



CITY OF NEW YORK

MANHATTAN COMMUNITY BOARD 10

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HENRIETTA LYLE
Chairperson

Community Board 10 Testimony on Area Median Income Calculation And Its Impact on Affordable Housing

My name is Brian Benjamin and I am the Chair of Land Use for Community Board 10. I am making this statement on behalf of our Chairperson Henrietta Lyle and Community Board 10 members. The primary purpose of the Community Board is to ensure that city services are accessible and responsive to residents, organizations, businesses and institutions of Central Harlem.

We are here to testify because we hear from our community at every community board meeting regarding the lack of affordable housing in Harlem and we support what our community is saying. We know that basing area median income on New York City doesn't apply fairly to our community. Our Harlem residents cannot afford new construction and preservation housing built in Harlem. Our testimony reflects our deep concern on this topic and our desire for a more community-based approach to the determination of area median income.

The single most important issue driving the pricing of affordable housing in our neighborhood is the calculation of area median income. Income guidelines are based on how the Department of Housing and Urban Development (HUD) calculates the Area Median Income (AMI) of the New York City region. Income guidelines are calculated annually and therefore subject to change on a yearly basis. **Presently, the AMI for 2013 is \$85,900 for a family of four.** The AMI is the "middle" number of all of the incomes for the given area; 50% of people in that area make more than that amount, and 50% make less than that amount. The income levels are percentages of that AMI number: any household income at or below 80% of the AMI is considered "low-income". This means that in New York City income of **\$68,720** for a family of four is considered to be low income. Above 80% and up to 120% of the median income is considered "moderate- income." This means that in New York City, income between **\$68,720** and **\$103,080** are considered to be moderate-income. Above this number up to 175% of the median is considered to be "middle-income." This means that in New York City, income between **\$103,080** and **\$150,325** is considered to be middle-income.

So let's put this in perspective as it relates to what this determination of area median income means for acceptable rental prices. The generally accepted definition of affordability is for a household to pay no more than 30 percent of its annual income on housing. Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care. So, let's calculate what that means. Since low-income is presently considered to be \$68,720 and below then based on the analysis just discussed then the rent for a low-income unit is roughly

\$1,700. With middle-income calculated at \$103,080 and above then the rent for a middle-income unit is roughly \$2,570. These prices apply to units whether they are on the Upper East Side or in Harlem as these numbers are reflective of New York City pricing.

This is a significant issue and is part of the reason why residents in communities like ours in Community Board 10 believe that affordable housing isn't that affordable for them. This AMI is utilized by the New York City Housing & Preservation Development (HPD), New York State Housing Finance Agency (HFA) and New York City Housing Development Corporation (HDC) in order to create and preserve affordable multifamily rental housing throughout the state via a range of financing options (low-income housing tax credits, tax-exempt bonds, etc). In order for developers to create affordable housing, developers must follow the guidelines of these financing agencies very closely. Federal, state and city funds are being utilized to price many Harlem residents out of the opportunity to participate in new construction and/or rehabilitated units in their own neighborhoods. As a result, there is no bigger priority than for HUD to implement a community-based calculation of AMI to protect the most vulnerable of New York City residents like those in Harlem.

What kind of impact would such a change have on communities and families in New York City and Harlem? Well, let's start with our seniors, who are mostly on fixed-income. Most of our seniors in Harlem are not \$70/\$80K per year. This means that presently they are priced out of new developments.

Based on a variety of informational sources, it is believed that Harlem's neighborhood median income is somewhere around **\$30,000**. This means that \$24,000 is considered to be low-income and the corresponding rent is **\$600**. What this means is that if the government is trying to create affordable housing for low-income residents in our community then developers would have to build units that are rented at \$600 and below. The impact that this would have on the community would be tremendous. A larger number of Harlem residents would be able to afford new places to live in their own neighborhood. This would reduce the concerns about further gentrification somewhat and make it easier for new development to be less controversial due to the community's concern about a lack of affordable housing. Moderate and middle-income numbers would be **\$36,000** and **\$52,500** respectively. Moderate rents would be **\$900** and middle-income rents would be **\$1,300**.

This is not a simple topic and it isn't a sexy one but it is fundamental to how the pricing of new housing opportunities in Harlem are determined. Community Board 10 looks forward to working with other parties to revisit the calculation of area median income. We believe that a more community-based approach like considering area median income based on the existing congressional district of the residents. It has a real impact on our neighborhood and we appreciate our Assemblyman Keith Wright, who is also Chair of Housing for the Assembly, for hosting this public forum on such an important topic.