

Community Preservation Corporation

FY 2025 New York State Legislative Agenda



Community
Preservation
Corporation

CPC IMPACT GOALS

The Community Preservation Corporation's (CPC) affordable housing mission drives our focus on three goals that elevate urgent community needs and shape our investments. In FY23, 99% of CPC's dollars were deployed to address one or more impact areas:



Expand housing access and seek new ways to lower the cost of producing affordable housing



Invest in **closing the racial wealth gap**, and increase diversity and equity in the affordable housing development industry



Increase **investment in the green economy** and lessen the impact of climate change by financing affordable, energy-efficient housing

STATE LEGISLATIVE AGENDA

PRODUCTION OF NEW HOUSING: *Advance new tools and remove barriers to building more housing*

Bolster the Pro-Housing Communities program: We applaud Governor Hochul for introducing the Pro-Housing Communities program in 2023 as a tool to incentivize municipalities and towns across the state to increase their housing production. To build on the early successes of this program, we encourage the Governor's office to expand the programs under the Pro-Housing Communities umbrella and make additional funding and technical assistance available to Pro-Housing Communities addressing housing supply and related infrastructure needs.

Support municipal actions to enable development: In the absence of a statewide pro-development housing agenda, cities and towns must take up the mantle to implement pro-housing legislation at the local level. Whether that be citywide zoning text amendments, innovative pro-housing local legislation, or unique public-private partnerships that maximize funds from a wide range of allies, CPC supports cities and towns forging pro-housing pathways at the local level.

Deploy production tools including 485-X: The Executive Budget for Fiscal Year 25 introduced several important new pieces of legislation with the potential to positively impact the production and preservation of affordable housing in New York State. CPC stands ready to support these new pieces of legislation as the state rolls them out. Most importantly, we are eager to see the new 485-x tax incentive for housing production up and running as soon as possible, in addition to the increased payment caps for Individual Apartment Improvements.

PRESERVATION OF EXISTING HOUSING: *Mobilize resources to preserve physical quality and financial viability*

Enable pragmatic improvements to Rent Stabilized Housing: The 2019 Housing Stability and Tenant Protection Act enacted a suite of tenant protections and limits on deregulation pathways. Given the drastically changed financial environment since this law was passed and the increased costs facing affordable buildings, periodic adjustments may be needed. Tools like Individual Apartment Improvements (IAs) and Major Capital Improvements (MCIs) continue to be vital for building rehabilitation, and these programs should be supported, modernized, and revised as needed to ensure that they remain usable tools for responsible building stewardship.

Enact the J51 program: We applaud the State for their action passing a replacement tax incentive for the rehabilitation of existing housing in the FY24 Executive Budget. Now, we urge the State to support their City partners through the rulemaking process to finalize the implementation of this crucial incentive.

Improve voucher administration and efficiency: Statewide Section 8 voucher utilization hovers around 85%, leaving tens of thousands of vouchers unused in the midst of a housing crisis. State government must work to diagnose these inefficiencies and then rebuild as simple, straightforward, and nimble a system of voucher administration as possible that uses reasonable eligibility standards with simple documentation requirements to rapidly house eligible renters, and delivers timely payment to landlords who house them.

Address the rising cost of insurance: Across CPC's portfolio, we have seen per unit insurance premiums increase over 50% since pre-pandemic levels, seriously impacting the financial stability of affordable buildings. While we applaud the State Legislature's action in FY24 to prohibit insurers from considering tenants' source of income when setting premiums, more is needed to combat this issue. While a multitude of drivers contribute to the rising cost of insurance, key factors include the limited markets curtailed by insurance providers withdrawing from markets they deem too risky, increases in large pay-out events, and growing climate risks. CPC urges the Legislature to regulate these rising premiums and incentivize discounted premiums for buildings that address climate risk by making building-level resiliency improvements.

PROGRAMMATIC PRIORITIES

Community Stabilization Partners (CSP): As of February 2024, Community Stabilization Partners took over servicing and asset management for a portion of the rent stabilized multifamily commercial real estate portfolio formerly held by Signature Bank. The CSP portfolio contains approximately 35,000 units across approximately 1,100 buildings in New York City, the majority of which are rent stabilized. As a partner with the Federal Deposit Insurance Corporation (FDIC), CSP is committed to maximizing returns while preserving the long-term affordability as well as the physical quality and financial stability of these properties.

Financing energy efficient and high-performance housing: A certified carbon neutral company, CPC is committed to creating capital products, advising on best practices, and promoting solutions for high-performance, energy efficient, affordable housing. Energy efficiency savings are vital to the long-term affordability and stability of multifamily properties and their communities. Since 2015, CPC has invested \$2.2 billion to finance more than 13,000 energy efficient units of housing. In addition to supporting high-performance through our lending and investing platforms, CPC also administers funding on behalf of our government partners. This includes New York State's Climate Friendly Homes Fund, a program to electrify small multifamily buildings throughout the state, and CPC Climate Capital, a subsidiary of CPC and subgrantee of Climate United, selected to lead Climate United's multifamily strategy for financing high-performance multifamily housing across the country. Though CPC Climate Capital's federal grant was frozen in February and is the subject of ongoing litigation seeking to restore access to the funding, CPC remains committed to creating more affordable, energy efficient housing, and a stronger economy for all Americans.

NY Homes and Community Renewal Development Programs: CPC is proud to partner with the State on numerous innovative financing programs to support the production and preservation of affordable housing:

- **Participation Loan Program (PLP):** PLP provides gap financing to develop and preserve high-quality affordable rental housing, address blight, and restore neighborhoods outside of New York City. Targeting renovation of rental buildings with up to 50 units in medium density neighborhoods, PLP can be combined with private lender financing, resulting in lower blended financing costs. We applaud the State's commitment to PLP and encourage continued financial and programmatic support.
- **The Legacy Cities Access Program:** Funded by HCR, Legacy Cities Access aims to support cities struggling to address blight, vacant and distressed properties by providing resources to MWBE and non-profit developers who have the capacity to take title to and renovate vacant properties, in turn creating new opportunities to promote affordable homeownership for underserved families, particularly first-time homebuyers of color. CPC is administering the \$25M program and has closed on five projects with a total loan amount of \$10.9M.
- **Affordable Homeownership Opportunity Program (AHOP):** Launched by Governor Hochul's 5-year housing plan, AHOP provides gap financing for new construction of small homeownership projects that are affordable to low- and moderate-income first-time buyers. By requiring energy efficiency and affordability targets, AHOP responds to climate change and the racial wealth gap simultaneously.

ABOUT THE COMMUNITY PRESERVATION CORPORATION:

The Community Preservation Corporation (CPC) is a nonprofit affordable housing and community revitalization finance company focused specifically on funding affordable housing development and rehabilitation. We provide flexible capital solutions, fresh thinking and a collaborative approach to the complex issues facing communities. Founded in New York City in 1974, CPC is the largest Community Development Financial Institution (CDFI) solely committed to investing in multifamily housing, having invested more than \$14.5 billion to finance the creation and preservation of more than 225,000 units of quality housing in neighborhoods across New York State and beyond. CPC believes housing is central to transforming underserved neighborhoods into thriving and vibrant communities. At CPC, we work as a partner to provide technical expertise and hands-on support to help meet the capital needs and broader community revitalization goals of our customers, local stakeholders and the communities we serve. Learn more at www.communitycp.com