

Good evening. Thanks for having me. You may remember back in June I gave this committee a briefing on the content of the Mayor's affordable housing plan from a zoning perspective. After that presentation, I wrote up my opinions on the plan's zoning recommendations, and I've got a couple of those memos up here for anyone really interested in this topic. But Lashawn invited me back here so I could share my opinions with you all, and hopefully hear from you about your thoughts. So feel free to interrupt so we can have a conversation. But to be clear, these are just my personal opinions and I speak for no one but myself.

So in sum, while the plan has some very good ideas in the details, it is not very ambitious, and its core solution to the affordable housing crisis is deeply flawed.

Let me start by talking about the goals, or the plan's ambition. The goal is to create 80,000 additional units of affordable housing and to preserve 120,000 units of existing affordable housing. That sounds like a big number, but what does it mean to East Harlem? Let's put those numbers into context.

East Harlem accounts for under 2% of New York City's total housing units, so if East Harlem just got its share of Housing New York's goals, the plan would help create 1,120 new units and preserve 1,680 units. Over 10 years.

If that doesn't seem like a very large number to you, you're right: There are currently 40,500 non-market rate units in East Harlem, many of which are going to expire soon. If Housing NY actually met its goal of preserving 120,000 units of housing, and East Harlem got its fair share, East Harlem still will lose over 6,000 existing affordable units over the next 15 years, mostly due to expiring rent regulations.

SO if Housing NY meets its goal, and East Harlem gets its share, East Harlem would only lose 5,000 units of affordable housing over the next 10 years.

So if you do absolutely nothing, East Harlem loses about 7,800 units of affordable housing. If it is successful you lose 5,000 units. You could say that there is more need in East Harlem, and it will receive more benefit, but even if the district got twice its share, we're still talking about a net loss of about 2,000 affordable units over the next 15 years. Oh, and we're not even counting any of the 10,000 rent

stabilized units in the district. How many of those will become decontrolled by one method or another over the next 15 years?

To me, an affordable housing plan that does not result in a net increase in affordable housing is not very ambitious: the bar has been set low. The absolute numbers sound large but when viewed across a city of over 3 million housing units, it's not. So it's not very ambitious.

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And its core zoning strategy is flawed. The centerpiece of the zoning policy is mandatory inclusionary housing. The way it's been proposed is that the City will rezone a medium or high density district, to an even higher density district, and if you build on one of these rezoned areas, you've got to provide some percentage of permanently affordable housing units, either on site or off-site. They plan on rezoning 12 to 15 neighborhoods this way, one of them being East Harlem, so I've heard.

I've got a number of issues with this. First, what happens if your community is happy with the density at which you're currently zoned and want more affordable housing? Say, you're currently zoned at R7. Upzoning is to a R8 or a R9, is an increase of 50 to 100% in density. The way the program is currently proposed, if you say no to extra density, you say no to affordable housing, which, in effect, punishes communities that are appropriately zoned.

Second, why just medium and high density districts? And why only some neighborhoods? Sure, the need in East Harlem is great, but affordable housing is a City-wide problem, and the centerpiece of the City's program has omitted nearly the entire borough of Staten Island and much of eastern queens and southern Brooklyn. City-wide problems demand city-wide solutions.

Third, from what we've been hearing the ratio of affordable to market rate units would be variable by neighborhood and range from 15 to 25%, which is not a very large amount of housing, and is a major reason the plan is not very ambitious.

Fourth, this plan requires gentrification in exchange for affordable housing. For example, consider 1800 Park Avenue: it is an 80/20 building and the average rent for 1BR apartments will be around \$2700 a month or about \$32,000 a year, which

is also nearly exactly the median household income for East Harlem. If you build a lot of 80/20 buildings in an area with lower income, we are by definition gentrifying in exchange for affordable housing. There are trade-offs for gentrification that we can all talk about, but it concerns me to develop an affordable housing policy which requires gentrification to succeed.

Finally, the off-site option is terrible and will have consequences that are negative for a neighborhood. For me, it was ironic that the first time most folks heard of the off-site option is this past summer when Riverside South's "poor door" came to attention. If you missed it, Riverside South placed its required affordable units in the building, but segmented it, so that there was a separate lobby on a different street for affordable tenants. But developers have been using the off-site option for years, the only thing new about Riverside South is that they segmented the building and put the units off-site but in the building. No one had ever thought of doing that before. Had they put them a mile away, no one would have said a word, since that's what's done.

For example, in CB8, the Upper East Side, many developers use the R10 as-of-right inclusionary bonus, and put the affordable units on Roosevelt Island, far away from where they are generated, creating a segregated affordable community within a section of the Community Board. To me, this is far worse than what Riverside South did, but it's not news since it's what we do all the time. Better that there is no poor door at all.

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There are other zoning solutions that need to be considered. I'm not going to spend too much time on these, but I think it is important not to just point out the problem, but to identify potential solutions.

As many of you know, this Community Board has made zoning recommendation for the Park Avenue corridor, which includes an upzoning and mandatory inclusionary housing, which might sound a lot like what is being recommended, but there are a few important differences:

First, the community board recommendation is for 50% market rate, 30% middle-income and 20% low income, or 50-30-20, which matches HPD incentives, and is

both more nuanced and much higher than what we've been hearing from the City. Second, the CB was explicit: no off-site option. Third, while some of the districts were upzoned substantially, others were not upzoned at all, yet they still required mandatory inclusionary: Mandatory inclusionary was used not only for yield, but also to help preserve community character.

Let's talk about this for a minute: The vast majority of units in East Harlem are not market rate. If you map mandatory inclusionary housing on top of an affordable building, but don't increase the density, what you are in essence doing is using zoning as a disincentive to tear down and rebuild on that lot, which helps to preserve affordable units that are already there. This is probably most effective in older buildings covered by rent stabilization, because it reduces the financial incentive for the landlord to remove or buy-out those protected tenants. So the CB's recommendation uses inclusionary zoning as a preservation tool, divorced from the concept of tying mandatory inclusionary housing to an increase in density: in places where you want to see new development, increase the density, but in places where don't want to see new development you can map inclusionary housing as a way of helping to preserve what's there.

Another one is to allow for infill on existing high-rise housing estates. You may have heard about NYCHA's proposed infill plan for housing estates in Manhattan last year. Infill is a part of the Plan, but it doesn't appear to have much priority, because it's a difficult problem, especially as it regards NYCYA.

But this is far more than a NYCHA issue, which is the point that is being lost. There are hundreds of privately-owned, underbuilt high-rise sites that could be developed if we simply made a text change to the zoning resolution. For instance, this is an affordable housing estate in the Bronx owned by Phipps Houses. It is vastly underbuilt, but the zoning rules governing this site makes it difficult to use that unused space. Here is a redevelopment scenario that adds 334 units to the site, and reconnects streets that were lost during urban renewal. This plan still leaves the site underbuilt, yet this plan is illegal to build under the rules that govern these "height factor" sites. Essentially, these rules require the tower-in-the-park building form.

If you talk to not-for-profit housing developers you'll hear their biggest complaint is a lack of affordable sites. But they already control many sites that would become buildable with a zoning text change, which would be conditional, meaning that it would only kick in if some percentage of new units were permanently affordable. This change would be the lowest hanging fruit when it comes to new affordable housing. The land is already owned by not for profit housing developers, they want to build affordable housing, we should just let them.

Second, as you probably know, housing can be developed in either residence or commercial districts in New York City, but there is one commercial district, the C8, where residences are not allowed. The text of the zoning resolution could be changed so that if a developer wanted to put some percentage of affordable housing in a C8 District then residential uses would be allowed.

Land zoned C8 is found in every borough, and every community district outside Manhattan. It is already tuned to a density that is appropriate for the area. They have few residences, so there is little displacement risk. A text change to the resolution would allow residential uses in C8 districts, just like they are allowed in other commercial districts, but it would again be conditional, dependent upon some percentage of those units being permanently affordable.

Finally, there is the concept of **floating zones**, which while used outside the City, has never been considered here. The idea of a floating zone is that the City would develop a zoning districts specifically for affordable housing, but they aren't mapped anywhere. Instead, if a developer wants to remap a parcel into one of these districts, they meet with the City, present their plan and then the City would decide if their proposal met the criteria, and if it did, then it could be rezoned to a presumably higher density.

Most New Yorkers say the problem with this is that it is not an as-of-right solution, which means it would involve a discretionary review most developers want to avoid.

Outside New York City, this concept as-of-right development with no discretionary review essentially does not exist in our State. It's only here in New York City where significant development with no review happens. Other places

have site plan review and often architectural review to ensure that the development is up to community standards.

If that's how development happens everywhere else in the state, why dismiss it out of hand? We need solutions to address the affordable housing crisis, so why not take an approach where we can learn from what was tried in other places?

Floating zones is a concept that we should at least bring into the conversation as a technique that is been tried and tested elsewhere, and produced needed affordable housing. We shouldn't dismiss it just because it requires a process that we want to try to avoid.

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I want to leave you with some **final thoughts**: I think the fundamental problem with the mandatory inclusionary program that's being designed is that it **relies upon for-profit developers** to solve the housing crisis for the rest of us. For-profit developers may be part of a solution, for sure, but I believe that consciously or not, the concerns of for-profit developers are setting an agenda that works for those developers first, and for affordable housing second. If for-profit developers can make money off of development with affordable housing, that's fine, they're happy to do it, but they need to make money. There's nothing wrong with that, except that there's only so much money, development, and land to go around.

When your heart is sick, you see a cardiologist. When your feet hurt you see a podiatrist. Right now, we have an affordable housing crisis, and we're developing policies that are essentially asking developers who aren't experts in affordable housing solve the crisis for us. This doesn't make any sense to me. Further, if we make policy that incents for-profit developers to develop 80-20 buildings, then what do those policies do to not-for-profit developers who want to develop affordable housing? It makes land too expensive for them to do anything, because it is valued at the for-profit price. And as I already said, if you talk to not-for-profit developers, their biggest issue right now lack of affordable land for development. Don't get me wrong, the for-profit developers have a place at the table, but they should not be the centerpiece of any solution or policy.

Many of us live in housing owned by not-for-profit developers, or in cooperatively owned corporations, it's a huge percentage of New York's housing. These organizations have a mission to build or manage buildings for the benefits of the tenants. It's these organizations that need to be at the center of our policy making. How can we help them to their job better? Solutions for the for-profit developers need to be secondary, because even if we develop great solutions for them, they will never get us the yield we need.

We need policies that first work for affordable housing, that maximizes yield in every neighborhood, of every density, and if no one is making any money off of it, if it is run by a not-for-profit corporation, or it's cooperatively owned, that's OK.

What I'm saying is not radical, but in our current environment there aren't many voices in my neighborhood because it would involve a paradigm shift from how we're thinking about development and solutions to affordable housing.

I'd love to hear from you, your thoughts now, in the future. If you think I'm wrong, let me know.