



NEW YORK STATE ASSOCIATION FOR AFFORDABLE HOUSING

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October 6, 2020

The Honorable Andrew M. Cuomo
Governor of New York State
New York State Capitol Building
Albany, NY 12224

Re: 2021 Legislative and Budget Priorities for Affordable Housing

Dear Governor Cuomo:

On behalf of the New York State Association For Affordable Housing (NYSFAH), I wanted to thank you for your Administration for your leadership during the COVID-19 pandemic and for your support of sound housing policies and funding that has helped ensure the development and preservation of affordable housing for vulnerable New Yorkers. We urge New York State to continue its financial and policy support in 2021, despite our current challenges, since affordable housing is in an even more precarious situation and yet it is foundational to a strong economic recovery.

BACKGROUND

New York has been in the midst of a housing affordability crisis for several years, with New Yorkers often forced to spend more than thirty percent, and in many instances more than fifty percent, of their incomes on housing. This crisis has been exacerbated by the economic downturn resulting from the pandemic. As of August 2020, New York State's unemployment rate stands at 12.5 percent, which is part of an improving trend but is still far greater than the 3.9 percent rate in August 2019. The occupations that have suffered the greatest job loss are in the leisure and hospitality industry, especially among food services workers, and in the retail trade. Workers in these fields are generally low-income and disproportionately women and minorities – in other words, workers who are the least able to weather economic downturns. Coupled with economic forecasts that these key industries will not recover to pre-COVID levels until the First Quarter of 2024¹, these workers are expected to experience a period of sustained unemployment and underemployment and will have less income for necessities such as food, housing, education, and healthcare. New York was confronting a housing crisis prior to the pandemic and that crisis has only grown worse and is projected to deepen over the next two years or more.

¹ Boston Consulting Group (on behalf of New York State Division of the Budget), *NY COVID-19 Preliminary Economic Impact Assessment* (April 2020).

SUSTAINABLE AFFORDABLE HOUSING

In this fiscally challenging environment, New York State needs to explore creative and beneficial ways to advance affordable housing. One way is to supplement funding for affordable housing projects to ensure they are environmentally sustainable. Beginning last year, NYSFAFH has advocated for the State to enact and fund a new program, the Sustainable Affordable Housing Program (S.8053/A.10150), which would be administered by the State Division of Homes and Community Renewal in cooperation with the New York State Energy Research and Development Authority (NYSERDA), and would provide incentives to developers to further reduce the carbon footprint of their projects. The program would achieve the complementary goals of reducing greenhouse gas emissions and achieving savings from burdensome energy costs for low-income families.

Battling climate change is our most pressing global issue, and New York's policies toward that effort have been extraordinary, especially with the enactment into law of the Climate Leadership and Community Protection Act (CLCPA), which will develop policies to reduce economy-wide greenhouse emissions over the next two decades. NYSFAFH believes that affordable housing could be a key contributor to the State's efforts since: (i) emissions from residential housing will be a significant target for such reductions; (ii) there is already a strong relationship between affordable housing developers and our State government partners; (iii) and the low-income households we serve are also a principal focus for financial assistance under the CLCPA.

Moreover, sustainable affordable housing will reduce energy expenses for low-income families, enabling them to have the resources they need to improve their lives. According to a recent report by the American Council for an Energy-Efficient Economy, low-income families pay twice the share of their income for energy compared to the national median. The Environmental Protection Agency similarly reports that for vulnerable populations living on Social Security, energy costs comprise nearly one-fifth of their annual income, compared to a national average of four percent of income. These are expenses that could be better directed to education, healthcare, food, and other necessities, and with some modest additional resources, our developers can build more sustainable affordable housing that benefits our families and our environment. Enhanced "green" investment by the State into affordable housing will not only create more viable housing projects, but will ensure they are part of the critical effort to address climate change.

NEW 5-YEAR HOUSING PLAN

Your Administration has made New York a national leader in its commitment and financial support for affordable housing. Beginning with the landmark 5-Year Housing Plan, which has now been fully appropriated, New York has developed thousands of units of housing for those who need it the most. Housing programs that we rely on to build and preserve affordable housing and to create communities, such as the Middle Income Housing Program, the Rural and Urban Communities Investment Fund, the Low Income Housing Trust Fund, the Homes for Working Families Program, and many more, have enabled us to significantly confront the housing crisis and has offered many New Yorkers a better life.

There is a need for a new, multiyear housing plan to continue the progress made through the current housing plan. The total funding request will be determined in coordination with other housing partners, but the need is expected to be the same or exceed the current \$2.5 billion program. The multiyear funding approach has been transformational, however, since the known future year public funding has helped ensure there is a pipeline of projects that come “on line” on an ongoing basis, and that there is no gap in the number of housing starts. We would further urge you to establish a statutory 5-year housing capital plan, similar to the MTA capital plan, to ensure the model you have created survives into the future and provides a transparent and predictable plan to address New York’s housing needs.

SUPPORTIVE HOUSING

Supportive housing is essential to provide stable housing for individuals with disabilities and their families who are facing homelessness. The Empire State Supportive Housing Initiative (ESSHI) championed by your Administration provided full funding over 5 years to build 6,000 units of supportive housing. This is a significant achievement toward the your goal of 20,000 units over 15 years. We urge your support for continued funding toward 7,000 new units over the next 5 years.

SCAFFOLD LAW

The Scaffold Law (Labor Law §§ 240 and 241), which holds owners absolutely liable when a worker is injured in a gravity-related accident, even if the employee or third-party contractor is negligent, is unfair, costly and outdated. This law has contributed to skyrocketing insurance rates and driven most insurance companies from the New York market - adding substantial costs to general liability coverage for affordable housing and other developments. It has increased developer costs and the needed investment by the State for such projects. If the State enacted commonsense legislation that would apply a standard that considers the respective negligence of the builder, the employee and/or contractor in determining damages and compensation, it would save millions of dollars for developers and the State and result in more units of affordable housing.

We thank you for your consideration of these housing priorities. They are made in full recognition of the current fiscal situation, but with the knowledge that if additional resources are not provided for affordable housing, the housing crisis will grow worse and New Yorkers will lack the stability to re-enter the workforce and help rebuild our economy.

If you have any questions, please contact me at (646) 473-1208 or jmilstein@nysafah.org.

Sincerely,



Jolie Milstein
President and CEO

Cc: R. Mujica, Director, Division of the Budget
S. Subotic, Deputy Secretary to the Governor
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C. Williams, Deputy Director, Division of the Budget