

**BROOKLYN BOROUGH PRESIDENT MARTY MARKOWITZ
TESTIMONY TO THE NEW YORK STATE ASSEMBLY STANDING COMMITTEE
ON HOUSING'S SUBCOMMITTEE ON MITCHELL-LAMA**

PUBLIC HEARING CONCERNING THE FUTURE OF MITCHELL-LAMA HOUSING

TUESDAY, AUGUST 8, 2006

THANK YOU ASSEMBLY STANDING COMMITTEE ON HOUSING CHAIRMAN LOPEZ, MITCHELL-LAMA SUBCOMMITTEE CHAIRMAN BING AND COMMITTEE AND SUBCOMMITTEE MEMBERS FOR THE OPPORTUNITY TO TESTIFY AT THIS VERY IMPORTANT PUBLIC HEARING CONCERNING THE FUTURE OF MITCHELL-LAMA HOUSING.

I COMMEND BOTH ASSEMBLYMAN LOPEZ AND BING FOR RECOGNIZING THE CHALLENGES OUR CITY FACES DUE TO ITS LONG-STANDING HOUSING CRISIS — AND NO ONE HAS BEEN AT THE FOREFRONT OF THAT STRUGGLE MORE THAN VITO LOPEZ AND JONATHAN BING.

THE HIGH RENTS AND DEPLORABLE HOUSING CONDITIONS FOR TENS OF THOUSANDS OF BROOKLYN AND NEW YORK CITY RESIDENTS IS WELL-KNOWN — THEY CONSTITUTE THE AFFORDABLE HOUSING CRISIS FAMILIAR TO ALL OF US IN THIS ROOM.

IN TERMS OF ADDRESSING THIS CHALLENGE, THE MITCHELL-LAMA PROGRAM HAS BEEN THE MOST SUCCESSFUL SUBSIDIZED HOUSING PROGRAM IN NEW YORK HISTORY, CREATING CLOSE TO 150,000 HOMES AFFORDABLE TO WORKING FAMILIES ACROSS THE STATE.

MORE THAN 50 YEARS AFTER MITCHELL-LAMA WAS LAUNCHED, LOWER INTEREST RATES, A BOOMING HOUSING MARKET, AND CITY AND STATE SUBSIDIES AND TAX ABATEMENTS FOR DEVELOPERS HAVE MADE BUILDING NEW MITCHELL-LAMA HOUSING LESS ATTRACTIVE.

MORE RECENTLY, THE MITCHELL-LAMA BUYOUT OPTION, WHICH ALLOWS LANDLORDS TO TAKE APARTMENTS OUT OF THE PROGRAM DEPENDING ON WHAT YEAR THEY WERE BUILT AND WHETHER THE BUILDING'S MORTGAGE HAS BEEN PAID, HAS BECOME INCREASINGLY COMMON, WITH BUILDINGS LEAVING THE PROGRAM AT AN ALARMLY RAPID RATE.

OF THE ORIGINAL 149,000 MITCHELL-LAMA UNITS, ONLY 114,000 REMAIN. NEW YORK CITY — BEHIND MAYOR BLOOMBERG'S VISIONARY NEW HOUSING MARKETPLACE PLAN, IS TRYING TO CATCH UP — AND HAS BUILT MORE THAN 12,000 AFFORDABLE UNITS IN THE LAST FOUR YEARS, WITH SOME 165,000 TOTAL APARTMENTS PLANNED BY 2013.

HOWEVER, GOING AGAINST THAT EFFORT IS THE FACT THAT THE CITY LOST MORE THAN 12,000 UNITS OF MITCHELL-LAMA HOUSING IN THE LAST FOUR YEARS — 3,500 IN BROOKLYN ALONE — INCLUDING 10,000 JUST SINCE 2004.

THE FUTURE FOR THE MITCHELL-LAMA PROGRAM IS EVEN BLEAKER. IF ALL PENDING WITHDRAWALS AND CONVERSIONS TO MARKET RATE HOUSING OCCUR, THE CITY WILL LOSE NEARLY 50,000 MORE UNITS, LEAVING ONLY 65,000 TOTAL.

IN RESPONSE TO THIS GROWING CRISIS, I FORMED A MITCHELL-LAMA TASK FORCE IN NOVEMBER 2003, WITH THE PRIMARY GOALS OF PRESERVING MITCHELL-LAMA UNITS AND PROTECTING MITCHELL-LAMA TENANTS BY INFORMING THEM ABOUT THEIR RIGHTS AND RESPONSIBILITIES. SEVERAL OF THE RECOMMENDATIONS THAT I HAVE INCLUDED IN MY WRITTEN TESTIMONY — WHICH I HAVE PROVIDED TO THE COMMITTEE — CAME OUT OF THE TASK FORCE'S EFFORTS.

IN BROOKLYN TODAY, WHICH IS ONE OF THE HOTTEST REAL ESTATE MARKETS ANYWHERE IN AMERICA, EVER, MOST NEW HOUSING DEVELOPMENTS ARE BEING CONSTRUCTED FOR THE HOME-OWNERSHIP MARKET.

REGRETTABLY, MANY DEVELOPERS DO NOT APPEAR INTERESTED IN BUILDING OR PRESERVING RENTAL OR COOPERATIVE MITCHELL-LAMA HOUSING AS A LONG-TERM INVESTMENT — MARKET RATE IS THE RULE.

THAT'S WHY TODAY, PEOPLE DON'T LEAVE BROOKLYN AS THEY ONCE DID, SEEKING A BETTER LIFE — THEY LEAVE BECAUSE THEY CAN'T AFFORD THE GOOD LIFE WE HAVE HERE.

AND UNLESS WE PRO-ACTIVELY ENSURE THE DEVELOPMENT OF LOW, MODERATE, AND MIDDLE INCOME HOUSING, WE WILL BE LEFT WITH A NEW YORK CITY THAT IS HOME ONLY TO THE VERY AFFLUENT AND THE VERY POOR — A SITUATION I KNOW WE ALL HOPE NEVER TO SEE.

WITH THE ONGOING LOSS OF AFFORDABLE MITCHELL-LAMA HOUSING, WE MUST DO MORE TO ADDRESS THE CURRENT NEEDS OF LOW, MODERATE AND MIDDLE INCOME HOUSEHOLDS, ESPECIALLY RENTER HOUSEHOLDS RESIDING IN MITCHELL-LAMA DEVELOPMENTS. WE MUST ALSO ADDRESS THE HOUSING NEEDS OF THE CITY'S GROWING POPULATION, WHICH IS PROJECTED TO INCREASE BY MORE THAN ONE MILLION RESIDENTS BY 2025.

DESPITE THE NEW YORK CITY HOUSING DEVELOPMENT CORPORATION'S REFINANCE AND REPAIR LOAN PROGRAM HAVING SAVED MORE THAN 13,000 CITY-SUPERVISED MITCHELL-LAMA UNITS SINCE THE PROGRAM'S RECENT IMPLEMENTATION, THE NEW YORK STATE DIVISION OF HOUSING & COMMUNITY RENEWAL HAS NOT ESTABLISHED A PROGRAM OFFERING COMPETITIVE REFINANCING IN RETURN FOR LANDLORDS REMAINING IN THE MITCHELL-LAMA PROGRAM FOR A SPECIFIED PERIOD OF TIME.

I STRONGLY BELIEVE THAT WHEN GOVERNMENT HAS CREATED AFFORDABLE HOUSING PROGRAMS SUCH AS MITCHELL-LAMA, WHICH WAS DESIGNED TO ASSIST

LANDLORDS IN BUILDING AFFORDABLE HOUSING UNITS BY UTILIZING GOVERNMENT SUBSIDIES AND TAX BENEFITS, THE STATE AND CITY MUST ACT TO PREVENT THE CHALLENGES AWAITING THOSE TENANTS AND SHAREHOLDERS WHEN LANDLORDS BUYOUT OF THE MITCHELL-LAMA PROGRAM.

ON THAT TOPIC, THE MEASURES INCLUDED IN ASSEMBLY BILL 2454 REPRESENT THE KIND OF INNOVATIVE SOLUTIONS WE NEED TO SEE MORE OF AS WE ADDRESS THE CHALLENGES OF OUR CITY'S HOUSING MARKET HEAD-ON, INSTEAD OF PUTTING THEM OFF.

THIS BILL SENDS THE RIGHT MESSAGE — THAT DEVELOPERS SHOULD STAY IN MITCHELL-LAMA AND THAT THEY HAVE EVERY RIGHT TO A FAIR RETURN ON THEIR INVESTMENT IF THEY DO — PROVIDED THEY MAINTAIN SAFE, SECURE, AND INHABITABLE LIVING CONDITIONS — WHILE ALSO PRESERVING RENT PROTECTIONS FOR TENANTS, WHO NEED AND DESERVE GOVERNMENT'S HELP IN THE CURRENT ECONOMIC CLIMATE.

SIMILARLY, IN LIGHT OF LAST YEAR'S KSLM-COLUMBUS APARTMENTS COURT DECISION, I BELIEVE WE MUST BE CREATIVE AND FORWARD-THINKING WHEN IT COMES TO MAINTAINING THE TAX ABATEMENTS AND/OR EXEMPTIONS FOR LANDLORDS OF MITCHELL-LAMA BUILDINGS WHILE ALSO ENSURING THAT ANY POTENTIAL CHANGES IN RENT REGULATION DON'T TRANSLATE INTO UNTENABLE RENT INCREASES FOR TENANTS.

THE REALITY IS THAT MITCHELL-LAMA'S SUCCESSES IN PROVIDING HOUSING FOR NEW YORKERS OF EVERY INCOME LEVEL ARE A FOUNDATION OF OUR CITY'S ABILITY TO MAINTAIN THE INCOME AND ETHNIC DIVERSITY THAT DEFINE US, AND OF WHICH WE ARE ALL SO PROUD.

AS EVIDENCED BY TODAY'S HEARING AND THE VARIETY OF SOLUTIONS ON THE TABLE, WE ARE DOING THE RIGHT THING BY WORKING TOGETHER AT THE LOCAL, CITY, AND STATE LEVEL TO FIND THAT BALANCE THAT WORKS FOR LANDLORDS AND TENANTS TO ENABLE MITCHELL-LAMA TO CONTINUE THOSE SUCCESSES IN THE RAPIDLY CHANGING HOUSING LANDSCAPE OF THE 21st CENTURY AND FOR GENERATIONS TO COME.

AND I KNOW WE ALL EAGERLY AWAIT THE ARRIVAL OF GOVERNOR ELIOT SPITZER IN THE STATE HOUSE, AND THE DAY WHEN WE CAN WORK TOWARD THE RE-BIRTH OF A MITCHELL-LAMA STYLE PROGRAM THAT WE CAN ALL BE PROUD OF.

IN CLOSING, I SAY THANK YOU ONCE AGAIN TO CHAIRMAN LOPEZ, CHAIRMAN BING, AND THE MEMBERS OF THE COMMITTEES FOR THIS OPPORTUNITY TO EXPRESS MY THOUGHTS.