



**New York City Council Preliminary Budget Hearing**  
**Housing and Buildings Committee**  
**March 24, 2026**

**Testimony on behalf of The Community Preservation Corporation**

Thank you, Chair Sanchez, members of the Housing and Buildings Committee, and other distinguished members of the New York City Council for the opportunity to speak today. My name is Emily Klein, and I am the Assistant Vice President and Deputy Director for Public Affairs at 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 which were devastated by deterioration and abandonment.

Today, CPC uses its unique expertise in housing finance and public policy to expand access to quality housing, 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 \$16 billion to finance the creation and preservation of more than 276,000 units of affordable and workforce housing through our lending and investing platforms. CPC serves as a permanent lending partner to the New York City Retirement Systems and the New York State Common Retirement Fund, and we are also the servicer of a portion of the rent stabilized multifamily loan portfolio formerly held by Signature Bank, which includes just under 35,000 units of housing across New York City, where we are working diligently to preserve the physical quality and financial stability of that critical portion of the housing stock.



CPC's broader partnership with New York City reflects a shared commitment to accelerating the production of new and the preservation of existing affordable residential housing.

We applaud Mayor Mamdani's commitment to enacting a balanced budget for FY2027 that advances the bold action needed to deliver the safe and affordable city New Yorkers deserve.

We are encouraged to see the Mayor's FY2027 Preliminary Budget proposal include significant support for numerous housing programs, including:

***Expanded support for NYCHA rehabilitation:*** We applaud the \$670 million allocated for NYCHA Section 8 Conversions under the Permanent Affordability Commitment Together (PACT) program next year, bringing the total FY2027 budget for PACT conversions to \$1 billion. PACT remains one of the City's most important tools for channeling critical capital into NYCHA developments while safeguarding long-standing tenant rights and protections, and CPC has seen firsthand the transformative impact of the model. Through the PACT Renaissance Collaborative, CPC participated in the comprehensive rehabilitation of thirty-eight distressed NYCHA buildings in Upper Manhattan. This effort delivered extensive upgrades to 1,718 apartments and common areas, improving living conditions for around 3,000 residents. Especially in a moment when we see federal support for public housing diminishing at an alarming rate, we are encouraged to see the Mamdani administration's continued support of PACT/RAD and NYCHA.

***Prudent expansion of CityFHEPS:*** The Mayor's proposed budget also allocates significant new resources for CityFHEPS: \$2.3 billion in the coming year and rising to \$2.7–\$3 billion in subsequent years – a meaningful commitment to supporting New Yorkers at risk of



homelessness. Especially as federal investment in the Section 8 Housing Choice Vouchers program is eroded, local support for housing vouchers is crucial.

***Bolstered Capacity at HPD:*** While we applaud these investments, the Mayor’s proposed budget lowers HPD’s expense budget from \$2 billion to \$1.5 billion. As the City heralds in a new chapter with a renewed focus on housing affordability, the work of HPD remains critically important and we encourage the administration to support the HPD’s efforts with sufficient capital and staffing.

As the City finalizes its budgetary priorities for the next year, we urge prioritizing the increasingly tenuous financial and physical conditions of much of the city’s rent-stabilized housing stock. There are roughly one million rent stabilized apartments<sup>1</sup> in New York City, accounting for 27% of the city’s total housing stock and 41% of all rental units<sup>2</sup>. Rent stabilization has helped keep the overall median rent well below typical market-rate levels, providing affordable homes for over two million New Yorker renters. But, while rents may be stabilized, the costs of maintaining and operating these buildings are not. Utility bills, insurance, and costs of labor and materials for repairs keep rising. Between 2020 and 2023, CPC saw per-unit operating expenses rise 22% across our rent-stabilized NYC portfolio; insurance and administrative costs each climbed more than 50% during that period<sup>3</sup>. Other mission-based lenders have reported<sup>4</sup> similar distress trends, finding that total operating expenses for affordable housing have increased 40% since 2017, including a 110% rise in insurance costs. Despite these

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<sup>1</sup> <https://citylimits.org/does-that-building-have-stabilized-apartments-itll-soon-be-easier-to-know/>

<sup>2</sup> <https://www.nyc.gov/assets/hpd/downloads/pdfs/about/2023-nychvs-selected-initial-findings.pdf><https://www.nyc.gov/assets/hpd/downloads/pdfs/about/2023-nychvs-selected-initial-findings.pdf>

<sup>3</sup> <https://communitycp.com/wp-content/uploads/2025/05/CPC-NYC-Portfolio-Data-Brief-2020-2024-v2.pdf>

<sup>4</sup> <https://www.enterprisecommunity.org/sites/default/files/2025-10/Distress-in-NY-Affordable-Housing-Stock.pdf>



cost increases, pathways to modest revenue growth remain tightly constrained by regulatory agreements subject to approved rent increases determined annually by the Rent Guidelines Board. This creates a fundamental mismatch for affordable properties: when expenses grow faster than revenues, owners lack viable pathways to close that gap. As shown by the only expense line to experience flat or negative growth in the past three years, owners in this position may choose to defer routine repairs and maintenance but these decisions meant to mitigate financial distress, can quickly lead to physical distress and decreasing housing quality.

We are seeing this trend play out across the former Signature Bank portfolio that CPC is servicing. Comprised of just under 35,000 units – 80% of which are rent stabilized – across roughly 1,100 buildings spread all over New York City, the CSP portfolio represents a cross-section of New York City’s rent stabilized stock. In just over two years of servicing and asset managing this portfolio, we have found that about 70% of loans exhibit at least one indicator of financial distress, and 33% of loans support buildings with one or more indicators of physical distress. Often, the two go together. While this portfolio is somewhat unique given the lending practices of Signature Bank before its collapse, we see the realities of this portfolio as a harbinger of what could come for other rent stabilized buildings. When cash flow is constrained to the point of financial infeasibility, building conditions suffer and housing quality degrades.

The challenges facing New York City's affordable housing stock require urgent responses and we are supportive of the New York Housing Conference-led C.R.I.S.I.S agenda, which proposes targeted measures to address operating deficits in affordable housing. From CPC’s perspective, we’d like to amplify the call for action on two distinct but equally urgent fronts. The first is reducing the operating costs for rent stabilized buildings by addressing the cost drivers



that are eroding the financial viability of regulated affordable housing. The second is modernizing existing systems and addressing systemic inefficiencies within existing city processes. Together, these two tracks form a comprehensive approach to preserving and expanding the city's affordable housing stock.

### *Reduce Building Operating Expenses*

- **J-51:** One critical step in stabilizing and strengthening the city's existing housing stock is the reform and reauthorization of the J-51 tax incentive, as proposed in Governor Hochul's FY27 budget. For decades, J-51 has helped owners of rent-stabilized and deeply affordable housing undertake necessary capital improvements that would otherwise be financially infeasible. While the impact of recent versions of the program was limited by outdated cost schedules, a modernized J-51 can once again become a powerful tool for preserving the city's regulated housing stock. We encourage the Mayor and Council to work hand in hand with Albany to ensure that this critical tool is expeditiously reauthorized and deployed for buildings that need it today.
- **Insurance:** across CPC's portfolio, we have seen per unit insurance premiums increase 50% over pre-pandemic levels – and we know that this number is even higher for some supportive and deeply affordable housing providers. We encourage continued collaboration on innovative solutions to slow and ultimately stop runaway insurance costs. The recent successes of new affordable housing insurance captives demonstrate the market appetite and economic feasibility of alternative insurance approaches, and we look forward to supporting the City as they work towards solutions for runaway insurance costs.



- **Property taxes:** In a landscape of rising expenses, taxes are one of the few major cost drivers where government intervention can meaningfully influence long-term building stability. While we applaud the Mayor’s commitment to a balanced budget with sufficient revenue to support innovative new programs, we strongly urge that a balanced budget not come at the expense of placing further financial burdens on distressed buildings. The Mayor’s proposal to increase property taxes by 9.5% would be devastating for rent stabilized properties that are already operating on thin margins, especially if paired with a proposed rent freeze. We urge the Mamdani administration to continue negotiating with its partners in Albany to find other avenues for raising revenue and instead explore targeted property tax relief for stabilized buildings with the most severe levels of financial and physical distress. A long-term, 100% property tax exemption for distressed stabilized buildings could effectively slow financial decline and free up vital capital to support much needed building improvements. We welcome all opportunities to use CPC’s data to inform such interventions.
- **Utilities:** Key to a financially healthy building is the ability to accurately predict expenses, which has become increasingly difficult to do as water, sewer, and utility prices continue to rise erratically. We encourage the City to explore partnerships with public agencies and private service providers to establish reasonable and reliable cost increase schedules that allow buildings to budget accordingly. When needed, government should step in to offer relief for the most severely distressed buildings – no building, nor their tenants, should face the threat of utility shutoffs due to constrained operating expenses.

*Modernizing Systems and Addressing Inefficiencies*



Beyond cost reduction, meaningful reform of existing government systems and programs is essential to expanding access to affordable housing.

- **Flexibility in Development Resources and Processes:** Projects that receive City subsidy increasingly face disruptions caused by shifts in construction costs, operating expenses, and interest rates, factors that are largely external and difficult to anticipate. This has required a significant share of HPD's financial and staff resources to be devoted to restructuring projects mid-development. To support these challenging projects, sufficient financial and staff resources must be dedicated to project restructuring, and flexibility should be built into the capital subsidy process from the start. Financial resources should be as flexible as possible, with minimal OMB review requirements and, ideally, exemptions from capital eligibility constraints. Furthermore, given the nature of these project challenges, the power to negotiate, set, and reevaluate project term sheets should remain squarely within HPD. Inserting the Council into the term sheet process would only further delay project timelines and impose additional cost constraints on owners, developers, and ultimately City capital programs. Flexible development processes and resources are crucial if we hope to address the housing crisis at the scale it demands.
- **Streamline Housing Voucher Administration:** A stable voucher program depends on predictability and reliability for both tenants and building owners, however the City's administration of voucher programs is riddled with delays and inefficiencies. These burdens make up a system of brutal bureaucracy that keeps households from getting the vouchers they need and discourages owners from eagerly accepting voucher paying tenants. This new administration should build, or in some cases rebuild, as simple,



straightforward, and nimble a system of voucher administration as possible that prioritizes rapid deployment of funding to all who qualify and sets clear, reasonable eligibility standards with simple documentation requirements so that a renter in need can apply and receive rental assistance in quick succession. Simple solutions, like fixing the voucher holder's share for a one-year lease at 30% of income at the time of lease signing, can eliminate unnecessary administrative burden without compromising program integrity. Also, whenever possible, vouchers should be project-based and targeted toward new mixed-income developments supported by local and statewide construction, giving developers greater financial certainty and accelerating the production of affordable units.

- **Speeding Up Housing Connect:** Administrative bottlenecks and excessive oversight within HPD's Housing Connect Lottery system are significantly delaying the placement of New Yorkers into newly constructed affordable homes. A recent NYHC case study found that leasing 180 newly built affordable apartments in the Bronx took 27 months, even though the building had received a Temporary Certificate of Occupancy and was ready for occupancy. Last year, HPD and HDC issued a 1-year pilot waiver to the Housing Connect Marketing Handbook Section 4-4(A) for re-rentals, resales, and mini-lotteries, removing requirements for certain developments to use NYC Housing Connect for re-rental and resales, and we encourage HPD/HDC to make this waiver permanent, in addition to continuing to look for opportunities to streamline the Housing Connect marketing process. We are encouraged by Mayor Mamdani's Streamlining Procedures to Expedite Equitable Development Task Force ("SPEED Task Force") as a positive step toward modernizing and streamlining these processes and we urge the Mayor and



Council to work together to take substantive action to eliminate delays and improve outcomes for both applicants and operators.

While no one tool can holistically fix the financial and physical distress in rent stabilized housing, a suite of tools enabled by strong budgetary choices and bold legislative action can provide meaningful relief and prevent broader collapse. The Mamdani administration and the City Council have an opportunity to tackle our housing crisis head on and demonstrate the power of government to ensure quality housing to tenants, support responsible building ownership, and stabilize communities – we urge them to take it.

Thank you for the opportunity to testify on behalf of the Community Preservation Corporation, and I am happy to answer any questions you may have.