<u>Team</u>: Lease At Block - Delivery Week 1

<u>Date created</u> : 24 Feb. 2020
<u>Context</u> : The Gitcoin Virtual Hackathon Decentralized Impact Incubator is an on-line hackathon sponsored by Blockchain for Social Impact.
From February 18th till March 31st team will develop a product to resolve the United Nation Sustainable Development Goals number 11 :
> *Make cities and human settlements inclusive, safe, resilient and sustainable*

Problem:

Since 1994 :
- New York City **lost 291 000 rent regulated units**.[1]
- The New York State Housing Finance Agency distributed more than **1.1Bn$ in Tax Credit to incentive Low Income housing** creation. (LIHTC under Low Income Housing Tax Credit program) [2]

- Based on gross rent, which is contract rent plus monthly utility costs, **56 percent of New York City's renter households**, or nearly 1.2 million households, were **rent burdened** in 2017.[3]
- In 2017, **43.1% of New York households live under or near the poverty level.** [4]
- HCR data about Rent-Stabilized and tax incentive data are not connected.
- Rent Stabilized due diligence is complex and it is very hard for new owners to be compliant.

Solution:

Using a distributed ledger technology and smart contracts to manage Rent-Stabilized Lease Agreement life cycle from the Low Income Housing Tax Credit approval to deregulation.

Why a blockchain ?
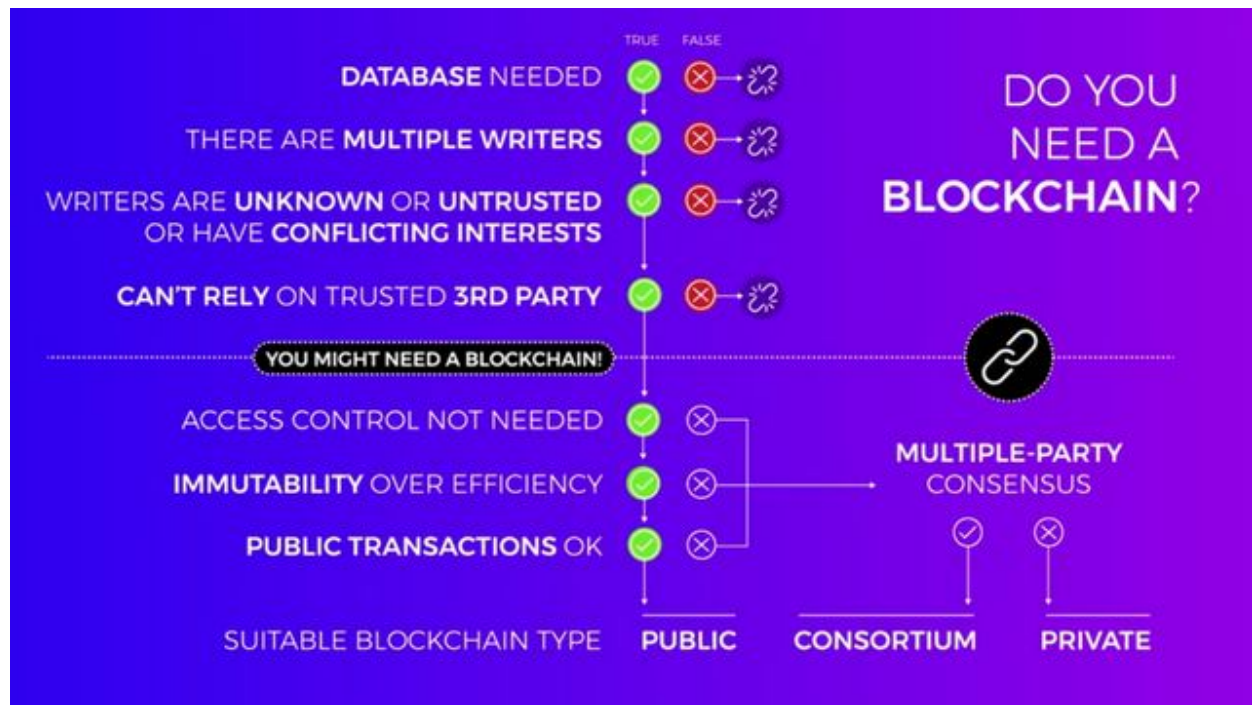
1. We need to store the information, the lease with all history.
2. Housing Community Renewal (HCR), Landlords, Developers, Tenants, Housing Preservation Development are stakeholders and need access to the information.
3. Interest from Tenant and Landlord can be conflicting.
4. The information and process are too sensitive to be outsourced to a third party.
   We might need a Blockchain
5. Access control might be needed
6. Immutability over efficiency = Yes , we do not want the information to be able to change in the past.
7. We might not want all the transactions to be public.

NY State low income housing processes are all manual and paper-based. Paper-based processes are a great use case for Blockchain as it allows building networked public services. (Cf. McKinsey article)

What demographics do you serve? What is the size of the market?

- 86.2% of New York households. Households under 200K$ year.
  Market = Low Income Housing Tax Return ⇒ average 83M$ a year since 2007.

What other solutions are currently being used to address this problem? (other companies, workarounds, systems or processes that can compete with or substitute your product)

Currently the process uses a collection of various forms and systems.
HCR provide form
Office of Rent Administration (ORA) and Annual Rent Registration Online (ARRO).
Housing Direct for the lottery and a lot of various forms (up to 26 for LIHTC).

What are the geopolitical, cultural-social-economic factors that must be taken into consideration? What are some nuances and complexities that must be addressed?

- NY Senate passed the Housing Stability Tenant Protection Act in june 2019. This law is a revolution in the New York rent regulation landscape. For all rent regulator activist HSTPA is a massive victory, for landlords and developers this is a huge threat.

- Governor Coumo announces $56.5 Million for Supportive Housing for Homeless Individuals and Families Across the State of NY in November 2019.
  https://www.governor.ny.gov/news/governor-cuomo-announces-565-million-supportive-housing-homeless-individuals-and-families

- Bill de Blasio administration Launches Tenant Protection Ad Campaign and Website and ad campaign.
  https://www1.nyc.gov/office-of-the-mayor/news/497-19/de-blasio-administration-launches-tenant-protection-ad-campaign-website