

December 18, 2023

New York State Assembly  
Assembly Standing Committees on Housing & Cities  
Public Hearing: Assessing the Various Housing Needs Across New York State

Chairs Rosenthal & Braunstein:

The New York State Association of REALTORS® (NYSAR) welcomes the opportunity to submit written testimony on the subject of New York State’s housing needs. NYSAR’s more than 63,000 members are licensed real estate professionals who represent buyers, sellers, tenants and landlords, all of whom are impacted by the severe shortage of housing throughout the State. We appreciate the Assembly’s thorough examination of the reasons for, and possible solutions to New York State’s housing shortage. Addressing this shortage is critical if the State is to meet the needs of its residents and diverse communities.

In October of 2023, sales of existing homes in the United States fell to a 13-year low, according to the National Association of REALTORS®. It is within this national context that New York State’s housing supply crisis persists. Within New York, the number of new listings in the month of October dropped from 15,039 in October 2021 to 12,423 in October 2023 – a decline of more than 17 percent in 24 months. High interest rates combined with low and declining inventory have stifled development and renovation of market rate and affordable housing, driven prices higher, and kept New Yorkers who might have moved under different circumstances in their current homes. The only way out of this shortage is to expeditiously create more housing supply for New Yorkers of all income levels.

NYSAR supports the following actions to expand housing supply:

*Provide targeted funding for cities, towns and villages to address the infrastructure and educational needs associated with growing the housing stock*

The FY 2023-24 Assembly and Senate One House Budgets included \$500 million in incentives for municipalities to invest in smart growth. NYSAR believes this funding should be substantially increased and annually recurring streams of funding be included in future State budgets.

*Preserve local control and approval of housing development*

NYSAR supports the approach taken in the FY 2023-24 Assembly and Senate One House Budgets, which preserved the ability of localities to determine how best to grow their housing stock. Allowing state government to override local control and zoning would ignore the unique needs and goals of municipalities around the state while imposing a one-size-fits-all model on every city, town and village.

*Create state tax incentives for commercial to residential conversions*

Remote work has resulted in reduced office usage, with commercial spaces presenting a unique opportunity to turn vacant space, particularly in cities, into housing. The cost of converting commercial space has increased exponentially due to materials shortages, supply chain issues and interest rate hikes.

State policymakers should create tax abatements or credits designed to incentivize more commercial property owners to convert their office space into multifamily residential units.

*Streamline local permitting and approval processes for new construction and major renovations*

The permitting and approval processes to construct new residential buildings is time-consuming and costly. Environmental reviews, while important, often take years and hundreds of thousands of dollars to complete. New York State could create an optional, uniform permitting and approval process for smaller residential projects to proceed in municipalities. It should also consider exempting smaller projects from the State Environmental Quality Review Act (SEQR), provided the projects meet certain criteria.

New York City recently proposed<sup>1</sup> exempting projects under 175 units that take up less than 20,000 square feet from the City's environmental review process, provided they are sustainable. As New York State is requiring all-electric construction for new buildings under 7 stories after December 31, 2025, the State should exempt some or all of these projects – which will reduce carbon emissions – from SEQR, provided they meet other basic requirements.

*Provide financial incentives for cities, towns & villages to allow the development of accessory dwelling units (ADUs) and legalization of basement apartments*

NYSAR supports the development of accessory dwelling units, by municipalities who allow them via a local governing body. New York State should provide grant funding and/or tax abatements for the development of these units and provide incentive-based funding for municipalities to establish local laws allowing for the construction and rehabilitation of ADUs. Additionally, NYSAR would like to see New York City and other municipalities legalize basement apartments, provided they can be brought into compliance with local and state building codes.

*Establish statewide tax incentives for the construction of new affordable and market-rate housing*

The sunset of the 421-a tax abatement in June 2022 has resulted in the construction of fewer units in New York City. While this alone should not be blamed for lagging rates of construction, it has clearly had a negative impact. Furthermore, given the need for affordable housing development in all regions of the state, tax incentives are a necessary component of any state-led affordable housing plan.

NYSAR recommends the creation of a series of tax abatement programs designed to align with the needs of the economically diverse regions of the State. However, municipal input, including the ability to opt-in to any newly created programs, is critical to ensuring the success of the incentives.

NYSAR also **strongly supports the establishment of a comprehensive statewide housing plan**. While localities will take the lead in authorizing the development of more housing and the private sector will largely be responsible for constructing and renovating more housing units, New York State government must play a vital role in bringing the various sectors and players in the housing ecosystem together.

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<sup>1</sup> <https://www.nyc.gov/office-of-the-mayor/news/945-23/mayor-adams-combats-housing-crisis-green-fast-track-build-more-sustainable-housing-more#:~:text=By%20shifting%20these%20projects%20onto,months%2C%20saving%20each%20project%20an>



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A statewide plan would not only focus on housing supply, but also the barriers many would be homebuyers and tenants face to access housing in our state. For example, New York State consistently ranks among the top states for closing costs, placing second among all 50 states in 2021, with an average closing cost of \$16,849 per home purchase.<sup>2</sup> These closing costs are high in part due to the imposition of multiple mortgage recording and real estate transfer taxes.

One solution to address the high cost of a home purchase in New York State is to enact a first-time homebuyer savings account program – which would operate similar to the State’s 529 college savings program – by providing a tax deduction for individuals to contribute to a savings account that could be used to purchase a first home in the state. **NYSAR supports A.6933(Ramos)/S.6574(Cooney)** and would like to see this legislation included in the FY 2024-25 State Budget. To help housing insecure tenants and those at risk of homelessness, **NYSAR also supports A.4021-A(Rosenthal)/S.568-B (Kavanagh)**, which would establish the Housing Access Voucher Program.

In closing, our REALTOR® members are on the front lines of helping consumers and property owners navigate the housing supply and affordability crisis, NYSAR looks forward to partnering with the State Assembly, as well as the State Senate and Executive Branch, to develop practical solutions to this crisis. We thank the Assembly and its committees on Housing and Cities for the opportunity to submit testimony.

*The New York State Association of REALTORS® is a not-for-profit trade organization representing more than 63,000 of New York State’s real estate professionals. The term REALTOR® is a registered trademark, which identifies real estate professionals who subscribe to a strict code of ethics as members of the National Association of REALTORS®. These REALTORS® are also members of the New York State Association of REALTORS® as well as their local board or association of REALTORS®.*

Sincerely,

John A. Vernazza  
2023 NYSAR President

<sup>2</sup> <https://www.bankrate.com/mortgages/average-closing-costs-by-state/>

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