Testimony to the Committee on Housing and Buildings
On Intro 1269: A bill in relation to the creation of regulatory agreements with community land trusts.
October 19, 2017

Good morning. My name is Paula Segal. I am speaking today as an Attorney in the Equitable Neighborhoods practice of the Community Development Project (CDP) at the Urban Justice Center. CDP works with grassroots groups, neighborhood organizations and community coalitions to help make sure that people of color, immigrants, and other low-income residents who have built our city are not pushed out in the name of “progress.” We work together with our partners and clients to ensure that residents in historically under-resourced areas have stable housing they can afford, places where they can connect and organize, jobs to make a good living, and other opportunities that allow people to thrive.

Our clients overwhelmingly recognize community land trusts (CLTs) as a property stabilization tool that is a key to keeping their communities whole and in the places that they have made valuable with decades of labor. They and we want to thank the Committee and Council Member Richards on their leadership in putting CLTs on the City agencies’ agendas and paving the route to collaboration between local leaders and government as we set up structures for neighborhood affordability that will endure. In the face of expiring Urban Renewal Plans, extinguishing deed restrictions, the removal of units from rent stabilization via vacancy decontrol and sun setting regulatory agreements that are exposing hundreds of thousands of thousands of homes that were reliably affordable for decades suddenly vulnerable to the market forces that threaten to make New York City impossibly expensive for our clients, the focus on CLTs is a breath of air and a commendable commitment to permanence.

CLTs allow community members and City agencies to explicitly contract for stewardship and to plan for what happens when regulatory agreements expire, for when rent laws are changed, and even for when the CLT itself is no longer operating.
Carefully drafted ground leases include reverter provisions that direct what will happen to properties on CLT land if the CLT is no longer able to steward and allow us to decide at the outset to protect properties from the open market for the duration.

The bill before you today could be the foundation upon which we build a regulatory framework posited on the notion that CLTs can and should be used to protect both public and private investment in affordable housing. We urge the Committee to recommend changes to make the foundation a more solid one.

An amended bill could direct Housing Preservation and Development (HPD) to alter its Request for Proposals and Request for Qualifications processes across all existing HPD programs disposing of public land and buildings to give priority to disposition strategies that include a CLT. It should also be extended to agencies beyond HPD, as the Economic Development Corporation and others play a key role in deciding the terms under which public assets become private commodities.

Similarly, the Council could direct HPD to affirmatively open the Third Party Transfer (TPT) program to existing and emerging CLTs by re-opening the process for TPT Prequalification as soon as practicable, creating a mechanism for the Prequalification of CLTs as eligible to receive in rem properties from the City without having to pre-establish its development partners in the Prequalification Application, and prioritizing the disposition of TPT properties to development teams that include a CLT, whether or not the CLT itself is Prequalified.

The Community Development Project endorses the New York Community Land Initiative and would like to echo the Initiative’s suggestions for improving the bill as well: include a definition of CLT that sets out democratic and representative governance as a minimum requirement and narrow the income bands for which HPD must enter into regulatory agreements with CLTs to match the existing regulatory framework for Housing Development Fund Corporations (HDFCs). These changes will ensure that CLTs truly are a vehicle for creating and preserving housing for low income New Yorkers and not a side door through which developers building for families making up to 165% of our Area Median Income (AMI) can enter to avail themselves of preferential property tax treatment.

Thank you so much for your time this morning.