

MEMORANDUM

To: Stakeholders in Housing Reform, New York City Council

From: Seth Foss

Date: April 9th, 2025

Subject: Transforming Housing Subsidies into Pathways for Tenant Ownership in NYC

I. Purpose of This Memo

This memo outlines a comprehensive strategy to reform housing policy in New York City by shifting public investment from rental subsidies—largely benefiting landlords—toward tenant ownership programs. This initiative aims to **combat systemic racial inequities, create intergenerational wealth, stabilize communities, and reduce reliance on government-funded rental assistance.**

Through legislative, financial, and structural reforms, NYC can establish **tenant ownership as a sustainable housing solution** while mitigating displacement, rent burdens, and housing court inefficiencies.

II. Problem Statement: NYC's Housing Subsidy System Is Structurally Flawed

Despite investing over **\$3 billion annually** in housing subsidies, New York City continues to experience:

- **High Rent Burdens:** Over **50% of NYC renters** pay more than 30% of their income toward housing, with no opportunity to build equity.
- **Racial Wealth Disparities:** The homeownership rate for Black and Latino New Yorkers remains **significantly lower than white residents**, perpetuating generational poverty.
- **Landlord Exploitation & Housing Court Misuse:** **85% of housing court cases are landlord-initiated**, often used as a tool for harassment, costing the city over **\$400 million annually**.
- **Continuous Public Expenditure Without Long-Term Solutions:** Government-backed rental assistance (e.g., **Section 8, CityFHEPS**) only sustains **dependency** rather than creating pathways to stability.

This policy failure is **not just a housing issue, but a public health, economic justice, and racial equity crisis.**

III. Proposed Solution: A Multi-Phase, Systemic Reform Toward Tenant Ownership

The current housing crisis requires a **comprehensive, phased approach** that **gradually transitions tenants into owners** through policy, financial restructuring, and regulatory intervention.

Phase 1: Immediate Legislative & Financial Infrastructure (Years 1-3)

✓ Pass Tenant Opportunity to Purchase Act (TOPA) for NYC

- Modeled after D.C.'s law, requiring landlords to give tenants the **first right to purchase their buildings** before selling to private investors.
- **Legislative Sponsor:** Assembly Member **Marcela Mitaynes** (A3353).

✓ Reallocate Housing Court & Rental Subsidy Funds Toward Ownership

- Redirect **\$400M+** from housing court and subsidies into **down payment assistance, financial counseling, and shared equity ownership models**.
- Launch a **Tenant Ownership Fund** to provide low-interest loans and co-op conversion support.

✓ Amend Housing Choice Voucher (Section 8) Rules

- Advocate for state and federal waivers allowing tenants to use subsidies for **down payments and mortgage assistance** rather than rent alone.

Phase 2: Scaling Tenant Ownership Models (Years 3-7)

✓ Convert Public & Rent-Stabilized Housing to Tenant Ownership Models

- Expand **Community Land Trusts (CLTs)** to include pathways for **tenant co-op ownership**.
- Transform select **NYCHA properties into resident-owned housing cooperatives**, ensuring affordability while providing equity-building opportunities.

✓ Strengthen Legal Protections Against Landlord Exploitation

- Implement strict limits on **frivolous housing court filings** and penalize landlords who fail to uphold maintenance responsibilities.
- Enforce **anti-displacement protections** in gentrifying neighborhoods.

✓ Pilot Public Banking for Housing Finance

- Create a **NYC Housing Bank** to offer **low-interest mortgages for first-time, low-income buyers** excluded from traditional financing.

Phase 3: Long-Term Wealth Building & Systemic Change (Years 7-15)

✓ Reduce NYC's Reliance on Rental Subsidies

- As ownership expands, reduce the need for ongoing rental assistance, freeing city resources for reinvestment in public infrastructure.

✓ Expand Racial Wealth-Building Strategies in Housing

- Offer tax credits for landlords who sell to tenants rather than corporate investors.
- Implement estate planning and financial literacy programs to sustain intergenerational wealth transfer.

✓ Integrate Housing & Public Health Funding

- Leverage Medicaid waivers to fund housing stability initiatives, reducing public health costs tied to poor housing conditions.

IV. Legislative & Policy Context: Current Supportive Legislation

New York State

1. Tenant Opportunity to Purchase Act (A3353) – 2023-2024

- Sponsor: Assembly Member Marcela Mitaynes
- Function: Grants tenants the first right to purchase their buildings before outside investors.

2. Good Cause Eviction Law (2024)

- Prevents landlords from arbitrarily refusing lease renewals, stabilizing communities.

3. Governor Hochul's Housing Fund Proposal (2025)

- Allocates \$100M toward affordable housing infrastructure, which could support tenant ownership models.

Federal

1. Manufactured Housing Tenant's Bill of Rights Act of 2023 (S.2204)

- Establishes minimum protections for tenants in manufactured housing communities, signaling federal support for tenant rights expansion.

2. National Tenants Bill of Rights (2024, proposed)

- Pushes for **federal-level tenant protections**, laying groundwork for future **ownership-based policies**.

3. AOC's Affordable Housing Legislation (2024, proposed)

- Proposes **federally funded social housing**, setting a precedent for **nonprofit & cooperative ownership**.

V. Economic & Social Impact of Tenant Ownership Expansion

✓ Closing the Racial Wealth Gap

- Homeownership is the **largest driver of wealth for white families**—expanding ownership to Black & Latino households **builds intergenerational financial security**.

✓ Reducing Government Spending

- By transitioning from **rental subsidies to ownership**, the government **reduces long-term dependency on public assistance**.

✓ Stabilizing Communities & Preventing Gentrification

- Owner-occupied homes experience **25% lower displacement rates** and **higher community investment**.

✓ Improving Public Health & Reducing Healthcare Costs

- Stable housing leads to **better health outcomes, reducing Medicaid expenditures** on preventable illnesses caused by unsafe housing.

VI. Next Steps & Action Items

- **Draft NYC-Specific TOPA Legislation** (if state bill fails).
- **Advocate for Section 8 & CityFHEPS Amendments** to allow down payment use.
- **Engage City Council & Public Advocate** to push municipal ownership initiatives.
- **Develop Pilot Programs for CLTs & Tenant-Owned Cooperatives** in targeted neighborhoods.

VII. Conclusion: A Vision for Housing Justice & Economic Empowerment

New York City must **break the cycle of landlord-controlled subsidies** and instead **empower tenants to own their homes**—a step toward economic independence, racial equity, and long-term citywide financial stability.