Affordable Housing: An Overview
Introductions

• Furman Center
  – Established in 1995
  – Joint center of the New York University School of Law and the Robert F. Wagner Graduate School of Public Service
  – Research and data on housing in NYC and across the U.S.

• Enterprise Community Partners
  – National Non-Profit Organization, founded in 1982
  – Provides capital for community development, including LIHTC syndication
  – Advances affordable housing policy focused on upward mobility, racial equity and increasing housing supply.
  – Current focus on fair housing and eviction prevention in New York.

• NYSAFAH/House New York
  – New York’s affordable housing trade group
  – Founded in 1998
  – 400 members, largest affordable housing trade group in the U.S.
  – Responsible for vast majority of subsidized housing built across NYC and the state
What is Affordable Housing?

- **Public Housing - NYCHA**
  - 177,000 NYCHA units, 7.8% of city’s apartments
  - Houses most vulnerable New Yorkers – avg. family income $25,602, avg. rent $548

- **Privately-owned affordable housing**
  - HPD, HDC, and HCR buildings - ~287,000 units
  - Typically rely on tax credits servicing families around 60% AMI, or $64,440 for a family of three
  - Supportive Housing – 35,000 units

- **Vouchers**
  - NYCHA and HPD Section 8 – 115,000 families
    - Assists families under 50% AMI, makes up difference between what family can afford and actual rent
  - CityFHEPS

- **Inclusionary Housing and 421-a buildings**
  - Market-rate developers include a proportion of affordable housing in exchange for extra floor area or a tax exemption
What about rent-regulated housing?

Rent-regulated (i.e. controlled or stabilized) housing vs. subsidized housing

- Rent-regulated housing is typically privately owned, unsubsidized, and fully taxed
- Rent stabilization (~1,000,000 units) applies to 6+ unit buildings built before 1974, less destabilized units, plus units added by other programs
  - Rent increases governed by Rent Guidelines Board
- Rent control only applies to less than 22,000 units built before 1947
- Rent-regulated housing is not typically subsidized or subject to regulatory agreements
Where is affordable housing located?

**City land vs. private land**

- Current system for affordable housing development created in 1980s
- During ‘70s and ‘80s (the in rem crisis), the City seized thousands of properties due to non-payment of taxes
- City used low-income housing tax credits to rehab seized apartment buildings, then to build new housing from scratch on vacant land
- Today, City does not have much land left – affordable housing developers are often acquiring land on their own

*South Bronx, 1980*

Photo: Perla de Leon
How about a map?

- Public Housing
- LIHTC-funded
- Mitchell-Lama
- 421-a tax exemption
- 420-c tax exemption
- Other HPD Programs (MIH & Capital subsidies)
- HUD Financing and Insurance
- HUD Project-Based Rental Assistance
Development Process

1. Developing the Project Concept
2. Assessing Project Feasibility
3. Project Dealmaking
4. Contraction and Lease Up
5. Operations

PREDEVELOPMENT

Site Identified/Secured

Construction Starts

3-5 YEARS

1-2 YEARS

55+ YEARS

7
Finance

• Debt
  – HDC or HFA Loans, sometimes funded by sale of tax-exempt bonds
  – Conventional loans from private banks
• Capital subsidy programs through HPD or HCR
• Federal Low Income Housing Tax Credit (LIHTC)
• Tax exemptions
How are residents selected for affordable housing?

• Lottery process

• Area Median Income – the yardstick
  – Defined by U.S. Dept. of Housing and Urban Development, based on the median family income
  – 100% Area Median Income is currently $119,300 for a family of four, $107,400 for a family of three
  – Each financing program has a term sheet that dictates allowable AMI bands

• Set aside units
Ensuring Long-Term Affordability

- **Asset Management** - maintaining affordable housing after residents move in

- Meeting the needs of the physical property and the residents through:
  - Compliance and Reporting
  - Assessment of operational performance
  - Capital needs planning and financial planning
  - Oversight of Property Management
How is Council Involved?

• Land Use approvals (e.g. ULURP)
  – Required for dispositions of city-owned land, zoning changes, urban renewal plan changes, etc.
  – Typically involves “mapping” Mandatory Inclusionary Housing during upzonings

• Tax exemptions
  – Article 11

• Reso A
  – Council Members may elect to contribute funding to affordable projects in their districts

• HPD capital budget process
Tensions among public goals

• Deep affordability vs. more affordable units
  – HPD has limited amount of subsidy
  – Deep affordability (e.g. 40% AMI) requires more subsidy than higher AMI units
  – City has limited volume capacity for private-activity bonds, which are used for project mortgages

• Location of housing involves trade-offs
  – Building housing in low-income neighborhoods gets more units per City dollar – cheap/free land is main reason
  – Building affordable housing in high-opportunity neighborhoods is more expensive, but can be more impactful for residents
Threats to Affordable Housing

• Costs
  – Increased construction, maintenance, and operation costs mean capital dollars do not stretch as far
  – Insurance, labor, and material costs are all currently driving costs up

• Material condition of buildings
  – Poor maintenance over time endangers a building
  – Proper management and periodic recapitalization required

• Lack of land and zoning capacity
  – New affordable housing is concentrated in low-income communities where land is still available/affordable
  – Very challenging to build in the suburbs or higher income communities due to land use constraints

• Local Opposition
  – Neighborhood opposition to upzonings and new construction
  – Tenants using vouchers in the private market face source of income discrimination
Further resources:

Center for Urban Pedagogy: [What is Affordable Housing?](#)

Citizens Housing & Planning Council: [Life of a Building](#)

Furman Center: [Research and Policy](#)