



Testimony of Enterprise Community Partners

New York City Subcommittee on Zoning and Franchises Public Hearing: City of Yes for Housing Opportunity October 22, 2024

My name is Patrick Boyle, and I am Senior Director at Enterprise Community Partners. Enterprise is a national nonprofit that exists to make a good home possible for the millions of families without one. We support community development organizations on the ground, aggregate and invest capital for impact, advance housing policy at every level of government, and build and manage communities ourselves. Since our New York office opened in 1987, we have committed more than \$4.5 billion in equity, loans and grants to create or preserve over 66,000 affordable homes across the five boroughs of New York City.

On behalf of Enterprise, I want to thank Chair Riley and the members of the City Council Subcommittee on Zoning and Franchises for the opportunity to deliver the following testimony.

Overview

New York City is in the midst of a persistent affordable housing and homelessness crisis, with the lack of adequate and diverse housing supply playing a major role. The latest Housing and Vacancy Survey showed a historically low 1.4% vacancy rate overall – and a stunning 0.39% vacancy rate for apartments renting under \$1,110. Median rents in New York City continue to reach one historic new high after another. Fewer than 5% of available apartments are affordable to the average household's salary. There are more than 18,000 families with children in the city's homeless shelter system.

As these numbers demonstrate, our housing crisis most acutely impacts New Yorkers of low and moderate income. It keeps individuals unhoused or in shelter longer than necessary; it prevents housing stability as more and more income goes to skyrocketing rents; it limits mobility and neighborhood choice; and it forces many to leave the city altogether.

In the face of these realities, we are long overdue in revising New York City's Zoning Resolution to allow for zoning flexibility, more density and more housing variety. To that end, Enterprise supports the City of Yes for Housing Opportunity and applauds this effort to tackle bold changes. As this process moves forward, we urge that negotiations do not significantly weaken the City of Yes provisions or carve out entire communities or density areas from doing their part to add a little more housing.

Additionally, as the Council has made clear, zoning changes alone are not enough to bring the widespread changes necessary to tackle the housing crisis overall. This testimony will also highlight additional measures that we recommend be implemented alongside zoning reforms to advance other goals that zoning alone cannot reach – goals like fair housing, homelessness reduction, and streamlining of rental assistance programs.

City of Yes Feedback: Medium- and High-Density Districts

Enterprise strongly supports the **Universal Affordability Preference (UAP)** as the provision with the most direct affordable housing impact. We applaud the affordability levels being set at an average of 60% AMI, which would allow for the creation of deeply affordable units, and the permanent affordability of these units.

Allowing all-affordable or supportive housing properties to build around 20% more housing as-of-right will help mission-driven organizations to deliver more housing to communities in need. Permitting a 20% bump for otherwise market rate projects if the additional FAR granted is for affordable or supportive housing is a creative way to grant more density in exchange for a community benefit.

Preservation projects seeking to take advantage of the UAP must include provisions that new units created are affordable and that any rehabilitation of existing or grandfathered units must protect affordability.

City of Yes Feedback: Citywide Proposals

Enabling **conversion to residential from other uses** for a broader set of buildings citywide by expanding the eligibility date for adaptive reuse from 1961 to 1991 has the potential to encourage more affordable and supportive housing. Enterprise supported the proposal enacted in last year's State budget which provided a tax incentive for office-to-residential conversion projects and mandated affordable housing. Expanding the eligibility for which buildings can execute on those conversions and take advantage of the tax benefit has the potential to bring more of these dormant properties back into active use and fill the housing need.

Eliminating barriers to contextual infill, such as campus, church sites and other large lots would provide important zoning flexibility. Through our Faith-Based Development Initiative, Enterprise works with many faith organizations seeking to repurpose their land for affordable and supportive housing development, and for whom zoning flexibility would provide easier pathways for some of the projects they envision. It will be important for agencies to continue to resource and prioritize faith organizations who want to bring affordable rather than strictly market rate development to their sites in service of their community.

We understand that the precipitous decline in **small and shared housing options** in the city, however well-intentioned, has had unintended consequences, and that this proposal is in response to that. However, we are concerned that citywide changes to the Dwelling Unit Factor meant to encourage this housing style may become overly predominant given the economic benefit to a project fitting in more studio and smaller units. Through our work with the Family Homelessness Coalition and in our rental assistance advocacy and programmatic efforts, we are aware of significant challenges for low-income families in finding suitable housing. A healthy spread of housing types which includes more family and multi-bedroom options keeps families safely and comfortably housed and allows for family growth. We encourage a balanced approach with respect to encouraging smaller and shared housing.

City of Yes Feedback: Low-Density Districts

It is important that new affordable housing created through the City of Yes text amendments not be concentrated solely in medium- and high-density districts. Therefore, the **transit-oriented development (TOD)** and **town center zoning** proposals are important to ensure new housing creation is allowed in districts that historically do not see high levels of unit production.

The new housing created in these districts should not be purely market-rate units and the city should better resource programs to encourage affordable housing creation in these areas with the new flexibility that is offered. To encourage only market rate housing in these areas, which in many cases are areas of high opportunity with transit access, would represent a missed opportunity to affirmatively further fair housing and protect long-term affordability. For example, HPD's Neighborhood Construction Program (NCP) could be better resourced to develop a more robust pipeline of affordable housing in these areas.

This would have the added benefit of opening opportunities for smaller, emerging, and M/WBE developers, who often get their start with smaller sites. The focus on large unit count goals for affordable housing production has often left fewer than adequate resources for smaller site programs; marrying new term sheets to this zoning flexibility could change that dynamic.

Accessory Dwelling Units (ADUs) have the potential to create additional housing but can also support homeowners who may be looking to keep a family member close or have another income source. There is demonstrated interest in ADUs citywide, as evidenced by a joint State and City pilot program which saw huge numbers of applications that far outpaced the resources available. Any action to encourage ADUs must ensure that the provisions align with last year's enacted State tax exemption for homeowners meant to protect against the negative effects of changes to assessed value. Programs must continue to be tailored to low- and moderate-income homeowners who need capital assistance to execute on an ADU, to ensure the benefit of zoning

changes don't fall solely on those homeowners with the cash available to undergo the costly construction effort. We also urge the city to work with partners on the state level to ensure that existing ADUs and basement apartments that are not currently up to code have a pathway to safe legalization.

Enforcement and Protections

Any bold changes such as those proposed under City of Yes must be met with a thorough effort to consider unintended consequences and policy solutions to mitigate those consequences. Encouragement of development can unfortunately bring about pressure and outright exploitation for those residing in areas that may suddenly be more valuable from a real estate perspective.

We urge thoughtful public policy and programmatic strategies to protect low- and moderate-income homeowners and renters, which may include cease and desist areas, stronger deed theft enforcement and proactive measures by the city to protect these communities from predatory actors and exploitation.

Additional Recommendations

In her statement on October 8, Speaker Adams said, "While reviewing the Administration's zoning proposal, the Council will put forward a thorough housing action plan for our city that matches the scale of the housing challenges facing New Yorkers." We commend the Speaker's calling for broader measures to pair with zoning changes and bring about transformational housing change in our city.

We would like to call out the following priorities for the Council's consideration in crafting a broad package of housing solutions:

- **CCHR Funding.** As per the latest Mayor's Management Report, the New York City Commission on Human Rights has seen fewer complaints resolved, fewer actions initiated and fewer money judgments issued in the past year than in years prior, despite complaints increasing. With new supply unlocked through City of Yes, there will be a need for a more robustly funded agency to investigate and resolve Source of Income Discrimination cases and other forms of discrimination, particularly in the agency's law enforcement bureau.
- **Funding for Neighborhood Construction Program (NCP).** NCP is HPD's term sheet that would most closely apply to the low-density districts that may see more development opportunities under the text amendment changes. Increasing the program budget will bring more affordable housing to these areas and be an on-ramp for smaller and emerging

developers.

- **CityFHEPS Streamlining.** The Department of Social Services (DSS) has made progress on shelter-to-housing placements, but further streamlining measures to the CityFHEPS program would help in further expediting placements. As co-conveners of the Family Homelessness Coalition, our group has proposed a number of measures to reduce delays, including:
 - **On Inspections:**
 - Non-Life Threatening Failure Reform: DHS should adopt NYCHA's approach to inspections that prioritize significant health and safety issues but allow for smaller issues to be rectified after tenant move-in.
 - Reform Double Inspection Rule: For units which require a DHS inspection (cellars and ground floor units), DSS requires both a DHS and a separate HRA inspection. We call for the secondary inspection to be limited to a fraction of the units as a secondary review/audit procedure but not policy for every unit.
 - **On Income Verification:**
 - The \$100 Rule: The incomes presented in a voucher package must be within \$100 of the original shopping letter amount. With low-income tenant incomes often varying greatly week by week, this discrepancy often triggers a rebudgeting letter, which is a source of delay. If the income qualifies at the time of the voucher package, it should be approved without rebudgeting.
 - **On Public Assistance Single Issuance:**
 - Time Frame: The current time frame is 30 days but often the process for applying and getting the voucher is longer and requires the single issuance to be resubmitted. We recommend a 90 day time frame.
- **Increase the Budget for Homebase by \$37.9mm to a Total of \$100mm.** Since the pandemic, Homebase providers have taken on tremendous increases in caseload as well as an ever-expanding set of responsibilities. This has not been accompanied by funding levels to match the new post-Covid reality. More funding for Homebase providers will mitigate any potential displacement pressures brought on by additional development by more robustly funding anti-eviction efforts.

Thank you for your attention.