Habitat for Humanity® of New York State

Testimony before the Joint Legislative Budget Committee
2025-26 New York State Budget Housing Priorities and Funding
February 27, 2025

Thank you, Chair Krueger, Chair Pretlow, Senator Kavanagh, Assemblymember Rosenthal and members of this joint legislative budget committee. My name is Michael Barrett and I am the CEO of Habitat for Humanity of New York State. On behalf of Habitat's 33 affiliates throughout the State, who work tirelessly to help struggling families realize the dream of homeownership, thank you for the opportunity to participate in today's hearing regarding the 2025-26 New York State Housing Budget.

As you are undoubtedly aware, we are experiencing something of a perfect storm of a housing crisis: a low stock of starter homes; higher than typical mortgage rates; the cost of labor and materials are at an all-time high; and now the looming impacts of federal tariffs on the cost of Canadian wood and other vital inputs. These factors are all collectively contributing to putting homeownership out of reach for so many.

Given this, it is critical to not only invest in affordable housing initiatives (and we applaud the host of proposals laid out in the Governor's Executive Budget), but also to maximize the potential of these initiatives by addressing existing barriers to ownership.

For housing nonprofits like Habitat, we collectively work to reduce the cost of purchasing a home by packaging a host of available resources, including State and Federal grants funding with volunteer hours and donations that all help to bridge the gap between the market cost of building a home and the amount for which it is sold to the families that we serve. However, the problem is, even when a subsidy is used to facilitate a lower mortgage, (e.g., a $400,000 home might be sold for $200,000), the property is still assessed at fair market value, which creates a tax burden that once again makes the property unaffordable.

As expected, this disproportionately impacts low- and middle-income families; the very same families who are not only eligible for partnership with community-based nonprofits like ours, but are the families for whom the legislature enacted programs like the Affordable Housing Corporation grant. Thankfully, legislation has been proposed by the majority in both houses to address this problem. This proposal (A. 6176-A, Barrett/ S. 6255-A, Hinchey of 2024) would permit local assessors to assess a property based on the subsidized amount of the purchase price of the home rather than its fair market value. Additionally, counties that do not wish to participate can opt-out under the proposed legislation. That said, municipalities understand that this proposal is revenue positive.

Simply put, without the work of local housing nonprofits, homes targeted by this proposal would not have been built at all. What's more, and perhaps equally important, Habitat identifies abandoned and dilapidated properties which are off the tax rolls and renovates and rehabilitates them for sale. Our efforts put them back on the tax rolls, which is an incredible benefit to local communities. To ensure only qualified low-income applicants benefit, Habitat homes are burdened by restrictive covenants that prevent the families we serve from selling the property to anyone other than another income-qualifying family.

I wish to point out that a version of this legislative proposal now appears as part of the Governor's executive budget, for which we are grateful; it appears in ELFA, Part K. That said, there are two areas in the executive's proposal that are ripe for improvement if we are to maximize the potential effectiveness of this initiative.

First, unlike the bill that has been carried within the majority caucuses, the one included in ELFA replaces the local 'opt out' with a requirement that the locals affirmatively 'opt in'. If housing non-profits are going to be effective in helping struggling families become homeowners, we need to focus our efforts on local issues and housing families and not pursuing dozens of redundant advocacy efforts throughout the state in order to realize the benefits of this proposal. Therefore, we respectfully request that this language be changed from a local 'opt in' to a local 'opt out'.

Second, unlike the legislative proposal, which permits locals to assess the property at the subsidized purchase price (as opposed to fair market value (FMV)), the methodology in the executive's proposal would permit a FMV discount of between 25%-50%. Our fear is that this range will be insufficient considering the current financing and market fundamentals. Given that the Affordable Housing Corporation seeks to limit a participant's housing costs (mortgage, taxes, and insurance) to no more than 33% of a family's income, we find that it regularly requires additional subsidies of between 50% to 75% to place a working family within those guidelines. As such, Habitat NYS further requests that the Executive's proposed range (25%-50% FMV discount) be increased to between 25% and 75%.

These changes are represented in amendments to previously filed legislation carried by the majority (A. 355-A, Barrett/ S. 1718-A, Hinchey of 2025).

Thank you very much for allowing me to provide testimony and for all you do to make housing more prevalent and affordable in New York State.