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Gale A. Brewer, Borough President

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**Testimony of Gale A. Brewer, Manhattan Borough President
To NYC Dept. of Housing Preservation and Development
On Proposed Amendments to Title 28 Chapter 41 (“Inclusionary Housing Rules”)**

Thank you for the opportunity to testify on HPD’s proposed rule change to Chapter 41, Title 28 of the Rules of the City of New York, an amendment of the Inclusionary Housing Rules. It pertains to the generation of 421-a affordable units on the same zoning lot in development projects seeking a zoning bonus under the Inclusionary Housing program.

In my January 2015 testimony on 421-a before the City Council, I voiced concern over tinkering around the edges of the tax exemption program without deep reform. In particular, I called for an end of “double dipping,” where affordable units built under 421-a can be used to satisfy the affordable unit requirements of other subsidy or zoning bonus programs. Unfortunately, the April 2017 update of 421-a rules continues to allow for the double counting of affordable units toward multiple subsidies and zoning incentives.

This is why I support the language in this proposed amendment, “to limit the zoning bonus generated by 421-a affordable units to usage on the same zoning lot as the building containing the 421-a affordable units.”

Under new 421-a rules, the tax exemption program is no longer applicable for homeownership developments (both co-op and condo) in Manhattan, the borough which I represent. Because of this exclusion, and in light of the high real estate value in Manhattan, it is desirable for condo developers to seek height increases for new construction using the Inclusionary Housing program. But problems arise when condo developers “buy” offsite affordable units from a separate 421-a project that otherwise has no ties to the condo development. Under existing rules, those same units are counted toward both the condo project’s affordable requirement for a zoning bonus and toward the affordable unit requirement for the separate 421-a project. I consider this double counting of the same units to be nothing less than a giveaway of a free floor area bonus to luxury developers.

The proposed amendment will prevent most instances of double dipping. I applaud this proposed change and look forward to working with HPD to continue maximizing the number of permanently affordable housing units for New Yorkers.