March 7, 2016

Speaker Melissa Mark-Viverito
New York City Council
250 Broadway Suite 1856 New York, NY 10007

Council Member David Greenfield
Chair, Committee on Land Use
250 Broadway 17th Floor New York, NY 10007

Council Member Donovan Richards
Chair, Subcommittee on Zoning and Franchises
250 Broadway, Suite 1731 NY, NY 10007

Dear Speaker Mark-Viverito, Council Member Greenfield and Council Member Richards:

New York City is at an important crossroads with respect to affordable housing policy. Housing officials, advocates, and developers across the country are watching as the city takes an historic step towards helping to promote housing affordability in one of the most expensive cities in the country. It is critically important that the city council pass the Mayor Bill de Blasio's Mandatory Inclusionary Housing (MIH) policy proposal and re-affirm the city's role as the national leader in rigorously designed, balanced approaches to affordable housing policy.

Between 2006 and 2013, the median household income in New York City did not grow at all but rents increased by 12 percent. This trend was reported by the NYU Furman Center which also found that 600,000 New York City renters are severely cost burdened, spending more than 50 percent of their income on housing. The lowest-income renters face the toughest time finding housing they can afford but housing affordability challenges are growing even for higher-income workers and families. In 2013, forty-three percent of moderate-income renters (including families earning up to around $100,000 a year) were spending more than half of their income each month on housing.

The City can make use of a variety of tools—financial, land use, and others—to preserve existing housing and increase the production of housing affordable to lower-income households. However, in a high-cost city like New York, a *well-designed* inclusionary housing program is the best way to add affordable housing options across all neighborhoods. In New York, it will offer low income residents good homes across the city and also ensure strong investments, that bring jobs, community facilities, and other infrastructure, to help neighborhoods thrive.

The ability to maintain a vibrant and sustainable city and to ensure the local economy continues to thrive is strongly tied to ensuring that there is housing affordable to individuals and families all along the income spectrum. Low- and moderate-wage workers are a critical component of the New York City economy, forming the backbone of job growth, supporting business functions, providing resident-based goods and services and serving the millions of visitors who come to the city each year.

The ability of an inclusionary housing program to help meet the demand for affordable housing is highly dependent on how the program is designed and administered. In our research on local inclusionary housing programs across the country, we found that there are several program elements that are have been associated with more successful programs, and NYC's proposed mandatory inclusionary housing program has adopted many of these best practices. First, programs that are mandatory, as opposed to voluntary, produce more housing for lower-income households and provide more predictability for developers and the community. Second, linking requirements to rezoning and flexibility with compliance mechanisms—like in the proposed MIH—is also a key component to successful local mandatory inclusionary housing programs. By tying affordability requirements to rezoning and providing options for compliance, the city is taking the best approach for helping to ensure the MIH is protected from legal challenge and for creating a program that is adaptable to changing economic and housing market conditions. Third, the most successful inclusionary zoning policies across the country require permanent affordability of the units, which the MIH does.

The best-designed research studies in inclusionary housing programs have shown that that well-designed mandatory inclusionary zoning policies do not dampen overall housing production. Rather, the strength of housing demand, driven by population and job growth, is the key driver of new housing production.

The city's housing needs are great. Government working alone cannot meet the challenge; there just aren't enough public resources to fill the gap between the cost of constructing new housing and the prices and rents low and moderate income households can afford to pay. But it is important for economic as well as social reasons to ensure that people from all backgrounds can afford to live in the city. Partnerships between government and the private development community are therefore essential. A mandatory inclusionary housing program is the most effective local strategy for forging that partnership.

It is important to keep in mind that the inclusionary housing policy is not the only affordable housing program in the city and inclusionary housing programs are just one tool for meeting the city's housing needs. Zoning-related affordable housing policies, such as inclusionary housing, can potentially free up other public subsidies to target very and extremely low income households. Besides adding mandatory inclusionary housing, we urge the city to modernize its zoning codes to remove barriers to efficiency in the construction of affordable housing.

New York City has long been a leader in housing and economic development policy and residents, the business community and government have an historic opportunity now to continue its legacy for promoting a vibrant and inclusive city. The nation is watching, and the path that New York City takes now is one that will be modeled by cities large and small across the country. All of the pieces are in place to create the most effective, carefully-designed inclusionary housing program in the country. While being the most progressive in the country, this program still stands up to legal challenges and will act as a buttress to claims by developers of financial infeasibility. It is now time for the city council to act and to set New York City on the right path for affordable housing policy.

National Housing Conference
Washington, DC

With concurrence by leading national experts on housing policy:

Elizabeth Anderson, John Dewey Distinguished University Professor of Philosophy and Women's Studies, University of Michigan, Ann Arbor

Susan D. Bennett, Professor of Law, Director, Community & Economic Development Law Clinic American University Washington College of Law

Nico Calavita, Professor Emeritus, Graduate Program in City Planning, San Diego State University

Camille Z. Charles, Edmund J. and Louise W. Kahn Term Professor in the Social Sciences; Professor of Sociology, Africana Studies, and Education; Director, Center for Africana Studies, University of Pennsylvania

Nestor M. Davidson, Professor of Law and Associate Dean for Academic Affairs Faculty Director, Urban Law Center, Fordham Law School

Nancy Denton, Professor and Chair, Department of Sociology, University at Albany, SUNY

Gerald S. Dickinson, Esq., Assistant Professor of Law, University of Pittsburgh School of Law

Gary Dymski, Professor of Applied Economics, Leeds University Business School, University of Leeds, UK

Kathleen C. Engel, Research Professor, Suffolk University Law School, Boston, MA.

Roderick M. Hills, Jr., William T. Comfort III Professor of Law, New York University Law School

Tim Iglesias, professor, University of San Francisco Law School

Dan Immergluck, Professor, School of City and Regional Planning, Georgia Tech

James J. Kelly, Jr., Clinical Prof. of Law, Notre Dame Law School

Tracy E. K'Meyer, Professor of History, University of Louisville

Daniel R. Mandelker, Howard A. Stamper Professor of Law, Washington University Law, St. Louis

E. Hoy McConnell, II, Executive Director, Business and Professional People for the Public Interest, Chicago, IL.

Rachel Meltzer, Assistant Professor of Urban Policy Analysis and Management, The New School, New York, NY.

Elizabeth Mueller, Associate Professor of Community and Regional Planning, University of Texas at Austin

John R. Nolon, Professor of Law at Pace University School of Law, teaches property, land use, and sustainable development law courses and is Counsel to the Law School's Land Use Law Center.

Gary Orfield, Distinguished Research Professor of Education, Law, Pol.Sci. & Urban Planning Co-Director, Civil Rights Project Univ. of California, Los Angeles

Myron Orfield, Professor of Law and Director, Institute on Metropolitan Opportunity
N230 Mondale Hall, University of Minnesota

john a. powell, Executive Director of the Kirwan Institute for the Study of Race and Ethnicity at Ohio State University

Carolina Reid, Assistant Professor, City and Regional Planning, UC Berkeley, and Faculty Research Advisor, Terner Center for Housing Innovation

David Reiss, Professor of Law; Research Director, Center for Urban Business Entrepreneurship (CUBE), Brooklyn Law School, Brooklyn, NY

Mark Santow, Associate Professor and Chair, History, University of Massachusetts-Dartmouth

Michael Seng, Professor and Co-Executive Director, Fair Housing Legal Support Center, The John Marshall Law School, Chicago, IL

Thomas M. Shapiro, Professor of Sociology and Public Policy, Brandeis University

Dr. Patrick Sharkey, Professor of Sociology, NYU

Gregory D. Squires, Department of Sociology, George Washington University

Alex Schwartz, Professor of Urban Policy, The New School

Todd Swanstrom, Des Lee Professor of Community Collaboration and Public Policy Administration, University of Missouri-St. Louis

Florence Wagman Roisman, William F. Harvey Professor of Law and Chancellor's Professor, Indiana University Robert H. McKinney School of Law

Philip Tegeler, President/Executive Director, Poverty & Race Research Action Council, Washington, D.C.

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