

May 20, 2019

# Affordable Housing and MIH in Gowanus

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## 01 What is Affordable Housing?

## 02 Neighborhood Demographics

## 03 Current Housing Conditions

## 04 City Housing Strategies

- Preserve Existing Affordable Housing
- **Develop New Affordable Housing**
- Increase Access to Affordable Housing
- Promote Economic Opportunity

# 01 What Is Affordable Housing?

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Housing is considered “affordable” when a household\* spends no more than **1/3** of its income on rent and utilities.



If your annual income is...

\$20,000

\$50,000

\$100,000

Your monthly rent should be approximately:

**\$600**

**\$1,500**

**\$2,500**

\*Varies depending on income and household size.

# 01 What Is Affordable Housing?

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Area Median Income (AMI) is determined each year by the federal government for different regions.



100% AMI



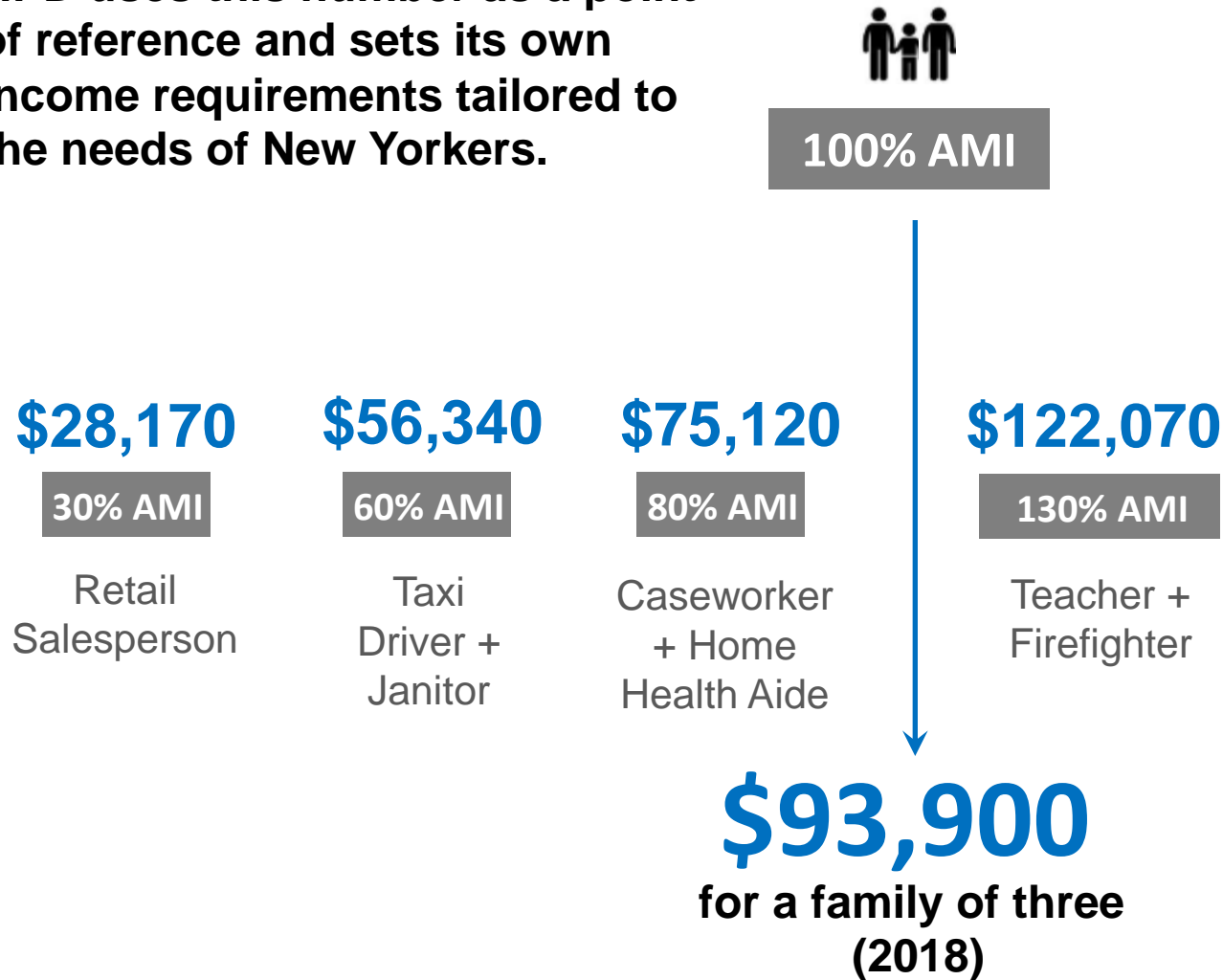
New York Metro Area :

**\$93,900**  
for a family of three  
(2018)

# 01 What Is Affordable Housing?

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HPD uses this number as a point of reference and sets its own income requirements tailored to the needs of New Yorkers.



# 01 What Is Affordable Housing?

**Example Households**



**Annual Income**

Social Security

\$21,930

\$37,560

\$41,750

\$62,580

\$66,800

**Category**

Senior

30% of AMI

40% of AMI

50% of AMI

60% of AMI

80% of AMI

**Bedroom Size**

Studio

Studio

2 BR

2 BR

3 BR

1 BR

**Sample Rent**

30% of income

\$367

\$810

\$1,045

\$1,472

\$1,509

# 01 What Is Affordable Housing?

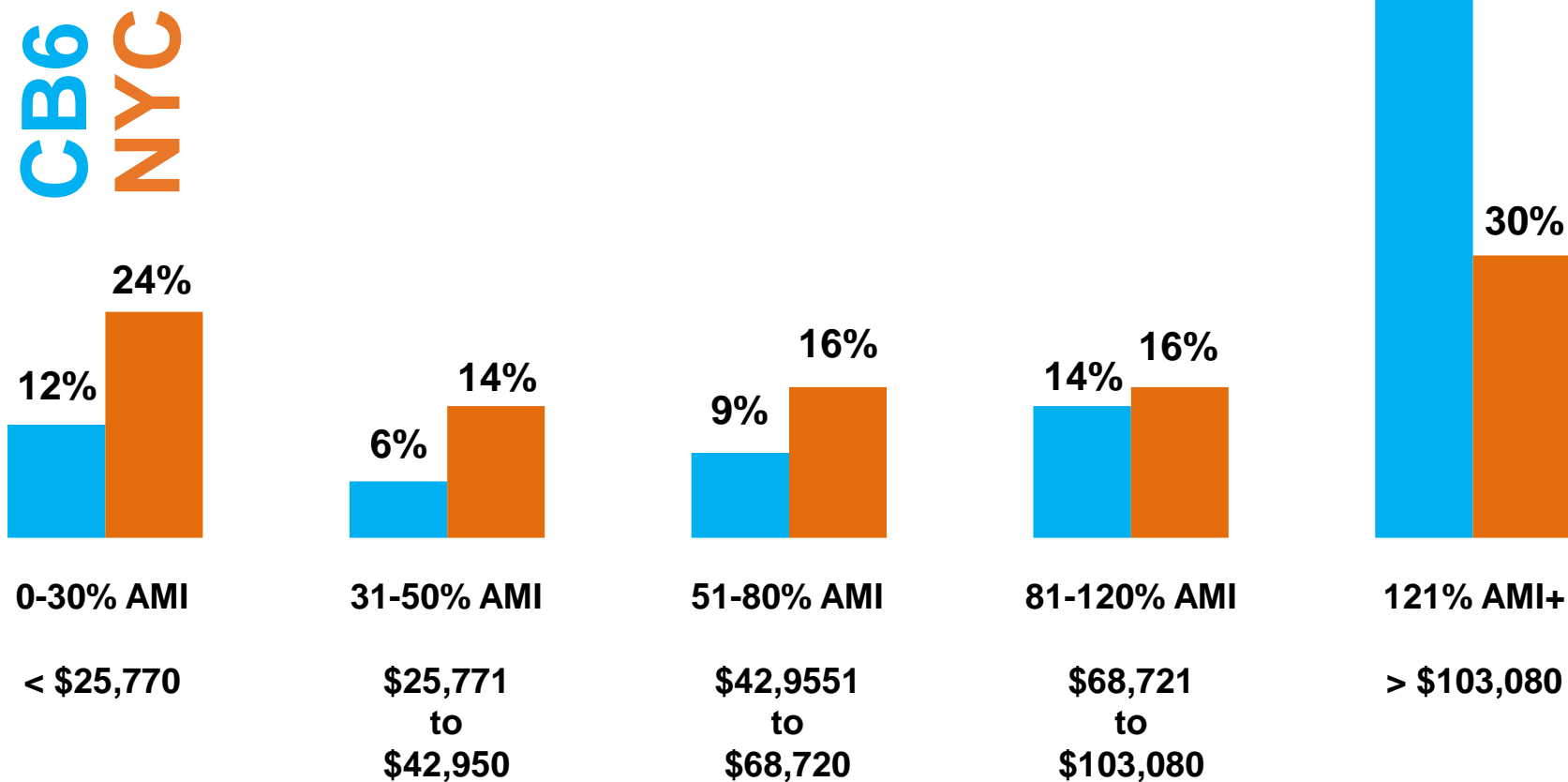
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**There are several types of “affordable” housing:**

<b>TYPE</b>	<b>OWNERSHIP</b>	<b>REGULATION</b>
<b>Unregulated</b>	Private	Not subject to regulation
<b>Rent Stabilized</b>	Private	Protected under NYS Rent Stabilization Law
<b>Public Housing</b>	Public	NYCHA
<b>Government Assisted</b>	Private	Subject to regulation

# 02 Neighborhood Demographics

## Household Income Distribution Brooklyn CB6 and NYC

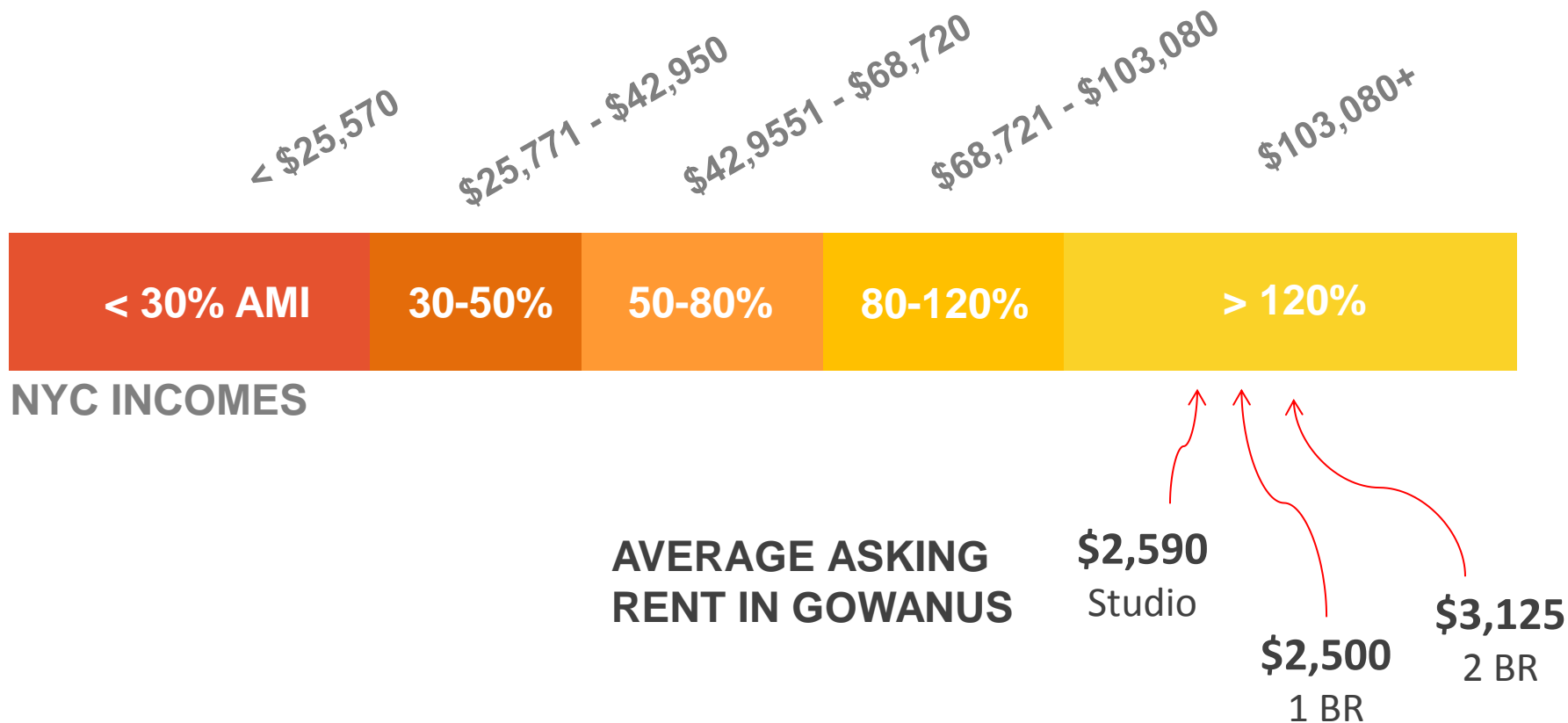


Source: ACS 2013-2017 5yr PUMS Data.  
Income limits are for a three-person household (HUD 2017)



# 02 Neighborhood Demographics

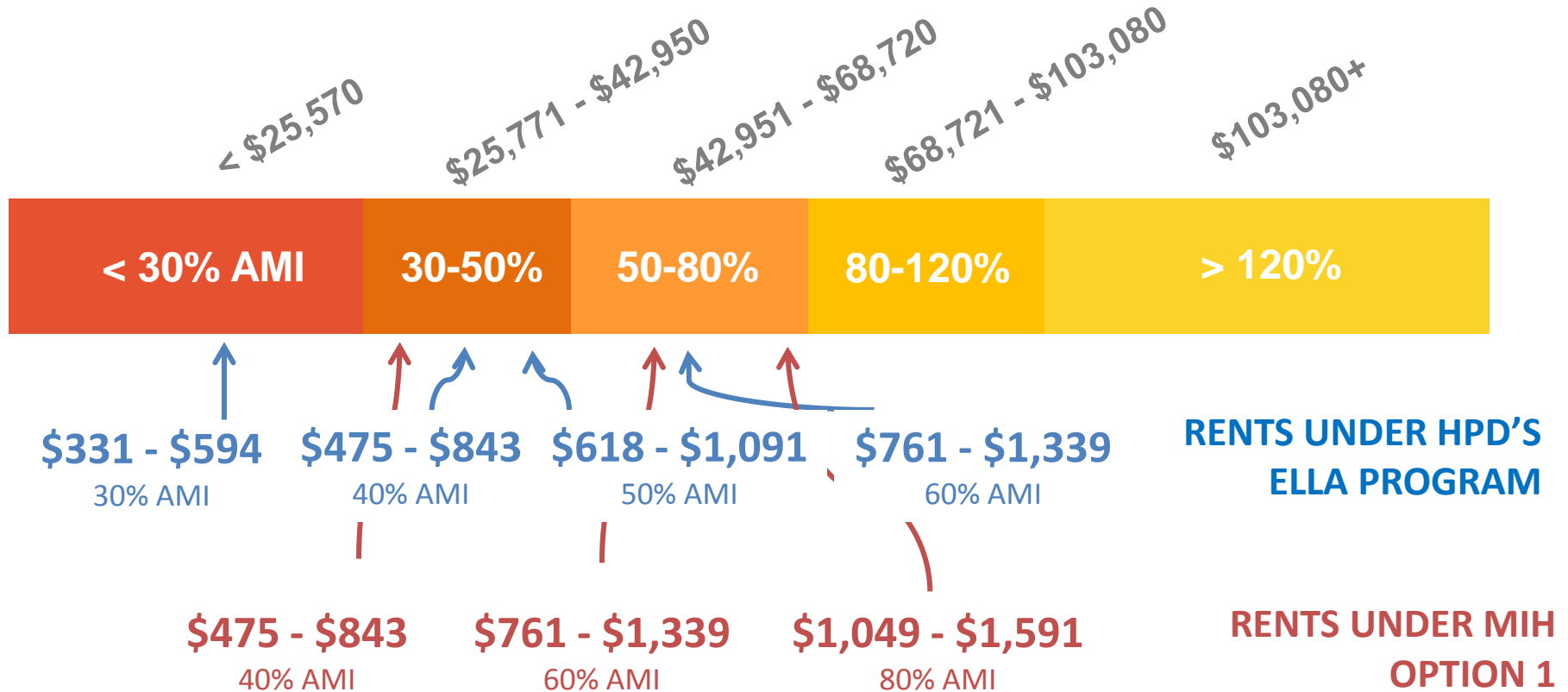
## Sample Rents in Gowanus



Source: ACS 2013-2017 5yr PUMS Data.  
Income limits are for a three-person household (HUD 2017)  
Asking rents are based on average Streeteasy listings on May 17, 2019

# 02 Neighborhood Demographics

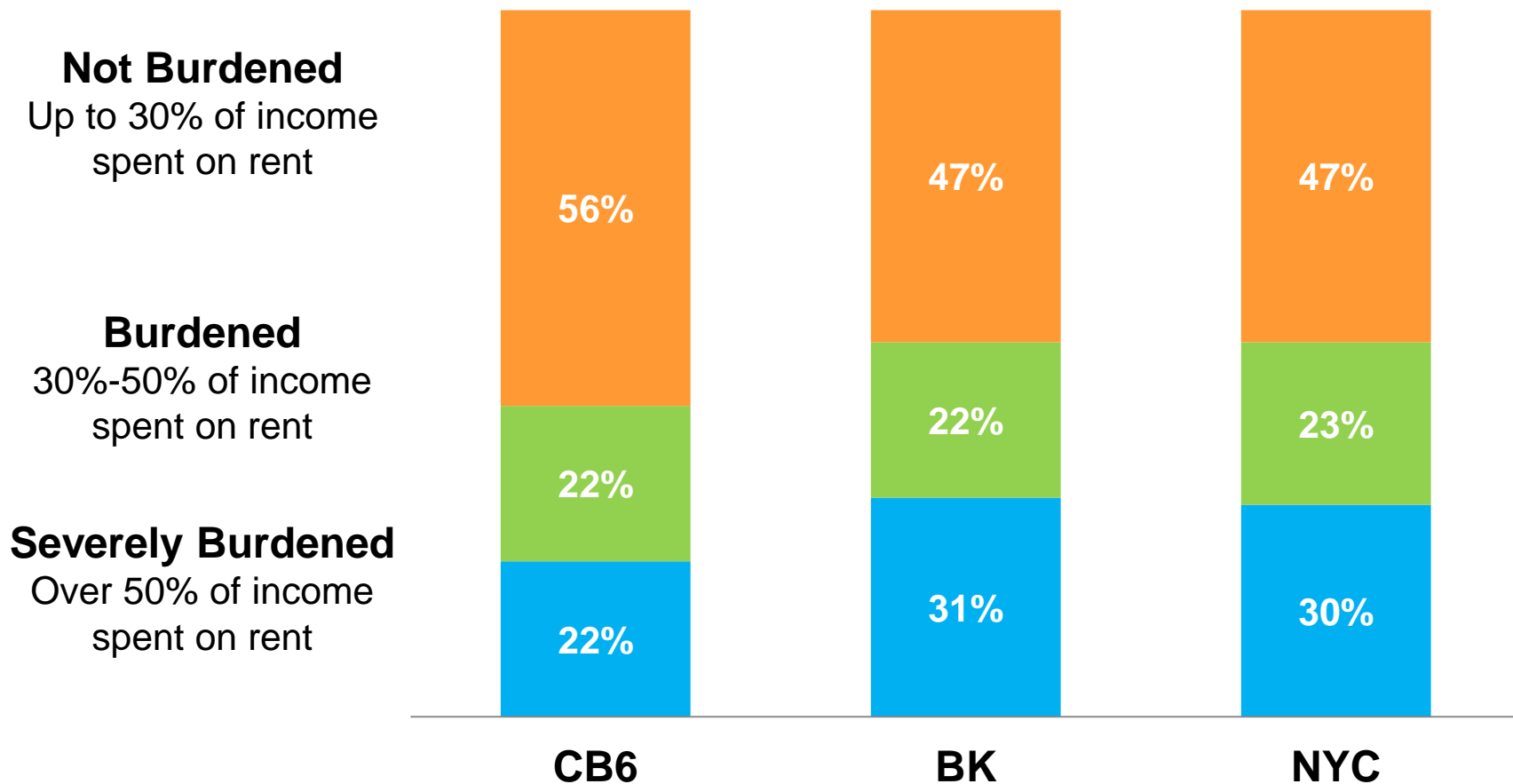
## Sample Rents in Affordable Housing



Source: ACS 2013-2017 5yr PUMS Data.  
Income limits are for a three-person household (HUD 2017)

# 02 Neighborhood Demographics

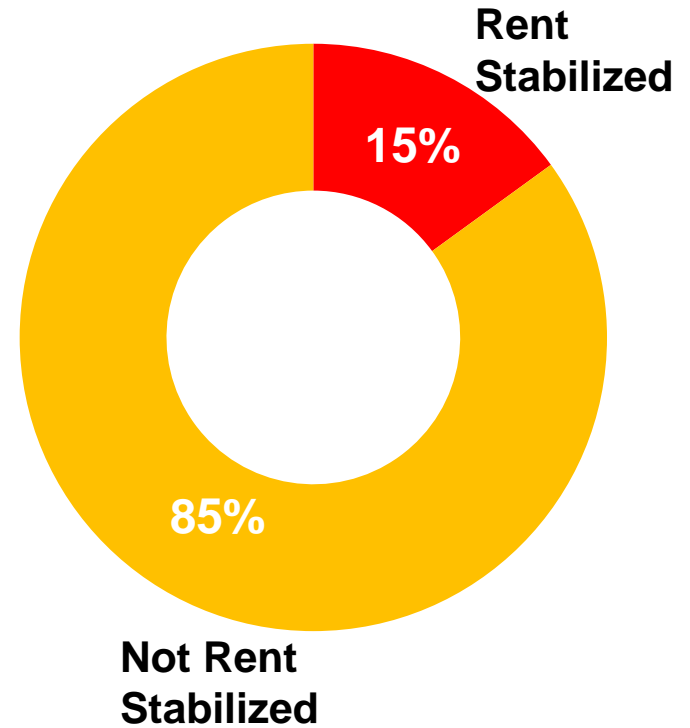
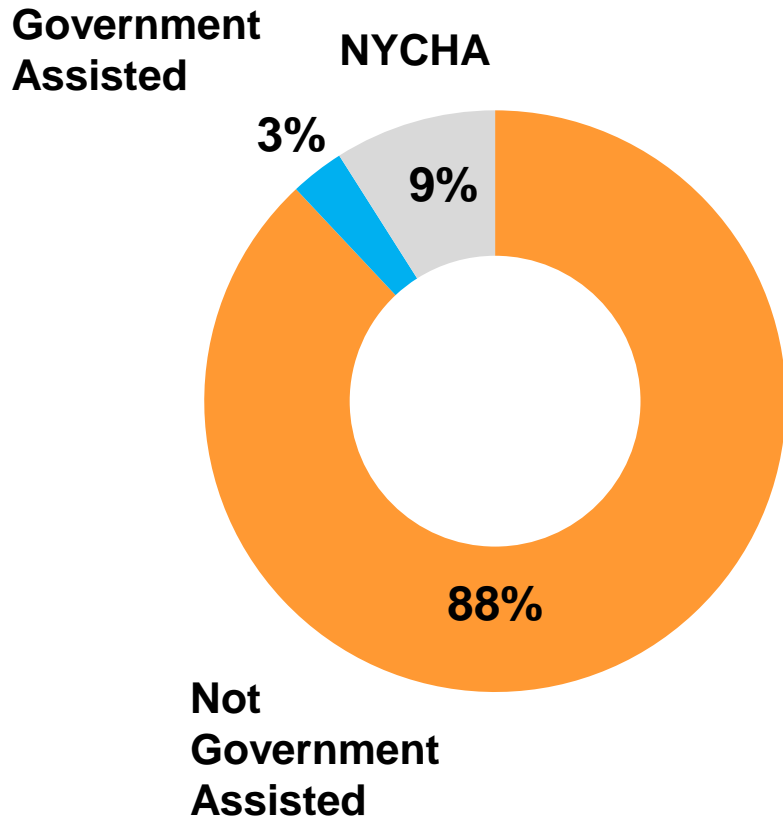
## Rent Burden



Source: NYC Housing and Vacancy Survey, 2017  
Based on sub-borough area that approximates CD6  
Does not include households in public housing or with vouchers

# 03 Current Housing Conditions

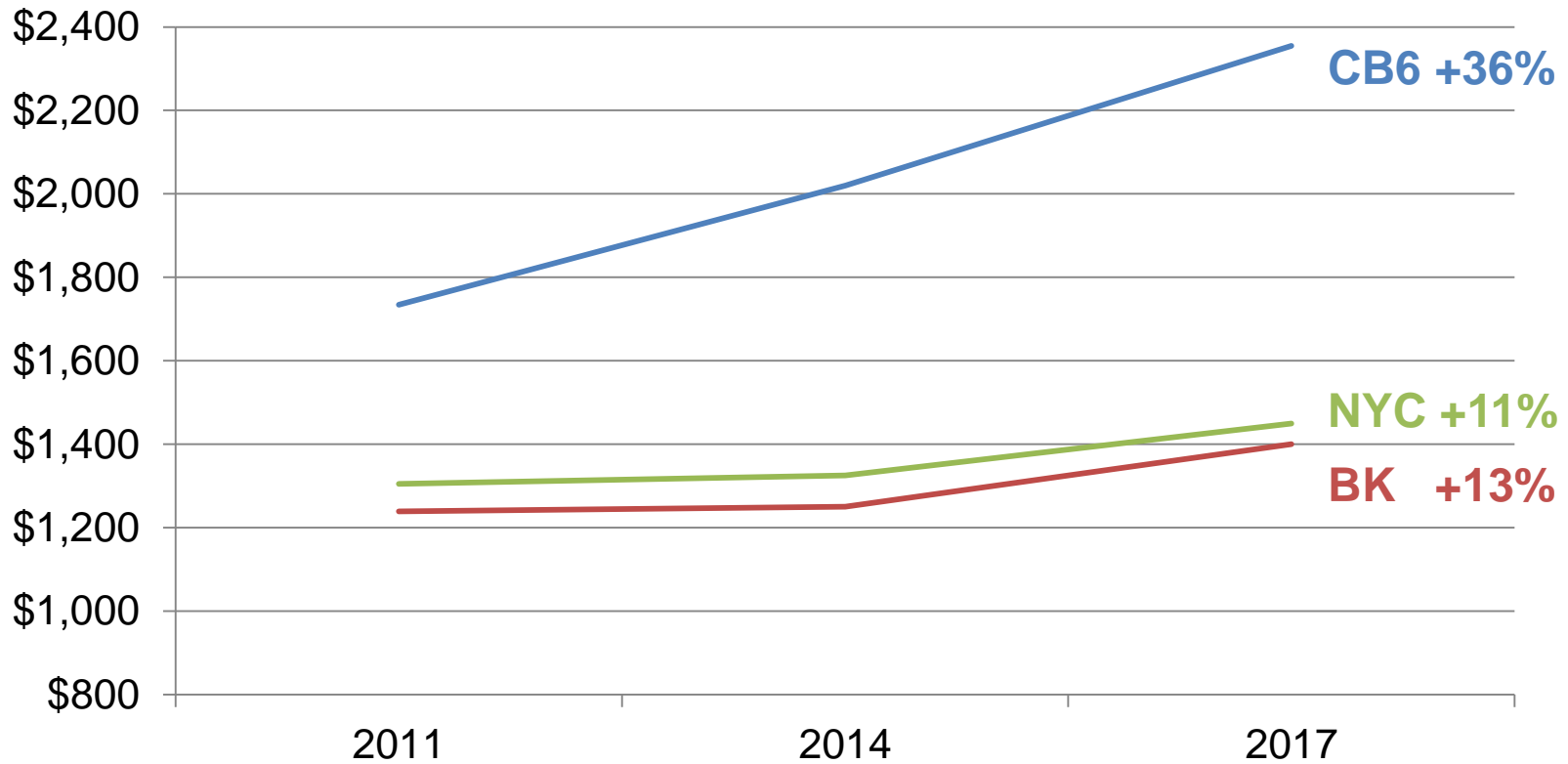
## Existing Affordable Housing



Source: HPD Office of Policy and Strategy  
Based on sub-borough area that approximates CDs 1, 2, 3, and 6

# 03 Current Housing Conditions

## Rent Over Time



Source: NYCHVS 2011, 2014, and 2017

Gross rents in 2011 and 2014 are adjusted to real 2017 dollars using the BLS NY, NY MSA Base CPI adjustment factor

Based on sub-borough area that approximates CD 6

# 04 City Housing Strategies

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## Preserve Existing Affordable Housing

- Provide free legal representation to tenants facing eviction
- Prevent harassment in rent regulated buildings through Certification of No Harassment Pilot Program
- Offer loans and tax incentives to building owners in exchange for keeping homes affordable
  - Since 2014, HPD has financed the preservation of **272 affordable homes** in CD 6



677 Union Street was renovated and refinanced in 2017 by owner Fifth Avenue Committee through HPD's LIHTC Year 15 program.

# 04 City Housing Strategies

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## Create New Affordable Housing

- Implement Mandatory Inclusionary Housing (MIH) to require permanently affordable homes in new development
- Financing to incentivize the development of affordable housing that exceeds MIH requirements
  - 456 affordable homes in CB6 since 2014
- Prioritize development of City-owned land with affordable housing
  - Public Place
- Support mission-driven groups interested in developing affordable housing



Public Place is the largest city-owned site in CD 6 and is located adjacent to the Gowanus Canal. While development has been paused for canal clean-up and remediation, HPD continues to work with the designated development team to create a mixed-use development including hundreds of units of affordable housing, community facility and commercial space, and a vibrant, accessible and resilient open space along the Canal.

# 04 City Housing Strategies

## Mandatory Inclusionary Housing

During the public review, the City Council can choose to impose one or both of two basic options:

**1 25%** of housing for households with incomes averaging **\$56,000** (60% AMI)

At least **10%** must serve those earning **\$38,000 or below** (40% AMI)

# of Units	AMI level	3-person HH Income	Sample 2BR Rent
10	40%	\$37,560	\$810
5	60%	\$56,340	\$1,280
10	80%	\$75,120	\$1,820

OR

# of Units	AMI levels	3-person HH Income	Sample 2BR Rent
10	30%	\$28,170	\$575
7	60%	\$56,340	\$1,280
8	100%	\$93,900	\$2,289

**2 30%** of housing for households with incomes averaging **\$75,000** (80% AMI)

# of Units	AMI level	3-person HH Income	Sample 2BR Rent
10	30%	\$28,170	\$575
10	80%	\$75,120	\$1,820
10	130%	\$122,070	\$2,993

OR

# of Units	AMI levels	3-person HH Income	Sample 2BR Rent
10	60%	\$56,340	\$1,280
10	80%	\$75,120	\$1,820
10	100%	\$93,900	\$2,289

Unit distributions are for demonstration purposes only and illustrate a hypothetical 100-unit building AMI, incomes, and rents based on 2018 HUD Income limits and a three-person household. Percentage requirement is based on square footage of residential space, not number of units.



# 04 City Housing Strategies

## Mandatory Inclusionary Housing

In addition to the two basic options, the City Council may add one or two other options:

**3 20%** of housing for households with incomes averaging **\$38,000** (40% AMI)

Subsidy is allowed only if more housing is provided

# of Units	AMI level	3-person HH Income	Sample 2BR Rent
5	30%	\$28,170	\$575
10	40%	\$37,560	\$810
5	50%	\$46,950	\$1,045

OR

# of Units	AMI levels	3-person HH Income	Sample 2BR Rent
16	30%	\$28,170	\$575
4	80%	\$75,120	\$1,820

**4 30%** of housing for households with incomes averaging **\$108,000** (115% AMI)

Requires at least 5% at 70% AMI and 5% at 90% AMI; no subsidy

# of Units	AMI level	3-person HH Income	Sample 2BR Rent
5	70%	\$65,730	\$1,445
5	90%	\$84,510	\$1,874
20	130%	\$122,070	\$2,993

Unit distributions are for demonstration purposes only and illustrate a hypothetical 100-unit building AMI, incomes, and rents based on 2018 HUD Income limits and a three-person household. Percentage requirement is based on square footage of residential space, not number of units.

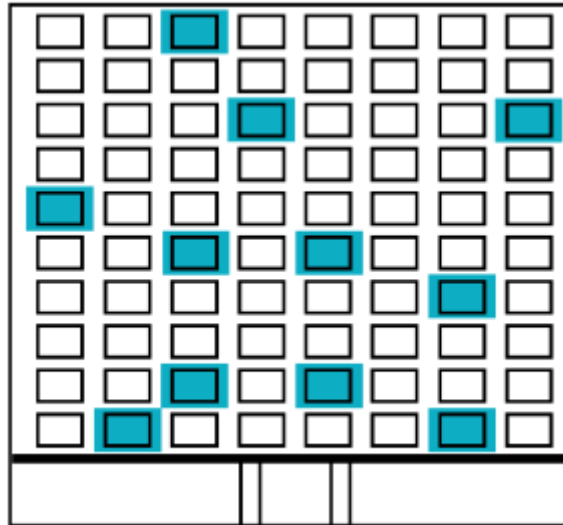
# 04 City Housing Strategies

## Mandatory Inclusionary Housing

### Apartment Distribution

#### Vertical Distribution

For rental buildings, MIH units must be distributed throughout at least **65%** of the building's stories.



#### Horizontal Distribution

No more than **33%** of the dwelling units on any floor can be MIH units, unless every floor contains more than **33%** MIH units.

### Bedroom Mix

1. At least **50%** of MIH units must be **two-bedrooms** or greater, and **75%** of MIH units must be **one-bedroom** or greater,

**OR**

2. The bedroom mix between affordable and market-rate dwelling units must be **proportional**.

## Mandatory Inclusionary Housing

### Process before construction

- Restrictive Declaration approved by HPD is recorded against the property
  - Restrictive Declaration identifies property and selected MIH option
  - Includes rents, floor area & a list identifying the MIH units
- HPD issues Permit Notice to DOB
- DOB issues building permits

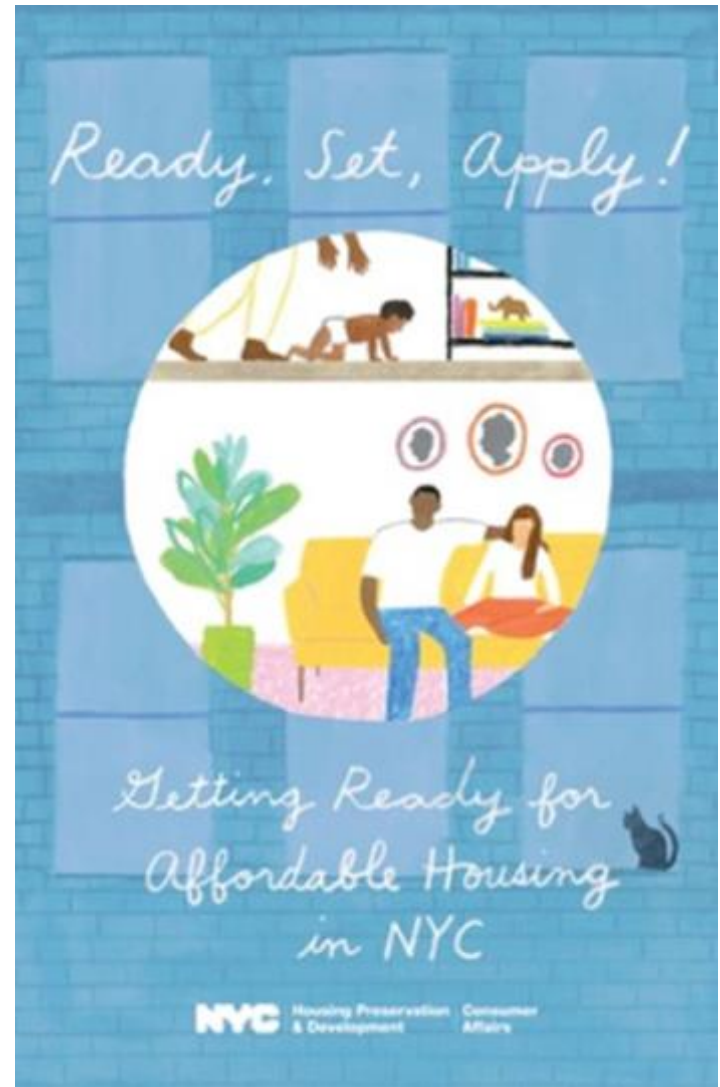
### Process after construction

- HPD issues notice to DOB certifying compliance
- DOB issues Certificate of Occupancy
  - No C of O or TCO without proof of compliance
- Affordable units are marketed through Housing Connect
  - HPD-approved Administering Agents are required
- MIH requirement attaches to the property in perpetuity

# 04 City Housing Strategies

## Increase Access to Affordable Housing

- Make it easier for residents to understand, prepare for, and complete the affordable housing application process
  - Housing Ambassadors
  - Improvements to Housing Connect
  - New guides to help applicants get ready
- Improve Marketing Guidelines to reach New Yorkers most in need
  - Limits on use of credit score and history
  - Clarifying eligibility guidelines and streamlining review for self-employed applicants
  - Additional protections for domestic violence survivors



# 04 City Housing Strategies

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## Promote Economic Opportunity

- Expand local hiring incentives in HPD-financed developments
- Expand opportunities for Minority and Women-Owned Business Enterprises (M/WBEs)
- Promote healthy and diverse retail environments



HPD staff presenting at training for M/WBE developers March 2019