



**NEW YORK STATE ASSOCIATION FOR AFFORDABLE HOUSING**

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**Testimony to the New York City Council on 251-a Living Wage  
November 22, 2011**

My name is Frank Anelante and I am on the Executive Board of NYSAFAH, the New York State Association for Affordable Housing. Before I begin my remarks on the legislation before you today, I would like to state that NYSAFAH supports the concept of a living wage in affordable housing. Our members already pay our employees a living wage or better, and we are sympathetic to the goals of the legislation. Unfortunately, the many requirements of Intro 251-A would severely limit NYSAFAH's ability to build and maintain affordable housing in a cost-effective manner, and we urge you to reject this bill.

NYSAFAH is the trade association for New York's affordable housing industry. Our members have partnered with the city over the last several decades to utilize affordable housing development to catalyze neighborhood renewal in some of the city's most challenging neighborhoods. Affordable housing is an economic engine in New York City, not only producing jobs and income during construction, but also sustaining significant economic development in the surrounding community thereafter.

NYSAFAH recognizes and appreciates that the drafters have included language to exempt affordable housing from the legislation. However, this exemption fails to provide meaningful relief for several reasons.

First, affordable housing is defined narrowly to include only those projects in which 75% of the residential units are affordable for families earning less than 125% of the area median income. This formulaic approach would exclude many important projects that happen to target a different mix of incomes, or a different approach to site design.

Second, as a practical matter, the exemption would only relieve those few narrowly defined projects from the obligation to pay the defined living wage. Developers and operators would still be required to prepare annual certifications, maintain payroll records, and comply with other burdensome reporting requirements for 10 years or more.

Third, Intro 251-A asks affordable housing developers and operators to take on a massive compliance responsibility that bears no relationship to their core business. We simply are not equipped to monitor the employment practices and payroll records of our regular vendors, contractors and commercial tenants. The scope of this legislation is so sweeping

that we would anticipate dramatic increases in our administrative costs, diverting resources from the planning, production and maintenance of affordable housing.

Fourth, increased wage requirements in retail spaces would make them less attractive to merchants and businesses, reducing our ability to lease them and potentially impacting the financial viability of a project. Mixed use affordable housing development is important to stabilizing neighborhoods where it is already especially challenging to attract commercial tenants. This wage mandate and its compliance penalties will make it even more challenging to attract commercial tenants to mixed use projects in emerging neighborhoods.

One final point –our project finances are lean and carefully structured. Before advancing a single dollar, our public and private sector investors review each aspect of a financial plan to ensure that it is sound. Our projects also include restrictive covenants and deed restrictions to ensure continued financial viability. Aside from the obvious costs, Intro 251-A would introduce an element of uncertainty into every deal. The legislation provides that the City may recapture the financial assistance it granted if it finds that the Living Wage provisions have been violated and the Comptroller is unable to effectuate a settlement. This means that the basic financial underpinnings of the project could be undone at any time during a 30 year period due to the actions of an unrelated business entity that has a lease or contract to do business on the premises. This uncertainty would certainly affect our ability to obtain bank and tax credit financing, the two major sources of private capital in affordable housing construction.

In an era of dwindling public resources and skyrocketing demand for housing, it makes no sense to add burdens to programs that are delivering results. While we support the concept of living wage, we believe that wage standards should be set by the State, and enforced across all industries by the State Department of Labor. Thank you for this opportunity to testify.