



Testimony Presented by  
Neil Reilly  
Policy Analyst, CHPC  
NY City Council

**Committee on Housing and Buildings**

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Oversight - Housing Recovery Post-Sandy: The Status of the Build-It-Back Program. T2014-0693  
Jointly with the Committee on Recovery and Resiliency and the Committee on Environmental Protection

My name is Neil Reilly and I am a Policy Analyst at the Citizens Housing & Planning Council. As New Yorkers we were all horrified at the damage to people's lives and property that Hurricane Sandy wrought on our neighborhoods. But as housing and planning professionals we have been mystified by the inadequate response to help particularly the small homeowners who have often waited in vain for assistance. We do believe that there are concrete steps the City can now take to help homeowners restore their homes and rebuild their neighborhoods.

Homeowners are girding for huge insurance rate jumps, which not only require unaffordable premiums, but also damage the resale value of each property. Senator Schumer and various House representatives have worked on reducing this burden by delaying implementation of the 2012 Biggert-Waters Act.<sup>1</sup> But because this delay is unsustainable for the National Flood Insurance Program, questions remain regarding when the wave of insurance increases will come.

Too many affected homeowners are also facing foreclosure. Comparing the year before the storm to the year after, notices of foreclosure have increased by about 32% in ZIP codes affected by the storm, compared with 22% citywide. Staten Island has borne the brunt of this Sandy side-effect: foreclosure notices after the storm have been roughly 183 per month, compared to 113 per month before the storm.

The sale of homes at prices well below the median for their borough has also increased: while Brooklyn, Queens, and Staten Island overall saw a 33% decline in these sales, there was a 1% increase in Sandy-affected ZIP codes. In some cases these fire sales have jumped by as much as 120% (New Dorp Beach). This phenomenon as well has been particularly strong in Staten

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<sup>1</sup> Their proposal was signed into law on March 21<sup>st</sup>.

Island, where these sales jumped by 60% in waterfront ZIPs, compared to a 33% increase borough-wide. Queens also saw an increase of 4% compared to a borough-wide decrease of 4%.<sup>2</sup>

These figures capture the financial pressure facing residents. On top of the “visible” costs like repairing or rebuilding, there are “invisible” costs, such as when an owner rented part of his or her home. Many of these units cannot be replaced as they are typically illegal either because of zoning restrictions or because of their physical configuration<sup>3</sup>. The loss of such units has had a devastating impact to both the owners and renters of these units.

The City must take several steps to solve the multi-headed problems that remain.

First and foremost, the City’s Housing Recovery operations should be transferred to HPD and the analytical and land use planning tasks should be focused in DCP. While it is always tempting to just layer bureaucracy on top of bureaucracy, it is our line agencies at the end of the day which should have the resources, focus, and accountability to respond to extraordinary events.

Second, the neighborhood planning efforts by City and State must be better coordinated.

The City’s acquisition program should support the State’s system that sets out clear planning criteria, collaboration with residents, and sets the acquisition price at pre storm value. Homeowners who were not eligible for funds to raise their homes because they were not ‘substantially’ damaged should be prioritized for acquisition. In addition, City assistance to subsidize the cost of elevation should be extended to homeowners in order to lower their insurance costs.

Third the City and State need to work together to provide real estate tax relief for homeowners subject to new insurance costs. An exemption can be created to provide a 5 year exemption followed by a 5 year phase-in abatement to assist homeowners to retain value in their homes. Criteria for the exemption can mirror the criteria set for the new Flood Insurance Affordability Act. An additional cap based on pre-storm assessed value could also be applied to ensure that the exemption goes to those most in need.

Fourth to protect those most threatened by foreclosure, Build it Back should return to its original goal of providing top to bottom customer service by means of a case manager who would handle all relevant issues. Alternatively, groups providing assistance on financial issues should be funded to adequately carry out this work and provide feedback to the City.

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<sup>2</sup> Brooklyn’s rate of these sales decreased even faster in waterfront areas than borough-wide, probably for several non-Sandy-related reasons.

<sup>3</sup> The zoning issues can include density which restricts the addition of a unit as well as parking requirements that are not met with the addition of a new unit. Physical configuration problems can include cellars which are defined as being more than 50% underground and as such not legal for occupancy, as well fire safety problems such as a lack of a secondary means of egress. Work on legalizing cellars and creating an accessory dwelling unit designation in the zoning resolution is part of CHPC’s ongoing work Making Room which is being pursued.

Finally, the City must address zoning issues that inhibit adequate repair and rebuilding. DCP recently went through a successful zoning text change to reform land use rules that made it impossible for homeowners to rebuild to meet the new requirements for a flood zone, like elevating a home. But there are still many zoning obstacles that prevent vulnerable homeowners from responding to their needs. These neighborhoods need relief from onerous lot coverage and front- and side-yard requirements, or owners should be permitted to build under their previous three-dimensional building envelope rather than under current rules.