 35,000 visits recorded between October 1, 2023, and September 30, 2024. DAP has provided 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 FY26 Executive Budget**

Unfortunately, the Governor’s proposed FY26 Executive Budget leaves out several of the programs whose creation and funding is most critical to solving the affordability and homelessness crisis faced by families throughout New York State. We support the continued rollout of funding for the 5-year capital plan, and the allocation of \$1.025 billion for New York City’s City for All/City of Yes package as agreed to in December, 2024. However, the Governor’s “build build build” orientation leaves out critical policies and programs to help address the crisis of affordability families are experiencing right now, and responding to homelessness with criminalization and involuntary commitment does nothing to get to the root of the problem.

We urge the New York State legislature and the Governor to prioritize the following investments to immediately stabilize our existing affordable housing stock, help New Yorkers experiencing homelessness access permanent housing, and prevent evictions of vulnerable tenants.

### **Housing Access and Preservation Initiative (HAPI) Fund, Part of HCR’s Low-Income Housing Trust Fund**

#### The Strain of Rising Operational Costs on Affordable Housing Providers in New York

Community Development Corporations (CDCs)—non-profit, mission-oriented developers that often offer rents below \$1,000—are critical to New York City’s affordable housing ecosystem, providing homes for low-income residents, and in many cases services and programming for not only their own residents but the broader communities in which they are based. However, rising operational costs are placing immense strain on these organizations, making it increasingly difficult for them to remain financially viable.

Key challenges include escalating costs, with utilities and insurance expenses rising by 20-35%, making it harder for CDCs to cover essential expenses like mortgage payments, utilities, payroll, and regulatory compliance. Additionally, significant tenant delinquencies from the pandemic have further exacerbated cash flow issues, leaving CDCs unable to effectively maintain properties or meet their financial obligations. Without relief, these nonprofit developers face a situation that threatens the long-term stability of the affordable housing sector.

#### The Immediate Need for Action

CDCs operate on tight margins and have limited capacity to absorb financial losses. If these challenges are not addressed, we risk seeing deferred maintenance, with declining housing quality due to postponed repairs; potential sell-offs, as financial pressures force CDCs to sell properties or cease operations, depriving communities of essential services and affordable housing; and tenant displacement, with thousands of low-income tenants facing the loss of their homes. The consequences of inaction are dire—for tenants, communities, and the broader economy. A portfolio-wide approach to stabilizing CDCs is crucial to preserving affordable housing for future generations.

## Key Priorities for Stabilizing CDCs include:

1. Debt Relief:
  - Introduce forgivable loans to address portfolio-wide debt rather than individual units.
  - Allow CDCs to apply for flexible debt relief to prioritize their most financially distressed properties.
2. Operating Subsidy:
  - Advocate for a consistent funding stream to support operational costs and address the shortfall between income and expenses for existing buildings.

## An Effective Solution: The Housing Trust Fund

An effective solution to support affordable housing is the Housing Trust Fund, a dedicated pool of funds designed for the development, preservation, or rehabilitation of affordable housing. Unlike general funding sources, housing trust funds are established with permanent, ongoing revenue streams to ensure a stable and consistent flow of resources. A Housing Trust Fund offers tailored support, customizable to meet the unique challenges faced by CDCs. It provides long-term stability through a reliable operational subsidy and maximizes impact by attracting public-private partnerships to enhance capital and resources.

## Proposed Investment: \$250 Million for Housing Stability

**ANHD and our CDC members propose a \$250 million capital investment into the New York State Housing and Community Renewal (HCR) Low-Income Housing Trust Fund.** This funding would provide:

- Forgivable Loans to address portfolio-wide debt, prioritizing the most financially distressed properties.
- Subsidies to help CDCs maintain and preserve existing affordable housing, preventing displacement.

If New York State does not act now, we risk losing affordable housing units, and many of the state's lowest-income tenants will face displacement and homelessness. Mission-driven providers are doing everything possible to avoid evictions despite significant portfolio debt and negative cash flow, but they are running out of options.

The state must intervene to stabilize our affordable housing stock and prevent further exacerbating the already dire homelessness crisis. We urge the Legislature to include \$250 million in the HAPI Fund, which will be part of HCR's Low-Income Housing Trust Fund for Fiscal Year 2026. This investment is crucial to maintaining safe housing conditions and ensuring that our most vulnerable tenants remain housed.

## **Housing Access Voucher Program (HAVP)**

**ANHD strongly supports enacting and fully funding HAVP (S72/A1704) 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 and funding in the budget this year.

Modeled on the federal Section 8 program, HAVP offers rental assistance to homeless New Yorkers as well as those at imminent risk of losing 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 community members 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.<sup>1</sup>

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. The increases cannot be attributed solely to the arrival of asylum seekers, as the trend far predates 2022, and has continued in the past year even as the number of new arrivals to our state has dropped. Nor is this problem specific to New York City - various upstate counties have seen some of the most dramatic increases in homelessness rates over the past decade.<sup>2</sup> Alarming, the majority of people experiencing homelessness in our state are families with children. During the 2022-2023 school year, 155,000 children were homeless, 35,000 of them living outside of NYC.<sup>3</sup>

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.<sup>4</sup>

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.<sup>5</sup>

HAVP is a straightforward and sensible measure to immediately start helping New Yorkers in shelters access permanent housing, and prevent evictions that would further crowd our shelter system - as well as doing significant long term harm to the lives and futures of families throughout the state. With widespread support across the political spectrum, from grassroots groups to real estate, we strongly urge the legislature to prioritize its passage this year, and to use all of the tools available to you in the budget negotiation process to ensure it is enacted and funded in the F26 budget. With the reality of Federal disinvestment and destructive policies threatening our communities, it is imperative now more than ever that our state takes action to address this crisis.

## **Protect Rent Stabilized Tenants**

In 2019, the Housing Stability and Tenant Protection Act (HSTPA) transformed New York's housing landscape, and the lives of millions of rent-stabilized tenants. This legislation was the culmination of decades of organizing by tenants who faced widespread and intensive harassment, which was caused not just by individual bad actors, but by perverse profit incentives baked directly into the structure of the old rent stabilization laws - baked in over the course of decades by a landlord lobby that had managed to turn a robust system for ensuring affordability, stability, and basic rights for tenants into swiss cheese.

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<sup>1</sup> Cost estimate by Community Service Society

<sup>2</sup> [https://smhttp-ssl-58547.nexcesscdn.net/nycss/images/uploads/pubs/011324\\_HAVP\\_Statewide\\_V5.pdf](https://smhttp-ssl-58547.nexcesscdn.net/nycss/images/uploads/pubs/011324_HAVP_Statewide_V5.pdf)

<sup>3</sup> [The New York State Technical and Educational Assistance Center for Homeless Students](https://www.nyc.gov/assets/operations/downloads/pdf/pmmr2023/2023_pmmr.pdf)

<sup>4</sup> [https://www.nyc.gov/assets/operations/downloads/pdf/pmmr2023/2023\\_pmmr.pdf](https://www.nyc.gov/assets/operations/downloads/pdf/pmmr2023/2023_pmmr.pdf)

<sup>5</sup> <https://www.huduser.gov/portal/sites/default/files/pdf/Family-Options-Study-Full-Report.pdf>

Prior to 2019, landlords of rent stabilized apartments were entitled to vacancy bonuses whenever an apartment turned over to a new tenant. During vacancies, they were also able to claim increases for Individual Apartment Improvements (IAIs) with almost no oversight or accountability. These loopholes created a clear incentive for landlords to drive out existing tenants - especially longtime tenants whose rents were often lower - in order to increase profits. Some activity was so egregious that it led New York State Attorney General Tish James to file a lawsuit in May 2019 that said the the landlord's "business model was 'uncover[ing] value' in rent-stabilized apartments by, among other things, undertaking IAIs in order to deregulate vacant units using high-rent deregulation."

While we disagreed with the modifications to IAI's made last year, we understand the reasons and perspective that led the legislature to agree to them, and we appreciated that they were limited in scope. However, we strongly encourage you to reject any further attempts to create loopholes in the HSTPA that will undermine its purpose - to ensure stability, affordability, and protected rights for millions of New Yorkers in the midst of a housing affordability crisis even more severe than when the law was passed in 2019.

## **Additional housing programs and policies supported by ANHD**

### Insurance Premiums

We appreciate that the Governor is taking the insurance crisis seriously in her State of the State address and proposing funding to help nonprofit affordable housing owners make necessary repairs or participate in an insurance captive. We believe this initiative is crucial to maintaining housing affordability.

### HOPP

We call for full funding of the Homeowner Protection Program (HOPP), a vital measure supported by 80+ organizations across the state, to ensure that New York's homeowners have the support and protection they need to avoid losing their home due to deed theft, other predatory practices, or foreclosure.

### Statewide RTC

Statewide Right to Counsel would ensure universal access to representation for tenants facing eviction in housing court and ensure they can access all possible options to remain housed. Without it, tenants are unnecessarily pushed out of their homes and into the shelter system. Tenants statewide need the Right to Counsel and tenants in New York City need their Right to Counsel to be upheld.

### TOPA

Throughout New York, tenants face horrific conditions in their buildings. The Tenant Opportunity to Purchase Act (TOPA) gives tenants in eligible buildings the right of first offer and the right of first refusal when a building is offered for sale, and to partner with mission-driven nonprofit

affordable housing developers to change their conditions and create equity in their communities.

Thank you again for the opportunity to testify today. If you have any questions or for more information, please contact Sonali Govind at [Sonali.g@anhd.org](mailto:Sonali.g@anhd.org).

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