TESTIMONY SUBMITTED TO THE NEW YORK STATE SENATE FINANCE AND ASSEMBLY WAYS AND MEANS COMMITTEES ON THE FY2024-25 EXECUTIVE BUDGET – TOPIC: HOUSING

CITIZENS HOUSING AND PLANNING COUNCIL
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FEBRUARY 14, 2024

My name is Howard Slatkin, and I am Executive Director of Citizens Housing and Planning Council, an independent, nonprofit organization dedicated to the well-being of New York City's housing stock and the people it serves.

Yes, New York needs to do something about housing this session. We are in the throes of a housing crisis that has left unprecedented numbers of people homeless and too many New Yorkers struggling to pay the rent. It threatens not only our economic vitality but also our representation in Congress.

But we can only do something about housing if we have a clear understanding of what problems we are trying to solve:

- It costs too much to operate housing.
- It is too costly and difficult to build housing.
- The rents and prices most New Yorkers can afford to pay are insufficient to cover those high costs.

This is true for housing owned by nonprofits, by for-profits, and for public housing. Our solutions must recognize and respond to these problems.

We must start by acknowledging that we can't make housing more affordable without making more housing generally. The Governor's Executive Budget includes several measures that would finally have the State stop treating new housing in New York City like it's the problem, rather than the solution. There are important details to work out in these proposals, but they are vital to incorporate into the budget.

We also know that allowing more housing to be built will not on its own meet the needs of people at lower incomes. We need to build more housing *and* help more people afford it. This is where the legislature can improve on the Governor's housing proposals – not by pulling in a different direction, but by building on them.

Among the important proposals in the Executive Budget are the elimination of antiquated state restrictions that cap the maximum size of a residential building, and changes to enable New York City to legalize certain types of accessory dwelling units and three-family homes – lower-cost ways of housing New Yorkers. Other proposals would aim to rein in onerous insurance rates that discriminate against affordable housing.

Finally, and importantly, the Executive Budget is clear-eyed that there is no way to publicly finance housing production at the scale needed to address our shortfall. The only route to sustained higher production is to harness private capital investment in housing. This is why replacement of the expired 421-a tax incentive program is vital.

CHPC has recently written about how, in 1921, New York State launched its first tax incentive program to stimulate the construction of housing. This set off the largest building boom in our history. To this day, more New Yorkers live in homes built in the 1920s than in any other decade.

We need to fill the void left by the expiration of 421-a to create a streamlined, as-of-right program for churning out mixed-income apartments of all shapes and sizes in neighborhoods across the city. And we need a program that works financially, not just in the priciest parts of the city where a new program can support low-income units, but also in other parts of the boroughs where this isn't feasible.

This is where bringing together and harmonizing two legislative proposals can make a difference.

Rental assistance vouchers enable lower-income residents to tap into a much larger universe of housing than is otherwise available to them. The creation of a Housing Access Voucher Program (HAVP) would expand the availability of rental assistance. With a vanishingly low vacancy rate, however, issuing more vouchers without adding housing would just drive up rents for lower-cost apartments, leaving new people out in the cold.

By coupling HAVP with the enactment of a new tax program to boost housing construction, we can house more New Yorkers of all incomes. Legislation should create a HAVP that issues new vouchers only as new housing supply comes online within the region. The new tax relief program should require participating buildings to include low-income units in high-cost areas, and in other areas to include units at rents that can be reached with vouchers.

This coordinated approach aligns our housing goals to create a whole that is greater than the sum of its parts – both easing the housing shortage and directly supporting lower-income New Yorkers.

Finally, the replacement of 421-a needs to afford New York City control over its ability to zone for growth. For nearly a decade, rezonings that allow more housing have been subject to the Mandatory Inclusionary Housing program, allowing new housing only if a 20 to 30 percent is set aside as permanently affordable. The City's own study showed that this program only works with a tax incentive like 421-a – and that without one, rezoning with MIH is more likely to stop privately financed housing than to increase it.

But even when it existed, 421-a was set to expire every few years. It is impossible for the City to build long-term growth plans for housing – for a neighborhood, or for the city as a whole – when they depend on a State program that expires every few years.

A new tax relief program cannot be allowed to expire in MIH areas without an act of the legislature, and the City should be given authority to make at least limited changes to keep the program working. It would be foolish and irresponsible to allow financial bumps or legislative inaction derail the city's long-term plans for housing.

In addition to all the aforementioned matters, CHPC supports the testimony of the Basement Apartments Safe for Everyone (BASE) coalition regarding the urgency of State action authorizing the City to implement a program to make basement and cellar apartments safe and legal.

We may not do everything necessary to end our housing crisis in a single year. But it critical that the State "do something" this year to house more New Yorkers, better.