

RESTORING PROSPERITY IN AMERICAN
COMMUNITIES: EXAMINING THE FAILURES
OF STATUS QUO HOUSING POLICY

FIELD HEARING
BEFORE THE
SUBCOMMITTEE ON HOUSING AND
INSURANCE
OF THE
COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES

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RESTORING PROSPERITY IN AMERICAN COMMUNITIES: EXAMINING THE FAILURES OF STATUS QUO HOUSING POLICY

Thursday, February 22, 2024

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING AND INSURANCE,
COMMITTEE ON FINANCIAL SERVICES,
Washington, DC.

The Committee met, pursuant to notice, at 10 a.m., at Rockland County Legislature, 11 New Hempstead Road, New City, New York, Hon. Warren Davidson presiding.

Present: Representative Davidson.

Also present: Representatives Flood and Lawler.

Chairman DAVIDSON. The Committee on Housing and Insurance will come to order. Without objection, the chair is authorized to declare a recess of the committee at any time. This hearing is entitled “Restoring Prosperity in American Communities: Examining the Failures of the Status Quo Housing Policy.”

Without objection, all members will have 5 legislative days within which to submit extraneous material to the chair for inclusion in the record.

I now recognize myself for 5 minutes to give an opening statement.

OPENING STATEMENT OF HON. WARREN DAVIDSON, CHAIRMAN OF THE SUBCOMMITTEE ON HOUSING AND INSURANCE, A U.S. REPRESENTATIVE FROM OHIO

Today’s hearing is about restoring prosperity in American communities by examining the failures of status quo housing policies. This is an important topic that we have correctly devoted a lot of attention to in this Congress and, frankly, in previous Congresses.

Thus far, over the last 12 months, the subcommittee has held six hearings exploring various aspects of how everyday Americans are having their lives impacted by bad government decisions and failed Federal policies on housing. The result is reduced prosperity, reduced customer choice, and reduced optimism that things are going to get better anytime soon—people are not believing that it is really transitory.

Making matters worse, as we will hear from testimony today, is the alarming notion that the local input in the process does not even matter or is not necessary. In fact, sometimes it is treated as a barrier.

Instead of working collaboratively with local mayors, supervisors, and other county officials to balance the needs of residents in their own communities, all too often bureaucrats, whether in State governments like Albany or in Washington, DC, want to impose mandates on places like Orangetown, Nyack, New York City, Cincinnati, Middletown, Lincoln, Nebraska. Ironically, it is the local citizens who are forced to implement their overreaching and excessively expensive policies, and to add insult to injury, they are the ones who end up footing the bill. By the way, these same bureaucrats say that anyone who opposes these ideas is not just wrong, they are mean-spirited and selfish people. Simply put, the bureaucrats pushing these ideas do not really care about what local residents think because they have an agenda and they are seeking to push it, and it is almost like no matter what, they are inclined to not listen.

Today, hopefully, we will give voice to local communities and a more wide-ranging set of views.

In Congress, every member is dealing with some aspect of affordable housing. Members of our committee are particularly focused on legislation that provides solutions.

I especially want to thank my colleagues Mike Flood from Nebraska and Mike Lawler, who many of you know locally. They have been some of the most committed members on housing policy, hosting roundtables in their districts and advancing legislation to try to address the issues.

For our seventh hearing, we decided to travel to New York to our colleague Mike Lawler's district, so that we can see firsthand the impact that poorly designed and heavy-handed Federal, State, and local housing mandates are having.

Folks in Rockland County find themselves in a situation that has become all too common in areas around the country. Housing has already been too expensive, and now inventory is limited. Lawmakers' response is to force mandates, which sounds good on paper, but ends up hurting affordability and availability for residents most in need.

These impacts are real, and I look forward to addressing them with our witnesses today.

Today I would like to welcome the testimony of Mr. Ralph Amicucci. Mr. Amicucci, of Amicucci Associates, is here on behalf of the Institute of Real Estate Management, the New York Chapter.

The Honorable Teresa Kenny. She is the Supervisor of the Town of Orangetown, New York.

Mr. John Ketcham. Mr. Ketcham is a Fellow and Director of Cities at the Manhattan Institute.

Ms. Leah Goodridge. She is the Managing Attorney for Housing Policy at Mobilization for Justice.

We thank you for taking the time to be here today, and without objection your written statements will be made part of the record.

Mr. Amicucci, you are now recognized for 5 minutes to give your oral remarks.

STATEMENT OF RALPH D. AMICUCCI, AMICUCCI ASSOCIATES, PC, ATTORNEYS AT LAW, ON BEHALF OF THE INSTITUTE OF REAL ESTATE MANAGEMENT, NEW YORK CHAPTER

Mr. AMICUCCI. Chairman Davidson and members of the committee, thank you for inviting me here to testify at this important hearing.

My name is Ralph Amicucci, and I am the Managing Partner of Amicucci Associates, PC, Attorneys at Law, concentrating in real estate. Our firm concentrates its real estate practices in areas of landlord/tenant matters, buy and sell transactions, bank representation, commercial leasing, and representation front of the New York State Division of Housing and Community Renewal.

I am an active member of the Institute of Real Estate Management, IREM, where I am a certified instructor, I hold the certified property manager, CPM, designation, and I serve as the Vice President of Education for the New York Chapter. I am also an adjunct assistant professor of real estate accounting at New York University's Schack Real Estate Institute and in the Civil Engineering Department at NYU's Tandon School of Engineering, as well as an adjunct professor in the Accounting Department of Manhattan College in the Bronx, New York.

Today, in more and more communities, hard-working Americans are unable to rent or buy homes due to increased housing costs. These rising costs are driven by a lack of supply created by barriers to development and burdensome laws currently in existence that increasingly make it extremely challenging to build housing at almost any price point, particularly a price affordable to low-and middle-class families. The total share of cost-burdened households—those paying more than 30 percent of their income to housing—increased steadily from 28 percent in 1985 to 36.9 percent in 2021, while other households have been priced out of communities altogether in their search for affordable housing.

This is not sustainable, particularly in a period of high inflation. It is critical that we start now to enact policies that will incentivize new housing production.

As Congress examines approaches to address housing affordability, I would implore the committee not to use failed state-level housing policies as a prototype. Many states, including New York, have enacted policies that have an adverse effect on the creation of affordable housing units and current conditions of existing housing.

I would like to specifically address the Housing Stability and Tenant Protection Act, the HSTPA, which was passed in New York in 2019, that negatively affects renters and discourages affordable housing development. The HSTPA removed virtually all incentives for owners to renovate rent-stabilized apartments vacated by long-term tenants. This resulted in more than 30,000 units remaining vacant. The HSTPA capped the amount of individual apartment improvements at \$15,000 over 30 years, which translates to about \$83 a month of additional rent, when the true cost to rehab the unit is between \$100,000 to \$150,000. The HSTPA also removed vacancy de-control which allowed owners to raise rents to market when a tenant vacated an apartment. No other municipality has vacancy control. The 2019 law essentially states that if a renter

leaves an apartment, no matter what happens, the rent stays the same. Even California, with the perception of being very punitive against property rights, an owner can reset the rent when an apartment becomes vacant.

Stabilized rents in New York City buildings are set each year by the Rent Guidelines Board, which voted last June for a 3 percent rent increase for 1-year leases, and a 2.75 percent increase for the first year of a 2-year lease and 3.20 percent for the second year of a 2-year lease. However, fuel, utilities, labor, maintenance, administrative costs, insurance, and taxes in rent-stabilized multifamily buildings rose by 8.1 percent from April 2022 to March 2023.

Instead of looking at New York, I would recommend members of the committee immediately act on the following measures that my colleagues and I believe would have a positive impact on housing affordability and help increase the Nation's housing supply.

I am running out of time, so the four areas that I would recommend would be the Choice in Affordable Housing Act, S. 32 and H.R. 4606; the Low-Income Housing Tax Credit, or LIHTC; and the Affordable Housing Credit Improvement Act, H.R. 3238 and S. 1557; and then eliminate exclusionary zoning and harmful land use policies; and then incentivize adaptive reuse of underutilized commercial properties.

Chairman Davidson, Ranking Member Cleaver, and members of the committee, thank you again for providing myself and IREM with the opportunity to testify here today. I look forward to answering your questions.

[Prepared statement of Mr. Amicucci follows:]

Written Testimony of

Ralph Amicucci, Esq.
President, Amicucci Management
Owner, Amicucci Associates P.C.

Before The
U.S. House of Representatives Committee on Financial
Services, Subcommittee on Housing and Insurance

Hearing Titled
“Restoring Prosperity in American Communities: Examining the
Failures of Status Quo Housing Policy”

Thursday, February 22, 2024

Chairman Davidson, Ranking Member Cleaver, and members of the Committee: thank you for inviting me to testify at this important hearing.

My name is Ralph Amicucci, and I am the managing partner of Amicucci Associates, PC, Attorneys at Law, concentrating in real estate. Our firm concentrates its real estate practice in the areas of Landlord/Tenant matters, buyer and seller transactions, bank representation, commercial leasing, and representation in front of the New York State Division of Housing and Community Renewal.

I am an active member of the Institute of Real Estate Management (IREM), where I am a certified instructor, hold a certified property manager (CPM) designation, and serve as the Vice President of Education for the New York Chapter. I am also an Adjunct Assistant Professor of Real Estate Accounting at New York University's Schack Real Estate Institute and in the Civil Engineering Department at NYU's Tandon School of Engineering, as well as an adjunct professor in the Accounting Department of Manhattan College in the Bronx, New York.

Today, in more and more communities, hard-working Americans are unable to rent or buy homes due to increased housing costs. These rising costs are driven by a lack of supply created by barriers to development and burdensome laws currently in existence that increasingly make it extremely challenging to build housing at almost any price point—particularly a price affordable to low- and middle-class families. The total share of cost-burdened households – those paying more than 30 percent of their income on housing – increased steadily from 28 percent in 1985 to 36.9 percent in 2021, while other households have been priced out of communities altogether in their search for affordable housing.

This is not sustainable, particularly in a period of high inflation. It is critical that we start now to enact policies that will incentivize new housing production.

As Congress examines approaches to address housing affordability, I would implore the Committee not to use failed state-level housing policies as a prototype. Many states, including New York, have enacted policies that have an adverse effect on the creation of affordable housing units and current conditions of existing housing.

I would like to specifically address the Housing Stability and Tenant Protection Act (HSTPA), which was passed in New York in 2019 that negatively affects renters and discourages affordable housing development. HSTPA removed virtually all incentives for owners to renovate rent stabilized apartments vacated by long-term tenants, which has resulted in more than 30,000 units remaining vacant. HSTPA capped the amount of individual apartment improvements at \$15,000 over 30 years, which translates to about \$83 a month in additional rent, when the true cost to rehab the unit is between \$100,000 to \$150,000. HSTPA also removed vacancy de-control which allowed owners to raise rents to market when a tenant vacated an apartment. No other municipality has vacancy control. The 2019 law essentially states that if a renter leaves an apartment, no matter what happens, the rent stays the same. Even California, with the perception of being very punitive against property rights, an owner can reset the rent when an apartment becomes vacant.

Stabilized rents in New York City buildings are also set each year by the Rent Guidelines Board, which voted last June for a 3% rent increase for one-year leases, and a 2.75% increase for the first year of a two-year lease and 3.20% for the second year of a two-year lease. However, fuel, utilities, labor, maintenance, administrative costs, insurance, and taxes in rent-stabilized multifamily buildings rose by 8.1% from April 2022 to March 2023.

Instead of looking at New York, I would recommend members of the committee immediately act on the following measures that I and many of my colleagues believe would have a positive impact on the housing affordability crisis and help increase the nation's housing supply:

The Choice in Affordable Housing Act (S. 32 and H.R. 4606): This bipartisan and bicameral legislation enjoys the backing from both housing advocates and housing providers and would address many overlapping and redundant programmatic procedures that have deterred professional owners and operators from participating in the Section 8 Housing Choice Voucher Program. I would also recommend increasing the number of Housing Choice Vouchers across the Country. Many municipalities have waiting lists where potential participants wait years to get into the program.

Low-Income Housing Tax Credit (LIHTC): Expanding and enhancing the LIHTC will enable greater production of affordable housing. IREM supports the bipartisan and bicameral Affordable Housing Credit Improvement Act (H.R. 3238 and S. 1557), which increases the per capita dollar amount of the credit, its minimum ceiling amount beginning, and extends the inflation adjustment for such amounts. This bill is sponsored by several members serving on this committee.

Eliminate Exclusionary Zoning and Harmful Land Use Policies: For decades, exclusionary zoning laws – like minimum lot sizes, mandatory parking requirements, and prohibitions on multifamily and manufactured housing – have inflated housing and construction costs and locked families out of areas with more opportunities.

Incentivize Adaptive Reuse of Underutilized Commercial Properties: Given the nation's shortage of affordable rental housing, many are considering turning unused and underutilized commercial real estate structures, including offices, hotels, and retail spaces into housing. Not only would such repurposing help address the nation's housing supply challenge, but it would also create jobs and boost local property tax revenues.

Chairman Davidson, Ranking Member Cleaver, and members of the Committee: thank you again for providing myself and IREM with the opportunity to testify here today. I look forward to answering your questions.

Chairman DAVIDSON. Thank you. I now recognize Ms. Kenny for her opening statement.

**STATEMENT OF THE HON. TERESA M. KENNY, SUPERVISOR,
TOWN OF ORANGETOWN, NY**

Ms. KENNY. Good morning and thank you for inviting me here today to offer some remarks on the housing crisis in New York, something that is happening in communities throughout the United States in one degree or another. Although I have no particular expertise on the subject matter, my background and experience give me a unique perspective and insight on the topic.

I am a practicing lawyer for over 33 years, specializing in real estate and municipal law. In 2019, I was elected town supervisor for the Town of Orangetown, and I just started my third term. Orangetown is the southernmost town in Rockland County, located approximately 30 miles north of New York City, and per the 2020 census has a population of just under 49,000 residents, with 18,724 housing units.

Over the last 2 years, under my leadership and with the help of professional planners, the Town Board undertook the task of updating the Orangetown Comprehensive Plan. One of the stated goals of the plan was to come up with ways to try to alleviate the housing shortage, hopefully helping with the affordability issue. Going through this process helped me gain a better understanding of the issues from a more localized level.

More important than all of that is that I am the mother of two young adults, ages 27 and 29, both of whom are currently renting because they cannot afford to purchase a home of their own. Moreover, I have watched as their friends and colleagues have moved out of New York to places like North Carolina, Colorado, Pennsylvania and Tennessee for jobs in locations that are much more affordable to live, and it is very likely that these young New Yorkers will not return.

As to what is causing the housing crisis, it is complicated and there are several factors at play. Sadly, there is no quick or easy answer for how to fix it. I will start with how I believe it got started. While there was already a bit of an affordability issue before COVID, it was made significantly worse when coronavirus disease (COVID) hit. Thousands of NYC residents, now able to work from anywhere, fled the city and relocated to the suburbs, creating a huge shortage of homes and driving up the sales prices even higher. It was a simple case of supply and demand, and it happened throughout the entire region.

Further fueling the shortage and rising home prices is that many seniors, like myself, are opting to age in place. With their mortgages paid off and the cost of renting so high, it is simply more cost effective to remain in their homes, removing these properties from the inventory that might otherwise be available. Similarly, young couples in their starter homes with a 3 percent interest rate are not moving to larger homes due to the increased interest rates and house prices.

Another factor affecting affordability that cannot be ignored in New York State, is the high real estate taxes. Using a homeowner in Orangetown with a home appraised at a market value of

\$612,000, the tax burden is approximately \$14,000 a year, adding another \$1,167 to their monthly costs. Factor that in with high interest rates and home prices, and many people just cannot afford it.

Another obstacle facing municipalities is their outdated zoning laws, most of which were adopted many, many years ago. These laws traditionally call for single-family homes, separate and far away from any downtown or commercial areas. To this day, town boards across New York State, including my town board, are hesitant to change zones or approve projects that are not consistent with this outdated zoning approach. Any mention of multifamily, cluster, or mixed-use housing is frowned upon and seen as too urban by many. Any talk of a Transit-Oriented Development, which allows more density by train stations, is rejected outright.

However, what those pushing single-family homes as the only means to address the housing shortage need to understand is that even if a builder can find land, the approval process in New York is expensive and lengthy, adding to the already high cost of new construction. With fees for everything from the building permit to the land use board applications and consultants, these added costs in terms of both dollars and time are what deters many builders from building single-family homes. Add in supply side challenges that are just now recovering since COVID and a tight job market, and it is clear that the single-family housing market will not be solving the housing shortage any day soon.

While the causes of the problem are to some extent obvious, the more difficult question is what can be done to solve them and to foster more housing growth. I will start by saying, clearly and unequivocally, that any proposals coming from the State or Federal Government should be in the form of an incentive. Two years ago, local officials across New York State were 100 percent against Governor Hochul's proposal to mandate the legalization of accessory dwelling units, or ADUs, with absolutely no consideration for local issues, such as parking, traffic, water, and sewer.

While I applaud Governor Hochul for wanting to help with the problem, New York State officials should be looking to work with local elected officials, not against them. She should rely upon those elected by the community, as they are best suited to know what will or will not work in their respective communities.

I will say, without hesitation, that local governments need to step up to the plate. They need to look for ways to streamline the approval process and to amend outdated zoning and planning laws to allow for more flexible and dense housing styles in non-traditional settings. They must engage with the public and educate them on the need to adapt to a changing landscape, to reinvent our notion of what a home looks like. So whether it is the repurposing of a mall or office building, or the creation of mixed-use zones that combines residential with commercial use, we must find innovative ways to increase the housing inventory and affordability.

While the housing shortage and affordability problem is complicated, I believe that with all levels of government working together, with an understanding and respect for the very important role the local government plays, there is a path to solving the problem. As a town supervisor and as a mother, this issue is a priority

for me, and I look forward to working with my counterparts in government to find solutions.

I thank you for your time today and am happy to answer any of your questions.

[Prepared statement of Ms. Kenny follows:]



Thank you for inviting me here today to offer some remarks on the housing crisis in New York—something that is happening in communities throughout the United States in one degree or another. Although I have no particular expertise on the subject matter, my background and experience give me a unique perspective and insight on the topic.

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But, more important than all of that, is that I am the mother of two young adults, ages 27 and 29, both of whom are currently renting because they cannot afford to purchase a home of their own. Moreover, I have watched as their friends and colleagues have moved out of New York State to places like North Carolina, Colorado, Pennsylvania and Tennessee for jobs in locations that are much more affordable to live. And it is very likely that these young New Yorkers will never return.

As to what caused the housing crisis, it is complicated and there are several factors at play. Sadly, there is no quick or easy answer for how to fix it. I will start with how I believe it got started. While there was already a bit of an affordability issue before COVID, it was made significantly worse when COVID hit. Thousands of NYC residents, now able to work from anywhere, fled the city and relocated to the suburbs, creating a huge shortage of homes for sale and driving the prices even higher. It was a simple case of supply and demand, and it happened throughout the entire region.

Further fueling the shortage and rising home prices, is that many seniors, like myself, are opting to age in place. With their mortgages paid off and the cost of renting so high, it is simply more cost effective to remain in their homes, removing these properties from the inventory that might otherwise be available. Similarly, young couples in their starter homes with a 3% interest rate are not moving to larger homes due to the increased interest rates and house prices.

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Another obstacle facing municipalities is their outdated zoning laws, most of which were adopted many, many years ago. These laws traditionally call for single-family homes, separate and far from

any downtown or commercial areas. To this day, Town Boards across New York State, including my Town Board, are hesitant to change zones or approve projects that are not consistent with this outdated zoning approach. Any mention of multifamily, cluster or mixed-use housing is frowned upon and seen as too urban by many. Any talk of a Transit-Oriented Development (TOD), which allows more density by train stations, is also rejected outright.

However, what those pushing single-family homes as the only means to address the housing shortage need to understand is that, even if a builder can find land, the approval process in New York is expensive and lengthy, adding to the already high cost of new construction. With fees for everything from the building permit to the land use board applications and consultants, these added costs in terms of both dollars and time are what deters many builders from building single-family homes. Add in supply-side challenges that are just now recovering since COVID and a tight job market, and it is clear that the single-family housing market will not be solving the housing shortage any day soon.

While the causes of the problem are to some extent obvious, the more difficult question is what can be done to solve them and to foster more housing growth. I will start by saying clearly and unequivocally that any proposals coming from the State or Federal Government should be in the form of an incentive. Two years ago, local officials across New York State were 100% against Governor Hochul's proposal to mandate the legalization of accessory dwelling units (or ADUs), with absolutely no consideration for local issues, such as parking, traffic, water and sewer.

And while I applaud Governor Hochul for wanting to help with the problem, NYS officials should be looking to work with local elected officials, not against them. She should rely upon those elected by the community, as they are best suited to know what will or will not work in their respective communities.

And, I will say without hesitation, that local governments need to step up to the plate. They need to look for ways to streamline the approval process and to amend outdated zoning and planning laws to allow for more flexible, dense housing styles in non-traditional settings. They must engage with the public and educate them on need to adapt to a changing landscape, to reinvent our notion of what a home looks like. So, whether it is the repurposing of a mall or office building, or the creation of mixed-use zones that combines residential with commercial use, we must find innovative ways to increase the housing inventory and affordability.

While the housing shortage and affordability problem is complicated, I believe that with all levels of government working together, with an understanding and respect for the very important role the local government plays, there is a path to solving the problem. As a Town Supervisor and as a mother, this issue is a priority for me, and I look forward to working with my counterparts in government to find solutions.

I thank you for your time today and am happy to answer any of your questions.

Teresa M. Kenny
Town of Orangetown Supervisor
February 22, 2024

Chairman DAVIDSON. Thank you, Supervisor Kenny.
Mr. Ketcham, you are now recognized for 5 minutes for your oral statement.

STATEMENT OF JOHN KETCHAM, FELLOW AND DIRECTOR OF CITIES, MANHATTAN INSTITUTE

Mr. KETCHAM. Chairman Davidson and honorable members of the subcommittee, thank you for the opportunity to testify.

My name is John Ketcham, and I am a Fellow and Director of Cities at the Manhattan Institute, where my colleagues and I produce research and advocacy aimed at keeping America and its great cities prosperous, safe, and free.

Throughout its 400-year history, New York City and its surrounding area have provided countless opportunities to immigrants and natives alike, helping to shape the concept of what it means to be an American and achieve the American dream.

New York's promise is under grave threat from its ever-worsening housing affordability and supply crisis. Just this month, the New York City Housing and Vacancy Survey revealed that the city's overall rental vacancy rate plunged to 1.4 percent, the lowest level since 1968. Today about 52 percent of city renters pay 30 percent or more of their pretax income on rent. Unaffordable housing prices tell those who dream of making it in New York that the city has no room for their dreams.

By driving away invaluable human capital to areas with lower housing costs, New York's policies are hampering not only its prosperity but the nation's, too. One study found that the failure to build enough housing in high-productivity cities like New York reduced aggregate U.S. growth by 36 percent between 1964 and 2009. In short, all Americans are poorer because of New York's housing policies.

The fundamental problem is one that Americans of all political persuasions can agree on—too few new housing units are being built in and around New York City relative to demand. Between 2009 and 2019, the city added approximately 3.9 jobs for every housing unit permitted.

Numerous decades-old government policies hamper new housing supply, with a combined effect greater than the sum of the parts. Restrictive zoning requirements, such as use limitations, parking mandates, building size, and lot coverage restrictions and large minimum lot sizes limit construction and drive housing prices higher.

New York City's rent stabilization law and its 2019 amendments have not addressed the supply shortage and have likely worsened vacancy rates. The State legislature's repeated failure to reauthorize a property tax abatement program for large, new rental developments in New York City risks severely curtailing private investment in rental housing.

At the same time, political realities dictate that New Yorkers, like Americans elsewhere, cherish their existing communities. Homeowners and long-term tenants do not wish to see wide-scale sudden and disruptive changes to the places they call home. Constituents and political leaders from both major parties value local control over most land use decisions.

So to alleviate today's crushing housing burdens New York State and its local governments must loosen restrictions and facilitate new housing construction. Options are available that would allow for more supply without substantially infringing on local control over land use, including the following:

The State legislature could grant homeowners the right to build an accessory dwelling unit, or ADU, on their properties, which would allow them the freedom and flexibility to use their property as they see fit, such as to house a relative or to earn additional income.

State law could also reauthorize a property tax incentive for large rental developments in New York City, lift the 12 cap on residential floor area ratio, streamlining office-to-residential conversions in newer buildings, and exempt most residential upzonings from costly and time-consuming environmental reviews.

The Adams Administration has proposed constructive measures to eliminate parking mandates, allow ADUs, and more office-to-residential conversions and upzone residence districts citywide to allow gradually for more housing supply where there is demand for it.

For its part, the Federal Government can foster new housing production, without infringing on traditional boundaries of federalism, by reforming tax cost recovery. Shortening depreciation schedules or adjusting depreciation deductions for inflation are ways of reducing the net cost of development, encouraging greater private housing investment.

Though daunting, New York's housing challenges are not a matter of technical infeasibility but of political will to adopt the policies necessary to build more housing.

Time is of the essence. New York's long-run competitiveness and, most importantly, the well-being of its residents are at stake. Thank you, and I welcome any questions.

[Prepared statement of Mr. Ketcham follows:]

**Testimony before the Subcommittee on Housing and Insurance
of the House Committee on Financial Services**

“Restoring Prosperity in American Communities:
Examining the Failures of Status Quo Housing Policy”

February 22, 2024
Rockland County Legislature

John Ketcham
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About the Author

John Ketcham is a fellow and director of cities at the Manhattan Institute for Policy Research.*

His research covers state and local issues in New York City and State, including housing, electoral reform, the ongoing migrant crisis, and more. His writing has appeared in publications including *The Wall Street Journal*, *Newsweek*, *New York Daily News*, *New York Post*, and *City Journal*. Ketcham holds a JD from Harvard Law School and a BS from Fordham University.

*The Manhattan Institute does not take institutional positions on legislation, rules, or regulations. Although my comments draw upon my research as an Institute scholar, the views represented today are solely my own, not my employer's.

Chairman Davidson and honorable members of the Subcommittee on Housing and Insurance, thank you for the opportunity to testify. My name is John Ketcham, and I am a fellow and director of cities at the Manhattan Institute (MI), where my colleagues and I produce research and advocacy aimed at keeping America and its great cities prosperous, safe, and free.

The New York City metropolitan area is an economic powerhouse, contributing over \$2.1 trillion to U.S. GDP.¹ With approximately 8.3 million residents in the city limits and nearly 20 million in the wider metropolitan statistical area,² New York City plays a major role in the nation's economic, social, and political life. Throughout its 400-year history, the city has provided countless opportunities to immigrants and natives alike, helping to shape the concept of what it means to be an American and achieve the American dream.

But New York's promise is under grave threat from its ever-worsening housing affordability and supply crisis. Just this month, the New York Housing and Vacancy Survey revealed that the city's overall rental vacancy rate plunged to 1.4 percent, the lowest level since 1968.³ For units with a monthly rent of \$1,650 or less, that rate drops to a vanishing 0.65 percent.⁴ Spiraling rents and housing prices effectively tell those who dream of making it in New York that the city has no room for their dreams.

In 2023, the median asking rent for publicly listed apartments in New York City reached an unprecedented level, now averaging around \$3,500 per month citywide and far higher in the most desirable neighborhoods.⁵ Over 52 percent of New York City renters pay 30 percent or more of their pre-tax income on rent.⁶ About 69 percent of households rent their housing, demonstrating that the crisis affects many New Yorkers directly and everyone indirectly.⁷

By driving away invaluable human capital to areas with lower housing costs and greater residential construction,⁸ New York's policies are hampering not only its prosperity, but also that of the nation at large. For instance, economists Chang Tai Hsieh and Enrico Moretti have estimated that the housing constraints in high-productivity cities like New York and San Francisco "lowered aggregate US growth by 36 percent between 1964 and 2009."⁹ As economist

¹ *Total Gross Domestic Product for New York-Newark-Jersey City, NY-NJ-PA (MSA)*, FRED, <https://fred.stlouisfed.org/series/NGMP35620>.

² *Resident Population in New York-Newark-Jersey City, NY-NJ-PA (MSA)*, FRED, <https://fred.stlouisfed.org/series?seid=NYTPOP>; OFF. N.Y. STATE COMPTROLLER, NYC'S SHIFTING POPULATION: THE LATEST STATISTICS 1 (2023).

³ N.Y.C. DEP'T HOUS. PRES. & DEV., 2023 NEW YORK CITY HOUSING AND VACANCY SURVEY SELECTED INITIAL FINDINGS 21 (2024), <https://www.nyc.gov/assets/hpd/downloads/pdfs/about/2023-nyc-hvs-selected-initial-findings.pdf>.

⁴ *Id.* at 22.

⁵ OFF. N.Y.C. COMPTROLLER, SPOTLIGHT: NEW YORK CITY'S RENTAL HOUSING MARKET 4 (2024), <https://comptroller.nyc.gov/reports/spotlight-new-york-citys-rental-housing-market/>.

⁶ *Id.* at 10.

⁷ *Id.* at 4.

⁸ See, e.g., Conor Sen, *New York, You're Squeezing Out the Young and Ambitious*, BLOOMBERG (Feb. 15, 2024), <https://www.bloomberg.com/opinion/articles/2024-02-15/new-york-rents-are-squeezing-out-the-young-and-ambitious>.

⁹ Chang Tai Hsieh & Enrico Moretti, *Housing Constraints and Spatial Mismatch*, 11 AM. ECON. J.: MACROECON. 1, 1–3 (2019).

Edward Glaeser notes, “By making America poorer, restrictive zoning limits the tax revenues that could fund national defense or care for the needy, weakening the nation.”¹⁰

Fortunately, a simple explanation accounts for most of the problem. Even better, it is one that Americans of all political persuasions can accept¹¹: **Too few new housing units are being built in and around New York City relative to demand.**

New York’s metropolitan area is the most stringently regulated housing market on the East Coast, second only to San Francisco nationwide.¹² New York City’s Zoning Resolution was last rewritten comprehensively in 1961, despite the immense economic and social transformations that have occurred since. Between 2009 and 2019, the city added approximately 3.9 jobs for each housing unit permitted.¹³ Every job-taker that settles in places like northern New Jersey—which has built new housing at far higher per-capita rates¹⁴—or in other metro areas altogether is a lost opportunity for the Empire State’s economic growth.

Housing-supply growth’s great nemeses are entrenched interests and biases favoring the status quo. Numerous antiquated government policies restrict new housing supply, with a combined effect greater than the sum of the parts. Overly restrictive zoning requirements, such as use limitations,¹⁵ parking mandates,¹⁶ building-size and lot-coverage restrictions, and large minimum lot sizes,¹⁷ among others, limit construction and drive housing prices higher. The cost of new development often exceeds what low- and medium-income households can afford, adding to their rent burdens and preventing newcomers from moving to New York.¹⁸

Land-use needs change as technology and the local economy evolve. Strict use limitations—most notably, for detached single-family homes—often fail to provide enough flexibility for sustainable long-term growth.¹⁹ Likewise, planners decades ago could not have possibly known the proper ratio of parking to housing units in every circumstance.

New York State’s Multiple Dwelling Law further discourages more housing growth by, among other things, limiting allowable square footage for residential buildings to 12 times the building’s

¹⁰ Edward L. Glaeser, *Free to Build*, CITY J. (Winter 2023).

¹¹ See generally, e.g., JENNY SCHUETZ, FIXER UPPER: HOW TO REPAIR AMERICA’S BROKEN HOUSING SYSTEMS (2022); Rachel M. Cohen, *The big, neglected problem that should be Biden’s top priority*, VOX (Mar. 1, 2023), <https://www.vox.com/policy/23595421/biden-affordable-housing-shortage-supply>; Michael Hendrix, *Yes In My Backyard!*, PERSUASION (Jan. 3, 2022), <https://manhattan.institute/article/yes-in-my-backyard>.

¹² JOSEPH GYOURKO, JONATHAN HARTLEY & JACOB KRIMMEL, THE LOCAL RESIDENTIAL LAND USE REGULATORY ENVIRONMENT ACROSS U.S. HOUSING MARKETS: EVIDENCE FROM A NEW WHARTON INDEX 5, 22 (2021), https://real-faculty.wharton.upenn.edu/wp-content/uploads/~gyourko/WRLURI/GyourkoHartleyKrimmel_NBERw26573.pdf.

¹³ Eric Kober, *New York City Records Another Year of Jobs-Housing Mismatch*, MANHATTAN INST. (Mar. 16, 2020), <https://manhattan.institute/article/new-york-city-records-another-year-of-jobs-housing-mismatch>.

¹⁴ CITIZENS BUDGET COMM’N, STRATEGIES TO BOOST HOUSING PRODUCTION IN THE NEW YORK CITY METROPOLITAN AREA 27–28 (2020).

¹⁵ See, e.g., N.Y.C. Plan., *Residence Districts: R1*, <https://www.nyc.gov/site/planning/zoning/districts-tools/r1.page>.

¹⁶ See, e.g., N.Y.C. Zoning Resol., art. II, ch. 5 § 25-20–21.

¹⁷ M. NOLAN GRAY, RIGHTSIZING LOT-SIZE RULES IN METROPOLITAN NEW YORK CITY 2–8 (2021), <https://media4.manhattan-institute.org/sites/default/files/gray-minimum-lot-sizes-nyc-housing.pdf>.

¹⁸ CITIZENS BUDGET COMM’N, *supra* note 14, at 27–29 (2020).

¹⁹ M. NOLAN GRAY, ARBITRARY LINES: HOW ZONING BROKE THE AMERICAN CITY AND HOW TO FIX IT 37–39, 142 (2022).

land area.²⁰ Such provisions make it difficult, if not impossible, to convert many underutilized offices built since 1977 to residential use.²¹

For most rezonings, state law mandates exorbitantly expensive and time-consuming environmental reviews.²² Multifamily housing, however, is among the most environmentally friendly and efficient forms of living in terms of energy consumption and emissions.²³

These state mandates add to the cost of building new housing, even though they often have little to do with health or safety, which can be addressed through building codes and similar measures. Burdening new development in such ways downplays the considerable risks of inaction.

To offset the city's disproportionately high property taxes on large rental apartment buildings (more than 10 units) compared with condos and cooperatives,²⁴ New York State had, for many years, authorized a property tax exemption on new large rental developments in New York City, known as 421-a. In exchange for these tax benefits, developers generally had to make a share of new units affordable to a range of incomes.²⁵ The 421-a program expired in June 2022 and has not been renewed, despite calls from Governor Kathy Hochul and Mayor Eric Adams.²⁶

Further, under the administration of former Mayor Bill de Blasio, the city instituted the "Mandatory Inclusionary Housing" (MIH) policy, which likewise requires that residential developments in rezoned areas include 20 to 30 percent of floor area set aside as permanently affordable to a range of incomes.²⁷ These requirements, however, were designed assuming the continued existence of 421-a tax benefits.²⁸

With the expiration of 421-a, MIH's affordability set-asides make residential rental developments economically infeasible to build, at least without deep public subsidies.²⁹ If they decide to build at all, developers will often opt to avoid MIH and retain existing, lower density

²⁰ N.Y. Multiple Dwelling Law § 26(3).

²¹ ERIC KOBER, REBOOTING THE NEW YORK HOUSING COMPACT: WHAT ARE THE LEGISLATIVE OPTIONS IN 2024? 6 (2023), <https://media4.manhattan-institute.org/wp-content/uploads/rebooting-the-new-york-housing-compact-legislative-options-in-2024.pdf>; Emily Badger, *American Cities Have a Conversion Problem, and It's Not Just Offices*, N.Y. TIMES UPSHOT (July 1, 2023), <https://www.nytimes.com/2023/07/01/upshot/american-cities-office-conversion.html>.

²² N.Y. Envtl. Conserv. Law art. 8-0101–8-0117 (New York State Environmental Quality Review Act of 1975 (SEQRA)).

²³ See, e.g., EDWARD GLAESER, TRIUMPH OF THE CITY: HOW OUR GREATEST INVENTION MAKES US RICHER, SMARTER, GREENER, HEALTHIER, AND HAPPIER 14 (2008).

²⁴ N.Y.U. FURMAN CTR., DISTRIBUTION OF THE BURDEN OF NEW YORK CITY'S PROPERTY TAX 9–11 (2012).

²⁵ ERIC KOBER, ZONING, TAXES, AND AFFORDABLE HOUSING: LESSONS FROM BLOOMBERG'S FINAL TERM 6–7 (2020), <https://media4.manhattan-institute.org/sites/default/files/zoning-taxes-and-affordable-housing-EC.pdf>.

²⁶ Mihir Zaveri, *The Tax Break New York Relied on to Build Housing Is Gone. What's Next?*, N.Y. TIMES (Jan. 28, 2024), <https://www.nytimes.com/2024/01/28/nyregion/421a-housing-tax-break-legislature-485x.html>.

²⁷ ERIC KOBER, DE BLASIO'S MANDATORY INCLUSIONARY HOUSING PROGRAM: WHAT IS WRONG, AND HOW IT CAN BE MADE RIGHT 5–6 (2020), <https://manhattan.institute/article/de-blasios-mandatory-inclusionary-housing-program-what-is-wrong-and-how-it-can-be-made-right>.

²⁸ Eric Kober, *An Unproductive Housing Consensus*, CITY J. (Sept. 15, 2023), <https://www.city-journal.org/article/new-yorks-unproductive-housing-consensus>.

²⁹ KOBER, *supra* note 27, at 12.

zoning, thus preventing land from being put to its highest and best use.³⁰ The legislature's failure to provide a tax exemption has resulted in the prospect of sharply fewer large privately funded rental development projects in New York City in the coming years.³¹

Rather than encourage the private sector to build enough housing supply to meet demand—the only sustainable, long-term solution to the housing crisis—New York State has turned to price controls. In 2019, it strengthened its longstanding regime of rent stabilization.³² Draconian rent regulations have failed to correct the supply-demand mismatch and have likely worsened vacancy rates.³³ Instead, rent stabilization provides valuable benefits and entitlements to incumbent tenants at the expense of outsiders.³⁴ Further, by limiting landlords' ability to add repair costs to rents following major—and in many cases, necessary—renovations, the 2019 restrictions have resulted in thousands of so-called “warehoused” units.³⁵ Amid a severe housing shortage, rent stabilization has made these once temporarily uninhabitable units permanently unprofitable and therefore indefinitely vacant.

A simple solution can alleviate crushing rent burdens. **New York State and City must loosen restrictions and facilitate new housing-supply growth.** Without new housing supply in the city and its downstate suburbs, rents will continue to rise, and New York's economy will lose out to fierce competition from other states and cities.

At the same time, political realities dictate that New Yorkers, like Americans elsewhere, cherish their existing communities. Homeowners and long-term renters do not wish to see widescale, disruptive changes to the places they call home. Constituents and political leaders from both major parties value local control over most land use decisions.

Policy options are available to spur housing growth in New York while largely respecting local control, including the following, informed by the work of Manhattan Institute scholars:

New York State could grant all homeowners statewide the right to build an accessory dwelling unit (ADU) as-of-right on their properties.³⁶ These can be standalone small dwellings located in the backyards of existing properties, or configured within existing homes, such as in basements. Homeowners can utilize these dwellings for family members—allowing elderly relatives to age in place, for example—or to generate additional rental income.³⁷

³⁰ *Id.* at 4.

³¹ See, e.g., Samar Khurshid, *Housing Development in New York City Slows to a Crawl as Officials Debate Tax Incentives*, *GOHAM GAZETTE* (June 1, 2023), <https://www.gothamgazette.com/state/12024-no-housing-development-new-york-city-state-421a-tax>.

³² N.Y. Senate Bill S6458 (2019).

³³ Eric Kober, *A Predictable Crisis*, *CITY J.* (Feb. 13, 2024), <https://www.city-journal.org/article/a-predictable-crisis>.

³⁴ See, e.g., MICHAEL HENDRIX, *ISSUES 2020: RENT CONTROL DOES NOT MAKE HOUSING MORE AFFORDABLE*, (2020), <https://manhattan.institute/article/issues-2020-rent-control-does-not-make-housing-more-affordable>.

³⁵ David Brand, *More than 13K rent-stabilized units in NYC are sitting empty for multiple years, report finds*, *GOHAMIST* (Aug. 21, 2023), <https://gothamist.com/news/more-than-13k-rent-stabilized-units-in-nyc-are-sitting-empty-for-multiple-years-report-finds>.

³⁶ See ERIC KOBER, *OVERCOMING EXCLUSIONARY ZONING: WHAT NEW YORK STATE SHOULD DO* 13–16 (2021).

³⁷ GRAY, *supra* note 19, at 112–13.

The state could further cap residential minimum lot sizes at a reasonable size, perhaps a maximum of 5,000 square feet, wherever municipal water and sewer connections exist, opening more opportunities to subdivide properties where housing demand exceeds supply.³⁸ This measure would allow property owners to use their homes and land as they and their families see fit.

These two proposals effectively incentivize homeowners to promote housing-supply growth, even as the additional density would not fundamentally change the character of existing neighborhoods. Policymakers should think of homeowners as “site-value capitalists”—in the words of University of California, Davis law professor Christopher Elmendorf—or as entrepreneurial agents ready to create economic opportunity for themselves and newcomers by capitalizing on the latent value of their property.³⁹

Further, the state can exempt most residential upzonings from costly environmental reviews, especially in New York City.⁴⁰ The environmental benefits of denser housing are well-documented, and environmental harm occurs by diverting more prospective residents to locales dependent on cars and air conditioning. The state could also eliminate longstanding impediments to higher residential density in New York City. That includes lifting the 12 floor area ratio cap on residential buildings and streamlining antiquated restrictions on commercial-to-residential conversions.⁴¹

At a minimum, state lawmakers should strongly consider reviving a 421-a-style program before the current state legislative session ends, providing private developers with a path to sufficient profitability to enable new rental construction.⁴² Better still, the state could permanently authorize New York City to grant property-tax incentives to private developers that build mixed-income rental housing.⁴³ Local budget and housing officials have an interest in setting an amount the city can afford to incentivize new residential development.⁴⁴ Making this local power permanent would avoid the fits and starts that have accompanied periodic expirations and renewals of the 421-a program.⁴⁵

In the city, the Adams administration’s City of Yes for Housing Opportunity plan proposes sweeping reforms that, if enacted, would make it “possible to build a little bit more housing in every neighborhood.”⁴⁶ The plan includes measures to allow ADUs, eliminate residential parking

³⁸ GRAY, *supra* note 17, at 8.

³⁹ See CHRISTOPHER S. ELMENDORF, *THE HOUSING TREADMILL*, CITY J. (2023).

⁴⁰ KOBER, *supra* note 21, at 6–7.

⁴¹ See, e.g., *id.* at 7.

⁴² *Id.*

⁴³ *Id.* at 5–6.

⁴⁴ *Id.*

⁴⁵ See ERIC KOBER, *NEW YORK CITY’S FAR-REACHING HOUSING PROPOSALS ARE STILL NOT AMBITIOUS ENOUGH 2* (2023), <https://media4.manhattan-institute.org/sites/default/files/nyc-far-reaching-housing-proposals-still-not-ambitious-enough.pdf>.

⁴⁶ N.Y.C. Plan., *City of Yes for Housing Opportunity A little more housing in every neighborhood*, (Sept. 2023), <https://storymaps.arcgis.com/stories/f266a53c9cda42d5b7f63b57dc08f849>.

requirements, reduce minimum lot sizes, and increase the floor area permitted in residence districts citywide.⁴⁷

Because housing actions fall under the jurisdiction of state and local governments, federal intervention in housing reforms may infringe on traditional boundaries of federalism. Reasonable arguments exist on both sides of the question of whether the federal government should condition funding or otherwise encourage the adoption of such actions. In general, however, making the most cost-effective use of federal housing dollars means providing tenants with rental voucher-based assistance instead of project-based subsidies for new affordable-housing construction.⁴⁸

In addition, Congress can spur capital investment in housing nationwide through tax reform, such as by accelerating cost recovery for buildings. Because of the time value of money, the current 27.5-year depreciation schedule for residential real estate prevents rental property owners from deducting the full value of their investments in real terms.⁴⁹ Shortening the depreciation schedule and including bonus depreciation would encourage more residential construction.⁵⁰ Alternatively, depreciation deductions can be indexed to inflation and a real rate of return to adjust for the time value of money.⁵¹

Though daunting, New York's housing challenges are not a matter of technical infeasibility but political indecision. Time is of the essence. New York's long-run competitiveness and economic vitality are on the line.

By working together as citizens, we can build enough housing in New York City and State to continue their venerable tradition of providing life-changing and unique opportunities for individuals, families, and businesses to flourish.

Thank you again for this opportunity, and I welcome your questions.

⁴⁷ ERIC KOBER, NYC'S MAYOR ADAMS FINALLY FACES HOUSING CRISIS WITH MAJOR REFORMS (2023), <https://media4.manhattan-institute.org/wp-content/uploads/nyc-mayor-adams-finally-faces-housing-crisis-with-major-reforms.pdf>.

⁴⁸ See, e.g., Edgar O. Olsen, *The Cost-Effectiveness of Alternative Methods of Delivering Housing Subsidies*, U. VA. WORKING PAPER NO. 351, 1–4 (2009).

⁴⁹ ALEX MURESIANU, 1980S TAX REFORM, COST RECOVERY, AND THE REAL ESTATE INDUSTRY: LESSONS FOR TODAY 5, 9 (2020).

⁵⁰ Arpit Gupta, *Unlock a Housing Boom through Depreciation Bonuses*, ARPITRAGE (Feb. 13, 2024), <https://arpitrage.substack.com/p/unlock-a-housing-boom-through-depreciation>.

⁵¹ ERICA YORK, OPTIONS FOR IMPROVING THE TAX TREATMENT OF STRUCTURES 4 (2020), <https://files.taxfoundation.org/20200518154207/Options-for-Improving-the-Tax-Treatment-of-Structures.pdf>.

Chairman DAVIDSON. Thank you, Mr. Ketcham.

Ms. Goodridge, you are now recognized for 5 minutes to give your oral statement.

**STATEMENT OF LEAH GOODRIDGE, MANAGING ATTORNEY
FOR HOUSING POLICY, MOBILIZATION FOR JUSTICE**

Ms. GOODRIDGE. Chairman Davidson and honorable members of the committee, thank you for the opportunity to testify this morning.

My name is Leah Goodridge, and I am the Managing Attorney for Housing Policy at Mobilization for Justice, one of the largest legal service providers in New York. In my role, I supervise a team of lawyers who represent low-income tenants facing eviction. In the last 12 years, I have litigated on behalf of hundreds of tenants, an experience which has afforded me a front-line view of the housing crisis.

I also determine housing policy in New York. In 2018, former New York City Mayor Bill de Blasio appointed me to the New York City Rent Guidelines Board, which determines rent levels for rent-regulated apartments. There I read reports and data, heard from experts, and both tenants and landlords alike. For the nearly 4 years that I was on the board I saw how rent stabilization operated in policy and practice.

We are here today to examine the failures of status quo housing policy, and New York is the ideal place to center this discussion. This is an opportunity to examine what works and what does not work. Rent stabilization works. It works to directly address the housing crisis by ensuring that some apartments remain affordable. Currently, many of the eviction cases that I am seeing are in private, unregulated apartments.

Recently I spoke with Ms. P. She is 62 years old with physical disabilities. She has been living in a private, unregulated apartment for the last 7 years, but her landlord recently decided not to renew the lease. From the landlord's accord, she is up to date with rent and there have been no disagreements. Yet this is how it works when housing is not regulated. Tenants like Ms. P become ensnared in a vicious housing market that likely will not yield an equally affordable apartment. Now, predictably, she is facing eviction with nowhere else to go.

Ms. P's experience is a direct response to critics who argue that rent stabilization should not exist at all. Relying entirely on the private market for all housing would create instability in the housing market.

Now let us talk about if Ms. P's apartment was, in fact, rent stabilized. For one, her landlord would have to evict her based on whether she breached the lease or not, and second, she would likely be eligible for two programs which freeze her rent—this is the Disability Rent Increase program, or the Senior Citizen Rent Increase Exemption program, which freezes her rent at the current rate while providing property owners with a tax exemption. This is what New York City gets right, and this model should be replicated elsewhere.

I also just want to quickly note that when we are talking about new apartments and new housing that is being built, most of it is

not rent stabilized, so our rent stabilized stock is sort of fixed as it is. So when we are talking about new housing it mostly includes mandatory inclusionary housing—that is 30 percent—that is not rent stabilized.

Building housing without adequately investment in affordable housing does not work. So I want to briefly talk about some issues with affordable housing. For one, a lot of my clients cannot access newly built affordable housing. This is for a few reasons. First, most income-restricted units are devoted to moderate-income residents, not extremely low income. Affordable housing used to be called low-income housing because that is the income target it achieved. However, there is a chart from the mayor's recent report that shows that extremely low-income units comprise the least of all of the income-restricted units for started and completed housing projects in the Fiscal Year of 2023. Working class people who are vital to the prosperity of American communities—these are delivery workers, taxi drivers, home health aides—are on the margins of it with little safety net to help them from falling into the abyss.

Let me provide a prospective. Sometimes a lot of affordable housing that is available, the income might start at \$60,000, it might start at \$80,000 to be eligible to even get into affordable housing, and these are the income restricted units. Sometimes the actually rent is \$2,000 for a studio in the Bronx. So this is where we talk about investing in affordable housing, it needs to be adequate because when we have this being relied on completely by private developers sometimes they say, “I do not have enough money” so that we can actually have more of these deeply affordable units, and this is where government can invest more in affordable housing. It will not work if it is entirely on private developers to do.

That is my time. Thank you so much for the opportunity. I had so much more to say, but I guess I will say later.

[Prepared statement of Ms. Goodridge follows:]



Written Testimony of Leah Goodridge, Esq.

Managing Attorney for Housing Policy,
Mobilization for Justice

Before The U.S. House of Representatives Committee on
Financial Services, Subcommittee on Housing and Insurance

Hearing Titled
“Restoring Prosperity in American Communities: Examining the
Failures of Status Quo Housing Policy”

February 22, 2024

Chairman Davidson and Honorable members of the Committee, thank you for the opportunity to testify this morning.

My name is Leah Goodridge and I am the Managing Attorney for Housing Policy at Mobilization for Justice, one of the largest civil legal service providers in New York. In my role, I supervise a team of lawyers who represent low-income tenants facing eviction. In the last 12 years, I have litigated on behalf of hundreds of tenants, an experience which has afforded me a frontline view of the housing crisis. I also determine housing policy in New York. In 2018, former New York City mayor Bill de Blasio appointed me to the New York City Rent Guidelines Board, which determines rent levels for rent stabilized apartments. There, I read housing reports and data, heard from experts and both tenants and landlords alike. For the nearly four years I was on the Board, I saw how rent stabilization operated in policy and practice.

We're here today to examine the failures of status quo housing policy. New York is the ideal place to center this discussion. New York is the first state in the nation to put forth some form of rent control. New York opened one of the nation's first public housing developments. New York City was also the first in the nation to pass the Right to Counsel law, where low-income tenants are provided with a free attorney.

This is an opportunity to examine what works and what doesn't.

Rent stabilization works.

Rent stabilization works to directly address the housing crisis by ensuring that some apartments remain affordable.

Currently, many of the eviction cases that I am seeing are in private, unregulated apartments. Recently, I spoke with Ms. P. She is 62 years old with physical disabilities. She's been living in a private, unregulated apartment for the last 7 years, but her landlord recently decided not to renew the lease. From the landlord's accord, she's up to date on rent and there have been no disagreements. Yet this is how it works when housing isn't regulated—tenants like Ms. P become ensnared in a vicious housing market that likely won't yield an equally affordable apartment. And now, predictably, she is facing eviction with nowhere else to go.

Ms. P's experience is a direct response to critics who argue that rent stabilization shouldn't exist at all. Relying entirely on the private market for all housing would create instability in the housing market. If Ms. P's apartment was rent stabilized, her situation would be entirely different. For one, the landlord would have to evict her because she breached the lease (either failure to pay rent or another type of breach). Second, Ms. P would also be eligible for two programs which freeze her rent at its current rate while providing the property owner with a tax exemption. These programs are for seniors (SCRIE)¹ and people with disabilities (DRIE)² and their goal is to prevent the displacement of New York's most vulnerable citizens. This is what New York City gets right, and this model should be replicated elsewhere.

¹ Senior Citizen Rent Increase Exemption, available at <https://www.nyc.gov/site/finance/property/landlords-scrie.page>

² Disability Rent Increase Exemption, available at <https://www.nyc.gov/site/finance/property/landlords-drie.page>

Tenant Protection Laws Work.

Prior to the passage of the Housing Stability and Tenant Protection Act of 2019 (“HSTPA”), tenant attorneys litigated scores of eviction cases dealing with the improper loss of rent stabilized apartments. Due to high rent deregulation, there was a gross incentive to increase rent by unlawful means to remove a unit’s rent stabilization status. This was just one of the issues addressed in the HSTPA.³

Building Housing Without Adequately Investing in Affordable Housing Doesn’t Work

A lot of my clients cannot access newly built affordable housing. This is for a few reasons. First, most income-restricted units are devoted to moderate-income residents, not extremely low-income. Affordable housing used to be called low-income housing because that’s the income target it achieved. However, as you can see from the chart below⁴, which is from NYC’s reports, extremely low-income units comprised the least of all of the income-restricted units for started and completed housing units in the Fiscal year 2023 for housing funded by NY’s local housing department. The working-class people who are vital to the prosperity of American communities—delivery workers, taxi drivers, home health aides—are on the margins of it with little safety net to help them from falling into a poverty abyss.

Performance Indicators	Actual					Target		Trend	
	FY19	FY20	FY21	FY22	FY23	FY23	FY24	5-Year Direction	Desired Direction
Extremely low income (0-30% AMI) starts (%)	21%	8%	18%	22%	23%	*	*	Up	*
Very low income (31-50% AMI) starts (%)	33%	45%	40%	20%	23%	*	*	Down	*
Low income (51-80% AMI) starts (%)	32%	29%	24%	30%	31%	*	*	Neutral	*
Extremely low income (0-30% AMI) completions (%)	22%	16%	24%	17%	15%	*	*	Down	*
Very low income (31-50% AMI) completions (%)	17%	18%	24%	38%	36%	*	*	Up	*
Low income (51-80% AMI) completions (%)	43%	40%	36%	25%	30%	*	*	Down	*
Units started that serve senior households	2,001	703	3,321	1,051	1,697	*	*	Neutral	*
Units completed that serve senior households	1,249	1,117	1,523	1,197	1,285	*	*	Neutral	*

* Critical Indicator • Equity Indicator "NA" Not Available ↕ Directional Target * None

Second, the Area Median Income formula derived by the U.S. Department of Housing and Urban Development (HUD) needs to be reworked. In New York City, the AMI can go as high as \$165,185 for a household size of one, largely because it includes the higher-income suburban areas on the city's outskirts. That means in practice that even when units are restricted to extremely low incomes, the AMI may still not capture the actual income needs of that community.⁵ In some cases, income eligibility can start at \$80,000 with one-bedroom rent at \$2000, and that is still for income-restricted housing. This is where we can improve the most—we must invest in affordable housing.

³ Oksana Mironova and Samuel Stein, *Blame Speculation, Not Rent Regulation: Why New York Must Enforce and Protect the 2019 Rent Laws*, Community Service Society, Jul. 14, 2022, available at <https://www.cssny.org/news/entry/hstpa-blame-speculation-not-rent-regulation-new-york-rent-laws>

⁴ Mayor’s Management Report, The City of New York, Sep 2023, Page 368, available at https://www.nyc.gov/assets/operations/downloads/pdf/mmr2023/2023_mmr.pdf

⁵ Sarah Intemicola and Lucy Block, *New York City’s AMI Problem and the Housing We Actually Need*, Association for Neighborhood and Housing Development, Sep. 19, 2022, available at <https://anhd.org/report/new-york-citys-ami-problem-and-housing-we-actually-need#:~:text=Over%20the%20last%20ten%20years,City's%20real%20household%20median%20income>

Government Abdicating its Role to the Private Sector to Solve the Housing Crisis Doesn't Work.

The government cannot rely on private developers to be at the forefront of the housing crisis and build our way out. Instead, the government should take the lead and invest more in affordable housing. **The Housing Crisis Response Act** is the perfect example of that. With \$150 billion investment, we can ensure fair and affordable housing.

Chairman DAVIDSON. Thank you, Ms. Goodridge. I appreciate your testimony and thank you to all of our witnesses. I would also like to recognize Mr. Lawler for an opening statement.

OPENING STATEMENT OF HON. MICHAEL LAWLER, MEMBER OF THE SUBCOMMITTEE ON HOUSING AND INSURANCE, A U.S. REPRESENTATIVE FROM NEW YORK

Mr. LAWLER. Thank you, Chairman, and good morning, everyone, and thank you for joining us here today at our field hearing here in Rockland County. I want to thank County Executive Ed Day and our Chairman of the County Legislature, Jay Hood, for allowing us to use the county office building today for this hearing.

I would also like to recognize some of our elected officials who are here—County Legislator Paul Cleary; County Legislator Will Kennelly; County Legislator Jesse Malowitz; County Legislator Aron Wieder; Deputy Mayor of the Village of Haverstraw, Gil Carlevaro; Pomona Mayor Ilan Fuchs; County Executive Ed Day's Chief of Staff John Lyon; Deputy County Executive Mike Hoblin; our Commissioner of the Department of Social Services Joan Silvestri; and we also have representatives from Senator Bill Weber's office and Assemblyman John McGowan's office as well. Thank you all for joining us.

One of the most common refrains that I hear when discussing housing with residents of the 17th District are their concerns about the affordability of housing. It remains a persistent challenge, with mortgage rates near their highest since the turn of the millennium, a limited housing supply in many communities, ongoing supply chain and construction issues, and high taxes. As we all know, in Rockland and Westchester Counties, we pay among the highest property taxes in America. It is perhaps the most difficult time to purchase a home in our region's history.

This is true in many places across the country right now, thanks, in part, to the out-of-control spending that was pushed in Washington and in Albany, which helped drive record inflation. Over \$5 trillion in new spending was signed off on by my colleagues on the other side of the aisle during just a 2-year span, leading to sky-high interest and mortgage rates, which has put many seeking housing on the back foot.

The housing crunch is further complicated by the fact that many homeowners remain unable or unwilling to sell their home for fear of losing their fixed, low-rate mortgages obtained prior to 2022. This is causing the limited supply to increase price, while also seeing home sales fall over 16 percent in 2023 compared to 2022. The median cost to purchase a home is more than 5.6 times greater than the median household income nationwide. In Rockland and Westchester Counties, according to the National Association of Realtors, the monthly cost of a mortgage was \$1,000 more in 2023 than it was in 2022, and in Putnam and Dutchess Counties it was at least \$800 more per month. In both instances, these are additional housing costs of almost \$10,000 or more a year. For many families that is unsustainable.

When you look at some of the other challenges we are dealing with in an area like the Hudson Valley—infrastructure, water, sewer, roads, bridges, schools, personnel, we are reliant on an all-volun-

teer fire service here, EMS, police—all of this plays a role in the ability and the availability of building new housing stock. When you look at what the Governor proposed just in the last 2 years, there is a reason there was broad bipartisan opposition to it, and it is not because people do not realize the need for housing. They do. It is because there was no plan to actually address the real infrastructure needs of our municipalities. There was no cooperation and coordination with local governments in the best way to address these challenges.

As we move forward I am hopeful what today's hearing will lend is some insights into what we can accomplish with sound fiscal and housing policies, both here in the Hudson Valley and around the country.

Thank you, Mr. Chairman.

Chairman DAVIDSON. Thanks, Mr. Lawler. I would also like to recognize Mr. Flood for an opening statement.

**OPENING STATMENT OF HON. MIKE FLOOD, MEMBER OF THE
SUBCOMMITTEE ON HOUSING AND INSURANCE, A U.S. REP-
RESENTATIVE FROM NEBRASKA**

Mr. FLOOD. Thank you, Mr. Chairman. We are a long way from Nebraska this morning, but it goes without saying that you have an exceptionally talented Member of Congress representing you in Washington. I sit next to him, and you should be very proud of the representation that you are getting from someone that has hit the ground running and is proving himself every single day. That is one of the main reasons I wanted to be here today, to have this conversation.

Mr. LAWLER. Thanks, Mike.

Mr. FLOOD. Supervisor Kenny mentioned that 3.9 jobs were being created for every 1 housing unit, I believe, in her testimony. We have the same issue in my district, where we have, in the State of Nebraska, 80,000 open jobs, and our ability to fill those jobs rests solely on our ability to have the housing for them. In the last 3 years, really since 2019, we have seen inflation of 16 percent in housing costs just to build, and on top of that the interest rate now is hovering 7 to 9 percent, depending on the day.

So I am interested in talking about solutions for especially workforce housing. I am the author of a bill that is called Yes in My Backyard Act. Mr. Ketcham and I briefly touched on that before this hearing. I would like to have the opportunity to unpack that. I will tell you, as a Member of Congress, I recently read about the significantly large number of indictments concerning housing in the city of New York. Accountability, and accountability for people that manage Section 8 housing, is absolutely necessary. It undermines our ability to care for the most vulnerable, make sure they have the right kind of housing, but also if we are failing in public housing, we are failing in America everywhere else. As a Member of Congress, I applaud the work of the U.S. Attorney in the Southern District of New York, and we are following this across the Nation.

With that I yield back, Mr. Chairman.

Chairman DAVIDSON. Thanks, Mr. Flood.

We will now turn to member questions. I recognize myself for opening questions. Our hope is that we will do at least two rounds

through this, and we will be a little more free-flowing with questions. Thank you for your opening statements and your expertise.

Ms. Goodridge, I just want to follow up on one of the things you referenced in your opening statement about unregulated housing. I thought everything is regulated in New York. I just want to clarify, there are planning and zoning laws, there is some level of regulation. What do you mean when you say "unregulated housing?" Not subject to rent stabilization, not subject to price controls?

Ms. GOODRIDGE. Not subject to rent stabilization.

Chairman DAVIDSON. So not price-controlled housing.

Ms. GOODRIDGE. For example, it might be a two-family house that has an apartment, so yes.

Chairman DAVIDSON. Okay. Thanks. I just want to be clear.

I will turn initially to Mr. Amicucci and Supervisor Kenny. While expanding the supply of housing is obviously critical, it is equally important to recognize the sovereignty of local jurisdictions in making these decisions without heavy-handed effects of either State or Federal authorities. You know, I note that Martha's Vineyard does not want high-density housing, for example, and the people of that place should probably decide whether they have high-density housing, not someone from Washington, DC. Lots of people agree with that, but they might feel differently about a suburb next to a city.

Mr. Amicucci, could you speak to efforts at the State level in New York to implement high-density zoning and what communities have done in response?

Mr. AMICUCCI. Well, there are many communities in New York that are going to resist with high-density zoning, and I think if it is done intelligently it is something that could be taken into consideration.

The people that are looking to increase the number of units that we have in New York State, I think we should focus on the low-hanging fruit, where if you can relax some of the burdensome laws that have been passed in the last couple of years I think that would free up a lot of units and be able to accommodate not everybody but some of the people that are looking for housing.

As far as the zoning, I am not a proponent of eliminating all zoning. I am a proponent of being smarter with the zoning. I think that high-density zoning, in certain areas, might make sense.

Chairman DAVIDSON. Ultimately the local government should make the decision on that—

Mr. AMICUCCI. Absolutely. That is not a—I am sorry.

Chairman DAVIDSON. Yes. I want to turn to Ms. Kenny so I can get some input from everyone on this. You know, you are trying to grow jobs. There are lots of opportunities, but how, as a local government official, do you balance those decisions?

Ms. KENNY. I think one of the perfect examples is the talk of these ADUs, which were mentioned. Two years ago, the Governor was looking to basically mandate it. The local municipalities could not not allow them. Basically, we have all these environments or [unclear] required. That was going to be out the door. Anything to have to do with these ADUs.

So, of interesting, the town of Orangetown actually has an accessory dwelling unit on our books. If an owner in Orangetown lives in the house for 15 years, they are going to remain in part of the

house, they can have an accessory dwelling unit. It is a way to keep our seniors in their home and afford it.

The way it was being proposed from the State was I could come in and buy a house and it was basically a two family, without consideration for our parking, which we already have issues in parts of town, traffic, water, sewer, all the things that are local. So that is when I say that the State and Federal Governments, to the extent they need to, work with the local governments.

There are things we can do. We have to be creative. Again, we are unique in Rockland County for having this on our books. It is something that would encourage the other municipalities—

Chairman DAVIDSON. That is a growing option for a lot of folks, to be able to add to density on single-family lots. I will just try to get a little time from you, Mr. Ketcham.

You have experienced research on the issue of bureaucracy in the administration programs. To shed light on the program I introduced a bill that will establish an independent commission to reform HUD, to update some of the authorizations to try to deal with benefit cliffs and standardized income and asset tests, things like that, problems that the people that administer these programs say impact their ability. Could you provide some examples, at any level of government, on the cost of bureaucracy and the disruption of the intended effect?

Mr. KETCHAM. Thank you for the question. We can look to New York City for a good example in the Uniform Land Use Review Procedure (ULURP) process, which is triggered upon rezoning applications. That is formally a 7-month process but it often takes much longer. It involves costly environmental reviews and just going through that process can add up to \$50,000 in the eventual cost of a housing unit that is built, not to mention the time that it takes. That is according to the Citizens Budget Commission.

Right there you are seeing the addition of costs to an already expensive housing market, where land value is already very high, where New York is a place where lots of people want to live because that is where the action is. That is where all the jobs are in the area. That is where opportunity is. So your land value is already going to be high. Your construction values are also going to be high and if you layer on top of that additional bureaucratic costs then you are going to make any type of housing you build out of reach of practically anyone. So the all-in cost of development can reach \$3,000 to \$4,000, and that is not adding in—

Chairman DAVIDSON. Which puts the price out for a lot of people.

Mr. KETCHAM. Precisely.

Chairman DAVIDSON. Then the answer for some is to spend more money and subsidize it with policies.

So I will turn back to you when I come back, but I want to kind of keep the things moving here with some of my colleagues. I recognize Mr. Flood, from Nebraska, for his questions.

Mr. FLOOD. Thank you, Mr. Chairman. Mr. Ketcham, in your written testimony provided to the committee prior to today you talked about homeowners as site value capitalists. Can you explain to me what you mean by that term?

Mr. KETCHAM. Yes. Thank you for the question. I can relate it to the issue of ADUs. ADUs are an economically valuable entitle-

ment to homeowners. They encourage homeowners to add more housing supply by granting them the ability to add supply where there is demand for it and so, this provides a property right. It provides the homeowners the freedom and the flexibility to use their properties in the way that they see fit, not the way that heavy-handed bureaucracies would have them see fit.

So there is a balance here. The State and local governments need to work together to plan for growth, and sometimes when ADU restrictions are so onerous in that they prevent homeowners from adding this supply, well, then you are just not going to get that type of supply growth that you really need to move the needle to provide the growth and the economic opportunity that people are looking to obtain in moving to New York.

Mr. FLOOD. Following up on that, these environmental reviews, talk about what kind of a barrier they are. This is something I do not think we have in my part of the country, but talk about what is an environmental review and what is its impact on housing supply.

Mr. KETCHAM. An environmental review is mandated under State law for, for instance, discretionary zoning actions, upzonings, and that means that within the process of upzoning there is months-or even years-long requirement to study all of the environmental impacts, even for what could be a relatively mundane type of development. My colleague wrote a paper in 2020, looking at very straightforward residential redevelopment—I believe it was a florist, and then they wanted to go up with housing. That took over 900 pages of environmental impact statements and reviews, and that only adds to the costs of new development. Those costs are going to be passed on to the eventual unit buyers or to the renters of that unit.

So we need to find ways of making development costs feasible and to lower them so that more deals will pencil out and that those savings can then be passed along in the form of greater affordability to the eventual renters or home buyers.

Mr. FLOOD. Given the emphasis on environmental reviews, how do these reviews treat multifamily housing in creating denser neighborhood, which, by every argument, would be more energy efficient? Do they reward multifamily housing, these environmental reviews?

Mr. KETCHAM. Quite the contrary. In fact, they represent a bias in favor of the status quo because they essentially put the burden on new development without recognizing the risks of the status quo. If you do not build enough environmentally friendly multifamily housing in New York you will divert population growth to other areas of the country that are more dependent on automobiles, less dependent on mass transit. So you are essentially not looking at the holistic environmental impact but you are looking at only a very small, regionalized impact, and just a site-based impact, in fact.

So I do not think it really makes a lot of sense to require these environmental impact statements for residential development in the greenest city in the country, New York City.

Mr. FLOOD. Supervisor Kenny, I can see by your nonverbal that you have some comments here.

Ms. KENNY. No. I happen to agree. I think New York's requirement, or a lot of the environmental reviews, may be extreme in certain circumstances, but it does come down to balance, because as somebody who is representing the community that is already there, traffic, air quality, noise, all of those factors get looked at in the environmental review and that is important for the neighbors that are there, so we just do not go in and say we need multi—and again, I support the need for more housing and more dense housing in appropriate locations, but you just do not say we are going to disregard the environmental reviews because we need this, because ultimately the residents that are still there are the ones that are going to be coming out. They are sometimes the most vocal against these projects, but it is all about balance. It is enough of an environmental review, so we are protecting the current residents, but not too much where we are prohibiting the buildings from building into a new job.

Mr. FLOOD. With the chairman's consent I would like to allow Ms. Goodridge to respond.

Ms. GOODRIDGE. Sure, and I also wanted to piggyback and say two things. One, I think sometimes when people hear of environmental review they think of only pollution and so forth, and very strict environmental issues, but I just wanted to point out that it also includes things like school size. Sometimes a housing project may have 300 new units, and that might bring 1,000 families to a neighborhood, including many children, and the local schools might actually not have enough room for all of the new children that housing project may bring. That is part of the environmental review, to assess whether the local schools have enough room, have enough capacity; so, that is really important.

I also wanted to point out that in New York one of the proposals that the mayor has proposed—which has not passed as yet—is to limit environmental reviews for projects that are under 200 to 250, so that they do not have to go through environmental reviews. So that is something that is pending, but I did want to piggyback and say that it is vital, and I do not think that we should completely nix it.

Mr. FLOOD. I yield back.

Chairman DAVIDSON. Thank you, Mr. Flood. I now recognize Mr. Lawler, from New York, for his questions.

Mr. LAWLER. Thank you, Mr. Chairman. Nationwide we are short about 6 million units, and counting, and it is only growing by the year. In New York City right now, in large part due to rent control, they have about 50,000 vacant units because the cost of upgrading the unit to code is significantly more than you can recoup. So what a lot of building owners are deciding to do is take the tax write-off, understandably. So you have 50,000 vacant units in a city that desperately needs housing.

We lead the Nation, New York State does, in outmigration, and yet we still have a major housing crisis. Obviously, in an area like Rockland and Westchester, where we know we have the highest property taxes in America, and not through the fault of our municipalities or our local government, it is a function of the high cost of living in the suburbs. We have some of the best schools in the

country here in our communities, but it costs money, and it continues to rise.

The average home price, over the last 4 years, has increased by \$400,000 in Westchester and \$300,000 in Rockland. Now part of that, as Supervisor Kenny pointed out, is a result of the outmigration from New York City during COVID, which severely limited the supply and jacked up the price. People were over-bidding on the sale price by significant amounts of money, tens of thousands, to purchase the home.

Supervisor Kenny, obviously Rockland County is not New York City. We do not have any cities within Rockland County. It is primarily suburban. We do have, obviously, a number of villages, downtown business districts, but it is primarily single-family residential with some high-density housing. Policies that may work in an urban center do not necessarily work in a community like ours.

What are some of the things Orangetown has done in recent years to address some of the housing shortages, whether it is planned activity center (PAC) zoning to build senior living, whether it be rentals or purchase. What are some of the things that Orangetown has been doing to try and actually build the housing stock while still respecting the suburban nature of the community?

Ms. KENNY. First of all, we did just go through the comprehensive plan, which, for people who do not know, it is something a municipality is supposed to do every roughly 10 years. Ours had not been done in roughly 25 years, so our comprehensive plan was so outdated. We just updated it, and we put in all these ideas, that we need to look at alternate—again, back to my comments—reinvent what we think is a home. We have these strip malls that are empty and these offices, so we are looking at allowing them to be developed into residential units, which would be great because it is repurposing a property that is already there.

We do have our PAC zone, which is basically for 55 and older. It does have an affordability component. The builder will get more units if they build a senior—a certain number they have to give us affordable units.

We are taking steps. Unfortunately, it is just not really fast enough to keep up with the demand. Again, it goes back to, I have made this a priority. I am only in office a couple of years, and it is definitely front and center for me to find ways to create more housing units. Again, we are not New York City, and as many of the residents like to tell me when we are talking about these things, we do not want to be New York City. We have to find ways that work within the confines of Orangetown.

Mr. LAWLER. Mr. Ketcham, from the Manhattan Institute's standpoint, what are some of the things that suburban communities can and should be looking at compared to a more urban center, where it might be obviously easier to develop multifamily housing and/or obviously high-density housing when you are talking about high-rises and other types of housing?

Mr. KETCHAM. Thank you for the question. Suburban communities, like other communities, value the character of their neighborhoods, and so they could look to build in gentle density that does not materially impact the existing character of a neighborhood. This is why ADUs are such an important and valuable tool

in the arsenal of new housing supply. They can be put in the rear yard of an existing home or in a basement or attached to the dwelling. They do not materially change the look of the neighborhood, and they add density in the most gradual and gentlest way possible, where there is demand for it, and give the homeowner the incentive to add the supply as well. So you are turning a constituency that is ordinarily opposed to new housing supply in favor of it. That is one way.

Another way is by lowering minimum lot sizes. You can still combine lots, of course, but when lot sizes are too big it has the effect of forcing home buyers to consume more land than they otherwise would, and thereby increase the cost of housing.

So those are two ways of building density gently.

There is also an argument to be made for transit-oriented development but in a much narrower sense than what Governor Hochul proposed. It was too expansive and it was too dense into communities. So for Zone 1 it was 15 miles outside of the perimeter of the train stations. If you look to a State like Massachusetts, I believe that would have been about a tenth of what the Governor proposed. Even if you take the center point of a train station and extend a half-mile radius around it, per Governor Hochul's proposal, that would be about 500 acres, and Massachusetts has a transit-oriented development (TOD) plan that only goes to, I believe, 50 acres, or thereabouts.

So there is a role for suburban communities to build in more housing near transit, but in a gentle and contextually appropriate way.

Mr. LAWLER. Mr. Chairman, if I may just respond to that. I think part of—and I would agree both on TODs and accessory dwelling units, but part of it is for the State to incentivize as opposed to mandate. So a TOD, we actually, under the prior supervisor, looked at the potential of a TOD in Pearl River, where I live, and in part to help beautify the downtown district and incentivize property owners to reface the buildings, potentially they could add on apartments on top of their existing commercial property, which could be positive for them, obviously, from the standpoint of rental income, et cetera, and benefit the town in terms of having additional units, which also helps a downtown business district thrive because you need people there. You need people to come into the stores.

The accessory dwelling unit legislation that was proposed would mandate every municipality, as the supervisor pointed out, without any understanding or foresight into how that would impact traffic, sewer, water, police, fire, schools and so, that is part of the problem here. I think the other aspect of what that law would have done, it would not have required the homeowner to live on the property after 1 year.

To me, it is how do we incentivize it, incentivize municipalities? What are we doing as a State to help invest in the infrastructure? New York State got 10 percent—10 percent—of the Bipartisan Infrastructure Act, the moneys are coming to New York State, \$100 billion to help with infrastructure. We should be utilizing that money to help incentivize municipalities to help with the housing stock.

Chairman DAVIDSON. Thank you, Mr. Lawler. I recognize myself for another round of questions. We will hopefully have at least one more round after this.

I kind of want to pick up on Housing and Urban Development (HUD), and kind of tying together HUD, which is focusing in on the whole country, and what we were talking about with planning and zoning. I mean, frankly, is there anyone who believes that local planning and zoning laws should not prevail over State or Federal zoning laws? I do not think, on the panel, anyone does, but there are advocates for that. The reality is policies get brought up, just like the one Mr. Lawler said, that do reach past that. Certainly some of the policies are not just planning and zoning policies.

So picking up where I left off with you, Mr. Ketcham, and maybe for the panel, are there specific issues at the local level where we should be aware that relate to HUD or Federal agency policies that are impacting the ability for local communities to make their own decisions?

Mr. KETCHAM. Thank you for the question. The most cost-effective use of HUD dollars is in rental vouchers, that kind of subsidy, rather than subsidizing project-based affordable housing development, which tends not to go quite as far. There was a Tax Foundation report that found that low-income housing tax credit developments were more costly than private market developments. So if you allow the private market to build and then expand voucher subsidies you would get the best of both worlds.

So it is a matter of looking for the most cost-effective use of HUD dollars, and vouchers tend to be the best use of that.

Chairman DAVIDSON. Thank you. Mr. Amicucci?

Mr. AMICUCCI. Yes. I totally agree with Mr. Ketcham. You have a bill, the Choice in Affordable Housing Act, that is floating around in Congress and in the Senate right now. IREM and myself and a lot of people that I am associated with would absolutely support that and think that would be a great way to go. We think that increasing the number of Section 8 vouchers around the country would absolutely help the lower income, which is the area of expertise that I have. I deal with a lot of low-income families. I have 48 units, and 90 percent are Section 8.

A lot of my counterparts do not like to deal with Section 8 because of some of the onerous requirements that are put on them. I think if we can address that I think that would incentivize more use of vouchers.

I would just like to address a statement that Congressman Lawler made, was that there are 50,000 units that are not available in New York State as a result of rent control. Rent control has something to do with it, but more importantly it was the Housing Stability and Tenant Protection Act of 2019 that resulted in those 50,000 units being unoccupied. Those created enormous disincentives to owners to invest in apartment units, and what is happening, and what will happen, is you are going to have a housing stock similar to New York City Housing Authority (NYCHA), which I would like to address a comment that Congressman Flood made.

You used public housing in Section 8 in the same breath. Public housing is different than Section 8. Section 8 is Section 8, and public housing in New York is what we consider NYCHA, and that is

not an example of what we should be doing. NYCHA is the largest landlord in the city of New York, and they do not follow their own rules and that is not what we want to purport. Section 8, if done in a proper way, will incentivize better housing stock and, in my opinion, more housing stock, both in New York and throughout the country.

Chairman DAVIDSON. Thank you for that. You know, you look at Section 8, it does put the voucher in the hands of the person that is selecting where they would live. It does a lot of flexible things that a central planner cannot do.

While we are on the subject of NYCHA, really the New York Public Housing Authority is not uniquely bad but it is certainly bad. There are lots of problems there. In fact, someone came into my office and suggested that we could turn them into communes and have actual communists run them, and it would improve the conditions because the people that live there would at least take care of the place. You have lots of units that are not actually available to be used, and this is the same in DC Public Housing Authority. I questioned Secretary Fudge about that, and we are paying for things that we are not getting, and it has not been very effective.

Would anyone want to comment on the challenges of administering some of these programs? HUD, frankly, is not paying enough attention to these, and you are seeing criminal prosecutions because there is actual criminal activity in some of these public housing authorities. Unfortunately some of it is going unprosecuted. The people that we are intending to help are the people that are not being helped.

Mr. AMICUCCI. Exactly. Yes. Chairman Davidson, I totally agree with what you are saying there, and again, I do not want to harbor on NYCHA but Section 8, in my opinion, if properly done, would solve not all of the problems but a lot of the problems that exist in the more denser populated areas.

Again, a lot of these development issues that have been spoken about on the panel, they are difficult to do. Development is difficult. It is very difficult to do but if we can go after the low-hanging fruit and maybe relax some of the onerous legislation that is currently on the books I think we can pick up some housing units with the—

Chairman DAVIDSON. I think of a couple of flow charts that show how if you rent under these conditions with the voucher program it is different than other Section 8 programs, and we are looking at legislation to streamline that. I believe one of the acts, the Choice Act that you referenced, would be helpful in streamlining some of that.

Mr. AMICUCCI. Also, the point that you made about putting the money in the hands of the tenants, sometimes they do not do the right things with the money, and the rent does not get paid, and then they are facing eviction. I am going to tell you, I am a landlord, and I have had to evict people, unfortunately. I have had to evict people who have a criminal record and the fear in their eyes of being evicted from their home versus facing a police officer putting handcuffs on them is mind-boggling, okay. The fear of losing your home is incredible, okay. It is a fear that a lot of people,

thank God, do not have to experience, but I have had the disappointing opportunity to be able to witness this.

So instead of passing an earned income act where you give the Federal dollars directly to the tenants, maybe you increase the vouchers that are out there. There are municipalities that——

Chairman DAVIDSON. It strikes a different balance.

Mr. AMICUCCI [continuing]. the city of Yonkers has a 7,000 waiting list of Section 8 vouchers. They are no longer accepting applications because they cannot do it but these vouchers are gold. If they are used in the right way, they are gold, and they guarantee that the rent is being paid. So whatever else the tenant is doing, that person is going to be pretty much guaranteed that they are going to have a roof over their head, and that is a basic need that everybody has.

Chairman DAVIDSON. Thank you for that. I now recognize Mr. Flood for questions.

Mr. FLOOD. Thank you, Mr. Chairman. Mr. Amicucci, let us just talk for a second about Section 8 housing. Prior to this hearing beginning I spoke with somebody that was here in the audience, and he was telling me about a situation where a landlord accepted Section 8 housing for what was supposed to be a short respite stay in a hotel, and that these folks were living in filth, that there were drug dealers among folks that were not drug dealers that were vulnerable, and that he was getting paid \$350 a week.

Who do you go to report that, to get that cleaned up, and does it get cleaned up in this State?

Mr. AMICUCCI. It does. In this State it does.

Mr. FLOOD. He did not seem to think so. Who do you call?

Mr. AMICUCCI. Who do you call? You call the public housing agency that is responsible for that Section 8 voucher. Every Section 8 voucher is issued by a local public housing entity.

Mr. FLOOD. They will follow up and they will solve that?

Mr. AMICUCCI. Well, here is what will happen. You are required to have a yearly inspection, okay. When I turn over a Section 8 housing unit to Section 8 and accept their Federal dollars I give it to them in pristine condition. It has to be, otherwise it will not pass inspection. Every year that unit gets inspected, okay, checks for smoke detectors, for——

Mr. FLOOD. What if there have been like 1,500 calls to this unit over the course of 12 months? Do they look at that?

Mr. AMICUCCI. Well, I cannot speak for everybody but they should be. They should be.

Mr. FLOOD. But are they?

Mr. AMICUCCI. I guess it depends on——

Mr. FLOOD. I am not interested in your opinion. I am interested in what you known is fact.

Mr. AMICUCCI. Sometimes they do not follow up.

Mr. FLOOD. Okay.

Mr. AMICUCCI. Sometimes they do not follow up.

Mr. FLOOD. Can you explain the difference for me in New York between rent control and rent stabilization?

Mr. AMICUCCI. Yes. Rent control was established right after World War II, and it actually was a Federal mandate across the country because soldiers were coming back from World War II and

there had been a lack of development around the country for housing units. Unfortunately, scrupulous landlords took advantage of that and raised the rent, and our veterans coming back from saving us from the Nazis had no place to live. So the government felt that we had to put some controls on the rising cost of rent.

Now, in 99 percent of the municipalities out there rent control went away. It sunsetted but in New York it stayed.

Subsequently to that, in 1974, New York and Westchester and some other communities in New York State passed what they called the Rent Stabilization Act, which is rent regulation. So it is different than rent control, but it does the same thing. At some point, the Rent Stabilization Act of 1974, which is a New York State act, is actually worse than rent control, because with rent control you actually, if you have a rent control unit, after every 2 years you get a higher percentage of increase than you would under the rent stabilized act that was passed in New York.

So that was passed in the 1970s to try to further curtail the rising cost of rents in New York City and some other municipalities.

Mr. FLOOD. Thank you. I want to ask Supervisor Kenny and maybe Ms. Goodridge, manufactured housing is something that our Government-Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac, say is a priority for them to address the housing crisis because it is more affordable for working families to get into manufactured housing. I think it is a real option in States like mine. My concern for you is your land is so much more expensive here than it is in a rural State.

So could you, Ms. Kenny, speak to that? When I am talking about manufactured housing I am talking about homes with a pitched roof. I am not talking about trailers, and I think there is a development in Hagerstown, Maryland, where they are really going deep on this, and it is a real option for working families. Is this something that would be attractive to you as a local leader?

Ms. KENNY. Well, I am certainly willing to consider any options that would help with the problem. I will say, just as a coincidence, a lot came up, a vacant lot, not far from my house. It is an acre. They are asking \$695,000. I do not know if they are going to get it but that is going back to the cost of land and how valuable it has become.

It is certainly something we can look at. I know it has been used in the past by individual property owners. Like someone would buy that to put a prefab up, may be more cost effective but, yes, I do not think it is prohibited in the code. I know some of my neighbors have done the prefab houses. It is certainly something to look at, but again, it goes back to the issue of the cost of the land.

Mr. FLOOD. One comment before I go to Ms. Goodridge for her opinion. In my home State we have this thing called tax increment financing, where if you purchased this \$695,000 lot you could basically not pay property taxes for the next 15 years and you could use what your property tax bill would be on the improved, actually, and you pay that but it pays down a bond that the city uses to put streets and make good things happen in that area.

Do you have any tools like that in the State of New York available to you?

Ms. KENNY. Not that I am aware of. They will pay property taxes on that. I mean, they will be paying it on it, but it is also based upon the value, and usually that is based upon the construction, in this case, so the taxes would be much lower. Unless you start getting into the business arena, where they are bringing jobs, there are all sorts of incentives there but for a single-family home or even a two-family home, you are not going to get it now.

Mr. FLOOD. Ms. Goodridge, do you want to respond?

Ms. GOODRIDGE. My mind went immediately to, back in old times, when Sears used to ship the home.

Yes, obviously I am open to all kinds of housing measures, and in New York, in particular, I am a tenants' rights attorney but a lot of my clients, including myself, we advocate for more home ownership, and unfortunately it is very difficult to be a homeowner. In New York, in order to be a homeowner it is a lot of co-ops and condos, so more housing would be helpful.

I wonder if it is okay if I address some issues about rent stabilization.

Mr. FLOOD. Sure.

Ms. GOODRIDGE. One issue, we were discussing a bit about rent stabilization before, and one of the main criticisms is that there is no means testing. I also wanted to point out that for NYCHA, New York City Housing Authority, that is often all criticized, even though that is means testing. NYCHA has a lot of problems, obviously, but one of its main problems, historically, is that it has not been fully funded as it should be. A lot of the disrepair is because it needs more money to be fully funded. When it was originally put into place a lot of thinking around it was that this was a temporary measure, and obviously poverty, unfortunately, does not last 5 years like what was thought for public housing.

I also wanted to quickly address and just say that we do need a mix of housing. Rent stabilization is important. Every single housing does not need to be rent stabilized, but it is important that we have a mix. For example, Section 8 was mentioned. There has been a measure—and I mention that because there has been a measure to move all types of housing to private. So Section 8, for example, a lot of my clients have Section 8 and a lot of landlords do not take Section 8. They will flat out say, "I do not take Section 8," even though that is unlawful. You know, there are lots of reports about this, lots of lawsuits.

So while we do want to increase Section 8 and we want to fund it, we also have to be honest and cognizant about the fact that even that form often has its challenges. I see a question coming. Oh, okay.

Mr. FLOOD. Can I ask you a quick question, and then I will yield back here. I talked to Mr. Amicucci about abuse of Section 8 housing by landlords. Have you seen this? Is it remedied? Do they take it seriously?

Ms. GOODRIDGE. I was going to say, let us say that there is a Section 8 tenant, like I think you mentioned earlier, and then there are issues in the building. If that tenant goes to that public housing agencies (PHAs) or the housing provider that is Section 8, and they say, "Well, my neighbor is doing this," or "This is happening," they are going to tell them, "Go and talk to your landlord." If they

go and talk to their landlord it is really just hit or miss if they are going to do anything and some do and some do not.

So in my experience the housing authority that runs Section 8—and that in New York, could be NYCHA, it could be HUD, it could be HPD, there are various types of Section 8—in terms of the wider problem set it is going to go back to the landlord. If a tenant raises them, they are almost going to be laughed at and said, “Well, go and talk to your landlord. What are you talking to us about this for?”

Mr. FLOOD. Okay. I yield back.

Chairman DAVIDSON. Thanks, Mr. Flood. I now recognize Mr. Lawler for questions.

Mr. LAWLER. So there is no question we want to help those who need the assistance, and I think, obviously, there are programs, both through HUD and in New York State, to do that. To just highlight the absurdity of some of this, my former colleagues in the New York State Assembly, Linda Rosenthal, who serves as the Chair of the Assembly Housing Committee, is getting a rent stabilized apartment on the Upper West Side of Manhattan for \$1,573.37 a month. She inherited this apartment from her grandmother, and the rent-stabilized cost with it.

Now she is making \$142,000 a year, at minimum, and the reason I know that is because that is the salary of a New York State assembly member. It is absurd that somebody who is making \$142,000 a year is, frankly, in a rent-stabilized apartment that they inherited from their grandmother. That is some of the absurdity of the law, when you are actually looking at people who need the benefit versus those who do not, and actually how that is limiting the supply for people who need it.

So, yes, the 2019 laws are what dramatically impacted the number of vacant units in New York City. There is no question about that but to me, we should be helping those who need it. When I look at NYCHA—I served on the Housing Committee in the State Assembly. I was one of only four members to vote against that NYCHA overhaul, which to me was nothing more than a scam. It was shifting the assets from one entity to another so that they could get more money from the Federal Government. They have done nothing to actually fix the problems at NYCHA.

I think we had the inspector general of HUD in earlier this year. I asked her, in testimony, “Have you met with the monitor at NYCHA?” No. Meanwhile, you have over 70 people arrested just a few weeks ago because of the corruption that goes on at NYCHA, and I do not think it is fair to the residents of NYCHA. I do not think it is fair to the people who rely on public housing. We want them to be living in a safe environment, in an apartment that is up to code, that is quality, that has all the amenities that they should receive as part of that.

So to me, part of this is looking at what we are currently doing and how to fix it, not just complain about it or point the problem out with it but how to fix it. I think that we have to look a lot more at public-private partnership on this. I think if we are talking about NYCHA, I think NYCHA needs a complete overhaul, including potentially looking at bringing in private investment to help,

because there is just not enough tax money to deal with this in the New York City Housing Authority.

In addition to that, you look at—I just met with a gentleman from Florida who owns over 100 acres of land in a major city just outside of Miami, right in the downtown. It is currently a mobile home park, and there are nearly 1,000 mobile homes in this park. He is now building exclusively affordable housing, in partnership with the municipality, inclusive of building a new police station, a new city hall, a new community center, a new charter school.

Now that is the type of innovative thinking we need to be looking at, and that will work in an urban environment. It may not work exactly like that up in the suburbs or in a rural area but that is the type of innovative public-private partnership that we need to be focused on if we are going to address the housing shortfall. So he is going to go from 900 units, basically, to tens of thousands of units in the same area, and it will be exclusively affordable housing. I think that is a pretty impressive model.

So the question to me is how do we fix the problem in New York City, in particular, with NYCHA, and the public housing challenge that we see there?

Ms. GOODRIDGE. Okay. I am——

Mr. LAWLER. A lot to unpack there.

Ms. GOODRIDGE [continuing]. very, very happy that this has been brought up because I have a lot to say. Thank you so much for the question.

The first is you mentioned Assemblymember Rosenthal's salary I guess is \$143,000. I want to point out—and this is what you said for a rent-stabilized apartment it is \$143,000, and the rent is around \$1,500, but I want to point out that under the Federal standards right now for affordable housing, did you know that it goes up to, for one person, \$165,000 for just one person for an affordable, income-restricted apartment? This is what I raised before about how you have these income-restricted so-called low-income housing, even under the Federal standards, and there are people who will set the standards, they will set the low income at \$80,000 to be able to access this housing, and sometimes it goes up to \$160,000.

So if it is not okay for an assemblymember to do it then why is that the actual Federal standard right now? That is my question. This is something that I raised. You know, people come up to me all the time and say, "Affordable housing right now is a scam. I make \$30,000 as an Uber driver and I am not eligible to even get into so-called low-income housing."

Mr. LAWLER. Well, I have this argument with my colleagues all the time, especially pertaining to the cap on state and local taxes (SALT), for instance. If you are making \$200,000, as a family, in New York, that is about a cop and a teacher on their salary combined. To be able to afford to live in an area like this is extremely expensive, but I am not getting a subsidy from the Federal Government on it or the State government on it to purchase my home.

I think part of the challenge here is the numbers are certainly all over the place in terms of what somebody would qualify for or why, but \$142,000 is significantly higher than the median average

in this country, as far as a salary goes, and certainly in the State of New York, and certainly in the city.

So if she is in a rent-stabilized apartment and you are looking at where everybody else is, that, to me, is part of the challenge here. If you own the building, what are you supposed to do when your taxes continue to go up, when utilities continue to go up, and you can only charge X amount? We have a real crisis here across the board, both in terms of the people who own the buildings being able to afford them as well as then, obviously people being able to afford rent.

Ms. GOODRIDGE. Yes, and what I am saying is there are everyday New Yorkers, aside from one assemblymember, who make even more than that salary, and they are eligible for affordable housing, and people who make extremely low income are not. I think it is very problematic and it needs to be fixed.

In terms of NYCHA, let me just point out I have actually sued NYCHA a bunch of times so I—

Mr. LAWLER. You are intimately familiar.

Ms. GOODRIDGE [continuing]. am not like the spokesperson for NYCHA. Again, it needs to be funded. That is the main issue. It needs to be funded. The residents validly complain about it being in disrepair, and a lot of that is—there are other models that have been explored right now about privatizing it and—

Mr. LAWLER. But you think, maybe not privatizing it completely—

Ms. GOODRIDGE. Right. Right.

Mr. LAWLER [continuing]. but do you think that there is a way to get a public-private partnership that would actually address the problem? Because I will just tell you, having served on the Housing Committee in Albany, now on the Housing Committee down in Washington, I do not think the problems are just money at NYCHA. I think it is far bigger than that, and that there needs to be a real overhaul in the way that it is looked at.

Ms. GOODRIDGE. Certainly there needs to be an overhaul in the entire housing agency, but money is at the source of a lot of the issues. Even with amazing management, with the best person that could be possibly lead NYCHA, at the end of the day it is still going to have black mold, as a lot of my clients have. It is still going to have mushrooms growing out. They are still going to have no heat, no hot water in the dead of winter, even with an A-plus person running it.

Mr. LAWLER. They need to be completely overhauled.

Ms. GOODRIDGE. Right. The source of that is going to be investing in it, which I just wanted to point out that the Housing Crisis Response Act is a move in the right direction, with \$150 billion to invest in fair and affordable housing.

Chairman DAVIDSON. Thanks, Mr. Lawler. I recognize myself for a round of questions. This will be the last round that we have, so we will each take one more round of questions.

You know, a lot of what we are talking about is math, and I always enjoyed math as a student. I remember this idea of you solve an equation and you try to fix as many of the variables as possible and focus on one of them. A lot of this is dynamic, so we are trying to solve all of the variables at the same time.

Into this mix of demand exceeding supply we are adding extra demand because we have a large influx of new residents, new people in our country—not citizens, not people that are legally here, people who are coming into our country illegally.

So Supervisor Kenny, you testified last year about how the crisis at our southern border is creating burdens for local communities across the country. Can you talk specifically about what has transpired between your Orangetown, New York, and New York City Mayor Eric Adams when the city tried to house hundreds of undocumented migrants in an Orangetown hotel?

Ms. KENNY. It was 340 single male adults. That was the number that they were looking to house in a hotel in Orangetown, which the town took legal action and prevented it. We are actually still in court in two legal matters, basically with lawyers being paid by New York City, on that matter.

What we are seeing, still—and it is part of the cause and effect, I guess—is what we have started to see is homes being purchased by investors, and we are finding multiple, multiple families living in there; it is sad because it is not safe. The town of Clarkstown, which we are in right now, they had 15 homes that had multiple families, most of them migrants, living in the basement, living in rooms with crockpots, or whatever they had, or whatever. So they had to get administrative warrants and go in.

We, in Orangetown, are just starting to see it. We have identified two or three homes that we are seeing, that we are getting calls that there are too many people living in a house and so, it is another issue we have with landlords. A lot of landlords, whether they are a Blackrock or an individual buying multiple homes and then sticking as many people in there as they can. So it is definitely something that the municipalities—

Chairman DAVIDSON. Kind of at odds with the intent of the local zoning, right?

Ms. KENNY. Exactly.

Chairman DAVIDSON. Do you think it is a good use of taxpayer resources to have to spend money to challenge mandates of these kind of powerful government programs or, frankly, in the case of some of the Federal policy, actually violations of Federal law that say that some of these folks shall be detained, shall be deported, and yet they are being transported all over the country, showing up in communities and confronting local governments with challenges like you are facing.

So not only are we spending the resources at the Federal level, it is causing local governments to spend resources as well, right?

Ms. KENNY. Yes. Even worse, New York State has given New York City, I gave up with the number, but two-billion-plus or whatever, and they are using those dollars to hire lawyers to sue local municipalities. I think those dollars would be way better spent to deal with the problem in New York City than trying to force municipalities, who are not equipped for it. We do not have housing to defend ourselves.

So it definitely, to me, is almost a slap in the face to all the taxpayers of Orangetown, that our taxpayers are going to sue us.

Chairman DAVIDSON. Yes, I think people in Ohio have been encouraged by seeing the reaction in places like New York, and even

New York City, where people are recognizing, oh wow, this is not really sustainable. I mean, you are talking about what would be around the tenth-largest State if all of these new illegal immigrants into the United States, under the Biden Administration, were in one place, it would be like the tenth-largest State. I mean, this is at a scale that is unprecedented and at a scale that is not sustainable. It is the same kinds of challenges that we talked about with planning and zoning, and when you have massive influx of demand—these people need to live somewhere—it far outpaces what was already a problem, even without it.

So communities are being confronted with unsustainable challenges in a lot of ways, as the need for supply of housing is hard to keep up with the demand. You see great economies. The job growth is outpacing the ability for housing to be constructed and into this you drop 10 million extra people. America already has a planning and zoning system for new residents. We recognize about a million new citizens legally every year. It is a fair debate whether we should do it illegally or not, but I just wanted to highlight the impact on housing of this extra surge.

So thanks for your prior work on it. Good luck with resolving your lawsuits with your State, and hopefully we will have success in turning off the fire hydrant.

We went down to the border. I think all three of us were down there in January with the Speaker, and we were highlighting the problem. We did not necessarily need another trip to the border to highlight the problem. People know that the border system is broken but one of the folks that we were talking to was saying, “We do not need more buckets to catch more water. We need somebody to turn off the fire hydrant,” and there is just a massive flow in. So some of the proposals deal with just spend more money, spend more money, and the reality is you have got to get to the root cause. In the case of securing our border, come through the lawful ports of entry, enter our country legally. That can be done. I hope we do it, and I think it will have some impact on local communities with the cost and availability of housing.

With that I would recognize Mr. Flood.

Mr. FLOOD. Thank you, Mr. Davidson. Mr. Lawler made a good point about the difference in Rockland County compared to a lot of other counties in the United States. Your median household income is \$106,000, with an average home price of \$609,000, where the county I live in has an average home price of about \$175,000, and our median income is about \$60,000. So everything is relative.

Supervisor Kenny, that does not mean you do not have working poor or poverty in Rockland County. Do you have an issue with dilapidated homes of your existing housing stock in your town of Orangetown, or can you speak even to the greater Rockland County area?

Ms. KENNY. I can speak to Orangetown. I mean, Rockland County, even though we are a small county, we are very distinct towns. You will find Clarkstown and Orangetown are probably the most similarly situated.

We do have our fair share of homes that, whether it is a senior in it that just cannot take care of it or it has been foreclosed on and it is a zombie home, and then the municipality, we do have a

process in place for property maintenance and to improve the properties, and things like that, when it happens.

Fortunately in our town it is not an overwhelming problem. I think if you move to other communities within Rockland County you will find that problem.

I just wanted to say I was in Lincoln, Nebraska, and I am like, how much was that price of a house? I am ready to go.

Mr. FLOOD. Lincoln's median income is a little higher. Not that high, though.

Well, one thing I would offer to you—and we run into this issue too, especially with the silver tsunami coming, with an older population that are fixed income, on Social Security, or whatever retirement they have as energy prices rise one of the things that I have found that is underutilized, and the Federal Government commits a lot of resources to, is weatherization. Weatherization programs and the United States Department of Agriculture (USDA) programs and the other Federal programs that are available will do anything from putting new siding on a house, to a new door, to a new heating and air conditioning system, to doing windows. New windows make a home look like it is brand new.

I think it is twofold. It helps that maybe senior citizen on a fixed income lower their monthly energy costs by maybe \$100 or \$200, which is real money, but it also improves the neighborhood, and suddenly, when that house in the neighborhood looks better, the person owning the worst-looking house starts to up their game.

I just wondered, there has been a conversation about using these very underutilized weatherization programs that are available through all sorts of different Federal agencies.

Ms. KENNY. I would say from the local standpoint we have not. It is actually the first time I am hearing of it, so there you go. It is obviously underutilized. We do have a lot of county and State programs to help with either the heating costs and more like that, the water, so they keep their essential services going. I am not aware of any where they help with the roofs or the windows.

Mr. FLOOD. Well, one of the best things about multifamily or even duplex housing is that once we move an elderly—be it a widow or a widower—out of that home it frees it up for a family to come in and take advantage of that home so that we can welcome more families in and still take care of our more mature population.

You have a unique set of challenges here, and land costs, wrapping my head around it, I do not know how you provide that affordable housing without some creativeness.

With that, thank you to everybody. This has been very informative. Again, thank you for the invitation, Mr. Davidson and Mr. Lawler, for being here. I yield back.

Chairman DAVIDSON. Thank you. I now recognize Mr. Lawler.

Mr. LAWLER. Thank you, Mr. Chairman. I just want to go back to Mr. Amicucci. You mentioned a few items that you think would be helpful, the Choice in Affordable Housing Act, expanding the low-income housing tax credit, incentivize adaptive reuse of underutilized commercial properties, among other things.

One of the things that I have talked to a number of people about has to do with opportunity zones, and expanding it to allow for or-

dinary income as opposed to only capital gains. What are your thoughts on that?

Mr. AMICUCCI. Actually, I am not too familiar with the opportunity zones around the State, but I think that anything that you can do——

Mr. LAWLER. This was under the Tax Cuts and Jobs Act from 2017. The opportunity zones allow for you to deduct on the capital gains only.

Mr. AMICUCCI. Right.

Mr. LAWLER. Most people who own multifamily housing, for instance, are mom and pop. It is the local cop and teacher who invested in a rental property, whatever the case but they are mostly on ordinary income. So the question is—and Mr. Ketcham, maybe you have some thoughts on this as well—would this be beneficial to allow, as opposed to just capital gains, to allow for ordinary income to be deducted?

Mr. AMICUCCI. Well, of course it would be beneficial. Again, it is like when you have a paper loss on a property that you own the Federal tax laws do not allow you, only up to \$25,000, to deduct any of those losses against your ordinary income. Also if you are making over \$150,000 a year, which most people in this area, even just to have some sort of sustenance have to do, then you do not get any benefit from it and you just get it as a carryover. There is only \$3,000 that you can deduct, and then you carry it forward for as long as the lawsuit occurs.

If you can have a deduction against your taxable income for any ordinary income that you have, I think that would be very beneficial to the individual homeowners.

Mr. KETCHAM. If I may add——

Mr. LAWLER. Yes.

Mr. KETCHAM [continuing]. I believe that would be a helpful policy because you would essentially be expanding the capital available to increase housing supply. It is not that dissimilar to the tax incentive program formerly known as 421a in New York State, where the city is foregoing tax revenues on rental properties, large rental developments, in order that they be built, because they would not pencil out unless there is some tax incentive there. Given the property tax structure in New York City, that disproportionately burdens large rental developments compared to co-ops, condos, and small homes.

So the question is how are you going to make the most use of Federal dollars to increase housing supply, and you can do so through direct subsidy, but you can also take cash streams, like foregone tax revenues, and roll that into the capital stock available to build more supply. So in that way I think that it would prove helpful.

Mr. LAWLER. Okay. Mr. Chairman, thank you very much for hosting today's hearing here in Rockland County, and thank you to all of our witnesses for participating in it. With that, I yield back.

Chairman DAVIDSON. Thank you, Mr. Lawler, for drawing us here to New York. We had plans to do a field hearing, and for the benefit of the audience Mr. Lawler said, "Please pick New York. We have a lot of issues to highlight." I want to thank our witnesses

for your testimony today, and frankly, he has proven accurate. There have been a lot of benefits to coming out here.

Without objection, all members will have 5 legislative days within which to submit additional written questions for witnesses to the chair, which will be forwarded to the witnesses for their responses. I ask our witnesses to respond as promptly as able if these are, in fact, sent.

This hearing is now adjourned.

[Whereupon, at 11:35 a.m., the hearing was adjourned.]

A P P E N D I X

February 22, 2023

Questions for the Record

Representative Maxine WatersMr. Ralph D. Amicucci

1. Which of the following options best describes your self-identified race? (you may choose more than one)
 - a. White or Caucasian
 - b. Black or African American
 - c. Hispanic/Latinx
 - d. Asian
 - e. Middle Eastern/North African
 - f. Choose not to answer
 - g. Prefer to self-describe (please specify)
2. Which of the following options best describes your gender identity?
 - a. Woman
 - b. Man
 - c. Non-binary
 - d. Transgender Man
 - e. Transgender Woman
 - f. Choose not to answer
 - g. Prefer to self-describe (please specify)

Questions for the Record

Representative Maxine WatersThe Honorable Teresa M. Kenny

1. Which of the following options best describes your self-identified race? (you may choose more than one)
 - ☒ a. White or Caucasian
 - b. Black or African American
 - c. Hispanic/Latinx
 - d. Asian
 - e. Middle Eastern/North African
 - f. Choose not to answer
 - g. Prefer to self-describe (please specify)
2. Which of the following options best describes your gender identity?
 - ☒ a. Woman
 - b. Man
 - c. Non-binary
 - d. Transgender Man
 - e. Transgender Woman
 - f. Choose not to answer
 - g. Prefer to self-describe (please specify)

Questions for the Record

Representative Maxine WatersMr. John Ketcham

1. Which of the following options best describes your self-identified race? (you may choose more than one)
 - a. White or Caucasian
 - b. Black or African American
 - c. Hispanic/Latinx
 - d. Asian
 - e. Middle Eastern/North African
 - f. Choose not to answer
 - g. Prefer to self-describe (please specify)

2. Which of the following options best describes your gender identity?
 - a. Woman
 - b. Man
 - c. Non-binary
 - d. Transgender Man
 - e. Transgender Woman
 - f. Choose not to answer
 - g. Prefer to self-describe (please specify)

52 Vanderbilt Ave.
New York, NY 10017
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April 4, 2024

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairman McHenry,

I deeply appreciate the honor and opportunity to have testified before the Subcommittee on Housing and Insurance of the House Committee on Financial Services at the hearing on February 22, 2024, titled "Restoring Prosperity in American Communities: Examining the Failures of Status Quo Housing Policy."

Thank you for sharing the additional questions Members asked of me. Please find my responses below.

1. f.
2. f.

Sincerely,



John Ketcham
Fellow and Director, Cities
Manhattan Institute