

October 22, 2024

FPI Testimony on “City of Yes”

Testimony submitted to the Subcommittee on Zoning and Franchises by FPI Economist Dr. Emily Eisner

Thank you to Speaker Adams, Chair Riley, and members of the Subcommittee on Zoning and Franchises for the chance to testify in support of the proposed “City of Yes for Housing Opportunity” text amendment. My name is Emily Eisner, and I am an Economist working with the Fiscal Policy Institute. I earned my PhD in Economics from UC Berkeley in 2021. FPI is a nonpartisan, non-profit policy research organization committed to sound and equitable fiscal policy that strengthens the state economy for all New Yorkers.

I am testifying in support of the “City of Yes” plan. The City must pass the zoning reforms included in City of Yes, and, in addition, the City must increase investment in housing affordability through expanded fiscal measures. These two sets of policies — zoning reform to allow for increased supply, and fiscal support for housing affordability — work together. They must both be addressed in order to truly meet the needs of New Yorkers who currently face an untenable cost of living. There is no other option — the city faces a housing crisis that is causing elevated rates of homelessness and [forcing families out of the city](#). Without a plan to dramatically increase housing, New York faces the possibility of economic stagnation and decline.

Over the past 10 years, the population in New York City has grown at twice the rate of housing growth. The cost of housing – either renting or owning a home – jumped by almost 70 percent between 2012 and 2022. The economic research is clear: constraints on housing supply have created major housing shortages in New York and other major metropolitan areas, and these shortages are driving up prices for households across the entire income distribution.

In the studies we conducted at the Fiscal Policy Institute of out-migration from New York State, we found that 36 percent of households leaving New York State are moving in search of more affordable housing — more than twice the share before Covid. The highest rates of out-migration are by those making between \$30,000 and \$100,000 in annual household income — not those at the top of the income distribution. Out-migration of working and middle-class New Yorkers demonstrates a deep problem in the city and state; New York needs to make sure that families can stay and thrive, rather than needing to leave to find economic security. If the City is to maintain stable economic growth and a strong foundation

that supports essential workers like teachers, nurses, and public servants, the City needs to build more housing.

One major concern amongst critics of City of Yes is that it will not do enough to build truly affordable housing. This is a justified concern and one to be taken seriously; in order to provide affordable housing to low-income families, New York will need to expand access to housing vouchers, produce more units that are offered at permanently affordable rates, and continue stabilizing and improving the NYCHA housing developments. These affordability policies are important *complementary* policies to commit to alongside the important zoning reforms in City of Yes. We need both. Without increased housing all around the city, there simply won't be space to house New Yorkers of all income levels.

The City can afford to invest in these complementary policies, despite the claims of some commentators and critics. In fact, recent City revenue forecasts have underestimated revenue and overstated impending deficits. For instance, while the fiscal year 2023 adopted budget projected a \$4.2 billion gap in fiscal year 2024, the year actually ended with a \$4.4 billion surplus. The Independent Budget Office expects outyear revenue to exceed projections by an average \$1.7 billion each year. While conservative revenue projections are a consistent feature of the City's fiscal management, they have been more dramatic in recent years. Moreover, the City includes \$1.5 billion in in-year reserves in each fiscal year. This funding is available to support the City's spending needs.

City of Yes, paired with deeper fiscal investments in affordability, will help alleviate the affordability crisis, spark new economic activity, and make it possible for more people who want to live in New York to remain here. Thank you very much for your time.