

Intro 1015

For the record, I am Anne-Marie Hendrickson, Deputy Commissioner for the Office of Asset and Property Management. Int. 1015 would require HPD to create a centralized listing and application system for available affordable units in New York City, including units that HPD has no involvement with. The search for affordable housing in New York City can be difficult. To assist families seeking affordable apartments, the Agency launched the NYC Housing Connect online application system in 2013. The system dramatically eases the process of applying for affordable housing financed or assisted by an HPD program. Prior to Housing Connect, prospective applicants had to search newspapers for advertisements of open housing lotteries, request paper applications from each development in which they were interested, fill out the same income and household information repeatedly to apply to multiple developments, and mail each of those forms to the project sponsors. It was a tedious and sometimes confusing process. Housing Connect offers a one-stop application process to navigate all of those steps. Applicants create an online profile, then, with the click of a button, can apply to any newly constructed and recently rehabilitated units as they become available, and for waitlists for certain existing apartments.

InformationWeek, a respected national publication, recently recognized HPD as one of the year's "Elite 100" technology divisions, based on innovations like Housing Connect. The system currently boasts over 700,000 registered users. HPD is proud of the system and will continue to invest in upgrades and expansions of Housing Connect. In fact, plans already in progress for Housing Connect, as well as other complementary technology systems, include centralized access to a broader portfolio of available affordable units and closer oversight of the lease-up process.

For example, we have already planned to integrate units that have become vacant and are being re-rented into Housing Connect. Currently, applicants for those apartments must apply to individual developers and projects to be placed on waiting lists for vacancies.

Just last December, we added the first set of re-rentals by incorporating Mitchell-Lama developments into Housing Connect. That adds another valuable affordable housing resource into the system. HPD's Mitchell-Lama portfolio consists of nearly 50,000 affordable units. As those developments refresh their waitlists, lotteries are now administered through Housing Connect.

With the changes we have made or are underway, applicants will have the ability to apply not only to newly constructed or completely rehabilitated apartments, but to units that become vacant as apartments change tenancies over time, which will vastly increase the number of units made available through Housing Connect. Upon turnover of apartments, developers will enter unit information into the system. Housing Connect will randomly select applicants whose eligibility criteria and preferences match the unit specifications. The developer or its marketing agent will then screen applicants for the vacant unit.

To help us hone the vision for incorporating vacant re-rental units in Housing Connect, HPD engaged the Cornerstone Partnership, a reputable consultant with extensive nationwide experience and expertise on housing policy, electronic data and process management, and best practices in stewardship of affordable housing assets. We are confident that we've developed an approach that rents up the affordable units quickly, while ensuring a fair and open marketing process. Moreover, our planned changes will enable HPD to monitor tenant selection for re-rental units in the same way that lotteries for new units are monitored today.

Complementing the upgrade and expansion of Housing Connect, two other technology platforms currently in development are transforming HPD's monitoring capacity to ensure the ongoing affordability and physical and financial health of the housing developments we finance. Last year, HPD released an e-Rent Roll system to enable developers to submit rent roll information through an online system. The system greatly enhances HPD's oversight and information on turnover in affordable units. Currently, the system accepts compliance information for the Federal HOME and Low Income Housing Tax Credit programs. We will be expanding the system to cover the rest of HPD's portfolio, which will allow us to better monitor affordable re-rental units and homeless set-aside units across all our programs. Developers will submit rent rolls on a regular basis, enabling HPD to ensure that building owners charge tenants appropriate rents, check DHCR for the status of rent stabilized units, comply with affordability and set aside restrictions of their projects' regulatory agreements, and market available re-rental units through the NYC Housing Connect system.

At the same time, we are improving our comprehensive asset management of affordable housing projects by procuring a system to more efficiently monitor various risk factors associated with the financial and physical health of housing, in order to have real time performance assessments of our portfolio. This will help HPD better ensure that the buildings we've financed remain in good physical and financial condition, and protect the long-term affordability and availability of the units.

In sum, HPD has already begun to build the technology tools and operational capacity to enable online access to a broader portfolio of affordable housing. We have an aggressive but realistic plan already in place to complete this work, rolling

out pieces of these systems later this year and continuing development and phased releases through December 2018.

Because we have made, and continue to make, significant progress in our affordable housing technologies, we view Int. 1015 as unnecessary; and therefore we do not support it.

In order to comply with Int. 1015, we would have to go back to the drawing board to fulfill the parameters of this bill. Restructuring our technology initiatives in this area would result in significant delay in our timeline for planned improvements and would be prohibitively expensive.

We also have significant concerns about how the bill would affect small building owners, homeowners, and community-based affordable housing non-profits. Most affordable housing is not in big buildings or owned by the City's largest developers. There are all sorts of housing types, but much of New York City's affordable housing is in small buildings, often developed and managed by non-profits or small, MWBE firms, with limited staff and cash flow. For those buildings, any significant new cost will have to come at the expense of the maintenance of the building or tenant services. This bill would impose significant new obligations upon those owners. For example, owners who do not reply in a timely manner indicating receipt of an application may be sued or fined with substantial penalties. As we have seen, the demand for housing in New York City is great -- even small housing developments receive thousands of applications. Small individual owners would need to respond to as many as a thousand individual applications for one unit and spend considerably more funds and manpower to manage their leasing process, which would take away funds from the

maintenance and operation of their units, or require the City to provide additional subsidies.

Intro. 1015 also threatens the privacy of the residents of certain affordable housing developments by allowing the general public to deduce the income levels or health conditions of building residents.

The bill would also impose new enforcement burdens on HPD by requiring that the Agency monitor all owners' acknowledgements and acceptances of applications, enforce penalties flowing from private actions relating to the posting of information, and investigate all claims that owners are stalling on reviewing applications or proceeding with rent-up.

We also have significant concerns about requiring the annual registration of rent-regulated units in the city. The state already requires registration, and while there are certainly problems in the state's administration of that system, those problems are better addressed by working with the state to improve its system rather than by requiring the city to duplicate that system. This requirement also raises legal concerns about whether it can be maintained or be enforced by the City in any meaningful way. Duplicating the state's system is a waste of taxpayers' resources.

Again, we share the Council's concern that New Yorkers should be able to quickly and easily apply for affordable homes across the city. We have constantly improved and expanded Housing Connect in the few years since we launched the system, and have a robust plan for additional improvements. But we have to balance the goal of making the process for applying for affordable housing as transparent and easy to use as possible against privacy concerns and concerns about burdening small and/or nonprofit owners. We are happy to talk with any Council Member or community group about their ideas for improving the system.

We are also happy to brief the Council on progress periodically, as we have done in budget hearings, for example. But legislating changes in the detail Int. 1015 seeks to impose is micro-management, and will impede, rather than foster, a better system.

Thank you, and we would be happy to answer any questions you may have on these bills.