Legislation Details (With Text)

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Title: Resolution calling upon the United States Department of Housing and Urban Development to create and implement policies that provide greater transparency regarding the status of buildings whose Section 8 status is set to expire or which have been labeled “distressed” by the Department of Housing and Urban Development.

Sponsors:

Indexes:

Attachments: 1. Committee Report 5/3, 2. Committee Report 5/25, 3. Hearing Transcript 5/3, 4. Committee Report 6/28, 5. Hearing Transcript 5/25, 6. Hearing Transcript 6/28, 7. Hearing Transcript - Stated Meeting 6/28

Date	Ver.	Action By	Action	Result
4/21/2004	*	City Council	Introduced by Council	
4/21/2004	*	City Council	Referred to Comm by Council	
5/3/2004	*	Subcommittee on Public Housing	Hearing Held by Committee	
5/3/2004	*	Subcommittee on Public Housing	Laid Over by Subcommittee	
5/25/2004	*	Subcommittee on Public Housing	Hearing Held by Committee	
5/25/2004	*	Subcommittee on Public Housing	Laid Over by Subcommittee	
6/28/2004	*	Committee on Housing and Buildings	Hearing Held by Committee	
6/28/2004	*	Committee on Housing and Buildings	Approved by Committee	Pass
6/28/2004	*	City Council	Approved, by Council	Pass

Res. No. 289

Resolution calling upon the United States Department of Housing and Urban Development to create and implement policies that provide greater transparency regarding the status of buildings whose Section 8 status is set to expire or which have been labeled “distressed” by the Department of Housing and Urban Development.

By Council Members López, Reyna, Gerson, DeBlasio, Brewer, Clarke, Gennaro, James, Liu, Martinez, Nelson, Reed, Rivera, Sanders, Vann, Palma, Seabrook, Gonzalez, McMahon, Jackson, Boyland, Comrie, Sears, Weprin and The Speaker (Council Member Miller)

Whereas, The Section 8 Program (Program), currently administered by the United States Department of Housing and Urban Development (HUD), is the nation's primary form of low-income housing assistance; and

Whereas, Under the Section 8 Program, HUD provides direct subsidies to private property owners who provide affordable units for low-income families; and

Whereas, These properties are referred to as "project-based" Section 8 and house 72,000 low-income, elderly and disabled New York City residents; and

Whereas, Data compiled from the HUD website on April 15, 2004 estimates that there are more than 50,000 units of project-based housing that could be lost by 2009 due to the expiration of Section 8 contracts resulting from building owners opting out of the Program; and

Whereas, In January of 2003 the Director of HUD's Office of Asset Management, issued a memo to all HUD field offices encouraging aggressive enforcement action for buildings that are at-risk due to financial mismanagement or failing physical conditions; and

Whereas, These buildings are known by HUD as "distressed properties," wherein if a building owner has the financial means, HUD encourages him or her to pre-pay his or her mortgage, opt-out of the Section 8 Program and keep the property; and

Whereas, Another enforcement tool utilized by HUD is foreclosure, where HUD seizes the property and sells it at public auction; and

Whereas, Since 2003, a large number of foreclosure actions have been initiated in New York City and as many as 10 buildings (more than 2000 families) are already actively being targeted by HUD for enforcement actions, and another nearly 17,000 units are potentially at risk of foreclosure due to poor building conditions; and

Whereas, In several recent "enforcement" cases, HUD has allowed delinquent owners to opt out of the Program and deregulate the housing stock despite being in default of their regulatory agreement; and

Whereas, Often these deregulated units do not meet basic quality standards and are burdensome

troubled housing stock that is destined to further drain New York City's already limited resources; and

Whereas, In other cases, HUD has proceeded with foreclosure actions while ignoring federal statutes, such as 12 U.S.C. §1701-z, that stress tenant participation, community input, and local control; and

Whereas, HUD's actions have left low-income families watching their homes sold at public auction to speculators looking to maximize investment dollars on the backs of low-income families; and

Whereas, HUD has no policies or procedures in place which would adequately pre-qualify bidders prior these auctions to ensure that they are responsible landlords with experience owning and operating multi-family affordable housing; and

Whereas, Such a system shuts out responsible developers committed to preservation, as well as low-income families who may want to attempt collective tenant ownership; and

Whereas, HUD places no cap at these auctions, often resulting in inflated purchase prices, new owners finding that they are not generating enough money to make necessary repairs to a building and maintain a reasonable profit, and ultimately leading to a building's further deterioration; and

Whereas, HUD is currently obligated to provide one year notice to tenants that their property owner might opt-out of the project-based Section 8 and tenants who face foreclosure are guaranteed only sixty days notice before their building is scheduled to be auctioned; and

Whereas, HUD should take steps towards greater disclosure by sending notification regarding any threat to or potential loss of subsidized status in a more timely manner to tenants, technical assistance providers, elected officials and other community stakeholders while ensuring that these materials are translated into languages other than English; and

Whereas, If HUD is making a recommendation for foreclosure, approving a sale, or approving an owner's pre-payment of a mortgage, that information should be shared with the appropriate housing agency in New York City well in advance of the action so these local housing agencies can take appropriate actions to preserve the City's affordable housing stock; and

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Whereas, HUD should transform its foreclosure process to make it easier for tenants to obtain information on the status of their buildings so they can play a more proactive role in preserving their housing; now, therefore, be it

Resolved, That the New York City Council calls upon the United States Department of Housing and Urban Development to create and implement policies that provide greater transparency regarding the status of buildings whose Section 8 status is set to expire or which have been labeled “distressed” by the Department of Housing and Urban Development.

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