Real Affordability for All

An Affordable Housing Policy Platform for Mayor de Blasio

April 2014

INTRODUCTION: The Real Affordability Crisis in New York City

Across the five boroughs of New York City, low-income and moderate-income households are facing a real affordability crisis in housing. The crisis is fueled by the fact that wages are declining and housing prices are rising. Over the past 10 years, rents have increased at twice the rate of household incomes citywide. At the same time, the number of rent-regulated apartments has been steadily declining, and most new housing construction has been geared toward the rich.

The Real Affordability for All campaign was launched in March 2014 to advocate for low-income and moderate-income households who are increasingly being priced out of their neighborhoods. The campaign is driven by a broad coalition of tenant associations, community organizations, faith groups, immigrant advocates, and others committed to real affordability. It has reenergized and reactivated a shared sense of purpose in the affordable housing movement.

A major goal of Real Affordability for All is to ensure that Mayor de Blasio's housing policies prioritize and deliver real affordability for the most economically vulnerable households.

The campaign has already released two reports that reveal the need for significant reforms in how the city approaches affordable housing. The first report showed that more than 700,000 low-income New Yorkers were shut out of the Bloomberg housing boom. The second report showed that the 421-a tax abatement program has been used and abused by developers to subsidize new housing for wealthy New Yorkers at the expense of low and moderate income New Yorkers.

And now Real Affordability for All is releasing a first-of-its-kind policy platform designed to influence the larger affordable housing plan Mayor de Blasio is set to release on May 1.

OVERVIEW: A Platform for Tackling the Real Affordability Crisis

This platform reflects the views of thousands of low-income and moderate-income New Yorkers, and dozens of organizations actively involved in the Real Affordability for All campaign. It combines the on-the-ground perspective of tenants with analysis from top experts and recommendations from affordable housing developers. In this way, it is unlike any other affordable housing platform out there, and designed to spur action by Mayor de Blasio.

It is organized into four sections: 1) new construction of affordable housing; 2) preservation of existing affordable housing; 3) NYCHA and public housing; and 4) prevention of homelessness.

NEW CONSTRUCTION OF AFFORDABLE HOUSING

The Failure of 421-a and the Limits of the 80/20 Model

The city is using the 421-a program to subsidize the creation of luxury housing for the wealthiest New Yorkers, causing rents to rise and making more neighborhoods unaffordable. In recent years, developers in Manhattan and downtown Brooklyn were required to make 20% of a development's units affordable if they opted for a 25-year abatement. But if developers build in other areas of the city or if they opt for a 15-year abatement, there is no affordable housing requirement to receive these tax savings. So most developers have opted for the 15-year abatement and created very little real affordable housing in the city as a result.

A recent study by Real Affordability for All found that only 6% of new apartments in downtown Brooklyn between 2008 and 2012 were real affordable units. Developers exploited the luxurious loophole in 421-a: they used abatements to create new housing for wealthy households, because they weren't required to create real affordable housing for low and moderate income households.

There are two key problems with the 80/20 model: 1) it is far too easy for developers to opt for 15 year abatements in the 421-a program and avoid having to build any real affordable housing units; 2) even if many more developers using the 421-a program opted for 25-year abatements and were required to build 20% affordable units in new buildings, it would not yield enough real affordable housing to meet the needs of low-income and moderate-income households.

The 80/20 model is unable to generate the real affordability that New Yorkers need and deserve.

The 50/50 Model: Maximizing Real Affordability in New Housing

Mayor de Blasio set a goal of building and preserving at least 200,000 affordable apartments while simultaneously creating a more equitable and affordable city for households at all income levels. To achieve this laudable goal, the Mayor's housing plan must include a bold commitment to building and developing for deeper density. That is to say: there must be a major up-zoning of many neighborhoods currently zoned for commercial, manufacturing and low-density residential use. By requiring developers to use up-zoning, subsidies, and other tools more effectively, the city can ensure that a minimum of 50% of new housing construction is real affordable housing.

A 50/50 model that replaces the 80/20 model would yield long-term real affordability for a wide array of low-income and moderate-income households shut out of the new housing developments built under Bloomberg. And not only that: the 50/50 model would also give city taxpayers a higher return on their investment in new affordable housing developments while still enabling real-estate developers to reap significant profits and construction trade unions to get good jobs.

There are many ways to conceive and build 50/50 developments that would achieve a level of real affordability that is simply impossible within the narrow constraints of 80/20 developments.

Affordable housing developers, private sector developers and housing experts agree on two broad 50/50 scenarios that are viable and pragmatic, based on existing developments, current real-estate market assumptions, and the latest mathematical modeling:

1) For high-cost areas of the city (particularly Manhattan), depending on the level of up-zoning, new developments can ensure that 50 percent of the units are market rate and 50 percent are real affordable units targeted to low-income households: specifically, households of four earning 30-60 percent of Area Median Income.

2) For the outer boroughs, where land costs are lower, 100% of new developments can be affordable: 50 percent of the units can be for low-income households (those earning 30-60 percent of Area Median Income) and 50 percent for moderate income households (those earning up to 100 percent of Area Median Income). 100% real affordability can be achieved by increasing current per unit subsidies in the outer boroughs and applying those subsidies to real affordable housing units for low-and moderate-income households.

The second scenario holds a lot of promise, as more residents and new arrivals look to the outer boroughs for real affordable housing, especially in neighborhoods that have not yet gentrified.

But together both scenarios can achieve a much greater level of real affordability across the city than was achieved by Bloomberg's housing policies and the 80/20 model in recent years.

Key elements of the 50/50 model would include: up-zoning for maximum density in areas with the most vacant land; increasing floor-to-area (FAR) bonuses in all new developments; adding real affordability requirements for low-income and moderate-income households in mandatory inclusionary zoning; removing height and bulk restrictions in new developments; transferring air rights; and providing permanent low-cost financing for new real affordability developments.

The city can identify vacant land for real affordable housing development from an array of sources, including publicly-owned land and land where the ownership is split between public and private. At all of these locations, zoning can be upgraded so that developers can build to maximum density while generating much more real affordability in new units.

Because land costs and market rents vary drastically in Manhattan and in the outer boroughs, the exact number of real affordable units will also vary in each scenario for the 50/50 model. But when implemented throughout the city, the 50/50 model will incentivize developers to use the best tools at their disposal to increase land values, and to maximize real affordability.

How the City Can Incentivize the 50/50 Model and Real Affordability

To ensure that the 50/50 model succeeds, the city can take specific actions that will yield the greatest quality and quantity of real affordability in new housing construction, especially for the lowest income New Yorkers who are shut out of and left behind by Bloomberg's policies.

Below are five key recommendations:

1) **Use Subsidies More Wisely to Drive Real Affordability.** Subsidies should only be offered to developers who can demonstrate a commitment to including the largest number of apartments for households earning below 50% of Area Median Income and with the most apartments available to households earning as low as 25% of area median income. Housing programs within the city's Department of Housing Preservation and Development (HPD) and Housing Development Corporation (HDC) should achieve much greater, and more measurable, affordability for low-income New Yorkers. Subsidies are powerful bargaining chips that give the city tremendous leverage with developers. For too long, though, subsidies have been offered with few or any strings attached, and enabled already wealthy develops to become even richer. This approach will help ensure that a maximum number of the 200,000 housing units not only tackle the real affordability crisis, but also meet the two and three bedroom apartment size needs of low-income families.

2) **Implement a New Low-Income Real Affordability Framework Across All Housing Programs** so that the city prioritizes and tracks in every single development deal, RFP, RFQ, land disposition, rezoning, and allocation of public resources the creation of more affordable housing specifically for the low-income New Yorkers, with a focus on two- and three-bedroom apartments, which are the most needed. New developments only geared toward housing production without attention to bedroom size are insufficient.

3) **Enable Not-for-Profit Developers and Owners to Play a Strong and Active Role in the City's Housing Agenda.** The best not-for-profit developers and owners are grounded in the local community, protect the affordability of developments, properly represent and address community concerns, maximize community value and benefit, and build neighborhood assets. Local not-for-profit developers bring more than simple bricks-and-mortar development. They bring a commitment to hiring locally, supporting local businesses and subcontractors, and otherwise make development decisions that create strong neighborhoods, not just buildings. For those reasons, not-for-profits with a strong track record of active housing development in underserved communities and neighborhoods should be play a greater role in executing the city's affordable housing agenda moving forward.

4) **Prioritize Permanent Affordability for All City-owned Land Dispositions.** This can be done through a variety of ways: a land lease arrangement, a city right of first refusal, a city option for a combination of a tax-abatement and regulatory agreement renewal, or most optimally, a disposition to a mission-driven, not-for-profit developer including community land trusts if and when available. If the proper mechanisms are not yet in place to ensure permanent affordability, a minimum 60-year affordability term for any disposition of land that is likely to receive any type of tax-credit financing, as the term coincides with the maximum length of the 420c tax abatement as well as matching two potential terms of the city's 30-year mortgage authority.

5) **Require that Developers and Investors Receiving Any Type of City Subsidy Provide a Reserve Fund that Creates a Safety Net for Excessively Rent-Burdened Tenants.** This requirement would apply to all affordable housing developments underwritten and built with

any type of city subsidy. It would help ensure that projects are economically viable not only for the developer and investors, but also for low-income residents who will actually live in these homes. The reserve fund would protect low-income residents whose annual certification verifies extreme rent burden, and enable long-term affordability, without damaging or jeopardizing new developments.

Financing Real Affordability: Mechanisms and Policies to Raise Revenue

To ensure that a maximum number of real affordable housing units are created in the coming months and years, city government should actively create mechanisms and promote policies that would raise substantial revenue for new buildings.

Below are several recommendations.

1. **Flip Tax.** City government should establish a new incremental transfer tax on high-end residential properties in the five boroughs. Revenue from this source would be earmarked specifically for affordable housing. Initial estimates from Real Affordability for All estimate indicate that such a tax could generate between $100 and $150 million per year.

2. **Non-Occupancy Tax.** Wealthy buyers from foreign countries are increasingly purchasing high-end luxury condos in new buildings as investment properties, with no plans to ever live in them and contribute to the tax base in New York City. City government should aggressively tax all buyers who are non-occupants of these apartments. Too many of these apartments are sitting vacant and these new condos are inflating housing prices across the city, but especially in rapidly gentrifying areas. The city should establish strict occupancy requirements and tax these buyers are progressively higher rates the longer they do not live in the luxury apartments they own here.

3. **Property Tax Overhaul.** City government should look seriously reforming the property tax system and creating a more equitable system. Relevant agencies should review taxes on multiple dwellings (rentals), particularly buildings for low and moderate income households and seniors, and tax vacant land to incentivize affordable housing development and dis-incentivize "holding or buying low and selling high for speculative or luxury development."

4. **Water and Sewer Tax Reform**. City government should look at the water and sewer tax system and set a cap rate particularly for affordable housing developments

5. **Density Bonuses.** Funds generated by having developers "buy up" additional space via increased floor-to-area bonuses to a fund managed by the city to finance real affordable units in outer borough neighborhoods where market rents do not generate a full internal cross subsidy – that is to say, where market rents are not high enough to offset the cost of building for real affordability for low and moderate income households.

Additionally, at the state level, city officials should lobby for an overhaul of the 421-a program so that the program is used only by real affordable housing developers not luxury developers.

Sandy Rebuilding: An Opportunity for Real Affordability in Hard-Hit Areas

Hurricane Sandy devastated many communities and neighborhoods across the city. Thousands of housing units were lost in some of the lowest-income areas of the city. As a result low-income communities and immigrant communities are still dealing with the fall-out effects of the storm- the loss of affordable housing, which if the City does not act fast will become permanent. The rebuilding and recovery process after Sandy is a major opportunity to ensure that real affordability for Sandy survivors is achieved in new housing construction. In fact, federal rebuilding funds, including the Community Development Block Grant-Disaster Recovery (CDBG-DR) funds are governed by the Fair Housing Act, which requires that grantees use the funds to "affirmatively further fair housing".

1) **The city can direct the Housing Recovery Office (HRO) and the Department of Housing Preservation and Development (HPD) to make real affordability a prerequisite for landlords accepting federal disaster aid.** HRO and HPD can attach real affordability requirements if landlords use federal aid for repairs or rehabilitation (for multifamily or rental single-family homes). Without real affordability requirements on rental apartments, landlords will renovate units and drastically increase rents, in this way public funds will help to line the pockets of landlord. In fact, this is already happening: a recent Alliance for a Just Rebuilding survey of Sandy-affected renters found that the median rent paid by Sandy-affected households has increased $200 a month since the hurricane. There is precedent for a real affordability requirement in disaster recovery efforts elsewhere in the country: Louisiana's The Road Home Program after Hurricane Katrina attached 10-year affordability requirements for landlords receiving federal aid.

2) **The city can use federal disaster recovery funds to invest in the development of real affordable housing.** Sandy exposed and exacerbated inequities in our city's housing, and destroyed thousands of affordable housing units, especially basement apartments and other accessory dwellings, as well as units owned by small mom and pop landlords in low-income areas like Far Rockaway, Coney Island, Red Hook, and the South Shore of Staten Island. But the city can use for real affordable housing construction in those neighborhoods a portion of the CDBG funds and other federal funds that have or will have been earmarked for Sandy rebuilding and recovery in the coming months. In fact, the federal Department of Housing and Urban Developers (HUD) already requires city government to spend at least half of CDBG funds on households earning 80 percent or less of Area Median Income.

3) **The City can use land from the acquisition program to build affordable housing in Sandy affected areas.** Through the Build it Back program, homeowners who have damages equal to more than half of the value of their home will have the option to participate in the City's acquisition for redevelopment program. Through this program the City will purchase these properties and redevelop them for other uses. The City should commit now to ensure

that all of the properties through this program are dedicated to the creation of affordable housing.

4) **The city can also use federal disaster recovery funds to** increase the availability of Temporary Disaster Assistance Program (TDAP) for low-income renters who were affected by Sandy and still grappling with displacement. TDAP vouchers should be available to all Sandy-impacted residents, regardless of immigration status, to ensure that the most vulnerable among them can gain access to real affordable housing.

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PRESERVATION OF EXISTING AFFORDABLE HOUSING

Effective Code Enforcement as a Key Tool for Preserving Real Affordability

There is broad agreement that city government can and should be much more aggressive in enforcing all relevant codes, laws, and regulations that are designed to protect tenants and preserve the real affordability of housing. While Rent Stabilization, Mitchell-Lama, and other affordable housing programs are not administered at the city level, below are recommendations for how city agencies and officials can do more of this enforcement and hold landlords accountable for bad behavior while protecting our existing stock of affordable housing.

Neighborhoods with widespread neglect of housing conditions are increasingly the site of rapid gentrification. Intentional neglect, combined with harassment, pressures to accept buy-out offers, and other tactics, are used by owners to vacate entire buildings of their long-standing tenants. They then renovate and rent the same apartments at amounts beyond the reach of former tenants, who are predominantly low-income people of color. Rent stabilized buildings are particularly susceptible to this practice.

As the current Administration is set to unfold its agenda for the construction of 200,000 affordable housing units in the next decade, it should also address the rapid loss of affordable housing across the city, in particular in low-income communities of color where escalating rents and permanent displacement are most pronounced. Effective Code enforcement is a means of preserving the quality of the city's existing affordable housing stock while also stemming the tide of gentrification by eliminating factors that drives low-income tenants from their homes.

The tools:

1. **HPD's Alternative Enforcement Program ("AEP") should be expanded.** By selecting the 200 buildings with the worst conditions in the City and by making repairs when landlords fail to comply, this Program has positively impacted thousands of apartments during its seven year existence. The Program's own success is grounds for enlarging its scope and coverage. In addition, HPD should increase its profile in AEP buildings and help prevent displacement by forcing landlords to post notices concerning

the building's placement in the program and by distributing "know your rights" materials to tenants, especially in rent stabilized buildings.

2. **To incentivize compliance in the context of the most serious housing code violations, the City should increase civil penalties and inspector fees for "Class C" violations at large, and in particular for heat and hot water violations.** On the administrative front, HPD should use its Emergency Repair Program to the fullest extent combined with foreclosing on repair liens more aggressively. At the same time, tax lien sales should be reformed to promote the transfer of neglected buildings to affordable housing providers as opposed to the highest bidder.

3. **To better address the high incidence of asthma in dwelling units were mold is prevalent, the City should enact comprehensive mold remediation legislation to require mandatory annual inspections for indoor allergens that trigger asthma.** The legislation should also impose standardized remediation rules and procedures, as well as require HPD to make repairs and charge landlords who fail to do so.

4. **Target enforcement activities on landlords who house low-income tenants.** This means focusing enforcement efforts on Section 8 landlords, landlords that receive massive tax breaks through the J-51 and 421a programs, and landlords with overleveraged portfolios of rent regulated housing who fail to make repairs as a cost-cutting measure. With respect to Section 8 housing, these tenants are at risk of losing their housing through no fault of their own when their landlords fail to comply with housing quality standards (HQS). All too often, Section 8 landlords who displace tenants will rent newly renovated units to tenants with much higher incomes. HPD should focus code enforcement resources on these building to preserve Section 8 tenants in their homes, in particular those Section 8 tenants who are residing in rent stabilized units. HPD should work closely with the other agencies administering Section 8 benefits (NYCHA and DHCR) to identify Section 8 units in need of Code Enforcement.

5. **Promote the type of City/State coordination that may result in much needed relief for tenants living in substandard conditions.** HPD should establish a mechanism to share its enforcement results with the DHCR's Tenant Protection Unit (TPU), and the TPU should in turn initiate rent reduction proceedings without the need for a tenant complaint.

6. **Establish broader administrative mechanisms to increase code compliance and fine collection.** A Repair Enforcement Board is one such mechanism whereby they city could impose and collect fines for code violations, as well as foreclose on certain unpaid fines. Currently, when HPD places a violation, fines begin to accrue if the landlord does not address the condition within the timeframe provided by law. However, only a Judge can order said fines to be paid after a lawsuit is commenced by the City or tenants. Not only may a lawsuit take months, even years, but once in court many such cases settle for an order to correct the violations without the imposition of any fines. Currently, HPD simply does not have the resources to pursue and recoup all of the fines landlords are liable for in court and as a result landlords fail to make repairs with impunity. By creating an effective

mechanism for fine imposition and collection, the City can create a financial incentive for repairs and proper upkeep that is largely lacking under the current system.

1) **Reforming the City's Tax Lien Sale Program**. The city should add code enforcement liens to lien sale program and move all tax lien sale buildings to the city's third-party transfer program rather than tax lien sale. All buildings that are not redeemed go to third-party transfer get buildings into the hands of long term affordable owners and developers. Expand or implement tools to. Add Emergency Repair Program liens into the tax lien sale program so that the buildings with the worst conditions, especially those in overleveraged, speculatively purchased multi-family portfolios, are transferred to more responsible owners.

2) **Cracking Down on Airbnb and Illegal Hotels.** Airbnb is fueling gentrification in many neighborhoods by incentivizing higher rents and helping to push out low-income and moderate-income residents. The city's Special Enforcement Unit created after the 2010 illegal hotel law was passed should be expanded and beefed up with additional resources. That unit should be cracking down on Airbnb and other companies that are illegally converting apartments into hotels. Airbnb's recent offer to pay more taxes in New York does not change the fact that it is driving up housing costs across the city. The Special Enforcement Unit could also examine SROs as potential sources of affordable housing.

Additional Strategies to Preserve and Enhance Real Affordability

In New York City, from 2002 to 2011, there was a 39% drop in the total number of apartments affordable to a family with an income at 200 percent of the federal poverty line.[1] That means that the city lost 385,000 units of housing affordable to low-income New Yorkers. The government-assisted share of the city's housing stock has been declining for many years. Additionally, much of the newly developed government-assisted housing stock is targeted at higher income New Yorkers through Low Income Housing Tax Credits. This is in comparison to the Mitchell-Lama and HUD Subsidized, deeply affordable, housing stock which has decreased over the years as landlords privatize their developments. Currently there are almost 100,000 Mitchell-Lama and HUD subsidized housing units left in New York city. Additionally, there are 80,000 units provided under the Low Income Housing Tax Credit program.

SROs are a critical part of the remaining affordable housing stock and housing of last resort for many low-income and working poor New Yorkers. Landlords harass tenants out with deteriorating living conditions among other means in order to convert the buildings for more profitable means, including illegal tourist rentals or lucrative contracts with city agencies to house the homeless. Landlords can afford to warehouse units for years until the building is empty when they can more easily convert the building or sell it for higher profits.

[1] Community Service Society, "What New Yorkers Want From the New Mayor: An Affordable Place to Live." Vic Bach & Tom Waters, January 2014.

Development of new affordable housing cannot be the only solution to the problem and preservation of affordable housing stock may be the most cost-effective step toward meeting the need for affordable housing. Below are recommendations for additional preservation strategies.

1. Preserve Mitchell-Lama Housing. HPD should develop a preservation plan to preserve the remaining city-supervised Mitchell-Lama developments. Additionally, the city should explore the usage of Article XI as a tool to bring former Mitchell-Lama developments under a regulatory framework, and when Article XIs are used as a Mitchell-Lama preservation tool, to ensure that the income targeting matches is neighborhood-specific and no Major Capital Improvements that are permitted while the owner is receiving an Article XI tax abatement.

2. Preserve Project-Based Section 8 Housing. The city should work with the United States Department of Housing and Urban Development to identify buildings at risk of loss of affordability and work closely with advocates to preserve those buildings as a long-term affordable housing resource.

3. Preserve Low Income Housing Tax Credit Units and Housing Development Fund Corporation's. Over the last number of years, the city has preserved affordable housing through LIHTC's and through HDFC's. However, many of the affordability restrictions are contained in complicated legal agreements between the owners and the City. The city should create a centralized searchable database which would provide the public with information about these units to ensure that the tenants and cooperators understand their rights. Additionally there should be increased oversight over owners to ensure they are meeting their low-income housing tax credit obligations. Lastly the city should develop a plan to address the end of affordability restrictions of the remaining LIHTC units and to ensure permanent affordability.

4. Preserve Single Room Occupancy Apartments. The city should (a) Stop rewarding SRO owners who harass permanent tenants out of their buildings in order to empty units for lucrative contracts with City agencies (DHS, HRA, HPD, etc. for upwards of $3,000/month) and preserve the housing as affordable permanent housing; (b) Explore solutions to warehousing SRO units; (c) Propose legislation to amend the law to increase the inquiry period for Certification of No Harassments from three to ten plus years.

5. Preserve Affordable Rent-Stabilized Apartments. To correct the high increases of the past years approved by a Mayor Bloomberg appointed Rent Guidelines Board, this Administration's Rent Guidelines Board should issue a rent guideline which provides for a rent freeze for two consecutive years. Additionally, the city should support the tenant movement in the 2015 rent law renewal campaign to repeal vacancy deregulation and reform the Major Capital Improvement System, the Preferential Rent system, the Individual Apartment Improvement System, the Vacancy Bonus system, and the Rent Control System as the means of raising rents to the decontrol threshold. HPD should work with DHCR to identify landlords who are deliberately violating the rent laws and to take action where necessary.

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STRENGTHENING NYCHA AND PRESERVING PUBLIC HOUSING

Mayor de Blasio should use every available tool to strengthen and preserve the 179,000 public housing apartments owned or managed by the New York City Housing Authority (NYCHA). At the least, the city should commit to:

1) An accelerated repair plan that ensures every resident the dignity of decent living conditions in their homes.
2) A long-term capital plan to catch up with the multi-billion dollar backlog in major infrastructural improvements.

Below are policy recommendations to help the city achieve those objectives.

NYCHA Funding Strategies

Preservation cannot be accomplished without the operating resources NYCHA needs to adequately maintain public housing, free of the stress of large, structural operating deficits from year to year. And it cannot be accomplished with insufficient capital to rebuild its aging infrastructure. Washington provides nearly all of NYCHA's funding at present, but it cannot be relied on to provide adequate funds for the foreseeable future. As a result, it is up to the city and the state to see that NYCHA has the resources it needs.

There are several ways this can be accomplished:

1. **NYCHA must retain all the operating resources it receives from HUD and resident rent payments.** The Authority is required to pay the City over $100 million annually, draining its limited operating resources and reserves, contributing substantially to its structural deficit.

    - **The Mayor should terminate the Memorandum of Understanding (MOU) under which NYCHA is now required to pay over $70 million annually for "special police services."** Under Operation Clean Halls, the NYPD provides similar services to private landlords free of charge. Residents should not be taxed twice for the municipal services they require. To his credit, the Mayor has already acted to relieve NYCHA of this year's NYPD payment, but the obligation should be permanently ended.

    - **The Mayor should exempt NYCHA from further PILOT payments (in lieu of property taxes) now amounting to $29 million annually.** Many nonprofit housing providers and institutions are already exempted from any property taxes.

2. **NYCHA must maximize the cost-effectiveness of its operating resources through strategic management reforms that produce cost-savings and improve services.** An internal review should identify where management reforms can best maximize efficiency

and eliminate waste. To reduce soaring utility costs, an energy management and efficiency plan should explore options for improving energy operation and usage, including co-generation systems that can generate revenues by servicing the surrounding community. Discussions with unions should identify where adjustments in work rules and rates can improve performance.

3. **The Mayor should press New York State to increase the public assistance shelter allowance.** About one out of six (17%) of NYCHA households receive some income through public assistance. The shelter allowance portion of the public assistance payment has not been increased since 2003—when it was set at $ 400 monthly for a 3-person household—despite the soaring rents that have followed since. In 2007, when the State acted to end discounted shelter allowances paid to NYCHA, the result was an increase in NYCHA's rental revenue stream of about $ 47 million annually.

4. **The Mayor should prepare a Ten-Year Capital Plan committing city capital funds to major infrastructural improvements in NYCHA buildings.** With a current capital improvement backlog estimated at $7 to 10 billion, and the prospect of only about $2.5 billion in HUD capital subsidies over the next 10 years, NYCHA must rely on city initiative to commit the capital necessary to restore and preserve NYCHA's aging buildings. One such source would be a dedicated revenue stream from ongoing Battery Park City excess revenues, which were intended for rehabilitating and developing affordable housing in other neighborhoods. The Mayor should also be a strong advocate for emerging opportunities to draw down capital funds from the State and from federal trust funds, which can be incorporated into the planned capital budget.

NYCHA Community Development Options

Land available in NYCHA communities, which is increasingly scarce elsewhere, can be a major potential resource for fulfilling the Mayor's affordable housing plan—but only if there is a community consensus on how its planned future is shaped. Experience under the recent NYCHA Infill/Land-Lease Initiative has been negative. The Mayor has done well to scrap plans that have been submitted to date and go back to the drawing boards. Any future plans for redevelopment in NYCHA communities must respect the following principles:

1. **Effective community engagement must be part of the planning process from the start, to decide whether and how development will proceed in the community.** Affected NYCHA resident organizations, community boards, and other key stakeholders must be included in planning the community's future. The Mayor's preservation plan should innovate an effective model for community engagement, one that can serve as a model for other cities. (Lessons learned from Participatory Budgeting NYC could be informative here both for planning a process and for allowing residents to engage more deeply.)

2. **NYCHA must comply with ULURP, the Uniform Land Use Review Procedure.** ULURP is the prevailing city standard for community review of development plans. It must be observed so that the affected community has a clear voice in the process.

3. **Residential development in NYCHA communities must, to the maximum extent feasible, be affordable to low-income New Yorkers (within twice the federal poverty level) and it must offer on-site NYCHA residents priority access to new units.** Many resident leaders have spoken to the particular needs of senior residents. Providing them with new apartments within the community could also open up a good many under-occupied NYCHA apartments, making them available to larger, overcrowded households and to disabled residents as well. Disabled residents could be provided with new apartments that are more accessible (on lower floors).

4. **Where the community sees fit, appropriate zoning strategies should be considered to protect NYCHA communities and residents from unwanted development.** For example, special preservation zones have been used in the past to help preserve the fabric of existing developments.

NYCHA Transparency and Accountability

NYCHA residents have experienced abysmal living conditions for too long, as the Authority's operating budget and workforce have shrunk under deficit pressures. Part of the problem has been the Authority's control over how its finances are presented for public deliberation—for instance, NYCHA was running large operating deficits since 2001 before it made them public in 2006. Another large part of the problem is NYCHA's insulation from the regulations, procedures, and rights that help protect tenants from condition deficiencies in multiple dwellings outside of public housing. In that regard, NYCHA is a world unto itself. What is known of NYCHA repairs, its responses to resident complaints is what the Authority chooses to include in press releases. Several steps need to be taken to make NYCHA more transparent and accountable, so that government action can be more responsive to the Authority's actual financial condition and to deficient physical conditions that residents face daily.

1. **An independent, annual audit and analysis of NYCHA's financial condition should be publicly available prior to Council budget deliberations each year.** City Council does well with the information it receives from NYCHA and from its staff, but much more needs to be done to provide an unbiased, reliable, consistent analysis from year to year.
2. **An independent, annual management audit of NYCHA living conditions and repair activity should be publicly available prior to Council budget deliberations each year.** Other than NYCHA press releases, it is difficult to obtain accurate, reliable, unbiased information about outstanding deficiencies and the Authority's efforts to address them.
3. **An independent "repair watch" should be developed to allow residents and the public to track NYCHA progress in making repairs.** In 2013, then Public Advocate Bill de Blasio created an on-site resource for monitoring repairs. Perhaps that should be an ongoing task for the current Public Advocate Letitia James.
4. **NYCHA resident complaints should be integrated with the city's "311" system available to tenants in other multiple dwellings.** As things stand, NYCHA residents calling "311" are told to contact the NYCHA Centralized Call Center, where an

appointment is made for repairs, often a year or more in advance. As a result, resident complaints are not systematically registered or reported as they are in the 311 system and HPD code enforcement is not alerted. The process is completely internal to NYCHA, allowing serious condition deficiencies to go uninspected and unreported (unless the resident initiates court action.**)**

5. **NYCHA code violations must be included in the data bases maintained by HPD and by the Department of Buildings (DOB).** Under an "informal" agreement among the relevant agencies, NYCHA code violations, when they are uncovered, are not recorded by HPD or DOB, thereby insulating NYCHA from the public attention and scrutiny that private landlords receive. NYCHA's responsibility to its 500,000 residents, whose complaints are now quarantined within the Authority, calls for similar transparency and accountability if inadequate living conditions are to be fully addressed.

NYCHA Resident Associations

About one third of NYCHA's 343 developments have no resident association representing them. Existing resident associations are often small in number and weakly organized. If NYCHA is to partner with residents in improving conditions, in exploring community development options, in moving forward on a variety of preservation initiatives, it must have strong, well-informed, well-organized resident partners to work with. We recommend:

1. **NYCHA must see that resident leaders move forward to train, organize, and strengthen their associations. Initiatives should be taken to form and train resident organizations in developments where they don't exist.** The resources for carrying this agenda out are available, if resident leaders make use of TPA (Tenant Participation Activity) funds allocated by HUD since 2003 specifically for that purpose. To date an estimated $17 million in TPA funds remain unexpended, which can be used to contract qualified outside organizations to provide technical and organizing assistance. If TPA funds are not tapped, the City and/or NYCHA should provide the needed support.

2. **NYCHA must encourage resident leaders to participate in the broader community outside NYCHA, where they can find important resources that could increase their strength.** Too often NYCHA resident leadership insulates itself, relying primarily on the Authority for needed information and resources. Linkages with community boards, neighborhood housing and service groups, legal and policy advocates, technical assistance providers, as well as liaison with local elected officials, can be important sources of advice and outside support for resident agendas.

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REDUCING AND PREVENTING HOMELESSNESS

1. Prioritize Existing Federal and City Housing Resources to Move Homeless Families and Individuals From the Shelter System into Permanent Housing.

The City should:

- Resume priority referrals of at least 2,500 eligible homeless households per year to the NYCHA public housing waiting list.
- Resume referrals of eligible homeless households to Section 8 voucher waiting lists, such that homeless households can obtain at least one of every three available vouchers.
- Reinstate the NYCHA waiting list priority status previously granted to homeless applicants for both the public housing and Section 8 voucher programs.
- Target to homeless families and individuals at least one of every five vacancies in existing housing units assisted by the NYC Department of Housing Preservation and Development.

2. Create a New City-State Rental Assistance Program for Homeless New Yorkers to Supplement Existing Federal and City Housing Resources.

Such a program should:

- Assist at least 5,000 households annually;
- Offer at least five years of rent subsidy per eligible household;
- Be otherwise modeled on the proven Federal Section 8 voucher program (this includes provisions that rent subsidies are not linked to welfare benefits; program participants pay no more than 30% of their income towards rent; apartments must meet Section 8-style housing quality standards; and rent levels are in line with Section 8 "Fair Market Rents");
- Provide a mechanism to ensure housing stability for those homeless households with members with disabilities or other barriers to employment who cannot otherwise afford to retain housing after the five-year subsidy has expired; and

3. Create New Affordable Housing Targeted to Homeless New Yorkers as Part of Mayor de Blasio's Ten-Year Housing Development Plan.

Building on the successful approach of Mayor Koch's ten-year "Housing New York" plan, which targeted 10% of the 150,000 apartments created to homeless New Yorkers, Mayor de Blasio's new ten-year plan should:

- Allocate at least 10% of all housing units created or preserved to homeless families and individuals; and
- Ensure that those housing units are set aside for future homeless New Yorkers when tenants leave those apartments.

4. Negotiate a New City-State Agreement to Create Permanent Supportive Housing.

The new "New York/New York Agreement" agreement should:

- Create 30,000 units of permanent supportive housing over ten years for homeless individuals and families living with mental illness and other special needs, in particular homeless individuals residing on the streets and in other public spaces;
- Half of the new supportive housing units should be new construction, and half should be scattered-site apartments; and
- Two-thirds of the units (20,000 units) should be for individuals, with the remaining one-third of units for families (8,700 units) and youth (1,300 units).

5. Revert "Cluster-site" Shelter Units Back to Permanent Housing

The City can convert "cluster-site" shelter units back to permanent housing to help significantly reduce the number of homeless families:

- Move homeless families stranded in "cluster-site" units to permanent housing with priority referrals to federal housing programs.
- Provide City-State rent subsidies to allow families in "cluster-site" units that meet Section 8 quality standards to secure leases for the very apartments in which they already reside.
- Finally, the City should commit to a definitive public timeline to reduce – and ultimately eliminate – City reliance on "cluster-site" shelter while instituting strong deterrence measures to safeguard against the harassment of tenants in former "cluster-site" buildings by property owners.

6. Invest in Cost-Saving Programs to Prevent Homelessness

To better prevent homelessness, the City should:

- Coordinate prevention services among prevention agencies so that at-risk families and individuals know where to go to get help.
- Enhance funding for anti-eviction legal services to help many more low-income tenants avert eviction in housing courts.
- Increase funding for rent arrears, which will ensure that more families can avoid costly emergency shelter and remain in their own homes.
- Negotiate with the State to administer the Family Eviction Prevention Supplement (FEPS) program at neighborhood welfare offices and/or other sites, to make the FEPS benefit more widely available to at-risk families.
- Seek immediate approval from the State to increase FEPS subsidy rent levels equivalent to those in the Section 8 program. Remove restrictions that prevent families from accessing the FEPS subsidies, such as the requirement that the family be sued in Housing Court, exposing them to inclusion on the "Black Lists" at tenant screening bureaus.
- Support State legislation to expand access to the Disability Rent Increase Exemption (DRIE) program by including families with a family member with disabilities who is not head of household (i.e., minor and adult children); all military veterans with disabilities; and former workers and disability income recipients with incomes up to $29,000 per year.

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