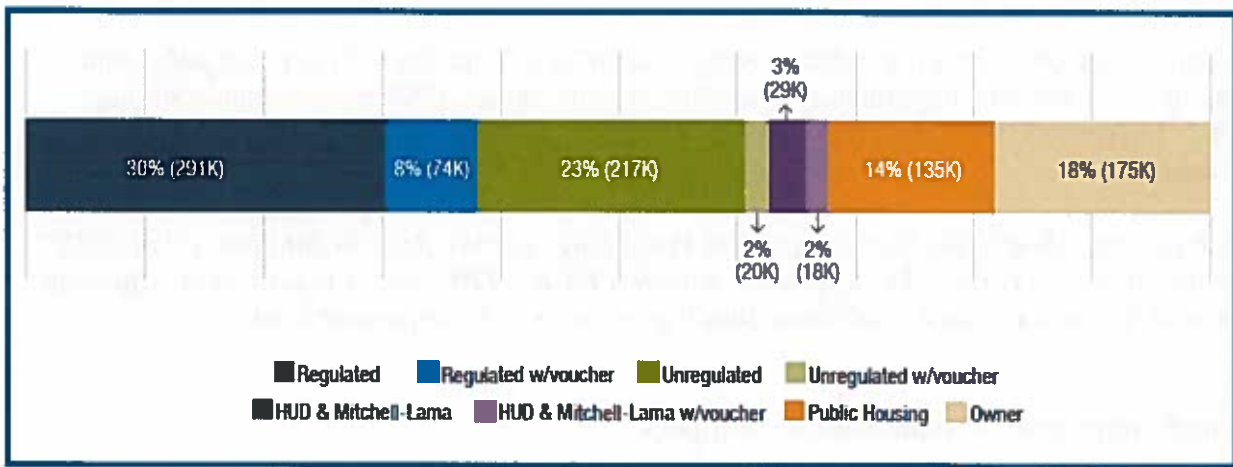


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Thank you for the opportunity to offer comments on the 2019-2020 Executive Budget Proposal as it relates to housing. My name is Oksana Mironova and I am a Housing Policy Analyst at The Community Service Society (CSS), an independent nonprofit organization that addresses some of the most urgent problems facing low-income New Yorkers and their communities, including the effects of the city’s housing affordability crisis.

New York City has always been known as a chronically tight, high-cost rental market. In recent decades, housing that is affordable to low-income New Yorkers has become more elusive and homelessness has skyrocketed. The city’s low-income population has remained fairly stable since 2000, with about a million households living below twice the federal poverty level. Yet the number of homeless families in shelters has tripled.

There are approximately 960,000 low-income households in New York City, who live in a range of housing types, as illustrated in the graph below. The State’s 2019-2020 Budget has strong implications for all these major housing types.



Source: 2017 HVS

Rent Regulation

In New York City, 365,000 low-income households live in rent regulated apartments, twice the number who live in public and subsidized housing combined. Rent regulation is of utmost importance to low-income New Yorkers. Over the past 25 years, legislative decisions by the city and state have weakened rent regulation, encouraging tenant harassment and allowing for sudden and permanent rent hikes. New York City has lost at least 291,000¹ rent regulated apartments since 1994.

[See more in our report: [Rent Regulation in NYC: How it Works, What Went Wrong, and How to Fix it](#)]

¹ Gross amount.

Given the central role rent regulation plays in the lives of low-income New Yorkers, the rent laws should be strengthened in 2019. In the Governor’s budget bill, \$8 million of funding for Homes and Community Renewal (HCR) is contingent on the passage of “The Rent Regulation Act of 2019.” While “The Rent Regulation Act of 2019” extends and strengthens rent regulation, it fails to close key loopholes that drive the loss of rent regulated units. One such loophole is the vacancy bonus, which CSS has previously found to be the source 49 percent of total rent increases above inflation.

[See more in our report: [Making the Rent 2016: Tenant Conditions in New York City's Changing Neighborhoods](#)]

Rent regulation is dependent on strong and consistent enforcement. Since its creation in 2012, HCR’s Tenant Protection Unit (TPU) has effectively detected fraud and harassment through audits, investigations, and legal action. TPU has re-registered close to 68,000 apartments that disappeared from HCR’s rent registration logs, conducted Individual Apartment Improvement Audits (IAI), and reached major settlements with landlords that engaged in systemic tenant harassment.

Given the size of the rent regulated housing stock in New York State, TPU needs additional funding to continue its important work and increase its impact. CSS recommends doubling TPU’s budget to \$10 million, thus allowing it to expand its audits, investigations, and legal actions.

HCR funding should not be contingent on the passage of “the Rent Regulation Act of 2019” because it fails to close key loopholes. Further, HCR’s TPU, which is central to enforcing the state’s rent laws, needs additional funding to continue its important work.

Rental Supplement - Home Stability Support

CSS supports Assembly Bill 1620 by Assembly Member Hevesi and Senate Bill 2375 by State Senator Krueger, which would create the “Home Stability Support” program, a form of rental assistance for people leaving the homeless shelter system or who are at risk of homelessness. This proposal directs rental assistance to the people who need it most, and provides mandated relief to local governments that are struggling with limited resources. It addresses homelessness by doing what most present-day housing programs do not do – enable people with incomes near or below the poverty line to afford rent.

The major programs for creating new affordable housing today are capital subsidy programs – that is, they provide resources for constructing apartment buildings but not for heating, maintaining, and otherwise operating them. But, capital subsidies can reduce rents only so much, and rent payments are still needed to cover the costs of operating the building. ***That is why existing programs are failing homeless people and those at risk of homelessness.*** Subsidies to

lower rents below operating costs are the missing ingredient in today's housing programs, and Home Stability Support provides that.

[See more in our report: [Making the Rent Truly Affordable: Why Operating Subsidies Belong in New York City's Affordable Housing Toolkit](#)]

New York City Housing Authority (NYCHA)

State funding is critically needed to contribute to NYCHA's efforts to improve resident living conditions. CSS recommends that the State:

- 1) Release the \$450 million already appropriated funds for NYCHA improvements (\$200 million from FY17 and \$250 million from FY19).
- 2) Close the \$8 billion capital gap estimated in the NYCHA Plan 2.0, starting with \$1 billion in FY20 split evenly between New York City and New York State.
- 3) Earmark new revenue sources for NYCHA improvements.

Replace the Mortgage Recording Tax with a Real Property Transfer Tax

When homes are purchased in New York State, the Real Property Transfer Tax (RPTT) is imposed on all purchases based on the price paid for the home. However, only those who borrow to purchase or refinance a home pay the Mortgage Recording Tax (MRT). New York City Comptroller Stringer has proposed eliminating the MRT, replacing it with a single Real Property Transfer Tax that rises as the price of the property rises. This change would benefit middle class New Yorkers, and would also raise up to \$400 million annually.

CSS supports this proposal, because it would provide a much needed revenue stream to support operating subsidies – a necessity for financing extremely low income housing.

[See more in our report: [Making the Rent Truly Affordable: Why Operating Subsidies Belong in New York City's Affordable Housing Toolkit](#)]

