

**Testimony of Good Jobs New York before the
New York City Council Committees on Lower Manhattan
Redevelopment and Housing and Buildings**

**Lower Manhattan's Housing Needs:
An Examination of Redevelopment Plans and Liberty Bonds.**

December 9, 2002

Good morning Chairwoman Provenzano, Chairman Gerson and committee members. Thank you for the invitation to speak before you today and for holding this hearing.

My name is Bettina Damiani, project director of Good Jobs New York a joint project of the Fiscal Policy Institute with offices in Albany and New York City and Good Jobs First, based in Washington, DC. Good Jobs New York promotes accountability to taxpayers in the use of economic development subsidies. For the past year, GJNY has built on its experience with tracking and analyzing economic development funds to keep a careful eye on the allocation of resources to New York City after the terrorist attacks on the World Trade Center. This project, called Reconstruction Watch, monitors Federal reconstruction funds coming into Lower Manhattan and provides accessible reports in plain English on how these funds will impact the city, and in particular its low and middle income residents.

The City Council, through the leadership of Speaker Miller, has taken a strong stand on the principle that Liberty Bonds should finance housing that includes the maximum feasible number of low and middle-income units. We commend the Council and enthusiastically welcome the support you have given this issue. By putting forth a plan that urges the City's portion of the Liberty Bonds to create housing for a n economically diverse group of New Yorkers, and by holding this hearing, the Council is promoting the kind of public dialogue needed to make the best use of these resources.

In April, Good Jobs New York released a report analyzing the \$8 billion worth of Private Activity Bonds allocated as part of the Job Creation and Worker Assistance Act of 2002, (a copy is attached and is available at www.reconstructionwatch.net). Better known as "Liberty Bonds," these resources earmark \$1.6 billion for residential rental development in Lower Manhattan, half controlled by the Governor and half by the Mayor. Shortly after our report was released, the New York State Housing Finance Agency announced the first of three projects to be financed with Governor Pataki's portion of the Liberty Bonds. As you may know, these projects called for a 95-5 split between market rate and non market rate units, and set the income cap for the 5% non market units at 150% of the New York City Area Median Income, or about \$94,200 a year for a family of four. This is in stark contrast to the HFA's usual policy of an 80-20 split and an income cap of 50% of the New York City Area Median Income, or about \$31,400 for a family of four.

In the face of the unprecedented affordable housing crisis in the city, and because we believe that publicly subsidized financing should serve a genuine public purpose, Good Jobs New York along with advocacy organizations, community groups and others created the Liberty Bond Housing Coalition. The Coalition developed a statement (attached) protesting Governor Pataki's proposed use of Liberty Bonds for luxury housing, and gathered a strong list of organizational endorsements. Since then we have been working to bring the idea of using Liberty Bonds for mixed-income affordable housing to the public and to elected officials.

Although we have been disappointed with the Governor's allocation of \$340 million of \$800 million Liberty Bonds, we are now pushing for an equitable use of the remaining \$1.26 billion. We eagerly await a plan from the Mayor regarding his \$800 million worth of Liberty Bonds.

Today you will hear from our colleagues in the Liberty Bond Housing Coalition who are experts in housing and economic development issues. They will share with you not only the importance of using these funds to address the lack of affordable housing but how, given the political will, Liberty Bonds could help New Yorkers throughout our City. Your support is critical in three areas:

- 1) Working with the Mayor to ensure that his allocation of Liberty Bonds for housing is party of a plan that creates truly affordable housing for New Yorkers.
- 2) Urging the New York City Congressional delegation to make certain changes in the Liberty Bond legislation to help increase the Liberty Bond program's public benefit. Important changes include extending the deadline for which the bonds must be allocated (currently by the end of 2004), extending the area in which they can be used, by making a portion of the housing bonds available to projects throughout the five boroughs, making financing available for preservation of at-risk, federally-subsidized housing, and linking the bonds to Federal as-of-right 4% Low Income Housing Tax Credits.
- 3) Engaging in dialogue with the LMDC, the Mayor and the Governor to ensure that affordable housing becomes a key part of the overall strategic plans for rebuilding Lower Manhattan and revitalizing the city.

We look forward to working with you further on helping to ensure that New York City as a whole and especially its low and middle income residents receive the greatest possible benefit from the opportunities afforded by Federal reconstruction funds.

Thank you for consideration of our testimony.