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Housing Program on Track Amid Financing Concerns

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Mayor Michael R. Bloomberg is on track toward achieving his plan of creating or preserving 165,000 units of housing for low- and moderate-income New Yorkers by 2013, but financing is likely to pose a challenge in the coming years, according to a report released yesterday by the city's Independent Budget Office.

The mayor's plan began in July 2003 with a goal of providing 65,000 lower-cost units by 2008. In February 2006, Mr. Bloomberg expanded the program into the largest plan of its kind in the nation's history, city officials said.

The report found that four years into the 10-year plan, nearly 40 percent of the 165,000 units, or 64,408 units, had been financed, and $2.5 billion of the program's $7.5 billion cost had been spent through 2007. Production has averaged nearly 18,000 units per year in the last three years, a rate that if sustained for six more years would reach the mayor's goal, the report stated.

"The fact that we're nearly 40 percent of the way through after four years is a recognition that we're delivering on our promises," said Shaun Donovan, commissioner of the city's Department of Housing Preservation and Development. "The initial goal was 65,000 in five years, and we did it in four."

Advocates for low-income housing praised the mayor and city officials but expressed concerns that the numbers were dwarfed by the rapid loss of the city's overall supply of lower-priced housing.

Thousands of units have been lost as landlords have left the state's Mitchell-Lama program and other subsidy programs to seek higher profits. A 2005 study by the Furman Center for Real Estate and Urban Policy at New York University found that the number of rentals affordable to households earning 80 percent of the city's median income, or $33,203, fell by nearly 205,000 units between 2002 and 2005.

The Independent Budget Office, a nonpartisan agency, reviewed the mayor's plan at the request of two housing and civic groups, Housing First and the Women's City Club of New York.

David M. Muchnick, coordinator of Housing First, a coalition of builders, nonprofit developers, community groups and others, said he was pleased with the progress the city had made, but said the report raised concerns.

The report found that uncertainty remained over the ability of the Housing Development Corporation to finance thousands of new units. According to the report, the agency had planned to use $548 million from its reserves to help finance 42,000 units, but had already used $493 million to fund 30,838 units. The report said the agency was facing a shortfall of $130 million.

Mr. Donovan said that the budget office had misunderstood the corporation's financial status, and that there was more than $130 million in reserve.

The report and Mr. Donovan both pointed out another uncertain element of the plan's financing: the need for tax-exempt bonds allocated to the state by the federal government has outpaced the supply. Mr. Donovan and other city and state officials have asked Congress to increase the state's allocation, saying that the lack of bond volume capacity threatens to slow the growth of lower-cost housing development.