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Executive Summary

What We Heard— Community Voices

This Housing Plan summarizes the goals, strategies, and actions that the NYC Department of Housing Preservation and Development (HPD) is proposing to undertake in response to a range of needs and priorities articulated by East New York residents.

The Housing Plan is part of the East New York Community Plan, a comprehensive neighborhood plan to promote affordable housing development, encourage economic development, create pedestrian-friendly streets, and introduce new community resources to support the long-term growth and sustainability of East New York, Cypress Hills, and Ocean Hill.

The NYC Department of City Planning (DCP) launched the outreach and engagement process for the Community Plan in September 2014, and the Plan is expected to be finalized in the Spring of 2016. The East New York Community Plan is an initiative of *Housing New York*, the Mayor's housing plan to build and preserve affordable housing through community development initiatives that foster a more equitable and livable New York City.

For more information, or to submit feedback, visit <u>nyc.gov/eastnewyork</u>.

Throughout the public engagement process, residents expressed a range of concerns regarding the availability of affordable housing and the future of their neighborhood. The fear of being displaced from the community in which they may have grown up or lived for many years is strong. With new, denser development being permitted and reports chronicling recent real estate speculation, residents are worried that landlords will begin raising rents or harassing tenants - or that property tax assessments will increase. In addition, while the prospect of new affordable housing development could bring with it many benefits, many are concerned that the rents will be too expensive and may lead to increased costs of living for all residents.

There are also a number of vacant development parcels that the City currently owns, and community members want to see neighborhood amenities and housing that is affordable to very low-, low-, and moderate-income residents built on these sites. Finally, residents want to ensure that local residents, local businesses, and service providers – including retailers, non-profit organizations, developers, and contractors – have opportunities to benefit directly from new development.



Neighborhood Snapshot

Housing Stock

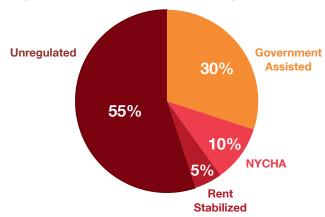
The East New York sub-borough area, which closely approximates Community District 5 (CD5), contains approximately 60,000 units of housing across a broad spectrum of building types and with different regulations that control for affordability.

A large proportion of the housing stock is considered regulated affordable housing.¹ Approximately 30% of all units were financed using HPD, HUD, or other government subsidies and are subject to regulatory agreements.² These units have strong governmental oversight that preserves affordability and protects tenants against unjustified evictions. By contrast, less than 15% of all units citywide are subject to these types of affordability restrictions.

An additional 10% of units in the neighborhood are owned and managed by NYCHA. Families living in NYCHA housing pay 30% of their income towards rent and are protected from sharp rent increases and eviction.

Finally, a small number of units in East New York – about 5% – are rent stabilized but not subject to regulatory agreements with a government agency. These apartments are typically located in buildings of six or more units that were built between 1947 and 1974. Rent stabilized tenants are protected from sharp increases in rent and have the right to renew their leases.

Just over half of CD5's housing stock is unregulated and in the general private market. While many of these "market rate" units may currently be occupied by low- and moderateincome residents, if market demand increases Regulatory Status of East NY Housing Stock (CD5)



HPD Research & Evaluation 2015

without offsetting increases in supply, that gap could put pressure on the housing stock and lead to higher rents over time.

Small, one- to five-unit buildings are the predominant residential building type in CD5, which explains why there are so few rent stabilized apartments. While larger apartment buildings do exist, approximately 60% of units are located in buildings with less than six units. The building stock is generally old. About half was constructed prior to 1947, and another third was built before 1974. Only about 10% of the housing that exists today was built after 2000.

Affordable Housing Development & Preservation Activity in East NY (CD5)

Const. Type	2003-13	2014-6/15	Total
New Construction	2,089	809	2,898
Preservation	3,999	95	4,094
Total Units	6,088	904	6,992

HPD Performance Management & Analytics

¹ The term "regulated affordable housing" is defined as all housing that receives government assistance (including NYCHA), is subject to a regulatory agreement that restricts rents, and/or is rent stabilized.

² These units are subject to a regulatory agreement that restricts rents and/or are rent stabilized. Three quarters of the housing stock in East NY is renter-occupied.

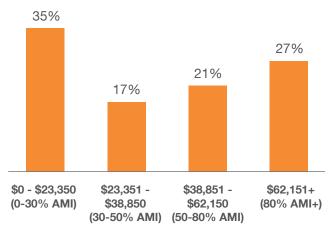
Since 2003, under the *New Housing Marketplace* and *Housing New York* plans, HPD has financed the construction or preservation of about 7,000 units of affordable housing in CD5. Approximately two thirds of these units have been preserved in existing buildings, while a third was developed in new buildings. The vast majority of housing financed by HPD is currently affordable to households earning less than 80% of AMI, or \$62,150 for a three-person family.

Incomes and Affordability

Housing affordability is determined by how much a household pays in monthly or annual housing costs. Housing is considered "affordable" if a household spends no more than a third of its total income on housing costs.

Each year, HUD determines the Area Median Income, or AMI, for every city across the nation. HPD is required to use the AMI defined for New York City as a point of reference in order to

East NY Household Incomes (CD5)



Sample incomes are for a three-person household; ACS 2007-11

qualify for federal funding, but the agency sets its own income requirements that are tailored to meet the needs of New York City residents.

Households in East New York earn a range of incomes. The median household income is \$34,512 per year, and over a third of families earn less than 30% of AMI, or \$23,350 for a three-



Vision & Guiding Principles

person family, which approximates the federal poverty line.

On the other end of the spectrum, just under a third of households earn over 80% of AMI, or \$62,150 for a three-person household.

- Housing affordability affects residents of
 East New York and NYC overall. As the city's population and demand for housing continues to grow, housing costs will continue to increase in many neighborhoods throughout the City unless the supply of housing increases. At the same time, the City is committed to using its resources to build new affordable housing, preserve existing affordable housing, and prevent the disruptive displacement of residents from their communities.
- Support the development of a diverse, livable neighborhood anchored by affordable housing serving a range of incomes
- Preserve the quality and affordability of existing housing, and prevent displacement



Focus and expand financing and tax incentive programs to maintain affordability

Strategy 1

Strive to preserve all identified government-assisted housing in East New York whose affordability requirements are expiring

- HPD's new Community Partnerships
 Division is working with government
 agencies and community stakeholders to
 monitor buildings with expiring regulatory
 agreements or tax benefits in East New
 York, as well as proactively reaching out
 to and working with owners to extend
 affordability.
- HPD is also meeting regularly with HUD and community organizers to ensure close coordination on opportunities to preserve affordability in HUD-assisted buildings that are at risk of opting out.
- Strategy 2

Protect current tenants from displacement in City-financed buildings where rents are restructured to rehabilitate existing affordable housing

 HPD preservation programs aim to keep housing affordable for current and future residents. In general, HPD prohibits

- owners benefiting from agency subsidies from increasing rents and displacing residents.
- In rare cases, HPD will restructure rents in a building that is obtaining City financing so that the building has enough rental income to cover maintenance and other expenses.
- Where a rent restructuring would increase the rent above 30% of a current tenant's reported income, HPD will either provide an affordable preferential rent for that tenant or, when available and appropriate, provide a Section 8 voucher for the tenant.





Rehabilitation of Glenmore Apartments NYC Department of City Planning

Use the new Green Housing Preservation Program to rehabilitate and preserve affordable housing in East NY

- HPD recently launched a new Green
 Housing Preservation Program that
 provides financing for private owners of
 small to mid-sized buildings to undertake
 energy efficiency and water conservation
 improvements, as well as moderate
 rehabilitation, to improve building
 conditions, reduce greenhouse gas
 emissions, and preserve affordability.
- The Program provides 0% interest, evaporating loans for energy efficiency and water conservation improvements and 1% repayable loans to help cover the costs of moderate rehabilitation improvements that go beyond the energy efficiency measures.³
- In exchange for City financial assistance, properties will be required to enter a regulatory agreement to keep rents affordable. Additionally, the improvements will result in lower overall utility costs, which will further safeguard affordability and promote the sustainability of the housing stock.
- While financial incentives under the Program will be available citywide, the City will initially focus outreach and technical assistance on neighborhoods within Con Edison's Brooklyn Queens Demand Management Zone, which includes East NY.

For more information about HPD's preservation finance opportunities, visit: www1.nyc.gov/site/hpd/developers/private-site-preservation.page

Summary of the Green Housing Preservation Program

Financing for energy efficiency and water conservation improvements, as well as moderate rehabilitation

Eligibility: 5+ units and less than 50,000 SF

0-1% interest loans

Buildings may reduce utility costs by approximately 10% or more annually

Strategy 4

Streamline and expand small home repair loan programs, including through improved outreach and access to information

- hPD has loan programs that can help pay for small home repairs and rehabilitation work related to heating, insulation, lead-based paint, plumbing, and other issues. The Home Improvement Program (HIP), for example, offers loans of up to \$30,000, with interest rates as low as 2.5%, to low-income owner-occupants of a one- to four-family home. The Senior Citizen Home Assistance Program (SCHAP) specifically targets low-income seniors.
- HPD is assessing ways to shorten the application process for SCHAP and NHS so homeowners can more quickly make necessary improvements.
- HPD will use the additional funding allocated to our existing NHS programs⁴ and continue to request increased funding for SCHAP.

³ Examples of energy efficiency improvements include insulation, efficient light fixtures, weatherproofing windows, and the installation of efficiency controls on systems such as boilers and low-flow water fixtures. Based on a typical scope of work, buildings may reduce utility costs by approximately 10% or more annually.

⁴ Neighborhood Housing Services of New York City (NHS) administers the Home Improvement Program (HIP).

- HPD is also improving outreach to small homeowners about our home repair programs by developing a onepage document to allow easy access to information about programs, and we are working with local community groups to develop creative ways to connect homeowners to the various repair/ weatherization programs available to them.
- HPD will continue to evaluate additional potential funding sources that specifically serve one- and two-unit buildings.

Small Home Repair Programs	Eligibility	
Home Improvement Program (HIP)	Owner-occupied	
Neighborhood Housing Services Revolving Loan Fund (RLF)	1-4 units Low to moderate	
Senior Citizen Home Assistance Program (SCHAP)	income	

Work with DEP to explore opportunities for a water rate relief program for affordable housing

 HPD will continue conversations with the NYC Department of Environmental Protection (DEP) to explore ways to reduce water and sewer charges for qualifying affordable housing properties, while continuing to incentivize water conservation.

Strategy 6

Enhance marketing and outreach efforts to owners of buildings that are not currently government assisted

- In many cases, HPD has financing and tax incentives that are more attractive than those available on the private market. However, many owners of large apartment buildings have never participated in HPD's programs and are not aware of the options available to them.
- HPD will expand its efforts and proactively work with communitybased organizations in East NY to broaden awareness of its programs and help owners of unregulated buildings understand how to take advantage of these benefits.

Strategy 7

Explore opportunities to expand down payment assistance programs to help low-income, first-time homebuyers in East NY

- HPD's HomeFirst Down Payment
 Assistance Program provides qualified
 low-income, first-time homebuyers with
 up to \$15,000 toward the down payment
 or closing costs on a one- to four-family
 home, condominium, or cooperative.
- HPD is actively exploring opportunities to enhance down payment assistance programs to both serve more homeowners and increase the size of the loans.

For more information about HPD's homeowner assistance programs, visit: www1.nyc.gov/site/hpd/owners/homeowner.page

Target code enforcement to ensure housing quality

Strategy 8

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Continue to proactively identify buildings at risk and coordinate the rehabilitation of distressed properties through better information sharing and coordination among existing HPD programs in enforcement, preservation finance, and community partnerships

- HPD offers a wide variety of programs and resources to address housing quality issues, including:
 - Proactive Preservation Initiative
 - Alternative Enforcement Program
 - Emergency Repair Program
 - Underlying Conditions Program
 - 7A Management Program
 - As a last resort, litigation against noncomplying property owners
- HPD encourages referrals from East NY community groups on buildings where there are previously unreported violations or where tenants are facing harassment so we can channel them into the appropriate program.

HPD Activity - FY 2014	East NY (CD5)
Inspections Completed	20,000
Violations Issued	12,500
Violations Removed	11,000
Emergency Repairs Completed	\$1.5 million

Strategy 9

Coordinate with the Mayor's emergency task force on threequarter houses to address resident concerns on overcrowding and substandard living conditions

- HPD encourages referrals from community partners and direct resident complaints about three-quarter houses that may violate the Housing Maintenance Code or the Building Code.
- HPD's Division of Code Enforcement will inspect, issue violations if warranted, and refer properties with violations to the appropriate Housing Quality Enforcement Program.
- HPD will also coordinate strategies and oversight with the Mayor's emergency task force on three-quarter houses, as well as with HRA and other relevant agencies.

For more information about HPD's housing quality enforcement programs, visit: www1.nyc.gov/site/hpd/owners/compliance-housing-quality-enforcement-programs.page

If your landlord is neglecting repairs in your building or compromising the health and safety of you or your neighbors, please call 311.

Strengthen community partnerships to protect residents from displacement

Strategy 10

Continue to provide free legal representation to East NY tenants facing harassment

- A recent \$36 million commitment from the City will provide free legal representation in housing court to all tenants in rezoned neighborhoods facing harassment.
- The New York City Council also recently passed legislation to protect tenants from harassment and unwanted solicitation by ensuring tenants know their rights around buy-outs, requiring solicitors to provide in-writing notification prior to contact, and classifying buy-out offers after a tenant has asked them to stop as a form of harassment.

If you feel that you are a victim of harassment and would like to consult with a legal services provider, please call 311.

Strategy 11

Work with the new Tenant Harassment Prevention Task Force to investigate and take action against East NY landlords who harass tenants

 The City recently announced the creation of a Tenant Harassment Prevention Task Force to investigate and bring enforcement actions – including criminal

- charges against landlords who harass tenants in East NY and other neighborhoods.
- The Task Force will address complaints that landlords are using a variety of tactics, including disruptive and dangerous renovation and construction projects, to force tenants into vacating rent-regulated apartments.

Strategy 12

Partner with the Tenant Protection Unit of the New York State Division of Housing and Community Renewal (HCR) to ensure that rent stabilized tenants are protected and not charged unlawful rents

- The Tenant Protection Unit (TPU) was established in 2012 as a proactive law enforcement office within the New York State Division of Housing and Community Renewal (HCR). The unit preserves affordable housing by detecting and curtailing patterns and practices of landlord fraud and harassment through audits, investigations, and legal actions. The TPU also encourages compliance by informing tenants and owners of their rights and responsibilities under the rent regulation laws.
- HPD and the TPU, in coordination with community partners, will identify the most pressing issues facing rent stabilized tenants in East NY and use our tools to ensure compliance with the rent stabilization laws and protect rentregulated tenants.

Support the community's efforts to establish a Cease and Desist Zone in East NY through the New York Department of State to protect homeowners from unwanted solicitation

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- Homeowners in a Cease and Desist Zone can notify the Department of State that they no longer wish to receive mailings, phone calls, and in-person visits about selling their homes from real estate brokers and other individuals.
- The City does not have any direct control over the establishment of Cease and Desist Zones but will support the community's efforts to have one established.
- The Center for New York City Neighborhoods (CNYCN), an HPD partner, continues to operate the Homeowner Protection Program and Homeowner Hotline, which connects homeowners at risk of foreclosure in East NY and other neighborhoods with free housing counseling and legal services.

Strategy 14

Work with the NYC Commission on Human Rights' Law Enforcement Bureau to investigate possible discrimination by realtors and landlords in East NY and pursue appropriate administrative and legal action where discrimination is revealed

02 Develop New Affordable Housing

Ensure at least 50% of the total units developed in the East NY rezoning area over the life of the *Housing New York* plan are affordable to low- and moderate-income residents

HPD anticipates that through a combination of public land, private sites, the City's new Mandatory Inclusionary Housing policy, and the availability of HPD financing, over half of all new residential units that are developed within the rezoning area through the end of 2024 will be affordable.⁵

Strategy 1

Prioritize the development of approximately 1,200 units of affordable housing within the next two years

- HPD has identified six clusters of publicly-owned sites (to be awarded via competitive RFP/Q) and is working with private developers to prioritize the development of over 1,200 units of affordable housing within the next two years following ULURP approval.
- The sites include opportunities for large-scale affordable rental housing with ground-floor retail and community facilities, as well as for low-income homeownership units on residential side streets.



Pipeline Sites (CD5) ⁶	Affordable Units (Estimated)
Private Sites	900
Dinsmore-Chestnut Site	200
NCP - North Cluster RFQ	35
NCP - South Cluster RFQ	30
NIHOP - North Cluster RFQ	10
NIHOP - South Cluster RFQ	20
NIHOP - East Cluster RFQ	15
Total	1,210

⁵ HPD depends on private and non-profit developers who own property to come forward with proposals to develop affordable housing in exchange for financing and tax incentives. HPD does not directly build affordable housing and only controls a limited number of public sites in the neighborhood; therefore, it cannot control the total number of units that are ultimately constructed in East NY.

⁶ Unit counts may change; programming and design for the Dinsmore-Chestnut site are subject to further discussion with elected officials and community partners.

Require developers using HPD subsidy to create housing at deep affordability levels

- HPD is committed to providing financing for housing development in the East NY rezoning area only in exchange for deep affordability that meets the needs of local residents who may be at risk of displacement.⁷
- During the life of the Housing New York
 plan (through the end of 2024), HPD will
 work with developers to ensure that,
 overall, the following levels of affordability
 are achieved:
 - 10% of units will serve families earning up to 30% of AMI
 - 15% of units will serve families earning up to 40% of AMI
 - 15% of units will serve families earning up to 50% of AMI
 - 40-60% of units will serve families earning up to 60% of AMI
 - Up to 20% of units may be set aside for families earning up to 90% of AMI
- The percentage of units at these income bands may vary from project to project to provide flexibility for deeper affordability.
- HPD will also consider proposals that set aside 30% of all units for formerly homeless households. For these projects, the remaining 70% of units would serve families earning up to 60% of AMI.

Strategy 3

On public sites, require even deeper affordability

- HPD controls six clusters of public sites in the East NY rezoning area and CD5 that could generate approximately 300 units of affordable housing. The largest site is located at the intersection of Dinsmore Place and Chestnut Street. The City is committing to expedite the development of these sites with affordable housing and other community benefits, including a new 1,000-seat public school, over the course of the next two years following ULURP approval.
- The public sites will be awarded to developers through public and competitive RFP/Q processes. On these sites, HPD will require developers to provide even deeper affordability at the following minimum levels:
 - 15% of units will serve families earning up to 30% of AMI
 - 20% of units will serve families earning up to 40% of AMI
 - 10% of units will serve families earning up to 50% of AMI
 - 35-55% of units will serve families earning up to 60% of AMI
 - Up to 20% of units may be set aside for families earning up to 90% of AMI
- There are three clusters of one- to fourfamily homeownership sites (i.e., NIHOP sites) that will be made affordable to moderate-income households earning 80% of AMI and above.
- HPD is continuing to work with its partner agencies to identify additional public sites in the rezoning area and CD5 that could be redeveloped with affordable housing and other community uses, such as parks and gardens.

⁷ HPD's current assessment is that multifamily development in East NY is not financially feasible in the near term without subsidy because "market rate" rents are not high enough to support the cost of developing and maintaining a building.

Income Band (AMI)	Percent of CD5 Households	Proposed East NY Affordability Requirements	Proposed East NY Public Site Requirements	
Extremely Low Income (<30%)	35%	10%	15%	
Very Low Income (31-40%)	17%	15%	20%	
Very Low Income (41-50%)	17 70	15%	10%	
Low Income (51-60%)	21%	40-60%	35-55%	
Low Income (61-80%)	2170	Up to 200%	Up to 20%	
Moderate/Middle Income (>81%)	27%	Up to 20%	υρισ 20%	

Implement Mandatory Inclusionary Housing to require that a share of all new residential development include permanently affordable housing

- The rezoning of East NY will include the implementation of a new Mandatory Inclusionary Housing (MIH) policy that will require a share of all new housing developments in the rezoning area to be permanently affordable.
- Over the long term, as HPD subsidy is no longer required to finance housing development in East NY, MIH will ensure that a minimum percentage of all new housing development is affordable.
- The MIH program will undergo a public land use review process concurrent with the East NY rezoning. The current proposal is to require that, at a minimum, 25% of the total floor area in any new development must be for affordable housing for residents with incomes in income bands averaging 60% of AMI (or \$42,620 for a three-person family).



Over the life of the Housing New York plan, the City will have funds available to finance all new affordable housing development projects in East NY that HPD finds should receive subsidy

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- The City, through the *Housing New York* plan, has committed to finance 80,000 affordable apartments throughout the five boroughs. The City has budgeted over \$8.2 billion in City funds towards this goal, and those funds will leverage approximately \$30 billion in private funds.
- HPD financed the development of 8,483 new affordable apartments in Fiscal Year 15 – the largest number of affordable units ever financed in New York City's history.
- HPD will continue to look for every opportunity to finance affordable housing in East NY – both on its own and through its partnerships with the community.

Strategy 6

Explore opportunities to finance the development of affordable artist housing, live/work space, and/or studio and performance space

Strategy 7

Evaluate individuals and entities seeking to do business with HPD to verify their integrity and competence

- Individuals and entities seeking to do business with HPD (e.g., as developers or contractors) are required to complete the Sponsor Review process. Through a series of disclosure statement reviews and background checks, some of which are performed in consultation with the Department of Investigation, HPD's Sponsor Review Unit works to ensure that sponsors are honest, reliable stewards of public resources.
- HPD also analyzes the physical and financial health of sponsors' property portfolios and works with sponsors to ensure that corrective actions have been taken to address outstanding violations and arrears prior to loan closing.
- HPD does not finance projects of owners or developers who have violated the Tenant Protection Act within the past three years without corrective action, and it requires disclosure of all cases of human rights, rent stabilization, and other law violations within the past 10 years.

Promote Local Economic Development

Leverage affordable housing development to create local jobs and strengthen small businesses

HPD will work with the Economic Development Corporation (EDC), the Mayor's Retail Task Force, and Small Business Services (SBS) to:

Strategy 1

Design programs that support small businesses (mom and pop), community facilities, and important neighborhood amenities, such as grocery stores, integrated with affordable housing

Strategy 2

Expand opportunities for minority and women-owned businesses (M/WBEs) in the affordable housing development industry

- Build the capacity of M/WBE developers through professional development, networking, and mentoring programs.
- Improve access to capital for M/WBE developers with low-cost financing options for site acquisition and predevelopment costs.
- Enhance the ability of M/WBE developers to compete more effectively for HPD support by providing targeted new construction and preservation opportunities.
- Encourage affordable housing developers to employ M/WBE contractors and professional service firms.

Strategy 3

Explore opportunities to connect local residents to career training and job opportunities in affordable housing



04 Track & Report

Regularly review and report on the changing needs in East NY to test how our commitments are being implemented and evaluate whether the fine-tuning of policies or programs is required



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HPD will issue annual progress reports on housing development and preservation activity

- Once per year, we will use data from HPD's Division of Performance Management and Analytics to report on the stock of all affordable housing that is built or preserved in CD5. The following data will be made available for public review and comment:
 - Project location
 - Construction type (new construction or preservation)
 - Number of units
 - AMI levels
 - Rental or owner
 - Start/completion dates
 - Size of retail/community uses
- We will also update this Housing Plan to communicate our progress in implementing and achieving the many goals and strategies described above.



Strategy 2

Every three years, HPD will publish demographic and housing analyses to evaluate neighborhood change and determine whether policy refinements or new tools are required

- As the data becomes available, HPD's Division of Research and Evaluation will use the Housing and Vacancy Survey⁸ to issue a report describing changing demographic characteristics and affordable housing needs in the community. The report will include the following information in comparison to previous years:
 - Household incomes
 - Regulatory status of housing
 - Rental housing costs
 - Property values
 - Housing quality

⁸ The New York City Housing and Vacancy Survey is conducted every three years by the U.S. Census in coordination with HPD to comply with New York State and New York City's rent regulation laws.