

Testimony of

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Chairman Cymbrowitz and members of the committee, thank you for the opportunity to testify today. I am Tom O'Connor, Vice President, Government Relations for the Capital Region Chamber.

The Capital Region Chamber represents over 2,400 businesses and organizations from throughout the region that employ more than 150,000 area residents. Our Chamber's membership is diverse. We represent for-profits and not-for-profits; large corporations and small family-owned businesses.

I am *not* here today to deny that affordable housing is an issue of concern; clearly it is a concern in the Capital Region. I am here to voice the Capital Region Chamber's strong opposition to proposed Universal Rent Control legislation. We have specific concerns with this legislation which I will cover today. Importantly, I want to provide you with an overview of all the great work that is being done in the Capital Region on affordable housing.

The Chamber believes that enacting Universal Rent Control is not the appropriate response to affordable housing. Specifically, we are opposed to legislation that would establish the "statewide tenant protection act of 2019" and amend the emergency tenant protection act of 1974, in relation to expanding rent and eviction protections statewide.

Essentially, this bill would bring New York City style rent control to Upstate New York. The bill sponsors claim the intent of this legislation is to remove arbitrary geographic restrictions on applicability of the state's rent and eviction regulation system, thereby allowing municipalities in all parts of the state to opt into the system where the municipality has declared a housing emergency based on a vacancy rate of five percent or less.

This legislation is misguided by the belief that the geographic restricts contained in the original emergency tenant protection act are arbitrary. Upstate is not New York City. The Upstate economy, cost of living and housing market are dissimilar from those of New York City. Extending rent control to

Upstate New York would have a devastating impact on the region. The bill is further flawed in that it provides a local option for the implementation of rent control regulations. This would produce a patch work of complex and divergent regulations in the Capital Region and Upstate New York which would negatively impact both renters and rental companies.

The renewal of New York City's rent control legislation has historically been a very political and polarizing process. Agreements and tradeoffs are made with very little public transparency and public input. The Upstate economy and our housing market should not be tied to such political and unpredictable vagaries.

This bill would be devastating to Upstate development and our rental market, and consequently would take the Upstate economy in exactly the wrong direction. The only prudent course of action is to continue the existing geographic restrictions. Upstate does not require nor does it desire New York City style rent control.

The Chamber is also opposed to legislation that would amend the real property law by prohibiting eviction without good cause. According to the sponsors of this legislation, landlords across our state are displacing tenants in order to gain higher profits. The sponsors believe that these so-called de facto evictions happen via non-renewal of their leases. The sponsors further claim that these non-renewals are displacing individuals and families in order for owners to rent out their units to higher income tenants. The Chamber strongly disagrees with this premise. While this premise may or may not be true in parts of New York City, it is not true in the Capital Region.

This proposed legislation would not only prohibit eviction without good cause, it would prohibit the non-renewal of a residential lease without good cause. A residential lease, by its very nature, is a contract by which one party conveys property to another for a specified time in return for a periodic payment. This proposal would negate this contractual agreement. The landlord has every right to not re-new a lease agreement at the end of its term and should not be forced into a contract containing such unfavorable terms which have been dictated by the state. Both parties to these contracts should continue to have the right to renegotiate the terms of a lease upon the expiration of the current lease. Furthermore, the process for eviction and non-renewal is so arduous as to make it virtually impossible for a landlord to evict bad tenants and end leases upon their expiration.

Importantly, this legislation would arbitrarily place a cap on rent increases. Again, the state should not be in the business of fixing rent prices in Upstate New York. The housing and rental market is stable in the Capital Region and should not be destabilized by New York State overregulation.

If the intent of this legislation is to stifle the Upstate economy, if enacted, then it will be effective.

Before I discuss what the Chamber is doing, I want to highlight a few of the many initiatives that are taking place throughout the Capital Region. Through partnerships between our for-profits, non-profits, local governments, community lenders, investors, members of the community and the State of New York, positive steps are being made to ensure affordable housing is available in our region. No one organization acting alone can provide the solution to address affordable housing. It takes collaboration, careful analysis, thoughtful planning, and investment before any effective action can be taken. Actions are in fact being taken in the Capital Region.

The City of Albany established a taskforce on affordable housing in 2016. This task force is made up of landlords, tenants, community and government leaders. Their goal is to study affordable housing in the city of Albany, assess supply/demand, and determine how the city can best serve the underserved communities. This task force has held several community forums, conducted several surveys of both landlords and tenants, and has issued three reports. It should be noted that in their most recent report the task force stated that available information on affordable housing is often incomplete. Furthermore, they found that “Even determining what is “affordable” for city residents is made difficult by our substantial student population who, while counted in most population and income surveys as “low-income”, typically have access to substantial capital. The City of Albany’s senior population is also increasing as a percentage of the total. As with students, seniors will often appear as low-income in census and housing study reports, even though they may have retirement savings accounts or other savings which they can draw on. Filling in these gaps as best we can is the Task Force’s chief obstacle to providing the Mayor and the Common Council with an insightful and worthwhile report and recommendations.”

While the task force continues to carry out its mission, Albany will continue to increase its affordable housing stock. In March, the County of Albany announced collaborative efforts to revitalize the South End. By working with community leaders and a private developer, \$3 million dollars will be invested to transform the former St. John’s Church into 20 affordable housing units. Separately, the South End Improvement Corp. will commit over \$1 million to fund homeowners rehabilitation projects in the South End. As part of the City of Albany’s \$10 million Downtown Revitalization award, the city plans to invest in affordable housing along Clinton Avenue.

In Troy, the U.S. Department of Labor recently announced that Troy's YouthBuild will be receiving a \$1.1 million grant. YouthBuild is a nine-month workforce development program which assist at-risk-youth set and achieve employment and training goals. This program provides young people with an opportunity not only to complete their high school education, but with an opportunity to give back to their community. Importantly, they receive training to build housing for low-income and the homeless individuals. Additionally, since 2011, the state has leveraged more than \$82 million in public and private investment which has add over 434 affordable homes in Troy.

The City of Schenectady, through its "Live-In Schenectady" is tackling affordable housing. A group of private investors and community lenders are working together to construct 15 new townhouses on previously vacant property. This \$3.5 million project is aimed at providing homes that are affordable. And like there counterpart in Troy, YouthBuild Schenectady is transforming the lives of at-risk-youth while providing the wherewithal to build housing for low-income families. Separately, in April, the state awarded the city \$800,000 to transform 20 foreclosed houses into low and moderate-income homes. Additionally, working with State of New York Mortgage Agency, the City of Schenectady has implemented its HOMES program. Part of the Neighborhood Revitalization Program, HOMES will assist new homebuyers renovate vacant properties with down payment assistance, as well as up to \$20,000 in rehab assistance.

Saratoga Springs is in the process of constructing 150 units of affordable housing. This is a \$34 million development that will provide housing for those earning 50 to 80 percent of the area's median income. Currently, there are 700 new units that are either under construction or in the planning phase within Saratoga Springs.

Clearly, the Capital Region is addressing affordable housing within our region. We are working in a thoughtfully and collaborative manner. We have concrete plans, committed investors and we are seeing success.

While the Chamber believes that affordable housing is a concern, we believe that it is a symptom rather than the root cause of the problem. It is our believe that addressing the root causes which are the drivers of the problem will most effectively resolve issues related to affordable housing. The Chamber is actively engaged on two issues that we believe if adequately address will go along way in resolving affordable housing, specifically education and talent development.

Education and talent development are long standing priorities of our Chamber. A skilled workforce is critical to our region's job growth and prosperity. Too often, our employers are reporting difficulty finding workers with the skills

needed to fill open positions. The origins of this skills gap lie in New York's education pipeline: Fewer than 40% of New York's high school students graduate with the literacy and math skills they need for college and/or careers. To address this, the Chamber is a founding member of the New York Equity Coalition. The New York Equity Coalition is a group of civil rights, education, parent, and business organizations committed to fighting for higher achievement and greater opportunities for all students in New York State.

The coalition originally came together in 2016 with a shared belief that the Every Student Succeeds Act, which replaced No Child Left Behind, presents a critical opportunity to improve New York's education system – a system riven by massive systemic inequities in access, opportunity and performance, especially for students of color, low-income students, students with disabilities, and English Language Learners.

ESSA gives states considerable flexibility to craft their own accountability systems — in the process asking states to make crucial decisions about what it means to be a successful school, what rate of academic progress is acceptable, and what to do when schools are not meeting our expectations.

The coalition has broadened its focus to include other education equity issues that contribute to the gaps in access and opportunity that hold too many students back from a bright future and from the state achieving its economic potential. Working with our partners in the coalition, we can improve college and career readiness and address the skills gap.

By focusing attention and resources on education and talent development, access to higher paying jobs can be obtained. In so doing, individual income will increase, and the percentage of this income dedicated to housing will decrease. This will be a win for employees, our economy and will go a long way to addressing affordable housing.

The Chamber strongly encourages the Legislature to reject this Universal Rent Control proposal in favor of policies that stimulate the economy and grow jobs. In so doing, we can ensure prosperity for all.

Thank you for the opportunity to provide you with the Capital Region Chamber's perspective. I am happy to answer your questions at this time.