



**New York State Assembly Standing Committees on Housing and Cities
Public Oversight Hearing | December 18, 2023**

Testimony submitted on behalf of The Community Preservation Corporation

This testimony is submitted on behalf of The Community Preservation Corporation (CPC), a nonprofit affordable housing and community revitalization company that was formed in the early 1970s to help New York City and State restore and rebuild communities that had been devastated by deterioration and abandonment.

Today, CPC uses its unique expertise in housing finance and public policy to expand access to housing and drive down the costs of affordable housing production, advance diversity and equity within the affordable housing development industry, and address the effects of climate change in our communities through the financing of sustainable housing. Since our founding, CPC has invested over \$14 billion to finance the creation and preservation of more than 225,000 units of housing through our lending and investing platforms. CPC is a permanent lending partner to the New York City Retirement Systems (NYCRS) and we are also an equity partner in the PACT Renaissance Collaborative, the team selected by NYCHA to renovate and preserve 16 NYCHA properties located in Manhattan. Currently, we are administering NY State's Climate Friendly Homes Fund, a \$250M commitment to decarbonize 10,000 units of housing statewide in the next 5 years. We have also been proud to partner with the state on projects across New York supported by the Participation Loan Program, the Affordable Homeownership Opportunity Program, and the Legacy Cities Access Program.

On behalf of CPC we would like to congratulate Governor Hochul's Administration and especially the efforts of the Department of Housing and Community Renewal (HCR) on the implementation of the State's Five Year Housing Plan. As New York continues to navigate a volatile economy, recovery from the COVID-19 epidemic, increased climate risks, and the drastic shortage of affordable housing, it is reassuring to have strong leadership and a clear roadmap for housing in New York State.

We would also like to thank both the Governor and members of this Committee who played a role in crafting and introducing the New York Housing Compact, an ambitious plan to create 800,000 new units of housing in New York over the next decade. While it did not come to pass last session, CPC remains supportive of the Compact and we look forward to working with the Governor and the Legislature to find other creative ways to bring the tenets of a grand bargain on housing to fruition.

New York, like much of the country, remains in an affordable housing crisis. In 2021, the number of cost-burdened renters reached an all-time high, with 21.6 million households cost-burdened across the country, 11.6 million of which were severely cost burdened, spending over half of their income on housing. Across New York State, 51.8% of all renter households are cost-burdened, 29.8% of whom are severely cost-burdened. In the New York City metropolitan area, that number rises to 52.3%, 30% of whom are severely cost-burdened ([JCHS State of the Nation's Housing](#), 2023). Simultaneously, purchasing a home has never been more difficult as 30-year fixed mortgage interest rates remain just below 8%. New Yorker households, from Brooklyn to Albany, are hurting and they need the State to chart a path towards a more affordable future.

We also know that New York's affordable housing building stock is facing challenges. As expenses have grown considerably while collections remain below pre-pandemic levels all within a high interest rate



environment, affordable and rent stabilized buildings have seen intensifying pressure on operations leading to tightening debt service coverage, deferred maintenance, tax and water/sewer arrears, and mortgage delinquency. From CPC's work managing a large mortgage portfolio for affordable housing (including a portfolio of loans on behalf of NYCRS), we have seen delinquencies double over the last several years, from 2% of projects to 4% of projects, dramatically increasing the amount owed. With the regulations put in place by Housing Stability and Tenant Protection Act, and the expiration of critical tax incentives for rehab and new construction, building owners and developers are extremely limited in the tools they have at their disposal to help make building operations ends meet.

As the compounding crisis of affordability and homelessness continue to grow, local and statewide partners must work together to find common sense, actionable solutions for legislation that support the production and preservation of affordable housing across the State. No one factor is to blame for the current crisis and no one tool will remedy it – we urge the legislature to take an all of the above approach to responding to the affordable housing crisis, including the following key elements:

A new tax incentive to support the creation of more housing, a portion of which should be designated affordable. We support the creation of a tax exemption to boost multifamily housing development and prioritize the needs of small buildings and affordable units. New development needed to meet demand has become financially infeasible in many parts of the State, especially for smaller properties and projects led by emerging BIPOC developers, in part due to the expiration of 421-a in NYC. Over the last ten years, New York State has created 1.2 million jobs – but only 400,000 new homes. We encourage the Legislature to work with the Governor to develop a successor program to meet this gap and jumpstart the housing construction market.

Protect affordable housing against exponential insurance increases: Across CPC's portfolio, we have seen exponential growth in insurance premiums over the past three years. Since 2020, per unit insurance premiums across our NYC permanent lending portfolio have increased by 58% - with an average yearly increase of 17% - yielding an average increase of \$346/unit in insurance premiums over this three-year time period. Building owners, especially those subject to rent regulation, have extremely limited options available to make up this enormous increase in costs over three years from insurance alone. And since building insurance, unlike other recommended but not compulsory building costs, is required, landlords cannot simply forego the cost if they are unable to secure a lower rate. Peers across the housing sector are seeing similarly drastic insurance rate increases, with multiple factors contributing to and exacerbating these increases which pose an especially large threat for affordable buildings. We stand at the ready to support this committee, in partnership with the Assembly committees on Housing and Insurance, in further exploring and diagnosing this problem.

Close loopholes that create opportunities for insurance discrimination: While current insurance law in New York State explicitly prohibits the use of certain social and economic factors in underwriting, it does not explicitly prohibit consideration of whether the property contains affordable units – creating an opening for nefarious and discriminatory practice. In alignment with the findings of the 2022 joint DFS and HCR Study on Affordable Housing and Insurance, we call on leaders in the legislature to take swift action to ensure that the criteria informing insurance underwriting decisions do not discriminate against affordable properties and their tenants.



Improve voucher administration and efficiency: State officials must build, or in some cases rebuild, as simple, straightforward, and nimble a system of rental voucher administration as possible that prioritizes rapid deployment of funding and sets clear, reasonable eligibility standards with simple documentation requirements so that a renter in need can quickly apply and receive rental assistance. As the homelessness and migrant crises continue to grow, rental assistance must be efficiently and expediently deployed to ensure that all vulnerable New Yorkers have access to housing first.

Ensure affordable housing can be built in all communities across the State: Even with resources in place, we all need to work together to ensure that affordable and multifamily housing is embraced statewide. With the housing shortage reaching crisis levels, we must systematically address exclusionary zoning, promote inclusive housing development, and expand New York's housing stock in every neighborhood. This includes creating more opportunities for affordable homeownership and wealth building in New York State. Since 2000, New York City's Black population has declined by almost 200,000 people and many name the high cost of living and housing as a key factor in the decision to leave ([New York Times](#), February 3, 2023). New York needs more affordable homeownership opportunities and existing programs like the Affordable Homeownership Opportunity Program and the Legacy Cities Access Program have never been more important.

CPC looks forward to working with the members of this committee and all other members of the Assembly and Senate to advance common sense compromises to address the state's housing crisis. Thank you for the opportunity to submit testimony. With questions or follow up, please feel free to contact CPC's Vice President for Policy, Erin Burns-Maine, at eburnsmaine@communitypc.com.