

**Testimony of Vicki Been, Commissioner of the
Department of Housing Preservation and Development
United States House of Representatives
Committee on Financial Services
Housing and Insurance Subcommittee
“The Future of Housing in America: Government Regulations and the High Cost of
Housing”
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Chairman Luetkemeyer, Ranking Member Cleaver, and members of the Subcommittee, thank you for the opportunity to testify today. I am Vicki Been, the Commissioner of the New York City Department of Housing Preservation and Development (HPD).

HPD is the largest municipal housing preservation and development agency in the nation. We are responsible for carrying out Mayor Bill de Blasio's initiative to build 80,000 new affordable homes and preserve the quality and affordability of another 120,000 homes over ten years.

Like many communities across the country, New York City is facing a housing crisis. Many factors drive the crisis, but the core of the problem is that wages have been stagnant, while the cost of renting has gone up steadily. Fifty-six percent of renters in New York City pay more than one third of their income on rent and utilities. Three in ten renter households in the City pay more than fifty percent of their household income for rent.

In New York City and around the country, the Federal government has historically played a critical role in affordable housing. Federal programs have not only housed low, moderate and middle-income families, but have helped to create jobs, jumpstart neighborhood regeneration, and spur economic development.

Let me highlight a couple of key initiatives we've undertaken in the City to help address the need for affordable housing. I will then explain why that need, despite all our efforts, requires greater federal commitment to fund the construction and preservation of affordable housing.

First we've doubled the capital funding that the City is providing to create and preserve affordable housing – to \$8.2 billion over 10 years. Funding from the Federal government is absolutely crucial to address the affordable housing crisis, but it's important to note that as we asking Washington for support, we are committing a huge amount of our own resources to building new, and preserving existing, affordable housing.

Second, the vast majority of the affordable housing we are constructing in New York City is mixed-income housing, which provides an opportunity for people with low incomes to live in the same buildings and same neighborhoods as people with higher incomes. Throughout the City, our affordable housing is critical to preserving vibrant and diverse neighborhoods and ensuring that low income families have access to neighborhoods with good schools and good job opportunities.

Third, we're in the midst of finalizing two very significant changes to our zoning resolution. The first change will implement mandatory inclusionary housing, which requires, any time a lot or a neighborhood is rezoned, that the developer must include affordable housing, and maintain that affordability permanently. Through the mandatory inclusionary housing program, and many other initiatives, we've broadened the income levels that we serve so

that we can provide homes to families who are at poverty level, as well as to those moderate income workers who are being priced-out of the City.

We've also made major updates to our 1961 zoning text to encourage more senior affordable housing, and remove unnecessary parking requirements and other regulatory barriers to the production of affordable housing. Much has been made of the burdens regulation imposes on construction. Our update to our zoning text removed many inefficient restrictions. But many of the regulations that developers claim are unnecessary and unduly burdensome are critical to making our neighborhoods safe, and to ensuring that growth doesn't outpace the supply of essential infrastructure and services. Sadly, we saw this illustrated in the East Village last year, where construction and gas connections that were not in compliance with the building code leveled multiple buildings – killing 2 and displacing dozens from their homes. Similarly, we see it over and over again when buildings go up, but our society's unwillingness to invest in roads and bridges, mass transit, clean water supply, and so many other essential basics means that our neighborhoods really aren't prepared to handle the growth. Regulations also address a variety of market failures -- by requiring energy efficiencies, for example, regulations help low-to-middle income renters keep their housing costs down, making up for the fact that those renters have no say in the decisions the building owner makes about investing in energy conservation. Further, energy efficiency mitigates heat island effects and lowers emissions associated with heating and cooling, and the health effects of those emissions.

Let me turn to a few areas where I believe Congress could be enormously helpful in addressing the housing needs of people all across the country.

First, the Low Income Housing Tax Credit could be even more successful if the stagnant statutory cap on incomes for affordable units were modified. When a Tax Credit building is built, the developer must make a percentage available to families that earn either 50-percent or 60-percent of Area Median Income. If the program were amended to allow income-averaging, the developer could offer units affordable to tenants earning between 40-percent and 80-percent of AMI. The higher-income units would then cross-subsidize the lower-income units, and communities would be able to serve lower-income households without any additional cost to taxpayers or the developer, and would be able to meet the needs of a far broader group of families.

Next, day in and day out, we hear from local elected officials and community organizations about the dire need for senior housing. Historically the HUD Section 202 program spurred the production of affordable senior housing in New York City, but it has been many years since funding for new Section 202 projects has been made. We desperately need Congress to provide sufficient funding for the 202 program.

Finally, I must stress the paramount importance of the Section 8 voucher program. I know that Congress is very concerned about the growth of this program as a percentage of the overall HUD budget, but I cannot emphasize enough how critical it is. We use these vouchers to allow us to rehabilitate dilapidated housing where residents cannot afford the increased rent that would otherwise be necessary to support the rehab. We use vouchers to help prevent, and to end, homelessness. We project-base Section 8 vouchers to develop new affordable housing, especially for seniors.

I am hopeful that our sustained local commitment to preserve our existing affordable housing and build much-needed new affordable housing will stabilize our neighborhoods. But we cannot do it alone – our local efforts must be paired with a renewed federal commitment to affordable housing.

I am grateful for the Subcommittee's attention to affordable housing and for calling today's hearing. I am happy to answer your questions.