CLOSING THE DOOR

SUBSIDIZED HOUSING AT A TIME OF FEDERAL INSTABILITY

Oksana Mironova

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Fighting Poverty
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By Oksana Mironova

About the Author

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The Community Service Society of New York (CSS) is an informed, independent, and unwavering voice for positive action representing low-income New Yorkers. CSS addresses the root causes of economic disparity through research, advocacy, and innovative program models that strengthen and benefit all New Yorkers.

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Report design by Opal Lynch. Photography by Jeff Jones and Opal Lynch.

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SUMMARY AND KEY POLICY RECOMMENDATIONS

Between 1990 and 2017, New York City had lost just over one third of its 119,000 apartments in the Mitchell-Lama rental and Project-based Section 8 programs. The pace of loss has slowed in recent years. Since 2014, owners of five Project-based Section 8 developments (229 units) terminated their contracts. Four Mitchell-Lama rental developments (1,880 units) have left the program; three entered into new, albeit weaker, regulatory agreements.

Major losses may be in store for Low Income Housing Tax Credit (LIHTC) developments in two years. Between 2020 and 2025, approximately 15,000 LIHTC units (15 percent of the total) will become eligible to exit from affordability restrictions. LIHTC properties in gentrifying neighborhoods and those without additional restrictions tied to other affordability programs will be the most vulnerable. Further, the 2017 tax overhaul lowers the value of LIHTC, making preservation more difficult.

The danger of federal tax cuts to the Section 8 voucher program could put low-income New Yorkers living in subsidized housing in a precarious situation even sooner. Section 8 vouchers are the underlying tool that deepens the affordability of subsidized housing by providing ongoing rental assistance.

Under the current political climate, the responsibility for supporting and expanding subsidized housing in New York City increasingly falls on the city and state. Beyond immediate preservation needs, the deeply entrenched affordability crisis requires bold, pro-tenant policy solutions, including:

New York State Rental Assistance Program, to immediately alleviate high rent burdens and provide stability to households before they face eviction or homelessness. The program should work in tandem with the state's rent laws to prevent rent inflation.

New York State Operating Subsidies to Existing Subsidized Housing, to complement capital subsidy programs that produce and preserve affordable housing. The program would help bridge the existing subsidy gap to serve low-income New Yorkers.

LIHTC Task Force, which would bring together the multiple public and private parties in New York State that have a stake in the long-term affordability of LIHTC properties. Public regulatory agencies and syndicators should work together with tenants and tenant advocates to preserve LIHTC properties beyond year thirty.

Tenant Engagement and Education in LIHTC Properties, to ensure that each tenant residing in a LIHTC-supported apartment has access to information about the program and their rights. This could include a centralized office, hotline, and website; a standardized lease addendum that outlines the tenant's rights and responsibilities under LIHTC; and, a uniform notification process for informing tenants of their rights when a building's LIHTC contract expires.

Stronger Rent Laws, because there are multiple ties between subsidized and rent regulated housing. The state should eliminate the vacancy bonus, reform the preferential rent provision, and end high-rent vacancy deregulation.

At a time when New York City is experiencing sustained population growth and wide-scale gentrification, the supply of rental housing affordable to low-income New Yorkers is rapidly dwindling. The preservation of existing government-subsidized housing—the hundreds of thousands of apartments that have been built since the 1930s—is more critical than ever.

This report provides a detailed overview of the current state of and threats to New York City's subsidized housing stock, including Project-Based Section 8, Section 202/811, Low Income Housing Tax Credit (LIHTC), and Mitchell-Lama rental developments. Updating the Community Service Society's Closing the Door series, which since 2006 has focused on subsidized housing, the report puts forward several recommendations to strengthen the city and state's capacity to preserve these irreplaceable housing resources.

Introduction

New York City has long been a difficult place to find and keep a home. Half of the city's 2.2 million renter households are rent burdened, spending more than 30 percent of their income on rent. Low-income tenants[1] are impacted the most—85 percent are rent burdened. While the poverty rate in New York City declined from 20.0 percent in 2015 to 18.9 in 2016 as a result of an improving economy and state minimum wage increases,[2] housing costs remain a challenge for many. Unaffordable rents continue to cause housing instability, evictions, and homelessness. In November 2017, over 63,000 people slept in New York City shelters each night.[3]

Over the last 80 years, New Yorkers have come to rely on a vast array of affordable housing programs, including rent regulation and public housing. This report focuses on subsidized housing, which is publicly assisted, but developed and operated by private (both nonprofit and for profit) owners. There were approximately 180,600 subsidized rental apartments in New York City in 2017, accounting for 8 percent of the rental housing landscape. These apartments, where rents are income-based, offer one of the last few bastions of affordability for low-income tenants.

To incentivize private development, the majority of affordable housing programs were designed with time-limited regulatory agreements (often 5 to 40 years). As a result, the affordability in most subsidized developments comes with an expiration date. Upon expiration, government agencies often offer owners additional subsidies to keep the property affordable and under regulatory control. In rising real estate markets like New York City, public preservation funding must compensate the owner for increasing market values.

As many of New York's subsidized developments age out of affordability restrictions, tenants, advocates, and government agencies have pursued a preservation strategy. Under Mayor Bill de Blasio's *Housing New York: A Five-Borough, Ten-Year Plan,* the city's goal was to preserve 120,000 units of affordable housing by 2024, which the administration hopes to achieve ahead of schedule, by 2022.[5]

Four years into the plan's launch, tenants, tenant advocates, the city, state, and the local HUD office have worked to extend affordability in the majority of subsidized developments. However, advocates have voiced concern about the high public costs of required subsidies and increasing rents in some preserved developments. Further, New York City will soon have to contend with a wave of LIHTC expirations.

Major subsidy and regulatory programs

The list below describes the major subsidies that support private affordable housing in 2018. Affordable housing finance has grown in complexity over the past 40 years. Many affordable housing developments have multiple overlapping capital subsidies, project- and tenant-based rental assistance regulatory agreements, and tax breaks from the federal and local governments.

Project-Based Section 8: Established in 1974 by the U.S. Department of Housing and Urban Development (HUD). HUD and private developers enter into Housing Assistance Payment (HAP) contracts to provide ongoing operating support for below market rents in affordable housing. Tenants pay 30 percent of their monthly adjusted income toward rent and utilities, while HUD pays the owner the difference between the tenant's contribution and a figure established for the HAP contract. Eligible incomes are capped at 80 percent of area median income (AMI); 40 percent of tenants must have incomes below 30 percent of AMI. Project-Based Section 8 no longer subsidizes new developments. Existing properties are eligible for continuing federal support.

The construction of many Project-Based Section 8 buildings was further supported by the Federal Housing Administration's (FHA) mortgage subsidies, which reduced upfront development costs. For example, the **Section 236** program, established in 1968, provided mortgage interest subsides that lowered the interest rate to 1 percent. Many existing Project-Based Section 8 properties also have overlapping mortgage subsidy regulatory agreements.

Low Income Housing Tax Credit (LIHTC): Created by the federal Tax Reform Act of 1986, LIHTC is a time-limited tax incentive that functions like a capital subsidy by facilitating private investment in affordable housing development. Reflecting political changes in the federal relationship to affordable housing development, LIHTC is a tax expenditure rather than a direct subsidy. The Treasury Department's Internal Revenue Service (IRS) oversees the program, rather than HUD. It also devolves the responsibility for the distribution and oversight over the tax credits from the federal government to the states.

Each year, housing finance agencies in each of the 50 states are given a total dollar value of tax credits to allocate, based on state population. In New York, New York State Department of Homes and Community Renewal (HCR) is the main LIHTC allocating agency. A share of the state's credits are passed on for allocation to the New York City Department of Housing Preservation and Development (HPD). Housing developers apply to these allocating agencies for access to the credits through a competitive process. Once they receive the credits, the developers make legal arrangements to transfer the tax benefits to investors who buy into the deal based on the value of the tax credit—a process known as syndication. Developers use the capital proceeds to build housing, while the investors can then reduce their taxes by a set amount over ten years. Investors use LIHTC to reduce their tax obligations. The 2017 tax overhaul, which dramatically lowered the corporate tax rate, undercuts LIHTC value.

> **"The affordability in most subsidized developments comes with an expiration date."**

Mitchell-Lama Rental: Introduced by New York State in 1955, the program was created to incentivize the development of cooperatives and rentals for moderate-income residents. New York City and New York State both developed versions of this program, which provided below-market mortgages and tax exemptions to owners in exchange for a limitation on profits and income targeting. In development, many Mitchell-Lama rental properties also utilized HUD mortgage subsidies, which deepened their income targeting to reach lower-income tenants. In this report, CSS focuses on Mitchell-Lama rentals. The Mitchell-Lama program is no longer producing new housing units.

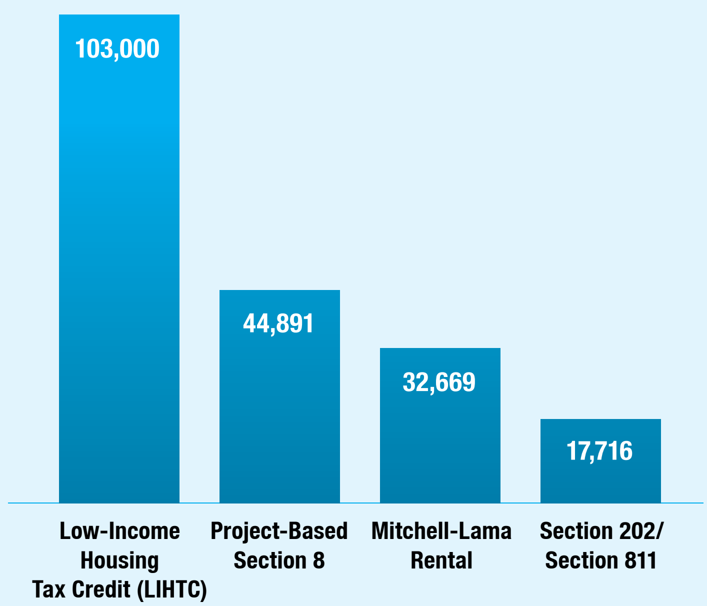
Section 202 Supportive Housing for the Elderly / Section 811 Supportive Housing for Persons with Disabilities: The two federal programs provide capital and operating funds toward nonprofit housing development for seniors and people with disabilities whose incomes are below 60 percent of AMI. The program included both mortgage subsidies and rental assistance in the form of Project Rental Assistance Contracts (PRACs). Before 1990, Section 202 served both seniors and disabled households; funds were provided as loans, subsidized by Project-Based Section 8 contracts. In 1990, Section 811 was spun off as a separate program. In 1991, "the Section 202 program was converted to a capital advance grant with a Project Rental Assistance Contract for operational expenses, known as Section 202 PRAC."[10] Residents pay 30 percent of their adjusted income in rent. HUD makes up the difference between rental income and operating costs. The federal government has not provided funding for new development since 2012, but existing properties are eligible for continuing federal support.

Chart 1 and Table 1 provide a summary of the number of units in New York City covered in the major subsidy programs and their contractual affordability terms. The total number of subsidized rental apartments in New York City in 2017 is about 180,600 units.[11]

TABLE 1 **Subsidized Housing Stock in NYC (2017)**

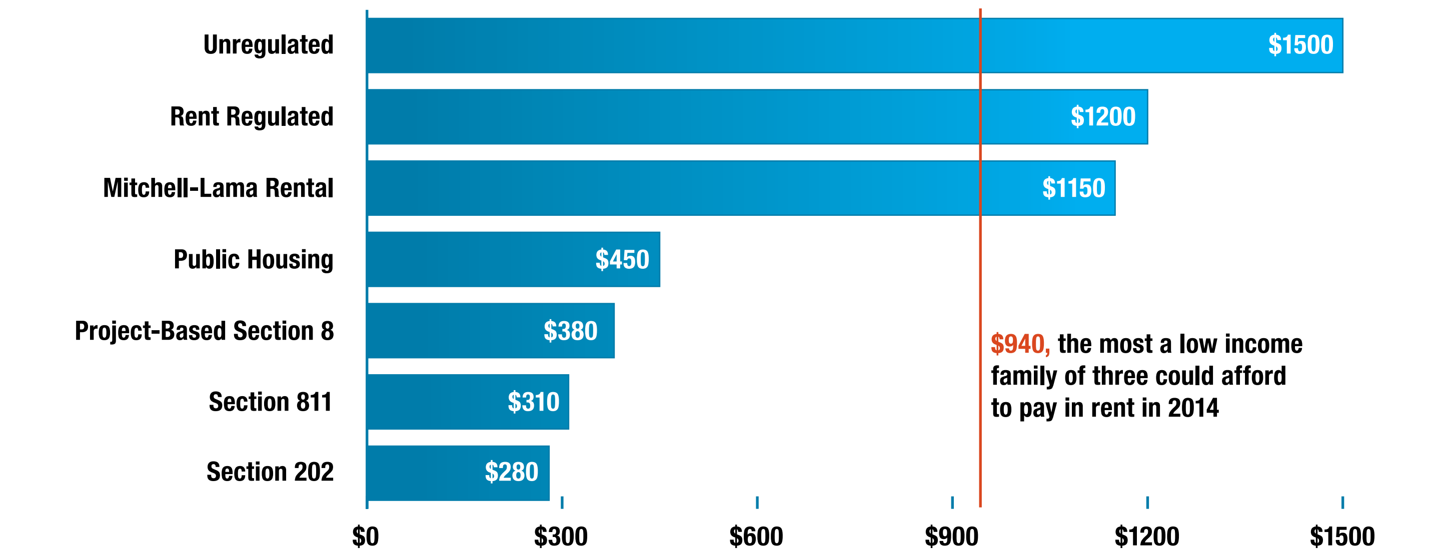
Subsidy Program	Affordability Term
Project-based Section 8	5 to 20 year contract
Low Income Housing Tax Credit (LIHTC)	15 years if put in use before 1990; 30 years if put in use after 1990; 45-60 years if put in use more recently.[12]
Mitchell-Lama rental	20 year contract
Section 202/Section 811	20 to 40 year contract

CHART 1 **Subsidized Housing Stock in NYC (2017)**



*At least 17,700 units are covered by both LIHTC and Mitchell-Lama, Project-Based Section 8, or Section 202/811. Source: National Housing Preservation Database 2017 for LIHTC calculations; CSS Subsidized Housing Database for HUD-assisted and Mitchell-Lama rental counts; Furman Center's CoreData database for overlap between Mitchell-Lama rentals and LIHTC.

CHART 2 **2014 Median Rent by Housing Type**



Source: US Census 2014 Poverty Thresholds; 2014 NYC Housing and Vacancy Survey; 2014 HUD Picture of Subsidized Households.
Notes: The average low-income family earned $37,700 in 2014; LIHTC rents cannot be disaggregated from rent regulated units within the HVS and are not published by HUD; Mitchell-Lama rentals with federal subsidies are income targeted to lower incomes than those without federal subsides. The figure in the chart above includes both federally and non-federally subsidized Mitchell-Lama properties.

Subsidized housing in context

All housing in New York City is shaped by public policy. Public and subsidized housing receive a direct or indirect subsidy from the government for construction, operations, or both. About half of the city's private rental stock is rent regulated: the apartments are not income-targeted, but there are restrictions on rent increases and enhanced protections for tenants, like the right to lease renewal. Even the unregulated rental and owner-occupied sectors are shaped and assisted by urban planning, tax, and lending policies. For example, zoning and lending practices impact siting, land value, and rental costs. Mortgage interest and property tax deductions provide a major subsidy to homeowners.

In 2014, New York City had 3.4 million housing units, including over 1 million homeowner units.[13] Among the 2.2 million rental units, over a million were regulated, a figure that includes the majority of the LIHTC units, which are subject to rent regulation for the duration of their regulatory agreements. However, the city continues to lose rent regulated stock: over 284,000 rent stabilized units have been deregulated since 1994.[14]

As indicated in Chart 1, there are 95,000 Mitchell-Lama rental, Project-Based Section 8, and Section 202/811 apartments (at least 17,700 of those units are also LIHTC). In addition to the subsidized units discussed in this report, there are 178,000 public housing units, which are permanently affordable to low-income New Yorkers.[15]

Low-income households (in 2016, those at 200 percent of the federal poverty level, earning $38,200 a year for a family of three) comprise approximately 35 percent of all households in New York City. Under the 30 percent rent burden threshold, a low-income household could afford to rent an apartment that cost at most $950 a month. The unassisted market in New York City does not produce a notable number of newly built apartments affordable to low-income New Yorkers.[16] Further, between 2011 and 2016, the number of apartments renting for $950 (in constant 2016 dollars) declined by approximately 81,000 units, mostly as a result of rapidly increasing rents.[17]

Chart 2 illustrates the dramatic difference in rent between different types of rental housing. Income targeting keeps rents in subsidized housing low, even as regulated and unregulated rents continue to rise.

Given the high rent costs in unsubsidized housing, subsidized housing is a refuge for low-income tenants in New York City (see Table 2 and Chart 3). It is particularly important to note that 53 percent of tenants in Mitchell-Lama rental developments are low income. While the median rents in Mitchell-Lama rentals are much higher than those in public housing or Project-Based Section 8 developments, federally assisted Mitchell-Lama rentals have deeper affordability requirements.

Tenant-based subsidies, including Section 8 vouchers, help deepen affordability in subsidized housing that does not have a monthly operating subsidy—22 percent of Mitchell-Lama tenants and 31 percent of HUD-assisted tenants receive Section 8 vouchers.[18]

In 2017, the average Section 8 subsidy provided by HPD was approximately $1,000 per household in New York City's rental market.[19] There are approximately 126,000 Section 8 vouchers in use, including 40,000 vouchers overseen by HPD and 86,000 overseen by NYCHA.[20]

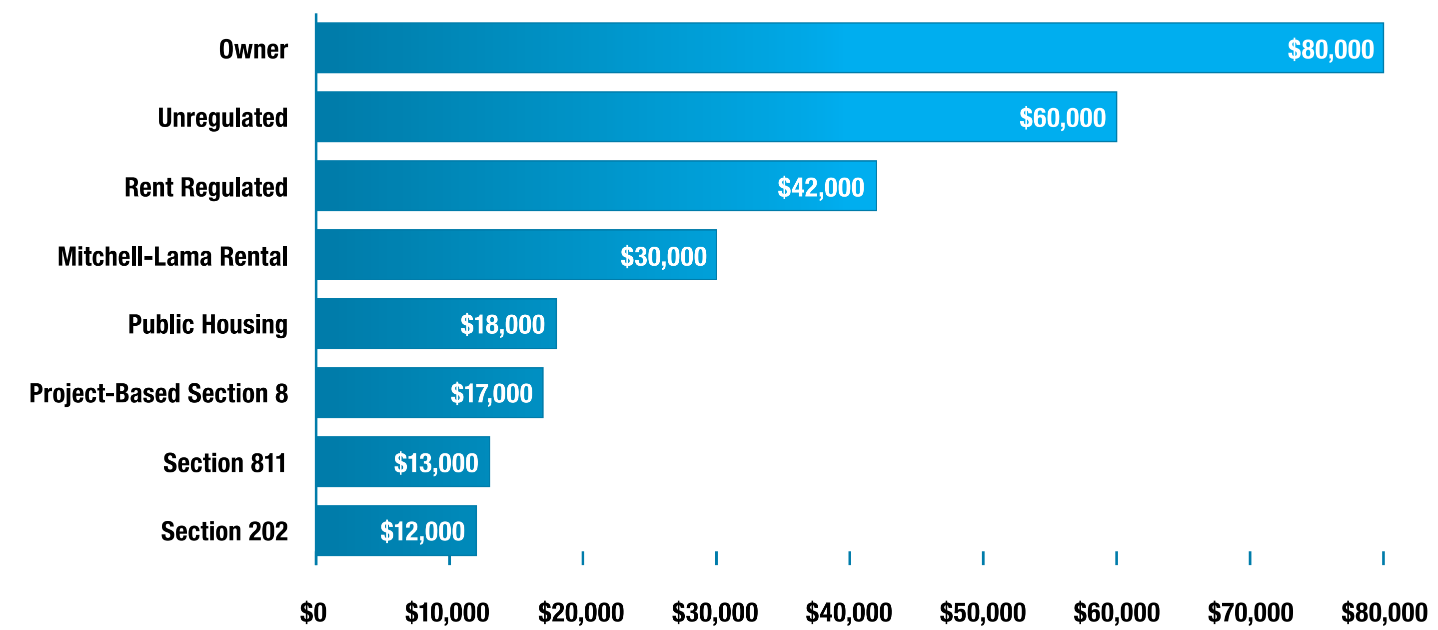
TABLE 2 **Percent of Households that are Low Income, by Housing Type**

Housing Type	% of Low-Income Households
Owner	20%
Unregulated rental	31%
Regulated rental	41%
Mitchell-Lama rental	53%
Public housing	77%
HUD-assisted rental	79%

Source: 2014 NYC Housing and Vacancy Survey; HVS does not distinguish between different types of HUD-assisted housing. As a result, the "HUD Tenant" category includes Section 202/811 and Project-Based Section 8 buildings.

The NYCHA voucher program serves low-income households in New York City who qualify.[21] HPD's program is intended to serve "specific categories of low-income households who are affected by, or participate in, HPD or other government agency programs and consequently face special circumstances."[22] HPD often utilizes its voucher pool toward deepening affordability in LIHTC supported apartments, because LIHTC acts like a capital subsidy and does not provide ongoing operational support.

CHART 3 **Median Household Income by Housing Type**



Source: CSS analysis of 2014 NYC Housing and Vacancy Survey; 2014 HUD Picture of Subsidized Households.

TABLE 3 **Losses of Affordable Housing By Category:1990-2008**

	Apartments in 1990	Apartments at end 2008	Percent lost, 1990 to 2008
Mitchell-Lama rentals			
With federal subsidy	41,822	28,332	32%
Without federal subsidy	23,823	6,691	72%
Total Mitchell-Lama	65,645	35,023	47%
HUD-assisted (Non ML)			
Project-based Section 8	52,578	46,589	11%
Other federal subsidy	838	0	100%
Total HUD-assisted (Non ML)	53,416	46,589	13%
Total ML and HUD-assisted	***119,061***	***81,612***	***31%***

Source: CSS Subsidized Housing Database

Losses in subsidized housing

At the height of the real estate bubble in the mid-2000s, New York City's subsidized housing stock experienced heavy losses. Many private landlords, upon the termination of their regulatory agreements, removed their properties from housing affordability programs to achieve higher profits. Table 3 illustrates that the Mitchell-Lama rental program lost 47 percent of its units between 1990 and 2008, while HUD-assisted programs lost 13 percent. Strikingly, Mitchell-Lama rentals without federal subsidies lost 72 percent of their 1990 total. These developments proved to be the most vulnerable to loss because Mitchell-Lama was not developed with a process to incentivize developers to remain in the program.

After the 2008 financial crisis, the housing market in New York City experienced a relative slowdown, but has since heated up again. There is renewed investor interest in subsidized housing developments. The loss of subsidized housing stock after 2008 has not been as catastrophic as it was in the mid-2000s. However, the steady loss of subsidized housing continues, with non-federally assisted Mitchell-Lama rental developments in greatest danger of affordability loss. Table 4 shows that between 2009 and 2017, four percent of Project-Based Section 8 units and seven percent of Mitchell-Lama rental units have been lost. Non-federally assisted Mitchell-Lama rentals have lost 25 percent of their remaining stock.

The overall loss of subsidized housing in New York City has been dramatic. Table 5 shows that between 1990 and 2017, New York City had lost just over one third of its 119,061 apartments in the Mitchell-Lama rental and Project-Based Section 8 programs.

TABLE 4 Losses of Affordable Housing by Category: 2009-2017

	Apartments at end 2008	Apartments in 2017	Percent lost, 2009 to 2017
Mitchell-Lama rentals			
With federal subsidy	28,332	27,620	3%
Without federal subsidy	6,691	5,049	25%
Total Mitchell-Lama	35,023	32,669	7%
HUD-assisted (Non ML)			
Project-based Section 8	46,589	44,891	4%
Other federal subsidy	0	0	N/A
Total HUD-assisted (Non ML)	46,589	44,891	4%
Total ML and HUD-assisted	***81,612***	***77,560***	***5%***

Source: CSS Subsidized Housing Database

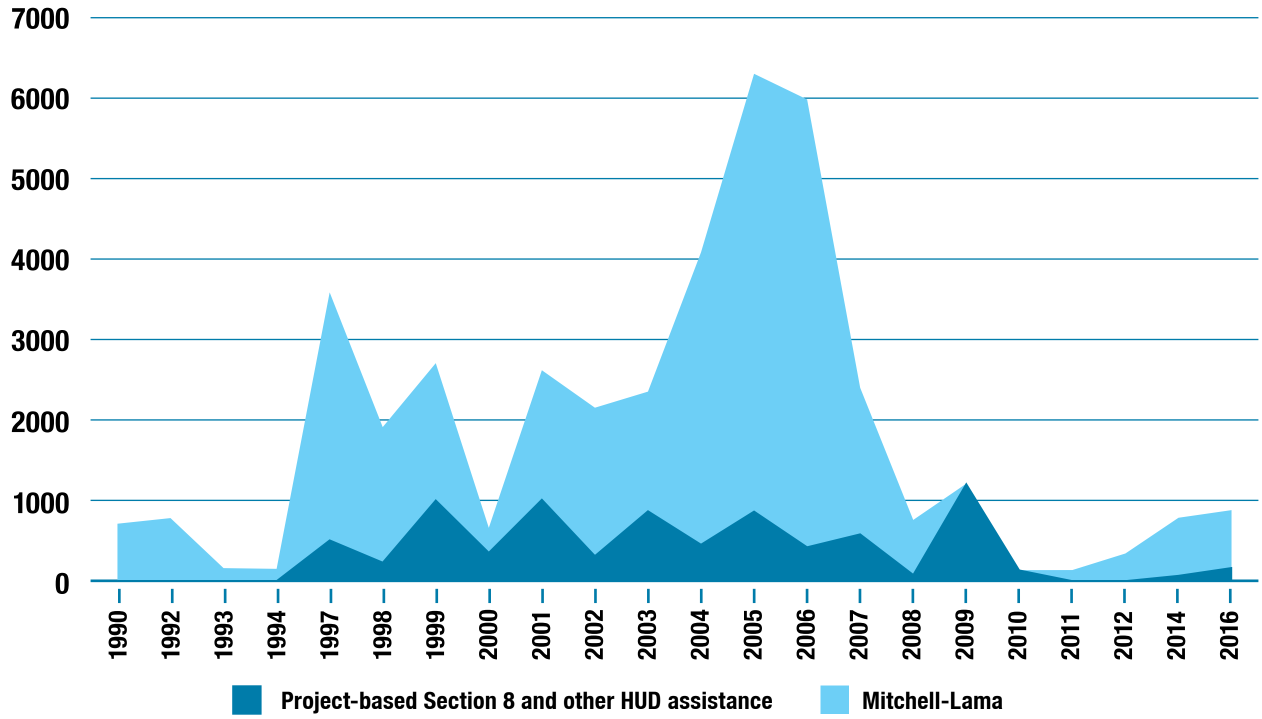
TABLE 5 Losses of Affordable Housing by Category: 1990-2017

	Apartments in 1990	Apartments in 2017	Total percent lost
Mitchell-Lama rentals			
With federal subsidy	41,822	27,620	34%
Without federal subsidy	23,823	5,049	79%
Total Mitchell-Lama	65,645	32,669	50%
HUD-assisted (Non ML)			
Project-based Section 8	52,578	44,891	15%
Other federal subsidy	838	0	100%
Total HUD-assisted (Non ML)	53,416	44,891	16%
Total ML and HUD-assisted	***119,061***	***77,560***	***35%***

Source: CSS Subsidized Housing Database

CHART 4

Loss of Subsidized Housing Units Over Time



Source: CSS Subsidized Housing Database

As illustrated in Chart 4 above, historically, Mitchell-Lama properties have been very sensitive to real estate market trends, while HUD-assisted housing has not. To motivate landlords to maintain affordability in properties with expiring regulatory agreements, HUD developed a number of lucrative incentive programs, like the Mark Up to Market program. Under this program, HUD raises the amount of federal subsidy to match market rents in exchange for a new five- to twenty-year regulatory agreement, with annual cost adjustments. Under Mark Up to Market, tenants continue to pay 30 percent of their income in rent, while the federal government compensates the landlord for increased real estate prices in the neighborhood where the HUD-assisted building is located. A similar program does not exist for non-federally assisted Mitchell-Lama rental properties. As a result, tenants, advocates, and regulatory agencies have had relatively little leverage when negotiating with owners of buildings reaching the end of their regulatory agreements.

Project-Based Section 8 losses

Despite the availability of federal incentives, five HUD-assisted developments with a total of 229 units terminated their Project-Based Section 8 contracts since 2014. The five developments are in Jamaica, Queens; Crown Heights, Brooklyn; Lower East Side; Upper West Side; and Harlem; Manhattan. The majority are smaller buildings with regulatory agreements that covered a partial number of units in each property. Rising land costs, especially in gentrifying neighborhoods like Harlem and Crown Heights, could have played a role in the owners' decisions to leave the program. The stability of federal subsidy may have been attractive to owners when local market rents were low. However, with rising asking rents, landlords may have found it tempting to remove their buildings from under federal oversight. While the termination of regulatory agreements in smaller HUD-assisted properties does not garner the same type of attention as those of large developments (for example, Starrett City), about one out of four Project-Based Section 8 properties has fewer than 60 units.

Section 202/811: Stability and growing capital needs

The Section 202/811 housing stock in New York City, largely owned and operated by the same nonprofit developers that built them, has remained stable. However, HUD does not currently have an established process for providing funding for capital repairs for Section 202 properties built after 1991 and funded with Project Rental Assistance Contracts (PRACs).[23] As buildings age, Section 202 properties may be vulnerable to loss of affordability due to deteriorating physical conditions.

Mitchell-Lama loss or Mitchell-Lama preservation?

While the loss of Mitchell-Lama units has slowed compared to the 2005-2006 peak, developments continue to lose the subsidy each year. Since 2014, four developments, with 1,880 units, have left the program. Three out of four had only state subsidies, with no additional federal protections. However, unlike previous years, the city and state used significant resources to create new, albeit weaker, regulatory agreements for these properties.

> **"Some advocates have called into question the use of public subsidies in properties where tenants are protected by rent stabilization, without the guarantee of deep affordability."**

The first of the three to exit the program, a 400-unit development on Roosevelt Island, underwent a lengthy and complex negotiation process between the building owner, tenants association, the regulatory agency (New York State Homes & Community Renewal (HCR)), elected officials, the Empire State Development Corporation, and the landowner.[24] The resulting regulatory agreement allowed the building owner to remove the building from the Mitchell-Lama program and convert it into a market-rate cooperative. At the same time,

the agreement provided tenants with a right of first refusal, allowing them to purchase their apartments at a discount, or stay on as renters protected by the regulatory agreement and New York State's rent stabilization laws. With apartments valued from $392,900 to $1.007 million, this regulatory agreement allows some of the development's tenants to profit from the conversion. However, the protections under the agreement are weaker than those under Mitchell-Lama. As the current generation of tenants ages out, the agreement allows for the gradual removal of all regulated rental apartments from the development.

The other two rental developments to exit the Mitchell-Lama program in the last four years were a 318-unit development in Marble Hill, Manhattan and 716-unit development Ocean Hill-Brownsville, Brooklyn. The two are owned by the same developer. Upon leaving the Mitchell-Lama program, both entered into a new regulatory agreement with the city to maintain a level of affordability in exchange for an Article XI real estate tax exemption. Since both buildings were occupied before 1974, in the absence of the agreement, both would have become rent stabilized. Some advocates have called into question the use of public subsidies in properties where tenants are protected by rent stabilization, without the guarantee of deep affordability.

Article XI refers to a clause in the New York Private Housing Finance Law, passed by New York State in 1966 to encourage the development of affordable housing by nonprofit Housing Development Fund Companies (HDFCs). The exemption reduces or eliminates real estate taxes, lowering the ongoing operating costs of the property.[25] Each HDFC organized under Article XI is individually chartered and requires City Council approval. In the past, the exemption supported the formation of low-income cooperatives in tax foreclosed tenant-occupied buildings. More recently, HPD and HDC created the Article II to XI Conversion Program, which allows Mitchell-Lama cooperatives to convert to HDFCs and loosen their regulatory requirements.

"As long as unregulated rents and land values in the city continue to escalate, owners of subsidized housing will have an economic incentive to bring rents up to market rates upon deregulation."

In the past few years, the city has begun to use Article XI in its subsidized rental property preservation efforts. According to data available through the NYC Open Data portal, between 2014 and 2017, about 160 multifamily rental developments (both newly construction and preservation), with 25,000 units, are slated to receive the Article XI tax exemption. In some cases, Article XI is the only preservation tool, while in others, it is paired with other subsidies. Like other buildings receiving property tax exemptions, including 421-a, Article XI properties are entered into two regulatory regimes: the state's rent stabilization system and a regulatory agreement with HPD. Article XI regulatory agreements are highly flexible—each regulatory agreement is a result of a lengthy negotiation between the city and the developer. Generally, the agreements last anywhere between 20 to 40 years, and provide tenants with an enhanced version of protections available under rent stabilization laws. Leases in developments receiving Article XI tax exemptions are generally not subject to vacancy deregulation. However, they may be subject to other loopholes within the rent stabilization laws, like the 20 percent bonus added to stabilized rents upon vacancy, which advocates have dubbed the eviction bonus.

Article XI regulatory agreements also include income targeting, which is phased in as apartments in a development turn over. However, the Marble Hill development is undergoing a $14 million renovation that introduces luxury amenities to help rebrand the formally affordable development into a luxury waterfront property.[26] At the Ocean Hill-Brownsville development, the median rent at the time of the agreement signing was approximately $940, significantly lower than the rent thresholds outlined in the agreement.[27] Despite the income targeting, both of the developments mentioned above will likely see a newer generation of higher-income tenants.

Further, Article XI is not an expansive regulatory system, like rent stabilization, nor a full affordable housing program, like Mitchell-Lama. As a result, tenant access to an appeals process in case of rent overcharges or information about their rights as residents of an Article XI property are not as well defined.

LIHTC: A new affordability crisis?

As long as unregulated rents and land values in the city continue to escalate, owners of subsidized housing will have an economic incentive to bring rents up to market rates upon deregulation. This could pose a danger to the LIHTC stock. A response will require unprecedented coordination—unlike older types of subsidized housing, LIHTC regulation and oversight is dispersed among multiple parties, including syndicators like Enterprise Community Partners and the National Equity Fund, housing finance agencies like HPD and HCR, and the IRS.

For LIHTC properties occupied by tenants (or, "put into service") before 1990, owners can exit from affordability restrictions after 15 years. Beginning in 1990, "federal law began requiring tax credit projects to remain affordable for a minimum of 30 years, for the 15-year initial compliance period and a subsequent 15-year extended use period." During the first 15 years of a LIHTC property's compliance period, owners provide annual reports to both the IRS and the local oversight agency. After 15 years, the reporting requirements diminish. More importantly, the main lever for enforcing affordability—the potential loss of tax benefits by investors—also disappears.

LIHTC was introduced as part of Reagan's Tax Reform Act of 1986. The first LIHTC-assisted property in New York City, two tenements renovated by Asian Americans for Equality (AAFE) on the Lower East Side, opened relatively recently in 1988.[29] There were a total of 16 properties with approximately 700 units put into service in 1988 and 1989.[30]

TABLE 6 **LIHTC-Supported Properties with Expiring Affordability Restrictions by Year**

Exit Date	# of Developments	# of LIHTC-Assisted Units
01/01/2018	1	132
01/01/2019	15	541
01/01/2020	51	2,839
01/01/2021	54	2,995
01/01/2022	42	2,124
01/01/2023	44	1,847
01/01/2024	43	2,181
01/01/2025	60	2,994
Total	310	15,653

Source: National Housing Preservation Database (NHPD)

The majority of LIHTC-assisted properties in New York City came online on or after 1990, when the federal law was adjusted to include an extended 15-year period of affordability, with lighter compliance requirements. This means that starting in 2020, an increasing number of LIHTC properties in New York City will begin to be eligible to exit from their affordability restrictions. LIHTC properties in high-rent neighborhoods and those without additional restrictions tied to other affordability programs will be the most vulnerable.

There are 103,000 LIHTC-assisted units in 1,800 properties in New York City. Of that total count, the National Housing Preservation Database (NHPD) defines approximately 4,000 units as inconclusive, because of missing data or because they are no longer actively being tracked by their oversight agencies.[31] Between 2020 and 2025, approximately 15,000 LIHTC units (15 percent of the total) will become eligible to exit from their affordability restrictions. Some local incentive programs to maintain affordability in LIHTC properties currently exist, including the 420-c tax exemption, which provides tax breaks on current or former LIHTC-financed developments in exchange for continued rent restrictions. In addition, HPD's Low-Income Housing Tax Credit Portfolio Preservation (Year 15) Program provides technical assistance and below interest loans for owners of city-assisted tax credit properties at the end of their initial tax credit compliance period, before they enter into their mandated "extended use" period.[32] However, these programs may not be sufficient to encourage developers to maintain affordability restrictions in expiring LIHTC developments, especially in gentrifying neighborhoods with rapidly rising rents.

The 2017 tax overhaul creates a new problem for LIHTC preservation. LIHTC properties are often preserved through recapitalization with new tax credits at the end of their compliance period. As LIHTC value decreases because of the dramatically lowered corporate tax rate, municipalities will be able to support fewer projects. They will have to choose whether to support preservation or new construction.

Section 8 voucher cuts and subsidized housing

In addition to the potential for a LIHTC affordability crisis, the danger of federal tax cuts to the Section 8 voucher program could put low-income New Yorkers living in subsidized housing in a precarious situation even sooner. Housing built with LIHTC, which functions as a capital subsidy, cannot support rents affordable to low-income New Yorkers on its own. It often depends on Section 8 vouchers to achieve deeper affordability for low-income tenants. In addition, many HUD-assisted buildings are only partially covered by Project-Based Section 8 contracts, meaning that a single building may have both tenant-based and project-based rental assistance. In 2014, 22 percent of Mitchell-Lama tenants and 31 percent of HUD-assisted tenants also had Section 8 vouchers, as compared to 9 percent of rent regulated tenants and 4 percent of unregulated tenants. With looming cuts to Section 8 voucher funding, local housing agencies may have to adapt lower payment standards, which are the maximum allowable subsidy per voucher. Under a lowered payment standard, Section 8 voucher holders, especially in high-cost markets like New York City, may see their rent burdens rise. Further, there is the real danger of defunding of existing vouchers. In addition, with LIHTC being the primary tool for building new affordable housing, the potential Section 8 cuts raise the question of how the city will support new housing for low-income New Yorkers.

Impact of the mayor's *Housing New York* plan

Housing New York, the city's current affordable housing plan, seeks to extend the affordability in 120,000 units of existing housing by 2022, two years ahead of schedule. Preservation does not necessarily mean the continuation of the same *type* of program or regulatory agreement in a given building. For example, apartments in the two former Mitchell-Lama developments described on page 11 are counted toward the preservation goal.

HUD-assisted and Mitchell-Lama developments represent a significant subset of units preserved under *Housing New York*. Out of the total 77,651 units preserved under *Housing New York* by June 2017, Mitchell-Lama units account for approximately 7,000 units in 16 developments (13 percent of total), while HUD-assisted properties account for approximately 5,900 units in 29 developments (11 percent of total)[33]. As part of the expansion of the *Housing New York* plan in November 2017, the city formalized its ongoing Mitchell-Lama preservation efforts into the Mitchell-Lama Reinvestment program, which will provide financing and tax exemptions to city-sponsored Mitchell-Lama cooperatives and rentals in exchange for continuing regulatory oversight (for state-sponsored developments, HCR has the Mitchell-Lama Rehabilitation and Preservation (RAP) program).[34]

"Starting in 2020, an increasing number of LIHTC properties in New York City will begin to be eligible to exit from their affordability restrictions."

The city's preservation efforts of Project-Based Section 8 properties depend on the availability of federal incentives like Mark Up to Market, which have historically been successful in encouraging property owners to extend their regulatory agreements. The city's *Housing New York* expansion in November 2017 will also target 14,000 units in Section 202 properties for "outreach and focus." While precise program details are not yet available, this may be beneficial to Section 202 PRAC properties that are currently unable to refinance to perform major capital repairs. National housing organizations have also advocated for the expansion of HUD's Rental Assistance Demonstration to Section 202 PRAC properties.

For non-federally assisted Mitchell-Lama developments, city incentives—including tax exemptions, tax credits, below market interest rate loans, and other forms of financing—provide leverage to negotiate for the extension of regulatory agreements. In addition, tenants associations in subsidized properties and tenant advocates have learned from previous affordability crises and have grown in sophistication.

According to data provided to CSS by the Independent Budget Office, approximately 8,900 units (17 percent of preserved through *Housing New York* through the end of June 2017) were preserved through the Low Income Housing Tax Credit Year 15 program. The majority of these units (those built after 1990) are federally mandated to extend their affordability for at least 15 years after the initial regulatory period. As an increasing number of LIHTC supported properties begin to be eligible to exit from their regulatory contracts starting in 2020, these existing programs will likely prove insufficient. A coordinated policy response and new incentive programs will be necessary to keep LIHTC supported units affordable.

Policy recommendations

Under the current political climate, the responsibility for supporting and expanding subsidized housing increasingly falls on the city and state. Since the release of our last *Closing the Door* report, a number of legislative decisions have responded to the needs of low-income New Yorkers, including those living in subsidized housing. Many were a result of effective on-the-ground organizing.

As CSS stated in the 2014 Closing the Door report, "one of the mayor's most powerful housing levers is through appointment processes." The Rent Guidelines Board, appointed by Mayor de Blasio, voted to freeze the rents for one year rent stabilized leases in 2015 and in 2016, an unprecedented action by the board. Further, after years of tenant organizing, the City Council passed a package of bills that strengthen the city's ability to address tenant harassment.[37] These actions help protect low-income tenants across New York City's housing landscape.

Recent years have not seen subsidized housing losses as rapid as those in the mid-2000s. However, many of the underlying causes are still present. As long as there is investment interest in affordable multifamily properties in New York City, the real estate market will exert strong pressure to raise rents, even in subsidized properties under regulatory agreements. This is especially true for Mitchell-Lama rentals, where property owners can institute large rent increases under certain conditions.

Additionally, tenants living in apartments financed with LIHTC have thus far been protected from deregulation. However, an increasing number of LIHTC properties will be eligible to exit starting in 2020. Further, Section 8 vouchers are the underlying tool that deepens the affordability of LIHTC properties to make them accessible to low-income New Yorkers. Many Mitchell-Lama and HUD-assisted tenants also depend on Section 8 vouchers. With Section 8 voucher funding under threat, the risk to subsidized housing affordability is even greater.

Overall, existing programs will not allow the city's publicly supported housing stock to keep pace with, let alone catch up to, the growing need. Beyond immediate preservation needs, the city's deeply entrenched affordability crisis requires bold policy solutions. The city and state need to build on the successes of recent pro-tenant legislative actions to further respond to the housing needs of low-income New Yorkers.

1. New York State Operating Subsidies for Existing Subsidized Housing

New York State should pilot an operating subsidy program for existing subsidized housing. This program would be complementary to capital subsidy programs that produce and preserve affordable housing. It would help bridge the existing subsidy gap to serve low-income New Yorkers.

It is accepted wisdom that the private market, under current conditions, will not produce housing affordable to the lowest income New Yorkers. Unfortunately, it is also becoming accepted that local governments do not have the capacity to subsidize affordable housing development that requires an ongoing operating subsidy. Overwhelmingly, this is the type of housing that is affordable to New Yorkers that face the highest rent burdens and are most in danger of eviction and homelessness.

In the early 1970s, the federal government provided below market mortgages to support the development of affordable housing. HUD initially assumed that the resulting reduction in debt service would be enough to keep the developments affordable. However, it was not sufficient, and there was a major deficit crisis in HUD-assisted buildings. To remedy this issue, HUD began combining mortgage and rent assistance contracts.[38]

Today, LIHTC is the main tool for affordable housing construction. A significant amount of local subsidies are being used to negotiate for the extension of affordability agreements in all subsidized housing. At the same time, the city faces a danger of deep cuts to the federal Section 8 program and the expiration of an increasing number of affordability agreements in LIHTC supported properties, which will further increase the need for local subsidy. A state operating subsidy program would help address existing and future subsidized housing preservation needs.

2. New York State Rental Assistance Program

The state should pilot a version of a universal rental assistance program, which has been promoted by sociologist Matt Desmond as an antidote to the eviction epidemic that perpetuates poverty in the United States.[39] The rental assistance program should explicitly work with the state's rent laws, to address the potential for rent inflation. As stated by Desmond, "making a universal housing program as efficient as possible would require regulating costs. Expanding housing vouchers without stabilizing rent would be asking taxpayers to subsidize landlords' profits."[40]

> **"Under the current political climate, the responsibility for supporting and expanding subsidized housing increasingly falls on the city and state."**

New York has a long history of emergency rental assistance programs, including the state's Family Homelessness and Eviction Prevention Supplement (FEPS), which helps households with children that are on the brink of eviction, as well as the city's Living in Communities (LINC) program, which provides support to families living in shelters that meet certain criteria. All existing state and local rental assistance programs have narrow qualifications and target households that are experiencing severe housing instability—those with open housing court cases or living in shelters.

An expanded rental assistance program would immediately help alleviate high rent burdens among low-income New Yorkers, and provide stability to households before they face eviction or homelessness. To make the program work, the state would also have to address the continuing source of income discrimination experienced by voucher holders.[41] While expensive, the scale of need in the city requires no less than what Moses Gates, the Regional Plan Association's Director of Community Planning and Design, calls a "paradigm shift" in the way the city conceptualizes affordable housing assistance.

> **"An expanded rental assistance program would immediately help alleviate high rent burdens among low-income New Yorkers, and provide stability to households before they face eviction or homelessness."**

In 2016, Queens Assemblymember Andrew Hevesi proposed the Home Stability Support program, which would provide rental assistance to households facing "eviction, homelessness, or loss of housing due to domestic violence or hazardous living conditions." Other states have launched similar programs, including the Massachusetts Rental Voucher Program (MRVP).[42] To truly address the affordability crisis and minimize the long term impact of eviction and homelessness, an ideal program would extend eligibility to all low-income rent burdened households.

3. Stronger Rent Laws

In the coming year, the State should focus on doing away with the vacancy bonus, reforming the process by which capital improvements costs are passed on to tenants, and addressing other rent law loopholes like preferential rents. When the rent laws come up for renewal in 2019, the state should end high-rent vacancy deregulation.

New York's rent regulation laws protect over one million New Yorkers, including more than 400,000 low-income households.[43] However, rent stabilization is being undermined through vacancy deregulation, as well as excessive rent increases when apartments turn over, particularly in combination with preferential rents.

There are multiple ties between subsidized and rent regulated housing. While most rent stabilized housing is not subsidized, a significant number of subsidized units are or could become rent stabilized: LIHTC-supported apartments enter into rent stabilization for the duration of their regulatory contracts. Properties receiving property tax breaks, like 421-a, J-51, and Article XI also become rent regulated for the duration of the tax break. Mitchell-Lama and HUD-assisted buildings built before 1974 transition into rent regulation upon the expiration of their regulatory agreements.

Further, while subsidized housing is somewhat insulated from changes in the housing market, buildings with expiring agreements are vulnerable to real estate market trends, especially in neighborhoods with rapidly rising rents. Rent stabilization has a broader aggregate impact, beyond individual buildings—it protects neighborhoods from skyrocketing rents.

4. LIHTC Task Force

The city and state should prepare for the increasing number of LIHTC expirations, which will begin in 2020. By design, the regulatory process for LIHTC properties is complex, including federal-level agencies like the IRS, state and local housing agencies like HPD, HDC, and HCR, and syndicators like Enterprise Community Partners and the National Equity Fund (affiliated with LISC). These entities should work together with tenants and tenant advocates to develop a strategy to expand regulation of LIHTC-assisted properties beyond year thirty.

In particular, the coordinated response should ensure that the rights of tenants in apartments subject to rent stabilization are protected during and after the end of extended use periods in LIHTC units.

5. Tenant Engagement and Education in LIHTC Properties

LIHTC regulatory agencies—including HCR, HPD, and HDC—should ensure that each tenant residing in a LIHTC-supported apartment has access to information about their rights. Information could be made available to tenants through a shared database that identifies all LIHTC-supported properties, their owners, subsidy expiration dates, and information about additional subsides. This would allow tenants and tenant advocates to easily identify building vulnerable to subsidy loss. Today, tenant advocates are often the first to identify and respond to potential contract terminations in Mitchell-Lama rentals and HUD-assisted properties.

"Rent stabilization has a broader aggregate impact, beyond individual buildings—it protects neighborhoods from skyrocketing rents."

In addition, regulatory organizations should create a coordinated and centralized office, hotline, and website that is easily accessible to tenants and able to provide accurate information about the properties in which they live, as well as referrals to tenant organizing and legal support.

Further, regulatory agencies should proactively inform LIHTC-supported tenants of their rights. Each LIHTC-supported household should receive a uniform lease addendum that clearly identifies their apartment (not their building) as LIHTC-supported and outlines their rights.[44] This is particularly important for tenants in buildings with a mixture of subsidized and unsubsidized apartments. Regulatory agencies should also establish a uniform notification process for informing tenants of changes to their building's subsidy status.

Of all the various actors that participate in the development or preservation of affordable housing, tenants are both the least represented in the process and have the most to lose. Tenants in older subsidized housing types, including HUD-assisted housing and Mitchell-Lama enjoy a higher level of access to information and legal protections of their right to organize. Part of the reason for this is because tenants served by both programs form distinct constituencies that, at times, effectively organized for regulatory reform. In addition, each development has clear regulatory oversight, whether from HUD, HPD, or HCR. With newer subsidized housing, including LIHTC (and local tax abatements like Article XI), the diffusion of oversight can make it difficult for tenants to both access information and effectively organize.

As high rent burdens continue to cause housing instability for low-income New Yorkers, the preservation of existing subsidized housing should remain central to the city and state's housing agenda. However, to move beyond crisis management, the city and state should invest resources, including political capital, in new, tenant-centered policy approaches.

Appendix I – Calculating the total number of subsidized units in NYC

In recent years, the addition of LIHTC to Mitchell-Lama and Project-Based Section 8 supported properties has become more prevalent as a preservation strategy. However, according to the National Housing Preservation Database, of the 103,000 LIHTC-supported units, 69,100 do not have any additional federal subsidies. There are 8,200 LIHTC-assisted units that are located in developments that receive Project-Based Section 8 and 6,300 LIHTC units in Section 811/202 developments. In addition, there are 2,400 Mitchell-Lama units supported with LIHTC. CSS's calculation of subsidized properties in New York City adjusts for overlap between LIHTC and Mitchell-Lama rentals, Project-Based Section 8, and Section 202/Section 811.

It is important to note that both LIHTC and Project-Based Section 8 rental assistance contracts often only cover a portion of a development. In any given development, LIHTC and Project-Based Section 8 may be subsidizing different units.

Public Subsidy Program	# of Apartments	# of units that may be covered by LIHTC
Low Income Housing Tax Credit (LIHTC)	103,000	
Project-based Section 8	44,891	8,200
Mitchell-Lama rental	32,669	2,400
Section 202/Section 811	17,716	6,300
Total	**198,276**	**17,700**

Source: National Housing Preservation Database 2017 for LIHTC calculations; CSS Subsidized Housing Database for Project-Based Section 8, Section 202/811 and Mitchell-Lama rental counts; Furman Center's CoreData database for overlap between Mitchell-Lama rentals and LIHTC.

Appendix II – 2017 Area Median Incomes for NYC

Household Size	20% AMI	30% AMI	40% AMI	50% of AMI	60% AMI	80% AMI	100% AMI
1	$13,360	$20,040	$26,720	$33,400	$40,080	$53,440	$66,800
2	$15,280	$22,920	$30,560	$38,200	$45,840	$61,120	$76,400
3	$17,180	$25,770	$34,360	$42,950	$51,540	$68,720	$85,900
4	$19,080	$28,620	$38,160	$47,700	$57,240	$76,320	$95,400
5	$20,620	$30,930	$41,240	$51,550	$61,860	$82,480	$103,100

Source: U.S. Department of Housing and Urban Development; HUD sets income limits that determine eligibility for federally assisted housing. Many state and city housing programs use AMI levels for determining eligibility as well. HUD develops income limits based on Median Family Income estimates and Fair Market Rent area definitions for each metropolitan area (including NYC as well as Putnam, Westchester, and Rockland counties).

NOTES

1. The federal poverty threshold, updated by the Census Bureau each year, is used to quantify poverty in America. The 2016 threshold (set in September 2017) is $19,318 for a family of three with one child and $24,339 for a family of four with two children. CSS defines "low-income" as individuals and families whose earnings are at 200% of the poverty level.

2. Irene Lew and Nancy Rankin, *Policies Matter: Hardships Decline for Low-Income New Yorkers in 2016,* CSS Policy Brief, January 2017.

3. NYC Department of Homeless Services and Human Resources Administration and NYCStat shelter census reports, compiled by the Coalition for the Homeless. See http://www.coalitionforthehomeless.org/wp-content/uploads/2014/04/NYCHomelessShelterPopulation-Worksheet1983-Present_Sept2017.pdf

4. See Appendix I for subsidized housing count.

5. The de Blasio administration plans to reach its originally outlined goal of building or preserving 200,000 units by 2022, two years ahead of schedule. In November 2017 the administration increased its goal and expanded the timeline, to build and preserve 300,000 apartments by 2026. Precise preservation/construction breakdown is not yet available. See *Housing New York 2.0* for more information.

6. The subsidy list is based on the National Housing Preservation Database's (NHPD) *Program Descriptions* and the Furman Center's *Directory of New York City Affordable Housing Programs.*

7. See Appendix II.

8. Thomas J. Waters and Victor Bach, *Good Place to Work Hard Place to Live: The Housing Challenge for New York City's Next Mayor,* CSS Policy Report, 2013.

9. Republican tax reform in 2017 may undermine the LIHTC market: if corporations pay less taxes, the need to reduce their tax burden with credits will decrease.

10. Linda Couch, *Section 202: Supportive Housing for the Elderly,* 2016. See http://nlihc.org/sites/default/files/AG-2017/2017AG_Ch04-S07_Section-202.pdf

11. See Appendix I.

12. For 9% Credits only: "Owners of 9% projects are willing to enter into a 30 year regulatory agreement with HPD for extended low-income use of the project that is in conformance with the requirements of Section 42. Owner also agrees to give HPD the option to extend the affordability period for an additional number of years, up to 30 years, if HPD extends the Project's tax exemption for an equal number of years. Owner agrees to maintain the Extended Use period by including in the regulatory agreement a waiver of the right to seek a qualified contract to purchase the project at the end of the 15-year compliance period." See 2016 Low Income Housing Tax Credit Qualified Allocation Plan, HPD, July 2016.

13. 2014 New York City Housing and Vacancy Survey (NYCHVS); Homeownership unit count includes co-ops, condos, townhouses, and detached single family homes.

14. Rent Guidelines Board, *Changes to the Rent Stabilized Housing Stock in New York City in 2016,* 2017.

15. NYCHA 2017 Fact Sheet. See https://www1.nyc.gov/assets/nycha/downloads/pdf/factsheet.pdf

16. A notable exception is "the housing underground" - the thousands of illegal subdivisions and basement apartments that are often affordable to low-income New Yorkers, but do not meet building codes. Chhaya Community Development Corporation, which spearheads the Basement Apartments Safe for Everyone (BASE) campaign, estimates that there are 114,000 basement apartments in New York City, and that they rent in the $500 to $1,500 range.

17. Steven Ruggles, J. Trent Alexander, Katie Genadek, Ronald Goeken, Matthew B. Schroeder, and Matthew Sobek. Integrated Public Use Microdata Series: Version 5.0 [Machine-readable database]. Minneapolis, MN: Minnesota Population Center [producer and distributor], 2010; In other parts of the country and earlier in New York City's history, low-rent apartments have been lost to a decline in the physical conditions of the buildings.

18. 2014 HVS; In Project-Based Section 8 buildings, Section 8 voucher recipients reside in the apartments not covered by the HAP contract.

19. HPD Section 8 Program Statistics, 2017

20. HPD Section 8 Program Statistics, 2017; NYCHA 2017 Fact Sheet.

21. The Section 8 voucher program has 146,808 families on the waiting list and is not accepting new applicants.

22. HPD, *Department of Housing Preservation and Development Housing Choice Voucher Program Administrative Plan,* May 1, 2017. Available at https://www1.nyc.gov/assets/hpd/downloads/pdf/administrative-plan.pdf

23. Linda Couch, Section 202: Supportive Housing for the Elderly, 2016. See http://nlihc.org/sites/default/files/AG-2017/2017AG_Ch04-S07_Section-202.pdf

24. Due to the peculiarities of the history of development on Roosevelt Island, a separate, State-controlled entity, the Roosevelt Island Operating Corporation owns the land. The Roosevelt Island Operating Corporation is a state entity that operates, maintains, and manages Roosevelt Island; property owners are offered long-term ground leases. For more information, see https://rioc.ny.gov/TramMod/history.htm

25. Citizens Housing & Planning Council, *The Future of Real Estate Tax Exemptions for Affordable Housing in New York City,* December 2011. Available at http://chpcny.org/wp-content/uploads/2012/01/Tax-Incentives-Final-1-19-12.pdf

26. Katherine Clarke, "Famed Marble Hill affordable housing complex gets long-awaited makeover," *Daily News,* July 21, 2015.

27. CSS analysis of Atlantic Plaza Towers rent rolls.

28. US HUD Office of Policy Development and Research, *What Happens to Low–Income Housing Tax Credit Properties at Year 15 And Beyond?*, August 2012.

29. Dennis Hevesi, "Chinatown Journey: From Protesters To Developers," *New York Times,* January 12, 2003.

30. LIHTC data is from the National Housing Preservation Database.

31. The "inconclusive" count includes the 7 developments that were put in service in 1988 and 1989 described above, as well as 61 developments that were put in service in or after 1990.

32. See http://www1.nyc.gov/site/hpd/developers/development-programs/year-15-program.page

33. NYC Independent Budget Office analysis of HPD Data cross-checked against CSS subsidized housing database.

34. Office of the Mayor, *Mayor de Blasio Announces New Program to Save City's Remaining Affordable Mitchell-Lama Developments,* Press Release, October 26, 2017.

35. Precise details not yet available. See *Housing New York 2.0* for more information.

36. Leading Age, *RAD for Section 202 & Full Renewal Funding in Senate Bill FY18*. See https://www.leadingage.org/legislation/rad-section-202-full-renewal-funding-senate-bill

37. "New York City Council Passes Stand for Tenant Safety Legislative Package, Endorsed by Progressive Caucus, to End Construction as Harassment," *Progressive Caucus of the NY City Council Press Release,* August 9.

38. Victor Bach, "The Future of HUD subsidized housing: The New York Case," in *Housing and Community Development in New York City: Facing the future,* 1999.

39. Matthew Desmond, *Evicted: Poverty and Profit in the American City,* 2016.

40. Matthew Desmond, *Evicted: Poverty and Profit in the American City,* 2016.

41. Greg B. Smith, "Some landlords refusing to rent to tenants on aid: Stringer," *New York Daily News,* December 2, 2015.

42. For more information on Home Stability Support (HSS) see http://www.homestabilitysupport.com/about-overview/

43. Thomas J. Waters and Victor Bach, *Making the Rent: Tenant Conditions in New York City's Changing Neighborhoods,* CSS Policy Report, 2016.

44. Under provisions of Section 42 of the Internal Revenue Code of 1986. Thank you to Mark Schwartz of Regional Housing Legal Services for providing a sample of the Pennsylvania LIHTC lease addendum sample for review.

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