

**TESTIMONY FOR NYCHA ADGM FOR DEVELOPMENT ILENE POPKIN**

**THE FUTURE OF MIXED FINANCE PROJECTS**

**CITY COUNCIL COMMITTEE ON PUBLIC HOUSING**

**FRIDAY, APRIL 29, 2011 – 10:00 AM**

**16<sup>th</sup> FLOOR COMMITTEE ROOM, 250 BROADWAY, NEW YORK, NY**

Chairwoman Rosie Mendez, Members of the Committee, and to all Members of the City Council: thank you for inviting me to speak with you today about the mixed-finance approach to investing in public housing communities and the New York City Housing Authority's commitment to forming new partnerships that will help ensure the long term sustainability of public and affordable housing. I am Ilene Popkin, NYCHA's Assistant Deputy General Manager for Development. And joining me today are senior members of NYCHA's Development team.

Mixed-financing is not the only option for investing in public housing, but in the current economic climate it is one of the most promising and effective means of leveraging limited public housing capital funds to preserve this critical housing resource and to foster healthy neighborhood development for all New Yorkers.

## Mixed-Financing

As my colleague Carlos Laboy previously mentioned, the term “mixed –finance development” refers to a specific types of financial transaction that allow public housing authorities to leverage HUD capital funding with private funding such as low income housing tax credits. In these types of mixed finance transactions, HUD funds can be used to develop and preserve public housing while also supporting the development of a variety of housing types, including homeownership, low, moderate and middle-income housing. In short, HUD mixed-financing brings additional resources to public housing communities, resources that can be used to bridge the gap between government appropriations and our actual development needs. Where government funding is reduced, NYCHA can use private capital to develop quality housing.

Mixed-financing also stimulates neighborhood revitalization and economic development. Public housing funds are often leveraged to create new public facilities in addition to housing, including community centers, health clinics and recreation centers.

Finally, mixed-financing provides opportunities for partnering with for profit and not-for-profit organizations—that have been

successfully working with our residents and in our communities for years—to improve service delivery, foster economic growth and support housing development.

### Preserving Public Housing

In the future, NYCHA plans to use mixed-financing to both preserve public housing, as well as, on a limited basis, develop new affordable housing units.

As you know, the considerations for the development of public and affordable housing are different.

First, Congress limits the amount of public housing that can exist in the United States. The 1998 Faircloth Amendment restricts federal operating and capital funding for additional public housing units therefore effectively capping the number of public housing units in the country. While NYCHA and other housing authorities may replace lost public housing, we cannot create new units.

As my colleague Carlos Laboy discussed, the *American Recovery and Reinvestment Act of 2009* (ARRA) temporarily suspended the Faircloth Amendment, allowing NYCHA to complete the federalization of the 21 State and City developments. While

federalization under ARRA may serve as a model for leveraging HUD public housing capital funds with private investment to preserve existing public housing it is a more challenging financing structure for creating new public housing units.

Even if NYCHA planned to replace its buildings and apartments within the limits of the Faircloth amendment, developing new public housing is extremely expensive. NYCHA has limited public housing capital funds. As such, NYCHA's priority for the use of these capital funds is on the preservation and maintenance of our current housing stock rather than the development of new public housing units.

### Creating Affordable Housing

However, we are also firmly committed to creating new affordable housing. As you know, NYCHA is an important partner in supporting the Mayor's New Housing Marketplace Plan (NHMP), which sets a goal of creating or preserving 165,000 homes by 2014. Since the housing plans implementation in 2004, NYCHA has worked with the New York City Department of Housing Preservation and Development (HPD) and the New York City Housing Development Corporation (HDC) to develop more than 4,000 affordable housing

units on NYCHA property. This affordable housing, developed with a variety of financing sources including tax exempt bonds, low income housing tax credits, New York State affordable housing funding and federal 202 funds represents a different type of mixed financing.

While these financing resources do not rely on the traditional HUD financed “mixed housing model,” these programs provide important tools and critical resources that allow NYCHA to capitalize opportunities to create new affordable housing while at the same time focusing our limited HUD capital funds on preservation.

### Fostering Communities

Ultimately, NYCHA is committed to fostering strong *communities*, not just housing. “Strong communities” means having better public schools, recreational facilities, economic development, as well as creating opportunities for residents.

We believe that the key to creating opportunity for NYCHA residents is through forming inclusive partnerships that take into account all aspects of healthy community development—partnerships that will make critical investments to support housing infrastructure, education, workforce development and transportation, as well as to

facilitate and attract future private investment into the surrounding neighborhoods.

### Conclusion

We welcome the City Council's insight and expertise in this effort. As NYCHA moves forward, we hope to work with members of the City Council to create the solutions that will ensure that NYCHA continues to create the strong communities that every New Yorker deserves.

Thank you and I look forward to your questions.