The City of New York

Community Board 12M

Washington Heights & Inwood

711 West 168th Street – New York, NY 10032
Phone (212) 568-8500 Fax (212) 740-8197
Emails: mancb12@verizon.net
Website: www.cb12m.org

June 4, 2007

Mayor Michael R. Bloomberg
City Hall
New York, NY 10007.

RESOLUTION – Supporting Reforms to the 421-a Tax Incentive Program

Dear Mayor Bloomberg:

Community Board 12 unanimously passed this resolution at the May 22, 2007 General Meeting

Whereas: The Neighborhood Planning and Land Use Study undertaken by Community Board 12- Manhattan identifies the 421-a Tax Incentive Program (the "Program" or "421-a") as one of the tools available to facilitate the development of affordable housing; and

Whereas: 421-a was created in 1971 pursuant to Section 421-a of the New York State Real Property Tax Law as a 10-year property tax exemption to create an incentive for new residential development, and

Whereas: The Program was reformed in the 1980s to establish a geographic exclusion zone (the "Exclusion Zone") in high value-markets, generally from 14th Street to 96th Street in Manhattan, in which tax benefits can be received only if the developer provides for 20% of the on-site units to be affordable to households earning not more than 80% of area median income (currently approximately $56,720 for a family of four) or provides for off-site affordable units through the purchase of negotiable certificates (the "Negotiable Certificate Program") and to extend the term of tax benefits to 15 years for developments in northern-Manhattan, the Bronx, Brooklyn, Queens and Staten Island; and

Whereas: The Program was further reformed in the 1990s to extend the term of tax benefits to 20-25 years for developments that provide for on-site affordable units; and

Whereas: According to the Independent Budget Office 421-a has subsidized over 100,000 units since its inception but less than 10% of these units are affordable to low- and moderate-income households; and

Whereas: In 2006 New York City recommended certain initial reforms to 421-a that would cap the tax benefits that market rate units may receive to the first $65,000 of an apartment's assessed value (a market value of roughly $650,000) (the "Luxury Cap") and expand the Exclusion Zone to Brooklyn and additional parts of Manhattan, however, Washington Heights and Inwood are not included in the expanded Exclusion Zone and therefore market-rate development in the area can receive tax benefits without providing any affordable housing units; and

Whereas: The Program must be renewed by the New York State Legislature (the "Legislature") or it will expire on December 31, 2007; and

Whereas: The Legislature is considering a bill proposed by Assemblyman Vito Lopez and Senators Serphin Maltese and Martin Golden which calls for more extensive reforms such as expanding the Exclusion Zone so that it is citywide, increasing the percentage of affordable units to 30%, providing for a 50% community-preference for the affordable units and reducing the maximum income cap for the affordable units to 60% of area median income (approx. $42,540 for a family of four); and

Whereas: The Land Use Committee has reviewed various recommendations for reforming 421-a including those prepared by the City of New York, Housing Here and Now, City College Architecture Center, The Pratt Center and Manhattan Community Board 11; and

Whereas: 421-a was established at a time when New York City was in fiscal crisis and entire neighborhoods suffered from disinvestment and urban blight, but the city's housing market has improved dramatically since the 1970s and tax breaks are no longer required to stimulate market-rate development;

Now, Therefore
Be It Resolved
That:

Community Board 12-Manhattan recommends that any legislation enacted by the NYS Legislature to renew the 421-a program included the modifications listed below:

1. Extend the Exclusion Zone citywide so that 421-a property tax benefits are provided only to developments that provide affordable housing for low- and moderate-income households.
2. Establish a dedicated State/City fund to provide additional subsidy where proceeds generated by the market-rate units are insufficient to cross-subsidize the low-income units
3. Require affordable units to be on site.
4. Provide for the long-term preservation of affordable units created under 421-a.
5. Require household income targets (affordability requirements) to take into account the area median income of the community district in which a development is located, i.e. income-targeted affordable housing.
6. Provide for 50% of the affordable units to be targeted to existing residents, including people with disabilities, of the community district in which a project is located.
7. Increase the requirement for affordable units from 20% to, at minimum, 30%.
8. Deepen the affordability requirements to target a portion of the affordable units to households at or below 60% of area median income, i.e.: tiered levels of affordability.
9. Establish a limit on the total amount of tax benefits that market-rate units may receive (a Luxury Cap). Give further review to the assessed value at which the Luxury Cap is set and consideration to a maximum market value above which a unit would not ineligible to receive any 421-a benefits.

And Be It Further
Resolved That:

Community Board 12-Manhattan recommends that any legislation enacted to renew the 421-a program provide for the periodic review of the performance of the program and modification to program guidelines, as necessary, to ensure the compliance with the intent of enacted reforms.

Sincerely,

Manny Velazquez

Manny Velazquez
Chair

Cc:

Honorable Eliot Spitzer, Governor
Honorable Andrew Cuomo, Attorney General
Honorable Betsy Gotbaum, Public Advocate
Honorable William C. Thompson, Comptroller
Honorable Scott M. Stringer, Manhattan Borough President
Honorable Charles Rangel, Congressman
Honorable Eric Schneiderman, Senator
Honorable Bill Perkins, Senator
Honorable Herman D. Farrell, Jr., Assembly Member
Honorable Adriano Espaillat, Assembly Member
Honorable Miguel Martinez, Council Member
Honorable Robert Jackson, Council Member