

**Testimony of Vicki Been, Commissioner of the
Department of Housing Preservation and Development
City Planning Commission
December 16, 2015**

Good morning, Chair Weisbrod and members of the City Planning Commission. I am Vicki Been, Commissioner of the Department of Housing Preservation and Development, and am here to support the proposals to create a citywide Mandatory Inclusionary Housing program and to update the zoning resolution to allow new affordable and senior housing that is better designed and more efficient.

Let me start with Zoning for Quality and Affordability, or ZQA. For years, affordable housing developers, community organizations, and urban policy experts have documented how outdated requirement in the zoning resolution hinder efforts to develop high quality affordable housing and safe, livable neighborhoods. ZQA is a thoughtful, comprehensive approach to modernizing the Zoning Resolution. ZQA creates no new development rights for market rate housing. It instead allows for more efficient affordable housing by reforming envelope constraints that have not kept up with modern design or building technology. The proposed changes will allow better ground floor retail and community facilities, resulting in high quality mixed use buildings and safer streets. In addition, ZQA will allow more affordable senior units to be built by giving affordable senior housing the same development rights the Voluntary Inclusionary Program gives to affordable housing.

ZQA also avoids wasting space and money on underused parking lots in affordable and senior housing near public transit. Research shows that seniors and low income families living near mass transit have fewer cars and need less parking than other households or households living further from transit. ZQA accordingly makes parking requirements for affordable and senior housing in transit-served neighborhoods voluntary, allowing developers to provide only that number of parking spaces that will actually serve their tenants' needs.

The proposed Mandatory Inclusionary Housing program, which I'll refer to as MIH, will require developers in areas rezoned for new growth to provide affordable housing for New Yorkers at a range of low and moderate incomes. Like ZQA, it will allow us to stretch our public dollars so that we can devote more public funds to the most critical needs, will enhance neighborhood economic diversity, and allow mobility among our neighborhoods, thereby reducing inequality.

The proposal would *require* affordable housing when future City Planning Commission actions – community-wide rezonings or private applications for single lots – encourage substantial new housing. That new housing would be *permanently* affordable. Too much time and money, not to mention worry by tenants, goes into repositioning buildings with expiring affordability programs. The mixed-income structure of this program proposal ensures that *permanent* affordability is achieved through cross-subsidy from market rate units.

In determining how many affordable units should be required and the income levels for those units, we assessed the financial feasibility of developments in different markets across the city. Requirements that are too onerous will result in no housing at all and thus will only exacerbate our housing crisis, and could run afoul of Constitutional and other legal constraints. We also designed the program to be flexible enough to address different neighborhood conditions, changing market cycles and cost constraints, and to work with different financing models and tax incentives.

With that in mind, the proposal allows the City Council and the City Planning Commission to determine which of two basic options would apply:

- 25% of the units limited for households at an average of 60% AMI (\$46,620 for a family of three) **or**
- 30% of the units limited at an average of 80% AMI (\$62,150 for a family of three).

In addition, in areas where the market now is renting at levels affordable to families at or just below 120% AMI, or about \$93,000 for a family of three, but is changing rapidly and expected to see high rent increases, an additional “workforce” option of 30% set aside at 120% AMI could be added to the basic option. The workforce option is intended to permanently “lock-in” moderate income units in neighborhood moving quickly to higher-income rents, without significant halting the development that is just emerging without subsidy.

Which of the two basic options would be appropriate for a neighborhood would be identified through the rezoning process, including the normal land use public review process. The basic option, and whether the workforce option would also be available to developers, would be subject to the approval of the City Council for each neighborhood rezoning or private application.

We have heard from some people that our proposed MIH program does not do enough because it doesn’t require even more affordable units or require housing for even lower incomes. We understand those concerns, and share the goal of maximizing both the amount of affordable housing in New York City and the range of families served by that affordable housing. MIH is just one aspect of the City’s entire housing plan. It is meant to complement our subsidy programs and other tools, so that between the private market and our public dollars, we can provide affordable housing in the numbers and at the incomes the city’s households need.

MIH allows us to shape growth and new development to ensure the continued diversity of our city and neighborhoods, which is a critical part of what makes New York City so special. By securing permanent affordable housing cross-subsidized by market rate units, we will be able to devote more of our public dollars to serving extremely low and very low income households, seniors, and those with special needs. Our proposal, which would create the most rigorous inclusionary program in the nation, will help people in every neighborhood across the City be able to stay in this great city.

MIH and ZQA will be strong tools to allow us to create the high quality affordable housing, and the diverse, stable and vibrant neighborhoods that our residents need to thrive.

I'd be happy to take any questions and look forward to hearing ideas on how we can make our proposals even better. Thank you for the opportunity to testify today.