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2020 VISION: NEW YORK STATE AFFORDABLE HOUSING PLAN

Under the leadership of Governor Andrew Cuomo and the New York State Senate and the Assembly, New York State has made unprecedented investments to address the State's housing crisis, including adopting the first statewide housing plan in 2016 in which housing capital funding has doubled and we have made meaningful progress to ensure all New Yorkers have safe and stable housing. As we reach the 4th funding year of the Five-Year Housing Plan commitment, we are united in our call for the extension and expansion of a comprehensive statewide affordable housing plan. Together, we share a clear vision for addressing our state's housing crisis, and we view the 2020-21 New York State budget/legislative session as being critical in our doing so.

2020-21 Executive Budget Proposal: New York State Housing Priorities.

- I. Fully Fund Year 5 of the Five-Year Housing Plan.
- II. Supplement the Final Year of Housing Plan Funding.
- III. Commit to Phase II of Empire State Supportive Housing Initiative (ESSHI).
- IV. New Five-Year Housing Plan
- V. Affordable Housing Policy Recommendations

I. Fully Fund Year 5 of the Five-Year Housing Plan. The prior enacted State budget appropriates \$407.336 million for 2021-22 for the final year of Housing Plan. We urge that this final year commitment and any reappropriations for the Housing Plan be fully funded.

II. Supplement the Final Year of the Housing Plan, with Funding for:

- *Public Housing* (\$1 billion for NYCHA; \$50 million for the rest of the state).
- *Sustainable Affordable Housing Program* (\$50 million) - Develop and fund sustainable building solutions and maintenance practices in affordable housing developments, including energy efficiency and construction.
- *Homeless Housing Assistance Program* (\$128 million) - Capital grants and loans for the acquisition, construction or rehabilitation of housing for persons who are homeless and are unable to secure adequate housing without special assistance.
- *Home Stability Support* (\$40 million) - Statewide rent supplement for families and individuals who are eligible for public assistance benefits and who are facing eviction, homelessness, or loss of housing due to domestic violence or hazardous living conditions.
- *Increase the Funding for the Affordable Housing Corporation* (AHC program \$18 million to \$40 million) - for homeownership construction and rehabilitation funding reflecting increased construction costs over the last 35-years.

- *Homeowner Protection Program (HOPP) Funding* (\$20 million) – Foreclosure prevention services.
- *Senior Resident Assistant Program* (\$10 million) - Enhance resident assistance in existing and new senior housing to provide low-income seniors access to an array of services focusing on wellness and healthy aging so they may remain independent and avoid moving from their homes to a costlier level of care.
- *Enforcement of Source of Income Protections* (\$5.5 million) – Provide funding to public and private agencies for education and enforcement of the new income protection law.

III. Commit to Phase II of Empire State Supportive Housing Initiative (ESSHI).

- As we enter the fifth year of the ESSHI, which provides both operating and support services funding, it is critical that the 2020-21 enacted budget authorize the continuation of the program by statutorily committing funding for the next five years, beginning in SFY 2021-22. The State’s commitment will signal to investors, syndicators, service providers, and developers that it will finance the remaining 14,000 units of the ESSHI commitment over the next 10 years.

IV. New Five-Year Housing Plan. As we approach the end of the Five-Year Housing Plan, New York faces the challenge of a production gap. The continuous availability of affordable housing financing resources from the State is necessary for affordable housing developers to continue building a pipeline of affordable housing site and buildings. For supportive housing, the cornerstone of new construction in the current plan, nonprofit developers will be stalled in their efforts to acquire sites and advance deals without the guarantee of ESSHI commitment for supportive services. The last awards under the current plan will be issued in the spring of 2020. It is critical that appropriations for a *new* Five-Year Housing Plan be included in the SFY 2020-21 enacted budget to avoid a lapse in production.

- *Codify a Five-Year Housing Plan requirement.* Enact a requirement that a statewide affordable housing plan be developed and funded at least every 5 years. Ensure this plan includes a five-year capital budget commitment and is targeted towards New York State’s most pressing housing development and preservation needs.
- *Adopt a new Five-Year Housing Plan.* The first year appropriation would begin in SFY 2021-22, with appropriations across six funding categories over the five-year period:

| Annual Funding Request: SFY 2022-2027 | |
|--|------------------------|
| HOMEOWNERSHIP | \$87,295,000 |
| NEW CONSTRUCTION | \$739,755,000 |
| PRESERVATION | \$90,052,667 |
| PUBLIC HOUSING | \$1,056,266,667 |
| RENTERS ASSISTANCE | \$87,000,000 |
| RURAL | \$74,436,000 |
| Total | \$2,134,805,333 |

V. NY State Affordable Housing Policy Recommendations.

Housing Affordability & Homelessness

- *Fund the next 7,000 ESSHI units, representing the next five years of the State's 20,000 unit 15 year supportive housing commitment:* Supportive housing is a proven national model and an effective tool to keep homeless individuals and families with disabilities stably housed. As such, in 2016, the budget funded the first 6,000 units over five years of the Governor's total 20,000 unit commitment scheduled to be achieved over fifteen years. In the SFY 2022 budget, the Governor should repeat this model and fully fund the next 7,000 units of the remaining 14,000 unit commitment, accelerating the development of units from 1,200 to 1,400 per year.
- *Increase Funding for Homeless Housing Assistance Program (HHAP) (\$128 million in the final year of the current Five-Year Plan and \$128 million annually in the new Five-Year Plan):* Administered by NYS Office of Temporary & Disability Assistance, HHAP provides capital grants and loans for the acquisition, construction or rehabilitation of housing for persons who are homeless and are unable to secure adequate housing without special assistance. HHAP funds many different types of supportive housing including a \$5 million annual HIV/AIDS set-aside, housing for homeless veterans, and for those with justice-involvement. HHAP is the main source of capital for homeless housing outside of NYC with 50% of its funding dedicated for those communities. To date, it has helped create over 16,000 units of supportive housing throughout New York State. On average, the demand is three times as large as its budget. If appropriately funded, these projects would be financed more quickly and the Empire State Supportive Housing Initiative (ESSHI) would be able to achieve its 6,000 unit goal at a more aggressive pace.
- *Enact and Fund Home Stability Support (HSS) (\$40 million in the final year of the current Five-Year Plan and \$400 million annually in the new Five-Year Plan):* Establish HHS, which would provide a statewide rent supplement for families and individuals who are eligible for public assistance benefits and who are facing eviction, homelessness, or loss of housing due to domestic violence or hazardous living conditions. The rent supplements will be a bridge between the current shelter allowance and 85% of the fair market rent determined by HUD. Local districts will have the option to further raise the supplement up to 100% of the fair market rent at local expense.
- *Homeless Set-Asides:* Establish set-aside requirements for homeless families, homeless singles, or rental assistance referrals for affordable units in market rate buildings receiving tax abatement and HFA bonds.
- *Adopt Statewide Goals to Reduce Homelessness.*

Build for Our Aging Population

- *Senior Housing* (\$140 million annually in the new Five-Year Plan): Increase the production of senior housing through this increased in capital funding; which is an increase of \$15 million as compared to the current plan.
- *Appropriate Funding for the Affordable Independent Senior Housing Assistance Program* (\$2 million in the final year of the current Five-Year Plan and \$2 million annually in the new Five-Year Plan): For the Resident Assistant Program, to enhance access to services for seniors living in affordable senior housing.

- *Leverage Private Financing with Section 8:* Dedicate 200 project-based Section 8 vouchers to senior housing annually to support the development of units for very low-income seniors.

Public Housing Preservation

- *Preserve NYC's Public Housing:*
 - Appropriate at least \$1 billion annually to preserve public housing units which are not slated for conversion and therefore not eligible for private financing.
 - Reform the Coop/Condo Abatement to raise \$3 billion in bond financing for the preservation of public housing units.
 - Dedicate revenue from a new Pied-à-Terre tax to fund public housing.
- *Statewide Public Housing Capital Fund:* Appropriate \$50 million annually in capital funding for areas outside of NYC to allow localities to implement local preservation strategies which may directly fund repairs or provide gap financing to utilize HUD's Rental Assistance Demonstration Program.

Preservation of Affordable Housing

- *Support for Vacant, Distressed Small Buildings in Upstate Cities:* Appropriate funding for the rehabilitation of distressed buildings in order to foster the revitalization of downtowns and modernize the housing stock. Eligibility would include localities, non-profits and preservation-driven owners for the acquisition and rehabilitation of such buildings.
- *Support for Preservation Purchasers to Acquire Buildings from Speculative Owners:* Encourage the acquisition of buildings by preservation purchasers who will make needed investments in their buildings over the long-term by:
 - Expanding the Small Loan PLP program to facilitate such acquisitions; and,
 - Providing access to flexible capital outside of the State's unified funding round.
- *Targeted Subsidies for Capital Improvements:* Encourage programs like J-51 which subsidize capital improvements and is now more important to maintain the integrity of the building stock due to rising construction costs and more municipalities looking to opt-in to rent regulation (and thereby increase the burden of building investment).
- *Provide Clarity regarding Municipalities' Ability to Issue Tax Exemptions:* Create a framework for all municipalities in the State to provide developers who operate in multiple cities more certainty with deals which rely on tax exemptions, such as 485-a.
- *Provide Subsidy Support for Non-Tax Credit Deals in Small Municipalities Upstate:* Because there is often insufficient subsidy to make deals financially feasible outside of the tax-credit allocation process, the State should provide limited subsidy support to facilitate construction and rehabilitation for these projects.

Fair Access to Housing

- *Fund Enforcement of Source of Income Protections* (\$5.5 million in the final year of the current Five-Year Plan and \$5.5 million annually in the new Five-Year Plan): The state should provide a total of \$5.5 million annually to enforce the new statewide source of

income protections. Of this total funding amount, \$3 million should be directed to the Department of Human Rights, \$1.25 million to Full Service Fair Housing organizations, and \$1.25 million to local community based organizations.

- *Incentivize Transit-Oriented Development:* Targeted infrastructure investments and other incentives should be made available to encourage localities to build more affordable multifamily housing near transit.
- *Increase State Low Income Housing Credit:* Significantly increase the current SLIHC allocation by an additional \$15 million each year for each year of a five-year period in order to address demand. Also, the State should increase the maximum per project eligibility for SLIHC from \$750,000 to \$1 million and increase SLIHC per unit cap of \$20,000 to \$22,000 to match the current LIHC cap.
- *Maximize State Controlled Land for Affordable Housing Development:* Establish a publicly available inventory of State-owned land across State agencies and authorities suitable for affordable housing development. Prioritize use of State-owned land for affordable housing and award sites through a competitive RFP process. Set preferences to create deeply affordable housing opportunities.
- *Ban Single Family Zoning:* Prohibit a municipality to enact single family zoning or any zoning that restricts multifamily housing, ADUs, or other forms of dense housing.
- *Create a Statewide Framework for Providing Affordable Housing:* Establish targets for overall housing needs, and specifically affordable housing, for each municipality. Municipalities would be required to develop local plans to meet their affordable housing needs, with oversight/enforcement by the State, as has been done in Massachusetts, Connecticut, and New Jersey.
- *Expand State And Local Protected Classes To Include Arrest And Conviction Records:* Clarify in statute that landlords and public housing authorities cannot disqualify a prospective tenant if they have a prior arrest or conviction record or evict an entire household based on a new arrest or conviction of one member.
- *Create a statewide Housing Appeals Board (HAB):* The HAB would have the authority to override local zoning decisions when it appears a decision is limiting or excluding viable affordable housing proposals, as well as fast-track viable affordable housing proposals that have zoning as-of-right but meet with costly or unreasonable delays.

Rural Housing

- *Expand Funding for Manufactured Housing:* The State should continue funding for the Manufactured Home Replacement Program, including for park upgrades and for the acquisition of MHPs by not for profits and resident owned cooperatives, and expand it to cover owned-units located in manufactured housing communities. Also, the State should pass pending legislation to allow manufactured housing to be titled as Real Property to allow for traditional first mortgage funding.
- *Provide Additional Funding for the Development and Preservation of Small Rental Properties:* Small, rural communities lack the scale necessary to make use of state and federal low income housing tax credits. While the Small Project Participation Loan Program is providing some support in this area, the loan program does not provide subsidies that are deep enough to meet local needs. A permanent stream of funding

should be developed to support HCR's Small Rental Development Initiative, similar to the ongoing funding for AHC (noted below, which is a critical source of funding for the development and preservation of owner occupied 1-4 family housing in rural communities).

Affordable Homeownership

- *Renew the Homeowner Protection Program (HOPP) Funding at \$20 Million:* Over 18,000 New York families depend on foreclosure prevention services each year that are funded by HOPP, a network of 89 nonprofit housing counseling and legal service providers. HOPP provides direct services to homeowners in every county and assists municipalities, courts, and community stakeholders.
- *Increase Construction and Rehabilitation Funding for Permanently Affordable Homeownership:* Provide additional funding for AHC, which has not received a significant increase in program funding in over 30 years, and increase the per unit allocation for home-ownership units while also requiring that projects accessing increased funds require permanent affordability restrictions, ensuring long-term public benefit for increased investment.
- *Create a Cooperative Ownership Opportunity Program (COOP):* With many affordable housing buildings entering their regulatory sunset years and at-risk of going market-rate, the creation of a COOP could enable non-profit technical and legal service support for tenants interested in purchasing their expiring LIHTC buildings, Mitchell-Lama Article II buildings, mobile-home parks, and other rent regulated buildings. These new cooperatives could be established with proper pre-purchase education, community land trust and monitoring stewardship, and updated regulatory agreements to ensure success.
- *Establish a Community Land Trust (CLT) Tax Exemption for Permanently Affordable Housing on CLT Land:* Enact legislation that qualifies CLT-owned land as tax exempt under the not-for-profit 420-a tax law and either establish a new exemption for CLT homes and buildings or direct taxing authorities to appropriately assess the homes at a reduced rate in accordance with the resale restrictions.
- *Creation of an Affordable Cooperative/Condominium Ombudsman:* Disputes that arise between developer sponsors, shareholders and owners, boards of directors and management companies of affordable cooperative and condominium housing often result in lengthy and costly litigation and diverts resources that could be better utilized to maintain and sustain the buildings. An Affordable Cooperative/Condominium Ombudsman should be established, and all parties involved in residential cooperative and condominium ownership and governance would have access to a neutral and informative resource, to reduce the costs associated with litigation.
- *Reform the Private Housing Finance Law and Martin Act in Relation to HDFCs to Strengthen the Stewardship and Preservation of Affordable Cooperative Homeownership:* The law should clarify the permanent affordability of HDFC cooperatives and empower the Attorney General and housing agencies with increased oversight/enforcement powers. This may include the creation of an amnesty for non-compliant HDFC cooperatives to exit their regulatory status in exchange for financial restitution dedicated to the creation and preservation of affordable homeownership, as well as increased tax forgiveness for distressed HDFC cooperatives that agree to enhanced oversight. The Martin Act should be amended to encourage rental to cooperative and condominium conversions, while

protecting all tenants during the process, and ensuring that rental conversions result in viable cooperatives and condominiums through the sale of units to bona fide purchasers.

- *Support the Small Home Anti-Speculation Act (S.3060 (Salazar) / A.5375 (Dilan)):* The small home anti-speculation act will deter homeowner harassment and housing unaffordability by taxing home flipping in NYC neighborhoods. Applicable only in NYC, the anti-speculation act incorporates an additional 20% tax on 1-5 family homes sold and resold within one year and 15% on properties between one and two years. The bill includes hardship exemptions and excludes family transfers for owner-occupiers.

Environmental Sustainability

Creating more environmentally sustainable, affordable housing is an immediate priority as we battle climate change and seek ways to reduce the energy expenses upon affordable housing families. The recent enactment into law of the Climate Leadership and Community Protection Act will seek to implement policies to reduce economy-wide greenhouse emissions over the next two decades. Additional funding dedicated to creating sustainable affordable housing can achieve the complementary goals of reducing greenhouse gas emissions and achieving savings from burdensome energy costs for low-income families.

- *Establish the New York State Sustainable Affordable Housing Program (SAHP):* Develop and fund at \$250 million over 5 years a new “Sustainable Affordable Housing Program” to provide sustainable building solutions and maintenance practices for affordable housing developments, including energy efficiency design and construction.