

Housing New York

Mandatory Inclusionary Housing

Housing New York

A Five-Borough, Ten-Year Plan

Housing New York is a comprehensive plan to build and preserve 200,000 units of high-quality affordable housing over the next decade. The Plan will create opportunities for New Yorkers with a range of incomes, from the very lowest to those in the middle class, and will foster vibrant and diverse neighborhoods.

Key Facets of

The Affordable Housing Crisis

- **Gap Between Rents and Incomes**

Over the past decade, average rents rose by more than 10% while wages stagnated

- **High Rent Burden**

55% of renter households are “rent-burdened” and 30% are “extremely rent burdened”

- **Insufficient Housing Production**

The marketplace is not meeting the needs of existing residents, let alone new ones

- **Limited Supply of Affordable Units**

Despite significant public investment, only a fraction of eligible New Yorkers served

- **Population Growth**

230,000 new residents arrived since 2010 and 600,000 more are expected by 2040

Housing New York: Implementation

Create More Affordable Housing

- Create 80,000 new affordable units
- Reform 421-a tax exemption program
- Improve zoning to promote affordability

Preserve Existing Housing and Prevent Displacement

- Preserve affordability of 120,000 existing units
- Strengthen rent regulations
- Protect tenants facing harassment

Plan for and Invest in Strong Neighborhoods

- Collaboratively plan with communities
- Create Neighborhood Development Fund
- Align planning with strategic investments

What is Mandatory Inclusionary Housing?

A new proposal to use zoning to
require permanently affordable housing
when future City Planning Commission actions
encourage substantial new housing

Goals of Mandatory Inclusionary Housing

- Promote **vibrant, diverse neighborhoods**
- **Ensure affordable housing** in areas in which we are planning for growth
- Meet the needs of **a range of low-and moderate-income New Yorkers**
- Ensure that program meets legal standards
 - Apply program consistently
 - Support financial feasibility of housing creation

Financial Feasibility Assessment: Conclusions

BAE Urban Economics, an experienced affordable housing consultant, conducted an analysis for the City, and found that:

- There is a tradeoff between the **percentage of affordable housing** and **reaching lower income levels**
- Strongest housing markets can generally support a requirement for 20-30% affordable housing
- Mid-markets do not support this without direct subsidy, unless moderate incomes are targeted
- In weakest markets, direct subsidy is needed (with or without MIH)
- A 50% requirement is not financially feasible

Proposed Requirements Would Be The Most Rigorous of Any Major U.S. City

For each rezoning, the City Planning Commission and City Council can apply:

Option 1: **25 percent** of housing at an average of **60% AMI**

Option 2: **30 percent** of housing at an average of **80% AMI**

Plus, in limited emerging or mid-market areas, an additional option may be added:

Workforce option: **30 percent** at an average of **120% AMI** (without direct subsidy)

Not available in Manhattan CDs 1-8

AMI	Income*	Sample Occupation	Affordable Monthly Rent for 2BR*
40%	\$31,080	Security Guard	\$775
60%	\$46,620	Paramedic	\$1,150
80%	\$62,150	School bus driver + home health aide	\$1,550
100%	\$77,700	Teacher + retail salesperson	\$1,950
120%	\$93,240	Firefighter + server	\$2,350

* For a household of three people

Key Features of Proposed Program

Other requirements

- Required units would be new, permanently affordable units
- Applies to developments, enlargements, or conversions > 10 units

Locations of affordable units

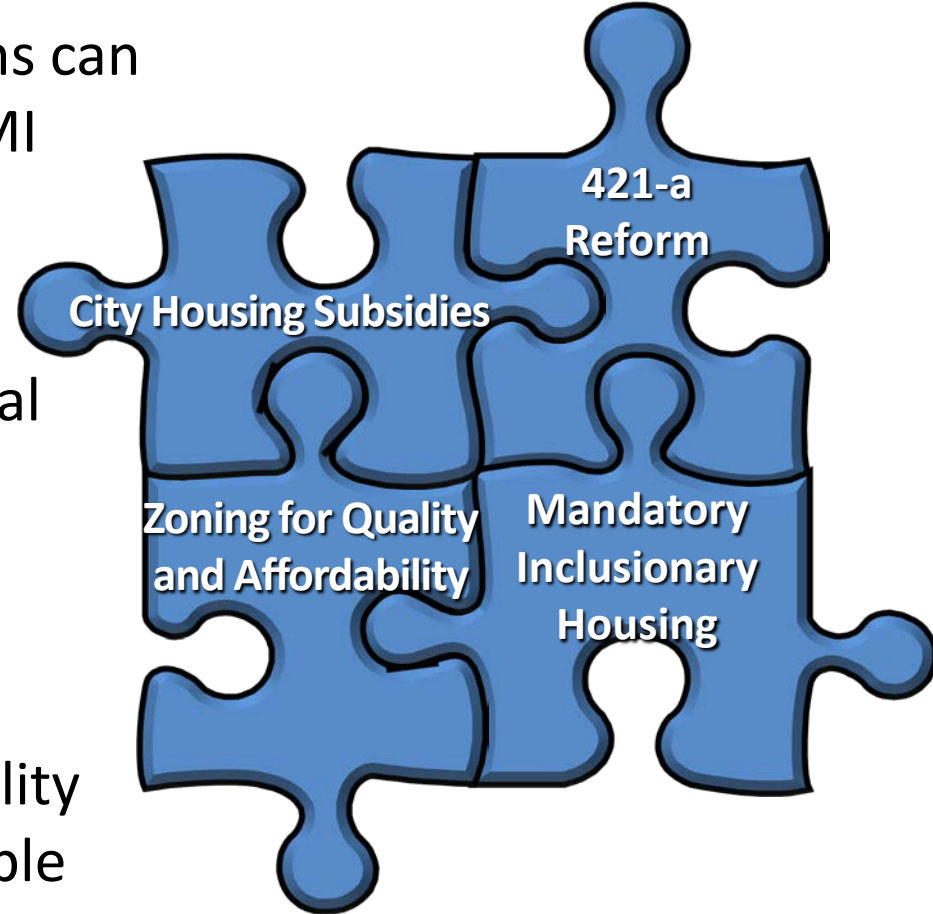
- On-site, **same building** as market-rate units, spread on at least half of the building's stories, with a common street entrance and lobby
- On-site, **separate building**, completely independent from the ground to the sky; would not stigmatize residents of affordable units
- Off-site, **different zoning lot** located within the same Community District or within ½ mile

Other considerations

- Payment-in-lieu option for buildings of between 11 and 25 units
- Requirements could be reduced or waived through BSA where they would make development infeasible (legal requirement for hardship relief)

MIH Is One of Many Tools That Work Together

- Strategic use of subsidy programs can reach incomes as low as 30% AMI
- Reform of State 421-a tax exemption program will require affordable housing in every rental building receiving benefits
 - More affordable housing
 - Broader range of incomes
 - No benefits for luxury condos
- Zoning for Quality and Affordability will promote senior and affordable housing, aid efficient use of housing subsidies and promote better buildings



Process for Establishing and Applying MIH



Zoning Text Amendments to Establish the MIH Program

- Public review concurrent with Zoning for Quality and Affordability proposal

Application of Mandatory Affordable Housing in Neighborhoods

- For public and private applications to the City Planning Commission that encourage substantial new housing – each with its own full public review
 - City-initiated rezonings – e.g., East New York
 - Private applications for zoning map changes
 - Private applications for special permits that create substantial new residential density

For complete information,
visit **DCP's website:**

nyc.gov/planning