
ASSOCIATION FOR NEIGHBORHOOD AND HOUSING DEVELOPMENT, INC.

Spring 2010

# A PERMANENT PROBLEM REQUIRES A PERMANENT SOLUTION

## New York City's Next Affordable Housing Expiring-Use Crisis and the Need for Permanent Affordability

# A Permanent Problem Requires a Permanent Solution:

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## Acknowledgments

ANHD would like to acknowledge Rafael Cestero, Commissioner of the NYC Department of Housing Preservation and Development; Marc Jahr, President of the NYC Housing Development Corporation; and Christine Quinn, Speaker of the New York City Council for their efforts to advance this important conversation.

Additionally, we must thank The Robert Sterling Clark Foundation and especially Laura Wolff for their support of this work and commitment to developing public policy that is responsive to societal needs and helps improve the lives of low-income New Yorkers.

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# Executive Summary

Since it was founded in 1974, the Association for Neighborhood and Housing Development (ANHD), a trade association for neighborhood-based housing groups in New York City, has worked to ensure the long-term affordability of publicly subsidized housing. In the 1990s, when affordability restrictions that governed thousands of Mitchell-Lama and HUD-assisted housing units began expiring, ANHD—in partnership with other advocates, preservation purchasers, and all levels of government—started our efforts to preserve these units. Informed by this experience, ANHD also has worked aggressively to convince policymakers to avoid recreating this expiring-use crisis by changing the way government finances the development of affordable housing. Most recently, ANHD has pressed the Paterson and Bloomberg administrations to require permanent affordability when public subsidy, tax abatements, or state and city land are used to create and preserve affordable housing.

The Bloomberg administration's housing program, The New Housing Marketplace Plan, is on track to create or preserve 165,000 affordable units by 2014. This commitment is historic and represents a tremendous investment of public resources for affordable housing. The plan, however, is weak from a sustainability perspective as the overwhelming majority of the units developed are only restricted for the length of the financing, which typically lasts 30 years and sometimes much less.  Indeed, this flaw means that the city may not be developing housing for "the next generation" since for every affordable unit added or preserved, at least one other may be lost due to expiring affordability restrictions or loopholes in the state's rent stabilization laws.

The need to lock in the value of public investment for affordable housing is especially clear given other noteworthy steps the Bloomberg administration has taken to plan for the city's long-term future. For example, PlaNYC 2030, launched on Earth Day 2007, is a comprehensive sustainability plan for the city that seeks to maintain and modernize the city's infrastructure, conserve the city's natural and physical resources, and plan for growth, including the creation of homes for one million additional residents.  The reality, however, is that many of the units previously developed with city subsidy may no longer be affordable when these future residents arrive. Thus, it is evident that the goals of PlaNYC and the New Housing Marketplace plan be better aligned going forward.

Although other studies have presented data on the number of federally- and state-subsidized units that are in danger of losing their affordability, there is a lack of recognition and understanding of the magnitude of at-risk, city-subsidized units.  Therefore, ANHD set out to determine both the total number of *city*-subsidized units developed between 1987 and 2007, and establish how many of those units are at-risk of losing their affordability because of expiring regulatory agreements and mortgages. This period covers both Mayor Koch's original Ten-Year Plan that was continued by Mayors Dinkins and Giuliani, and the first four years of the Bloomberg Ten-Year plan.

According to our analysis, 294,402 units were created or preserved with city subsidy over this twenty year period. While this is a tremendous accomplishment, 169,561 of these units may be at-risk of losing their affordability between 2017 and 2037 due to either expiring affordability restrictions or physical deterioration. This total does not include units developed under the city's Inclusionary Housing program, which requires permanence and those units under the control of mission-driven not-for-profit owners who are generally committed to maintaining affordability for the life of the building.

The number of at-risk units closely parallels what will be created or preserved under the New Housing Marketplace Plan. This potential loss of tens of thousands of units greatly undermines the impact of what the Bloomberg administration has done to create and preserve affordable housing. Table 1 on Page 12 summarizes these statistics and the methodology for determining risk. Interestingly, by 2030, the year in which New York City will reach its moment of greatest demand, over 112,114 rental units will have either gone out of affordability or be at risk of doing so.

Given this looming expiring-use crisis, it is encouraging that the New York City Department of Housing Preservation and Development (HPD) recently announced that it was shifting more of the agency's resources toward housing preservation. The creation of a new Office of Asset and Property Management demonstrates that the city is serious about putting some of the pieces in place that would help facilitate permanence.

The details, however, are what truly matters and the city needs to put a plan in place to ensure these 169,561 units are preserved over the long term. And most importantly, despite its thoughtful consideration of potential strategies to achieve permanence, the agency has not yet committed to embracing a comprehensive policy of permanent affordability in either its new construction or preservation programs that would ensure the next generation of subsidized housing does not face a similar expiring-use crisis.

ANHD believes that there is a window of opportunity for engaging in discussion and committing to reshape policy around permanent affordability. The lack of private financing and a softer real estate market have increased private developers' appetites to do affordable projects, as well as their receptiveness to longer affordability terms and a return that is driven by fees, not the property's residual value. On the governmental side, the current budget shortfalls facing the State and City of New York warrant critical and innovative thinking regarding the best use of public resources.

In addition to ANHD's research to determine the number of city-subsidized units at-risk of losing their affordability, we have also been in conversation with housing officials, policy experts and housing developers across the country to determine what policies and programs other jurisdictions have enacted to enable very long-term and permanent affordability. Numerous cities such as Boston, Chicago, Los Angeles, and San Francisco have surpassed New York in this regard.

Two of the various mechanisms that are particularly relevant for New York State and City to avoid recreating the expiring-use crisis include:

- Authorizing the state and city to have a “Purchase Option” in any project developed on public land, with public subsidy, or benefiting from a tax abatement or zoning density bonus. Such an option would put the fate of these units back in the hands of the public agencies that helped create them.

- Creating a new property tax abatement and requiring language in future regulatory agreements that would trigger mandatory extension of the project’s affordability restrictions if the abatement is made available when the initial term expires. A corollary recommendation is the initial affordability term should be extended to 60 years, which is the maximum period that current abatements permit.

If these policies were adopted, it would set up a structure that would guarantee subsidized units were no longer lost without public review and permission. ANHD hopes this report will encourage policymakers to recognize that there is a permanent need for affordable housing and to realize that permanent affordability restrictions are a cost-effective, efficient means to ensure that New York no longer has to create and recreate the same unit of affordable housing over and over again.

# Methodology

In order to establish an expiration timeline, ANHD analyzed data received from HPD through a Freedom of Information Law (FOIL) request and publicly available data from HDC about the number of new and rehabilitated units completed every year between 1987 and 2007 by the respective agencies. While the city usually reports on the number of unit *starts* for the purpose of counting assisted units, it was crucial to get the data on *completions* since this is when the "clock starts ticking" for how long the project must remain affordable.

Although we calculate in Part I the total number of city-subsidized units – both homeownership and rental – between 1987 and 2007, for the purpose of establishing the potential number of at-risk units, the report focuses on those units developed or preserved under the city's various multifamily *rental* housing programs. For both practical and policy purposes, the at-risk analysis does not factor in homeownership units nor rental units that are governed by federal or state regulations despite being built on city land or having some city subsidy.

## Units Not Included in "At-Risk" Analysis

Homeownership units were excluded for several reasons. First, the city's homeownership programs have uneven resale restrictions and utilize complicated evaporating lien formulas, which would make it difficult to determine when the sales price was no longer affordable. In theory, low-, moderate-, and middle-income homebuyers purchased homes at below-market prices, used them as their primary residences for several years and were then free to sell at unrestricted prices. In reality, a lack of rigorous oversight and the private nature of these transactions have enabled many of these homes to trade at market prices long before the resale restrictions expire. Despite recent steps to monitor and encourage longer-term affordability, many stories have chronicled how selection to participate in these programs has been equivalent to winning the lottery since owners had the right to buy at a subsidized price and essentially flip the property for a substantial gain.

> The number of at-risk units closely parallels what will be created or preserved under the New Housing Marketplace Plan.

Another reason why homeownership units were excluded was several programs failed to require affordability from the outset. For example, HPD's StoreWorks program, which is intended to rehabilitate small, vacant, mixed-use buildings owned by the city and restore them to private ownership, sets the sales price at market levels and does not establish income limits for buyers nor any price or income limits for renters of apartments or stores. Between 1999 and 2007, StoreWorks subsidized the creation of 284 units of housing. The buildings generally consist of a storefront at street level and one to eight apartments above. Rehabilitation of these buildings is enabled by loans from private lenders as well as partial financing from HPD. The city also provides a partial tax abatement for a period of 20 years. Despite the substantial public cost of subsidizing these units, there are no upfront affordability guidelines and only limited restrictions on resale profits.

Also, as detailed in an audit conducted by the New York City Comptroller's Office, HPD did not even set income restrictions for one third of the initial households in the Cornerstone Program since the goal was only to encourage private development of housing on city owned land.

Because of the design of the StoreWorks and Cornerstone programs, many policymakers have not only called for greater oversight and enforcement of resale restrictions, but also for the city to move toward a shared equity model for its homeownership programs to achieve a greater balance between public investment and private gain. While the need for the city to revisit its philosophy regarding subsidized homeownership is clear, the research in this report focuses exclusively on city-subsidized rental programs.

Units governed by state or federal regulations were excluded because their continued affordability is largely out of the city's hands. In all, excluding these units from our analysis may underestimate the true number of units that are at-risk and the resources required to preserve them since the city may be called on to intervene across all programs.

## Determining Risk Factors for Subsidized, Rental Units

While Part I focuses on the total number of units subsidized by the City of New York over the twenty year period, Part II details how many of the eligible units—rental units built on city land and subsidized with city capital—have expiring-use restrictions.

According to a report on the impact of New York City's first Ten-Year Plan, one of the Koch administration's primary goals was to address the shortage of affordable rental housing. However, it is important to acknowledge that not all programs under the Koch Plan were designed with affordable rents in mind per se. Many programs, especially those that targeted properties that had been neglected or even abandoned due to extremely weak market conditions, were primarily concerned with improving the physical condition of the properties to ensure the health and safety of residents were not endangered. Furthermore, as communities struggled with de-population, disinvestment, and crime, these programs were intended merely to retain residents. Although the assisted units were required to remain rent regulated, the city was generally not concerned with expiring affordability. Some have pointed out that the degree to which rents have risen would have been an unexpected and positive development to those who administered these early programs.

That being said, no matter the original intent of the program, the reality is that the property's mortgage will come due and the regulatory agreement governing the affordability of these projects will expire, thereby putting the property's affordability at risk. Thus, ANHD's analysis does not distinguish between programs based on initial intent and considers all of these units to be "at risk."

Additionally, the analysis distinguished between units owned by for-profit and not-for-profit owners. Although it is important to recognize that there are many mission-driven for-profits who have long track records of being committed to affordable housing, all for-profit owners—to a certain degree—factor a property's long-term appreciation into their investment strategy in a way that not-for-profits simply do not.

Therefore, the assumption was made that all for-profit owners will take their project out of affordability at some point after the restrictions expire and should therefore be considered "at-risk." Not-for-profit units, conversely, were excluded from the analysis because they will likely remain affordable in perpetuity.

Moreover, it is likely that the expiration of the mortgage term and regulatory agreement and type of owner are not the only factors that put a project's affordability at-risk. Indeed, whether a property is located in a desirable neighborhood, is covered under rent regulation, or is developed with tax credits, which have more rigorous monitoring, are all likely to be relevant. However, these criteria were outside the scope of this research given data and time constraints.

By examining programmatic regulations, regulatory agreements, and the financing sources, it was possible to estimate when units will be at risk of going out of affordability. Overall, ANHD focused its analysis on 67 programs that provide multifamily rental housing to New Yorkers across the five boroughs. While this large number of programs represents an alphabet soup of acronyms, the majority of city-subsidized units fall into a dozen or so programs.

# Part I: Total Number of Units Subsidized by the City of New York

Between 1987 and 2007, the City of New York, through its Department of Housing Preservation and Development (HPD) and Housing Development Corporation (HDC), subsidized the preservation and creation of approximately 294,402 units of affordable housing. The city—despite dozens of different programs and innovations—utilized essentially the same financing model over the entire period: in exchange for subsidized mortgages, rent subsidies, incentive zoning, and tax abatements, which guaranteed a modest return, private developers agreed to build much-needed housing in all-affordable or mixed income projects. Although this model has been effective at attracting private development of affordable housing, it has also given rise to the looming expiring use crisis that threatens to undermine this tremendous public investment.

Of these 294,402 subsidized units, about 80 percent were developed by HPD and 20 percent were assisted by HDC. Beginning in 2004, however, there was a shift and HDC became responsible for a much greater share of the units. Indeed, between 2004 and 2007, HDC became the lead agency and was responsible for just over 50 percent of the 67,934 units that were either created or preserved. The principal reason behind this shift is that the Bloomberg administration, in a clever move, authorized HDC to use its sizable corporate reserves to provide substantial second mortgages. To achieve maximum impact, this means that any proposal to require permanent affordability must also be applied to HDC's programs.

For a summary of the number of units preserved and created by year and program between 1987 and 2007, see Appendix A.

## Department of Housing Preservation and Development (HPD)

During this 20-year period, HPD subsidized the preservation or creation of 235,020 units of affordable housing. These units can be divided into two main categories:

1) Preservation: 200,557 units
2) New Construction: 34,463 units

In other words, over 85 percent of the HPD-subsidized units between 1987 and 2007 were those that needed some form of preservation. Of these preserved units, 74.3 percent (148,995 units) were classified as moderate rehabilitations and 25.7 percent (51,562 units) were gut rehabilitations. Mod rehabs tended to be for properties that were privately owned and occupied. On the other hand, gut rehabs were typical for vacant buildings the city had taken ownership of and whose condition had deteriorated much more substantially. In terms of rental units versus homeownership, the vast majority (85.5 percent) were multifamily rental housing.

## Housing Development Corporation (HDC)

Between 1987 and 2007, HDC subsidized the preservation and creation of approximately 59,382 units. The majority of these units fell under two primary categories:

1) Mitchell-Lama Preservation: 18,195 units
2) New Construction (including LAMP, New Hop, Coop Housing, and 80/20): 41,187 units

Since information is not available prior to 2004 regarding the number of HDC units that were preserved versus created, it is difficult to document the overall mix.

As it is widely known, the need to focus on preservation was a result of the city taking ownership of over 100,000 units through in rem foreclosure proceedings, which were triggered when private owners fell into tax arrears. Not surprisingly, these properties suffered from considerable neglect and mismanagement. Further complicating the city's response was the reality that many of the properties were occupied by the poorest households in the city. Thus, many programs were designed to respond to the economic needs of these tenants and focused on preserving the units as low-income rental housing. Although new construction was a key tool in expanding the supply of affordable housing, the higher cost and relative lack of available sites means it has been responsible for a much lower percentage of subsidized units.

## Cost and Financing Model

Over the 20-year period, New York City has spent approximately $7.64 billion on the preservation and creation of affordable housing. These funds have come from several sources including bond proceeds, the city's capital budget, HDC's corporate reserves, and the state and federal governments. This substantial investment is both notable and central to the availability of safe, affordable housing given the federal government's declining commitment to urban housing programs. It is important to note that while some of the programs initially had very modest per unit subsidies, within a few years the amount grew substantially. Alex Schwartz, Associate Professor and Chair of Policy Programs at Milano The New School for Management and Urban Policy, points out that the per unit capital commitment was $8,400 in 1987 but grew to over $30,000 per unit just five years later.

> Over the 20-year period, New York City has spent $7.64 billion to preserve and create affordable housing.

According to an article published in The Manhattan Institute's Civic Bulletin, the city's gap finance approach to subsidizing the capital and operating needs of a building was somewhat atypical, but ultimately very effective in getting tens of thousands of units online. The gap finance model works like this: the city would first determine the cost of a project, the amount of equity the owner could contribute and the amount of private debt the project could support based on market conditions and the rent-paying ability of current tenants. The difference between the cost of the rehab or new construction and the sum of equity and private market debt would be filled with city financing, typically in the form of nominal interest rate mortgage loans. Generally, the amount of gap financing in the project's deal was greater than either the equity or private loan, which means the city was (and is) in position to enforce the restrictions governing the property's use and affordability. Although it is unclear at this time what will happen when the restrictions expire, it is clear that the city will play a key role in determining the property's continued affordability.

## Key Programs

Appendix C includes a brief summary of the HPD and HDC programs responsible for a great share of these city-subsidized affordable units. Two programs that historically have accounted for more than one-quarter of all units developed, Article 8a Loan Program and Participation Loan Program (PLP), remain core initiatives utilized by HPD. All four of the HDC programs discussed are current initiatives. For each program, there is a description that highlights the type of housing built, the term of the financing, and the income level of households served by the program, if applicable. This is followed by the total number of units developed over the 20-year period, the percentage of the respective agencies' total units developed under the program, and the percentage of the overall number of city-subsidized units that fall under the program. Focusing our attention on these specific programs will help crystallize where the city should prioritize its attention for programmatic reform in order to have the greatest preservation impact.

## Part II: Units At-Risk Because No Permanent Affordability Requirement Exists

Again, according to our analysis, 294,402 units were developed over this 20-year period, which includes Mayor Koch's Ten-Year plan, the Dinkins and Giuliani administrations, and the first four years of Mayor Bloomberg's New Housing Marketplace Plan. As it was noted in the Methodology section, we omitted homeownership units and those developed under state and federal programs from the analysis. Once these reductions were made, the relevant number for determining how many units may be at-risk of losing their affordability is 234,508 or almost 80 percent of all subsidized units. However, as we began to analyze the various city housing programs, it became clear that the universe of at-risk units should be reduced further because of two types of housing.

### Mitigating Factors that Lessen the Risk of Losing Affordable Homes

The first type of housing that is unlikely to be at-risk of losing its affordability is housing developed under the Inclusionary Housing program. According to the Department of City Planning, the Inclusionary program "combines a zoning floor area bonus with a variety of housing subsidy programs to create powerful incentives for the development and preservation of affordable housing. Developments taking advantage of the full bonus in the new program must devote at least 20 percent of their residential floor area to housing that will remain permanently affordable to lower-income households." Thus, the 1,164 units developed under the Inclusionary program should not be considered to be at-risk. Remarkably, however, this means that less than one percent of the 294,402 units subsidized with city resources over this twenty year period are required to be permanently affordable.

Less than 1% of the 294,402 units subsidized with city resources over this 20 year period are required to be permanently affordable.

The other significant factor that we believe could reduce the number of at-risk units is not-for-profit ownership. Of the 234,508 rental units subsidized by the city between 1987 and 2007, approximately 63,783 units (27.2 percent) were developed by not-for-profits. Because not-for-profit developers are driven by their mission to maintain the affordability of units under their control, it is important to recognize this important distinction in ownership when analyzing the true threat to the city's affordable housing stock. Thus, after reducing the units developed under the Inclusionary program and those developed by not-for-profits, the universe of affordable housing at risk of becoming unaffordable between 2017 and 2037 is reduced from 234,508 units to 169,561 units. This analysis is summarized in Table 1 on the next page.

| Table 1. | New York City Subsidized Housing: 1987 to 2007 |
|---|---|
| | 1987 - 2007 |
| Total City-Subsidized Units (HPD + HDC) | 294,402 |
| Total Homeownership | -45,517 |
| Total Storeworks | -284 |
| Total State / Federal | -14,093 |
| Total City-Subsidized Rental Units Eligible for Loss | 234,508 |
| Total Inclusionary Units | -1,164 |
| Total City-Subsidized Rental Units Developed by Not-for-Profits | -63,783 |
| Total At-Risk | 169,561 (by 2037) |

Although they are important first steps, simply mandating permanent affordability, as in the case of Inclusionary Housing, or partnering with mission-driven developers, does not preclude a loss of affordable units. New York State and City should make recapitalization resources available and have a rigorous asset management system in place that is able to respond forcefully to the challenges of disinvestment and deferred maintenance. Indeed, a commitment from the state and city that recapitalization would be available if permanent affordability is mandated going forward is desired by both not-for-profit and for-profit developers

## What's Really At-Risk and When

With a greater understanding of the universe of units facing expiration of affordability restrictions, it is necessary to determine when the moment of greatest threat will be based on the various factors impacting a project's affordability. This is possible by examining the program guidelines, regulatory agreements, and financing sources attached to the city's housing programs. ANHD has summarized these findings in Appendix B: The Expiration Timeline, which details the number of units at-risk by year. As the timeline illustrates, the first units will be eligible to go to market beginning in 2017—thirty years after they were developed.

Overall, of the 234,508 city-subsidized rental units developed by the City of New York between 1987 and 2007, 169,561 units (72.3 percent) will be at-risk of losing their affordability by 2037 because of maturing mortgages and regulatory agreements. Between 2017 and 2037, the largest number of units (18,537) will be at-risk of losing their affordability in 2020—less than ten years from now. In 2017, the first year these units will technically be at risk, restrictions will expire for over 12,000 units.

Although Mayor Bloomberg deserves credit for establishing his PlaNYC 2030 initiative, there is a disconnect between his housing program and the goals of his sustainability plan. Indeed, by 2030, the year in which New York City will reach its moment of greatest demand, 112,114 rental units may be lost already. Table 2 summarizes the process for determining this universe of at-risk units.

Table 2. New York City Subsidized Housing: 1987 to 2000

| | 1987 - 2000 |
|---|---|
| **Total City-Subsidized Units (HPD + HDC)** | **193,038** |
| Total Homeownership | -27,951 |
| Total Storeworks | -72 |
| Total State / Federal | -9,883 |
| **Total City-Subsidized Rental Units Eligible for Loss** | **155,132** |
| Total Inclusionary Units | -324 |
| Total City-Subsidized Rental Units Developed by Not-for-Profits | -42,694 |
| **Total At-Risk** | **112,114 (by 2030)** |

ANHD believes this estimate of at-risk units underestimates the true number of units that are in jeopardy and the resources required to preserve them. This is because we do not account for homeownership units nor units subsidized with both city and non-city resources, and it is reasonable to expect that the city may well be called on to intervene financially across these programs as well.

Moreover, it is possible that some of the units have already gone out of affordability due to shorter terms and a lack of adequate oversight. For example, HDC's Mitchell-Lama Preservation Program has a much shorter affordability term than most preservation programs. In order to incentivize owners to remain in the Mitchell-Lama program, HDC offers a capital repair loan that is co-terminus with the first mortgage.

In exchange for this low-cost loan, the borrower must commit to remain in the Mitchell-Lama Program for the duration of the term of the loan, typically 15 to 18 years, or a minimum of 10 years. There is also a strong possibility that many owners, especially those who own properties not financed with tax credits, are renting to households who earn more than program requirements allow without the city's knowledge.

Given the tremendous time, resources, and tools needed to preserve these units, it is necessary to develop a comprehensive strategy now.

Equally important, the city must embrace a new model of subsidized housing development to ensure we do not recreate this problem with the affordable housing units currently being produced or preserved.

Of the 234,508 city-subsidized rental units developed between 1987 and 2007, 169,561 units (72.3%) will be at-risk of losing their affordability by 2037.

## Part III: Moving to a Model that Effectively Creates Housing for the Next Generation

As the economics of development in New York City have changed during the last decade, development of affordable housing has rarely occurred without government subsidy. In exchange for public resources that guaranteed a reasonable return on their investment, private developers agreed to build much-needed housing in all-affordable or mixed-income projects. As previously noted, this investment is slipping away as affordability restrictions expire and owners take the units to market.

Indeed, the loss of thousands of units of Mitchell-Lama and project-based Section 8 housing due to expiring affordability and the unknown fate of large projects like Stuy-Town / Peter Cooper Village have raised public awareness of the expiring affordability problem. However, until now, there has been little, if any, recognition that tens of thousands of units that were created under city programs are also at risk of becoming unaffordable. And Mayor Bloomberg has failed to adapt both production and preservation financing models, models which were created under markedly different market conditions, to ensure the city is achieving maximum public benefit for its precious public resources. Thus, the issue of expiring affordability is incredibly timely and one that warrants significant attention from the State and City of New York.

### Mechanisms to Enable Permanence

Although there is no one-size-fits-all approach to permanence, the consensus among many in the affordable housing community is that permanent affordability must be embraced as a core principle that guides all publicly subsidized housing projects. A primary factor driving this thinking is permanence makes for a more rational investment of taxpayer dollars. Furthermore, there are many financing and regulatory tools that have been utilized successfully in localities across the country that can be applied to achieve permanent affordability here. Many of these tools were discussed at a national convening attended by housing officials, policy experts, practitioners, and advocates from across the country that ANHD hosted at the Ford Foundation in October 2009. In addition to incorporating these various mechanisms into its toolbox, the city and state must both recognize the importance of asset management to securing the long-term viability of projects and requiring and incentivizing developers to opt-in to longer term affordability.

There are many financing and regulatory tools that have been utilized successfully in localities across the country that can be applied to achieve permanent affordability here.

## Requirement for Public Financing and Tax Abatements

As public investment has become a larger part of initial development and/or recapitalization needs for affordable housing, the argument for protecting this investment by requiring very long-term or permanent affordability has also intensified.

Indeed, a number of jurisdictions have taken a quid pro quo approach to projects funded with public subsidies - such as capital dollars, bond proceeds, and tax credits - that trades public resources for permanence.

Boston now requires that any rental housing that receives subsidies from the city have a recorded covenant that ensures affordability in perpetuity. Prior to this, the term was set at 30 years. City-sponsored homeownership projects have a 50-year affordability covenant, with an option to renew for another 20 years at the end of the term. Boston is also leveraging longer-term regulatory concessions for market-driven projects that are not city subsidized, but require other types of city approvals and support.

> Boston now requires that any rental housing city-subsidized have a recorded covenant that ensures affordability in perpetuity.

In San Francisco, affordability requirements evolved from standard 15- or 30-year agreements to more than 50-year commitments as the city's monetary contribution increased in size. As of January 2008, California, through its Community Redevelopment Law (CRL), now requires that any new rental project financed with tax increment funds commit to a 55-year affordability period (45-years for homeownership). This 55-year standard has also been adopted by the state's Tax Credit Allocation Committee, which administers the state's Low Income Housing Tax Credit (LIHTC) allocation. With such a priority set at the state level, local agencies have a solid precedent in place to require the 55-year commitment through their own affordable housing programs. This commitment to longer-term affordability has also extended to programs offered in Los Angeles, and in California's rural housing programs as well.

In New York City, most of HPD's current regulatory agreements are set at the 30-year mark for new construction rental projects. There is less consistency across the city's preservation rental programs. One concrete step the city could take to improve its return on investment is to make 60-year affordability a threshold requirement for projects applying for LIHTCs.

Financing terms, tax incentives, and other aspects of the regulatory agreement should be developed that match this affordability term. Indeed, in the majority of affordable housing deals, property tax exemptions and abatements are powerful incentives for developers. As the State and City of New York develop their strategies for permanent affordability, it is important to acknowledge that property tax incentives are one of the most powerful tools local government has, providing substantial leverage to ensure affordability. One idea would be to require a project's initial affordability term mandatorily be extended for a similar length of time should the state or city continue to abate the project's property taxes. When utilizing tax abatements as a means of enabling longer-term affordability, it is essential that these incentives are only available to the below-market units. While permanent affordability may be a worthwhile goal in and of itself, we must remember that its value is rooted primarily in fiscal efficiency, not in its potential to further enrich developers through generous tax breaks.

## Option to Purchase

One of the most significant risks to current affordable housing projects is that at the end of the regulatory period, owners may exercise a number of options that could prove detrimental to the affordability of subsidized units. Owners may 1) leave the program and sell the property on the open market or 2) prepay the mortgage early and either sell the units at market-rate prices or convert them to market-rate rentals while retaining ownership. As the Community Service Society demonstrates in its "Closing the Door" series, tens of thousands of affordable housing units have been lost this way.  Nowhere has this been more clearly an issue than in New York's Mitchell-Lama program, which encompasses both rental and co-op apartments for low, moderate, and middle-income families.  It has also proved critical for LIHTC projects built before the program's extended-use regulations, which mandate 30-year instead of 15-year affordability restrictions, went into effect in 1990 and for project-based Section 8 housing reaching contract expiration dates.

A number of jurisdictions have determined that a clearly defined "Option to Purchase" mechanism can put the fate of these units back in the hands of the public agencies that helped create them. Implementing this course of action as an option rather than a mandate gives public agencies the flexibility they need to make timely, appropriate decisions sensitive to communities, budgets and political environments.

In San Francisco, the Redevelopment Agency has utilized its Option to Purchase to acquire almost 1,800 of units of project-based Section 8 housing, extend their affordability, and transfer ownership to not-for-profit owners. The agency has committed over $55 million in capital money and $90 million in bond proceeds to ensure these affordable housing resources are not lost. San Francisco has been incredibly successful in preserving its Section 8 properties and credits the Option to Purchase for facilitating transfer of these properties to preservation-minded purchasers at a price that reflects continued affordability.

San Francisco's, Redevelopment Agency has utilized its Option to Purchase to acquire almost 1,800 of units of project-based Section 8 housing, extend their affordability, and transfer ownership to not-for-profit owners.

Interestingly, the city has not actually evoked its Option, but rather used it as a way to start negotiations with private owners. This model may be particularly attractive to the City of New York since it would give the city greater enforcement and negotiating power to acquire the properties at less than fair market value.

Additionally, San Francisco's housing agencies generally have an expectation that in most tax credit projects the Managing General Partner (often a nonprofit) will exercise the standard tax credit "Right of First Refusal" to acquire the property, which has been born out in practice. In addition, the agency does have Right of First Refusal agreements on some 100 percent affordable bond deals that do not have soft loans.

Research conducted for ANHD's groundbreaking report "Roadmap to Affordability" showed that California state law prohibits owners of assisted housing developments from terminating a subsidy contract or prepaying the mortgage unless the owner gives a one-year notice of intent and provides "qualified entities" the opportunity to submit an offer to purchase. Qualified entities must agree to maintain the property as affordable for 30 years or the remaining term of the existing federal government assistance, whichever is greater. In the first 180 days the owner may only consider offers from these qualified entities.

In December 2009, Massachusetts passed an "Act Preserving Publicly Assisted Housing," which requires the owner of a publicly assisted affordable housing development to: provide written notice to all tenants, the Mayor of the affected municipality, numerous public agencies, and a leading advocacy organization not less than two years before the termination of the property's affordability restrictions; give the state housing agency or its designee a right of first offer before the owner of a publicly assisted property enters into a contract to sell such property; and grant a right of first refusal to the state housing agency or its designee upon execution of a third-party purchase-and-sale agreement regarding such publicly assisted housing. There are also protections for low-income tenants residing in the housing on the date of termination of the affordability restrictions who do not receive enhanced Section 8 vouchers.

Additionally, Massachusetts' projects that receive resources from the Housing Stability Fund are governed by an Affordable Housing Restriction that runs with the land. Once this restriction expires, the local jurisdiction has an Option to Purchase at the appraised value less the outstanding balance of principal and interest. If the owner tries to sell before the expiration of the Affordable Housing Restriction, the jurisdiction has the right to purchase at the same price as the bona fide offer. Additionally, Massachusetts state law requires owners of assisted developments to provide a two-year notice of intent prior to expiration or termination.

A second notice is then required not less than one year prior to completion of termination. Owners must first provide the Massachusetts Department of Housing and Community Development (MDHCD) the opportunity to purchase the property. While the owner is not obligated to take the MDHCD offer, the agency has the ability to extend its option to another entity such as a nonprofit or other owner who will commit to keeping the units affordable. If no offer is made within 90 days the owner may sell to a third party without conditions. However, the Department or their designee may counteroffer within 90 days to match the price.

Under Vermont law, the Housing Finance Agency secures an Option to Purchase and a commitment to extend the affordability of apartments should rental assistance be available at the expiration of the Section 8 Housing Assistance Payment contract, in exchange for allowing an increased return on equity and access to cash and loans. Vermont's preservation decisions are guided by a commitment to secure the longest term of affordability in exchange for public resources. Additionally, owners are forbidden from opting-out of state subsidy programs.

Portland, Oregon and Denver, Colorado, have passed Affordable Housing Preservation Ordinances. While the respective cities are not obligated to purchase an at-risk property, they have an opportunity to decide whether or not a preservation transaction makes sense based on economics, replacement costs, project location, and the owner's willingness to sell at less than fair market value. For example, the City of Portland facilitated the sale of the Clay Towers apartments to the Cedar Sinai Partnership at a price that would enable continued affordability.

To date, New York City has not employed a Purchase Option or a Right of First Refusal. However, there seems to be support among key city officials for Purchase Options as a promising tool since they put control in the hands of the city and allow for ongoing evaluation and flexibility. It is important to note that Purchase Options could be an effective tool for preserving affordability not only when the affordability term expires or when the owner proposes to prepay the mortgaged, but also in the case of physical deterioration. For new projects developed going forward, Purchase Options could amount to a claw back provision that allows the city to intervene before the restrictions expire if the property is not well maintained. A system would need to be put in place where the city could exercise its Option—possibly triggered by a certain amount of serious housing code violations—and transfer the property to a responsible owner.

ANHD believes Purchase Options must be a key component to any strategy the State and City of New York put forward regarding permanent affordability. Not only do Purchase Options ensure the public sector has the final say in a whether or not a project remains affordable, they also send a signal that the government views these properties as investments that must be protected. Although both Options to Purchase and Rights of Refusal are aimed at the same objective, there is consensus that a Right of First Refusal is not as strong a mechanism as an Option to Purchase, which exhibits a more specific intent and procedure for keeping these projects affordable.

## Land Leases and Land Trusts

In any housing project, land represents both significant cost and significant value for the developer. And where land is scarce, the land itself as well as zoning actions that increase density equal enhanced leverage for the local jurisdiction. A number of jurisdictions have been able to use this leverage to their advantage in both securing longer-term affordability and generating additional cash flow to be reinvested in affordable housing.

San Francisco has balanced up-front costs and future preservation needs by purchasing land from developers and then leasing it back in lieu of providing a loan for acquisition. The city began this practice after discovering that many of the projects in their Federal Housing Administration (FHA) and Section 8 programs that were near the end of their affordability restriction periods and at risk of opting out were built on city land initially sold to developers at considerably lower per unit costs. As the value of the land grew, the cost per unit had increased significantly, leading to higher preservation costs.

The new Land Lease structure has placed greater control in the hands of the agency and generated a number of positive results for affordable housing, including:

- An initial affordability term of 55 years, with a 45-year additional extension. This additional extension automatically renews if improvements remain affordable;
- The developer owns the improvements but the city controls the land;
- Base and residual rents allow the city to sweep excess cash out of the transaction while still having increasing debt based on a soft loan.

Base land rents are determined based on 10 percent of the land value and the nature of the building. For instance, a base rent for buildings serving homeless people can be as little as $1, whereas rent for a project-based Section 8 building could be between $15,000 and $20,000. Base rent is paid prior to any soft loans. Residual rent is paid annually, based on what the building cash flow can support.

In this scenario, lenders have been willing to finance these types of deals because of the lender protections that San Francisco has built in. For instance, an uncured default on the leasehold would result in market-rate housing in the leasehold and the land lease payment would increase to market value. The city has also been able to negotiate with lenders for no encumbrances on the fee, only on the leasehold.

In the area of affordable homeownership, Chicago's Department of Community Development (CDCD) has created the country's first citywide Land Trust as a mechanism to assure long-term affordability. Launched in 2005, the Chicago Community Land Trust was created to preserve affordability in what were then "hot market" neighborhoods where land values were likely to increase. The land parcels held in the Trust come with a 99-year affordability covenant and are used as an integral part of the city's inclusionary housing initiatives. The city was able to successfully negotiate with the Tax Assessor's Office to assess the properties as affordable units, and not at the standard market values. While now facing a "down" real estate market, Chicago is still committed to harness new affordability with this program.

For both historical factors and statutory limits, New York City does not yet have a legacy of Land Lease agreements. Since the days of extensive in rem property holdings, the city has had a strategic goal of divesting itself of property ownership. That being said, there is at least one example of the city partnering with the New York City Housing Authority (NYCHA) and the not-for-profit Phipps Houses to develop two adjacent sites in East Harlem. Phipps has leased the two properties from NYCHA with a 99-year covenant for affordability. In addition, NYCHA has committed a significant number of individual Section 8 vouchers to help keep the building affordable and provide guaranteed cash flow for the project. HPD's extension of the project's 420c tax incentive, which provides a 100 percent Real Estate Tax abatement for the life of the regulatory agreement or 60 years (whichever is greater) also supports the financial viability and longer-term of affordability in this particular project. Overall, HPD should revisit its aversion to land leases and look at the model as part of the agency's ongoing policy work on permanent affordability.

## Sustainable Underwriting

The underwriting process represents a key phase in the consideration of policies that support permanent affordability. Project pro formas should look for ways to set up the project from the outset for long-term financial and physical stability. The willingness to underwrite the marginally higher up-front expense for this substantial future benefit supports a commitment to making the project work even beyond the initial regulatory period and can provide savings at the point of recapitalization or preservation. Including more substantial up-front replacement reserves also serves this same goal when incorporated in the underwriting process.

One concrete step the city could take to improve its return on investment is making 60-year affordability a threshold requirement for projects applying for LIHTCs.

One specific up-front investment that could have a positive impact in the long run would be allowing for asset management resources to appear as an expense “above the line” in the project’s maintenance and operations budget. Given the importance of stewardship in realizing permanent affordability, resources for this function should be considered part of the development cost.

## Rigorous Asset Management

Asset Management is a function that cannot be overlooked if the goal is to achieve permanent affordability. Whether the entity is a public agency, a nonprofit property manager or a private owner, solid asset management provides the opportunity for any necessary early interventions for funding or other support. Furthermore, It lets owner, government, and other stakeholders know when a project is at-risk, and proactively addresses such risk.

There seems to be agreement across the spectrum of stakeholders involved in affordable housing development and management that greater emphasis be placed on asset management. Of course, resources are limited and there is often both tremendous political pressure and substantial public need to devote resources to the creation of new housing. Nonetheless, public agencies have a duty to invest in asset management at multiple levels – in their own staff as well as their development partners’ staff capacity. Without well-trained staff who have knowledge of the property’s physical and fiscal health and are aware of enforcement mechanisms, regulatory protections become worthless.

Boston has also made a significant investment in asset management with a database for at-risk projects. Using specifically developed criteria, projects are assessed and prioritized for additional investment where needed. The system is used collaboratively among agencies to work with individual developers to create a strategy that will extend affordability. To date this process has been very successful in preserving the current stock of assisted affordable housing. Agencies and advocates are now engaged in conversations with the State of Massachusetts to extend the system to include state-sponsored projects as well.

New York City should be commended for the steps it has taken to increase investment in asset management. Beginning in 2008, HPD began construction of an internal database which will be a useful tool for tracking various building indicators.

Also, Commissioner Cestero recently announced the creation of a new Office of Asset and Property Management that will focus exclusively on this area. The office will be engaging those in the field in order to gain perspective and set the agenda moving forward. And HDC seems to be one step ahead, as a quarter of its staff is dedicated to asset management. Finally, the four state and city housing agencies have formed an Interagency Working Group that meets regularly to discuss at-risk properties and possible strategies for preserving them as affordable housing.

All of these various mechanisms have proven effective in localities across the country. New York State and City must learn from these successful strategies and become a national leader in achieving permanent affordability.

## Conclusion

Affordable housing remains one of the foremost challenges here in New York City. Ever since Mayor Koch's first ten-year housing plan, we have recognized the important role the city, state, and federal government play in ensuring New York remains a vibrant and economically diverse city, and affordable to people from all income levels and walks of life. Since 1987, we have had an amazing record of success – developing almost 300,000 affordable housing units and revitalizing entire neighborhoods.

Today, however, we confront a new problem: how to ensure this success does not slip away. Slowly but surely, we are starting to move backward as we lose affordable housing units at a higher rate than we are gaining them. Unaddressed, this trickle will soon turn into a flood.

Now is the time to start moving forward on a permanent solution to this permanent problem. Our own experiences, as well as those of other cities, have taught us this is a problem that can be solved. We possess the mechanisms, knowledge and creativity required to move toward Permanent Affordability. The next step is to find the will to implement these policies so that the affordable housing of today is preserved for the future.

APPENDICES

# APPENDIX A

ANHD Analysis of NYC Housing Programs 1987-2007 [22]

| | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Mod** | | | | | | | | | | | |
| 7a | | | 991 | 631 | 718 | 512 | 289 | 320 | 185 | 153 | 238 |
| Article 8a | 7328 | 2404 | 3433 | 6722 | 5103 | 3531 | 4202 | 1974 | 2482 | 1454 | 1320 |
| CIP | | | 2631 | 2481 | 1787 | 1525 | 851 | 551 | 306 | 261 | 252 |
| Community MGMT Program | 150 | 135 | 371 | 490 | 610 | 435 | 529 | 396 | 145 | | |
| HIP | 55 | 15 | 223 | 374 | 406 | 107 | 48 | 74 | 209 | 104 | 255 |
| MS8 SRO / OCC | 230 | 72 | | | | | | | | | |
| MS8 SRO / VAC | | 25 | | | | | | | | | |
| Neighborhood Ownership Works | | | | | | | | 42 | 588 | 1077 | 214 |
| Neighborhood Entrepreneur Program | | | | | | | | | | | 218 |
| Neighborhood Redevelopment Program | | | | | | | | | | | 401 |
| PLP | 2893 | 2289 | 549 | 735 | 766 | 388 | 490 | 903 | 775 | 717 | 849 |
| POMP | 1345 | 983 | 1163 | 929 | 1619 | 1372 | 635 | 27 | 46 | | |
| Primary Prevention Programs | | | | | | | | 125 | 137 | 60 | |
| Revolving Loan Fund | | | 37 | 38 | 35 | 44 | 10 | 11 | 8 | 14 | 14 |
| SCHAP | | | | | | | | | | | |
| Senior HELP | | | 47 | 175 | 113 | 73 | 27 | 17 | 36 | 18 | 29 |
| Senior HIP | | | 26 | 42 | 9 | | | | 6 | | |
| SHARE | | | 37 | 2 | | | | | | | |
| Special DAMP | | | | | | | | | | | |
| Supportive Housing Loan | | | 90 | 168 | 182 | 508 | 404 | 574 | 565 | 814 | 450 |
| Woodside on the Move | | 3 | 2 | 1 | | 1 | | | | | |
| Neighborhood Homes | | | | | | | | | | | |
| NHS | 74 | 165 | 83 | 48 | 70 | 82 | 83 | 19 | 70 | 19 | 22 |
| NHS Home Improvement | | | 2 | 20 | 78 | 72 | 35 | 23 | 38 | 42 | 32 |
| TIL | 696 | 411 | 348 | 957 | 1405 | 871 | 526 | 501 | 611 | 583 | 619 |
| Section 312 | 98 | 53 | 46 | 36 | 57 | 45 | 90 | 59 | | | |
| Total Mod Rehab | 12869 | 6555 | 10077 | 13831 | 12900 | 9572 | 8256 | 5503 | 6055 | 5252 | 5048 |
| **Gut** | | | | | | | | | | | |
| 85/85 | | | | | | | | | | | |
| Auction Loan Program / VAC | | | | | | 5 | | | | | |
| Bradhurst Rental | | | | | | | | 272 | 98 | 67 | 15 |
| Brooklyn Ecumenical | | | | | 82 | 31 | | | | | |
| Capital Jobs | 13 | | | | | | | | | | |
| Capital Budget Homeless | | | 149 | 609 | 278 | 49 | 80 | | 26 | | |
| Capital Buildings | 69 | 41 | | | | | | | | | |
| City Homes | | | | | | | | 41 | 99 | 155 | 35 |
| Construction MGMT | | | | 432 | 811 | 114 | 204 | | | | |
| Enterprise | | | | 345 | 304 | 472 | 589 | 676 | 155 | 376 | 197 |
| Harlem Sealed Bid | | | | 2 | 1 | 18 | 4 | 6 | | | |
| HODAG (20 year restriction) | | | 353 | 23 | 514 | | | | | | |
| HODAG / PLP | | | | 129 | 124 | | | | | | |
| HUD Low Income Tax Credit | | | | 74 | 111 | | | | | | |
| LES Cross Subsidy | | | | | 183 | 63 | | | | | |
| LISC | | | | | 603 | 480 | 508 | 675 | 468 | 299 | 295 |
| Municipal Assistance Corporation (MAC) | | | 393 | 447 | 62 | | | | | | |
| MHANY | | | | 52 | 25 | 47 | 66 | 132 | 94 | 125 | 5 |
| MS8 SRO / VAC | | | | | | 34 | 67 | 87 | | | |
| OOHP | 2 | 8 | 8 | 7 | | | | | | | |
| Permanent Housing for Homeless Families | | | | | | 194 | 193 | | 397 | | 51 |
| Section 8 | 75 | 97 | | | | | | | | | |
| SHARP | 3 | 4 | 9 | 13 | 26 | 12 | | 1 | | | |
| SIP | 66 | 496 | 363 | 750 | 347 | 528 | 704 | 338 | 70 | 57 | |
| SIP NYCHA | | 267 | 336 | 241 | 423 | 40 | 33 | 116 | 10 | | |
| Small Building Loan Program | | | | | | 137 | 227 | 85 | | | |
| Small Homes | | | | | | | | 24 | 60 | 119 | 53 |
| Special Housing | | 12 | | 8 | 4 | | | | | | |
| Vacant Building RFP | | | 43 | 1519 | 1647 | 1835 | 1356 | 1067 | 775 | 526 | 272 |
| Vacant Cluster Program | | | | 171 | 903 | 1001 | 30 | | | | |
| Vacant Emergency Repair | | | 420 | 33 | 127 | | | | | | |
| Youth Employment | 6 | 7 | 8 | | 11 | 8 | | | | | |
| 203(k) | | | | | | | | | | | |
| Bradhurst Condo | | | | | | | | | | | 54 |
| Dollar Sales | | | 48 | 30 | 47 | | | | | | |
| Habitat for Humanity | | | | | | | | | | | |
| Homeworks | | | | | | | | | | | |
| Homeworks / 203k | | | | | | | | | | | |
| Homeworks / TPT | | | | | | | | | | | |
| NYCHA Partnership | | | 80 | 75 | 339 | 74 | 20 | 276 | 100 | 183 | 137 |
| UHAB | 24 | 42 | 24 | 65 | | | | | | | |
| HHAP | 180 | 16 | 54 | 86 | 61 | 223 | 270 | 163 | 126 | 135 | 10 |
| Hope 3 | | | | | | | | | 39 | 15 | |
| Housing Trust Fund | | | 29 | 35 | 8 | 18 | 144 | 28 | 70 | | 15 |
| Section 202 | 520 | 877 | 349 | 238 | 310 | 795 | 515 | 419 | 431 | 502 | 392 |
| Section 811 | 21 | | 44 | 29 | 50 | 10 | 15 | | 16 | 21 | 62 |
| Storeworks | | | | | | | | | | | |
| Total Gut Rehab | 979 | 1600 | 2374 | 5668 | 6115 | 6496 | 6860 | 4216 | 2888 | 2692 | 1490 |



No shading means the program is a city-subsidized rental housing program and was included in the analysis for determining the units that may be at-risk. Yellow shading reflects homeownership programs. Gray shading represents state and federal programs. Brown shading signifies units developed under the Inclusionary program. Blue shading denotes units under the StoreWorks program.

| 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | Total | % of mod | % of HPD total | % of total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 287 | 248 | 207 | 378 | 279 | 284 | 174 | 113 | 167 | 120 | 6294 | 4.2% | 2.68% | 2.14% |
| 2650 | 1504 | 1435 | 1407 | 2244 | 3117 | 2236 | 2709 | 2660 | 2438 | 62353 | 41.8% | 26.53% | 21.18% |
| 108 | | | | | | | | | | 10753 | 7.2% | 4.58% | 3.65% |
| | | | | | | | | | | 3261 | 2.2% | 1.39% | 1.11% |
| 94 | 85 | 68 | 71 | 49 | 48 | 18 | 20 | 37 | 20 | 2380 | 1.6% | 1.01% | 0.81% |
| | | | | | | | | | | 302 | 0.2% | 0.13% | 0.10% |
| | | | | | | | | | | 25 | 0.0% | 0.01% | 0.01% |
| 90 | | | | | | | | | | 2011 | 1.3% | 0.86% | 0.68% |
| 724 | 834 | 533 | 683 | 682 | 679 | 682 | 580 | 455 | 325 | 6395 | 4.3% | 2.72% | 2.17% |
| 484 | 544 | 609 | 493 | 421 | 413 | 416 | 325 | 308 | 316 | 4730 | 3.2% | 2.01% | 1.61% |
| 1109 | 1087 | 543 | 444 | 375 | 726 | 656 | 596 | 620 | 470 | 17980 | 12.1% | 7.65% | 6.11% |
| | | | | | | | | | | 8119 | 5.4% | 3.45% | 2.76% |
| | | | | | | | | | | 322 | 0.2% | 0.14% | 0.11% |
| 6 | 4 | | | | | | | | | 221 | 0.1% | 0.09% | 0.08% |
| | | 51 | 39 | 51 | 62 | 78 | 78 | 51 | 37 | 447 | 0.3% | 0.19% | 0.15% |
| 31 | 44 | | | | | 1 | | | | 611 | 0.4% | 0.26% | 0.21% |
| | | | | | | | | | | 83 | 0.1% | 0.04% | 0.03% |
| | | | | | | | | | | 39 | 0.0% | 0.02% | 0.01% |
| | | | | | 9 | 25 | 31 | 8 | 5 | 78 | 0.1% | 0.03% | 0.03% |
| 93 | 586 | 869 | 660 | 440 | 297 | 382 | 522 | 48 | 559 | 8211 | 5.5% | 3.49% | 2.79% |
| | | | | | | | | | | 7 | 0.0% | 0.00% | 0.00% |
| | | 15 | 37 | 54 | 119 | 152 | 63 | 104 | 227 | 771 | 0.5% | 0.33% | 0.26% |
| 25 | 20 | 28 | 101 | 64 | 68 | 73 | 84 | 85 | 80 | 1363 | 0.9% | 0.58% | 0.46% |
| 46 | 59 | 167 | 80 | 11 | 12 | | | | 1 | 718 | 0.5% | 0.31% | 0.24% |
| 512 | 468 | 352 | 316 | 346 | 340 | 292 | 300 | 311 | 272 | 11037 | 7.4% | 4.70% | 3.75% |
| | | | | | | | | | | 484 | 0.3% | 0.21% | 0.16% |
| 6382 | 5530 | 4769 | 4796 | 5085 | 6173 | 5197 | 5421 | 4854 | 4870 | 148995 | 100.0% | 63.40% | 50.61% |
| | | | | | | | | | | | % of gut | % of HPD total | % of total |
| | | | | | | | | | 42 | 42 | 0.1% | 0.02% | 0.01% |
| | | | | | | | | | | 5 | 0.0% | 0.00% | 0.00% |
| | 67 | | | | | | | | | 519 | 1.0% | 0.22% | 0.18% |
| | | | | | | | | | | 113 | 0.2% | 0.05% | 0.04% |
| | | | | | | | | | | 13 | 0.0% | 0.01% | 0.00% |
| | | | | | | | | | | 1191 | 2.3% | 0.51% | 0.40% |
| | | | | | | | | | | 110 | 0.2% | 0.05% | 0.04% |
| 141 | 304 | 84 | 79 | 61 | 4 | | | | | 1003 | 1.9% | 0.43% | 0.34% |
| | | | | | | | | | | 1561 | 3.0% | 0.66% | 0.53% |
| 201 | 27 | | 24 | | | | | | | 3366 | 6.5% | 1.43% | 1.14% |
| | | | | | | | | | | 31 | 0.1% | 0.01% | 0.01% |
| | | | | | | | | | | 890 | 1.7% | 0.38% | 0.30% |
| | | | | | | | | | | 253 | 0.5% | 0.11% | 0.09% |
| | | | | | | | | | | 185 | 0.4% | 0.08% | 0.06% |
| | | | | | | | | | | 246 | 0.5% | 0.10% | 0.08% |
| 182 | 146 | 12 | | | | | | | | 3668 | 7.1% | 1.56% | 1.25% |
| | | | | | | | | | | 902 | 1.7% | 0.38% | 0.31% |
| 122 | 75 | | 39 | 15 | | | | | | 797 | 1.5% | 0.34% | 0.27% |
| | | | | | | | | | | 188 | 0.4% | 0.08% | 0.06% |
| | | | | | | | | | | 25 | 0.0% | 0.01% | 0.01% |
| | | | 45 | 60 | | | | | | 940 | 1.8% | 0.40% | 0.32% |
| | | | | | | | | | | 172 | 0.3% | 0.07% | 0.06% |
| | | | | | | | | | | 68 | 0.1% | 0.03% | 0.02% |
| | | | | | | | | | | 3719 | 7.2% | 1.58% | 1.26% |
| | | | | | | | | | | 1466 | 2.8% | 0.62% | 0.50% |
| | | | | | | | | 42 | 59 | 550 | 1.1% | 0.23% | 0.19% |
| 85 | 108 | 96 | 115 | 113 | 82 | 103 | 75 | 46 | 4 | 1083 | 2.1% | 0.46% | 0.37% |
| | | | | | | | | | | 24 | 0.0% | 0.01% | 0.01% |
| 31 | 10 | | | 50 | 228 | 136 | 37 | 36 | | 9568 | 18.6% | 4.07% | 3.25% |
| | | | | | | | | | | 2105 | 4.1% | 0.90% | 0.72% |
| | | | | | | | | | | 580 | 1.1% | 0.25% | 0.20% |
| | | | | | | | | | | 40 | 0.1% | 0.02% | 0.01% |
| | | | | | | | | 18 | 30 | 48 | 0.1% | 0.02% | 0.02% |
| | | | | | | | | | | 54 | 0.1% | 0.02% | 0.02% |
| | | | | | | | | | | 125 | 0.2% | 0.05% | 0.04% |
| | | | | | | | 10 | | | 10 | 0.0% | 0.00% | 0.00% |
| 62 | 112 | 192 | 134 | 240 | 46 | 67 | 99 | 82 | 116 | 1150 | 2.2% | 0.49% | 0.39% |
| | | | | | | 12 | 50 | 3 | 23 | 88 | 0.2% | 0.04% | 0.03% |
| | | | | | | 9 | 13 | 5 | 3 | 30 | 0.1% | 0.01% | 0.01% |
| | | | | | | | | 180 | 62 | 1526 | 3.0% | 0.65% | 0.52% |
| | | | | | | | | | | 155 | 0.3% | 0.07% | 0.05% |
| 19 | | 12 | | | | 33 | 82 | 96 | | 1566 | 3.0% | 0.67% | 0.53% |
| 40 | | | | | | | | | | 94 | 0.2% | 0.04% | 0.03% |
| 202 | 58 | 82 | 408 | 67 | 255 | 563 | 414 | 283 | 296 | 2975 | 5.8% | 1.27% | 1.01% |
| 66 | 291 | 344 | 171 | 379 | 146 | 189 | 317 | 155 | 335 | 7741 | 15.0% | 3.29% | 2.63% |
| | 25 | | | | | | | | | 293 | 0.6% | 0.12% | 0.10% |
| | 45 | 27 | 34 | 48 | 16 | 63 | 2 | 11 | 38 | 284 | 0.6% | 0.12% | 0.10% |
| 1115 | 1134 | 837 | 1049 | 1033 | 777 | 1175 | 1099 | 957 | 1008 | 51562 | 100.0% | 21.94% | 17.51% |

Green shading represents programs that rank in the top 10 for the development of units subsidized by HPD. Purple shading represents programs that rank in the top 10 for all city-subsidized units. The dashed line at year 2000 demarks those units that will be at-risk before 2030. The bold line before 2004 demarks the beginning of the Bloomberg Administration's New Housing Marketplace Plan.

# APPENDIX A (Continued)

ANHD Analysis of NYC Housing Programs 1987-2007 [22]

| | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **New Construction** | | | | | | | | | | | |
| 80/20 | | | | | | | | | | | |
| Arverne | | | | | | | | | | | |
| Assisted Living | | | | | | | | | | | |
| Mixed Income Rental Program | | | | | | | | | | | 98 |
| New Neighbors | | | | | | | | | | | |
| Permanent Housing for Homeless Families | | | | | | | | | | | |
| Tip 421a | | | 283 | 124 | 467 | 143 | | | | 46 | |
| Williamsburg Cross Subsidy | | | | | | | 144 | | 94 | 37 | 19 |
| Cornerstone (mostly homeownership) | | | | | | | | | | | |
| Anchor / Partnership | | | | | | | | | | | |
| Nehemiah | 274 | 127 | 266 | 305 | 395 | 115 | 140 | 112 | 168 | 60 | 7 |
| New Foundations | | | | | | | | | | | |
| North General Co-Ops | | | | | | | | 134 | | | 155 |
| NYCHA Partnership | | | | | | | | | | | |
| Partnership Homes | 174 | 188 | 382 | 655 | 1484 | 1523 | 1106 | 1118 | 1575 | 1026 | 1206 |
| HTF Turnkey | | | 21 | 59 | 278 | 178 | | | | | |
| Section 235 | 126 | | | 180 | 77 | | | | | | |
| Section 811 | | | | | | | | | | | |
| DHF / Inclusionary | | | 60 | 48 | | 32 | | 20 | | | |
| Total New Construction | 574 | 315 | 991 | 1312 | 2444 | 1872 | 1668 | 1428 | 1837 | 1303 | 1330 |
| | | | | | | | | | | | |
| ML Preservation | | | | | | | | | | | |
| NewHOP | | | | | | | | | | | 552 |
| LAMP | | | | | | | | | | | 1864 |
| Mixed Income Rental Program | | | | | | | | | | | |
| 80/20 | 467 | 467 | 467 | 467 | 467 | 467 | 467 | 467 | 467 | 467 | 467 |
| Cooperative Housing Program | | | | | | | | | | | |
| Total For Year (HPD) | 14889 | 8931 | 13909 | 21278 | 21926 | 18407 | 17251 | 11614 | 11247 | 9714 | 10451 |
| SUMMARY | | | | | | | | | | | |
| Homeownership | 1242 | 933 | 1231 | 2137 | 3760 | 2743 | 1947 | 2061 | 2547 | 2043 | 2087 |
| State / Federal Programs | 945 | 946 | 522 | 604 | 584 | 1150 | 1312 | 847 | 682 | 673 | 479 |
| Inclusionary | | | 60 | 48 | | 32 | | 20 | | | |
| HPD At-Risk | 12235 | 6591 | 11629 | 18022 | 17115 | 14015 | 13525 | 8219 | 7551 | 6531 | 5302 |
| HDC At-Risk | 467 | 467 | 467 | 467 | 467 | 467 | 467 | 467 | 467 | 467 | 2883 |
| Total At-Risk | 12702 | 7058 | 12156 | 18537 | 17582 | 14514 | 13992 | 8706 | 8018 | 6998 | 8185 |
| Lost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Subsidized (HPD & HDC) | 14889 | 8937 | 13909 | 21278 | 21926 | 18407 | 17251 | 11614 | 11247 | 9714 | 10751 |
| % of HPD and HDC At Risk | 85.3% | 79.0% | 87.0% | 86.9% | 80.2% | 78.7% | 81.1% | 74.8% | 71.3% | 72.0% | 76.1% |

| | |
|---|---|
| 294,402 | Total Dev btw 1987-2007 |
| 177673 | HPD At-Risk at 2037 |
| 56835 | HDC At-Risk at 2037 |
| 234508 | Total At-Risk at 2037 |

Source: New York City Department of Housing Preservation and Development. Office of Legal Affairs, FOIL Request #557-2008 and HDC Corporate Accomplishments. February 2009. Available at: http://www.nychdc.com/about/ca.html

No shading means the program is a city-subsidized rental housing program and was included in the analysis for determining the units that may be at-risk.

Yellow shading reflects homeownership programs.

Gray shading represents state and federal programs.

Brown shading signifies units developed under the Inclusionary program.

Blue shading denotes units under the StoreWorks program.

Green shading represents programs that rank in the top 10 for the development of units subsidized by HPD.

Purple shading represents programs that rank in the top 10 for all city-subsidized units.

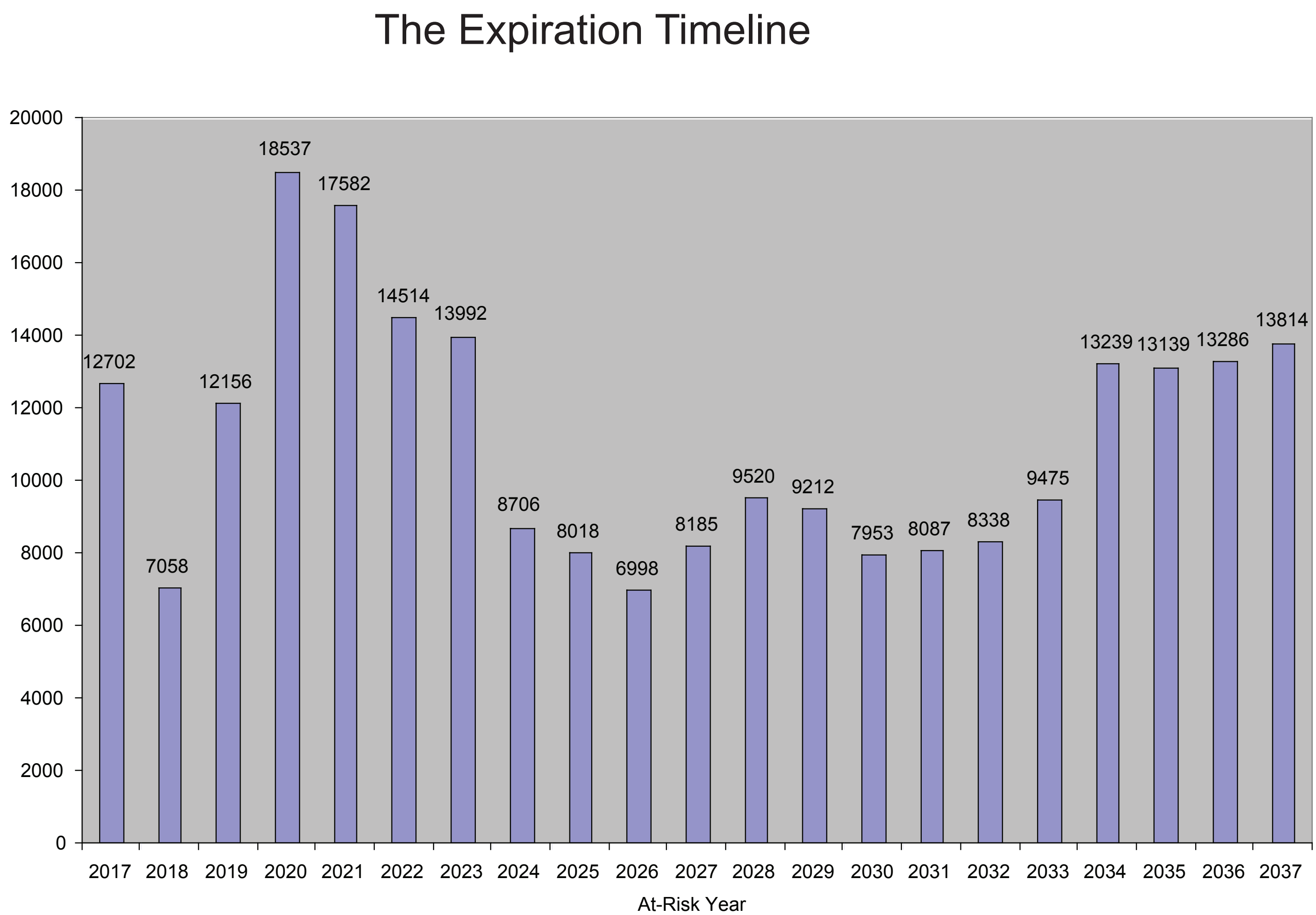
The dashed line at year 2000 demarks those units that will be at-risk before 2030.

The bold line before 2004 demarks the beginning of the Bloomberg Administration's New Housing Marketplace Plan.

| 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | Total | % of mod | % of HPD total | % of total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | |
| | | 4 | 135 | | | | | | | 139 | 0.4% | 0.06% | 0.05% |
| | | 20 | 60 | | | | 56 | 190 | 248 | 574 | 1.7% | 0.24% | 0.19% |
| | | | | | | 104 | | | | 104 | 0.3% | 0.04% | 0.04% |
| | 83 | | | | | | | 172 | 156 | 509 | 1.5% | 0.22% | 0.17% |
| | | | | | | | 24 | 4 | | 28 | 0.1% | 0.01% | 0.01% |
| | | | | | | 44 | | | | 44 | 0.1% | 0.02% | 0.01% |
| 81 | 628 | 423 | 395 | 537 | 104 | 291 | 81 | 409 | 760 | 4772 | 13.8% | 2.03% | 1.62% |
| | | | | | | | | | | 294 | 0.9% | 0.13% | 0.10% |
| | | | | | 331 | 371 | 677 | 605 | 882 | 2866 | 8.3% | 1.22% | 0.97% |
| | | | 257 | | | | 427 | | | 684 | 2.0% | 0.29% | 0.23% |
| 82 | 176 | 172 | 224 | 274 | 42 | 134 | | | | 3073 | 8.9% | 1.31% | 1.04% |
| | | | | | 14 | 84 | 190 | 186 | 215 | 689 | 2.0% | 0.29% | 0.23% |
| | | | | | | | | | | 289 | 0.8% | 0.12% | 0.10% |
| | | | | | | | | | 62 | 62 | 0.2% | 0.03% | 0.02% |
| 975 | 989 | 748 | 1030 | 1043 | 651 | 504 | 920 | 677 | 258 | 18232 | 52.9% | 7.76% | 6.19% |
| | | | | | | | | | | 536 | 1.6% | 0.23% | 0.18% |
| | | | | | | | | | | 383 | 1.1% | 0.16% | 0.13% |
| | | 21 | | | | | | | | 21 | 0.1% | 0.01% | 0.01% |
| 17 | 19 | 128 | 137 | 78 | 87 | 9 | 8 | 149 | 372 | 1164 | 3.4% | 0.50% | 0.40% |
| 1155 | 2050 | 1495 | 2238 | 1932 | 1250 | 1541 | 2383 | 2392 | 2953 | 34463 | 100.0% | 14.66% | 11.71%<br>0 |
| | | | | | | | | | | | | % of HDC total | % of total |
| | | | | | | 4549 | 4549 | 4549 | 4548 | 18,195 | | 30.64% | 6.18% |
| 552 | 552 | 552 | 552 | 552 | 552 | 552 | 552 | 552 | 552 | 6,075 | 31534 | 10.23% | 2.06% |
| 1864 | 1864 | 1864 | 1864 | 1864 | 1864 | 1864 | 1864 | 1864 | 1864 | 20,502 | 16198 | 34.53% | 6.96% |
| | | 452 | | | | 452 | 452 | 452 | 452 | 2,260 | | 3.81% | 0.77% |
| 467 | 467 | 467 | 467 | 467 | 467 | 467 | 467 | 467 | 467 | 9,800 | 392 | 16.50% | 3.33% |
| | | | | | | 638 | 638 | 637 | 637 | 2,550 | | 4.29% | 0.87% |
| | | | | | | | | | | 59,382 | | 100.00% | 20.17% |
| 11535 | 11597 | 9984 | 10966 | 10933 | 11535 | 16434 | 17424 | 16724 | 17351 | 294402 | | | |
| 1688 | 1966 | 1564 | 2266 | 2101 | 1622 | 2348 | 3471 | 2893 | 2868 | 45517 | Homeownership (HPD+HDC) | | |
| 327 | 374 | 438 | 579 | 446 | 422 | 785 | 813 | 534 | 631 | 14093 | State / Federal Programs | | |
| 17 | 19 | 128 | 137 | 78 | 87 | 9 | 8 | 149 | 372 | 1164 | Inclusionary | | |
| 6620 | 6310 | 4942 | 5067 | 5377 | 6053 | 5346 | 5247 | 5253 | 5559 | 177673 | HPD At-Risk (at 2037) | | |
| 2883 | 2883 | 2883 | 2883 | 2883 | 3335 | 7884 | 7884 | 7884 | 7883 | 56835 | HDC At-Risk (at 2037) | | |
| 9520 | 9212 | 7953 | 8087 | 8338 | 9475 | 13239 | 13139 | 13286 | 13814 | 234508 | Total At-Risk (at 2037) | | |
| 0 | 45 | 27 | 34 | 48 | 16 | 63 | 2 | 11 | 38 | 284 | Lost | | |
| 11535 | 11552 | 9955 | 10932 | 10885 | 11519 | 16371 | 17422 | 16713 | 17313 | 294402 | Total Developed % of HPD / HDC | | |
| 82.4% | 79.6% | 78.6% | 72.7% | 75.9% | 84.4% | 83.1% | 79.3% | 82.2% | 82.7% | 79.66% | units btw 1987-2007 that are at-risk | | |

| | |
|---|---|
| 294,402 | Total HPD and HDC 1987-2007 |
| 155132 | Total City At-Risk Rental at 2030 (No Homeownership, No Fed / State, and No Storeworks) |
| 234508 | Total City At-Risk Rental at 2037 (No Homeownership, No Fed / State, and No Storeworks) |

## APPENDIX B



The Expiration Timeline
20000
18000
16000
14000
12000
10000
8000
6000
4000
2000
0
12702
7058
12156
18537
17582
14514
13992
8706
8018
6998
8185
9520
9212
7953
8087
8338
9475
13239
13139
13286
13814
2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037
At-Risk Year

# APPENDIX C

## KEY PROGRAMS

Department of Housing Preservation and Development (HPD)

Article 8a Loan Program
The Article 8a Loan Program provides low-interest loans to preserve affordability, to correct sub-standard or unsanitary conditions, and to prolong the useful life of multiple dwellings. The scope of work is usually limited to the upgrading or replacement of major building systems. The program requires that participating buildings be affordable to low-income tenants and rents must be stabilized or controlled. Maximum subsidy is $35,000 per unit. The loan term maxes out at 30 years or the useful life of the improvements, whichever is less. Prepayment is prohibited only for the first five years of the loan.

Total Number of Units: 62,353
% of HPD Units: 26.53%
% of Total City Units: 21.18%

Participation Loan Program (PLP)
PLP provides low-interest loans to private owners to rehabilitate housing that is generally occupied by low- to moderate-income households. HPD provides funds at 1 percent interest. HPD puts in up to $100,000 per unit. Maximum loan term is 30 years.

Total Number of Units: 17,980
% of HPD Units: 7.65%
% of Total City Units: 6.11%

Vacant Building Program
The Vacant Building Program was one of Mayor Koch's first major initiatives as part of the Ten-Year Plan. Buildings were transferred in clusters to private developers for $1 each. City subsidies, in the form of 1 percent interest rate mortgages, were capped at approximately $37,000 per unit and combined with below-market loans. Rents were set in consultation with HPD to be affordable to low-, moderate- and middle-income households.

Total Number of Units: 9,568
% of HPD Units: 4.07%
% of Total City Units: 3.25%

Supportive Housing Loan Program

The Supportive Housing Loan Program makes loans to not-for-profit sponsors to develop permanent housing with onsite social services for people with special needs. Loans, which may be up to $90,000 per unit, have a 30-year term and neither principal nor interest are repaid if the sponsor complies with the terms of a regulatory agreement. All units are affordable to persons earning 60 percent or less of Area Median Income. Projects may be new construction or rehab, and on city- or privately-owned land. Supportive Housing Loan projects are not likely to be at-risk of losing their affordability given the role not-for-profit ownership plays and the low probability of turning special needs housing into market-rate units.

Total Number of Units: 8,211
% of HPD Units: 3.49%
% of Total City Units: 2.79%

HPD / LISC / Enterprise Low Income Housing Tax Credit Production Program

The Low Income Housing Tax Credit Demonstration program was the precursor to the Neighborhood Redevelopment Program described below. In the demonstration program, the city sold a vacant property to a not-for-profit housing organization for $1. The city, along with LISC and Enterprise, then provided the not-for-profit with predevelopment and working capital in the form of grants and low-interest loans. Construction and mortgage financing was in large part provided by the city, with tax credit equity generated from the syndication of tax credits helping to defray some of the financing costs. Because tax credits were utilized, units were reserved for households earning below 60% of Area Median Income. A 30 year regulatory agreement governed the use and affordability of these units.

Total Number of Units: 7,034
% of HPD Units: 2.99%
% of Total City Units: 2.39%

Neighborhood Entrepreneur Program (NEP)

The NEP program conveys clusters of occupied and vacant city-owned buildings to selected local real estate companies for rehabilitation and operation as rental housing. Buildings selected for NEP are sold to the Neighborhood Partnership HDFC, a subsidiary of the Enterprise Foundation, for $1 each and then leased to the entrepreneurs. The properties are eligible for federal LIHTC and local real property tax abatements to reduce development and operating costs. Proceeds from the sale of LIHTC provide for a portion of the capital needs, as well as the operating and social service needs of the project. Construction financing is provided by commercial banks. HPD provides permanent financing at a cost of approximately $120,000 per unit.

Total Number of Units: 6,395
% of HPD Units: 2.72%
% of Total City Units: 2.17%

Neighborhood Redevelopment Program (NRP)

Similar in structure to the NEP program, NRP transfers clusters of occupied and vacant city-owned buildings to new owners—community-based not-for-profit organizations—for rehabilitation and operation as rental housing. HPD finances rehabilitation at a cost of approximately $120,000 per unit. Equity is also generated through the sale of Tax Credits. All units are subject to rent stabilization.

Total Number of Units: 4,703
% of HPD Units: 2.01%
% of Total City Units: 1.61%

## Housing Development Corporation (HDC)

LAMP

The LAMP program allows for the new construction or rehabilitation of affordable housing for households earning up to 60 percent of Area Median Income. Typically, at least 10 percent of the units are reserved for homeless households.

Financing for the LAMP program combines a first mortgage, funded through proceeds from the sale of tax-exempt bonds, with a second mortgage, provided through HDC corporate reserves, 4 percent Federal Low Income Housing Tax Credits, and other subsides. HDC's second mortgage is a subordinate loan of up to $55,000 per unit at 1 percent interest.

This HDC subsidy is often coupled with subsidies from HPD or with loans provided by the New York State Division of Housing and Community Renewal (DHCR) through its Homes for Working Families Program. The term for the first mortgage is 30 years and up to 30 years for the second mortgage.

Total Number of Units: 20,502
% of HDC Units: 34.53%
% of Total City Units: 6.96%

Mitchell-Lama Preservation Program

There are two components to the Mitchell-Lama Preservation Program: the Repair Loan Program and the Mortgage Restructuring Program.

The goal of Repair Loan Program is to protect tenants and ensure long-term affordability by incentivizing owners to remain in the program in exchange for low-cost financing, which is used for capital repairs. There is pre-payment penalty of 5 percent if a loan is prepaid within the first 10 years of loan closing. After this period, there is no prepayment penalty. Borrowers must commit to remaining in the Mitchell-Lama program for the duration of the term of the loan (approximately 15 to 18 years) or a minimum of 10 years.

The Mortgage Restructuring Program allows owners and co-ops to restructure their existing HDC first and second mortgages. Refinancing allows owners or co-ops to reduce their debt service payments and/or receive funds to repair their property. Mortgages are refinanced with a 30-year term, but owners must remain in the Mitchell-Lama program for only an additional 15 years.

Total Number of Units: 18,195
% of HDC Units: 30.64%
% of Total City Units: 6.18%

80 / 20

Through its 80 / 20 program, HDC issues taxable bonds to make construction and/or permanent mortgage loans for projects where at least 20 percent of the units are affordable to low- and moderate-income households earning up to 80 percent of the city's median income. The remaining units may be set at market levels and rented to households of any income.

This is a deviation from HDC's historical 80 / 20 program which made loans financed with the proceeds of tax-exempt bonds. To make the deals work, HDC offers subsidies in the form of a second mortgage of up to $85,000 per affordable unit. Subsidy funds are advanced at a 1 percent interest rate. The term for the first mortgage is 30 years, and up to 30 years for the second mortgage. Borrowers are required to enter into a Regulatory Agreement.

Total Number of Units: 9,800
% of HDC Units: 16.50%
% of Total City Units: 3.33%

New Housing Opportunities Program (New HOP)

New HOP builds or renovates multifamily rental housing for moderate- and middle-income households earning up to 130 percent AMI. Financing includes a first mortgage, funded through proceeds from the sale of taxable bonds, coupled with a second mortgage, provided through HDC corporate reserves.

The second mortgage provides up to $85,000 per unit at 1 percent for the affordable units in the development. The term for the first mortgage is 30 years, and up to 30 years for the second mortgage.

Total Number of Units: 6,075
% of HDC Units: 10.23%
% of Total City Units: 2.06%

# END NOTES

1 PlaNYC 2030: Background. Available at: http://www.nyc.gov/html/planyc2030/html/home/home.shtml

2 This analysis focuses on affordable housing developed by New York City. However, it is likely that thousands of units developed under state programs will also be at risk due to expiring-use restrictions.

3 "PlaNYC 2030: A Greener, Greater New York." The Department of City Planning estimates that New York City will add an additional one million residents by 2030. Available at: http://www.nyc.gov/html/planyc2030/downloads/pdf/full_report.pdf

4 A summary of the best practices utilized by jurisdictions across the country is included in the ANHD report, "Permanent Affordability: A National Conversation," which is available at: http://www.anhd.org/resources/PermanentAffordabilityReport.pdf

5 New York City Department of Housing Preservation and Development. Office of Legal Affairs, FOIL Request #557-2008.

6 HDC Corporate Accomplishments. February 2009. Available at: http://www.nychdc.com/about/ca.html

7 Audit Report on the Department of Housing Preservation and Development Cornerstone Program, City of New York Office of the Comptroller, August 2009.Available at: http://www.comptroller.nyc.gov/bureaus/audit/PDF_FILES/ME09_077A.pdf

8 Schill, Michael E., Ingrid Gould Ellen, Amy Ellen Schwartz, and Ioan Voicu. 2002. Revitalizing Inner-City Neighborhoods: New York City's Ten-Year Plan. Housing Policy Debate. Volume 13, Issue 3.

9 It is important to note that the 294,402 figure represents the number of units that were completed. So, while it will be lower than what the city typically reports, it is a better representation of the number of units that have worked their way through the construction process and are available for occupancy.

10 This number is an approximation because HDC did not share the number of units completed by year and by program. ANHD used publicly available information from HDC Annual Reports as well as HPD New Housing Marketplace Progress reports to estimate the number of subsidized units under key HDC programs.

11 Schill, et. Al. Also, 2004 and 2009 Mayor's Management Report. Available at: http://www.nyc.gov/html/ops/downloads/pdf/_mmr/hpd.pdf

12 Van Ryzin, Gregg G. and Andrew Genn. 1999. Neighborhood Change and the City of New York's Ten Year Housing Plan. Housing Policy Debate. Volume 10, Issue 4.

13 Schwartz, Alex. 1999. New York City and Subsidized Housing: Impacts and Lessons of the City's $5 Billion Capital Budget Housing Plan. Housing Policy Debate. Volume 10, Issue 4.Available at: http://www.knowledgeplex.org/kp/text_document_summary/scholarly_article/relfiles/hpd_1004_schwartz.pdf

14 Salama, Jerry J. Michael H. Schill and Richard T. Roberts. 2003. This Works: Expanding Urban Housing. Civic Bulletin. No. 35.

15 In 2005, New York City announced an "expanded" Inclusionary Housing program, which it hoped would generate many more affordable units than the previous iteration. The new program expanded eligible neighborhoods from only Manhattan's highest-density areas to 20 medium- and high-density neighborhoods in other parts of Manhattan and the outer boroughs. The expanded program has fallen short of the number of units it hoped to create. While many attribute this to a slower economy, others believe it is because the program is voluntary. See Gross, Courtney. "Affordable Housing Not Included," Gotham Gazette. October 2009. http://www.gothamgazette.com/article/housing/20091005/10/3045

16 New York City Department of City Planning: "Zoning Reference." Available at: http://www.nyc.gov/html/dcp/html/zone/zh_inclu_housing.shtml

17 Factoring in homeownership as well as state- and federally-subsidized units, not-for-profit developers have developed 92,150 units of affordable housing according to analysis conducted by ANHD.

18 Currently, the longest city tax abatement available has a 60-year term. Without abating taxes, it may not be fiscally responsible to extend affordability requirements.

19 Bach, Vic and Tom Waters. 2008. Closing the Door: Subsidized Housing Losses in a Weak Market. Available at: http://www.cssny.org/userimages/downloads/CSS_Report_ClosingTheDoor_08.pdf

20 Available at: http://www.anhd.org/resources/roadmap%20to%20permanent%20affordability.pdf

21 Nixon Peabody "Affordable Housing Alert, December 8, 2009. Available at: http://www.nixonpeabody.com/publications_detail1.asp?ID=3061

22 No shading means the program is a city-subsidized rental housing program and was included in the analysis for determining the units that may be at-risk, yellow shading reflects homeownership programs, gray shading represents state and federal programs, brown shading signifies units developed under the Inclusionary program and blue shading denotes units under the StoreWorks program. Green shading represents programs that rank in the top 10 for the development of units subsidized by HPD. Purple shading represents programs that rank in the top 10 for all city-subsidized units. The dashed line after 2000 demarks those units that will be at-risk before 2030. The bold line before 2004 demarks the beginning of the Bloomberg Administration's New Housing Marketplace Plan.

# Additional Reports by ANHD

available at: www.anhd.org/resources