



JIM WALDEN
FOR MAYOR OF NYC

SOLVING THE HOUSING CRISIS

No More Band-Aids On Bullet Wounds

Presented by: Jim Walden, Candidate for Mayor

Jim4nyc.com

Paid for by Friends of Jim Walden

MISSION STATEMENT

This Plan is intended for one purpose: to solve a crisis that has dragged on too long.

It provides solutions to inter-related problems. Some will appeal to tenants, others to developers, landlords, preservation groups and lenders. When everyone is happy with some things and unhappy with others, you know you have achieved balance.

Balance is the aim of this Plan.

The Crisis We Face

The negative impact of the housing crisis is well understood and bears no repetition here. Over the long term, the economic consequences to NYC are dire:

~\$900b loss of GDP

~750k lost jobs

Billions of lost tax revenue

See Regional Plan Association Report, May 2, 2024.

The Crisis We Face

We must finally get serious about partnering with the real-estate community to tackle the problem. It is a supply-side issue—and needs a supply-side solution.

Building is, first and foremost, about people. It provides safe spaces to live with dignity. As the greatest city in the world, we should provide a roof over every head, in a space we can be proud of.

From a construction perspective, building is about three things: land, finance and construction. The tools are plentiful. The opportunity to SOLVE the crisis is ours for the taking.

The Crisis We Face

To get it done, and provide the best homes for people, we will need to change or amend some laws.

We will need to make the case to Albany give more local control and provide more flexibility over free-market housing solutions.

If Albany refuses, we'll need to go to Court to challenge some of the laws it has imposed that choke development.

At bottom, we will need to strip some of the limitations that have made the housing shortage worse and stifled development.

The Crisis We Face

Albany knows how to create the right incentives:

We had a good program—421A—to get more built. In the last year of the program, before it lapsed, more than 1.5m buildable square feet of rental-development land was sold in Manhattan alone.

For office conversions, 467M is an excellent program, with a lot of yield potential. With this program, “[t] here are 57 office buildings being converted to residential currently with many more in the planning stages. They contain about 21.3 million square feet, leaving about 78 million feet of office vacant. With an overhang of office space and a 1.4 percent vacancy rate in residential, apartments are desperately needed.”

We need Albany’s help, focusing on housing incentives like these instead of program that put a yoke on our potential growth.

The Crisis We Face

In addition to relief from bad laws, we also need regulatory reform here in NYC.

It is imperative that we significantly streamline the regulatory process to eliminate as much red tape as possible.

If we do this, we will be back on track before my Administration ends.

The Crisis We Face

Changing or challenging these laws—and streamlining the bureaucracy—will take time.

And we need action now.

In as much detail as possible, this document sets forth a plan for my Administration.

It is an ambitious plan, with lots of tangible ideas and solutions.

It contains many innovations to get our housing development back on track.

Here are the five boldest ideas.

The Crisis We Face

Idea #1

Create a new form of rent-stabilized housing for new buildings (“Truly Affordable” units).

Scope: the *Truly Affordable* plan is a new program, for new buildings, not a replacement for the current system.

Private enforcement: this plan is based on contracts between the City, developers, and tenants in new buildings. It will be binding and enforced through an administrative process (thus, trying to work around the serious problems with, and delays in, our Housing courts).

The Crisis We Face

Idea #1 (cont.)

Create a new form of rent-stabilized housing for new buildings.

Livable rent calculation: based on 25% of average median income (“AMI”), where AMI is calculated specifically for each borough (rather than the current AMI calculation, which is citywide but also includes parts of Westchester in the calculator).

Fixed rent: the rents are fixed for 5 years.

The Crisis We Face

Idea #2

Use all available land on a zero-cost basis to push more and faster private development, with accountability on developers.

All available property: in addition to other properties (described in detail below), the Plan relies on redeveloping 7% of NYCHA properties/year, partnering with those communities to give them new buildings, zero risk of dislocation, new and well-paying jobs (including in building management), and also creating vibrant, economically integrated blocks.

Flexibility on zoning for all projects under this Plan: create a “super regulation” to give the City power to rezone on a “spot” basis for individual projects, but only with the consent of Community Boards in less-dense areas.

Flexibility on abatements: allow individualized abatements per project, up to 90% for 40 years, on an as-needed basis.

The Crisis We Face

Idea #3

Build new communities

Using larger tracts of available land, create whole new communities, where the housing is largely rental-based.

Economically integrated: include new buildings to replace old NYCHA buildings, as well as Truly Affordable units and market-rate apartments.

Transportation and food: require that these new communities do not become food or transportation deserts at the planning stage.

The Crisis We Face

Idea #4

How we pay

The primary incentive for much of this Plan is land, trading it for development—but with flexibility to offer upfront financing or abatements on an “as needed” basis.

But an ambitious plan like this will still be expensive.

There are tax-funding solutions that will work if Albany understands that the State’s long-term fortunes are tied to NYC’s success.

The goal is for these taxes to be a temporary solution. With more sparing use of abatements, the property taxes on this greatly expanded development will eventually finance costs in future years.

The Crisis We Face

Idea #4 (cont.)

How we pay (cont.).

At the end of this deck, I propose 5 avenues for raising a total of \$20b+/year for housing development.

To the extent we also need help from Albany and Washington, we may find more willing partners if legislators are convinced that we are serious—that we will focus on free-market-housing solutions and not waste money on ineffective programs that stifle development.

The Crisis We Face

Idea #5

Use part of the value added from this Plan to tackle poverty.

Use a “value-added tax” (“VAT”) to create funds for kids born into poverty.

The program will provide ~100k at age 25.

Funds can be disbursed sooner for college-bound kids.

Program will be designed to improve school-attendance rates.

The VAT will be imposed after a sale of a building built or re-developed under this Plan (i.e., new buildings).



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Using All Tools To Solve The Crisis

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Strategy To Solve The Housing Crisis

OVERVIEW

Part 1: Restore Incentives That Worked

Part 2: Build With Ambition

Part 3: Specialized Solutions For Specialized Needs

Part 4: Fix What We Have

Part 5: Funding Solutions

Part 6: Kids In Poverty Program

THE WALDEN SOLUTION

Part 1

Restore Incentives That Worked



THE WALDEN SOLUTION

Part 1: Restore Developer Incentives That Work

Tool 1

Capital Improvements



Tool 1: Capital Improvements

In 1978, 14% of NYC building were in such poor condition they were deemed “uninhabitable.”

So, NYC created the Major Capital Improvement (“MCI”) and the Individual Apartment Improvement (“IAI”) programs.

Why?

To incentivize the private sector to invest in the housing stock. Capital investments for repairs and upgrades could be recouped through higher rents. This spurred investment: tens of billions of dollars went into the housing stock.

These investments improved the quality of the housing stock and the quality of life for residents. By 2019, the “dilapidation rate” fell to 0.04%.

Tool 1: Capital Improvements

The 2019 Housing Stabilization and Tenant Protection Act (“HSTPA”) marginalized both of these programs, creating a major disincentive to investment.

As a result, landlords can’t recoup investments to bring units up to code after a long-term tenant leaves. So, too often, the property owner simply leaves the units vacant.

It is not economically viable to renovate the unit without getting a reasonable return on invested capital.

Estimates of warehoused rent-stabilized apartments in NYC range from 25,000 to 90,000.

Tool 1: Capital Improvements

Reinstating the MCI and IAI programs would result in these warehoused units being renovated expeditiously. This alone could result in getting the 50k units we need each year—and during my first year as Mayor. What does this mean? At least fifty thousand more people in homes.

But also think of the follow-on economic benefits. How much sheetrock and flooring would be sold? How many sinks, refrigerators, stoves, bathtubs and toilets would be sold? How many good paying jobs would be created? How much additional tax revenue would this produce for the city?

This would be a win all around. Reinstating the MCI/IAI programs would spur capital investment in an aging housing stock, create better living conditions for tenants, create more supply, produce derivative economic activity, and do absolutely nothing to hurt existing tenants.

This isn't rocket science. It is simple common sense.

THE WALDEN SOLUTION

Part 1: Restore Developer Incentives That Work

Tool 2 Restoring 421A



Tool 2: Restoring 421A

Added supply will solve NYC's housing crisis. Even for those that don't believe in economics, simply look at the pandemic.

During 2020, many people did not renew their apartment leases. Vacancy in Manhattan soared. Vacancy is tantamount to increasing supply. During the pandemic we saw rents in Manhattan fall by 30%. No housing initiative in history ever had this impact on rents. Not in NYC. Not anywhere. So, adding supply is critical.

It is impossible to add sufficient supply without significant incentives. Why? Building in NYC isn't easy. The cost of construction here is extremely high. The red tape is epic. The logistics are difficult. The politics are terrible.

With all the obstacles, we need developers—and extremely experienced ones—to build here and build more. In short, we need incentives. We have only so much land to give. Subsidaries and abatements are tools that have served us well.

Tool 2: Restoring 421A

For many years, we had a 421-A tax abatement program that worked relatively well. 421-A lapsed.

It was replaced by a watered-down “Affordable New York” Program. That program lapsed. The legislators replaced it with 485-X, which further watered-down the program with wage requirements.

For years we have heard politicians say that tax abatements for new construction are simply a “give-a-way to real estate developers.” In one sense, that is true. But every benefit the government gives is an incentive to someone for something the government wants to encourage.

Especially now, we need to encourage much more housing development.

Tool 2: Restoring 421A

In that regard, 421-A worked. During its last year alone, 2.57 million square feet of development space was sold in Manhattan south of 96th Street.

Two years later, without the abatement, the number fell to 379,000 buildable square feet. Similarly, during the last year of “Affordable New York,” only 1.3 million buildable feet of rental development land sold. Two years later, that number dropped to 90,000 buildable square feet. These are the facts.

The 485-X program tried to appease too many parties. Predictably, it hasn’t resulted in much building. The overwhelming majority of building permits under 485-X are for smaller projects, which are exempt from the wage requirements.

Tool 2: Restoring 421A

Because of 485-X, many NYC developers have pulled the plug on rental-housing projects.

Reinstating the 421-A program would create a tremendous amount of much-needed rental housing in NYC.

THE WALDEN SOLUTION

Part 2

Build With Ambition



Part 2: Build With Ambition

INTRODUCTION

Even if we cannot get the power we need from Albany to take back local control of our housing economy (Part 1), we have plenty of tools we do control. Some of those tools need legal modifications to be most effective.

If we use the tools aggressively and ambitiously, we can exceed the number of affordable units we need to keep pace with demand. In fact, we can exceed 50,000 units/year. This will have a significant downward impact on rental prices overall.

Part 2: Build With Ambition

INTRODUCTION (cont.)

We have at least 8 tools

1. City Owned Properties
2. Office Conversions
3. NYCHA Pilot Program
4. Build New Communities
5. “Zombie Property” Program
6. Foreclosed Property Program
7. Targeted Upzoning
8. Cutting Red Tape

THE WALDEN SOLUTION

Part 2: Build With Ambition

Tool 1

City Owned Properties



Part 2 (Tool 1): City Owned Buildings Program

BACKGROUND

The City owns much more vacant, buildable real estate than it needs. This includes bare lots and vacant buildings.

The Citywide Department of Administrative Services holds roughly 15k of these properties, which it is supposed to auction.

Part 2 (Tool 1): City Owned Buildings Program

BACKGROUND (cont.)

City agencies also can dispose of their own properties through “sole-source” disposition, which is neither transparent nor focused on housing.

We can design a process to get as many of these properties as possible for rental development, with requirements to build Truly Affordable units.

Part 2 (Tool 1): City Owned Buildings Program

BACKGROUND (cont.)

In addition, the City is using offices in approximately 22m square feet of buildings.

Many of these building are used inefficiently.

Many are in high-rent areas.

We can reduce the City's office portfolio and use those properties to spur additional development.

Part 2 (Tool 1): City Owned Buildings Program

OBJECTIVE 1 (City owned properties)

Many city owned properties are ready to sell, but are trapped in an unnecessarily complex bureaucracy for auctioning them. In light of the housing crisis and its harms, we need to unlock the housing value now.

Proactively identify all city owned properties suitable for rental projects.

Provide these to developers on a zero-cost basis.

Part 2 (Tool 1): City Owned Buildings Program

OBJECTIVE 1 (cont.)

Design pre-approved plans to speed development of rental buildings suitable for properties on various size lots (streamlining the approval process). Speed the regulatory process with a 6-month deadline.

Require speedy and efficient construction.

Require that 30% are Truly Affordable units.

Include a claw-back provision for the City that is triggered by either price gouging of, or habitability problems for, tenants.

Part 2 (Tool 1): City Owned Buildings Program

OBJECTIVE 2 (In-use office buildings)

The City doesn't need all the office space it uses. We can consolidate agencies and, with some, relocate them to lower-rent areas throughout the city. Of the roughly 22m square feet of office space in use:

Trade 4m square feet for rental projects using flexible rules to maximize affordable yield and put downward pressure on rents.

Allow micro-zoning changes to increase density where appropriate (with Community Board approval needed for less dense areas).

Require 30% Truly Affordable units.

Part 2 (Tool 1): City Owned Buildings Program

TARGET

Objective 1: Each year, identify 25 city owned vacant properties for rental projects with an average size of 15 stories and 300 apartments.

Objective 2: Each year, vacate and sell 4 city owned office buildings for rental projects with an average size of 20 stories and 500 apartments.

STRATEGIES

1. Use micro-zoning and density waivers to induce more conversions.
2. Allow variation in design components for affordable units.
3. Transform the “Get Stuff Built” initiative with a vertical building agency, which includes all necessary experience and authority, to create a one-stop-shop agency to oversee the program with strict deadlines to speed development.
4. Use pre-approved plans for the Objective 1 projects to speed development.
5. Truly Affordable units = 30%.

IMPACT—

Obj.1

Truly Affordable
units/year: 9,000

IMPACT—

Obj.2

Truly Affordable
units/year: 600

THE WALDEN SOLUTION

Part 2: Build With Ambition

Tool 2

Office Conversions



Part 2 (Tool 2): Office Conversions

BACKGROUND

Currently, at least 70m feet of office space remains vacant, with Manhattan at the center of high vacancy rates.

Despite existing conversion-incentive programs, including 467-M, insufficient conversion projects have been started or completed.

We need more incentives.

We can exchange those incentives for Truly Affordable units.

Part 2 (Tool 2): Office Conversions

OBJECTIVE

Create significant new incentives/abatements to convert at least 24 million square feet of vacant office space into residential over 4 years.

Allow air-rights transfers within $\frac{1}{4}$ mile, or within Community Board boundaries, to allow larger projects.

Allow projects where the original building may be only 25% of the new building size. (As opposed to 50% under the current program).

Offer abatement of 100%, not 90%, of NYC property taxes.

Require 30% of Truly Affordable units.

Part 2 (Tool 2): Office Conversions

OBJECTIVE (cont.)

Provide up-front capital, as needed, to projects that could significantly increase affordability yield. Allow NYC to use debt or equity in each project.

Allow a percentage of the up-front capital to be used as incentives for existing tenants to move.

Mandatory buy-outs for tenants is critical here and in other parts of this plan (i.e., residential tenants). We must be fair to long-term tenants, but we also must remove roadblocks to building the housing we need. As in other parts of this plan, we may need a local law change if an emergency executive order doesn't work.

Part 2 (Tool 2): Office Conversions

OBJECTIVE (cont.)

Allow more flexibility to waive code requirements on a project-by-project basis to speed development where it is most needed.

Allow flexible design rules for Truly Affordable units (e.g., those units could be built with less-expensive amenities).

Allow spot modifications of light and air rules to maximize Truly Affordable yield (e.g., windowless bedrooms).

Waive or amend other code requirements that increase cost for developers, including egress, façade rules and depth-to-width requirements.

Part 2 (Tool 2): Office Conversions

OBJECTIVE (cont.)

Remove limitations on:

- . Rental projects in M zones (manufacturing).
- . Residential below commercial spaces.
- . Building above 12 FAR cap.

Part 2 (Tool 2): Office Conversions

TARGET

Every year,
convert
6 million sq/ft.
of office space
to residential.

STRATEGIES

1. Provide up-front capital as needed.
2. Give the City more flexibility to build faster and more efficiently.
3. Create Truly Affordable units with a cap of 25% of a locally calculated AMI.
4. Remove some limitations on building areas and sizes.

IMPACT

Truly
Affordable
units/year:
1,800

THE WALDEN SOLUTION

Part 2: Build With Ambition

Tool 3

NYCHA Pilot Program



Part 2 (Tool 3): NYCHA Pilot Program

BACKGROUND

NYCHA has repeatedly failed the low-income community. Many NYCHA tenants still live in abysmal conditions. Living there is effectively a housing-insecurity cycle, which plays out in effectively segregated parcels.

My program is an experiment in privatization with significant guard rails and clear benefits for NYCHA communities that choose it. The plan will also help other housing-insecurity communities with new, Truly Affordable units. It will create economically integrated communities, which will have other social benefits.

Part 2 (Tool 3): NYCHA Pilot Program

OBJECTIVE

Rebuild 7% of the NYCHA portfolio.

Build replacement buildings in these communities.

Ensure residents see prototypes before consenting.

No displacement: use “build-first” model everywhere possible (i.e., no displacement).

Enforceable rights: if displacement is ever required, provide “Bill of Rights” to tenant (an enforceable contract, so spots in new units are guaranteed).

Escaping the cycle: provide rent-to-own option for qualified NYCHA tenants.

Part 2 (Tool 3): NYCHA Pilot Program

OBJECTIVE (cont.)

The Premise: Allow developer to accept costs of “public” housing in return for ROI, with specific conditions.

Accountability: Development contracts will provide easements and take-back power for the city, with security guarantees built into the contracts.

Jobs for NYCHA: Program will require training and employing local tenants, including as building managers when the project is completed.

Part 2 (Tool 3): NYCHA Pilot Program

OBJECTIVE (cont.)

Convert the properties to full city blocks, which includes Truly Affordable and market-rate buildings alongside NYCHA buildings.

Give flexibility over code requirements on adjacent buildings to maximize the yield of Truly Affordable units, with a minimum of 30%.

Give tenants in older rent-stabilized buildings a preference for a % of the Truly Affordable units on the newly created block.

Part 2 (Tool 3): NYCHA Pilot Program

TARGET

Every year, rebuild 7% of NYCHA housing and restore to full city blocks, with 30% Truly Affordable.

STRATEGY

1. Engage NYCHA community in the design process.
2. Use build-first program to prevent displacement.
3. Allow other housing and retail development in return for free, new NYCHA buildings.
4. Require urban planning to minimize stress on existing infrastructure.

IMPACT

NYCHA
replaced/year:
12,432

Truly Affordable
units/year:
22,377

THE WALDEN SOLUTION

Part 2: Build With Ambition

Tool 4 Build New Communities



Part 2 (Tool 4): Build New Communities

BACKGROUND

There are a significant number of abandoned spaces, most of which the City owns or can easily acquire.

In total, the vacant land represents more than 1,000 acres of space for potential development. This includes:

- Harts Island
- Neponsit Center
- Dead Horse Bay
- Abandoned parks, public spaces and amusement parks
- Westchester Avenue Station
- Bartow Station
- North Brother Island

Part 2 (Tool 4): Build New Communities

OBJECTIVE

Bid the land at zero cost in exchange for rental-project development using an accelerated and public process.*

Require 35% Truly Affordable units, unless environmental remediation is required (and then allow flexibility to balance affordability requirements with abatements).

Allow flexible design rules for Truly Affordable units (this applies throughout the plan).

No transportation/food deserts: engage in sufficient planning, as a program requirement, to meet the new communities' needs.

*Some of this land may be suitable for Part 3, Tool 1.

Part 2 (Tool 4): Vacant Land Development

TARGET:

Each year, create new communities with integrated housing on 50 acres of untapped land.

STRATEGIES:

1. Immediately evaluate pre-conditions to development of vacant land.
2. Trade land to developers with fair strings attached, including Truly Affordable housing.
3. No food/transportation deserts.

IMPACT:

Truly
Affordable
units/year:
1,800

THE WALDEN SOLUTION

Part 2: Build With Ambition

Tool 5

“Zombie” Properties Program



Part 2 (Tool 5): Zombie Properties

BACKGROUND

In every borough, there are “zombie” properties. The owner has effectively shuttered the property.

This happens for many reasons. Among them, some owners intentionally keep the properties vacant to offset “losses” against gains on other income.

Regardless of the reasons, the effect is the same: properties remain vacant (and sometimes blighted) for years on end.

Many of these properties could be used to address the housing shortage.

Part 2 (Tool 5): Zombie Properties

OBJECTIVE

Acquire long-vacant buildings, whether residential or commercial, and make them available for rental-housing projects.

Use flexible rules to maximize affordable yield on a project-by-project basis, with community input and based on local needs.

Give preferences to local developers or community-based NFPs to speed development.

For properties NOT acquired to part of this program, change the rules to foster development: change rules to time-limit tax offsets. For longer-term vacancies, create meaningful tax on vacancy for long-term abuse.

Part 2 (Tool 5): Zombie Properties

TARGET:

Every year, acquire 100 Zombie properties for rental projects with an average density of 50 apartments.

STRATEGIES:

1. Use micro-zoning and density waivers to induce more conversions.
2. Allow variation in design components for Truly Affordable units.
3. Use pre-approved plans to speed development.
4. Limit Truly Affordable units to 25% of locally calculated AMI.

IMPACT:

Truly Affordable units/year: 1,500

THE WALDEN SOLUTION

Part 2: Build With Ambition

Tool 6

Foreclosed Properties Program



Part 2 (Tool 6): Foreclosed Properties Program

BACKGROUND

There are approximately 6,000 foreclosure sales in NYC every year.

The NYC Department of Finance had about 2,500 of them.
New York State and private banks have the balance.

Part 2 (Tool 6): Foreclosed Properties Program

OBJECTIVE

Create an initiative to give NYC a pre-auction right of first refusal, making those properties available for speedy conversion or re-development into Truly Affordable housing.

Use part of these properties for the Specialized Needs Program (Part 3).

Use flexible rules to maximize affordable yield on a project-by-project basis, with community input and based on local needs.

Give preferences to local developers or community-based NFPs to speed development. Given the need for rule flexibility, this provision can be included in other aspects of the Program.

Part 2 (Tool 6): Foreclosed Property Program

TARGET

Every year, acquire 50 foreclosed properties for rental projects with an average size of 50 apartments.

STRATEGIES

1. Use micro-zoning and density waivers to induce more yield.
2. Allow variation in design components for Truly Affordable units.
3. Use pre-approved plans to speed development.
4. Limit Truly Affordable units to 25% of locally calculated AMI.

IMPACT

Truly
Affordable
units/year: 750

THE WALDEN SOLUTION

Part 2: Build with Ambition

Tool 7

Targeted Upzoning



Part 2 (Tool 7): Targeted Upzoning

OBJECTIVE

Where housing is needed most, upzone to spur significant new rental developments.

Require 35% Truly Affordable units.

Discourage warehousing of upzoned properties through property-tax increases on the value of the upzoned parcels.

Allow rental projects in M zones.

Allow 18 FAR where possible.

Part 2 (Tool 7): Targeted Upzoning

OBJECTIVE (cont.)

Allow micro-targeted upzoning (for individual projects) for existing housing needs in Bronx, Brooklyn, Queens and Staten Island.

But . . . make it conditioned on Community Board approval.

Part 2 (Tool 7): Targeted Upzoning

TARGET:

- Manhattan (various)
- Downtown Brooklyn
- Long Island City
- Allow micro-upzoning in other areas, subject to Community Board approval.

STRATEGY:

Increase to FAR 18, with 30% Truly Affordable unit requirement.

IMPACT:*

Affordable units/year:
4,500

*Assumes only 75 buildings take advantage.

THE WALDEN SOLUTION

Adding Up The Numbers

Adding Up The Numbers/Year

MARKET-RATE YIELD

147,524*

*This does not include units within fully market-rate buildings built, for example, using Tools 3 and 4.

TRULY AFFORDABLE

42,327

REBUILT NYCHA

12,432

Adding Up The Numbers: Derivative Benefits

A project of this scale would significantly increase housing supply, which would have many derivative benefits:

Driving down rents overall.

Increasing demand for labor, especially skilled labor.

Bringing new businesses to NYC.

Increasing the tax base, since the project will use abatements more sparingly (other than for Tool 2 - Office Conversions).

THE WALDEN SOLUTION

Part 2: Build With Ambition

Tool 8

Cutting Red Tape



Part 2 (Tool 8): Cutting Red Tape

BACKGROUND

Housing development in NYC takes entirely too long.

Some of the programs from the Adams administration—including “Getting Stuff Built” and “City of Yes”—have made things better.

If we are serious about solving the problem, we need to do more.

Part 2 (Tool 8): Cutting Red Tape

OBJECTIVE

Create new agency to speed development of projects.

Give it all the expertise, staffing and authority it needs to cut approval times to an average of 6 months for small projects and 10 months for large ones.

Partner with REBNY to make it a public-private initiative.

THE WALDEN SOLUTION

Part 3

Specialized Solutions For Specialized Needs



Part 3: Specialized Solutions

INTRODUCTION

The housing crisis has affected millions of New Yorkers. There are 4 groups I would make a special priority.

1. Homeless Families
2. The Elderly
3. Public Servants
4. Young Professionals

Rationale:

We owe it to the first 3 groups.

Our economy needs many, many more of the fourth.

THE WALDEN SOLUTION

Part 3: Specialized Solutions

Tool 1 Homeless Families



Part 3 (Tool 1): Homeless Families

BACKGROUND

We need to get homeless families out of shelters. This is true for many reasons. Three stand out:

1. The shelters are often unsafe for kids.
2. The shelter system is too expensive.
3. The shelter system is an inefficient way to provide wrap-around services.

Part 3 (Tool 1): Homeless Families

OBJECTIVE

Use city owned or leased State/Federal land to develop modular housing communities for homeless families.

Co-locate supportive services to reduce costs and improve outcomes.

Create on-site educational alternatives, creating a partnership among DOE, charter schools and parochial schools.

Part 3 (Tool 1): Modular Communities — Homeless/Migrant Families

TARGET:

Minimum safe, clean and durable modular spaces.

STRATEGY:

Using a pilot program for the first group of families.

Concentrate on families with a working parent.

Co-locate services, including child care and education.

Locate communities on City-owned and leased State/Federal land, offering incentives to local communities for the added burdens.

FEATURES:

1. Create private and safe spaces.
2. Reduce burdens on existing schools.
3. Significantly reduce costs of housing and services.

THE WALDEN SOLUTION

Part 3: Specialized Solutions

Tool 2

A New Frontier for Rent Stabilization



Part 3 (Tool 2): New Rent Stabilized Program

BACKGROUND

The Truly Affordable program embraced here is new.

Its three key advantages are:

- 1) Locally calculated AMI.
- 2) Rent represents only 25% of that figure.
- 3) Rent is frozen for 5 years.

Part 3 (Tool 2): New Rent Stabilized Program

BACKGROUND (cont.)

Part of the Truly Affordable housing created by this plan will be available to current rent-stabilized tenants (at their election), focusing on those living in the worst conditions. This will allow us to start planning for replacement of buildings in grave deterioration.

Part of the Truly Affordable units will be reserved for housing-insecure seniors.

These two groups, should they opt-in, will get a schedule of rent-increases as part of their leases, which will require them to pay cost-of-living and fractional building-expense increases.

Part 3 (Tool 2): New Rent Stabilized Program

BACKGROUND (cont.)

Another portion will be reserved for public servants and young professionals at the start of their careers. It is intended to help them transition to other housing. This part of the program has advantages and disadvantages over the rent-stabilized system.

Advantages: (1) It is a livable, fixed rent, which will not increase; and (2) it is based on a borough-specific AMI.

Disadvantages: If the tenant chooses to stay in the apartment after the 5th year, they will have to pay 80% of market rate in the 6th year, 90% in the 7th year, and 100% in year 8.

Part 3 (Tool 2): New Rent Stabilized Program

OBJECTIVE

This program is intended to start to move away from the broken system we have now. Since participation among tenants is voluntary, they must agree that disputes will be resolved through expedited and binding mediation, not housing court.

It is my hope that, depending on the relative success of this balanced approach, NYC can create a more sensible set of rules for rent-stabilized housing.

All the data proves that our current system—particularly after 2019—has only made fewer developers interested in building new rent-stabilized housing. And that housing stock continues to age and deteriorate.

The incentives in this new program offer a more balanced approach.

THE WALDEN SOLUTION

Part 4

Fix What We Have



Part 4: Fix What We Have

INTRODUCTION

We can get more rent-stabilized units online if we simply fix what we have.

Somewhere between 30k and 90k of low-income and rent-stabilized units are being warehoused.

Meaning, they are vacant.

No one is really keeping track of how many, which is why the estimate is so wide.

Part 4: Fix What We Have

INTRODUCTION (cont.)

We have at least 4 tools:

1. Restore warehoused rent-stabilized units.
2. Do the same thing for warehoused NYCHA Units.
3. Fix some of the endemic problems with the rent-stabilized system to make it work better for tenants and landlords.
4. And get about 1,000 additional units online by kicking out tenants who have rent-stabilized units but don't need them.

THE WALDEN SOLUTION

Part 4: Fix What We Have

Tool 1

Restore Warehoused Rent-stabilized Units



Part 4 (Tool 1): Restore Rent-Stabilized Units

TARGET

Minimum: 25,000 units
Maximum: 90,000 units

STRATEGIES

1. Subsidize and finance repairs for warehoused units.
2. Offset costs for landlords to incentivize rapid repairs.
3. Use NYCHA work force to make some repairs faster.
4. Waive non-essential code requirements to speed the process.
5. Use emergency declaration to reduce red tape.

IMPACT

1. Get accurate count of warehoused apartments.
2. Restore 25k units in year 1 of mayoralty.
3. Use this program to identify at-risk buildings in need of longer-term solutions.

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Part 4: Fix What We Have

Tool 2

Restore Warehoused NYCHA Units



Part 4 (Tool 2): Restore NYCHA Units

TARGET:

Minimum 5,000 units

STRATEGY:

1. Immediate upgrades to warehoused NYCHA units with a focus on safety and livability improvements.
2. Use NYCHA workforce to make repairs.

IMPACT:

Restore 5k units in year 1 of mayoralty.

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Part 4: Fix What We Have

Tool 3

Fix Other Problems With the System

Part 4 (Tool 3): Fix Problems With Rent-Stabilized System

BACKGROUND

The problems with the rent-stabilized program are legion. I will not fix them all in 4 (or 8) years, but I can tackle several.

- Disincentivize bad landlords.
- Disincentivize bad tenants.
- Eliminate fraudulent tenants.
- Make future rent increases are based on borough-specific AMI.

Part 4 (Tool 3): Fix Problems With Rent-Stabilized System

OBJECTIVES

Immediately initiate proceedings to take-over management of the 25 worst buildings citywide. Award management to qualified private contractors with accountability contracts.

Immediately initiate proceedings against 25 of the worst tenants citywide.

Implement a borough-based system of AMI calculation for all future rent increases.

Require means-testing for “inherited” units—to get rid of the tenants who are essentially defrauding the system.

Part 4 (Tool 3): Fix Problems With Rent-Stabilized System

OBJECTIVES (cont.)

Other Fixes:

Impose a licensing requirement on larger landlords and use it as a quality-accountability system with teeth.

Create and mandate a tracker for warehoused units to restore them faster, including landlord assistance for capital improvements.

Reduce red tape in placing tenants, including a strict FIFO system for matching available units with tenants.

Part 4 (Tool 3): Fix Parts With Rent-Stabilized System

TARGET:

Minimum
1,000 units.

STRATEGY:

1. Going forward, rent-stabilized housing will be available only to those who need it.
2. Immediately, disallow inheritance of rent-stabilized units.
3. For those who currently hold apartments through inheritance, implement immediate means-testing.

IMPACT:

Restore 1k
units/yr to
people who
need them.

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Part 5 Capital Funding



Part 5 : Capital Funding Solutions

BACKGROUND

We can expect that this housing program will require an additional \$20b+/year.

This includes money for land acquisition, modular housing, funding for NYCHA/rent-stabilized capital improvements, upfront capital financing for specific projects and additional hiring needs to streamline bureaucracy.

If we use smart strategies, we can pay for ambitious building.

We should choose taxing strategies that help drive good decision making.

The resulting funds from the Tools below will be set aside for implementing this Plan.

Part 5 (Tool 1) : Statewide Micro-Tax On Production

TARGET

\$15
billion/year.

STRATEGY

- The value of goods and services produced in NYS is ~\$2.2 trillion/year.
- Impose a production tax of $\frac{3}{4}$ of one percent.
- Result = ~\$16.5b/year.

Part 5 (Tool 2) : Air Rights Transfer Tax

TARGET

\$4 b/year.

STRATEGY

- Impose upfront tax on transfers of all air rights under this program (tax does not apply to transfers under the existing rule).
- Estimates suggests that the value of such a tax could range from \$4.2b - \$8.8b.

Part 5 (Tool 3) : Luxury Rental Tax

TARGET

\$2b/year

STRATEGY

- In NYC, over 150,000 apartments, condos and co-ops are considered “luxury.”
- For apartments, this means renters are paying between \$20k-\$80k/month.
- Impose 2% yearly surcharge.

Part 5 (Tool 4) : Vacancy Tax

TARGET

\$1b/year.

STRATEGY

- In NYC, hundreds of thousands of buildings and apartments are vacant for long periods.
- Whatever the motivation, these vacancies are inefficient and can result in blight.
- In a city starved by high occupancy rate, dissuading vacancies is also good policy.
- Impose graduated scale of vacancy taxes, which increase the longer a building or unit is vacant.

Part 5 (Tool 5) : Vice Tax

TARGET

\$1b/year.

STRATEGY

- Impose added tax/surcharge on a range of goods and services in NYC, including vapes and cigarettes, alcohol, cannabis and others.
- Although there is no publicly available calculation for the value of all “vice” goods and services, a fair extrapolation is \$10/b.
- Impose 10% additional tax.

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The Payoff Kids In Poverty Program

KIDS IN POVERTY (“KIP”) Program

There are approximately 25k children born into families below the poverty line each year in NYC.

- If we allocated \$10k for each child at birth, that investment would be worth ~100k by the time each child reaches the age of 25.^{FN}
 - That is roughly 3 years of the average income in NYC.
 - That is almost 6 years of rent in a rent-stabilized apartment.
 - Funds could be made available to college-bound kids early.
- The payout will be conditioned on achievable goals, including school attendance.

FN: This idea was pioneered by Bill Ackman, who called it “Birth Right.”

KIP Program

Through the programs outlined herein, NYC will put a lot of money in the pockets of developers.

Some will decry that. I see it as an opportunity.

For each property affected by these programs, we can impose a value-added tax (VAT) on the developers.

Assuming the total value-added citywide will be \$5b/year, a 5% VAT would yield roughly the amount of money we would need to fund the KIP program.

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Conclusions

Great policy = great results

HOUSING OUTCOMES:

50,000+
units
annually.

ECONOMIC IMPACT:

Massive lift to economy, as well as housing supply, and the creation of an equitable wealth creation program to break the cycle of poverty.

COMMUNITY BENEFITS:

- New housing.
- All units are Truly Affordable (25% of borough-based AMI).
- Downward pressure on prices across the city.
- Using free market to fight poverty.
- Use of local-NFPs for some development goals.

This message is part of a series of “SPECIAL MESSAGES” outlining my plans as Mayor to address NYC’s most pressing challenges. With bold action, we can resolve the housing crisis and create a City that works for everyone.

Jim Walden, Candidate for Mayor