

421-a Tax Exemption

January 29, 2015

Vicki Been
Commissioner

421-a Program History Highlights

1971

- 421-a created to stimulate residential production and counteract neighborhood blight and disinvestment.

1984

- Strong Manhattan markets were designated as a Geographic Exclusion Area (GEA), in which developers were required to provide on or off-site affordable housing to get the exemption.

2006 to
2008

- GEA further expanded to portions of all five boroughs.

**421-a Map of the Geographic Exclusion Area,
2008 Changes**



Existing Benefit Schedule

	Inside GEA	Outside GEA
10 Year:	Manhattan below 110 Street only: No onsite affordability required but must purchase negotiable certificates	N/A because Manhattan below 110 Street is only area eligible for 10 year benefit and is entirely within GEA
15 Year:	Manhattan above 110 Street and other boroughs: No onsite affordability required but must purchase negotiable certificates	Available, no affordability requirement
20 Year:	Manhattan below 110 Street only: <u>Substantial Government Assistance:</u> ≤25 Units: Onsite 20% at or below 120% AMI OR >25 Units: Onsite 20% at or below 120% AMI (avg at 90% AMI) <u>Without SGA:</u> Onsite 20% ≤ 60% AMI	N/A because Manhattan below 110 Street is only area eligible for 20 year benefit and is entirely within GEA
25 Year:	Manhattan above 110 Street and other boroughs: <u>Substantial Government Assistance:</u> ≤25 Units: Onsite 20% at or below 120% AMI OR >25 Units Onsite 20% at or below 120% AMI (avg at 90% AMI) <u>Without SGA:</u> Onsite 20% ≤ 60% AMI	<u>Substantial Government Assistance:</u> Pursuant to affordable housing program <u>Without SGA:</u> Onsite 20% ≤ 100% AMI but average ≤ 80% AMI

Additional 421-a Program Highlights

Exemption terms

- Owners continue to pay real estate taxes on the pre-construction assessed value of the property.
- Construction period benefits of no more than three years; followed by full exemption; followed by a phase out.

Applications

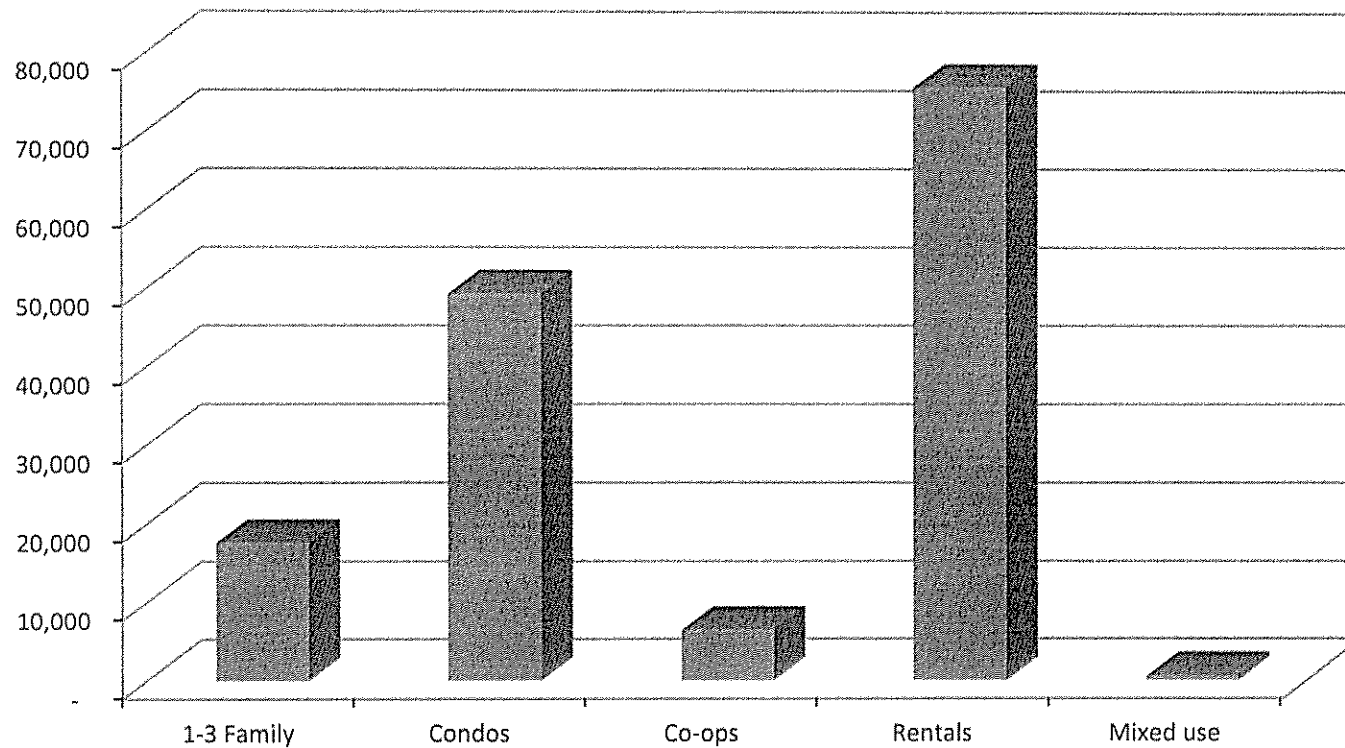
- Developers apply to HPD for a determination twice: first for construction period benefits, and then upon completion for final certificates of eligibility.

Rent Stabilization of Units

- All rental units are subject to rent stabilization for the entire exemption period.
- Affordable rental units built within the GEA must be rent-stabilized for 35 years.

Units Currently Receiving Exemption

421-a Benefits by Property Type



Total units receiving exemption: 149,705

Source: NYC Department of Finance, Annual Report on Tax Expenditures, Fiscal Year 2013

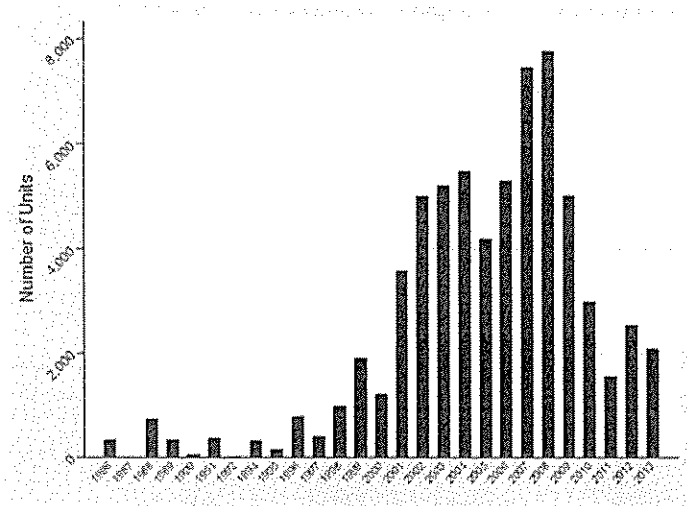
Distribution of Units Receiving Exemptions by Borough and Property Type

Fiscal Year 2013						
	Citywide	Manhattan	Bronx	Brooklyn	Queens	Staten Island
1-3 Family	17,628	48	4,056	6,673	6,718	133
Condos	49,430	19,604	949	19,890	8,907	80
Co-ops	6,411	4,156	573	946	662	74
Mixed Use	559	-	257	121	102	79
Rentals	75,677	37,864	10,851	14,887	11,476	599
All	149,705	61,672	16,686	42,517	27,865	965

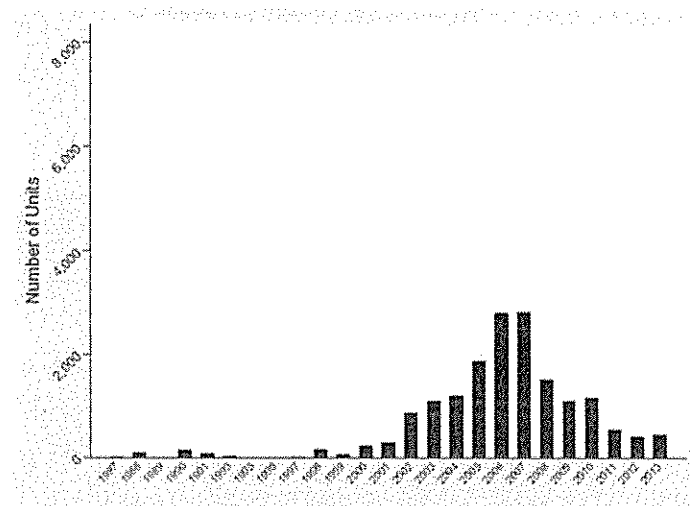
Source: NYC Department of Finance, Annual Report on Tax Expenditures, Fiscal Year 2013

**Total Dwelling Units in 421-a Applications,
by Calendar Year and Borough*: 1986-2013 (HPD¹)**

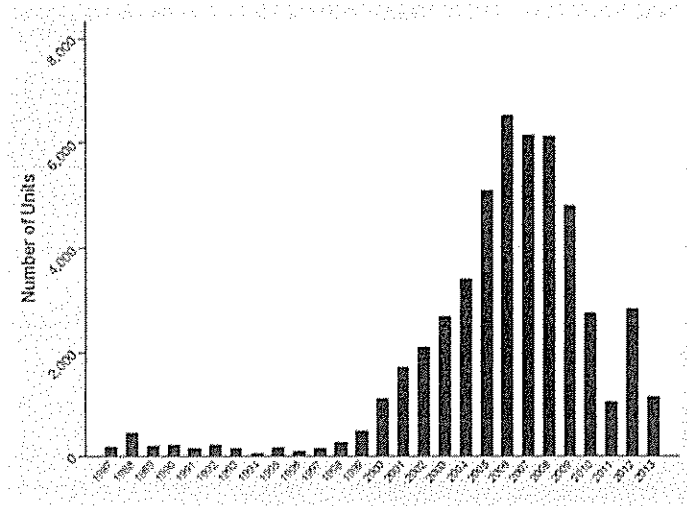
Manhattan



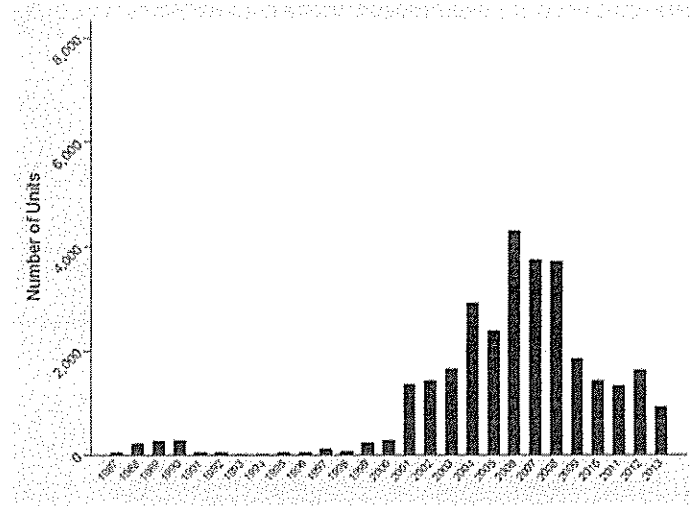
Bronx



Brooklyn

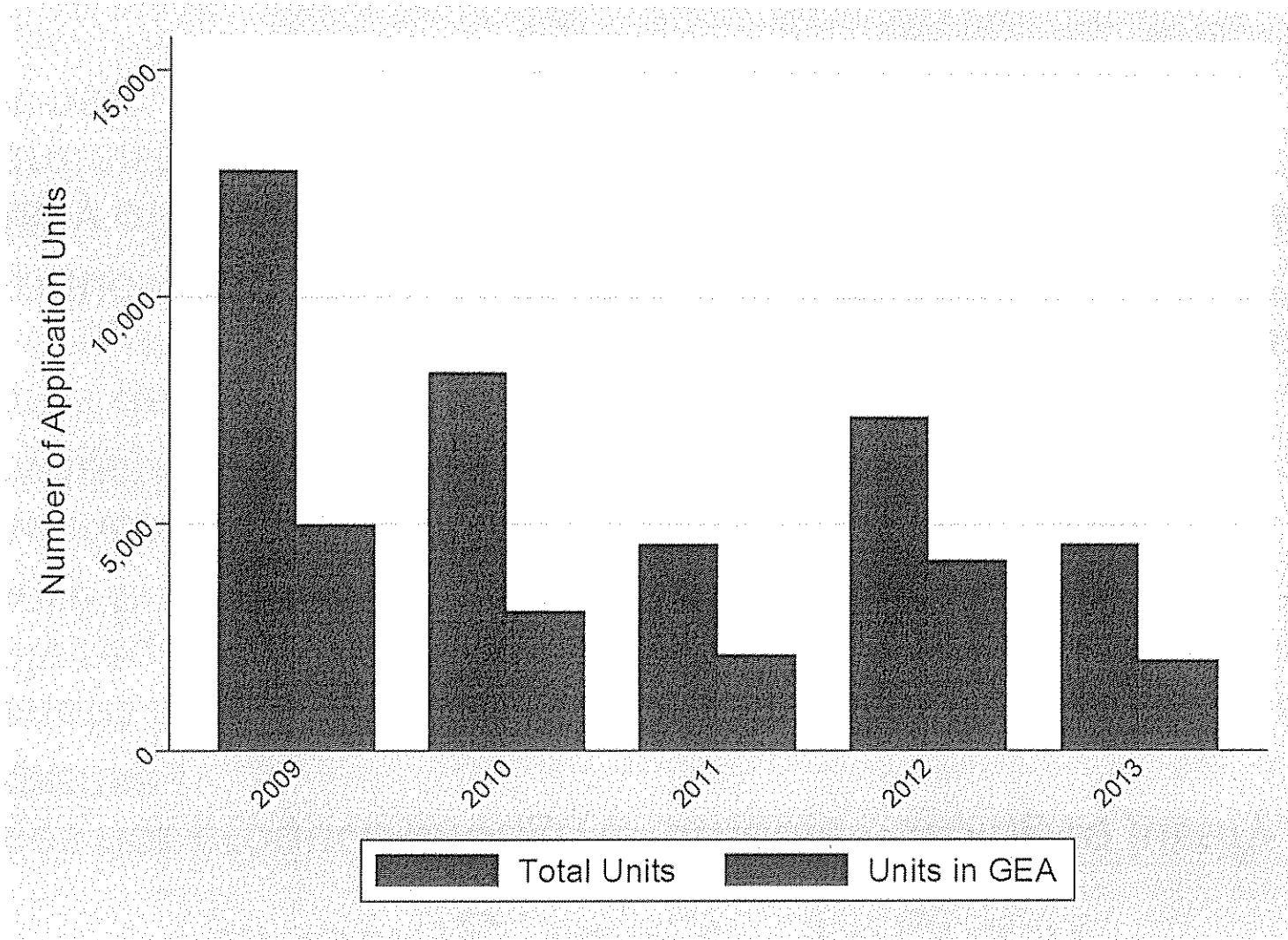


Queens



*Excluded Staten Island which had 992 units from 1986 to 2013 (out of 164,574 total in all five boroughs), with 211 in 2000 and 159 in 2007 and no other year with over 100.

Total Dwelling Units in 421-a Applications,
by Calendar Year and GEA Status* (HPD¹)



*Developments in the Geographic Exclusion Area are required to provide affordable housing in exchange for receiving 421-a tax benefits. By borough, the area covers: Manhattan; Bronx: portions of Claremont and Crotona Park; Brooklyn: the Greenpoint-Williamsburg Waterfront, Downtown Brooklyn as well as portions of Red Hook, Sunset Park, East Williamsburg, Bushwick, East New York, Crown Heights, Weeksville, Highland Park, Ocean Hill, Prospect Heights, Carroll Gardens, Cobble Hill, Boerum Hall, and Park Slope; Queens: portions of Long Island City, Astoria, Woodside, Jackson Heights, and the East River Waterfront; in Staten Island: portions of St. George, Stapleton, New Brighton, and Port Richmond.

Concerns Expressed About the Existing 421-a Program

- Does not produce enough affordable housing to justify the expense
- Benefit is available citywide, although affordable housing is only required in certain neighborhoods (within GEA), and those boundaries are not logical
- The incentive may not actually be needed to spur production, especially in strong markets
- Some developers “double-dip” by receiving 421-a benefits in conjunction with other development programs without producing additional affordable in exchange
- Many of the program rules are burdensome and difficult to administer, costing both HPD and the industry time and money

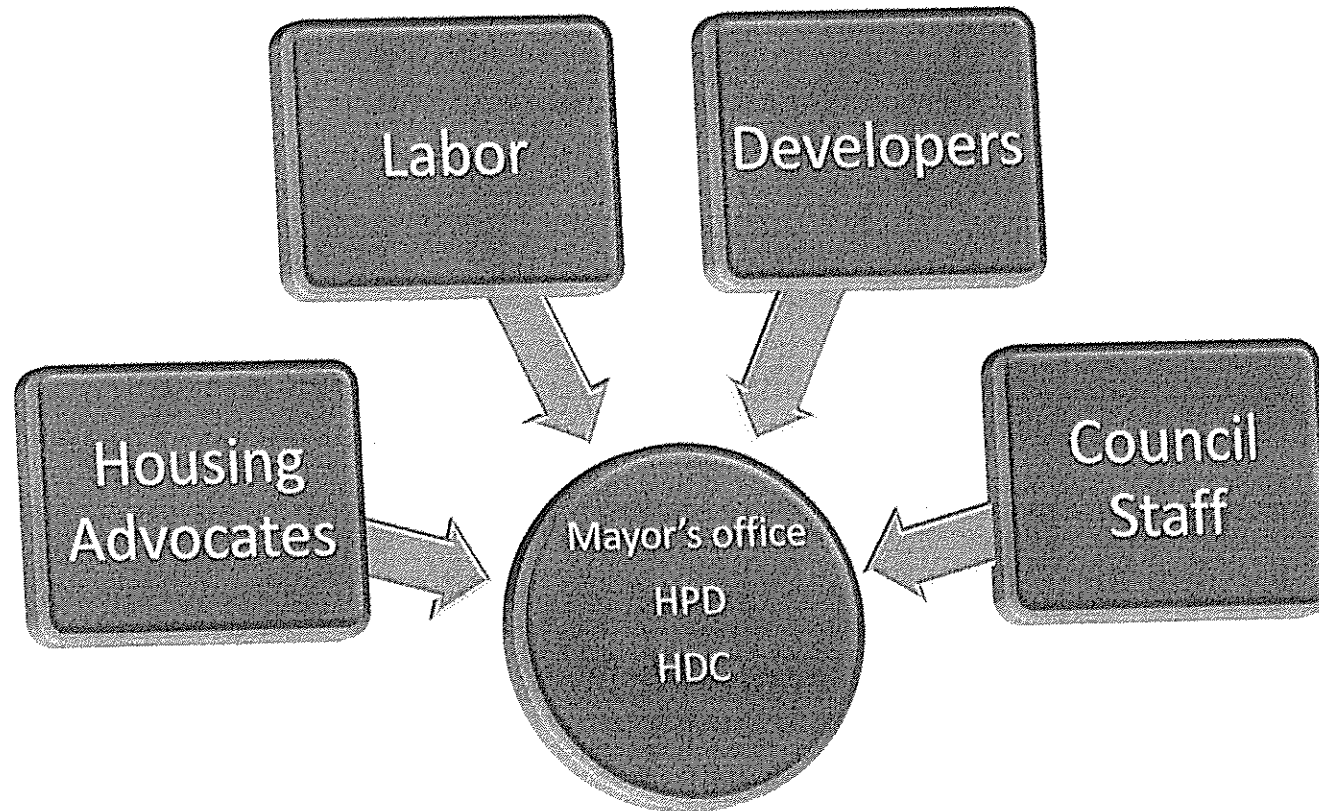
Arguments in Favor of 421-a

- Spurs construction that would not otherwise take place, especially rental buildings
- That construction produces economic benefits in the form of development-related jobs (construction, ancillary jobs), purchases from local suppliers, permanent jobs in the buildings and local businesses that serve residences, etc.

Arguments in Favor of 421-a

- Creates affordable units in high-demand neighborhoods where such production would otherwise not be financially feasible
- Helps achieve income diversity in all types of neighborhoods

Stakeholder Meetings



Goals for Reform

- If program is to be continued, we must better tailor benefit to:
 - Provide an incentive for new construction of both market rate and affordable housing that would not otherwise occur
 - But provide no more incentive than necessary
 - Preserve and promote mixed income neighborhoods
 - Align with City's affordable housing programs
 - Serve households at a broader range of incomes
- Simplify program to reduce time and cost of approvals

Levers for reform

- Geographic exclusion area boundaries
- Units eligible (multifamily rental, condo, buildings of only a certain size, etc.)
- Benefit periods (currently 10, 15, 20, 25 years)
- Percentage of units required to be affordable
- Income bands eligible for affordable units
- Eligibility of affordable units for other subsidies
- Onsite/offsite/certificate
- Length of affordability required

421-a Tax Exemption

Thank you
Questions

SUPPLEMENTAL GEA MAPS YEAR-BY-YEAR

**421-a Map of the Geographic Exclusion Area,
1985 - 2005**



**421-a Map of the Geographic Exclusion Area,
2005 Changes**



**421-a Map of the Geographic Exclusion Area,
2006 Changes**



**421-a Map of the Geographic Exclusion Area,
2007 Changes**



421-a Map of the Geographic Exclusion Area,
2008 Changes





OFFICE OF THE PRESIDENT
BOROUGH OF MANHATTAN
THE CITY OF NEW YORK

1 Centre Street, 19th floor, New York, NY 10007
(212) 669-8300 p (212) 669-4306 f
163 West 125th Street, 5th floor, New York, NY 10027
(212) 531-1609 p (212) 531-4615 f
www.manhattanbp.nyc.gov

Gale A. Brewer, Borough President

Testimony of Gale A. Brewer, Manhattan Borough President A Review of the 421-a Tax Benefits System January 29, 2015

Good morning. My name is Gale A. Brewer and I am the Manhattan Borough President. I thank Councilmember Jumaane Williams and members of the Housing and Buildings Committee for the opportunity to testify today about the 421-a Tax Benefits Program.

The 421-a tax benefit was created to incentivize new construction. The program started in 1971 during a time when many people felt New York City needed to spur real estate development activities to reduce blight. Since New York City in the 1970's would have benefited from any kind of new construction, 421-a as it was initially introduced did not restrict the tax benefit to the location or the affordability of new units being developed. But times have changed. Data shows that New York City had 7,191 new construction starts between November 2013 and October 2014.¹ And on January 15, 2015, Mayor Bill de Blasio announced that New York City has exceeded Housing New York's first-year goals with the financing of 17,400 affordable units in 2014, of which 6,191 units were new construction starts.

New York City no longer faces a lack of development. Given that spurring development was the original intention of the 421-a program, we must ask whether giving tax breaks to developments that would take place anyway—especially projects receiving 421-a benefits on an as-of-right basis—is worth foregoing the hundreds of millions of dollars the city would have collected in property tax revenue. Another question to consider is whether 421-a ought to be retargeted to incentivize different housing issues facing us today, for example, the development of affordable housing.

421-a Projects in Manhattan: A Snapshot

My office has spent the past two years gathering data about the 421-a program in my then-Council District, CD 6, and later throughout Manhattan. The goal is to better understand the reach and impact that 421-a has in two areas: How much is 421-a costing New Yorkers, and how many low- and middle-income families are benefitting from this program?

I want to thank many people for making this possible: the NYC Department of Housing Preservation and Development (HPD) for providing data on all active 421-a projects in Council District 6 as of May 2013; Donte' Coleman, Cathy McGath, Evan Pellegrino, Marian Silliman, and Omari Williams from the New School Graduate Program in Urban Policy Analysis and Management who presented a 421-a policy brief to my office in June 2014; the Independent Budget Office's housing and property tax analysis units for providing detailed information for all Manhattan developments receiving 421-a benefits in the FY2015 tax year; and finally, to housing data experts at the NYU Furman Center for Real Estate and Urban Policy and at the Regional Plan Association for the research guidance they provided.

¹ McGraw Hill Construction, as reported by NYC Economic Development Corporation at <http://www.nycedc.com/economic-data/real-estate-and-construction>.

According to IBO data, there are 701 developments in Manhattan receiving 421-a tax benefits in the current fiscal tax year. By granting 421-a tax exemptions to these developments, the City foregoes collecting over \$673.8 million in property tax revenues for FY2015 alone. This amount is spread across 60,738 residential units, averaging just over \$11,093 in foregone tax revenue per unit in FY2015. If we assume no change in exempted tax value, a single unit receiving a 25-year 421-a tax exemption would “cost” the City over \$277,000 in uncollected tax revenues over the lifetime of the tax exemption.²

Unfortunately, no single dataset exists that can definitively show how many affordable units have been constructed under the aid of 421-a. Prior to 2008, Manhattan developments outside of designated Geographic Exclusion Areas (GEA) could receive 421-a as an as-of-right tax benefit without any affordability requirement. Even after 2008, when all of Manhattan became designated under GEA and the tax incentive was tied to the 80/20 program requiring 20% affordability, we don’t know for sure whether a developer would choose to apply the 20% requirement to a fifth of the total number of units or to the total residential square footages within a building (both are allowed). In fact, even HPD doesn’t seem to have information on how many affordable housing units were constructed under 421-a. HPD staff estimated 1,709 affordable units out of 8,432 within Council District 6 as of May 2013—or around 20%.³ Applying this to IBO’s FY2015 tax year data, we can only estimate that approximately 12,000 units within Manhattan buildings that actively receive 421-a tax benefits can be classified as affordable housing.

Finally, the high cost of construction in Manhattan often necessitates developers to combine multiple tax and other financing incentives to make the creation of residential units viable. If affordable units are part of a project, then a larger amount of subsidy is needed to ensure the project yields a sustainable baseline return on equity (ROE) for the developer, which typically ranges from 8% to 12%.⁴ It is not unusual for a project receiving 421-a to also receive Low Income Housing Tax Credit (LIHTC), zoning bonus under the Inclusionary Housing Program (IHP), or other HUD, HPD, or HDC financing. In fact, according to the NYU Furman Center’s Subsidized Housing Information Project (SHIP) database, all projects in Manhattan classified as receiving 421-a subsidies also take advantage of other financing options.⁵ The database also shows 12 developments in Manhattan are under IHP.

Recommendations

With these data in mind, I have several recommendations both in terms of what can be done on a city level and for committee members’ consideration as we continue to participate in larger conversations with state-level policymakers leading up to the expiration of 421-a regulations in June 2015.

End “Double Dipping” of Overlapping Subsidies

While I understand that layering multiple subsidies is necessary to make a real estate development project viable, there is one particular kind of subsidy overlap that must be ended.

² \$11,093 of assumed 421-a tax exemption a year multiplied by 25 years. Estimate based on average tax expenditure for demonstration purposes only. Exact amount of foregone tax revenue for each unit is different for each tax year. Buildings receive 421-a tax exemption each year for 10, 15, 20, or 25 years.

³ HPD assumed 5 market rate units per affordable unit for 421-a projects without 20% affordability requirements.

⁴ New School policy brief to the MBPO: *Rethinking 421-a Real Property Tax Exemption*, p. 21. Range provided by NYC-based real estate developer, BFC Partners.

⁵ NYU Furman Center Subsidized Housing Information Project exported dataset. Filers: Manhattan, 421-a subsidy.

Known as “double dipping,” this is when a developer can use the same number of affordable housing units to satisfy the affordable housing requirements of multiple subsidy programs. For example, if the Department of City Planning approves a project for zoning bonus under the Inclusionary Housing Program in exchange for setting aside 20% of the units as affordable housing, then the same 20% should not be used to subsequently obtain 421-a tax benefits. Unfortunately, this happens all too often, and we end up giving away tax breaks without receiving *any* additional affordable housing units for 421-a subsidies.

There are two ways to reform double dipping. First, I urge state policymakers to include in the 421-a reauthorization a new requirement that prohibits either all or a percentage of affordable housing promised under 421-a benefits from being used to satisfy other subsidy programs’ affordability requirements. Second, I urge the City Council and the Administration to include similar language in the upcoming zoning text amendment. Whether through continuing IHP or implementing mandatory inclusionary zoning, affordable units created under the granting of zoning bonuses should only be used to satisfy zoning requirements.

Offering Units at Area Median Income (AMI) Ranges Affordable to the Community

The previous 421-a reauthorization in 2008 included language on community preference, specifying that 50% of affordable units created within a GEA (including all of Manhattan) must go toward buyers or renters residing in the same community district where the project is built. Yet too often the “affordable” units are not truly affordable to residents living in the community.

Currently, affordable housing under 421-a is set at 60% AMI with the exception of projects receiving substantial government assistance (SGA), in which case the AMI for affordable units may range from 30% to 120% AMI provided that the average income threshold does not exceed 90% AMI. But let me list several average *neighborhood* income levels in Manhattan: Community District 9 in West Harlem has an average neighborhood income of \$41,090; Community District 10 in Central Harlem, \$37,460; Community District 11 in East Harlem, \$31,537; and Community District 12 in Inwood/Washington Heights, \$36,872. For a 4-person household to afford a 60% AMI affordable unit built under the 421-a program, annual income needs to be \$51,540, which is beyond the median neighborhood incomes in the districts mentioned above.⁶

The core of the issue is affordability. There are two ways to increase opportunities for low-income households in the community to access affordable housing: lowering the average AMI ceiling of 421-a projects with SGA from its current threshold of 90% AMI, and increasing the percentage of required affordable housing units under 421-a. When the total number of affordable units is increased within an AMI range geared toward a lower average AMI ceiling, more units affordable to low and very-low income families may become available.

I understand that expanding the AMI range and increasing a project’s affordable unit requirements is going to have an impact on a developer’s Return on Equity (ROE). This is why in June 2014, I asked a team of New School graduate students to conduct ROE analyses based on a typical developer’s *pro forma*. The team used 8.8% ROE as a baseline and concluded the following:

- By lowering the average AMI ceiling of 421-a projects with SGA from 90% to 80% AMI, ROE decreases from 8.8% to 7.9%.

⁶ Community District median income from NYU Furman Center’s State of New York City’s Housing and Neighborhoods in 2013. 60% AMI for family of 4 is based on HUD’s FY2013 calculations to keep numbers comparable within 2013.

- By increasing the affordable unit requirements from 20% to 30%, ROE decreases from 8.8% to 7.6%.
- In both instances, if additional government subsidies can be secured, a project can potentially achieve 40% to 45% of affordable units at lower average AMI threshold *and* keep ROE above 8% if it is located in a neighborhood with strong housing market such as many parts of Manhattan.⁷

There will be a decrease in operating revenues for developers for doing the right thing and providing more housing opportunities to local residents at a level that they can truly afford. But keep in mind that developers are receiving on average over \$10,000 in tax exemption for each unit in the building per year—both affordable and market rate. The dip in ROE is a fair exchange for 10 to 25 years of property tax exemption. I urge Albany to consider both a decrease in average AMI ceiling and an increase in affordable unit percentage requirements.

Permanent Affordability

State policymakers should consider requiring all affordable units created under 421-a tax incentives to be permanently affordable. When affordability is short-term—as it is with all affordable units developed under 421-a without conforming to other programs that require permanent affordability—it sets a countdown clock in motion for the day when tenants will inevitably be displaced. Even for cooperative or condo owners who are committed to living in a neighborhood long-term, the hike in monthly maintenance cost when their building’s 421-a exemption expires will be so steep that many will seek to sell their units to higher-income buyers before the subsidy expires, thus accelerating the changing of a neighborhood. For example, a shareholder in an East Harlem cooperative expects to see her maintenance increase by 234% to over \$2,000 a month upon the expiration of the building’s 421-a tax exemption. For this person at an income level of 70% AMI in FY2014, she will likely have to sell her apartment before the exemption expires.

Requiring permanent affordability also recalibrates 421-a tax benefits to what I believe is the most accountable way to “spend” the city’s tax expenditure: by requiring permanent affordability, luxury housing developers will likely forego the tax benefits for the ability to offer their units at market rate, leaving a self-selected pool of affordable housing developers who will truly benefit from 421-a. These organizations are already committed to the long-term stability of New York City neighborhoods. They should be the true recipients of 421-a benefits.

Transparency/Data Collection

In addition to amending the 421-a program’s requirements, I also strongly call for comprehensive data collection to track information for each project receiving 421-a subsidy and to make the data publicly available in the spirit of open data.

It is frustrating to ask a simple question such as how many affordable units have been created under full or partial 421-a tax subsidies and be told that only estimates are available. While HPD tracks the number of developments receiving subsidies funded at the city level, it is the Department of Finance that tracks development agreements with affordable unit information. But if a building participates in IHP or other zoning programs, then zoning-related incentives, including FAR bonuses and affordable units attached to the requirements, are tracked by DCP. Ultimately, affordable units are registered with NYS Homes and Community Renewal, but it is widely known that affordable

⁷ *Rethinking 421-a Real Property Tax Exemption*, p. 28, p. 35.

housing information isn't always readily available from the agency, and the self-reporting nature of the registry renders the data incomplete. Outside of government agencies, sites such as Furman Center's SHIP database have been invaluable for the tracking and centralizing of subsidized housing data. But these sites are dependent on agency information and have a necessary time lag due to the delay often needed to obtain and then centralize information.

I am calling for a data tracking requirement to be amended into 421-a program regulations so that anyone can go to a website or to HPD or HCR to find out how many affordable housing units have been created using 421-a. Information must be up-to-date and easy to retrieve. Then we can start knowing how much of this year's \$673.8 million in tax expenditures goes to support a known number of affordable units. If agencies work together and data from multiple programs are centralized, we will also be able to know whether these affordable units are permanent under zoning programs or are set to expire, by which year, and how we may proactively work with building owners to begin subsidy renewal conversations before it is too late. New Yorkers are collectively paying for the 421-a program by foregoing exempted tax dollars that can otherwise be used to provide services and support other programs, and we all have a right to hold a program like 421-a accountable to let us know exactly how much it is benefiting everyday, working households looking for a place they can afford to call home.

Keep Conversation Focused on 421-a

Finally, as City Council, the Administration, and my other colleagues continue to be in conversation with Albany policymakers over the upcoming expirations of many other housing laws and regulations, the 421-a conversation must be kept separate from other affordable housing conversations. Affordable housing is of utmost importance to New York City families and we need to strengthen all policies that can protect affordable housing. Recommendations for 421-a must not be conflated with recommendations for Rent Stabilization Law or with J-51.

In summary, I am calling for the following reforms to the 421-a Tax Benefits Program:

- End "double dipping" – each unit of affordable housing should only be used to satisfy a single subsidy's affordability requirements.
- Create affordable units that are truly affordable to low-income residents in the community – lower the average AMI ceiling for new 421-a projects with SGA, and increase the number of required affordable housing units for all new 421-a projects.
- Increase transparency and accountability – 421-a data, especially the number of affordable housing units created under each project, must be made publicly accessible in a user-friendly manner.

Thank you for the opportunity to testify at today's hearing. I look forward to continuing this conversation with many of you in the months to come.

Projects with Active 421-a Benefits in Brewer's Countil District (6)

May 16, 2013

Data Source: MapInfo						Data Source: Department of Finance, Property Tax Benefit Information						Data Source: Tax Incentives Unit										Assumed # of Affordable Units (Note 4)
OBJECTID	Boro	Block	Lot	Address	Owner	421-a Benefit Amount for Yr 7/1/12 to 6/30/13 (Note 1)	Actual Tax Exemption Value @ Tax Rate= 13.181% (Note 2)	421-a Benefit Year	Total Benefit Years (Note 3)	421-a Benefit Start Date	421-a Benefit End Date	Project Type	Docket Number	Application Type	PCE Approval Date	FCE Approval Date	Length Of Exemption (Yrs)	Project DU	# of Bldgs	# of Lots		
1	MN	1067	7503	462 WEST 58 STREET	WESTWARD 58 PROPERTIES, LLC			3	10	7/1/2010	6/30/2020	CONDO	TEO8452	Online Application	12/21/2009	02/13/2012	10 Years	67	1	1	13	
2	MN	1084	25	511 WEST 55 STREET	55TH CLINTON ASSOC LL	\$ 32,261,023	\$ 4,252,325	8	20	7/1/2005	6/30/2025	RENTAL	TEO4271	Paper Application	06/07/2004	02/22/2007	20 Years	371	1	1	77	
3	MN	1105	29	601 WEST 57 SIREET	W2001/Z 15 CENTRAL PK	\$ 40,230,100	\$ 5,302,729	7	20	7/1/2006	6/30/2026	RENTAL	TEO4699	Paper Application	05/09/2005	09/27/2006	20 Years	597	1	1	120	
4	MN	1114	7503	15 CENTRAL PARK WEST	EE 57TH STREET NORTH			4	10	7/1/2009	6/30/2019	CONDO	TEO5758	Paper Application	02/28/2006		10 Years	231	1	1	46	
5	MN	1117	1	1930 BROADWAY	DELBRO REALTY 1920	\$ 17,774,230	\$ 2,342,821	7	10	7/1/2006	6/30/2016	RENTAL	TEO4304	Paper Application	09/29/2004		10 Years	232	1	1	46	
6	MN	1143	7505	120 West 72 STREET	120 WEST 72ND STREET, LLC			4	10	7/1/2009	6/30/2019	CONDO	TEO8608	Online Application	05/02/2008		10 Years	22	1	1	4	
7	MN	1151	7502	10 WEST END AVENUE	EN WEST END AVENUE HOLDINGS LLC			5	10	7/1/2008	6/30/2018	CONDO	TEO6375	Paper Application	02/26/2007		10 Years	173	1	1	35	
8	MN	1151	7503	555 WEST 59 STREET	ELEMENT-WEST 59TH STREET LLC			3	10	7/1/2010	6/30/2020	CONDO	TEO7096	Paper Application	07/11/2008	04/10/2013	10 Years	186	1	1	37	
9	MN	1152	13	229 WEST 60 STREET	WEST 60TH STREET ASSO	\$ 26,144,856	\$ 3,446,153	2	10	7/1/2011	6/30/2021	RENTAL	TEO9012	Online Application	05/22/2009		10 Years	301	1	1	60	
10	MN	1152	7501	225 WEST 60 STREET	WEST 60TH ST. REALTY PARTNERS LLC			6	10	7/1/2007	6/30/2017	CONDO	TEO6369	Paper Application	05/26/2006	04/23/2009	10 Years	80	1	1	16	
11	MN	1152	7502	243 WEST 60 STREET	WEST END ENTERPRISES, LLC			2	10	7/1/2011	6/30/2021	CONDO	TEO8156	Online Application	07/02/2009		10 Years	41	1	1	8	
12	MN	1158	7506	200 WEST END AVENUE	200 WEA SUB CO, LLC			4	10	7/1/2009	6/30/2019	CONDO	TEO8126	Online Application	06/30/2008	04/10/2013	10 Years	165	1	1	33	
13	MN	1158	7507	150 AMSTERDAM AVENUE	AMSTERDAM AVENUE HOLDINGS LLC	\$ 28,248,018	\$ 3,723,371	1	10	7/1/2012	6/30/2022	RENTAL	TEO9384	Online Application	05/28/2010		10 Years	310	1	1	62	
14	MN	1163	7503	200 WEST 72 STREET	T-C 200 W 72ND STREET LLC	\$ 18,678,780	\$ 2,462,050	1	10	7/1/2012	6/30/2022	RENTAL	TEO9169	Online Application	02/16/2010		10 Years	196	1	1	39	
15	MN	1167	7502	2148 BROADWAY	76TH AND BROADWAY OWNER LLC			1	10	7/1/2012	6/30/2022	CONDO	TEO10037	Online Application	07/27/2011		10 Years	71	1	1	14	
16	MN	1168	7501	205 WEST 76 STREET	TERDAM & 76TH ASSOCIATES, LLC			2	10	7/1/2011	6/30/2021	CONDO	TEO8319	Paper Application	05/26/2009		10 Years	127	1	1	25	
17	MN	1169	7502	230 WEST 78 STREET	AMSTERDAM 78, LLC			2	10	7/1/2011	6/30/2021	CONDO	TEO7739	Online Application	10/28/2009		10 Years	34	1	1	7	
18	MN	1171	62	101 WEST END AVENUE	ASN WEST LLC	\$ 47,843,900	\$ 6,306,304	11	20	7/1/2002	6/30/2022	RENTAL	TEO3327	Paper Application	4/27/2001	2/14/2002	20 Years	507	1	1	104	
19	MN	1171	63	75 WEST END AVENUE	BROADCOM WEST	\$ 21,908,308	\$ 2,887,734	17	20	7/1/1996	6/30/2016	RENTAL	TEO2706	Paper Application	4/2/1995	3/14/1996	20 Years	1000	1	1	200	
20	MN	1171	129	180 RIVERSIDE BOULEVARD	EQR-180 RIVERSIDE H.	\$ 34,224,614	\$ 4,511,146	14	20	7/1/1999	6/30/2019	RENTAL	TEO3044	Paper Application	5/7/1999	8/30/1999	20 Years	516	1	1	104	
21	MN	1171	133	140 RIVERSIDE BOULEVARD	EQR - 140 RIVERSIDE F, L.L.C.	\$ 35,601,089	\$ 4,692,580	9	20	7/1/2004	6/30/2024	RENTAL	TEO4139	Paper Application	04/13/2005	06/08/2007	20 Years	354	1	1	71	
22	MN	1171	148	400 WEST 63 STREET	IMP ASHLEY LLC	\$ 22,326,136	\$ 2,942,808	1	10	7/1/2012	6/30/2022	RENTAL	TEO9749	Online Application	04/11/2011		10 Years	209	1	1	42	
23	MN	1171	7502	220 RIVERSIDE BOULEVARD	ISON WATERFRONT COMPANY B, LLC			9	10	7/1/2004	6/30/2014	CONDO	TEO3892	Paper Application	06/27/2003	03/26/2004	10 Years	422	1	1	84	
24	MN	1171	7503	240 RIVERSIDE BOULEVARD	ISON WATERFRONT COMPANY A, LLC			7	10	7/1/2006	6/30/2016	CONDO	TEO4595	Paper Application	04/28/2004		10 Years	174	1	1	35	
25	MN	1171	7504	120 RIVERSIDE BOULEVARD	ISON WATERFRONT COMPANY G, LLC			6	10	7/1/2007	6/30/2017	CONDO	TEO5566	Paper Application			10 Years	279	1	1	56	
26	MN	1171	7505	100 RIVERSIDE BOULEVARD	CRP/EXTELL PARCEL H, L.P.			4	10	7/1/2009	6/30/2019	CONDO	TEO7357	Paper Application	10/23/2007		10 Years	267	1	1	53	
27	MN	1171	7506	33 WEST END AVENUE	THE 33 WEST END AVE C	\$ 16,598,957	\$ 2,187,909	6	20	7/1/2007	6/30/2027	RENTAL/COM	TEO7022	Paper Application	11/23/2007		20 Years	211	1	1	43	
28	MN	1171	7507	80 RIVERSIDE BOULEVARD	CRP/EXTELL PARCEL I, L.P.			3	10	7/1/2010	6/30/2020	CONDO	TEO9136	Paper Application	05/11/2009		10 Years	289	1	1	58	
29	MN	1171	7508	60 RIVERSIDE BOULEVARD	IMP ALDYN LLC	\$ 9,975,293	\$ 1,314,843	2	10	7/1/2011	6/30/2021	RENTAL	TEO9939	Online Application	03/28/2011		10 Years	136	1	1	27	
30	MN	1171	7508	60 RIVERSIDE BOULEVARD	IMP ALDYN LLC			2	10	7/1/2011	6/30/2021	CONDO	TEO9940	Online Application	03/28/2011		10 Years	150	1	1	30	
31	MN	1220	1	601 AMSTERDAM AVENUE	LPF SAGAMORE, INC.	\$ 16,588,888	\$ 2,186,555	13	20	7/1/2000	6/30/2020	RENTAL	TEO2950	Paper Application	3/6/1998		20 Years	265	1	1	54	
32	MN	1228	7503	223 WEST 80 STREET	CAVAN DEVELOPMENT CORPORATION			7	10	7/1/2006	6/30/2016	CONDO	TEO4995	Paper Application	02/25/2005	06/23/2011	10 Years	12	1	1	2	
33	MN	1240	52	2495 BROADWAY	L&M 93RD STREET LLC	\$ 11,666,915	\$ 1,537,816	5	20	7/1/2008	6/30/2028	RENTAL	TEO5950	Paper Application	09/18/2006		20 Years	143	1	1	29	
34	MN	1242	10	2521 BROADWAY	BROADWAY DEVELOPMENT	\$ 4,405,590	\$ 580,701	11	20	7/1/2002	6/30/2022	RENTAL	TEO3372	Paper Application	09/27/2001	02/07/2002	20 Years					
35	MN	1242	9055	2527 BROADWAY	ED BROADWAY DEVELOPMENT, L.L.C.	\$ 24,669,649	\$ 3,251,706	11	20	7/1/2002	6/30/2022	RENTAL	TEO3372	Paper Application	9/27/2001	7/7/2002	20 Years	285	2	2	71	
36	MN	1243	139	208 WEST 96 STREET	CATALPA DEVELOPMENT L	\$ 3,307,500	\$ 435,962	1	10	7/1/2012	6/30/2022	RENTAL	TEO9364	Online Application	03/19/2009	09/12/2011	10 Years	9	1	1	2	

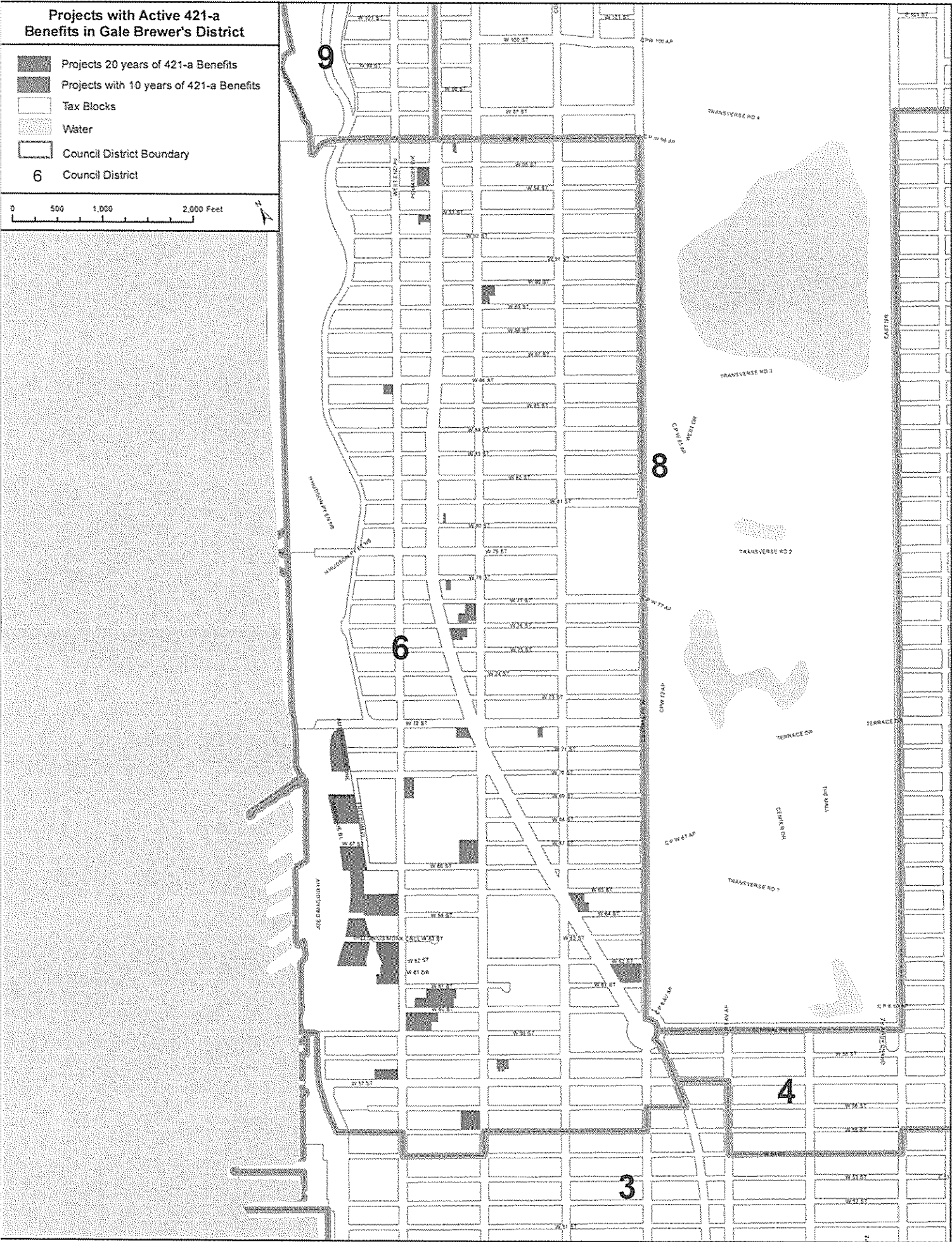
Note 1: Benefit Amount as obtained from DOF = ((AssessedValue - Base YearAssessed Value) * Phase Out Percentage)

Note 2: Actual Tax Exemption Value= Benefit Amt * Tax Rate. Example for Block 1105, Lot 29. (\$ 41,311,000 - \$ 1,080,900) X 100% = \$ 40,230,100 * 13.181% = \$5,302,729

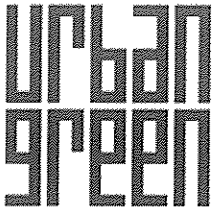
Note 3: The Total Benefit Years excludes Construction Benefit which may be up to three years. The completion benefit will decrease at a set percentage as per Table 1.

Note 4: Projects with 20 year tax benefits have affordability requirements pursuant to either HDC or HFA financing, or 421-a Regulatory Agreements. Number of affordable units are confirmed. The number of affordable units associated with projects with 10 year tax benefits assumes 5 market rate units per affordable unit.

Total Market Rate Units	8,432
Total Affordable Units	1,709
% affordable created	20.27%
% affordable in CD6	10.01%

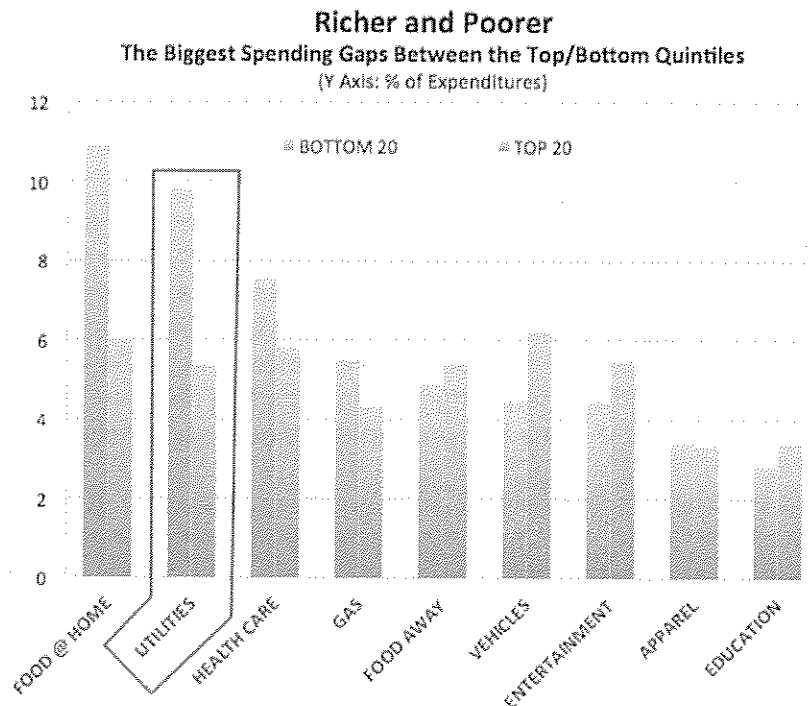


Source: NYC Department of Housing Preservation and Development, Office of Development, Division of Housing Incentives. May 16, 2013



**Testimony of Cecil Scheib, PE, CEM, LEED AP
Chief Program Officer, Urban Green Council
Before the New York City Council Committee on Housing & Buildings
January 29, 2015**

Good morning Chair Williams and members of the Committee. My name is Cecil Scheib and I am the Chief Program Officer of Urban Green Council, the New York chapter of the U.S. Green Building Council. Creating new housing, especially affordable housing, is a primary challenge for New York City today. But the challenge does not end when a tenant occupies the apartment. In fact, in affordable housing, almost 10% of tenant expenditures go to pay their utility bill¹.



From day one, tenant costs begin to add up, amounting to tens of thousands of dollars. Bills can bounce up and down with changes in energy prices, hurting people the least able to pay. But if energy bills are kept low, people will have money in their pockets to spend in their local communities instead of sending it out of the city to the companies that generate power. And they will be protected from price spikes in the cost of electricity or a brutal summer that sends their air conditioning bill through the roof.

Tenants typically don't pay for heat or hot water. And modern electronics get more efficient all the time – we have laptops instead of desktop computers now, and LCD screens instead of big fat TVs, and if the tenant wants to save money on their bill, they can shop for more energy efficient models when they

replace these items. That means most of their utility bill comes from the appliances in the apartment. A refrigerator costs twice as much to run over its lifetime as it costs to buy. But refrigerators and ACs are supplied by the landlord or developer, who has no incentive to provide a more efficient unit, since they're not paying the bills. These appliances stay in place for literally for decades, saddling tenants with high bills they cannot control. This is why appliances are 25% of the City's energy consumption².

It's low-cost or no-cost to provide tenants with high-efficiency appliances when they're first purchased. **Refrigerators and air conditioning should be ENERGY STAR, saving 15-20% over typical units. Lighting should be all LEDs.** Developers buy these items in bulk so the cost difference is negligible. If 200,000 new affordable units get ENERGY STAR fridges instead of typical fridges, each tenant would save \$140 over the lifetime of the fridge, and the City would reduce its carbon footprint by over 55,000 tons of CO₂³. The 421a program uses City money to develop housing for New Yorkers. Why shouldn't it bring their energy bills down, too?

The City's plan to substantially increase affordable housing may increase the City's total building square footage by about 4% or 5%. **The scale of what will be built is so large, that if these projects were required to be 30% or 35% more energy-efficient overall, it would have major citywide impact on reaching the goal of 80% carbon reductions by 2050 – through a single Council action.** Requiring that projects that receive City incentives support both of these goals is a once in a lifetime opportunity.

What if the whole building was built to be energy efficient? The most cost-effective time to add insulation and improve air sealing is when buildings are first built, like Knickerbocker Commons in Bushwick⁴. **The City should explore requiring 421a projects to build to Passive House or other high-efficiency standards.** This would save the developer and the tenant money in the long run, reduce our carbon footprint, and increase our resiliency against power outages and extreme weather.

The Council should look at all opportunities to reach its goals. When the City gives incentives to projects, the projects should support all possible goals, including resiliency, tenant energy security, and carbon reductions. 421a is a huge chance to do all of those. Thank you.

¹ Source: US Bureau of Labor Statistics (Chart: The Atlantic)

² Source: PlaNYC

³ Source: Urban Green Council calculation, based upon manufacturer's data

⁴ Source: One City, Built to Last



ANHD
50 Broad Street, Suite 1402
New York, NY 10004
Tel: (212) 747-1117

**TESTIMONY OF BARIKA WILLIAMS, BEFORE
THE NEW YORK CITY COUNCIL COMMITTEE ON HOUSING AND BUILDINGS
CONCERNING
THE OVERSIGHT OF THE 421A TAX ABATEMENT PROGRAM.**

January 29, 2015

Good Morning. Thank you Chairman Williams and to the members of the Committee on Housing and Buildings for the opportunity to testify on the 421a tax Abatement Program.

My name is Barika Williams and I am the Deputy Director for the Association for Neighborhood and Housing Development (ANHD). ANHD is a membership organization of NYC-neighborhood based housing groups- CDCs, affordable housing developers, supportive housing providers, community organizers, and economic development providers. Our mission is to ensure flourishing neighborhoods and decent, affordable housing for all New Yorkers. We have nearly 100 members throughout the five boroughs who have developed over 100,000 units of affordable housing in the past 25 years alone and directly operate over 30,000 units.

It's long past time to re-evaluate the 421a-Developer Tax Break. With 421a set to expire in June 2015, the City and the State cannot allow such a flawed and outdated program to continue. Any conversation about 421a must include our City Rent Regulation Laws which are also set to expire in June 2015. Thousands of affordable, rent regulated apartments are being lost each year through loopholes in the rent laws, leading to displacement and gentrification of low- and mixed-income neighborhoods. If we continue to lose our existing affordable housing even as we create more, through tools like 421a, our city's affordability crisis will only deepen. We must prioritize New Yorkers' needs over the narrow interests of real estate developers and protect our rent regulated housing stock.

While the 421a Developer's Tax Break has been modified throughout the years, these changes have proven inadequate. The current version of 421a forfeits billions of dollars in public money for minimal public benefit in return.

ANHD examined all publically available data on the 421a Developer's Tax Break. Currently, there is no City or State agency, or public database which tracks buildings or units the receive 421a. Neither the City nor the State have a citywide 421a base database that includes the location of all 421a properties, if they required affordable housing, the number of affordable units created, and when the affordability terms expire. This leaves housing advocates, City officials and local communities with inadequate and limited information about the role of the 421a Developer's Tax Break in their neighborhoods. ANHD's analysis is currently the only attempt at determining the number of affordable housing units created through the 421a Developer's Tax Break and mapping them spatially across the city.

The City's Department of Finance (DOF) data lists 153,121 residential units receiving a 421 Tax break in FY13/14. ANHD estimates that only 12,748 of those 153,000 421a tax break units are affordable housing units. This indicates that only 8.6 percent of the 421a residential units that received a tax exemption in 2013 were affordable. In the vast majority of the city, developers collecting and communities are paying for 421a Tax Breaks to developers without providing any public benefit in return.

The current Geographic Exclusion Area (GEA) is grossly misaligned with the actual reality of the City. One only needs to look at Central Brooklyn and Western Queens – substantial parts of which were left out of the current GEA – for examples of neighborhoods where previously 'cool' real-estate markets are now booming with new residential developments. Regrettably, in these areas we are currently giving away enormous 421a tax breaks for all-luxury developments and increasing area rental prices, with no affordable housing required. In 2004 the number of 421a exemptions citywide was just 19,119 but by 2014 that number had more tripled to 71,950 exemptions in 2014. Furthermore certain 421a may have facilitated the concentration of affordable units in low-income neighborhoods by allowing offsite units or a certificate program for developers. We can't not allow 421a to create exclusionary pockets communities as a trade of tax breaks.

The limited areas of the City are within the 421a Geographic Exclusion Area that do require affordable housing still fails to meet the real affordability need of local residents. Inside the GEA 421a developments are required to must make 20% of their residential units affordable to residents earning 60% of the Area Median Income (AMI), or \$50,340 for a family of four. It is unclear how the 421a AMI levels match the households most rent burdened and struggling to make their rent. However even these affordable units are priced substantially above the rent levels affordable to New York City's actual median household income, 1/3 of New York households make less than \$33,560 per year. Furthermore when 421a is combined with "substantial government resources" the AMI levels can be doubled going from 60% AMI up to 120% AMI, making the units even more unaffordable for average New Yorkers.

The 421a Developer's Tax break cost the City \$1.1 Billion in forgone tax revenue in FY13/14 alone. That is \$1.1 billion that would otherwise go to public services like schools, infrastructure, hospitals –and affordable housing. A 421a condo development in Corona, Queens advertised "only \$48 dollars per month for real estate taxes for the 2 bedroom." This in comparison to the \$4,000+ quarterly 421a tax exemption that each unit does not have to pay based on NYC Department of Finance online Property Tax Bill Quarterly Statements. Likewise a 40 unit unregulated rental building located in Williamsburg built in 2008 currently receives a \$233,000 421a tax break and because of this pays an annual property tax of only about \$17,000.

The 421a Developer's Tax Break is doubly inefficient and expensive to the taxpayer because it is generally used in combination with other affordable housing incentive programs. Developers get to "double-dip" by counting the same 20% set aside of affordable units twice under each program, rather than layering on additional affordable apartments for each new subsidy source,



ANHD
50 Broad Street, Suite 1402
New York, NY 10004
Tel: (212) 747-1117

leaving the City, tax payers, and the community with half the public benefits. 421a when used in conjunction with other housing programs means that communities wind up getting less while developers get more.

What affordable units that are being created under the 421a Developer's Tax Break are not permanently affordable. The current 421a program does not preserve the public benefit. It creates short-term affordable housing alongside permanent gentrification as neighborhoods are faced with expiring affordable units that further instability. This puts tenants at risk of displacement and communities at risk of losing what little affordable housing is created under 421a. Neighborhoods, like the Upper West Side, will see much of their 1990s and early 2000s 421a affordable units expire in coming years, leaving both residents and communities at risk of instability from expiring affordability.

Finally, the current 421a program undermines mixed-income communities. 421a allows the unfair and unequal treatment of affordable tenants through limiting access to building amenities, creating 'poor-doors,' and physically differentiating between affordable units and market-rate units. Developers who do not want to treat all tenants in their developments equally with dignity and respect should simply opt-out and be required pay their taxes. We cannot afford to grant tax breaks to development projects that further reinforce a tale of two cities.

With 421a set to expire in June 2015, our government officials will be making big decisions on 421a and Rent Regulation that impact NYC housing affordability for years to come. We are at critical moment. ANHD applauds this committee for holding this 421a Developer's Tax Break oversight hearing. It is time for some bold steps to put the public benefit of affordable housing before the private profit interests of real estate developers.

421A DEVELOPER'S TAX BREAK

expiring June 2015

The 421a developer's tax break is well understood to be an inefficient giveaway for the real estate industry. The 421a is a real estate tax exemption that was originally put in place in 1971 to encourage new residential construction in the city at a time when the city economy and real estate market were stagnant.

While this may have been a legitimate concern in the 1970s, the City's housing market today is a far cry from what it was 40 years ago. The primary challenge we face today is not whether the market will, on its own, incentivize development; it will. Instead, we are faced with the dilemma of how to prevent the market from only building housing that fails to meet the needs of low-, moderate-, and middle-income people and the neighborhoods in which they live. Today's challenge is to ensure that the future of our neighborhoods is vibrant, inclusive, and equitable.

Thousands of affordable, rent regulated apartments are being lost each year through loopholes in the rent laws, leading to displacement and gentrification of low- and mixed-income neighborhoods. If we continue to lose our existing affordable housing even as we create more, through tools like 421a, our city's affordability crisis will only deepen. We must prioritize New Yorkers' needs over the narrow interests of real estate developers and protect our rent regulated housing stock.

While the 421a Developer's Tax Break has been modified throughout the years, these changes have proven inadequate. The current version of 421a forfeits billions of dollars in public money for minimal public benefit in return. The current program is a windfall for real estate developers, with little return for communities. We cannot continue to subsidize luxury real estate that is unaffordable to average New Yorkers.

The current 421a Developer's Tax Break is a bad deal for New York City neighborhoods, financially, and socially in the following three key areas:

- Meeting the Real Affordability Needs of New Yorkers.
- Creating Mixed Income Communities across the City.
- Maximizing Financial Investments for the best public benefit.

In this report ANHD examines the 421a Developer's Tax Break including and exclusive community-by-community analysis of all the properties' that received a 421a Tax Break in Fiscal Year 2013. ANHD's analysis concludes that the 421a program as it currently exists is an inefficient and ineffective program that results in more than \$1.1 Billion in foregone tax revenue to benefit luxury housing real-estate developers and very little in return for NYC tax payers with less than 9 percent of units being affordable.

January 2015

421A DEVELOPER'S TAX BREAK

WHAT IS 421A?

The 421a property tax exemption is available to real-estate developers of new multi-family residential housing. 421a was originally put in place in 1971, when policymakers were concerned that an extremely weak housing market would not provide enough of a profit incentive for private market developers to build new housing in the city. Policymaker's concerns were fueled, in part, by the city's economic problems and the declining population as many residents moved to the suburbs. 421a operates on the basic premise of incentivizing new market-rate residential construction in order to stimulate the production of housing.

While 421a Developer's Tax Break has been slightly revised over the years, the program is a holdover from an earlier era when the private sector, arguably, needed a boost to finance the building of new residential apartments. In the 1980's the City and the State passed revisions to the 421a Developer's Tax Break. City and State officials adjusted 421a recognizing that the housing market was rebounding in Manhattan and that granting a 100% tax break for 20 years for luxury development was a giveaway. City state and officials designated a "Geographic Exclusion Area" (GEA) in Manhattan, roughly between 14th and 96th Streets inside of which, developers were required to build affordable housing in order to qualify for the 421a tax break.

The creation of the GEA was built upon and expanded two more times between the 1980s and today. The program was also revised to eliminate the off-site certificate program which allowed market-rate developers to purchase certificates from 100% affordable housing buildings in order to get their tax break. However, the certificate program concentrated affordable housing in low-income outer borough neighborhoods and failed to create the mixed-income neighborhoods that communities want and need. While 421a has been slightly revised over the years, it still operates on that same basic premise of incentivizing new market-rate housing production.

Today, nearly all new residential construction is eligible for the 421a Developer's Tax Break. Projects with 5 or more housing units can qualify for the 421 Developer's Tax Break "As of Right," meaning at the options and discretion of the real estate developer. Those developers that meet the 421a programs qualifications and rules, as defined by the City and State, can not be denied receiving 421a. Currently the 421a Developer's Tax Break has two different sets of requirements.

For those buildings that fall inside the Geographic Exclusion Area, developers that use 421a must make 20% of the units affordable to 60% of Area Median Income (AMI), or approximately \$1,260 in monthly rent for a 2-bedroom apartment. That's below market-rate in some areas, but it's still unaffordable for most New Yorkers. While 60% AMI at \$1,260 in monthly rent may sound affordable, it is at or above market-rate rents in some areas and rents of \$1,260 rents are unaffordable to nearly half of the City's households.

421A DEVELOPER'S TAX BREAK

Outside of the "Geographic Exclusion Area," developers are eligible to use 421a without setting aside any affordable units at all. In these outer borough neighborhoods, there are tremendous numbers of new multi-family market-rate residential housing that pay no property taxes for 20 years with no affordable housing requirements.

In both cases, inside and outside the "Geographic Exclusion Area," the tax break applies to the entire building (the market-rate and affordable units), and lasts 25 years.

The 421a Developer's Tax Break is also often used in conjunction with other subsidy programs, particularly the Inclusionary Housing Program and the Low Income Housing Tax Credits (LIHTC). However this allows developers get to 'double dip' by counting the same affordable units under both programs, rather than layering on additional affordable apartments for each new subsidy they take. In some cases the affordable units are made less affordable, at 120% AMI instead of 60% AMI when 421a is combined with substantial government assistance.

ANALYSIS OF 421A BUILDINGS

ANHD examined all publically available data on the 421a Developer's Tax Break. This included examining the total number of 421a Tax Breaks in the City over the past 13 years. The overall number of City 421a Tax exemptions has skyrocketed in the just the last decade.

In 2004 the number of 421a exemptions citywide was just 19,119 but by 2014 that number had more tripled to 71,950 exemptions in 2014.

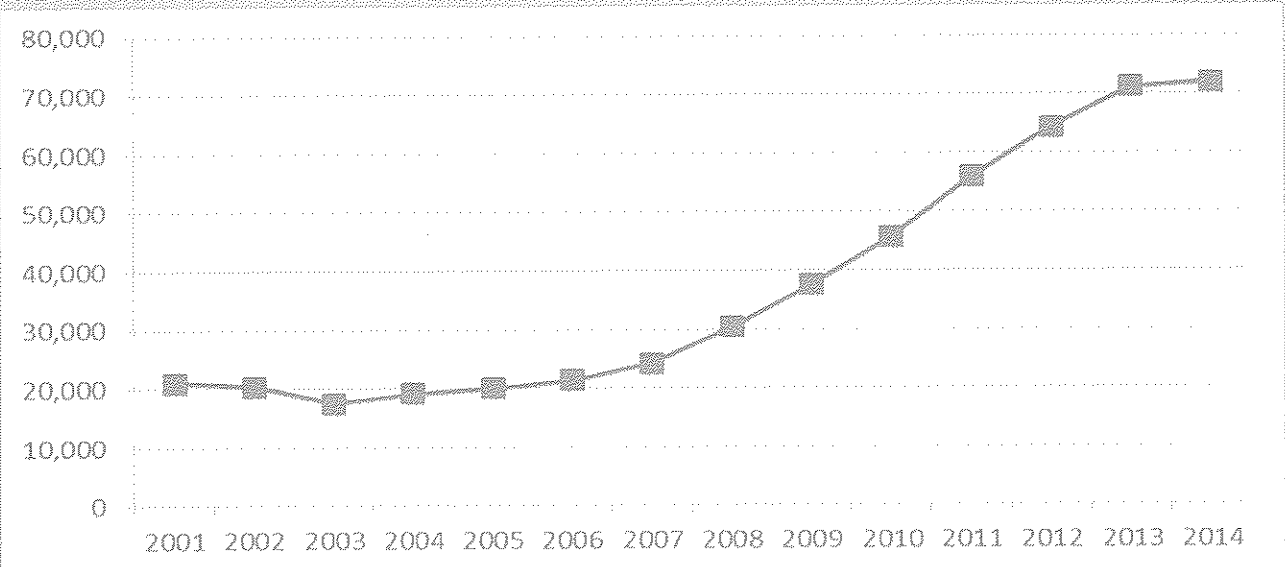
The increase in 421a exemptions varies by borough, with Staten Island and Brooklyn seeing the most sizeable jumps in the numbers of 421a exemptions.

The 421a Developer's Tax break cost the City \$1.1 Billion in forgone tax revenue in FY13/14 alone.

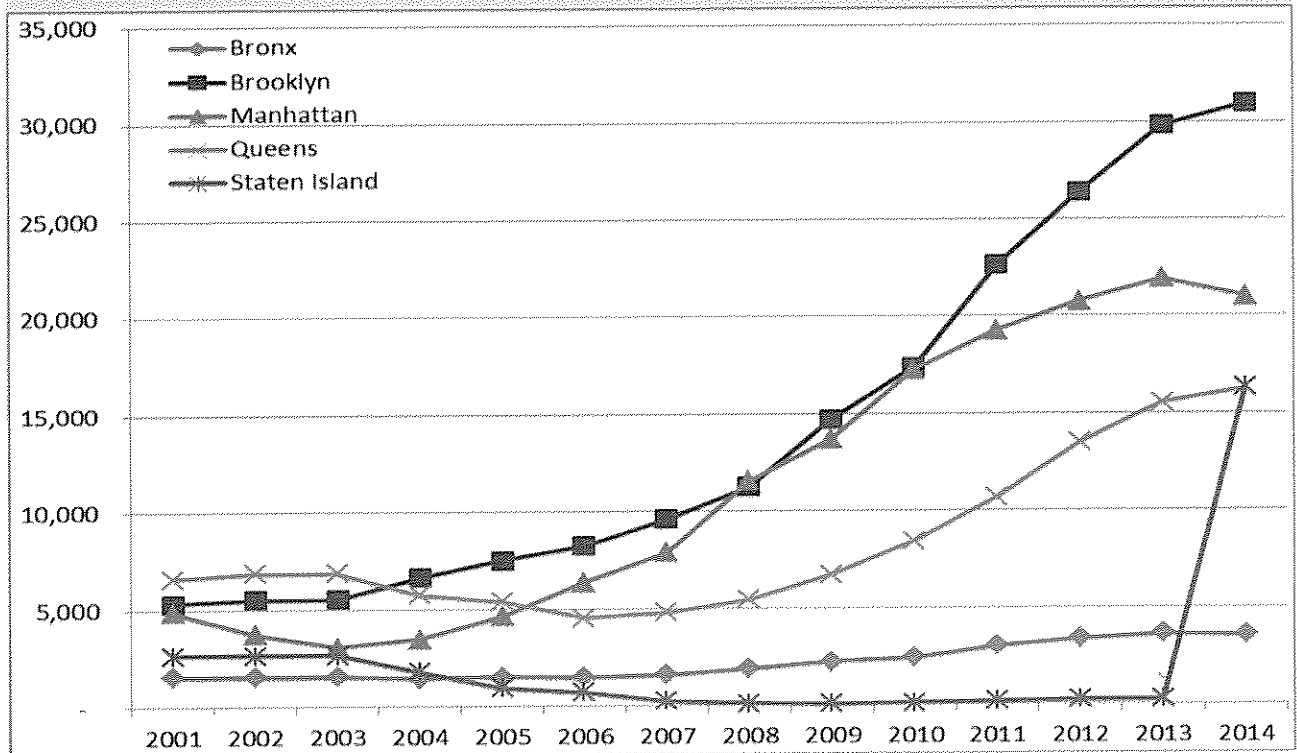
That is \$1.1 billion that would otherwise go to public services like schools, infrastructure, hospitals –and affordable housing. Over the past 5 years the city has lost nearly \$5 Billion in tax revenue to 421a Tax breaks.

421A DEVELOPER'S TAX BREAK

Total Number of 421a Tax Exemptions Citywide, 2001–2014



Total Number of 421a Tax Exemptions by Borough, 2001–2014



421A DEVELOPER'S TAX BREAK

The City's Department of Finance Data lists **153,121 residential units receiving a 421 Tax break in FY13/14.**

The number of residential units receiving 421a varies widely across boroughs, with Manhattan containing 40 percent of all 421a residential units and State Island having only 1 percent of 421a units. However, the DOF 421a dataset fails to indicate if a residential unit is an affordable housing unit or even whether the property receiving was required to create affordable housing in order to qualify for the tax exemption. There is no public database which tracks buildings or units that receive 421a. Neither the City nor the State have a citywide 421a base database that includes the location of all 421a properties, if they required affordable housing, the number of affordable units created, and when the affordability terms expire. Housing advocates and city officials request for data on 421a affordable units in their community or district have generally received an estimated or assumed number of 421a affordable units from city agencies.

	421a Residential Units	Percent of Citywide 421a
Bronx	16,901	11.0%
Brooklyn	44,953	29.4%
Manhattan	60,107	39.3%
Queens	29,435	19.2%
Staten Island	1,006	0.7%
TOTAL	152,402	100.0%

However, this analysis leaves Housing advocates, City officials and local communities with inadequate and limited information about the role of the 421a Developer's Tax Break in their neighborhoods. In order to understand more about the 421a Tax Break ANHD completed a unique in depth analysis of all 421a tax exempt properties as of Final Roll Fiscal Year 2013/2014. ANHD then merged this dataset to the New York Department of City Planning (DCP) Primary Land Use Tax Lot Output (PLUTO) database which provides extensive land-use, geographic, and tax information on every tax lot in the City.

We then spatially mapped shapefiles of the three 421a Geographic Exclusion Areas (GEAs) – the original one, developed shortly after the program's inception, the one in use before the 2008 421-a legislation reforming the GEA, and the one in use from after the legislation (which also the current GEA). Each one of these GEA maps allowed us to determine where affordable housing was required at a given point in time in the lifecycle of the 421a program. Each 421 tax lot was then spatially analyzed and determined to either be inside the one or multiple of the GEA boundaries or outside the GEA. If a tax lot was located outside of the GEA it was determined to have no affordable housing units. If a tax lot fell inside the GEA we then utilized the Year Built data to determine if the given property was built prior to any affordability requirements based on its geographic location.^[1]

^[1] Buildings were assumed to have a 3-year construction window, the maximum period a building may receive a construction exemption under the 421a rules.

421A DEVELOPER'S TAX BREAK

Tax lots falling inside the GEA and built after the GEA affordability requirements went into effect were assumed to have set aside 20 percent of their total units as affordable housing. Condos that appear in the data as individual separate tax lots were aggregated by address into a data record of a single building with multiple units. The result is ANHD's analysis of the location of all Fiscal Year 2013 421a Developers Tax Break properties, and our estimation of the number and location of the affordable housing units created under 421a.

ANHD's analysis is currently the only attempt at determining the number of affordable housing units created through the 421a Developer's Tax Break and mapping them spatially across the city.

The following 10 pages of maps capture the outcome of this analysis. All blue squares are land lots that received a 421a Tax Break, but fall outside the GEA and therefore are assumed to have no affordable housing. All red squares are land lots that received a 421a Tax Break, fall inside the GEA and based on their year built are assumed to have set aside 20 percent of their residential units as affordable housing.

ANHD estimates that only 12,748 of those 153,000 421a tax break units are affordable housing units.

This indicates that of the residential units that received a 421a tax exemption in 2013 only 8.6 percent of 421a units were affordable.

In the vast majority of the city, developers collecting and communities are paying for 421a Tax Breaks to developers without providing any public benefit in return. The 421a Developer's Tax Break forfeits billions of dollars in public money for minimal public benefit in return.

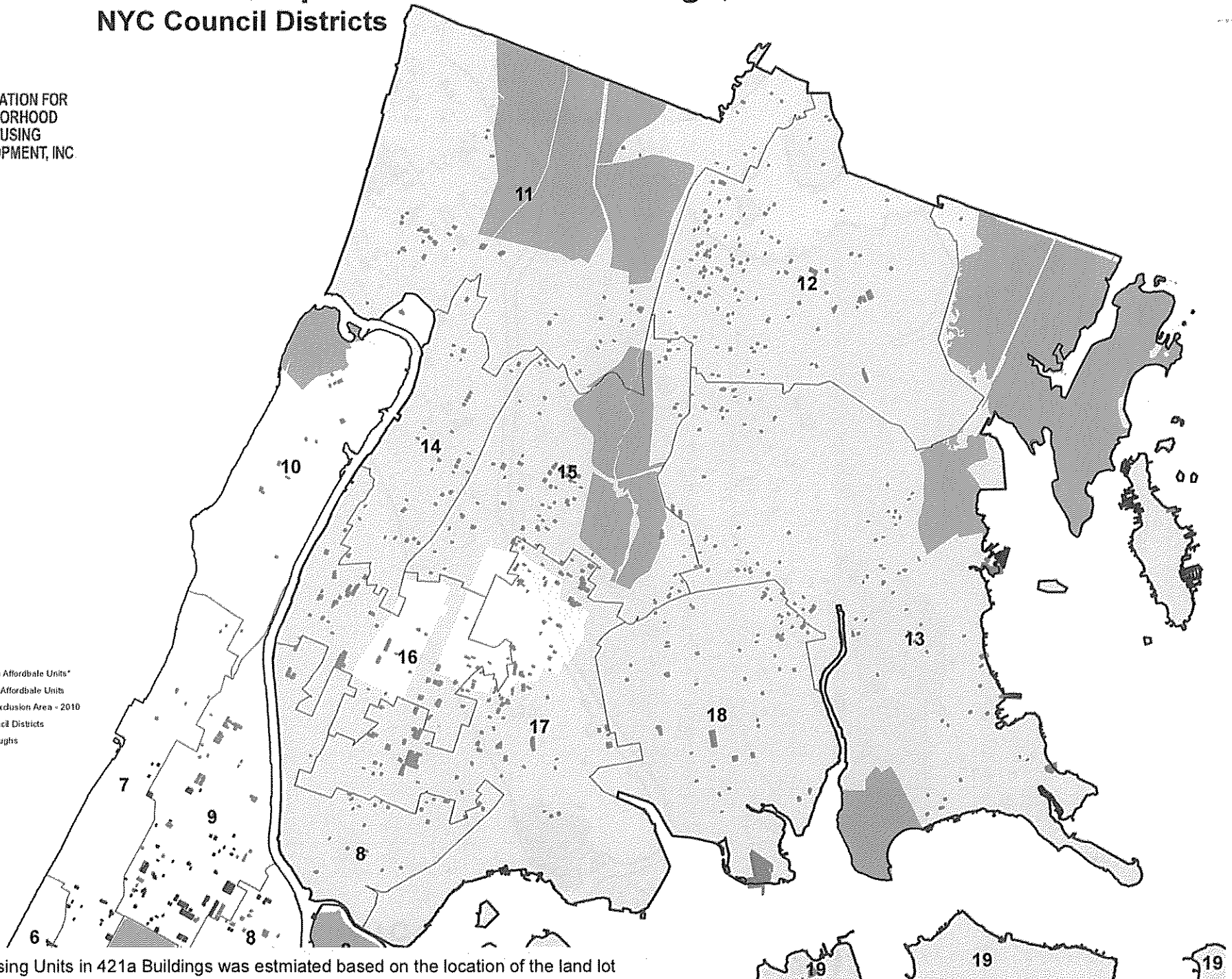


ASSOCIATION FOR
NEIGHBORHOOD
AND HOUSING
DEVELOPMENT, INC

421a Developers Tax Break Buildings, FY2013 NYC Council Districts

Legend

- 421a Buildings, with Affordable Units*
- 421a Buildings, NO Affordable Units
- 421a Geographic Exclusion Area - 2010
- New York City Council Districts
- New York City Boroughs
- NYC Parks - Large



*Affordable Housing Units in 421a Buildings was estimated based on the location of the land lot relative to the GEA and the building's recorded Year Built.

421a Developers Tax Break Buildings, FY2013 NYC Council Districts



*Affordable Housing Units in 421a Buildings was estimated based on the location of the land lot relative to the GEA and the building's recorded Year Built.



ASSOCIATION FOR
NEIGHBORHOOD
AND HOUSING
DEVELOPMENT, INC

421a Developers Tax Break Buildings, FY2013 NYC Council Districts

Legend

- 421a Buildings, with Affordable Units*
- 421a Buildings, NO Affordable Units
- 421a Geographic Exclusion Area - 2010
- New York City Council Districts
- New York City Boroughs
- NYC Parks - Large

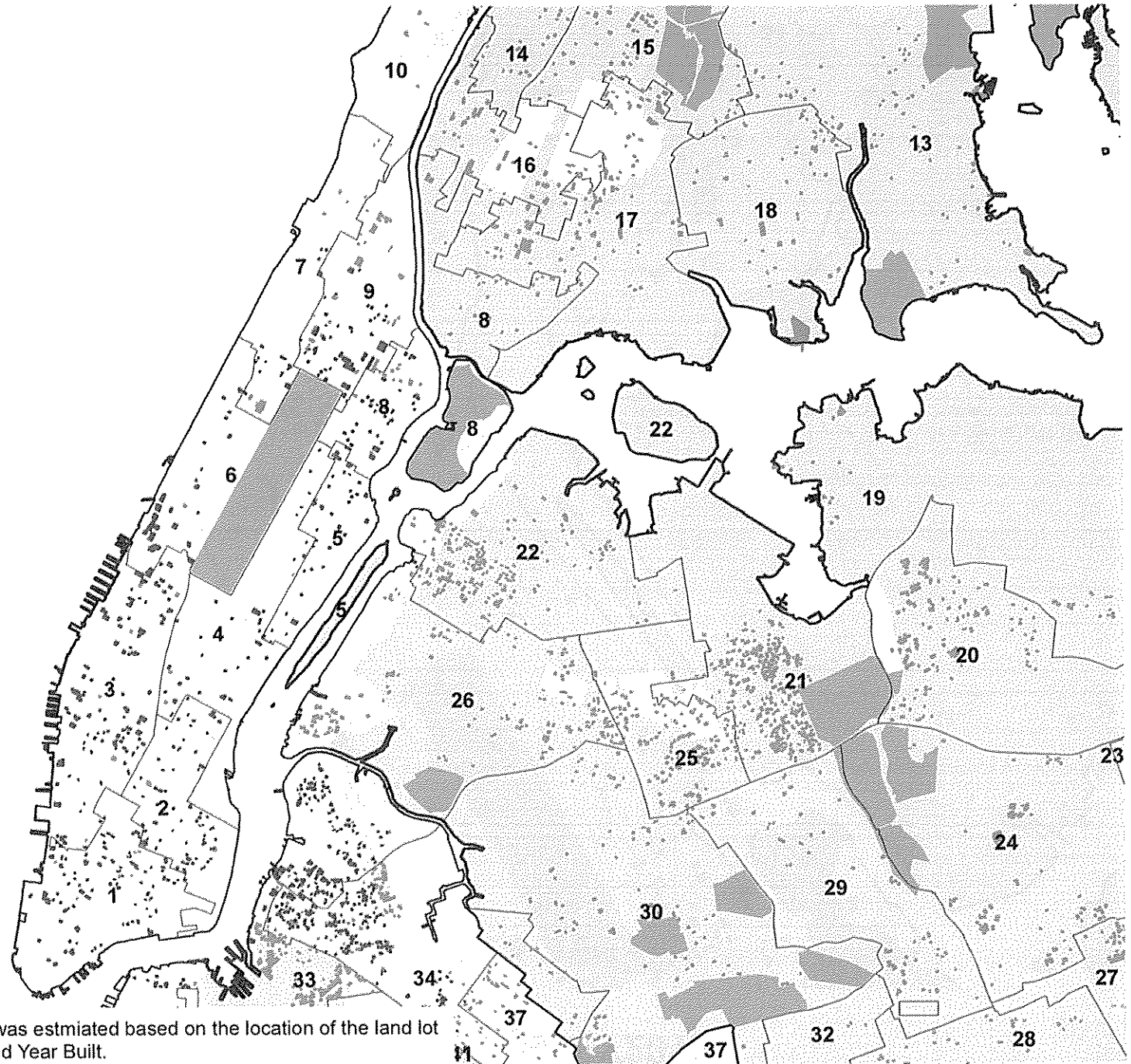


*Affordable Housing Units in 421a Buildings was estimated based on the location of the land lot relative to the GEA and the building's recorded Year Built.

421a Developers Tax Break Buildings, FY2013 NYC Council Districts

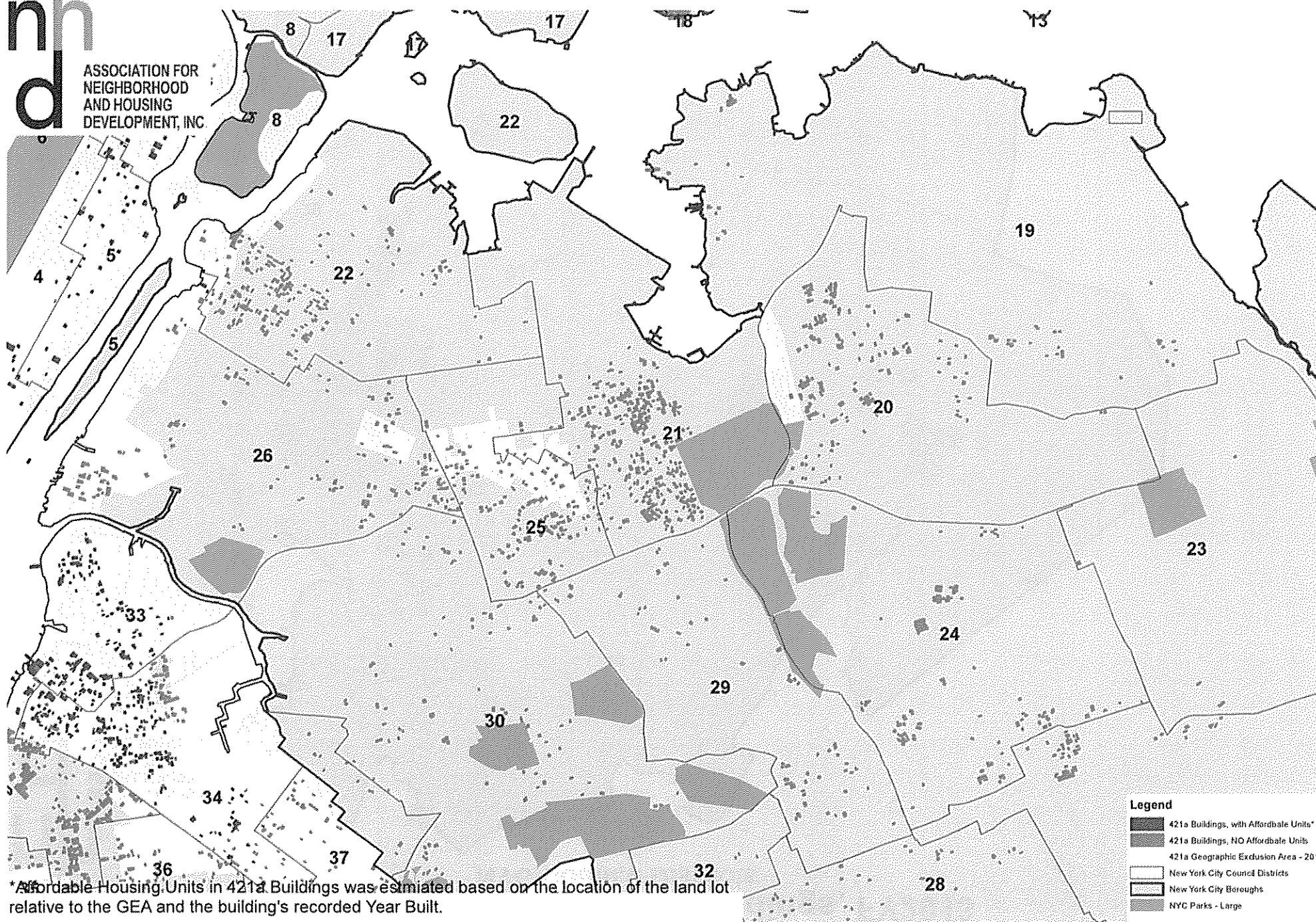
Legend

- 421a Buildings, with Affordable Units*
- 421a Buildings, NO Affordable Units
- 421a Geographic Exclusion Area - 2010
- New York City Council Districts
- New York City Boroughs
- NYC Parks - Large



*Affordable Housing Units in 421a Buildings was estimated based on the location of the land lot relative to the GEA and the building's recorded Year Built.

421a Developers Tax Break Buildings, FY2013 NYC Council Districts

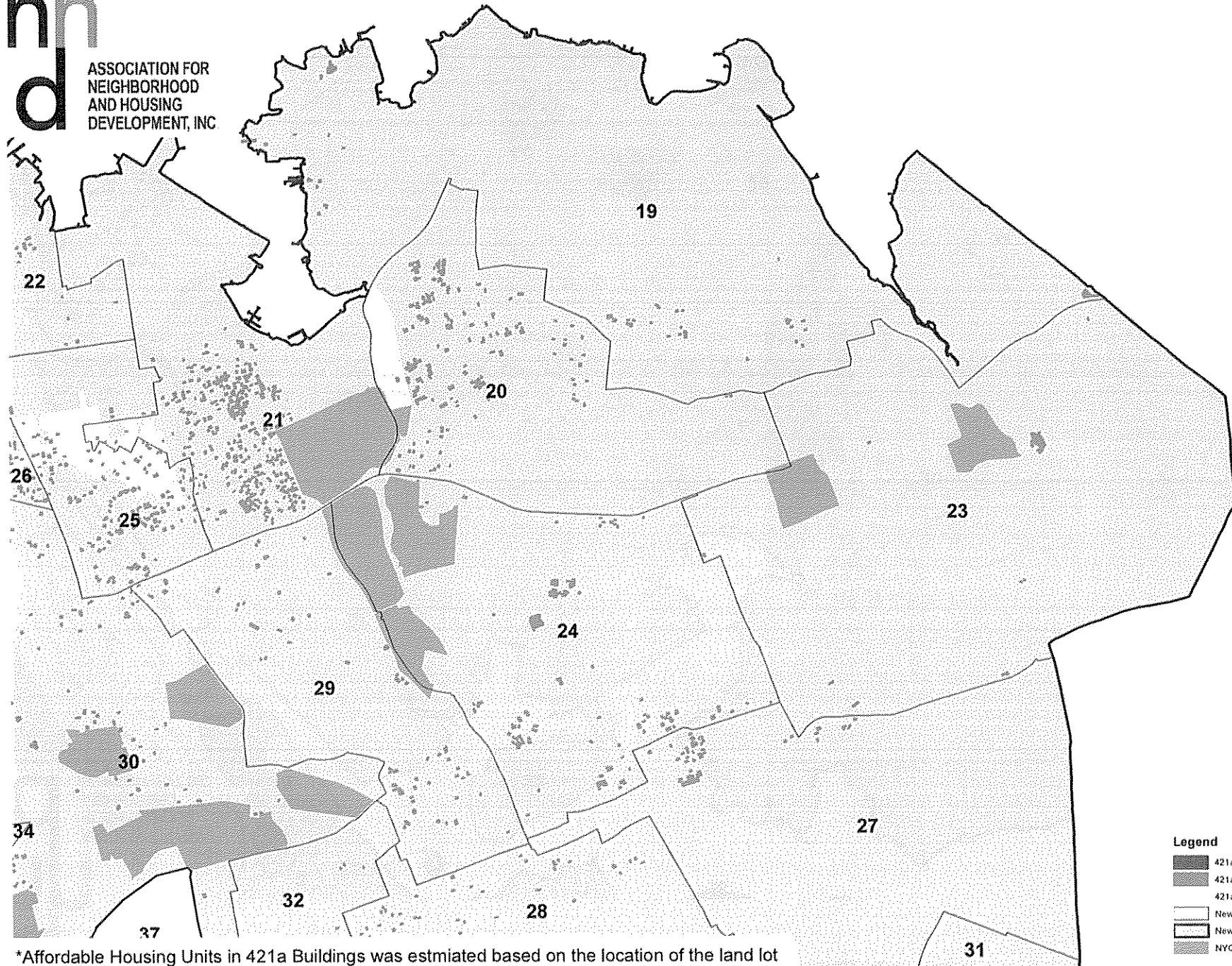


*Affordable Housing Units in 421a Buildings was estimated based on the location of the land lot relative to the GEA and the building's recorded Year Built.



ASSOCIATION FOR
NEIGHBORHOOD
AND HOUSING
DEVELOPMENT, INC

421a Developers Tax Break Buildings, FY2013 NYC Council Districts



*Affordable Housing Units in 421a Buildings was estimated based on the location of the land lot relative to the GEA and the building's recorded Year Built.



ASSOCIATION FOR
NEIGHBORHOOD
AND HOUSING
DEVELOPMENT, INC.

421a Developers Tax Break Buildings, FY2013 NYC Council Districts



*Affordable Housing Units in 421a Buildings was estimated based on the location of the land lot relative to the GEA and the building's recorded Year Built.



ASSOCIATION FOR
NEIGHBORHOOD
AND HOUSING
DEVELOPMENT, INC

421a Developers Tax Break Buildings, FY2013 NYC Council Districts



Legend

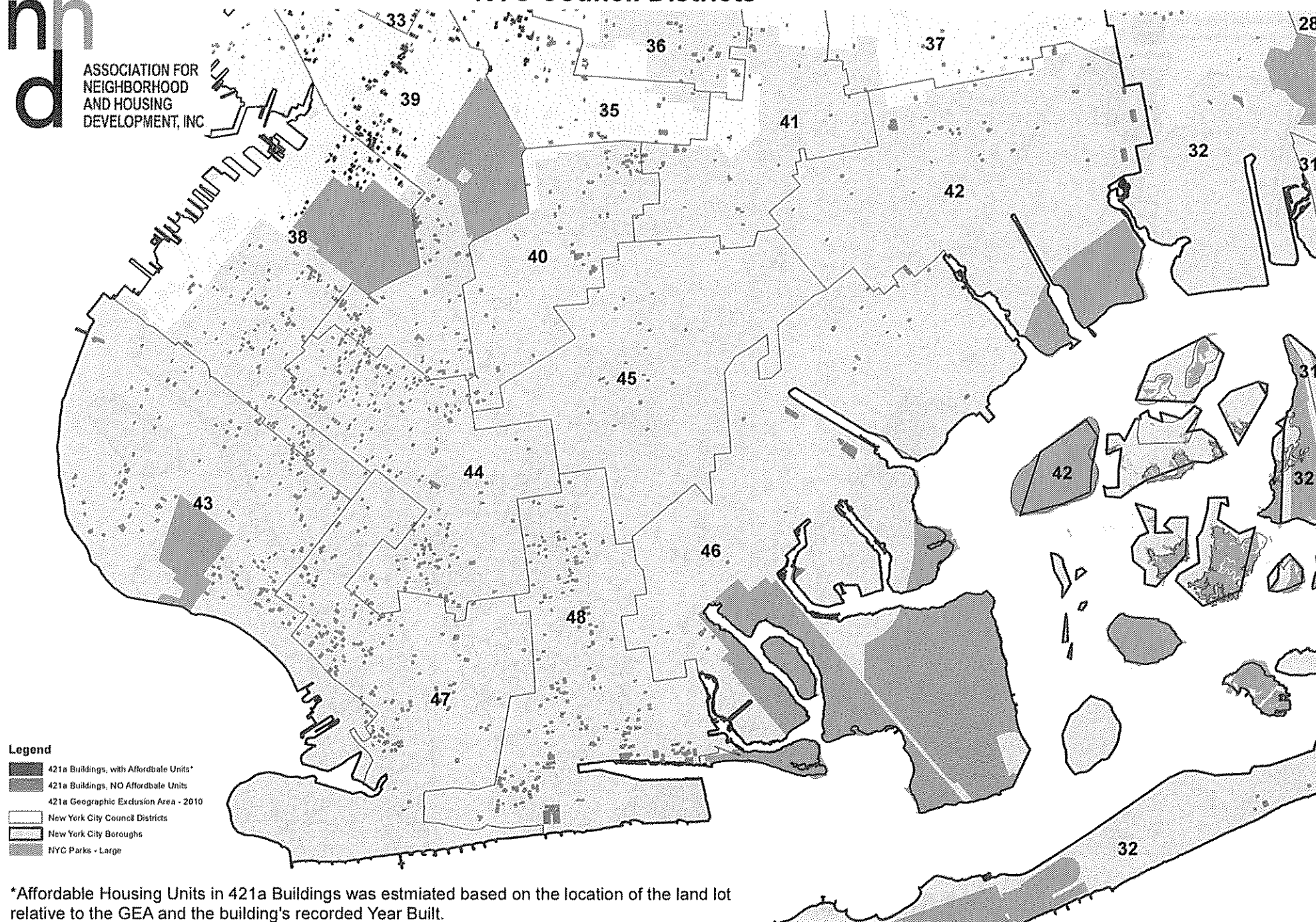
- 421a Buildings, with Affordable Units*
- 421a Buildings, NO Affordable Units
- 421a Geographic Exclusion Area - 2010
- New York City Council Districts
- New York City Boroughs
- NYC Parks - Large

*Affordable Housing Units in 421a Buildings was estimated based on the location of the land lot relative to the GEA and the building's recorded Year Built.



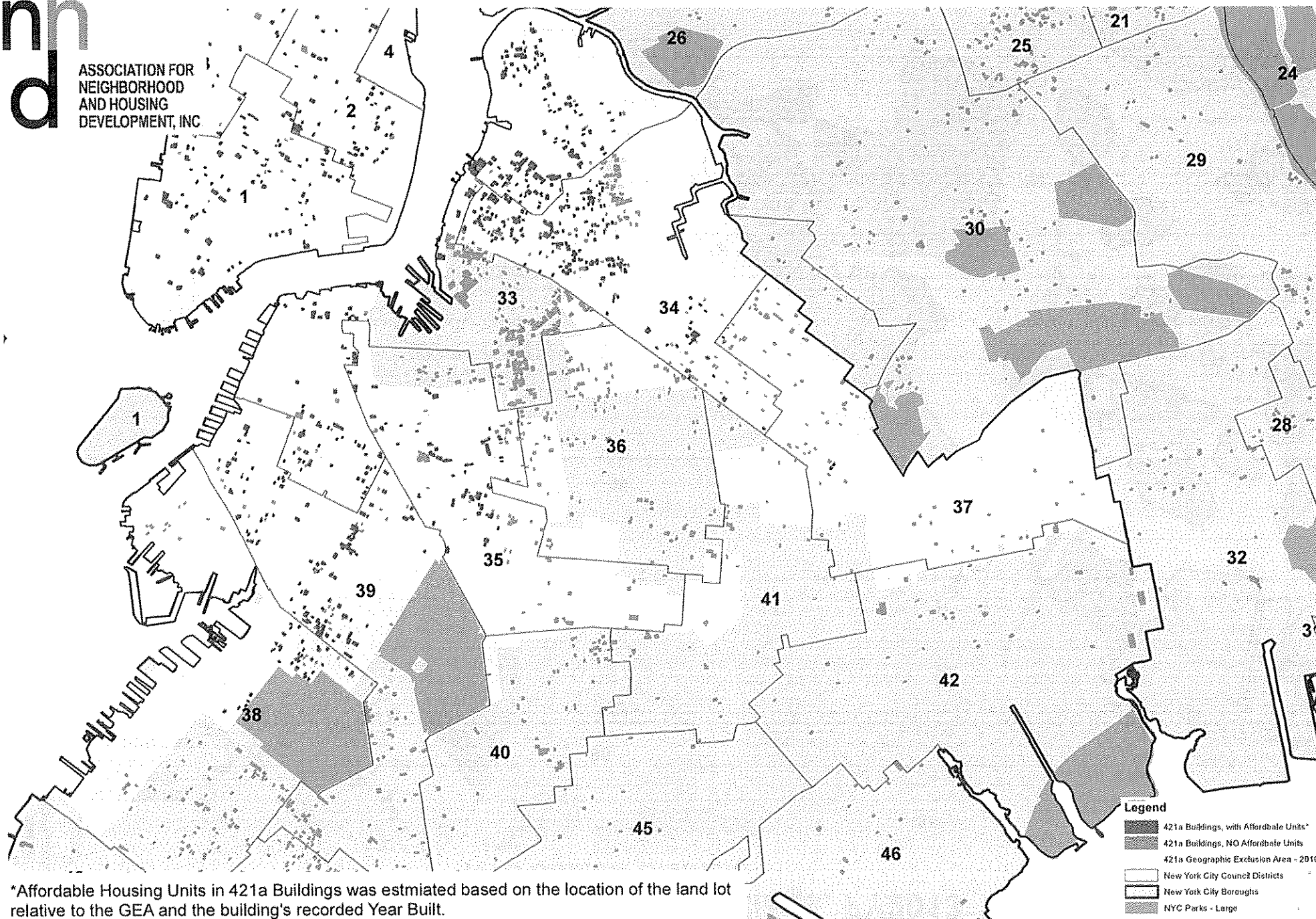
ASSOCIATION FOR
NEIGHBORHOOD
AND HOUSING
DEVELOPMENT, INC

421a Developers Tax Break Buildings, FY2013 NYC Council Districts



421a Developers Tax Break Buildings, FY2013 NYC Council Districts

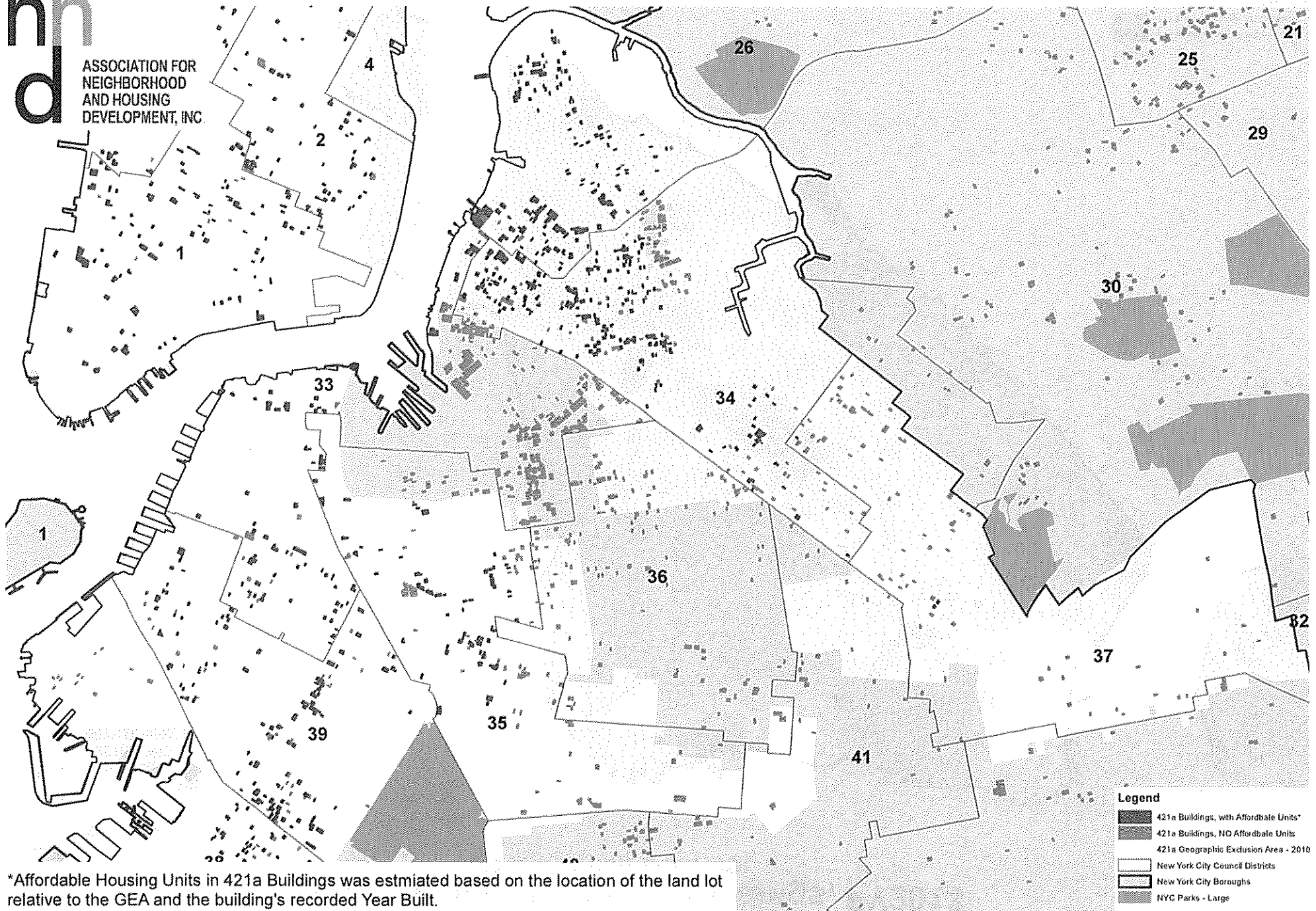
ASSOCIATION FOR
NEIGHBORHOOD
AND HOUSING
DEVELOPMENT, INC



*Affordable Housing Units in 421a Buildings was estimated based on the location of the land lot relative to the GEA and the building's recorded Year Built.

421a Developers Tax Break Buildings, FY2013

NYC Council Districts

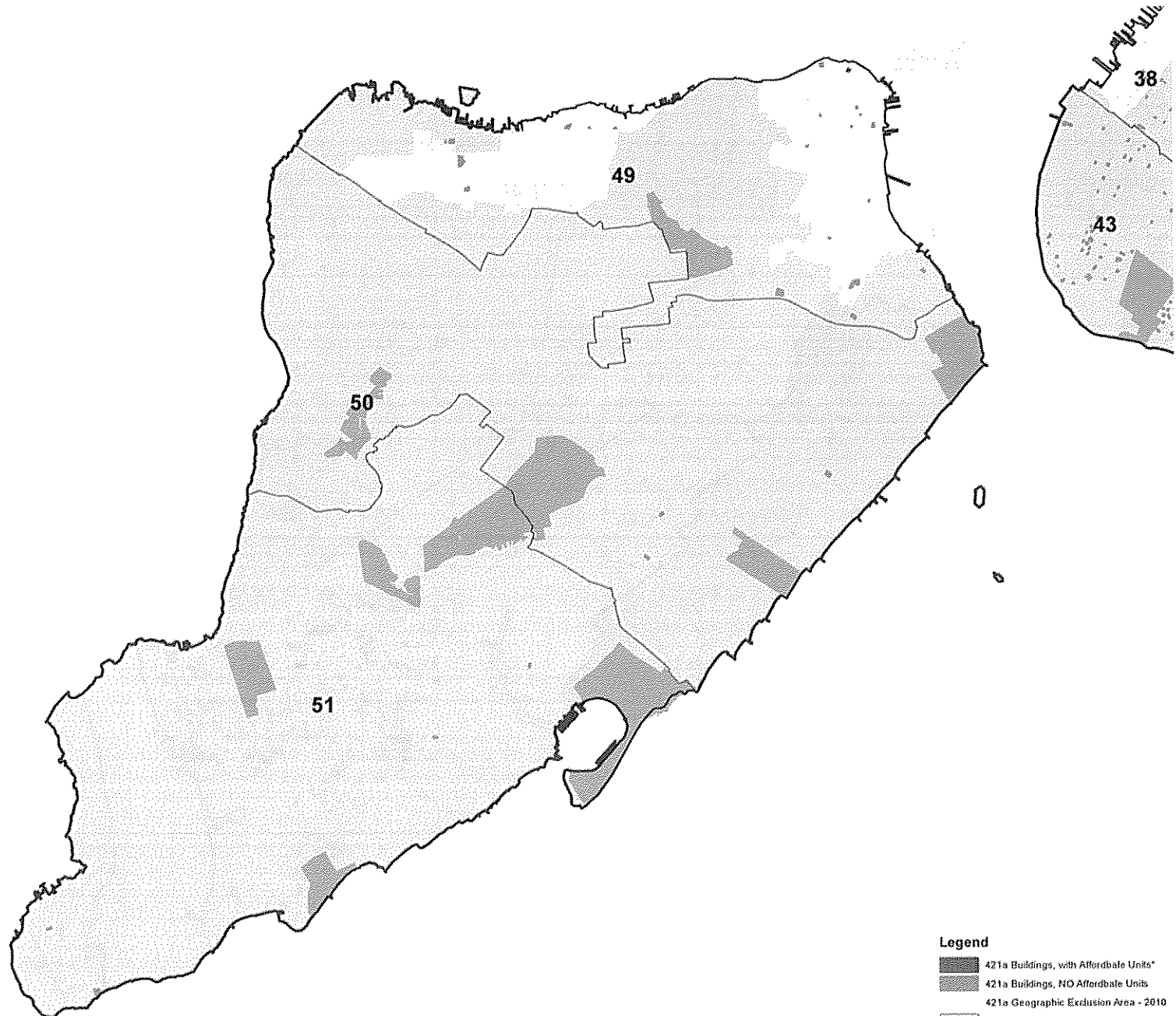


*Affordable Housing Units in 421a Buildings was estimated based on the location of the land lot relative to the GEA and the building's recorded Year Built.



ASSOCIATION FOR
NEIGHBORHOOD
AND HOUSING
DEVELOPMENT, INC.

421a Developers Tax Break Buildings, FY2013 NYC Council Districts



*Affordable Housing Units in 421a Buildings was estimated based on the location of the land lot relative to the GEA and the building's recorded Year Built.

Legend

- 421a Buildings, with Affordable Units*
- 421a Buildings, NO Affordable Units
- 421a Geographic Exclusion Area - 2010
- New York City Council Districts
- New York City Boroughs
- NYC Parks - Large

421A DEVELOPER'S TAX BREAK

CHALLENGES OF 421A

The current program is a windfall for developers, in a strong housing market, with little return for communities. This must end. We cannot afford to subsidize luxury real estate development that is unaffordable to average New Yorkers. Below ANHD outlines just some of the many Key problems with 421a and why it constitutes a bad deal for New Yorkers.

***** CHALLENGE: LEVEL OF AFFORDABILITY

The limited areas of the City are within the 421a Geographic Exclusion Area: Manhattan, and small parts of Brooklyn, the Bronx, Queens and Staten Island, that do require affordable housing still fails to meet the real affordability need of local residents. Inside the GEA 421a developments are required to must make 20% of their residential units affordable to residents earning 60% of the Area Median Income (AMI), or \$50,340 for a family of four. However even these affordable units are priced substantially above the rent levels affordable to New York City's actual median household income, 1/3 of New York households make less than \$33,560 per year. Furthermore when 421a is combined with "substantial government resources" the AMI levels can be doubled going from 60% AMI up to 120% AMI, making the units even more unaffordable for average New Yorkers.

***** CHALLENGE: LOCATION OF UNITS

The current Geographic Exclusion Area (GEA) is grossly misaligned with the actual reality of the City. One only needs to look at Central Brooklyn and Western Queens – substantial parts of which were left out of the current GEA – for examples of neighborhoods where previously 'cool' real-estate markets are now booming with new residential developments. Regrettably, in these areas we are currently giving away enormous 421a tax breaks for all-luxury developments and increasing area rental prices, with no affordable housing required. In many parts of the city, developers get the 421a Developer's Tax Break without building any affordable units at all. Furthermore certain 421a may have facilitated the concentration of affordable units in low-income neighborhoods by allowing offsite units or a certificate program for developers. We can't not allow 421a to create exclusionary pockets communities as a trade of tax breaks.

The real estate industry advocates for tax breaks on the premise that it makes market-rate development more financially feasible. But rather than make these new residential developments financially feasible, these NYC tax-payer funded 421a tax exemptions are just increasing profits for real estate developers. Conventional market-rate housing development should benefit the public by paying property taxes to cover the additional infrastructure, police, schools, parks, health and other city services costs that need to be covered when there is new development. If a market can support the type of high-rent luxury housing that often uses 421a Developer's Tax Break, it can also support either its fair share of property taxes or affordable housing that serves community needs.

421A DEVELOPER'S TAX BREAK

***** CHALLENGE: SHORT-TERM AFFORDABILITY

What affordable units that are being created under the 421a Developer's Tax Break are not permanently affordable. The current 421a program does not preserve the public benefit. It creates short-term affordable housing alongside permanent gentrification as neighborhoods are faced with expiring affordable units that further instability. This puts tenants at risk of displacement and communities at risk of losing what little affordable housing is created under 421a. Neighborhoods, like the Upper West Side, will see much of their 1990s and early 2000s 421a affordable units expire in coming years, leaving both residents and communities at risk of instability from expiring affordability.

***** CHALLENGE: DOUBLE-DIPPING OF SUBSIDIES

The 421a Developer's Tax Break is doubly inefficient and expensive to the taxpayer because it is generally used in combination with other affordable housing incentive programs. In particular, it is often paired with the City's voluntary Inclusionary Housing Program (IHP) which allows developers to build more units than the current zoning would allow in exchange for making some of those units affordable. Developers get to "double-dip" by counting the same 20% set aside of affordable units twice under each program, rather than layering on additional affordable apartments for each new subsidy source, leaving the City, tax payers, and the community with half the public benefits.

Furthermore, 421a is also paired with direct subsidy sources such as Low income Housing Tax Credits, bonds, etc, which leads to similar double- and even triple-dipping. 421a when used in conjunction with other housing programs means that communities wind up getting less while developers get more.

***** CHALLENGE: UNFAIR & UNEQUAL TREATMENT OF TENANTS

The current 421a program undermines mixed-income communities. 421a allows the unfair and unequal treatment of affordable tenants through limiting access to building amenities, creating 'poor-doors,' and physically differentiating between affordable units and market-rate units. Developers who do not want to treat all tenants in their developments equally with dignity and respect should simply opt-out and be required pay their taxes. We cannot afford to grant tax breaks to development projects that further reinforce a tale of two cities.

421A DEVELOPER'S TAX BREAK

..... CHALLENGE: TRACKING AND ENFORCEMENT OF 421A

421a units aren't tracked by any city or state agency. There is no enforcement to ensure that tenants in affordable 421a units are being given the leases and rents to which they're entitled. There is also no enforcement to ensure that landlords are renewing leases to income qualifying tenants, adhering to fair marketing guidelines, and limiting rents to the capped affordability restrictions. Initial reviews of developments currently receiving a 421a tax exemption have found cases where tenants were provided incorrect leases that did not accurately reflect the units' affordability regulations.

With 421a set to expire in June 2015, the City and the State cannot allow such a flawed and outdated program to continue. It's long past time to re-evaluate the 421a-Developer Tax Break. With big decisions by our government officials on 421a and Rent Regulation, we are at critical moment. It is time for some bold steps to put the public benefit of affordable housing before the private profit interests of real estate developers.

G O T H A M

GOVERNMENT RELATIONS
& COMMUNICATIONS

January 29, 2015

Good morning Chairman Williams and fellow members of the NYC Council Committee for Housing and Building. I am Diane Cahill, a Vice-President at Gotham Government Relations and Communications. I submit this testimony on behalf of medium-size developers who operate in New York City to support the 421-a tax incentive program.

2015 is a decisive year for the 421-a program which is set to expire in June. Since the programs inception in 1971, 421-a has made traditionally unfeasible development projects in NYC feasible. In return, the program has supplied NYC with much needed affordable housing units, helped bolster rental affordability, and attracted and retained new residents.

The 421-a program provides an essential incentive for city developments with the overall impact of the program benefiting the city's residents and economy. In light of the housing crisis that NYC faces and the ambitious affordable housing program planned for the next decade, the 421-a program is a necessary incentive to assist in meeting the goals set forth by the current administration and making the goals a reality.

421-a is not a perk for luxury developments, nor does it contribute to gentrification or displacement. Many projects do not even qualify for this program, and those that do qualify must incorporate affordable housing units into their project. In that, the 421-a allows developers within the city to continue developing on pace with Mayor de Blasio's affordable housing plan. The economic benefits that the program brings to the city are more than significant – the tax caps on 421-a recipient projects are not perpetual, therefore the city will eventually make steep profits off such developments. The short-term cost of foregone tax revenue is more than offset by the long-term property tax revenue brought to the city by a project that receives 421-a after the exemption period ends.

Tax exemptions provide a needed stimulus, particularly in regards to rental housing wherein affordable housing largely exists. Housing development by the private sector is critical to continue growing NYC's economy and promoting affordable housing.

Land costs within NYC are at a premium; projects necessitate some type of incentive in order to accommodate the type of affordable housing the city is mandating developers take into account. This program provides essential assistance, while concurrently creating new developments, new jobs, new residents, and new affordable housing units.

It is not feasible for developers to undertake projects within the five boroughs where it is costlier to build than it is outside the five boroughs, which is the reality we face should the 421-a be allowed to sunset in June. It is counterintuitive that during a time of intense pressure on the construction and real estate industry to dramatically scale up the number of the number of affordable housing units across the city, that the city would consider letting such a program sunset.

The housing crisis in NYC is serious, as should be the solutions to solving it. To hold hostage programs such as 421-a that are critical to providing affordable housing and provide long-lasting benefits to this city's economy, would be economically and financially irresponsible.

Respectfully submitted,

Diane Cahill
Vice President of Government Relations
Gotham Government Relations and Communications, LLC.
1399 Franklin Avenue, Suite 200
Garden City, New York 11530
Office: 516-880-8170
Fax: 516-880-8171
Cell: 631-612-8884
E-mail: dcahill.gothamgr@gmail.com
www.Gothamgr.com



NEW YORK STATE ASSOCIATION FOR AFFORDABLE HOUSING

New York City Council Committee on Housing and Buildings: Review of the 421-a Tax Benefit Program

Testimony of Jolie A. Milstein, President and CEO, NYSFAH
January 29th, 2015

The New York State Association for Affordable Housing (NYSFAH) would like to thank Chair Williams and members of the Committee on Housing and Buildings for the opportunity to submit comments on the 421-a Tax Benefit Program (“421-a”). NYSFAH is the trade association for New York’s affordable housing industry, with 350 organizational members statewide, employing thousands of New Yorkers, active in the development, preservation, and management of affordable housing. 421-a has been an invaluable tool for the production of affordable housing in New York City, as exemption from real estate taxes is critical to the development of new affordable housing.

We cannot solve New York’s housing crisis without building more affordable units. The 421-a program has led to the creation of thousands of affordable homes in New York City over the last decade. It facilitates mixed income development and guards against concentrating new construction of affordable housing in the City’s lowest-income neighborhoods. The growing demand for more affordable homes means we must continue 421-a and strengthen it to promote broader affordability and ensure what is built today can be sustained in the future.

The 2015 reauthorization of the 421-a Tax Exemption Program offers the opportunity to further enhance the program’s ability to support production of affordable housing in New York City. NYSFAH recommends the following to maintain and strengthen 421-a:

Oppose prevailing wage mandates: The reauthorization of 421-a must not impose prevailing wage for construction workers on sites receiving 421-a abatements. Imposing prevailing wage on projects receiving 421-a would have a devastating impact on residential construction in New York City – including the production of new affordable units. Mandating prevailing wage for construction workers on all sites receiving 421-a benefits would increase construction costs by 50%, making many projects infeasible, cutting the number of new affordable housing units by as much as half, and killing many local, non-union jobs. In addition, the reauthorization should maintain the existing carve-out for projects with 50% or more affordable units for the building service worker prevailing wage requirements.

Serve a wider range of household incomes through more flexible affordability requirements: NYSFAH supports creating a range of affordability options from which to choose to accommodate variations in project financials and market dynamics within the GEA without the use of limited City subsidy. Adopting flexible affordability requirements that work in a range of markets would enable development in areas that are not currently strong enough to cross-subsidize the 20% affordability requirement at 60% AMI without the use of limited City subsidy. These units would also serve a range of incomes, helping the City achieve its goal of

serving hard-to-reach very low and middle income households. In addition, NYSAFAH recommends that the program allow for income averaging, which would help facilitate even greater income mixing within buildings.

Develop a new middle income Negotiable Certificate Program: A middle income 421-a Negotiable Certificate Program would generate new affordable units for this hard-to-reach income band. Re-conceptualizing the new program as middle income would help the City avoid problematic issues that arose under the previous, discontinued version of the Negotiable Certificate Program, including the concentration of affordable units in the City's lowest income neighborhoods and the rapid escalation of land costs in these neighborhoods as 421-a certificate developers aggressively competed for sites. It would also create opportunities for producing a greater number of affordable units than the current on-site 421-a option.

The City can structure the new program to ensure it receives adequate value, including prescribing which moderate/middle income subsidy programs can be used in conjunction with the certificates and requiring a greater number of certificates per affordable unit in stronger markets with higher rental/sales prices in order to receive the exemption benefits.

Match the duration of the exemption to the affordability requirement: In order for 421-a to be an effective tool for the creation units that are both affordable and financially sustainable over the long-term, the length of the exemption for the affordable units should match the duration of the affordability requirement.

We would like to again thank Chair Williams and the members of the Committee for consideration of NYSAFAH's comments.

Contact: Alexandra Hanson, Policy Director Alexandra@nysafah.org (646) 473-1209

421a Hearing Testimony

January 29th, 2015

Edna Lindquist

Banana Kelly Resident Council

My name is Edna Lindquist. I've lived in the Bronx for over 50 years. I've been a resident of Banana Kelly for 25 years, and am a leader in the Banana Kelly Resident Council. I live in rent-stabilized affordable housing, and as a member of the Resident Council, we are concerned about the loss of affordable housing in our community.

As part of our overall fight for affordable housing, we are here today to call for an end to the 421a subsidy, primarily because it creates no public benefit for our community. Our neighborhood of Hunts Point-Longwood, located within Community Board 2, remains outside the Geographic Exclusion Area, despite having one of the highest rent burdens in the city. This means that developers are not building housing affordable to residents in the community, while they continue to receive a 25 year tax break. In the past five years, 2,053 units have been constructed in zip codes 10455 and 10459 in buildings receiving 421a. None of these units were affordable or rent regulated.¹ Being outside the GEA has perpetuated the lack of affordable housing, making 421a a broken policy.

¹ NYC Department of Finance

At Banana Kelly, 81% of our total waiting list, over 800 families, are below 30% of Area Median Income and cannot meet their affordability needs with the housing available in our community. In our zipcode of 10459, median income is \$24,461 for a household of four.² We need affordable units built at the extremely low income level, about 30% of AMI. The 421a program has done nothing to ease the rent burden in our community, and has not delivered units that match our affordability needs. Meanwhile, the practice of “double-dipping” with other subsidy programs such as Inclusionary Zoning has further diminished its possible impact.

We’re working to ensure that our neighborhood doesn’t lose any more affordable housing. 421a, as is, will continue to push our neighborhood closer to gentrification by subsidizing development without affordable housing. If developers are to receive tax breaks, we need a program that requires true affordability and real public benefits for long-term residents of our neighborhood. Because of the GEA and poorly calibrated affordability requirements, 421a has not and will not accomplish this in our community. We therefore call on you to end the program this year.

² US Census, American Community Survey (2013)

TESTIMONY REAL ESTATE BOARD OF NEW YORK

HOUSING AND BUILDING COMMITTEE OVERSIGHT HEARING JANUARY 29, 2015

421A

INTRODUCTION

The 421a partial tax exemption program created in 1971 has been an important and integral component of new housing production in the City of New York. Since the mid-1980's it has been an important component in the city's efforts to build affordable housing as well. As real property taxes began their dramatic rise in the late 1990s, the burden on residential rental property has been staggering and unsustainable. Rental housing now pays more than 30 percent of their gross revenue to taxes. The partial and temporary tax relief provided by the 421a program is necessary to temporarily alleviate the high tax burden for new housing to be built.

The 421a program will continue to play a crucial role in the city's bold and ambitious ten-year, five-borough housing plan as it mitigates the serious real property tax problems facing housing production, especially affordable and rental housing.

BACKGROUND

In the early 1970's the sole intent of the program was to encourage the construction of new housing. Since then, the program has evolved to be a catalyst for affordable housing; sometimes in ways beneficial to affordable housing production, at other times as an impediment.

In the early 1980's as the city economy and housing market recovered from the fiscal crisis of the 1970s, the city modified the program to capitalize on the growth of the housing market in Manhattan, roughly from 96th Street to Houston Street. It established a Geographic Exclusion Area (GEA) which restricted 421a benefits to projects that included affordable housing on site or that purchased negotiable certificates. The negotiable certificate program established in 1984 and administered by HPD issued certificates to a builder for the completion of new affordable housing anywhere in the city that was built in accordance with the program's requirements. The low-income builder would sell the certificates to a market rate builder to be used for a tax exemption on a market rate project in the GEA.

After a successful start--in the first two years (1988-89) that affordable housing was completed under the negotiable certificate program, there were 8 projects built totaling 882 units--the onset of the recession in 1990 slowed production between 1990 and 1997 (5 projects totaling 155 units). As the economy improved new affordable housing picked up and in the last two years (2005-2006) of the program there were 27 projects totaling 2,017 units. The units built under the affordable housing program were targeted to a low income population and in many cases were the first new housing development in these neighborhoods in decades.

In the midst of the economic slowdown in the early 1990s, the city amended the 421a program to spur new market rate and affordable housing, introducing a twenty year benefit for having 20 percent of the

units on site and available for households earning up to 80 percent of AMI. Over the next twenty years, this program alone generated, primarily in Manhattan, approximately 25,000 new housing units, including 5,000 affordable units.

In mid-2008 when the city and state legislative changes, which dramatically reduced the availability of benefits and expanded the GEA, began to take effect, the economy and the city's housing market plummeted. However, one indicator of the importance of 421a to housing production was the number of permits issued before the program changed and the economy faltered. In June 2008, virtually the last month to vest benefits under the pre-2008 program, the city issued permits for approximately 17,000. That was more units permitted than the other 11 months of 2008 and more permits than the next two years (2009-2010) combined.

The 2008 changes which greatly reduced the benefits available coincided with the worst recession in 50 years. New housing permits over a three year period 2009-2011 averaged 7200 a year, this following a decade in which we averaged 3 times as many units a year. The 2008 changes which were renewed in 2011 did nothing to attempt to reverse this decline in housing production. Many of these changes and the elimination of the certificate program were impediments, not inducements to the production of housing.

THE NEED FOR 421A TODAY

As we face another renewal of the 421a program we need to see the program as one very important tool to address our housing issues and to meet the goals of the administration's housing plan. Equally important to the production of new housing is the program's partial exemption of real property taxes to alleviate the inequitable burden of property taxes on housing which is an impediment to the production and preservation of rental housing.

The city faces a systemic housing problem. New housing production has not kept pace with the growing population which is projected to reach 9 million by 2040. We will need an estimated 20,000 new units a year for 20 years to meet this demand, as well as replacing every unit that may be lost as a result of demolition of unsafe buildings. Even if we reach this level, we will not have created enough units to raise our vacancy level above five percent and create some downward pressure on rents.

At the same time we have a more challenging affordable housing problem. The median New York City renter household income is approximately \$41,000. These households can afford rent of approximately \$1,000 a month. According to the Census there are approximately 1 million households who could afford to pay this rent and below. However, there are only 700,000 units that rent at this level or below. We will need to build at least 300,000 rental units affordable to these household to significantly mitigate this affordability problem. Tax exemption programs, like 421a, are vital tools to address these production problems.

Real property taxes have become virtually an unsustainable burden on rental housing. Between 2002 and 2014 the real property tax levy has increased 130 percent, or approximately 11 percent a year. This growth has fallen more heavily on Class 2 property (multi-family residential property) and especially on

rental housing. In 2014 Class 2 paid 37 percent of the real property tax levy and accounted for only 24 percent of the market value of taxable real estate. Within Class 2 the inequitable tax burden has fallen disproportionately on rental housing compared to coops and condos which are also in Class 2.

According to the Independent Budget Report on Real Property Taxes, residential rental buildings pay property taxes at a rate five times greater than coop and condo buildings. Given the enormous and inequitable tax burden on multi-family residential rental property, we will continue to need a robust, as-of-right tax exemption program to offset for a period of time the crushing burden of property taxes to build new housing and to preserve existing rental housing.

There has been a continuing effort to transform 421a from a housing production plan to an affordable housing production program. This evolution has been underway for more than 30 years with some genuine successes. We should continue to search for ways to make the 421a program better serve the housing needs of our city without jeopardizing overall housing production.



**Testimony of Lenore Friedlaender
Assistant to the President, SEIU Local 32BJ
New York City Council 421-a Oversight Hearing
January 29, 2015**

Good morning Councilmembers. Thank you for the opportunity to testify today. My name is Lenore Friedlaender and I am the Assistant to the President at SEIU Local 32BJ. 32BJ represents 145,000 building service workers across 11 states and Washington, D.C. and 70,000 of those members are here in New York.

The reauthorization of 421-a in June provides us with an opportunity to strengthen this program so that it better addresses both the affordable housing and income inequality crises that New York City is facing.

Specifically, I am here to talk about the ways in which 421-a can be amended to make sure that public dollars are being used to create good quality jobs for building service workers here in New York.

When 421-a was reauthorized in 2007, we won prevailing wage requirements for building service workers. This new requirement helped lift standards for hundreds of workers. The prevailing wage rate is tied to the standard 32BJ bargains with the real estate industry which means that permanent jobs created through the 421-a program are guaranteed to be family-sustaining wages, with family health care coverage, training opportunities, a pension, and a 401(k).

This was an important victory. Many building service workers are people of color and over half are immigrants.ⁱ Most live in low-income neighborhoods.ⁱⁱ The good jobs created have lifted thousands of building service workers out of poverty and has been an important tool to combat income inequality. Without jobs at the established industry standards, many building service workers would otherwise be earning close to the minimum wage without benefits. Good jobs also contribute to a growing middle class, support local businesses and are the path to a more vibrant economy.

For these reasons, the prevailing wage requirements under 421-a should be expanded and strengthened. There are two key ways to do this. First, at the state level we need to amend the prevailing wage carve outs in the law. There are currently two carve outs: one for small buildings that are below 50 units and another for buildings that have at least half of their units affordable to households making 125% of AMI.

The carve out for small buildings means that there are luxury buildings where workers are not being paid the prevailing wage. This includes buildings where units are selling for as much as \$14 million and renting for up to \$40,000 a month.ⁱⁱⁱ Surely, a building this expensive, despite it's size, can afford to pay their workers the prevailing wage.

The affordable housing carve out at 125% of AMI means that we are creating middle-income housing and extremely low wage jobs. This kind of compromise between affordable housing and job quality is not necessary. There is already a diverse cross-section of New York City's affordable housing stock that pays its building service workers the prevailing wage.

These carve outs need to be amended so that all buildings that can afford to pay prevailing wage are required to do so.

The second way to improve prevailing wage requirements under 421-a is by adopting robust enforcement practices.

Currently, the City is not monitoring or enforcing prevailing wage compliance. Our data on prevailing wage compliance is from the limited surveys that we conduct on non-union buildings. Our research shows that prevailing wage non-compliance is pervasive. In 2013, we surveyed 38 non-union buildings that receive the tax break and are required to pay prevailing wage and found that 34 were out of compliance. Three-quarters of the workers did not have health coverage. More than half had no sick days and the average wage of non-compliant buildings was \$4.00 below the legally required rate. A survey we conducted in Queens a few months ago also revealed violations.

For the most part, enforcement of non-compliant buildings is done by workers who fight for fair wages and organize to join the union. And often these workers are met with retaliation. You will hear from one building service worker, Kevin, who was being paid minimum wage in a 421-a building that was required to pay prevailing wage. He was recently fired and was participating in organizing with 32BJ.

In November 2014, Attorney General Schneiderman reached a settlement with a landlord and three developers that returned more than \$460,000 in back wages to workers and enforced rent regulations in those properties.^{iv} Though this victory is one to celebrate, this method of enforcement is not efficient or sustainable and there are still many workers in 421-a buildings that are being paid below the prevailing wage.

As Attorney General Schniderman said, "Tax breaks to developers and landlords are not freebies. They come with legal obligations to New York taxpayers."^v In 2014 alone, building owners cashed in over \$1 billion in property tax savings.^{vi} If these recipients are not going to meet their legal obligations and pay workers the prevailing wages they should not be getting this benefit. And the City has a very important role to play in enforcing these requirements so that our public dollars are being used to battle income inequality and boost living standards for workers.

We would like to see robust enforcement by HPD, with regular payroll reporting, reporting on rental and sale prices, and meaningful penalties for noncompliance with prevailing wage requirements. Under the leadership of the de Blasio administration,

we hope that there will be more vigilant oversight and enforcement of this kind.

Finally, we encourage the City Council to play a more aggressive role in 421-a here in the City. The City is empowered by state law to adopt conditions and limitations on 421-a eligibility, scope and the amount of benefits. The City should use this power to ensure that 421-a benefits are leading to the creation of good quality jobs and affordable housing.

We look forward to working with the real estate industry, advocates, the Mayor, the City Council and state legislators to strengthen prevailing wage requirements and make 421-a a program that works better for working people.

Thank you.

ⁱ <http://fiscalpolicy.org/wp-content/uploads/2014/12/Raising-the-Floor-Wage-Standards-12-16-2014.pdf>

ⁱⁱ <http://fiscalpolicy.org/wp-content/uploads/2014/12/Raising-the-Floor-Wage-Standards-12-16-2014.pdf>

ⁱⁱⁱ <http://streeteasy.com/building/the-touraine#rentals>

^{iv} <http://www.ag.ny.gov/press-release/ag-schneiderman-announces-agreements-nyc-building-owners-return-more-460000-back-wages>

^v <http://www.ag.ny.gov/press-release/ag-schneiderman-announces-agreements-nyc-building-owners-return-more-460000-back-wages>

^{vi} [http://www.nyc.gov/html/dof/downloads/pdf/reports/reports%20-%20tax expenditure/ter_2014_final.pdf](http://www.nyc.gov/html/dof/downloads/pdf/reports/reports%20-%20tax%20expenditure/ter_2014_final.pdf)

Testimony of Michael J. McGuire
Before the Committee on Housing and Buildings
Re: 421a Tax-abatement subsidies
January 29, 2015

Good morning. My name is Michael McGuire and I am the Political Director of the Mason Tenders' District Council of Greater New York, representing 15,000 members of the Laborers' International Union of North America employed as Construction Craft Laborers, hazardous material abatement specialists, recycling plant workers and Catholic high school teachers throughout the five boroughs.

I'm here today to discuss the 421a real estate tax-abatement program. It's somewhat unusual for me to take a position that could be construed as anti-development, and while this testimony may be interpreted as such, in fact, it is not. What it is, is pro-responsible development.

The 421a program was designed to spur development in underserved communities. Yet now, the lion's share of the benefit goes to communities that are in hot real estate markets and in no need of incentives to spur development. Even more galling is the fact that there is little or no benefit to the public for the \$1.1 billion annual tax break.

Obviously, as a worker's advocate, my main concern is the jobs created by this billion dollar subsidy—and make no mistake about it—that's exactly what it is, a subsidy, should be good jobs that benefit the City as a whole. First and foremost, as developers are receiving a public subsidy, prevailing wages and benefits, as determined by the Comptroller of the City of New York, should apply. Contrary to what opponents of prevailing wages say, current prevailing wages do not make anyone rich. One of my members working an average of about 1,400 hours per year, would earn around \$56,000, half the salary of a member of the City Council. At best, with a working spouse, this is a lower-middle class income in New York City.

Secondly, apprenticeship requirements should be put in place. Building trades journeypersons who have completed a New York State certified apprenticeship come away with a skill set that is exportable to anywhere in the world, allowing that person to earn a decent living wherever they may go. Again, despite what opponents will tell you, apprenticeship programs are not, as it's been said "union protection programs". The truth of the matter is that about half the programs in New York State are non-union programs. But here's a stat I'll put up against the non-union programs any time: most of the members of the NYC Building and Construction Trades Council apprenticeship classes are both City residents and people of color. My program for instance, the Mason Tenders District Council Training Fund, is more than 90% City residents and 84% people of color and/or women. As a matter of fact, our program is 9% women of color. That is 450 times the national average for non-union construction. Not 450%, 450 times.

And finally, there should be a local hiring component in exchange for this subsidy. New York City residents are ponying up more than a billion dollars in subsidies every year to developers who are allowed to hire workers from Suffolk and Sullivan Counties, who are free to import workers from Tennessee and Texas. How about the New York City tax subsidy going to hire New York City residents?

With these three recommendations in place, even more local residents could garner spots in certified apprenticeship programs, learn skills that will support them the rest of their lives, and earn wages that will move them up the economic ladder. You're giving away that billion dollars every year anyway...why not demand these life improvements for the citizens of New York in return?

The Mason Tenders District Council supports the reenactment of the 421a program, but only with the recommendations outlined. Its time for the City of New York to turn this boondoggle into a boon for its residents.

Thank you.

Michael J. McGuire

January 29, 2015

**Testimony of Tom Waters
Housing Policy Analyst, Community Service Society**

**Oversight Hearing: A Review of the 421-a Tax Benefit Program
New York City Council Committee on Housing and Buildings**

January 29, 2015

Thank you for this opportunity to comment on the exemptions on New York City property tax under Section 421-a of the Real Property Tax Law. The Community Service Society is an independent nonprofit organization that addresses some of the most urgent problems facing low-wage workers and their communities here in New York City, including the effects of the city's chronic housing shortage.

Tax exemptions under Section 421-a were created in 1971 to encourage development in New York City. At that time, private construction in the city had stalled and New York City appeared to be suffering in competition for investment with other cities. During the 1980s, the city's development picture for New York City was improving, but instead of curtailing 421-a, lawmakers responded by adding provisions related to affordable housing. These provisions were then strengthened in 2006 and 2007. But these changes have not made 421-a into an affordable housing program worthy of the name. They have only provided a new justification for what is better seen as either an obsolete and unnecessary investment incentive or a plain and simple tax giveaway.

In 2014, the city devoted \$1,073 million in tax expenditures to 421-a, covering 163,000 apartments. This was the city's largest single housing expense. It is more than the entire budget of the Department of Housing Preservation and Development. It is more than the combined rents of all tenants in the New York City Housing Authority and also more than NYCHA's federal operating subsidy that supplements those rents. It is more than the total amount of federal Section 8 vouchers that NYCHA administers.

In fact, the 421-a tax expenditure represents enough money to create 100,000 new vouchers to provide affordable housing for the city's poorest people – the ones with the greatest unmet need for affordable housing.

But instead we use this to provide a tax subsidy for 163,000 apartments, most of which are not affordable at all. Probably well under ten percent of those apartments – fewer than 16,000 – are affordable, mostly to households with incomes around \$45,000 a year for a family of three. These are not the city's poorest people, but a group just below the middle of the income distribution. This group does face significant housing stresses in New York City today, but the needs of poorer people are even greater. It also costs much less to make housing affordable to this group than to lower-income people.

The value of the affordability created through 421-a is around \$6,000 per apartment, or \$100 million all told, out of a tax expenditure of more than \$1 billion. Thus only 10 percent of the foregone revenue benefits the tenants in affordable apartments.

421-a is a very inefficient program, even more so since a large share of the affordable apartments created under the program also receive other subsidies. Last year, the Real Affordability for All Campaign analyzed recent 421-a exemptions in an area of downtown Brooklyn. Apparently because most of the developments received their exemptions under the pre-2008 rules, most did not include an affordable component. Of those that did, RAFA found that all but one received other subsidies in addition to 421-a. And that one remaining development, with six affordable apartments, received an inclusionary zoning incentive. So it is not possible to say that the city is receiving anywhere near the full \$100 million in affordability benefits in return for its \$1 billion in tax expenditures.

We can expect that the modest reforms to 421-a enacted in 2006 and 2007 will gradually increase the program's efficiency, because developments in more areas of the city will have to include affordable apartments to receive the subsidy. There could also be further reforms, and the city could also curtail the use of additional subsidies on top of 421-a benefits. But even if the affordable share of 421-a apartments doubles and additional subsidies are eliminated completely, \$1 billion in tax expenditures will still produce only around \$200 million in affordability – a 20 percent rate of efficiency. These reforms will never make 421-a into a genuinely efficient affordability program. Its origins as a pure development incentive will continue to haunt it.

The Community Service Society opposes the renewal of the 421-a tax exemption when it expires in June. If New York City is to use a tax benefit to promote affordable housing, it should scrap the as-of-right exemption approach embodied in 421-a and instead create a tax credit that would be competitively awarded to development projects in proportion with the affordability benefit created, similar to the federal Low Income Housing Tax Credit.



FOR THE RECORD

Civil Practice Law Reform Unit
199 Water Street
New York, NY 10038
T (212) 577-3300
www.legal-aid.org
Direct Dial: (212) 577-3339
Direct Fax: (646) 616-4339
E-mail: EBDavidson@legal-aid.org

Blaine (Fin) V. Fogg
President

Seymour W. James, Jr.
Attorney-in-Chief

Adriene L. Holder
Attorney-in-Charge
Civil Practice

Judith Goldiner
Attorney-in-Charge
Law Reform Unit

**TESTIMONY BEFORE THE NEW YORK CITY COUNCIL COMMITTEES ON
HOUSING AND BUILDING – OVERSIGHT: A REVIEW OF THE 421-A
TAX BENEFIT PROGRAM**

JANUARY 29, 2015

Thank you Chairperson Williams, and members of the Committee on Housing and Buildings, for the opportunity to provide testimony today.

This testimony is submitted on behalf of The Legal Aid Society. The Society is the oldest and largest program in the nation providing direct legal services to low-income families and individuals. The mission of the Society's Civil Practice is to improve the lives of low-income New Yorkers by providing legal representation to vulnerable families and individuals to assist them in obtaining and maintaining the basic necessities of life — housing, health care, food and subsistence-level income or self-sufficiency. The Society's legal assistance focuses on enhancing individual, family and community stability by resolving a full range of legal problems in the areas of housing and public benefits, foreclosure prevention, immigration, domestic violence and family law, employment, elder law, tax law, community economic development, health law and consumer law.

Introduction

421-a is a failed tax benefit program; one that costs New York City over a billion a year in tax payer dollars. In exchange for the billions of dollars of subsidies paid out to developers, New York City has received very little affordable housing for its citizens. Indeed the vast majority of the units built under this program are completely unaffordable to the New Yorkers living in the neighborhoods where the apartments are built. For example, one penthouse at One57, a 421a development, recently sold for 100.5 million dollars. Ordinarily property taxes on an apartment which sold for 100 million dollars would cost the owner \$28,000 a month. Instead, thanks to the 421-a tax benefit program, this billionaire's property tax bill will be discounted 90 percent to \$1,700 a month.¹ Just this one apartment in one 421a building cost the City of New York \$315,000 in each year of the abatement. And almost certainly the owner of this apartment does not pay income taxes in New York City. There may have been a time in New York City's past where this program made sense. However, this is not that time. The New York City Council should decline to renew the 421a program.

421-a Tax Benefit Program

During the 1970's, when the 421-a Tax Benefit Program was created, real estate development in New York City was viewed as a risky investment. There was wholesale disinvestment from the City and a tax abatement was necessary to encourage residential construction. However, in the year 2015, the City looks very different, and an as-of-right program which provides developers with much and asks very little of them is no longer needed.

¹ The Daily Beast, January 20, 2015, "Want to See the State of the Union? Gaze Up at the Tower Where Billionaires Get Tax Abatements", Michael Daly, <http://www.thedailybeast.com/articles/2015/01/20/want-to-see-the-state-of-the-union-gaze-up-at-the-aborrent-billionaire-s-tower.html> (last accessed January 26, 2015)

In 2013, 421-a cost the City 1.1 billion a year, and the cost has more than quadrupled in the last ten years. In exchange for this massive tax giveaway, the program has produced very little affordable housing. In 2003, a report by the Independent Budget Office found that less than 10 percent of units receiving 421-a benefits were affordable. A recent study of 421-a in downtown Brooklyn by the Real Affordability for All (RAFA) campaign suggests that changes made to the program in 2006 and 2008 have not resulted in much more affordable housing. Indeed, the IBO reports that there are 150,000 units receiving 421-a tax benefits and assuming that the number of affordable units has remained steady, and all recent reports suggest that it has, New York City has received less than 15,000 affordable apartments for the over a billion dollars a year in tax giveaways. In addition, the affordable units take from other programs and count any affordable housing against multiple programs including 421-a, 80/20, low income tax credits, tax exempt bonds, density bonuses from inclusionary zoning and direct subsidies from the City. Because of the multiple subsidies underlying each affordable apartment, it is difficult , to determine which program spurred the creation of affordable housing. Moreover any calculation of how much the affordable units cost, must include the costs of these programs. The RAFA report calculated that each affordable apartment in downtown Brooklyn cost almost \$650,000 per apartment when all subsidies were included.

Additionally, the affordable housing which may or may not be created by the 421-a program is unaffordable to many New Yorkers. Putting aside the over 90 percent of the housing which is market rate and out of reach of ordinary New Yorkers, the housing that has been built, and, is in theory the justification for the program, is too expensive for 40 percent of New Yorkers. In other words, 40 percent of New Yorkers are too poor for the

housing purchased by the 1.1 billion dollars in tax subsidies given to developers every year. The true beneficiaries of the program are the extremely wealthy developers who receive the benefits. Indeed, there have been attempts made to reform the law in the past, however, developers have exploited every loophole, so that the reforms have failed to result in much change.

RAFA released a report last year which examined 421-a's effect on the development in downtown Brooklyn, zip codes 11201, 11217 and 11215.² The report found that the average price for new condos was \$777,000, requiring a household income of at least 150,000, almost double the area's median income. The average rent for the new rental units was \$2,643 which would require a household income of \$106,000, 20 percent higher than the area's median incomes. Three fourth of the buildings received a 15 year tax abatement as of right, which allowed the developer to avoid building a single unit of affordable housing. What the 421-a tax benefit program has created is luxury housing which leads to increased market pressure, higher rents, and displacement in surrounding neighborhoods such as downtown Brooklyn, Western Queens, and Harlem. Very few affordable apartments were created and most relied on other subsidy programs in addition to 421a.

² Luxuriou\$ Loophole: How Developer\$ Use Taxpayer\$ to \$ubsidize Housing for the Rich: A New Report on Downtown Brooklyn and the 421-a Program, Researched and Written by the Real Affordability for All Campaign, April 2014.

Conclusion

Thank you for the opportunity to testify before this committee on this important issue. We strongly believe that there is no justification for the continuation of this program which provides developers with billions of tax dollars. The City Council must do everything in its power to end this tax giveaway.

Respectfully submitted,

Ellen Davidson, Esq.
The Legal Aid Society
Civil Practice
Law Reform Unit
199 Water Street, 3rd Floor
New York, NY 10038
(212) 577-3300

Testimony by New York Legal Assistance Group (NYLAG)

**before the New York City Council,
Committee on Housing and Buildings:**

Oversight: A Review of the 421-a Tax Benefit Program

January 29, 2015

Chair Williams, Council Members, and staff, good morning and thank you for the opportunity to speak about the 421-a tax benefit program. My name is Leigh Mangum and I am a Staff Attorney at the New York Legal Assistance Group (NYLAG). NYLAG is a nonprofit law office dedicated to providing free legal services in civil law matters to low-income New Yorkers. NYLAG serves immigrants, seniors, the homebound, families facing foreclosure, tenants facing eviction, low-income consumers, those in need of government assistance, children in need of special education, domestic violence victims, persons with disabilities, patients with chronic illness or disease, low-wage workers, low-income members of the LGBT community, Holocaust survivors, as well as others in need of free legal services.

First, we would like to applaud the Administration and the Council's acknowledgment of the housing crisis in our city. At NYLAG, we are not experts on housing finance; we approach this issue from the perspective of representing tenants in housing court where our clients live in apartments that are rent stabilized because of their

landlords' receipt of 421-a tax benefits, as well as daily witnesses to the effects of New York's policies on the lives of low-income citizens.

NYLAG strongly supports the creation and preservation of affordable housing. As the Council is undoubtedly aware, New York City is losing rent stabilized apartments at an alarming pace; the city lost more than 150,000 rent stabilized apartments between 1994 and 2012. At the same time, aging subsidized buildings are opting out of their subsidies.¹

Affordable rental housing, where tenants have a right to renew their lease, offers stability for low-income New Yorkers and for our neighborhoods. Our clients who live in non-regulated housing leave their family, friends, support services, and medical providers annually, and their children are forced to constantly change schools.

The 421-a program began in the 1970s to encourage development during undoubtedly rough years for the city. But now, there are few neighborhoods where one could argue with a straight face that development need be encouraged. However, the housing crisis is perhaps worse than it has ever been. We can consider the city shelter population for evidence. This week, on Monday night, 58,602 individuals were in the city shelter system, with 72% of them being a part of a family with children.² There is obviously a disconnect that the 421-a program is not addressing.

Much of our skepticism about the program also comes from the fact that as advocates who represent tenants, we have most often interacted with the 421-a program when landlords seek eviction of our clients in a type of housing court case where they

¹ Office of the Mayor, City of New York, *Housing New York: A Five-Borough, Ten-Year Plan*, pp. 22-23. Available at http://www.nyc.gov/html/housing/assets/downloads/pdf/housing_plan.pdf. Accessed January 28, 2015.

² New York City Department of Homeless Services, *Daily Report: Daily Shelter Census*. Available at <http://www.nyc.gov/html/dhs/downloads/pdf/dailyreport.pdf>. Accessed January 28, 2015.

claim that the tenant's lease has expired and there is no right to renew. I can't understate the sense of happiness for a client when you discover that their apartment is rent stabilized and they have a right to continue living there with their family. However, in our experience, there are many landlords in the city who are receiving the benefit of the 421-a exemption but are doing their best not to play by the rules of the rent stabilization requirement that comes with it. These experiences have come largely in the outer boroughs.

On the other hand, we also see tenants whose apartments are rent stabilized due to a 421-a tax exemption, but their rents cannot be considered affordable to a low or even middle income family. A rent of \$4,000 per month, for example, isn't affordable to many families in New York City, let alone our low-income clients.

We would be happy to work together with the Council and other advocates in finding a solution to New York City's housing emergency. Again, we commend the Administration and the Council's commitment to addressing it.

Thank you for the opportunity to testify today.

Respectfully submitted,

Leigh Mangum

FOR THE RECORD

Legal
Services NYC

**TESTIMONY OF LEGAL SERVICES NYC REGARDING
THE 421-A TAX BENEFIT PROGRAM
New York City Council
Committee on Housing and Buildings
January 29, 2012**

Legal Services NYC welcomes the opportunity to give testimony before the New York City Council Committee on Housing and Buildings. For the reasons set forth below, we urge the Council to reject the extension of the wasteful and counterproductive 421-a program.

Legal Services NYC is one of the largest law firms for low income people in New York City. With community-based offices and numerous outreach sites located throughout each of the city's five boroughs, Legal Services NYC's mission is to provide expert legal assistance that improves the lives and communities of low income New Yorkers. Legal Services NYC annually provides legal assistance to thousands of low income clients throughout New York City. Historically, Legal Services NYC's priority areas have included housing, government benefits and family law; in recent years, Legal Services NYC has vastly expanded services in areas of need critical to our client base, including consumer issues and foreclosure prevention, unemployment, language access, disability, education, immigration, and bankruptcy.

Legal Services NYC
40 Worth Street, Suite 606, New York, NY 10013
Phone: 646-442-3600 Fax: 646-442-3601 www.LegalServicesNYC.org
Raun J. Rasmussen, Executive Director
Joseph Steven Genova, Board Chair

The 421-a Tax Exemption Program is set to expire next summer along with the Rent Laws that provide crucial protection for nearly one million low and moderate income New Yorkers. Unlike the Rent Laws, the benefits of the 421-a program go exclusively to a wealthy group of politically-connected real estate developers. Although the program costs the City over \$1 billion per year, it fails to provide an amount of affordable housing remotely proportionate to the loss in tax revenues, which could otherwise be used for affordable housing, education and health care.

Analysts estimate that no more than 15,000 of the 150,000 apartments subsidized by 421-a are affordable even to middle class families. Because developers are permitted to “double dip” by using affordable units to satisfy requirements under inclusionary zoning and other programs, it is likely that many or most of the 15,000 units would have been produced without the 421-a incentives. Even worse, few of the “affordable” units produced are truly affordable by the thousands of low income families who currently pay over 50% of their income as rent, much less the thousands of families overflowing the City’s homeless shelters.

By way of comparison, the New York City Housing Authority annually spends about \$2 billion of *federal funds* to operate nearly 180,000 apartments exclusively for the lowest income families New York, while the 421-a program expends over \$1 billion in *local* funds to subsidize a comparable number of apartments for the richest families in the City. Clearly, the 421-a program represents a massive waste of the City’s resources. It is a relic of the misplaced social priorities of the Giuliani and Bloomberg eras, and is entirely inconsistent with the housing agenda of the DeBlasio administration. The Council should decline to extend the 421-a program upon its expiration.

We thank the City Council for addressing these important issues.

Respectfully submitted,

Edward Josephson, Esq.
Legal Services NYC
40 Worth Street, Suite 606
New York, NY 10013
(718)-237-5538

**Testimony of Vicki Been, Commissioner of the New York City Department of Housing
Preservation and Development
to the
Committees on Housing and Buildings, New York City Council
A Review of the 421-a Tax Benefit Program
January 29, 2015**

Chairman Williams and Members of the Committee, thank you for the opportunity to testify on the Administration's preliminary thinking about how best to reform and improve the 421-a program. HPD's Assistant Commissioner for Governmental Relations and Regulatory Compliance, Baaba Halm, is joining me today.

The 421-a tax exemption program was created in 1971 to stimulate residential housing production. The late 1960s and early 1970s were a period of economic crisis for New York City and neighborhoods across the City were suffering widespread abandonment. One of the State government's responses was an incentive for new residential housing: providing an as-of-right exemption from real property taxes for ten years for all new residential construction. At its inception, the program was not an affordable housing program – it imposed no requirements for affordability. Nor did it take into account that the amount of incentive necessary to entice developers to build new housing might vary borough-by-borough or neighborhood-by-neighborhood.

In 1984, the first affordability requirement was added, in the form of a Geographic Exclusion Area, or GEA. The GEA required projects in the strongest Manhattan markets (below 110th Street), to provide affordable units either on-site or off-site in exchange for the 421-a tax benefit. The GEA was further expanded between 2006 and 2008 to include all of Manhattan and portions of the other four boroughs.

In the mid-1980s a negotiable certificate program was created that allowed off-site affordable units to generate 421-a certificates that could then be bought by market-rate units within the GEA to satisfy their affordable housing obligations. These certificates were sold by affordable housing developers, or their brokers, and bought by market rate developers at prices determined by the free market.

As the law now stands, projects meeting eligibility criteria specified in the statute are entitled to an exemption from real property taxes on the increase in the property's assessed value resulting from the construction of new rental apartment buildings, cooperatives and condominiums on the property. The length of the exemption can either be 10, 15, 20, or 25 years, according to the location, financing and affordability of the project. All exemptions are phased out over a number of years.

The 10-year exemption period is extended to market rate units located in Manhattan south of 110th Street, provided the project obtained negotiable certificates.

The 15-year exemption is extended to market rate housing located north of 110th Street in Manhattan and in the other boroughs. If the project is in the GEA, it is only entitled to the 15-year exemption if it has obtained negotiable certificates.

The 20-year exemption is available to projects located below 110th Street in Manhattan that are carried out with substantial governmental assistance or set aside 20% of the units for affordable housing.

The 25-year exemption is extended to projects located above 110th street in Manhattan and in the other boroughs that are carried out with substantial governmental assistance or that have set aside 20% of the units for affordable housing.

All eligible projects are entitled to construction period benefits of no more than three years following the commencement of construction. Thereafter, projects receive a full exemption for a period, followed by a phase out period. During the construction and full exemption period, owners continue to pay real estate taxes on the pre-construction assessed value of the property.

Developers apply to HPD for a determination of eligibility for a 421-a tax exemption, first for construction period benefits, and upon completion for final certificates of eligibility.

All rental units receiving benefits are subject to rent stabilization for the entire exemption period. Affordable rental units must be rent-stabilized for 35 years, thereafter, tenants with leases for the affordable units may remain as rent stabilized tenants for the duration of their occupancy.

I'd now like to turn to some descriptive information about 421-a projects that can help inform the debate over 421-a. According to the Department of Finance's Annual Report on Tax Expenditures for Fiscal Year 2013, in Fiscal Year 2013, there were just under 150,000 units receiving tax benefits with an exempt value of \$8.1 billion. About half of these were rental properties, while the rest were 1-3 family homes, condos, co-ops and mixed-use.

The tax expenditure was \$1.06 billion in FY 2013 – that is the cumulative total of projects receiving the benefit over the past several decades – every year projects are added, and every year, some projects phase out or leave the program entirely.

Every borough has projects that have benefitted from the program. The number of units that apply for an exemption varies each year, according to the market, the threat that the program might sunset or be revised, shifts in demand between rentals and condos, and shifts in building activity across the boroughs. Generally, more rental units than condos come on each year, but there are exceptions, such as what you see with the condo boom of the mid-2000s.

As I mentioned earlier, projects within the GEA must make 20% of the units affordable; while projects outside the GEA have no obligation to provide affordable units unless they are seeking extended benefits. As you can see, in the past few years, the projects within a GEA, and therefore required to provide affordability, have totaled less than half of all projects applying for 421-a benefits. Projects outside the GEA may provide affordability if they receive other subsidies as a requirement of those subsidies.

Because the cost of the 421-a exemption is high, many people argue that not enough affordable housing is produced, or that it is produced at levels of affordability that do not meet the specific needs of particular neighborhoods, or that is no longer necessary in a city that is thriving economically where housing production is at a peak. However, 421-a is also seen as critical to spur residential development, which comes with benefits including construction jobs and dozens of other ancillary types of jobs associated with the industry. Because of the high value of condo units, and differences in the way that new rental buildings and condo and coop buildings are taxed, rental buildings especially are thought to depend upon the incentive. But 421-a additionally helps increase the supply of affordable housing, and promotes income diversity in high-demand areas. With the exception of projects that are still using negotiable certificates to produce affordable units off-site, the majority of 421-a projects built within the high-demand GEA neighborhoods bring affordable units that would otherwise be very costly to build; they certainly would be beyond the kinds of subsidies that HPD and HDC normally provide to finance affordable units.

There are many calls to improve 421-a. In our work leading up to the release of *Housing New York*, we began to explore those arguments and proposals. Last fall, the Administration consulted with stakeholders to hear more, as we had committed to do in the Housing Plan. We met over 50 representatives from housing advocates, legal aid organizations, organized labor, for-profit and non-profit developers, community groups and Council staff to provide input. Specifically on 421-a, there were a number of policy areas that emerged where the stakeholder group saw room for improvement.

If the program is to be renewed, proposals for reform have many goals. I've synthesized the goals that we are most concerned about here – they all revolve around making the program more efficient and more in tune with our affordable housing policies across the board. We believe the primary goal should be to provide no more incentive than necessary to spur both market rate and affordable production. But the incentive also should be more carefully targeted, and better aligned with our other programs, so that it produces the kinds of housing and neighborhoods that *Housing New York* calls for. And last, but not least, the 421-a program has become difficult and costly to use and to administer, and needs to be simplified and streamlined.

Our approach in exploring possible reforms has been to examine the various aspects of the policy that could be tweaked or changed to better achieve those goals. For example, we are considering the boundaries of the GEA, asking whether it is sound policy to have requirements for affordable housing in some neighborhoods, or blocks within a neighborhood, but not in others. We are considering whether condos should be treated the same under the program as rentals, given the evidence that rentals are harder to finance. As I mentioned earlier, the benefit is now a confusing hodgepodge of exemption terms; should those terms be simplified, shortened, or extended? We are considering whether the proportion of the units in the building that must be affordable should be revised. We are reviewing the arguments over whether all affordable units should be on-site, whether an off-site option should be allowed, and whether the certificate program that was shut down should be reinvented. We are reviewing calls for permanent or longer affordability terms. And finally we are asking how benefit terms and other requirements can be rationalized and simplified, and how can we streamline administration?

We are still in the listening and analysis phase, and look forward to hearing your concerns and the ideas and arguments of those who are testifying today. We are continuing to do market analysis to understand the effect that any possible changes to the program might have on the production of both market rate and affordable housing. We are working in tandem with the Department of City Planning to make sure that the mandatory inclusionary housing program that DCP will propose later this spring and whatever changes are made in 421-a will be complementary. As we look at renewing and reforming the program, we hope to be able to count on your support. I believe we share the same goals as the City Council – to ensure that our tax expenditures are efficient, effective, and producing the kinds of housing and neighborhoods New Yorkers want to live in. How exactly that is best achieved will depend upon many factors, so our mission at this point is to hear all concerns and analyze all options, but stay open and flexible so that we can adjust as we learn more.

Thank you again for the opportunity to testify.

Good Morning. My name is Kevin and I worked at a luxury building called Packard Square in Long Island City. This is a building that receives 421A tax benefits.

I started to work at the building almost a year ago earning \$8 an hour which was the minimum wage at that time. I didn't have any health insurance, vacation days or sick days. When myself or my coworkers are sick, we have take the day off without pay. In addition, we have to find someone who can cover us for the day which sometimes means that we need to give them a little extra from our own pockets to make sure that we are covered.

I have a 3 year-old son and my wife is pregnant with another child. We have to pay for our rent, our food, and all of our bills with my salary of \$8 an hour. I am always behind on my bills. I either have to ask for extra time to pay or I have to decide which bills not to pay in that month.

With a wife who is 3 months pregnant, I was worried. Another baby is coming and it would be impossible to support my family on minimum wage.

When I found out that they company was supposed to be paying much more according to the law I decided to fight for what I deserve—thinking about what was good for my family.

After delivering a letter that stated my rights along with my coworkers, they fired me and my brother. This week I received my last check of \$61

This week I have to pay my rent—how am I going to pay my rent with \$61?

I am going to keep on fighting with my co-workers until the owners of this building comply with the law and I am able to build a more stable life for myself and my family.

Thank you for listening to me. I am asking for your support because I know that I am not the only one who is facing these problems. There are many of us.

UNITED BROTHERHOOD OF CARPENTERS AND JOINERS OF AMERICA

NEW YORK CITY & VICINITY DISTRICT COUNCIL OF CARPENTERS

JOSEPH A. GEIGER
Executive Secretary - Treasurer

STEPHEN C. McINNIS
President

MICHAEL P. CAVANAUGH
Vice President



INSTITUTED AUGUST 12TH, 1881

395 HUDSON STREET - 9TH FLOOR

NEW YORK, N.Y. 10014

PHONE: (212) 366-7500

FAX: (212) 675-3118

www.nycdistrictcouncil.com

January 29, 2015

Oversight - A Review of the 421-a Tax Benefit Program

Good Afternoon. Thank you Chairman Williams, other Councilmembers present, for allowing me to speak today. My name is Rubén Colón, and I am here representing the New York City & Vicinity District Council of Carpenters, a representative body comprised of eight individualized locals, and 25,000 members.

The Carpenters Union represents the rights of workers, raising the standard for not only our members, but for all construction workers in the New York City metropolitan region. We are here today on behalf of workers that build the structures subsidized by the 421-a tax benefit program. There are no current prevailing wage protections for workers that are tasked with building the projects granted 421-a funding. Developers are receiving significant funds to construct these multiple dwelling buildings, yet no labor standards for the construction are attached. Workers could be receiving poverty level wages with no benefits on jobs where there is a significant public subsidy. We should be demanding more from developers receiving this subsidy. We should be requiring they provide good, middle class jobs, with family sustaining wages. The 421-a program in its current form is not promoting quality careers, but is subjecting workers to low paying, temporary jobs. Some positive steps have been taken with respect to building service workers. It is already mandated that a large number of building service workers receive the area's prevailing wage if they are working in a building that receives 421-a funding, yet those same protections are not extended to construction workers. In order to ensure greater economic opportunity for an even greater pool of workers, prevailing wage protections for construction workers must be included in any proposal for 421-a reform.

There have been a number of studies emphasizing the need for greater oversight and accountability in the 421-a program. The Pratt Institute issued a report in 2006, highlighting a number of deficiencies that remain today. The report decries the fact that developers qualifying for these programs are paying substandard wages, while receiving these subsidies. Many of the projects that qualify for 421-a are not included in the exclusion zone, and therefore do not create any additional affordable units. Currently, we are subsidizing luxury development without mandating construction workers receive family sustaining wages. We are subsidizing the perpetuation of economic disenfranchisement and inequality. A June 2012 Cornell University Report highlights this point, stating tax abatement programs are benefitting for-profit developers, while doing little to help workers and low income New Yorkers. We should no longer be complacent in the failings of the current 421-a program, we should work to reform it in a meaningful way.

Projects receiving any form of a public subsidy should be subject to prevailing wage laws. Under the current 421-a program, a developer can construct luxury condos with no affordable housing component, while paying workers below area standard wages. We should not be subsidizing the exploitation of workers. We should not be rewarding greed.

The Carpenters Union aims to provide local New Yorkers with opportunities for quality careers, and this can only be achieved by demanding a greater return from tax abatement programs. The 421-a program can do more to create economic opportunity by mandating the payment of prevailing wages on publicly subsidized projects. By making the payment of prevailing wages a compulsory requirement; we can spur economic opportunity for more New Yorkers. Tax abatements should not benefit the bank accounts of developers, but should serve to better the lives of everyday New Yorkers.

421-a reform can create positive change for New Yorkers. We must work to see that positive change realized.



**BUILDING &
CONSTRUCTION
TRADES COUNCIL
OF GREATER NEW YORK**

GARY LaBARBERA
PRESIDENT

AFFILIATED WITH THE
BUILDING CONSTRUCTION TRADES DEPARTMENT
OF WASHINGTON D.C.

BUILDING AND CONSTRUCTION TRADES COUNCIL
OF NEW YORK STATE

AMERICAN FEDERATION OF LABOR OF CONGRESS
OF INDUSTRIAL ORGANIZATION

**NYC Council Housing and Buildings Committee
Review of the 421A Tax Benefit Program
January 29, 2015**

My name is Santos Rodriguez and I am speaking on behalf of the Building and Construction Trades Council of Greater New York representing unionized construction workers, of which approximately 52,000 are New York City residents. 75% of **all** Building Trades apprentices working in NYC are City residents; and a recent analysis of just **first year** apprentices showed that 88% of Building Trades apprentices were City residents.

I want to start by thanking the Housing and Buildings Committee members and Chair Councilmember Williams, for this oversight hearing today on 421A.

While we have historically supported programs that incentivize development and therefore construction opportunities, we want to ensure that these programs result in more affordable units and good jobs.

This January, the Fiscal Policy Institute issued a report on New York City taxes that describes the 421A program as one that still grants exemptions in many parts of the City without any affordable housing requirement and provides reduced benefits in exchange for a commitment of only 20 percent affordable units in high-demand neighborhoods in Manhattan and in parts of the other boroughs. Thus, 421A tax breaks end up subsidizing thousands of luxury residential units. The \$1.1 billion annual cost of the 421A tax breaks has soared by over 1100 percent since 1998, more than six times the growth in the City's property tax collections over that 16-year period.

Therefore, 421A is a tax subsidy that unfortunately has historically been given primarily to high end, luxury developments without a clear and measurable rate of investment and accountability. It fails in its goal to create any real dent in New York City's affordable housing crisis and provides a small amount of units whose "affordability" is too often for upper middle income New Yorkers. Additionally, these developments are not required to utilize skilled, highly trained workers and provide a fair wage.

As New York State considers renewing 421A, the NYC Building Trades strongly advocates that there be requirements added for large publicly subsidized, majority market rate developments. We advocate that large scale projects receiving a 421A subsidy be required to pay prevailing wages for the workers on these projects. Adding a prevailing wage requirement will ensure that the jobs created by these projects, which stand to generate millions of dollars in revenue, are good jobs with fair wages.

Furthermore, 421A needs to be restructured to ensure that this tax subsidy propels construction of deeper affordability and quality built housing units. This would help the city address its ambitious affordable housing goal and end the poor construction issues that often plague affordable housing units. Additionally, the Building Trades supports Councilmember Lander's legislation to expand the geographic boundaries of 421A allowing for further affordable housing developments in additional New York City neighborhoods.

The Building Trades is encouraged by the Mayor's commitment to build and/or preserve 200,000 units of affordable housing. We continue to work with the administration on how we can be part of the solution to achieve this goal.

One significant way to achieve the Mayor's goal, is for the city to use 421A as a tool to increase the amount of affordable housing units and their quality, expand its use for additional developments in New York City, and protect the wage standards for large mostly market rate/upper income construction.

Thank you for the opportunity to address the committee today. We look forward to further conversations on this with the Council and the Mayor's Office.



WALTER T. MOSLEY
Assemblyman 57th District

COMMITTEES

Housing

Banks

Corporations, Authorities & Commissions

Cities

Codes

Correction

THE ASSEMBLY
STATE OF NEW YORK
ALBANY

DISTRICT OFFICE
Shirley A. Chisholm State Office Building
55 Hanson Place, Room 328
Brooklyn, New York 11217
718-596-0100
FAX: 718-596-4992

ALBANY OFFICE
Room 528
Legislative Office Building
Albany, New York 12248
518-455-5325
FAX: 518-455-3684

EMAIL
mosleyw@assembly.state.ny.us

Testimony

421-a Tax Abatement Program Public Hearing New York City Council Committee on Housing and Buildings

250 Broadway
Public Hearing Room, 14th Floor
New York, New York

Thursday, January 29th, 2015

First and foremost, I would like to thank Chairman Williams and the members of the City Council Committee on Housing and Buildings for allowing me the opportunity to testify today on the housing tax abatement known as 421-a.

My name is Walter Mosley, New York State Assemblyman from the 57th Assembly District. I represent the neighborhoods of Fort Greene, Clinton Hill, Prospect Heights and parts of Bedford Stuyvesant and Crown Heights. I currently sit on the Housing Committee for the State Assembly.

As many of you know here in this room, the rent stabilization laws for the state are set to expire this June. Those laws, which govern hundreds of thousands of tenants in New York City, are inextricably tied to the tax incentive programs offered to real estate developers – in this case I focus my attention to the 421-a tax abatement program.

The 421-a tax abatement program was started in 1970 to incentivize residential development in – what was then – a city on the brink of economic and fiscal collapse. When President Ford issued his infamous statement to New York City Mayor Lindsay, “Drop Dead” upon the request for financial assistance for the City of New York, civic leaders at the time had to come together to formulate a fiscal policy plan that would entice developers to reinvest in a city on its last legs.

In the 1980s, as the economy saw an uptick and resurgence in the housing market in Manhattan, City officials decided to take advantage of Manhattan’s growing prosperity to generate affordable housing by designating an “exclusion zone,” roughly between 14th and 96th Streets. Within this zone, developers became eligible for the 421-a tax abatement program only if they agreed to build affordable units for low-income families, commonly known as “80/20”.

Since then, the 421-a program has been used not to spur on economic development and increase our affordable housing stock, but to subsidize luxury real estate development at the price of hardworking city residents and their tax dollars. The 421-a program has subsidized over 100,000 housing units since the program's inception. However, according to a recent report published by Pratt Institute in conjunction with Habitat for Humanity, citing a 2003 report by the Independent Budget Office, only about 8 percent of the units are affordable to low or moderate income families.

In that same time frame, average tenant incomes were down 5.6 percent, but average rents were up 8.7 percent city-wide. In the communities of central Brooklyn, whom I represent, the average household income is roughly \$35,000 dollars a year, which has stagnated for over a decade. In fact, rents this year have also spiked, with an average apartment in Brooklyn going for \$2,858 in October of 2014, up almost 6 percent from the previous year according to Real Trac report.

In light of these drastic numbers, the affordable housing crisis in this city is at a peak and we as elected representatives have turned to programs like 421-a to urge private sector growth of affordable housing – only to realize that the cost far exceeds the actual benefits.

I will tell you that this program – which cost the City of New York \$320 million this past year alone, is shifting the burden of taxation unjustly on those who can least afford it; the hard-working families of New York City.

I am here today to declare that this program is out dated and must be revised to be more equitable in an effort to benefit those who are impacted the most by this housing crisis. As a result, I fully endorse three basic concepts towards reforming the 421-a tax abatement program:

1. The inclusion of all five boroughs within the exclusionary zone which requires developers to build mandatory affordable housing in order to receive 421-a benefits and not under “as of right” inclusion;
2. The redistribution of the “80/20” model of market rate to affordable units ratio, and change it to a “50/30/20” model - with 50% market rate, 30% moderate income, and 20% low income; and
3. The permanent placement of those affordable units created by the 421-a tax abatement into the State's rent stabilization program. After the expiration of the tax exemptions, affordable units that fall under the rent stabilization program, because of the abatement, are automatically discharged from the program regardless if the current rent levels are not at the “decontrol market rate” of \$2,500 a month.

This puts undue burden on tenants and places so many families at risk of losing their affordable units to a loophole in the current law. I firmly believe that if this system of incentives within 421-a is to be kept, there needs to be a drastic change to this program and its core design.

Another large area of concern is the income bands that are used to calculate “affordability” in the city. Using the HUD calculated income bands for the New York metropolitan area – which

includes parts of Westchester County – drastically skews the aggregate numbers and misrepresents vast portions of people who reside in the city.

So I issue a challenge to my fellow colleagues in the state legislature, we must come up with a better system to track State resident income brackets and tie State affordable housing programs to those numbers. This will finally help many of us answer the question that we hear asked all over our city and districts - “what is affordable”?

Going forward, I pledge to the assembled members of the City council, my fellow state legislators and more importantly the citizenry of New York, that I will work tirelessly with my Assembly colleagues and those in the State Senate to reform the 421-a tax abatement program in an effort to make it more equitable to individual tax payers and to create permanent affordable housing throughout our city.

Again, I want to thank Chairman Williams and the committee for the opportunity to testify before you today.



ARCHITECTS COUNCIL OF NEW YORK CITY INC.

14 EAST 38TH STREET, 11TH FLOOR, NEW YORK, NY 10016

PRESIDENT
JOHN J. SCHESCHAREG

VICE PRESIDENT
KIM LEE VAUSS

SECRETARY
SEBASTIAN D'ALESSANDRO

TREASURER
GAETANO RAGUSA

LEGAL COUNSEL
RAYMOND T. MELLON ESQ.
ZETLIN & DECHIARA

MEMO PAD EDITOR
PAUL DI NATALE

CONSTITUENT ORG.
BRONX CHAPTER AIA
B'KLYN CHAPTER AIA
QUEENS CHAPTER AIA
S. I. CHAPTER AIA
SOC. AMER. REG. ARCH.

FOR THE RECORD

January 26, 2015

The New York City Council
Housing and Buildings Committee
Council Chambers - City Hall
New York, NY 10007

RE: Review of the 421-a Tax Benefit Program

Dear Housing and Buildings Committee Members and Committee Chair Williams,

The Architects Council of New York (ACNY) in our capacity as an umbrella organization in support of professional architectural societies is hereby writing in support of the proposed renewal of the 421-a Tax Benefit Program under review by the Committee on Housing and Buildings.

ACNY is in support of the renewal of this legislation which we believe encourages the development and retention of residential housing units in the City, provides employment for our members and the construction industry and helps maintain the vitality and stability of existing neighborhoods in all boroughs of the City.

Expansion of the program to more districts contributes to the enhancement of the New York City's financial viability. This program has generated employment, housing innovation and contributed to the future financial viability of our city in the past. The continuation of the program is important to New York City's continued success as the greatest city in the world.

Respectfully submitted,

Robert Strong, Architect
Director Legislative Impact
Architects Council of New York

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Edna Lindquist

Address: 755 Dawson St. #2R BKLYN N.Y. 10455

I represent: BARIANA KELLY

Address: 863 PROSPECT 10459

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Shimon Rinkovskiy

Address: 2957 Brighton 8th St. BRKLYN 11235

I represent: MYSELF (not Vice Chair of CB 13)

Address: Resident OF NYC

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☒ in favor ☐ in opposition

Date: 1/21/15.

(PLEASE PRINT)

Name: Lionelle Hamanaka

Address: 666 W 94 St NYC

I represent: Military Families Speak Out

Address: Metro Chapter

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Boots Whitlock
Address: 790 11th ave apt 8.D Ny. Ny 10019

I represent: myself g

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Patrick Mackrell
Address: 50 Beaver Street NY NY

I represent: NY BDC

Address: ABC at Albany NY

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☒ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Avi LESHER
Address: _____

I represent: BROOKLYN CHAMBER OF COMMERCE

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

SUPPORT
for Veteran Entrepreneurship
Date: 1/21/2015

(PLEASE PRINT)

Name: Robert Piechota

Address: 25 Chapel St - NY City College of Tech

I represent: Small Business Development Center - (SBC)

Address:

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 21/Jan 2015

(PLEASE PRINT)

Name: Scott Davidson

Address: 22615 Williams Acres Leesburg VA 20175

I represent: Veterans

Address:

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Vince McGowan

Address: 320 W 76th St NY 10023

I represent: Veteran Advisory Board

Address: 346 Broadway

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

Name: Londel Davis (PLEASE PRINT)

Address: 2289 5th Ave

I represent: American Fire Control

Address: 2386 7th Ave NY NY 10030

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 1/21/15

Name: Lisette Camilo (PLEASE PRINT)

Address: 253 Broadway

I represent: NACS

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 21 Jan 2015

Name: Maria Torres-Springer (PLEASE PRINT)

Address: 110 William Street, 7th Floor

I represent: NYC Dept. of Small Business Services

Address: 110 William Street, 7th Floor

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 21 Jan 2015

(PLEASE PRINT)

Name: Catherine La Porte

Address: _____

I represent: Mayor's Office of Veterans' Affairs

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Catherine LaPorte

Address: 316 E 30th St

I represent: Commissioner of Social Services

Address: Commissioner of MDTA

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Tom Waters

Address: 90 Terrace View Ave Rm 10763

I represent: Community Service Society

Address: 105 E 22 St Man 10010

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☒ in opposition

Date: _____

(PLEASE PRINT)

Name: Maritza Silva-Farrell

Address: _____

I represent: Real Affordability For All

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☒ in opposition

Date: 1/29/15

(PLEASE PRINT)

Name: Sarah Desmond

Address: _____

I represent: Housing Conservation Coordinators

Address: 777 Tenth Avenue NYC

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 1/28

(PLEASE PRINT)

Name: NYS Assemblyman Walter T. Mosley

Address: 55 Hansen Pl Bk NY

I represent: NYS Assembly

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☒ in opposition

Date: 1/29/15

(PLEASE PRINT)

Name: Esteban Giron

Address: 951 Carroll St. #6F

I represent: Crown Heights Tenant Union

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☒ in opposition

Date: 1/29/15

(PLEASE PRINT)

Name: Kahle Goldstein

Address: 236 W. 27th St

I represent: Tenants + Neighbors

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 4219 Res. No. _____

☒ in favor ☐ in opposition

Date: 1/29/2015

(PLEASE PRINT)

Name: Cecil Scheib

Address: _____

I represent: Urban Green Council

Address: 70 Broad St NY NY

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

Name: (PLEASE PRINT) \$ Samuel Vasquez

Address: _____

I represent: Good Old Lower East Side

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 1/29/15

Name: (PLEASE PRINT) Ruben Colon

Address: BROOKLYN, NY

I represent: NYC District Council of Carpenters

Address: 395 Hudson

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 421a Res. No. _____

☒ in favor ☐ in opposition

Date: 1/29/15

Name: (PLEASE PRINT) Mike McGuire

Address: _____

I represent: Masontenders District Council

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 4219 Res. No. _____

☒ in favor ☐ in opposition

Date: 1/29/15

Name: Santos Rodriguez (PLEASE PRINT)

Address: 1723 Street Suite 501

I represent: Building & Construction Trades Council

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: January 29, 2015

Name: Gale A. Brewer, Manhattan Borough President (PLEASE PRINT)

Address: 1 Centre Street, 19th Floor, NY NY 10007

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 1/29/15

Name: Ellen Davidson (PLEASE PRINT)

Address: _____

I represent: The Legal Aid Society

Address: 199 WATER ST

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Tom Waters

Address: _____

I represent: Community Service Society

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 1/29/15

(PLEASE PRINT)

Name: Vicki Been

Address: 100 Gold

I represent: HPD

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 1/29/15

(PLEASE PRINT)

Name: Baaba Halm

Address: 100 Gold

I represent: HPD

Address: _____

Please complete this card and return to the Sergeant-at-Arms

please keep
w/ other 32BJ
Speaker
(1)

THE COUNCIL THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 1/29/2015

(PLEASE PRINT)

Name: Lenore Friedlaender

Address: 25 W 18th Street, NY NY

I represent: SEIU Local 32BJ

Address: _____

please
keep w/
other 32BJ
Speaker
(2)

THE COUNCIL THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 1/29/2015

(PLEASE PRINT)

Name: Kevin Galarza

Address: _____

I represent: SEIU Local 32BJ

Address: _____

THE COUNCIL THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 1/30/2015

(PLEASE PRINT)

Name: BARIKA WILLIAMS

Address: 406 Sterling Pl #4A Brooklyn

I represent: AUMD

Address: 50 Broad St #1402 NY, NY

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

Name: Keisha Jacobs (PLEASE PRINT)

Address: 594 PK Place

I represent: Crown Heights Tenants

Address: Union

► Please complete this card and return to the Sergeant-at-Arms ◄

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 1/29/17

Name: EDWARD JOSEPHSON (PLEASE PRINT)

Address: 105 COURT

I represent: LEGAL SERVICES NYC

Address: _____

► Please complete this card and return to the Sergeant-at-Arms ◄

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)
Name: Nathaniel Fields
Address: 75 Broad St
I represent: Urban Resource Institute
Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 421a Res. No. _____

☐ in favor ☒ in opposition

Date: Jan. 29, 2005

(PLEASE PRINT)
Name: Jean Folkes
Address: Flatbush Tenant Coalition
I represent: 1616 Newkirk Ave Brooklyn
Address: _____

Please complete this card and return to the Sergeant-at-Arms