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**The City of New York
Community Board 8 Manhattan
Housing Committee
Wednesday, December 4, 2023 – 6:30PM
Conducted Remotely on Zoom**

Please note: The resolutions contained in the committee minutes are recommendations submitted by the committee co-chairs to the Community Board. At the monthly full board meeting, the resolutions are discussed and voted upon by all members of Community Board 8 Manhattan.

Resolutions for Approval:

Item 1: Affordable Housing AMI – Unanimous Approval

Item 2: Dis-incentivizing developers and owners from holding affordable units off the market – Unanimous Approval

Minutes

The meeting was called to order at approximately 6:30 PM by co-chairs Edward Hartzog and Rebecca Lamorte.

CB8 Members Present: Elizabeth Ashby, Juno Chowla-Song, Saundrea Coleman, Ed Hartzog*, Sahar Husain, Valerie Mason, John McClement, Rita Popper*, Abraham Salcedo, Judy Schneider

Members of the Public: Dylan Boyd, Boaz Galil, Lior Grinberg, Alex Ihnatenko, Brenda Levin, Barry Schneider, Sacha Sellam, Robert Skreli, M. Wang

Excused Absence: Rebecca Lamorte*

Unexcused Absence: Anthony Cohn*

*Housing Committee member

Item 1: Affordable Housing Development on the Upper East Side with Assembly Member Alex Bores – How can we build the affordable housing our community needs while protecting rent stabilized and controlled units and avoiding predatory zoning and development?

The Housing Committee invited Assembly Member Alex Bores to give an update on the upcoming legislative session with respect to housing and the outlook for the creation and/or preservation of affordable housing in our community district.

Prior to AM Bores joining the meeting the committee reviewed the previous month's meeting topic – AMI – how it fits into the discussion of affordable housing. Prompting the existential question of what is affordable and is 130% of AMI affordable? Which reminded committee members that AMI (area median income) for our area includes the five boroughs of New York City, Putnam, Westchester, and Rockland counties.

Segueing to the arrival of Assembly Member Bores who told the committee that housing is high on the list of issues for next year – as it was last year and the year before. He went so far as to call the issue an existential question for New York City and the state, especially as to the issue of affordability going forward.

He noted that it was a supply problem with not enough for current demand and that a solution in Albany would be a balancing act between the two proposals that were crafted by the Governor and the Legislature. One of the sticking points in negotiations was the issue of good cause eviction. Specifically, the percentage increase in rent associated with good cause eviction. However, it appears that the Governor is not making housing a priority in the budget this year.

There is a push to renew 421-a and labor and real estate have been working together to strike a compromise between prevailing wage for labor and tax incentives for real estate. At this point the Assembly Member opened the floor for questions from the public and the committee.

One of the first questions involved the issue of grandfathering rent-stabilized tenants into new 421-a buildings. That is, could the new 421-a proposal include a provision that allowed tenants in rent-stabilized apartments – that were lost as part of the construction of the new 421-a building – to be grandfathered into the new building’s rent-stabilized apartments.

The Assembly Member noted that recent tenant protections laws passed since 2019 have mitigated some of the problem contained in the question. Nevertheless, there does need to be an incentive for developers to build. While an argument can be made that developers can build market rate apartments without 421-a or some other incentives – it does not mean they will build as much as they could with them.

For factual support, he noted that Jersey City, New Jersey was set to build more units of housing – in absolute numbers – than New York City in 2023. To put that in perspective, New York City has 8.5 million residents and Jersey City has 200,000.

Rita Popper asked whether developers get tax breaks for people who do not live in New York City – i.e., people who only buy apartments for the investment (e.g. those on billionaire’s row). The answer with respect to taxes being lost is, “income tax” for New York City from the non-residents.

This triggered a quick discussion about the number of vacant apartments that are not being utilized right now in New York City. The previous month’s speaker – Alicia Boyd – had posited that there might be as many as 150,000 of these underutilized apartments. In her opinion, the need was not for more building but to make those apartments available.

Without getting into the exact question of “how many underutilized apartments are available in New York City” – the Assembly Member did acknowledge the problem and outlined several factors driving the problem.

Among them were legitimate issues of repair(s) by smaller landlords – i.e., making the apartment(s) available for the next tenant. In effect, making it more economically viable for owners to leave the apartment vacant. There is also an issue of warehousing – where apartments are intentionally held off the market. The Assembly Member suggested that computer models were used sometimes in these instances to help maximize returns for owners and landlords.

Notwithstanding the cause, it was noted that 0% vacancy is not the goal, as there will always be some level of vacant apartments – much as there is never 0% unemployment. The Assembly Member did share that he was working on a bill right now to address this issue of excessive underutilized housing.

Without giving away too much – he noted that his bill would seek to penalize developers/owners who failed to make apartments available. The Assembly Member couched his bill in terms of “dis-incentivizing” vacant apartments – perhaps taking away the tax benefits for those vacant apartments and passing them on to others.

On a related note – Rita Popper asked as to whether the zoning laws were in trouble. The Assembly Member suggested a more precise question might be – which zoning laws. On that point, he did note that early zoning regulations – pre-1960’s – were more concerned with health and safety issues (air, light, etc.). In the 60’s, 70’s

and 80's, he suggested that the zoning laws tended to restrict growth. He went on to note that 40% of the current buildings in New York would be illegal, based on the 1961 changes.

Valerie Mason noted that there did not seem to be enough new units for the increased heights of the new buildings. Indeed, she asked as to whether tax incentives in the new 421-a could be tied to height increases, related to the creation of affordable units. The Assembly Member noted that there were requirements as to percentage(s) of affordable units, but not discussions as to height limits.

Sahar Husain asked as to whether there was a provision in the Assembly Member's bill to require affordable units to be put on the market within a year of their creation. He noted that his bill did and that there could be a provision for a shorter period as tax liability can attach after six months and a day. A question was also posed about requiring local AMI when new apartments are built – i.e., could that be part of the Assembly Member's bill as well.

The Assembly Member acknowledged that we need better targeted AMI and levels; however, we are not building enough to keep up with demand and he was concerned about incentivizing more creation. He noted that municipalities needed to build 30-40 units of housing per 1,000 every year just to keep up with attrition of the housing stock. New York City has been creating approximately 22 units per 1,000 – on Long Island the problem is worse, they are creating 5 units per 1,000.

To solve the problem and keep up with population growth he suggested a three-prong approach – first, build more, second, address the issues surrounding AMI; and third cap the number of units that are vacant.

On a related note – the issue of parking was raised. Specifically, whether there could be some type of mandate for additional parking in large buildings. The Assembly Member was skeptical of parking minimums or maximums – instead, preferring a market-based approach. He did agree to ask his staff to do some research on the issue, as to how many people own cars in buildings. There was consensus that it would be better to have more parking underground – to free up the surface streets for traffic.

At this point the Assembly Member had to leave, and the committee turned to the following resolutions for consideration.

WHEREAS, the Department of Housing and Urban Development sets the Area Median Income each year in the United States and the current AMI for Community District 8 includes: Richmond, Queens, Kings, New York, Bronx, Westchester, Putnam, and Rockland counties;

THEREFORE, BE IT RESOLVED that, any new development within Community District 8 must use the most beneficial AMI between that for New York City (the five boroughs) or Community District 8.

After discussion, the Committee passed the Resolution 7-0-0 (Yes – Juno Chowla-Song, Saundrea Coleman*, Ed Hartzog*, Sahar Husain, John McClement, Rita Popper*, Abraham Salcedo)

The Committee then moved to a discussion regarding dis-incentivizing developers and owners from holding affordable units off the market.

WHEREAS, New York City and New York State have a housing crisis; and

WHEREAS, the Governor introduced legislation in 2023 that would have created as many as 800,000 new units of housing in New York State; and

WHEREAS, there is an insatiable appetite for more affordable units in New York City; and

WHEREAS, New York State has created a provision of the state tax code identified as 421-a that incentivizes real estate developers to build units of market rate and affordable housing in exchange for tax benefits; and

WHEREAS, the latest version of 421-a has expired; and

WHEREAS, the upcoming session of the New York State legislature is likely to consider a new version of the 421-a tax provision;

THEREFORE, BE IT RESOLVED THAT, Community Board 8 Manhattan urges the adoption of a provision – within any new version of the 421-a tax program – that, prohibits any unit of affordable housing which is built utilizing tax benefits under the new version of 421-a, from being underutilized (i.e., not rented or sold) for over a year without a legitimate exception; otherwise the owner/developer would incur a financial penalty that is not less than the tax benefit(s) they received for that affordable unit.

After discussion, the Committee passed the Resolution 7-0-0 (Yes – Juno Chowla-Song, Saundrea Coleman*, Ed Hartzog*, Sahar Husain, John McClement, Rita Popper*, Abraham Salcedo)

Old Business.

As there was no old business.

New Business.

And, as there was no new business.

The meeting was adjourned at 9:00 p.m.

Respectfully submitted,

Ed Hartzog & Rebecca Lamorte, Co-Chairs, Housing Committee