

# Housing New York

## A Five-Borough, Ten-Year Plan



The City of New York  
Mayor Bill de Blasio

Alicia Glen, Deputy Mayor for  
Housing & Economic Development

**NYC**

# Table of Contents

## Executive Summary 5

## Introduction 14

### Chapter 1: Fostering Diverse, Livable Neighborhoods

- 30 Pursue Affordable Housing and Community Development Opportunities in All Five Boroughs
- 34 Make Strategic Investments to Support New Housing and Neighborhood Revitalization
- 36 Promote Mixed-Used, Mixed-Income, Communities Anchored by Affordable Housing
- 40 Create Quality Jobs and Workforce Development Opportunities for New Yorkers

### Chapter 2: Preserving the Affordability and Quality of the Existing Housing Stock

- 46 Ensure the Safety and Habitability of the Housing Stock
- 49 Adopt a More Strategic Approach to Preservation
- 50 Preserve Government-Assisted Affordable Housing
- 52 Preserve Rent-Regulated and Unregulated Affordable Housing
- 53 Create New and Improved Preservation Tools
- 55 Promote Sustainability, Resiliency, and Long Term Affordability While Helping Building Owners Reduce Operating Costs

### Chapter 3: Building New Affordable Housing for All New Yorkers

- 62 Enable a Wider Range of New Yorkers to Benefit from the City's Affordable Housing Efforts
- 64 Capitalize on Public Assets and Partnerships to Maximize Affordable Housing Opportunities
- 69 Change Zoning and Land Use Regulations to Promote Housing Creation
- 72 Remove Unnecessary Barriers and Delays to Developing Housing
- 74 Ensure That Housing Production Is Sustainable and Aligned with the City's Changing Demographics

### Chapter 4: Promoting Homeless, Senior, Supportive and Accessible Housing

- 78 Assist Homeless Individuals and Families
- 80 Expand Supportive Housing
- 82 Improve Housing Options for Seniors
- 84 Ensure Accessible Housing for Individuals with Disabilities

### Chapter 5: Refining City Financing Tools and Expanding Funding Sources for Affordable Housing

- 88 Target and Strengthen City Tax Incentives
- 92 Identify New Funding Streams to Fund Affordable Housing
- 92 Increase Private Leverage and Expand Existing Financing Tools
- 94 Strengthen Public/Private and Philanthropic Partnerships
- 96 Re-Evaluate HPD and HDC Programs to Stretch City Housing Subsidy Dollars Further

### Chapter 6: Implementing the Plan

- 104 Notes
- 106 Glossary
- 116 Acknowledgements

# Letter from the Mayor



To My Fellow New Yorkers:

We have a crisis of affordability on our hands.

It's a crisis in many ways built on New York City's success. We are a safer, more welcoming city than we were decades ago. People from all over the world come to study, to work or to start a business here. And that success story has put pressure on our housing stock. Coupled with ever-rising economic inequality, it has created a painful reality where more and more New Yorkers are spending more and more to cover their housing costs, and entire neighborhoods have lost their affordability.

Affordable housing is part of the bedrock of what makes New York City work. It's what underpins the economically diverse neighborhoods New Yorkers want to live in. It's critical to providing financial stability for working families, helping them get ahead and build a better life.

And that is why today, we are laying out a comprehensive plan to build and preserve 200,000 affordable units over the coming decade, to support New Yorkers with a range of incomes, from the very lowest to those in the middle class. This is a plan to get ahead of the curve, to protect neighborhoods, and build our city's next generation of affordable housing. It's about knitting communities together.

Our affordable housing policies must reach every New Yorker in need, which is why this plan thinks big about the changes we need to make—in government and in the private sector—to make this a city where everyone rises together, and everyone has a safe and decent home.

If you're in a community where affordability is disappearing, we want to protect it.

If your family lives in a rent-regulated apartment, this plan is focused on helping you keep it.

If you're a senior trying to remain in the neighborhood you helped to build, we are fighting to help you stay.

If you are a building owner or developer intent on building or preserving affordable apartments, we will support you.

This is a five-borough, ten-year plan. It will marshal people and resources from every corner of this city behind a singular purpose: to make this city again a place where our most vulnerable, our working people, and our middle class can all thrive. Together, let's make that vision a reality.

A handwritten signature in black ink that reads "Bill de Blasio". The signature is written in a cursive, flowing style.

Mayor Bill de Blasio

# Executive Summary

# Executive Summary

## Affordable Housing for Every New Yorker

Every New Yorker deserves a safe and affordable place to live, in a neighborhood that provides opportunities to get ahead. The market alone is not always able to meet that need, and, accordingly, governments at all levels must work together to help. Mayor Bill de Blasio has made affordable housing a top priority of his administration and has committed the City to “build or preserve nearly 200,000 affordable units, and help both tenants and small landlords preserve the quality and affordability of their homes.”

### Facts about the Affordability Crisis

- Between 2005 and 2012, rents rose by 11 percent while renter’s incomes stagnated, after adjusting for inflation
- In 2012, almost 55 percent of all rental households were rent-burdened (spending more than 30 percent of their incomes on housing costs). The share of households who are rent-burdened increased by more than 11 percentage points since 2000
- More than 30 percent of rental households are “severely rent-burdened” because they spend more than 50 percent of their incomes on housing

New York City’s shortage of affordable housing has reached a crisis point. The crisis has many causes, starting with the erosion of New Yorkers’ purchasing power in the housing marketplace. Wages for the City’s renters have stagnated over the last 20 years, increasing by less than 15 percent, after adjusting for inflation. During the same period, the average monthly rent for an apartment in New York City increased by almost 40 percent. As a result, most New Yorkers now have limited options for housing and have to spend an unacceptably high share of their income just to put a roof over their heads, which means having too little left over for other basic needs. High rent-burden affects nearly every income group in every neighborhood across the five boroughs.

Another cause of the affordable housing crisis is the mismatch between demand for, and the supply of, housing. This stems, in part, from the increasing desirability of calling New York home. For the first time in decades, more people are moving to or staying in the City than leaving: our older residents are aging in place rather than moving after retirement; our young families are remaining in the City rather than moving to the suburbs when their children reach school age; empty-nesters are returning to the City after their children are grown, and people are moving to the City from all over the United States, as well as all over the world. The attractiveness of the City is a hard-fought victory, and we must continue to retain and attract residents in order to prosper.

The private marketplace, however, has not produced enough housing for existing residents, let alone enough to accommodate the growth that the City has experienced. And, despite considerable public investment to stimulate the production of housing that is affordable to low- and moderate-income New Yorkers, the supply of publicly subsidized housing meets the needs of only a fraction of the people in those income groups.

The continued mismatch between the demand for affordable housing and its supply also exacerbates the rising income inequality that threatens the City’s progress. When more than 50,000 New Yorkers sleep in homeless shelters and hundreds of thousands more struggle to pay high rents with meager earnings, the City fails to live up to its promise of opportunity.

**Supply Is Not Meeting Demand**

- There are nearly one million households who earn less than 50 percent of Area Median Income (AMI), or just under \$42,000 for a family of four
- There are only 425,000 housing units available with rents suitable for that income level

**Things must change.** A bold approach to increasing and protecting the supply of affordable housing is needed for New York City to retain the diversity and vitality of its neighborhoods and its edge as the world’s leading destination for opportunity. And it is needed to house the incredible and multidimensional talent pool that attracts employers and drives the City’s economic growth.

*Housing New York* is a five-borough, ten-year strategy to address the City’s affordable housing crisis. The plan, which was created through coordination with 13 agencies and with input from over 200 individual stakeholders, outlines more than 50 initiatives to support our goal of building or preserving 200,000 units of high-quality affordable housing to meet the needs of more than 500,000 people. We will do this by:

- **Fostering diverse, livable neighborhoods**
- **Preserving the affordability and quality of the existing housing stock**
- **Building new affordable housing for all New Yorkers**
- **Promoting homeless, senior, supportive and accessible housing**
- **Refining City financing tools and expanding funding sources for affordable housing**

| <b>What is Affordable Housing?</b> |                          |   |  |
|------------------------------------|--------------------------|---|--|
| <b>Income Band</b>                 | <b>Percentage of AMI</b> | <b>Monthly Rent Required to Prevent Rent-Burden</b> | <b>Annual Income (for a four-person household)</b> |
| Extremely Low Income               | 0- 30%                   | Up to \$629   | < \$25,150   |
| Very Low Income                    | 31 - 50%                 | \$630 - \$1,049                                     | \$25,151 - \$41,950                                |
| Low Income                         | 51 - 80%                 | \$1,050 - \$1,678                                   | \$41,951 - \$67,120                                |
| Moderate Income                    | 81 - 120%                | \$1,679 - \$2,517                                   | \$67,121 - \$100,680                               |
| Middle Income                      | 121 -165%                | \$2,518 - \$3,461                                   | \$100,681 - \$138,435                              |

# Guiding Principles

- 1. Our housing policies must address the City's changing demographics and expand the range of those we serve.**

We must recognize the unique needs of growing populations of small households and seniors, as well as those of larger families. We aim to broaden the range of New Yorkers who benefit from our affordable housing programs to include both the City's lowest-income residents and the middle-income workers who increasingly cannot afford to stay in our city.
- 2. The City's planning processes and land-use policies need to be revamped.**

To become a more affordable city, we must become a denser city, and better plan for growth by staging investments in infrastructure and services that will make our neighborhoods more livable. Such a place-based approach must be guided by early and regular input from the communities themselves.
- 3. Economic diversity must be a cornerstone of housing development.**

In future re-zonings that unlock substantial new housing capacity, the City must require, not simply encourage, the production of affordable housing in order to ensure balanced growth, fair housing opportunity, and diverse neighborhoods.
- 4. Our municipal tools and public assets should be deployed more effectively.**

The City must rationalize and streamline its incentive programs, eliminate inefficient regulations and reduce delays and redundancies in regulatory and permitting processes. It should also seize opportunities to thoughtfully develop affordable housing at public sites.
- 5. We must strategically protect past investments and lock in affordability in changing neighborhoods.**

We must ensure that billions of dollars already invested in subsidized affordable housing are not lost because of market pressures and the expiration of regulatory agreements. We also must protect the affordability of the existing rent-regulated and unsubsidized housing stock as neighborhoods change.
- 6. The City needs to protect tenants in rent-regulated units more aggressively.**

We cannot allow landlords to harass tenants and drive them out of our rent-regulated housing stock. Keeping those units affordable is critical to our overarching goals of addressing inequality.
- 7. We must leverage today's favorable markets and adapt quickly to future conditions.**

The City must derive maximum value from today's low interest rates and strong real estate market, while maintaining flexibility to respond to market downturns.
- 8. We must increase capital funding to our housing programs.**

The City will expand its financial commitment to affordable housing and leverage its capital dollars and tax expenditures. We will call on the State and Federal governments to do the same.



Achieving these goals will require strategic planning and intensive collaboration among City agencies and with the State and Federal governments, in partnership with community based organizations, service providers, for-profit and not-for-profit developers and property owners, and financial institutions. It will require neighborhoods in all five boroughs to embrace housing development when it is tailored to enhance a community's livability and character. It will require making more efficient use of City capital and incentives as we work with developers to build the very best affordable housing. And it will require overcoming numerous obstacles, from high construction costs, inefficient and outdated regulations and cumbersome permitting processes, to uncertainty about future market conditions and funding availability. It will be a challenge, but New Yorkers never shrink from a challenge.

## Key Policies and Programs

### Fostering diverse, livable neighborhoods

- **Identify opportunities for affordable housing in all five boroughs**  
The City will work with communities to identify areas that can support new development or provide opportunities for preservation. These developments will leverage investments to meet the neighborhood's infrastructure and service needs.
- **Implement a Mandatory Inclusionary Housing Program**  
In rezonings that substantially increase potential housing capacity in strong markets, the City will require a portion of the new housing developed to be permanently affordable to low- or moderate-income households in order to ensure diverse and inclusive communities. To ensure the effectiveness of mandatory inclusionary zoning in transitioning neighborhoods, the City will provide flexible options for meeting the requirements.
- **Harness affordable housing investments to generate quality jobs**  
The construction and preservation of 200,000 units of housing is projected to create 194,000 construction jobs and nearly 7,100 permanent jobs. The City will work with communities and local stakeholders to ensure that these are quality jobs, targeted toward local hiring and integrated with the City's broader workforce development initiatives.

### Preserving the affordability and quality of the existing housing stock

- **Protect tenants and stem the tide of rent deregulation**  
The City will coordinate across all agencies and use every tool at its disposal to protect tenants in rent-regulated housing from landlord harassment. In addition, we will work with the State as rent regulation comes up for renewal in 2015 to prevent abuses of the vacancy and luxury decontrol provisions and capital improvement rules.

- **Adopt a more strategic approach to preservation**

Working with community groups, the City will identify neighborhoods and portfolios that are at risk of becoming unaffordable and proactively work with owners, lenders and investors to assure that City resources are appropriately targeted.

- **Introduce simple and flexible incentives to preserve long-term affordability**

The City will standardize and simplify its preservation programs to make the pathway to preservation more certain for building owners and Community Development Corporations. In addition, we will work with the State to develop easy to use tax incentives for buildings that do not have extensive capital needs but are at risk of leaving rent regulation or being converted to condominiums.

- **Preserve the affordability of unregulated housing where rents may rise because of changing neighborhood conditions**

The City will develop new incentive programs to encourage landlords in transitioning areas to restrict incomes and rents, in order to lock in the affordability of housing before the neighborhoods in which that housing is located become more expensive.

- **Pilot a new program to incentivize energy efficiency retrofits for affordable housing in need of preservation including small and mid-size buildings, creating energy savings and long-term affordability**

To help mitigate rising utility costs and preserve affordability, the City will launch a new program, in concert with local utilities and existing subsidy programs to target buildings that are at risk of losing their affordability including small and mid-size building to incentivize energy retrofits in exchange for affordability commitments from building owners.

## **Building new affordable housing for all New Yorkers**

- **Significantly increase the number of units serving the lowest income New Yorkers**

The City will allocate additional resources to its housing programs to ensure that a higher percentage of units in affordable housing reach the neediest people. As a result of this commitment, the City will serve more than four times as many of the lowest income New Yorkers (those earning below 30 percent of AMI) over the 10 years of this plan as were served over the previous 12 years.

- **Develop affordable housing on underused public and private sites**

We will perform a comprehensive survey of all vacant sites in the City. We will use this tool to encourage affordable housing and mixed-use development on underused sites within our own portfolio, as well as in partnership with the State, public authorities, not-for-profit institutions, faith-based organizations, and private owners who have land that could be deployed for affordable housing.

- **Create two new programs to develop small, vacant sites**  
 The City will launch two new programs, the Neighborhood Construction Program (NCP) and the New Infill Homeownership Opportunities Program (NIHOP). These programs will aggregate sites to develop affordable housing, including one- to four-family homeownership opportunities and up to 20 unit rental buildings. These programs will focus on developing capacity among smaller developers with a particular focus on local not-for-profits and CDCs.
- **Introduce new mixed-income programs**  
 The affordable units in traditional “80/20” are targeted to a narrow band of households. To promote long-term community revitalization and economic diversity, we will pilot a new mixed income program that targets 20 percent of a project’s units to low-income households, 30 percent for moderate income households, and 50 percent for middle-income households. Middle-income housing is essential to support our economy and workforce, which increasingly cannot afford to live in our city.
- **Engage New York City Housing Authority residents and the surrounding communities to identify local needs and opportunities**  
 Over the coming months, the City will engage the residents and neighbors of NYCHA developments in a respectful conversation about local needs and opportunities. This collaborative process will focus on the preservation of NYCHA units and assess the potential for underused NYCHA land and development rights to benefit existing residents, increase affordable housing, produce local retail, and community facilities, and serve other shared goals. The City will produce a series of recommendations that will create the framework for future planning.
- **Reform zoning, building and housing codes, and other regulations to lower costs and unlock development opportunities**  
 Some regulations have become outdated or have created impediments to new housing. We will re-examine parking requirements, zoning envelope constraints, and restrictions on the transferability of development rights, among other regulations. Similarly, regulations governing affordable housing programs will be re-examined to identify inefficiencies and to streamline the development review process.
- **Stretch the City’s housing subsidy dollars further**  
 We will revise the terms of our existing subsidy programs, and better align tax exemptions and other incentive programs to ensure that City resources are leverage the maximum amount possible from other sources, are no greater than absolutely necessary to incentivize the production of housing, and promote production of units for New York’s neediest families.
- **Ensure sustainable affordable housing tailored to the City’s demographics**  
 The City will commit to being a leader in developing new technologies and building standards that ensure the City’s affordable housing stock is both sustainable and appropriate for the needs of the City’s changing demographics.

## Promoting homeless, senior, supportive, and accessible housing

- **Shift funding from high-cost homeless shelters to lower-cost permanent housing**

The City will pilot programs to reallocate a portion of shelter funding to finance lower-cost permanent housing for homeless individuals and families.

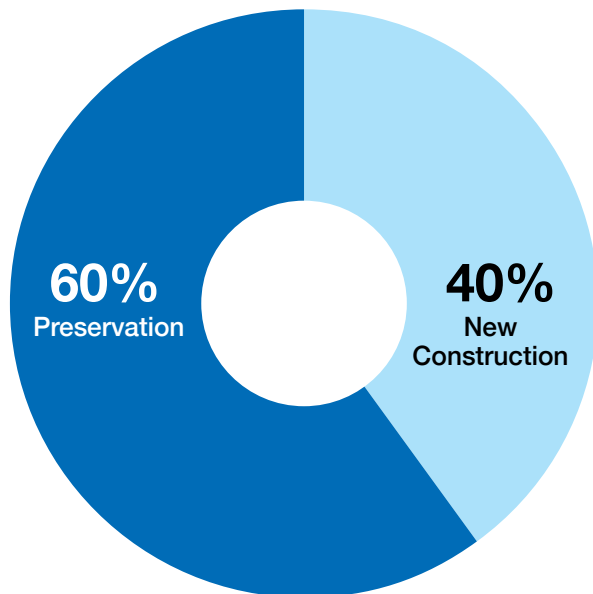
- **Develop more supportive housing to improve health outcomes and save public dollars**

Investment in housing that is accompanied by supportive services can improve outcomes for people with mental health and substance abuse issues, while yielding significant taxpayer savings by reducing demand for high-cost shelters, hospitals, and other emergency resources. The City will seek to renew its partnership with the State to expand the supply of supportive housing and to broaden the target populations it serves.

## By the Numbers

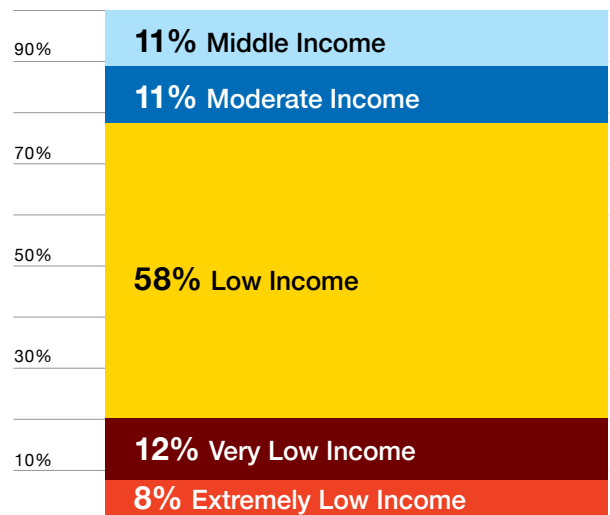
This plan lays out targets for new construction / preservation and the incomes of households we will serve. The Plan will focus on households falling into four income categories: Very Low Income (below 50 percent of AMI) (including Extremely Low Income, or below 30 percent of AMI); Low Income (50 to 80 percent of AMI); Moderate Income (81 to 120 percent of AMI); and Middle Income (121 to 165 percent of AMI).

### New Construction vs Preservation



### Households Served

Share of Housing Units Created or Preserved by Income Band



# Implementing the Plan

## Funding

Creating and preserving 200,000 units of affordable housing over 10 years is a significant undertaking. We estimate the total cost, including all possible public and private sources, will be \$41.4 billion. This plan lays out a series of steps we are taking to ensure this effort is a success:

- The Mayor's 2015 budget will propose to more than double the Department of Housing Preservation and Development's annual capital budget in the 5-year plan, a substantial down payment on this commitment
- The Mayor's budget will also propose additional funding for infrastructure investments needed to make land available for significant new housing opportunities
- Through a series of new loan securitizations—immediately and over the course of the Plan, the City will maximize the resources available at Housing Development Corporation (HDC) to contribute to the Plan
- The Mayor's 2015 operating budget will increase staffing at the Department of City Planning and HPD to ensure that the Housing New York plan can be efficiently and quickly implemented
- We will make more efficient use of the City's resources to maximize their impact
- Working with financial institutions, pension funds, financial intermediaries and philanthropy, we will also seek to leverage private capital on a greater than 3 to 1 basis
- We will work in partnership with the State and the Federal government to identify new resources to fund affordable housing in the City and help us meet these critical objectives

## The need for State and Federal action

The City will act now, but it cannot accomplish these goals on its own. The State and Federal governments have been stalwart partners throughout many years and across multiple administrations, and their renewed commitment to affordable housing is absolutely crucial to address the City's affordability crisis.

Accordingly, the Plan relies upon the State and Federal governments to continue to fund affordable housing programs. And because we are dramatically increasing the rate at which the City will build or preserve affordable housing, we will ask our State and Federal partners to step up their efforts to fund new programs and identify additional resources like the proposed National Housing Trust Fund that can help the City achieve our goals. The Plan also lays out a comprehensive State and Federal legislative agenda for needed reforms and authority.

## Renewing Our Collective Commitment

New York City has long been an innovator in the affordable housing field. The City enacted the nation's first tenement laws and is home to its first public housing development; and for the past few decades, the City's spending on affordable housing has dwarfed that of all other large American cities combined. To be sure, the City has not acted on its own. New York is home to a large community of capable and experienced nonprofit and for-profit developers and service providers, as well as leading neighborhood organizations that have served as critical partners, and the City has also benefitted from substantial State, Federal and philanthropic support.

Still, collectively, we need to do more. As Mayor de Blasio has made clear:

“We have to remember that the best and the brightest are born in every neighborhood, in every zip code. And what marks a just society is that it allows them all to reach their potential.”

# Introduction

## Overview

### **Affordable housing is critical to the City's future**

New York City's pre-eminence as the world's leading city stems in large part from its unparalleled diversity. That diversity allows people from every imaginable background to live and work side by side, share aspects of their cultures, exchange ideas, then mix, match, and innovate to generate the art, literature, fashion, technology, and conceptual breakthroughs that are the envy of the world. And that diversity drives economic growth, as employers decide to locate in the City to take advantage of its incredible and multidimensional talent pool.

However, the City's diversity is imperiled by the fact that more and more people struggle to afford to live here. New York attracts newcomers from around the nation and from every corner of the globe in part because of the opportunities it provides for people to make better lives for themselves and their families. But our role as a beacon of opportunity is threatened because people cannot afford to give the City a try. Too many existing residents also are shut out of opportunities because they are living in a neighborhood that lacks good schools and good jobs, are homeless, or are going without medical care and other essentials in order to pay the rent.

Wages for the City's renters have stagnated over the last 20 years, increasing by less than 15 percent, after adjusting for inflation. During the same period, the average monthly rent for an apartment in New York City increased by almost 40 percent. As a result, most New Yorkers now have to spend an unacceptably high share of their income just to put a roof over their heads, which means having too little left over for other basic needs like health care, transportation, and even food. Housing costs, quite simply, are an increasingly serious threat to the future of our City.

### **New York City's investments in affordable housing**

Because affordable housing is so central to the City's ability to thrive, the City has always led the nation's municipal housing programs. We enacted the nation's first tenement laws and established its first public housing development. In the late 1970s, the City launched efforts to combat the arson, neglect, and abandonment that had led to wholesale neighborhood decline. In that same decade, in the face of a fierce debate over "planned shrinkage"—depopulating and fencing off blighted areas and leaving them to die—the City took a more daring approach, seizing more than 100,000 distressed housing units from tax delinquent owners and investing its own resources to save them. Mayor Edward Koch committed the City to manage and rehabilitate these "in rem" properties as part of the visionary ten-year, \$5.1 billion housing plan he launched in 1986.

The administrations of Mayors David Dinkins and Rudolph Giuliani continued to move the City's in rem properties into private, responsible ownership and preserve



the units as affordable housing. By the early 2000s, the in rem stock was largely back in productive use, but a booming economy made housing unaffordable to growing numbers of New Yorkers. Mayor Michael Bloomberg launched the New Housing Marketplace Plan (NHMP) in 2003, and expanded it in 2006, committing to build or preserve 165,000 units of affordable housing between 2003 and 2014. Following the economic collapse of 2008-9, the NHMP pivoted from addressing boom time challenges to dealing with the threat of large scale disinvestment, foreclosure, and neighborhood destabilization.

## Our current affordable housing crisis

### Housing costs are rising much faster than incomes

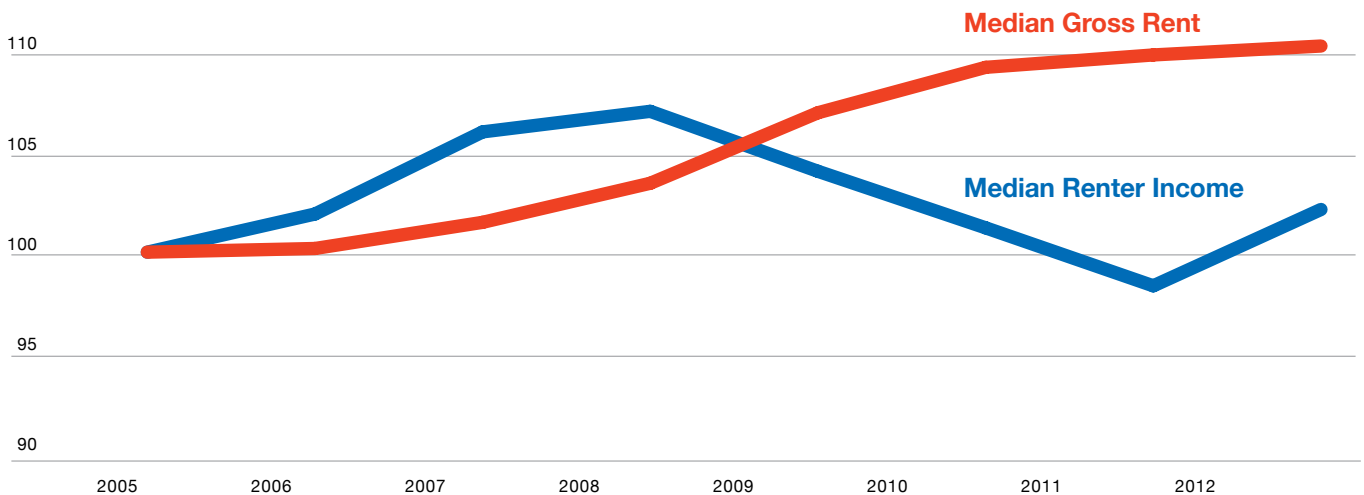
Between 2005 and 2012 (the most recent year for which consistent data is available), the median monthly rent across the City increased by about 11 percent, after adjusting for inflation. Over the same time, the real income of the City’s renters has stagnated, rising from \$40,000 in 2005 to just \$41,000 in 2012 (both figures are adjusted to 2013 dollars). When rents go up, but incomes remain stagnant or decrease, housing becomes less affordable.

Even those numbers fail to capture the extent of the problem, however, because households looking to move to a new apartment generally face higher rents than existing residents. Renters who had lived in their units for five years or less (recent movers) typically paid about \$230 more per month than all renters typically paid in 2012. Thus, newcomers to the City or households who need to move because of rising rents or a change in household status may face an especially daunting housing market. And of course, median rents vary from neighborhood to neighborhood.

Data Source: 2005- 2012 American Community Survey (1-Year Estimates); Bureau of Labor Statistics CPI- NYC

Median rents have risen since 2005, but median incomes have remained essentially stagnant.

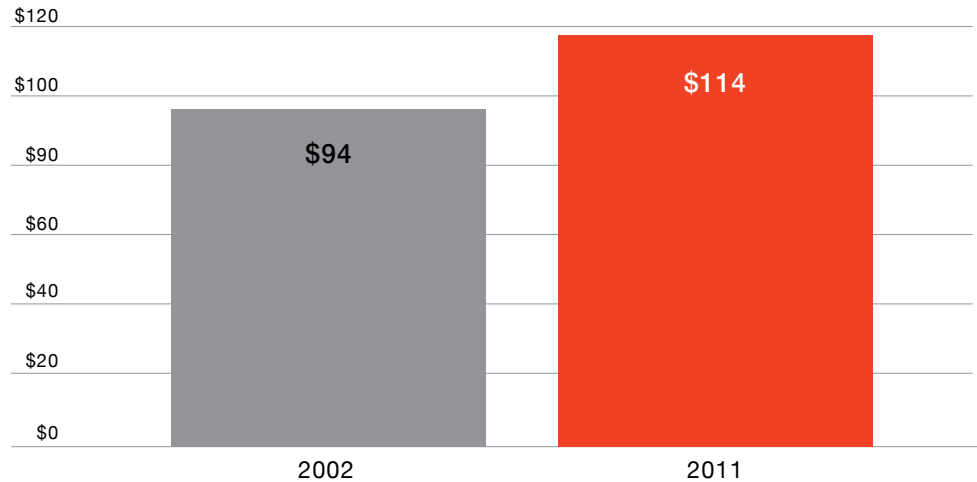
### Index of New York City Median Gross Rent and Renter Household Income, 2005 - 2012



## Median Monthly Utility Costs, 2002 and 2011

Data Source: Housing and Vacancy Survey (U.S. Census), 2002 and 2011.

In addition to rising rents, renters also face higher utility costs.



Further, renters face increasing utility costs: monthly utility costs increased by 20 percent from 2002 – 2011.

## More New York City renters are seriously rent-burdened

The increase in rents and utility costs, combined with stagnant income, has resulted in a larger share of renters suffering from rent burdens. A general rule of thumb for affordability is that a rental unit is considered affordable if a household pays less than 30 percent of its gross annual income on rent and utilities. A household paying more than 30 percent of its income on rent is considered “rent-burdened.” Households that pay more than 50 percent of their income on rent are considered to be “severely rent-burdened.” In 2012, almost 55 percent of all rental households were rent-burdened, which is an increase of more than 11 percent since 2000.

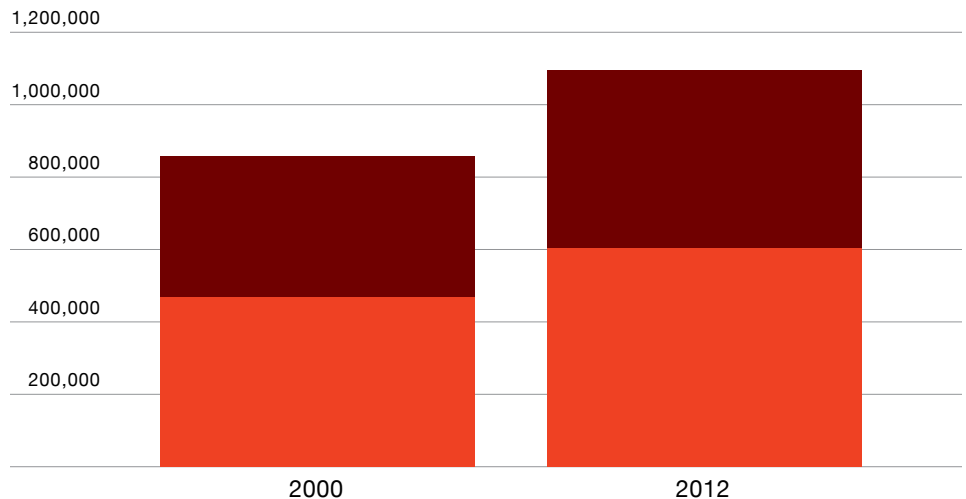
## Number of Rent Burdened Households, 2000 and 2012

■ Rent Burdened Households

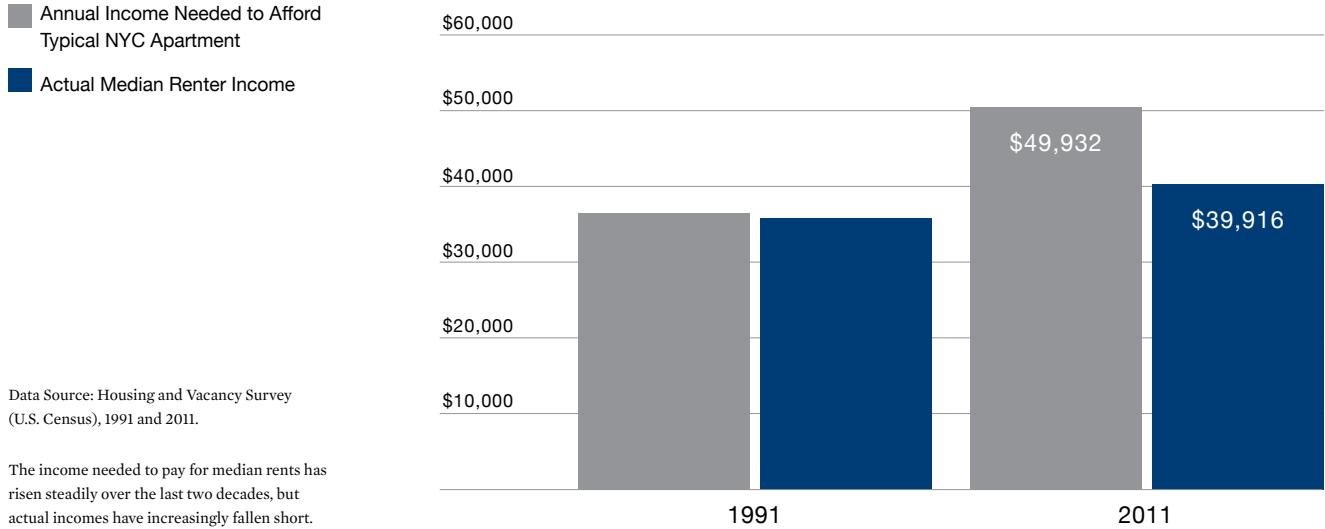
■ Severely Rent Burdened Households

Data Source: Census (2000) PUMS data; American Community Survey (2012) PUMS Data.

The share of moderately and severely rent burdened households has increased since 2000.



## Annual Median Household Income of Renter Households Compared to Annual Income Needed to Afford Typical New York City Apartment



Another way of thinking about housing affordability is to compare the income needed to pay no more than 30 percent of one’s income towards the median rent and utilities of apartments in the city with the actual incomes of New Yorkers. The gap is substantial and growing.

### The lowest-income New Yorkers can afford very few of the available units

While the need for affordable housing is deep and growing across most income groups, some feel the pressure more than others. In 2011, there were about one million Extremely Low Income and Very Low Income households but there were only 425,000 rental units affordable to those households.

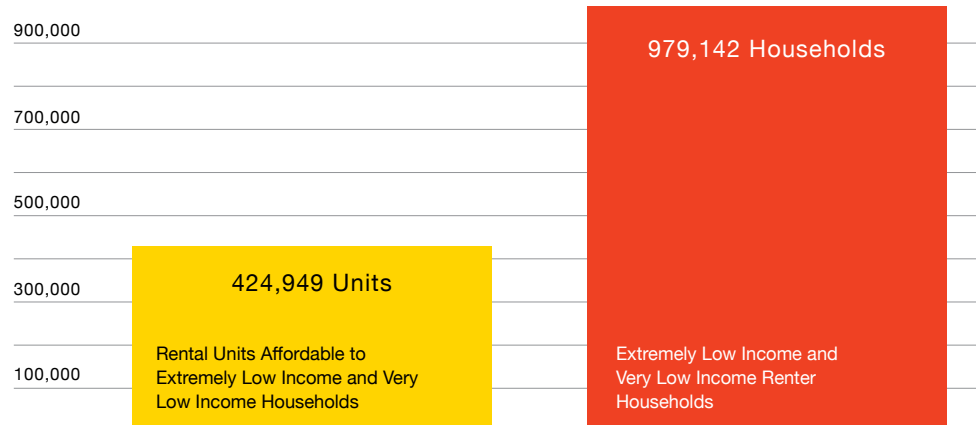
The number of units affordable to Very Low Income households includes the public housing maintained by the New York City Housing Authority (NYCHA). NYCHA’s 180,000 units house more than 400,000 New Yorkers. Sixty-two percent of these households are Extremely Low Income, and 37 percent of heads of households are seniors. NYCHA housing is extraordinarily important in providing affordable housing to our neediest households.

Though the affordability gap exists across the income spectrum, it is particularly acute for these Extremely Low Income and Very Low Income households who often struggle to find affordable housing on the private market. Indeed, a higher share of the households earning up to 50 percent of AMI are severely rent burdened than in any other income range—more than 35 percent, or 360,000 households. When we also consider households that are moderately rent burdened, a total of 500,000 households in that income range are paying more for housing right now than they can really afford.

## Supply and Demand among Extremely Low Income and Very Low Income Renter Households

Data Source: Housing and Vacancy Survey (U.S. Census), 2011.

There are more than two Extremely Low Income and Very Low Income households for every one housing unit that is affordable to them.



### Income Limits and “AMI”

The U.S. Department of Housing and Urban Development (HUD) sets annual limits for various funding uses and eligibility guidelines. HUD calculates the limits based upon median family income, then makes adjustments based on household size, local housing costs, and other geographically specific factors. The result is a set of limits for households of various sizes and income levels in different metropolitan areas, which are typically described as “Area Median Income” or “AMI.”

In FY 2014, in New York City, HUD has set the limits as follows:

**Extremely Low Income**, or 30 percent of AMI, for a family of four is \$25,150

**Very Low Income**, or 50 percent of AMI, for a family of four is \$41,950

**Low Income**, or 80 percent of AMI for a family of four is \$67,100.

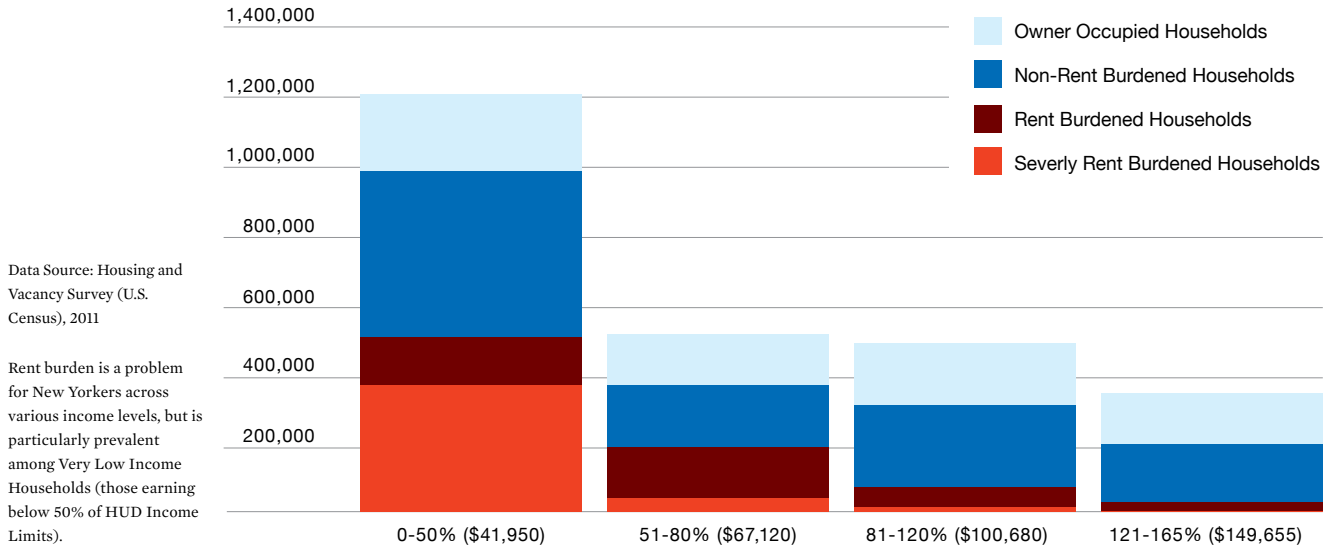
Housing agencies use these limits to qualify applicants of different income levels to live in affordable housing developments and to set maximum rents for subsidized units. The specific limits that apply to all five boroughs of New York City are calculated including Putnam, Rockland, and Westchester Counties incomes. Because those counties have higher median incomes than the City (Rockland County’s median income is about 50 percent higher than that of New York City, and Westchester County’s median income is about 65 percent higher than that of New York City), the resulting income limits for the City are higher than would be the case if the income limit area were restricted to the five boroughs. This results in income limits that are higher than the median incomes in some New York City neighborhoods.

### Income and Rent Requirements by Income Band

| Income Band          | Percentage of AMI | Monthly Rent Required to Prevent Rent-Burden | Annual Income (for a four-person household) |
|----------------------|-------------------|--|---|
| Extremely Low Income | 0- 30%            | Up to \$629                                  | < \$25,150                                  |
| Very Low Income      | 31 - 50%          | \$630 - \$1,049                              | \$25,151 - \$41,950                         |
| Low Income           | 51 - 80%          | \$1,050 - \$1,678                            | \$41,951 - \$67,120                         |
| Moderate Income      | 81 - 120%         | \$1,679 - \$2,517                            | \$67,121 - \$100,680                        |
| Middle Income        | 121 -165%         | \$2,518 - \$3,461                            | \$100,681 - \$138,435                       |

Based on the U.S. Department of Housing and Urban Development’s Estimate for Area Median Income (AMI) in 2014 (\$83,900 for a four-person household)

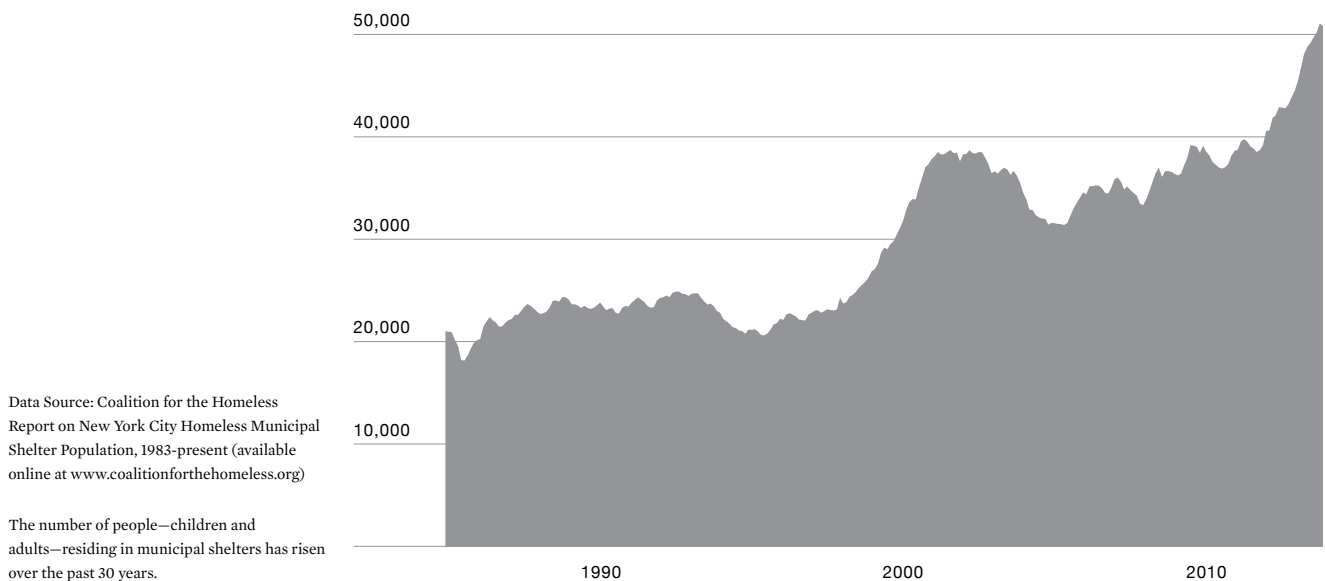
## Number of Rent Burdened Households by Income Band



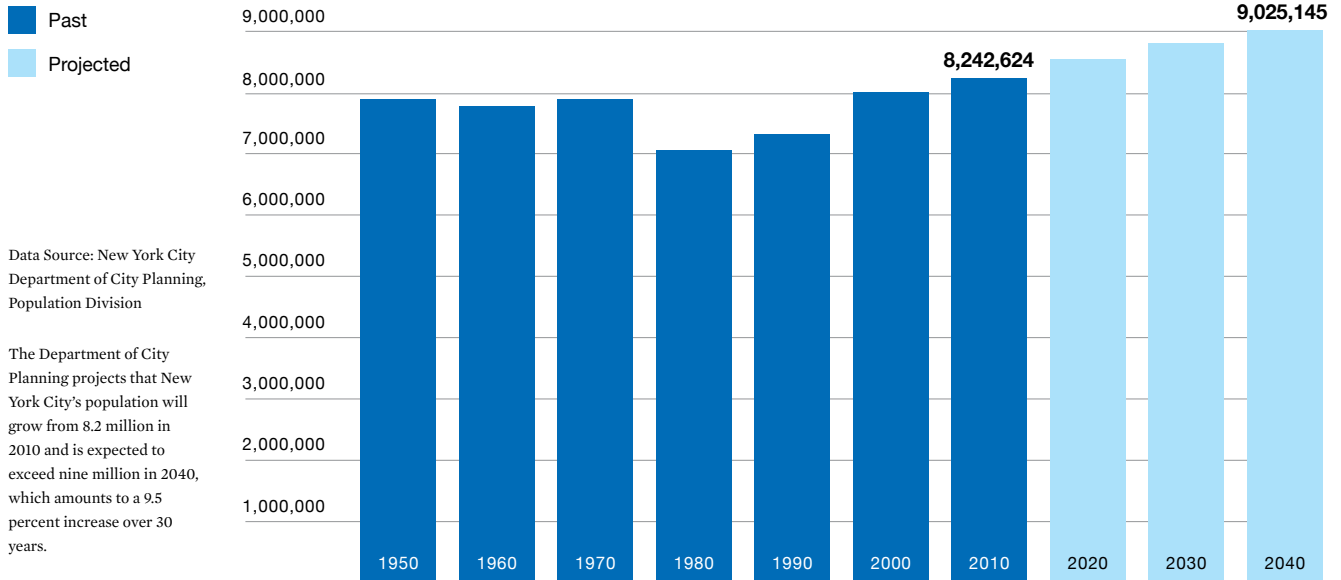
## The growing problem of homelessness

The homeless population in New York City is increasing and has more than doubled since 2000. The growing gap between the cost of living and rents, on the one hand, and wages on the other, has led more people to resort to the City’s shelter system for help. There are over 50,000 individuals, including more than 10,000 families and more than 22,000 children currently residing in City shelters. Living in shelters leads to instability for families and singles and can disrupt educational outcomes for children. Additionally, the City shelter system has to expand to accommodate new entrants, and bringing on new capacity is both costly and challenging.

## New York City Shelter Population



## New York City Population: Past, Present, and Future



### What's going wrong?

The current affordable housing crisis is rooted in many factors. Housing is considered unaffordable when housing costs consume too much of a person's income. As the discussion above shows, both sides of that equation have worked against the City's households in recent years. Wages have inched up slowly, while rents and utility costs have risen dramatically over the past two decades. One of the major drivers of those rent increases is a mismatch between the demand for, and the supply of, housing in general, and a gap between the demand for, and the supply of, affordable housing in particular.

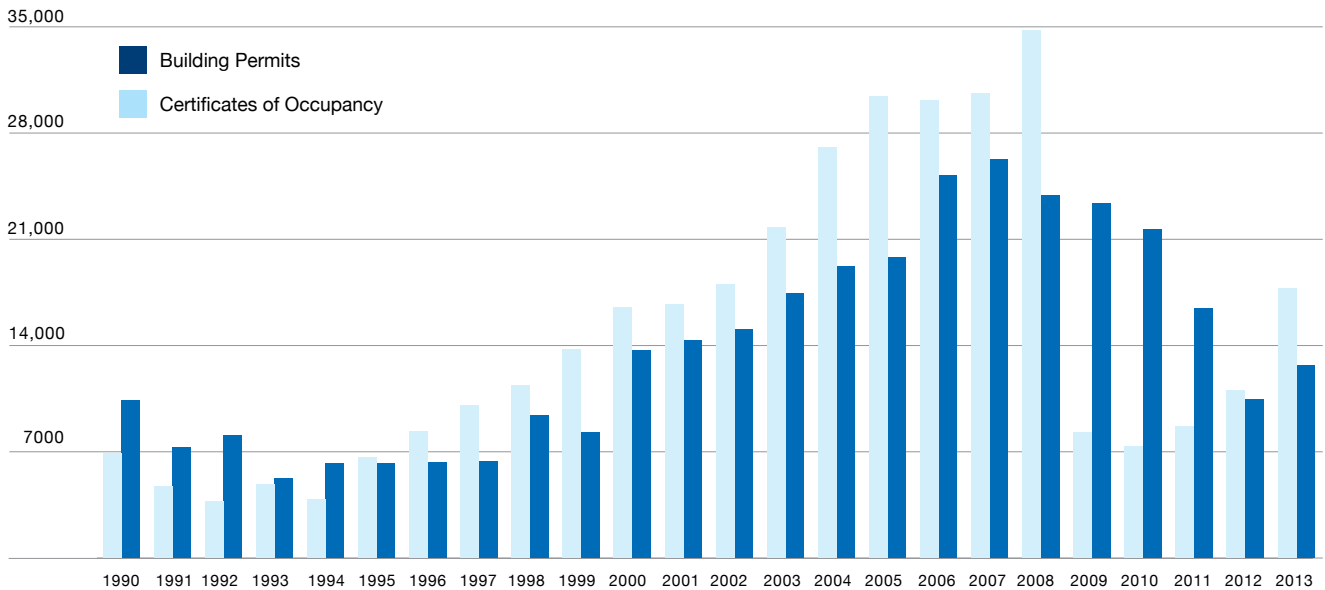
#### Demand is increasing

Our seniors are finding New York City a more hospitable home in which to age in place. Young families and empty-nesters are finding the City's vibrant culture and transit-oriented lifestyle more attractive than the suburbs. People from every corner of the nation and globe continue to pour into the City, seeking opportunities for themselves and their families. As a result, the City has grown to 8.4 million people and the population is expected to continue to rise, surpassing 9 million residents by 2040. This population growth is a reflection of the City's success in attracting and retaining people from all over the world, but it also brings with it a growing need for housing.

#### New construction is insufficient to meet the demand

Although the City's current housing stock of approximately 3.4 million units is the largest it has ever been, recent additions to the stock have not been sufficient to accommodate the growth in demand. The foreclosure crisis and Great Recession

## New Housing Units Permitted and New Housing Units Completed



Data Source: New York City Department of Buildings; New York City Department of City Planning, HEIP Division

Building activity rose steadily from the mid-1990s through its peak in 2008 and declined after the Great Recession.

led to declines in housing construction, limiting the supply of new housing. Hurricane Sandy destroyed or damaged many homes. Constrained credit markets in the aftermath of the foreclosure crisis have slowed the lending necessary to generate additional construction.

In addition, the supply of new housing in New York City is constrained by the high cost of building here. In many neighborhoods, land values are at record highs, so that developers face high upfront costs to acquire land for new buildings. New York City is also one of the most expensive construction markets in the country. As the cost of building increases, housing developers respond by building fewer housing units, charging more to rent or buy a home, or both.

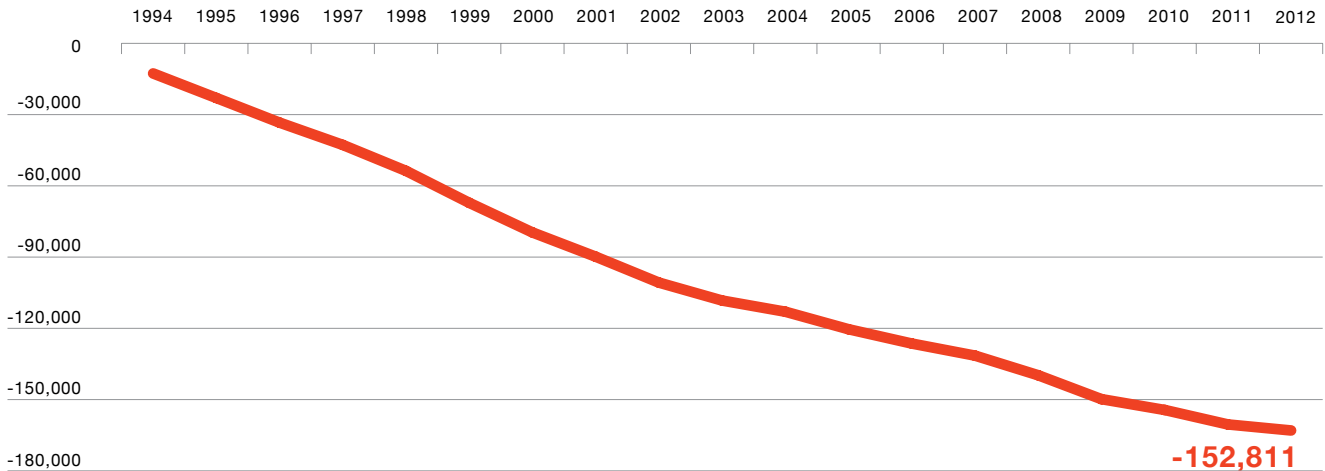
Consequently, there has been less new building activity since 2008 than in the years before the Great Recession. New building permits authorized nearly 35,000 units in 2008, but that number fell dramatically in 2009, and only began to recover in 2011. The number of units authorized by new building permits rose substantially in 2013, to nearly 18,000 units, but this is still far below the number of units necessary to meet demand.

### The number of units subject to the protections of rent regulation is plummeting

The size and quality of the housing stock evolves not only through new additions, but from the deterioration and demolition of units. Further, the affordability of the stock changes as properties convert from rentals to cooperatives or condominiums, or exit from rent regulation or from subsidy programs.

Data from the Rent Guidelines Board reveals that since 1994, almost 250,000 units of rental housing have lost the protections of rent regulation. While some units

## Net Loss of Rent Stabilized Units, 1994 – 2012



Data Source: Rent Guidelines Board Reports, Changes to the Rent Stabilized Housing Stock in NYC in 2012.

The city has lost more rent regulated units than it has gained.

have been added as a condition for tax incentives and other subsidies the building owners received, there has been a huge net loss of rent regulated units. Between 1994 and 2012, the city suffered a net loss of about 150,000 rent-stabilized units, or 16 percent of the total rent regulated stock.

### Many units have opted out of subsidy programs and are no longer affordable or income restricted

As the City and its State and Federal partners developed affordable housing over the last 50 years, affordability requirements expired after a specified number of years. When the buildings reach the end of that period, the property owners can choose to either renew the subsidy (or another form of subsidy) and accept a new period of affordability, or “opt out” of the program and either take the units up to market rents (or in some cases to rent regulated rents) or convert them to home ownership. According to the Subsidized Housing Information Project maintained by the Furman Center for Real Estate and Urban Policy, which tracks the four largest subsidy programs, 68,000 units of subsidized affordable rental housing have opted out of those programs over the last few decades. While some of those units remain affordable because they entered programs not tracked, or because they became subject to rent regulation, many are now market rate rentals or cooperatives and condominiums. The loss of those affordable units has been a serious blow to the supply of affordable housing.

### The units being supplied don’t match those in demand

The current supply of rental units is not well suited for the City’s changing households. Our residents are aging: the Department of City Planning projects that the population aged 65 or older will increase by 175,000 from 2010 to 2020. Housing needs change over a household’s life cycle. Some older adults need housing that provides special support services, while others prefer to ‘age in place’ in age-integrated settings. Many struggle to make ends meet because incomes frequently



decline after retirement. To address these changes, we must develop housing options that are affordable to older New Yorkers and that meet their special needs.

Our households also are changing in size, and there is a disconnect between the type and size of available apartments and the housing demands of modern households.

There are 1.9 million one- and two-person households in the City (more than 60 percent of all the City’s households), but only 1.25 million studios and one-bedroom apartments. Of course, some of the households will prefer to stay in, or move to, larger apartments. But the demand for smaller units also comes from individuals who would prefer to form their own household, but who are forced by high rents to live with roommates or family. When individuals can’t afford studios and join up to rent multi-bedroom apartments, they also drive prices for those apartments out of the reach of families with children. To address these challenges, we need not only more housing, but also a mix of new housing types that reflects the diversity of New Yorkers’ needs.

## New York City's Households

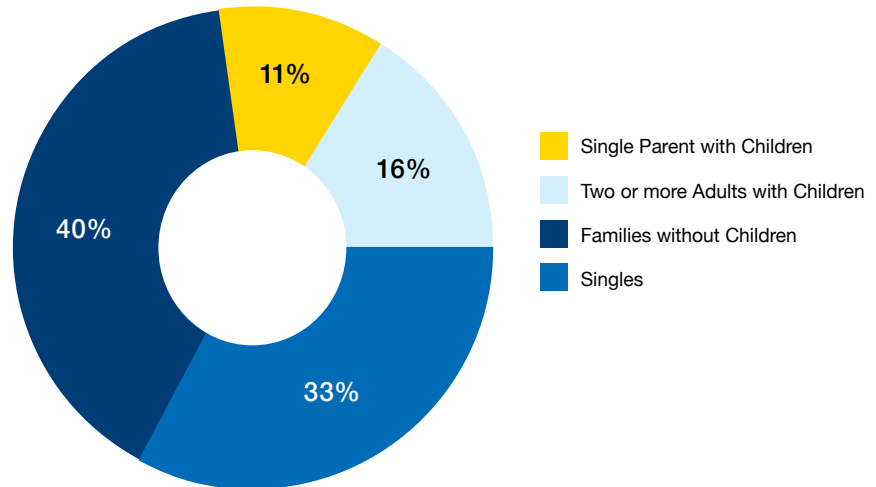
Data Source: American Community Survey 1-Year Estimates (U.S. Census), 2012

New York City households are diverse. One third are singles and 27 percent are families with children.

*Below graphs:*

Data Source: Housing and Vacancy Survey (U.S. Census), 2011.

There is substantial mismatch between the units available and household size, so that there are not enough studio and 1-bedroom units to house smaller households.

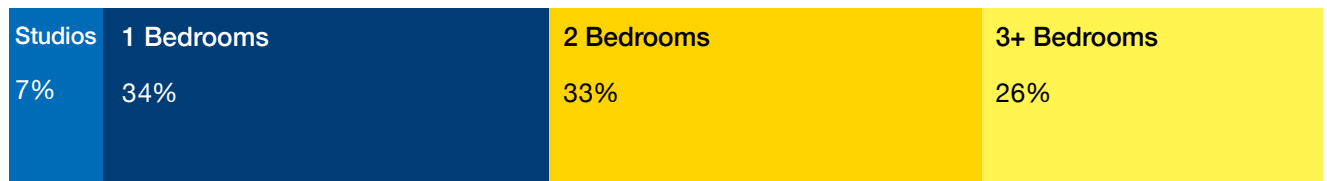


## Household Size and Unit Type

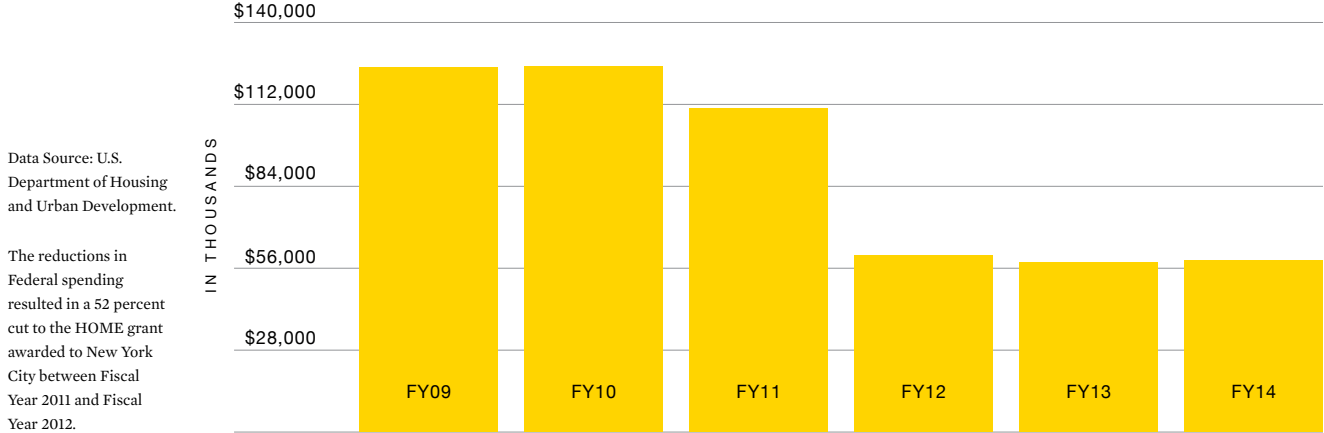
### Household Size



### Unit Type



## Department of Housing Preservation and Development (HPD) HOME Grant Funding, FY2009 - FY2014



### Dwindling federal resources for the construction or preservation of affordable housing and for housing vouchers

Federal funding plays a critical role in the creation and preservation of affordable housing; more than 85 percent of HPD’s operating budget comes from Federal funds. Between Federal Fiscal Years 2011 and 2012, acts by Congress resulted in a 52 percent reduction in the New York City HOME grant and a 23 percent reduction in the Community Development Block Grant (CDBG). HOME funds are a key resource that HPD uses to develop supportive housing, and to support the construction of new low-income units. CDBG funds provide critical support for our enforcement services programs. In 2013, Congress passed the Budget Control Act, which implemented a “sequester”—an across-the-board cut to discretionary programs. The result of the sequester was significant reductions in 2013 to key housing programs, including HOME. Although a short-term Congressional budget deal increased funding in 2014, the agency still faces challenges in the 2015 budget and beyond. Without Congressional action, the draconian sequestration cuts will return in 2016.

Further, the Federal government provides the funding for “Section 8” or Housing Choice Voucher program. Under the program, housing assistance is provided to Very Low or Extremely Low Income tenants to enable them to rent housing on the private market. Tenants pay approximately 30 percent of their income towards rent, and the voucher pays the difference between that amount and the amount the government determines to be reasonable rent for the unit. Vouchers are critical, not only to make housing more affordable to the families receiving them, but also to ensure that subsidized affordable housing and supportive housing projects can reach the lowest income families. Generally, even with subsidies for the construction or preservation of housing, rents the owners of affordable housing must charge are out of reach for Very Low Income and Extremely Low Income households unless they have vouchers.

Under the sequester, HPD's allocation from HUD for Housing Choice Vouchers was cut by \$37 million, or almost 10 percent in 2013, and NYCHA's allocation fell short by \$81 million. While the 2014 budget deal restored some of that funding for 2014 and 2015, if the sequester returns in 2016, there will be very serious consequences for our ability to provide vouchers, and to reach the lowest income households through our supportive housing and new construction or preservation programs. NYCHA provides about 91,000 households, and HPD provides about 32,000 households, with Housing Choice Vouchers every year, so maintaining (and indeed, increasing) HUD's budget for vouchers is critical to the City's ability to provide affordable housing to the neediest families.

## Things must change

Normally, when demand for a product exceeds supply, the market reacts by producing more of the desired goods. That is not happening in the housing market for many reasons, but the government certainly bears part of the blame. Local regulations sometimes stand in the way of innovation. The uncertainty of approval and permitting processes sometimes cause developers to miss market cycles. Our property tax system discourages the production of rental units and encourages conversion of units to cooperatives or condominiums at a time when homeownership is out of reach of most families due to high costs and limited access to credit.

In part, the problem is caused by market failures. When investors and developers decide to build housing aimed at the highest end of the market, and when employers decide to pay wages too low to allow their workers to live in the City, they do not sufficiently take into account the effect that those decisions will have on the City's vitality, diversity, and economic strength.

Further, the affordable housing crisis is exacerbated by (and compounds) inequality. In some of the City's neighborhoods, median household incomes are as high as \$122,222, while in others, the median household income is only \$21,562. Often, both the highest income and the lowest income neighborhoods have little income diversity. Similarly, some neighborhoods have tremendous racial and ethnic diversity, while others are racially homogenous. Indeed, nearly half of the city's neighborhoods remain dominated by a single racial or ethnic group. The inequality and lack of diversity in many neighborhoods means that some families do not have access to the education, jobs, and other opportunities others enjoy. It also means that low income households often are unable to find homes in the neighborhoods in which they would like to live.

The cost of these failures—both the harm to the families struggling to make ends meet and to get ahead, and the threat to the City's character and future—are simply too high to continue business as usual.

We must do more to ensure that all New Yorkers have a safe and affordable place to live, in neighborhoods that provide opportunities to succeed.

## **Housing New York: A Five-Borough, Ten-Year Plan**

To address these challenges, Mayor Bill de Blasio has devised a bold, five-borough housing plan that will create and preserve 200,000 units of affordable housing for approximately 500,000 New Yorkers over the next ten years. The plan builds upon ideas for new programs or improvements of existing programs, proposed by industry leaders, advocates, and experts and it represents our renewed commitment to tackling the City's affordable housing challenges head on. Because the City does not act alone, but has benefitted from substantial State and Federal support and innovations over decades, the plan also relies upon collaboration with our Federal and State partners.

The chapters that follow outline, in broad strokes, the strategies we will use to address the affordable housing crisis that threatens our families and our city. The challenge before us is a daunting one, but New York City has never shied away from a challenge. We have inherited the world's greatest city from the generations that came before us, and we must take decisive action to build a just, equitable, inclusive and prosperous city, today and for the generations to come.

**Chapter 1**

# **Fostering Diverse, Livable Neighborhoods**

## Overview

New York is a city of neighborhoods that are as diverse as its residents—from leafy communities containing low-rise detached homes, to blocks of stately row houses and fire escape clad walk-ups, to higher-density, mixed-use districts comprised of tall apartment buildings and commercial towers. Each neighborhood has its own distinct culture and rich history. Yet like our city as a whole, neighborhoods are constantly undergoing change.

Over the past decade, as the City has become home to hundreds of thousands of new residents, neighborhoods have felt the impacts of population growth, even if their physical surroundings have not changed. The supply of new housing—particularly affordable housing—has failed to keep up with demand, and as a result, greater competition for limited supply has driven up housing prices and made many of the City’s neighborhoods less affordable. These pressures are making it increasingly difficult for moderate- and middle-income workers to remain in the City, and they are placing particular strains on the lives of lower-income New Yorkers.

In addition to our current challenges just to keep pace with population growth over the next decade, New York City will need to add about 100,000 new market rate units in addition to the 80,000 new affordable units the City will build under this plan. To meet this challenge, we must ensure that housing development is guided by meaningful community engagement and coordinated with public investments in infrastructure and services.

Although communities often raise concerns about new housing, thoughtfully planned development has the potential to build on the strengths of neighborhoods and help fill their unmet needs. New housing and mixed-use development can bring life to stark and inhospitable streets. It can help reinvigorate struggling retail corridors and reconnect neighborhoods that were historically linked but later severed by highways or other obstacles. And it can promote economic diversity and protect existing residents if accompanied by targeted preservation efforts, as well as the right mix of targeted incentives.

### Key strategies:

- **Pursue Affordable Housing and Community Development Opportunities in All Five Boroughs**
- **Make Strategic Investments to Support New Housing and Neighborhood Revitalization**
- **Promote Mixed-Use, Mixed-Income Communities Anchored by Affordable Housing**
- **Create Quality Jobs and Workforce Development Opportunities for New Yorkers**



## Pursue Affordable Housing and Community Development Opportunities in All Five Boroughs

### Work with communities to identify opportunity areas and plan for growth

Over the course of the next ten years, the City will identify areas across the five boroughs where coordinated planning with communities—including changes to land use and zoning, and improvements to infrastructure and services—can promote substantial opportunities for new housing that complements and enhances neighborhood character. The

Department of City Planning’s borough offices will work in close coordination with the Department of Housing Preservation and Development as well as the Departments of Parks and Recreation, Environmental Protection, Transportation, and Small Business Services, and the Economic Development Corporation to launch community development initiatives around new and existing housing, and to plan for other improvements needed to support growth.

The City will reach out to engage communities at the early stages of this process. We will collect, analyze, and share data on land use, housing, infrastructure, and services with communities as part of the planning process. We will solicit guidance from local residents and businesses, community organizations and elected officials about their concerns and first-hand experiences to identify existing community needs, set priorities, and shape the plans. This “ground up” planning process will be coordinated with the Office of Management and Budget, and the process of assembling statements of citywide and Community District needs, to mesh necessary neighborhood investments with community growth. The Department of City Planning will play an active role in the formulation of the City’s Capital Budget to assure that community growth is accompanied by appropriate public investments. And, of course, all land use actions initiated as a result of these community planning processes will be subject to a full public review process, which will provide additional opportunities for input from Community Boards and elected officials.

### Case Studies

1. **East New York and Cypress Hills**
2. **Hunters Point**
3. **East Harlem**
4. **St. George**
5. **Harlem River Waterfront**
6. **East Concourse**
7. **Arverne View**
8. **Spring Creek**
9. **Melrose Commons**
10. **Hamilton Heights**
11. **Markham Gardens in Richmond Terrace**

### Establish a Mandatory Inclusionary Housing Program to promote economic diversity and affordable housing development

The City will establish a new mandatory Inclusionary Housing Program to ensure that the housing marketplace serves New Yorkers at a broader range of income levels. The program will be applicable in all medium and high density districts where rezonings provide an opportunity for significantly more housing. The City will require a portion of the housing developed to be affordable.

**Opportunities for new housing are likely to come in a variety of forms:**

**Area-wide zoning changes** – The City will work together with local communities to identify corridors or portions of neighborhoods where changes to zoning can enable additional housing development. For example, currently permitted residential densities often do not reflect an area’s full potential based on its accessibility to transit and centers of employment.

**Site redevelopment** – New housing can be constructed on specific sites that have fallen into disuse or are not being used intensively or appropriately, and have development potential. The redevelopment of brownfields is an example of this type of opportunity.

**Underutilized land redevelopment**– In developments where unused or lightly used land exists, opportunities may be found to locate additional housing. These areas often include sites with large and underused parking lots.

**Adaptive reuse** – Obsolete buildings can present opportunities for conversion to residential use or mixed use.

#### **Planning for As-of-right Development**

The majority of new housing in New York City is constructed “as-of-right” – building permits are issued for construction that complies with the zoning in place for the area. However, in some areas zoning prohibits or discourages new development or unnecessarily limits the amount of housing that can be built. Neighborhood zoning changes or site-specific land use approvals can be sought; however, these actions are time consuming and add uncertainty to project development, which increases the cost of development.

In a city where vacant and underutilized land is in short supply, we must identify new opportunities to increase the number of sites on which new housing can be created without costly, time-consuming one-off reviews. Through a comprehensive community based planning process, zoning changes can enable new housing and other uses to be built as-of-right, in a way that is responsive to neighborhood character and supported by appropriate investments.

The mandatory program will incorporate one of the successful features of the existing voluntary program, by requiring that affordable units remain permanently affordable in order to provide for long-term stability and economic diversity in neighborhoods. It will offer flexible options for fulfilling the mandatory affordable housing requirement, including on-site and off-site options to promote a range of housing choices, and will target a range of affordability levels to ensure the program’s effectiveness and applicability in both stronger and weaker housing markets throughout the City.

The Inclusionary Housing Program can become even more powerful by aligning it with tax policy. Currently, in many central areas of the City, valuable 421-a tax exemptions are provided only when the developer makes a share of the units affordable. In these areas, the exemption provides a significant incentive for affordable housing. In neighborhoods with strong housing markets, tax incentives should be limited to situations where they would: a) result in the production of more affordable housing than would otherwise be required under Inclusionary Housing; or b) target otherwise hard-to-reach income levels or household sizes. Rezoning that add substantial capacity for new housing in transitioning neighborhoods may require incentives to encourage developers to reach lower income levels, or may be able to promote permanently affordable moderate-income, housing without incentives.

Producing diverse neighborhoods with affordable housing requires a balance between zoning requirements and incentives. A carefully crafted approach will support continued housing production by the private marketplace while significantly expanding the pool of affordable units across the City—particularly in redeveloping areas. Immediately following the release of this plan, the City will conduct the analyses required for development of a mandatory inclusionary zoning program that satisfies sound land-use planning and legal principles, then will engage a broad group of housing stakeholders to solicit their input into the modifications and expansions of the Inclusionary Housing Program, and will work with stakeholders moving forward to ensure that the program functions smoothly to support development while also meeting the needs of communities.

### **Improve the effectiveness of voluntary inclusionary zoning**

The City currently has a voluntary inclusionary zoning program in which developers who agree to build affordable housing can build additional floor area on site. The effectiveness of this program has varied among neighborhoods and depended in part on the availability of financial incentives.

Developers have identified challenges they face in using the current Inclusionary Housing Program, including inconsistencies between the requirements of the Inclusionary Housing Program and tax incentives,



# Case Study:

## Planning with Communities Brooklyn



Community members and City Planning staff during a public visioning event held in March 2012.

### East New York and Cypress Hills

**In collaboration with community partners, the City is planning for new mixed-use, mixed-income development to support the vitality and livability of East New York and Cypress Hills.**

In recent years, the neighborhoods in Brooklyn’s Community District 5 have rebounded from a period of disinvestment and decline with stabilized residential areas and a growing population. In the context of these changes, the community identified needs for more diverse and affordable housing choices, improved access to jobs and services, and safer streets with better connections to transportation and services.

Through the HUD-funded Sustainable Communities East New York initiative, the City has worked closely with neighborhood residents and institutions (including Cypress Hills Local Development Corporation), as well as several public agencies, to establish a plan to address these needs together. The City and its partners conducted over 50 outreach events including half-day workshops and visioning sessions open to all area residents and businesses. A Community Advisory Committee, consisting of residents and local community-based organizations helped guide the process. DCP developed a framework of short- and long-term strategies for changes to regulations and public investments that promote a sustainable, equitable and inclusive future for the Cypress Hills and East New York neighborhoods in Brooklyn.





**BEFORE:** Pitkin Avenue



**AFTER:** A vision of Pitkin Avenue depicting long-term land use changes which could create a vibrant mixed-use corridor at the heart of East New York.

### Project Objectives

- Promote new, mixed-income housing and mixed-use development along key transit corridors.** Atlantic Avenue, a broad boulevard, offers the greatest opportunity for higher-density, mixed-use development with several large opportunity sites. The transit corridors of Pitkin Avenue and Fulton Street can also support new housing as well as neighborhood shopping and services. By marshaling the City’s range of housing resources and applying the proposed new Mandatory Inclusionary Housing Program, the City would promote the preservation of existing affordable housing and ensure that new housing includes permanently affordable units.
- Build on neighborhood strengths to preserve longstanding residential neighborhoods and promote contextual infill development.** Contextual zoning would promote the retention of the existing housing stock and ensure that new infill development complements the current residential character of row houses and small apartment buildings.
- Encourage economic development opportunities to support job growth** New mixed-use development would increase demand for local services such as grocery stores, banks and restaurants, which in turn, working with both the City’s Economic Development Corporation and the Department of Small Business Services, will support existing and new businesses, support the viability of retail corridors, and create opportunities for local jobs.
- Pursue street safety enhancements in tandem with streetscape improvements** DCP is coordinating with the Department of Transportation on the addition of new sidewalks, curb extensions, traffic signals, street trees, benches, bus shelters and other amenities in strategic locations that would enhance neighborhood safety and walkability for pedestrians, transit users and motorists alike. Improvements of intersections near transit, schools and community services would ensure safety for students walking and biking to school and for residents walking to essential services. All of these efforts are in concert with the administration’s Vision Zero plan to work collaboratively with communities to improve street safety for all New Yorkers.

bottlenecks and cumbersome processes for securing approvals. The City will work with industry groups and other stakeholders to review the process from start to finish and then make the necessary improvements and provide the resources needed to ensure an efficient approval process.

## **Make Strategic Investments to Support New Housing and Neighborhood Revitalization**

### **Invest strategically in infrastructure and services to unlock potential for new housing creation and to support the livability of neighborhoods**

Across the City, there are neighborhoods where the hard work of planning and consensus-building for new housing development has already been completed. In recent years, a number of area-wide rezonings and large-scale development plans intended to foster new mixed-income housing and supporting activities have received land use approvals. This creates an avenue for millions of dollars in private investment to support new development. However, in some of these areas, the potential for new housing can only be fully realized if improvements to infrastructure such as upgrades to storm water and sanitary sewers, or the construction of new streets and public open spaces, are made. In neighborhoods such as Hunter's Point South in Queens, Stapleton in Staten Island, and Coney Island in Brooklyn, the City will work with local elected officials, residents, businesses, and community organizations, to make a series of targeted infrastructure investments to unlock the potential for thousands of new affordable housing units and accompanying retail, services, and community facilities.

### **Address neighborhood needs in new development projects**

When City-sponsored housing developments are initiated, the City will identify opportunities to incorporate facilities and services into the projects that directly address local needs. This process will begin with agencies reaching out to community stakeholders during the planning stage, and will continue through construction and occupancy. For example, to meet the need for better retail opportunities, HPD can work with EDC to help affordable housing developers improve the design of commercial spaces, understand local market conditions, and develop better leasing strategies. At the same time, SBS can reach out to local businesses to help them secure retail space in new housing developments. The housing agencies will also work with other agencies and institutions to co-locate employment centers, libraries, day care centers, pre-K programs, schools, and other vital services in the new developments. This would result in a dual benefit: the integration of important services into housing developments and help for developers in ensuring the best use of their non-residential spaces.

# Case Study: Strategic Investment Queens



BEFORE



AFTER

## Hunters Point South Mixed-Use Development

Hunters Point South is a mixed-use, affordable housing development situated on approximately 30 acres of prime waterfront property in Long Island City, Queens. When complete, the project will be the largest new affordable housing development to be built in New York City since the 1970s and will include approximately 5,000 housing units, 60 percent of which will be affordable to middle income families, local retail, community facility uses, a new public school, and new public open spaces.

The City created this new housing opportunity through a neighborhood rezoning and by funding critical infrastructure work including site clean-up, demolition, installation of sewers and storm water management systems, and roadways. In addition, the City funded an 11 acre waterfront park and a new, 1,100-seat public school. Together, these investments will transform this formerly underutilized waterfront area into a new enlivened and affordable residential neighborhood that will provide significant benefits to the Long Island City community.



## **Enhance mobility and connectivity**

Economic opportunity depends not only on affordable housing, but also access to schools, employment, shopping and other services, both within the neighborhood and beyond. Consequently, our planning will be based upon a transit-oriented development approach. The City will promote a range of options to improve mobility, connectivity, and safety. First and foremost, the City will make streets safer and more hospitable to pedestrians as part of its inter-agency Vision Zero campaign to eliminate pedestrian fatalities and serious injuries. The City will also continue to expand its bike lane network to new neighborhoods and, in collaboration with MTA New York City Transit, add 13 new Select Bus Service routes to enhance transit access, improve the speed of slow transit trips, and accommodate future growth. Although still relatively in its infancy, the City's growing ferry service has the potential to improve access to housing and employment destinations along the waterfront. The City will also continue to support MTA efforts to extend and expand the capacity of the subway and commuter rail systems, including signal improvements that would increase subway service frequency as well as major capital projects like the construction of the Second Avenue Subway and the Penn Station Access project, which will provide new Metro-North access to neighborhoods in the Bronx.

## **Coordinate planning and public investments to build resiliency for coastal flood risks**

In areas affected by Hurricane Sandy and coastal flood risks, as detailed in *One City, Rebuilding Together*, the City will make investments necessary to improve the resiliency of critical infrastructure systems and operations so that all New Yorkers live safely in stronger communities. The Mayor's newly formed Office of Recovery and Resiliency has initiated projects within the first phase of a \$3.7 billion program of investments in coastal protection measures for critical areas, and will expedite efforts to secure additional Federal funding and expand resiliency upgrades. Housing recovery and capital investments in coastal protections and other infrastructure will be coordinated together with neighborhood planning efforts to support the physical, economic, and social resiliency of communities.

## **Promote Mixed-Use, Mixed-Income Communities Anchored by Affordable Housing**

With new housing comes increased demand for a wide range of services—including transit capacity, retail and business services, as well as community facilities such as day care, outpatient health care, houses of worship and other institutions. These businesses and facilities are part of the lifeblood of neighborhoods, and when properly located along well-designed streets that welcome

# Case Study:

## Adaptive Reuse for Affordable Housing Manhattan



BEFORE

AFTER

### Artspace El Barrio @ P.S. 109

In 2003, a Minneapolis-based developer, Artspace, received two major grants from the Warhol Foundation for the Arts to identify a suitable site in New York City and create affordable spaces for artists to live and work. In 2004, Artspace approached HPD for assistance in identifying a site. By early 2005, Artspace had concluded that P.S. 109 in East Harlem, a former public school building, was its first choice. In October 2005, the project was presented and unanimously endorsed by Community Board 11. Working with the local New York City Councilmember, Artspace partnered with El Barrio's Operation Fightback, and in 2012, the partnership closed construction financing for the adaptive reuse of PS 109 into 90 newly-constructed units of affordable rental housing and community space.

Artspace El Barrio @ P.S. 109 will include 18 units affordable to households earning 40 percent of AMI and 71 units affordable to households earning up to 60 percent of AMI. There will also be approximately 13,000 square-feet of community space that will house galleries, performance space, and not-for-profit offices. Additionally, the site will incorporate green building practices and amenities including a community garden, a community kitchen and a farmer's market and be certified through Enterprise Green Communities.



pedestrian activity, can create community focal points and meeting places. Using a range of strategies, the City will promote vibrant, mixed-use neighborhoods.

### **Pursue zoning changes to support mixed-use communities, in which housing, quality jobs, and retail support the vitality of neighborhood**

Neighborhood planning and zoning changes can open up a wide range of opportunities for mixed-use neighborhoods. Inducing a mix of uses alongside or within housing in locations that are highly accessible to public transportation can create centers of employment, commerce, and services that expand economic opportunity for residents within and beyond the neighborhood. In some industrial or commercial areas, opportunities exist to expand centers of employment and business activity.

Zoning can encourage vibrant, mixed-use neighborhoods in additional ways. In some areas, stringent parking requirements for commercial uses discourage new buildings from also including housing. Reducing these requirements would encourage vibrant local retail streets with housing on the upper floors of buildings. In addition, the height of ground-floor retail spaces in mixed-use buildings is often constrained by current zoning limits for building height and setback, especially for buildings receiving bonus floor area through the Inclusionary Housing Program. These requirements will be updated to allow for modern, high-quality retail space while preserving the full potential for housing above the ground floor.

### **Expand and refocus tools that incentivize commercial and community facility components of mixed-use projects**

To support essential commercial uses, community facilities and other uses that create employment opportunities, City agencies will work to maximize the use of available financing tools that provide assistance to the commercial components of mixed-use projects. The City will also explore reviving HPD's Alliance for Neighborhood Commerce, Homeownership, and Revitalization (ANCHOR) Program and will look to expand the use of public financing tools such as Federal New Markets Tax Credits (NMTC). In addition, by helping developers plan strategically in the early stages of a project, we will ensure that mixed-use projects advance specific neighborhood goals, realize full value of their commercial space, and leverage opportunities to cross-subsidize affordable housing.

# Case Study: Adaptive Reuse & Mixed-Use Development Staten Island



BEFORE



AFTER

## St. George Mixed-Use Development

Through site redevelopment and adaptive reuse, this project will transform the site to create a vibrant mixed-use and mixed-income waterfront community.

Lighthouse Point site is the former home of the U.S. Lighthouse Service Depot, which [from 1863 to 1939] served as the administrative and technical center for lighthouse operations nationwide. The Lighthouse Point project will restore and repurpose the six historic structures on the site and will accommodate two new towers on the vacant parcels. This dynamic mixed-use project will ultimately create approximately 500,000 square feet of retail, residential, and hotel development. The redevelopment will also bring significant economic activity to the St. George area.

The residential portion of the project will provide 109 units of new housing across a range of income levels, with at least 22 units (or 20 percent of the total) permanently affordable to individuals earning up to 60 percent of AMI.





### Some examples of programs we will work to scale:

#### **Edward J Malloy Initiative for Construction Skills**

This Construction Skills program is a unique program built on strong partnerships between fourteen career and technical public high schools throughout the five boroughs and the building trades. Over 12 years, the program has provided training and entry into pre-apprenticeship programs in the building trades for over 2,300 graduates, and has enjoyed an 82 percent placement rate.

#### **NYCHA Resident Training Academy (NRTA)**

In the fall of 2010, Robin Hood Foundation funded NRTA, a four year initiative to work with multiple partners, including CUNY, Brooklyn Workforce Innovation, and Building Skills NY, to provide NYCHA residents with employment training and skills. Administered by NYCHA's Office of Resident Economic Empowerment and Sustainability (REES), the NRTA has offered training in the Construction, Janitorial and Pest Control fields, placed graduates in jobs at NYCHA, and linked them to affordable housing developers seeking construction workers.

#### **Construction Works**

Through the Center for Economic Opportunity, the Mayor's Fund and private philanthropy, Construction Works funds nonprofits to connect low-income workers to meaningful Sandy-related construction opportunities. The one-year program provides hard skills occupational training that results in certifications, as well as job placement services post-training.

#### **Building Skills NY**

Building Skills NY is a nonprofit organization which seeks to help underserved and underemployed New Yorkers access the many job opportunities made available through affordable housing construction projects. The program provides quality construction industry education and hands-on training, followed by career opportunities for residents who live in New York neighborhoods where affordable housing is being built. Building Skills NY has placed approximately 40 graduates to date.

### **Engage NYCHA residents and the surrounding communities to identify local needs and opportunities**

Over the coming months, the City will engage the residents and neighbors of NYCHA developments in respectful and balanced conversation about local needs and opportunities. This collaborative process will assess the potential for underutilized NYCHA land and development rights to benefit existing residents, increase affordable housing and local retail services, and reintegrate developments into the fabric of their surrounding neighborhoods.

### **Create quality construction jobs and workforce development opportunities for New Yorkers**

The objective of Housing New York is to make it possible for working people to find a decent, affordable home in a thriving and inclusive neighborhood in the City. Producing this housing will necessitate a substantial investment of City resources, and we are committed to ensuring that this investment leads not only to quality affordable housing, but also good jobs—both direct and indirect—for New Yorkers across all five boroughs.

As we undertake this substantial public investment, we are committed to ensuring:

- **Quality construction jobs with fair wages, safe working conditions and advancement opportunities for Low-Income residents**
- **The City's investment in housing is aligned with our workforce development strategies**
- **The City capitalizes on the opportunity not just to build affordable housing but to do so in a way that helps traditionally disadvantaged businesses, including Minority- and Women-owned Business Enterprises (M/WBEs).**

### **Create quality construction jobs**

We estimate that the construction and preservation of 200,000 units over the next 10 years will generate a

# Case Study:

## Leveraging City Property to Seed Neighborhood Development

### Bronx



BEFORE



AFTER

### Harlem River Waterfront Redevelopment

This site (located at 63 Exterior Street) is a City-owned parcel on the waterfront south of 149th Street that serves as a prominent gateway to the borough; the site sits just north of the Metro-North viaduct bridge and south of the Third Avenue Bridge. With strong community support, the site was rezoned to allow residential and commercial uses as part of the Lower Concourse rezoning. Community representatives have long envisioned redevelopment here, and the area is just seeing the start of investment on some of the upland sites. The waterfront, which has the greatest promise for transformation of this neighborhood, has not yet seen private investment, but the City's use of its land holdings can help spur the way to revitalization.

The site could be developed with a 26-story tower, including almost 500 units of mixed-income housing and more than 100,000 square feet of commercial space, plus a new waterfront esplanade along the Harlem River. The redevelopment plan has the strong support of the Borough President and Community Board 1. The City's lease with the current use (secondary site for a storage and moving company) expires this year.



substantial number of new jobs. Our analysis shows that the investment in housing will create approximately 194,000 construction jobs and 7,100 permanent jobs. This includes over 132,100 direct jobs and an additional 69,000 indirect jobs.

### **Link investment in affordable housing to the City's broader workforce development programs**

The City will develop new programs coordinated through the Office of Workforce Development to ensure that our housing investments are incorporated into the City's broader workforce development efforts. Specifically, the Office of Workforce Development will:

- Create a designated workforce development Senior Contractor Manager who will ensure that developers implement hiring practices and work in partnership with City agencies to connect individuals with job opportunities.
- Partner with local intermediaries who conduct outreach to and screening of local jobseekers
- Develop a City-wide hiring database through the launch of a centralized on-line job application system that improves screening at local access points and enables follow up for other construction jobs outside of local areas.
- Expand promising construction workforce programs and integrate them into the affordable housing construction investments.

### **Build affordable housing while promoting the growth of Minority and Women-owned Business Enterprises**

The City's investment in affordable housing will be tied to greater M/WBE participation in housing development. Expanding opportunities for these organizations not only reflects our values, it also expands the pool of developers that can build affordable housing in New York City and strengthens the housing industry. HPD will implement a program to expand M/WBEs' access to capital, build their capacity, and provide opportunities to compete for a targeted pipeline of development projects. Portions of this program require state legislation, which has been introduced in the legislature. The City will continue to lobby for its passage. The City has also allocated funding to HPD and SBS to expand SBS's Compete to Win Program to provide capacity building to M/WBE affordable housing developers. In addition, EDC's Blueprint to Success and SBS's Compete to Win have provided M/WBE contractors with technical assistance, business curriculum education and networking opportunities. EDC and SBS will endeavor to scale these successful programs in support of the Plan. EDC will also seek to have greater participation by M/WBEs on its real estate projects by requiring developers to include M/WBE participation through appropriate M/WBE construction goals. EDC, SBS and HPD will coordinate all M/WBE efforts.



## Chapter 2

# Preserving the Affordability and Quality of the Existing Housing Stock

## Overview

Maintaining the quality and affordability of housing that is currently affordable to low- and moderate-income New Yorkers is critical to meeting the City's long-term housing needs. That stock includes publicly subsidized units, privately owned units, public housing operated by NYCHA, rent-regulated units, and housing that is market rate, but in a neighborhood where market rents are currently affordable to many families.

A variety of factors put this housing at risk: New York City's subsidized affordable housing stock faces significant threats from expiring rent restrictions. Many NYCHA units are falling into physical disrepair and Federal funding for NYCHA has nearly been cut in half over the last decade. The rent-regulated stock has shrunk dramatically over the last decade as vacancy and luxury decontrol have resulted in rent increases to market levels. Unusually high turnover in many rent-regulated buildings suggests that some landlords are disregarding tenants' rights in the pursuit of market rents. Many categories of the affordable stock face increasing operating costs, and many buildings have serious maintenance and rehabilitation needs.

While the construction of new housing is a key component of the Plan, efforts to ensure the quality of existing housing and preserve the affordability of the currently affordable stock also are critical. Preservation is often a more cost-effective way of securing affordability and protecting tenants from the risks associated with poor maintenance and disinvestment. On average, the preservation of existing affordable housing requires fewer government and private resources, and can leverage past investments. And most critically, both the enforcement of quality standards and the preservation of affordability provide the families who live in the units with stable and affordable housing. The City's efforts to build new housing must go hand-in-hand with efforts to protect and promote housing quality and to preserve the affordability of existing units so that all New Yorkers can live in safe and healthy environments.

### **Key strategies:**

- **Ensure the Safety and Habitability of the Housing Stock**
- **Adopt a More Strategic Approach to Preservation**
- **Preserve Government-Assisted Affordable Housing**
- **Preserve Rent-Regulated and Unregulated Affordable Housing**
- **Create New and Improved Preservation Tools**
- **Promote Sustainability, Resiliency, and Long-Term Affordability While Helping Building Owners Reduce Operating Costs**

# **Ensure the Safety and Habitability of the Housing Stock**

## **Perform a comprehensive review of the Housing Maintenance Code**

The Housing Maintenance Code (HMC) ensures minimum standards of health, safety, fire protection, light, ventilation, cleanliness, repair, maintenance, and occupancy in residential buildings. While specific updates to the HMC have been implemented over time, the City has not undertaken a comprehensive review in recent years. Many stakeholders believe that requirements of HMC should be better coordinated with other relevant codes and rules so as to streamline the design and review process, benefitting both building owners and tenants. Additionally, the HMC does not incorporate some industry best practices, such as issuing electronic notices to owners and promoting green building technologies.

We will conduct a comprehensive review, working with tenant advocates, organizers, building owners, and property managers to identify problems with the existing code. Based upon that review, we will propose an update of the HMC to ensure that it reflects current technologies and best practices and is consistent with other codes relating to housing quality and safety

## **Increase tenant awareness of how to report housing violations**

Well-informed tenants can help to ensure that violations, unsafe conditions, and other HMC compliance issues in their buildings are reported so that they can be addressed in a timely fashion. Using posted notices and an extensive outreach campaign, we will inform tenants about how to identify and report unsafe conditions.

## **Strengthen enforcement of the Housing Maintenance Code by leveraging the City's procurement and compliance reviews**

Before entering into contracts with or providing financing to property owners, or awarding developers site control of City owned property, the City will examine the violation status of their New York City real estate portfolios and conduct additional reviews of those violations where appropriate. We will insist that property owners and developers must cure violations if they want to do business with the City.

## **Facilitate rehabilitation by adopting a new building code for existing buildings**

Since 2008 there have been significant revisions to the New York City construction codes, but the current scheme remains complex and time consuming. Rehabilitation of existing buildings are subject to a complex regulatory structure

that includes state law, the applicable provisions of the Building Code and interpretive regulations and guidelines. In addition, although several statutory amendments related to building resiliency have been made Post-Sandy, the provisions governing alterations to maintain or increase resiliency, such as those related to flood- and wind-resistance, need to be studied further.

We will establish an Existing Buildings Code Revision Committee, consisting of relevant experts and stakeholders, to propose a comprehensive Existing Building Code based on the International Existing Building Code (IEBC), as has been done in the rest of New York State. Adopting a separate code for existing buildings will streamline permitting and simplify regulations governing building upgrades and resiliency improvements for the existing housing stock. Once the code is adopted, we will also establish and maintain industry-wide training programs on the new code.

### **Offer training for building owners**

Some property owners, particularly small landlords, may benefit from training on best practices for maintaining their residential buildings in safe and habitable conditions and from information about resources that are available to improve building performance and reduce operating costs. We will work with nonprofit partners to provide comprehensive training programs for owners of residential buildings and explore the feasibility and potential benefits of providing financial incentives (such as grants, loans, and in-kind assistance) to owners who successfully complete an education program and implement best practices.

### **Leverage private capital to rehabilitate distressed, formerly abandoned properties**

Under the Article 7A program, the City offers limited financial assistance for rehabilitation to administrators of distressed, formerly abandoned residential buildings that have conditions that endanger the health and safety of their tenants. We will explore ways to incorporate private capital into this program in order to expand its capacity and increase the number of homes that can be rehabilitated.

### **Explore cost effective approaches to address conditions in informal dwelling units**

There are thousands of unsanctioned housing units across the city, primarily in basements and above garages. The conditions of these units may represent a threat to health and safety of their occupants and to the first responders who may be called to respond to emergencies in those units. The engineering and fire safety challenges created by these units are extremely complex. The City will work with the relevant stakeholders to examine how best to bring these units into the regulated housing system, including a review of other cities' best practices to bring fresh ideas to the discussion.



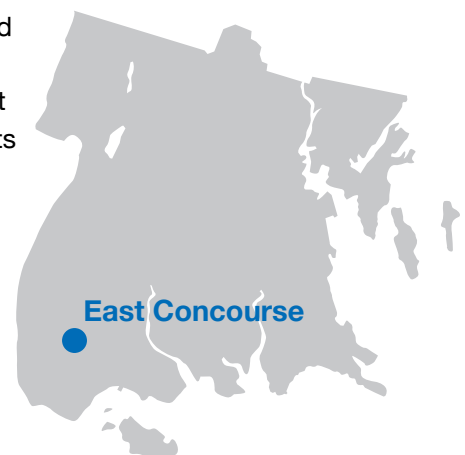
# Case Study: Rehabilitation of Financially and Physically Distressed Buildings Bronx



## College Avenue Multifamily Rehabilitation

These three buildings along College Avenue in the Bronx were considered among the City's worst maintained properties when HPD entered them into its Proactive Preservation Initiative. The agency pursued litigation over safety violations and obtained orders against the landlords to require them to repair unsafe conditions. HPD also actively supported the tenants' 7A proceedings by seeking the appointment of an administrator.

HPD committed to providing low-interest rehabilitation loans through its Preservation Loan Program to cover the costs of renovating all three properties. With HPD's commitment secured, new owners with a responsible track record were able to reach an agreement with the existing owners and their lender to take over the building. The current households earn 70 percent AMI on average, and the new owners will be required to keep all the units in the building affordable.



# **Adopt a More Strategic Approach to Preservation**

## **Target preservation and outreach strategies to neighborhood needs**

The most effective preservation strategies will depend upon neighborhood characteristics and needs. For example, in a community facing rising rents due to market pressures, the City may be most effective in helping owners keep properties affordable by using tax incentives or financing tools to incentivize energy retrofits that would reduce utility costs. In a community that is experiencing high rates of physical distress, on the other hand, the City may need to focus efforts on expanding its Proactive Preservation Initiative, which targets deteriorating properties for increased code enforcement and works with lenders and regulators to encourage owners to make necessary repairs in a timely fashion.

We will pursue a more targeted, neighborhood-based approach to preservation. This will require analyzing data on housing and market conditions to identify community needs, developing localized preservation strategies, and engaging communities to implement these strategies.

## **Expand our preservation efforts to properties our current programs do not serve**

To expand our preservation pipeline beyond government-assisted housing, we will proactively reach out to building owners, financing partners, governmental agencies and community groups to identify preservation opportunities in the broader housing stock. We will then design and target preservation tools to address the needs of properties that existing programs currently do not serve. Because the owners of the buildings targeted will, by definition, not be familiar with preservation programs, we will partner with third parties to provide technical assistance for owners navigating the preservation process.

## **Coordinate preservation strategies with our regulatory and infrastructure investments**

Proactive preservation strategies can be particularly helpful if undertaken early and in coordination with rezonings of infrastructure improvements. Those activities can often lead to increases in property values and rents, so working with building owners early in the process to help preserve the affordability of their properties will help stabilize the neighborhood and allow existing tenants to remain in their communities.

## **Support foreclosure prevention strategies**

Many low- and moderate-income homeowners serve as the bedrock of their neighborhoods and play a crucial role in stabilizing their communities. Keeping

these families in their homes not only protects those households, it also protects our neighborhoods. The City will continue to support aggressive neighborhood-based efforts to prevent foreclosure and combat predatory practices targeted at homeowners and homebuyers.

## **Preserve Government-Assisted Affordable Housing**

Housing assisted by City or other government programs—including NYCHA units, Mitchell-Lama developments, Low Income Housing Tax Credit (LIHTC) projects, and HUD-Multifamily properties, represents hundreds of billions of local, State, Federal, and private investment. Unless the City works with owners to extend the affordability of these units as subsidies expire, the value of these investments may be lost and the people living in those housing units may face the risk of soaring rents or displacement.

### **Ensure the long-term sustainability of NYCHA units**

With over 2,500 buildings and almost 180,000 units across all five boroughs, NYCHA currently serves more than 400,000 people. These units are critically important to the City’s housing infrastructure. NYCHA serves many working families and some of New York City’s lowest income families: More than 50 percent of NYCHA’s residents have incomes below the poverty line, and approximately 80 percent are Very Low Income.

The City is committed to securing the long-term sustainability of these NYCHA properties, and will fully engage with NYCHA residents to create a tailored preservation and development plan that will provide a full-scale evaluation of tenant needs and lay out a path forward to accomplish these critically important objectives.

### **Expand Mitchell-Lama preservation strategies**

There are currently over 48,000 units in the City’s Mitchell-Lama portfolio, which is comprised of affordable rental units and cooperative housing for moderate and middle income families. Some Mitchell-Lama developments have significant debt restructuring and capital needs, coupled with cash flow limitations and limited access to private financing. In the past, the City has preserved the affordability of thousands of Mitchell-Lama units, and we will continue to seize opportunities to extend affordability for the City’s current Mitchell-Lama units, in exchange for low-cost financing and tax incentives. In addition, we will:

- Work with New York State to identify opportunities to assist in the preservation of the State’s Mitchell-Lama portfolio

- Reach out to Mitchell-Lama buildings that opted out in the last decade and are currently experiencing challenges paying property taxes or water and sewer charges, to explore the possibility of the building returning to an affordable housing program
- Explore opportunities for Mitchell-Lama developments to take advantage of their underused development rights to fund significant repairs in exchange for extended affordability restrictions

### **Expand and improve HPD’s Year 15 and HUD MultiFamily Preservation Programs**

HPD’s Year 15 Program works with Low Income Housing Tax Credit-financed projects that must comply with a 30-year regulatory agreement that imposes affordability restrictions. At “Year 15” (the mid-point) of the compliance period, the tax credit investors usually exit the ownership structure. The Year 15 Program then offers low-cost financing for capital needs and tax benefits in exchange for a new regulatory agreement that extends beyond the initial 30-year period. The Year 15 pipeline currently focuses on developments in which HPD already has had some involvement. In order to expand the preservation pipeline, we will target properties that received tax credits from New York State or HDC bond financing, but had no prior dealings with HPD. In addition, we will review our process to ensure that they are providing optimal incentives to owners to keep the properties in good repair.

As we expand the Year 15 Program, the City’s not-for-profit building owners must remain critical partners in our preservation efforts. The City will support the asset management capabilities of these important partners, helping them stabilize their projects and access capital to ensure their long-term viability where practical.

HPD’s HUD MultiFamily Program works to identify properties that have expiring HUD mortgages, including Section 236 properties, that have not had prior HPD assistance, or Housing Assistance Payment contracts. The program then extends affordability in exchange for low-cost financing and tax incentives. We will expand this pipeline by improving our outreach to owners and by coordinating with HUD and other agencies, and develop tools to better encourage owners to preserve affordability.

### **Improve and modernize oversight and asset management of City-subsidized affordable housing**

Without adequate and ongoing oversight, an owner’s mismanagement or neglect of a building can jeopardize the quality and long-term stability of City-subsidized affordable housing. HPD created the Division of Asset and Property Management (APM) in 2009 to help ensure the physical and financial health of City-subsidized properties and monitor compliance with regulatory agreements (including affordability restrictions), in coordination with HDC’s Division of Asset Management.

Since that time, HPD has steadily increased its oversight of City-subsidized properties, but more remains to be done.

We will increase HPD's APM capacity in order to allow for ongoing monitoring of financial performance, physical health, and regulatory compliance of an increasing number of City-subsidized projects. We will better use technology to increase the efficiency of our oversight functions and identify opportunities to leverage external resources to complement our efforts.

## **Preserve Rent-Regulated and Unregulated Affordable Housing**

Rent-stabilized apartments are a critical component of the City's affordable housing stock. Approximately half of all rental units are currently subject to rent stabilization, which provides tenants with important rights and regulates rent increases for more than 2.3 million New Yorkers. However, decontrol provisions implemented in 1993, along with market pressures, have resulted in the loss or deregulation of 250,000 units from the rent-stabilized stock.

Some unregulated housing offers affordable rents without the assistance of public subsidies because neighborhood market conditions keep rents low. However, because these units are not bound by regulatory agreements or rent regulations, they may become unaffordable or unavailable if the market heats up, or if operating costs increase dramatically.

### **Stem the tide of units exiting rent stabilization**

The majority of the units that have left the rent-stabilized housing stock were lost through high rent vacancy decontrol, which allows units to exit rent regulation when a unit is vacant and the legal rent for the incoming tenant exceeds \$2,500 per month. A small proportion were lost through high income/high rent deregulation (so called "luxury decontrol" which allows units to exit rent regulation when the occupant's annual income exceeds \$200,000 for two consecutive years and the legal rent exceeds \$2,500 per month). Legal rents can escalate quickly to that \$2,500 trigger through annual rent increases, permissible increases upon vacancy, and/or rent increases due to Major Capital Improvements (MCIs) and Individual Apartment Improvements (IAIs).

The state law governing rent stabilization will come before the State legislature for renewal in 2015. The City will advocate strenuously for renewal, and for strengthening rent stabilization protections. Further, the City will work with our State partners to seek to amend the New York State Local Emergency Housing Rent Control Act (LEHRCA) in order to effectively repeal the Urstadt Law and 2003 amendments, which limit the City's role in the State rent regulation scheme.

## **Strengthen protections for tenants of rent-stabilized housing**

In 2013, over 30,000 New York City families were displaced from their homes as a result of eviction proceedings filed in Housing Court. The lack of legal representation for low- and moderate-income tenants facing eviction limits their awareness of their rights as tenants and makes it more difficult for them to defend themselves against actions initiated by landlords. Legal services are a critical preservation tool as they can prevent landlords from pursuing evictions simply to move their apartments out of rent stabilization. Unfortunately, the current demand for tenant legal services far exceeds supply.

We will streamline City programs that provide eviction prevention services to help ensure that tenants in rent-stabilized units stay in their homes. In addition, we will seek external funding to support eviction prevention programs and will ask private law firms to provide pro bono legal services to defend tenants facing eviction or other housing court actions. Finally, we will work with community based organizations and tenant organizations to increase tenant education in order to preserve the affordability of the rent-stabilized housing stock.

Tenants of rent-stabilized apartments may apply to the New York State Office of Homes and Community Renewal (HCR) for rent reductions due to substandard conditions or services. In order to help protect tenants' rights and encourage landlords to provide required repairs and services, HPD will work with HCR to determine how HPD's code compliance efforts could assist HCR with their enforcement of the rent reduction provisions.

## **Preserve the affordability of unregulated housing where rents may rise because of changing neighborhood conditions**

The pipeline to preserve housing that is currently affordable because of market conditions in the neighborhood has been largely generated through individual property owners coming forward to seek a tax exemption and/or subsidies for rehabilitation. Using new outreach strategies and preservation tools, we will proactively identify and invest in these properties in order to preserve their affordability before rents in the neighborhood increase dramatically. Such investments will allow current tenants to benefit from improved units, and permit future tenants to be assured that the unit remains affordable, even as the neighborhood's housing values and rents increase.

## **Create New and Improved Preservation Tools**

While the City will work to expand on preservation efforts using existing tools, it is clear that more flexible tools are needed to reach a broader range of properties and meet the needs of different neighborhoods and building owners. We will streamline and coordinate the existing tools to provide more standardized and efficient preservation programs.

### **Create new incentives for properties that are not served by existing programs but are in danger of converting to condos or exiting rent regulation**

Many buildings that do not have capital needs or require rehabilitation and are in strong markets are likely to convert to condominiums or leave rent regulation. These buildings represent a risk to the City's affordable housing stock, but also create opportunities for preservation. Existing tax exemptions and abatements are too limited in scope to apply to such buildings (for example, J-51 requires rehabilitation, 420-c is only available for LIHTC-financed projects controlled by charitable organizations, and Article XI requires the involvement of a Housing Development Fund Corporation (HDFC)). The City will seek to create a new tax incentive program to provide rental building owners a partial or full tax exemption, subject to HPD approval, in exchange for entering into a regulatory agreement that ensures affordability for the life of the exemption.

### **Re-examine and recalibrate the Inclusionary Housing Preservation Program**

The City will re-examine the Inclusionary Housing Preservation Program which gives developers bonus zoning development rights in exchange for their agreement to renovate and preserve affordable housing. We will recalibrate its terms to better match the amount of the bonus to the amount of affordability preserved. In addition, we will review the minimum thresholds of preservation required to qualify for the bonus, and assess whether the owners of subsidized housing receiving funds from the sale of bonus development rights should be required to use those funds to build or preserve additional affordable housing.

### **Leverage liens for City repairs/services to press for affordability and responsible new ownership**

When property owners fail to perform necessary repairs or provide required services, the City can help to ensure that tenants are not subjected to dangerous conditions. Where the City acts to remedy these owner failures, it files a lien against the property to recoup the cost of those activities. Those liens, which are the direct result of an owner's breach of its legal obligations, currently bear interest at a lower rate (7 percent) than an ordinary tax lien (generally 18 percent). The City will seek local legislation to ensure that liens for such work bear interest at the same rate as any other defaulted tax lien.

Enforcement of such liens can be an effective tool to get properties into responsible new ownership. The City will explore ways to press for, and facilitate, such transfers and to encourage new owners to repair the buildings and devote part or all of the property to affordable housing.

## **Preserve tax-delinquent properties as affordable housing through Third Party Transfer in rem actions**

Third Party Transfer (TPT) is a mechanism that allows the City to transfer physically distressed and tax-delinquent properties taken through an in rem action to responsible owners who will address the properties' physical needs. Initiating TPT in rem actions requires coordination among multiple City agencies. The last TPT in rem actions were commenced in 2008. The City will work with the relevant agencies (HPD, Department of Finance, the Law Department, Office of Management and Budget, Department of Environmental Protection) to enhance the efficiency of the TPT in rem process, and expedite a new round of TPT actions that will prioritize not-for-profit ownership of TPT properties.

## **Expand opportunities to preserve affordable homeownership**

The City will work with tenants, community members, and the lending community to finance affordable homeownership opportunities through our Tenant Interim Lease Program, (which helps organized tenant associations in City-owned buildings to set up low-income cooperatives), Affordable Neighborhood Cooperative Program (which uses HDC financing to promote the development of affordable cooperatives) and Real Estate Owned Program (in which a third party acquires and rehabilitates bank-foreclosed homes for moderate income households). In addition, the City will look at ways to expand programs to help homeowners maintain the quality of their homes through programs such as Senior Citizens Home Assistance Program, Neighborhood Housing Services Repair Program, and HPD's Home Improvement Program.

## **Promote Sustainability, Resiliency, and Long-Term Affordability While Helping Building Owners Reduce Operating Costs**

### **Create an energy and water utility cost-reduction program**

Utility costs in New York City increased more than 6 percent between 2012 and 2013, while fuel oil costs rose 20 percent in the same period and more than doubled since 2002. This has increased the rent-burden for tenants and eroded bottom lines for property owners, which can lead to deferral of maintenance and capital needs. Undertaking retrofits to save energy and water can help building owners control operating expenses and maintain affordability, while also achieving broader sustainability and health goals. However, many buildings have not undergone even low-cost, low-effort conservation measures because owners lack technical understanding or have limited capital reserves or ability to borrow against small net operating incomes.



In order to mitigate rising utility costs and preserve affordability, the City will create a pilot outreach and financial assistance program and provide grants or loans, as appropriate, to accelerate investments in energy and water efficiency projects. The program will target housing that serves low- to moderate-income residents, and in particular, some of the oldest and most vulnerable housing stock, including smaller and mid-size tenement buildings. Some of these buildings may be able to reduce their energy and water consumption by up to 30 percent through moderate rehabilitation. This program will also seek to leverage our workforce development to create job opportunities for community residents.

The pilot program will seek to work with existing efforts undertaken by HUD, Enterprise Community Partners, Green Light New York, HDC and The New York City Energy Efficiency Corporation (NYCEEC) and will be designed to complement the resources and expertise offered by the New York State Energy Research and Development Authority (NYSERDA) as well as local utilities, Con Edison and National Grid. Working together will enable the City and its partners to better understand and address the efficiency challenges unique to affordable housing developments of all sizes. By proactively identifying a pipeline of non-assisted affordable housing that may be in danger of becoming unaffordable, the program will expand the City's strategic preservation efforts while helping owners undertake improvements that will increase lower costs and improve housing quality.

### **Help owners implement resiliency upgrades and reduce flood insurance premiums**

In 2013, the Federal Emergency Management Agency (FEMA) updated their maps of high-risk flood zones (flood maps) in New York City, which are used to determine whether properties are required to purchase flood insurance and conform to resilient building standards. The updated maps increased the size of the City's high-risk zones by more than 50 percent, adding 29,000 new residential properties and approximately 180,000 residents. As a result, many of these properties will face substantially increased premiums for flood insurance.

Property owners are able to reduce their flood insurance premiums by undertaking specific improvements to their buildings, such as elevating the ground floor and all building systems. The standards that govern these improvements, however, were largely conceived with free-standing single family homes in mind and they are often physically impractical or financially infeasible in New York City's multifamily buildings. Federal standards also penalize affordable housing in particular because the expenditure threshold that dictates when an owner is required to undertake improvements—known as a “substantial improvement” is linked to the assessed value of the property, which is typically lower than for market rate housing. This can have the unintended consequence of deterring investments in the building.

The City will confront these challenges on multiple fronts. First and foremost, we

# Case Study:

## Energy Efficiency and Moderate Rehabilitation Manhattan



### Franklin Plaza

In 2013, HDC provided nearly \$37 million in loans to fund the first phase of a Franklin Plaza, a moderate rehabilitation project that prioritizes reductions in energy consumption and pollution. Franklin Plaza is a Mitchell-Lama housing cooperative that provides 1,634 units of affordable housing in fourteen 20-story buildings, of which nearly 60% serve residents that earn less than 60% of AMI; the remainder serve households earning up to 125% of AMI.

Working closely with HDC, HPD and the NYC Energy Efficiency Corporation, Franklin Plaza has now begun an extensive scope of work. The rehabilitation addresses general rehabilitation needs, while following recommendations provided by an independent energy audit to improve the heat distribution system and install decentralized hot water heaters as well as new boilers that use cleaner-burning natural gas. Collectively, these targeted interventions are expected to reduce energy use by 15%, cut carbon emissions by 30%, and reduce expected operating expenses by well over \$1,500,000 annually.

East Harlem ●

# Case Study: Post-Hurricane Sandy Resiliency and Rehabilitation Queens



## Arverne View

Arverne View (formerly known as Ocean Village) is a former Mitchell Lama residential complex located in the Arverne Section of Far Rockaway. Constructed in 1972, the 13-acre complex consists of 1,093 units and is made up of 11 buildings. The development also includes more than 10,000 square feet of retail and a daycare center. For years, the property was nearly insolvent, and had significant deferred maintenance and more than 350 vacant units.

After more than five feet of flooding during Hurricane Sandy, a partnership between HPD, HDC, HUD and Citibank worked together to help L+M Development Partners acquire and finance the project, including a \$60 million rehabilitation and resiliency plan in November 2012. Working with the City, L+M entered into an agreement that ensures future affordability for households earning 80 percent of AMI or less. The effort not only rehabilitates the residential units and common areas, but also reconstructs the site landscape, mechanical and electrical equipment, and insulates the buildings from levels of future flood risk.



will continue to reinforce and expand the City’s coastal flood protection infrastructure—bulkheads, sand dunes, wetlands, and other physical structures—and work to ensure that FEMA recognizes the associated risk-reduction benefits in their flood maps. We will also advocate for the creation of flood protection standards that reflect the unique characteristics of New York City’s dense built environment. For example, we will advocate for Federal recognition of other forms of risk reduction other than elevating structures. This recognition would enable attached, semi-attached, and multifamily residential buildings to reduce their flood insurance premiums cost-effectively. Larger affordable multifamily buildings will also need to be granted flexibility to make resiliency improvements without the risk of triggering costly additional requirements that could lead to financial failure and residential displacement.

We will also work to assist property owners directly. We will explore the creation of a loan program to assist low-, moderate-, and middle-income owners in newly designated flood zones to perform resiliency upgrades. In some cases, these loans could be combined with other forms of incentives in exchange for an affordability agreement. We will also launch outreach initiatives to provide information to property owners in the floodplain regarding their risks, their requirements to purchase flood insurance, and their options for reducing risk and flood insurance premiums. Together these efforts will support both the City’s affordability and climate resiliency objectives.

## Chapter 3

# Building New Affordable Housing for All New Yorkers

## Overview

New York City's housing affordability crisis is in many ways the manifestation of a deeper housing supply crisis. New York City's housing market is especially constrained. The citywide rental vacancy rate was 3.12 percent, in 2011 (the most recent year for which that data is available), which is far lower than the nationwide vacancy rate, which was around 9 percent during the same time. Even worse, the vacancy rate for the lowest cost units is around one percent. This lack of supply underpins the challenges renters face in trying to find a home they can afford. As our population continues to grow, it is imperative for the City to explore various ways to increase the supply of housing—both affordable and market-rate housing—to meet current and future demands.

We recognize that developers and contractors face significant challenges when building new housing units in New York City. The dwindling supply of private- and government-owned developable land constrains new projects, and many of the available vacant parcels cannot easily be developed because of environmental issues that require costly cleanup. Construction costs also are high, and the uncertainty and complexity of approval and permitting processes further constrain new development.

### Key strategies:

- **Enable a Wider Range of New Yorkers to Benefit from the City's Affordable Housing Efforts**
- **Capitalize on Public Assets and Partnerships to Maximize Affordable Housing Opportunities**
- **Change Zoning and Land Use Regulations to Promote Housing Creation**
- **Remove Unnecessary Barriers and Delays to Developing Housing**
- **Ensure That Housing Produced is Sustainable and Aligned with the Needs of the City's Changing Demographics**

1. Source: 2011 New York City Housing and Vacancy Survey, US Census Bureau.

2. Source: 2011 Current Population Survey/Housing Vacancy Survey, U.S. Census Bureau and 2011 American Housing Survey, U.S. Census Bureau.

A tenant's annual income must fit between the minimum and maximum allowable incomes for a particular affordable housing unit. A maximum household income of 60 percent of AMI is permitted under LIHTC, the most prevalent financing tool for affordable housing development. The LIHTC induces equity investments in housing by offering investors a dollar-for-dollar credit against a Federal tax liability. While minimum incomes can vary by development and the rent of a unit, in programs with rents and maximum incomes capped at 60 percent of AMI, the minimum income is generally set at or around just over 50 percent of AMI.

Even when the City uses other programs, most affordable housing units are financed, at least in part, with LIHTC. HDC and HPD programs that use LIHTC can also leverage the State Low Income Housing Tax Credit (SLIHC) program, which fosters the creation of affordable housing by offering a dollar-for-dollar credit against a State tax liability. The SLIHC program can serve households with a maximum income of 90 percent of AMI. While using SLIHC allows the development to serve a wider range of household incomes, SLIHC is a limited resource.

## **Enable a Wider Range of New Yorkers to Benefit from the City's Affordable Housing Efforts**

Existing affordable housing programs require households to meet specific income restrictions. These restrictions can at times be too narrow to reach the income ranges of New Yorkers in need of affordable housing. The households best served by available financing programs have annual incomes between 50 and 60 percent of AMI or \$41,951 to \$50,340 for a family of four in New York City. Moving forward, we will create and modify our financing tools to allow developments to house New Yorkers with a wider range of incomes. This means we will also support specific efforts to house populations who are critical to maintaining the diversity and vibrancy of New York City, like artists and musicians who struggle to find affordable housing and/or live/work space.

The private market does not currently produce enough housing affordable for moderate and middle income households. We will expand the City's tools to finance housing for the lowest income populations, as well as for middle-income households. To do this, when appropriate, we will provide deeper subsidies for projects housing the lowest income populations (i.e. 30 to 50 percent of AMI) and/or cross subsidize those populations through mixed-income programs that target households earning up to 165 percent of AMI. This will allow us to serve a wider range of households, not just those between 50 percent and 60 percent of AMI.

### **Provide additional subsidy to allow units at lower AMI levels**

In the majority of programs, the City will require developers to provide a significantly higher percentage of units at even lower AMI levels than currently required. We will need to "pay" for this deeper level of affordability by increasing the amount of subsidy per project (from HPD and/or HDC). The increased subsidies will offset the lower operating revenue that results from providing more deeply affordable housing units, by effectively lowering the carrying cost of all debt on the projects. Although it can be very expensive to finance housing for the lowest AMI levels, we believe it is critical for government to enable a wider range of our residents to benefit from our affordable housing efforts.

### **Advocate for the Federal government to allow LIHTC Income Averaging**

New York City and other State and City housing agencies have proposed legislation to expand the flexibility of the Federal LIHTC. LIHTC income averaging would allow low-income developments to serve a mix of low-income households (as high as 80 percent of AMI and as low as 30 percent AMI) as long as the mix

What is Middle-Income?

Middle income generally ranges from around 120 percent of AMI (\$100,681 for a family of four in 2014) to a maximum of 165 percent of AMI (\$138,435 for a family of four in 2014).

averages to 60 percent AMI (whereas the current program limits all units to 60 percent AMI or less).

Under current Federal LIHTC rules, rents set above 60 percent AMI (such as 80 percent AMI) do not generate tax credits. Rents set at deeper affordability levels generate tax credits, but are not economically feasible without additional HPD or HDC subsidy. Income averaging will allow us to serve households in a wider income range in any given LIHTC development, without increasing the amount of public subsidy necessary.

### **Create a new middle / mixed-income housing strategy**

Middle-income housing is an essential component of any strategy to promote long-term community revitalization and economic diversity throughout New York City's neighborhoods. The City needs programs that can accommodate a range of households at different income levels. Teachers, fire fighters, and police officers are just some of the many people critical to our growing economy, and they help to make up the backbone of our society. The City is only improved when these middle income workers can afford to raise their families within our five boroughs. Further, programs designed to reach middle-income families sometimes are necessary either to keep those households in neighborhoods that are becoming more expensive, or to encourage middle-income households to move into and help diversify developing neighborhoods. We want to ensure that every neighborhood in the City is an inclusive environment for households of all incomes to live, work, and play.

Producing middle-income housing can also be a finance tool to cross-subsidize more deeply affordable units. A mixed-income model is more economically feasible than 100 percent middle-income developments, which are costly to subsidize and may not do enough to promote income diversity. Under mixed-income structures, the tax credit equity and tax-exempt bond financing generated by the low-income units benefits the financing of the entire project; in turn, the higher middle-income rents create enough cross-subsidy to enable the low-income units to provide deeper affordability to households at 50 percent and 40 percent of AMI (rather than 60 percent of AMI; which is the income level achieved by most tax credit projects).

### **Pilot M<sup>2</sup>, a new Mixed-Middle-Income housing program**

The City will pilot M<sup>2</sup>, a refinement of HDC's current mixed-income program, as a tool to provide housing to middle-income New Yorkers while simultaneously creating income-diverse neighborhoods. Twenty percent of a project's units will continue to be reserved for low-income households (at the more deeply affordable 40 and 50 percent AMI level rents) and 30 percent of units for moderate-income households (80 percent and 100 percent AMI rents). However, the remaining 50 percent of units will be reserved for middle-income households (130 percent AMI rents) as opposed to being rented at unrestricted market rate rents. In some areas the middle income rents may already be at or close to market rate rent; however, by



restricting them through program regulatory agreements and enrolling them in rent stabilization, we will ensure that they remain affordable to middle-income households even if neighborhood rents rise.

### **Using 501(c)(3) bonds to finance middle-income housing**

In addition to M2, middle-income housing may be financed through the issuance of tax-exempt 501(c)(3) governmental purpose bonds. This program would be predicated on the use of a 501(c)(3) charitable organization created with the City's assistance to develop and provide quality affordable housing for moderate and middle income New York residents. HDC would then issue 501(c)(3) bonds to provide tax-exempt financing to the non profit owner. This model assumes that middle income housing would be developed on City-owned land in areas that can support these rents. Use of 501(c)(3) bonds in such projects would preserve valuable volume cap for projects targeted to lower income residents while minimizing City subsidy for middle income developments. The conservation of both capital subsidy and private activity bonds would allow the City to finance additional affordable units for low income families. This middle income model will require long-term credit enhancement and liquidity on the HDC bonds so that HDC could offer particularly low rates for these developments. Potential providers of this credit enhancement could include pension funds and insurance companies.

## **Capitalize on Public Assets and Partnerships to Maximize Affordable Housing Opportunities**

Vacant and underdeveloped parcels of land still exist throughout the City.

Despite the unrelenting demand for housing in New York City, vacant and underdeveloped parcels of land are scattered still throughout the City. The City can encourage development on these sites by investing in critical infrastructure, making use of land use controls, providing remediation incentives, and forming strategic partnerships.

### **Aggregate small sites to develop homeownership opportunities**

The New Infill Homeownership Opportunities Program (NIHOP) will streamline and continue prior efforts to promote workforce homeownership opportunities. Under the program, sponsors will purchase City-owned land and construct one- to four-family homes, cooperatives or condominiums. The City will target small developers and local CDCs to participate in the program and work with financial institutions to develop homes in neighborhoods that lack affordable homeownership opportunities. Generally, one third of the units in each project will be required to be affordable to LMI households. Additional tiers of affordability will be encouraged for moderate- and middle-income households. The homes will be made available by lottery under an approved marketing plan. The City will monitor construction and work with developers to ensure delivery of quality affordable housing.

### **Aggregate small sites for rental opportunities**

The City will launch the Neighborhood Construction Program (NCP), an initiative to aggregate sites to develop affordable housing in order to achieve economies of scale in the remediation, development, financing and operation of scattered infill lots for rental housing. NCP will seek to develop affordable housing on lots that can accommodate up to 20 units. NCP will focus on developing capacity among smaller developers with a particular focus on local not-for-profits and CDCs.

### **Re-evaluate the approach to development on NYCHA property**

The City is committed to securing the long-term sustainability of these NYCHA properties and will fully engage with NYCHA residents to develop a separate strategic plan that will provide a full-scale evaluation of tenant needs and lay out a path forward to accomplish these critically important objectives. The comprehensive plan will ensure maximum benefits for residents and will be issued within a year.

### **Invest strategically in infrastructure to unlock development potential**

Many sites slated for affordable housing have been delayed because the infrastructure (such as sewers, streets, and open space) needed to support the future population was not in place. In areas such as Coney Island in Brooklyn, Long Island City in Queens, and Stapleton in Staten Island, a series of targeted infrastructure investments and other City actions have been identified that would aid in the production of thousands of new affordable housing units and accompanying retail, services and community facilities. There are many other sites across the city where there are enormous opportunities to leverage infrastructure investment to drive affordable housing production.

### **Identify underdeveloped City-owned or publicly controlled sites**

In addition to scattered vacant City-owned sites already identified for housing, the City controls a portfolio of properties (such as municipal parking lots) with residential development potential. The State and Federal government and affiliated entities also have significant landholdings and development rights that could be harnessed to deliver housing. We will identify vacant and underdeveloped publicly controlled properties and maintain an up to date census of the properties. We also will undertake public outreach to facilitate their development for affordable housing. Where appropriate, the City will finance new mixed-use buildings that also provide commercial amenities and community facilities like those sponsored by the Educational Construction Fund.

# Case Study: Underused City Site Brooklyn



## Spring Creek

Gateway Elton Street Phase II is being constructed on a site that was formerly City owned and underused. The project will consist of three buildings totaling 175 affordable rental units and approximately 24,000-square-feet of commercial space.

When all three phases of Gateway Elton Street are complete, the project will include a total of 659 affordable apartments with approximately 60,000 square feet of community space. The project will include a childcare center, retail and restaurants as part of a comprehensive effort by the City and its development partners to create a strong, vibrant and self-sustaining neighborhood.



---

## Identify and encourage development on underused privately owned sites through strategic partnerships and the pooling of development rights

Many privately owned properties may have unused or underused land. With the right set of incentives, these private owners could make better use of their land and possibly unlock potential revenue from residential or commercial tenants. Development in cooperation with mission-driven organizations such as trade and membership associations, faith-based institutions, and community service organizations may be particularly fruitful. These organizations might not only benefit from a capital influx unlocked by fully developing their land, but might also have a mission-driven interest that aligns with the City's goal to increase the supply of affordable housing. The City will conduct outreach to these owners to develop partnerships and encourage the use of their vacant land and pooling of their development rights with adjoining sites for affordable housing.

## **Align tax policies regarding vacant and underused land with our affordable housing goals**

Because taxes on vacant lots, underused lots, and shuttered residential buildings can serve as a deterrent or an impetus to develop on vacant land, tax policy must be aligned with the goal of encouraging development. In addition, to further encourage development on vacant land in zoning districts zoned for moderate- or high-density residential use, the City will proactively reach out to the owners and target incentives (brownfield remediation and others) based on the site conditions. Finally, landlords in transitional neighborhoods often keep under-occupied buildings partially vacant in order to preserve the possibility for development in the future. Tax policy for these buildings will be reexamined to determine whether it is providing the appropriate incentives for redevelopment.

## **Explore the creation of new property through land banking, reclamation, infrastructure decking, and resiliency efforts over a longer time frame**

Although not likely to produce new housing units in the next ten years, the City can create long-term opportunities for development of affordable housing through targeted efforts to create buildable sites by decking over infrastructure and creating new coastal protection infrastructure that enables more resilient coastal neighborhoods. The City will work with the MTA and other owners of rights-of-way to explore the feasibility of decking over rail facilities, as has been done at Hudson and Atlantic Yards. Any over-build strategy will require careful analysis by the City and partner agencies to determine whether the number and cost of housing units and other benefits justify the considerable expense and other impacts associated with these projects.

There also exists a real time opportunity for the city to work with the Attorney General to receive funding to create a land bank in the City.

## **Offer incentives to facilitate environmental remediation on brownfield sites**

Both the New York State Department of Environmental Conservation (DEC) and the New York City Office of Environmental Remediation (OER) can help transform sites that are difficult to develop and require cleanup through innovative programs that leverage City, State and Federal resources available for remediation activities. The resources provided by OER substantially reduce the timeline to acquire approval for remediation efforts, provide funding and other services to lower cleanup costs and facilitate the cleanup process, and provide essential protection against government environmental enforcement. OER's services facilitate the renewal of both market-rate and affordable properties. Cleanup of a once vacant or derelict lot may allow nearby properties to reap benefits from increased property value and improved environmental conditions.

# Case Study: Getting Creative to Develop an Underutilized Private Site Bronx



## Melrose Commons Redevelopment

Melrose Commons and the immediate surrounding area have been and continue to be the most noteworthy symbol of the rebuilding of the South Bronx, with more than 3,500 units of newly constructed affordable housing completed and another approximately 1,600 units in the pipeline. However, for four of these planned projects, with a possible total of almost 700 additional units, a complicating issue was the existence of a legally abandoned below-grade railroad right-of-way (ROW).

The City used eminent domain to acquire the air rights over the private land involved with the ROW and did the work to prepare the area for construction. As a result, development of two Elton Avenue sites will bring approximately 500 affordable residential units along with retail and community facilities.



We will work with DEC to ensure that State program requirements and incentives encourage development on sites in the city. For example, we will seek to increase the reimbursement percentage for the existing brownfield cleanup tax credit and convert the tax credit into a subsidy that can be invested in projects earlier in the site preparation development phase, which will encourage more projects to use the State cleanup program.

## **Establish the affordable housing cleanup fund**

OER has been effective in acquiring Federal and State grant funding for cleanup of brownfields in NYC and recently established an Affordable Housing Cleanup Fund which will prioritize affordable and supportive housing projects. OER will also work with HPD to develop proposals for EPA Cleanup grants, EPA Site Assessment grants, EPA Revolving Loan Cleanup grants, and New York State Regional Economic Development Council grants.

## **Promote use of OER’s Clean Soil Bank to lower site preparation cost**

OER received a delegation from New York State to operate the New York City Clean Soil Bank in 2013. This program enables clean soil from remediated brownfield development projects to be transferred to other development sites with no cost to either project. Clean soil is now available and under this program, an OER will prioritize its availability for affordable and supportive housing projects. OER will partner with other agencies to inform all affordable housing developers that OER can provide clean soil free of charge for new construction use through the newly established New York City Clean Soil Bank.

## **Change Zoning and Land Use Regulations to Promote Housing Creation**

Certain existing zoning restrictions, such as some requirements for parking and the minimum size of units, unduly burden or restrict the development of affordable housing. Amending regulations to remove these impediments would encourage the construction of new housing.

## **Reduce parking requirements for affordable housing in highly transit accessible areas**

Studies of residential car ownership patterns have shown that, in “Inner Ring” neighborhoods that are located outside the Manhattan core but are accessible to transit, employment centers, and services, per-unit parking requirements for affordable housing exceed car ownership rates among low-income households. Where parking is built for affordable housing, spaces often go unused. The construction of unnecessary parking spaces increases construction costs and may deter development or reduce the number of affordable units that can be produced. The City will propose appropriate reductions in parking requirements for affordable housing developments near public transit.

# Case Study: Brownfield Remediation and Mixed-Use Site Development Manhattan



## Sugar Hill Development

In 2008, Broadway Housing Communities, a New York City non-profit housing developer, acquired a half-acre site adjacent to an operating gas station that was suspected to have buried gasoline and oil tanks. Broadway Housing enrolled in the City's voluntary Brownfield Cleanup Program. To speed cleanup of the site and development of the affordable housing, the City provided a \$165,000 grant to fully remediate the project.

Upon completion, Sugar Hill Development will include 124 affordable housing units. Thirty percent of the apartments will be for households earning up to 30% of AMI, 40% of the units will be for households earning up to 50% of AMI, 10% of the units will be for households earning up to 60% of AMI, and the remaining units will be for households earning up to 80% of AMI. Twenty five units will be set aside for homeless households.



---

## Modernize height and setback regulations to accommodate typical floor-to-floor heights for housing and ground-floor retail

Because of higher standards for housing, the rise of green technologies, and new methods including modular construction, today's residential buildings typically have higher floor-to-floor heights than the buildings of 30 years ago, when many of the height and setback regulations of zoning were established. Standards for retail space have also increased to provide an improved shopping environment and to allow space for modern ventilation and other mechanical systems. Especially when

combined with the floor area bonus allowed through the Inclusionary Housing Program, these factors can make it difficult to accommodate the full amount of housing allowed within the permitted height and setback limits. The City will propose zoning changes that would provide some additional flexibility to these regulations to facilitate housing creation, further encourage use of the existing Inclusionary Housing zoning bonus, and improve the quality of both housing and street-level commercial activity.

### **Easing restrictions on the conversion of older, obsolete non-residential buildings to residential use**

Over time, many older buildings have become obsolete for their original intended purpose. To address the need to repurpose these buildings, zoning regulations allow non-residential buildings constructed before 1961 to be converted to housing, irrespective of current residential bulk regulations in some parts of the city. However, in other areas, the regulations for the conversion of obsolete non-residential buildings to residences have not been consistently updated. We will explore extending conversion opportunities to additional residential and commercial areas of the city. Conversion of obsolete commercial and community facility buildings would unlock potential housing without the need to build anew. More thoughtful zoning policies then allow for true mixed use opportunities.

### **Modify “tower-in-the-park” zoning regulations to better enable appropriate development for underused land for housing and mixed use**

From the 1940s to the 1970s, many large sites were developed under Mitchell Lama and other programs with high-rise housing in a “tower-in-the-park” configuration. These sites are governed by special zoning rules that require large expanses of open space, often occupied by open parking lots. These open areas potentially provide opportunities to site new housing, including affordable units. However, zoning restrictions would need to be eased. The City will initiate zoning changes to facilitate development on these large sites while preserving light, air and usable recreation space.

### **Amending the state multiple dwelling law to eliminate the cap of 12 FAR (floor area ratio) on the residential component of buildings, and allow this limit to be set instead by zoning**

While the City’s highest-density zoning districts allow development at substantially higher densities for commercial uses, a cap in the State Multiple Dwelling Law currently restricts the amount of housing that can be provided in any building to a floor area ratio (FAR) of 12.0. Removing the statutory cap would allow more housing, including affordable housing, to be developed in high density areas,



provided that the zoning is also amended, a process that will entail a full public review. The City will propose state legislation to remove the FAR cap and permit decisions about density to be made through the local land use process.

### **Identify opportunities for new uses of transferable development rights**

DCP will undertake a comprehensive study to identify opportunities for using Transferable Development Rights to promote housing development and other public goals. The study will include consultation with stakeholders, such as owners of historic properties and other sites with potentially transferable development rights, the real estate industry, communities and elected officials.

## **Remove Unnecessary Barriers and Delays to Developing Housing**

High construction-related costs in New York City are a result of numerous factors, including but not limited to regulatory and policy requirements, limited competition, slow adoption of new technologies, and outdated laws. Addressing these various factors as set forth below may help contain construction-related costs and facilitate affordable housing production.

### **Streamline interagency coordination to simplify and expedite development approvals and permits**

The City will convene a task force to solicit input from the industry and other stakeholders about how to consolidate and streamline the permitting and review process across agencies in order to reduce costs and avoid delays for developers. The task force will focus on modernizing and automating filing, reviewing, approval and permitting processes by upgrading technology, and on identifying opportunities to further expedite reviews by reforming and aligning permitting procedures.

The task force will also explore how to streamline interagency coordination for City infrastructure investments to support community development. Reforms like better tracking of payments and change orders, more flexible contracting methods, and more efficient project management will be a primary goal.

### **Implement ULURP pre-certification timeline**

DCP will implement new agency rules to provide greater predictability and transparency to the pre-certification review of land use and environmental review applications. The new rules formalize the pre-filing submission and meeting participation requirements of the BluePrint review process, establish timeframes for action, and provide a clear, predictable roadmap for applicants and DCP as a project moves from conception to filing. These process improvements will be

assisted by a fully integrated project-based tracking and management system that will enable electronic filing of land use applications. DCP expects that the improved process will reduce review times from between 25 and 50 percent, significantly reducing the costs associated with discretionary land use approvals. DCP is committed to meet its charter responsibilities to certify projects into the formal land-use review process as soon as the application is complete, recognizing that projects may be approved with modifications by CPC or the City Council, if appropriate to achieve housing policy objectives.

### **Speed the City Environmental Quality Review (CEQR) process and improve coordination among agencies**

CEQR is the process by which the City conducts environmental quality reviews of discretionary actions, including land use and other approvals, in compliance with city and state law. Over the years, the CEQR process has become increasingly complex, and the delays and costs associated with environmental reviews have become burdensome to both public and private applicants seeking approvals to build affordable housing or take other actions.

The City will review the CEQR process to make it more efficient and make Environmental Impact Statements more comprehensible to the general public and affected communities. It will examine how environmental reviews are undertaken in other jurisdictions in order to incorporate best practices into the New York City process.

### **Intelligently reduce construction-related costs**

The City will work collaboratively with real estate developers, construction and building trades to help reduce the costs of construction without sacrificing the quality of our buildings or the livelihoods of those who build our City. While improvements were made to the Department of Building's Permitting Approval Process in recent years, more needs to be done to remove additional inefficiencies and encourage the use of new construction technology. The City will also study its building and fire codes to assess what changes could reduce costs without jeopardizing safety.

### **Expand the pool of contractors in the City's construction field to encourage more competitive pricing**

Lowering construction costs is also about expanding the pool of subcontractors. This includes small businesses, especially M/WBEs. The City will work to expand our existing programs that help these businesses grow by providing technical assistance, matching M/WBE owners with mentors, and securing loans and surety bonds for M/WBEs. This will ensure that the business owners have the skills and training they need to increase capacity, grow and thrive.

## **Ensure that Housing Production is Sustainable and Aligned with the City's Changing Demographics**

Developing housing that meets our changing climate and the evolving needs of how New Yorkers live is critical to ensuring the City's equitable economic development. As discussed, the City's housing stock currently does not adequately reflect the needs of the growing number of one- and two-person households. Moreover, many larger families face significant rent burdens because of lack of affordable two and three bedroom units.

### **Commit to building sustainable affordable housing communities**

HPD has adopted the Enterprise Green Communities standards to reflect the City's commitment to green and sustainable affordable housing. In addition, HPD recognizes that the rising cost of utilities is a threat to the long-term viability of affordable housing. As a part of this effort, we will take lessons learned from Hurricane Sandy to implement design elements that meet the goals of long-term resiliency in the face of climate change. Finally, we will work with leading developers who are interested in promoting cost-effective design elements that make the housing more energy efficient, healthy and sustainable.

### **Expand the availability of compact units beyond the pilot phase**

The City has many regulations that restrict the development of smaller housing units. Zoning regulations establish a minimum unit size of 400 square feet for multifamily housing in many areas, limit the density of units based on lot area, and prevent the construction of a building consisting solely of units built at the minimum square footage. However, projects in other cities and pilots in New York City are demonstrating that developers can build compact units that are livable, safe, healthy and contribute a new set of housing options for small households. A compact unit includes a kitchen and bathroom and is often smaller than allowed under current regulations. This housing type is likely most appropriate in highly transit-accessible neighborhoods that contain a large proportion of small households. The City will review the results of the pilot now underway once it is completed, and consider zoning changes to allow the construction of both compact units and a greater number of small units per building.

### **Encourage the production of a larger variety of units to match the current population**

The City will amend its current housing policies to encourage the development of more studios and three-bedroom units, thereby creating housing stock that more closely meets the needs of the population. Current HPD policy requires

new construction projects to contain either 50 percent two-bedroom units, or 30 percent two-bedroom and 10 percent three-bedroom units. Oftentimes, developers opt for the former. By promoting the latter option, 60 percent of the units can be developed as studios and one-bedrooms, which are suitable for smaller households, while providing increased opportunities for larger families to find affordable housing.

Currently, there are other regulatory barriers that do not support sensible unit size distribution. For example, the 421-a program requires that the unit size distribution of market rate units mirror that of the affordable units or 50 percent two-bedroom units. A developer who wants to build studio and one-bedroom market rate units is forced to build larger units than the market may dictate in order to mirror the requirements that subsidy programs impose for two- and three-bedroom affordable units. We will work to eliminate these inefficient regulations.

## Chapter 4

# Promoting Homeless, Senior, Supportive and Accessible Housing

## Overview

A measure of any great city is how effectively it cares for its most vulnerable residents. New York City's shelter population has increased to an all-time high of more than 50,000 people, including 22,000 children. Shelters, intended to be interim solutions for housing emergencies, are becoming fixed realities, with families' average length of stay increasing and resources to help them leave decreasing. As New Yorkers live longer, New York City's senior population is also growing, and affordable housing is a critical concern of older New Yorkers. Despite legal protections, people with disabilities also continue to face challenges in the City's housing market. The City is making efforts to provide high quality affordable housing to the most vulnerable residents not only because it is the moral thing to do, but also because it is fiscally responsible. Investing in quality affordable housing for the City's special needs, homeless, and senior households, as well as for people with disabilities will reduce the demand for social expenditures in the long-term and provide a more cost efficient strategy for addressing this critical housing need.

The enormity and complexity of the affordable housing crisis for populations in need in New York City demand a dynamic and compassionate policy response. For some families and individuals, the ability to access eviction prevention services will make the difference between staying securely housed and entering a shelter. Others may need a short-term rental subsidy as a bridge out of the shelter system into permanent housing. Still others, who rely on fixed-incomes or live with chronic disabilities, may need supportive housing or public housing. These strategies are not only humane, but also can yield taxpayer savings by reducing demand for high-cost shelters, hospitals, and other emergency resources.

This chapter summarizes housing policies that will help create and maintain stable housing for homeless families, those in need of supportive housing, seniors, and people with disabilities.

### **Key strategies:**

- **Assist Homeless Individuals and Families**
- **Expand Supportive Housing**
- **Improve Housing Options for Seniors**
- **Ensure Accessible Housing for Individuals with Disabilities**

New York City's shelter population has increased to an all-time high of more than 50,000 people, including 22,000 children.

By 2040, the number of New Yorkers who are age 65 and older will increase by 40 percent to more than 1.4 million

Approximately 850,000 people, or 10 percent of the City's total population, are living with a disability.

## **Assist Homeless Individuals and Families**

The City must help New Yorkers avoid homelessness in the first place, as well as help those who have had to turn to the shelter system to return quickly to stable housing. A multi-pronged approach including homelessness prevention and multiple exit strategies is critical to realizing these goals.

### **Prevent homelessness before it happens**

Preventing homelessness by keeping vulnerable families stably housed is a key priority. The City will focus on homelessness prevention by enhancing anti-eviction legal services, neighborhood-based housing stabilization services and after-care to prevent re-entry to shelter. For example, the Human Resources Administration (HRA) will enhance its homelessness diversion units in HRA Job Centers around the city. It will also increase its “one-shot” payment program providing emergency rental assistance to eligible families and individuals, and increase access to the program in the City’s Housing Courts. The City is seeking to enhance the Homebase program, a five-borough network of neighborhood-based services that has been proven to help individuals at risk of homelessness remain in their communities and avoid entering shelters.

### **Creative approaches to shelter finance**

Whether building new shelters or improving existing shelter stock, a new approach to homeless shelter finance is required. Strategic planning and use of resources for emergency shelters can help save money, preserve existing shelters, and prevent the need for new ones.

The City will pilot new models for shelter finance, using long-term contracts to leverage mainstream sources of financing such as tax credits, 501(c)(3) bonds issued by HDC, or private bank financing. Doing so can enable the creation of mixed-use projects that include shelter as well as other uses, create cost savings, allow for capital improvements in existing shelters, and increase the capacity of nonprofit shelter providers.

For example, a nonprofit shelter provider could purchase a property, obtain a 20-year shelter contract from the Department of Homeless Services (DHS), and use the income from the shelter contract payments to leverage permanent debt to finance mixed use buildings that contain both shelter units and permanently affordable housing. In some cases, income generated from the shelter could be used to subsidize lower rents for permanent affordable housing on the same site.

Finally, we will improve coordination among the shelter systems operated by different City Agencies including HRA, HPD, the Department of Youth and Community Development (DYCD) and DHS. For instance, survivors of domestic violence will be eligible for HPD homeless set-aside units both from the DHS and

HRA shelter systems, and residents of HPD’s shelter system who qualify can be placed in supportive housing.

### **Pilot new rental assistance programs for homeless families**

Today, the majority of homeless households cannot afford to rent apartments on their own. Approximately 90 percent of DHS clients earn less than 30 percent of AMI (\$25,150 for a family of four), which is below the average range of income (between 40 and 80 percent of AMI, or \$33,560-\$67,100 for a family of four) that most HPD programs serve. A targeted rental subsidy could help to bridge the gap and connect homeless families to the housing market. Better targeting of existing eviction prevention, credit repair, job training, and other asset-building and social services will help formerly homeless households placed in housing to remain stably housed. The City will work to implement a pilot rental subsidy program for homeless families and provide targeted aftercare services throughout the length of the subsidy and beyond. Potential sources of funding for this program include: City tax levy funds, Federal Home Dollars and TANF funds.

### **Make better use of subsidized housing resources**

Public housing is a critical source of permanent affordable housing for more than 400,000 low-income New Yorkers, but vacant apartments are scarce and in high demand. As part of its plan to address the homelessness crisis, the City and NYCHA will continue to prioritize homeless for project based Section 8 units. In addition, for the NYCHA units, DHS will prioritize families with children who have already been in the New York City shelter system.

HPD has long set aside units in its multifamily new construction programs for homeless individuals and families. However, these programs are voluntary and have in the past relied heavily on the availability of rental assistance such as project based Section 8 units, which have been in short supply in recent years. To the greatest extent possible, units for homeless families will be developed with sources other than Federal rental assistance. Instead, underwriting projects to make them affordable to homeless families will be accomplished by increasing the capital subsidy to reduce the amount of debt the project carries, or by allowing income averaging so that higher rent units can offset the lower rents for homeless units.

### **Accelerate the housing placement process**

Multiple bottlenecks in the shelter-to-housing placement system have caused homeless families and individuals to remain in shelters too long, leaving affordable units vacant while depriving landlords of a stream of rental income, and increasing costs to taxpayers by forcing shelters to expand. The City will convene a standing interagency “bottlenecks working group” specifically tasked with reducing the time it takes to move families and individuals from shelter to permanent affordable



housing. Strategies for this working group will include ongoing review of application forms, documentation requirements and procedures, and creating a coordinated assessment system to streamline and automate the placement process for homeless families and individuals. This will include electronic document management and enhanced coordination across agencies to ensure that vacancies are filled quickly by individuals and families moving on from shelters.

## **End veteran homelessness**

The City is committed to the national goal to end homelessness among veterans by the end of 2015. To help achieve this goal, the City will redouble its efforts through programs such as Veterans Affairs Supportive Housing (VASH), Supportive Services for Veterans and their Families (SSVF), and Grant per Diem (GPD). The City must also identify and rehouse veterans living in shelters and on the street. This work will require close collaborations among City agencies who work with veterans and with our Federal partners at HUD and the Veteran's Administration (VA) as well as with community providers. Additional strategies will include data sharing and piloting new tools to assess every veteran in shelter for appropriate housing options, eliminate placement bottlenecks and rapidly link veterans to housing.

## **Expand Supportive Housing**

While increasing the affordable housing stock and rental subsidy resources will help many formerly homeless New Yorkers, some chronically homeless households and people with disabilities need an additional level of support. Supportive housing is a cost-effective intervention that provides a permanent, affordable place to live combined with on-site services. Peer-reviewed research on New York City's supportive housing system has found that for every unit of supportive housing, taxpayers save more than \$10,000 per year in public resources such as shelters, emergency rooms, jails, and psychiatric facilities. Research has also shown that Supportive Housing improves the surrounding neighborhood and can help keep even those with the most severe barriers to independent living stably housed in their own apartments.

Since the 1990s, New York City and New York State have signed groundbreaking collaborative commitments—the “NY/NY” agreements—to develop and operate over 15,000 supportive housing units for vulnerable homeless New Yorkers. The latest agreement, NY/NY III, is on track to create 9,000 units serving people with severe mental illness, substance use disorders, HIV/AIDS or other disabling medical conditions. The City will continue its commitment to finish out the NY/NY III agreement.

## **Encourage production of new supportive housing opportunities**

The demand for supportive housing today far outstrips the available supply. Building upon the lessons learned and successes from prior partnerships and

3. Levanon Seligson A, Lim S, Singh T, Laganis E, Stazesky E, Donahue S, Lanzara C, Harris TG, Marsik T, Greene CM, Lipton FR, Myers R, Karpati AM. New York/New York III Supportive Housing Evaluation: Interim Utilization and Cost Analysis. A report from the New York City Department of Health and Mental Hygiene in collaboration with the New York City Human Resources Administration and the New York State Office of Mental Health, 2013.

agreements, the City will seek to expand the production of supportive housing. Supportive housing is a critical ingredient in helping households in need of additional services succeed in stable environments.

Other recent innovations developing in supportive housing include policies adopted by the State's Medicaid Redesign Team (MRT). Through MRT, New York State has engaged in an innovative process to reduce Medicaid costs by investing in housing. The City is currently using this new funding and new models to create opportunities for previously underserved high-need populations. The City will continue to partner with the State to leverage MRT dollars.

The City will propose changes to the Zoning Resolution's regulations for Community Facilities and Nonprofit Institutions with Sleeping Accommodations to clarify the definitions of these classifications, reduce the possibility of fraud and abuse, and facilitate the development of supportive housing. These changes will promote construction of supportive housing and make these publicly funded projects more cost effective.

### **Improve efficiency: moving in, moving on**

Housing New York calls for a major expansion of the supportive housing resources in the City. However, building new housing will have a greater impact if we move people into supportive housing more quickly and help tenants to move on when they are ready. By improving flow through the existing system, the City will make better use of the thousands of supportive housing units that currently exist.

**Moving In:** The supportive housing system in New York City is large and complex. Multiple agencies and regulatory requirements can lead to process bottlenecks and confusing, overlapping documentation requirements. The City must streamline this process and eliminate unnecessary hurdles for supportive housing tenants and providers alike, to make the allocation and use of this precious housing resource as efficient as possible.

**Moving On:** Just as the process of moving into supportive housing should maximize efficiency, so should the process of moving out when a tenant no longer requires a high level of service. Resources such as rental assistance, aftercare services providing continuity of care, and a supply of affordable HPD or NYCHA apartments must be available for supportive housing tenants who are ready to move on. This will increase housing choice and independence among supportive housing "graduates" while also making a much-needed and extremely scarce supportive housing apartment available to a new chronically homeless household who needs it. The recently approved 30 percent rent cap protection for clients of the New York City HIV/AIDS Services Administration (HASA) is an early victory in this effort, as it ensures that people diagnosed with HIV and AIDS no longer have to fear being rent burdened if they choose to leave supportive housing.

## **Improve Housing Options for Seniors**

Seniors represent the fastest growing segment of New York City's population. DCP estimates that from 2010 to 2040, the number of New Yorkers who are age 65 and older will increase by 40 percent, to more than 1.4 million. Stable, affordable housing for seniors is essential, whether they wish to age in their existing homes or in a facility that offers specialized senior care. Current demand for subsidized senior housing, however, far outstrips the supply. The City will take action to promote a more secure housing future for its rapidly growing population of seniors through increased production of senior housing in addition to enhanced housing supports and services.

### **Increase supply of housing for seniors**

Increasing the supply of housing for seniors will become ever more important over the next decade as the Baby Boom generation enters retirement and as older seniors continue to live longer. Part of this effort will leverage Project-Based Section 8 vouchers to make housing affordable to those seniors whose income remains stagnant or declines over time. To encourage development, the City will propose amendments to the Zoning Resolution to reduce requirements for parking (which often goes unused by senior housing residents), to update outdated regulations to recognize a wide range of senior housing facilities that now exist, relax minimum unit sizes where they prevent the creation of appropriately sized senior housing units, and address other zoning constraints that make senior housing development easier and more cost effective.

We will also actively seek out ways to develop new senior housing in collaboration with NYCHA, leveraging their resources and prioritizing their residents..

### **Enhance services for seniors**

The Senior Citizen Rent Increase Exemption (SCRIE) program, which protects eligible seniors from rent increases, is currently administered separately by both HPD and the Department of Finance (DOF). By consolidating these programs into DOF, the City will boost their efficiency and make them more user-friendly for tenants and landlords alike. The City will also perform more robust outreach to eligible seniors to increase the reach and breadth of this program.

The City also supports increasing income eligibility for SCRIE recipients, which is currently at \$29,000 a year. Increasing the eligibility will allow more seniors who are on a fixed income to remain stably housed. NYS recently passed legislation that allows the income eligibility for SCRIE recipients to increase from \$29,000 to \$50,000 per year. The NYC Council has also introduced a bill, which would authorize increasing the SCRIE income level to \$50,000 in the City.

Finally, the City will encourage developers of senior housing to partner with LGBT

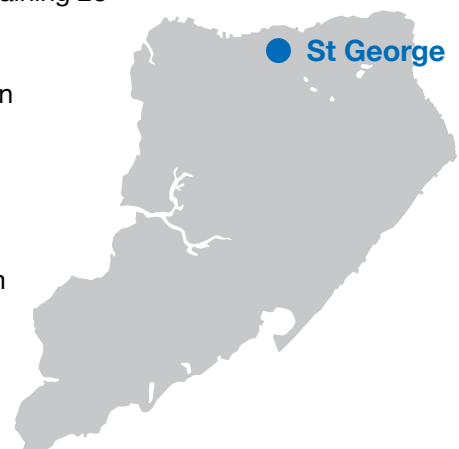
# Case Study: Senior Housing Staten Island



## Markham Gardens Manor

This new five-story development—developed by the nonprofit Sisters of Charity Housing Development Corporation in partnership with NYCHA—will provide 79 affordable housing units for elderly households with incomes under 50 percent of AMI. The 61,000 square foot building will also include a landscaped rear yard, a community room, an outdoor recreational area, a computer and library room, an arts and crafts area, an onsite laundry, and surface parking lots containing 28 parking spaces.

The \$17.4 million development is located on vacant land provided within a NYCHA community. Funding for the project is being provided by the United States Department of Housing and Urban Development (HUD) through its Section 202 Supportive Housing for the Elderly Program (\$12.5 million) as well as HPD through its HOME funds (\$4.1 million). The Federal Home Loan Bank of New York Affordable Housing Program also contributed \$800,000 toward the Markham Gardens Manor development.



nonprofit service providers, to provide inclusive affordable housing opportunities for lesbian, gay, bisexual and transgender seniors.

## **Support Naturally Occurring Retirement Communities**

A number of communities across New York City—including several large affordable housing complexes—have such growing populations of seniors that they have been coined Naturally Occurring Retirement Communities (NORCs). For example, more than 76,000 seniors, or nearly 20 percent of total NYCHA residents, reside in public housing. Many of these seniors have raised families and now live alone, without the daily support they may require.

The City will need to ensure that adequate services, accessibility and housing quality are maintained for these seniors. Developing dedicated senior housing with supportive services in NYCHA buildings for the use of existing residents will be a key element in the City’s comprehensive approach to undertaking redevelopment of underutilized land for affordable mixed-income housing where opportunities exist.

## **Ensure Accessible Housing for Individuals with Disabilities**

Providing equal access and treatment for persons with disabilities has been the law for several decades. And yet, all too often people with disabilities are unable to secure affordable and accessible housing. The City is committed to creating accessible apartments for New Yorkers with disabilities and removing barriers to their sharing in the City’s affordable housing resources. The City will increase oversight of accessibility standards in the private market as well as in its regulated affordable housing stock and work to improve access to housing subsidies for New Yorkers with disabilities.

### **Housing affordability for people with disabilities**

Various housing subsidies exist for people with disabilities, such as the Nursing Home Diversion Waiver, MRT vouchers, and Individual Supports and Services grants from the Office for People with Developmental Disabilities, but they are misaligned with the timing and requirements of HPD’s policies and procedures. The City will work to better coordinate across government agencies to maximize their utility within the HPD housing stock.

The Disability Rent Increase Exemption (DRIE) and SCRIE programs protect people with disabilities and seniors from rent increases, but the programs are not currently aligned. The City will advocate with the State to match the income eligibility threshold of the DRIE program with that of SCRIE, enabling more New Yorkers with disabilities to benefit.

The City will take aggressive steps to match people with disabilities to available affordable housing. HPD sets aside 7 percent of the units in housing lotteries for individuals with hearing, vision, or mobility impairments. Too often, people with disabilities are unaware of this valuable resource, or their income levels make them ineligible for such housing. The City will step up marketing efforts and aggressively match available subsidies for people with disabilities to affordable housing developed through HPD programs, in order to ensure maximum participation, beyond the 7 percent set aside, for people with disabilities.

### **Refine roles and prominence of Americans with Disabilities Act (ADA) and section 504 coordinators**

ADA and Section 504 Coordinators are Federally required positions intended to ensure that City programs and facilities are accessible for persons with disabilities. The City will enhance the roles of ADA and Section 504 coordinators who currently serve part-time so they can actively improve access to the City's housing programs for persons with disabilities. A full-time staff member will act as ADA and Section 504 coordinator for the City's Housing Agencies, ensuring a proactive and coordinated response to the housing needs of people with disabilities.

## Chapter 5

# Refining City Financing Tools and Expanding Funding Sources for Affordable Housing

## Overview

The City will act now to refine City financing tools and increase sources for affordable housing by using existing statutory and regulatory authority at its disposal. However, many initiatives require legislative action and cannot be accomplished without the assistance of State, Federal and industry partners. The City will, therefore, establish a task force in the coming months to develop a comprehensive City, State and Federal legislative agenda for needed reforms. This task force will convene by August 2014 and deliver a set of preliminary recommendations by December 2014.

The City and the task force will explore how to target tax incentives to better leverage private capital, more closely align them with affordable housing objectives and encourage affordable housing preservation and development. Additionally, the City and the task force will explore whether legislation is appropriate to introduce new funding sources dedicated to affordable housing, and will continue to streamline existing financing tools and develop innovative public/private partnerships to fund affordable housing.

### **Key strategies:**

- **Target and Strengthen City Tax Incentives**
- **Identify New Funding Streams to Fund Affordable Housing**
- **Increase Private Leverage and Expand Existing Financing Tools**
- **Strengthen Public/Private and Philanthropic Partnerships**
- **Re-Evaluate HPD and HDC Programs to Stretch City Housing Subsidy Dollars Further**



## Target and Strengthen City Tax Incentives

Real estate property taxes represent a significant expense for multifamily building owners and developers. For this reason, exemptions and abatements that reduce an owner's property tax can be a powerful incentive tool to induce investment in the construction, rehabilitation, or maintenance of the City's multifamily housing stock. The City has a set of tax exemptions and abatements to promote the development of market-rate housing as well as the development and maintenance of affordable housing. Over time, some of these tax benefit programs have become inconsistent and overly complex, and in some cases the tax benefits they provide are higher than necessary to induce the construction and preservation of affordable housing. To address these issues, the task force will explore legislative and administrative changes to simplify and rationalize tax programs while increasing their effectiveness in generating affordable housing.

### Modify the 421-a tax exemption

The State of New York implemented the 421-a tax exemption program in 1971 to stimulate the development of the tens of thousands of undeveloped lots that existed at the time because of disinvestment in many New York City neighborhoods. The initial legislation authorized a single as-of-right exemption from real property taxes for ten years for all new residential construction. In subsequent years, the program was amended to provide longer-term benefits for governmentally assisted affordable projects, as well as for projects outside Manhattan. Restrictions added in 1984 established a Geographic Exclusion Area (GEA) that required projects in the strongest Manhattan markets to provide affordable units either on-site or in an off-site location in exchange for the 421-a tax benefit. Between 2006 and 2008, the GEA was expanded by local and state legislation to include all of Manhattan and portions of the other four boroughs. In addition, the "certificate program," which allowed off-site affordable units to generate 421-a benefits for market-rate GEA units, was eliminated. At present, only buildings receiving substantial governmental assistance pursuant to an affordable housing program, those that set aside at least 20 percent of their units as affordable, and projects that purchase negotiable certificates from agreements executed prior to December 28, 2007, are eligible for 421-a benefits in the GEA.

Based on the recommendations of the task force, the City will consider a number of reforms to 421-a legislation and program rules in order to increase its efficiency and effectiveness as an incentive for developing affordable housing.

### Increase Efficiency of 421-a

Today, developers frequently layer 421-a benefits on top of other public programs designed to subsidize affordable housing development, using the same

affordable units to qualify for multiple forms of subsidy. Going forward, in cases where multiple subsidies are used by developers building in strong markets, the City will seek to increase the percentage of affordable units required and/or require the developer to provide deeper affordability (depending on the exact combination of subsidy programs). The task force will study the 421-a benefit schedule, income levels and affordability requirements more broadly, and will work to make recommendations that are flexible and can respond to current market conditions. An updated and rationalized benefit schedule would reduce over-subsidization and more effectively encourage affordable housing development in areas where incentives are most needed to make affordable projects viable.

The 421-a program has a complex array of statutory affordability requirements, exemption benefit schedules, and Assessed Value Cap (AV Cap) limits on benefits. The task force will study the fairness of the 421-a program and provide legislative recommendations for deeper affordability requirements, revised benefit schedules, and updated AV Cap provisions, and will work to make recommendations that are flexible and can respond to current market conditions.

### **Harmonize 421-a and Inclusionary Housing Programs**

421-a is a significant driver of affordable housing development in areas mapped for participation in the Inclusionary Housing program. These programs can and should work together to promote the development of affordable housing in areas where rezoning has substantially increased the capacity for new housing. In order to better align these programs, the task force will consider pursuing legislative authority to expand the 421-a Geographic Exclusion Areas to match the areas designated for Inclusionary Housing. In strong markets, where developers meet the Inclusionary Housing requirements in order to obtain 421-a benefits, the City will require more affordable units and/or deeper affordability. To ensure that these programs work well together, the City also will seek to harmonize the two programs' requirements regarding unit size, unit distribution and income targets.

### **Streamline program administration**

The City will seek to streamline the 421-a program, improving its usefulness to developers and its ability to promote affordability, by eliminating outdated and unnecessary programmatic, eligibility, and oversight requirements. It will also seek to address inefficiencies resulting from the program's two-step application structure by eliminating the Preliminary Certificate of Eligibility and making construction period benefits retroactive. Additionally, the City will work to ensure that 421-a recipients effectively contribute to the City's market-rate housing stock by combatting unit warehousing and hotel use in buildings receiving 421-a benefits.

## **Harness homeownership development to produce affordable rental housing**

The strong current demand for condominium development presents an opportunity to harness market forces to boost the production of affordable housing. In order to fully harness this demand, we need a more flexible way for developers of condominium projects to participate in the 421-a program. The task force will explore ways to induce more condominium (and cooperative) developers to fund the development of off-site rental affordable housing as a condition of participating in the 421-a program. The options considered will include requiring such developers to either (a) construct off-site affordable rental units within a prescribed geographic radius of the market rate homeownership units, or (b) make payments into a fund to be used for that purpose. The task force will also consider ways to tailor the size of the affordable housing requirement and the value of the tax benefits provided in order to maximize efficiency of such a program.

## **Modify J-51 and 420-c tax incentives**

### **J-51**

The J-51 program was originally implemented in 1955 to encourage landlords to install heat and hot-water systems in cold-water flats. It was later expanded to provide a combination of real property tax benefits for investments in critical building systems. All rental units receiving J-51 benefits must be rent-stabilized. Owners receive a tax exemption and/or abatement in exchange for the rehabilitation of existing buildings, or upon the conversion of certain nonresidential buildings to residential buildings. The value of J-51 abatements is based on the type of improvement provided, as well as other factors. Owners submit documentation itemizing the cost of each improvement; the value of the abatement is determined in part by the Certified Reasonable Cost (CRC) schedule, which lists the allowable costs for each item.

The program was overhauled in 2012-2013 through State and local legislation, as well as changes to New York City Rules, resulting in marginal cost savings and increased efficiencies. Going forward, the City and the task force will explore additional reforms to encourage proper maintenance and upkeep of buildings by providing incentives that lower operating costs. Broader participation in the program would allow J-51 to meet two central policy goals: 1) increase the quality of the housing stock and thereby reduce the need for enforcement actions (e.g., Housing and Maintenance Code violations, Emergency Repair Program expenses); and 2) retain the low-cost housing stock through investment in rent-regulated units.

1. The value of the benefit can vary based on many of the following factors: a) whether the project is substantially governmentally assisted (SGA); b) where the project is located; c) whether it is in a landmarked district; and d) the cost of the improvements.

### **Specifically, the task force will consider:**

- Deepening the incentive for improvements to building systems and major capital improvement (MCI) such as plumbing, heating and windows in order to ensure safe and habitable housing for occupants now and in the future. The most recent changes to the Certified Reasonable Cost (CRC) schedule enriched the J-51 abatement; however, the allowable costs by and large are not an adequate recoupment for current construction costs. Increasing the CRC for key items would allow owners to recoup more of their investment and potentially encourage more owners to participate in the program
- Aligning the list of items eligible for J-51 benefits with HCR’s useful life schedule for MCI, which enables landlords to increase the legal rent for rent-stabilized units. Coordination with HCR would ensure that tax benefits to owners also benefit tenants when owners secure both J-51 and MCIs for the same repairs
- Providing incentives for investments that advance key policy goals, such as building system upgrades that are environmentally sustainable and in line with the City’s other green building initiatives (e.g., Office of Long Term Planning and Sustainability Clean Heat program)

### **420-c**

The 420-c program provides a tax exemption for low-income housing developments financed through tax credits and controlled by charitable organizations. Under this program, the property owner must adhere to a regulatory agreement limiting rents in 70 percent of units to levels affordable to households up to 60 percent of AMI. In return, the City grants a full or partial tax exemption for the land and building for the duration of the regulatory agreement (up to 60 years).

The City will pursue a series of administrative reforms to better focus the program on the provision of affordable housing, remove unnecessary eligibility requirements, expedite application processing by HPD, and increase predictability for owners regarding the value of the exemption and the timing of its implementation.

### **Expand New York City Industrial Development Agency Authority**

The New York City Industrial Development Agency (NYCIDA), in collaboration with the task force will consider legislative reforms that would enable NYCIDA to assist the development or renovation of residential and mixed-use projects. NYCIDA provides discretionary tax incentives that are subject to approval from NYCIDA’s Board of Directors. These incentives include real estate tax stabilization or reduction, sales and use tax waiver, and a Mortgage Recording Tax waiver. The savings generated through these benefits could reduce construction and other upfront costs, stabilize long-term property costs, and foster the construction and/or renovation of more affordable housing throughout the City.

## **Identify New Funding Streams to Fund Affordable Housing**

Financing affordable housing is a major challenge. The availability of subsidy is limited and subject to cuts to the Federal budget and the continuing need for the City to fund other important projects and programs. It is critical for the City to receive additional dedicated funding streams specifically to fund affordable housing. The task force will explore a number of potential sources that could be dedicated to fund affordable housing.

## **Increase Private Leverage and Expand Existing Financing Tools**

The City will encourage more efficient and targeted use of public financing resources such as tax exempt bonds and expand existing programs that provide capital for the construction and preservation of a broad range of affordable housing.

### **Work to increase the pension fund's commitment to affordable housing**

The New York City Pension Funds have a long history of investing in affordable housing. To date, the New York City Employee's Retirement System (NYCERS) alone has provided more than \$747 million to finance long term permanent debt on affordable housing projects. By working with the trustees of the City's five pension funds and engaging with New York State, the City will seek to:

- Increase pension investment in affordable, moderate and middle income housing to \$1 billion
- Commit capital to fund construction loans for the rehabilitation of small buildings that will remain affordable, in coordination with the City's preservation efforts
- Target at least 50 percent of the pension's Economically Targeted Investments (ETI) Fund to fund workforce housing
- Reduce the City pension funds' mortgage insurance requirements to increase the participation of projects insured by HDC's Real Estate Mortgage Insurance Corporation (REMIC). By reducing the amount of required insurance from 100 percent to 50 percent, the amount of reserves set aside to cover these insured loans would be halved, thereby doubling REMIC's capacity to insure pension fund loans. An opportunity for similar alignment exists between the pension funds and the State of New York Mortgage Agency (SONYMA)

- Provide long-term credit enhancement and liquidity on HDC bonds so that HDC can offer low rates for affordable housing projects that utilize 501(c)(3) Bonds
- We will also engage with the New York State Common Retirement Fund to explore opportunities for the state to provide funding to effectuate the objectives of this plan

### **“Bifurcated” mixed-income financing**

The City is committed to using our financing tools to expand beyond the traditional “80/20” model to more effectively leverage resources dedicated to such projects and redirect resources conserved through those strategies to other projects that serve a wider range of affordable housing needs.

A limited amount of tax-exempt financing capacity (also known as Private Activity Bond Volume or “Volume Cap”) is allocated to HDC each year. The State has consistently supported the City’s affordable housing efforts by allocating additional Volume Cap to HDC above and beyond the City’s as-of-right allocation.

“Bifurcated” structures target volume cap to finance only the low-income units in a mixed-income development, rather than financing the entire project. This structure allows for a smaller allocation of Volume Cap to be used for such mixed-income projects and the resulting Volume Cap savings can then be used for other projects, increasing the amount of affordable housing that can be financed each year. The City will work in coordination with the State to ensure that Volume Cap freed up under such bifurcated structures can be used to increase the production of affordable housing projects in the City.

### **Tax-exempt bond recycling**

The City will continue to conserve Volume Cap by maximizing and facilitating the use of “recycled bonds” in developments that aren’t dependent on LIHTC equity. HDC’s Recycling Program re-uses Volume Cap where there are prepayments in the first four years from bond-financed loans. These proceeds can be recirculated back for eligible tax-exempt affordable housing projects (but not with concomitant LIHTC). This program is particularly useful for financing mixed, moderate and middle income projects that do not require tax credits. Continuing this program, especially in coordination with the State Housing Finance Agency, will maximize the initial financial investments and reduce the need for additional allocations of Volume Cap that do not need or qualify for tax credits.

### **Pursue low cost financing to deliver maximum affordability**

HDC will work with existing and prospective financial partners to provide the lowest cost financing to affordable housing projects in order to deliver maximum affordability for extended terms. Such financings may include traditional bond sales through public underwriting, private placements, direct placements, placement with one or more of the retiree pension funds, partnering with the

GSEs, and any subsequent housing finance providers as well as the Federal Housing Administration.

In furtherance of these goals, HDC is expanding its capacity by entering into an agreement to sell affordable housing loans to the New York City pension funds, to become a Multifamily Accelerated Processing lender with FHA to provide mortgage insurance and lower cost financing, and participate in a program to facilitate the sale of Federally insured mortgages pursuant to the FHA-HFA Risk Sharing Program to the Federal government. Collectively, these measures will enable HDC to take advantage of the low interest rate environment and the desire for banks to attain strong Community Reinvestment Act (“CRA”) ratings.

### **Battery Park City Authority Funds**

Funds derived from land lease rents paid to Battery Park City Authority (BPCA) have been used for affordable housing purposes pursuant to several agreements with the City and the State since Battery Park City was created. Currently, HPD and HDC have \$200M remaining from the original \$400M BPCA 421-a Fund. The final contribution from BPCA pursuant to this agreement is scheduled to occur in 2016. The source of this fund are rents paid to BPCA. The City will work with the State to enter into a further agreement with BPCA after the current agreement expires to provide additional resources that will be dedicated exclusively to the production and preservation of additional affordable housing.

## **Strengthen Public/Private and Philanthropic Partnerships**

Investment in housing by the private sector is critical to the City’s housing stock, particularly in publicly sponsored projects that leverage private sector capital for affordable housing and community development. Expanding the use of those programs and strengthening private sector relationships will be imperative to maximizing the City’s ability to support these crucial goals.

### **Expand use of New Markets Tax Credits**

The New Markets Tax Credit (NMTC) Program is a Federal program administered by the U.S. Department of Treasury Community Development Financial Institutions (CDFI) Fund. The NMTC Program permits taxpaying investors to receive a credit against Federal income tax liability in exchange for making investments in designated Community Development Entities (CDEs), which in turn invest in a variety of development projects and businesses in LMI areas. NMTCs can catalyze the development of commercial, retail, and mixed-use projects and enhance overall development efforts by supporting projects that provide critical jobs and services in underserved communities. Since 2006, EDC has facilitated the use of NMTCs for the financing of real estate projects that also

create quality jobs for LMI workers. Building on its experience, EDC is exploring developing a CDE to apply for allocation authority to enable the City to better target resources to mixed-use and economic development projects that may include affordable housing.

### **Explore partnerships through the CDFI Bond Guarantee Program**

EDC, in conjunction with Build NYC, the City’s conduit tax-exempt and taxable bond issuer, will explore opportunities to partner with CDFIs to apply for the CDFI Bond Guarantee Program (BGP). The BGP is a Federal program administered by the U.S. Department of Treasury Community Development Financial Institutions Fund. Through this program, the Federal Financing Bank guarantees the full amount of bonds issued by Build NYC to support CDFIs that make investments for eligible community or economic development purposes. The bonds or notes support CDFI lending and investment by providing a source of long-term, patient capital to CDFIs and can provide CDFIs with the least expensive funds to generate loans. These loans can support a variety of financial activities, including the financing of affordable housing, commercial facilities, community facilities, among a variety of other uses.

### **Leverage Social Impact Bonds to finance supportive housing**

Social Impact Bonds are an innovative tool for government to leverage private sector capital to finance the delivery of services that address a wide range of chronic social problems. Also known as “Pay for Success” contracts, private investors pay for, and assume the risk of a program being able to deliver measurable results. The government only pays back the private investor if independent evaluators determine that the initiative or program has achieved specific outcomes that both create benefits for society and generate savings for the public sector. The City is committed to exploring the possibility of using Social Impact Bonds to finance supportive housing, and social service programs for homeless, elderly, vulnerable, and extremely low-income populations.

### **Partner with philanthropic organizations**

The City will partner with foundations to serve vulnerable populations and families who are most in need of affordable housing. Through the use of grants and below market rate loans, philanthropy can provide flexible capital that can supplement current City programs and be source for innovative pilots that “test” new strategies to combat homelessness, serve the elderly, and provide needed social services and job training.



## **Partner with financial institutions**

The City will create new relationships and expand existing ones with financial institutions and insurance companies. As the financial capital of the world, New York City can creatively leverage these institutions' resources to support housing and neighborhood development, both in the neighborhoods in which their employees are based and in neighborhoods from which they draw deposits.

There is also an opportunity to work with, and educate, Federal regulators on how supporting a wider array of the City's affordable housing and community development efforts, could qualify for Community Reinvestment Act credit.

## **Create a development finance toolbox**

True mixed-use projects can often be the most complex to finance. In addition, Federal, State, and City programs intended to support these projects can be difficult to navigate, highly complex to structure, and often underutilized. EDC will develop a centralized information "toolbox" of all available development finance programs that support dynamic development. This will provide the development community with a customized resource to harness programs that maximize potential funding sources that make projects a reality. We will also work to educate Federal regulators on how the City's housing and community development objectives can be further supported.

## **Re-Evaluate HPD and HDC Programs to Stretch City Housing Subsidy Dollars Further**

HPD and HDC will undertake a systematic review and revision of program terms to implement the policy goals of the Housing Plan. Changes will be explored to achieve three specific goals:

- Enhance the production of additional affordable housing across a broader range of incomes
- Achieve greater leveraging of private financing sources
- Ensure that we are spending no more public dollars than absolutely necessary to achieve our goals

To that end, terms will be reviewed to enhance public benefit throughout the lifecycle of the project, including leveraging development sources, strengthening regulatory terms, and preserving affordability at project maturity. HPD and HDC will consult with stakeholders in formulating these changes and provide adequate notice to developers and operators before they take effect.



Chapter 6

# Implementing the Plan

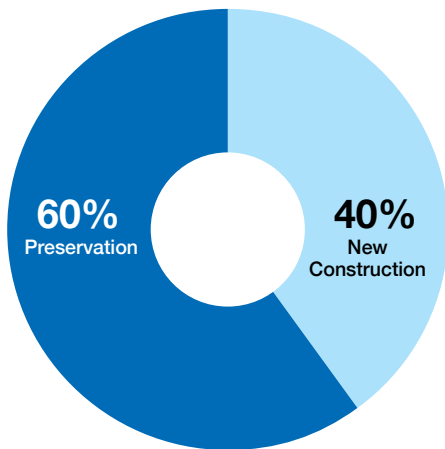
## Overview

*Housing New York: A Five-Borough, Ten-Year Plan* has laid out a blueprint for preserving and constructing 200,000 units of affordable housing; fostering thriving and inclusive neighborhoods; and creating stable and caring environments for homeless individuals, seniors, and others who have special needs.

But this plan is just the beginning. Achieving these goals will require significant commitments of City capital and much more effective use of these resources to leverage private investment. This chapter lays out the City’s financing strategy as well as a series of immediate steps we will take to begin implementing the plan.

## Funding the Plan

### New Construction vs Preservation

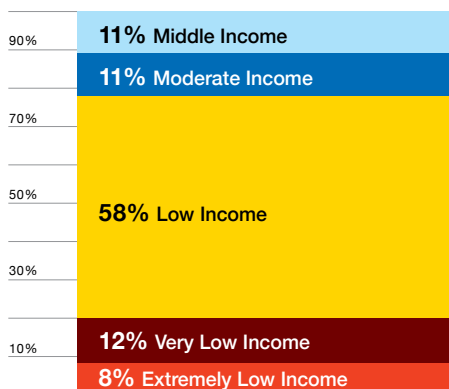


Creating and preserving 200,000 units of affordable housing over ten years is a significant undertaking. We estimate the total cost, including all public and private sources, will be \$41.4 billion. This plan lays out a series of steps we are taking to ensure this effort is a success:

- The Mayor’s 2015 budget will propose to more than double HPD’s annual capital budget in the five-year plan, a significant down payment on this commitment
- The Mayor’s budget will also propose additional funding for infrastructure investments needed to make land available for significant new housing opportunities
- Through a series of new loan securitizations—immediately and over the course of the Plan, the City will maximize the resources available at HDC to contribute to the Plan
- The Mayor’s 2015 operating budget will increase staffing at the Department of City Planning and the Department of Housing Preservation and Development to ensure that the Housing New York plan can be efficiently and quickly implemented
- We will make more efficient use of the City’s resources to maximize their impact
- Working with financial institutions, pension funds, financial intermediaries and philanthropy, we will also seek to leverage private capital on a greater than 3 to 1 basis
- We will work in partnership with the State and the Federal government to identify new resources to fund affordable housing in the City and help us meet these critical objectives

### Households Served

Share of Housing Units Created or Preserved by Income Band



# Housing New York: A Five-Borough, Ten-Year Plan

Fiscal years 2015–2024

numbers in thousands - 10 year totals

| <b>Uses</b>   | <b>Total TDC</b>              |
|---|-------------------------------|
| <b>New Construction</b>   | \$30,643,240                  |
| <b>Preservation</b>   | \$10,489,956                  |
| <b>Total</b>  | \$41,133,196                  |
|   |                               |
| <b>Sources</b>  | <b>Direct Housing Subsidy</b> |
| <b>City</b>   |                               |
| <b>City Capital</b>   | \$6,687,619                   |
| <b>HDC (Contributions and Securitization Proceeds)</b>          | \$1,140,100                   |
| <b>Reso-A</b>   | \$180,000                     |
| <b>421a / BPCA Fund</b>   | \$195,997                     |
| <b>Other</b>  | \$40,671                      |
| <b>Total City</b>   | \$8,244,387                   |
|   |                               |
| <b>Federal and State</b>  |                               |
| <b>HOME</b>   | \$673,664                     |
| <b>Lower Manhattan Development Corporation</b>                  | \$12,800                      |
| <b>State Funding</b>  | \$300,000                     |
| <b>Potential Dedicated Affordable Housing Funds</b>             | \$1,900,000                   |
| <b>Total State and Federal</b>                                  | \$2,886,464                   |
|   |                               |
| <b>Private</b>  |                               |
| <b>Low Income Housing Tax Credit Equity (4% and 9% credits)</b> | \$4,950,000                   |
| <b>State Low Income Housing Tax Credit Equity</b>               | \$107,000                     |
| <b>HFA Bonds</b>  | \$1,700,000                   |
| <b>HDC Bonds (Tax Exempt, Taxable, and Recycled Bonds)</b>      | \$11,000,000                  |
| <b>Pension Funds</b>  | \$1,000,000                   |
| <b>Private Financing</b>  | \$11,245,345                  |
| <b>Total Private</b>  | \$30,002,345                  |
|   |                               |
| <b>Total</b>  | \$41,133,196                  |

## Near-Term Milestones

The City is committed to taking the following ten steps within the next year to begin the implementation of many of the initiatives laid out in this plan:

1. DCP, working with HPD, will initiate and expedite the completion of a study to provide the foundation in land use policy for incorporating a mandatory Inclusionary Housing Program into the Zoning Resolution
2. DCP, in conjunction with HPD, will initiate a comprehensive review of the existing Inclusionary Housing Program to identify and recommend specific improvements
3. The City and NYCHA will restore the priority for homeless families for public housing and continue to prioritize homeless individuals for Section 8 resources
4. HPD, DHS and HRA will begin an interagency process to develop a model for financing innovative permanent housing for homeless individuals and families using dollars that would otherwise be spent on higher cost homeless shelters
5. EDC, DCP, and HPD will compile a census of all vacant and underdeveloped publicly controlled properties, and begin the process of forming partnerships with the State, public authorities, nonprofit institutions, faith-based organizations, and private owners who have land that could be deployed for affordable housing
6. HPD will create a pilot outreach and financial assistance program to provide grants or loans, as appropriate, to accelerate investments in energy and water efficiency projects in small and mid-size buildings housing low- and moderate-income residents
7. HPD will issue requests for proposal for the first round of the NIHOP and NCP programs, and HDC will pilot the new mixed-income program.
8. HPD and HDC will release a revised set of program terms to implement the policy goals of the Plan
9. The City will convene a task force to solicit input from industry-informed stakeholders about how to consolidate and streamline the permitting and review processes across agencies in order to reduce costs and avoid delays for developers
10. Working with the City, NYCHA will fully engage with its residents to create a tailored preservation and development plan that will provide a full-scale evaluation of tenant needs and lay out a path forward to accomplish these critically important objectives.

## **Create a Housing Plan Implementation Advisory Board**

These ten steps are critical to the success of the plan, but there will be much more comprehensive action required. This plan also calls for a number of task forces and working groups that will be convened to accomplish various components of the plan.

To help prioritize and refine the work of these task forces and accomplish the many recommendations in this plan, the City will also create a broader Implementation Advisory Board (Advisory Board). This Advisory Board will engage in a regular dialogue with the City leadership. The Board will be comprised of stakeholders from New York's diverse housing community and provide important guidance to the City.

## **Create a City-State Task Force on Affordable Housing**

Coordination with other City and State elected officials and agencies will be especially critical to the success of this plan. To coordinate on the range of legislative issues identified as priorities in this plan, the City will create a City-State Task Force on Affordable Housing that will bring together City and State elected officials. This task force will focus on developing and implementing policy changes that will enable both City and State housing agencies to conduct their work more effectively and achieve the goals of this plan.



*“We have to remember that the best and the brightest are born in every neighborhood, in every zip code. And what marks a just society is that it allows them all to reach their potential.”*

**—Mayor Bill de Blasio**



## Notes

All dollar values in graphs are adjusted to 2013 dollars using the Consumer Price Index for All Urban Consumers (Current Series) for the New York-Northern New Jersey-Long Island, NY-NJ-CT-PA Metropolitan Statistical Area, except where otherwise noted. Source: Bureau of Labor Statistics

### Executive Summary

Pg. 5

Changes in rent and income over the last twenty years are based on 2011 Housing and Vacancy Survey data; nine year differences are based on 2005-2012 American Community Survey (1 Year Estimates); twelve year rent burden estimates are based on 2000 Decennial Census and 2012 American Community Survey data. Note that rent burden and severe rent burden estimates may vary by data source in addition to time period.

Pg. 6

Annual Incomes for Income Bands are based on the U.S. Department of Housing and Urban Development's Estimate for Area Median Income (AMI) in 2014 (\$83,900 for a four-person household). Source: U.S. Department of Housing and Urban Development

Pg. 8

Estimated number of jobs created from the construction and preservation of 200,000 units of housing reflect gross employment impacts associated with construction and ongoing maintenance and operations of affordable housing projects, including operations associated with commercial components of the projects. They do not account for short- or long-term displacement of other economic activity and, therefore, do not reflect "net new" jobs created in New York City. Source: Economic Development Corporation

Pg. 11

Evidence on the cost benefit of supportive housing includes, Levanon Seligson et al, New York/New York III Supportive Housing Evaluation: Interim Utilization and Cost Analysis. A report from the New York City Department of Health and Mental Hygiene in collaboration with the New York City Human Resources Administration and the New York State Office of Mental Health, 2013.

### Introduction

Pg. 16

Changes in median gross rent and median renter household income shown relative to 2005 values where the index equals 100.

Pg. 17

Utility costs are calculated by summing monthly electricity and gas costs as reported by householders of rental units who pay utilities separately from rent.

American Community Survey and Decennial Census estimates may overstate rent burden because they do not exclude households living in means-tested housing.

Pg. 18

Annual income needed to afford typical New York City apartment is calculated as the median gross rent divided by 30 percent and multiplied times twelve months.

Pg. 19

ELI and VLI definitions are specific to household sizes of one through eight persons, so households larger than eight persons are excluded.

Units Affordable to Extremely Low Income and Very Low Income Households are defined as units with gross monthly rent equivalent to 30% or less of the monthly household income limits for VLI households of sizes appropriate to those units.

Max persons per unit defined using standard occupancy practices for affordable housing whereby a minimum of one person and a maximum of two persons per bedroom is considered appropriate; does not account for household composition or gender of occupants.

Pg. 21

Households living in public housing or receiving rental assistance (Section 8, HUD-Regulated, Work Advantage, Jiggets, Employee Incentive Housing Program, or Other City, State or Federal subsidy program as reported by respondent) are counted as Non-Rent Burdened Households, because they are means tested.

Graph shows total shelter population by month, which includes families and single adults. For data through September 2011, figures for homeless families, children, and adult family members reflect end-of-month census data. All numbers for families after September 2011 and for homeless single adults (men and women) for all months reflect average daily census data. Where data on the total population are missing, monthly values on the graph are interpolated, assumed a constant monthly rate of change between non-missing values.

For details on methodology and data sources, please see [www.nyc.gov/html/dcp/pdf/census/projections\\_report\\_2010\\_2040.pdf](http://www.nyc.gov/html/dcp/pdf/census/projections_report_2010_2040.pdf)

Pg. 22

The graph shows number of units permitted and completed, respectively.

Pg. 23

The Rent Guidelines Board estimates a minimum number of units lost based on DHCR registration data for stabilized units. They also provide an actual number of stabilized units added based on data collected from various city and state agencies. Calculations for the net number of units lost are based on the

total rent-stabilized stock as estimated by the U.S. Census Bureau for the 1993 Housing and Vacancy Survey.

Net Loss of Rent Stabilized Units is defined as Cumulative Additions to the stock subtracted from Cumulative Loss to the stock. Cumulative additions to the stock include units that become subject to rent stabilization due to receipt of 421-a, 421-g, 420-c, or J-51 benefits; or Lofts. Cumulative Loss includes units subtracted from the stock from High Rent/High Income Deregulation, High Rent/Vacancy Deregulation, Co-op/Condo Conversion, 421-a and J-51 Expiration, Substantial Rehab, Commercial/Professional Conversion, and Other.

Pg. 24  
Single Parent with Children includes either male and female householders with own child(ren) and no spouse present; Two or more Adults with Children include married couples with own child(ren); Two or More Adults without Children is the difference between total family households minus families with own children added to the total non-family households minus households where the householder lives alone; Singles defined as any individual who lives alone.

Distribution of households represents the total number of persons in occupied households (renter and owner); households that comprise more than 6 persons are counted as having 6 persons or more.

Distribution of units shows all occupied units (renter and owner); units that comprise more than three bedrooms are counted as having three bedrooms or more.

Pg. 25  
HOME grant funding FY 2009 through FY 2014 represents New York City official grant award amount from HUD for each year in thousands of dollars. Data shown in nominal dollars.

## Chapter 1

Pg. 40  
Estimates reflect gross employment impacts associated with construction and ongoing maintenance and operations of affordable housing projects, including operations associated with commercial components of the projects. They do not account for short- or long-term displacement of other economic activity and, therefore, do not reflect “net new” jobs created in New York City.

Source: Economic Development Corporation

## Chapter 2

Pg. 52  
The Rent Guidelines Board estimates a minimum number of units lost based on DHCR registration data for stabilized units. They also provide an actual number of stabilized units added based on data collected from various City and State agencies. Their estimates may understate the total number of units lost and should be understood as a minimum.

Pg. 53  
For details on Housing Court proceedings, see Housing Court Answers, Summary of Evictions, Possessions, & Ejectments Conducted for the period January 1, 2013 through December 31, 2013 available at <http://cwtfhc.org/evictions-marshals-documents>.

Pg. 56  
Utility costs include electricity, natural gas, and water and sewer charges. Source: New York City Rent Guidelines Board, 2013 Price Index of Operating Costs, pg. 6-7 ([http://www.nycrgb.org/downloads/research/pdf\\_reports/pioc13.pdf](http://www.nycrgb.org/downloads/research/pdf_reports/pioc13.pdf))

Pg. 59  
Information on changes to the Federal Insurance Rate Map (FIRM), see SIRR report available at <http://www.nyc.gov/html/sirr/html/report/report.shtml>.

## Chapter 3

Pg. 61  
The official New York City vacancy rate is measured by the Housing and Vacancy Survey (U.S. Census), 2011. For details, see Glossary.

According to the Census Bureau’s CPS/HVS, the 2011 estimated vacancy rate for rental units in the United States was approximately 9.5 percent. (<https://www.census.gov/housing/hvs/data/ann11ind.html>)

## Chapter 4

Pg. 80  
Evidence on the cost benefit of supportive housing includes, Levanon Seligson et al, New York/New York III Supportive Housing Evaluation: Interim Utilization and Cost Analysis. A report from the New York City Department of Health and Mental Hygiene in collaboration with the New York City Human Resources Administration and the New York State Office of Mental Health, 2013. For research on affordable housing spillover effects see Furman Center for Real Estate and Urban Policy Working Paper 05-01, Nonprofit Housing and Neighborhood Spillovers.

For details on New York / New York Supportive Housing Agreements I, II, and III, see <http://shnny.org/budget-policy/nyc/ny-ny>.

p. 82  
Senior population projections provided by New York City Department of City Planning. For details on methodology and data sources, please see [http://www.nyc.gov/html/dcp/pdf/census/projections\\_report\\_2010\\_2040.pdf](http://www.nyc.gov/html/dcp/pdf/census/projections_report_2010_2040.pdf).

# Glossary

## **420-c**

The 420-c program provides a tax exemption for low income housing developments financed through tax credits and controlled by charitable organizations. Under this program, the property owner must adhere to a regulatory agreement with or approved by HPD limiting rents in 70 percent of units to levels affordable by low-income households (up to 60 percent of AMI). In return, the City grants a full or partial tax exemption for the land and building for the duration of the regulatory agreement (up to 60 years).

## **421-a**

421-a tax incentive programs provide partial tax exemption for new construction of multiple dwellings on lots that were vacant, predominantly vacant or improved with a non-conforming use three years prior to the start of construction. The benefit may extend for 10, 15, 20, or 25 years, depending on the location of the development and any affordability provisions.

## **421-a Certificates**

Historically, developers of affordable housing projects were allocated 421-a certificates, which they could sell to market rate developers. This provided equity for the affordable housing projects, and the market rate housing got 10 year 421-a exemptions. The certificate program was ended when 421-a was reformed in 2006, although sales of final certificates continued well after that point.

## **421-a Fund**

When the 421-a Certificate program ended, the City created a \$400M fund in lieu of the equity that would have been generated through sale of certificates. The Fund is managed by HPD and HDC.

## **501(c)(3) Bonds**

Local government entities may issue low-interest, tax-exempt 501(c)(3) bonds, the proceeds of which are made

available to federally eligible 501(c)(3) non-profit organizations to finance affordable housing creation. These bonds provide more flexibility than private activity bonds.

## **80/20**

The 80/20 Program uses tax-exempt bonds to construct multifamily rental buildings. In exchange for the low-cost financing, 20 percent of the apartment units are reserved for low-income tenants earning no more than 50 percent of area median income; whereas 80 percent of the apartment units are open to mixed income families. The 80/20 Program is often coupled with 421-a.

## **Affordable Housing Preservation**

This refers to the preservation of the affordability of the existing housing stock. Current affordable housing may be unregulated privately owned property, regulated privately owned property, or publicly-owned property. The City, in coordination with Federal, State, private, and non-profit partners, preserves affordability by offering building owners low cost loans for capital needs or refinancing and/or tax incentives for operations in exchange for regulatory agreements limiting rents to affordable levels.

## **Affordable Neighborhood Cooperative Program (ANCP)**

ANCP provides funding and links nonprofit and/or for-profit sponsors to TIL buildings to perform rehab and convert them to tenant-owned cooperatives. ANCP will assist in the rehabilitation of the remaining properties in the TIL Program.

## **Alternate Enforcement Program (AEP)**

HPD and the City Council developed the Alternative Enforcement Program (AEP) in 2007 to force owners of the most physically distressed buildings in the City to address their code violations. Through AEP, HPD annually identifies the 200

multifamily buildings with the most outstanding B and C code violations and emergency repair (ERP) charges. If owners do not correct violations and pay for previous ERP work within a four month window, the building is subject to building-wide inspections, fees, and extensive repair work to correct violations and underlying conditions.

## **Area Median Income (AMI)**

Area Median Income is a HUD-determined metric used to determine income level qualifications for affordable housing programs. For instance, low-, moderate-, and middle-income households are categorized by a calculation of AMI.

## **Article 7A**

The Article 7A program serves tenants renting apartments in privately owned buildings. These buildings have been abandoned by their owners, resulting in conditions that are dangerous to the tenants' health. Experienced housing organizations are appointed pursuant to New York State Law to manage the properties.

## **Article XI**

Article XI limits the taxes paid by affordable housing projects owned by HDFCs. The exemption is authorized by the City Council and can be a full or partial exemption for up to 40 years.

## **Assessed Value**

This is the amount used to calculate property taxes. The formula for calculating Assessed Value is: Market Value X Level of Assessment = Assessed Value. For Classes 1, 2a, 2b and 2c, the Assessed Value is modified by caps on assessment increases.

## **Asset Management of HPD Financed Buildings**

HPD Asset Managers monitor HPD-financed buildings from selected programs; they assess capital needs, financial stability, and regulatory

compliance. Asset Managers intervene where necessary to return buildings to physical and financial soundness through payment plans, loan programs, refinancing, and other tools.

### **Battery Park City Authority (BPCA)**

BPCA revenues were used to establish the New York City Housing Trust Fund. The funds are used to create or preserve affordable housing units in New York City.

### **BluePrint Review Process**

The Department of City Planning's Business Process Reform effort is a major business change initiative to reform and accelerate the portion of the land use and environmental application review processes that occurs before the formal public review of an application, known as the Uniform Land Use Review Procedure or ULURP.

### **Brownfield**

An industrial or commercial property that is underutilized, in part, because of potential water and/or soil contamination.

### **Build It Back Program**

The New York City Build it Back program was designed to assist homeowners, landlords, renters and tenants affected by Hurricane Sandy within the five boroughs. The program offers multiple pathways to housing assistance, including property rehabilitation or reconstruction, reimbursement for repair work already carried out, and acquisition of homes. Rental assistance is also provided for eligible New Yorkers affected by the storm.

### **Business Improvement District (BID)**

A Business Improvement District is a partnership between a local authority and the local business community to develop projects and services that will benefit the trading environment within the boundary of a clearly defined commercial area, where businesses have voted to invest collectively in local improvements which will benefit the

local economy. The New York City Department of Small Business Services oversees the City's BID program.

### **Certified Reasonable Cost (CRC)**

By law, J-51 tax abatement benefits are capped at a maximum annual and maximum aggregate represented as a percentage of the CRC, which are the costs of the alterations or improvements schedule identified in a schedule promulgated by agency rules attributing a maximum value to each renovation item.

### **City Capital**

Capital funds are used to primarily support the new construction and rehabilitation of affordable housing projects across the City. Capital is also used to fund key housing support functions such as office reconstruction and computer upgrades. Capital investment is generated through the issuance of General Obligation (GO) bonds. All uses of capital funding must meet eligibility requirements established by the City and State.

### **CDFI Bond Guarantee Program**

The CDFI Bond Guarantee Program guarantees the full amount of notes or bonds issued to support Community Development Financial Institutions (CDFIs) that make investments for eligible community or economic development purposes. The bonds or notes will support CDFI lending and investment by providing a source of long-term, patient capital to CDFIs.

### **City Environmental Quality Review (CEQR)**

CEQR is the City's process for reviewing discretionary land use actions for any potential adverse environmental effects, assessing their significance, and proposing measures to eliminate or mitigate significant impacts. Only certain minor actions identified by the state, known as Type II actions, are exempt from environmental review.

### **Code Inspection**

Housing Code Inspectors enforce the New York City Housing Maintenance Code and New York State Multiple Dwelling Law by responding to complaints from 311 calls and conducting proactive building inspections in a number of specialized programs. Violations are issued as Class A, Class B (hazardous), or Class C (immediately hazardous) and are enforceable in Housing Court.

### **Community Development Block Grant (CDBG)**

CDBG is a Federal grant funded under Title 1 of the Housing and Community Development Act of 1974 as amended by Congress. The Act requires that the funds be used for:

“the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of Low-and Moderate Income”.

The goal of the program as mandated by HUD's regulations is to support program/activities that will principally benefit low-and moderate income persons and prevent slums and blight.

The Mayor's Office of Management and Budget (OMB) administers the Community Development Block Grant (CDBG). Although HPD receives the largest share of CDBG funds throughout the City, OMB makes the determination on how CDBG funds are allocated based on Citywide needs and the availability of funding. CDBG funds are used solely for HPD programs, such as Code Enforcement, ERP, DNP DPM, and TIL, which meet the above eligible criteria.

### **Community Facilities**

Under New York City Zoning Code, community facility space in a building is used to provide educational, health, recreational, religious or other essential

services for the community it serves. Buildings that contain both residential and community facility uses are subject to special density regulations.

### **Community Reinvestment Act (CRA)**

A 1977 act of Congress intended to counteract discriminatory lending practices by encouraging banks to lend to their surrounding communities, thus increasing the availability of credit in low- and moderate-income neighborhoods.

### **Compact Unit**

An innovative apartment model, which includes a kitchen and bathroom, that is smaller than what is allowed under current regulations.

### **Department of City Planning (DCP)**

The New York City Department of City Planning oversees the City's zoning and land use processes. It works to promote strategic growth and development in the City, in part, by initiating planning and zoning changes for individual neighborhoods and business districts.

### **Department of Environmental Conservation (DEC)**

The New York State Department of Environmental Conservation oversees the conservation, improvement and protection of New York's natural resources and environment.

### **Department of Finance (DOF)**

The Department of Finance collects over \$30 billion in revenue for the City and values more than 1 million properties worth a total of over \$800 billion. DOF also records property-related documents, administers exemption and abatement programs, adjudicates and collects parking tickets, maintains the City's treasury, chairs the City's Banking Commission, and acts as the City's chief civil law enforcement officer.

### **Department of Homeless Services (DHS)**

The New York City Department of Homeless Services works to prevent homelessness by providing short-term emergency shelter and re-housing support in partnership with its clients, public agencies, and the business and nonprofit communities.

### **Department of Housing Preservation and Development (HPD)**

Using a variety of preservation, development and enforcement strategies, the Department of Housing Preservation and Development strives to improve the availability, affordability, and quality of housing in New York City, and to create and sustain viable neighborhoods for New Yorkers.

### **Department of Small Business Services (SBS)**

The Department of Small Business Services makes it easier for businesses in New York City to start, operate and expand by providing direct assistance to business owners, fostering neighborhood development in commercial districts, and linking employers to a skilled and qualified workforce.

### **Department of Youth and Community Development (DYCD)**

The Department of Youth and Community Development was created in 1996 to provide the City of New York with high-quality youth and family programming. Its central task is administering available City, State, and Federal funds to effective community-based organizations.

### **Disability Rent Increase Exemption (DRIE)**

The Disability Rent Increase Exemption (DRIE) program provides protection from rent increases for low- to moderate-income tenants with disabilities living in rent-regulated apartments.

### **Division of Neighborhood Preservation (DNP)**

HPD's Division of Neighborhood Preservation assesses thousands of buildings each year to determine whether they are at risk, and to develop and implement individual treatment plans. DNP encourages owners to pay their taxes, refers owners to education and support programs including anti-abandonment training, provides assistance with rehabilitation loan financing, refers buildings for targeted code enforcement, and reviews distressed properties for exclusion from Department of Finance tax lien sales.

### **Emergency Housing Shelters**

HPD operates shelters for families displaced by emergencies, including fires or vacate orders from the Department of Buildings or HPD.

### **Emergency Repair Program (ERP)**

HPD's Emergency Repair Program repairs emergency conditions cited by HPD Inspectors or other agencies (in limited circumstances) where an owner fails to do so. If HPD's ERP repairs the emergency condition, HPD, through the Department of Finance, will bill the owner for the cost of repairs. If the owner fails to pay the bill, a lien is placed on the property. Unpaid liens may make a property eligible for the City's tax lien sale.

### **Federal Emergency Management Agency (FEMA)**

The Federal Emergency Management Agency (FEMA) supports communities and first responders in efforts to build, sustain and improve our capability to prepare for, protect against, respond to, recover from, and mitigate all hazards.

### **FHA-HFA Risk Sharing Program**

In 1992, Congress created the FHA-HFA Risk-Sharing program to increase and accelerate Federal Housing Administration (FHA) production of

multifamily mortgages. The program enables qualified state Housing Finance Agencies (HFAs) to underwrite FHA mortgages in exchange taking on a portion of the risk associated with them.

### **Fire Code**

A City law (Title 29 of the New York City Administrative Code) governing fire safety in NYC buildings.

### **Flood Insurance Rate Maps (FIRMs)**

FEMA produces Flood Insurance Rate Maps (FIRMs) which identify areas that are at risk of flooding. Areas are assigned different zones depending on the level of flood risk.

### **Floor Area Ratio (FAR)**

The principal bulk regulation controlling the size of buildings, FAR is the ratio of the total building floor area to the area of its zoning lot. For instance, a 100,000-square foot building on a 25,000-square foot lot would have an FAR of 4.0.

### **Food Retail Expansion to Support Health (FRESH)**

FRESH is a City program that provides zoning and financial incentives to promote the establishment and retention of neighborhood grocery stores in underserved communities throughout the five boroughs.

### **Government-Sponsored Enterprise (GSE)**

Privately held corporations created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy (e.g. students, farmers and homeowners).

### **Grant Per Diem (GPD)**

The U.S. Department of Veterans Affairs' (VA) Homeless Providers Grant and Per Diem Program is offered annually (as funding permits) by the VA's Health Care for Homeless Veterans (HCHV) Programs to fund community agencies providing services to homeless veterans.

The purpose is to promote the development and provision of supportive housing and/or supportive services with the goal of helping homeless veterans achieve residential stability, increase their skill levels and/or income, and obtain greater self-determination.

### **HDC Bonds**

HDC issues different types of bonds to develop and preserve a variety of affordable housing, from large and small-scale multifamily buildings to cooperative homeownership. In doing so, HDC has become the nation's leading local housing finance agency, issuing a higher volume and dollar amount of bonds than many of the largest banks in the country.

### **HDC Mixed Income (50/30/20)**

In 50/30/20, 20 percent of the apartments in a multifamily rental building are restricted for low-income tenants, 30 percent are reserved for middle-income tenants and the remainder is rented at market rates. This structure provides a deeper level of affordability across many different economic levels. HDC uses the proceeds from the sale of tax-exempt bonds to make first position mortgages and also uses its corporate reserves to make 1 percent second mortgage loans.

### **HOME Investment Partnership Program (HOME)**

HOME provides formula grants to States and localities that communities use to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. HOME administrative funds are used for overall program management, coordination, monitoring, evaluation and certain other services.

### **Homebase**

Homebase is the City's homelessness prevention program. With locations throughout the five boroughs, the

program connects people to an array of services to keep them in their homes and help prevent them from entering the shelter system. These services include family or tenant/landlord mediation, household budgeting, emergency rental assistance, job training and placement, and benefits advocacy.

### **Housing Development Fund Corporations (HDFC)**

Housing Development Fund Corporations are nonprofit entities that oversee limited equity housing cooperatives or rentals to provide low-income housing for New Yorkers.

### **Housing Maintenance Code**

A City law (Chapter 2 of Title 27 of the New York City Administrative Code) governing minimum housing standards in NYC residential buildings.

### **Housing Trust Fund (HTF)**

The New York City Housing Trust Fund (HTF), funded by \$130 million in Battery Park City Authority revenue, provides subsidies for innovative acquisition programs, rehabilitation of portfolios of housing, and to facilitate rehabilitation and new construction targeted to households earning below 30 percent of AMI and between 60-80 percent of AMI.

### **HPD Homeless Set-Aside Units**

A homeless set-aside is a unit in an HPD-funded project that is reserved for referrals from the homeless shelter system. Occupants of these units are often paired with Section 8 vouchers, when available and if the occupant is eligible.

### **HUD Income Limits (HUDIL)**

HUD sets annual regional income limits for eligibility to live in subsidized affordable housing. HUD calculates the limits beginning with a measure of median family income, then makes adjustments based on household size, local housing costs, and other geographically-specific factors. The result is a set of

limits for households of different sizes and different income levels. Public agencies like HPD use HUDIL to qualify applicants of different income levels to live in affordable housing developments and to regulate maximum rents for subsidized units.

### **HUD Multifamily**

The HUD Multifamily Loan Program leverages public and private sector financing to rehabilitate and preserve privately owned HUD-assisted rental housing throughout New York City. The Program's mission is to ensure long-term affordability, stabilize low-income properties and revitalize neighborhoods. The Program targets buildings that are most distressed due to physical neglect and financial mismanagement, as well as those properties that face expiring HUD use restrictions or are considered "at-risk" of opting out of subsidy programs and converting to market rate housing.

### **Human Resources Administration (HRA)**

The New York City Human Resources Administration/Department of Social Services (HRA/DSS) provides temporary help to individuals and families with social service and economic needs to assist them in reaching self-sufficiency. HRA serves more than 3 million New Yorkers through essential and diverse programs and services that include: temporary cash assistance, public health insurance, food stamps, home care for seniors and the disabled, child care, adult protective services, domestic violence, HIV/AIDS support services, and child support enforcement.

### **Inclusionary Housing Program**

The current Inclusionary Housing Program provides a zoning bonus for multiple dwelling developments in return for new construction, substantial rehabilitation, or preservation of permanent affordable housing.

### **Individual Apartment Improvement (IAI)**

A building owner may increase the rent in an individual apartment based on increased services, new equipment, or improvements. This increase is in addition to statutory vacancy increases or the regular annual Rent Guidelines Board adjustments for rent stabilized apartments, and biennial adjustments to Maximum Base Rents for rent controlled apartments. In buildings that contain more than 35 apartments, the owner can collect a permanent rent increase equal to 1/60th of the cost of the Individual Apartment Improvement (IAI). In buildings that contain 35 apartments or less, the owner can collect a permanent rent increase equal to 1/40th of the cost of the IAI. IAIs performed in an occupied unit require written consent of the tenant. IAIs performed in vacant units do not require written consent of any tenant, nor does it require approval by DHCR. See DHCR Fact Sheet #12 for more details.

### **International Existing Building Code**

A model building code developed by the International Code Council, which establishes minimum regulations for existing buildings intended to encourage the use and reuse of existing buildings while requiring reasonable upgrades and improvements.

### **In Rem**

Latin for "against the thing," in rem is a legal term used to refer to the City's possession of a building as collateral against a tax-delinquent owner. At the peak of urban blight in the 1970s and 1980s, the City held over 100,000 units in-rem. Renovating and transferring these buildings into private ownership formed the basis of much of the City's housing policy through the 1990s.

### **J-51 Tax Exemption and Abatement program**

J-51 is an as-of-right tax exemption and abatement for residential rehabilitation or conversion to multiple dwellings. Eligible projects include HPD-financed or privately financed moderate and gut rehabilitation of multiple dwellings, privately financed and government-assisted major capital improvements to multiple dwellings, or conversions of lofts and other non-residential buildings into multiple dwellings.

### **Lien**

A lien is a legal claim one party has against another party's property for unpaid debt. Examples of such debt are unpaid property taxes or failure to pay for services provided.

### **Low Income Housing Tax Credit (LIHTC)**

LIHTC refers to federal tax credits awarded by HPD to qualified low-income housing projects in New York City. To be eligible, projects must be substantial rehabilitation or new construction with at least 20 percent of apartments reserved for low-income households. The credits are sold to investors to generate equity for the rehabilitation or new construction work.

### **Major Capital Improvement (MCI)**

When owners make improvements or installations to a building subject to the rent stabilization or rent control laws, they can apply to the State's Division of Housing and Community Renewal (DHCR) for approval to raise the rents of the tenants based on the actual, verified cost of improvement or installation. The total value of the approved cost for the Major Capital Improvement (MCI) is amortized over 84 months and divided by the total number of rooms in the building, then added to the legal rent of each stabilized unit based on the number of rooms in the apartment. MCI increases for stabilized units are capped at 6

percent per annum and are permanent increases to the legal rent. An owner must apply to DHCR for MCI increases, and the State is responsible for calculating the legal rent increases. When owners also receive a J-51 abatement for the same work, the MCI increase is reduced by half the value of the abatement. See DHCR Fact Sheet #24 for more details.

### **Medicaid Redesign Team (MRT)**

Governor Andrew M. Cuomo created the Medicaid Redesign Team to address underlying health care cost and quality issues in New York's Medicaid program. Medicaid Redesign is premised on the idea that the only way to really control costs is to improve the health of program participants. Among the many initiatives under MRT, supportive housing was recognized a cost-saving measure to keep chronically homeless and people with disabilities stably housed and out of emergency rooms.

### **Minority/Women-Owned Business Enterprise (M/WBE)**

Although definitions can vary slightly between jurisdictions according to factors unrelated to gender and ethnicity, a minority/women-owned business enterprise is a business that is at least 51 percent owned, operated, and controlled by a woman or a member of a racial or ethnic minority group.

### **Mitchell-Lama Program**

Created in 1955 under the Private Housing Finance Law, the Mitchell-Lama program provides affordable rental and cooperative housing to moderate- and middle-income families. There are currently 97 City-sponsored, moderate- and middle-income rental and limited-equity cooperative developments in the city, which contain over 45,000 units. HPD supervises waiting lists, management issues, and other oversight responsibilities for New York City's Mitchell-Lama developments. In some

cases, responsibility is shared with HUD. New York State also oversees a Mitchell-Lama portfolio within New York City. There are eligibility requirements related to income limits, family size, and apartment size for both City and State assisted Mitchell-Lama developments.

### **Mixed Income Program**

HPD's Mixed Income Program funds the new construction of multifamily rental projects affordable to households earning up to 130 percent of Area Median Income. HPD may provide a subsidy of up to \$75,000 per unit in addition to construction and permanent financing sources provided by, but not limited to, private institutional lenders and programs at HDC, HCR, and HFA. Projects may qualify for 421-a, 420-c, or Article XI tax exemptions.

### **Mortgage Recording Tax**

New York State imposes a tax on the privilege of recording a mortgage on real property located within the state. In addition, New York City, Yonkers, and various counties impose local taxes on mortgages that are recorded in those jurisdictions.

### **Naturally Occurring Retirement Communities (NORCs)**

Naturally Occurring Retirement Communities refers to housing developments, including NYCHA properties, with growing percentages of seniors.

### **New Housing Marketplace Plan (NHMP)**

The NHMP was a multi-billion dollar initiative to finance the creation or preservation of 165,000 units of affordable housing for half a million New Yorkers. Created under the administration of Mayor Michael R Bloomberg in 2002, at its time the NHMP represented the largest municipal housing effort in the nation's history. The NHMP was implemented by the HPD along with many partners in the public, private, and non-profit sectors.

### **New Markets Tax Credit (NMTC)**

The New Markets Tax Credit Program was established by Congress in 2000 to spur new or increased investments into operating businesses and real estate projects located in low-income communities. The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs).

### **New York City Construction Code**

A city law (Title 28 of the New York City Administrative Code) governing the construction of buildings. This set of codes includes several codes, including the building code.

### **New York City Economic Development Corporation (EDC)**

New York City Economic Development Corporation is the City's primary vehicle for promoting economic growth in each of the five boroughs. NYCEDC's mission is to stimulate growth through expansion and redevelopment programs that encourage investment, generate prosperity and strengthen the City's competitive position. NYCEDC also helps create affordable housing, new parks, shopping areas, community centers, and cultural centers.

### **New York City HIV/AIDS Services Administration (HASA)**

The HIV/AIDS Services Administration helps New Yorkers living with AIDS or HIV gain access to benefits and support. HASA clients may receive help with medical care, housing assistance, direct links to other HRA services such as food stamps, employment services, and counseling.



### **New York City Housing and Vacancy Survey (HVS)**

The New York City Housing and Vacancy Survey is a triennial survey conducted by the U.S. Census Bureau on behalf of HPD, as required by state and local legislation. The survey measures the vacancy rate for rental units in New York City, which is required for the continuation of rent regulation.

### **New York City Housing Authority (NYCHA)**

NYCHA's 334 public housing developments house more than 400,000 New Yorkers across the five boroughs, and another 235,000 receive subsidized rental assistance in private homes through the NYCHA-administered Section 8 Program. HPD, in collaboration with NYCHA, rehabilitates NYCHA housing stock and constructs low- and moderate-income units on vacant NYCHA property.

### **New York City Housing Development Corporation (HDC)**

The New York City Housing Development Corporation provides a variety of financing programs for the creation and preservation of multifamily affordable housing throughout the five boroughs of New York City. HDC programs are designed to meet the wide range of affordable housing needs of the city's economically diverse population.

### **New York City Industrial Development Agency (NYCIDA)**

The New York City Industrial Development Agency encourages economic development throughout the five boroughs, and assists in the retention of existing jobs as well as the creation and attraction of new ones. NYCIDA programs are discretionary and provide companies with access to triple tax-exempt bond financing and/or tax benefits to acquire or create capital assets, such as purchasing real estate, constructing or renovating facilities, and acquiring new equipment.

### **New York City Pension Fund**

The City's primary employee Pension Funds are the New York City Employees' Retirement System (NYCERS); the Teachers' Retirement System of the City of New York (TRS), the New York City Police Pension Fund Subchapter 2 (POLICE); New York City Fire Department Pension Fund Subchapter Two (FIRE); and the New York City Board of Education Retirement System (BERS). Each Pension Fund is financially independent and has its own board of trustees.

### **New York State Division of Housing and Community Renewal (DHCR)**

The New York State Division of Housing and Community Renewal (DHCR) is responsible for the supervision, maintenance and development of affordable low- and moderate-income housing in New York State. DHCR oversees and regulates the State's public and publicly-assisted rental buildings; administers housing development and community preservation programs; and maintains and enforces the State's rent regulations.

### **New York State Energy Research and Development Authority (NYSERDA)**

The New York State Energy Research and Development Authority is a public benefit corporation created in 1975 tasked with helping New York meet its energy goals: reducing energy consumption, promoting the use of renewable energy sources, and protecting the environment.

### **New York State Housing Finance Agency (HFA)**

The New York State Housing Finance Agency offers financing to build affordable housing and preserve existing affordable housing in communities across the State of New York.

### **NY/NY Agreements**

The "New York/New York" agreements are a series of three City-State agreements signed by three separate mayors since 1990 to fund the creation and ongoing operations of some 15,000 units of supportive housing for homeless New Yorkers with special needs.

### **Office of Environmental Remediation (OER)**

The New York City Mayor's Office of Environmental Remediation was established in 2009 to design, build and operate a set of world class municipal programs to advance cleanup and redevelopment of brownfield sites. OER works in some of the most blighted properties in some of the City's most disadvantaged neighborhoods to perform clean up, improve safety, and facilitate new development. OER also provides environmental counsel to the Mayor's Office.

### **Office of Long Term Planning and Sustainability (OLTPS)**

New York City's Office of Long-Term Planning and Sustainability coordinates with all other City agencies to develop, implement, and track the progress of PlaNYC and other issues of infrastructure and the environment which cut across multiple City departments. In addition to producing PlaNYC, the Office of Long-Term Planning and Sustainability promotes the integration of sustainability goals and practices into the work of City agencies and the lives of New Yorkers.

### **Office of Management and Budget (OMB)**

New York City's Office of Management and Budget oversees an annual expense budget of \$69.9 billion and a capital budget of more than \$9.2 billion per year. With a staff of approximately 300 employees, OMB prepares and monitors the budgets and programs of over 80 City agencies and covered organizations such as the Transit Authority, Health and Hospitals Corporation and the Housing Authority.

### **Office for People with Developmental Disabilities (OPWDD)**

The New York State Office for People with Developmental Disabilities is responsible for coordinating services for more than 126,000 New Yorkers with developmental disabilities, including intellectual disabilities, cerebral palsy, Down syndrome, autism spectrum disorders, and other neurological impairments. It provides services directly and through a network of approximately 700 nonprofit service providing agencies, with about 80 percent of services provided by the private nonprofits and 20 percent provided by state-run services.

### **One-Shot Program**

A one-shot deal is a one-time payment by the Human Resources Administration (HRA) to help pay back rent to avoid an eviction. “One-Shot Deals” are for people who have income from sources other than HRA such as employment or SSI.

### **Pension’s Economically Targeted Investments (ETI)**

In an effort to generate risk-adjusted market rates-of-returns and to promote economic development within the five Boroughs of New York City, the New York City Retirement Systems (NYCRS) share an investment policy allocation of 2 percent of pension assets towards Economically Targeted Investments (ETI). The ETI program seeks investment opportunities that are not only expected to deliver risk-adjusted market rates-of-returns for NYCRS, but also to generate collateral benefits to the City. ETIs are designed to address market inefficiencies by providing capital or liquidity to under-served communities and populations City-wide.

### **Permanently Affordable Housing**

In the Inclusionary Housing Program, housing that generates the zoning bonus must remain affordable for as long as the market rate housing that receives the bonus continues to use that bonus.

### **Pre-Certification Review**

Prior to the start of the ULURP process, the Department of City Planning reviews an application for completeness. The time period between an applicant’s first contact with DCP to the start of ULURP is called the Pre-Certification period. This process involves two parallel reviews: a land use review of the application to ensure that the application is complete and technically accurate, and an environmental review, the purpose of which is to disclose and analyze potential impacts that may result from the proposed action.

### **Proactive Preservation Initiative**

Officially launched in January 2011, the Proactive Preservation Initiative (PPI) is the City’s strategic approach to identifying and addressing deteriorating physical conditions in multifamily buildings before they endanger the health and safety of residents or threaten the quality of the surrounding neighborhood. Each month, HPD uses data and community referrals to identify and survey buildings showing signs of distress. Based on the survey, PPI combines tough enforcement tools with low-interest loans and other incentives to ensure that owners are accountable and equipped to maintain their buildings in safe condition.

### **Project-Based Section 8 Vouchers**

Project Based Vouchers are HUD rental vouchers designated to specific units that require tenants residing in that unit to pay 30 percent of their income towards rent, with the subsidy covering the remainder.

### **Real Estate Mortgage Insurance Corporation (REMIC)**

The New York City Residential Mortgage Insurance Corporation (REMIC) is a public benefit corporation created to promote the production and rehabilitation of affordable housing in New York City through the issuance of mortgage insurance. It has been a subsidiary of HDC since 1993.

### **Real Property Transfer Tax (RPTT)**

The RPTT applies on transfers of any interest in real property in New York City (except by a mortgage or by a will or through inheritance, or transfers to or from charitable organizations), including the transfer of a controlling interest in the owner. The tax rate and amount of tax due depends on the amount of consideration, the type of property, and the type of transfer.

### **Rental Vacancy Rate**

The rental vacancy rate is the proportion of units that are vacant and available for rent at a specified point in time. The rental vacancy rate is calculated for the triennial Housing and Vacancy Survey (HVS) by the US Census Bureau using the following formula:

### **Rent Guidelines Board**

The Rent Guidelines Board (RGB) is a local body with a mandate in both state and local law to investigate conditions within the residential real estate industry and to establish fair rent adjustments for rent stabilized units. Under the Rent Stabilization Law (section 26-510) the Board is charged with establishing annual guidelines following a review of (1) the economic condition of the residential real estate industry in New York City including such factors as the prevailing and projected (i) real estate taxes and sewer and water rates, (ii) gross operating maintenance costs (including insurance rates, governmental fees, and cost of fuel and labor costs), (iii) costs and availability of financing (including effective rates of interest), (iv) over-all supply of housing accommodations and overall vacancy rates, (2) relevant data from the current and projected cost of living indices for the affected area, and (3) such other data as may be made available to it. The Board comprises nine members, all of whom are appointed by the Mayor. Two members are appointed to represent tenant interests, two members are appointed to represent owner interests, and five

members (including the chairperson) are appointed to represent the general public. The chairperson serves at the pleasure of the Mayor.

### **Section 236**

The Section 236 program, established by the Housing and Urban Development Act of 1968, combined Federal mortgage insurance with interest reduction payments to the mortgagee for the production of low-cost rental housing. Under this program, HUD provided interest subsidies to lower a project's mortgage interest rate to as low as 1 percent. This program no longer provides insurance or subsidies for new mortgage loans, but existing Section 236 properties continue to operate under the program. The interest reduction payment results in lower operating costs and subsequently a reduced rent structure.

### **Section 8**

HUD's Housing Choice Voucher program, commonly referred to as Section 8, is the nation's largest affordable housing program for renters. HPD's Section 8 program serves nearly 37,000 households and is the nation's fifth largest. Participants receive a voucher that covers the difference between 30 percent of their gross annual household income and the cost of their rent plus utilities. Payments are made by HPD directly to the participating landlord.

### **Senior Citizens Rent Increase Exemption (SCRIE)**

The Senior Citizens Rent Increase Exemption (SCRIE) program provides protection from rent increases for low- to moderate-income seniors living in rent-regulated apartments.

### **State Low Income Housing Tax Credit (SLIHC):**

The New York State Low-Income Housing Tax Credit Program (SLIHC) is modeled after the federal LIHTC Program, providing a dollar-for-dollar

reduction in state income taxes to investors in qualified low-income housing. However, it has one major difference: SLIHC assisted units must serve households with incomes at or below 90 percent of AMI, as opposed to the 60 percent standard of the federal LIHTC.

### **State of New York Mortgage Agency (SONYMA)**

The State of New York Mortgage Agency is a public authority created in 1970 by the state government of New York to provide affordable homeownership to low- and moderate-income New Yorkers by offering affordably priced fixed-rate mortgages through several mortgage programs.

### **Supportive Housing**

Supportive housing is affordable housing with onsite comprehensive social services to help chronically homeless individuals with special needs to remain stably housed.

### **Supportive Services for Veteran Families (SSVF)**

SSVF is a program of the U.S. Department of Veterans Affairs that awards grants to private non-profit organizations and consumer cooperatives who can provide supportive services to very low-income Veteran families living in or transitioning to permanent housing. Grantees provide eligible Veteran families with outreach, case management, and assistance in obtaining VA and other benefits such as health care, legal services, child care, housing counseling, transportation, and financial planning.

### **Tax Levy**

In New York City, revenues are generated from a variety of local taxes and user charges. Other revenues are raised by imposing a property tax to cover the cost of providing public services, such as housing and other budget purposes. Tax Levy funds are used throughout HPD to support any function that is not purely grant funded.

### **Tax-Exempt Bond Recycling**

The use of "recycled" tax-exempt multifamily housing revenue bonds was authorized by Congress as part of the Housing and Economic Recovery Act of 2008 (HERA). Under the legislation, loan prepayments received from bond-financed projects (paydowns that occur with LIHTC equity) can be re-issued as tax-exempt bonds to fund affordable housing development with no additional allocation of new volume cap. Unlike the original bonds, recycled bonds do not come with as-of-right tax credits; for that reason, they are often used for middle-income projects for which tax credits are less instrumental.

### **Tenant Interim Lease Program (TIL)**

The Tenant Interim Lease Program provides assistance and training to organized tenant associations in occupied City-owned buildings of three or more dwelling units to develop economically self-sufficient, low-income tenant-owned cooperatives. During City ownership, HPD provides major rehabilitation and management training. Rental income covers operating expenses, minor repairs, and management fees. Rents are restructured before buildings are sold to the tenant association in order for the buildings to remain financially viable after sale.

### **Third Party Transfer (TPT)**

TPT provides a mechanism to transfer ownership of distressed and tax delinquent properties to HPD qualified developers. Developers receive a combination of City and private market rate financing for rehabilitation. TPT projects either become rentals or limited equity cooperatives.

### **Tower-in-the-Park Zoning**

Zoning regulations established in 1961 and still applicable in certain parts of the city that encourage towers set back from the street within open space that is often occupied by lawns or parking.

### **Transferable Development Rights**

In certain locations, such as for properties near the High Line in the Special West Chelsea District and for designated landmarks, a property that is built to less than the full floor area allowed by zoning may transfer unused development rights - sometimes called Transferable Development Rights - to another, non-adjacent property where this floor area can be built in compliance with regulations set forth in the Zoning Resolution.

### **Uniform Land Use Review Procedure (ULURP)**

A standardized procedure set forth in the City Charter for the public review of discretionary land use applications. Examples of actions requiring ULURP include changes to the zoning map or text of the Zoning Resolution, Special Permits within the Zoning Resolution requiring approval of the City Planning Commission (CPC), or the sale or lease of City-owned property. The process includes review and public hearings held by the affected Community Board, Borough President, the City Planning Commission, and the City Council.

### **Urban Development Action Area Project (UDAAP)**

Housing and urban renewal plans and projects, pursuant to City, State and Federal laws are required to be reviewed by the City Planning Commission. UDAAP designation authorizes rehabilitation or new construction on formerly City-owned land. This action is subject to the Uniform Land Use Review Procedure.

### **U.S. Department of Housing and Urban Development (HUD)**

The U.S. Department of Housing and Urban Development is the nation's federal housing agency. HUD provides funding and programmatic support to sustain homeownership, create

affordable housing opportunities for low-income Americans, and support the homeless, elderly, people with disabilities and people living with AIDS. HUD also promotes economic and community development and enforces the nation's fair housing laws.

### **U.S. Department of Treasury Community Development Financial Institutions (CDFI) Fund**

The Community Development Financial Institutions Fund (CDFI Fund) promotes economic revitalization in distressed communities throughout the United States by providing financial assistance and information to community development financial institutions (CDFI).

### **Veterans Affairs Supportive Housing (VASH)**

The HUD-Veterans Affairs Supportive Housing (HUD-VASH) program combines Housing Choice Voucher (HCV) rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs (VA).

### **Workforce Housing**

Housing affordable to households that perform essential services for the local economy, such as firefighters, teachers, nurses, or police officers, who may otherwise be priced out of the housing market in proximity to their place of employment.

### **Year 15 Program**

HPD's Year 15 Program seeks to preserve LIHTC units beyond "Year 15", the point at which tax credit investors may exit the program. Participating projects receive mortgage modifications and rehabilitation loans in exchange for extending regulatory agreements another 15 to 30 years.

### **Zoning Resolution**

The New York City Zoning Resolution regulates the permitted use, density, height and setback of buildings. The Zoning Resolution consists of text as well as maps dividing the city into zoning districts, each of which is subject to regulations set forth in the text.

# Acknowledgements

Housing New York is the result of dozens of meetings with hundreds of people who have an investment in the quality and availability of affordable housing in the City. Their deep analysis into what strategies have worked well in the past decades, and what efforts can be improved upon in the future have been invaluable. We believe this plan is ambitious and innovative, and will begin to make New York City affordable for our working families. So many individuals from for-profit and non-profit sectors, government officials at federal, state and city level, labor leaders, the real estate industry, academics, and other housing stakeholders in the City gave us valuable input over the past few months. We would especially like to thank the following people for their countless hours and dedication to this report:

## Office of the Mayor

Anthony Shorris, First Deputy Mayor

Lilliam Barrios-Paoli, Deputy Mayor for Health and Human Services

Emma Wolfe, Director of Intergovernmental Affairs

## Agency Leaders

Vicki Been, Commissioner, Department of Housing Preservation and Development

Carl Weisbrod, Chair, City Planning Commission

Gary Rodney, President, Housing Development Corporation

Dean Fuleihan, Director, Office of Management and Budget

Shola Olatoye, Chair, New York City Housing Authority

Cecil House, General Manager, New York City Housing Authority

Kyle Kimball, President, Economic Development Corporation

Maria Torres-Springer, Commissioner, Department of Small Business Services

Thomas Fariello, Acting Commissioner, Department of Buildings

Gilbert Taylor, Commissioner, Department of Homeless Services

The incredibly hardworking staffs at the following City agencies:

Department of Housing Preservation and Development, Housing Development Corporation, New York City Housing Authority, Department of City Planning, Office of Management and Budget, Department of Buildings, Department of Finance, Economic Development Corporation, Department of Small Business Services, Human Resources Administration, Department for the Aging, Department of Homeless Services, NYC & Company, Office of Immigrant Affairs, Office of Contract Services, and a special thanks to: James Patchett, Steven Caputo, Elaine Braithwaite, Hayley Prim, Howard Slatkin, John Kimble, David Quart, Kristin Misner, Jim Quinlivan, Rich Froelich, Eric Enderlin, Jessica Katz, Elyzabeth Gaumer, Eva Trimble, Andrew Eickmann, Connie Chan, Greg Kelly, Alnisha Maniaci, Emily Osgood, Alexandra Warren, Eric Stern, Noelle Marcus, Ana Arino, Katherine Gray, Carolee Fink, Chandan Sharma, Susan Weinstock, Enid Harlow, Jessica Singleton, Alex Costas, Emily Lessard, Ed Hogikyan, Ingrid Ellen Gould, Mark Willis and Jessica Yager.

## Image Credits

Pages 32-33  
(East New York and Cypress Hills):  
DCP

Page 57  
(Franklin Plaza):  
Bing

Page 35  
(Hunters Point South Mixed-Use  
Development):  
Before: Google Maps  
After: ODA Architecture P.C.

Page 58  
(Arverne View):  
L+M Development Partners / Global  
Design Strategies

Page 37  
(Artspace El Barrio @ P.S. 109):  
Photo: HHL Architects  
Rendering: HHL Architects

Page 66  
(Spring Creek):  
HPD photos by Larry Racioppo

Page 39  
(St. George Mixed-Use Development):  
Photo: Cooper Carry  
Garrison Architects / Cooper Carry

Page 68  
(Melrose Commons Redevelopment):  
Photo: HPD  
Rendering: Magnusson Architecture  
and Planning

Page 41  
(Harlem River Waterfront  
Redevelopment):  
Before: Pictometry International  
Corp  
After: DCP

Page 70  
(Sugar Hill Development):  
Adjaye Associates for Broadway  
Housing Communities

Page 48  
(College Avenue Multifamily  
Rehabilitation):  
The Wavecrest Management  
Team Ltd

Page 83  
(Markham Gardens Manor):  
James Shanks

Cover: John Lee