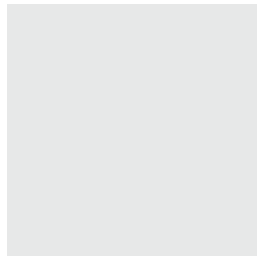
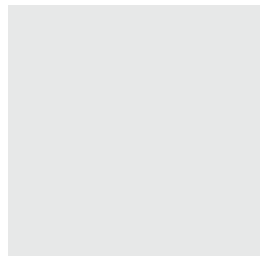
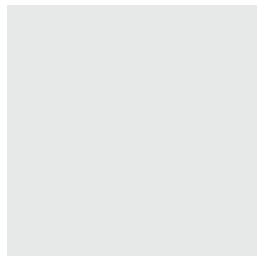


East Harlem Rent Regulated Housing

Inventory and Preservation Strategies

July 2011

Prepared by Regional Plan Association for Manhattan Community Board 11



Executive Summary

This report provides greatly needed information and policy strategies for the East Harlem community to preserve its stock of regulated affordable housing. The project is a collaborative neighborhood revitalization effort between Regional Plan Association and East Harlem Community Board 11 that seeks to define general strategies to preserve and strengthen its rent regulated housing stock.

The East Harlem/Manhattan Community District 11 Board has identified gentrification of the District and more specifically the conversion of rent regulated housing into market rate housing as the major issue in its 2010 and 2011 Statements of District Needs. There is currently a lack of reliable information on how many regulated housing units currently exist in its area or their rate of conversion. This project has applied research to answer these questions and formulate a public policy effort to help the Community Board assess and think strategically about how to preserve existing rent regulated housing units.

The East Harlem community is located in the Upper Manhattan section of New York City and is generally bounded by 96th Street to the South, Fifth Avenue to the West and the Harlem and East Rivers to the East. As of 2009 the Community District has an estimated 122,051 persons and is predominantly minority (Hispanic 49% and African American 32%). 90% of the population is considered low- and moderate-income in 2010. There were about 36,330 rent regulated units in the community in 2008.

The approximate share of rent regulated housing units in 2008 for the various existing programs was as follows: Public Housing units 44%; Stabilized units 39%; Mitchell-Lama Rental units 9%; HUD Regulated units 7% and Rent Controlled units 1%. In the course of researching for this report, RPA has found that data on housing policy in NYC is largely fragmented and difficult to access. This report looks to fill a gap specifically in East Harlem by presenting data on the number and types of rent regulated housing available. However, it is important to acknowledge that data on housing lags a couple of years and the data presented is the most up to date that RPA could obtain.

Proposed preservation strategies for this housing stock include city-wide changes that need to be undertaken for the whole of New York City given their regulatory or public nature, and local and community changes that could be undertaken by East Harlem residents given their community development and empowerment nature.

City-wide preservation strategies

- Better information and coordination that provides data to:
 - Extend Public Housing units availability through informed and continued maintenance,
 - Allow Stabilized, Controlled Housing and Mitchell-Lama units continued participation in those programs by providing advocates with warning systems to address their de-regulation, and
 - Coordinate potential HUD Regulated Housing transition into city ownership and ensure tenants well-being.

- Extension of funding access and financial incentives to potential HUD Regulated Housing or other housing to be owned by the city should be undertaken through use of existing tax breaks of programs to extend their preservation.

Community-based preservation strategies

- Support Public Housing tenant associations for residents to become active stewards of their buildings;
- Stabilized, Controlled, HUD regulated and Mitchell-Lama buildings should develop their own warning systems to organize for housing preservation and establish safety nets for tenant potential relocation, and
- A community land trust can also provide a way for the community to acquire housing at risk of becoming market rate (especially Stabilized, Controlled and Mitchell-Lama) and ensure its long-term community control.

Acknowledgements

This report was made possible by the generous support of the Citi Foundation and E*Trade. It was written and researched by L. Nicolas Ronderos, Economic and Community Development Director of Regional Plan Association. We want to give thanks to Manhattan Community Board 11 for its guidance and support in preparing this report.

This report was designed by Jeff Ferzoco, Creative and Technology Director, with Benjamin Oldenburg, Research Associate, Graphic Design and Eric Tuvel, Intern.

About RPA

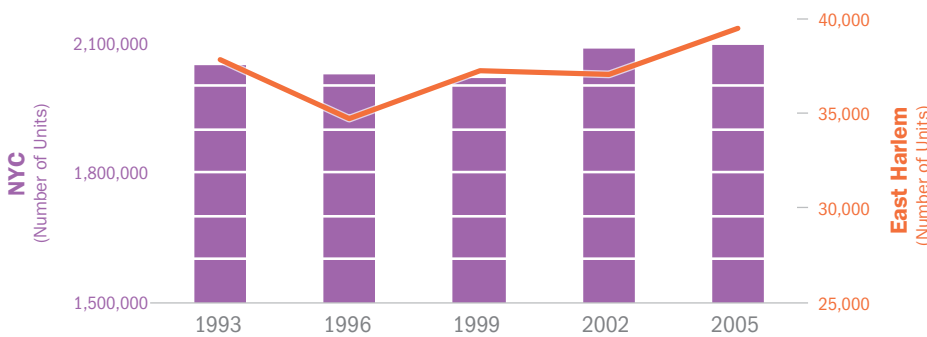
Regional Plan Association is America's oldest and most distinguished independent urban research and advocacy group. RPA prepares long range plans and policies to guide the growth and development of the New York- New Jersey-Connecticut metropolitan region. RPA also provides leadership on national infrastructure, sustainability, and competitiveness concerns. RPA enjoys broad support from the region's and nation's business, philanthropic, civic, and planning communities. www.rpa.org

Trends and Composition of East Harlem's Rental Housing

In order to address the issue of gentrification in the community the need to identify the trends and composition of the East Harlem rental housing stock is essential to describe the type of units that exist in the community and focus on these to develop

specific strategies. Based on the New York City Housing and Vacancy Survey we have been able to determine the trends over the last decade and a half of the rental stock and the share of regulated units in East Harlem compared to the rest of the city.

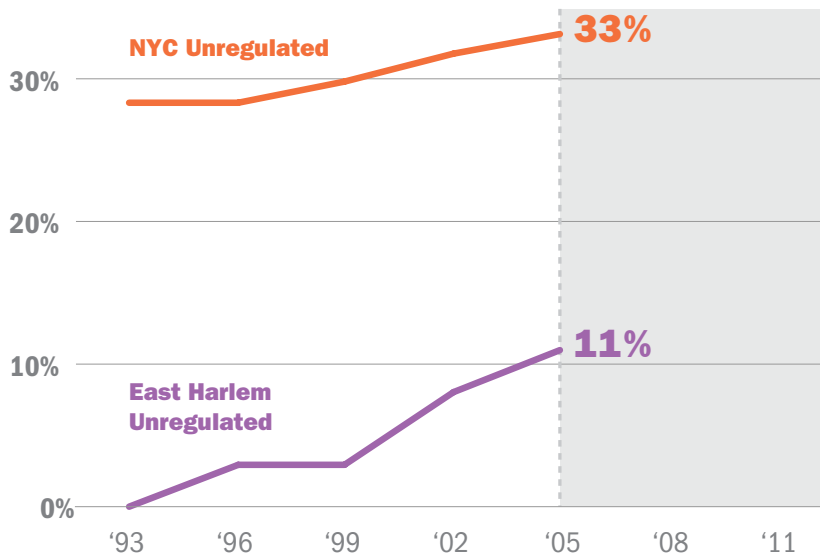
Renter Occupied Housing Units in NYC and East Harlem



Source: NYC Housing and Vacancy Survey 1993-2005

Renter occupied housing units in East Harlem have remained stable over the last decade and are on par with the trends in the City.

Unregulated Housing Growth In NYC and East Harlem



Source: NYC Housing and Vacancy Survey 1993-2005

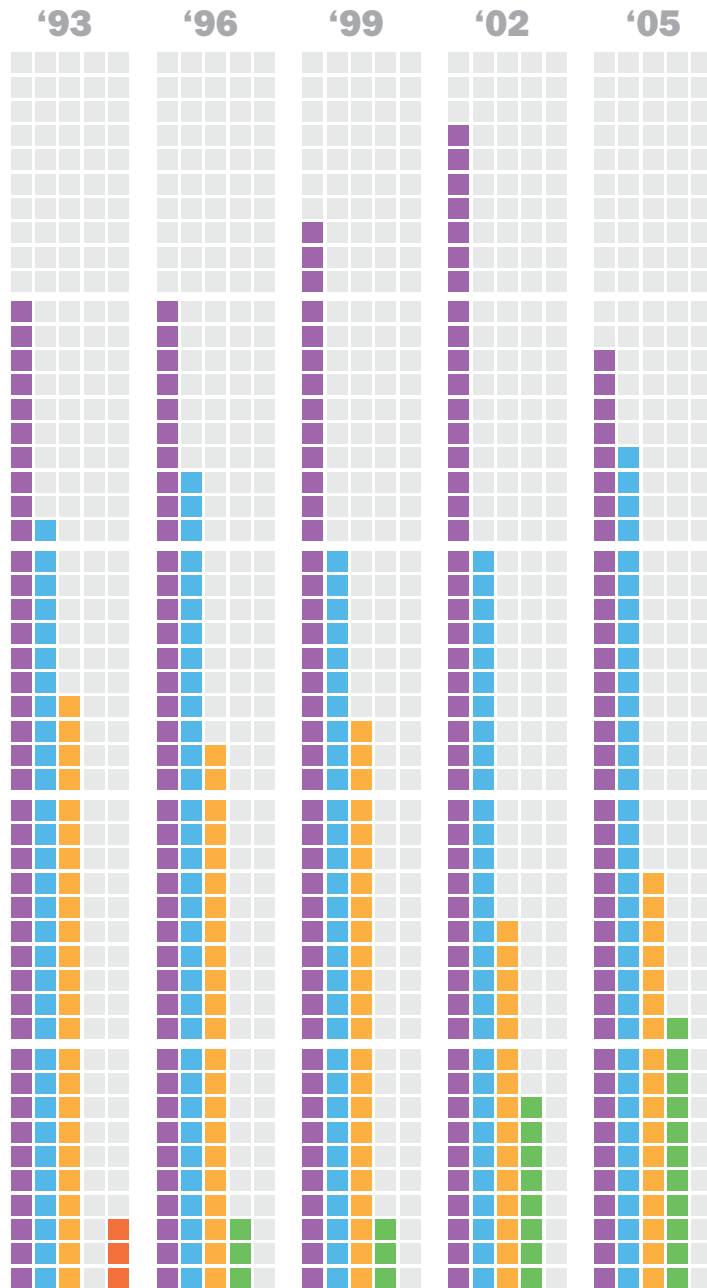
East Harlem's inventory is highly rent regulated while unregulated units have increased dramatically.

Over the last decade the largest share of rent regulated housing in East Harlem has been Public and Stabilized.

Composition of Housing in East Harlem

Percentage by type

 = 1%



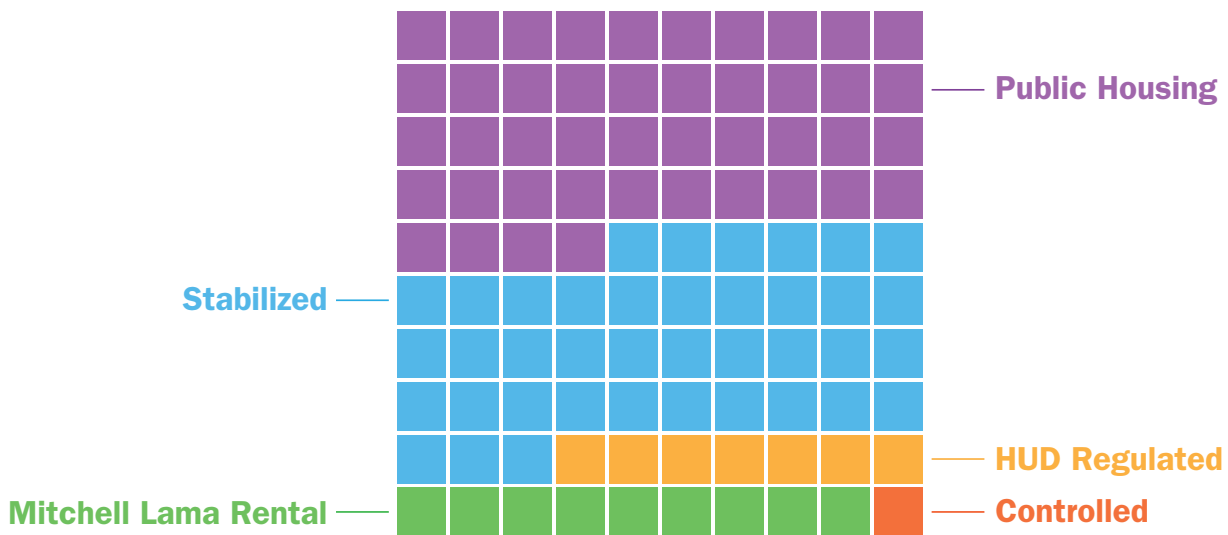
- Public
- Stabilized
- Other Regulated
- Unregulated
- Controlled

Preliminary 2008 housing figures suggest that the largest share of rent regulated housing in East Harlem continues to be Public and Stabilized.

East Harlem Rent Regulated Housing Units in 2008

Breakdown by type

 = 1%



Rent Regulated Preservation Strategies

Rental Housing Preservation Examples

| Strategy | Examples | |
|---|---|--|
| Information and coordination | Data clearinghouse to promote housing trends analysis and coordinate housing preservation | Reporting warning systems that notify renters and communities before owners opt-out of programs |
| Regulatory support and flexibility | Laws and funding resources that allow tenant or government acquisitions to preserve rental housing | Regulations that extend rental housing affordability through adjusting rents, recapitalize properties or other means |
| Funding access and financial incentives | Support for mission driven owners to restructure past loans and finance needed repairs in exchange of preserving rental housing | Providing preservation funding, allocating new taxes or giving tax breaks to support housing preservation; |
| Community development and empowerment | Create community land trust to provide opportunities for residents to acquire and control housing at risk of being de-regulated | Organize tenants to identify and prioritize building wide issues and strategies to ensure rental housing preservation such as maintenance upkeep |

Based on the trends and existing rent regulated programs in East Harlem the following types of housing are needed to be considered to develop preservation: Public Housing, Stabilized and Controlled Housing, Mitchell-Lama Rental and HUD Regulated Housing.

Preservation strategies identified here are based on an analysis of the current preservation efforts and best practices and examples of similar situations. Overall this research project has found that there is little information and research regarding housing preservation as compared to existing literature on new construction.¹

Generally speaking there are two types of strategies for each category of housing:

- City-wide changes that need to be undertaken for the whole of New York City giving their regulatory or public nature;
- Local and community changes that could be undertaken for East Harlem given their community development and empowerment nature.

Based on a review of rental housing preservation examples we have identified preservation strategies for each type of housing such as increasing information and coordination, regulatory support and flexibility, funding access and financial incentives and community development and empowerment. In the table above some examples of the types of strategies are listed.

Based on these examples and an analysis of the current preservation strategies for the existing types of rent regulated housing in East Harlem (found in Appendix II) we have identified the following recommendations for housing preservation:

Public Housing preservation strategies aimed at funding maintenance and remodeling programs are the current policy.

- City-wide through better information that provides data access and early warning systems to aid maintenance and remodeling programs preservation can be enhanced;
- In East Harlem supporting tenant associations would empower each building's residents and promote their active involvement in its upkeep.

Stabilized and Controlled Housing is being preserved through rent increases by the Rent Guidelines Board.

- City-wide improved access to information and instituting warning systems for de-regulation could also help tenants and communities preserve housing;
- In the community tenant associations can advance preservation by developing their own warning systems and organizing for housing preservation;
- A community land trust can also provide a way for the community to acquire housing at risk of becoming market rate and ensure its long term community control.

Federal HUD Regulated Housing is being preserved by potential acquisition of the portfolio by NYC.

- City-wide a potential enhancement could be provided by targeting this housing for existing tax breaks or programs to extend their preservation;
- Information for the transition of this portfolio to the city can also be made readily available for affected tenants and communities to coordinate their strategies;
- In East Harlem organizing by affected tenants can provide a safety net for residents as they transition into new programs.

Mitchell-Lama Housing is being preserved by offering incentives to landlords to extend participation in the program.

- City-wide better information and a data dissemination system can enhance preservation of this type of housing given the current lack of warning systems for housing de-regulation;
- In the community organizing tenants to identify at risk buildings of being de-regulated can provide warning systems for the community to address their potential conversion and tenants' housing needs.
- A community land trust can also provide a way for the community to acquire housing at risk of becoming market rate and ensure its long term community control.

¹ For a survey of rental housing preservation see: Window of Opportunity: Preserving Affordable Rental Housing. MacArthur Foundation. 11/ 2007

Appendix I. East Harlem Housing Inventory

| East Harlem | 1993 | 1996 | 1999 | 2002 | 2005 |
|------------------------|--------|--------|--------|--------|--------|
| Total Housing Units | NA | NA | NA | NA | NA |
| Occupied Housing Units | 42,098 | 40,768 | 42,712 | 41,282 | 39,422 |
| Owner Occupied | 4,291 | 6,090 | 5,515 | 4,253 | NA |
| Renter Occupied | 37,807 | 34,678 | 37,197 | 37,029 | 39,422 |
| Public % | 39.8 | 40.4 | 43.1 | 47.1 | 38.1 |
| Stabilized % | 31.4 | 33.4 | 30.4 | 29.5 | 34.3 |
| Controlled % | 2.7 | 0 | 0 | - | - |
| Other Regulated % | 24.3 | 21.8 | 22.9 | 15.3 | 16.5 |
| Total Unregulated % | 0 | 2.9 | 3.1 | 8.2 | 11.1 |
| Total Regulated % | 98.2 | 95.6 | 96.4 | 91.9 | 88.9 |

New York City

| | | | | | |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| Total Housing Units | 2,985,527 | 2,995,276 | 3,038,796 | 3,208,587 | 3,260,856 |
| Occupied Housing Units | 2,874,017 | 2,885,186 | 2,949,824 | 3,081,799 | 3,124,143 |
| Owner Occupied | 827,000 | 857,765 | 932,123 | 997,003 | 1,031,780 |
| Renter Occupied | 2,047,017 | 2,027,421 | 2,017,701 | 2,084,796 | 2,092,363 |
| Public % | 8.6 | 8.5 | 8.6 | 8.5 | 8.2 |
| Stabilized % | 49.5 | 51.9 | 51.9 | 48.6 | 49.9 |
| Controlled % | 5 | 3.5 | 2.6 | 2.8 | 2.1 |
| Other Regulated % | 6.8 | 6.5 | 2.8 | 7.5 | 6.0 |
| Unregulated % | 28.4 | 28.4 | 29.9 | 31.9 | 33.3 |
| Regulated % | 71.6 | 71.6 | 66 | 67 | 66 |

Source: NYC Housing and Vacancy Survey 1993, 1996, 1999, 2002, 2005

Note: Figures might not add up to one hundred percent due to rounding.

Appendix II. Rent Regulated Preservation Programs in NYC*

| Type | Program Description | Current Strategy | Future Strategies |
|----------------------|---|---|--|
| Public | New York City Housing Authority (NYCHA) owned housing. Only low or moderate income households may qualify as tenants. NYCHA is in charge of the maintenance and remodeling of developments. | To fund its maintenance and remodeling programs to keep the units available. | NYCHA is making \$2 billion in capital improvements to thousands of units of public housing. The capital program is being funded in part by a \$600 million two-phase bond issue on behalf of NYCHA by New York City's Housing Development Corporation (HDC) and an expected \$1.4 billion capital allocation from HUD over the next four years. |
| Stabilized | New York State Division of Housing and Community Renewal (DHCR) regulated units generally built after 1947 and before 1974, decontrolled or receiving J-51 and 421-a tax benefits. | Unit preservation strategy is to regulate rents through RGB proceedings and applicable law. | Rent Stabilization has been extended and amended frequently and protects tenants from sharp increases in rent that have the right to renew their leases. The Rent Guidelines Board (RGB) sets the allowable percentage increase for renewal leases each year through a public review process. An apartment becomes deregulated through luxury decontrol (rent becomes more than \$2,500 or income more than \$200,000 for tenant) and through vacancy decontrol when it could be offered at a legal regulated rent of \$2,500 or more per month. |
| Controlled | New York State Division of Housing and Community Renewal (DHCR) regulated units generally built before 1947 and occupied by statutory tenants | Unit preservation is not being pursued and units are generally becoming Stabilized. | Rent control apartments tenant's must have been living in that apartment continuously since before July 1, 1971. When a rent-controlled apartment becomes vacant, it either becomes rent stabilized, or, if it is in a building with fewer than six units, it is generally removed from regulation. Rent increases are determined by the New York City Rent Guidelines Board (RGB) under the Maximum Base Rent System. |
| HUD Regulated | Units receiving federal Housing and Urban Development (HUD) subsidies. Includes Section 8 New Construction and other subsidized construction and rehabilitation programs. | Unit preservation is being pursued by acquisition by New York City of these units. | The Housing Development Corporation (HDC) is proposing to acquire the HUD-held portfolio to increase flexibility and financial resources. Complementary preservation strategies include non-judicial foreclosure authority to expedite repositioning of distressed assets. |
| Mitchell Lama Rental | Housing units supervised by New York City's Department of Housing Preservation and Development (HPD) primarily for moderate and middle income tenants. | Preservation is being pursued by providing incentives for current or future units to start or continue to participate in the program for 15 years more: | HPD has pursued the rehabilitation of housing units through the Mortgage Restructuring to provide debt relief and Repair Loan capital improvements program. By using these programs affordability can be extended for an additional 15 years. |

*Program descriptions and current preservation strategies are based on NYC Department of Housing and Urban Development publications. Of special relevance have been The New Housing Market Place reports since 2005.



**4 Irving Place, 7th floor
New York, NY 10003
212.253.2727**

**Two Landmark Square, Suite 108
Stamford, CT 06901
203.356.0390**

**179 Nassau Street, 3rd floor
Princeton, NJ 08542
609.228.7080**

Regional Plan Association is America's oldest and most distinguished independent urban research and advocacy group. RPA prepares long range plans and policies to guide the growth and development of the New York- New Jersey-Connecticut metropolitan region. RPA also provides leadership on national infrastructure, sustainability, and competitiveness concerns. RPA enjoys broad support from the region's and nation's business, philanthropic, civic, and planning communities.

RPA's current work is aimed largely at implementing the ideas put forth in the Third Regional Plan, with efforts focused in five project areas: community design, open space, transportation, workforce and the economy, and housing.

For more information about Regional Plan Association, please visit our website, www.rpa.org.

BOARD OF DIRECTORS

Chairman

Elliot G. Sander*

Vice Chairman, Co-Chairman, New Jersey

Christopher J. Daggett*

Vice Chairman

Douglas Durst

Vice Chairman, Co-Chairman, New Jersey

The Honorable James J. Florio

Vice Chairman, Co-Chairman, Connecticut

John S. Griswold, Jr.

Treasurer and Co-Chairman, Long Island Committee

Matthew S. Kissner*

Chairman Emeritus and Counsel

Peter W. Herman*

President

Robert D. Yaro*

Secretary of the Corporation

Thomas K. Wright*

Bradley Abelow

Rohit T. Aggarwala

Hilary M. Ballon, Ph.D.

Stephen R. Beckwith

Robert Billingsley

Edward J. Blakely, Ph.D.

Tonio Burgos*

Michael J. Cacace

Frank S. Cicero*

Kevin S. Corbett*

Anthony R. Coscia

Alfred A. DelliBovi

Brendan P. Dougher

Ruth F. Douzinas

Brendan J. Dugan

Fernando Ferrer

Barbara Joelson Fife*

Timur F. Galen*

Carl Galioto

Jerome W. Gottesman*

Maxine Griffith

John K. Halvey

Dylan Hixon

David Huntington

Adam Isles

Kenneth T. Jackson

Marc Joseph

Richard D. Kaplan*

Dr. Marcia V. Keizs

Greg A. Kelly

Robert Knapp

Michael Krukliniski

John Z. Kukral

Richard C. Leone

Trent Lethco

Charles J. Maikish*

Joseph J. Maraziti, Jr.

Peter Miscovich

J. Andrew Murphy

Jan Nicholson

Michael O'Boyle

Richard L. Oram

Kevin J. Pearson

Lee H. Perlman

James S. Polshek

Richard Ravitch

Gregg Rechler

Michael J. Regan

Denise M. Richardson

Peter Riguardi

Michael M. Roberts

Elizabeth Barlow Rogers

Lynne B. Sagalyn

Lee B. Schroeder

Anthony E. Shorris

H. Claude Shostal

Susan L. Solomon

Robert Stromsted

Gail Sussman

Luther Tai*

Marilyn J. Taylor*

Sharon C. Taylor

Richard T. Thigpen

Arthur J. Torno

Karen E. Wagner

William M. Yaro

John Zuccotti*

Directors Emeriti

Roscoe C. Brown, Jr., Ph.D.

Robert N. Rich

Mary Ann Werner

*Member of Executive Committee