



CITY OF NEW YORK

**MANHATTAN COMMUNITY BOARD FOUR**

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**Delores Rubin**  
Chair

**Jesse Bodine**  
District Manager

December 27, 2016

Vicki Been  
Commissioner  
NYC Dept. of Housing Preservation & Development  
100 Gold Street  
New York, NY 10038

**Re: Proposed Homeless Set-Asides from Community Preference Units  
421(a) Buildings (Inclusionary 80/20's)  
Currently in Lottery Tenant Selection Process**

Dear Commissioner Been:

In October 2016, HPD proposed to change the affordable housing unit preferences for 421(a) buildings<sup>1</sup> including the ones currently in the Affordable Housing tenant selection lottery process. Currently, 50% of all affordable units are subject to a community preference for residents of Manhattan Community District #4 (MCD#4). The proposed change creates a homeless set-aside within those community preference apartments. This change will reduce the community preference affordable apartments for MCD4 residents from 50% to 25%. **In MCD#4, there are currently 839 affordable apartments subject to current affordable housing lotteries with 421 apartments subject to Community Preference. This proposed action would reduce the Community Preference apartments to 211.**

For decades, Manhattan Community Board 4 (MCB4) has been supported the development of homeless housing and facilities. The Board has reviewed and approved both Supportive Housing for general homeless populations and special needs populations. Such housing developments, when run by experienced not-for-profits that have social services and good management, are recognized as community assets. MCB4 also has shelter facilities that are well managed and are also considered community assets. In fact, in MCB4's FY 17 budget requests, the Board has requested replacement of family shelter beds lost with the recent closure of the Clinton Family on West 49<sup>th</sup> Street. MCD4 has been a welcoming neighborhood to homeless and special needs populations.

MCB4 is in full support of homeless set-asides in 421(a) buildings for prospective projects at a percentage to be discussed, and with the provision of appropriate social services. However, for current affordable housing subject to lottery, MCB4 cannot support homeless set-asides. MCB4

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<sup>1</sup> in Manhattan Community District #4 all such buildings are Inclusionary 80/20's and as such permanently affordable housing

recommends that the process for homeless referrals be reevaluated to determine the most successful model for long-term stability for homeless referrals that considers both social service and rental subsidy requirements.

### **Background**

Manhattan Community Board 4 (MCB4) has had a long history of working to preserve affordable housing in its district. Beginning in 1973, the zoning text for the Special Clinton District created a floor area bonus for the development of affordable housing which later became part of the city’s inclusionary housing policy. The neighborhood agreed to rezonings, which allowed for higher density and ensured that new development would be accompanied by the creation of affordable housing. As a result, MCD4 has the greatest number of units built through Inclusionary Housing.

In the course of rezoning each respective Special District, the community developed a Points of Agreement document, which was agreed to by the City Council and Mayor’s Office, for Hudson Yards, West Chelsea, and the Western Rail Yards (each a “POA” and collectively “POAs”). These POAs outline the community’s priorities in those areas and confirm a 50% community preference set-aside as a critical strategy to minimize the displacement of long-term tenants. The proposal to set aside 50% of the community preference units as homeless housing will have a significant impact on achieving the goals of the POAs.

### **Homeless Housing in MCD4**

<b>Address</b>	<b>Name</b>	<b>Sponsor</b>	<b>Total Apts</b>	<b>Homeless Apts</b>
148 8 <sup>th</sup> Avenue	St. Francis III		80	80
527 West 22 <sup>nd</sup> Street	Flemister House		50	49
155 West 22 <sup>nd</sup> Street	St. Francis II		115	115
127 West 25 <sup>th</sup> Street	Bowery Resident’s Council		328	328
353 West 30 <sup>th</sup> Street		CHDC	32	18
454 West 35 <sup>th</sup> Street		CHDC	55	45
347 West 37 <sup>th</sup> Street	The Center for Reintegration	Fountain House	30	30
460 West 41 <sup>st</sup> Street	Covenant House		100	100
500 West 42 <sup>nd</sup> Street		CHDC	66	40
351 West 42 <sup>nd</sup> Street	Geffner House	Project Renewal	300	180
255 West 43 <sup>rd</sup> St.	Times Square Hotel	Breaking Ground	652	391
317 West 45 <sup>th</sup> Street	The Aladdin		158	158
300 West 46 <sup>th</sup> Street		CHDC	70	41
459 West 46 <sup>th</sup> Street	Ivan Shapiro House	Urban Pathways	55	55
424 West 47 <sup>th</sup> Street	Fountain House		15	15
448 West 48 <sup>th</sup> Street	Clinton Residence	BRC	41	41
341 West 51 <sup>st</sup> Street	Women in Need		40	40
554 West 53 <sup>rd</sup> Street			86	53
475 West 57 <sup>th</sup> Street	The Ellington	Actors Fund	178	1/3
330 West 51 <sup>st</sup> Street	Stardom Hall	Lantern Organization	142	142

**Proposed Affected Affordable Apartments**

The Westside rezonings in 2005 and 2009 for Hudson Yards, West Chelsea and the Western Railyards brought major density with Special Zoning Districts to encourage commercial and residential development. The majority of those affordable apartments have been a direct result of the Points of Agreements (POAs). Those POA’s contained, in majority, permanent affordable housing to mitigate the effects of displacement caused by the rezonings. Manhattan Community District 4 (MCD4) has the greatest number of units affected by the proposed change because of the concentration those developments that used the 421 (a) real estate tax exemption.

The table below shows the number of units currently in the tenant selection process which will be affected by the proposed policy change.

Address	Developer	Total Units	Affordable Units	Community Preference Set-Aside
515 West 28th Street	Lalezarian Properties	375	75	38
605 West 42nd Street	Moinian Group	1,669	334	167
401 West 31st Street	Brookfield	844	169	85
525 West 52 <sup>nd</sup> Street	Taconic	392	79	40
555 10 <sup>th</sup> Avenue	Extell	600	120	60
535 West 43 <sup>rd</sup> Street a.k.a. 546 West 44 <sup>th</sup> Street	DHA Capital	280	62	31
<b>TOTAL</b>		<b>4,160</b>	<b>839</b>	<b>421</b>

The proposed homeless set-aside policy would result in reducing Community Preference from 421 to 211. The proposal undermines those agreements, violates the spirit and the intent of the POAs, and undoes years of work to provide affordable housing to mitigate development pressures while balancing the needs of the local and development communities. It also does not address the social service needs of the City’s most vulnerable populations. MCB4 believes that the proposed changes need to be reevaluated and implemented in a way that ensures long-term success.

**Inclusionary Housing—Family Apartments vs. Housing for Homeless Singles**

Address	Developer	IH Units	Studios	1 BR	2 BR	3 BR
515 West 28th Street	Lalezarian Properties	75	20	37	18	0
605 West 42nd Street	Moinian Group	334	100	170	64	0
401 West 31st Street	Brookfield	169	55	87	25	2
525 West 52 <sup>nd</sup> Street	Taconic	79	19	39	21	0
555 10 <sup>th</sup> Avenue	Extell	120	20	67	28	5
535 West 43 <sup>rd</sup> Street a.k.a. 546 West 44 <sup>th</sup> Street	DHA Capital	62	24	25	13	0
<b>TOTAL</b>		<b>839</b>	<b>238</b>	<b>425</b>	<b>169</b>	<b>5</b>

*The majority of the proposed affected apartments are not family apartments. 663 or 79% of the apartments are either studios or one bedroom.* For previously homeless populations, the social service needs are greater for single residents as compared to previously-homeless families.

Therefore, it is even more imperative that social services are provided in the buildings that will be contributing to the homeless set-aside.

### **The Need for Social Services**

Supportive housing has proved to be successful in addressing the long-term stability of formerly homeless tenants. This is a cost-serving measure; instead of shelter, medical, mental health, drug and alcohol treatment costs, a stable home with support takes a strain off of the city's resources. Coupling affordable housing with appropriate social services and employment programs ensures success in permanent housing and reduces the chances of recidivism.

*To place the homeless in housing without supportive services is reckless.* As the city experiences a record number of homelessness, this policy change creates an environment in which a vulnerable population is set up to fail, which will only exacerbate the crisis in which we find ourselves today.

Social service support costs are not part of the projected operating costs for the six developments currently in the lottery process. Social service support must be an integral and well-planned part of projects that include homeless set-asides, not an afterthought. HPD has stated that the families and individuals referred will not have social service needs. Making that statement simply does not change the reality, based on over 30 years of experience by both this community and the Department of Homeless Services, that households coming out of homelessness require social services to succeed in permanent housing.

### **Rental Subsidy for Homeless Set Asides**

Currently, the only subsidies for the homeless are through Section 8 and Living in Communities (LINC). While Section 8 has varying lengths before expiration, LINC only lasts for 5 years. Providing homeless tenants with short-term subsidies creates a future failure. We are merely postponing the next housing crisis to the next 5 years.

An example of such a failed policy is the Advantage Program. The program provided rental subsidies to homeless families for their first two years out of the shelter system. ***When the Advantage rental subsidy program was cut in 2011, half of the families that received the subsidy were back in the shelter system just two years later.***

A 2014 report by the Coalition for the Homeless states, "the cost to taxpayers of the Advantage families returning to shelter is nearly \$287 million and climbing."<sup>2</sup> Short-term housing subsidies are not a solution to the homeless crisis. Imagine if in several years the first homeless referral tenants find themselves in housing court for arrears and later must return to the shelter system.

Permanent affordable housing is designed to stabilize the neighborhood. Taking away opportunities for neighborhood residents who are being priced out of their community with a policy change that does not provide a long term solution for homeless households will further worsen the homeless crisis, not improve it.

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<sup>2</sup> Coalition for the Homeless "The Revolving Door Keeps Spinning" January 2, 2014

**Financing Concerns**

It is unclear how this policy change has been anticipated as a financial risk for these projects. The majority of these projects are financed through a combination of private debt, bonds from the New York State Housing Finance Agency (HFA), and Low Income Housing Tax Credit (LIHTC) investors. None of these developments, during their due diligence, have disclosed any special financial risks for homeless housing nor provided any source of funding to ensure success by provision of social services for homeless individuals and families.

**Recommendation for Homeless Set-Asides**

MCB4 takes the issue of homeless housing very seriously and seeks to find sustainable housing solutions. While the homeless set-aside requirement has the potential to address the problem of homelessness in this city, it should not decrease the number of community preference apartments. Ensuring that residents are not displaced from their communities is as important as providing units for the city’s homeless population. Moreover, provisions for preventing displacement have been agreed to and codified in the POAs between the Mayor and the City Council.

Imposing this change on existing lotteries where potential tenants are already being interviewed is neither a fair solution nor compliant with the POAs. There are currently 839 units in the tenant selection process in MCD4, and the progress made thus far should not be impeded. Any homeless set-aside policy must be combined with a comprehensive social services policy and long term rental subsidies to ensure success of those families and individuals.

**Conclusion**

MCB4 appreciates HPD’s efforts to secure housing for those with the most need. The Board feels confident that these goals can be reached while at the same time honoring the Points of Agreements set forth in previous rezonings within MCB4. MCB4 would like to work with HPD to develop a sustainable solution for homeless set-asides that benefits and supports all members of the community.

Sincerely,



Delores Rubin  
MCB4 Chair



[ Signed 12/27/2016 ]  
Barbara Davis, Co-Chair  
Housing, Health &  
Human Services Committee

Joe Restuccia, Co-Chair  
Housing, Health &  
Human Services Committee

Cc: Assembly Member L. Rosenthal

Assembly Member R. Gottfried  
Council Member H. Rosenthal  
Council Member C. Johnson  
Borough President G. Brewer  
State Senator B. Hoylman  
Commissioner S. Banks, Department of Homeless Services  
S. Desmond, Housing Conservation Coordinators  
K. Jockers, Hudson Guild  
B. Rosen, Breaking Ground  
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Taconic Investment Partners  
Lalezarian Properties  
Moinian Group  
Brookfield Properties  
Extell Development  
DHA Capital