

## **NEW YORK STATE COUNCIL OF CHURCHES 2022 LEGISLATIVE ASK**

### **ECONOMIC DEVELOPMENT, AFFORDABLE HOUSING EDUCATION, WAGES AND OUR CHILDREN**

#### **Introduction and Theological Reflection/Anti Racist Focus on our Work**

The New Deal, indebted to Keynesian economics, was premised on the idea that if you invest in people by strengthening social programs to meet basic needs and combine it with progressive taxation, prosperity becomes more widespread and prevents wealth from being concentrated at the top. Ever since 1980 with the election of President Ronald Reagan, both Democrats and Republicans, to varying degrees have rejected bottom up and middle out economics and instead embraced variations of supply-side economics premised on the idea that if you offer tax breaks to people and corporations at the top of economic ladder the benefits will “trickle down” to everyone else. President Reagan’s famous quote “The nine most terrifying words in the English language are, 'I’m from the government, and I’m here to help’” or President Clinton’s “ending welfare as we know it”, which significantly frayed the social safety net, were both rooted in a distrust of government and a much greater faith in the free market to solve our economic challenges.

The shift to neo-liberalism, which continued with subsequent efforts to continually cut taxes which primarily benefited the wealthy, resulted in massive wealth inequality where wages for poor, low wealth and middle-class people remained stagnant while there was an explosion in wealth at the top of the economic ladder.

Instead of going back to a Keynesian investment in affordable housing, education, health care, and a steady increase in the minimum wage, we gave more and more money to entities which did not yield optimum tax revenue and failed to make transformational investments in the economy. People of color saw a steady loss in wealth and, in many cases, saw a loss of their homes because of unregulated mortgage brokers and predatory lenders. The principles of Build Back Better, where we return to bottom-up investments in our people, marks a distinct departure from the neo-liberal project which still heavily influences state budgets and governance including in New York.

As people of faith, we reject scarcity and instead embrace the promise of God’s abundance that there is more than enough for all. We must also embrace the principle of sharing with one another for the common good. One vision of shared prosperity can be captured by the early church where “awe came upon everyone, because many wonders and signs were being done by the apostles. All who believed were together and had all things in common; they would sell their possessions and goods and distribute the proceeds to all, as any had need. Day by day, as they spent much time together in the temple, they broke bread at home and ate their food with glad and generous hearts, praising God and having the goodwill of all the people.”

#### **Principles**

- We favor a return to a much more robust investment in the social safety net which we

believe will allow households to reduce the expenses of basics like housing, child-care, and education and free up their budget for other necessities.

- We believe paying more just wages is morally right and produces much better benefits for the economy than tax breaks for the rich.
- We call for a rejection of tax breaks and subsidies for corporations which yield much less return on the dollar than bottom up and middle out investments.
- Affordable housing, education, and investment in children and the elderly is “economic development” and yields a better economic return than trickle down-supply side economic approaches.

### **State Legislative Requests:**

#### **Reworking New York State’s Approach to Economic Development**

New York State and its local governments currently spend in the neighborhood of \$10 billion annually on a broad array of economic development programs throughout the state. There are dozens of different programs that provide a myriad of benefits, from cash grants to tax exemptions, tax credits (including many that are refundable and therefore paid in cash), and tax-exempt bonds. The vast majority of these benefits go to big businesses in the name of job creation and economic growth, but the results are very far from clear.

It’s time for New York to begin to redefine “economic development” as improving the quality of life for regular New Yorkers and challenge traditional tax abatement and corporate subsidy style economic stimulus. The state and local governments need to realize true economic development is about investments in public goods like early childhood education, childcare, K-12 and higher education, the public workforce, Homecare and affordable housings.

#### **Pass the Database of Deals**

For years many groups have proposed creating a single “Database of Deals,” managed by ESD, for all state subsidies to businesses, including grants, loans, tax credits, tax-exempt financing, as well as discounted energy. Senator Comrie and Assembly member Wallace’s bill ([S5711/S8325](#)) provides a model for statutory change to create a Database of Deals. Instead of the aforementioned Database of Deals, the state recently released a Database of Economic Incentives which sorely misses the mark.

New Yorkers should have access to a Database of Deals that provides transparency and accountability for the dozens of business subsidy programs. This should be a companion to the programs’ own reporting requirements, which often are ignored. In a May 2017 [audit](#), NYS Comptroller DiNapoli found ESD failed to meet more than half of the reporting requirements for tax credit and job creation programs, including independent evaluations of the efficacy of economic development programs, general overviews, and program-specific reports.

The state must ensure that the Database of Deals bill includes a uniform definition of “job” that applies to all state subsidy programs. Without a uniform definition of “job,” it is impossible to create an apples-to-apples cost per job that allows different subsidy programs and deals to be compared with each other.

### **IDA’s Need to Stop Giving Away School Funding**

According to an analysis by Good Jobs First, Schools in upstate New York (excludes NYC) lost \$377 million in tax revenue to IDA projects/PILOTS in 2019. We know that 87 school districts lost between \$1 million and \$10 million in FY 2019; and three of these — Peekskill, New Rochelle, and Rensselaer — lost over \$10 million. All are relatively poor, and two have large shares of Black and Latinx students.

**Mandate that school districts be consulted and have final say in implementing tax abatements.** The state needs to recognize the symbiotic relationship that schools and cities have. Thus, a healthy community coalition would necessarily involve the input and influence of the local school district. Providing school districts to have the final say on tax abatements would give them unilateral authority over their own property tax base, instead of reallocating authority to an unelected, undemocratic institution like the IDA.

**Change the statutory language to mandate that community services have representation on IDA boards.** As IDA decisions have ripple effects throughout the community, from impacting housing prices to affecting district revenues, the local school districts, unions, neighborhood and other community groups should be included in decisions to abate taxes for new development. Thus, there must be at least one school representative on IDA boards to represent their interests and present potential drawbacks and actions to make sure that economic development policies benefit all institutions within a community.

### **Other reforms needed:**

**Empower the State Comptroller to Review All State Contracts:** Pass the bill restoring most if not all of the State Comptroller’s “pre-audit” power to review state contracts ([S6809 \(Reichlin-Melnick\)](#) / [A7925 \(Zebrowski\)](#)).

**No More Non-Disclosure Agreements:** Pass legislation banning public officials or public advisory groups from signing Non-Disclosure Agreements related to subsidy and economic development deals ([S1196 \(Gianaris\)](#)).

**Claw backs:** The state should require mandatory claw backs for every single incentive offered, including instances where the state spends capital money on behalf of a prospective tenant, for broken promises on jobs, wages, relocation, etc.

**Support Economic Development programs that Work:** Smaller scale programs like the Innovations Hot Spots Program (small business incubators that share services and work closely

with universities) make more sense than traditional mega-deals and there are also long-overlooked and underfunded programs that have a successful track record such as the Entrepreneurial Assistance Program (EAP) and the Community Development Financial Institutions (CDFI) fund. These two programs have been in operation for decades and are designed to provide training and technical assistance to women and people of color who want to start their own business (EAP) and provide the capital needed to create these small enterprises (CDFIs).

## **Redefining Economic Development**

Rather than chasing smokestacks or throwing tax cuts at business, the state's economic development policy should be focused on smart investments that improve the local economic climate, with careful accounting of benefits to local communities. The goal must be overall economic growth, not the mere shifting of activity from one area or one state to another.

We must also accept the fact that what ultimately makes for the best business climate is investments in public schools and institutions of higher education, labor force development, transportation, parks, and other infrastructure that build a skilled labor force and attract business owners and workers based on quality of life. It is these fundamentals that will make the biggest difference in whether or not New York State is an attractive place for employers to locate and employees to live. What we typically call "economic development" is, in the end, marginal to what makes New York an attractive place to do business.

## **Affordable Housing as Economic Development**

New York Housing Conference, in their report, [Universal Rental Assistance: Economic and Fiscal Impact Study](#), makes the case for housing investment and assistance as one of the very best choices for revitalizes our economy. "Making rental assistance universal to all in need would represent one of the boldest policy initiatives to combat poverty and economic inequality in American history." The report shows how economically transformative making access to housing assistance universal would be. The report found that New York would expect the following benefits with a full housing safety net:

- Financial support and improved health and other outcomes for low-income households;
- Greater equity, well-being, and access to opportunity;
- A reduction in chronic homelessness where 92,000 people live on the streets with thousands more uncounseled and doubled or tripled up in apartments;
- Increased local economic activity and additional jobs;
- Additional local and state tax revenues;
- A boost in affordable housing production.

In total, more than 300,000 New Yorkers would be lifted out of poverty, the overwhelming majority of whom would be Black or Latino.

**Investment in Affordable Housing and Homelessness Alleviation.** While we commend Governor Hochul for proposing an investment to produce 100,000 units of new housing,

including 10,000 supportive housing units for supportive services for high-risk populations, (like runaway youth and formerly incarcerated individuals), in her five-year housing plan, we believe the state investment must be markedly larger. 300,000 new rental and owner-occupied homes including 30,000 supportive housing units for a total of 15 billion over five years would be a much more transformative investment. According to Rachel Fee, Executive Director of New York Housing Conference, “The Governor’s budget includes \$92 billion in capital but the housing plan makes up just 7.5% of the total- less than transportation, higher education, economic development, and parks and environment capital spending. The entirety of NY State’s capital budget for the plan is \$5.7 billion, which includes the \$4.5 billion in housing plan funds and \$1.2 billion balance of capital funding is based on 5-years of projected funding.”

### **Additional 2 billion Rent Relief from Emergency Rental Assistance Program (ERAP)**

Because of the pandemic, massive numbers of New Yorker’s fell behind on their rent and became a risk of eviction. With the first round of ERAP funds depleted, we hope for additional Federal money which is questionable. In the meantime, we support the reallocation of existing Federal funds given to the state to provide relief to those who filed to secure rent relief because of depletion of ERAP funds. Rent relief for 2 billion for aid to renters and landlords at-risk be prioritized.

**Housing Access Voucher Program** Senator Kavanaugh [S2804](#) and Assemblymember Cymbowitz [A3701](#). We need a Housing Access Voucher Program so that families are spending no more than 30% of their household income on housing. In its [Universal Rental Assistance: Economic and Fiscal Impact Study](#), New York Housing Conference, supporting the Biden Administration’s massive expansion of Section 8 Voucher program under Build Back Better, made a case that vouchers could be singularly the most effective way to eliminate homelessness and dramatically reduce housing insecurity would be one of the best economic drivers for the state. Unfortunately, the Federal response is far from certain making this a perfect time for New York to advance a program like the Housing Access Voucher Program or HAVP as laid out in Senator Kavanaugh’s bill S2804. HAVP is a permanent, statewide Section 8-like rental assistance program, wherein half of vouchers are dedicated to help homeless New Yorkers and the remainder go towards eviction prevention.

**Investment in Public Housing.** The Governor Hochul’s budget fails to address any of NYCHA’s \$40 billion capital shortfall representing unconscionable living conditions, systematic outages and warranting a federal monitor. No new money is proposed for NYCHA from either the state or NYC, which reflects a tenuous assumption that we can wait for a large investment in NYCHA from the Federal Government through Build Back Better to rescue us. In addition to proposed increase in allocation for public housing outside of New York City (which must be increased even more), we ask for 1.5 billion for New York City Housing Authority (NYCHA) be matched by 1.5 billion from New York City.

**Zoning Laws.** The 2020 Decennial Census Survey revealed that New York has two of the top ten most segregated metropolitan regions in the country. Throughout the state, exclusionary zoning is a common force for preventing the production that can help alleviate the supply

shortage we face. Because of this, we believe that the Transit Oriented Development Act of 2022 and Accessory Dwelling Unit Legalization need to be implemented now.

- **Transit Oriented Development Act (or TODA)**, proposed by the Governor, must be adopted and strengthened by the legislature. The policy should not have opt-out clauses, and both incentives and financial penalties that will allow it to avoid the pitfalls faced in other states.
- **Accessory Dwelling Unit law** Assemblymember Epstein [A4854](#) Senator Harckham, [S4547](#) allows for the building of accessory units attached to owner occupied homes which will increase housing stock while ensuring that neighborhoods are more economically and racially diversified. The ADU proposal should ensure non-discrimination, and if the units receive any state or Federal subsidy, must be affordable.

Recent legislation by Senator May [S7635](#) would also enhance the state's ability to encourage affordable housing production with the creation of a NY Housing Appeals Board.

In this same vein, we would like to see the state not just encourage localities to use its land more effectively, but also take advantage of all of its own assets. The utilization of state-owned-land to create housing opportunities should be a major part of this conversation to add to our housing stock.”

**Fair Representation in Court (Right to Counsel)** Assemblymember Joyner, [A07570A](#) and Senator May, [S06678A](#)). Every year, at least 80% of the civil legal needs of low-income New Yorkers go unmet. According to the Brennan Center, fewer than 20 percent of low-income families with civil legal needs are able to obtain the services of counsel to help them gain access to the courts. As we continue to experience a foreclosure crisis and an affordable housing crisis in New York, we must ensure that our most vulnerable populations are receiving proper representation when they cannot afford to obtain such representation on their own. While we support Governor Hochul's proposal to include an expansion of legal assistance for those facing evictions, we believe the proposed \$35 million allocation for the Eviction Prevention Legal Assistance Program, which will offer free legal assistance to renters below 200 percent of the Federal poverty line, is too small and should be more like \$500 million. The expanded money through the statewide Right to Counsel legislation, introduced by Senator Rachel May and Assembly Member Latoya Joyner, would ensure that every tenant in New York State has the right to a lawyer when facing an eviction and:

- Covers every tenant across the state, regardless of income;
- Covers any legal proceeding that could result in a tenant losing their home;
- Requires that tenants be represented throughout their entire case, not just when they show up in court. This includes legal advice, advocacy, and assistance;
- Requires the State to contract with non-profit legal services organizations to provide Right to Counsel and with non-profit community-based organizations to provide tenants' rights education and tenant organizing.



## **Expand incentives and ease regulations for repurposing hotels and faith-based property**

The Housing our Neighbors with Dignity Act (HONDA) was codified into law by former New York Gov. Andrew Cuomo in August, 2021. It set aside \$100M in the state budget and provided New York's Division of Housing and Community Renewal the ability to approve nonprofits' purchase and conversion of New York City hotels in distress. The program, however, has received just one applicant. [Politico reports](#), Housing Commissioner RuthAnne Visnauskas told a state Senate budget hearing that legislators won't add more funds to it because of the lack of interest.

Under the rules of the program, at least 50% of the units in a conversion would be for homeless people and the rest set aside for people making up to 80% of the area's median income. The program would be far more successful if a relaxation of certain building code requirements were allowed but the easing of these requirements were opposed by former Mayor Bill DeBlasio. Current requirements for a kitchen with a full-sized refrigerator, cooktop and sink make it cost-prohibitive. Some advocates were also concerned that easing the regulations would cut corners and make the housing for homeless New Yorkers sub-standard. More money was required. Moreover, the program was only geared to New York City and did not touch properties in the rest of the state.

We ask for more money for hotel conversion not just in New York City but throughout the state where distressed hotels litter the landscape. We also think there should be some common sense easing of building regulations to make conversion more possible.

Most importantly, we note that there are many other commercial properties all over New York state that could be converted.

As a Council, we also think the state should focus more of its resources on helping faith-based organizations use part or all of their property to build affordable housing. We recommend that pre-development money be provided, to help congregations do pre-development analysis so that they can effectively enter a development agreement with an affordable housing provider without being fleeced. We ask legislators to study the pre-development process of the Interfaith Affordable Housing Collaborative ([WWW.IAHC.NY](http://WWW.IAHC.NY)) and its program to furnish recoverable pre-development loans to congregations. We also commend the NYS Attorney General's Mission Based Affordable Housing Initiative which has provided pre-development grants to congregations outside of New York City.

**Housing Non-Discrimination for Justice-Involved.** Governor Hochul announced her support of Fair Chance for Housing, a first step to help curb housing discrimination against people with conviction histories.

**Social Housing** Governor Hochul signaled her support for a new social housing pilot program that would bolster the development of permanently affordable, community-controlled housing accessible to low- and moderate-income people. This pilot project has the potential to help grow the stock of community land trusts, limited-equity cooperatives, and other shared-tenure housing models across New York State.”

**Pass Good Cause Eviction to Keep Renters in Their Homes** Senator Salazar [S3082](#)  
Assemblymember Hunter [A5573](#)

Today, many residential tenants from across New York State are being evicted for unjustifiable reasons. Residential renter-tenants, the biggest constituency in our state, lack basic rights that will allow them to renew their expiring lease and to not be priced out of their homes. Landlords across our state are displacing tenants in-order to gain higher profits. The de facto evictions happen via non-renewal of their leases. These non-renewals are displacing individuals and families in order for owners to rent out their units to higher income tenants. [Good Cause Eviction](#), already instituted in the cities of Albany, Hudson, Poughkeepsie, and Kingston, would go statewide and prohibit landlords from evicting tenants. It would also give most tenants a right to an extension on their housing rental lease unless a landlord has good cause to reject them. It would also limit how much landlords could raise the monthly rent, preventing them from exceeding the rate of inflation. Good cause has been successfully in effect for many years in the State of New Jersey.

**Radically revise 421A to ensure most housing built is permanently affordable**

Instituted in the 1970’s, the 421A tax break is intended to encourage big real estate in New York City to build affordable housing. Overall, 421-A costs New York City around \$1.4 billion per year in forgone taxes. Of the roughly 185,000 housing units covered by 421-A, nearly 50% of those units are market-rate condos while only about a quarter of units are rent-regulated “affordable” units. Again, of these regulated units, the vast majority are income-targeted at 130% of Area Median Income (AMI) which is over twice the median household income for New York City (\$58,000). 421-A program is available to almost any new residential building of more than five units and projects that qualify for the exemption must set aside 20 percent of their units as "affordable" units.

The Governor has proposed altering the current 421A Program to create Affordable Neighborhoods for New Yorkers Tax Incentive program (ANNY). Affordability Options: Rental buildings with 30 units or more would be required to have at least 10 percent of units to be affordable to households with incomes at 40 percent of AMI, 10 percent affordable at 60 percent of AMI, and 5 percent at 80 percent of AMI. Rental buildings with less than 30 units would be required to have at least 20 percent of units affordable to those with household incomes at 90 percent of AMI. Homeownership buildings (i.e., co-ops and condos) would require 100 percent of units to be affordable at 130 percent AMI.

Critics of the Governor’s proposal suggest it still does not go far enough and that tax dollars lost on the program would best be invested directly in affordable housing for low and moderate-



income people. Supporters contend that the program would still have a significant affordable housing benefit and should be one of many tools to address the affordable housing crisis at all income levels. For more background, please read [Proposed 421-A Replacement Is In For a Fight, Key Lawmakers Signal](#) in New York Focus.

**Access to meaningful HIV Shelter Allowance and Affordable Housing Protection Statewide S8003 and A9003.** This is a 30-day amendment to the Governor’s budget for Relevant Aid for Localities to provide equal access in the rest of NYS to meaningful HIV emergency shelter allowances and affordable housing protection currently available in NYC only. It will cap tenant rental contribution at 30% of their income.

### **Child Care and Early Childhood Education as Economic Development**

In numerous surveys, businesses in New York have continued to suggest that childcare is one of the most pressing problems they face when trying to retain and recruit employees. In a 2020 [survey of 80 businesses](#) across the seven-county north country region, childcare was identified as a top priority by employers. They indicated this was a pre-COVID issue impeding recruitment efforts and affecting employee attendance, and that it was only exacerbated by the pandemic.

Unlike most traditional economic development programs, investments in high-quality early childhood education can generate [up to \\$7.30 per dollar invested](#). Access to stable, high-quality child care also helps parents [improve their labor productivity](#) by increasing work hours, missing fewer work days and pursuing further education.

Research demonstrates that the entire community benefits as well as from investments in early childhood education. In fact, the availability of early childhood education programs attracts homebuyers and [increases property values by \\$13 for every dollar](#) invested in local programs and reduces grade retention and is shown to [save school systems money](#) for K-12 education. Participants in high-quality early childhood education also show [long-term gains](#) in the form of lower rates of incarceration (46% reduction), lower rates of arrest for violent crimes (33% reduction) and a reduced likelihood of receiving government assistance (26% reduction). below, it is undeniable that investing in early childhood education and childcare services has an immense return on investment when compared to other economic development programs.

For the good of New York families, child care providers, businesses and the state’s economy, this is the year NY must take large steps toward phasing-in Universal Child Care. To be clear, what is needed are not bandaids applied to the current broken system, but swift transformation to universal. As Treasury Secretary [Janet Yellen](#) recently recommended: “It’s past time that we treat child care as what it is – an element whose contribution to economic growth is as essential as infrastructure or energy.” New York needs a transformational [\\$5B investment and Article VII language](#) in the one-house and final budgets to set New York on a short path to universal child care.

### **Homecare as Economic Development**

Another caregiver service that should be viewed as economic development is homecare. We need to create greater access to homecare for our family members who require these services. Rigorous academic studies have found that public funding to raise home care wages would require significant resources, but those costs would be surpassed by the resulting savings, tax revenues, and economic spillover effects. The net economic gain would total at least \$3.7 billion. Lifting wages would also help fill nearly 20,000 vacant home care positions each year and would create nearly 18,000 jobs in other industries by boosting local economic activity. These findings align with past studies on public investment in the care sector, which have found large effects on economic activity and on job creation both within and beyond care industries.

The “Fair Pay for Home Care Act,” ([S5374](#), [A6329](#)) would raise home care wages to 150% of the minimum wage. Research has found that raising annual home care wages would end New York’s massive home care shortage within the next five years — allowing older adults and disabled people to live and age safely at home. [[CUNY](#)] The Fair Pay for Home Care Act currently has bi-partisan support in the Assembly and the Senate, and Andrea Stewart-Cousins recently stated she plans to make home care funding a priority. [[Spectrum, 10/15/21](#)]

Currently, 42% of the state’s home care workers live in or near poverty. The Fair Pay for Home Care Act would lift over 200,000 home care workers out of poverty wages. [[PHI](#)] The bill will overwhelmingly improve existing jobs and create new jobs for women and people of color: currently, New York’s care sector is 91% female and 77% people of color. As the country and state wrestle with historic racial injustice, along with the disproportionate impact of COVID on communities of color, Fair Pay for Home Care is an investment in equity, and lifting up a historically underpaid workforce. [[PHI](#)]

As New York faces widespread unemployment, the Act would bring 200,000 new home care workers into the field over the next decade and additionally create 180,000 jobs in other sectors and industries via increased spending and economic activity. [[CUNY](#)]. The Act would pay for itself and generate billions for New York's state economy through new income and sales tax revenue, economic spillover, and reductions in Medicaid and social assistance. [[CUNY](#)]

## **SUNY/CUNY as Economic Development**

According to a [March 2021 report from the New York City Comptroller](#), tax dollars in CUNY are a wise investment:

- Nearly 80% of CUNY graduates stay in New York.
- CUNY graduates working in New York State earned a combined \$57 billion annually (\$67,000 on average) in 2019, \$28.6 billion more than students would have earned without a post-secondary degree.
- CUNY graduates working in New York State paid an estimated \$4.2 billion in state income taxes.
- CUNY graduates represent 10% of the private workforce in New York State.

In 2020 the Brookings Institution listed 12 CUNY campuses that provided its students with the [greatest upward mobility to the middle class](#).