



**Testimony of
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**Oversight Hearings:
The Future of Mitchell-Lama Housing in New York City
Housing and Buildings Committee
New York City Council
April 11th, 2003**

The Community Service Society (CSS) urges the City Council to take action to preserve our affordable housing resources. Given the city's tight, high-cost rental market, and the acute, growing shortage facing low and moderate income New Yorkers, Mitchell-Lama housing and our federally-subsidized housing stock are increasingly precious assets that are difficult to replace. In short, the city cannot tolerate any further losses in these brick-and-mortar housing resources.

Affordable Housing and Residents At Risk

About 170,000 units, housing half a million residents, are at risk of owner buy-out and subsidy termination citywide. These include 120,000 units of Mitchell-Lama housing and another 50,000 units in federally subsidized developments, built with Section 8 or other project-based subsidies. About a third of Mitchell-Lama housing also receives federal project-based subsidies.

By and large, this housing serves the low and moderate income New Yorkers for whom it was intended. Median household income in Mitchell-Lama rentals is \$21,454 a year, with close to half (over 45%) earning less than \$20,000, according to the 1999 Housing and Vacancy Survey. Within the federally-subsidized stock—on which CSS is preparing a more detailed report—nearly all households (90%) are assisted through subsidized rents. These assisted households have an average income of \$11,570 and the vast majority (86%) are black, Hispanic, or Asian.

CSS estimates that, since the late 1980s, losses to the federal project-subsidized stock—including some Mitchell-Lama housing—approach 10 percent of the 91,000 HUD-assisted units, with more to come. About 6,800 Mitchell-Lama units have already been bought out, according to a recent IBO report. The losses affect not only current residents facing rent and displacement pressures, but the waiting-list families at large, like the 120,000 families who wait for NYCHA public housing for 8 years on the average. They also lessen the city's capacity to house low and moderate income families who are a vital part of our economy. And the city will bear the ultimate costs of heightened risks of doubling up, illegal occupancy, and homelessness.

The Role of Enhanced Vouchers

Enhanced vouchers can protect current low-income tenants from unaffordable rent hikes and displacement when an owner opts out of the program and moves to market rents. But they are not, in themselves, a strategy for preserving affordable housing. When a vouchered tenant moves from an apartment or dies, the doors are closed to anyone who cannot afford the going market rent. The unit is no longer available to other low and moderate income New Yorkers. These mounting losses to the affordable housing stock should be the primary concern of the City Council today.

Several other problems with enhanced vouchers need to be noted. They are limited to eligible low-income families, leaving many moderate income households unprotected. Even low-income tenants are not guaranteed vouchers, but must meet background checks and other eligibility criteria. In addition, units must meet federal housing quality standards for the tenant to receive a voucher. HUD enforcement against owners who resist accepting vouchers is less than inadequate, often putting the burden on tenants to bring the owner to court.

At the moment, the future of enhanced vouchers is uncertain: They are subject to annual federal appropriations. The Bush administration is now proposing to package Section 8 voucher funds, now allocated to local housing authorities, and block grant them to the states, where they can be used more flexibly. This increased flexibility would make it difficult for the city to count on the availability of vouchers over the longer term and introduce more uncertainties concerning the rules for eligibility and the level of rent assistance.

City Role: Preserving the Stock

Despite New York's size and its leadership in the development of affordable housing—like Mitchell-Lama and federally-subsidized housing—the city is behind other cities in taking an active role in preservation of this housing. A number of policies have been put in place elsewhere that the Council should actively consider:

- improved tenant notification procedures
- a “right of first refusal” for tenants and other designated “preservation purchasers” who will preserve the property as affordable,
- financial incentives for owners to stay in the program or sell to preserving purchasers, such as tax abatements.
- financial disincentives for the owner to opt-out – such as requiring the owner to mitigate the costs to tenants who are displaced and the loss of affordable housing to the city and to low and moderate income waiting-list families at large,

Finally, CSS urges the city to create a Mayoral office to oversee and promote the preservation of these housing resources. The office would monitor notifications, to assure compliance with existing policies and safeguards. It could channel technical assistance to affected tenants and their organizations, and act as go-between in facilitating preservation options. A similar office for SRO Preservation was created in the late 1970s when losses in Single Room Occupancy housing were mounting and visibly adding to the homeless rolls.

Given the size and importance of the city's low and moderate income housing resources, and the housing emergency we face, these kinds of coordinated efforts are required. CSS looks forward to working with the City Council as it moves in this direction.