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NEW YORK, NY 10007

FOR IMMEDIATE RELEASE: March 10, 2016

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MAYOR DE BLASIO AND ATTORNEY GENERAL SCHNEIDERMAN: \$10 MILLION FROM TAX PROGRAM CRACKDOWN WILL SPUR NEW AFFORDABLE HOUSING FOR HUNDREDS OF FAMILIES

Nearly \$10 million recouped by Attorney General from bad actors violating tax programs

City announced first installment will support 600 affordable apartments for formerly homeless, seniors and people with mental health needs

NEW YORK—Mayor Bill de Blasio and Attorney General Eric T. Schneiderman today announced the initial financing for nearly 600 new affordable apartments across the city, paid for by \$10 million in settlements with property owners who violated the law. The new homes will serve formerly homeless New Yorkers, low-income families, veterans, seniors and people with mental health and substance abuse challenges.

The settlement money results from investigations spearheaded by the Attorney General into abuses of tax incentive programs. The \$9.8 million includes restitutions paid by owners who failed to provide the rent-regulated leases their tenants deserved, violated tenant rights laws and denied service workers the required prevailing wage.

“The Attorney General and the City are cracking down on bad actors, and we’re putting the proceeds to work, building more affordable housing. Today, we’re announcing that hundreds of families in need will have a home they can afford. And our seniors, and people with mental health and substance abuse challenges, will have specialized housing with services to meet their needs,” said **Mayor Bill de Blasio**.

“New York has always been, and must remain, a city for working people,” said **Attorney General Eric T. Schneiderman**. “For more than two years, my office has been investigating unscrupulous building owners who have been abusing the law to unfairly take millions in tax exemptions from programs intended to help everyday New Yorkers. Today, we turn the proceeds of those investigations into real housing relief for our communities. I am proud to stand with Mayor de Blasio to announce another important step toward our shared goal of all New Yorkers having a safe, affordable place to call home.”

The joint investigations began in 2014, uncovering violations of tax exemption and abatement programs, including illegal deregulation of rent-stabilized units, violations of tenant right laws, and failure to provide rent regulated leases. This included restitution paid by 23 property owners for their failure to register apartments with the State’s Department of Homes and Community Renewal (HCR) and/or to comply with 421-a prevailing wage requirements for service workers in over 31 New York City properties. In addition to the payment of restitution and as part of the legal case against them, the landlords were required to properly register their properties and to provide tenants with proper regulated leases.

Today’s announcement dedicates about one half of the \$9.8 million to four supportive housing projects, with the remainder to be allocated in the months ahead. Ultimately, the settlement funding could help finance more than

1,000 affordable apartments. The total amount for each project will be determined as their financing deals are secured:

The four projects identified so far are:

Institute for Community Living (ICL)

Set for construction in 2017, The Institute for Community Living (ICL) is planning to develop a supportive housing project with 129 affordable apartments for formerly homeless individuals and families in Boerum Hill, Brooklyn. The apartments are expected to be affordable to households earning up to \$16,335 for an individual, and \$20,979 for a household of three; or up to \$22,385 for an individual, and \$28,749 for a household of three.

The Bridge

The Bridge, a non-profit organization dedicated to mental health and housing solutions, will build a new affordable housing project with 59 apartments for formerly homeless veterans in the Melrose neighborhood of the Bronx. Future residents' incomes are not expected to exceed \$30,250. Rental payments are expected to be subsidized by Project-based Section 8 or HUD-VASH vouchers.

HANAC

HANAC, Inc. will build a low-income senior development with a total of 68 affordable apartments in Corona, Queens. The development will be affordable to seniors earning no more than \$30,250 for an individual, and will include intergenerational programming such as an on-site management office and a social service office to assist residents.

Kenmore Hall

Housing and Services, Inc. (HSI) will rehabilitate Kenmore Hall, a supportive housing development in Gramercy Park, Manhattan with 326 affordable apartments for residents who earn an annual income of no more than \$36,300 for an individual. HSI's mission is to end chronic homelessness, prevent displacement for those at risk and improve housing conditions for the marginalized through the development and management of permanent supportive housing, collaborations with other community groups, and preservation initiatives to safeguard NYC's existing affordable housing stock.

"The City is committed to ensuring that owners and landlords who accept tax benefits are complying with their obligations. It is fitting that the money restored from those who would try to evade their responsibilities will now be used to create and preserve affordable housing for some of the most vulnerable New Yorkers. We are pleased that these funds will kick-start the development of supportive and senior housing here in Brooklyn, and in neighborhoods across the City. I want to thank Attorney General Schneiderman for his leadership of this ongoing multi-agency enforcement effort, and his support in bringing online new homes and services for families and individuals looking to secure a more promising future," said **Housing Preservation and Development Commissioner Vicki Been**.

"It is both just and right to use funds collected from landlords who violated the law to create affordable housing for the most vulnerable New Yorkers," said **Human Resources Administration Commissioner Steven Banks**. "I thank Attorney General Schneiderman and all those involved in this multi-agency effort that will allow 600 families in need to enjoy safe and permanent housing."

"Solving our affordable housing crisis will take creative new policy ideas, long-sought reforms to existing programs, and an enormous amount of money," said **Manhattan Borough President Gale A. Brewer**. "I commend Attorney General Schneiderman for partnering with Mayor de Blasio to finance a portion of the many senior and supportive housing units we so desperately need."

"The disappearance of affordable housing in Brooklyn is a true crisis. Families that have lived here for generations find themselves at risk of displacement and, in some instances, homelessness. Investing in

supportive housing for homeless families, veterans and seniors in Boerum Hill protects the most vulnerable members of society. I thank Attorney General Schneiderman and Mayor de Blasio for this funding commitment, as well as share in their ongoing efforts to hold landlords accountable for complying with the law,” said **Brooklyn Borough President Eric Adams.**

“Hundreds of low-income, incapacitated and vulnerable people in our community will now have access to quality affordable housing thanks to Attorney General Eric Schneiderman’s efforts bringing to justice the property owners who have violated tenants’ rights and NY housing laws. More than \$10 million in settlement money has been used to build 600 new affordable housing properties and repair the damages caused by property owner’s abuses and violations of the law. Many of these properties will be in the Bronx, where people will have access to rent-regulated subsidized rental apartments at affordable rates. I applaud Attorney General Schneiderman and Mayor de Blasio for this innovative and important effort to bring greater social and economic justice to New York City’s most vulnerable communities,” said **Congressman José Serrano.**

“It’s highly appropriate that money reclaimed from scofflaw landlords will be used to build and restore supportive housing to help some of our most vulnerable neighbors live full and productive lives, including here in my own district on the East Side of Manhattan. Today’s announcement is a great step, and given the flaws in the 421-A program, there’s no doubt much more of the people’s money can be recouped to actually benefit those who live and work in New York City. Thank you to Mayor de Blasio and Attorney General Schneiderman for holding these landlords accountable and continuing to invest in the housing we so desperately need,” said **State Senator Liz Krueger.**

“Our most vulnerable populations, especially our seniors, need all the assistance we can provide them with. There is no question we need supportive housing for our seniors, so I am glad that part of this new funding will build 68 affordable housing units for seniors in Corona, which is part my district. I applaud Mayor Bill de Blasio and Attorney General Eric Schneiderman for putting this initiative in place,” said **State Senator Jose Peralta.**

“Full-scale efforts like these send a message to predatory landlords, while also aiding in the expansion of much-needed affordable housing in New York City,” said **Assembly Member Keith L.T. Wright, Chair of the Committee on Housing.** “Abuse of tax incentives will not be tolerated, and certainly not in the midst of a housing crisis that is displacing long-term residents and seniors, and shortchanging community members in need. This collaboration with Attorney General Schneiderman and the City of New York marks great progress in our collective mission to preserve and enhance affordable housing for New Yorkers.”

“It’s great that financial penalties on developers and building owners who break the law will be used for affordable housing. Residents of the Kenmore, in our community, will benefit directly. Attorney General Schneiderman and Mayor de Blasio are showing how State and City officials can work together for great results,” said **Assembly Member Richard N. Gottfried of Manhattan.**

“I applaud the mayor for recognizing the urgent need for affordable housing in my community, which is challenged with overcrowded homes and underemployment. HANAC is a worthy partner and has done exceptional work in this project to build homes for seniors in Corona to help keep them in the community they love. Dedicating this restitution pay to speed up the construction of affordable housing and uplift those families having difficulty keeping a roof over their heads is smart use of government resources,” said **Council Member Julissa Ferreras-Copeland.**

“These funds are going to make a real difference in the lives of New York’s most vulnerable citizens,” said **Council Member David G. Greenfield.** “I want to thank Attorney General Schneiderman for working to recoup these funds, and Mayor de Blasio for appropriating them to help create more much-needed affordable housing.”

“As our city continues to find ways to create and preserve more affordable housing, it is critical that we crack down on unscrupulous landlords who try and cheat the system and take advantage of the most vulnerable New Yorkers. I applaud the Attorney General and Mayor de Blasio for their work to hold landlords accountable and ensure this money is used to build truly affordable housing for neighborhoods in need,” said **Council Member Rafael Espinal, Jr.**

“Far too often, landlords take advantage of tax exemptions and abatement programs without providing the required affordable housing; or worse, they accept tax-payer money only to harass and evict working families from their homes,” said **Council Member Jumaane D. Williams**. “We know senior and supportive housing developments work and I applaud Mayor de Blasio and Attorney General Schneiderman for not only prosecuting these violations, but for standing up for tenants and dedicating this new funding source for affordable housing.”

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