

# Housing New York 2.0



**The City of New York**  
**Mayor Bill de Blasio**

Alicia Glen  
Deputy Mayor for Housing and  
Economic Development

# Letter from the Mayor

*Friends:*

Imagine getting up each morning, getting the kids to school, putting in eight hours at a tough job and coming home to a notice that your rent is about to swamp your salary. Imagine staring at a sheet of paper telling you that you no longer have a place to live; that your child will no longer be going to her school; that your future is now uncertain.

Wherever I go, I see fear in the eyes of folks who are doing everything right—working hard, bringing in two decent salaries and dreaming of a better tomorrow. They come up to me and ask a profound and painful question: Can we still afford to live here?

We came into office with a clear mandate from the people that they could no longer watch their homes slip out of their hands. So, we set out to change the housing situation in New York on a fundamental level with a plan of unprecedented scope to build or preserve 200,000 affordable apartments by the year 2024.

Now we are going to new and greater heights. We will complete our initial goal two years ahead of schedule and preserve or build another 100,000 homes in the four years that follow. That sets us on a path to 300,000 affordable apartments by 2026, enough housing for the entire population of Boston, Massachusetts.

**This report explains how we plan to get there.**

The challenges our neighborhoods faced in the 1980s were profoundly different than today's. We remember the vacant and derelict buildings. We remember the rubble strewn lots in the South Bronx. We remember a very different city. It's almost unimaginable how quickly things changed.

That crisis didn't give way to stability, though. It gave way to an affordability crisis that has left people in every kind of neighborhood struggling to make ends meet. Undoing that damage and stabilizing our neighborhoods is not just the work of one term or even one administration. It will be the work of this city for the next generation.

*We will pass on to our successors the ability to build affordable housing at a record-setting pace for years to come.*

We will build more homes for seniors. We will help non-profits make smart investments in neighborhoods facing market pressures to ensure long-term residents can continue to live in them. We will protect Mitchell-Lama buildings and help them remain affordable. We will fit innovative smaller homes on lots formerly thought to be unusable. We will help New Yorkers of moderate income buy homes and more.

This is how we will keep New York, New York. This is how we will ensure that the greatest city in the world will remain what it is and what it was always meant to be—a place for everyone. We will take what was already the most ambitious municipal affordable housing plan in the history of the country and set it on a pace that we ourselves couldn't have envisioned when we began four years ago.

*We will leave New York City better, fairer, and stronger than we found it.*



Mayor Bill de Blasio

# Executive Summary

Since Mayor de Blasio launched the *Housing New York Plan* in 2014, New York City has accelerated the construction and preservation of affordable housing to levels not seen in 30 years.

We are on track to secure more affordable housing in the first four years of the Administration than in any comparable period since 1978. The City has tripled the share of affordable housing for households earning less than \$25,000. Funding for housing construction and preservation has doubled, as have the number of homes in the City's affordable housing lotteries each year. Hundreds of once-vacant lots have affordable homes rising on them today. Reforms to zoning and tax programs are not just incentivizing, but mandating affordable apartments—paid for by the private sector—in new development.

Tenants in more than one million rent-stabilized apartments saw two consecutive rent freezes. Free legal services are being extended citywide to protect all low-income tenants from harassment and eviction. Bad landlords are facing serious consequences—including jail time—for putting tenants' safety at risk.

**The promises outlined in the *Housing New York Plan* (Housing Plan) are being delivered in real time.**

Yet New York City still faces a critical shortage of all types of housing, especially apartments affordable to low- and moderate-income New Yorkers. Harmful speculation, funding cuts to federal housing programs designed to assist the most vulnerable households, and the overall failure to supply enough housing to meet demand has resulted in far too many tenants questioning whether they can continue to afford the neighborhoods they call home.

The City can, and will, do more to step in and stem the tide.

**With the foundation built these past four years, we are now positioned to accelerate and expand on *Housing New York*.**

When the de Blasio administration took office, it inherited an impressive public-private engine capable of building and protecting 15,000 affordable homes per year. These past four years, with new funding and new tools, the City has increased that capacity to 20,000 affordable homes per year—the goal outlined in *Housing New York* in 2014.

The City is in a position to reach a sustained goal of 25,000 affordable homes preserved or constructed per year—a rate it has never before achieved.

**That accelerated pace will result in the Housing Plan's completion of 200,000 affordable homes by 2022, two years ahead of schedule.**

Combining the existing foundation with new programs, tools, and additional resources to fuel the machinery, we will now enable the Housing Plan to generate a further 100,000 affordable homes over the following four years—**300,000 total by 2026. Put in perspective, that is enough housing for the entire population of Boston or Seattle.**

This updated and expanded Housing Plan will:

- » **Create more homes for seniors** by dedicating underused public lots for new affordable senior housing, and make new and preserved affordable housing **more accessible to seniors and people with disabilities.**
- » **Help New Yorkers buy a piece of their neighborhoods** through new programs to construct new condos and co-ops for first-time homebuyers and help existing homeowners make needed repairs.
- » **Build a firewall against displacement** in fast-changing neighborhoods by helping non-profits purchase traditional rent-stabilized apartment buildings and keep them affordable to current residents.
- » **Protect affordability at Mitchell-Lama buildings**, which represent some of the last already existing affordable homeownership opportunities.
- » **Capitalize on advances in technology and innovative design to expand modular building and micro-units** that can lower the cost of construction, build new homes faster, and respond to the city's changing demographics.
- » **Unlock the potential of vacant lots** long considered too small or irregular for traditional housing stock with innovative smaller homes, and develop more affordable housing on lots long used for parking at existing Mitchell-Lama and HUD-regulated complexes.

We commit to these new goals in full recognition of new pressures, including the risk of losing critical federal resources that serve the lowest-income households. New York will fight to hold the line, to gain ground where it can, and to ensure leaders at every level of government understand the housing crisis affecting so many New Yorkers and respond with necessary urgency.

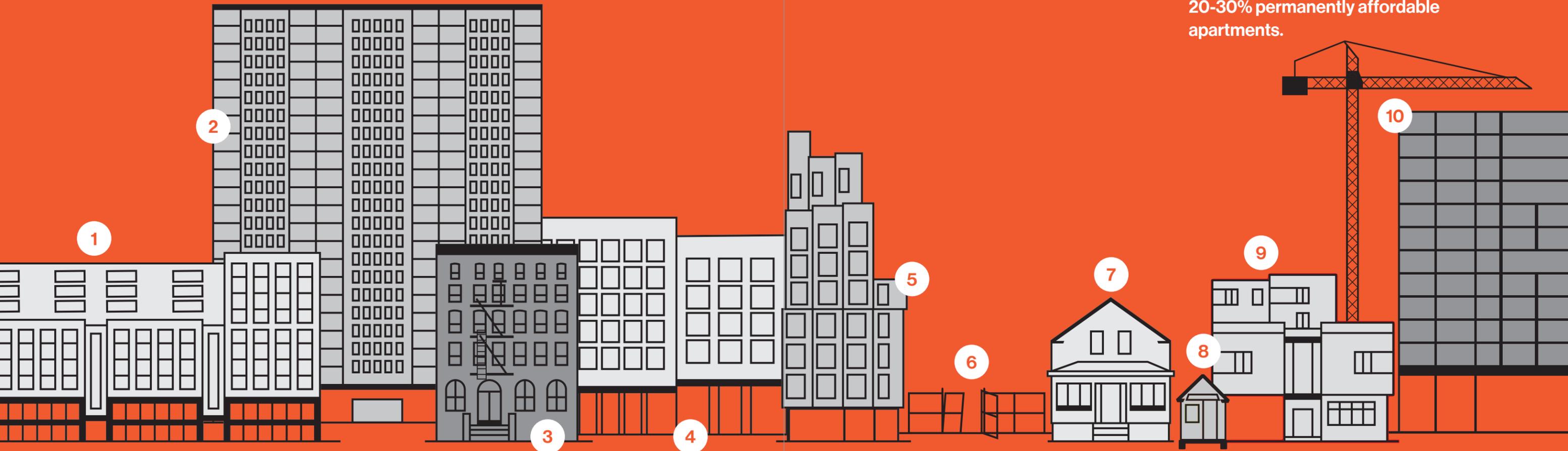
We inherited the world's greatest city from the generations that came before us, and it is our duty to continue taking decisive action to build a just, equitable, and prosperous city for generations to come.

Together, we will leave this city stronger.

**We are on track to secure more affordable housing in the first four years of this Administration than in any comparable period since 1978.**

# The Housing Plan: At Work In Your Neighborhood

- 1 **Senior Affordable Rental Apartments (SARA):** new affordable housing for seniors.
- 2 **NEW Mitchell-Lama Reinvestment Program:** help aging Mitchell-Lamas stay affordable and build new affordable and senior housing on underused campuses.
- 3 **NEW Neighborhood Pillars Program:** funding for non-profits to purchase rent-regulated buildings and keep them affordable to their tenants.
- 4 **Supportive Housing Loan Program (SHLP):** affordable apartments with on-site services for the most vulnerable households.



- 5 **NEW Mixed-Income Micro:** launch a new program with updated design guidelines to facilitate the creation of apartments that fit changing demographics.
- 6 **NEW Vacant Land Tax:** disincentivize speculators from holding land off the market by taxing it at a higher rate until in-demand housing is built.
- 7 **NEW HomeFix:** financial assistance to low-income homeowners to make repairs and keep their homes healthy and safe.
- 8 **NEW Tiny Homes in the Big Apple:** launch a design competition to build small homes on otherwise undevelopable City-owned land.
- 9 **Extremely Low- and Low-Income Affordability Program (ELLA):** new affordable housing for extremely low- and low-income New Yorkers.
- 10 **Mandatory Inclusionary Housing:** areas and buildings rezoned for residential growth must include 20-30% permanently affordable apartments.

# Our Progress: Laying the Foundation

In May 2014, the Administration unveiled *Housing New York (HNY)*, a comprehensive plan to create and preserve 200,000 high-quality, affordable homes for approximately 500,000 New Yorkers over ten years. The most aggressive housing plan in the country, HNY represents a broad, bold set of strategies to confront the city’s affordable housing crisis.

To date, we have preserved and created homes at a faster clip than ever before. We have worked with communities to plan for future growth that is paired with neighborhood investment. We ramped up development on public sites, and fundamentally changed the paradigm for how housing is to be built in this city. Affordable housing is now *mandatory*—not optional—and *permanent* in areas rezoned for residential growth. We also overhauled the zoning resolution to make it easier to build affordable and senior housing.

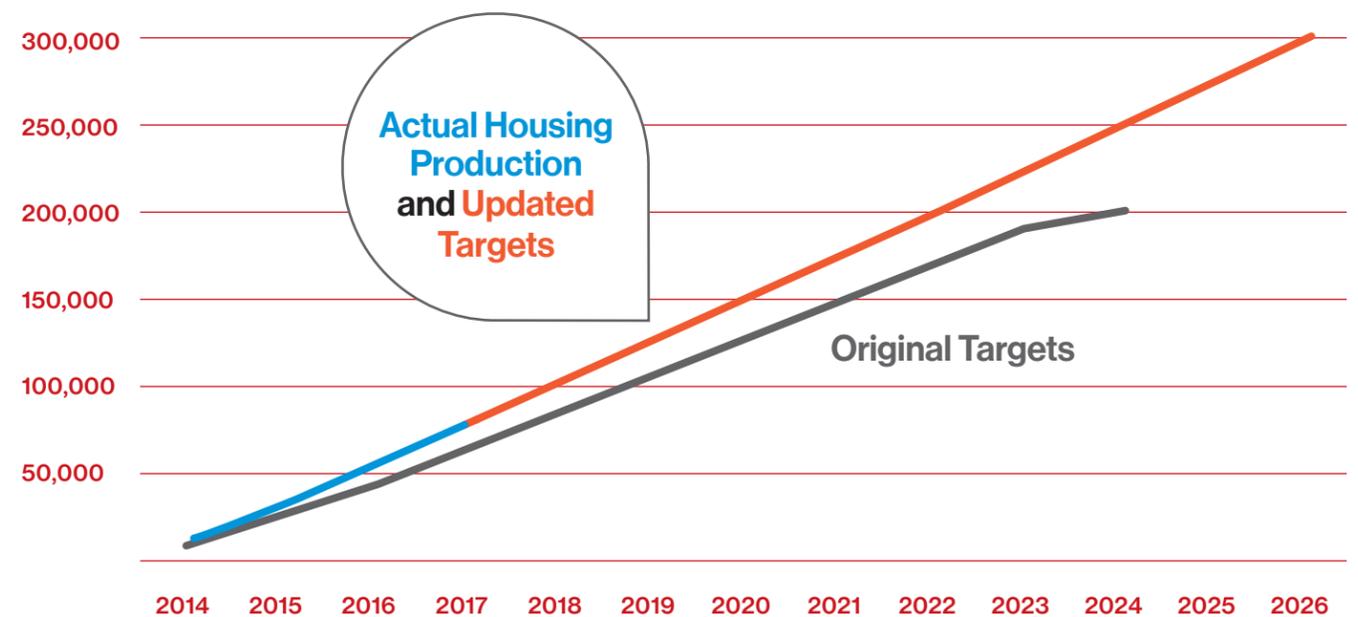
Four years in, we have set a new pace and established a new baseline. **We are accelerating our timeline to create and preserve 200,000 affordable homes and apartments in eight years,**

**by 2022—two years ahead of the original Housing Plan.** As part of this effort and recognizing the needs on the ground, we are doubling our commitment to meet the housing needs of seniors. We are further zeroing-in on preservation, which is one of the strongest tools to combat displacement, especially for our lowest-income residents. We are promoting and preserving homeownership, which builds equity for low- and moderate-income families, and allows them to own a piece of their neighborhoods. We will use tools we created to increase affordable housing production, and we will fight to protect and, against the odds, expand the resources we need from all levels of government to create the affordable housing opportunities New Yorkers need.

**Building on the progress we have made, we are launching several new initiatives that will pave the way for another 100,000 affordable homes in the following four years, from 2023-2026.**

The accomplishments made to date have put us on the right trajectory. Thanks to the unprecedented collaboration of multiple City agencies, our counterparts in the Federal and State governments, and our many partners in the affordable housing community, we are ready to pick up the pace even further and chart a course for a more affordable future for our city.

## Comparison of Original and Updated Housing Plan



**The most aggressive housing plan in the country, HNY represents a broad, bold set of strategies to confront the city’s affordable housing crisis.**

# Delivering Results

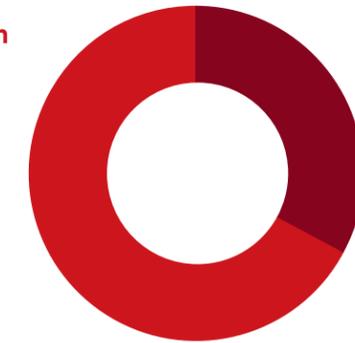
We are currently ahead of the affordable housing production goals we set in 2014. As of Fiscal Year 2017, the New York City Department of Housing Preservation and Development (HPD) and the New York City Housing Development Corporation (HDC) have created or preserved 77,651 affordable homes, well surpassing targets to date.

We achieved these overall numbers while exceeding our commitment to provide housing for the lowest-income New Yorkers. In 2017, the Mayor dedicated an additional \$1.9 billion in capital funds over the remainder of the HNY plan to ensure that 25 percent of our volume is for extremely low- and very low-income New Yorkers. To date, we have exceeded even this revised commitment: about one-third of the housing we have created or preserved is for extremely low- and very low-income New Yorkers.

But our work is much more than just numbers. We are driven by the needs of real people. HNY ensures that our investments today help individuals and families achieve economic stability, live in safe and healthy homes, and enjoy the sense of community that makes New York City buildings and neighborhoods unique. As we provide housing opportunities to low- and moderate-income New Yorkers at an unprecedented scale, we have worked tirelessly to create a number of tools that lay the foundation for our city to grow in a more equitable way.

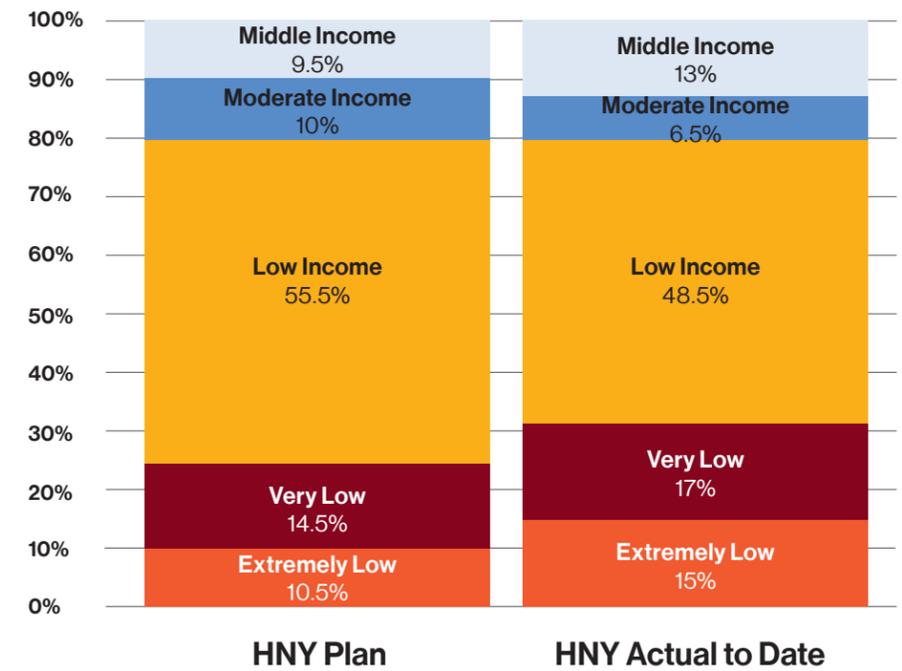
## HNY Production

**Preservation**  
52,309 (67%)  
Target: 60%



**New Construction**  
25,342 (33%)  
Target: 40%

## Affordability Data



Income Band	Percentage of AMI	Annual Income (for a family of three)	Monthly Rent Required to Prevent Rent Burden
Extremely Low	0-30%	≤\$25,770	≤\$644
Very Low	31-50%	\$25,771-\$42,950	\$645-\$1,074
Low Income	51-80%	\$42,951-\$68,720	\$1,075-\$1,718
Moderate Income	81-120%	\$68,721-\$103,080	\$1,719-\$2,577
Middle Income	121 - 165%	\$103,081-\$141,735	\$2,578-\$3,543

# Keeping People in Their Homes

Over the past four years, the City has made significant investments to preserve the quality and affordability of the existing affordable housing stock. At the same time, renters benefited from limited increases in their rent-stabilized rents. As tenants saw more relief on their rents overall, we also advanced a targeted agenda to protect tenants:

Introduced Universal Access to Legal Representation in 2017 with the City Council for all low-income tenants facing eviction proceedings in Housing Court.

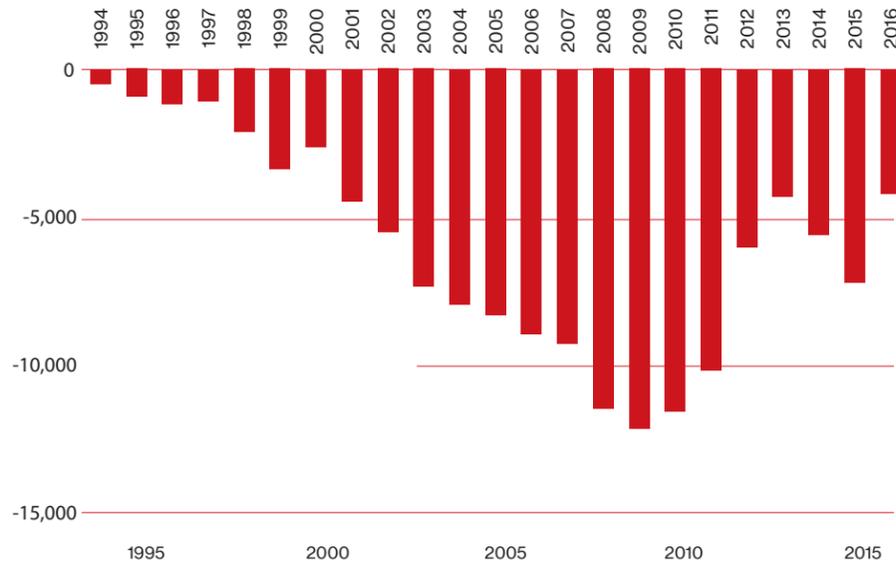
Launched a Tenant Harassment Prevention Task Force in 2015 with the Attorney General and State Tenant Protection Unit to investigate potential harassment and bring enforcement actions—including civil and criminal charges—against landlords who harass tenants.

Expanded the SCRIE and DRIE programs in 2014 to freeze the rent for more of our seniors and people with disabilities living in rent-regulated apartments.

**40,000 people were able to stay in their homes in 2016 as a result of legal services.**

## Apartments Subject to High-Rent Vacancy Deregulation, 1994-2016

Rent stabilized tenants saw two years of rent freezes in 2015 and 2016, and small rent increases in 2017. In 2016, we lost fewer rent-stabilized apartments due to high-rent vacancy deregulation than in any year after 2000.



Data Source: New York City Rent Guidelines Board

### JOE: Joint Ownership Entity

JOE NYC is a not-for-profit entity founded to strengthen the ability of participating Community Development Corporations (CDCs) to secure financing for new development and preservation projects, and to help ensure the long-term affordability of their properties and the stability of their communities. HPD has worked with JOE to facilitate the transfer of ownership of initial properties from participating CDCs to JOE, and with Attorney General Schneiderman to direct settlement funds to JOE to ensure extended affordability for a number of projects.

# Doing More for Special Populations

In all our work, we have prioritized the need to provide pathways to permanent housing for our city's homeless, created more affordable housing for our growing senior population, and made sure there is more housing accessible to New Yorkers with disabilities:

Launched OurSpace in 2015 to provide additional capital subsidy to produce affordable housing for homeless households without relying on rental assistance.

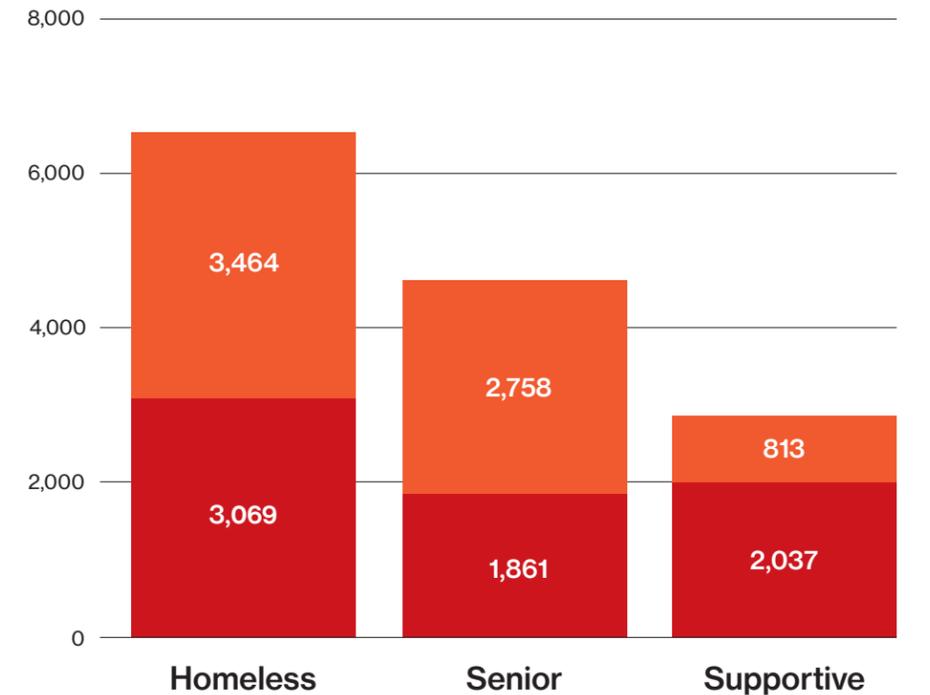
Committed to create 15,000 supportive housing apartments over the next 15 years in 2015, using a proven, effective model that saves public dollars and fulfills the City's moral commitment to house New Yorkers in need.

Created the new Senior Affordable Rental Apartments program (SARA) in 2014 and other new programs to spur production of senior apartments.

## Housing for Vulnerable Populations Under HNY

January 1, 2014 - July 1, 2017

■ New Construction ■ Preservation



Homeless, Senior, and Supportive counts are non-additive.



Geraldine could no longer afford to pay the rent on her Flatbush apartment. Before losing her home, she reached out to 311 and got connected to NYC Public Engagement's Rent Freeze Unit. They helped enroll her in Senior Citizen Rent Increase Exemption (SCRIE) and now she's able to stay put.

# Ensuring Overall Housing Supply Increases in an Equitable Way

The housing market is mismatched in multiple ways. The tremendous demand for housing continues to exceed the supply available. Moreover, the changing composition of New York City households does not match the existing housing stock. Rising land costs, construction costs, and operating expenses make all but the highest end of the housing market financially infeasible.

The last two decades in New York City are a case study of these trends. While the population increased more in the first six years of this decade than in the entire previous decade, we added only half the number of new homes during that six-year period than we did during the prior decade. A contributing factor to the supply shortage is the cost to build and

properly maintain new residential developments. As those costs escalate at a rate higher than expected, developers have less incentive to build new housing, or to only build for the very high end of the market. While the Housing Plan works to address this issue by supplying housing specifically for lower income households, the overall extreme shortage squeezes everyone by creating more competition for housing, in which low-income renters are at a particular disadvantage.

For these reasons, it is critical that we increase the overall housing supply in a cost effective manner. New housing, both affordable and market rate, is on the way: There were twice as many housing completions in 2016 as there were in 2014, and completions in 2017 are on pace to exceed 25,000 new apartments and homes—a pace which if sustained can better enable us to keep up with population growth.

And because of our policies to require the private market to include a higher share of mixed-income affordable housing in exchange for local incentives, we are now assured that as overall production growth increases, so too will the share of affordable housing:

- » **Implemented a Mandatory Inclusionary Housing (MIH) policy**—the most aggressive in the nation—to require permanent, mixed-income affordable housing in all areas rezoned for residential growth. Through our partnership with the City Council, as of March 2016, as New York City grows, renters are guaranteed that a portion of homes will be *permanently* affordable.
- » **Passed Zoning for Quality and Affordability (ZQA)** with the City Council in 2016—the most significant overhaul since 1961—to remove many regulatory barriers (e.g. parking requirements, impractical height limits) that significantly constrained the creation of affordable and senior housing projects.
- » **Fought for, and won, a reformed 421-a program** in 2017 that requires affordable housing be provided in all rental developments using the exemption and eliminates tax breaks for luxury condos.
- » **Accelerated the Request For Proposal (RFP) pipeline**—25 housing RFPs issued as of October 2017 for 62 projects across 139 public sites will generate more than 9,500 affordable homes.

## Remainder Interest

HPD recently introduced a new policy that uses a legal tool—a remainder interest—to ensure future public control of all affordable housing developed on its sites.

**10,000**

apartments approved through MIH, including

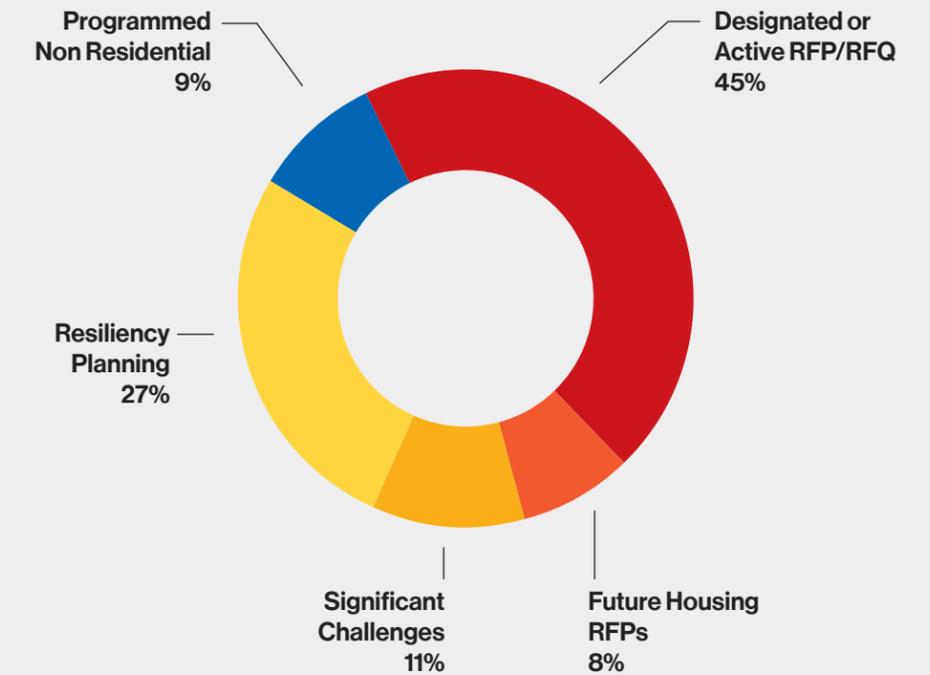
**2,600**

apartments that will be permanently affordable

HPD worked with other City agencies to develop affordable housing on other City-owned properties that are not already slated for parks, police precincts, and other essential services. These properties include **One Flushing** in Queens, **Spofford** in Hunts Point in the Bronx, **Beach 21st** in Downtown Far Rockaway, **Inwood Public Library** in Upper Manhattan, **Brooklyn Bridge Park Pier 6** in Brooklyn Heights, and several New York City Housing Authority (NYCHA) sites in Brooklyn, the Bronx, and Manhattan. In short, the City is maximizing the public sites that are available and appropriate for housing development, while getting even more creative about finding new opportunities to add to our inventory of sites.

## Summary of HPD-Controlled Land

Of the roughly 1,000 vacant lots under HPD's jurisdiction, more than half are part of an existing RFP or are planned for future development as affordable housing; the rest are programmed for non-residential use or face significant development challenges (odd shapes, small size that requires assemblage with private owner, infrastructure).



## 421-a Reforms Resulted in More Affordable Housing Citywide



Before our proposed changes, developers could build in parts of the city without providing any affordable housing.

We changed the program to provide a stronger incentive to build mixed-income housing, reach deeper income levels, cut the cost per affordable apartment, and capture affordable housing in changing markets without affecting the opportunity to develop new housing today.

# Using New Tools and Strengthening Partnerships

The production of affordable housing is a complicated enterprise. From the outset of the plan, we have looked at every way to leverage new sources of financing and introduce new tools. At the same time, we have worked hard to expand the tent to ensure the affordable housing community is as diverse as the city we serve:

**Piloted a new Federal Financing Bank (FFB) partnership** in 2014 between the U.S. Treasury and the Department of Housing and Urban Development (HUD) to finance Federal Housing Administration (FHA)-insured mortgages at very low interest rates, stretching the resources available for affordable housing development.

**Expanded the capacity of Minority- and Women-owned Businesses (M/WBEs) and non-profit community development corporations** through our Building Opportunity program, changes to our Request for Proposal (RFP) process, and through the Emerging Developers Loan Fund at the New York City Economic Development Corporation, which provides low-interest loans for mixed-income, mixed-use projects.

**Advanced the growth of Community Land Trusts (CLTs)** by working with Enterprise Community Partners to secure funding for emerging and existing land trusts dedicated to preserving and creating affordable housing in neighborhoods they know best.

*The initial FFB pilot financed the preservation of Arverne View, a Mitchell-Lama development in Far Rockaway that was damaged by Superstorm Sandy.*



HNY represents a dynamic approach to the city's housing crisis that allows us to adjust to meet new challenges and needs and embrace advances in new technologies and other innovations. As we look to the future and the obstacles ahead, it is imperative that we use every tool at our disposal, seize every opportunity, tap the expertise and creativity of all our partners, and expand the pool of development talent we draw upon. There is no simple formula that will solve our housing affordability crisis. But we can and will continue to deliver on the promise of a more equitable city, one affordable home at a time. The initiatives we propose today continue to make sure we lay an even stronger foundation for the future.



*Interboro CLT—founded to create affordable homeownership opportunities in neighborhoods such as Edgemere in Queens—is one of four new initiatives that received funding from a \$1.65 million Enterprise grant that supports the formation and expansion of CLTs.*



*One of the winning development teams of an M/WBE RFP that resulted in six proposed developments that will result in the creation of 441 affordable apartments in neighborhoods across Brooklyn, the Bronx, and Manhattan.*

## Building Opportunity

HPD's Building Opportunity Initiative is designed to level the playing field for M/WBE real estate professionals and non-profit affordable housing developers.

The City now requires developers and borrowers to allocate at least a quarter of HPD/HDC-supported costs to certified M/WBEs over the course of design and construction of City-subsidized projects, and has created a pre-qualified list of M/WBE developers to compete for an affordable housing RFP.

# Building on Our Progress: The Next Eight Years

We have learned from the lessons of the past four years and are continually reforecasting to determine how we can produce results better, faster, and more effectively for New Yorkers. As a city, we have always, and must continue to adapt to changing conditions and challenges we see on the horizon.

To meet our accelerated goals, the City will establish new programs and partnerships that will help thousands more families each year afford their rent, buy a first home, and stay in the neighborhoods they love.

## Put Seniors First

The population of city residents who are at least 65 years old is projected to increase by 40 percent between 2010 and 2040. This means that we will need to house more than 400,000 additional seniors in the coming years. Our seniors are more likely to be low-income, to be rent-burdened, and to live on a fixed income than other city residents.

To reach more of our growing senior population, the Administration committed to create or preserve 15,000 senior homes and apartments through HNY. We are now doubling our efforts on senior housing to **serve 30,000 senior households over the extended 12-year Plan**. To meet this additional commitment, we are launching **Seniors First**, a three-pronged strategy to make more homes accessible to seniors and people with disabilities; build new 100 percent affordable senior developments on underused NYCHA land as well as other public and private sites; and preserve existing senior housing developments such as those created through HUD's 202 program. The City will also examine creative ways to provide housing opportunities for seniors seeking communal living situations.

### Projections for the Population 65 and Over by Borough

New York City, 2010 and 2040

#### New York City

2010  
1,002,208  
2040  
1,409,708  
% Change  
40.7%

#### Manhattan

214,153  
277,444  
29.6%

#### The Bronx

145,883  
228,476  
56.6%

#### Staten Island

59,344  
97,883  
64.9%

#### Brooklyn

294,610  
428,845  
45.6%

#### Queens

288,219  
377,060  
30.8%

Chart Source: DCP Data

## Make homes accessible to seniors and those with disabilities

Many seniors prefer to age in place and stay in their homes and their communities. Individuals with disabilities also struggle to find accessible housing in their neighborhoods. In order to facilitate aging in place, and to help create inclusive neighborhoods for people with disabilities, HPD will enhance its needs assessment process for preservation projects to focus on accessibility to people of all ages and abilities. As building owners scope preservation projects, they will be required to identify necessary improvements to make the building more accessible. Such assessments will be factored into HPD rehabilitation projects. Simple changes ranging from lever door handles to shower bars to slip-resistant floors can make staying in one's home a viable option for seniors and create a more accessible city for all New Yorkers.

## Build new senior housing on underused NYCHA land

NYCHA is allocating a pipeline of underused sites to create new senior housing in order to expand its commitment to affordable housing development above the 10,000 affordable apartments already planned through NextGen NYCHA. HPD will finance these projects through its SARA program, coupling City capital with Project-Based Section 8 vouchers to serve seniors on fixed incomes. Through operating funding from the New York City Human Resources Administration (HRA), the program will support best-in-class on-site support services and high-quality programming to these communities.

## Support seniors through preservation

New York City has an existing inventory of affordable senior housing, and preserving this stock is critical to meeting the needs of our aging population. Historically, the federal government made funds available for the development of new senior housing under the HUD Section 202 program. However, Congress has not provided new resources for new 202 buildings since 2012, and current funding is used primarily to renew underlying rental assistance contracts and existing contracts for on-site Service Coordinators. This new initiative would target approximately 170 buildings created through the 202 program with 14,000 apartments as well as other existing senior housing developments. HPD and HDC will increase outreach and focus to protect the affordability and improve the quality of this critical stock for the long term.

# Own a Piece of Your Neighborhood

**Moderate-income homeownership stabilizes neighborhoods and helps families build assets and equity. But the white-hot real estate market has led many working families to give up the dream of ever owning their own home. Creating new programs and modernizing existing ones will help families struggling to maintain their homes and make necessary repairs, and will offer more New Yorkers the opportunity to buy their first home.**

## Help low-income homeowners stay in their homes

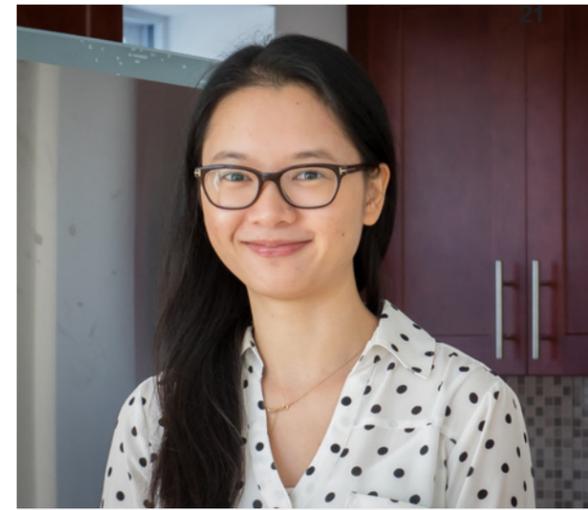
Funding for home repairs is often hard to find for low-income homeowners, especially for families struggling to make mortgage payments. Making repairs can contribute to the health and safety of one's home, as well as keep up property values. Often, aggressive speculators will barrage owners with cash offers, knowing that owners with significant maintenance issues will be tempted to accept—even if it means leaving the neighborhood they helped to build, and being left without a viable housing alternative.

To meet these needs, HPD will create **HomeFix**, a program to help low- and moderate-income homeowners in small, one-to-four family properties fund home repairs. Leveraging the services of multiple community and non-profit partners, the new program will pair financial counseling with financial assistance.

## Launch Open Door, a first-time homebuyer program

Homeownership is a critical tool for families to move up the economic ladder. Owning a home can help households build the assets they need to send children to college, save for retirement, and put down roots in a community. However, with median condo sales prices reaching nearly \$1 million, the opportunities available to first-time homebuyers and other households seeking to purchase a home are extremely limited.

HPD is introducing **Open Door**, a new program to finance the construction of co-ops and condos for households earning between approximately \$69,000 to \$112,000 (80% to 130% AMI for a family of three). Homes will be marketed to first-time homebuyers who have participated in homeowner education training. Through the program, owners will build limited equity in their homes over time, balancing the goal of asset building with the city's need for ongoing affordability for future generations.



**Jie Ying Gao grew up in Gravesend with her family, and has recently become a homeowner through HPD's New Infill Homeownership Opportunities Program (NIHOP) program with a newly constructed home in Coney Island.**



**John and Jacqueline are born-and-raised New Yorkers who've been married since 1960 and resided in Stuyvesant Town for decades. Recently, they were at the verge of leaving after their rent increased dramatically and John's income dropped after retirement. But through the City's intervention to preserve affordability at Stuy Town, they were able to stay in Stuy Town in an affordable, rent-regulated apartment.**

## Zombie Homes

**HPD will also pursue reforms to the 2016 New York State Zombie Property and Foreclosure Prevention Act to strengthen the enforcement of bank requirements to maintain Zombie properties—vacant homes in which owners have been in default on their mortgage payment for more than 90 days.**

# Develop Neighborhood-Based Anti-Displacement Strategies

The core tenet of our anti-displacement strategy is to ensure that residents have the choice to stay in their homes and neighborhoods. But the slow erosion of tenant protections provided pursuant to State rent laws, combined with the surging demand for housing, has led to aggressive speculation in rent-stabilized buildings. Meanwhile, low- and moderate-income homeowners continue to struggle with maintaining their homes in the wake of the foreclosure crisis. While the Administration has worked and is working on multiple fronts to address these trends, a more coordinated and targeted approach, in partnership with community-based organizations, is needed in neighborhoods facing displacement pressures.

The City is introducing new programs and initiatives that will help build a firewall against displacement. We will launch a new financing program for community-based non-profit organizations to acquire and rehabilitate more buildings so that New Yorkers can stay in their communities for the long haul. And in neighborhoods most at risk of rapidly losing affordable housing, we will work with local organizations to develop tailored, comprehensive anti-displacement strategies, with the goal of deploying all of the tools at the City's disposal to aggressively combat harassment and disrepair, protect tenants, and preserve affordability.



**Olivia Carothers has lived in her apartment at New Settlement Apartments in the Bronx for 22 years, where she raised her 29-year-old daughter. Thanks to HPD's recent preservation work on her building, owned by non-profit Settlement Housing Fund, she can use her newly renovated kitchen to celebrate holidays with her two grandchildren.**

## Level the playing field with a Neighborhood Pillars Program to help community organizations acquire rent-stabilized buildings

HPD and HDC are launching a new Neighborhood Pillars program to finance the acquisition and rehabilitation of existing rent-regulated buildings to protect current tenants and stabilize communities. In fast-changing neighborhoods, the sale of a rent-regulated apartment building is often a harbinger of rising rents and tenant turnover. However, non-profit and other mission-based organizations that want to purchase buildings in order to keep them affordable often lack the capital and financing to compete in those transactions. In response, the new program will use a data-driven approach to identify opportunities, and work with neighborhood-based organizations well positioned to identify the buildings most at risk of speculation and rapid turnover. The City will double the capacity of the Acquisition Loan Fund, leveraging funding contributions from private sector banking partners and philanthropic organizations to enable non-profits and mission-based organizations to acquire buildings that are rent-regulated, but not otherwise part of an existing affordable housing program.

The citywide housing market has shown signs of stabilizing since 2015, but many neighborhoods across the city continue to experience extraordinary market pressures that are largely the result of the city's tremendous economic success. Between the end of the housing bust in 2011 and 2016, citywide home prices grew at an average of six percent a year, without adjusting for inflation. Between 2015 and 2016, average growth in home prices slowed to just one percent, and the median gross rent increased by just less than three percent—the smallest increase in several years. However, these citywide trends mask the experiences of individual neighborhoods across the city.

In each local market, no neighborhood lost overall real estate value between 2011 and 2016, and over 20 neighborhoods across Brooklyn, Manhattan, and Queens appreciated faster than the citywide average. This is a consequence of homeowner and investor confidence in New York City. Home values in Bushwick grew the fastest over this period (20 percent per year, on average), followed by Bedford-Stuyvesant (18 percent per year, on average). Even neighborhoods that started with higher-than-average home prices in 2011 experienced stronger-than-average growth. For example, during the same period, Upper Manhattan neighborhoods saw average home values increase by ten percent a year, and prices in Sunnyside and Woodside in Queens similarly grew by nine percent a year on average.

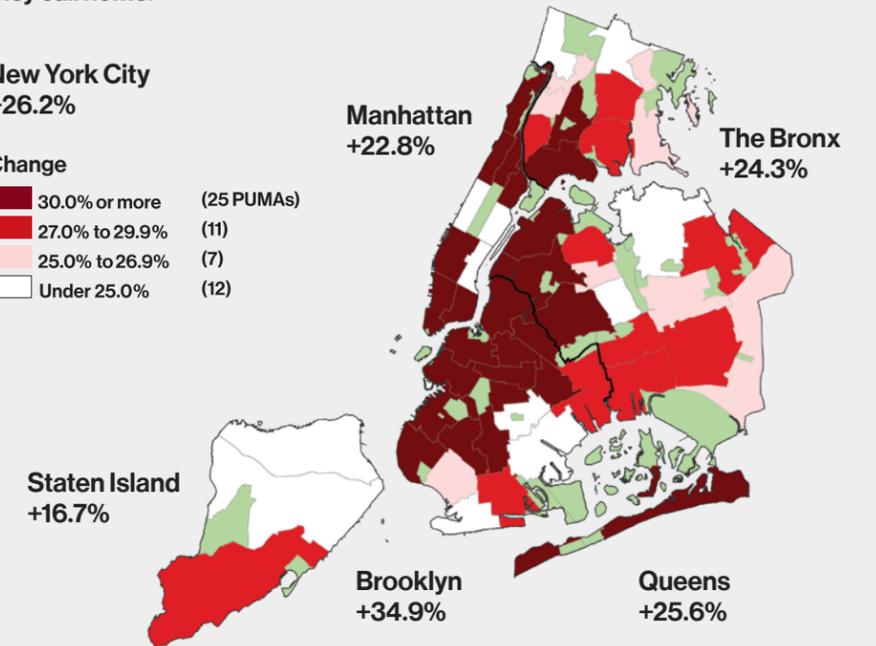
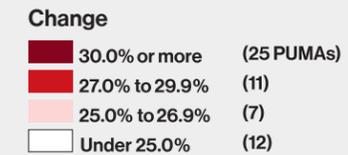
However, this rapid growth threatens renters who want the choice to stay in their neighborhood. Because incomes in many of these neighborhoods were stagnant or declining, local households who want the choice to stay must pay a significantly higher portion of their paycheck in order to do so. For affected neighborhoods, the combination of rapidly increasing value and stagnant incomes demonstrates why we must take a more strategic approach to support stability in neighborhoods experiencing the most rapid change.

Map Source: U.S. Census Bureau, U.S. Census of Population 2000 SF3; 2011-2015 American Community Survey-Summary File Population Division-New York City Department of City Planning

## Change in Mean Gross Rent by PUMA New York City, 2000 to 2011-2015

Rents are rising throughout the city. In all areas, but particularly ones where incomes are flat or declining, renters feel the pressure—especially lower income households. Our initiatives are designed to increase the availability of housing while supporting the stability of residents to stay in the neighborhoods they call home.

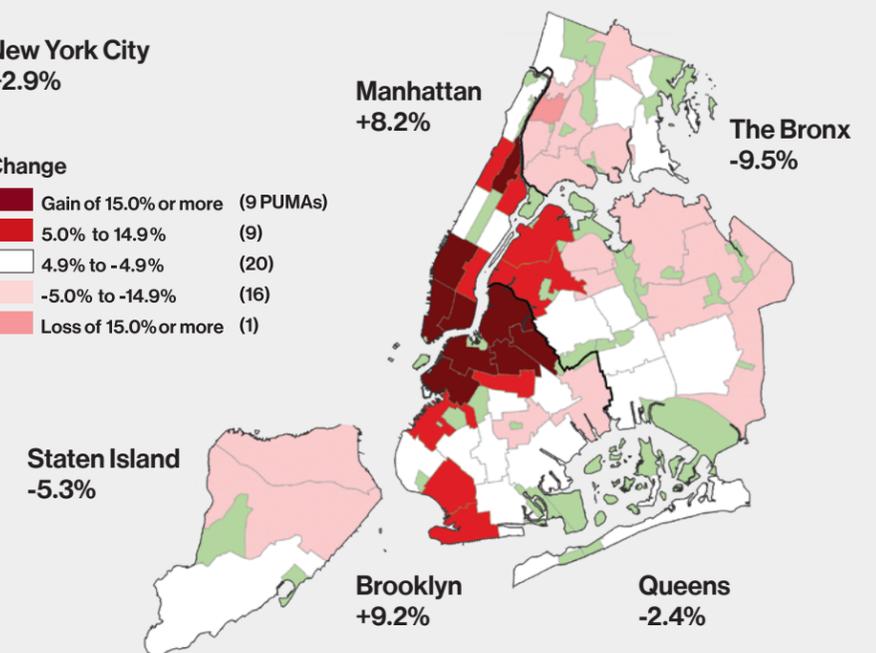
New York City +26.2%



Map Source: U.S. Census Bureau, U.S. Census of Population 2000 SF3; 2011-2015 American Community Survey-Summary File Population Division-New York City Department of City Planning

## Change in Mean Household Income by PUMA New York City, 2000 to 2011-2015

New York City +2.9%



Map Source: U.S. Census Bureau, U.S. Census of Population 2000 SF3; 2011-2015 American Community Survey-Summary File Population Division-New York City Department of City Planning

## Launch a new Partners in Preservation initiative to develop comprehensive anti-displacement strategies in changing neighborhoods

While HPD has ramped up outreach to building owners in order to make them aware of our preservation programs and the City has launched numerous programs to protect tenants citywide, we will make more intentional efforts to develop and execute anti-displacement strategies in targeted neighborhoods. HPD will pair its available data with the on-the-ground experience and work of community-based organizations to advance comprehensive anti-displacement plans in neighborhoods identified as most at risk of losing affordability. Representing our most aggressive and targeted efforts to date, **Partners in Preservation** will tailor strategies to each neighborhood included in the initiative. Those strategies are expected to combine new and existing tools to address harassment and disrepair; provide tenants with anti- eviction legal services; protect homeowners from foreclosure and predatory activities; and help building owners access HPD financial resources to improve their buildings and preserve affordability.



*Masaryk Towers, a 1,105-unit Mitchell-Lama cooperative located in the Lower East Side of Manhattan, is working with the City to finance a new boiler plant and cogeneration system and lock in affordability.*

## Save the remaining Mitchell-Lamas

The Mitchell-Lama portfolio, which is both supervised by the State of New York and the City of New York, is under unprecedented pressure to convert to market-rate housing. Since 1989, more than 19,600 City-supervised apartments reached the end of their regulatory periods and chose to “opt-out” of the Mitchell-Lama program. The challenges of maintaining an aging housing stock and rising property values are putting more of the entire Mitchell-Lama portfolio at risk. Of the approximately 100 remaining City-supervised developments with over 45,000 homes, approximately two-thirds are affordable cooperatives, representing a significant source of affordable homeownership for New York City. In addition, there are another 70 Mitchell-Lamas with nearly 55,000 homes and apartments in the State’s portfolio, many of which face similar conditions and risks that must be addressed in order to preserve this valuable stock of affordable housing.

Through aggressive outreach and investment, HDC is launching a **Mitchell-Lama Reinvestment Program** to offer the low-cost, long-term financing needed to anchor the affordability of many of the remaining Mitchell-Lamas. By leveraging an array of financing tools,

the program will restructure properties’ existing debt and fund critical capital repairs. The program will also extend, and often deepen, Mitchell-Lama property tax exemptions, resulting in a significant reduction to operating costs that will help keep rents and maintenance fees low for residents. In exchange, properties lock in affordability for the next generation, ensuring that Mitchell-Lamas remain affordable for the long term.

## Lien In: Fix and protect distressed affordable homes

HPD has expanded proactive code enforcement and worked with other City and State agencies to bring criminal charges against landlords who willfully create unsafe conditions for tenants. Housing Court civil penalty judgments, which are imposed against owners who have neglected to make repairs or provide services at their properties, present another critical enforcement tool to ensure that violations are corrected. Yet, too many landlords do not respond to this legal action.

To give those penalties more teeth, HPD is supporting a new State law that will convert those Housing Court judgments into City tax liens, which will allow stronger and quicker enforcement in the future. This law would both improve collections and motivate property owners to respond to Housing Court enforcement and correct conditions more quickly to avoid further enforcement and penalties.

# Crack the Code: Promoting Innovation in New Construction Methods

**With rising land and construction costs, the City must find ways to get more from every dollar invested in affordable housing, and to deliver that housing faster to families in need. There are two strategies ready to move from their experimental phase to broader application: micro-units and modular building.**

## Launch Micro-Mix: A multifamily housing program for small apartments

The construction of small apartments designed for the needs of smaller households—often called “micro units”—can increase housing options for individuals and small households who face a competitive market for small apartments, and often end up living with roommates in larger apartments that could otherwise accommodate families. A recently completed pilot project suggests that a building made up of smaller apartments can serve this segment of the population in harmony with the surrounding neighborhood, and this method theoretically reduces building costs on a per unit basis.

*Carmel Place, New York’s first micro-unit apartment building, opened in 2016 in Kips Bay, Manhattan. The building’s 55 micro-units were designed to optimize space and provide a sense of openness. The apartments measure between 260 and 360 square feet and have 9’8” floor-to-ceiling heights and expansive 8’ high windows. While the foundation, utilities and ground-floor were built using traditional construction methods, Carmel Place’s micro-unit apartments were built with prefabricated modules that were transported from a Brooklyn warehouse and ‘stacked’ on the development site.*



## Advance Modular Construction

Modular construction can significantly reduce development time and cost, increasing the efficiency of the City’s affordable housing investments and bringing new affordable homes to the market faster. The City is currently piloting modular construction through the Build-It-Back program, constructing nearly 100 single-family modular homes, and achieving cost savings of roughly 25 percent per home. Through this process, City construction managers have gained first-hand experience navigating the logistical, jurisdictional, and permitting issues involved.

The City will now seek to expand this model, and release an RFP for multifamily affordable housing developments that use modular construction to further test whether the benefits of modular construction are achievable at scale in the city’s dense urban environment.

# Unlock the Lots: Activating Underutilized Sites for New Housing

HPD has moved aggressively through its inventory of vacant and underutilized City-owned land, developing thousands of affordable homes in the process. Without adding sites to the pipeline, the City will face challenges maintaining the current pace of new construction. The City will therefore look to build on vacant and underutilized private land, and consider unique design options to develop housing on small lots.

## Launch Housing+

Many affordable developments constructed a half-century ago were built as islands in a sea of parking and vacant lots. Yet many of these lots are not used by residents. Those underused parking lots and vacant spaces are an opportunity not only to provide new housing and reconnect neighborhoods by improving urban design, walkability, and enlivening the streetscape, but also to help stabilize and sustain the older affordable buildings alongside them.

In partnership with the owners of current HUD-assisted properties, Mitchell-Lamas, and developments financed through past City disposition programs, the City is launching **Housing+**, an initiative designed to add new housing on underutilized land while addressing the rehabilitation and financing needs of existing developments. Through the enactment of ZQA, which opened up opportunities to build new senior and affordable housing on existing underused parking lots, and by unlocking potential on other regulated affordable housing sites, the City can work with owners to create hundreds of new affordable housing residences.

As part of this new initiative, the City will proactively identify sites suitable for new affordable housing development and conduct outreach to current owners. At the same time, the agencies will evaluate modifications to existing preservation term sheets to facilitate the construction of additional and deeper levels of new affordable housing.

## Create [tinyhomes] in the Big Apple

“Tiny” homes and other unique infill buildings present an opportunity to make use of small land parcels that may otherwise be undevelopable as well as create housing that adapts to changing demographics. Homes as small as 400 square feet can be a solution for some City-owned lots unsuitable for the development of traditional affordable housing. The City will identify suitable sites in its portfolio, and launch a design competition for tiny home and infill development proposals that are feasible for this category of lots.

## Reform how vacant land is taxed

The opportunity cost of leaving land undeveloped is high, however landowners across the city leave land vacant. This Administration will be addressing property tax reform in the coming years. As part of that effort, the City will explore how the tax classification and assessment methodologies of privately-owned vacant land can be changed to incentivize owners to make their sites productive. Currently, many owners of vacant land have a financial incentive not to develop their sites in order to keep their property tax bill low. Reclassifying residentially zoned vacant lots would increase their tax bills to an appropriate level, possibly motivating owners to develop these sites. Potential changes could spur the development of underused property, thereby increasing the overall housing supply.



Borinquen Court in the Bronx is a HUD project that preserved 145 low-income senior homes and in the process carved out a parcel for new construction. Now, the Tres Puentes project is under construction on what had been a parking lot and underused space. Tres Puentes will provide 175 new affordable apartments for seniors, 53 of which will be for homeless seniors, new commercial space and a new senior center in two new buildings. The buildings will be connected through enclosed walkways.

# Leading the Charge

---

As we push forward on the broad goals of HNY, we do so in the face of very real threats on the horizon. This will require us to be vigilant in fighting for every dime and using every resource as efficiently as possible to protect the hard-working New Yorkers who are struggling to find and keep their place in our city.

It will require collaboration—we need every level of government, and every partner from every sector to come together to solve the very real, and very complex problems that we face.

---

# Partner with the State

The City has committed unprecedented resources to addressing the affordable housing crisis, but we cannot do it alone.

Many of the housing achievements of the past three years have had a significant State component. In 2015, we worked hard to eliminate the old and broken version of the 421-a program, which provided subsidized luxury housing without enough affordable housing in return, and secured some hard-fought rent regulation reforms such as increasing vacancy decontrol limits. We also took a major step forward in creating more opportunity for M/WBE developers by securing State authority to designate development sites only to M/WBE firms. The expansion of the Rent Freeze Program for seniors and people with disabilities in 2014, followed by property tax relief for senior and disabled homeowners in 2017, were key examples of leveraging City resources to keep the city more affordable. The State's allocation of \$2.5 billion in affordable and supportive housing funding in the FY 2018 State Enacted Budget will also complement City efforts to invest in affordable housing for low-income New Yorkers, senior housing, and housing and services for homeless individuals.

Many aspects of HNY 2.0 will require additional legislative changes in Albany.

## Pursue new State legislation that allows us to offer financing in exchange for extended affordability

Our loan authority for preservation projects is antiquated, so we will be pursuing State legislation that will allow us to offer financing in exchange for extended affordability even in projects that are not in need of rehabilitation.

## Work with the State to convert housing court judgements to liens

We will work with the State Legislature to allow the City to convert housing court judgments to liens in order to provide stronger and quicker enforcement when owners fail to appear in court. This will motivate owners to correct conditions more rapidly to avoid future penalties.

## Strengthen Zombie property regulations

HPD will also advocate for strengthening the 2016 New York State Zombie Property and Foreclosure Prevention Act to increase penalties on banks that fail to maintain Zombie properties.

## Fight for strengthened rent regulation

In 2015, we secured several significant reforms such as increasing vacancy decontrol limits and enhancing harassment penalties, but we must go further. That is why in the coming years we will be strongly advocating for additional rent regulation reforms to keep New Yorkers in their homes and curb predatory landlord practices. Rent regulation ensures New York City's neighborhoods remain economically diverse, and is critical to the continued affordability of our projects, so we will propose an aggressive rent stabilization agenda to Albany in 2019.

## Continue our financial partnership with the State

Finally, a continued financial partnership with the State, from private activity bonds to supportive housing funding, will also be crucial in addressing the city's affordable housing crisis. The City and State have worked together to finance supportive housing in New York City for many years. Now, with more tools than ever before, it is essential that the City and State continue to work together to produce even more housing with on-site services for homeless individuals and families with special needs.

# Protect and Expand Federal Resources for Affordable Housing

The affordable housing shortage is not just a problem here in New York, or even a challenge unique to big cities. According to the National Low Income Housing Coalition, in no state in the country can a person working full-time at the federal minimum wage afford a two-bedroom apartment at the Fair Market Rent. And yet the federal government has been pulling back from public and affordable housing for decades.

Today, potential policy changes could dramatically impact the budget for federal housing programs as well as our ability to leverage private capital through the Low-Income Housing Tax Credit (LIHTC) and Private Activity Tax-Exempt Bonds. Any loss of these tools would be devastating.

The City is working hard to make sure Washington knows how important housing programs are to New York. According to the Partnership for New York City, the City contributes \$56.1 billion more in tax revenue to the federal government than we receive in federal grants and other support. We need funds in return to create housing choices for low- and moderate-income renters that want to live in our great city.

That is why we are working with a nationwide coalition of cities, states, and housing advocates not just to protect, but to expand the federal resources we need to build and preserve affordable housing. But the threats to affordable housing are real, and we must continue to work together to make sure that no level of government walks away from its obligation to ensure that safe, good, affordable homes are within everyone's reach.

## Protect, expand, and enhance the Low-Income Housing Tax Credit (LIHTC)

LIHTC is the largest driver of affordable housing development and preservation in the country. It is often used in conjunction with Private Activity Tax-Exempt Bonds to make affordable housing development feasible. In 2016, LIHTC and Private Activity Bonds generated \$2.7 billion in financing and equity to help create or preserve more than 10,000 affordable homes in New York City. Nearly all of that figure, \$2.6 billion, comes from tax-exempt bonds and the 4 percent credits they generate.

New York City is not the only place that benefits from using these tools, so we are working with partners across the country to advance legislation in both houses of Congress to protect and expand this critical resource. The Affordable Housing Credit Improvement Act is bipartisan legislation in both the U.S. Senate and House that would expand LIHTC, make changes to the program to reach families at a wider range of income levels, and bring more financing to reach deeper levels of affordability. The passage of this legislation would mark the first meaningful expansion of affordable housing resources in decades.

## Protect and increase the use of Private Activity Bonds

One of the biggest constraints to building more affordable housing in New York City is the limitation on Private Activity Bond (PAB) volume cap, the supply of bond lending that the federal government allots to each state. In addition to expanding LIHTC, New York City is part of a growing coalition calling for an increase in PAB volume cap to allow additional financing for new construction and preservation. These proposals include technical changes to bond regulations and the creation of a national reallocation pool for unused PAB volume cap.

The Housing and Economic Recovery Act of 2008 (HERA) introduced the ability to “recycle” tax-exempt multifamily housing bonds, which allows housing finance agencies six months to re-use volume cap bonds that have been repaid within a four year window and use the proceeds to make a new loan for another housing project. HDC currently issues more than \$300 million per year in recycled bonds, and is now proposing to expand recycling to allow for \$100-\$200 million more to be spent on affordable housing in New York State each year.



## Create a national pool to reallocate Private Activity Bonds

While a growing number of states (like New York) use nearly their full allotted volume cap, other states do not need their entire share. This leaves approximately \$10 billion in volume cap abandoned each year nationwide, according to the Council of Development Finance Agencies.

HDC is working to advance a proposal to create a national pool of unused PAB volume cap. This would allow states that have used a substantial amount of their existing cap and need additional resources to finance the preservation of federally-assisted properties by accessing unused cap from other states.

## Build on Successful Partnerships

**The City is looking to expand strategies and partnerships that have been particularly successful at reducing costs and achieving savings to fund more affordable housing. These strategies include FHA risk-sharing and the Treasury Department's FFB program, which provide multifamily lending platforms with greater underwriting flexibility, lower interest costs, and increased returns. HDC also seeks to work with government-sponsored enterprises Fannie Mae and Freddie Mac (or their successors) to provide capital at reduced interest costs, and will continue to work with the City's private banking partners as well to achieve efficiencies, increase savings, and stretch resources further to create and preserve more affordable housing.**

## **We inherited one of the strongest affordable housing engines in the nation.**

The past four years, we have been under the hood, seeing how we could retool the machinery to get more mileage and cover more road faster and more efficiently than ever before. We have primed that engine with new policies, programs, and investments, and charted a course for the next eight years. Now is the time to press on the accelerator and take advantage of the City's unprecedented capacity to create and preserve affordability for future generations of New Yorkers.

This accelerated and expanded Housing Plan reflects the urgency of the needs on the ground, and a vision for the kind of city we want to be. This path forward is about doubling-down on our commitment to tackle the affordability crisis that threatens the health and well-being of families and the competitiveness and equity of our city. It is about prioritizing our seniors so that they can age in place in safe, affordable, and accessible housing. It is about ensuring residents have the choice to stay in their homes and communities and even have a shot at owning a piece of their neighborhood. It is about unlocking land, public and private, to develop even more new affordable housing than before. It is about scaling-up innovative methods of construction to reduce costs and speed up the delivery of homes for New Yorkers.

This is an extraordinary moment in New York City's history. Working together, we have made incredible progress, and while far from the finish line, the goal is within our grasp. We will leave this engine in better shape than when we found it for the next generation of city builders, and we will leave New York a stronger, more affordable, and more just city.

## Housing New York 2.0

### *Image Credits*

(Geraldine)

Video by NYC Mayor's Office

(Arverne View Mitchell-Lama)

Photo by Kevin Laccone

(CLT)

Photo by Jonathan Patkowski

(M/WBE RFP designation announcement)

Photo by Ed Reed, Mayoral Photography Office

(Stuyvesant Town seniors)

Photo by Arturo Olmos

(Olivia)

Photo by Arturo Olmos

(Masaryk Towers Mitchell-Lama)

Photo by Gary Sloman

(Jie)

Photo by Jonathan Patkowski

(Tres Puentes)

Renderings courtesy of Redtop Architects

(Carmel Place)

Rendering courtesy of nARCHITECTS

(Cityscape)

Photo by Kevin Laccone

(Cover)

Photo by Jonathan Patkowski

Report design by Bellweather Agency

([www.bellweather.agency](http://www.bellweather.agency))



**The City of New York**  
**Mayor Bill de Blasio**

Alicia Glen  
Deputy Mayor for Housing and  
Economic Development

[nyc.gov/AffordableHousing](http://nyc.gov/AffordableHousing)

[#NYCAffordableHousing](https://twitter.com/NYCAffordableHousing)