Affordable Housing and MIH in Gowanus

01 What is Affordable Housing?

02 Neighborhood Demographics

03 Current Housing Conditions

04 City Housing Strategies
   - Preserve Existing Affordable Housing
   - Develop New Affordable Housing
   - Increase Access to Affordable Housing
   - Promote Economic Opportunity
What Is Affordable Housing?

Housing is considered “affordable” when a household* spends no more than 1/3 of its income on rent and utilities.

If your annual income is...

$20,000
$50,000
$100,000

Your monthly rent should be approximately:

$600
$1,500
$2,500

*Varies depending on income and household size.
Area Median Income (AMI) is determined each year by the federal government for different regions.

New York Metro Area:

$93,900 for a family of three (2018)
## What Is Affordable Housing?

HPD uses this number as a point of reference and sets its own income requirements tailored to the needs of New Yorkers.

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Annual Income</th>
<th>Occupation(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>30% AMI</td>
<td>$28,170</td>
<td>Retail Salesperson</td>
</tr>
<tr>
<td>60% AMI</td>
<td>$56,340</td>
<td>Taxi Driver + Janitor</td>
</tr>
<tr>
<td>80% AMI</td>
<td>$75,120</td>
<td>Caseworker + Home Health Aide</td>
</tr>
<tr>
<td>130% AMI</td>
<td>$122,070</td>
<td>Teacher + Firefighter</td>
</tr>
</tbody>
</table>

$93,900 for a family of three (2018)
# What Is Affordable Housing?

<table>
<thead>
<tr>
<th>Example Households</th>
<th>Social Security</th>
<th>30% of AMI</th>
<th>40% of AMI</th>
<th>50% of AMI</th>
<th>60% of AMI</th>
<th>80% of AMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Income</td>
<td>$21,930</td>
<td>$37,560</td>
<td>$41,750</td>
<td>$62,580</td>
<td>$66,800</td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>Senior</td>
<td>30% of AMI</td>
<td>40% of AMI</td>
<td>50% of AMI</td>
<td>60% of AMI</td>
<td>80% of AMI</td>
</tr>
<tr>
<td>Bedroom Size</td>
<td>Studio</td>
<td>Studio</td>
<td>2 BR</td>
<td>2 BR</td>
<td>3 BR</td>
<td>1 BR</td>
</tr>
<tr>
<td>Sample Rent</td>
<td>30% of income</td>
<td>$367</td>
<td>$810</td>
<td>$1,045</td>
<td>$1,472</td>
<td>$1,509</td>
</tr>
</tbody>
</table>
There are several types of “affordable” housing:

<table>
<thead>
<tr>
<th>TYPE</th>
<th>OWNERSHIP</th>
<th>REGULATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unregulated</td>
<td>Private</td>
<td>Not subject to regulation</td>
</tr>
<tr>
<td>Rent Stabilized</td>
<td>Private</td>
<td>Protected under NYS Rent Stabilization Law</td>
</tr>
<tr>
<td>Public Housing</td>
<td>Public</td>
<td>NYCHA</td>
</tr>
<tr>
<td>Government Assisted</td>
<td>Private</td>
<td>Subject to regulation</td>
</tr>
</tbody>
</table>
Household Income Distribution
Brooklyn CB6 and NYC

Income limits are for a three-person household (HUD 2017)
Sample Rents in Gowanus

<table>
<thead>
<tr>
<th>NYC INCOMES</th>
<th>AVERAGE ASKING RENT IN GOWANUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 30% AMI</td>
<td>&lt; 30% AMI $2,590 Studio</td>
</tr>
<tr>
<td>30-50%</td>
<td>30-50% $2,500 1 BR</td>
</tr>
<tr>
<td>50-80%</td>
<td>50-80% $3,125 2 BR</td>
</tr>
<tr>
<td>80-120%</td>
<td>80-120%</td>
</tr>
<tr>
<td>&gt; 120%</td>
<td>&gt; 120%</td>
</tr>
</tbody>
</table>

Income limits are for a three-person household (HUD 2017)
Asking rents are based on average Streeteasy listings on May 17, 2019
Sample Rents in Affordable Housing

< 30% AMI

$331 - $594

30% AMI

30-50%

$475 - $843

40% AMI

50-80%

$618 - $1,091

50% AMI

80-120%

$761 - $1,339

60% AMI

> 120%

$761 - $1,339

RENTS UNDER HPD’S ELLA PROGRAM

$475 - $843

40% AMI

$761 - $1,339

60% AMI

$1,049 - $1,591

80% AMI

Income limits are for a three-person household (HUD 2017)
Rent Burden

**Not Burdened**
Up to 30% of income spent on rent

CB6: 56%
BK: 47%
NYC: 47%

**Burdened**
30%-50% of income spent on rent

CB6: 22%
BK: 22%
NYC: 23%

**Severely Burdened**
Over 50% of income spent on rent

CB6: 22%
BK: 31%
NYC: 30%

Source: NYC Housing and Vacancy Survey, 2017
Based on sub-borough area that approximates CD6
Does not include households in public housing or with vouchers
Existing Affordable Housing

- **Government Assisted**
  - **NYCHA**
    - 9%
    - 3%
  - Not Government Assisted
    - 88%

- **Not Rent Stabilized**
  - Rent Stabilized
    - 15%
  - Not Rent Stabilized
    - 85%

Source: HPD Office of Policy and Strategy
Based on sub-borough area that approximates CDs 1, 2, 3, and 6
Current Housing Conditions

Rent Over Time

Source: NYCHVS 2011, 2014, and 2017
Gross rents in 2011 and 2014 are adjusted to real 2017 dollars using the BLS NY, NY MSA Base CPI adjustment factor
Based on sub-borough area that approximates CD 6
Preserve Existing Affordable Housing

- Provide free legal representation to tenants facing eviction

- Prevent harassment in rent regulated buildings through Certification of No Harassment Pilot Program

- Offer loans and tax incentives to building owners in exchange for keeping homes affordable

  - Since 2014, HPD has financed the preservation of 272 affordable homes in CD 6

677 Union Street was renovated and refinanced in 2017 by owner Fifth Avenue Committee through HPD’s LIHTC Year 15 program.
Create New Affordable Housing

- Implement Mandatory Inclusionary Housing (MIH) to require permanently affordable homes in new development

- Financing to incentivize the development of affordable housing that exceeds MIH requirements
  - 456 affordable homes in CB6 since 2014

- Prioritize development of City-owned land with affordable housing
  - Public Place

- Support mission-driven groups interested in developing affordable housing

Public Place is the largest city-owned site in CD 6 and is located adjacent to the Gowanus Canal. While development has been paused for canal clean-up and remediation, HPD continues to work with the designated development team to create a mixed-use development including hundreds of units of affordable housing, community facility and commercial space, and a vibrant, accessible and resilient open space along the Canal.
## Mandatory Inclusionary Housing

During the public review, the City Council can choose to impose one or both of two basic options:

1. **25% of housing for households with incomes averaging $56,000 (60% AMI)**
   - At least 10% must serve those earning $38,000 or below (40% AMI)

<table>
<thead>
<tr>
<th># of Units</th>
<th>AMI Level</th>
<th>3-person HH Income</th>
<th>Sample 2BR Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>40%</td>
<td>$37,560</td>
<td>$810</td>
</tr>
<tr>
<td>5</td>
<td>60%</td>
<td>$56,340</td>
<td>$1,280</td>
</tr>
<tr>
<td>10</td>
<td>80%</td>
<td>$75,120</td>
<td>$1,820</td>
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   **OR**

<table>
<thead>
<tr>
<th># of Units</th>
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<tbody>
<tr>
<td>10</td>
<td>30%</td>
<td>$28,170</td>
<td>$575</td>
</tr>
<tr>
<td>7</td>
<td>60%</td>
<td>$56,340</td>
<td>$1,280</td>
</tr>
<tr>
<td>8</td>
<td>100%</td>
<td>$93,900</td>
<td>$2,289</td>
</tr>
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2. **30% of housing for households with incomes averaging $75,000 (80% AMI)**

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<td>$575</td>
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<tr>
<td>10</td>
<td>80%</td>
<td>$75,120</td>
<td>$1,820</td>
</tr>
<tr>
<td>10</td>
<td>130%</td>
<td>$122,070</td>
<td>$2,993</td>
</tr>
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</table>

   **OR**

<table>
<thead>
<tr>
<th># of Units</th>
<th>AMI Level</th>
<th>3-person HH Income</th>
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<td>$2,289</td>
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Unit distributions are for demonstration purposes only and illustrate a hypothetical 100-unit building. AMI, incomes, and rents based on 2018 HUD Income limits and a three-person household. Percentage requirement is based on square footage of residential space, not number of units.
City Housing Strategies

Mandatory Inclusionary Housing

In addition to the two basic options, the City Council may add one or two other options:

3. **20%** of housing for households with incomes averaging **$38,000** (40% AMI)

Subsidy is allowed only if more housing is provided.

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<th>AMI level</th>
<th>3-person HH Income</th>
<th>Sample 2BR Rent</th>
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<tbody>
<tr>
<td>5</td>
<td>30%</td>
<td>$28,170</td>
<td>$575</td>
</tr>
<tr>
<td>10</td>
<td>40%</td>
<td>$37,560</td>
<td>$810</td>
</tr>
<tr>
<td>5</td>
<td>50%</td>
<td>$46,950</td>
<td>$1,045</td>
</tr>
</tbody>
</table>

OR

<table>
<thead>
<tr>
<th># of Units</th>
<th>AMI levels</th>
<th>3-person HH Income</th>
<th>Sample 2BR Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>30%</td>
<td>$28,170</td>
<td>$575</td>
</tr>
<tr>
<td>4</td>
<td>80%</td>
<td>$75,120</td>
<td>$1,820</td>
</tr>
</tbody>
</table>

4. **30%** of housing for households with incomes averaging **$108,000** (115% AMI)

Requires at least 5% at 70% AMI and 5% at 90% AMI; no subsidy.

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<tr>
<th># of Units</th>
<th>AMI level</th>
<th>3-person HH Income</th>
<th>Sample 2BR Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>70%</td>
<td>$65,730</td>
<td>$1,445</td>
</tr>
<tr>
<td>5</td>
<td>90%</td>
<td>$84,510</td>
<td>$1,874</td>
</tr>
<tr>
<td>20</td>
<td>130%</td>
<td>$122,070</td>
<td>$2,993</td>
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Mandatory Inclusionary Housing

Apartment Distribution

Vertical Distribution
For rental buildings, MIH units must be distributed throughout at least 65% of the building’s stories.

Horizontal Distribution
No more than 33% of the dwelling units on any floor can be MIH units, unless every floor contains more than 33% MIH units.

Bedroom Mix

1. At least 50% of MIH units must be two-bedrooms or greater, and 75% of MIH units must be one-bedroom or greater,

OR

2. The bedroom mix between affordable and market-rate dwelling units must be proportional.
Mandatory Inclusionary Housing

Process before construction

- Restrictive Declaration approved by HPD is recorded against the property
  - Restrictive Declaration identifies property and selected MIH option
  - Includes rents, floor area & a list identifying the MIH units
- HPD issues Permit Notice to DOB
- DOB issues building permits

Process after construction

- HPD issues notice to DOB certifying compliance
- DOB issues Certificate of Occupancy
  - No C of O or TCO without proof of compliance
- Affordable units are marketed through Housing Connect
  - HPD-approved Administering Agents are required
- MIH requirement attaches to the property in perpetuity
04 City Housing Strategies

Increase Access to Affordable Housing

- Make it easier for residents to understand, prepare for, and complete the affordable housing application process
  - Housing Ambassadors
  - Improvements to Housing Connect
  - New guides to help applicants get ready

- Improve Marketing Guidelines to reach New Yorkers most in need
  - Limits on use of credit score and history
  - Clarifying eligibility guidelines and streamlining review for self-employed applicants
  - Additional protections for domestic violence survivors
Promote Economic Opportunity

- Expand local hiring incentives in HPD-financed developments
- Expand opportunities for Minority and Women-Owned Business Enterprises (M/WBEs)
- Promote healthy and diverse retail environments