

TOWARD A 21ST CENTURY CITY FOR ALL



PROGRESSIVE POLICIES FOR
NEW YORK CITY IN 2013
AND BEYOND

Housing Policy for a Strong and Equitable City

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New Yorkers feel a widening inequality gap in many aspects of our lives, but one of the most keenly felt is the growing lack of affordable housing. Housing is almost always the biggest fixed expense. Burdensome housing costs – rent, mortgage, utilities, and insurance – zap our upward mobility, take a toll in the form of more hours at work, less time and money for other purposes, or worse credit ratings. Conversely, living in affordable housing makes for strong, stable neighborhoods where people can commit to and invest in their community and themselves. It is much easier to put together the pieces of a family's economic puzzle with an affordable rent or mortgage.

While New York City is constantly transforming itself, which contributes to its vibrancy, our neighborhoods also need another factor: a more resilient civic and social infrastructure so that their residents can be part of and guide that change. With stable, affordable neighborhoods, residents can become true stakeholders, forge alliances, and transform their communities in a more equitable direction.

Fortunately, as great and intractable as the affordable housing challenge may seem, housing is one area where city government has and can continue to have an enormous impact. The recent death of Mayor Ed Koch serves as a reminder of the enormous impact of his ten-year housing plan, which took on what seemed like the unimaginable challenge of revitalizing and redeveloping the tens of thousands of units of housing in New York City's abandoned and distressed neighborhoods. But by cultivating skilled not-for-profit groups, over 100,000 units of highly-distressed city-owned housing was renovated. This renovated housing became the physical basis for the extraordinary revitalization of dozens of the city's most distressed neighborhoods in the 1990s.

Mayor Michael Bloomberg's ambitious affordable housing plan largely built on the hard-won success of the Koch plan. But times have changed and we now face different challenges. The Bloomberg plan got much right, but at the same time, it got much wrong. This chapter reviews the key areas of Mayor Bloomberg's affordable housing plan and suggests where the next mayor can improve upon its contribution toward a more equitable city. While the city needs to continue to build housing and revitalize neighborhoods, it must also maintain New York as a place where people who do not have high incomes or wealth can still afford to live.

The next mayor faces the challenge of using the significant power that he or she has over housing and land use policy to formulate a multi-faceted plan to address inequity and strengthen neighborhoods through an ambitious affordable housing program. Areas where the mayor has the most power and can have the greatest impact include:

- ↳ Equitable zoning with mandatory affordable housing;
- ↳ Affordable housing development that stabilizes communities;
- ↳ A strengthened New York City Housing Authority; and,
- ↳ Protection of single-family homeowners at risk of foreclosure.

1. The Current Affordable Housing Crisis in NYC

Struggles over land development and affordable housing policy have long been a focal point for social cleavages in New York City. Not only do they have huge consequences in and of themselves, but they are a key domain for larger fights about power and control of the city. From the rent-strike and anti-eviction movements of the 1930s, to the creation of New York's system of rent control in the 1940s, to the movements against "slum-clearance" in the 1950s and 1960s, to the modernizing of rent regulation and the struggles over neighborhood disinvestment and community development of the 1970s, to the Koch housing plans of the 1980s, and now the Bloomberg housing policies of today, housing conflicts have been defining aspects of New York City's political development.

New York City has been locked in a housing crisis for much of its history. The city is currently in its fifth decade under a declared "housing emergency" and more than 40 years with vacancy rates below 5 percent. The residential housing market (an estimated 4.4 million units) has little space to accommodate additional influx of residents, as illustrated when the city's vacancy rate dropped to a low 3 percent after Hurricane Sandy (Furman Center for Real Estate and Urban Policy 2011).

It can seem that the city has a permanent affordable housing crisis because it is so deeply rooted in the physical layout of New York City. The population grows, but the city's physical boundaries do not. As such, the city cannot sprawl its way out of the housing crisis. Instead, New York struggles over scarce land and housing resources, fighting whether to preserve or replace what is there, or change policy to build more densely, all the while asking the question, "for whom are we building?"

It is not enough to simply build more market rate housing in hopes of eliminating the housing burden by supplying more than the demand. From 2000 to 2010, the population of New York increased by 2.1 percent, while the U.S. Census reported that the number of occupied housing units increased by more than twice that amount, 5.3 percent (U.S. Census and American Community Survey 2000 and 2010). If we could build our way out of our affordability crisis, the ratio of housing costs to income should have gone down during this period. However, average rents and the share of income spent on rent both increased well above inflation over the same period.

Our affordability crisis has thus worsened during the Bloomberg administration. Rents have increased above inflation. The median gross rent went up 23 percent in nominal terms in 2011 over 2002 and 2 percent after adjusting for inflation (NYC Housing and Vacancy Survey, 2002 and 2011). The proportion of income that residents spend on rent increased from 29 to 34 percent (*Ibid*). And while approximately a

quarter of New York City households paid at least 50 percent of their income in rent in 2002, about one-third does that now (*Ibid*). Housing prices have risen even faster. The median sales prices for two- to four-family buildings increased nearly 30 percent between 2000 and 2011 and jumped up over 75 percent for buildings and condominiums for families of five or more (Furman Center for Real Estate and Urban Policy 2011). This has made it increasingly difficult even for middle-class households to be able to buy their own homes. In short, New York City needs to do more than just build housing to address the city's growing affordable housing problem. The city needs to build the right housing. This will be all the more true in the coming years if trends bear out the Department of City Planning's (DCP) projection that the city's population will rise to nine million residents by 2030, requiring a net gain of 318,500 housing units, with 250,660 of those units affordable to low- and moderate-income households, including 95,500 affordable to the lowest-income (less than 30 percent of area median income (AMI)) households (Imperatrice et al. 2012). To state the obvious, the city's impressive past commitment to affordable housing has not diminished the increasingly unaffordability of living in New York City.

As a result, today's New Yorkers at every income level are experiencing growing stresses around paying for housing. The city needs affordable housing for the new immigrants who keep the city growing and the small business sector thriving. Workers of the many low-wage manufacturing and service jobs need a place to live. Students need affordable apartments to pursue their higher education and start their careers and put their knowledge to use afterward. Moderate-income professionals – police, nurses, teachers, and non-profit employees – are essential to the economy and society, and must also be able to find a place within the five boroughs. Even high-income professionals face the pressure of exorbitant housing costs as they measure all the expenses of making a life in New York City.

Unquestionably, the housing cost burden is most severe for the many low- and moderate-income New Yorkers who are paying more than half of their income to rent (American Community Survey 2011). This burden has a drastic impact on the families that must scramble day-to-day just to stay in place by using up resources to pay rent that could be used to move forward in other aspects of their lives. The lack of affordable housing options reinforces other neighborhood inequities by limiting the economic and geographic mobility of low- and moderate-income people. The next mayoral administration needs to take new steps to break this cycle.

A part of the housing stock, of course, is somewhat cushioned from these market trends. Nearly 47 percent of the city's residential units, or 61 percent of all rental units, are either rent regulated or subsidized (NYC Housing and Vacancy Survey 2011). Rent control, rent stabilization, New York City Housing Authority (NYCHA) public housing units, units built with Low-Income Housing Tax Credits (LIHTC), project-based Section 8, and Mitchell Lama rental units are just some of the regulations or programs that make up the non-market rate rental units. The pressure on the remainder of the rental housing stock is thus redoubled, but they have affected the regulated sector as well.

2. Reforming the Current Affordable Housing Development Program

Preserve and strengthen rent regulations

Rent regulation is the single most important and effective affordable housing program in New York City. The city's rent regulations come out of the 1942 federal Emergency Price Control Act, which regulated housing prices during World War II. The authority was then turned over to the states through the Housing Act of 1949 and was then further extended by the Emergency Tenant Protection Act of 1974. Currently rent regulation laws are administered by New York State Division of Housing and Community Renewal (DHCR) and generally apply to buildings built after 1947 and before 1974 (Tenants and Neighbors).

Most affordable housing was privately built and is privately maintained under rent control and rent stabilization. The ubiquitous rent-regulation restrictions help to keep those apartments reliably affordable. In recent years, however, loopholes have allowed 15,000 units of regulated housing to exit the system each year because of "high-rent decontrol." Correcting this is far and away the most important affordable housing policy issue that the new administration must address. Unfortunately, because of the Urstadt Law, a state law which denies New York City home rule over rent regulation, the mayor has little direct control over rent regulation. However, he or she can play an important role by leading the lobbying effort to restore home rule to the city by repealing the Urstadt Law and, until this is accomplished, fighting in Albany for strengthened rent regulations. Mayor Bloomberg has ignored this opportunity, to the great detriment of the city. The next mayor must not.

Break the expiring use cycle with permanently affordable housing

Currently, the city only builds housing where rents are restricted and incomes limited for a set period of time, usually 30 years. The Mitchell-Lama crisis of recent years illustrates the position in which the city finds itself when these limits expire. The City faces a lose-lose situation: either vital, affordable housing disappears or the City must overpay to preserve affordability under market conditions where owners could otherwise cash-in on luxury rents.

Many localities across the country have developed financing and regulatory tools that New York City could use to achieve permanent affordability. For instance, the city could:

- ↳ Require that any new affordable housing project that utilizes city-owned land commit to a 99-year affordability covenant.
- ↳ Authorize the state and city of New York to have a "purchase option" in any affordable housing project developed on public land, a public subsidy, or tax abatement or zoning density bonus.
- ↳ Create a new property tax abatement and require a mandatory extension of the project's affordability restrictions if the abatement is made available when the initial term expires.

The next mayor will face another expiring-use crunch as rent constraints begin to expire in the affordable housing units developed under Mayor Koch's 10-year housing plan. While affordability has generally been extended under the New Housing Marketplace Plan, this only delays the next expiring-use crisis,

not avoids it. We should not create yet another short-term affordable housing plan. Affordable units are a public investment that should be protected and preserved permanently.

Since affordable housing development is varied, there is no one-size-fits-all approach to permanence. The mechanisms and policies used to achieve long-term affordability will vary by program, funding source, and developer. Most important is that the next mayor embraces permanent affordability as a core principle that guides all publicly subsidized housing projects.

Enact equitable zoning with mandatory affordable housing

Mayor Bloomberg's administration aggressively pushed to rezone numerous neighborhoods. Administration-led redevelopment initiatives included more than two dozen area-specific plans in all five boroughs and nearly 100 rezonings from 2005 to 2010. It promoted large-scale developments like Atlantic Yards, Hunter's Point South, Hudson Yards, and more in all parts of the city.

As a part of this process, large city blocks or entire neighborhoods were rezoned in many communities. These zoning changes altered the type and density of developments allowed in neighborhoods. Manufacturing or industrial areas were converted to commercial or residential corridors. And low and moderate density communities were green-lighted for higher density towers. These Bloomberg championed rezonings have facilitated the development of more than 100,000 new units of housing across the city.

But these rezonings produced very few benefits for low- and moderate-income New Yorkers. After a significant community mobilization, the Bloomberg administration agreed to a system of voluntary inclusionary zoning in 2005, which allowed developers to opt in to receiving additional zoning footage in return for building affordable housing onsite or funding affordable housing offsite. Voluntary inclusionary zoning was a significant neighborhood victory and policy step forward for the city, but it has not produced nearly as many units as the city needs, or as it should be gaining in return for the value granted to the developer through the rezoning.

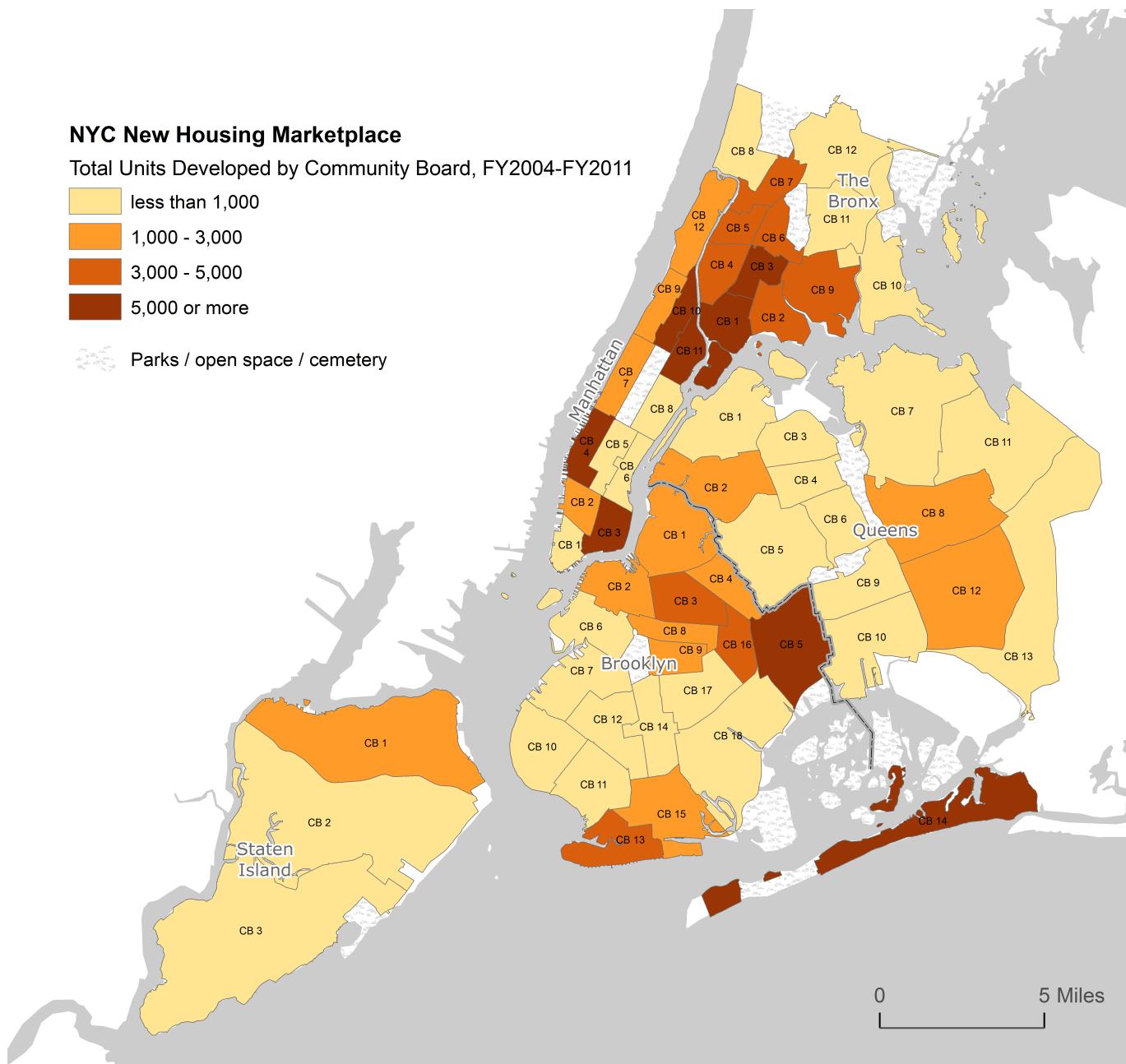
These Bloomberg rezonings created enormous increases in the value of the rezoned land for the owner and/or developer. As real property moves from low-density to a higher-density, its value will increase in large part due to the land's higher potential income. A higher-density property can support a greater number of tenant or owners on the same size land parcel, and therefore presents a greater possible income for the owner in rents or for the developer in sales. City officials often failed to recognize that their rezoning decisions immediately put money into owners' pockets by upping the land values. These increased land values are currently simply given away, generally with no public benefit. The city actions that result in increased land values should also result in a benefit to the public – both to New York City residents as a whole, and especially to the local neighborhood that will inevitably be impacted by the zoning changes.

Furthermore, instead of relieving neighborhoods' housing shortages, many of the Bloomberg rezonings instead fueled an upward spiral in the cost of local real estate. These increased land values are making it more and more difficult for long-time residents to afford to live – either as renters or homeowners – in their communities.

In order to ensure that development does not squeeze out affordable housing or price residents out of developing communities, the city should adopt a mandatory inclusionary zoning policy. This policy would establish a binding commitment from developers that a substantial portion of residential development projects be made affordable for the neighborhoods' longtime residents.

New York City's current Voluntary Inclusionary Housing Program (IHP) program offers an "optional floor area bonus in exchange for the creation or preservation of affordable housing, onsite or offsite, principally for low-income households." Developments participating in IHP are required to set aside a percentage of the dwelling units within a building or rehabilitate affordable units offsite within the same community district or within one-half mile of the development, and all affordable units (typically 20 percent of the total units) created through IHP must remain permanently affordable.

Figure 1: Number of Units Developed in the “New Housing Marketplace” Program by Community District



This voluntary program has created a number of affordable housing units. In the five years between 2005 and 2011, it led to the building of an estimated 1,900 affordable units. However, this is less than two percent of the more than 100,000 units developed under the Bloomberg administration's rezonings and is a far cry from the 10,000 units of affordable housing the city was projecting would be generated from IHP. Furthermore, these IHP units do not come close to replacing the average of 6,500 rent stabilized units that were lost to the market each year from 2005 to 2008 (U.S. Department of Housing and Urban Development n.d.).

Critics point to a number of key challenges with the city's current Inclusionary Housing Program. Since the program is voluntary, many developers have opted out of participating, generating far fewer affordable housing units than the city expected and far fewer than neighborhoods need. Developers who do participate in the program receive an incentive (a density bonus) for building or preserving affordable units from the city, but then are also granted a "double-dip" – access to the limited public subsidies available to create affordable housing, which are often utilized by not-for-profit community developers.

While the Inclusionary Housing Program is a step in the right direction, a voluntary policy should be a starting point, not an ending point. The pace and scale of development across New York City is leaving low-, moderate-, and even middle-income residents with heavy housing cost burdens and struggling to find affordable homes. Boston, Denver, Colorado, Sacramento, San Diego, San Francisco, and Washington D.C. have all adopted mandatory inclusionary zoning laws. New York should now do so as well. The next mayor should implement a Mandatory Inclusionary Zoning policy that applies to all rezonings that result in a substantial increase in residential housing. Developers would be required to set aside a percentage of the total building's square footage as affordable housing. This Mandatory Inclusionary Zoning policy will be critical to the city's affordable housing production. Assuming the growth and development of the past 30 years continues, New York City could reasonably generate a rate of 4,000 affordable units per year by instituting mandatory inclusionary zoning, yielding approximately 32,000 units over the next eight years. Depending on the structure of the policy and the number of rezonings, this number could be even higher.

The booming real estate market is not a lucky happenstance. It is the product of generous city policies, such as tax exemptions and zoning changes, which enable developers to profit handsomely from building expensive housing. And it is also a result of people wanting to live in the New York City of today – the New York City that was revitalized by community groups and citizens who cannot afford the housing created by this booming market. It cannot be incumbent upon the city alone to produce affordable housing development. Private developers must take on some of this responsibility as well. In order to ensure affordable housing opportunities for generations to come, the city must put in place a Mandatory Inclusionary Zoning policy.

Target affordable housing development to stabilize communities

Mayor Bloomberg's affordable housing development plan, the New Housing Marketplace (NHMP), is an impressive achievement that took great strides towards creating affordable housing opportunities for residents. It is on track, and will almost certainly meet, its goal of developing 165,000 units of affordable housing for New York City. This is an important achievement. But our communities need the city's

commitment to the “affordable” in “affordable housing development” to be as ambitious as its commitment to the “development.”

Despite the thousands of housing units created and the multi-billion-dollar investment, the Bloomberg housing production plan was implemented with significant flaws that undermine the actual impact of the investment on local neighborhoods. The future leadership of New York City must take into account the lessons of this experience in order to develop a more effective affordable housing production policy that brings greater impact on local communities and greater value for the taxpayer investment.

The NHMP’s weaknesses are not in the number of units created, but rather in how well these units match the real affordability needs of New York City communities. While the plan has committed to, and developed, a significant number of affordable housing units, about two-thirds of NHMP units are actually too expensive for the majority of local neighborhood residents.

The New Housing Marketplace’s singular focus – the 165,000 unit goal – has eclipsed the broader mission of creating truly affordable housing opportunities that meet the needs of low- and moderate-income New York City residents. These factors must be to be taken into account in future city affordable housing policies and programs. Specifically:

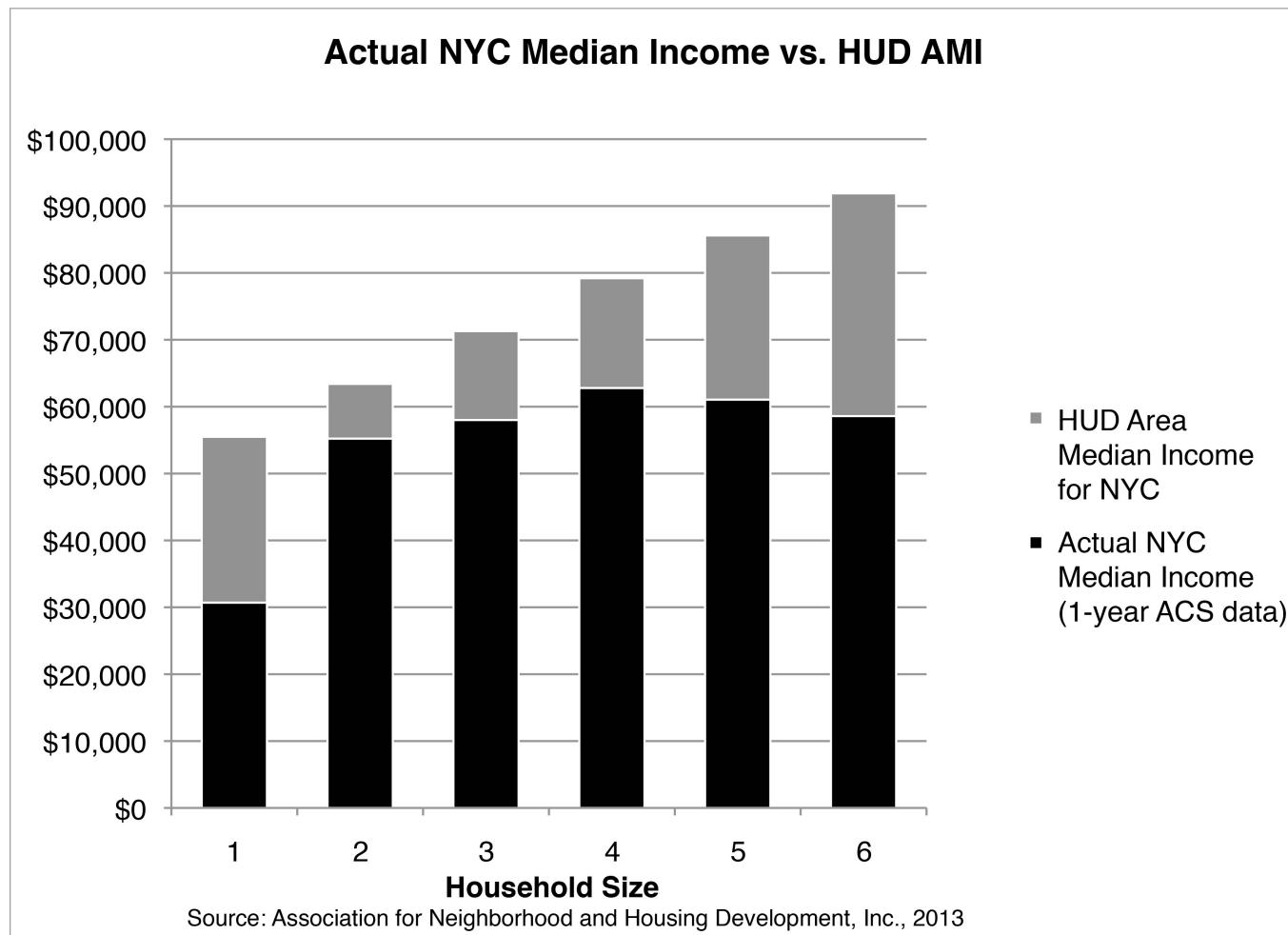
- ↳ The rent and income levels of future affordable housing developments, while still serving a wide range of households, should be better targeted to community need.
- ↳ Future affordable housing should be affordable in perpetuity – the city should not invest in short-term affordability when it can provide affordable housing for this and future generations for little-to-no additional public subsidy.
- ↳ The city needs to continue to build a wide range of apartment sizes – targeting large and small families, as well as non-family households and individuals living alone.
- ↳ The city should view housing development not just as providing units, but as comprehensive developing neighborhoods and communities with such amenities as affordable retail options, community services, and environmentally friendly elements whenever possible.

The Depth of Affordability, or the household income necessary to qualify for an affordable housing unit, is perhaps the most striking shortcoming of current affordable housing development program. Local housing advocates have frequently noted a stark mismatch between the asking rents in units produced by the city and the ability to pay by the residents in the communities they serve. The New Housing Marketplace makes no distinction between the value of a unit that targets a family of four earning their lower household income target, \$24,900 (30 percent of U.S. Department of Housing and Urban Development (HUD)-determined Area Median Income, or AMI) and a unit that targets a family of four earning their highest household income target, \$136,950 (165 percent of HUD-determined AMI). Under the current measure of a per-unit count, these two NHMP apartments are equally applauded. A result of this policy is that much of the New Housing Marketplace has been geared toward the wealthier half of New York City.

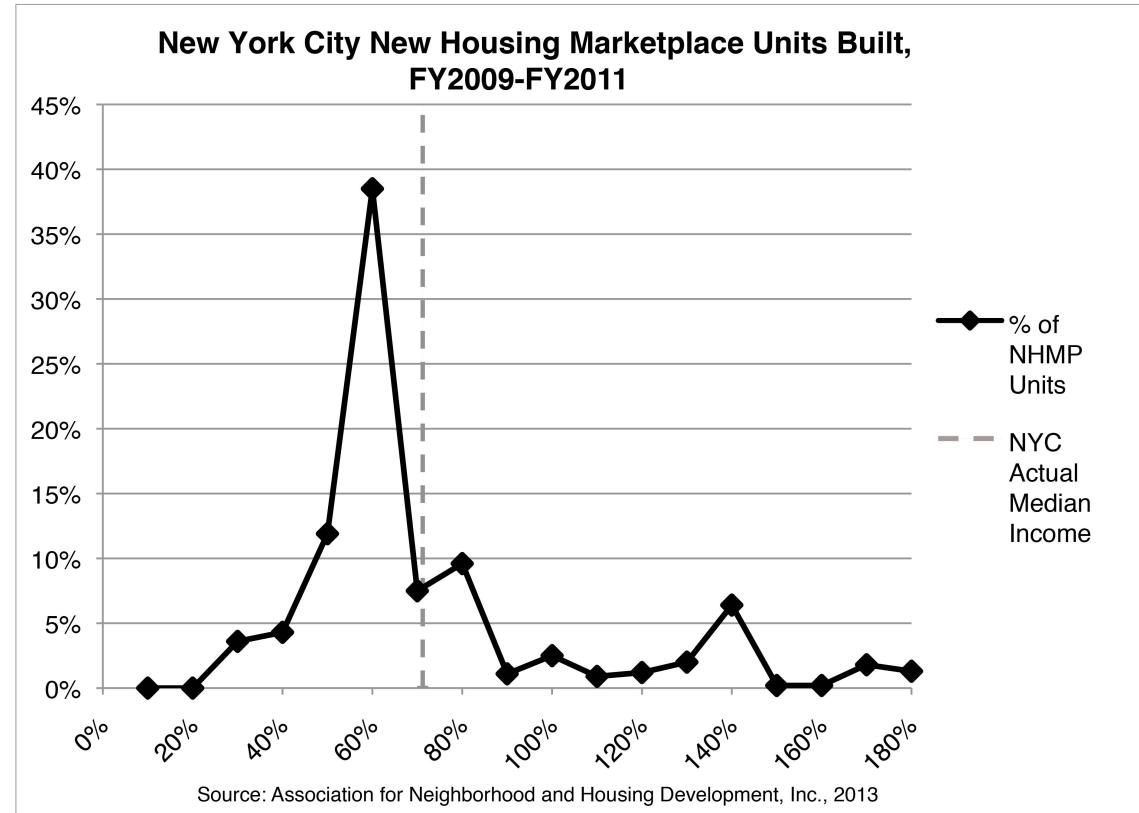
While the NHMP might claim to have created housing for low- and moderate-income New Yorkers, it is imperative to look at what the terms “low- and moderate-income” actually mean in relation to actual New Yorkers. In 2010, the median household income for New York City was \$48,743 or 71.2 percent of AMI for an average-sized household (AMI is a statistic derived from a complicated HUD formula, and bears

little resemblance to the actual median income of New Yorkers) (U.S. Census Bureau Decennial Census 2010). As such, according to the New Housing Marketplaces' categories, over half of New York City households were "low-income" in 2010. Likewise, two-thirds of New York City households made less than \$75,000, and would be considered below the NHMP's "moderate-income" limit of \$82,147 (*Ibid*). Housing labeled as "middle-income" (120 percent to 180 percent of AMI) is actually reserved only for a subset of the top one-third of New York City households. The upper limit of "middle-income" is currently set at 165 percent of AMI, \$112,952 for the average-sized household, or \$130,680 for a family of four (Association for Neighborhood and Housing Development 2013).

Figure 2: Actual Median Income by Family Size Compared to HUD's Median Income Measure



The two charts below capture the disconnect between the affordability of NHMP units built compared to the actual incomes of New York City households. Figure 3 shows that most New York City households are at the bottom end of the income scale, especially at the 10 percent to 40 percent AMI levels. It also shows the difference between the HUD-defined median income level (100 percent AMI) and the city's actual median income (vertical line). Figure 4 depicts the units built under NHMP. While there is a substantial spike of units at the 60 percent AMI level, few NHMP units are aimed at the large share

Figure 3: New York City Population by Income Bracket (in % of “Area Median Income”)**Figure 4: New York City New Housing Marketplace Units by Income Bracket**

of residents that earn less than 50 percent AMI. This is despite a substantial amount of housing being built for the small share of higher-earning households. Over 5 percent of the NHMP has been built for the 2.9 percent of New Yorkers at the 140 percent AMI level – more housing than has been built for the 8 percent of New Yorkers at the 30 percent AMI level, despite this population having much more need and much less access to affordable housing options. This figure illustrates why housing built and hailed by NHMP often does not meet the needs and expectations of communities (*Ibid*).

As a result of this mismatch, about one-third of the publicly-subsidized housing units under the NHMP between FY2009 and FY2011 were available to the wealthiest half of New Yorkers. Furthermore, this mismatch becomes even starker at the community level. We estimate that out of the 38,670 units developed NHMP between FY2009 and FY2011, only about a third of them were actually affordable to households making the median income or below for the typical household in their neighborhood. Two-thirds of our affordable housing is actually unaffordable to most neighborhood residents.

This disparity is greatest in the city's lowest-income communities. These areas have historically experienced disinvestment and blight and are home to many of the city's lower-earning residents. Because of this history of disinvestment, they tend to be the areas with the most vacant land and development opportunities, and hence, where the most affordable housing has been built. Because of the extremely low household incomes in these neighborhoods relative to the area median income, however, the city-subsidized housing developed is often unaffordable to the overwhelming majority of these residents.

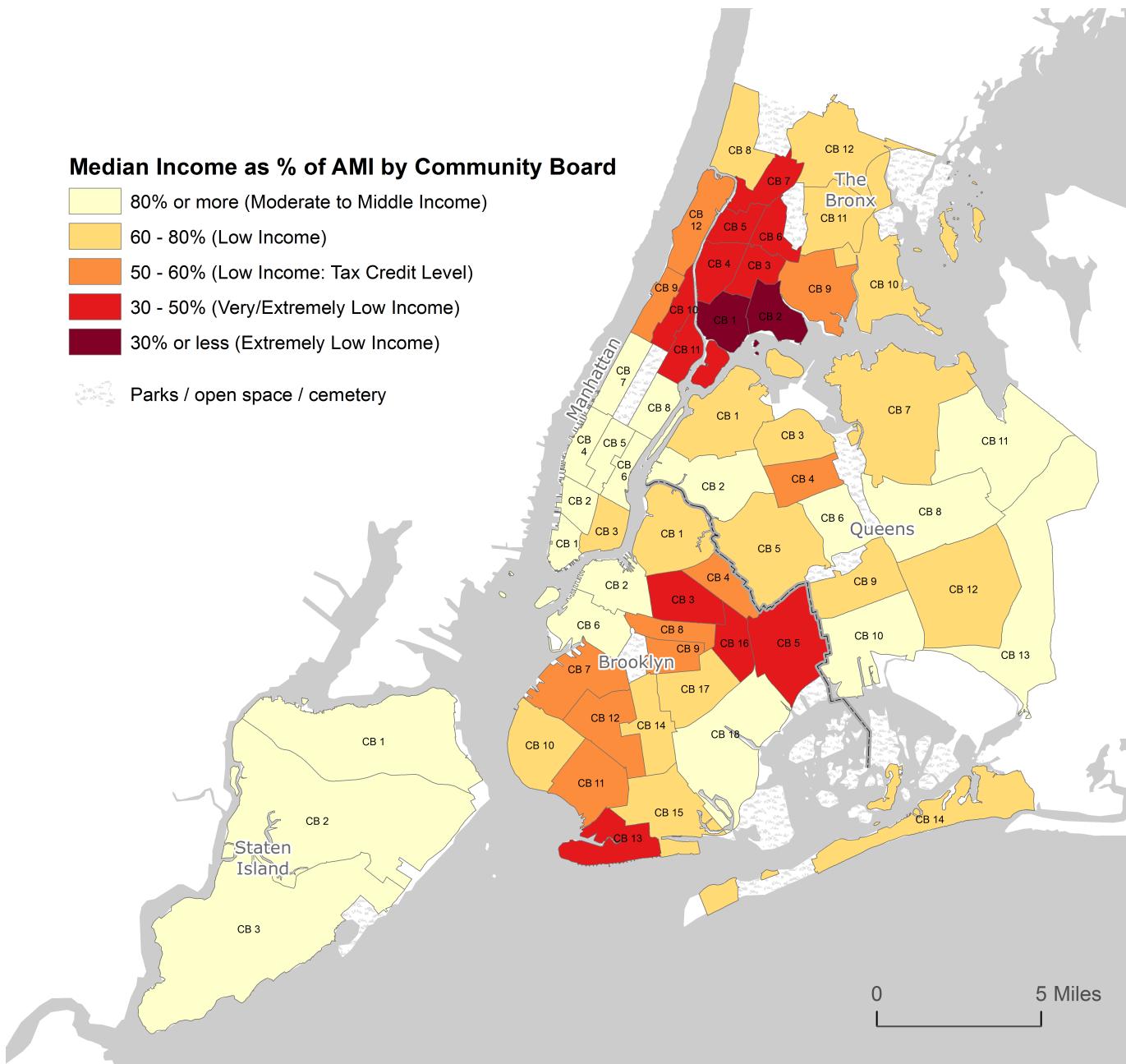
For example, in New York City's poorest borough, the Bronx, most of the units built under the early years of the mayor's plan were targeted to households making less than 80 percent of AMI. However, in Community Districts 1-6, where almost three quarters of the affordable housing in the Bronx was built, the median household income is less than 40 percent of AMI, meaning the average household does not make enough money to qualify for the vast majority of affordable housing that has been constructed under the New Housing Marketplace in their neighborhood.

It is not easy to build for very low-income families in New York City. Operating and construction costs are high, and make it difficult to support a building consisting entirely of tenants paying very low rents. Furthermore, the financing programs used to build most of our affordable housing are constrained by the current federal, state, and city policies and programs that fund affordable housing development, notably the Low Income Housing Tax Credit (LIHTC) program. The housing built under the New Housing Marketplace is, in many ways, reflective of these constraints. And given these limitations the affordable housing community has done an admirable job of trying to reach the needs of our low-income residents.

However, the sizeable portion of our communities that have long been priced out of market-rate housing is now being priced out of the affordable housing market. The city's housing policy should align with the needs of New Yorkers. The solution cannot simply be to leave these families behind without affordable housing opportunities. Nor is it sufficient to rely solely on the federal government to house the millions of New York's very-low income residents. Instead, buildings in higher-income neighborhoods have rents that can support the operating costs of lower-income housing units. And further thinking is needed on how income-mixing in buildings can be better used to cross-subsidize larger numbers of units affordable

to the one-third of New Yorkers who make less than 40 percent of AMI – a level that is widely considered too low to support a building on its own.

Figure 5: Median Income of Residents vs. HUD-set Income, by Community Board



There is a clear need for more housing options throughout the city, across all income levels. However if these options aren't affordable, the “affordable housing” is simply “housing.” The city should not use taxpayer subsidies to build housing unaffordable to the local community – indeed unaffordable to the majority of New Yorkers overall – and then call it “affordable housing.”

The next administration must address the disparity between the inflated income levels that the city uses to construct deals and the actual incomes of New York City residents, especially in the communities where this housing is being built. The city will not address its affordable housing crisis if it continues to prioritize subsidized housing too expensive for most New Yorkers.

Building housing for local families is not a new idea and is in line with current city practices. It is the city's long-standing policy to reserve half of all available units in a new development for people living in the neighborhood. If we are reserving affordable housing for local residents, we need to make sure that housing is actually affordable to local residents.

In many neighborhoods, this policy will be financially sustainable. In some very low-income neighborhoods, it will be a challenge. The low rents needed in very low-income communities are not sufficient to cover the high construction and operating costs associated with building subsidized affordable housing. The city needs to meet this challenge by income-mixing to a sustainable operating level in these very low-income neighborhoods, and offsetting the loss of deeply affordable units in other, higher-income neighborhoods. The next mayor should:

Establish a mandatory affordability policy, such as the one through the Inclusionary Housing Program, which leverages market-rate income streams that can generate low-income housing for households below 40 percent AMI in order to reach those not currently served by other housing programs.

Allow AMI spreading of all city and state affordable housing programs that would enable developments to trade-off building units at a slightly higher affordability level in exchange for building the same number of units with deeper affordability for very low-income households which require greater subsidies. For example, instead of building 16 units at 60 percent AMI, allow developers to build 8 units at 30 percent AMI and 8 units at 90 percent AMI, and advocate for the same policy on the Federal level.

Create a revolving Operating Expense Fund that captures a share of the cash flow overages from higher-income buildings with units over 120 percent AMI, in order to cross-subsidize operating expenses for other very low-income units.

Moving forward, the city has an opportunity to recommit to affordable housing actually being affordable for local residents. The continued demand by developers for city subsidies and land needs to be leveraged into deeper affordability for residents. The city has demonstrated that when it sets a housing policy goal, it can meet it. This has been true of unit targets under the New Housing Marketplace, and it can be true of affordability targets under the city's next mayor. The next administration has the ability to build not just housing, but truly affordable housing that stabilizes our communities.

3. Build a New Affordable Housing Pipeline

But where will these opportunities to build truly affordable housing come from? We need more than just money to build affordable housing – we need places to build it. The Koch housing plan and Bloomberg housing plan both created most of their units by rehabilitating city-owned buildings or building new developments on land owned by the Department of Housing Preservation and Development (HPD). These are finite resources, and the city is near the end of both. Under current zoning, there are only about 7,500 units of housing that can be developed on HPD-owned land that is left. And there are less than 1,000 units of city-owned, tax-foreclosed housing.

The next mayor can be far more effective in how his or her affordable housing plan is tailored to meet community needs by taking advantage of the current opportunities for development. These opportunities

to develop affordable housing are extensive, but they are different from the opportunities of the Koch or Bloomberg housing plans. The three largest are:

Leverage affordable housing through the zoning code

We have already touched on mandatory inclusionary zoning. But this is just one way of making sure the public benefits from the city's ability to create growth through its control of land-use laws. This represents an extraordinary and untapped opportunity to systemically incorporate affordable housing into the city's growth. The Bloomberg administration rezoned over 10,000 city blocks; affordable housing must be a part of the next 10,000 blocks that are rezoned.

Use non-HPD-controlled, city-owned land

As of February 2012, the city still owned over 1,500 plots of vacant land, controlled by various departments and agencies. Some of these are best used for schools, parks, or other needed infrastructure, but many are optimal sites for affordable housing development. The city must do a comprehensive land inventory and determine a disposition plan that is based on the best use of the land, not the governing agency.

Leverage privately-owned, overleveraged housing stock

Due to the financial crisis and irresponsible lending, a significant amount of the city's multifamily housing stock now has unsustainable amounts of debt. This leads to harassment and eviction of tenants, and often results in a disinvestment and deterioration of the housing. The city's ability to provide subsidies and forgive liens presents an excellent opportunity to transform these failing buildings into stable, affordable housing. The city currently has a backlog of overleveraged housing, dating from the housing boom of mid-2000s, which needs to be stabilized. But even after these buildings are disposed of, there will still be a modest, but consistent, number of overleveraged and distressed buildings in need of preservation every year. The city needs a comprehensive plan and structure for these buildings that ensures their deleveraging and transfer to responsible, non-profit ownership and management. The city should also continue and expand its effort to transfer and stabilize privately-owned distressed housing through its Third Party Transfer (TPT) program.

These alternative sources and pipelines also have the advantage of not necessarily being narrowly geographically focused. This allows the next administration to develop a truly comprehensive housing plan that includes strategies specific to each of the five boroughs. The reality is that in New York City, affordable housing is needed everywhere; in all of its neighborhoods, rents and housing prices are increasingly unaffordable for the local population. The next administration needs to recognize and respond to the housing crisis in all of the city's communities.

4. Strengthen the New York City Housing Authority

The apartments operated by the New York City Housing Authority (NYCHA) are one of the great affordable housing resources of the city, with 100,000 apartments located in 286 developments scattered citywide. They provide housing for almost 500,000 New Yorkers, while another 150,000 New Yorkers

rely on NYCHA-issues Section 8 vouchers. NYCHA housing is truly the most dependable affordable housing we have for the people who need it most. While 5 percent of New Yorkers live in NYCHA housing, they include 14 percent of our city's poor. Unfortunately, NYCHA housing is underappreciated and underfunded. In spite of its challenges, NYCHA housing is successful and in great demand with a tenant waiting list that is 161,000 families long.

NYCHA management and governance need to be updated and streamlined to increase accountability improve their efficiency working with tenants and providing repairs. The next mayor must modernize NYCHA's management and governance. However, the next mayor must also provide NYCHA with the financial support it badly needs.

The major problem facing NYCHA is not of its own doing. It has a chronic funding shortfall that began in President Ronald Reagan's administration and has been carried on until today. HUD operating subsidies to NYCHA, for example, were cut by 35 percent between 2001 and 2011, causing annual operating deficit of \$60 million. This operating deficit compounds an equally serious capital repair shortfall. The NYCHA housing stock is growing older – averaging 40 years – and like any aging housing is badly in need to major repairs. Because of the operating shortfall, however, NYCHA has accumulated an estimated \$13 billion gap in funding for major systems repair over the next 15 years. Given this financial straitjacket, it is almost impossible for NYCHA not to defer some essential repairs and maintenance.

Many people believe that the Reagan administration began to cut HUD subsidies as part of a deliberate strategy to undermine any government role in affordable housing. If operating subsidies are cut until it is almost impossible to manage a housing authority project well, the project will become distressed and can be declared another failure of government.

In February 2013, Mayor Bloomberg made a start on this, announcing that NYCHA would clear its backlog of repair orders by the end of the year and unveiling a new system that is supposed to streamline the repair process by coordinating tradespersons so that they are assigned in the correct order and ensuring scheduled jobs are completed. This means fixing the more than 300,000 broken doors, locks, sinks, cabinets, and more in about 300 days. This will require NYCHA to remedy an average of at least 1,000 or 40 per hour – around the clock.

Mayor Bloomberg's recent commitment to repairing NYCHA only highlights how much NYCHA housing has been underappreciated and underfunded during the mayor's administration. It is troubling that it took so long for the administration to commit to improving the nation's largest public housing stock and the city-run buildings that are home to more than 400,000 New Yorkers. Addressing the huge backlog of NYCHA repairs is critical. However, it is only one of the many steps needed to improve NYCHA communities. The next mayor must strengthen public housing so it can improve the key services it provides to the New Yorkers who need it most. The next mayor should:

Increase the fairness of NYCHA budget

Increase the fairness of NYCHA's underfunded budget by discontinuing the substantial payments that NYCHA pays the city for policing services and sanitation services. No other landlord in the city is forced to pay for its own public security and sanitation. In an era of federal cutbacks, NYCHA can no longer afford these payments if it is to maintain its mission of providing deeply affordable housing.

Improve policies for tenants

NYCHA should revisit and find a better balance in some tenant policies. The current “under-occupancy” policy often unreasonably moves older adults out of their neighborhoods at the time when they most need that community of support. NYCHA should reform that policy to ensure that older adults have more flexibility in their choices and an increased opportunity to remain in their community. NYCHA should also reexamine their succession rights policy to ensure that the rights of legitimate family members are preserved, and review and revise policy trespass policy so that an appropriate balance is found between safety and the rights of the entire tenant community.

Better leverage NYCHA’s vacant land resources

NYCHA is increasing looking to take advantage of the income-generating potential of vacant NYCHA land by partnering with HPD to build additional city-subsidized housing. This is appropriate, but NYCHA must balance economic and community concerns by ground-leasing the developable land in order to maintain some public control instead of selling outright and prioritizing the improvement of living conditions for existing tenants. Additionally, NYCHA must extend one of the core tenants of public housing – permanent affordability – to all proposed developments. Finally, when NYCHA land is slated for development, the agency should partner with local not-for-profits as co-developers to best achieve these goals.

Expand job and training opportunities for residents

Increasing economic opportunities for residents should be a policy goal of the next mayor and fulfilling all of the federal “Section 3” job training mandates is a key way to do it. NYCHA should consistently and thoroughly comply with Section 3 requirements by using federal dollars to create job and training opportunities for residents. NYCHA should also implement “first source” hiring policies and expand partnerships with other city agencies such as the Department of Small Business Services to extend targeted workforce development programs.

5. Protect Single-Family Homeowners at Risk of Foreclosure

While it is true that New York is a renters’ city, about one-third of residents own their homes. In many neighborhoods, small homes (many of which are now in foreclosure) dominate the landscape. New York City must employ every strategy to keep homeowners (and their tenants) in their homes, push lenders to maintain foreclosed properties, and encourage the productive reuse of foreclosed homes as new affordable and energy efficient homeownership opportunities.

Expand opportunities for qualified, first-time homebuyers

The City of New York should continue to encourage homeownership as it remains an important way for households to build assets and help neighborhoods stabilize and prosper. One of the biggest predictors of stable homeownership is the completion of pre-purchase counseling. The mayor should work with all levels of government to ensure public resources are available for these vital services. In addition, the

next mayor should ensure there is public and private funding available for closing costs and down payment assistance grants for low- and moderate-income home homebuyers and that banks doing business with the city provide responsible and affordable home purchase, refinance, and home repair loans in low- and moderate-income communities.

Minimize impact of foreclosed homes on neighborhoods

First, the new mayor must fund foreclosure counseling to keep people in their homes. Second, the city must ensure rigorous code enforcement and other legal measures so banks that have taken homes through foreclosure maintain the property and keep the neighborhood decent and safe. Third, the mayor – through the city's Banking Commission and implementation of the Community Investment Advisory Board mandated by the recently-passed Responsible Banking Act – must hold banks accountable for granting permanent modifications. Fourth, the city must coordinate city services in a strategic effort to reduce the impact of foreclosed homes on the community, including the departments of Sanitation, Finance, Environmental Protection, and Housing Preservation, and Development. Finally, the next mayor should seek to minimize the number of new foreclosures by pushing the federal government to expand and extend HAMP.

6. Conclusion

The next mayor of New York City can have a significant, even historic impact on our city through their housing policy. The city needs a mayor with a vision that New York can do better than concede an ever-losing fight for affordability, a mayor with a vision of building a city where families can start out, raise their children, and stay put in their neighborhoods if they so choose – whether in Tribeca, Bushwick, Melrose, or Willets Point. It is simply not acceptable for people to lose their apartments to exorbitant rent hikes, their homes to foreclosure, and their hard-earned income to ever-increasing fees, tolls, and expenses. New York City needs a mayor who will implement policies that work towards a thriving city of neighborhoods, with a place for all.

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