



Legislation Text

File #: Res 1036-2007, **Version:** *

Res. No. 1036

Resolution calling upon the New York State Legislature to pass and the Governor to sign S.5948 to amend the private housing finance law, or in the alternative, to authorize the City to enact a local law that would provide tenants a right of first refusal in the event that their Mitchell-Lama or project-based Section 8 buildings are sold, in order to preserve affordable housing in New York City.

By Council Members Gerson, Brewer, Dickens, Jackson, James, Koppell, Lappin, Mark-Viverito, Palma, Recchia Jr., Sanders Jr., Weprin and Gonzalez

Whereas, Mitchell-Lama and project-based Section 8 affordable housing units are found throughout New York City and State; and

Whereas, Owners may withdraw from Mitchell-Lama or project-based Section 8 programs after participating for a certain time period as required by law or by opting out by prepaying their subsidized mortgages; and

Whereas, Owners who are no longer constrained by these subsidized programs may sell their buildings, which often results in fewer affordable housing units available to low- and moderate-income tenants as the new owners open the buildings to market rents; and

Whereas, *The New York Times* reported on August 30, 2007, that Starrett City, a Mitchell-Lama housing complex in the borough of Brooklyn, may shortly withdraw from the subsidy program if the owners pay off their "\$234.4 million no-interest mortgage" possibly increasing rents to market rate and adversely affecting about 700 Mitchell-Lama tenants; and

Whereas, The increasing scarcity of affordable housing in New York City makes it crucial to preserve existing subsidized housing units; and

Whereas, In 2005, New York City passed Local Law 79, which created a right for tenants to purchase

Mitchell-Lama and project-based Section 8 buildings being sold after owners withdrew from these subsidy programs; and

Whereas, Local Law 79 provided for tenants of Mitchell-Lama and project-based Section 8 rental housing the opportunity to match any outstanding bonafide offer solicited to or offered for the property in the event of a termination of the rental subsidy program; and

Whereas, Local Law 79 would have ensured that owners received the fair market value of their property; and

Whereas, In April 2007, a New York State Supreme Court justice held that Local Law 79 was preempted by existing laws, which allow owners to withdraw from Mitchell-Lama programs and project-based Section 8 without giving tenants the right of first refusal; and

Whereas, In May 2007, New York State Senator Liz Krueger introduced S.5948, a bill that would give tenants in Mitchell-Lama and project-based Section 8 buildings a right to purchase their buildings under certain circumstances similar to those set forth in Local Law 79; and

Whereas, S.5948 would give at-risk tenants the right to purchase their affordable housing developments upon subsidy termination in order to maintain their affordability, now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to pass and the Governor to sign S.5948 to amend the private housing finance law, or in the alternative, to authorize the City to enact a local law that would provide tenants a right of first refusal in the event that their Mitchell-Lama or project-based Section 8 buildings are sold, in order to preserve affordable housing in New York City.

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