Written Testimony of

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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.