



Learn Everything You Need to Know About Affordable Housing

Description

Affordable housing has always been a hot topic in New York City politics.



Still, Mayor de Blasio's goal to maintain or develop 300,000 affordable apartments by 2026 has resulted in a host of new lotteries, a new, more user-friendly web interface, and an upgrade to make the process easier for immigrants and low-income New Yorkers.

However, the subject is not without controversy, especially because the City is still reeling from the effects of the pandemic. Many people continue to question whether the City is doing enough to promote affordability and whether some available units are affordable. We'll go through the various affordable housing programs, how to qualify and apply, and what happens if and when you get in.

What are the various kinds of affordable housing?

In general, New York City defines affordable housing as housing that costs one-third or less of a household's income and is regulated so that rents cannot rise dramatically over time. However, there are several sorts of cheap housing.

The NYCHA is the New York City Housing Authority.

NYCHA is North America's largest public housing authority. The federal and state funds NYCHA complexes or city governments and are exempt from municipal rules. A household pays 30% of their salary to live in an NYCHA complex, with the balance subsidized by the U.S. Department of Housing and Urban Development.

The national Section 8 program, which permits tenants to pay no more than 40% of their income for rent in privately owned apartments, with the federal program covering the difference, is also administered by NYCHA. It may also be overseen by the New York City Department of Housing Preservation and Development (HPD) or the New York State Homes and Community Renewal Agency (HCR).

According to the NYCHA website, more than 400,000 New Yorkers live in the City's 326 public housing buildings spread across the five boroughs. Another 235,000 people are served by the NYCHA-managed Section 8 Leased Housing Program, which provides subsidized rental assistance in private residences.

In recent years, NYCHA has been under scrutiny for alleged mismanagement that has resulted in major quality-of-life issues, most notably lead paint and a shortage of heat. NYCHA chair Gregory Russ projected that the organization currently requires \$40 billion in cash to fix its thousands of public housing units at the start of this year. However, the Biden administration's \$1.7 trillion infrastructure plan includes \$40 billion for all public housing in the United States.

Mitchell-Lama Apartments

The Department of Housing Preservation and Development (HPD) oversees dozens of affordable housing programs in the City, including "various new construction and preservation development programs, tax incentive programs, senior and supportive housing, tax-exempt bond deals jointly financed with the New York City Housing Development Corporation, and resiliency initiatives, among

others.” HPD-financed housing is distributed to apartment seekers via two lottery systems: Mitchell-Lama Housing and NYC Housing Connect.

Mitchell-Lama Housing was established in 1955 to provide low- and middle-income families with the affordable rental and cooperative housing. These buildings are privately owned, but they are subject to a New York state statute requiring them to maintain their rates reasonably. HPD determines rents depending on the budgetary needs of each housing firm. In addition, owners benefit from tax breaks and low-interest mortgages.

Developments could not buy out or depart for the first 20 years of the program’s existence. If a building were built before 1974, it would most likely be rent-stabilized, but it might become market rate if built after that year. Mitchell-Lama housing was lost by 22,688 units, or 34%, between 1990 and 2005. However, the City committed \$250 million in 2017 to keep 15,000 Mitchell-Lama flats sold at market prices.

Residents in cooperative buildings own their units with “restricted equity,” limiting the profit they can make from selling their house. To opt-out of the program after a limited period, shareholders must cast three distinct affirmative votes, two of which require a 2/3 vote in support of opting out. According to HPD, many rental and co-op buildings “have consented to remain in the program for up to an extra 35 years in exchange for government-subsidized loans to pay for the rehabilitation of aged building systems.”

Just this year, the Bronx’s Co-Op City (the world’s largest housing cooperative, with over 15,300 apartments spread across 72 buildings) struck an agreement with HPD that ensures the development’s participation in the Mitchell-Lama program until 2052.

Affordable housing

HPD’s second affordable housing initiative, NYC Housing Connect (more on that later), operates through an internet portal and includes newer apartments built as part of market-rate complexes using either the 80/20 tax exemption or inclusionary zoning. Simply put, the 80/20 scheme offers tax breaks to rental developers that set aside at least 20% of their units for affordable housing. According to the Department of City Planning, inclusionary zoning “promotes economic integration in areas of the City undergoing substantial new residential development by offering an optional floor area bonus in exchange for the creation or preservation of affordable housing, on-site or off-site, primarily for low-income households.”

If the overall number of affordable dwellings is more in some specified places, such as the Special Hudson Yards District and the Greenpoint-Williamsburg shoreline, a fixed number of units may be set aside for middle-income residents. According to HPD’s Juliet Pierre-Antoine, for a recent analysis of middle-income housing, “the rentals for middle-income flats cross-subsidize the extremely inexpensive apartments in mixed-income complexes.” This contributes to the building’s operational revenue, which allows it to be maintained over time without requiring as much City funding.” A single person earning \$120,000 per year, for example, may be able to qualify for a middle-income “affordable” apartment.

The City uses Area Median Income to decide who qualifies for a certain affordable housing project. Each year, the U.S. Department of Housing and Urban Development (HUD) (not the City of New York,

as many people believe) defines it using the American Community Survey. For example, a three-person family's AMI in the New York City region in 2021 is \$107,400. (100 percent AMI).

As previously stated by 6sqft, New York City's AMI includes several affluent suburbs, including Westchester, Rockland, and Putnam counties. Given that these three suburbs are widely thought to have greater area median incomes than New York's five boroughs, many individuals believe their inclusion artificially inflates New York City's AMI.

The City categorizes affordable housing opportunities into five groups:

Extremely Low-Income: 0-30% of AMI

Very Low-Income: 31-50% of AMI

Low-income people earn between 51 and 80 percent of the AMI.

81-120 percent of AMI for those with a moderate income

Middle-income people earn 120-165 percent of AMI.

Mitchell-Lama is more perplexing because each development necessitates a unique application. There are also three developments, each with its own set of eligibility requirements: federally subsidized rentals, federally subsidized cooperatives, and non-federally subsidized units. Mitchell-Lama chances are only available through waiting lists. Fortunately, the Mitchell-Lama Connect web portal allows you to view all waitlists that are presently accepting entries, as well as those that will be opening their waitlists shortly. You can create a profile and submit to several developments using the portal.

Next, you can access two PDFs that display the current Mitchell-Lama buildings with open waitlists and short waitlists that use a lottery mechanism. Veterans are given preference. The lists indicate if the building is rental or cooperative, as well as whether it is nationally subsidized or not. It also indicates the types of flats available, ranging from studios to one- to four-bedrooms. On the HPD website, you may also view featured re-rentals.

There are 31 buildings with open waitlists across the five boroughs (18 cooperatives and 13 rentals) and three with short waitlists (one cooperative and two rentals). It is important to highlight that persons who apply to a broad open waitlist may not hear back for four years. Mitchell-Lama Connect recently included External Waiting List Status, which allows applicants to see the current waiting list number and the date of the last approved application for each development, allowing them to track their progress better.

HPD offers a unified platform called NYC Housing Connect for non-Mitchell-Lama affordable housing, which lets users create a profile, upload required papers, and search housing lotteries that are presently accepting applications by borough, household size, income, and monthly rent.

Following the deadline, applications are chosen for examination by a lottery system. If your application is chosen and you appear to be eligible, you will be invited to further an interview to determine your eligibility. Interviews are typically held two to ten months after the application deadline. You will be required to present documents proving the size of your household, the identities of members of your household, your household income, and any assets you may have.

As previously stated on this page, the income requirements are determined by the Area Median Income (AMI). In addition to falling within a particular range of this value, applicants must also have a good rental history over the previous 12 months. A credit check was necessary until recently, but the City altered the rules so that New Yorkers who do not have social security or tax identification number could apply.

You will have an asset limit based on where you land on the AMI chart. An applicant with a 30 percent AMI, for example, has a household asset limit of \$34,110, but someone with a 175 percent AMI has an asset limit of \$198,975.

How good are my chances?

In May of 2016, the odds of finding a low-cost apartment were approximately 1,000 to 1. According to 6sqft, 2.54 million individuals registered for 2,628 affordable apartments through Housing Connect from January to May of that year. Even though the total number of applications nearly doubled from two years before, more than 4.6 million in 2018 (the most recent numbers), the odds improved to 1 in 592. The higher probabilities are since they applied for a whopping 7,857 residences.

However, according to a June 2020 story in The City, “the lower the rent — and the lower the income of the applying household — the more persons applied per apartment.” They examined more than 18 million applications to the NYC Housing Connect system between January 2014 and March 2019. They discovered that extremely low-income units received an average of 650 applications per unit, whereas middle-income units received 123 applications per unit.

You may also fall into a preference category. As previously stated, veterans are prioritized for Mitchell-Lama housing. Furthermore, most newly constructed buildings reserve 50% of their apartments for applicants within their community area. Additional units are set aside for priority groups such as municipal workers, pensioners, formerly homeless people, and those qualified for supportive housing.

Suppose you believe you were wrongfully denied from development. In that case, you must first contact the managing agent who sent you the rejection letter to initiate an appeal, which must be done within 14 days.

Can I keep my low-cost apartment indefinitely?

We’ve already discussed the Mitchell-Lama contracts, but what about within those two decades? The following information is provided by the New York State Division of Housing and Community Renewal:

All tenants/shareholders in Mitchell-Lama complexes monitored by DHCR are required to declare their income and the income of all household members on an annual basis and comply with housing

company documentation requests. In addition, tenants in federally aided buildings are required by HUD to re-certify their income every year. Tenants in non-federally aided complexes must go through the DHCR's annual income review process.

It's a bit more hit-or-miss for apartments secured through the housing lottery. The New York City Housing Development Corporation states:

Low-income HDC-financed flats are part of the rent stabilization system, which means that your rent will typically increase by a percentage each year, based on the amount allowed by the Rent Guidelines Board. However, these gains are constrained by rent-increase caps in low-income housing programs. Middle-income apartments are included in the rent stabilization system, which means that your rent will increase by a tiny percentage each year based on the increase determined by the Rent Guidelines Board.

Contrary to popular belief, HDC observes whether a tenant's income increases or decreases do not affect the rent. The same may be said for NYCHA and Section 8.

However, suppose an affordable unit was financed through a city tax abatement program such as 421-a or the Low Income Housing Tax Credit (both are part of the 80/20 program). In that case, you should be aware of when that abatement expires because rent stabilization will no longer be in effect, and you may not be able to renew your lease. All of this information should be provided at the initial lease signing.

Category

1. Finance

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