

LOCAL 1359/DC 37 AFSCME, AFL-CIO

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**TESTIMONY BEFORE THE JOINT LEGISLATIVE FISCAL COMMITTEES
ON NEW YORK STATE'S 2007-08 EXECUTIVE BUDGET ON HOUSING**

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MEMBER – DISTRICT COUNCIL 37 HOUSING COMMITTEE**

Good afternoon. My name is Ralph F. Carbone and I am President of Local 1359, Rent Regulation Services Employees, District Council 37, AFSCME, AFL-CIO. I am also a member of the DC37 Housing Committee. I appreciate this opportunity to testify before the New York State Joint Legislative Fiscal Committees concerning the New York State Division of Housing & Community Renewal's 2007-08 budget.

I speak, not only as the President of the Local whose approximately 400 members administer this state's rent regulatory system for the DHCR, but as an attorney who has worked in this field for almost 25 years and is therefore fully familiar with the operational needs of the agency and the public it serves.

Let me preface my remarks by noting that Governor Eliot Spitzer, in his State of the State address, recognized that the provision of affordable housing in New York is an important challenge that must be successfully met as well as overcome. In light of recent reports that the average asking rent in New York City in 2007 has risen to \$2,719 per month and that only 2% of homes on Long Island (in contrast to 60% in 2000) are considered affordable, it is a monumental challenge indeed.

The proposed state budget for 2007-08 is better, if for no other reason than many of the funding cuts by former Governor Pataki are no longer to be seen. However, the budget can be improved in a number of ways. For example, while the increase in funding for the Low-Income Housing Tax Credit Program from \$2 million to \$4 million is welcome, what is actually needed to complement this program is a true Low Income Housing Trust Fund with a dedicated funding source, such as through the receipt of a portion of real estate transfer taxes, title transfer and document recording fees. Thirty-three other states utilize dedicated funding for their housing trust funds. The Legislature should therefore consider creating such dedicated funding sources which can then provide regular support for affordable housing initiatives through-out the state. I further note that the 2007-08 budget otherwise cuts \$10 million from last year's appropriation to the Trust Fund which, in the absence of a properly created and dedicated funding source, should be restored.

Support for repairs and maintenance to the state's existing public housing stock affecting approximately 20,000 units in 74 developments has remained static - as well as inadequate - for the past several fiscal years. Consequently \$12.8 million in new funding to support municipal housing authorities is woefully insufficient, especially in the face of a 1990 state survey (the latest available) that indicated (that as of that time) \$343 million was required to adequately service and maintain this vitally needed housing. The Legislature should seriously consider increasing this funding so as to protect some of the state's most vulnerable tenants and assure that their housing maintains safe and reliable standards of habitability.

Lead poisoning and the deleterious effects that it causes in young children who occupy apartments where lead paint exists are well known. As a result, the Legislature should restore the \$200,000 cut in General Funds to the Lead Poisoning Prevention Program to better protect the state's children.

It is an accepted fact that the creation of new affordable housing far lags demand. Therefore, it is of utmost importance to preserve the affordable housing we currently have, rather than promote policies - or permit the continuation of existing policies - which removes such units from the reach of low, moderate and middle income residents.

In that regard, another troubling development, as reflected in the budget, is the continued loss of Mitchell-Lama housing stock. In the past year alone, at least 28 developments comprising approximately 12,000 apartments have left the program. Generally, Mitchell-Lama housing is some of the best maintained and affordable in the state. To lose such affordable housing is a tragedy. Therefore, in the absence of a state mandated freeze on further opt-outs, the Legislature should enact legislation that places under rent stabilization any development that decides to "buy-out" of the program regardless of the year the complex was built (providing such complex is in a county covered by the Emergency Tenant Protection Act).

Just as seriously, the very harmful impact of budgetary, legislative and executive actions over the last 12 years cannot be understated in the way that they have negatively affected the operations of the Office of Rent Administration (ORA). The Office regulates more than one million apartments affecting several million tenants. By consistently weakening ORA's enforcement, compliance and inspectorial arms - which are two-thirds smaller today than they were under the previous Democratic administration - by refusing to independently investigate tenant heat and hot water complaints, by creating numerous administrative hurdles for tenants to endure to obtain redress for rent or service problems, and by otherwise so tilting the balance in favor of landlords and against a very vulnerable tenant population, the previous administration violated its legislatively mandated obligation to protect tenants from hardship, uncertainty and the exaction of unjust rents. Therefore, I urge the Legislature to appropriate funds to increase the enforcement, compliance and inspectorial arms of ORA so that the agency can again return to its core functions of assuring that tenants are protected against owner harassment and fraud; that services, including the provision of adequate heat and hot water, are timely inspected to assure that they are being properly maintained; and, that rent schemes to unlawfully

deregulate apartments or to obtain illegal profits can be properly investigated, uncovered and punished. The resources to do any of these things – much less all of them – are sorely lacking and require the intercession of the new administration as well as the Legislature. Indeed, a significant portion of the expense attributable to the hiring of the additional attorneys, rent examiners and inspectors needed for an effective enforcement/compliance program can be offset by the costs and civil penalties obtained through successful agency prosecutions.

It is important to note as well the loss of thousands of units of affordable housing downstate to “high-rent” deregulation. More stabilized and controlled units are lost annually than are created through all the other affordable housing programs combined. Therefore, to preserve the largest bloc of affordable housing in the state, the Legislature is urged to repeal “high-rent” deregulation. In lieu of such repeal, at a minimum the so-called deregulation rental amounts (\$2,000 per month) and income levels (\$175,000 per annum) must be significantly increased and thereafter indexed to the Consumer Price Index for the downstate New York area.

Finally, the Legislature is urged to repeal the Urstadt Law which requires the City of New York to obtain the approval of the Commissioner of DHCR to impose more stringent rent regulations. Since current law only permits the city to ease regulations, it is unable to effectively respond to the crises in affordable housing by changing and/or expanding classes of housing covered under the law or by establishing fair rents and rental increases. The Legislature should recognize that by permitting local autonomy they will remove the need for state governmental and legislative involvement through micro-management as well as provide for appropriate home rule.

I hope that the Legislature will take cognizance of the concerns expressed in my testimony and respond appropriately.

Thank you.