



Habitat for Humanity – New York City Advocacy E-Newsletter
March 2006 (Issue No. 15)

**From now on, you'll receive Habitat-NYC's housing news twice as often!
Starting with this issue, our Advocacy E-Newsletter will be distributed every month.**

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1. Housing Covenant Update

Debate Heats Up on City Tax Exemptions for Luxury Housing

The movement to turn the city's 421-a property tax exemption from a giveaway for luxury developers into a tool for affordable housing has been gaining momentum over the last several weeks. News coverage has drawn public attention to the issue, advocates have begun to weigh in, and Mayor Bloomberg has convened a task force to study the exemption, making it likely that some reform will happen within a few years.

Reforming the 421-a exemption is Habitat for Humanity – New York City's citywide priority for 2006. At present, in most of New York City, developers can receive a 10- to 15-year exemption from property taxes for any newly constructed housing with more than three units. In a designated area in Manhattan, developers are only eligible for a tax exemption if they build or subsidize affordable units. But in most of the city — including flourishing neighborhoods such as Tribeca, Harlem, and Park Slope — the exemption comes with no strings attached. In total, city taxpayers are giving up \$300 million every year in lost taxes to subsidize the construction of new housing, almost all of it in market-rate and luxury developments.

As the task force deliberates, Habitat-NYC and other advocates will be making the case for a fundamental reform of the 421-a exemption. We urge the Mayor to turn the tax exemption into an incentive for

developers across the city to build affordable housing, so that the booming housing market produces more affordable housing rather than displacing it.

Please join us in asking Mayor Bloomberg to use this tax exemption as a tool to build more affordable housing. Click here (<http://capwiz.com/habitatnyc/issues/alert/?alertid=8595576>) to contact the mayor; a suggested letter is included.

We will keep you informed as this issue continues to develop over the next months.

Fact sheet on the 421-a tax exemption (<http://www.habitatnyc.org/pdf/advocate/Pratt421a.pdf>), prepared by the Pratt Center for Community Development (PDF)

New York Times article (<http://tinyurl.com/z37m2>)

Press release from the Mayor's office (www.nyc.gov/html/om/html/2006a/pr059-06.html)

2. Habitat-NYC Goes to Washington

The fight to preserve funding for federal housing assistance programs topped the agenda when a contingent of Habitat-NYC family partners and Advocacy Department staffers trekked to Washington, D.C., in February for the annual conference of the National Low-Income Housing Coalition.

The conference brought together advocates from across the country to discuss current debates around housing and homelessness policies, share strategies and meet with Congressional representatives to push for more support for affordable housing.

Family partners Regina Graham and Mike Murphy spoke eloquently about their concerns, especially funding needs for public housing and Section 8 vouchers. These programs, which provide millions of low-income families across the country with affordable homes, are severely under-funded. In recent years, federal support for housing assistance has remained stagnant or declined, even as housing costs skyrocket nationwide and low-income families struggle to make ends meet.

Habitat-NYC's family partners and staff spent the day on Capitol Hill, visiting elected officials' offices and urging New York's Congressional representatives to take the lead in fighting proposed cuts. The Administration's proposed budget for 2007 includes substantial cuts to modernization programs for public housing, housing assistance for low-income elderly and disabled people and the Community Development Block Grant program.

The Habitat-NYC team also attended workshops on such issues as green building, the Congressional budget process and efforts to create a national affordable housing trust fund. New York City Mayor Mike Bloomberg delivered the conference's keynote address, highlighting the great need for more affordable housing in New York City and across the country.

3. City Housing News

New York's public housing residents will bear the burden of federal budget cuts

The New York City Housing Authority (NYCHA) is the nation's largest public housing authority and is regarded as one of the best-run. But that hasn't protected it from federal budget cuts that have left the authority with insufficient funding to administer New York City's public housing program and keep its developments in good repair.

This year, the 417,000 low-income New Yorkers who live in public housing will be forced to bear the burden of those funding cuts. NYCHA cannot raise tenants' rent above 30% of their income, but it recently announced plans to impose new fees and raise existing ones for amenities and services such as owning a dishwasher or air conditioner, parking, replacing lost keys, and apartment repairs. These fee increases will only cover an estimated \$1.5 million of NYCHA's \$168 million budget shortfall, but they could be a significant hardship for families living in public housing, whose average income is \$18,940 a year.

Federal operating subsidies currently provide approximately half of NYCHA's budget. Over the last several years, the federal operating subsidy for the nation's public housing authorities has steadily declined in real terms, failing to keep pace with inflation. This year, NYCHA faces a further loss of federal funding because of a change in the formula used by the Department of Housing and Urban Development to distribute funds among public housing authorities.

New York Times article (<http://www.nytimes.com/2006/03/09/nyregion/09housing.html>)

New York Daily News editorial (<http://www.nydailynews.com/03-13-2006/news/story/399145p-338198c.html>)

City Council introduces bill to protect homeless families and HIV-positive individuals from unsafe housing

City Council Speaker Christine Quinn and Councilmember Eric Gioia have introduced legislation to prohibit city agencies from placing homeless individuals and families in housing with dangerous building code violations. Habitat-NYC joined the Coalition for the Homeless, the New York City AIDS Housing Network and other advocates at a February press conference announcing the new bill.

Recent investigations by the City Council, NYC Public Advocate Betsy Gotbaum, and Housing Here and Now revealed that the city's HIV/AIDS Services Administration (HASA) and Department of Homeless Services (DHS) were placing homeless clients in housing that was sometimes dilapidated and hazardous — and giving generous taxpayer-funded subsidies to negligent landlords. In many cases, the city's Buildings Department had already documented serious violations in the buildings, but the homeless services agencies were not checking the buildings department's records before assigning clients to housing. The new bill would prevent the agencies from placing homeless families and HIV-positive individuals in buildings with documented hazardous conditions and would stop approving city-funded leases for landlords who let their buildings fall into severe disrepair.

Through its "Fix it Now!" campaign, Housing Here and Now continues to put pressure on New York Community Bank (NYCB), which is seeking approval from the state to acquire another area bank. NYCB has a record of lending to negligent landlords who allow their buildings to deteriorate, including several on the city's list of major problem owners, whose buildings are riddled with serious building code violations, including those deemed immediately hazardous.

New York Daily News article (<http://www.nydailynews.com/boroughs/v-pfriendly/story/394108p-334160c.html>)

New report finds senior homelessness on the rise

Advocates are concerned by an increase in the number of elderly people becoming homeless. A recent front-page article in Newsday highlighted the work of the Partnership for the Homeless, which runs the Peter's Place drop-in center for older homeless individuals. Paige Bellenbaum, Habitat-NYC's director of advocacy, was interviewed in the Newsday article.

20% of the city's elderly population lives below the poverty line, twice the national average. And resources for elderly New Yorkers at risk of homelessness are scarce. Some federal housing assistance for low-income seniors is provided, through the Section 202 program, but that program is under-funded and waiting lists are years long. President Bush's proposed budget for fiscal 2007 would cut the Section 202 program by 26%.

Newsday article (<http://www.newsday.com/news/local/newyork/am-home0227,0,4897935.story?coll=ny-nycnews-headlines>)

4. State Housing News

Efforts continue to restore "home rule" over city's rent controls

The New York State Senate recently rejected an effort by State Senator Liz Krueger to introduce a bill restoring control of New York City's rent laws to the city. Since 1971, when the Urstadt Law (named after Governor Nelson Rockefeller's housing commissioner) went into effect, the state legislature has exercised sole control of all rent regulations for the state, with the city specifically prohibited from enacting its own, more stringent rent laws. City officials and housing advocates have long called for the restoration of "home rule" over the city's rent laws.

This week, Mayor Bloomberg extended rent stabilization for the next three years. The City Council also passed a measure calling on Albany to give the city back control of its own rent laws. Rent stabilization can remain in effect as long as the city's vacancy rate is under 5% — it is currently 3% — but only Albany can set the terms of the regulation. Currently, approximately half of the private rental housing units in the city are rent-regulated.

North Country Gazette article (<http://www.northcountrygazette.org/articles/031406HomeRule.html>)

City Council press release (PDF) (http://www.nycouncil.info/pdf_files/newswire/3_03_06_housing.pdf)

State budget for FY 2007

The State Assembly and Senate agreed Tuesday on a budget for fiscal 2007. The \$112.4 million budget includes a 30% increase in School Tax Relief (STAR) property tax rebates, so values to homeowners will vary widely from one region to the next. For New York City homeowners, the average rebate will be only \$66, compared to \$300 on Long Island and \$528 in Westchester.

New York Times article (<http://www.nytimes.com/2006/03/30/nyregion/30fiscal.html>)

5. Federal Housing News

Mayor Bloomberg addresses National Low-Income Housing Coalition conference

NYC Mayor Michael Bloomberg delivered a keynote address at the National Low-Income Housing Coalition's conference in Washington, D.C. at the end of February. Addressing housing advocates from around the country, Mayor Bloomberg spoke about the affordable housing crisis in New York, described his own plans to build more affordable housing in the city, and criticized the Bush administration's lack of support for federal housing assistance programs. He also paid tribute to Richard Wong, a longtime leader in NYC community development who led Habitat-NYC for 12 years as Director of Community Partnerships before his death in September.

Text of the mayor's speech (PDF) (<http://www.nlihc.org/press/030106.pdf>)

Housing programs under threat in the 2007 federal budget

Debate is underway in Congress over the federal budget for fiscal year 2007; both the House and Senate are currently in the process of passing budget resolutions. Although the budget resolutions include proposed funding levels for individual programs and departments, the only part of the budget that is binding is the total dollar amount. Once each house of Congress passes a budget resolution, the two versions will be reconciled and the President will sign the budget into law. Only after that will the appropriations process begin, when funds are actually allocated among the departments and programs' funding levels for 2007 are set.

Among the housing programs whose fate is being deliberated, these are of particular concern to Habitat for Humanity:

- **SHOP**

The Self-Help Homeownership Opportunity Program (SHOP) is funded through the U.S. Department of Housing and Urban Development and pays only for land and infrastructure costs for nonprofit groups, some of the most difficult items for local groups to finance. Habitat for Humanity's affiliates, including Habitat-NYC, currently rely on SHOP grants to fund construction of affordable homes for low-income families. Through self-help programs, low-income families put at least 100 – and in some cases over 1,000 – hours of “sweat equity” into their own homes and their neighbors' homes. The President's FY 2007 budget request includes \$40 million in funding for SHOP, a much-needed \$20 million increase from the FY 2006 appropriation.

- **Capacity Building**

The President's proposed budget for 2007 would eliminate the Section 4 Capacity Building and Affordable Housing Program. Fully funding this program would provide \$30 million to support the community-development work of the Enterprise Foundation and the Local Initiatives Support Corporation, \$5 million to Habitat for Humanity, and \$3.5 million to the Housing Assistance Council, which performs capacity-building work in rural communities. Each of these groups plays an important role in building capacity of community- and faith-based organizations to develop housing and catalyze economic development. These efforts turn working poor families into homeowners, build affordable rental housing, and revitalize communities.

- **Community Development Block Grants**

Habitat for Humanity stands strongly opposed to the President's proposed cut to the Community Development Block Grant (CDBG) formula grants, and urges Congress and the President to fully fund CDBG formula grants at \$4.5 billion. The CDBG program emphasizes flexibility and local prioritization of needs through citizen participation, allowing state and local governments to achieve tangible results. In 2004, the most recent year for which HUD has provided a complete report on program accomplishments, CDBG funding led to the creation or retention of more than 90,000 jobs. That same year, more than nine million Americans benefited from CDBG-funded public improvements to water and sewer systems as well as other public infrastructure projects. In 2004 CDBG funding supported the rehabilitation of more than 130,000 rental units and single-family homes, employment training for 85,000 individuals, after-school enrichment programs for 1.5 million youth, and child care services for over 100,000 children. Additionally, more than 11,000 Americans became homeowners in 2004 thanks to CDBG funding.

On March 15, the Senate passed an amendment to increase funding for the Community Development Block Grant program by \$1.3 billion. The amendment would raise the total level of 2007 funding for the CDBG program to \$4.3 billion, reversing the cuts to the program over the last two years. However, the funding increase for CDBG will only take effect if more money is added to the overall budget to pay for it. The Senate rejected an alternative amendment that would have provided for a budget increase to pay to restore CDBG funding, which means that the program will still likely face a budget cut next year.

For more information on these programs and Habitat for Humanity's stance, please contact Susan Corts Hill, Director of Government Relations for Habitat for Humanity International, at shill@habitat.org.

Proposed changes to the Section 8 Voucher program would cut funding for 70% of communities

In New York State, an estimated 3,128 low-income families will lose their housing assistance in 2007 if the president's budget is enacted, because of a change in the way funding for Section 8 vouchers is distributed among public housing agencies. Section 8 vouchers are administered locally — every year, Congress and the President set the total amount of funding for the Section 8 program, and the Department of Housing and Urban Development distributes the funds among local public housing agencies. Under the new formula, the amount each public housing agency receives will be determined by how much money they have spent in previous years, not taking into account the number of vouchers they fund or whether housing costs in their communities have increased significantly. As a result, the formula change would reduce funding for 70% of agencies — including the New York City Housing Agency, which administers New York City's Section 8 vouchers — while just one-quarter of agencies nationwide would see a funding increase.

Center for Budget and Policy Priorities report (<http://www.cbpp.org/3-13-06hous.htm>)

Center for Budget and Policy Priorities analysis of New York State (PDF) (<http://www.cbpp.org/states/3-13-06hous-ny.pdf>)

The critical need for more Section 8 vouchers in New York was evident when Suffolk County recently opened its waiting list, long closed because funding cuts have left the program with no new vouchers available. Suffolk County's list was opened for just 15 days, and nearly 5,000 families sent in applications. Those who make the waiting list will still have a long time to wait before they can receive assistance: only 20 to 30 vouchers become available each month.

Newsday article (<http://www.newsday.com/news/local/longisland/ny-lirent0328,0,6629678.story?coll=ny-linews-headlines>)

6. Recent housing and homelessness research

America's Rental Housing: Homes for a Diverse Nation

Joint Center for Housing Studies, Harvard University

This study of rental housing highlights the growing problem of affordability. Some of the report's key findings (all numbers are based on data from 2003):

- 14.8 million (44%) of all renter households in the country spend more than 30% of their income — the standard for affordability — on housing, and 7.5 million spend more than 50% of their income on housing.
- Among the lowest-income quintile, 70% paid more than half their income on rent and utilities.
- Affordability is a particular problem for seniors who rent their housing, since most seniors live on fixed incomes that do not keep pace with rising rents. Among households with heads aged 65 and older, 57% paid more than 30% of their income on housing, and 34% paid more than 50%.
- The supply of low-cost rental housing, both subsidized and privately owned, is diminishing rapidly. Federal housing assistance programs are diminishing rather than expanding, as units age out, deteriorate or are bought out, but funding cuts preclude the production of any new units. In the private market, many low-cost housing units are owned by individuals who own only a few properties and cannot afford to repair them.

http://www.jchs.harvard.edu/publications/rental/rh06_american_rental_housing/index.html

Hunger in America 2006

America's Second Harvest Network

This report represents the largest study ever conducted of private, charitable hunger-relief agencies — including food pantries, emergency kitchens, and homeless shelters — and the clients they serve. It reveals that despite the robust growth in the U.S. economy over the past few decades, hunger is still widespread in the United States: nearly 4% of all households (4.4 million) experienced hunger at some point in 2004, and nearly 12% (13.9 million) experienced food insecurity. Some of the report's findings:

- 36% of households served by the hunger-relief agencies include at least one employed adult.
- 36% of the individuals served by the hunger-relief agencies are children under 18 years old.
- Since 2001, a majority of the hunger-relief agencies have seen an increase in the number of clients who rely on their emergency food program sites.
- 35% of clients surveyed had to choose between paying for food and paying their rent or mortgage.

<http://www.hungerinamerica.org/>

7. Upcoming events

March-April

Poverty in the Pew, Parish, and Pulpit, presented by Union Theological Seminary's Poverty Initiative and Ministerial Formation Caucus

This series of seminars on mobilizing faith communities to work for social justice is open to the public, but please RSVP at poverty@uts.columbia.edu.

Upcoming topics include:

Getting Beyond or Just Getting By?

Thursday, Apr. 6, 6:30-8:30 PM

The social services in the United States are complex, bureaucratic, and often impede full human potential. How do we understand these systems in order to reform or oppose them when necessary?

What's Wealth Got to Do With It?

Monday, Apr. 24, 6:30-8:30 PM

How do we engage and encourage commitment from congregations with varying social-economic backgrounds, including affluence?

May 22

22nd Annual Interfaith Convocation and Overnight Vigil for Housing Justice

Organized by the Interfaith Assembly on Housing and Homelessness, this vigil will be the culmination of the "Season of Justice" campaign. Members of the faith community and housing advocates from all backgrounds will gather at the steps of City Hall for an all-night vigil, drawing attention to homelessness and housing issues and calling on city leaders to include more support for affordable housing in the city's budget.

7 p.m.

St. Paul's Chapel, Trinity Church: Broadway and Fulton Street

For updates and information on more "Season of Justice" events, please check the Interfaith Assembly's Web site, <http://www.iahh.org/seasonofjustice>.

June 14

March and Rally: Tell Gubernatorial Candidates to Support Fair Rent Laws

Housing Here and Now!, a coalition group that includes Habitat-NYC, is organizing this march and rally to urge the candidates for governor of New York State to promise that, if elected, they would work to repeal the Urstadt Law (see "State Housing News") and allow New York City to determine its own rent regulations.

Time and place TBA.

**Habitat for Humanity – New York City transforms lives
and our city by uniting all New Yorkers around the
cause of decent, affordable housing for everyone.**