STATE OF NEW YORK
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New York State Urban Development Corporation
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What Is UDC?
The New York State Urban Development Corporation is a public benefit corporation, established by law to combine the energies of private enterprise with State and Federal programs to help renew New York State’s cities and towns, and to plan and develop the orderly growth of new urban areas. Its principal aims are to provide housing, jobs, and community facilities. With local partners—such as municipalities or nonprofit groups—UDC can spur the development of urban renewal areas or other buildable sites never before attractive to private enterprise.
UDC and HOUSING POLICY

Because of continuing problems with the high cost of mortgage money, of land, of labor, and of materials, the private home building industry, in America and in New York State, has been unable to build housing for people of low and moderate income. For example, fully tax-paying, conventionally financed housing, which is produced on the open market, rents in New York City in 1971 at $125 or more per room.

Over a period of years a variety of Federal and State housing programs were developed to meet this need of low- and moderate-income families. There are so many different programs, and they are so complicated that the processing of this publicly aided housing assistance quite frequently is an extremely complex and therefore costly piece of business.

UDC was created by the New York State Legislature, at the request of the Governor, to attempt to cut through the red tape.

UDC has extraordinary powers and resources to do the processing and "packaging" of housing developments. However, UDC has no subsidies of its own. It must seek them from other levels of government.

UDC has determined that the best way to use its combination of powers and resources, and assistance available from other levels of government, is to provide a housing "mix." Many people think that UDC's role is limited to providing "low income" housing because one of its primary tasks, as set forth in UDC's founding legislation, is the "provision of adequate, safe and sanitary housing accommodations for persons and families of low income." . . ."

More than Public Housing

But low-income housing, as the term is used in New York State programs, is more than just low-income "public housing" for which rental and income limits are set by Federal law. Essentially it includes housing for all persons or families whose income is not sufficient to buy or rent adequate housing on the unsubsidized open market. Thus housing for "middle-income" and "moderate-income" groups is included.

The UDC Program Mix

UDC has designed its housing program to help meet the full range of subsidized housing needs, and to bring about a mix of income groups. As a general rule, UDC projects will contain a mixture of moderate- or middle-income families (70 percent), public housing level families (20 percent), and low-income elderly persons (10 percent). This mixture in UDC projects is brought about through the use of a combination of State and Federal housing programs.

Middle-Income Housing

UDC may finance Limited Profit Housing Companies under the State's Private Housing Finance Law through use of its bond proceeds. The lower interest rates of UDC bonds permits housing to be provided at rents of $55 to $75 per room in various communities, substantially below rents of equivalent privately-financed housing.

Moderate-Income Housing

The Federal Housing Administration (FHA) Section 236 Program is then used to reduce mortgage interest payments by subsidizing the interest rates down to as little as one percent. In this way, monthly rent per room effectively is reduced from $55-$75 down to $30-$40, enabling moderate-income tenants to meet their monthly rent payment with 25 percent of their monthly income.

To be eligible for the Section 236 Program, a family's income for admission generally may not exceed 135 percent of the maximum admission income for public housing in the locality.

Low-Income Housing

In addition, those units occupied by families and elderly persons at the public housing income levels receive further assistance either through the Federal Rent Supplement Program or the Public Housing Leasing Program so that monthly rents per room are reduced from $30-$40 down to about $18-$20.

Rent Supplement Program

Under the Rent Supplement Program, payments are made by the U.S. Department of Housing and Urban Development to the housing owner on behalf of eligible tenants. The amount of each rent supplement will be based on the difference between 25 percent of the income of the eligible low-income family or individual and the basic rental for the unit occupied.

Leasing Program

Under the Leasing Program, the local public housing authority leases units at the basic rental and then subleases the units to eligible low-income tenants who pay rents at local low-rent public housing rates. The Federal government subidesizes the differences in rent through annual contributions to the local housing authority.

Low-Income Eligibility

Income limits for persons and families benefiting from these programs are administratively set by each local housing authority with Federal approval. These generally are the same as in low-rent public housing projects in the locality.

In Summary:

- "Low-income" housing, at $18-$20 a room, utilizes direct Federal subsidies, paid either through a local public housing authority or to a housing owner as rent supplements.
- "Moderate-income" housing, at $30-$40 per room, is produced by combining UDC financing with FHA Section 236 mortgage interest rate reduction subsidies.
- "Middle-income" housing means State-aided housing with tax exemption, in the general rental range of $55-$75 per room.
- UDC residential projects generally will combine State and Federal housing subsidy programs so that the "persons and families of low income" identified in the UDC statute may get the kind of housing aid for which their income levels make them eligible, according to various State and Federal housing program standards.