



# A Missed Opportunity: The City's Mandatory Inclusionary Housing Proposal Should Not Short-Change New Yorkers!

ANHD Position Statement

November 16, 2015

The City recently released its long awaited Mandatory Inclusionary Housing policy (MIH), a centerpiece of the de Blasio housing agenda. ANHD has been the leading organization calling for an MIH policy because we believe that the City needs a new baseline for how affordable housing gets built in all communities. Housing advocates and community residents see MIH as an opportunity to put in place a “new normal” where every neighborhood and site that is upzoned will include guaranteed affordable housing that truly meets the needs of the local community.

Unfortunately, the de Blasio Administration’s current MIH proposal misses the opportunity to create the guaranteed, truly affordable housing that many neighborhoods are demanding. In fact, the proposal as it stands would preclude communities and elected officials from securing guaranteed affordable housing for lower income levels in their own local rezoning negotiations.

**The City’s MIH proposal primarily targets the 60% Area Median Income (AMI) and above level that are already served by our current housing programs, leaving out the more than 40% of New Yorkers that earn below these levels.**

MIH should and could be a new tool that contributes to the development of affordable housing that meets the needs of those who need it most. As a city, we cannot afford to miss this key opportunity to create a new and effective centerpiece housing program. And, communities cannot be asked to accept the impact of major upzonings without being guaranteed the benefit of the truly affordable housing that they have said they need.

## Mandatory Inclusionary Housing ANHD's Position Statement in City's MIH Proposal

ANHD is calling on the City to revise its Mandatory Inclusionary Housing proposal and add additional options with deeper affordability levels to meet the full range of incomes and neighborhoods across the City.

- **Add a Deep Affordability option of 30% affordable housing at an average of 30% AMI.**
- **Eliminate the current ‘Gentrification Option,’ that sets aside 30% of units at 120% AMI.**
- **Require that all MIH options, regardless of average income level, set aside a band of 15% of units at the 30% AMI level.**
- **Increase the number of MIH options to 5, to serve the range of diverse neighborhood needs.**
- **Require that off-site MIH developments set aside an additional 10% affordable units above the on-site requirement.**

The City's current MIH proposal consists of only three options for affordable housing that must be constructed in conjunction with any upzoning that results in the ability to build significantly larger developments. The proposal is currently making its way through the land use review process.

Having a mandatory affordable housing requirement is critical progress for fighting NYC's affordability crisis. The principle of MIH – to ensure that affordability is ingrained in the future growth of neighborhoods – is one that over the long-term can help to build stronger, more affordable, and more sustainable communities. For example, Central and East Harlem alone could have generated up to 2,000 units of affordable housing in their communities had a mandatory inclusionary policy been in place in 2002.

MIH can be an important new piece in our City's affordable housing toolbox, but it is only one tool. MIH alone will not create, let alone preserve, all the affordable housing needed for any neighborhood in the City.

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This is why it is key to make clear that **MIH is starting point for what neighborhoods can ask for from developments, and not a finish line. Community residents, housing groups, community boards, and local elected officials need to maintain the ability to ask for more affordable housing, using other housing policy tools outside of and in combination MIH to meet the needs of local communities and the city as a whole.**

Still, MIH can and should be powerful affordable housing tool, and is one that ANHD and our groups have pushed for over a decade. But, the affordability levels set by the Administration's MIH proposal are too high to meet the needs of too many NYC residents and neighborhoods. The City's MIH proposal presents three options, with affordability level requirements ranging from 60% of Area Medium Income (AMI), or \$1,200 for a 2-bedroom, up to 120% of AMI, or \$2,500 for a 2-bedroom.

**At these affordability levels, MIH misses the core of the housing crisis and even the core of NYC's population. Nearly a third of New Yorkers fall below 40% AMI, and of the more than 1.1 million households that are rent burdened, 83% or 938,000 are below 60% AMI.**

In many communities, the income levels required in the City's MIH proposal would further gentrification, rather than help provide the affordable housing that local residents need.

Specifically ANHD is calling for the MIH proposal to be revised as follows...

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### 1. Add a Deep Affordability option of 30% affordable housing at 30% AMI.

One of the greatest concerns expressed by local residents, housing groups, and community boards is the level of affordability of potential affordable units. Communities are continually raising the question of whether units termed “affordable” will truly be affordable to local families, or New York City residents more generally. Yet the City’s MIH proposal fails to include any options targeting deep affordability. More than 25% of New York City households make less than \$25,000 annually, or less than 30%AMI. Any MIH program in our City must include at least one option designed to serve this sizeable part of the City’s population.

A recent [ANHD white paper](#) analyzing the City’s own MIH Market and Financial Study found that there is significant room to require more and/or deeper affordability while maintaining financial feasibility. In some markets a deeper affordability option is financially feasible without additional subsidy. Other markets would require additional subsidy, but in these areas the same is true for the options already proposed by the City. Furthermore, this option serves the policy goals of economically diversifying neighborhoods and providing a wider variety of housing opportunities for a wider variety of income levels.

### 2. Eliminate the current ‘Gentrification Option,’ the 30% set aside at 120% AMI option.

One of the City’s MIH options includes at 30% set aside at 120% AMI, for so-called ‘Emerging Markets.’ However, a 120% AMI option would give developers credit to “affordable housing” for households earning approximately \$103,000 a year, or paying approximately \$2,400 a month in rent for a 2-bedroom apartment. Let’s be clear: that isn’t affordable housing. Only the top 25 percent of city households can even afford 120% AMI rents. And less than 7% of households at these six figure levels are rent-burdened, in comparison to over 66% of households earning below \$100,000. This MIH option moves away from creating mixed income neighborhoods and away from serving those who need housing the most.

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### 3. Require that all MIH options set aside 15% of units at the 30% AMI level.

The options proposed by the City require that affordable units serve an average of 60%, 80% or 120% of AMI. As presented, developers could build for a range of income bands, or target all units to the same AMI level. In order to ensure that MIH developments serve a range of New Yorkers, and to further the goal of economic integration, MIH must serve the full range of incomes including those at lower income levels that are core to our City's population.

**The City's own Market and Financial Study for MIH, which only studied 60%-90% AMI level scenarios, seemed to disregard how MIH might serve deeper affordability needs that make up the epicenter of our housing crisis.** If we are to chip away at our housing crisis, it is critical that any MIH policy include a guaranteed commitment to provide housing for some of New York's highest need families by guaranteeing that 15% of any option be set aside for households at or below 30% AMI.

### 4. Increase the number of MIH options to 5, to address the range of diverse neighborhood needs.

The City's current MIH proposal consists of only three MIH affordable housing options that would apply to all residential lots that will be upzoned in the future across the myriad of neighborhoods in New York City. To ensure that the citywide program includes options that are appropriate for our wide range of community needs, more options should be created.

The limited options provided leave communities with insufficient options to apply to their local neighborhood context. Neighborhoods where the housing needs are at the lowest AMI levels are left without a viable option. Neighborhoods taking on sustainable 200%+ density increases and expecting that upzoning to be matched with an increased affordability are left without a viable option. The current three MIH options fall short of providing options that serve the full range of city incomes, do not provide enough options that address local needs, and fail to leverage the most affordability from each upzoning.

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### 5. Require that off-site MIH developments set aside an additional 10% affordable units.

The City's current MIH proposal has the same requirements for on-site as for off-site affordable housing. This is a mistake, and puts New York City out of step with every other city where MIH has been an effective policy. On-site affordability has a greater social value than off-site affordability, even when off-site is required in the same Community Board or within 1/2 mile, because it fosters the most income integration, and because of the likely placement of the off-site affordable building is in a higher poverty area where land costs are lower.

For instance, in the recently proposed Brooklyn Heights Library development, the market-rate units are being built within a very short distance of several subway lines and zoned for P.S. 8, one of the City's most desirable public schools which received the highest "excellent" rating in four out of five categories on their latest quality review. The affordable component, while in the same Community Board, is two miles away, within walking distance only of one local subway line, and zoned for a public school which achieved solid but lower scores on its latest quality review.

ANHD's white paper analyzing the City's Market and Financial Study for MIH found that in most cases under the current proposal, affordable housing will be built off-site. ANHD's report and the City's own market study confirm that the value in having an off-site option is its ability to generate more affordable units for the same cost. Without requiring additional affordable units in order to build off-site, there is little value in having this option for the City, and it comes at a cost to the community.