

## FEDERAL

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Truly addressing the housing crisis will require significantly more resources from the federal government. This year we will continue to support proven housing investments through the Low Income Housing Tax Credit and the Department of Housing and Urban Development (HUD) programs and support policy changes to improve programs.

- **Expand LIHTC to Address the Affordable Housing Supply Shortage**
  - **Exempt Affordable Housing from Volume Cap:** Like many other states, NY's main financing barrier to developing more affordable housing is the federal "volume cap" on tax-exempt private activity bonds. By exempting affordable housing from the cap as the federal government has already done for other public priorities, states can begin to meet their affordable housing needs.
  - **Low Income Housing Tax Credit (LIHTC) improvements:** Congress should reduce the 50 percent bond financing requirement to 25 percent for the 4 percent LIHTC for years 2022-2026 and extend the temporary 12.5 percent increase to the 9 percent credit which expired at the end of the year and increase the allocation by 10 percent plus inflation for 2022, 2023 and 2024. In 2025, it reverts to the 2017 baseline, adjusted for inflation.
- **Expanded Funding for Rental Assistance Vouchers**
  - **Tenant Protection Vouchers to Preserve Public Housing:** Last year, the state passed legislation to create the Public Housing Preservation Trust, which would create a mechanism to repair and modernize 25,000 units of NYCHA housing. Through disposition of public housing units to the Trust, the units will be eligible for Tenant Protection Vouchers which will allow for bond issuance to finance repairs. The federal government must make the necessary Tenant Protection Vouchers available to NYCHA without diminishing overall Section 8 funding for New York City or the rest of the country.
  - **End Homelessness & Housing Insecurity with Mandatory Funding of Section 8 & Section 9:** More than 580,000 people were experiencing homelessness on a single night in January 2020, prior to the COVID-19 pandemic yet Section 8 Housing Choice Vouchers currently only serve 1 in 4 eligible households. Section 9 funding has been inadequate for decades and now deplorable conditions are found in NYCHA public housing, predominately impacting black and Latino residents. We call for the federal government to establish a federal housing safety net by moving Section 8 and Section 9 funding to the mandatory side of the budget and fully fund the programs to meet the urgent need. *We estimate over 1.1 million households in New York would ultimately be served by a universal voucher program and they would more than double their residual income to cover other necessities. For NYCHA, full funding would bring \$40 billion in overdue investments to make capital improvements and apartment upgrades.*

## Federal Legislation to Expand Affordable Housing Opportunities

- **Section 8 Housing Choice Vouchers:** Research shows that expanding vouchers to all eligible households would lift an estimated 9.3 million families out of poverty while the increased housing stability would improve health and education outcomes. We support Chair Waters's legislation - the [Ending Homelessness Act \(H.R. 4496\)](#) - to increase voucher until the program becomes an entitlement that covers every low-income household in 2030. The bill also provides \$10.5 billion to build homes affordable to people with the greatest needs and bans source of income discrimination.
- **Strengthening LIHTC:** LIHTC is the nation's most successful affordable housing finance program producing more than 3 million units by leveraging private investment. In NY, LIHTC has created more than 243,600 affordable units, which has helped over half a million households across the state. We support the bipartisan Affordable Housing Credit Improvement Act ([S.1557 – Cantwell/H.R. 3238 LaHood](#)) legislative provisions which would significantly strengthen the program and make it a more effective tool by simplifying and aligning rules. It would

provide a 50 percent increase in Housing Credit allocation authority to states over two years, permanently lower the threshold of Private Activity Bond financing – from 50 to 25 percent – required to trigger the maximum amount of 4 percent Housing Credits and provide up to a 50 percent basis boost (if needed for financial feasibility) for developments serving extremely low-income households in at least 20 percent of the apartments. *This needed expansion could allow up to 119,890 affordable housing units to be built in New York over the next ten years.*

- **Exempt Bonds Used for HUD-Assisted Housing from Volume Cap:** Congress should pass Rep. Katherine Clark’s SAVE Federally Assisted Housing Act ([HR8533](#)), which will allow funding for federally-assisted buildings to be exempt from the volume cap requirement for private activity bonds. Currently federal law limits each state’s private activity bond issuance by a population-based formula to establish a state “volume cap”, but some public priorities, like airports and public educational facilities, are not counted towards volume cap. Preserving public housing should be a similar priority and private activity bonds used in projects in HUD’s RAD program should also be exempt from state volume cap. This will lead to greater private investment in public housing to finance capital repairs.
- **Fully Fund Repairs for Public Housing Capital Backlog and Provide Sufficient Operating Funding:** The New York City Housing Authority is facing a \$40 million capital backlog, which is causing unsafe and unhealthy conditions for tenants, including exposure to mold, lead and other environmental hazards. Robust federal funding through Section 18 Tenant Protection Vouchers and the public housing capital budget are needed to help NYCHA improve conditions for tenants. We fully support Rep. Nydia Velazquez’s legislation – the [Public Housing Emergency Response Act \(HR307\)](#) - and Rep. Waters’s legislation [Housing is Infrastructure \(H.R. 4497\)](#) – to provide \$70 billion in capital funding to public housing authorities across the country
- **Decent, Affordable, Safe Housing for All Act (DASH Act) S680:** We strongly support the DASH Act, a comprehensive affordable housing investment bill sponsored by [Senator Ron Wyden](#). The bill signals significant support for our housing priorities as Senator Wyden chairs the influential Senate Finance Committee. The includes a combination of key provisions from AHCIA, the Neighborhood Homes Investment Act (NHIA), a new federal tax credit modeled after the Housing Credit to promote homeownership in low-income communities, a massive expansion of vouchers, \$10 billion over ten years for HTF, incentives to address zoning barriers, and additional funding to build and preserve affordable housing.

## NEW YORK STATE

### New York Housing Compact

As part of her FY2023-2024 executive budget, Governor Kathy Hochul released the Housing Compact – a robust statewide strategy to increase housing supply and combat exclusionary zoning, with the goal of producing 800,000 new homes over the next decade. This goal is also in line with the need estimated by the Regional Planning Association of [817,000 units](#). NYHC strongly supports the Compact, which sets statewide production goals, implements transit-oriented development and establishes a builders remedy for affordable housing.

- **Statewide Housing Targets:** For too long, some localities, especially in Long Island and the lower Hudson Valley have enacted restrictive zoning that prevents residential growth and excludes renters, low-income households and people of color. To ensure every community in the state is doing its fair share, New York state should play a role in requiring appropriate production targets. NYHC supports the new homes targets proposed in the Compact – three percent over three years downstate and one percent over three years upstate with affordable housing units counting double towards progress.

We also support the menu of “preferred actions.” These are land use changes that localities can take to avoid the builder’s remedy if they’re not meeting growth targets including accessory dwelling unit legalization, lots

splits, removing exclusionary measures, allowing smart growth and adaptive reuse rezoning. These are all high impact actions that will create the environment for more diverse housing stock that meets a wide range of housing needs.

*We recommend adding local mandatory inclusionary housing (MIH) to this menu of preferred actions. This is a vital tool to ensure affordable housing is built in high-cost areas.*

- **Facilitate Housing Approval When Targets Are Unmet:** NYHC supports the builder’s remedy and appeals process for affordable housing in noncompliant localities. This is critical to enforcement. We further support the flexibility provided to localities to avoid the builder’s remedy. If they meet growth targets, take two preferred actions, have taken action independently in past years or if there is no market demand for new housing they will not be subject to this process.
- **Transit-Oriented Development (TOD):** New York has made major investments in the public transportation infrastructure in communities surrounding New York City. However, many of these localities maintain restrictive or low-density zoning. New York state should, as proposed in Gov. Hochul’s Housing Compact, require that localities with rail stations run by the MTA undertake a local rezoning or higher density multifamily development within half a mile of the station unless they already meet the density level. This would create more diverse housing types and price points and vital to creating sustainable, walkable communities.
- **Investment to Support Housing Growth:** We strongly support funding from the state to assist communities in meeting the Compact goals both through investing in local infrastructure and providing planning assistance such as the \$250 million Infrastructure Fund and \$20 million Planning Fund proposed in the Compact.

*We recommend the state fund investment to reflect the true cost of what it will take communities to update their vital infrastructure and that is at \$800 million for infrastructure and \$30 million for planning per year.*

- **Tax Incentives to Support Housing Growth:** We support new incentives from the state to assist communities in meeting Compact goals such as those proposed in the compact to encourage multifamily rental housing upstate, support commercial and office conversions and provide an exemption for new ADUs.

*We recommend that affordability requirements for commercial conversion are at least as strong as MIH.*

- **New York City Tools to Increase and Preserve Housing:** Current state law prevents New York City from taking steps to expand housing supply. The state should, as proposed in Gov. Hochul’s Housing Compact:
  - Eliminate the state law that sets a maximum density of residential floor area to 12 FAR in New York City. This measure will allow greater residential density in New York City where City officials deem appropriate.
  - Expand the number of commercial buildings eligible for conversion to residential use and provide necessary regulatory relief, making an estimated additional 120 million square feet newly eligible for conversion.
  - Grant the City of New York the authority to legalize existing basement units that meet health and safety standards.
- **Expired Tax Benefits for New Construction and Preservation of Affordable Housing:** Two major tax incentives to support construction and preservation have expired - the 421a program and the J-51 program. As replacements for these programs are being considered, we believe:
  - The state should extend the deadline for 421a projects already in the pipeline to complete construction to 2030 to ensure that affordable housing promised to communities is delivered. The most-recent 421a program required that developers build foundations by June 30, 2022 and need to complete construction by 2026 in order to qualify for the program. However, projects are facing delays and many -

including in Gowanus meant to deliver affordable housing in recent rezonings - will not be able to complete construction by 2026.

- Any new tax incentive for housing construction should be as-of-right, be financially feasible, incentivize affordable housing in high-cost neighborhoods, and complement New York City's Mandatory Inclusionary Housing Program.
- A tax incentive for housing preservation should be as-of-right, incentivize investment in the city's housing stock, especially low-cost housing that does not currently have a regulatory agreement, allow for maintenance of housing quality standards, and encourage sustainability upgrades.

## **Funding Needs**

**In 2022, Gov. Kathy Hochul and the state legislature enacted a new five year \$25 billion statewide affordable housing plan. However, there are additional spending initiatives that are needed now to help alleviate the housing and homelessness crisis through new and existing program to aid both renters and homeowners.**

- **Housing Access Voucher Program (HAVP) S568/A4021(Kavanagh/Rosenthal)**: NYHC strongly urges the state to fund HAVP at \$250 million. Even as we address the supply shortage, it is crucial that we find ways to keep vulnerable New Yorkers in their homes. Funding HAVP will provide stability to tens of thousands of low-income renters and put New York on track to end the homelessness crisis in our state.
- **Support for New York City Housing Authority (NYCHA)**: While the Public Housing Preservation Trust will provide new mechanisms to finance repairs in NYCHA, they still have urgent needs right now. NYCHA projects a \$35 million budget deficit in 2023, due to low rent collections and rising overtime and utility costs. They report \$454 million in unpaid rent arrears with more than 73,000 households having arrears and only a 65% rent collection rate. NYCHA is projecting using \$165 million from their reserves to cover operating shortfalls, which will cause them to have less than one-month of reserves left (HUD recommends three or four months of reserves for PHAs). The state should support NYCHA to prevent evictions and address their mounting arrears through the Tenant Fund for Affordable Housing described below.
- **Tenant Fund for Affordable Housing**: The Covid pandemic caused massive economic stress as families lost loved ones or were unemployed due to restrictions and a recession. Using federal and state funding, the state created the Emergency Rental Assistance Program, which received over 400,000 applicants but gave arrears support to 225,000 households. This leaves almost 180,000 households without support and has created an arrears crisis across New York's affordable housing stock, impacting some of the most vulnerable tenants. The state should create a Tenant Fund for Affordable Housing (TFAH) to avoid an eviction crisis in our affordable and public housing stock. TFAH would prioritize affordable and public housing and is funded at an amount based on data from city and state housing agency surveys. Housing operators would submit a claim in coordination with tenants and the program would:
  - Assist tenants with approved but unpaid ERAP applications or on disability or unemployment by relieving up to 18 months of rental arrears – half funded by TFAH and half forgiven by the housing operator. Tenants would receive retrospective eviction protection for the months of arrears paid by the program
  - Assist other tenants with arrears by relieving up to 12 months of rental arrears with one third of the payment from TFAH, one third forgiven by the housing operator and the tenant would be responsible for paying just one third of what is owed. Tenants would have up to 36 months to pay their portion and receive retrospective eviction protection for the months of arrears paid by the program.
  - For non-participating tenants, housing operators could apply independently for up to 12 months of arrears funding from TFAH and receive half of the arrears owed but the tenant would not receive the above referenced protections.

- **Continued Support for Existing HCR Programs:** The Executive Budget proposes funding cuts for key existing programs. The following programs must see their funding increased or restored to make sure we continue to support affordable housing production and preservation across the state and protect vulnerable homeowners:
  - \$4 million for Access to Home
  - \$36 million for Affordable Housing Corporation
  - \$40 million for the Homeowner Protection Program
  - \$10 million for the Mainstreet Program
  - \$20 million for the Small Rental Development Initiative
  - \$17.75 million for the Neighborhood Preservation Program
  - \$7.75 million for the Rural Preservation Program

State support for affordable homeownership is critical. It is imperative that HOPP is fully funded to maintain counseling services for homeowners facing foreclosure. According to U.S. Census Household Pulse Survey data, an average of 7.4% of New York homeowners with mortgages continued to be delinquent in 2022 - almost 290,000 New York families. This is well over the high of 3.8% in January 2009, during the height of the financial crisis and Great Recession.

Further, legislation increasing the AHC subsidy for affordable homeownership developments was just signed at the end of 2021 – meaning more funding is needed, not less. This program is crucial to keeping homeownership accessible to lower income households.

## Legislative Action

- **Affordability Plus / Housing Affordability, Resiliency, and Energy Efficiency Investment Act (HAREEIA):** City affordable housing finance programs are authorized under state law. Some of these authorizations are expired or out-of-date and need to be renewed and updated to meet current conditions. There are also new authorizations that should be created to allow longer loan periods, larger loan amounts, and support new models of affordable housing including community land trusts. State legislation to update and create new city affordable housing finance programs should be approved this year.
- **SCRIE Reform:** To address the many seniors who are and may soon be overburdened with rising housing costs, the State should enact three pieces of legislation to keeping seniors affordably housed, increase renter education and program salience. This includes [S2960 \(Kavanagh\)](#): CPI Increase allows the income threshold to increase accounting for 5.9% COLA for social security; [S429, A679, \(Krueger/Rosenthal\)](#): SCRIE lease notice rider; and [S3920/A2474 \(Sander/Reyes\)](#): Freeze rent at original date of eligibility.
- **Fair Community Land Trust Housing Taxation [S6326A /A7930 \(Brouk/Davila\)](#):** CLTs limit the resale price of homes, which helps maintain affordability for the next generation of land trust residents and protects against the loss of scarce affordable housing. However, the State still does not have any guidance on how such properties should be taxed, leaving it up to local assessing authorities to determine the taxable value of each home. This leads to significant uncertainty across the State with some assessors treating the homeowners fairly and others taxing them as if they were market-rate homes. This bill would qualify CLT-owned land as tax exempt under the not-for profit 420-a tax law and directs taxing authorities to assess the homes at a fair, appropriate, and reduced rate in accordance with the resale value. This change would empower local assessors to treat these permanently affordable homes fairly and ensure income-qualified homebuyers will have the ability to afford the purchase for generations to come.

## NEW YORK CITY

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The city has an ongoing crisis of housing affordability and homelessness and Mayor Eric Adams should increase resources and target his plan to the deepest affordability where there is the greatest need. His administration will also need to reverse the severe staffing shortage in order to effectively utilize capital and operating resources to produce and move people into affordable housing.

- **Ensure Sufficient Staffing at HPD to Complete Development Projects:** HPD staff evaluate and approve affordable housing preservation and new construction developments. HPD must have sufficient staffing to complete projects. Last year HPD underspent their capital budget and produced less housing than past years because they did not have sufficient staff to complete housing deals. The staffing shortage must be addressed so the city can produce affordable housing at a rate that matches the scale of the problem.
- **Target Deep Affordability in Housing Plan:** The City's affordable housing crisis is greatest for households with the lowest incomes. Therefore, the city needs to [target the plan where the need is greatest](#) – with most rental housing for households earning under \$50,000, and should adopt minimum deep affordability production targets – 8,000 deeply affordable units per year, as laid out in the [United for Housing report](#).
- **Increase Housing Capital in Fiscal Years 2023 – 2025:** Last year, Mayor Adams's administration underspent the housing capital budget by \$600 million because they had insufficient staff to complete project deals. The unspent money was moved far into the out-years, fiscal years 2028 - 2031. In addition, when the mayor added \$5 billion of housing capital over 10 years, most of the money for HPD was added in the second half of the ten year plan, 2027 – 2031. But we need the money now. Interest rates and construction costs are increasing rapidly and the housing crisis is getting worse. The city needs more capital resources to deal with rising costs and to target deeper affordability.
- **Prevent evictions:** Nearly 300,000 households in New York City applied for the Emergency Rental Assistance Program because they were behind on their rent due to the economic and health effects of COVID-19 but only 166,000 households received funding, leaving nearly 130,000 households in need in New York City. The city will need to help prevent this potential flood of evictions and can do so by increasing outreach, expanding HomeBase homelessness prevention and one-shot payments and preparing streamlined rental assistance and legal assistance to keep people in their homes.
- **Prioritize permanent housing and shelter exits by adding \$200 million for rental assistance:** New York City may be the only locality that provides locally-funded rental assistance to fight homelessness but it needs to be greatly expanded. As the City Council and state legislature both passed a law increasing the top rate for their rental assistance programs to match federal Section 8 rental assistance, it should become easier for individuals to find housing with the voucher. Expanding funding will allow more people to avoid and exit homelessness. The City should also expand eligibility so more people can use the vouchers, including allowing people with income above the Federal Poverty Level to access the vouchers and eliminate the work requirement.
- **Every neighborhood must contribute to a citywide housing plan:** The homelessness and housing affordability crisis is citywide and every neighborhood must contribute to the solution. Every City Councilmember must support affordable housing development in their district, especially neighborhoods that are predominantly white and have higher incomes where there has been less affordable housing development in the past. We appreciate efforts by Speaker Adrienne Adams and other leaders in the City Council, Manhattan Borough President Mark Levine, and Brooklyn Borough Antonio Reynoso, to encourage production targets and housing supply in every neighborhood.
- **Citywide Zoning Text Amendment:** We support citywide zoning changes to include an affordable housing bonus, eliminate parking minimums, facilitating conversions to residential housing, supporting accessory dwelling units and other zoning changes that will make it easier to build and preserve housing in every neighborhood.