NEW YORK STATE SENATE COMMITTEE ON
HOUSING, CONSTRUCTION, AND COMMUNITY DEVELOPMENT

FORUM/TOWN HALL

ROUNDTABLE DISCUSSION

Senate Hearing Room
250 Broadway
New York, New York 10007

October 15, 2011
1:00 p.m. to 5:00 p.m.

PRESIDING:

Senator Catharine M. Young
Chair

ROUNDTABLE PARTICIPANTS:

Frank Anelante
CEO
Lemle and Wolff

Vicki Been
A Faculty Director
Furman Center for Real Estate and Urban Policy;
and law professor, NYU Law School

Judy Calogero
CEO
New York Housing Conference

Howard Husock
Vice President, Policy Research
Manhattan Institute for Public Policy

Jerilyn Perine
Executive Director
Citizens Housing and Planning Council

ALSO PARTICIPATING: Howard - Back Row

SENATOR YOUNG: Everyone has a busy schedule, so why don't we begin.

First of all, I'd like to formally introduce myself.

I'm Senator Catharine Young, and I have been in Senate since 2005. Was elected to the State Assembly in 1998.

I've known Judy for a long time, because, while I was in the Assembly, I was ranking member on the Housing Committee.

So, this year, I was appointed as the Chair of the Senate Housing Committee on Housing, Construction, Community Development.

And, so, I've been trying to immerse myself in housing issues. And, as we get ready for the new session, it's important that we discuss policies, and we have ideas.

And, today, I'm hoping that we can have a free-flowing, stimulating conversation about housing issues, some of the challenges that we face, some of the solutions.

And what's interesting about this group, is, you look around, is that there are different viewpoints represented at the table. But I think that's good, because we'll be able to have a lively

discussion on some of the issues at hand.

So, I thought we could begin by going around the table, and everyone introducing themselves, and sharing which organization they're with.

JUDY CALOGERO: Great.

And are we taping, so I should --

SENATOR YOUNG: Yes, we're taping.

JUDY COLOGERO: We are taping.

SENATOR YOUNG: Yes.

JUDY CALOGERO: I'm Judy Calogero. I'm the CEO of the New York Housing Conference.

It's a pleasure to be here.

Thank you, Senator, for bringing us together.

SENATOR YOUNG: And why don't you could share your background. I think everyone knows.

JUDY COLOGERO: I have over 30 years of experience in the affordable-housing industry. Quite a bit with non-profit organizations. 12 years with the State of New York.

I had the pleasure of serving at the Division of Housing and Community Renewal as their deputy commissioner for community development.

When you became ranking on Assembly Housing Committee, and spent, I think, a week with you, touring the state.

And, I think that -- one of the things that I'm so grateful that you have ascended to this post, is because, during that week, we covered the entire state. And your interests expounded beyond your district. You showed a true interest in wanting to learn more about this topic from, both, the rural perspective, the suburban perspective, and the urban perspective.

We came here to the city, and you were the first person -- first elected official to see one of the state -- State Tax Credit projects.

And, the gentleman sitting across from me was one of the first developers of the State Tax Credit project, but not the one that you saw.

She saw Caposha's (ph.) deal on -- in Harlem.

But, to have that -- that involvement at that time, and to bring that into this current position that you hold, is important to us in the housing world, important to the New York Housing Conference.

We're grateful that you came to meet with our board members in our Young Leadership Council.

And, we're grateful for your leadership on the improvements that we've proposed, and you've agreed are needed, for the State Tax Credit Program.

But, I'm interested to be here today, to talk

about issues related to that, and beyond that, because it's -- there are compelling issues that we're facing.

SENATOR YOUNG: Uh-huh.

Thank you, Judy.

JUDY COLOGERO: Thank you, Senator.

Vicki.

VICKI BEEN: Oh, I'm Vicki Been. I'm a law professor at NYU Law School; and a faculty director of the Furman Center for Real Estate and Urban Policy, which is a joint research center between NYU's Law School and its Wagner School of Public Service.

We are not an advocacy organization, so we don't back particular legislation, or -- but we really are a research organization that provides data and analysis. And we work, most especially, on a couple of different issues.

We've built a database called the "Subsidized Housing Information Project," which brings together information about every subsidized -- every unit subsidized under one of the major corporums in New York, to try to help us do preservation smarter and more effectively.

And we've got a great deal of research about

when projects opt out, when they stay in, and how that could work better.

We do a lot of work on the effect of affordable housing on neighborhoods, in terms of property values, in terms of crime.

You might have seen some news in the last couple of weeks about our study, indicating that voucher recipients do not bring crime to the neighborhood, unlike some of the contentions in the Atlantic, and other places.

We've also done a great deal of work on foreclosures; and, both, what precipitates foreclosure, who's getting modifications, how those modifications are performing, and then, how foreclosures are affecting neighborhoods.

And then, last, but not least, we have recently gotten a great deal of data from around the country -- not New York, but around the country -- about the tax-credit properties and the tenants who live in them. And, are doing a lot of work, trying to look at the income levels of tenants who are being served by the -- by the tax-credit properties, and, you know, what's that -- what that is looking like.

So, we really are a source of data and

analysis about the situation.

SENATOR YOUNG: Great, thank you.

Howard.

HOWARD HUSOCK: I'm Howard Husock. I'm vice president for policy and research at the Manhattan Institute for Policy Research.

And even though I oversee the portfolio of research projects at the institute, I've, myself, written about housing policy for about 20 years.

I wrote a book in 2003 called "The Trillion Dollar Housing Mistake," which was a critique of subsidizing and public housing projects in certain ways.

And before that, I was 19 years at the Kennedy School of Government, where I was director of case studies, and a member of the management faculty.

SENATOR YOUNG: Uh-huh. Thank you.

JERILYN PERINE: My name is Jerilyn Perine, and I'm executive director of the Citizens Housing and Planning Council.

We're the oldest civic organization in New York City that's been focused on housing and (inaudible) matters.

We started in 1937, different sort of time,

and a different set of problems, but, you know, oddly -- oddly similar to now.

I'm an urban planner. I worked in New York City government, in different capacities, for 28 years, before I took over this organization.

I was 18 years in the City's Housing Department: Housing, Preservation, and Development.

And I was commissioner for Mayor Giuliani, and then, again, for Mayor Bloomberg.

SENATOR YOUNG: Uh-huh. Great, thank you, Jerilyn.

Frank.

FRANK ANELANTE: I'm Frank Anelante. I'm the CEO of Lemle and Wolff.

We're an affordable-housing manager and developer. The firm was formed in 1938.

I was a CPA, and "CPC" was my client; Community Preservation Corporation. I left the public accounting world; became about their treasurer in 1977.

Went to Lemle in 1980. Became a principal in '82. And, since then, I was able to grow the firm, from about a 1,000 units, to well over 7,000 now.

It is a -- it is a firm that devotes itself

to affordable housing.

We're up in -- we were up in Washington Heights. Now we're in the Bronx.

We believe in rehabilitating all our housing.

We started out, with the help of Jerilyn, and HPD, with moderate rehabs, with tenants and occupancy.

We went on to vacant buildings.

Now we do new construction.

And, virtually, our whole portfolio is affordable housing.

And I do believe in our model, where we just rehabilitate to, you know, get the economic and physical viability back to where they are, because they go hand and hand. And by rehabilitating on a regular basis -- and that's every 20 or 30 years, real rehabilitating -- we find that, by doing that, and not just putting on mortgages and taking money out, we're able to keep the portfolios and the neighborhoods viable.

So, it's been a success.

And I do thank you for inviting me, because there is a housing crisis, especially, and I think there's -- the underbelly is not even recognized, I think, by many politicians, where we have it, like

in New York City -- and I can only speak to the City -- where we have this vast -- it's -- there's also an older housing stock here in the City. And, much of it's deteriorating, and not getting any better. It doesn't get better with age unless you rehabilitate.

And that's not being done on the scale it should be, for a variety of reasons.

So, in addition to need for new construction and new housing, we do have to preserve what we have. And I think that's a big problem.

SENATOR YOUNG: Uh-huh.

Okay, well, thank you, Frank.

So, with that, I would open it up for discussion.

You were sent a series of questions, and those are, you know, kind of specific questions, but, we'd like to have kind of broad-based discussion.

And, you know, you started a little bit, Frank, but the questions tie into the questions that I'll be asking today.

So, the first question is: How do we determine the real level of housing assistance needs, and the adequacy of current levels of

housing assistance?

And anybody can jump in.

JERILYN PERINE: Well, you know, I think one straightforward way, is to look at the people who fall out at the bottom of the bucket.

Right?

So, I mean, there's the obvious need, that you can see in New York City, with a growing, particularly, family-homelessness segment.

So -- so that's one.

The other, and the one where our organization spends more of its time focusing on, is this really growing underground illegal housing market.

So, again, these are people who, for a whole host of reasons, cannot find housing in the housing market; right? In the normal legal housing market.

For some, that adaptation, and obtaining housing in this underground illegal housing market, puts them in, both, illegal circumstances, makes them vulnerable that way, but, also, can make them physically vulnerable.

SENATOR YOUNG: Could you give some examples?

JERILYN PERINE: Well, what we've seen in

New York, it's kind of, sort of like, the rise of building fires, where people are dying in fires.

And what ends up being turned up in the story of the fire, is illegal occupancy: A basement. A cellar. An attic. Tremendous overcrowding in an apartment, which leads to furniture blocking windows and exits; or people in rooms that don't -- that then don't have a means of egress in a fire.

We also had, in -- you know, one of the worst examples, a building in the Bronx, that there was a fire --

HOWARD - BACK ROW: (Inaudible.)

JERILYN PERINE: No, that wasn't the building I was thinking of.

HOWARD - BACK ROW: Oh.

JERILYN PERINE: -- where our two firemen were killed, because they went into an apartment that had been illegally subdivided. They didn't know those partition walls were there. They got turned around, they weren't able to escape, and they died.

The City's response, you know, which I wouldn't argue, was to step up enforcement against this kind of illegal occupancy, which is important.

But, that kind of occupancy is an expression of an unmet market need.

So if -- I mean, to just -- to just -- to just use enforcement, but not recognize that the need is not going to go away because you enforce the laws.

So, we might need some other solutions, which we think is about, you know, changing the shape inside of housing, and creating more choices in the marketplace.

SENATOR YOUNG: Okay, Howard would like to jump in.

HOWARD HUSOCK: I certainly agree with Geraldine [sic], that we really have to learn from those kinds of situations that people are putting themselves in.

But I wanted to return to your phrase: That we see this kind of thing for a host of reasons.

And I don't think that we should ignore the possibility that the housing market, as it exists in New York, is profoundly distorted by some of the systems that we already have in place.

And one of those, that I would point out, and the Bronx is a great example, because we have a lot of public housing in the Bronx. I mean, there is

really a lot of public housing in the Bronx. Probably the densest concentration, next to East and Central Harlem, in the United States.

But, we know that John Rhea at the -- at NYCHA was saying, that up to 40,000 units, out of 180,000, are underoccupied.

And, so, we're seeing a mismatch between the needs of those, right in the same neighborhoods as that public housing, and public housing that the City and the State have made an historic, really significant, investment in, which has been underutilized right now.

Now, I understand, as soon I raise an issue like that, it is no simple matter to think about how to align the needs. But I do think it's something that we ought to dedicate ourselves to thinking about, how do we minimize the kind of distortions that end up forcing people into those very unfortunate kind of situations.

SENATOR YOUNG: Thanks, Howard.

Yes, Frank.

FRANK ANELANTE: The City actually started a program on its Mod Section 8 buildings some time ago. And I don't remember, it was probably around seven years ago, where, when we had -- and we had

a number of Mod Section 8 buildings in our portfolio, so it was project-based Section 8. And when there was a mismatch in family applies to the apartments, we were required to move the tenants, and the tenants had to move.

And we were able to do it, but it meant a tremendous amount of resistance.

And I agree with your point, it should be addressed. It's -- and the City did address it for a time. And it was -- but it was a big lift, because people didn't want to leave, where they were going. And, ultimately, sometimes, you had to drop them from Section 8.

It was a -- it was a big burden.

SENATOR YOUNG: Uh-huh.

Yes?

VICKI BEEN: I want to expand the frame-up, because I completely agree that the homeless and the -- and those people housed in illegal subdivisions are one sign of the problem. But I think another sign of the problem is, just the tremendous number of people who are extremely rent-burdened.

Right?

The number of people who are paying more than

30 percent of their income, more than 50 percent of their income, just on rent, keeps going up, as housing prices go up, as wages stay stagnant.

SENATOR YOUNG: We have done an extensive study on this.

VICKI BEEN: Yes, we have documented that; and also documented how few of the housing units that are being built are, you know, accessible to the people in those price ranges, either, because, not enough is being built in that price range, not enough is filtering down in that price range, or, you know, it's being, you know, devoted into other -- into other sources.

So...

JUDY CALOGERO: And I'd like to jump on that, because I see that a lot in the work that I do, both, through the New York Housing Conference, and through some consulting work I do. But, the -- there is a huge rent burden that's been documented, I think, in part, by the Furman Center, but also by other studies as well.

And what -- I think what happens in public policy is, we end up with a program, or a series of programs -- and you can take any number of the programs, like, the State Tax Credit, or the

Housing Trust Fund -- and they're written at a point in time when there's a specific need, or an idea that is put forward, and we put in place parameters for those programs, including income guidelines.

We're writing accurate at that time, but they don't necessarily work today.

And if there is capacity to build more flexibility into some of these programs, it would be tremendously helpful for the entities -- non-profit, for-profit, local governments -- that end up using these programs to meet various different needs across the city.

FRANK ANELANTE: Well, that's also the second point: How do we adequately define "affordable housing"?

It's not just for very low-income people, or low-income people. In fact, like the state tax credit; whereas, a tax-credit program could target 30 percent of AMI, with 60 percent of AMI, the state tax credit targeted to 120 percent of AMI.

And that fulfilled a big need. We had no problem renting. I mean, there were plenty of people that wanted our product. The rents were a little higher, but they were still affordable to

those people.

So it's, really, I think what you said, that -- really, that 30 percent; it's 30 percent of, no matter what income bracket you're in, it's -- it's -- there's a derth of housing, generally, in that bracket.

JUDY CALOGERO: I think we all struggle, every day, to find new ways to explain what it is that we do, and why it's so important to our communities.

I had an interesting dialogue, about two weeks ago, with a BID -- Business Improvement District -- personnel in Queens.

And you -- we have our business -- on one hand, the Business Improvement District Corporation that is working to bring new businesses into the area. And the businesses that they're bringing in are employing people at a certain income level: Hotels. There was a -- a Home Depot.

And this -- these people from this Business Improvement District were saying that they were opposed to affordable housing; and, yet, they didn't realize that the very housing that was being proposed, because they had this label on it called "affordable housing," was really there to serve the

very people that they were bringing in and creating jobs for.

And, so, there's this disconnect.

We actually used data from the Furman Center to help to make our case, and to have a conversation with them in a different way, in a different light, that could shine light on that.

But, if you could simply say that affordable housing is really about providing housing opportunities for the very people who are going to live and work in a neighborhood, where you're creating economic-development opportunities, they also need to have housing.

HOWARD HUSOCK: At the same time, what conclusion can one draw from Vicki's accurate description of the rent burden that families feel?

No city, and no state, has put forward more affordable-housing programs, over the generations, than New York City.

Yet, if you go to Los Angeles, and you go to Chicago, you don't hear this same kind of discussion: We have a housing crisis here.

It becomes a perennial discussion in New York.

So one begins to wonder: Does the fact of

the rent burden inevitably call for another intervention, another program, and another adjustment in an existing program, (inaudible) in an effort to take stock of the programs, as a group, to see whom they're serving, who they should serve, and whether they can be altered in a way that limits some of the distortion that may actually be freezing some households out of housing, that would otherwise be able to afford, and for which they would be less burdened.

VICKI BEEN: Well, I'd go further, not to challenge you, Howard, but, it's about the distortion -- maybe some potential distortions in the programs that need to be paid attention to, but it's also distortions in the market's ability to provide housing at prices that would be affordable; right?

HOWARD HUSOCK: Right.

VICKI BEEN: So, we need to look at both ends, not just what's happening with the housing programs, but:

Why are we not zoning to allow more building?

Why are we not changing the building code in ways that would allow the kind of housing that, really, Jerilyn has been championing; the champion

of?

And, you know, why are we, both, creating enormous costs to housing, and then trying, at the same time, to desperately fill that need that we're, in some ways, creating?

HOWARD HUSOCK: It's the perfect question.

You know?

And, in answer to, you know, the, "What is affordable housing?"

Well, "affordable housing" is people -- housing people can afford, but, what gets them to that point?

And I suspect Vicki would agree with this, is that, then City creates affordability.

And that's how affordability has historically been sustainably created in New York City.

So, Brooklyn was, and is, affordable in many places, because you have so many units on square acre.

People are desperately trying to create affordability through the kind of unfortunate adjustments they're making, that you described.

And, so, are there ways?

I think it's a great question: Are there ways the City can revisit the zoning code, and

other, you know, God knows, accessibility requirements?

The whole world of ULURP, right, that builds in higher costs, rather than saying, that's amenable; and, therefore, we have to subsidize construction, or maintain the stock of subsidized housing that we have, in perpetuity, at a time of tremendous, tremendous fiscal stress.

JERILYN PERINE: Yeah, I think I would be careful, though, about, sort of, isolating just the -- the sort of, affordable, or subsidized, stock.

I mean -- and it's fine to say that there's underoccupied NYCHA housing, but, you know, half of the apartments in Manhattan, "half," are occupied by a single person living alone.

So that's not just about, sort of, the subsidized stock. We're stuck in the housing market here.

HOWARD HUSOCK: Rent-controlled too.

JERILYN PERINE: Well, very few people are actually rent-controlled, Howard. I mean, that's a very small number of people.

HOWARD HUSOCK: True.

JERILYN PERINE: But, you know, what you

really have are a shrinking number of choices for people. So people get stuck if they're in a place, whether it's the -- you know, the elderly woman in St. Albans, Queens, who's got the four-bedroom house that she raised her family in, and doesn't want to (inaudible) the four-bedroom house, but doesn't really have a viable option for herself.

You know?

Or, it is the person in public housing who's, you know, underoccupying, or -- whatever it is.

It's a range of people, they're stuck, because that's not enough movement in the housing market.

JUDY CALOGERO: You can't disregard that this is a very personal issue, and an emotional issue.

And the fact that, maybe, you don't own where you love, doesn't mean that you don't call it home, "your home." And, the longer you're there, the more you come to believe, "That's mine."

JERILYN PERINE: Right, but the more disconnected you are from the cost.

If it's actually your home, you do reach a point where maybe you can't afford to keep it.

And, this, I think, is a distortion in our overly rental housing market in New York.

And, so, you know, you don't have to pay, you know, for what those increasing costs are, really, for a lot of people. And I think this is where we would agree.

But, I think -- you know, for me, it's less a question of the economics, in a way, and it's more a question of the products being put forward.

You know, if you look at cities all over the world, they've got -- you know, I mean, a lot of them has no minimum-space standards for its housing units. Neither does Tokyo.

You know, in Vienna, you can rent an apartment in downtown Vienna, that is rented, that's 250 square feet, that comes furnished, that you get to live in for six months, and then you're supposed to leave.

You know, all of these things in New York City are highly regulated very much in these silos. It becomes very difficult for real people to adapt to changing conditions.

I mean, we have more single people than we've had in a long time. People stay single longer.

People are looking to share, for -- sometimes, for economic reasons, sometimes for social reasons, sometimes for cultural reasons.

Often, those all create illegal situations.

If we could kind of uncork some of the creativity in the marketplace, and sort of relieve them of some of these burdens, at the same time, increasing density where that's appropriate, you could begin to see, you know, a growth, let's say, of housing options in the city that we haven't had for a very long time.

JUDY CALOGERO: I've also seen, in Hong Kong and China, an average of 80-square-feet per person in public housing. And the quality of life is very poor.

And I don't -- I -- you know --

JERILYN PERINE: For anybody, though, Judy.

FRANK ANELANTE: (Inaudible) life in some of these un-rehabilitated buildings is really horrifying.

JERILYN PERINE: And the quality of life in a cardboard box on the subway grate is not that great either. So --

FRANK ANELANTE: Another dynamic that's hitting, and it's not as obvious, is the speculation that's happening in the affordable-housing market.

I mean, you have speculators coming in, and they're paying outrageous prices on buildings.

I mean, I operate buildings, and I know what it costs to operate, and I know the mortgages they can keep.

And these guys are well overpaying. And, as a result, they're pushing rents up as much as they can, which is forcing people to double- and triple-up, and whatever.

It's also taking the housing out of the affordable realm. And it's also stymieing rehabilitation, because the owner is going to say: Why should I rehabilitate? I'm just going sell this for -- you know, make my money, and walk away.

So, that's a whole nother problem, but it is impacting it.

HOWARD - BACK ROW: I think it's still occurring, right, Frank?

JERILYN PERINE: Right.

FRANK ANELANTE: It's still occurring.

HOWARD - BACK ROW: That hasn't --

FRANK ANELANTE: That is still occurring.

HOWARD - BACK ROW: -- even with the financial collapse?

FRANK ANELANTE: Amazingly, it didn't.

JERILYN PERINE: Right.

HOWARD HUSOCK: I think Geraldine is putting

us in --

SENATOR YOUNG: It's Jerilyn.

HOWARD HUSOCK: Jerilyn. I'm sorry.

JERILYN PERINE: That's okay. You're not the first.

[Laughter.]

JERILYN PERINE: Common mistake.

HOWARD HUSOCK: Jerilyn is putting us in an incredibly constructive direction, you know, to -- rather than thinking about, what are the novel ways that we can write-down expensive costs, how can we reduce costs at the outset?

Now, I would take that to be one of the -- the implications of what you're saying; right?

JERILYN PERINE: Yeah, I mean, look, I'm a big fan of subsidizing housing. And I think we always are going to need that in this town, because there's always going to be this gap between, what it costs to deliver housing, and what people can afford to pay.

But, I do think that we have to stop thinking that everybody wants, or needs, a two- or three-bedroom apartment for their nuclear family, because that's, often not -- increasingly, that's not just who we are. We're -- we're, that, but

we're a lot of other things, too.

You know, we're four single adults, with masters's degrees, who want to pool their resources, and -- you know, and share for a while.

We're, you know, low-wage workers who, you know, can live in 80 square feet, if they can go someplace for a decent meal, and live close to their work, and save up money, and then move on.

You know, we're elderly people who don't just want to retire to Florida anymore, who are looking for --

VICKI BEEN: Comradery?

JERILYN PERINE: -- different ways to live, and don't need assisted living. You know, they -- these are people -- not everybody needs to be, like, with a social worker.

You know?

So, sometimes, people just want to live together, in changing ways, and they don't -- you know, it doesn't make them, like, mentally ill, you know, because they don't want a three-bedroom house.

JUDY CALOGERO: But they might give up their square footage in order to be closer to services they need, like --

JERILYN PERINE: But they might want to open

their house and, you know, rent rooms to people, and have some help, and support --

HOWARD HUSOCK: Well, so, lady in St. Albans could start -- I mean, with the zoning, I doubt the zoning code would allow her to start a boarding house.

JERILYN PERINE: No, it would not.

And it wouldn't allow her to work with a local not-for-profit to do it, either.

I mean, you know, there's -- I mean, I don't think we're -- I'm not talking about, just sort of, you know, unfettered, everybody goes crazy.

But -- right now, you couldn't actually do those things, unless they were under a rubric of supportive housing, or -- you know, something that implied, like: You have a problem.

FRANK ANELANTE: But they do it now, by the way.

JERILYN PERINE: But they're doing it, but they're doing it legally.

FRANK ANELANTE: But there are people that do (inaudible). I mean, there's hasps --

JERILYN PERINE: Yeah.

FRANK ANELANTE: -- there's locks on bedroom doors, and they rent out rooms.

JERILYN PERINE: And that's dangerous.

FRANK ANELANTE: There's one, I discovered once, at the beginning of my career. I'll never forget it: The 24-hour bed.

It was, a guy had an apartment. There were beds all over the place.

HOWARD HUSOCK: Right.

FRANK ANELANTE: You would rent a mattress for 8 hours. And then, after your 8 hours, you got up, and someone came in.

I mean, the whole (inaudible), you know, renting an apartment by the hour.

HOWARD HUSOCK: (Inaudible) like in the 1890s.

FRANK ANELANTE: And, I mean, we evicted the guy, but, I mean, this happens all the time.

JERILYN PERINE: But we can do better than that. You know, we could create alternatives that would be legal, that would be safe, that would have more choice.

That wouldn't solve every problem, would not, I don't believe, take away the need for, straight-up, subsidized housing. You know, I don't think it does that, but, I think it would begin to introduce more choice.

SENATOR YOUNG: So some of the barriers you're identifying, for example, are local zoning laws that the City controls?

And how would those have to be changed?

JERILYN PERINE: You know, very difficult.

There's a couple of things.

I mean, we're looking, now, to see if we can do at least a pilot project, which we could do, which would allow us to have a special little box, and relief from the building code, not from zoning.

We would real actually have to try to pre-negotiate, maybe, some waivers, and special permits, that we could at least show what could be done.

But, yeah, you're talking about changing zoning. You're talking about changing the building code, the multiple-dwelling law. You know, it's a variety of things.

It's still (inaudible) happening in other places.

SENATOR YOUNG: Is there a good case study?

Is there another city where this has been done?

JERILYN PERINE: There's other places, they've taken different tacts.

In Seattle, for example, they simply -- like, in New York City, we've got a restriction against more than three unrelated adults living together.

In Seattle, they had a similar regulatory problem. They just changed that number to be a very big number; like, 12, or something. I for -- you know, 9, or 12.

So I just -- but, you know, that one thing that kind of opened the door to a variety of choices.

In California, their occupancy requirements that dealt with people's relationships, as a family, were, basically, overturned as being unconstitutional for their state constitution.

So, that sort of went a different way. It was, like, one fell swoop. It kind of wiped away any local ordinances that would -- that would do that.

So I think, you know, different places have kind of approached different things.

We're -- we're kind of working, you know, pretty collaboratively with the City. So, I mean, we're not trying to kind of challenge this in the courts, or -- you know, we're trying to persuade people, that, you know, changing, and putting more

choice, is not scary. But, people already living in communities, who they may be afraid of, but they're already there, and they're living in situations that aren't very good.

And, we can improve on them.

I'm hoping that, maybe, by doing a pilot, I do think the complexity, actually, I think is zoning. I mean, I don't -- I think that's, in a lot of ways, the hardest thing. (Inaudible) the barrier.

JUDY CALOGERO: And in all fairness to the City, there has been -- I think, in the last ten years, there's been a lot of, I'll call it "creative rezoning."

But, it's been difficult.

I mean, there's been a lot of rezoning that's done, but it hasn't necessarily addressed the issues that we're talking about here, but it has brought about some meaningful change in certain key neighborhoods. And those -- those rezonings have been difficult. I mean, they're --

JERILYN PERINE: Yeah, but it's not been enough. I mean, this has really been Vicki's (inaudible) --

VICKI BEEN: And, I mean, we've studied the

rezonings.

But, you know, one of the issues is, just creating options, like, mother-in-law apartments, or, you know that kind of thing. And many cities are doing that.

But, a lot of the City's recent --

Excuse me. Got a frog in my throat.

FRANK ANELANTE: Want some water?

VICKI BEEN: No, I'm okay.

A lot of, you know, the City's recent rezonings are downzonings (inaudible), the sort of, single-, two-, three-family areas --

(Handed a glass of water.)

VICKI BEEN: Oh, thank you.

FRANK ANELANTE: You're welcome.

VICKI BEEN: -- that -- you know, where we could put mother-in-law apartments, or those kinds of things.

So, you know...

FRANK ANELANTE: And I know Jerilyn (inaudible) started an SRL. I mean, SRLs are desperately needed. And I think that would finish --

JERILYN PERINE: Or going to SLR alternative; again, I mean, I think we're looking at a

twenty-first-century solution. You know, we're not looking to replicate the bad housing models of the past.

And I think that was --

Where's Teresa?

So, Teresa came to our event, last Monday, at the Japan Society, where we had -- we worked with the architecturally. We had, like, five teams of architects, to put forward ideas that would, hopefully, get people to feel like this is not so scary. "I can think of people in my life who might be happy living in such situations."

And they tackled everything, from the small house in Queens, to the old industrial building in Astoria, to begin reshaping the 1970s office building and allowing more mixed use.

Now, most of these things actually did -- most of these designs challenged zoning more than anything else.

I mean, zoning and --

VICKI BEEN: Parking regulations.

JERILYN PERINE: -- and parking. That's right.

VICKI BEEN: Parking is a huge --

JERILYN PERINE: Is a huge thing. But --

SENATOR YOUNG: In what way?

VICKI BEEN: Because, the City zoning often requires minimum parking -- minimum off-street parking. And that just limits what it is that developers can build.

If they have to provide a certain amount of parking space, it raises their costs, it limits their flexibility on a lot. It causes people to divide lots in, basically, inefficient ways. So --

JUDY CALOGERO: And if you're more -- I mean, people -- I mean, I think the (inaudible) has been smart growth and transit, or the development.

And, in New York City, most of what we do is transit-oriented development.

And if you're near a good transportation hub, that there is no need to be requiring any parking, in my opinion, but, getting people over that is very difficult.

SENATOR YOUNG: I mean, it's a choice; right?

If somebody wants parking, they can find a site that has parking. But, it's just different choices.

VICKI BEEN: Right, yes. Right.

HOWARD HUSOCK: Are all of these within the

purview only of the City?

But I'm -- you know, I'm aware of the fact that we have a State Senator here.

Is there anything the State can do to enable -- would a building-code change ultimately have to go to the State?

JERILYN PERINE: I don't think so.

HOWARD - BACK ROW: The building code now, I mean, although there are restrictions, both, the housing maintenance code and the New York City building code are, basically, authorized by the New York State Multiple Dwelling Law.

And there are things you could do in the New York State Multiple Dwelling Law which could give the City more room to maneuver.

For instance: Right now, the New York State Multiple Dwelling Law says, that, local jurisdictions -- I mean, a local jurisdiction that comes under it is New York City -- are free to pass laws that are more restrictive than the building code.

They're not free to pass laws that are less restrictive than the Multiple Dwelling Law.

HOWARD HUSOCK: That sounds really important.

HOWARD - BACK ROW: So, I mean, not that

anybody -- not that people, other than the fact that the issues that Jerilyn and Vicki and Judy are raising, not that -- since those issues haven't really been raised that much before, you know, there hasn't been an outcry to allow people to do things that are, you know, less restrictive than the Multiple Dwelling Law.

But that might -- but, you need to look at the Multiple Dwelling Law, to start opening the doors to making changes in the building code, and the housing maintenance code, that would go in that direction.

And they'll, actually, kind of have a strange little example of this; and that example is, of course, the "loft" law, which was designed to legalize otherwise illegal units in places that they weren't legal to be in, and the configurations that didn't need any existing code. And, in fact, you did it in the Multiple Dwelling Law.

HOWARD HUSOCK: At the state level?

HOWARD - BACK ROW: At the state level.

Basically, what you did, in that law, was, you cut the Gordian Knot of all the complexities of zoning, building codes, et cetera, and just said: Okay, we can pass a state law, that, for this kind

of (inaudible) buildings, wipes all that away.

And we did that in the "loft" law.

Now, whether or not that would work on a broader scale, is questionable, but it's just kind of a little example, indicating what's possible at the State level.

SENATOR YOUNG: So, the State did it for the "loft" law.

Is there another category that you could look at, similar to lofts, where you could apply this?

Because, as you said, I think a broad-based approach might be very difficult to do.

But, are there categories of buildings, or living arrangements, that we could look at?

JERILYN PERINE: Yes. And we sort of challenged the architectural teams to kind of look at three things:

A mini studio: something less than the 450-square-foot minimum that's required now in New York City;

We asked them to look at a model for single adults sharing;

And also asked them to look at the adaptation of, essentially, a one-family house, to provide for an accessory unit. Additional family member, you

know, whatever that might be.

A couple went, you know, further, and, like, you know, sort of, like, the reshaping of the 1970s office building, which was, in some ways, my favorite.

But -- so, we are taking those designs, and with our, sort of, technical team, looking at each, and figuring out, well, exactly, which laws are being broken here, you know. And, can we come up with, for each of these three types, a potential pilot that could carve out a real-built example.

That would mean, we would have to be challenging less on the zoning side, and more on the building-code side, but -- and see if we can get them built.

But I think the analysis will answer that question, of, sort of: Where are the two or three keys that need to be turned?

JUDY CALOGERO: And if you were to go to finance that, which I think would be intriguing to do, even if it was just on some type of demonstration model, but, if you were going to go to the State and finance that, you wouldn't be able to currently do that, because of the regulatory -- they're not legislative -- but the regulatory

restrictions that are in place, as it relates to design standards; and, in particular, unit size. And, also, storage standards, and things like that.

And, so, if you could get HCR to put together some type of demonstration finance program to go along with the model Jerilyn recommends, I think that you'd be able to implement a unique and an interesting study that you could do, to see the impact of that.

And that would -- that financing wouldn't need to be all of the financing for it, but it would be the piece that would help to maintain part of its affordability. I think that the unit size itself will help to do that as well. But, still, that subsidization, I think, would be necessary.

VICKI BEEN: Another thing that the State -- many states have preempted, is the family ordinances. And they -- states typically preempt them for supportive housing, for group homes, and that kind of thing.

But some states, you know, preempt them altogether, so that the city can't specify that a family can only be three, or a household can only be three.

So that's another area that --

JUDY CALOGERO: Other cities in the state do that. I know Albany does it.

And I think that it's been -- it was -- well, it was seen more in Albany as an anti-student housing. There were so many colleges there, to try to preclude grouping of students. And -- and they don't want to discourage colleges from building dormitories for that type of -- that purpose.

But, I think Albany is another city that has that.

HOWARD HUSOCK: Is it imaginable for two young single mothers to share premises?

Would that be illegal, under family arrangements, as things stand now?

JERILYN PERINE: It would really depend.

I think it probably wouldn't be illegal, from the -- no more than three unrelated adults. Or, possibly, you'd be okay with that, maybe.

But where you probably wouldn't be okay, would be strictly on the occupancy per room. You know, you get into a lot of complexity.

Now, normally, the City would never enforce just that aspect of the occupancy rules.

Right?

Like, they're not going to come knock on your

door, and see if you actually put your three kids in one bedroom, or not.

I mean, you know, that's -- they're not going to do that, but, there's rules that would make that -- that would actually prohibit that.

So, if you really -- you know, what we're saying is, let the stuff be out in the light of day.

I mean, like, why would this be so terrible?

Like, why can't we just try to think about how to make that easier for people to do, rather than think about rules for them to sneak around the regulations.

And put the regulators, by the way, who tend to be, like, the code inspectors on the ground, or -- you know, in this horrible situation, of having to make these judgments about people and their lives.

And, so, if we could bring more of these models out, into having the developers talk about it, the architects, the housing, you know, let people discuss them.

HOWARD - BACK ROW: Well, (inaudible), I mean, like those two families -- two female-headed families, with a couple of children --

HOWARD HUSOCK: Yep.

HOWARD - BACK ROW: -- might well likely -- and this is probably beyond the scope of our conversation -- might well likely be Section 8-eligible. Section 8, even to pair up (inaudible) for that apartment. And, of course, the Feds wouldn't allow that.

JERILYN PERINE: They couldn't get it.

(Inaudible discussion.)

FRANK ANELANTE: And they couldn't that. And that gets to another point --

(Inaudible discussion.)

FRANK ANELANTE: But, since all housing is local, and we didn't even talk about Upstate, I believe in block granting. I don't believe HUD should exist, other than to make certain -- you know, maybe oversee. Just give the states and localities, which have good housing agencies, the money, and let them figure it out, because, the more rules there are, the harder it is to develop affordable housing.

JUDY CALOGERO: I do want to raise one point, though, that you -- on one hand, you -- I think that you would disagree with me on: The federal government, the Section 42 of the tax code, is what creates the low-income housing and tax-credit

program, and it's used throughout the state.

And the code requires that there be a market study done, to demonstrate, in part, need, but demand also.

In a New York City -- the state allows New York City projects to bypass that, because the assumption is, there's been so many studies done.

You look at the RGB -- the Rent Guidelines Board; you look at studies that HPD has done; you look at the Furman Center reports; and it all clearly demonstrates that there is high demand. I don't think that people doubt that.

But, in other parts of the state, a market study needs to be done, to help to demonstrate that.

But what that market study does, is, in those projects, it helps to determine what the income bands are that are really needed, so that that project can be targeted to where those specific needs are.

In New York City, we don't do that. And it's almost a disadvantage that we don't know a little bit more about those specific income bands.

So, we when you talk to me about, is the need at 60 percent of AMI, for families of two and three? Or is it -- is that 72 percent of AMI?

In New York City, I don't have a market study. I may not know that -- the reports that I have may not get me (inaudible) down to that level of specificity. But, if I'm outside of New York City, I can tell you that, because I can point to any number of market studies.

It is a requirement --

FRANK ANELANTE: I know, but in New York City, I don't know how much of a requirement you need, because we -- if we have good apartments, we'll rent them to people that need them.

I mean --

JUDY CALOGERO: But what you don't --

FRANK ANELANTE: (Inaudible.)

JUDY CALOGERO: -- but you wouldn't -- right.

But what you don't know, is: Is there a need for HCR to expand their income bands?

Do we need to go beyond 80 percent of AMI?

Do we need to be -- go beyond 60 percent of AMI?

FRANK ANELANTE: I think the worst --

JUDY CALOGERO: What is the real --

FRANK ANELANTE: -- in fact, there's two points.

I think one, is, that I think the only housing that really, truly works in affordable housing, is mixed-use housing.

I think the fact that, say, the Bronx, has more -- you know, that more of these huge developments, these NYCHA developments, it's horrible.

I mean, mixed-use is the best. I mean, our model is now, more, 70/30, or something like that. Or, you know, 60/40, or -- whatever, and get them mixed. We find that it's just a more sustainable model, going forward.

JUDY CALOGERO: And I'll even go one further.

I worked in a project up in the Bronx, that NYCHA's working on. It's with a private developer. And, a percentage of the units would be public housing within a privately owned development.

FRANK ANELANTE: And that's good.

JUDY CALOGERO: Then there will be a wide range of income bands.

FRANK ANELANTE: And that's great.

JUDY CALOGERO: And I think that that's the way to go.

HOWARD HUSOCK: I have an Upstate question.

I mean, our Senator, and host, is from

Upstate.

I -- to me, I think the analogue to what Jerilyn was suggesting, for, you know, adjusting expectations about what housing should be, would be something that is not probably from in Baltimore, which name I'm forgetting right now, but they used the term "minimal rehab codes."

All right?

So, what -- you've got so much abandoned and underutilized housing, in Buffalo, in Utica, it's really quite extraordinary. And I don't think people in the city are aware of the devastation Upstate.

And, so, the question, then, is: Well, what do you really need to make that unit habitable?

You know, what's the minimum you need, so that you don't offend the sensibilities, and make it, really, too horrible a place to live?

And I think that's a question that Upstate cities may want to look at, because, Buffalo is actually in the market for the same young singles that New York -- they're interested in trying to become an artsy place. But you're not going to be able to do that if you have to subsidize to the highest levels -- I mean, to renovate to the

highest levels.

VICKI BEEN: Well, New Jersey has experimented with that.

HOWARD HUSOCK: And that's right. That's right.

VICKI BEEN: And that would be something to look at. I mean, New Jersey has a rehab code that is different than its building code, you know, that it --

JUDY CALOGERO: We did a --

VICKI BEEN: -- (inaudible) standard.

JUDY CALOGERO: -- I did a project in Buffalo, in downtown Buffalo, that tried to attract that very population. And, it was an old factory building that was renovated, and it was minimalistic, but in, somewhat, an attractive way.

And, at the end of the day, they actually poured these rubber floors in it. It was fascinating, and, it was not that expensive to do. It was a mixed-income grouping.

And the thing that attracted young people, was, they put flat-screened TVs in them; panel TVs on the wall. And everything else was minor. And, it attracted, you know, a huge waiting list.

SENATOR YOUNG: So, it was a success?

JUDY CALOGERO: It was a success. And it was done with state funds, and it was a minimalistic approach.

HOWARD HUSOCK: I forgot about the New Jersey code. That's important.

FRANK ANELANTE: Some of our most successful rehabs are when we first started out in the '70s. Moderate rehabs with tenants in occupancy.

We'd take an old building. You wouldn't change the layouts. There were no -- we didn't have the ADA codes to go by.

We would -- uhm, we would really do systems. You know, the plumbing, the heating, roof, windows. It evolved more, later on, into, say, new kitchens and bathrooms.

But, you'd give people a decent place to live. And it was not a palace, but it was a wonderful, solid housing.

And that housing is viable even today.

In fact, stuff we've done in the '70s, we're re-rehabilitating now. But, it was more minimalistic, and it worked.

JUDY CALOGERO: And I think if you look at some of the provisions for lofts in New York City,

and allowed for that in some of the cities, like Utica and Buffalo, it could be, not only attractive, but less of a burden on the infrastructure, and less pressure on the suburbs and rural parts of the state.

We've got to stop losing, you know, farmland. We've got to stop doing five-acre, you know, zoning; one house per five-acre zone.

We've got to do more to encourage people to live in the areas where there is existing infrastructure: hamlet, cities, whatever it is, a town.

And I think that that can be very beneficial.

HOWARD - BACK ROW: I would just caution, before we run off to emulate the "loft" law, it has a lot of its own problems.

JERILYN PERINE: Right, of course.

Right.

HOWARD - BACK ROW: So, it's only --

JERILYN PERINE: (Inaudible) problems.

HOWARD - BACK ROW: -- a suggestion, (inaudible) emulate it.

SENATOR YOUNG: Well, what would you -- what are the problems that you see --

HOWARD - BACK ROW: Well, the way it was

created, it has this complex administrative process, with a board that basically rules on each and every transition -- legalization. And there's a very hand-crafted process, for each set of plans. An adversary proceeding in which it can get challenged.

And this is, basically, been going on for, basically, 30 years now, and it's not quite yet complete for the properties that were designated in 1980-whatever.

(Inaudible discussion.)

JUDY CALOGERO: But the notion of adaptive reuse of a building, I think --

HOWARD - BACK ROW: Yes, that's fine.

JUDY CALOGERO: -- is -- it is practical.

HOWARD HUSOCK: Well, it would be, as of right use, somehow.

HOWARD - BACK ROW: And I just, for those not familiar with the "loft" law, I just didn't want to -- well, I just wanted to make sure that it was clear, we weren't --

(Inaudible discussion.)

SENATOR YOUNG: We're familiar with that. But, administratively, it's a nightmare.

HOWARD - BACK ROW: Exactly.

VICKI BEEN: Yeah.

SENATOR YOUNG: It's too much of take.

VICKI BEEN: Yeah, but much of the housing that we would need to be using a different kind of rehab, would be the foreclosed stock.

HOWARD HUSOCK: That's a great idea.

(Inaudible discussion.)

VICKI BEEN: Right.

I mean, some of it is the bigger, but a lot of it would be the REO stock, or the foreclosed stock.

JUDY CALOGERO: But you've got to have a population.

I mean, I'm from Utica. But, you know, the population in the city of Utica has gone, from 100,000, down to 55,000.

VICKI BEEN: Right.

JUDY CALOGERO: And, so, you know, there's got to be people there that are going to rent. Or, that their jobs are there, and they're going to come there.

JERILYN PERINE: Again, you know, there are examples of cities, right, which have the same sort of shrinking-city phenomenon, right; the job goes away, and the people shrink, and then all kinds

of bad things begin to happen. -- who have, actually, I mean, have done a good job at kind of reshaping themselves.

I mean, in -- you know, Pittsburgh, is a good example, I think, of that, and, yeah, did the good steel jobs.

Are they the same as if you're working an admin job at the university? Maybe not exactly, no. But -- you know, but they sort of realigned themselves into a different place.

There are certainly international examples of this. You know, places like Liverpool, Manchester, you know, lost so much population -- essentially, their jobs -- were left with an infrastructure that was well larger than their -- you know, than their population. And, they've kind of reshaped who they are.

In some places, like in [unintelligible], they'd really kind of thrown out the book of what you can do inside residential buildings. And just, kind of, eliminated ideas about: This is a residential building, so only people could live here.

Well, you can do other things inside buildings. You could, you know, have this --

HOWARD HUSOCK: (Inaudible.)

JERILYN PERINE: -- you --

Well, but you could also have small opera companies. Or, they could do all kind of things inside walk-up multiple dwellings in cities in the former GDR.

And I think, if we could get away from, both, some of -- you know, create more flexibility for, like a rehab code in New Jersey, that set off a wave of rehabilitation work.

But if we also could get away from use restrictions. I mean, I think, you know, when Frank talked about mixed-use, he really meant mixed-income.

FRANK ANELANTE: That's right.

JERILYN PERINE: I think we actually have to also think about uses not being so constrained in places, like Utica. I mean -- and if you --

JUDY CALOGERO: If you want to bring life back to your downtown areas, you need to have people walking around there; right?

You need people living there, not just working there. You can't well have -- you can't have everyone leave at 5:00.

If you want people to go to the

restaurants, to go to the theater, you've got to have some people living there.

And I think, that if you take this idea farther, and allow, second-, third-story spaces above store fronts to be renovated for this purpose, it could be very, very useful.

I think that there's a small part of the state, where I lived, Saratoga and the Glens Falls area, where there's a lot of this going on.

And, quite honestly, some of it has come from encouragement from the housing and community renewals.

Main Street program, which had a provision, that you could use some of the money to create apartment space above stores.

SENATOR YOUNG: That's why we did Pro 21-M this year --

JUDY CALOGERO: Okay.

SENATOR YOUNG: -- because it's a way to revitalize downtowns.

You look at --

What is it, Laurie (ph.), 50 percent?

UNKNOWN SPEAKER: Yeah.

SENATOR YOUNG: -- has to be affordable housing.

But, we had a model project in Mount Morris, which is near Geneseo, near Rochester, in Livingston County, and they're actually able to totally restore the downtown. A developer did that.

And the housing now is above. It's very nice housing. But, you know, small businesses are moving back into those downtown areas. And, it's really been -- it really has been a great success.

But, you have to try to find ways to leverage private-sector investment so that those types of things occur.

And, so, this is just another tool in the toolbox, but it's something that we're hoping could spread across the state; because, you look at the downtowns, and you're absolutely right, that, we need to have kind of a captive audience that lives down there to support the small businesses, with the advent of Wal-Mart and some of the Big-Box stores.

If we don't have that, then that's one of the main reasons why downtowns are deserted now.

JERILYN PERINE: And you also can think about -- like, Judy's really the state expert, you know, certainly not me -- but I spend time in Delaware County, which is shocking.

I mean, you could travel around India, and

use your cell phone. You can't travel around Delaware County and have cell phone service.

You can (inaudible) your cell phones in Delaware County. I mean, it's -- it's kind of shocking.

And, so, this is, 2 1/2, 3 hours from New York City. It could have an explosion of entrepreneurial businesses; people who want to live in a big old house, and run their business from their house. But, you can't get it if you don't have a cell phone, you don't have --

(Inaudible discussion.)

JERILYN PERINE: -- computer service, and no cell phone service.

JUDY CALOGERO: But --

JERILYN PERINE: You know --

JUDY CALOGERO: But, you know, the Adirondack Park has been trying, for years, to get the Federal Administration to help with bringing broadband to the Adirondacks. And I think they've submitted applications three or four times, and, every time, they get shot down.

JERILYN PERINE: But even outside -- I mean, just, again, this is not even the Adirondacks. It's, like -- it's, like, we could get in a car

right now, we could be there in two hours, and your cell phone won't work.

JUDY CALOGERO: Yeah.

JERILYN PERINE: So, it's sort of, like -- it's hard for me to understand how the third world has skipped over the infrastructure of cables built in the ground, and they are huge users of --

HOWARD HUSOCK: Now we're talking about public utility regulations.

(Inaudible discussion.)

JERILYN PERINE: Okay, but -- but, you know, what? But it relates to housing. It relates to jobs. I mean, it relates to all these things, because you create this desert, 2 1/2 hours away from here.

JUDY CALOGERO: Well -- but -- and, just, you know, when you said, Delaware County, what comes to mind right now, also, is, that there are -- there were 17 counties in the state that were devastated by the floods. And I don't know that people fully appreciate what happened.

There are communities that are gone.

JERILYN PERINE: Yeah, and Delaware's one. Yeah.

JUDY CALOGERO: And there are some in

Delaware that are just -- there's communities that are gone, because of that.

And, so, you have that; there's been people who have been permanently displaced.

HOWARD HUSOCK: Judy's discussion of the Buffalo building with the rubber floors --

Not be confused with rubber rooms; right?

[Laughter.]

HOWARD HUSOCK: -- you know, reminds us, and it echos, you know, Frank's point about block grants.

There's, really, a kind of a "one size fits all" mentality of the federal housing programs. And low-income-housing tax credit is a good example.

So, why do you really want to build more rental complexes in places where you have a surplus of used housing?

The new is actually going to compete with that existing housing, and you're going to be chasing your tail, in terms of the quality of that housing, because it's only going to get undermined by that subsidized competition.

And, so, one could imagine, you know, with the democratic Governor, and, you know, Sean Donovan at HUD, let's try to get waivers, to allow

different kinds of uses for this stream of federal money, whether it's community-development block grants, Section 8, low-income-housing tax credit, so that it's more appropriate for local needs.

And the example I like to promote, is Atlanta, where, Renee Glover, who was, I think, you know, probably the most admired public housing director in the country, got a waiver. She -- they did a block grant with Section 8 money there. And she, among other things, attached a work requirement to Section 8.

Well, we can have the long discussion about whether that's a good idea or not, but, it worked in Atlanta. They brought (inaudible) participation up, from 17 percent, to, pre-recession, 80 percent. Still at 60 percent.

That's a big, big change in the Section 8 world.

And, on the federal level, but my larger point here, is, try to make the programs that we are going to spend money on more aligned with the actual local needs, rather than undermining and destroying local housing markets.

SENATOR YOUNG: Uh-huh. Uh-huh.

JUDY CALOGERO: I would agree.

And I think that there are some policies that are in place, that the state has. And I think, HPD, to some degree too. But they -- that you can't -- that if you -- I think there's close attention paid to occupancy levels at elder subsidized housing, in particular, before something new, or -- and/or renovated is fund -- government funds are used to do that.

And, maybe -- look, there's always local pressure, and political pressure, to not always follow those standards, but there are policies in place to prevent that very thing from happening.

I think, that, you have to be constantly judicious to implement that. It's a tough thing.

HOWARD HUSOCK: Well, I will go even further, and now I'll get into housing heresy territory; right?

So -- so, for instance, in Buffalo -- but this is true in the Lower East Side by the Brooklyn Waterfront, too -- you have large public housing projects which -- uhm, let's say they're fully occupied, just to throw that out, so they wouldn't necessarily be competing with -- but, they're sitting on land which is not being put to its highest and best use.

And, so, you have some of the best real estate in Buffalo, on Lake Erie, is an old and dilapidated public housing project.

Now, could you imagine building replacement housing so that you feed that housing up?

Could you imagine, somehow, freeing up the housing in the Ingersol Raymond (ph.), which is my favorite, uhm -- you know, the -- Brooklyn is just booming, and the Brooklyn Waterfront is booming.

And then you have this dead zone there, unchanging forever, one of the largest public housing projects in the city.

Do we now want to say that that will never be put to any different use?

Can we not find another way to re-purpose that land?

Is it always to be off the table?

I understand it's complicated, but I think it is worth considering.

JUDY CALOGERO: I think that the real problem there, is HUD, and their one-for-one replacement wall. And they implement that, both, urban and non-urban areas. And I think it's misguided.

And I've personally attempted to demonstrate that.

There is a project in Niagara Falls, where, there had been 200 units. But -- whereas, it was all -- it was completely. It was sitting there.

And, in order to take advantage of the HAP agreement that had been -- that was still existing on that project, for a new development that was right sized for the community, 70 units, instead of 200, HUD wouldn't participate, and they removed their HAP agreement because they wanted one-for-one replacement.

And the market study that was done demonstrated there wasn't demand for 200 units. But they had to have --

JERILYN PERINE: And I think that's a big Upstate-Downstate difference, though, too; right?

I mean, because the demand for public housing in New York City is huge. So, you know, consider --

JUDY CALOGERO: It's just not right.

JERILYN PERINE: So, you know, that's different.

And I actually think that the Housing Authority has actually made a lot of in-roads to this, and has actually been -- they've looked at all of their properties. They know how much, sort of, F -- buildable FAR they leave on the

table. They're redeveloping sites.

They're doing them in Chelsea --

(Inaudible discussion).

FRANK ANELANTE: (Inaudible.) There was an RFP that was put up, jointly, between NYCHA and HPD. And I think it was about two years ago.

We applied for a few sites, got Sound View (ph.), and, the financing was tough, which is just a whole nother issue.

JERILYN PERINE: Right.

FRANK ANELANTE: But, (inaudible) developer on NYCHA land, and the other RFP, you know, the other respondents, other people got other ones.

And, we are going to do some of the -- use some of that excess FAR, and do mixed-income projects.

JUDY CALOGERO: The point is, is that it's not a "one size fits all" type of thing.

FRANK ANELANTE: Right. Exactly.

JUDY CALOGERO: You need to know what the specific needs are in your community. And that's where block granting works better --

FRANK ANELANTE: It really does.

It really does.

JUDY CALOGERO: -- in all aspect of

programming.

JERILYN PERINE: Right.

SENATOR YOUNG: Uh-huh.

FRANK ANELANTE: And HUD could do oversight, but -- you know, but they don't have to dictate the programs; because, as developers, we have to tailor what we develop, to what program we can get funded through.

You know?

HOWARD HUSOCK: As opposed to what the demand is actually for.

FRANK ANELANTE: Exactly.

JUDY CALOGERO: So, I think one of issues, and I think you'll hear this repeatedly, because, as a housing advocate for many years, we've come to the members of the Legislature, including yourself, in the past, and said: Help us with Washington. Help us get to the members of Congress, to help make this an issue; because, there's only so much we can do in the state. So much of the resources, so much of the control, comes from HUD.

And if we could get, yourself, and Assemblyman Lopez, to use your positions as a little bit of a bully pulpit on some of this, I think that, if we help to come up with some policies for you, I

think it could be very effective.

SENATOR YOUNG: Have you talked to the Governor or HCR about this? -- because, obviously, we would need their support in order to --

JUDY CALOGERO: To do it.

SENATOR YOUNG: -- you know, begin to work on that.

JUDY CALOGERO: Yes.

SENATOR YOUNG: So, you need to determine where they're at --

JUDY CALOGERO: Yes.

SENATOR YOUNG: -- I suppose, first.

JUDY CALOGERO: Yep, I agree.

SENATOR YOUNG: Uh-huh.

So, that -- I agree with the block granting too. I think it, just -- you know, we need to tailor programs so that they actually meet the market needs.

So, I don't think that happens, as you're pointing out, all the time.

HOWARD HUSOCK: I think if, Andrew Cuomo, as a former HUD Secretary, approached Sean Donovan, and said: Can we get a waiver?

SENATOR YOUNG: Uh-huh.

FRANK ANELANTE: Hey, the pilot program, we

could show them one could work.

HOWARD HUSOCK: For some portion.

SENATOR YOUNG: Uh-huh. That's good idea.

VICKI BEEN: But back to the things the State has control over --

SENATOR YOUNG: Yes. I know, because --

(Inaudible discussion.)

VICKI BEEN: -- one thing that I would suggest, bears -- and I don't have specific proposals, but, I think bears some more scrutiny, is the whole environmental-impact review process, and the cost that that's imposing.

And I am a proponent of environmental-impact review. I just think that it's done terribly badly at the present time, because, by the time you get an environmental-impact review, that's cost you a bazillion dollars -- it's cost the developer a gazillion dollars, it's really too late.

And, so, it's a document that sits on shelf, rather than really helping to reframe the project.

And, so, you know, I think that that's one area where there are big costs, potentially big benefits, but I think a mismatch of the cost and benefits at that present time.

SENATOR YOUNG: Absolutely.

Does anyone have any ideas on how to change that?

JUDY CALOGERO: Well, DHCR is asking for them early. And they're accepting them, as long as they've been done within the year of when you're applying for financing.

And, so, in those instances, it is known what the impact is -- well, let me say it differently: You're more likely to get funded if you've done it. It's not an absolute requirement.

So, Vicki's right.

But, to show readiness, and to show your knowledge of the site, and to show that you do have an appropriate plan for that site, an EAS is required as part of the application.

So -- but, it's not -- that's -- that's just one housing agency. It's -- I'm not sure how it's treated by HPD or HTC.

It may be treated differently.

FRANK ANELANTE: I mean, it's less of a problem here in the city. I mean, it's more pro forma. But, like, for Upstate, I would think, if the agency wanted to have a certain area developed, they could do it, and they could say:

This is what we feel.

And leave it with the developer. You know, be more proactive: We want this area developed.

And, so, you know: Here, we'll do this. We'll determine, you know, what it is.

And then have developers go develop it. You can always find a developer that's willing to develop.

JUDY CALOGERO: There's not a lot of comprehensive planning going on in communities in Upstate.

And, in one of the areas that I think the 2 percent tax cap is affecting, is, I've seen that some of the planning departments that are (inaudible) there are being downsized, because it's whatever the governments can get rid of, to stay within the tax cap, they're gonna to do things that are not regulated, or required, or mandated.

And, so, planning is not one of them, so you're going to see, I think, planning negatively impacted by the tax cap.

FRANK ANELANTE: That's a shame.

SENATOR YOUNG: Uh-huh.

Okay.

HOWARD HUSOCK: You know, Jerilyn mentioned

my reference to rent control before that. And there's --

(Inaudible discussion.)

HOWARD - BACK ROW: You mean, rent regulations.

(Inaudible discussion.)

HOWARD HUSOCK: I understand, rent regulation/rent-stabilized, but it's within the State's purview, speaking of what's in the State's purview.

So it -- and I don't want to get it into (inaudible), but, I will in a moment -- but it does seem like it's worth it.

My concern with that is, not so much the -- you know, the aggrieved landlord, or anything else, but it's really of a piece with the other things we're talking about. And I call it: The problem of the frozen city.

All right?

When you fix uses, when you don't permit the kind of adaptations that you're talking about, you risk the dynamicy (ph.) becoming the frozen city. And it's a terrible risk to New York, in particular.

And, so, I agree that, most of the time, rent regulation is irrelevant right now. Especially in

the outer boroughs, is a wash.

Right?

But we know there are high demand areas where there are going to be people who just -- (inaudible) a high-end version of the example of the older woman in St. Albans, right, who stayed put forever, because we've given them a powerful disincentive to ever move.

Now, I don't know if there's any way to do anything about that without getting into a total time war, but --

JERILYN PERINE: I mean, I don't disagree with you, Harry, actually. I mean, I actually think you should, sort of, stop picking on the public-housing people, and start picking on the people who live in the Biltmore (ph).

But -- personally.

But, you know, because they live, like, catty-corner from each other. But, the bigger subsidies are actually going to the people in the Biltmore, you know, who are in, like, you know, ten-room fabulous, palatial apartments.

And, you know --

JUDY CALOGERO: Rent stabilized.

JERILYN PERINE: -- so --

HOWARD HUSOCK: And we did have a long-term plan -- and we did have a long-term plan to deal with it.

JERILYN PERINE: -- so --

That's right, which was vacancy decontrol.

FRANK ANELANTE: Right.

JERILYN PERINE: I just -- you know, to me, it's just become one of those issues, that you just -- you just -- you can't get traction on it. It's sort of -- it's like having --

SENATOR YOUNG: It's demagogue.

JERILYN PERINE: -- it's just too much to even -- you know, it sucks the air out of -- out of the room.

JUDY CALOGERO: Let's just agree, there's no relationship between rent stabilization and affordable housing.

JERILYN PERINE: Yeah, and I -- you know, look -- look, I think -- I think, on both sides, the arguments are wrong; right?

I mean, I think, on the developer's side, the idea that, you know, no one builds because -- well, that's nonsense, because anybody who builds after 74 isn't subject to rent regulation.

And I think, that: Oh, my God, if we didn't

have rent regulation, all of these poor people would be kicked out. -- well, I think, you know, every study that's done sort of shows that that's not really the case, you know, either.

(Inaudible discussion.)

JERILYN PERINE: But -- but, sort of, is one of those bizarre affectations of New York City, that I think it's, kind of, like, we have to live with. It's -- you know.

But, I do think there are ways to eat away at the edges. I think, you know, the vacancy decontrol rules, I think, also.

And, just trying to create other ways to create movement in the housing market.

UNKNOWN SPEAKER: Right.

SENATOR YOUNG: Like, succession, for example; right?

JERILYN PERINE: Yeah, I mean, look, we've got a very dysfunctional situation, where people just hang on to where they are, because -- because they've got, you know, the proverbial good deal, is part of it, but, there's no other option, is the other side of it as well.

So, I'm -- I've given up on that side of it, and I'm now just trying to focus on the other

options that might be put on the table for people, and see if we can get some movement that way.

HOWARD HUSOCK: No, and I totally recognize that you're doing something constructive and positive. And that's a lot better than hitting your head against the wall.

JERILYN PERINE: Yes, which I spent many years doing, so, I have given that up.

[Laughter.]

(Inaudible discussion.)

JERILYN PERINE: It feels good when you stop.

[Laugher.]

HOWARD HUSOCK: Has there ever been -- I mean, just -- I mean, you might consider laying the ground work for change.

I mean, has it -- do we know much about the income mix, by zip code, or census track, of rent-regulated apartments?

JERILYN PERINE: We know a great deal. Oh, yeah, absolutely. Sure.

FRANK ANELANTE: The CDC also does the study.

And, Elizabeth Rohrstocker (ph.) just did one last year.

JERILYN PERINE: Yeah, Betsy Rohrstocker does

it every year. I's really good. It shows the (inaudible).

(Inaudible discussion.)

JERILYN PERINE: Thank God for (inaudible). The people with the highest income are getting the biggest benefit. I mean --

VICKI BEEN: It's in Manhattan.

JERILYN PERINE: It's in Manhattan. (inaudible).

HOWARD HUSOCK: It's exactly what you would expect (inaudible).

(Inaudible discussion.)

JERILYN PERINE: It's (inaudible) neighborhood, yeah.

VICKI BEEN: So why -- so, why do, then, we continue to have it?

That's part of the question; right?

And part of the answer is: Because, tenants don't understand what it costs them.

HOWARD HUSOCK: Right.

FRANK ANELANTE: That's right.

JERILYN PERINE: That's right.

FRANK ANELANTE: That's right.

VICKI BEEN: So, one way would be, to tell tenants how much they're paying in the monthly

rent for property tax.

You know?

FRANK ANELANTE: Or, the whole rest of the city; right?

VICKI BEEN: (Inaudible) across the city; right?

(Inaudible discussion.)

FRANK ANELANTE: And there are, really, two places of rent stabilization -- or, rent stabilization, rent regulation.

I mean, there's the, you know, higher-priced apartments that are rent regulated;

And there's apartments, like in my portfolio. I rent a one-bedroom apartment, on average, for about $731. That's not tax -- that excludes our tax (inaudible).

HOWARD HUSOCK: Absent regulation, what would it rent for?

FRANK ANELANTE: It would probably rent for minimal, but, you know, let me -- we all often had this, the concept of legal rent and market rent. And, at any one time, we have 20 to 25 percent of our apartments where we give a preferential rent.

We register the higher legal rent to preserve it, but we find we can't rent that apartment for --

SENATOR YOUNG: So the market really --

FRANK ANELANTE: -- so, the market really does dictate.

UNKNOWN SPEAKER: Well, that's --

HOWARD HUSOCK: That's really interesting.

UNKNOWN SPEAKER: That's just, really, (inaudible) that's dysfunctional.

JUDY CALOGERO: You preserve the right to go back to the market rate.

FRANK ANELANTE: Yes, we give them preferential (inaudible).

JUDY CALOGERO: What are the reasons for preferential rent? Is it strictly market-driven, or are there other reasons?

FRANK ANELANTE: Mainly --

JUDY CALOGERO: (Inaudible) tenant?

FRANK ANELANTE: Excuse me?

JUDY CALOGERO: Would you use it to keep a good tenant?

FRANK ANELANTE: We have -- after the economic downturn in 2008, we actually did freeze some rents. We didn't roll any back, but we did freeze some rents in some projects, to help the tenants out, and we said: We understand. We'll -- you know. And we work with them, to do it.

But it's, basically -- and I've seen it over time, the -- that 20 to 25 percent varies among the buildings. It's not like every -- the building stays with that preferential rent. It varies from building to building, and, you know, the vagaries of the market. But, we do preserve it.

But market really does work, even on that end.

And vacancy decontrol would be a nice simple way of living --

HOWARD HUSOCK: It really would.

FRANK ANELANTE: -- of -- you know, where -- but, it's not going to happen.

In fact, the rent laws were just extended, only four years, which tells me, in four years, there's going to be, probably, a bloodbath.

HOWARD HUSOCK: I mean, if you couldn't do it in 1973, when you had a declining population in the city, and it became politically impossible to do it even then --

UNKNOWN SPEAKER: Right.

HOWARD HUSOCK: -- and, then, when will you be able to do it?

SENATOR YOUNG: But that's the question that I have now: The income and the rent levels were

raised, and what impacts will that have on the market now?

And, you know, I'm interested in seeing some information on that.

I mean, what is the real impact of raising the rent levels?

Because, as you said, in four years, the whole topic is going to come up again. And, you know, we need to fully understand what just happened.

JERILYN PERINE: Right.

Well, I'm assuming that will be Betsy Rohrstocker -- (inaudible).

HOWARD - BACK ROW: Yeah, and I assume (inaudible). She's pretty good (inaudible) on that.

I mean, you can get --

JUDY CALOGERO: Where's that published?

HOWARD - BACK ROW: (Inaudible.) Most times, in (inaudible) citizens' budget.

So, they had a report when this was a hot topic, was it, this year, or the year before -- or whatever -- which ever year it was.

I mean, but we can -- what we basically (inaudible) understand, that, you know, the new system was will slow down the process.

There might be some buildings there, some units that will convert, but it will be fewer than it would have been before. And, rent that was a 40-year program may become a 50-year program, I mean, absent further changes, but there will always pressure for further changes.

(Inaudible) hyperbaric; right?

We'll never get to -- you know, we'll keep changing it so that we never get to zero. I don't know.

SENATOR YOUNG: Just getting this interesting dynamic out there now, where you have Occupy Wall Street down the street from here, and this whole movement against the 1 percent; yet, we're the -- the data and the changes to the rent laws actually benefited, in many cases, the 1 percent of the wealthy people in Manhattan.

JERILYN PERINE: Yes.

SENATOR YOUNG: So there's a real disconnect there. There's a dichotomy there, that --

FRANK ANELANTE: (Inaudible.)

SENATOR YOUNG: Right.

-- and it's interesting that the very same people in government who are nodding the Occupy Wall Street people, are the same ones who are

pushing to expanded rent regulations.

HOWARD HUSOCK: The theory of that is, that housing should be cheap. Anywhere you have it, it should be cheap.

It's the only theory I can infer from that.

But, your observation is exactly accurate.

SENATOR YOUNG: Uh-huh.

So --

FRANK ANELANTE: But, though, because it's not built on logic. It's built on emotions, and people are afraid.

An interesting thing, I did it last year: If you looked at -- the New York Council of Cooperatives puts out operating data for cooperative apartments.

And if you added that up, and compare it to the rent levels for affordable housing, you see what low margins there are.

SENATOR YOUNG: Uh-huh.

FRANK ANELANTE: I mean, there's always a precarious balance of keeping these things physically viable and economically viable.

And, when I testified before the RGB, I tried to point this out.

I say: You know, you're not making tons of

money on something under the $31 rents. But you've got have to give us enough rent.

And like my most successful projects, were the ones, simple. The old PLPs, or the old straight CPCs, where you'd have, you know, they would set the rents here, and operating expenses would be here. And, over time, they went up, and we always had a nice little gap.

And those were very successful projects. And the more -- the more we tinker with the programs, the more, you know, complicated we make them. And, now, our tax credits, those income maxes, you know, rent maxes, that you can't go beyond, again, if you're going to start capping rents and don't cap expenses, you're going to run into problems. It's -- I mean, it's disaster waiting to happen. It's kicking the can down the road.

And, as Jerilyn said, nobody's willing to take on rent regulation. They're just not.

HOWARD HUSOCK: Here's a question I have in that regard; and, I think, Howard, you mentioned, about, the property taxes, are -- property taxes have been artificially low in New York forever, compared to most cities, and certainly compared to the adjourning suburban counties.

Is that going to start to change, because Wall Street's, actually -- I mean, it's occupied by Dodd-Frank; right?

And the likelihood of, kind of, outsized revenues that are going to be able to cross-subsidize property taxes, as they have historically, I think, is diminishing, so you could see, property tax bills have to rise. And that would make those costs -- those cross-subsidization costs more apparent, and could change the dynamic of the discussion.

JERILYN PERINE: But it's not all property taxes; right?

I mean, the Class 1, the small homes, are artificially low. The taxes on multiple dwellings are disproportionately high.

So, we've created sort of dysfunction layered on dysfunction in our tax system locally.

JUDY CALOGERO: How about, on the co-ops and condos, are they disproportionately high also?

JERILYN PERINE: Yes.

HOWARD - BACK ROW: But they're in a special tax break, so they're paying less than they would pay as if they were rentals.

JERILYN PERINE: But the moral -- I mean,

this is always our example.

Howard lives in a one-family house in a very nice neighborhood, Forest Hills in Queens; and I live in a co-op apartment on the Upper West Side.

I pay a lot more. But, you know, we each have a comparably sized family in our spaces. We probably even have comparable space.

Close.

HOWARD - BACK ROW: Close.

JERILYN PERINE: Close.

You can park your car there.

HOWARD - BACK ROW: Yeah.

JERILYN PERINE: I can't.

So -- but he pays a lot less than me.

HOWARD - BACK ROW: But, because Cost 1 is assessed at 6 percent of market value, and everybody else is 45 percent of market value.

JERILYN PERINE: Right.

FRANK ANELANTE: And, luckily, for when you rehabilitate, we (inaudible) benefits. Or, if it's new construction, 421A, which mitigates the tax burden.

But what is happening, unfortunately, is the water. The water bills are really going to sink us, literally. They have gone up enormously. I

mean, they've just doubled since 2001. And that's a serious problem, because that's something that the landlord has to pay. The tenant has no idea what their water usage is, or cost to the landlord, so there's no incentive for them to conserve.

And it's --

HOWARD - BACK ROW: (Inaudible) --

JUDY CALOGERO: Can you submeter for water?

FRANK ANELANTE: No.

JUDY CALOGERO: No?

FRANK ANELANTE: No.

JUDY CALOGERO: Isn't that allowed, or not possible?

HOWARD - BACK ROW: It's, physically, very different, because then you've got to, like, put a -- you've got to put a meter on, basically, every pipe --

JUDY CALOGERO: Yeah.

HOWARD - BACK ROW: -- and then add them up.

FRANK ANELANTE: (Inaudible.)

HOWARD - BACK ROW: -- normally, because, normally, you don't pipe your building from one rise at a -- into an apartment. You pipe it just, vertically, right, and there's multiple --

FRANK ANELANTE: And then you'll have to read

it.

Comet (ph) doesn't even let you individual meter for gas anymore. Now they have a building master meter, so they don't even read the meters for gas anymore.

JUDY CALOGERO: They won't?

So you can't submeter for gas?

FRANK ANELANTE: Nope. No more.

I once went to the Public Service Commission on one of the rehabs. I was so ordered. And I got a $9-a-month increase for the rent -- to pass on to the rent.

But, no, you can put it in individual meters for gas anymore. So, they'll never do water.

SENATOR YOUNG: So how should the tax structure be structured?

HOWARD - BACK ROW: And just to go to Howard's point, we were looking at the components of expanding the average rent-stabilized building. And if you break that down into taxes, maintenance, fuel, utilities, insurance -- all that kind of stuff -- taxes -- real estate taxes is the biggest one. It's about $200 a month, out of something that -- something's that's under $800-a-month cost.

The real estate taxes is a big one, and

that's not even counting the water-and-sewer component that's actually real estate taxes.

JERILYN PERINE: Of course, changing the real estate taxes makes changing rent regulation look like a walk in the park.

[Laughter.]

JERILYN PERINE: (Inaudible) grants, to rent-regulation, to property taxes, (inaudible) the trifecta of horrible, (inaudible) issues.

And then there's Santa Claus.

[Laugher.]

(Inaudible discussion.)

HOWARD - BACK ROW: (Inaudible) there is a Santa Clause.

HOWARD HUSOCK: I'm not proposing to changing those things. I'm saying, are facts on the ground going to start to force change in the property taxes, that are going to have --

VICKI BEEN: And, Howard, the most depressing class I believe I have ever had, was twenty of my smartest law students, who insisted, that the fact that they were renters protected them from any property tax unfairness, or raises, or anything else.

And we're, like: You pay property taxes in

your rent.

"No, we don't. No, we don't. We pay rent."

You're really smart. You pay that tax.

They you don't get it.

FRANK ANELANTE: (Inaudible) environment, with Washington, with the budget cuts that are looming.

They're going to have to loom in the state.

I was reading they're in bad shape too.

I mean --

SENATOR YOUNG: That's one of the questions: With limited resources, what do we do, going forward?

JERILYN PERINE: But on the tax side, I think this is something, where the State is so involved with the City, because, this is why we have built up a plethora of tax-exemption programs that support, you know, housing development, in general, but, affordable housing, very specifically. And these programs are, God knows, not perfect, but they are really important, because, until we reach that moment when Santa comes, and -- you know, and it's the unicorn arrives, we need these other programs to keep -- to keep things on somewhat of an even keel. And --

JUDY CALOGERO: They're helping us to be able to stay afloat.

FRANK ANELANTE: Yeah, right. Right.

JUDY CALOGERO: I mean, they're just -- you're just --

JERILYN PERINE: But we need them.

JUDY CALOGERO: Oh, I --

JERILYN PERINE: I mean, without it, everything --

JUDY CALOGERO: Millions and millions of dollars into the trust fund, and the state tax revenue, it wouldn't be -- you would be -- you'd be able to use it.

FRANK ANELANTE: When J -- yeah.

When J-51 legislation lapsed in the '80s, rehabilitation just stopped.

JERILYN PERINE: Just stopped.

SENATOR YOUNG: Uh-huh.

FRANK ANELANTE: But -- I'm sorry. Go ahead.

JUDY CALOGERO: Well, I was going to say, and you take that next -- that further: If you just want to look at the State portfolio, and talk about preservation, I think the looming issue for the State is going to be its own portfolio, and what it needs to happen to it in order to maintain it.

SENATOR YOUNG: Uh-huh.

FRANK ANELANTE: But -- yeah.

VICKI BEEN: And how the State sets priorities for preservation.

FRANK ANELANTE: Right, but also looming there, too, and there's a flag looming, is the prevailing wage, which will add 30 percent to -- or more, to the cost of rehab.

And the cost isn't even the worst of it. And I keep saying this, but it gets lost in the discussions: Prevailing wage, it's a matter of -- listen, if we build it into the job, we pay the wage, and that's what the cost is.

Of course, we need more subsidy. So, it costs the government more, but it -- prevailing wages (inaudible).

The biggest problem I have, as an owner/developer, is, if I pay the prevailing wage, and I give it to the sub, and he doesn't pay -- he gives me certified payroll, whatever, whatever -- but he doesn't pay it. He gets a kickback back, or something else, and he gets caught, and he just goes out of business, the liability comes back to me. And that seems to me, unfair.

I think, if there is at least going to be a

prevailing wage, there should be rules to say: Here's what you have to do to document that you paid it. And if you followed these rules, and a sub breaks it, you're not ultimately responsible.

So, I think it's a two-edged sword -- you know, it's a two-part problem.

HOWARD HUSOCK: Like Romney and his gardener.

FRANK ANELANTE: There you go.

JERILYN PERINE: The Senator will never want to come back and talk to us again, then, because we're all mostly terrible.

[Laugher.]

(Inaudible discussion.)

JUDY CALOGERO: I think if you have prevailing wage, that you'll see no affordable. I think your subsidies that the State does have will be meaningless, and I don't think that there's much development that will happen.

I think that you'll see the benefits of the program, they will be cut in half, if not more.

FRANK ANELANTE: Oh, it will be cut. I mean, some developer will -- some will make the numbers work. But the numbers are hard now without prevailing wage. They really are, to getting the adequate subsidies, and cobbling together what's

needed. It's unfortunate.

JUDY CALOGERO: Yeah, I wish the communities would come together and just look at a deal, on paper, and pencil out a deal, and look at it. And -- because, I think that you can show the unions, on paper, that it doesn't work, to pay those wages.

And so (inaudible) the income group for the developers required to, under those programs. They don't pencil out. Very, very rarely.

SENATOR YOUNG: So the outcome would be, no jobs?

JUDY CALOGERO: No jobs, and no housing.

Right.

FRANK ANELANTE: Right.

JUDY CALOGERO: It's lose-lose.

SENATOR YOUNG: Right. Okay.

Are there any other topics that you want to bring up, because I think we are covered a -- this is exactly what I wanted: I wanted to cover a broad base of housing issues, and, identifying some of the problems, identifying some of the solutions.

So, here's your big chance to jump in again, before we go.

HOWARD - BACK ROW: This hasn't been

depressing enough? You want more?

HOWARD HUSOCK: (Inaudible) about the "multiple dwellings" law, and new adaptations, is a very promising strain to come up.

FRANK ANELANTE: That is, actually.

JERILYN PERINE: Yeah. And we'll -- you know, we'll stay in touch with Teresa, because we are -- we are, you know, taking it forward. I mean, we've spent three years on this. And, you know, at the beginning, everybody wanted to hit us with a tomato, but, now, you know, we've actually got a lot of very positive response.

And I think people realize that it can't all be about trying to build brand new buildings, you know, where everybody gets a two-bedroom apartment for the mom, the dad, and the two kids. Like, that's nice, but you keep doing it, but, it's -- it's not going to really make room for another 900,000 people in New York City.

So --

HOWARD HUSOCK: Right, and you don't have interest groups lined up around this issue.

JERILYN PERINE: We do.

HOWARD HUSOCK: Do you?

JERILYN PERINE: Actually, many.

HOWARD HUSOCK: Oh, okay.

JERILYN PERINE: People interested in immigrant rights are involved with us, people interested in green-sustainable agendas, who --

HOWARD HUSOCK: But they're outside. Doesn't --

(Inaudible discussion.)

HOWARD HUSOCK: Right, I'm saying, like a lot of these other issues we've talked, we've got entrenched interest groups against any changes.

JERILYN PERINE: Oh, well, they'll -- they'll emerge immediately.

(Inaudible discussion).

JERILYN PERINE: But the fact is --

HOWARD HUSOCK: It's something the Senator could, actually, plausibly accomplish.

JERILYN PERINE: But the fact is, I think, we -- you know, we do have the -- I mean, people who are interested in green-sustainable housing are interested in, you know, living smaller, living in shared spaces.

Again, you know, the immigrants' groups'.

People who are advocating for the elderly. Even the vision of what elderly people want, is quite different today, and over the next 20 and

30 years, than it was 30 years ago.

And, so, like -- I mean, we're seeing a lot of -- and, of course, like, the cultural group, the arts groups, all those constituencies, are very much part of this as well.

JUDY CALOGERO: I think the important thing to do is, we're a "show-me society."

"Show me."

I think the idea of a demonstration project or program would be very beneficial.

I think one of the opponents of this would actually be some of the people in state government. And, there are architects who are set on different standards for square footage, in particular.

And, so, I think you have to bring them along, and get them to do it. And I don't think it's a matter of just saying: This is how it's done in Japan, or this is how it's done in Hong Kong, or this is how it's done in Germany.

I think we've got to show them that it can be done here, in a reasonable way, and still maintain a quality of life, or standard, that is common to our ways in the state.

FRANK ANELANTE: And I would always be willing to do a demonstration program. I have

offered in the past, and done things in past, as a pilot. We'll take a shot at it.

SENATOR YOUNG: That's great, Frank.

VICKI BEEN: I just want to put one more thing on the table --

SENATOR YOUNG: Yes, Vicki.

VICKI BEEN: -- very briefly; and that is, you know, we do have a huge amount of housing that will come to its expiration point, and we'll have to preserve it, or not, and, unlikely that we're going to have enough dollars to preserve every unit.

And, I think that local governments need help in prioritizing, because it's all too easy for Stuy Town, or others to, you know, come out in force, and say: We need to be preserved.

But, those dollars need to be spent in a cost-effective way. And I think that's really hard.

JUDY CALOGERO: And I think that there's a -- a lot of the money is controlled by the State and by local government, but a lot of the problems are housing that was originally financed by the Feds. And I think that there's a reluctance by the State, in particular, to use a lot of its money to fix problems, in their opinion, they think are created. And I think that's going to be part of the

challenge.

HOWARD HUSOCK: And you're implying (inaudible), I think, that you can get a lot more for your money if you're not preserving higher-end projects; right?

VICKI BEEN: Well, there may be all kinds of criteria that you would use, but it should be thoughtful strategic criteria, rather than, just, I'm going preserve whatever the neighbors are noisy -- you know, (inaudible) noisiest about.

HOWARD - BACK ROW: There has to be a way to weight that. There has to be a way to say: I could spend $100 million in Stuyvesant Town, and what am I preserving, as opposed to spending, maybe, in Bed-Sty on some old federal Section 8 expiring project, which costs a lot less? It's poor people.

What -- how do I weigh those two things, and decide where my money should be spent?

And I think that's kind of Vicki's question, and it's a really important one.

VICKI BEEN: And the political situation is not one to ask those very strategic cost-effectiveness questions; right?

So, it needs help.

SENATOR YOUNG: Uh-huh. Okay.

Well, I thought today was very positive.

Jerilyn, I think it was very positive.

But, I also want to say to you, that, I like to be interactive. So, anytime you have an idea or a concern or a question, I would love to hear from you, because the Housing Committee in the Senate, I think, in the past, hasn't been, you know, as active as, maybe, it could be.

And, so, I want to make it more active and, you know, more relevant and more effective.

And, people like you, who thoroughly understand these issues, are tremendous resources, for the Committee and the Senate, and the State.

So, hopefully, we can continue this dialogue, but, I want to sincerely thank you for coming today.

I thought it was great.

JERILYN PERINE: Thank you.

JUDY CALOGERO: I haven't participated in something like this since 1981, when, uhm, Senator -- from Niagara Falls was the Housing Committee.

SENATOR YOUNG: Senator Daly?

JUDY CALOGERO: -- Senator John Daly.

It has not happened since then.

Thank you.

SENATOR YOUNG: Thank you.

(Whereupon, the Roundtable discussion concluded.)

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