



Homes and Community Renewal

Testimony of RuthAnne Visnauskas, Commissioner/CEO New York State Homes and Community Renewal

Joint Legislative Budget Hearing
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Good morning, Chairs Kavanaugh and Rosenthal. I am RuthAnne Visnauskas, Commissioner and CEO of New York State Homes and Community Renewal. It is my pleasure to testify before you today regarding Governor Hochul's 2024 Executive Budget.

When I appeared before you last year, HCR was nearing the finish line of the State's first five-year Housing Plan to create and preserve 100,000 affordable homes and 6,000 apartments with supportive services.

I'm pleased to say we have completed this plan, and thanks to Governor Hochul's leadership and your support, we immediately embarked on our next Housing Plan – a new \$25 billion dollar investment over the next five years to create an *additional* 100,000 affordable homes across New York, including 10,000 with supportive services.

This represents the largest investment in housing in State history and as of today we have financed nearly 15,000 homes towards this new goal.

And since last year, HCR has introduced several initiatives that will complement the Housing Plan and tackle New York's housing shortage while also placing an emphasis on our broader goals of removing barriers to housing, building up communities, and improving our environment.

Here are some brief highlights of those efforts:

HCR recently launched a new \$250 million Climate Friendly Homes Fund. The fund will electrify 10,000 homes across the State and, importantly, help us meet the rigorous climate goals set by the Climate Leadership and Community Protection Act.

The Climate Friendly Homes Fund will provide an average of \$25,000 per unit to owners of smaller multifamily rental buildings for investments like electrifying heating systems, electrifying domestic hot water, and making upgrades to existing building envelope and ventilation systems. The funds are available to regulated affordable housing as well as unregulated affordable housing located in low-income neighborhoods.

We have also made progress on our commitment to address historic housing inequities and eliminate the racial wealth gap that has impacted minority communities for far too long.

For example, in the wake of the tragic mass shooting last year in East Buffalo, Governor Hochul announced a series of initiatives that address the historic disinvestment in this community by providing funding to keep current homeowners safely housed as well as funding to expand homeownership opportunities for minority residents in the city.

And as the nexus of health and housing was becoming increasingly evident, we celebrated completion of a project called Vital Brookdale. This is the first development completed under the Vital Brooklyn Initiative, a strategy to address chronic disparities in access to health and housing in Central Brooklyn.

We also continue to make it a priority to preserve the housing we have. In our first Housing Plan we invested \$1.4 billion dollars to preserve 57,000 apartments, including nearly 18,000 Mitchell Lama apartments.

Along these same lines, HCR began construction this year in the city of Kingston on the first project funded through the \$25 million Legacy City Access program. Under the program, local Land Banks partner with minority and women-owned businesses to transform vacant buildings into move-in-ready homes for first-time homebuyers and households of color.

Looking Ahead

As we look ahead to the future, however, we know our work is far from over.

In the past year, I have traveled to every corner of the State and stood alongside many members of the Legislature to celebrate developments and projects — tossing dirt, cutting ribbons, and witnessing firsthand how our work strengthens communities and transforms lives.

But the joy of these celebrations is tempered by the knowledge that we need to do more. In every town, village, and city that I visit, I hear similar challenges on housing – rents are rising, existing residents are being priced out, and across the spectrum it's becoming more and more difficult to find places to live.

We are in the midst of a housing crisis. And this crisis has been years in the making.

In the decade before the pandemic, we created jobs at three times the rate of housing — leaving us with 1.2 million new jobs, but only 400,000 units of new housing over the 10-year period.

We now see this lack of supply impacting nearly everyone: middle-income renters, young people looking to buy a first home, families that need room to grow, and older New Yorkers who want to remain in the communities they've lived in their entire lives.

This crisis of supply and affordability does not stem from inaction on the State's part to fund new affordable housing. In fact, New York invests more per capita on affordable housing than any other state in the country.

To be clear, the crisis stems from unnecessary and sometimes purposeful obstacles. And as a result, we are losing New Yorkers to states like New Jersey and Connecticut that are addressing their housing shortages with statewide policies that drive production and better address keeping their housing stock affordable.

That is why the time is now to come together as a State and take bold action to increase our housing supply. And that is what Governor Hochul's Executive Budget does.

Within the budget is the creation of the New York Housing Compact – a proposal that engages every community in the State to work together towards the creation of 800,000 homes over the next decade.

Importantly, the Compact's goals will expand access to housing for all New Yorkers, benefit our climate, and accommodate our growing workforce.

In short, the Executive Budget seeks to restore the *cycle of housing* in New York State—building starter homes, creating larger houses or apartments for growing families, and developing modern places for our parents and grandparents to live safely and independently.

The main pillars of the Housing Compact include setting statewide growth targets, focusing on transit-oriented development, and removing barriers and creating incentives to spur housing investment. And we'll do this while supporting local governments with funding so they can address their infrastructure and carefully plan for future growth.

I'll briefly touch on each of these.

The Housing Compact sets new statewide housing targets for all municipalities to achieve on a three-year cycle. This means a three percent growth for downstate communities served by the MTA, and one percent growth for upstate communities.

Municipalities will decide how to best meet their new home construction target. This can mean rezoning underutilized office parks or malls, creating density in targeted areas, or allowing homeowners more flexibility with their land. We have seen incredible success stories of this already in places like Patchogue, Riverhead, Kingston, Amherst, Rochester—and so many other places across the State.

We want local governments to be empowered to choose solutions that are best for their communities. And we want to provide both funding and guidance from the State.

The Housing Compact also puts a laser focus on transit-oriented development. We know this type of development strengthens local economies by creating vibrant communities that attract both residents and businesses. It reduces commute times, improves public health by encouraging walking and biking, and it cuts greenhouse gas emissions.

To expand housing potential in transit-oriented communities, localities with rail stations run by the MTA will undertake a local rezoning within a half a mile of the station unless of course they already meet the density level. This will enable more families to enjoy improved access to jobs and thriving, sustainable communities.

Lastly, the Compact proposes new regulatory changes and property tax exemptions to encourage mixed income development, including allowing more commercial buildings in New York City to be converted for residential use.

To support these efforts, the State will provide an initial \$250 million fund to help localities meet the demands of new housing construction on local water supplies, sewers, roads, and bridges as well as a separate \$20 million planning fund to help local governments map out their plans to increase housing capacity.

All told, we believe the creation of this statewide housing strategy complements our current \$25 billion, five-year affordable housing plan and forges a new path to unlocking our development potential and increasing housing supply.

Conclusion

The message I want to leave you with today is that New York State cannot afford to continue with the status quo.

For the sake of our future, we must make take this opportunity to build the housing New Yorkers need—regardless of age, income, or phase of life.

We look forward to working with the Legislature on this proposal to make it a success for all of New York's communities.

I am proud of all we've accomplished together and I'm excited to see the positive impact that our continued partnership will have on New Yorkers now and in the future.

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