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**COMMENTS ON LOWER MANHATTAN DEVELOPMENT CORPORATION
DRAFT ASSISTANCE PLAN FOR INDIVIDUALS**

My name is Ronald Shiffman; I am an urban planner with over 38 years of experience working in the neighborhoods of New York City and the Director of the Pratt Institute Center for Community and Environmental Development (PICCED). I had the pleasure of serving on the City Planning Commission as an appointee of Mayor David Dinkins for six years from 1990-1996. In October 2001, PICCED joined with the Regional Plan Association and two other Universities in co-convening the Civic Alliance to Rebuild Downtown New York. PICCED is a university-based public interest community development, urban planning and architectural office serving the New York Metropolitan area. I Co-Chair the Civic Alliance's Committee on Social Economic and Environmental Justice.

PICCED has been engaged in the Community Labor Advocates Advocacy Network with community-based organizations, new immigrant groups, researchers, housing and work force development specialists, environmental justice advocates and labor leaders. This coalition has focused on issues of social, economic, and environmental justice, and is concerned about the short- and long-term impacts the events of September 11th and the recession will have on low-income neighborhoods and communities of color. From the discussions we have convened or participated in, the three underlying principles we feel must inform the recovery effort have become more clear: [1] inclusion, transparency, and democracy; [2] economic and social justice; and [3] environmental justice and sustainability.

In addition, PICCED is helping to convene a series of meetings with the Office of Regional and Community Affairs of the Federal Reserve Bank of New York that is focused on maintaining the strength of neighborhoods in the wake of September 11th as well as the recession. Also, we are engaged with Rebuild Downtown Our Town (R.Dot), a coalition of area business, resident and civic leaders, and organizations including Community Board One. Finally we are working with the Municipal Art Society (MAS), in an effort to launch Imagine New York, a "visioning process" to engage a broad set of people in the memorial and rebuilding process.

Re:

INITIAL CRITERIA FOR INDIVIDUALS

Housing Assistance Plan

General Comments:

The Pratt Institute Center for Community and Environmental Development (PICCED) is generally in support of the intent of the proposed programs that will provide substantial incentives to offset the real and perceived disadvantages of a lower Manhattan location. However, these incentives should be provided in a more equitable manner, allowing low-, moderate- and middle-income families to take full advantage of these incentives, which include access to vacant and available housing units.

In addition, the program initiatives should be crafted to assist those whose communities were, and are, adversely affected because of the events of September 11th. Those whose housing accommodations are in jeopardy should benefit from the Community Development Block Grants (CDBG) assistance as well.

An overriding concern is that the City, State and Federal government must take every step to assure residents of lower Manhattan that environmental and health concerns are not ignored. Also, the health and safety of all of the area's families must be given priority. These actions include full and honest disclosure of the health risks, as well as comprehensive environmental data.

Specific Comments

Re: Item 1 and Item 2. The minimum grant should be raised to \$9,600 per assisted housing unit, over two years, in the Immediate Impact Zone; and the minimum grant should be raised to \$4,800 per assisted unit in the area outside the Immediate Impact Zone.

There are fixed costs associated with overcoming the impact of the attack and the burden of curtailed services. Therefore, the percentage of income scale makes sense only after a reasonable floor has been established. The fixed costs, such as temporary relocation, access to affordable shopping, and clean up are far easier for wealthier families to absorb than for low- and moderate-income families to assume. Also, these costs are in no way associated with either the size or the rental level of the apartments.

We propose that the area be expanded to include the area below 14th street, as it coincides with the Business Assistance catchment area. In essence this would expand the area eligible for assistance outside of the Immediate Impact Zone to include all of the Loisaída (the Lower East Side) and Chinatown. In these areas, where gentrification pressures continue to be high, income restrictions need to be applied for any new resident in order to avoid the unintended consequences of displacing low- and moderate-income families.

Re: Item 3

While the two-year lease is appropriate for those signing new leases, they may not be available for the low-, moderate-, and middle-income tenants now in place. This is particularly true, if, as the New York Times reported on March 12th, the housing market begins to intensify.

Therefore, we suggest that any lease renewals not be dependent on the owner's willingness to enter into a two-year lease. Similarly, tenants must be able to qualify if the owners demand an increase in non-regulated apartments since they are, in essence, dependent on the property owner's decisions. Therefore, our recommendations are three-fold:

- (1) The benefits must be pro-rated for the period that the tenant remains in place, up to two years; and
- (2) the two-year lease restriction be eliminated; and
- (3) the requirement that rents may not exceed pre-9/11/01 rents, except in regulated apartments, be eliminated.

In relation to the recommendation that tenants must be fully paid up or have money deposited in a legal escrow account, we propose that a hardship category be established for those who may have lost their jobs or have had reduced incomes as a direct, or indirect result of September 11th. A waiver of this requirement should also be allowed in those cases. Furthermore, if tenants are facing evictions because of economic hardships resulting from September 11th, they should be eligible for additional financial and legal assistance.

Re: Item 4.

Regarding the recommendation that owner occupants must show that mortgage payments, maintenance, and tax payments are current or have money deposited in a legal escrow account, I recommend that a hardship category for those who may have lost their jobs or have had reduced incomes as a direct or indirect result of September 11th be established so that they are not adversely affected by this requirement. A waiver of this requirement should also be allowed in those cases. Furthermore, if owners are facing foreclosure and eviction because of economic hardships resulting from September 11th, they should be eligible for additional financial and legal assistance.

Additional Suggestions

Lower Manhattan

CDBG funds are traditionally targeted to meet the needs of low- and moderate-income families. The funds being allocated in this case, for obvious reasons, are intended to reach a larger sector of the population, to which we have no objection. However, when it comes to encouraging new families to move into the area, the obvious result will be that only upper-income families will benefit from these proposed subsidies and low- and moderate-income families will be excluded. The need and the desire by many to expand the supply of affordable housing in lower Manhattan will be lost if the plan fails to address the issue immediately.

Therefore, we recommend that the City, using CDBG funds, acquire and provide for up to 45 % of all the available units to be set aside for low-, moderate-, and middle-income families to rent and/or to purchase. Of the 45%, one-third should be allocated for families earning up to 80% of the median income of New York City residents; another third should be set aside for those earning up to 100% of the median income; and the final third should be for those earning up to 120% of the median income for all New York City residents. Another alternative is to provide Section 8 subsidies for low- and moderate-income families, enabling them to access vacant units in Battery Park City.

In addition, the city should preserve the existing supply of affordable housing using these CDBG funds to buy out all of the buildings facing expiring subsidies. This is essential in order to avoid the displacement of up to 4,779 residents in 22 existing buildings serving moderate- and middle-income residents in Community Boards 1, 2, and 3 in Lower Manhattan (list available upon request from PICCED or the Community Service Society).

Other Areas of the City Impacted by September 11, 2001

Conspicuously missing from the plan are any program initiatives to assist those whose incomes were severely impacted by the events of September 11th and who as a result are in jeopardy of either being evicted from their apartments and/or are facing foreclosure on their mortgages. This is particularly important since 60% of the more than 100,000 people who lost their jobs were in industries where they earned less than \$23,000 per year and, 80% of those who lost jobs live in boroughs other than Manhattan. If you add those that became underemployed after 9/11, the impact is even greater. Therefore we propose:

1. Direct housing assistance payments to those lower Manhattan workers unemployed after 9/11 equal to 30% of rent for the unemployment period and/or 24 months; which ever is less, and reimbursement for any legal costs incurred due to eviction or foreclosure actions. An alternative would also be to issue emergency Section 8 vouchers for people in these circumstances.

2. Two million dollars should be set aside for community-based development organizations and legal service organizations located in, or serving low- and moderate-income communities where there are concentrations of families that were unemployed or underemployed as a result of September 11th. These funds are to be used for tenant counseling, anti-eviction proceedings, mortgage counseling and representation in foreclosure actions.

Comments on Proposals for Worker Training

This program is clearly designed to benefit workers left unemployed or underemployed by the events of September 11th, but in the proposed plan workers have no control of their own training needs – control is given to the businesses that may or may not provide them with this service. The LMDC should rework this program in its entirety and develop recommendations that builds on and enhances the city’s already existing workforce development network and system which enables unemployed and underemployed workers, including those on public assistance, to participate in an array of job training and educational services.

Specific options should include:

1. Work with community-based economic development groups, work force development specialists, and community economic development economists to identify where jobs exist and can be created, as well as the skills needed to perform and retain these jobs.
2. Fund specialized skills training, GED and ESL courses, job readiness workshops, union apprenticeships, higher education, and other programs that will promote job growth and retention.
3. Encourage the development of career ladders that a) enable existing industry employees to access better jobs and thus also b) create entry-level jobs for other to fill.
4. Diversify the economy, protect manufacturing jobs and undertake a concerted effort to identify sectoral interventions and other investment policies that will spur community enterprise development e.g., sustainable building requirements and investment will lead to demand for photovoltaic and other related products which in turn can be manufactured in New York.
5. Create buy New York Incentives in all program areas similar to HUD local procurement requirements.

Finally, we are concerned that LMDC has chosen a seemingly low and arbitrary number of workers to serve. Funding should be made available for every worker who was directly or indirectly impacted by the events of September 11th.

SUMMARY AND CONCLUSION

The Pratt Center for Community and Environmental Development (PICCED) is supportive of the LMDC's effort to retain and attract families to the area. However, we are concerned about the environmental issues and the health and welfare of all returning families. Therefore, we urge the City, State and Federal governments to fully disclose all information concerning these risks to all of the families involved as well as to those that work and study in the area.

We are also concerned about maintaining and enhancing the area's vitality and its attractiveness to artists, working artisans and low and moderate-income populations as part of a viable, healthy mixed use, mixed income community. To that end, we have made a number of specific recommendations geared towards retaining and enhancing the area's mixed income population.

We also are cognizant of the potential displacement due to either gentrification and/or the expiration of existing subsidies and we urge action to address these issues.

We are concerned about the housing needs of those formerly employed in the area who lost their jobs, and others who either directly or indirectly lost their jobs due to the events of September 11th and are now are facing either eviction and/or foreclosure. We recommend that LMDC, the State, HUD and others move quickly to address these omissions in the plan.

We believe that the job-training component of the plan is very weak and needs to be restructured and a new plan developed for comment as quickly as possible. We also urge that LMDC meet immediately with community economic development advocates and workforce development specialists to craft a more responsive and workable plan. New York City has a well-developed work force development system, which should be called upon to help plan and develop a more appropriate response to the needs of those unemployed and underemployed as a result of the attack.

We stand ready to meet with the LMDC to clarify and expand upon any of these recommendations and to respond to any questions regarding the aforementioned suggestions.