



## H.R. 5937 – TO FACILITATE THE PRESERVATION OF CERTAIN AFFORDABLE HOUSING DWELLING UNITS

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### FLOOR SITUATION

H.R. 5937 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative Edolphus Towns (D-NY) on May 1, 2008. The resolution was referred to the House Committee on Financial Services, but was never considered.

H.R. 5937 is expected to be considered on the floor of the House on May 6, 2008.

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### SUMMARY

H.R. 5937 provides for an agreement between the Starrett City Associates (the Association) and the U.S. Department of Housing and Urban Development (HUD), the New York State Housing Finance Agency (HFA), the New York State Division of Housing and Community Renewal (DHCR), and the City of New York Department of Housing Preservation and Development (HPD). The agreement formed would keep unit rental rates affordable for those tenants currently living in the Starrett City housing complex by replacing the Associates' current Section 8 and Rental Assistance Payment (RAP) government contracts with a new project-based Section 8 contract.

The new contract would require the current owner of Starrett, or any subsequent purchaser, to commit to a project-based Section 8 Housing Assistance Payments contract and a Rental Assistance program that applies to about 60 percent of the Starrett's units for a minimum of 20 years. This provision would allow owners of the Starrett City development to charge higher rent to new tenants while protecting those current tenants relying on the continuation of affordable rental rates.

Additionally, the legislation provides that any future sale of Starrett City by the Associates would require the approval of federal and state entities, and require a potential buyer of the Starrett City property to preserve the current affordable rent community for an additional twenty years.

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### BACKGROUND

Starrett City is a privately owned housing development for moderate and middle income tenants located on Jamaica Bay in Brooklyn, New York. Starrett City is composed of 5,881 units with 14 thousand inhabitants and is the largest federally subsidized housing project in the country. The housing complex is owned by the Associates, who receive tax breaks and other incentives in return for keeping rental rates low.

The Associates entered into a contract with HUD, which gave them low cost federal subsidies through the Federal Housing Authority 236 program (which brings down interest rates on outstanding mortgage payments owed on Starrett City) in exchange for Starrett City agreeing to keep housing rates affordable.

Recently, the Associates have indicated that they wish to sell the property. This sale could potentially affect the affordability of these housing units, potentially displacing current tenants.

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### COST

The Congressional Budget Office did not have a cost estimate available for H.R. 5937 as of May 5, 2008.

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### STAFF CONTACT

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