The Community Preservation Corporation
2 Church Street, Suite 207
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The Community Preservation Corporation (CPC) was launched in 1974 through a joint agreement between the City of New York and its leading commercial banks to restore and rebuild New York's aging neighborhoods. In the more than 40 years since, we have evolved and expanded our reach to become a consistent source of capital to underserved housing markets throughout New York City and in communities, neighborhoods, and downtowns across the New York State. CPC targets downtowns and Main St. in the Hudson Valley to assist communities in their redevelopment efforts. Beacon was one of the first Cities in the Hudson Valley targeted by CPC in the 1990's.

CPC has financed more than 170,660 affordable housing units to date. With $9.7 billion in public and private investments, our work has helped revitalize countless neighborhoods and downtowns and provided quality housing for low-income families, senior citizens, and individuals with disabilities. Since CPC began lending in Beacon back in the early 1990's, we have financed more than 22 properties for a total of 160 residential units with total development costs of $20MM mostly in and around your Main Street. CPC's financing leveraged $2.3MM in subsidy for projects funded with Dutchess Co. HOME and Beacon CDBG funding. CPC is the current construction lender on 40 Leonard St., a 78-unit new construction residential rental project that is about 60 % complete. The project is on schedule and on budget and expected to be completed by summer of 2017.

As a leading nonprofit affordable housing and community/downtown revitalization finance company, we utilize our deep, strategic relationships with government agencies, local community groups, banks, and other lenders to create customized loan opportunities for our customers. As a trusted partner in your success, we work hand-in-hand with you and other municipalities to help maximize the potential of your multifamily projects and its impact on the community. As such we had met with Beacon City Mayor and City Administrator some time ago to discuss revisions to your local Law 223 concerning Affordable Workforce Housing. Establishing a well-planned inclusionary zoning program can help preserve housing affordability in gentrifying neighborhoods and promote stable housing development in underserved neighborhoods. It can nurture economic growth and income diversity, and it harnesses private development to create affordable workforce housing which in turn allows the City to use taxpayer's dollars more efficiently. Keep in mind, real estate is a business, and if the proposal doesn't enable developers to meet their bottom line it could have the opposite of its intended affect; deterring housing development and investment in some neighborhoods

We offer the following comments and suggested revisions to the Draft Proposal dated 2/17/2017 that modifies and replaces the existing Law.

Comments to Local Law to amend Chapter 223 concerning Affordable Workforce Housing as written in Draft Dated 2/17/17

For Reference: NYS HCR & Industry Standard Definitions:

Section 8 Rental Housing – Rental housing assistance program for families at extremely low - 30% of AMI - very low @ 50% of AMI and low income @ 60% of AMI as defined by the Section 8 Program guidelines. Section 8 provides rent subsidies to assist in making rental housing affordable.

Affordable Rental Housing – Rental housing affordable to families at less than 60% of AMI with rent payments that does not exceed 30% of the household income adjusted for household size including utilities.

Workforce Rental Housing – Rental housing affordable to families from 61% - 120% of AMI with rent payments that do not exceed 30% of the household income adjusted for household size including utilities.

Market Rate Rental Housing – Rental housing that is NOT income or rent restricted. Typically ranges in affordability depending upon the unit types, amenities packages etc. Typically rents in excess of 165% of AMI are considered Luxury Market Rate Rental Housing.

Affordable Homeownership Housing – For sale housing affordable to families at less than 80% of AMI with mortgage payments including PITI (principal, interest, taxes and insurance) not to exceed debt to income ratios as set by various Lenders/Fannie Mae/FHA - SONYMA is 33% – 40% of gross income of the loan applicants.

Comments/Recommendations:

1. Recommend in the interest of time the City many want to consider Workforce Rental Law Revisions now and revise the affordable home ownership revisions at a later time because the current proposal does not adequately address for-sale/homeownership units.

2. Recommend the proposed law should distinguish the guidelines between rental and homeownership/for-sale units. The income limits and other building requirements etc. should be different for for-sale housing than rental housing. Every for-sale development is not the same –could be condo flats, townhomes, single family, duplexes etc. and as such the building requirements for affordable for-sale units would be different for each type. In addition there is not a maximum rent level based on a percentage of HH income but rather the limits are based on debt to income ratios of the mortgage applicants as imposed by mortgage lenders such as SONYMA, FHA and Fannie Mae.

3. Recommend the affordable homeownership be only for "First time Homebuyers" as defined by industry standards such as SONYMA. The industry recognizes there are barriers to entry for home ownership only for first time homebuyers only. SONYMA defines affordable homeownership at less than 80% of AMI for income eligibility which is considered in the industry as "affordable homeownership". The industry currently does recognize or address "Workforce Homeownership", therefore only affordable homeownership for first time homebuyers should be considered.

4. Recommend Income levels to quality for Workforce Rental Housing should be a higher % of AMI than the rent levels as a % of AMI or the pool of eligible households will not be wide enough to capture the Workforce Families that are currently underserved.

5. The proposed law that limits household income at 70% of AMI and max. rents set at 30% of 70% of AMI is by definition Affordable Housing and not Workforce Housing. Developers will be hard pressed to develop from an economic standpoint, with such income and rent restrictions without applying for subsidy.

6. Most all housing subsidy comes with government restrictions for deeper affordability at <60% of AMI. Further most all subsidy sources will NOT allow the preferences the City of Beacon has included in 223-41.10 G of the law.

7. Recommend setting rents at 30% of not less than 80% or 90% of AMI and revising the income limit to not less than 100% of AMI for Workforce Housing.

8. Recommend inclusionary zoning means just that "inclusionary", within the development itself.

9. Recommend if a tenant no longer qualifies for the BMR unit, that the developer offer for the tenant to remain in the unit and increase the rent to Market Rate rent and the next available like size unit be marketed as BMR unit. Granting an extension of BMR unit at BMR rents to a tenant that no longer income qualifies should be considered an exception/hardship basis as approved by the City or HRH on a case by case basis.

10. Recommend unit finishes interior and exterior be of the similar quality.

11. Recommend that if the City wants to encourage more BMR units, they should consider other/additional incentives rather than the proposed density bonus of two BMR units for one market rate unit. Economically speaking the 2 for 1 will not be an incentive to developers to build more affordable units

2016 Dutchess County Median Income $87,100						
HUD Household Income and Rent Limits						
Household Size	**1**	**2**	**3**	**4**	**5**	**6**
Household Income Limit:						
Extremely Low <30% AMI	$ 18,350	$ 20,950	$ 23,550	$ 26,150	$ 28,440	$ 32,580
Monthly Rent Limit*	$ 459	$ 524	$ 589	$ 654	$ 711	$ 815
Very Low <50% AMI	$ 30,500	$ 34,850	$ 39,200	$ 43,550	$ 47,050	$ 50,550
Monthly Rent Limit*	$ 763	$ 871	$ 980	$ 1,089	$ 1,176	$ 1,264
Low <80% AMI	$ 46,000	$ 52,500	$ 59,150	$ 65,700	$ 71,000	$ 76,250
Monthly Rent Limit*	$ 1,150	$ 1,313	$ 1,479	$ 1,643	$ 1,775	$ 1,906
<90% AMI	$ 55,050	$ 62,850	$ 70,650	$ 78,450	$ 85,320	$ 97,740
Monthly Rent Limit*	$ 1,376	$ 1,571	$ 1,766	$ 1,961	$ 2,133	$ 2,444
<100% AMI	$ 61,000	$ 69,700	$ 78,400	$ 87,100	$ 94,100	$ 101,100
Montly Rent Limit*	$ 1,525	$ 1,743	$ 1,960	$ 2,178	$ 2,353	$ 2,528
<120% AMI	$ 73,400	$ 83,800	$ 94,200	$ 104,600	$ 113,760	$ 130,320
Monthly Rent Limit*	$ 1,835	$ 2,095	$ 2,355	$ 2,615	$ 2,844	$ 3,258

*** Note Income has NOT beed adjusted for utility allowance**
Rents would be LESS if tenant pays Utilties

Sincerely,

Mary S Paden

Mary S. Paden, Vice President
Community Preservation Corp.