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CHPC

NEW YORK CITY

INSIGHT

STEERING THE NEW COURSE:

Housing and Land Use Policy for New York City

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This publication sets out CHPC's suggestions and priorities for housing and land use policy for NYC's Mayoral administration.

The content of this publication does not cover every single policy area that we believe the administration should explore. Instead, it focuses on the research and education work that has been undertaken in-depth by CHPC in recent years; the areas where we can offer our unique insight. These suggestions will continue to develop as we expand our workplan through 2014.

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INSIGHT:

STEERING THE NEW COURSE

New York City's unmatched innovation in municipally-driven housing policy has always been born out of dire necessity. The need to clear slums, build the largest public housing inventory in the country, hold on to our middle class, rebuild neighborhoods ravaged by abandonment, increase our supply of housing, and transform our old industrial landscape into new and vibrant neighborhoods—all were responses to critical problems facing the city.

Today's problems have a different look. They may be less visible to the casual viewer but are felt just as deeply by those who urgently need the support of government policy and resources in their housing and their neighborhoods.

CHPC's research and analysis has been summarized here into five key challenges that the city is facing. There are of course many more. But here we hope to provide insight into the housing issues that can be addressed by the city administration—to improve our neighborhoods and better provide for those who make NYC their home.

1. The Growing City

We have a growing population trying to break into a housing market with a historic shortage of supply. Estimates range from an additional 600,000-850,000 New Yorkers expected by 2030¹.

We need to expand our housing supply as cost effectively as possible, not just by focusing on financial solutions, but also on planning, zoning, and building reforms.

2. The Hidden City

At least 250,000 New Yorkers are estimated to be sharing housing in some informal or illegal way², creating an economic and legal inequality that renders even basic fire safety and lease protection a distant hope for residents.

We need to encourage the development of new housing models that safely and legally accommodate additional density within our existing housing stock, while protecting and supporting the needs of our non-traditional households.

3. The City of Aging Buildings

Our housing stock is aging—87% of our housing units were built before 1973³. The associated problems are especially acute in our public housing buildings, which face unsustainable budget gaps along with growing infrastructure needs.

We need to protect and preserve our vulnerable rental stock by designing government interventions to meet the most pressing needs.

¹ Estimates by the Department of City Planning and City Hall.

² Estimates based on previous CHPC studies on illegal occupancy and City Hall estimates following the 2010 census.

³ 2011 New York City Housing and Vacancy Survey.

4. The City of Neighborhoods

Despite \$5.34 billion of city investment in housing over the last 12 years⁴, the families that enter the shelter system today still largely come from the same neighborhoods as they did 30 years ago—in Central Brooklyn, the South Bronx and Northern Manhattan⁵. More troubling is that new neighborhoods are now added to the list, like Williamsbridge in the Bronx and Jamaica in Queens⁶.

There are also neighborhoods that have experienced unprecedented growth by new immigrant groups in recent years but do not receive any attention from the government in terms of housing policy or investment.

We need government agencies to come together to strategically target and help our neighborhoods that are most in need.

5. The Damaged City

Over a year ago, Hurricane Sandy caused \$19 billion in damage to private and public property in New York City and the loss of 48 lives. This natural catastrophe has led to the wholesale economic displacement of communities, with only four (4) homeowners beginning to repair their homes through the city's Build it Back program to date.

We still need to repair and rebuild our neighborhoods after Sandy and reshape the city's housing response to this and future crises.

CHPC has set out a number of suggestions for new approaches under these five topics that we believe can help to shape effective housing and land use policies to better meet our challenges and to ensure an equitable future for our city.

We have also highlighted actions that could be initiated quickly.

⁴ Figures supplied by New York City's Housing Development Corporation.

⁵ Information supplied by the Department of Homeless Services.

⁶ Only Central and West Harlem were on the list in the past and have since been removed as a significant feeder of families into the shelter system.



THE GROWING CITY

THE GROWING CITY



How we can expand the housing supply, without cost, by focusing on planning, zoning, and building reforms

THE CHALLENGE

New York City's population is growing fast: estimates range between an additional 600,000 and 850,000 New Yorkers over the next twenty years.

Since its origins, New York City has attracted new entrants who come here to reinvent themselves, make money, and establish a new life.

Thankfully, we have moved past the period in our recent history that saw devastating housing abandonment, job decline, and population loss. Sophisticated and targeted government intervention at the right time saved the city's economy and housing stock from the sharp decline that many of our post-industrial neighbors are still wrestling with.

Now New York City has such a strong demand for housing that the lack of legal housing options does not dissuade people from coming. Instead, people create their own informal sharing situations, which are frequently illegal and occasionally dangerous (see **The Hidden City**). Multiple wage earners pooling income can inflate housing prices and place undue pressure on the older multi-family stock. Neighborhood services, such as transit and schools, struggle to keep up with population growth. Ultimately, the city's federal census figures no longer reflect our actual population, impacting our political representation and our ability to obtain our fair share of government resources.

Our planning, land use, and zoning policy must be restructured to facilitate a growing city that can accommodate people safely and legally.

Today, the city administration's main planning tool is the New York City Zoning Resolution, a document that was enacted over 50 years ago to create a built environment for a different population, which reflects outdated ideas such as separation of uses and extensive parking requirements.

It is now 900 pages longer than in 1961, extremely complicated, and often inconsistent. This complexity adds to the cost of construction, strains the ability of government agencies to adequately enforce it, and inhibits transparency, as its interpretation is challenging even for experts.

The development capacity of the city is also too restrictive. A full zoning build-out has been estimated to legally accommodate approximately 12 million people⁷. This potential may seem like a reasonable cushion for a population of 8.3 million and growing. However, this figure presumes that every single building in New York City that is under-built will be enlarged

⁷ Estimate from the Furman Center for Real Estate and Urban Policy.

to its maximum floor area, or torn down and rebuilt (without regard to the cost of acquisition, loss of income, and construction), and that every vacant parcel, regardless of its size or location, is built to the maximum permitted FAR. These scenarios are simply not feasible.

On top of this, the rules that dictate the three-dimensional shape of new buildings in contextual districts constrain floor area even further⁸. A recent CHPC study showed that the building envelope rules can result in up to 11% of a building's permitted floor area left unbuilt.

As a result of these limitations, excess demand for housing has been restricted to fewer and fewer building sites. These factors have contributed to increasing land prices and construction costs that are passed on to residents, and generated a spiraling need for government subsidy.

STEERING THE NEW COURSE

At the heart of this debate is - how can we better plan for the healthy growth of the city and how can our zoning system best be shaped to achieve those goals?

- **Enhance the capacity of the Department of City Planning (DCP) and incorporate a permanent long-term planning process for NYC**

DCP must be given adequate resources to operate effectively. DCP's staffing levels have been cut substantially in recent years, and a number of long-term vital staff members are retiring. This loss of expertise and deeply complex knowledge will have severe repercussions on the planning and management of our city's built environment. DCP must be given additional resources to develop a new generation of planning and zoning experts.

⁸ CHPC has conducted a study examining the impact of the building envelope on the development capacity of the city and has a number of specific recommendations to add some flexibility to overcome this issue.

The Office of Long-Term Planning and Sustainability should be incorporated into the Department of City Planning. The new DCP should have a clearer agency goal: to satisfy NYC's long-term planning objectives and to improve neighborhoods. Zoning should just be one tool to achieve these goals.

DCP should be tasked to work with other agencies to achieve the broader objectives.

The Mayor's Management Report should be overhauled to make agencies report on how well they are meeting these overall goals. Currently, DCP has to report on the number of rezonings that it completes rather than any satisfaction of previously stated goals. One new goal for DCP in the Mayor's Management Report could be to increase the development capacity of the city in areas with proximity to transit stations. Then DCP would be tasked to work out strategies to achieve this objective.

- **Reform our zoning system**

We have three suggestions to change the Zoning Resolution:

1. **Basic Zoning Reform**

A basic zoning reform agenda needs to focus on making our zoning document easier and more flexible to use.

A cross-disciplinary industry working group should be set up to go through the current Zoning Resolution, remove obsolete uses, simplify and rationalize uses, and better group together all of the similar sections. Information technologies, such as interactive drawing tools and GIS topographic maps, should be utilized to allow a lay person to understand the three-dimensional impact of the zoning rules on their particular area.

2. **Moderate Zoning Reform to Support Growth**

In addition to the basic zoning reform, a number of text changes and rezonings should also be introduced that would allow for some additional flexibility for the development of our city:

- Mixed-use buildings should be encouraged as much as possible.

- DCP should offer some increased flexibility in the permitted building envelope in contextual districts⁹.
- DCP should establish an agenda for areas that can be upzoned, especially along transit lines.
- Parking minimums for new residential buildings should be reduced or eliminated wherever there is proximity to transit stations. The creation of publicly-accessible neighborhood parking lots and structures should be encouraged where feasible.
- There also needs to be a new step in the land use review process that assesses land use and development proposals against the city's long term planning goals, including growth.

3. Move Toward Performance Zoning

There is a strong argument to be made for replacing the 1961 Zoning Resolution with a brand new system that should be focused on the **performance** of the built environment, rather than prescribed limits on the size, shape, and bulk of buildings.

Community boards (with elected and term-limited members) would be tasked to work out how their neighborhoods will contribute toward the overall long-term planning goals set by the city—for example, how they will accommodate growth. They would also establish a set of values and priorities for their neighborhood. New buildings would then be allocated points if they satisfy certain neighborhood values. If a development hits most of these points, then the project would pass 'as of right'.

This could be introduced in phases. Certain Community boards could choose to opt out of the current zoning framework and enter a pilot. Over the course of the pilot, buildings would be evaluated as to how they performed and met expectations, and the points system could be revised

⁹ We have many specific suggestions on this topic and are happy to share and discuss these detailed recommendations.

accordingly. The results of the pilot could then be used to administer a city-wide performance zoning system¹⁰.

IDEAS FOR IMMEDIATE ACTION

- Incorporate the Office of Long-Term Planning and Sustainability into the Department of City Planning;
- Establish a new, clearer agency mission statement and goals;
- Establish a new set of agency priorities for re-zonings or text changes to support additional development capacity;
- Establish these priorities as metrics for the Mayor's Management Report;
- Begin to explore the impact of some options for adding some flexibility to the building envelope in contextual zoning¹¹;
- Create a zoning reform cross-disciplinary panel of experts, including architects and staff from associated city agencies (HPD, DCP, EDC, DOB, NYCHA), led by the Deputy Mayor of Housing and Economic Development. They should be tasked to undertake the following:
 - Remove obsolete uses from the Zoning Resolution and group together similar sections;
 - Add more diagrams, images, and charts to the Zoning Resolution to make the text easier to understand;
 - Examine alternatives to our current zoning system and make preliminary recommendations for a more comprehensive reform agenda or overhaul of the current system.

¹⁰ Our Zoning Committee is working on more specific recommendations for this performance zoning pilot idea and is happy to share all information.

¹¹ We have more specific recommendations to share.

THE HIDDEN CITY

A large, white, abstract shape with a rounded top and a sharp diagonal edge, resembling a stylized mountain or a modern architectural element, occupies the bottom-left portion of the teal background.

THE HIDDEN CITY



How to develop some new housing models that safely and legally accommodate additional density, protect and support the needs of our non-traditional households, and increase the housing supply without cost

THE CHALLENGE

Our booming underground/informal housing market is evident everywhere; from rooms to rent on Craigslist, to handwritten signs posted on lampposts from the Northwest Bronx to New Dorp, to the huge undercount of NYC's population in the 2010 Census—estimated to be at least 250,000 persons.

People rent rooms with no windows. They share with strangers they find online. They live in unregulated basements and cellars. They illegally subdivide living rooms, exacerbating fire dangers for both residents and fire fighters.

This market operates separately from the legal market; running in a parallel world that has its own makeshift rules, no lease protection for tenants, and no basic fire protection from government. Additionally, residents, who may not realize they are living illegally, are at the mercy of anyone who reports them to the Department of Buildings. In turn, government's ultimate penalty is to vacate the property—resulting in the eviction of the residents and potentially adding to the already burdened homeless shelters. The stakes for keeping this kind of housing hidden from government intervention are very high.

CHPC's *Making Room* project over the last five years has been studying New York City households and has revealed a widely diverse population that is struggling to fit into a housing stock built for a mid-20th century ideal nuclear family. A third of all households in New York City are just one person living alone. In Manhattan, half of all households are living this way. On the other side, a quarter of our households are sharing in some way—single adults, couples, and families sharing their homes with others¹². This does not even include the people who are sharing their homes illegally/informally but are hidden from the view of the census or housing surveys.

¹² CHPC developed a data model for re-configuring annual American Community Survey household data using population and housing unit data. It re-configures household categories using the Making Room principles; clearer, more straightforward, realistic descriptions of households to better understand how people are really living in the housing stock. This model is set up locally in the CHPC offices.

But our housing stock is unable to evolve to meet these changing needs. Outdated housing laws and codes, based on old-fashioned values, dictate the design of our homes and apartments and presume that all housing will be occupied by nuclear families.

CHPC's work on ***Making Room*** paved the way for a fresh, broad-based dialogue about housing regulatory reform, and the critical need to create a wider range of safe, legal, and more flexible housing choices.

Organizations that focus on the environment, immigrant issues, the elderly, the business community, and universities have now begun to understand how some alternative types of housing units could benefit their constituents¹³.

Recently, we worked in partnership with the Museum of the City of New York to mount the ***Making Room*** exhibition, showcasing some innovative housing types that would be possible with some moderate regulatory reform in NYC. The exhibit ran for 9 months, garnered huge international media coverage, and attracted over 150,000 visitors.

New York City is now seen as a leader in this field across the world—and we must continue with this approach of exploring new housing options that would accommodate our real demographics and household arrangements and support our real lifestyles today.

STEERING THE NEW COURSE

NYC can expand its housing stock and better meet the needs of New Yorkers by allowing the following 3 new housing types to be developed:

1. Small, efficient studios designed for single person households;
2. Legal shared housing for unrelated adults;
3. An additional unit on the lot of a small home for extended families or additional renters.

Not only would these housing types better support our current household arrangements, they can also offer some lower-price housing

¹³ CHPC has been studying this topic for many years and is happy to share all of the lessons we have learnt.

options and help take the pressure off the competing demands for the older multifamily stock. If developers are allowed to build smaller, denser buildings, then the rent per unit can be lower. If adults are allowed to securely and safely share a house or apartment with other adults, then they can share the cost. If a single family home is allowed to add a small additional accessory unit on its lot, then the owner can use the revenue toward their mortgage, and the renter will have the choice to live in a basic apartment that can be a useful starter home.

Smaller, denser, and shared housing also offer the most energy efficient housing options.

In order to allow these housing types to develop, New York City should embark on a series of regulatory reforms to update our housing laws and codes, in the following areas¹⁴:

- **Move away from occupancy rules**

Currently, it is not permitted for more than three unrelated adults to share a house or apartment. These rules hold the housing industry back from being able to respond to a burgeoning market for shared housing; especially for groups like the elderly, who desperately need some suitable private housing options.

We do have reason to believe that these occupancy rules may be unconstitutional in New York State, based on some legal examples from outside of the city. This should be explored further. Alternatively, occupancy rules should be removed from zoning and from our city codes whenever a revision is being undertaken.

- **Revise our minimum unit size rules**

In 1987, contextual zoning was introduced in NYC, establishing a 400 square foot minimum for new housing units. 43% of New York City lots are now zoned as contextual districts¹⁵.

¹⁴ CHPC has more specific technical recommendations on all of the Making Room work and is happy to share with the administration.

¹⁵ Furman Center analysis of PLUTO data.

This minimum unit size acts as an obstacle to the development of compact studios designed for single adults. In many cities around the world, well-designed studios of 220-400 square feet are commonly permitted as a basic housing option for singles, and a useful way to safely and legally increase the density of our buildings.

We believe that this provision should be taken out of zoning in the next revision.

- **Revise our density controls**

NYC's Zoning Resolution contains density controls to limit the maximum number of dwelling units permitted on a zoning lot. These "dwelling unit factors" incentivize the construction of larger units and make it difficult to build efficient high-density buildings. We believe these controls should be removed or reformed when a revision to zoning is being undertaken.

- **Legalize basement apartments**

Many cities in the country allow homeowners to add a unit onto their dwelling—within the existing building or an addition somewhere on the lot.

It is especially important in New York City to find a way to help homeowners legalize their basement and cellar apartments. This is where hundreds of thousands of New Yorkers are already living, in unsafe and unregulated spaces, due to the high demand for lower price rental options and the suitable design of so much of New York City's outer borough housing stock.

Currently, it is very difficult for a homeowner to add a legal apartment onto their home in New York City because the process is long, unpredictable, and expensive. The Zoning Resolution makes it difficult for an owner to follow all of the land use requirements for creating a new unit, including onerous parking requirements. The Building Code does not allow any cellar apartment to become a legal living space, and requires the installation of sprinkler systems in most new units—a highly expensive endeavor. If an owner already has a two family house, then an additional unit forces the building to become regulated under New York's Multiple Dwelling Law; adding a new layer of state regulations to the whole building.

A cross-agency working group should be established in order to identify a special district of New York City that has a preponderance of single family homes with basements and cellars. A set of design, layout, and safety requirements should be established for legal new units including adequate light and air, egress, and fire protection and suppression. The new requirements for an additional unit would either need to be added to the Zoning Resolution or implemented into law in partnership with the state legislature. Then a dedicated process for applying for permits should be established at the Department of Buildings.

IDEAS FOR IMMEDIATE ACTION

- Begin the process for some changes to contextual zoning that would revise minimum units sizes and density factor calculations (as well as the changes in the three-dimensional building limits highlighted in **The Growing City**);
- Establish a cross-agency working group to identify a special district of New York City that has a preponderance of single family homes with basements and cellars. Begin to explore what design, layout, and safety requirements should be established for legal new units including adequate light and air, egress, and fire protection and suppression¹⁶.
- Government agencies should participate with CHPC in our upcoming competition asking for new ideas for effective and affordable fire protection and suppression systems for basement and cellar apartments.
- Begin a study of the financial and regulatory barriers to the development of shared suites for 3 single adults.
- Consider conducting additional pilots that would test small studios and shared suites on some city-owned lots, which allow for a

¹⁶ CHPC is holding a competition in 2014 to explore some affordable and easy methods for fire protection and suppression.

mayoral override of zoning. The adAPT pilot of a building of micro-apartments on East 27th Street is a useful model due to its cost-efficiency to the city to provide innovative, below-market priced housing units.

THE CITY OF AGING BUILDINGS

THE CITY OF AGING BUILDINGS

A) PUBLIC HOUSING



How to protect and preserve our vulnerable rental stock

THE CHALLENGE

New York City's public housing is at a precipice, after years of crippling federal cutbacks, massive capital needs exacerbated by severe deferred

maintenance, inefficient and costly capital repair operations, outdated and expensive management systems, unfunded mandates - especially around social, senior, and employment services - and an entrenched public housing resident and advocacy community that is suspicious of change.

Public housing is often left out of citywide land use planning and housing discussions, and there is poor coordination and allocation of resources between NYCHA and the city. For example, a recent Request For Proposals for Seward Park in the Lower East Side did not include any connection with NYCHA despite the proximity of public housing, and a unique opportunity to connect development with NYCHA's rehab needs or alternate housing options for residents.

Failure of NYCHA would be disastrous, not only for the 450,000 low and very low income residents that call public housing home, but for the city as a whole that relies on its inventory located in nearly every neighborhood in the city.

Although the challenges are immense, there are many positive opportunities for public housing. New York City today has a stable economy. Public housing in New York City has considerable political and community support, and there is a talented and experienced housing industry that can be engaged in an effort to solve its problems. Unlike other cities, there are no demands to demolish existing public housing. NYCHA developments are often located in neighborhoods with underlying value that could be leveraged for NYCHA's benefit.

STEERING THE NEW COURSE

The city administration first must take responsibility to apply a strategy to preserve and improve NYCHA buildings and acknowledge that they are part of the city housing market and an important resource for the communities where they are located. There will need to be an open dialogue about the issues faced, in partnership with residents. And the government will have to advance significant changes in the way that

NYCHA buildings are operated if they are to be sustainable into the future.

- **Bring some operations into other agencies**

The operations of NYCHA should be brought into closer alignment with other city agencies. Development of NYCHA's real estate opportunities should be overseen by HPD/HDC and consideration should be given to establish one agency to be responsible for Section 8 administration. Social and community service operations should be moved to appropriate city human services agencies, along with the programming and operation of NYCHA's community centers, many of which sit vacant. Consideration should be given to appointing the HPD commissioner to the NYCHA board.

- **Reposition NYCHA as a housing innovator**

New York has long been a housing innovator, with its municipally-led housing strategies and programs becoming models across the country to preserve and improve distressed housing, ensure affordability, set new standards for public-private partnerships, and to transfer ownership and management into competent local organizations. Unfortunately, although public housing authorities (PHAs) in other cities have embraced these ideas and worked with HUD to explore new options, NYCHA has remained largely removed both from innovations in NYC and those that have occurred across the country.

The administration should work closely with HUD and the city's federal legislative delegation to obtain the types of approvals other PHA's have received, which would allow NYCHA to become more flexible and innovative in their program operations.

There are many tools that were successful in saving the in-rent inventory in NYC that could be applied to public housing. These include augmenting capital investment with LIHTC, expanding collaborations with HDC, and working with for-profit and not-for-profit partners to radically improve NYCHA's management procedures.

- **A new focus on management procedures**

Shrinking federal reimbursements, along with severe deferred maintenance, mean that operating subsidies no longer cover the operation of NYCHA. Management procedures that worked thirty years ago are no longer cost-effective and must be radically reformed.

NYCHA needs to seriously consider the benefits of outsourcing its property management operations to experienced local property management firms where feasible.

There are many cities across the country and around the world, particularly in the UK, that have successfully transformed the management of previously beleaguered public housing. There must be a wide-ranging exploration of innovative solutions for the management, maintenance, and service delivery of NYCHA buildings. These could be tested in a number of pilots across the city. For example, one similar building in each borough could be pulled out of regular housing management and given to competing management firms, with NYCHA setting the goals for measuring success¹⁷.

- **Establish new relationships with stakeholders**

The isolation of public housing residents, the denigration of services and decaying physical structures, perceived increases in crime and other quality of life concerns, and what is viewed by residents as a lack of openness and transparency by management, have created a nearly toxic relationship between the residents and NYCHA. This has resulted in residents fighting against any proposed changes by NYCHA; assuming that whatever is proposed will be worse than what they have now. Nowhere is this more apparent than NYCHA's poorly executed effort to sell/lease some of its high-valued development opportunities for development.

Connections must be built between NYCHA, public housing residents, the wider community, and anchor community organizations to foster a true dialogue about the issues of public housing and options for change. Models of positive change in other cities should be used to reinforce that

¹⁷ CHPC will be conducting a number of research and education projects through 2014 to explore some new ideas for the operational structure of NYCHA and are happy to work with the administration on this.

public housing improvement is possible and exciting and can transform people's lives¹⁸.

- **Unlock the value of its development rights and portfolio**

NYCHA has approximately 30 million square feet of development rights, having the potential to unlock funding for NYCHA's \$6.1 billion capital needs and provide additional new housing in those neighborhoods¹⁹.

NYCHA land and development rights must be utilized.

Despite recent controversies, NYCHA has already worked in coordination with HPD and HDC to successfully finance and build 4,000 affordable housing units on NYCHA property. This model, which was based on collaborative planning with residents and coordinated development with HPD and HDC, should be expanded.

IDEAS FOR IMMEDIATE ACTION

- HPD and NYCHA should put together a plan for consolidating dual operations such as Section 8 administration and development and planning functions;
- Begin discussions with social and community service agencies about them taking over social service operations from NYCHA;
- Begin discussions with HUD and the city's federal legislative delegation to understand how to obtain the types of approvals other PHAs have received, which would allow NYCHA to become more flexible and innovative in their program operations;
- Establish a cross-disciplinary group to explore a number of innovative solutions for the management, maintenance, and service delivery of public housing buildings from other examples seen around the world, particularly in the UK.

¹⁸ CHPC will be holding a number of events throughout 2014 that will be discussing examples from around the world and exploring new ideas for NYCHA.

¹⁹ Statistics estimated by a report undertaken by Manhattan Borough President, Scott Stringer and by NYCHA.

THE CITY OF AGING BUILDINGS

B) SMALL AND MID-SIZE RENTAL STOCK



THE CHALLENGE

Approximately 1.5 million New Yorkers live in small and mid-size rental buildings (5-49 units), yet few government programs have been focused on this vulnerable housing stock, which is now quickly aging. 87% of our housing units were built before 1973, and over 50% before 1947²⁰.

²⁰ Housing data from the NYC 2011 Housing and Vacancy Survey

Housing assistance specifically targeted for small owners like the 8A loan program for repairs have over time been directed away from small landlords.

STEERING THE NEW COURSE

It is essential that government policy focuses on facilitating landlords and owners to manage, maintain, and improve these rental buildings. There are three areas that the government should focus on: moderate rehabilitation, housing management, and energy efficiency.

- **Help owners to do moderate rehab**

Many building owners of small and mid-size buildings do not have the in-house resources or adequate access to capital necessary to make needed building and systems repairs. This is especially true for owners with small portfolios of buildings who have difficulty accessing capital to finance moderate to large capital improvements, and do not have the size and scale to work with contractors in the most cost-effective way possible.

On top of this, in recent years, a government focus on the **number** of rehabs that are achieved with government support has created a disincentive to help smaller buildings with fewer units.

We believe that HPD needs to develop a new program that will help small and mid-sized owners access the capital and technical resources required to make moderate, ongoing, cost-effective improvements to extend the life of their buildings²¹.

- **Monitor and improve housing management**

Over 150,000 of formerly *in rem* housing units have now been returned to the private sector and a complicated miscellany of players and programs involved in the development and management of small and mid-size rental buildings has developed. As time passes, the public sector's ability to monitor the stock and the performance of the private housing organizations becomes more problematic. It is critical to develop

²¹ CHPC has a Housing Finance Committee which is developing more ideas as part of this recommendation

transparent and equal criteria for assessing the productivity and efficiency of organizations that develop and manage our small to mid-sized building stock.

We believe that HPD should develop a methodology for assessing and monitoring the quality of housing management by owners. This can be used to grade owners, and also make decisions about the allocation of public subsidies²².

- **Improve the energy efficiency of the smaller rental stock**

The small to mid-sized building stock has been largely excluded from policies and programs under the Bloomberg administration's Greener, Greater Buildings Plan.

Reducing energy consumption can increase cash flow to owners and reduce tenant expenditures on electricity. Improved efficiencies can reduce maintenance costs and improve building operations. Improved cash flow can result in increased borrowing by owners for new major capital improvements.

The city administration's policies and efforts should focus on improving energy efficiency in the small and mid-sized rental stock. CHPC's Green Building Committee²³ has a number of suggestions to address energy efficiency in the small to mid-sized building sector and to speed up the transformation:


- Coordinate information on energy efficiency programs so it is easier for smaller owners to act.
- Bring together financing and incentive programs.
- Design programs that take advantage of a typical life cycle of residential buildings as well as good practices in residential management.

²² CHPC will be conducting a study of the UK's housing management assessment strategies for nonprofit housing associations.

²³ More detailed information of the Green Building Committee project is available.

IDEAS FOR IMMEDIATE ACTION

- HPD should review the strengths and weakness of its programs to assist small and mid-size buildings and make recommendations on revising/creating a new preservation program targeted to this stock.
- HPD should begin a study that looks at how they could assess the quality of housing management by small and mid-sized owners.



THE CITY OF NEIGHBORHOODS

THE CITY OF NEIGHBORHOODS



How we can strategically target and help our neighborhoods that are most in need

THE CHALLENGE

In recent years, the strategic approach to housing and neighborhood development has had a number of limitations:

1. Government agencies are often “siloe” and not structured to solve cross-disciplinary neighborhood issues.

2. Housing and community development resources are not necessarily going to the neighborhoods that need them the most²⁴.
3. The priority for housing subsidies has been to reduce the cost of housing in high-value areas, rather than target investment in neighborhoods of market weakness.

Consequently, we have spent \$5.34 billion of city investment under the New Housing Marketplace Plan over the last 12 years. However, we have neighborhoods that are still struggling with poor conditions, failing schools, few job prospects, and cycles of generational poverty. The families that enter the shelter system today still largely come from the same neighborhoods they did 30 years ago—Central Brooklyn, the South Bronx, and Northern Manhattan. More troubling is that new communities are now added to the list, like Williamsbridge and Jamaica²⁵. And yet some neighborhoods that have experienced unprecedented growth by new immigrant groups are ill-served by government housing policy.

It is difficult to manage such a complex, diverse city. The functions of government need to be restructured to maximize the targeted impact of both the built environment and the city's human capital so that we are always promoting neighborhood development and aspirational communities. Government needs to be nimble to respond to emerging neighborhood needs.

STEERING THE NEW COURSE

We believe that a neighborhood focus for housing and community development must be reinvigorated to target neighborhoods most in need.

Targeted place-based strategies will shift the focus of the government's policy interventions to the neighborhood level. Limited resources aimed at improving the lives of low-income households can have a greater effect if they are targeted *in their neighborhoods*. From housing, parks, and education to social services, homelessness prevention, and job training, city programs should work together *within neighborhoods* and with the local public and private institutions that are connected to the residents in those communities. Each city agency

²⁴ CHPC is currently undertaking a number of research projects that examine the use and efficiency of housing subsidies and can evidence a misalignment between use of subsidy and neighborhood problems.

²⁵ Only Central and West Harlem are no longer significant feeders of the shelter system.

should analyze the needs of target communities and set neighborhood-centered goals.

- **Rearrange the metrics of government**

Coordination among agencies is fundamental to neighborhood improvement. Siloed government agencies often consider their programs successful if they meet certain targets, even if they undermine the efforts of other agencies, do not advance coherent public policy, or do not make a difference in improving people's lives.

The agencies' goals need to be re-focused on neighborhood improvement, with the Mayor's Management Report reporting on how well they meet publically stated goals and objectives. Metrics-driven analysis has a place in program evaluations but only if those metrics are measuring meaningful outcomes. The Center for Economic Opportunity should be responsible for running an annual process for scrutinizing and prioritizing which city neighborhoods most need public policy and investment interventions through their analysis of poverty.

HPD's role should include how to focus the city's housing resources and assets in order to help the neighborhoods that are most in need of intervention. Neighborhood Preservation and Planning offices should be re-established for those areas most in need²⁶.

- **Build aspirational communities through helping local anchor institutions**

City programs need to recognize and support the community assets that exist in each neighborhood. Whether it is the local library, well established community-based nonprofit, or well used after-school program, local institutions can be a powerful partner to advance the city's policy objectives.

In too many troubled communities, people lack the ability to find the community resource that can help them overcome a momentary crisis. The city administration should seek to support the community resources that sustain and enhance social networks so that populations can have the tools and resources they need to respond to problems *before* a relatively minor trigger event results in a much larger crisis. Building and strengthening these social networks requires knowing a community and supporting its anchor institutions.

²⁶ CHPC is currently following up on a HPD/DCP study that examined neighborhoods across the city by their demographic clusters. The original study looked at change between 1990 and 2000 and we are updating it for 2010. It serves as a useful model for a government strategy to study emerging neighborhood needs; and to structure housing and community development policy and programs accordingly.

Settlement houses offer a successful model for making neighborhood needs assessments that are worth replicating.

Schools and organizations that support educational enrichment are uniquely positioned to serve as these anchor institutions in their communities. Support for educational success must start in early childhood and be a constant and ongoing component of any place-based strategy. There are opportunities to incorporate education into supportive and subsidized housing developments, and these building-based services should be a resource for the broader community.

- **Bring NYCHA into the community development conversation**

If there is one agency that epitomizes siloed government, that is NYCHA. The public housing agency operates in a vacuum, isolated and disconnected from other housing agencies. Any conversation about housing and neighborhoods must also include NYCHA (see **City of Aging Buildings**).

Despite the fact that NYCHA has 334 housing developments located in nearly every neighborhood in the city, they are isolated from their surroundings. Many NYCHA developments provide senior services, daycare, and after-school activities that are not tied into their immediate areas and that do not benefit their neighborhoods. These are places where neighbors could meet one another and that could provide educational opportunities for children if they were integrated into the neighborhood and made assets for the community.

NYCHA offers an additional resource to the city administration in terms of measuring the success of any future place-based strategy to improve the lives of low-income households. For years, NYCHA has collected information on its residents to determine eligibility for public housing, including indicators such as income, family composition, and work status. This data could be made available for longitudinal studies on the long-term impact of place-based strategies in neighborhoods around NYCHA developments and to measure the success of policies aimed at breaking cycles of generational poverty.

IDEAS FOR IMMEDIATE ACTION

- Assemble a cross agency group, including DCP, CEO, HPD, DHS, HRA, HHC, and DFTA, to develop a “top ten list” of priority neighborhoods;

- Require city agencies to provide the Mayor's Office of Operations with neighborhood-specific metrics that can be used to measure changes in neighborhood conditions;
- The Mayor's Office of Operations should be tasked with creating a neighborhood conditions index report for the annual Mayor's Management Report;
- Begin a study to better understand the successful local institutions and how their resources can be better supported by government.

THE DAMAGED CITY



THE DAMAGED CITY



How to repair and rebuild our city's housing damaged by Sandy

THE CHALLENGE

While a great deal has been accomplished in the year since Hurricane Sandy hit NYC's shoreline communities, significant challenges lie ahead. The city's Build it Back program is promising, but, coming on-line a year after the storm, it is too late for some homeowners, is very slow, and leaves other needs unaddressed. At the time of writing, 20,971 applicants (homeowners, multifamily owners, and tenants) had registered for Build it Back, but only four (4) had accepted the

housing assessment and were working with selected contractors to begin the necessary work²⁷. Only one homeowner had received funds for the city to acquire her property and two multifamily owners had received loans for their repairs.

With NYC's extensive track record and its vibrant collection of not-for-profit and for-profit organizations experienced in housing rehabilitation, new construction, and bringing back distressed neighborhoods, it is hard not to be disappointed with this result.

New York City property owners affected by Hurricane Sandy have also been hit with two additional "storms":

1. **They are the first victims of a natural disaster to be subject to the Biggert-Waters Flood Insurance Reform Act, which ended subsidies for properties that had been grandfathered into the federal Flood Insurance Rate Maps.**

2. **Because NYC's shoreline FEMA maps had not been updated in decades, many homeowners are now subject to the new flood insurance rules who were not subject to them prior to the storm.**

In some cases, homeowners are facing insurance costs which will escalate from \$500 to \$12,000 or more per year. While these costs will be phased in (or the subsidies phased out) over 5 years, the increases are substantial and will make some homes economically unsustainable.

Too many affected homeowners are also facing foreclosure, despite the efforts of many mortgage counseling groups to intervene. In Staten Island, foreclosures after the storm have been roughly 183 per month, compared to 113 per month before the storm²⁸.

Finally, in many of the modest-income homeowner neighborhoods in NYC, small homes often include rental units in basements (See **The Hidden City**). Such units are typically illegal either because of zoning restrictions or because their physical configuration does not follow the Building or Housing Maintenance Codes²⁹. The loss of such units in the areas damaged by the hurricane had a

²⁷ Information gathered by nonprofit *Zone A New York*, a Staten Island-based nonprofit that CHPC helped to set up and incubated.

²⁸ CHPC has more detailed information about the experience of Staten Island that we are happy to share.

²⁹ Work on legalizing suitable basement and cellar apartments is part of CHPC's ongoing Making Room work.

dual and devastating impact. First, low-income renters lost their residence and, because of the illegal designation, were ineligible for any assistance. Second, the loss of income for homeowners impacted their ability to pay their mortgages. Upon reconstruction or repair these units cannot be legally replaced.

STEERING THE NEW COURSE

First and foremost, the Housing Recovery Operations should be transferred to HPD and the analytical and land use planning tasks should be focused in DCP. This work should be part of our core government agencies.

The neighborhood planning efforts by city and state must be better coordinated.

The city's acquisition program should be replaced with the state's system that sets out clear planning criteria, collaboration with residents, and sets the acquisition price at pre-storm value.

- **Improve our analysis and information on the damage and repair progress**

There remains a need for more publicly collected and shared information on a variety of issues, including the number and status of those displaced by the hurricane who have no legal immigration status, the number of illegal units that were lost, tracking below-market property sales in the affected area, monitoring tax lien sales, and foreclosures.

Recently, the city administration has created a Sandy Funding tracking map which must be developed further.

- **Help those impacted the most by soaring insurance**

The city and state need to work together to provide real estate tax relief for homeowners in NYC subject to new insurance costs. A 5-year exemption could be created, followed by a 5-year phase-in abatement, to assist homeowners to retain value in their homes. Criteria for the exemption can mirror the criteria set forth by Senator Schumer's proposed bill to delay implementation of Biggert-Waters insurance provisions. An additional cap based on pre-storm assessed value could also be applied to ensure that the exemption goes to those most in need.

Homes that were not eligible for funds to be raised to the required elevation because they were not ‘substantially’ damaged should be prioritized for acquisition. In addition, city assistance to subsidize the cost of elevation should be extended to homeowners in order to lower their insurance costs.

- **Support those who are threatened by foreclosure**

The original design of the Build it Back program was intended to provide top-to-bottom customer service for New York residents whose housing was damaged by Hurricane Sandy by means of a case manager who would handle all relevant issues. This original idea should be reinstated. Alternatively, groups providing assistance on foreclosure, insurance, and tax issues should be fully funded to adequately carry out this work. They should be encouraged to offer feedback to the city about the emerging needs, so that programmatic and policy changes can be adjusted accordingly.

- **Offer further zoning relief for those trying to rebuild**

DCP recently went through a successful zoning text change to reform some parts of our land use rules that were making it impossible for homeowners to be able to rebuild their damaged or destroyed homes with the new requirements for a flood zone, like elevating a home. But there are still many zoning obstacles that prevent homes that are vulnerable to flooding from being able to respond to their emerging physical needs. More relief from onerous lot coverage and front and side yard requirements need to be granted to these neighborhoods³⁰, or they should be permitted to build under their previous three-dimensional building envelope rather than under current rules.

IDEAS FOR IMMEDIATE ACTION

- Begin a reassessment of the Build it Back program;
- Reevaluate the criteria for assistance which now excludes middle-income homeowners;
- Draft legislation for tax reform for Zone A homeowners facing significant insurance costs;
- Transfer the Housing Recovery Operations to HPD;

³⁰ CHPC is conducting some detailed, technical work on this topic and is happy to share with the administration.

- Transfer the analytic and land use planning tasks of HRO to DCP;
- Replace the city's acquisition program with the state system which sets out clear planning criteria, collaboration with residents, and sets the acquisition price at the pre-storm value;
- Establish a taskforce with housing groups to begin to plan additional affordable housing for the affected neighborhoods where feasible.



CHPC's mission, since 1937, is to advance practical public policies by better understanding New York City's most pressing housing and neighborhood needs across the five boroughs.

We are a Council of leading professionals from every industry that shapes the residential built environment. We share the conviction that by working together we can promote solutions for the long-term progress of the city.

CHPC speaks as a trusted and impartial voice to improve housing for all New Yorkers.

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