

Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit www.djreprints.com

See a sample reprint in PDF format.

Order a reprint of this article now

THE WALL STREET JOURNAL

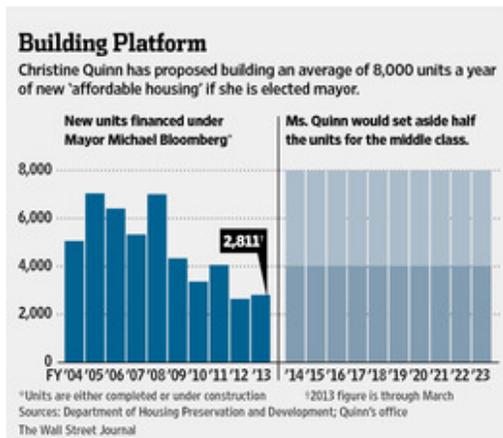
WSJ.com

NY POLITICS | Updated April 15, 2013, 10:28 p.m. ET

City Grant Aids Quinn Housing Plan

By LAURA KUSISTO

One of Christine Quinn's signature pitches as she runs for New York City mayor is a housing plan that would create 80,000 new low-cost apartments with prices that potentially could stay below-market rate forever.



The City Council speaker's proposal for so-called permanent affordable housing is attracting resistance from many low-cost housing advocates, who say it would make some types of buildings harder to finance and result in fewer units overall. But one of the groups has become the plan's most active supporter. The Association for Neighborhood and Housing Development has lobbied city officials on the issue and produced a series of reports warning of the dangers of losing cheap apartments, laying out the benefits of permanently affordable housing.

The nonprofit group, which has publicly supported permanent affordable housing for several years, requested \$100,000 in city funds for each of the past three years to advocate for the issue, and the funds were granted by Ms. Quinn, according to the speaker's office. A contract with the city says the group—a registered lobbyist that has an operating budget of about \$1 million—must use the money to "convince the state and city to incorporate permanent affordability" into government housing policy—the idea on which Ms. Quinn is campaigning.

Civic groups said the use of city money to support public advocacy by a lobbyist is unusual. The grant, also known as a member item, was drawn from a pot of less than \$17 million in 2012 over which the speaker has sole discretion.

The funding generally is given to groups that provide services to the poor, the elderly and children, including Citymeals-on-Wheels and the Brooklyn Children's Museum last year. The funding was voted on as a block by the full council.

"It's not typical of discretionary-funding projects to



Mary Altaffer/Associated Press

Christine Quinn

have a more advocacy angle....What's different is that this is for advocacy more than for direct services," said Rachael Fauss of Citizens Union, a nonprofit group that closely observes city and state budgets.

Benjamin Dulchin, the Association for Neighborhood and Housing Development's executive director, defended his organization's use of the money, saying it also was used to do policy research. Its reports are available to all city officials and the public. "Putting a position out there is what we do. We are proud of the fact that we took permanent affordability from a pipe dream to

something that people saw as realistic and implementable," he said.

Ms. Quinn, a Manhattan Democrat, declined an interview request. Jamie McShane, a spokesman for the speaker's office, said it isn't unprecedented for funds to be given to groups that advocate on public issues. He pointed to the Council of Senior Centers and Services of New York City, which received a \$20,000 member item this year to run workshops and training for the nonprofit group's providers.

Mr. McShane said the City Council has given grants to groups that have concerns about funding permanent affordable housing, including New York University's Furman Center for Real Estate and Urban Policy, which received \$45,000 in the budget this year to help maintain a database of the city's privately owned affordable housing.

ANHD spends about \$3,900 a month to lobby City Council members, the city Department of Housing Preservation and Development and state officials on permanent affordable housing, according to Mr. Dulchin and the group's lobbying disclosure filings with the city. Most of the group's funding comes from foundations, not the government, according to Mr. Dulchin and the group's tax filings.

Ms. Quinn's first job in the city was as an ANHD tenant organizer, and she worked for the group in the late '80s and early '90s. Her early years as a housing advocate have bolstered her reputation as an advocate for the poor.

Founded in 1974, the association represents 94 primarily small nonprofit neighborhood housing groups. Over the years, it has supported Ms. Quinn's controversial proposal to require developers to publicly report employees' wages and has also put forward a proposal that has become a campaign plank of hers—a fund to buy distressed apartment buildings, make repairs and sell them to affordable housing developers.

At issue now is Ms. Quinn's plan for "permanent affordable housing," a proposal that Mr. Dulchin said his group helped draft. It would depart from three decades of city housing policy, developers and advocates said.

Most government subsidies for the city's privately built affordable housing have an expiration date—typically about 30 years. To construct apartment buildings that are mostly or all below-market rate, developers generally must demonstrate to banks and investors that the projects will become more profitable at a later date, said Ron Moelis, a principal at L+M Development Partners, a company that develops market-rate and affordable housing. Mr. Moelis and others note that is particularly true for the kind of middle-income housing Ms. Quinn is pushing for, which usually requires more capital from banks and private investors. Further, buildings generally

become more expensive to maintain after 30 years, and landlords need higher, market-rate rents to pay for those expenses.

Temporary affordable housing was the idea behind most of the roughly 200,000 apartment units that former Mayor Ed Koch oversaw in the 1980s, and has underpinned much of the Bloomberg administration's drive to create or preserve 160,000 affordable units.

Ms. Quinn's plan would, through state legislation, create a new city tax credit for affordable housing developments and require developers who receive the subsidy to renew the below-market rate aspects of their buildings every 30 years, at the city's request.

"The city has right of first refusal to do that. If they put those incentives in place, the developer would be required to extend affordability," said Rafael Cestero, a former commissioner of the city Department of Housing Preservation and Development who is supportive of Ms. Quinn's middle-class housing plan. He now runs the Community Preservation Corp., which focuses on rehabilitating affordable buildings in lower-income neighborhoods.

He said this proposal would apply to most affordable units being constructed in the city and would help address a key issue he faced as commissioner, when the city had to negotiate with developers on a piecemeal basis.

Mr. McShane said the city has "watched too many units of affordable housing disappear because they were not permanently protected."

"Her plan creates new, innovative tools that will allow hard-working people to continue to live and work in New York without fear that the place they call home will one day be out of reach," Mr. McShane said.

Ms. Quinn has said the middle-income apartments would rent for about \$2,300 a month--roughly the rent affordable to a family of four making about \$112,000 a year. Mr. Dulchin said the speaker's plan would give the city flexibility. Rents could go up for some units after 30 years, but others in rapidly gentrifying neighborhoods could remain low-priced.

ANHD's advocacy has helped Ms. Quinn's plan gain support from politicians and community groups that don't specialize in housing. The Bloomberg administration is expected to create more than 6,000 permanently affordable units, including in large development projects such as Hudson Yards and Seward Park. Almost all of the Democratic mayoral candidates expressed support for permanent affordability at a mayoral forum Thursday.

The proposal has set off a debate among developers of low-cost housing. While it would help the smaller nonprofit organizations that make up ANHD's membership, it also would aid the city's largest real-estate firms that prefer to build housing that is only partially affordable and mostly market rate, some housing advocates said.

Jerilyn Perine, executive director of Citizens Housing and Planning Council, a nonprofit group, said Ms. Quinn's plan could result in fewer below-market apartments and would hurt for-profit developers that build units that are all or mostly affordable because they may not be able to get as much financing. She and others said it could end up costing the city money if banks invest less money and refuse to pay for repairs to aging infrastructure.

"For a lot of developers, they'll say, 'Great, I won't put any of my money in. I'll just keep going back to the government.' I don't know if that's really what we want," she said.

Mr. Moelis said the ability to convert an affordable development in Chelsea or Park Slope to higher rents is a key incentive for the private sector to build middle-income housing.

"If you make something permanently affordable...then you're giving up any future hope," said Mr. Moelis. "You're giving up the capitalist side of it."

A version of this article appeared April 15, 2013, on page A17 in the U.S. edition of The Wall Street Journal, with the headline: City Grant Aids Quinn Housing Plan.

Copyright 2012 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com