



Testimony of
Coalition for the Homeless

before the Fiscal Committees
of the NYS Legislature

NYS Executive Budget Proposal
For Housing 2024

submitted by

Will Watts
Deputy Executive Director for Advocacy
Coalition for the Homeless

February 14, 2024

The Rise in Mass Homelessness Throughout New York

New York City (“NYC”) has one of the largest populations of unhoused people in the United States. According to the daily shelter census released by the Department of Homeless Services (“DHS”), on February 12, there were 88,287 people sleeping in DHS shelters, 33,075 of whom were children.¹ The total figure includes both the homeless longer-term New Yorkers traditionally served by DHS (roughly 55,000), as well as the portion of asylum seekers in DHS facilities (about 33,000). As of the end of December 2023, there were an additional 35,000 asylum seekers in non-DHS shelter, bringing the total number of people sheltered in all of these systems to approximately 123,000.²

This staggeringly high figure does not even include the thousands of New Yorkers in Human Resources Administration domestic violence shelters, Department of Youth and Community Development shelters for youth, and Department of Housing Preservation and Development (“HPD”) shelters for those burned out of their apartments. Nor does it include the many thousands of people sleeping unsheltered in public spaces, or the tens of thousands temporarily sleeping doubled- and tripled-up in the homes of others. As such, the number of people without homes in New York has never been higher.

Such mass homelessness extends beyond NYC, affecting communities across the entire state. In the Finger Lakes region, for instance, “[h]omelessness increased by 215% collectively in Ontario, Seneca, Wayne and Yates counties and by 46% collectively in Allegany, Chemung, Livingston, Schuyler and Steuben counties between 2007 and 2021”.³ In Buffalo, the point-in-time count of homeless people in 2023 was 1,432 people, a roughly 50 percent increase from the typical range of 900 to 1,000 homeless people counted prior to 2020.⁴ Similarly, Albany’s point-in-time count for 2023 reported 889 people experiencing homelessness, a 21 percent increase from 2022.⁵ Given the methodology of such counts, we know that these figures underrepresent the true number of unhoused individuals. Nonetheless, the significant increase in homeless populations across the State’s rural and suburban communities over such a short period of time helps underscore the pervasive nature of this crisis.

Priced Out of Housing in NYC

The aforementioned statistics are fueled by decades of underinvestment in permanent affordable housing for low-income communities and the failure of all levels of government to enact policies to meaningfully reverse this trend. The affordable housing shortage in NYC, particularly for extremely low-income (“ELI”) households, is underscored by stark data revealing the depth of the crisis. According to the National Low Income Housing Coalition’s 2023 report, “The Gap: A Shortage of Affordable Homes,” there is a glaring disparity in the availability of affordable housing: for every 100 ELI households in the New York-Newark-Jersey City, NY-NJ-PA metro area, there are merely 31 affordable and available

¹ N.Y.C. DEP’T OF HOMELESS SERVICES, DAILY REPORT (Feb. 13, 2024).

² *Basic Facts About Homelessness: New York City*, COALITION FOR THE HOMELESS (last visited Feb. 14, 2024), <https://www.coalitionforthehomeless.org/basic-facts-about-homelessness-new-york-city/>.

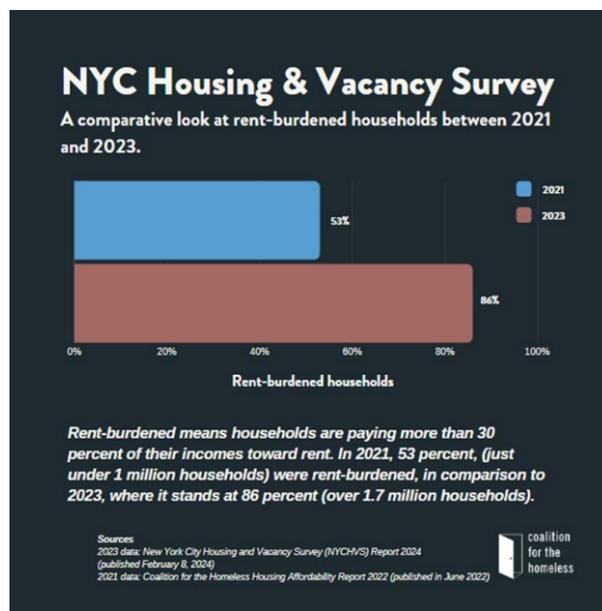
³ *Homelessness is a significant issue in both rural and urban areas of the Finger Lakes region*, COMMON GROUND HEALTH, Jan. 18, 2023, <https://www.commongroundhealth.org/news/articles/homelessness-is-a-significant-issue-in-both-rural-and-urban-areas-of-the-finger-lakes-region>.

⁴ Rob Hackford, *Western New York homeless count climbs to decade high*, WGRZ (last updated May 25, 2023, 11:16 AM), <https://www.wgrz.com/article/news/local/western-new-york-homeless-count-decade-high/71-800b3050-82c3-49be-beeb-9748b308cfe6>.

⁵ CARES of NY, Inc., *Housing Inventory and Point-in-Time Count Summary*, (2023) (available at <https://caresny.org/wp-content/uploads/2023/04/ACCH-2023-HIC-PIT-Memo-1.pdf>).

rental units.⁶ In a city where the cost of living far exceeds national averages, and ELI households are defined as those earning at or below the poverty line or 30 percent of the area median income (“AMI”), this gap leaves a vast number of residents in precarious housing situations.

The worsening housing precarity in NYC is evidenced by the growing rent burdens borne by its residents. Defined as those spending more than 30 percent of their incomes on rent, rent-burdened households increased from 53 percent in 2021 to an alarming 86 percent in 2023. Meanwhile, the number of ELI households who were severely rent-burdened (spending more than 50 percent of their income on housing) increased to 74 percent.⁷ This financial strain severely limits the capacity of ELI households to afford other necessities, such as food, healthcare, and childcare. It forces many of them to live in overcrowded conditions – defined as having more than two people per bedroom or more than one person living in a studio apartment. In fact, nearly a quarter (23 percent) of NYC households with at least one child are overcrowded.^{8,9} Given that living in overcrowded conditions is frequently a precursor to homelessness, such statistics portend greater levels of mass homelessness if this affordable housing crisis continues.



The dynamics of NYC’s real estate market have also exacerbated the affordable housing shortage. The city’s median rent has consistently outpaced inflation and income growth, creating an environment where affordable housing becomes increasingly scarce. Rent-stabilized units are particularly difficult to come by. Per the most recent Housing Vacancy Survey, the vacancy rate for rent stabilized units was less than 1 percent in 2023 – down from an already distressingly low 4.6 percent in 2021.¹⁰ More to the point, the

⁶ Nat’l Low-Income Housing Coalition, *The Gap: A Shortage of Affordable Homes*, at App. B (Mar. 2023), available at <https://nlihc.org/gap>.

⁷ *Id.*

⁸ N.Y.C. DEP’T OF HOUSING PRESERVATION & DEVELOPMENT, *2023 New York City Housing and Vacancy Survey Selected Initial Findings* (2024), <https://www.nyc.gov/assets/hpd/downloads/pdfs/about/2023-nychvs-selected-initial-findings.pdf>.

⁹ N.Y.C. DEP’T OF HOUSING PRESERVATION & DEVELOPMENT, *2021 New York City Housing and Vacancy Survey Selected Initial Findings* (2022), <https://www.nyc.gov/assets/hpd/downloads/pdfs/services/2021-nychvs-selected-initial-findings.pdf>.

¹⁰ *Id.*; see also *supra* note 8.

vacancy rate for affordable apartments – those renting for less than \$1,100 per month – was only 0.39 percent. Effectively, there are no affordable apartments left in New York City for those who need them most.



Coupled with this is the fact that evictions in NYC have significantly increased in 2023, nearing pre-COVID levels, with city marshals completing approximately 12,000 residential evictions due to unpaid rent and a backlog of cases in the court system.¹¹ This surge represents nearly a tripling of evictions compared to 2022, following the end of statewide tenant protections early in the pandemic. The increase in evictions is particularly affecting low-income residents and communities of color and further straining the city's social safety net. In addition, this surge in evictions, in conjunction with a near-total lack of available affordable housing, has made a substantial increase in mass homelessness in the city a near-inevitability.

BUDGET RESPONSES

The Governor's budget only plays lip service to addressing the lack of affordable housing for those who need it most. Rather than demonstrating bold leadership, the Governor has elected to simply maintain the status quo.

Stagnant Supportive Housing Funding

Some of the primary areas where this status quo approach is most apparent is with respect to funding for housing that directly impacts unhoused communities. The Empire State Supportive Housing Initiative, Homeless Housing and Assistance Program, and Low Income Housing Trust Fund were all maintained at FY24 levels despite both the increasing numbers of unhoused individuals in 2023 across the State and in

¹¹ David Brand, *NYC Evictions Surged in 2023, with Legal Lockouts Nearing Pre-COVID Levels*, GOTHAMIST (Jan. 11, 2024), <https://gothamist.com/news/nyc-evictions-surged-in-2023-with-legal-lockouts-nearing-pre-covid-levels>.

NYC¹² and the simultaneous decline in housing affordable to such residents. Similarly, the budget provides only a modest \$2.8 million increase in funding to the New York State Supportive Housing Program, despite advocates' call for the \$32 million needed to sustain nearly 9,000 supportive housing units funded by this program.¹³ Such inaction by the Governor runs the risk of losing critical affordable housing at a time when we can least afford it.

Inadequate Housing Production

The Governor's proposals around developing more housing likewise fall short. This is in part because they are unlikely to yield a significant number of units that can be occupied anytime in the near future. But even if that were not the case, the Governor fails to either specifically include affordable housing targets or, when specifying affordable housing, defines the term in a way that will not meaningfully result in housing for ELI or unhoused New Yorkers.

Redevelopment of State-Owned Property

Governor Hochul expressly calls for development of new housing units at SUNY Farmingdale, SUNY Stony Brook, and in Babylon in furtherance of Executive Order 30 and her goal of 15,000 new housing units on state-owned property. However, the related Article VII legislation currently does not include a requirement that any portion of these units be affordable.

NYC-Specific Measures

- ***Basement Apartments:*** The proposed legalization of pre-existing basement apartments and cellar dwellings will create more *legal, code compliant* housing – which we generally do not oppose. But, similar to the state-owned property measures, there is no guarantee that unhoused or low-income New Yorkers will benefit from these units, especially after owners expend resources to ensure they otherwise comply with applicable building codes. The State should consider coupling legalization with requirements that property owners prioritize voucher holders or ELI families for their units.
- ***Office to Residential Conversions:*** We agree that addressing the current affordable housing shortage requires innovation and willingness to repurpose existing assets; however, we have concerns about the efficacy of this proposal. First, even though crafted as an affordable housing measure, it is unclear how many of these projects will benefit our clients, who exist within the 0-30 percent AMI band. The proposed legislation provides that only 20 percent of

¹² HUD point-in-time count numbers for the State show a 39 percent increase in homelessness between the beginning of 2022 and the beginning of 2023 – a number which, given its methodology, we know is an undercount of the actual number of those who are unhoused in the State. See U.S. DEP'T OF HOUS. & URBAN DEV., *2023 Annual Homeless Assessment Report: Part 1 - PIT Estimates of Homelessness in the U.S.*, (Dec. 2023), <https://www.huduser.gov/portal/datasets/ahar/2023-ahar-part-1-pit-estimates-of-homelessness-in-the-us.html>. Similarly, the number of individuals in DHS and HPD shelters increased from 68,884 as of the beginning of January 2023 to in excess of 92,824 by the beginning of December 2023. See *Number of Homeless People in NYC's Main Shelter System*, COALITION FOR THE HOMELESS (last visited Feb. 14, 2024), <https://www.coalitionforthehomeless.org/facts-about-homelessness/>.

¹³ Molly Burke, *Organizations ask Hochul for more supportive housing funds*, TIMES UNION (last updated Nov. 9, 2023 10:07AM), <https://www.timesunion.com/capitol/article/supportive-housing-groups-aim-increased-funding-18478053.php>; Nicole Branca, *Opinion: A Simple State Budget Fix Could Save Supportive Housing*, CITY LIMITS (Nov. 16, 2023), <https://citylimits.org/2023/11/16/opinion-a-simple-state-budget-fix-could-save-supportive-housing/>.

each project's units have to be "affordable." The only required set-aside dictates that 5 percent of the affordable units must be for residents with AMIs not exceeding 40 percent. The balance of the units could exceed this as long as the weighted average of all affordable units is no more than 80 percent of AMI. Taken together, there is no guarantee that such projects will yield any material number of units for ELI families. But even if the affordability issue is addressed, many contend that few properties will be converted because the floor plans and design features in post-World War II commercial buildings in particular are less conducive to conversion and would be costlier to modify.¹⁴

- ***Extending 421-a Completion Deadline:*** Mischaracterized as an affordable housing measure, the Governor seeks to extend the 421-a completion deadline to June 15, 2031 in order that projects which commenced construction on or before June 15, 2022 will continue receiving this tax abatement benefit. She asserts this is critical to ensure that NYC "does not lose out on tens of thousands of units of housing under projects that are currently vested in that program."¹⁵ But to the extent those apartments follow the pattern of 421-a financed units previously built in NYC, they will primarily consist of market rate properties, "affordable" units skewing disproportionately towards households making 120-165 percent AMI, ***and no units for unhoused or precariously housed individuals who are ELI.***¹⁶ In addition, such extension will literally fund developers at the expense of low-income communities. As reported by Community Service Society, "[t]he tax revenue lost to 421-a over the last three decades, \$22 billion when adjusted for inflation, could have been used to . . . provide enough vouchers to cover every homeless household, or subsidize the construction of 160,000 units of deeply affordable housing."¹⁷ If the State is serious about addressing the lack of affordable housing, it is time to stop enabling projects that both fail to provide the housing that is needed and that result in the State foregoing revenue that could be funneled into measures that actually address housing instability for low-income communities.
- ***485x:*** Despite provisions to incentivize developers to build affordable housing units, this tax abatement measure fails to define what constitutes "affordable" or to establish any AMI targets or requirements. Without such, it is unclear whether any of the benefits enumerated in this proposal will inure to our clients. Given the outcomes of 421-a, we cannot assume that the absence of such express targets will mean anything except no units for ELI households and ongoing reduced State tax revenue that could be used to address the existing housing crisis and continuing rise in homelessness. But even if this were not the case, by making this program contingent on an agreement between REBNY and the largest building and construction worker trade association in NYC, it is uncertain whether this initiative will even be realized.

¹⁴ Emily Badger & Larry Buchanan, *Here's How to Solve a 25-Story Rubik's Cube*, N.Y. TIMES (Mar. 11, 2023), <https://www.nytimes.com/interactive/2023/03/11/upshot/office-conversions.html>.

¹⁵ Gov. Kathy Hochul, OUR NEW YORK, OUR FUTURE FY2025 NYS EXECUTIVE BUDGET, at 87.

¹⁶ Samuel Stein & Debipriya Chatterjee, *421-a at 50: Unaffordable New York*, COMMUNITY SERVICE SOCIETY, at 5 (Mar. 2022). Data from HPD confirms that of the 8,466 units constructed under 421-a from 2017-2021, only 2,564 (or 30 percent) were affordable units with no units produced for ELI households.

¹⁷ *Id.* at 2.

Positive Changes

Deficiencies aside, we applaud the Governor for Part FF in the Transportation, Economic Development and Environmental Conservation Article VII legislation that prohibits insurers of rental properties from making decisions about coverage and insurance rates based on: the source of tenants' income or any affordability covenants or subsidies applicable to the property. We urge her to ensure that these are meaningful changes that are regularly enforced, unlike existing source of income discrimination which continues to affect renters because of inadequate enforcement due to ongoing underfunding and understaffing of the Division of Human Rights.

Bold Initiatives That Could Make a Real Difference

Recently reported data shows that vacancy rates for units in NYC renting for under \$1,100 declined from approximately 0.86 percent in 2021 to 0.39 percent last year.¹⁸ At the same time, 86 percent of renters with incomes below \$25,000 who were not living in public housing or receiving a housing voucher, are severely rent burdened – a 1 percent increase from 2021.¹⁹ These facts alone translate into sustained homelessness for unhoused ELI households and greater housing insecurity for similarly situated households that are currently housed.

This housing crisis will not abate without bold initiatives and wise investments similar to those that New Yorkers have employed historically to meet the moment. We therefore urge the Legislature and Governor to implement the following:

- ***Remove Restrictions on How NYC Deploys State Rental Supplement Program (“RSP”) Money Retroactive to the Beginning of FY23.*** In an effort to end or prevent homelessness, RSP was explicitly designed to provide jurisdictions with a rental assistance option for those ineligible for other safety net programs. It is funded again at \$100 million in this year's proposed budget.²⁰ However, since the beginning of FY23, NYC has been required to use these funds to cover increases in the State Family Homelessness & Eviction Prevention Supplement (“FHEPS”) program. This effectively means there are fewer funds available for RSP's intended purpose and in turn fewer households with 0-30 percent AMI receiving RSP to address astronomically high housing costs in NYC. Given that these funds have already been appropriate and are desperately needed, we insist that this restriction be immediately removed retroactive to FY23 and that funds already delivered to the State for FHEPs be restored for RSP use.
- ***Pass Housing Access Voucher Program (“HAVP”) (S568B/A4021):*** A statewide rental voucher is critically needed to offset the increasing cost of housing. Receipt of a Section 8 Housing Choice Voucher and CityFHEPS voucher can often mean the difference between stability and homelessness. However, there are not enough existing vouchers to meet the growing need throughout the State for those with incomes below 50 percent AMI, particularly those whose immigration status or criminal record make them ineligible. We strongly support HAVP and urge the Legislature to include \$250 million in the budget for FY25 to create up to 20,000 vouchers for New Yorkers.

¹⁸ See *supra* note 8, at 21; see also Taysha Milagros Clark, *Housing Affordability Report*, COALITION FOR THE HOMELESS (June 2022).

¹⁹ See *supra* note 8, at 57; see also *supra* note 9, at 55.

²⁰ AID TO LOCALITIES BUDGET, Fiscal Year 2025 at 506-508 (2024).

- ***Expand Eligibility for State FHEPS and Increase Public Assistance Rent Allowances:***
Currently, FHEPS is only available to certain families with minor children receiving Cash Assistance who have recently been, or are currently, engaged in eviction proceedings. A limited resource, this tool greatly offsets increased housing costs for recipients given that the voucher covers housing up to 100 percent of HUD’s Fair Market Rent (“FMR”). Unfortunately, all other New Yorkers receiving Cash Assistance, including single adults, families without minor children and families with minor children for whom eviction is not an issue, are ineligible for FHEPS. Instead, to the extent such households are not able to access limited Section 8 or CityFHEPS vouchers, they are relegated to the State’s appallingly low public assistance rent allowance which in NYC is \$215 for a single adult or \$400 for a family of three that includes minor children.²¹ To address this misalignment with NYC housing costs, the State should allow all Cash Assistance recipients to be eligible for FHEPS or, at a minimum, increase the public assistance rent allowance in order that it also covers the cost of housing up to 100 percent of FMR.

Thank you for the opportunity to submit testimony. We look forward to working with the Legislature on the budget and other legislation to address the needs of those who are unhoused or precariously housed throughout the State.

²¹ See N.Y. Comp. Codes R. & Regs. Tit. 18, § 352.3.