



DANIEL SQUADRON
SENATOR, 25TH DISTRICT

STATE OF NEW YORK

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September 13, 2011

TESTIMONY OF STATE SENATOR DANIEL SQUADRON REGARDING THE
PROPOSED AMENDMENTS TO RULES GOVERNING CITY-AIDED LIMITED-PROFIT
HOUSING COMPANIES

My name is Daniel Squadron, I represent the 25th District in the New York State Senate, including the neighborhoods of Carroll Gardens, Cobble Hill, Brooklyn Heights, DUMBO and Williamsburg, Lower Manhattan, Chinatown, SoHo, the Lower East Side, and the East Village. Thank you for the opportunity to submit testimony on the proposed amendments to rules governing city-aided limited-profit housing companies.

At this hearing, HPD is proposing structural administration changes to the Mitchell-Lama housing program – a program that, we agree, is in need of reform. As you consider these changes, I would like to highlight legislation that I have sponsored in the State Senate that would help achieve the same goals proposed today and make Mitchell-Lama housing accessible to a greater number of New York families and securing the financial viability of the program.

I represent the following Mitchell-Lama developments that are administered by HPD: Confucius Plaza; Gouverneur Gardens; Masaryk Towers; Village East Towers; Village View; Cadman Plaza North; and Cadman Towers. It is my experience representing these buildings, as well as my close work with the Mitchell-Lama Partnership, that has generated my bill, S524/A6262, which is sponsored in the State Assembly by Speaker Sheldon Silver and Assembly Member Joan Millman.

Current law stipulates that families with two or more dependents, whose joint annual net income exceeds 100% but is below 125% of average median income (AMI), are eligible for Mitchell-Lama housing, provided they pay a rental surcharge. In making this allowance available only to families with dependents, many families are arbitrarily excluded simply because they don't yet have dependents. My proposed legislation eliminates this requirement, thereby making Mitchell-Lama housing developments accessible to a greater number of families regardless of whether they have dependents. This bill would allow those with a broader range of income levels and family compositions than are currently eligible to become part of the Mitchell-Lama community.

One of the changes you propose today is a move towards self-sufficiency of Mitchell-Lama housing companies. This bill will aid such a financial turnaround by allowing eligibility to applicants who exceed 100% of the average median income and who do not have children, and assessing a rental surcharge on these applicants. With an aging housing stock, many Mitchell-

ALBANY OFFICE: 515 LEGISLATIVE OFFICE BUILDING, ALBANY, NY 12247, (518) 455-2625

MANHATTAN OFFICE: 250 BROADWAY, SUITE 2011, NEW YORK, NY 10007, (212) 298-5565

BROOKLYN OFFICE: BROOKLYN BOROUGH HALL ROOM 310, 209 JORALEMON ST., BROOKLYN, NY 11201



Lama properties lack sufficient capital reserve accounts to fund necessary repairs and large-scale improvements. The legislation outlined above would provide reliable revenue from future cooperators, and shift some financial risk away from the city and state.

It must be said that the raising of income limits for childless families in no way necessitates a corollary shift upward of the minimum income levels for admittance to the Mitchell-Lama community. This bill does not include certain candidates to the exclusion of others. It simply ensures that, when an applicant's time to be considered for eligibility arrives, the presence of children is not a factor in the approval process.

The Mitchell-Lama program was created with the express intent of providing affordable and stable housing for moderate and middle-income working families in New York City. There remains a well-documented need for such housing. At the current levels, maximum income eligibility limits are below the average pay scale for teachers, nurses and city workers. This bill will ensure that New Yorkers who may not have started a family will be able to be a part of the Mitchell-Lama community. In doing so, it will strengthen the financial health of housing companies so that this critical affordable housing can be maintained for future generations.