

Housing New York

Mandatory Inclusionary Housing

Summary

As a key initiative of Mayor de Blasio's housing plan, Housing New York, the Department of City Planning is launching a proposal for a Mandatory Inclusionary Housing program that would require through zoning actions a share of new housing to be permanently affordable. Developed in close consultation with the Department of Housing Preservation and Development and informed by extensive policy and financial feasibility analysis, this proposal marks a new approach to ensuring neighborhood economic diversity as we plan for growth.

The requirement would work together with City housing subsidies, other zoning changes and 421a reforms achieved in Albany in June 2015. NYC's Mandatory Inclusionary Housing would be the most rigorous zoning requirement for affordable housing of any major U.S. city. This proposal is a zoning text amendment which will require the approval of the City Council.

Main Features of the Policy

Affordable housing would be mandatory, not voluntary. Production of affordable housing would be a condition of residential development when developers build in an area zoned for Mandatory Inclusionary Housing, whether rezoned as part of a City neighborhood plan or a private rezoning application.

Affordable housing would be permanent. There would be no expiration to the affordability requirement of apartments generated through Mandatory Inclusionary Housing, making them a long-term, stable reservoir of affordable housing.

Levels of Affordability

Mandatory Inclusionary Housing would result in more affordable housing for a wider range of New Yorkers, all of it required as a condition to build housing on the land. It would be responsive to neighborhood needs, with a set of income mix options that the City Planning Commission and Council can work together to apply within each rezoned area through the land use process.

Under the proposal, the City Planning Commission and ultimately the City Council would apply one or both of the following requirements to each Mandatory Inclusionary Housing area:

25% of residential floor area must be for affordable housing units for residents with incomes averaging 60% AMI (\$46,620 per year for a family of three), or

30% of residential floor area must be for affordable housing units for residents with incomes averaging 80% AMI (\$62,150 per year for a family of three)

***In addition to one of the options above, the City Council and the City Planning Commission could decide to apply an additional, limited workforce option for markets where moderate- or middle-income development is marginally financially feasible without subsidy:**

30% of the total residential floor area must be for housing units for residents with incomes averaging 120% AMI (\$93,240 per year for a family of three)

No direct subsidies could be used for these affordable housing units

This could not apply to Manhattan Community Districts 1-8, which cover south of 96th Street on the east side and south of 110th Street on the west side

For all options, no units could be targeted to residents with incomes above 130% AMI (\$101,010 per year for a family of three).

Building on Mandatory Inclusionary Housing

Mandatory Inclusionary Housing represents the floor, not the ceiling, of affordability that would ultimately be achieved in new development. In City-initiated neighborhood rezonings, each area would be evaluated to determine the role that HPD programs could play in broadening and deepening affordability, in addition to new City capital investments in services, facilities and infrastructure to support smart growth.

Timetable for Review

The Department of City Planning introduced the Mandatory Inclusionary Housing proposal into public review on September 21, 2015. The proposal has been referred to all Community Boards, Borough Presidents, and Borough Boards for 60 days for their review. Following this period, the application will be subject to review and votes at the City Planning Commission and City Council.

Every land use action to apply Mandatory Inclusionary Housing to a specific area would also go through a full public land-use review process, with final approval resting with the City Council.

Proposed Program Would Be the Most Rigorous of Any Major U.S. City

	Boston	Chicago	District of Columbia	Denver	Los Angeles	San Francisco	Seattle	NYC Existing Voluntary program	Proposed mandatory program
Year Adopted	2000	2003	2006	2002	1991	2002	2001	1987 (R10) 2005 (IHDA)	TBD
Program Type	Voluntary	Voluntary	Mandatory	Both	Mandatory	Mandatory	Voluntary	Voluntary	Mandatory
Duration of Affordability	50 years	30 or 99 years	Permanent	15 years	30 years or life	Permanent	50 years	Permanent	Permanent
Set Aside (%)	15%	10%	Varies	10%	15%	12% onsite 20% offsite	5%*	4-5% (R10) 20% (IHDA)	25 to 30%
Income Targets (AMI)	<70 to 100%	≤60 to 100%	<50 to 80%	50 to 80%	30 to 80%	≤55 to 90%	80 to 100%	< 80%	Average of 60% or 80%; limited workforce option at 120%

* Changes to program underway

Source: BAE Economics, DCP