



**TESTIMONY OF BARIKA X WILLIAMS, BEFORE THE
NEW YORK CITY COUNCIL SUBCOMMITTEE ON ZONING AND FRANCHISES
REGARDING THE PROPOSED
“MANDATORY INCLUSIONARY HOUSING” TEXT AMENDMENT**

February 9, 2016

Good Morning. Thank you Chair Richards and to the members of the Subcommittee on Zoning and Franchises for the opportunity to testify.

My name is Barika Williams and I am the Deputy Director for the Association for Neighborhood and Housing Development (ANHD). ANHD is a membership organization of NYC- neighborhood based housing and economic development groups- CDCs, affordable housing developers, supportive housing providers, community organizers, and economic development service providers. Our mission is to ensure flourishing neighborhoods and decent, affordable housing for all New Yorkers. We have over 100 members throughout the five boroughs who have developed over 100,000 units of affordable housing in the past 25 years alone and directly operate over 30,000 units.

The de Blasio Administration's current MIH proposal misses the opportunity to create the guaranteed, truly affordable housing that many neighborhoods are demanding. The MIH proposal does not reflect or adequately serve the diverse range of incomes, populations or local communities or ensure that we are building sustainable inclusionary communities for all New Yorkers. **Therefore, absent substantial changes that would guarantee truly affordable housing that neighborhoods and the city overall needs, ANHD cannot support the Administration's Mandatory Inclusionary Housing (MIH) proposal.**

Having a well-designed mandatory affordable housing requirement is critical progress for fighting NYC's affordability crisis. ANHD has been the leading organization calling for a Mandatory Inclusionary Housing policy because we believe that the City needs a new baseline for how affordable housing gets built in all communities.

ANHD is calling on the City Council to revise the Administration's 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.**
- **Require that all MIH options, regardless of average income level, set aside a band of 15% of units at the 30% AMI level.**
- **Eliminate the current 'Gentrification Option,' that sets aside 30% of units at 120% AMI.**
- **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.**

MIH can and should be a powerful affordable housing tool, and is one that ANHD and our groups have pushed for over a decade. We believe this type of policy presents an opportunity to put in place a "new normal" where every neighborhood and site that is upzoned will include guaranteed affordable housing that is permanently affordable and truly meets the needs of the local community.



However this administration's MIH proposal misses a key opportunity to create a new and effective centerpiece housing program that both helps address the city's affordability crisis and creates inclusive communities.

ANHD has done extensive analysis of the City's previous voluntary Inclusionary Housing Program, voluntary R10 program, the City's own MIH Market and Financial Study, the City's MIH proposal, as well as the programmatic structure best practices, and lessons learned of inclusionary housing programs from across the nation. In addition, ANHD put-on a half-day Inclusionary Zoning policy convening that included local government officials and policy experts from Chicago, San Francisco, Oakland, and DC.

Based on our research and analysis, the affordability levels set by the Administration's MIH proposal are too high to meet the needs of the needs of NYC residents and neighborhoods.

The Administration'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. **The Administration's MIH proposals affordability targets of primarily 60% Area Median Income (AMI) and above leave out nearly half on New Yorkers and are the levels already served by current housing programs.** Communities cannot be asked to accept the impact of major upzonings that generate high rent units without being guaranteed the benefit of needed truly affordable housing.

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 and that stabilizes communities.**

ANHD deeply respects the community voices and feedback that have been expressed through the land use process and MIH must be mindful of respecting these voices and take these concerns into account. MIH must be more than a one-size-fits-all solution. The Administration's MIH proposal's three affordable housing options are insufficient to serve the diversity of populations, incomes, and neighborhoods. There are a variety of valid concerns that have been raised throughout this the land-use process and the Administration's final MIH policy needs to take into account this community feedback.

The Administration's MIH proposal and the Mayor's Housing plan do not have **mechanisms in place to proactively prevent the displacement and harassment of tenants**, or to proactively preserve communities' non-subsidized affordable units in the face of these rezonings.

Building market-rate housing, even if there is some affordable housing as part of the deal (including future potential MIH units), is not a neutral act. We know from hard experience that bringing in more market-rate housing increases displacement pressure in existing private market low-rent housing throughout the neighborhood. The number of NYC apartments with monthly rents below \$1,000 fell by nearly 13 percent between 2011 and 2014. If rezonings ultimately lead to a net loss of affordable housing despite the construction of new affordable units, we will see the city's affordable housing crisis deepen further. **The City's increased housing production / rezoning strategy must be matched with an equally robust set of proactive and enforceable anti-displacement, anti-harassment, and preservation policies in order to ensure diverse and sustainable communities in our City.**

MIH can and should 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. 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 with MIH to meet the needs of local communities and the city as a whole.**

We also want to ensure that any MIH affordable units are protected, enforced, and monitored. **Therefore we believe that administering agent should be non-profit organizations who are not an affiliate of, an owner or managing agent of the project.** These HPD pre-qualified not-for-profit organizations are committed to ensuring the long-term compliance with the releasing and resale on affordable units because these are units that are a part of their communities and can provide homes to local neighborhood residents. We believe that HPD should be the secondary administering agent option only when a not-for-profit organization is unavailable or not fitting.

ANHD supports the MIH modification incorporated by the CPC which help ensure any developer’s application to escape affordability requirements is absolutely necessary and proven as scrutinized by City specialists. The CPC modifications change how a developer can apply for a waiver from the MIH regulations. The modified MIH proposal now requires that any developer’s application for a MIH wavier claiming “financial hardship” must also include a financial review by the Department of Housing Preservation and Development, which has staff with real-estate finance and underwriting expertise. This is in addition to the previously required review before the only the Board of Standards and Appeals which is primarily has an oversight and administrative review capacity. This change is important to ensure the efficacy of the MIH policy. However, the core of the Administration’s MIH proposal must be improved.

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

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. 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, the City should require that all MIH options set aside 15% of units at the 30% AMI level.

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.

3. 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.

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 the 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 choices 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.**

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 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 of only 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 white paper and the City's own MIH Market and Financial 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.

Thank you again for the opportunity to testify.