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**MAYOR MICHAEL R. BLOOMBERG ANNOUNCES HOUSING PRESERVATION
INITIATIVE TO PROTECT OVER 27,000 MITCHELL-LAMA APARTMENTS**

*Initiative Includes a Refinancing Program and a Repair Loan Program
Addressing Long-Term Preservation Needs*

Mayor Michael R. Bloomberg and Housing Development Corporation (HDC) President Emily A. Youssouf today announced a preservation initiative to protect over 27,000 of the City's Mitchell-Lama apartments. The two-part initiative includes a refinancing program to restructure and extend the existing mortgages, and a repair loan program for developments in need of capital improvements. Developments that take advantage of the refinancing program will guarantee to stay in the Mitchell-Lama program for at least an additional 15 years. This program will cost approximately \$2,700 on a per unit basis.

"Today, we are taking another important step toward fulfilling our promise of preserving the City's affordable housing stock," said Mayor Bloomberg. "The Mitchell-Lama Program was originally established to meet the affordable housing demands for our City's hard-working families. That demand is still prevalent today and we must do all that we can to provide innovative ways of protecting Mitchell-lama residents. We believe this is a sensible, low-cost investment that would preserve affordable homes for tens of thousands of New Yorkers for the next 15 to 30 years."

To complement the City's housing plan, *New Housing Marketplace: Creating Housing for the Next Generation*, established to build or preserve 65,000 units of affordable housing, HDC has made a refinancing program available to 53 rental and 27 cooperative developments within HDC's Mitchell-Lama portfolio, containing more than 27,000 apartments. This preservation initiative offers these Mitchell-Lama developments the opportunity to restructure and refinance their mortgages at a lower interest rate and for an extended term, that will keep the properties from opting-out of the Mitchell-Lama program for a minimum of 15 years from the date of the refinance.

By restructuring the debt, operating costs will be reduced and the savings can then be used toward much needed repairs. In addition to the mortgage restructuring program, HDC committed corporate reserves to finance rehabilitation loans for Mitchell-Lama developments. Many of these Mitchell-Lama developments, which were constructed more than 25 years ago, are in need of major rehabilitation of critical building systems including heating systems, window replacement, new roofs, elevator upgrades and façade and ground repairs.

(more)

The \$50 million Repair Loan Program is available to developments within HDC's portfolio that are in need of a low-cost financing for these capital improvements. Loan amounts can range from \$1 million up to a maximum amount of \$7 million per development. It is expected that 7,500 units will be preserved through the Repair Loan Program. Owners borrowing under this program will be required to keep the property in the Mitchell-Llama program for a minimum of 15 years.

"This preservation initiative balances the needs of both the owners and the tenants of the Mitchell-Lama developments," said President Youssouf. "Owners will be able to realize savings by restructuring the debt on their properties at a lower rate and will also be able to make necessary improvements through an HDC loan that they otherwise would not be able to afford through conventional financing. The tenants will live in safer environments, and most importantly, will not have to worry about owners opting-out of the Mitchell-Lama program and being priced out of their housing."

"HDC's plan offers Mitchell-Lama developments a viable incentive to stay in the program," said Rent Stabilization Association of New York City, Inc. (RSA) President Joseph Strasburg. "This program will allow owners a better return, and therefore, a quality housing solution for their tenants."

"REBNY congratulates the Mayor and the Housing Development Corporation for this innovative refinancing program which will enable city Mitchell Lama projects to achieve financial stability," said Real Estate Board of New York (REBNY) President Steven Spinola. "Owners will be able to make much needed capital repairs while preserving hundreds of units of affordable housing."

"We think this is an excellent program and we look forward to working with the Mayor and HDC to preserve Mitchell Lama developments as affordable housing," said Louise Sanchez, Co-Chair Mitchell Lama Residents Coalition.

Legislation has also been introduced by the City to amend the current New York State Private Housing Finance Law, which governs the Mitchell-Lama program. This legislation has already passed the Assembly. The proposed bill is designed to encourage rental developments to remain in the Mitchell-Lama program by authorizing returns in excess of the current statutory limit. The bill also provides rent stabilization protection for tenants and real property tax relief for owners where post-1974 Mitchell-Lama rental developments voluntarily dissolve on or after the law's effective date.

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