



Testimony re: Strengthening New York's Housing Preservation Programs
Submitted by Hope Cohen, Deputy Director
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I am Hope Cohen, Deputy Director of the Center for Rethinking Development at the Manhattan Institute. At CRD, we work to foster a new understanding of the importance of development to New York City's well-being. Focusing on such areas as zoning and planning, environmental review, building codes, historic preservation, and public housing, we conduct research, host forums, and offer concrete, feasible proposals for reform.

In June 2006, the Manhattan Institute held a program on "Creative Approaches to Affordable Housing," featuring Mercedes Marquez, General Manager of the Los Angeles Housing Department, winner of the 2005 Fannie Mae Foundation / Ash Institute Prize for Innovation in Government. The LA Housing Department won that award for its Systematic Code Enforcement Program (SCEP), in which every rental unit is inspected on a regular basis. The first full round of inspections (800,000 units) took L.A. five years, and 80% of units met all the requirements after a single inspection visit. The program is seen as a great success by all parties involved, with landlords realizing the benefits of whole communities prospering as properties neighboring theirs are brought up to acceptable standards, and tenants, of course,

happy to be living in appropriately maintained buildings. The program is completely funded by tenants. (Landlords pay the \$36/unit annual fee and then charge the cost back to tenants.)

Already inspired perhaps by that program is New York City's Targeted Cyclical Enforcement Program. TCEP focuses on those buildings that are in the worst shape, three city council districts at a time (for an annual total of approximately 7500). The buildings are identified by each City Council Member, in consultation with HPD and community local groups. Like LA's SCEP, TCEP is considered a great success. So now there is an effort to expand the principles of preventative maintenance and good enforcement with the introduction in the City Council of the Safe Housing Act, which would allow HPD to make the repairs needed to fix violations and charge the costs back to the landlord.

In all these initiatives, the emphasis is being placed at last on repairing rather than fining (often meaninglessly). As Ms. Marquez noted that day last June, "It's about preservation, not about enforcement." That is the key to keeping our existing housing stock usable.

I would also like to put in a plug for the creative programs used by New York City's Housing Development Corporation to refinance Mitchell-Lama projects,

keeping tens of thousands of units affordable past the expiration of their original agreements. HDC's mortgage refinancing program is probably its most notable preservation success, but it also offers a co-op conversion program that deserves wider recognition and use. The program assists rental properties to convert, creating long-term co-op affordability. The state would do well to follow the city's lead in these areas.

And, of course, there is always the question of land availability. A major component of Mayor Bloomberg's recently announced PlaNYC is to find sites for additional housing. Most of the media attention has focused on decking over rail yards, but one of the plan's key land-use initiatives is to adapt outdated buildings to new uses. Abandoned warehouses, downsized hospitals, and closed military facilities exist throughout the state. Redeveloping them can preserve important community structures while providing housing at much lower cost than building from scratch.

Since one of the triggers for the environmental review requirement (in New York State and New York City) is use of government funds, projects that would otherwise be as of right (i.e., within the base zoning, etc.) are funneled into the review process. This adds time and expense to subsidized housing projects, in some case causing developers to choose to pursue the easier (and more lucrative) market-rate route. On May 17, MI-CRD

will be releasing a proposal to reform environmental review, one of whose recommendations is addressed to this problem.

That concludes my prepared testimony. But Ms. Bellenbaum's huge application book reminded me of another point. Environmental review is often an additional burden on the development of affordable housing projects. Since one of the triggers for the environmental review requirement (in New York State and New York City) is use of government funds, projects that would otherwise be as of right (i.e., within the base zoning, etc.) are funneled into the review process. This adds time and expense to subsidized housing projects, in some cases causing developers to choose to pursue the easier (and more lucrative) market-rate route. One way to facilitate such subsidized housing projects is to exempt them from environmental review requirements. This is one of the recommendations in a proposal soon to be released by the Center for Rethinking Development.