

NEW YORK STATE ASSEMBLY
INTRODUCER'S MEMORANDUM IN SUPPORT
submitted in accordance with Assembly Rule _____, Sec. _____

BILL NUMBER: A _____

SPONSOR: SWEENEY

TITLE OF BILL:

The Downstate Suburban Workforce Housing for Economic Sustainability Act (the "Act")

PURPOSE:

To foster the creation of much needed workforce housing in the high cost downstate suburban counties through economic incentives.

SUMMARY OF PROVISIONS:

The Act has the following features:

- A Planning Council will be created comprised of the New York Downstate Commissioner of Economic Development (the "Commissioner") and three representatives from each of the seven high-cost downstate suburban counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester (the "Downstate Suburban Counties") appointed by each of the applicable County Executives. The mission of the Council will be to conduct a regional housing needs study and prepare a Downstate Suburban Workforce Housing Plan (the "Plan") that identifies the regional need for workforce housing necessary to sustain economic growth, and sets a target goal for workforce housing in each of the municipalities in the Downstate Suburban Counties. To the extent any of the Downstate Suburban Counties has a master or comprehensive housing plan in effect, such plan shall be incorporated into the Plan and shall represent the housing plan and goals for such county. The Plan will then be presented to the Commissioner for approval. The Plan must be completed and approved within 12 months of the adoption of the Act. Municipalities may submit overlay districts or projects for approval, as described below, prior to the completion of the Plan, and still be awarded incentive payments if they meet the density and affordability requirements of the Act.
- Municipalities within each of the Downstate Suburban Counties may elect to adopt Housing Opportunity Areas. Housing Opportunity Areas can be large (many acres) or small (a single parcel of land less than an acre), and are embodied in an "overlay" that is placed over the existing zoning. Once the Housing

Opportunity Area is adopted, development can take place pursuant to the original existing zoning, or under the terms of the Housing Opportunity Area.

- Housing Opportunity Areas will be proposed by the municipality and submitted to the New York State Housing Finance Agency (“HFA”) for approval. Developers may also apply to the municipality for designation of an area that they believe to be suitable as a Housing Opportunity Area. The designation would be subject to approval by the municipality and the HFA.
- With the goal of encouraging preservation of green space, smart growth and redevelopment, municipalities are encouraged to designate Housing Opportunity Areas in (1) areas near transit stations, including rapid transit, commuter rail and bus and ferry terminals; (2) areas of concentrated development, including town, village and city centers or other existing commercial districts which provide employment opportunities; (3) areas that by virtue of their infrastructure, transportation access, existing underutilized facilities, and/or location make highly suitable locations for residential or mixed use development; (4) areas identified as emerging centers identified by local or county master plans. Other areas determined by the applicable municipality to be suitable for workforce housing will also be eligible for approval.
- The Housing Opportunity Area should encourage higher density development. Each municipality will establish minimum densities for Housing Opportunity Areas, and may vary the densities for single family detached units, duplex dwellings, townhouses and multi-family buildings. A municipality may also request a waiver, from the Chairman of the HFA, to decrease, for reasons concerning health, infrastructure or safety limitations, the proposed densities for a particular Housing Opportunity Area development. The density allowed by the overlay Housing Opportunity Area must result in an increase in density of a minimum 25% above the density permitted by the underlying zone.
- Municipalities adopting Housing Opportunity Areas participate in fostering the creation of workforce housing by electing to implement certain additional programs/policies such as: adopting ordinances that grant as-of right density or require inclusionary zoning outside a Housing Opportunity Area; implementing programs to streamline workforce housing development applications; waiving certain filing and application fees for workforce housing; and identifying municipally owned land suitable for workforce housing.
- The Housing Opportunity Areas must provide a minimum of 20% of the units as affordable. For owner-occupied for sale units, at least 50% of these affordable units must be occupied by families earning no more than 80% of the HUD area median income and 50% must be occupied by families earning no more than 120% of the HUD area medium income, adjusted for family size. For rental units, all affordable units will be occupied by families earning no more than 80% of AMI and be subject to rent limits to ensure that the units are affordable. Any ownership units developed in a Housing Opportunity Area will be subject to resale restrictions in order to maintain such units as affordable. The HFA will determine the resale and affordability restrictions and rent limits.

- Municipalities will have the right to develop design standards for site planning and the appearance of buildings in the Housing Opportunity Areas. The design standards may include mixed use developments.
- The Act calls for the creation of a Commission consisting of representatives of eight state agencies and the county executives of each of the Downstate Suburban Counties. Its purpose will be to identify state owned lands in each of the Downstate Suburban Counties (excluding designated parkland) that may be utilized for the development of workforce housing.
- To assist municipalities with the creation of Housing Opportunity Areas, the Act provides for the municipalities to receive a one-time payment from the State for purposes of planning and developing the Housing Opportunity Areas, including the preparation of environmental studies.
- In addition, municipalities that elect to participate with the creation of Housing Opportunity Areas that are approved by the HFA will be eligible for the following financial incentives from New York State:

Each municipality that elects to participate in the adoption of the Housing Opportunity Areas shall receive a one-time payment, in an amount determined by the HFA, to be utilized by the municipality for planning and developing the Housing Opportunity Areas, including the preparation of environmental studies.

A building incentive payment will be paid to the municipality for each building permit issued for a workforce housing unit in a Housing Opportunity Area. The per-unit amount of the maximum incentive payment, as determined by the Chairman, will be based upon the percentages of affordable units in the development over 20%. For example, if the development contains 75% workforce units, the payment will be 75% of the maximum building payment amount. These incentive payments will also be available to municipalities in areas that are already zoned for the required minimum densities and approve the minimum affordability requirements described above.

After completion of construction and occupancy, the state will provide school cost reimbursement for any net increase in education costs incurred by the impacted school district. The amount of the reimbursement will be determined by the Commissioner in consultation with the Chairman and the New York State Commissioner of Education. These school reimbursements shall also be available to municipalities in areas that are already zoned for the required minimum densities and approve the minimum affordability requirements described above.

A fund will be created from which zero-interest loans can be made to municipalities to provide the necessary infrastructure improvements related to Housing Opportunity Areas. These might include water and sewer upgrades, traffic improvements, sidewalks, street lighting, pocket parks, transit and infrastructure upgrades. The maximum amount of any such loan shall be made in

proportion to the percentage of workforce housing contained in a Housing Opportunity Area.

Grants will also be available from the State for non-profit housing organizations to assist municipalities with the planning, development, administration and construction of developments within Housing Opportunity Areas. The maximum amount of any such grant may be made in proportion to the percentage of workforce housing contained in a Housing Opportunity Area.

JUSTIFICATION:

The Downstate Suburban Counties have been, collectively, a vital economic engine for New York State. However, the vitality of the Downstate Suburban Counties as an important statewide economic contributor is being threatened due to the severely high cost of living and the lack of affordable homes. The Downstate Suburban Counties suffer unique economic growth problems due to the severely high cost of living in these areas and the lack of affordable homes to sustain a viable workforce. For businesses that want to grow and are hiring, the high cost of housing poses a serious barrier to attracting and keeping workers. Without a plan to reverse the increasing unaffordability of housing, the future appears problematic for the economy of the Downstate Suburban Counties, and consequently, other regions of New York State.

The Downstate Suburban Workforce Housing for Economic Sustainability Act promises to reverse this trend by expanding the number of housing options for workers, families and young professionals – and thus create the foundation for economic expansion, job growth and economic sustainability.

LEGISLATIVE HISTORY:

New Bill

FISCAL IMPLICATIONS:

The Act calls for the creation of a Downstate Suburban Workforce Housing for Economic Sustainability Fund consisting of funds raised through appropriations, bond issuances, investments, etc., and/or appropriated from the \$400,000,000 Housing Opportunity Fund created by Governor Spitzer, that will be designated solely to fund the incentive payments and programs contemplated by the Act. The total expenses to the state for this program will be capped, for the Act's first five years of existence, at an aggregate amount equal to \$87,500,000.

EFFECTIVE DATE: