

# Inclusionary Zoning as a Tool for Sustainable and Equitable Development: Addressing Fears of Gentrification and Displacement

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## The region's affordable housing crisis

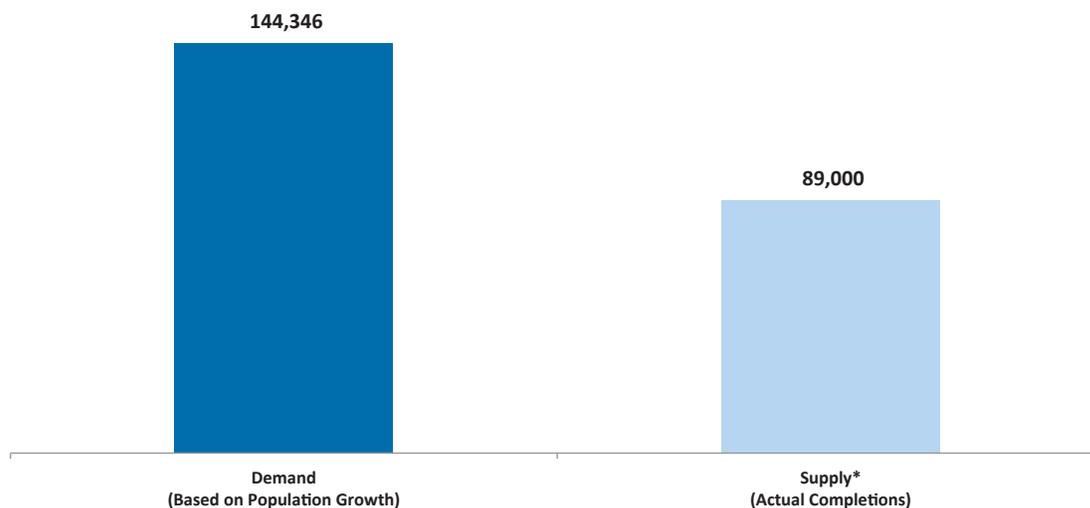
- Growth resulting from urbanization
- Inadequate production of new housing for a range of incomes
- Stagnant wage and job growth
- Extraordinary rates of poverty and financial instability

# New York City is growing... fast!

- 8.6 million people, as of July 2015
- Increase of 375,300, or 4.6% in just the last 5 years
- Fastest growth since the 1920s:
  - 341,300 more births than deaths
  - Longer life spans (population 65+ expected to grow 17.5% between 2010 - 2020)
  - 49,600 net in-migration -- for the first time in 50 years!

# Housing production is *NOT* keeping pace

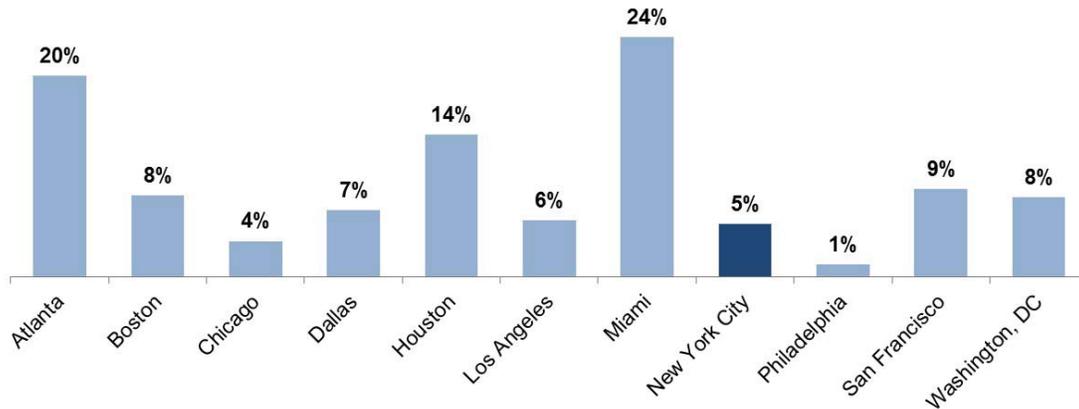
New Housing Demand versus Supply of New Housing Units  
2010-2015



\*Final certificates of occupancy include rehabs that would not necessarily have added to the stock (indeed, they may have decreased the stock).

# Housing production in comparison

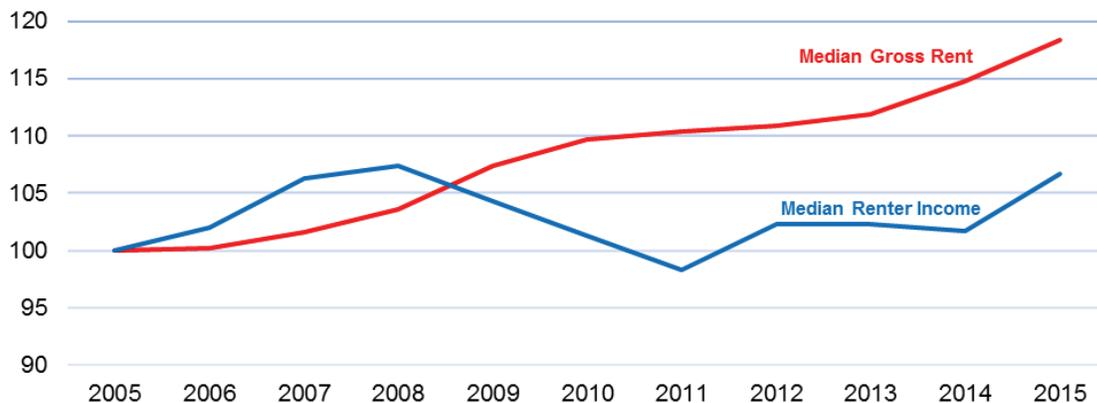
Percent Change in Total Housing Units in Large U.S. Cities, 2000-2010



Source: U.S. Census Bureau

# Gap between rents and incomes

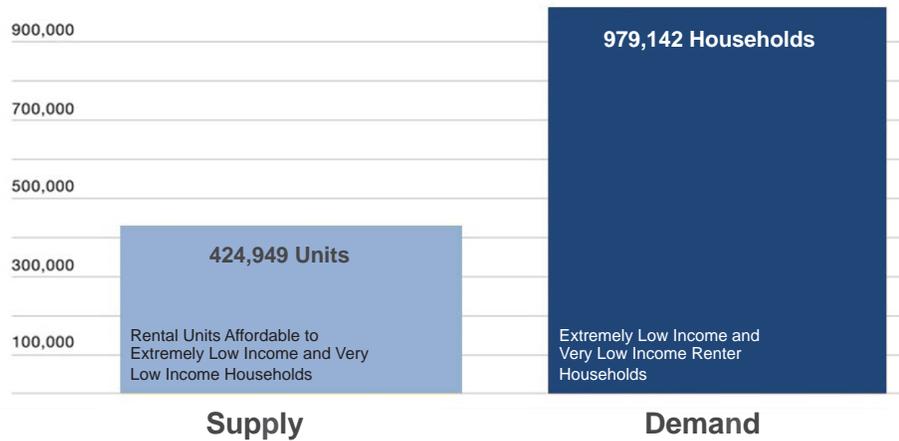
Index of New York City Median Gross Rent and Renter Household Income, 2005-2015



Data Source: 2007 - 2015 American Community Survey 1-Year Estimates; 2005-2006 American Community Survey. Table number B25119. Bureau of Labour Statistics CPI-NYC.

# Limited supply of affordable units

## Supply and Demand Among Extremely Low Income and Very Low Income Renter Households

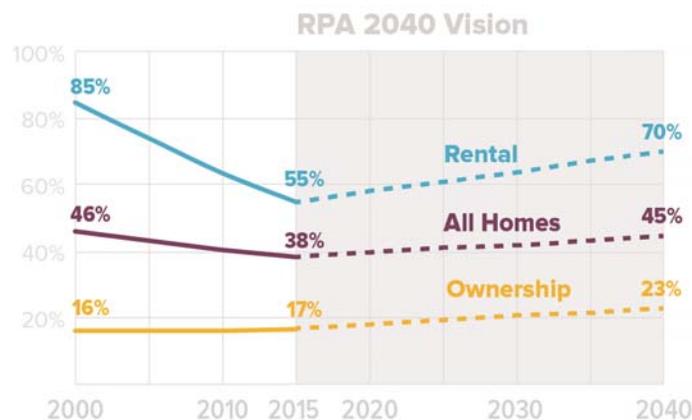


Data Source: Housing and Vacancy Survey (U.S. Census), 2014.

There are more than two Extremely Low Income and Very Low Income households for every one housing unit that is affordable to them.



# It's a *regional* problem



# Housing New York

## A Five-Borough, Ten-Year Plan



The City of New York  
Mayor Bill de Blasio

Alicia Glen, Deputy Mayor for  
Housing & Economic Development

**NYC**

## Housing New York (HNY): Create and preserve 200,000 affordable units in ten years

### Key Features:

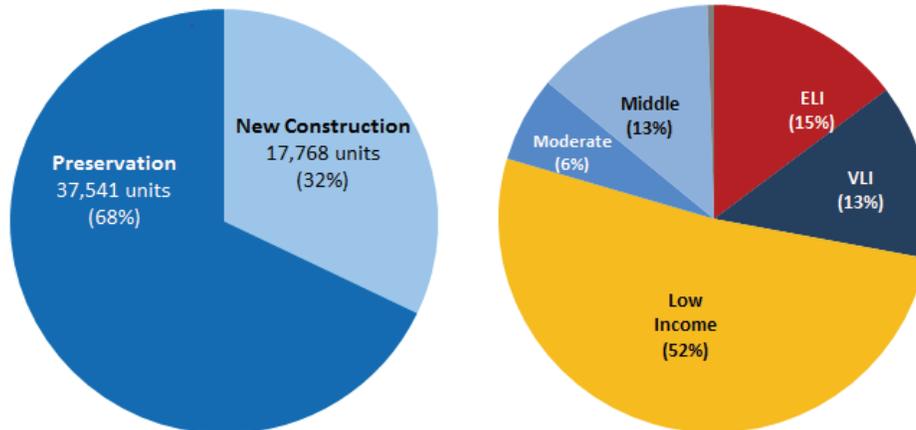
- Proposed City Investment: \$8.2 B
- Total Development Cost: \$41.1 B
- 60% Preservation; 40% New Construction
- 200% increase in extremely low income units (<\$24,500 for a family of three)
- 50% increase in moderate income units (\$65,520-\$97,920 for a family of three)

### Legislative Needs:

- Mandatory Inclusionary Housing (MIH)
- Strengthen City tax incentives
- Strengthen rent regulation
- Regulatory streamlining/ updating

# HNY progress to date

**55,309 units** financed between January 1, 2014 and September 30, 2016 (ahead of schedule, and below budget!)



## Legislative Changes

- Passed most rigorous **Mandatory Inclusionary Housing** program in the nation to increase share of housing built as affordable when zoning capacity is increased
- Passed **Zoning for Quality and Affordability** to reduce regulatory barriers to housing, especially affordable and senior housing
- Comprehensive **rezonings** underway in six neighborhoods; neighborhood planning processes underway in two communities

# Mandatory Inclusionary Housing (MIH)



Mayor de Blasio, City Council Speaker Mark-Viverito, HUD Secretary Castro, and First Lady McCray celebrating the approval of Mandatory Inclusionary Housing

The most ambitious program of its kind in any major U.S. city, MIH was designed to require that developers provide *permanently* affordable housing in new developments built in areas rezoned for residential growth.



## MIH gives the community options

### Income Mix Options

25% set aside at an average of 60% AMI

- At least 10% ≤ 40% AMI

30% set aside at an average of 80% AMI

20% set aside at an average of 40% AMI

30% set aside at an average of 115% AMI

- At least 5% at ≤ 70% AMI and 5% at ≤ 90% AMI

AMI	Income*	Sample Occupation	Affordable Rent
40%	\$32,640	Security Guard	\$816
60%	\$48,960	Paramedic	\$1,124
80%	\$65,250	School bus driver + home health aide	\$1,630
100%	\$81,600	Teacher + retail salesperson	\$2,040
130%	\$106,080	Firefighter + server	\$2,652



# Dinsmore Chestnut site in East New York, Brooklyn



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Department of  
Housing Preservation  
& Development

**HNY**  
HOUSING NEW YORK

# La Central in Melrose, the Bronx



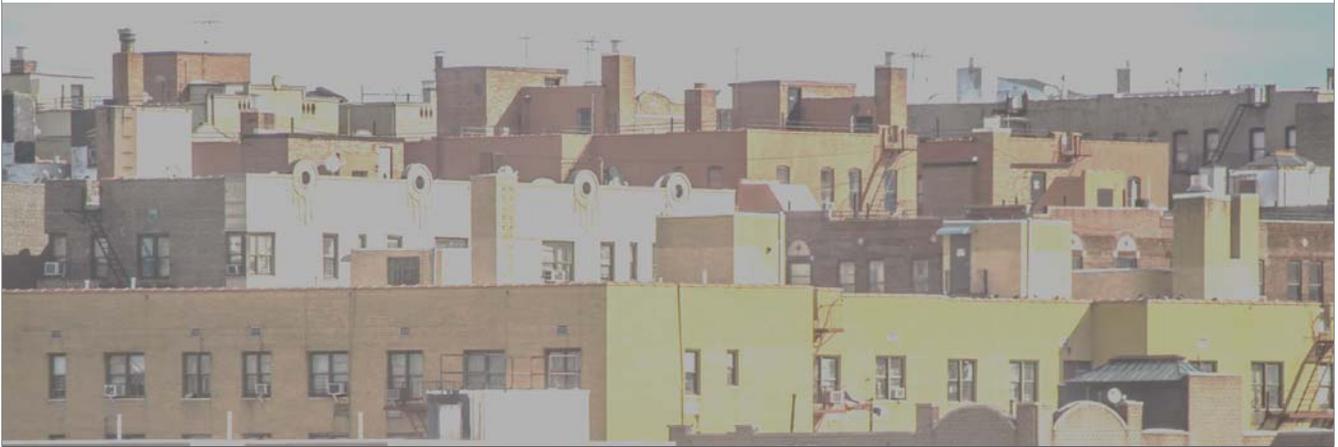
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Housing Preservation  
& Development

**HNY**  
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# Zoning for Quality and Affordability (ZQA)

Biggest overhaul of the City's zoning code since 1961 to:

- Allow more, and better quality, affordable housing
- Lower construction costs
- Remove barriers to senior housing
- Eliminate outdated rules like parking requirements



## 1880 Boston Road, Bronx



# Lessons learned

- Never going to be easy!
- Provide flexibility and optionality
- Use objective analysis, based upon input from wide variety of stakeholders
- Constantly remind those pushing for more that 50% of nothing is nothing
- Go beyond the usual coalitions
- It's not over even when it's "over"



## But we face increasing opposition over fear of displacement from gentrification

### For Bill de Blasio, Housing Opposition Abounds

Moves by New York City Council and its majority leader indicate mayor may face resistance on nearly a dozen affordable-housing projects

THE WALL STREET JOURNAL

### City Council rejects the first private development project under Mayor de Blasio's housing plan

DAILY NEWS

### After Community Opposition, Councilman to Vote Against Inwood Rezoning



POLITICO

### Council support for mayor's housing plan tested as key members balk

By SALLY GOLDENBERG and GLORIA PAZMINO | 08/12/16 05:27 AM EDT



# Protecting against displacement

- Requiring all new housing that receives tax exemptions, or is built through land use changes, to include affordable housing
- Securing even more or deeper affordability through City subsidies
- Preserving the affordability of existing subsidized housing, and bringing more of the housing stock under affordability restrictions
- Preventing harassment of existing tenants
- Helping local residents take advantage of new affordable housing

# Unprecedented commitment to build new affordable housing in areas undergoing change

- MIH will require 25% to 30% of the housing to be permanently affordable *every time* capacity for residential growth is significantly increased
- HPD's subsidy programs and financing tools will achieve additional affordable units, and deeper affordability where appropriate

# Preservation efforts

- Preserve public housing
- Keep government-assisted apartments from going market rate when existing affordability requirements expire
- Expand to unsubsidized portfolios
  - Small building owners
  - Green Housing Preservation Program
  - Neighborhood Preservation HelpDesks



*City preserved 5,000 units at Stuyvesant Town in the East Village*



*City preserved 350 units in a 28 building portfolio in Harlem*

# Critical to provide for the lowest incomes

*Housing New York* committed that 20% of the plan will target very low and extremely low income New Yorkers -- we are at 28%



*NYCHA's Mill Brook Houses in Mott Haven, where 156 affordable apartments for low-income seniors will replace a parking lot*



# But mixed income buildings are most sustainable, and equitable



*Greenpoint Landing in Brooklyn will provide more than 300 affordable units for families making a range of incomes, from less than \$24,500 to \$106,080 for a family of three*



## Preventing and addressing harassment

- Increased civil penalties for harassment of rent stabilized tenants
- \$75 million to legal services for low-income renters facing harassment or eviction; evictions are down 24%
- First ever tenant harassment prevention task force



*With former Brooklyn DA Thompson announcing arrest of landlords; Mayor de Blasio and NYS Attorney General Schneiderman launch Tenant Harassment Prevention Task Force*



## Ensuring that our housing prevents displacement and is distributed fairly

- Target range of incomes, not just the 50-60% AMIs LIHTC serves
- 50% of the lotteried units are reserved for residents of the community board
- Regulate use of credit scores, tenant blacklists, bankruptcy
- Financial counseling and help preparing for interviews
- Housing ambassadors; mobile vans; help desks
- Setasides for formerly homeless families

## In sum, need a multi-pronged strategy to address the affordable housing challenge

Use our investments to meet the needs of those neighborhoods that have traditionally been underserved

Encourage all residents, especially the most vulnerable residents of those neighborhoods, to participate in the visioning and planning for investment

Allow growth to increase housing supply, but always accompany growth with affordable housing to ensure economically diverse neighborhoods

Prevent and mitigate any displacement that might occur as an unintended result of investments.



**“... my mission is to make sure the people who made our neighborhoods great can still stay in the neighborhoods they love.... We must do more to ensure that all New Yorkers have a safe and affordable place to live, in neighborhoods that provide opportunities to succeed.”**

**—Mayor Bill de Blasio**

