

December 18, 2023

Subject: AIA New York Recommendations on New York State Affordable Housing Policy

Thank you, Assemblymember Rosenthal, Assemblymember Braunstein, and members of the New York State Assembly Committees on Housing and Cities, for holding this hearing today. I am Bria Donohue, Government Affairs Manager at American Institute of Architects New York. We represent 5,000 architects and design professionals committed to positively impacting the physical and social qualities of New York.

AIA New York strongly supports a comprehensive approach to increasing affordable housing supply by authorizing and eliminating the barriers to alternative solutions such as office to residential conversions and accessory dwelling units as well as creating incentive programs to encourage affordable housing development.

To address the ongoing affordable housing crisis, AIANY recommends the following state legislative solutions.

- Create a tax incentive program for affordable housing production that replaces and improves on the expired 421-a real property tax rebate
- Facilitate office to residential conversions with incentives for including affordable housing units (S05080); eliminate state floor area ratio (FAR) cap and give authority to NYC to determine FAR
- Legalize accessory dwelling units and create incentive program (S05172-A/A05342-A); establish an amnesty program for reporting basement apartments to bring units up to code without penalization (S02276-A/A01075-A)
- Encourage transit-oriented development (S05560/A2508 & A06670)

At its core, the solution to the current affordable housing crisis is to build more housing. Increasing the supply of housing will relieve some of the pressures on the housing market that negatively impact tenants. With an incredibly low vacancy rate, tenant protects are effectively nonexistent as there are little to no options. Vacancy rates are as low as 0.78% in the Bronx and 2.73% in Brooklyn, according to the 2021 NYC Housing Vacancy Survey; a healthy housing market has a vacancy rate between 7-8%.

The current affordable housing crisis in New York is undeniable and has created a set of circumstances that are unsustainable for many New Yorkers. As a result, we have seen a sizable migration out of New York City of working-class families earning between \$32,000 and \$65,000 followed by those earning \$104,000 to \$172,000 per year; a disproportionate amount of those families leaving the city are Black and Hispanic, according to a recent study by the Fiscal Policy Institute. These findings are reinforced by the Community Service Society of New York's 2023 Unheard Third Survey data on housing challenges for low-income New Yorkers. According to the 2023 UHT, 52% of New Yorkers below 200% of the Federal Poverty Line and 42% of New Yorkers above 200% FPL choose affordable housing as what would increase their potential to get ahead economically. 47% of New Yorkers under 200% FPL and 31% of New Yorkers over 200% FPL said their biggest housing problem was being able to afford rent, mortgage, and maintenance costs. 27% of New Yorkers have fallen behind on rent, and low-income working mothers are most likely to have fallen behind or expect to fall behind on rent, at 45%.

One tool that was essential for developing affordable housing and proven effective for decades was the 421a tax abatement. This program accounted for a significant portion of all completed new housing citywide, according to a report from NYU Furman Center. The 421a program was a vital tool to increase the supply of non-luxury housing, which is the majority of new developments in New York City. Reinstating a similar tax incentive program to encourage affordable housing production is critical to making Mandatory Inclusionary Housing and the Universal Affordability Preference included in City of Yes for Housing Opportunity successful and effective for adding housing citywide across multiple income tiers.

Another tool to increase affordable housing supply is giving NYC the authority to determine the FAR cap and raising the FAR cap. The current FAR cap regulations are one of the key barriers to office to residential conversions. For the vast majority of development taking place in NYC, as well as throughout the rest of NYS, raising the FAR cap above 12 will have no impact; however, it is a critical hinderance to office to residential conversion projects, which are often above 12 FAR. By providing the city with the authority to determine FAR, more housing will be created via office to residential conversions.

An additional strategy to offset pressure on the housing market is to legalize accessory dwelling units. ADUs are a valuable tool for homeowners to use to unlock economic opportunity and build generational wealth. It is evident from the interest in the "Plus One ADU" pilot program, included in the FY2022 NYS Capital Budget, that there is an appetite for ADUs, with over 1,300 homeowners submitting a preliminary application for the program to receive financing of up to \$395,000 to build an ADU.

We acknowledge that these policy recommendations will not resolve the entire affordable housing crisis; however, we firmly believe the solutions we have outlined in our testimony today will set New York on the right track and encourage new development while offsetting key pressures on the market that are having detrimental effects on New Yorkers. AIANY urges the New York State Assembly to pass policies to both encourage and eliminate barriers to development. New Yorkers need to see a shift in the housing market, and AIANY believes these policies are the right step towards remedying our affordable housing market.