

**Testimony of Vicki Been, Commissioner of the
Department of Housing Preservation and Development
City Planning Commission
January 6, 2016**

Good morning, Chair Weisbrod and members of the City Planning Commission. I am Vicki Been, Commissioner of the Department of Housing Preservation and Development. As you recall, I recently testified before you in support of the proposal to create a citywide Mandatory Inclusionary Housing program, also known as MIH, which will require developers in areas rezoned for new growth to provide permanent affordable housing for New Yorkers at a range of incomes. Today, I am here in support of the proposed East New York Community Plan, which if approved will rezone parts of the community and include the first neighborhood-scale implementation of the MIH program – the first ever to be mapped in our city’s history.

Let me start by providing some context. Brooklyn’s population has grown considerably in recent years. The borough is seen as one of the most desirable places to live in this country, and is one of the most expensive. East New York is often cited as one of the few remaining affordable neighborhoods in the borough, attracting people priced out of other areas. In addition, existing residents are remaining in place as they have children, and increasingly are aging in place, so East New York is growing even without in-migration. . Between 2000 and 2010, the area’s population increased at a rate of 11% – faster than Brooklyn and the city as a whole, which only grew by about 2%.

As population grows, the increased demand for housing is putting pressure on the area’s housing supply. We must create new affordable housing if we are going to relieve the heavy demand that is driving up East New York rents. Between 2000 and 2013, prior to the announcement of any rezoning, median home values in East New York increased by over 100%. Median rents increased by approximately 26% in East New York over the same period, compared to 16% in all of Brooklyn.

The median household income in the neighborhood is about \$33,000, but in order to afford current asking rents in East New York, one would need to earn at least \$44,000 for a one-bedroom or \$56,000 for a two-bedroom apartment. Indeed, over two-thirds of East New York households are already spending more than what the federal Department of Housing and Urban Development (HUD) defines as “affordable.”

Many of you may have seen a statistic quoted in the press that says 50,000 East New York residents are going to be displaced as a result of the proposed community plan. That figure, taken out of context from the Draft Environmental Impact Statement, has been grossly misused. What the report actually says is that 50,000 people are *already* at risk of displacement. Because so much of the housing in East New York is in small buildings, there are 50,000 people in East New York today who do not live in housing that is regulated by a government agency or rent stabilized and, because of their low incomes, cannot afford the increasing rents I described just a moment ago. Those people are at risk of displacement as pressure continues to rise on rents because the demand for housing in New York City outstrips supply.

The zoning proposal before you today is not the trigger for displacement; instead, it is a preventative measure. It has been crafted to ensure new development is only permitted along the major commercial corridors – Atlantic, Fulton, Liberty, and Pitkin – that currently contain very few residential units.¹ Residential areas on the side streets are *not* being rezoned to allow for greater density, thereby ensuring that the existing low-scale character of these residential areas is preserved, and ensuring that the rezoning will provide no incentive for owners to change the nature of the housing.

On the avenues, through MIH, the proposal would require any new development to set aside at least 25% of units as permanently affordable housing serving a range of incomes. In addition, through our financing programs, we anticipate offering developers incentives which will encourage them to develop buildings that are 100% affordable, and are

¹ The Draft Environment Impact Statement catalogues each of the buildings that could potentially be redeveloped as a result of this plan and counts all of the units (53 units).

primarily affordable to households earning as little as \$18,150 for a single person up to \$46,620 for a three-person family. I cannot stress enough; apartments on the market in East New York now have asking rents significantly higher than the affordable housing we will finance, so the new housing we will support will create more, not less, opportunity for current residents to find an apartment they can afford.

An example of the type of development we expect the rezoning will encourage is the project we just funded at the corner of Pitkin Avenue and Berriman Street. Cypress Hills Local Development Corporation is the developer of this project and is expected to start construction early this year; when completed, it will include 60 units of affordable housing for families at the income levels I just described, as well as 12 units for formerly homeless tenants. It also will include a new supermarket. This site was rezoned about two years ago to the zoning districts that are now being proposed for all of Pitkin Avenue (R7A/C2-4), which allows 8 to 10 stories of residential uses with commercial and community uses on the ground floor.

Over the past two years alone, HPD has financed the preservation and new construction of over 1,300 units of affordable housing in Community Board 5, and with a rezoning in place we would expect to finance thousands more over the next 10 to 15 years. As a down payment on this commitment, we are seeking to expedite the construction of over 1,200 units of deeply affordable housing and other facilities in the neighborhood – including a new 1,000-seat public school – over the next two years, but we need the proposed plan approved so we can move forward with these projects. Housing and educational uses are not permitted on the available sites under the current zoning.

While we are teeing up all this new development to meet the intense demand for new housing, there is work we are doing *now*, on the ground, to ensure that tenants are protected from harassment, homeowners are protected from buyout pressure and scamming, and that we are preserving the existing stock of rent restricted housing in the neighborhood. More details are included in our full neighborhood housing plan, copies of which are available here today, and will be described in more detail in testimony later

today by HPD's deputy commissioner in charge of Enforcement and Neighborhood Services and our assistant commissioner in charge of Preservation Finance. But some of the key initiatives include:

- A new Green Housing Preservation Program that offers 0% and 1% interest loans to finance work that will make buildings more energy efficient in exchange for the owners' agreement to preserve the housing's affordability;
- Increasing awareness of our small home repair loans so low-income homeowners can make critical repairs to their buildings and resist pressures to raise rents or sell;
- Expanding our down payment assistance programs for low-income homebuyers; and
- Supporting anti-foreclosure programs to preserve local homeownership.

The City is also deploying immediate and proactive tools to protect residents from landlords that engage in harassment by providing:

- Free legal services to tenants in East New York facing harassment – Mayor de Blasio has increased funding for these programs by ten-fold;
- The first ever task force dedicated to investigating and bringing enforcement actions – including criminal charges – against landlords who harass tenants;
- A Tenant Support Unit run out of City Hall that engages directly with tenants, reports housing quality issues, refer possible harassment cases, and provides information regarding available resources;
- A mobile van out in the neighborhood several times a week with staff to provide information about housing resources and to take complaints about building quality or landlord issues; and
- Heightened compliance efforts in East New York, in partnership with the State, to ensure that rent stabilized tenants are not being charged unlawful rents.

The current affordable housing crisis threatens to harm the quality of life, and limit the opportunities, of New York City's lowest income residents, harms our economic competitiveness, and contributes to the growing inequality gap that undermines our ideals

and unravels the social fabric of our neighborhoods. We are devoting enormous resources to address this threat in different neighborhoods – as each experiences different challenges and opportunities, so each must have its own tailored approach. For East New York, we have crafted a strong policy and set of strategies that stand as our best chance to anchor the neighborhood with permanently affordable housing that will allow existing residents to stay in the neighborhood they love even as the neighborhood changes, and will ensure that future development results in an even more diverse and livable community. I urge you to approve the proposed plan.

I would be happy to take any questions. Thank you for the opportunity to testify today.