



2012 WINNER

ORGANIZATION

New York City Department of Housing
Preservation and Development

YEAR OF IMPLEMENTATION

2003

NUMBER OF UNITS PRODUCED

143,469

MIXTURE OF HOUSING TYPES

55 to 58 percent of total units affordable
to households earning 60 to 120
percent of AMI

Approximately 75,000 existing units
are considered workforce units

WEBSITE

www.nyc.gov/hpd



New Housing Marketplace Plan

**New York City Department of
Housing Preservation and Development**

New York City, the most populous city in the United States with an estimated 8.2 million residents, has faced significant housing challenges over the past 30 years. In the 1980s, financial difficulties spurred a decline that threatened the future of inner-city neighborhoods. During this time, the New York City Department of Housing Preservation and Development (HPD) emerged as a leader of neighborhood preservation and began to target housing developments that suffered from arson, neglect and abandonment. In 1986, then-Mayor Edward Koch, implemented a visionary ten-year, \$5.1 billion housing plan. Through the plan, HPD acquired more than 100,000 units through tax foreclosures and then implemented carefully crafted programs to rehabilitate these properties. In the decades since, crime rates have fallen, the economy has boomed and failed, and the population has continued to increase, leading to a revival of the housing market. This growth, however, has placed a tremendous amount of pressure on housing because supply cannot keep up with demand.

Though the revival has been positive in many respects, the city has become a victim of its own success. For families earning 60 to 120 percent of the area median income (AMI), finding affordable housing continues to be a challenge. Population growth increased the pressure on home prices and rents, forcing many to seek workforce housing options in suburban New York counties as well as in New Jersey and Pennsylvania. Clearly, the city needed a new plan that would build on the legacy of the Koch plan while addressing the fact that the booming real estate market of the late 1990s and early 2000s offered little incentive to build housing for low- and moderate-income households.



**Urban Land
Institute**

Terwilliger Center for Housing

In 2003, at the end of the first year of his term, Mayor Michael R. Bloomberg announced the New Housing Marketplace Plan (NHMP), the city's most comprehensive housing program since the Koch administration. The plan brought to the forefront two local policy-making decisions that stimulate private sector housing construction: the regulation of private market activities through land use controls, and provision of financing incentives. Initially the plan focused on four key components: (1) finding new land for workforce housing; (2) creating incentives to develop housing for new populations; (3) harnessing the private market to create affordable and workforce housing; and (4) preserving government-assisted housing.

Through the city's commitment to the plan, city-owned land was made available for new residential and mixed-use developments, properties were rezoned when necessary, and the development approval process was streamlined to reduce the cost of construction. To create more opportunities for affordable and workforce housing, the city leveraged the financial strength of the New York City Housing Development Corporation (HDC), which served as a supplementary and alternative means of supplying financing for multifamily development independently from the city's capital budget. HDC partnered with HPD to refinance the city-owned housing stock first acquired in the 1980s, and used the locations of this housing to strategically invest in neighborhoods through the creative use of federal dollars. The plan originally pledged to create or preserve 65,000 units of workforce housing by 2008. In April 2005, that commitment was increased to 68,000 units and, in 2006, the goal was expanded once again to finance the creation or preservation of 165,000 units of affordable and workforce housing by 2014, constituting the largest municipal housing effort in the nation's history.

In response to the collapse of the economy in 2008 and the related foreclosure crisis, the plan was retooled to meet three critical goals: (1) strengthening neighborhoods; (2) expanding the supply of affordable, workforce, and sustainable housing; and (3) stabilizing families by keeping them in their homes.

Since the plan's inception in 2003, HDC has devoted more than \$1.1 billion in direct subsidy from its corporate reserves and has raised more than \$6.7 billion in financing for HPD developments; the NHMP has produced 143,469 units to date. In addition, through implementation of the plan, a consortium of federal, state, and city agencies has worked together to create a wide variety of financial tools to fund the development of affordable and workforce housing, including the use of "recycled" tax-exempt multifamily housing bonding capacity. The NHMP has also fostered a large number of multi-sector partnerships; new municipal programs and initiatives; and statutory and regulatory changes, including rezoning, a New York City Housing Trust Fund, and modifications to the Realignment of Property Tax Incentive Program.

All these tools and strategies are made possible through the NHMP's innovative and collaborative framework. The success of the New Housing Marketplace Plan has solidified it as a model for creating and sustaining affordable and workforce housing in a high-cost market. Though most communities cannot operate on the scale of New York City, this plan demonstrates—for communities of all types—the real power of leadership, sustained effort, a culture of innovation, and a comprehensive strategy.

“The depth and breadth of programs created and employed to help finance development make the NHMP unique: more than 30 programs for new construction projects, both rental and homeownership, and over 50 in our preservation deals. We understood from the start that a cookie-cutter approach to housing preservation and development and neighborhood revitalization was not going to work, particularly in New York City with its long history of subsidized housing, experienced for-profit and nonprofit developers, and remarkably diverse communities.”

**Mathew M. Wambua, Commissioner
New York City Department of Housing
Preservation and Development**