



LOCAL INITIATIVES SERVICES CORPORATION – NEW YORK

TESTIMONY

JOINT LEGISLATIVE BUDGET HEARING

HOUSING

FEBRUARY 9, 2024

LISC NY
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Dear Honorable Finance Chair Senator Krueger, Honorable Ways & Means Chair Assembly Member Weinstein, Senate Housing Chair Brian Kavanagh, Assembly Housing Chair Linda Rosenthal, and distinguished Members of the Legislature:

As you negotiate the FY 2025 New York State Budget over the coming weeks, it's critical to recognize that the tools that we have used to combat the gaping racial wealth gap are under fire. The U.S. Supreme Court struck down Affirmative Action, putting New York's nation-leading program that's delivering more than 30% of state contracts to minority- and women-owned businesses, at risk of erosion in the courts. The housing crisis in New York, which was deepened by the COVID-19 pandemic and its economic fallout, continues to plague our State, threatening to undo advancements that we have made in closing the racial wealth gap. We have also seen the growing impacts of climate change, with wildfire smoke from Canada making our air unbreathable and powerful storms flooding our streets – impacts that are largely felt by disadvantaged communities.

With this new State budget comes hope that we can take on these immense challenges together and collaborate to conquer them. LISC NY is taking on a growing role in our advocacy for the policies we believe will help New York State close the racial wealth gap that holds back communities in our economy.

Housing

Efforts to create programs that would alleviate the ongoing housing crisis stalled in the Legislature in 2023, however, our commitment to deliver opportunities remained with the creation and preservation of 726 affordable homes.

However, New York has a unique concentration of individuals and organizations with unmatched expertise and experience in finance, architecture, urban planning, commercial real estate and multifamily development. Our elected officials must tap into this valuable resource to identify and implement solutions to the worsening affordable housing crisis.

Therefore, we urge the Governor and Legislature to establish an Affordable Housing Task Force giving all stakeholders a seat at the table — developers, lenders, affordable housing advocates, nonprofits and leaders of faith-based organizations — to work in a formal framework to identify solutions.

The purpose of the Task Force must include two key areas:

- Revising zoning laws and density limitations that enable NIMBY-ism inhibiting development of affordable and workforce housing; and
- Re-establishing successful housing tax incentive programs that have encouraged developers to build and preserve affordable housing, resulting in hundreds of thousands of New York families gaining access to safe and comfortable quality affordable homes. The Governor's 486-x proposal in the proposed FY25 Executive Budget is a start in the right direction, but we must come together around a solution that works for all New Yorkers

Additionally, LISC NY will advocate for:

- The restoration of the State's funding for the Homeowner Protection Program (HOPP) and additional mechanisms to grow and protect homeownership;
- Building on the success of the New York Land Opportunity Program (NYLOP), which brings together Mission Driven Organizations and Faith Based Organizations to transform underutilized property into affordable housing. In 2023, we held our first statewide convening of NYLOP and solicited interest from up to 10 Mission Drive Organization or Faith Based Organizations who have an interest in developing their properties;
- Continued support of non-traditional borrowers in purchasing their first homes, while preserving their ability to stay in the home they currently own through the NYC Worth Collaborative. Led by LISC NY, our partnership with the Center for NYC Neighborhoods and Neighborhood Housing Services of New York City is funded by a \$7.5 million grant from the Wells Fargo Foundation.

MWBE Expansion and Support

New York State's nation-leading program for Minority- and Women-Owned Business Enterprises (MWBEs) is at a crossroads. The nearly 40-year-old program, established by Article 15-A in the Executive Law of NYS requires renewal in the upcoming year. After decades of expansion that led to the state's current goal of awarding 30% of its contracts to MWBEs, the program is more at risk than ever following the Supreme Court's ruling to strike down Affirmative Action.

The program helps ensure that minority- and women-owned businesses have access to the opportunity presented by billions of dollars in annual state contracts. In fact, MWBEs [composed](#) 30.64% of all state contracts totaling nearly \$2.9 billion with almost 10,000 businesses enrolled thanks to the program and its goals in 2023. This included almost \$1.8 billion spent on construction services, the largest chunk of the state's MWBE expenditure.

By providing these opportunities, the state is breaking down barriers and helping these businesses build their capacities to take on larger roles. At LISC NY, we've built our Developers of Color program to provide resources and training to help minority developers grow their businesses. The programs effectively work in tandem, with the state providing the opportunity and Developers of Color the expertise to obtain it. In 2023, we started our fifth cohort for Developers of Color, bringing the total number of developers who have completed the program to more than 80 developers in total.

In renewing Article 15-A, the Legislature and the Governor must address two key concerns:

- Develop a construct that protects 15-A from erosion by the courts; and
- End the five-year renewal process for 15-A. Since it was first enacted in 1988, the Legislature has required that it be renewed every five years. As we saw with the dismantling of voting rights at the national level when a 20-year renewal came up, such requirements can put the entire program at risk as political sensibilities can change. If we make the program permanent, we can avoid that mistake.

LISC NY will continue to advocate for the substance of this renewal and expand the Developers of Color program in 2024 with a sixth cohort.

Thank you

Hope remains on the horizon. In December, Governor Hochul signed a bill to create a commission that will review the harms caused by slavery in our state and propose reparations and we look forward to this commission getting its work underway. We have also heard renewed calls from the Legislature to tackle our housing crisis.

At LISC NY, we continue to lead the way in economic development and housing justice because we have a strong and committed team. I'm incredibly thankful for the talented members of the LISC NY team and look forward to continuing to grow our partnerships and close the racial wealth gap that undermines the strength of our economy.

Respectfully Submitted,

A handwritten signature in black ink that reads "Valerie White". The signature is fluid and cursive, with a large, stylized initial "V" and a circular flourish at the end.

Valerie White

Senior Executive Director, LISC NY