TAKING STOCK

HOUSING NEW YORK, BEHIND THE NUMBERS

POLICY BRIEF

Sylvia Morse and Oksana Mironova
The Community Service Society of New York (CSS) is an informed, independent, and unwavering voice for positive action representing low-income New Yorkers. CSS addresses the root causes of economic disparity through research, advocacy, and innovative program models that strengthen and benefit all New Yorkers.

David R. Jones, Esq., President & CEO

Steven L. Krause, Executive Vice President & COO

About the Authors

Sylvia Morse is an urban planner and lifelong New Yorker. She is a Co-Editor of Zoned Out! Race, Displacement, and City Planning in New York City (Terreform, 2016).

Oksana Mironova is a housing policy analyst at the Community Service Society. She has worked with organizations across the housing field, including Tenants & Neighbors, the West Side Federation for Senior and Supportive Housing, and Enterprise Community Partners. She grew up in Coney Island, Brooklyn and holds a Master’s in Urban Planning from CUNY Hunter.
Mayor Bill de Blasio recently laid out his administration’s case for the success of the first three years of his flagship affordable housing initiative, *Housing New York: A Five-Borough Ten-Year Plan*, an ambitious effort to produce and preserve 200,000 units of income-targeted housing by 2024. “To the surprise of the skeptics and naysayers,” de Blasio wrote, “we've actually delivered on our promise [...] to help [...] New Yorkers afford to stay here.” While the mayor's efforts have been successful in some respects, a number of concerns remain. Here we review the most common concerns expressed by resident and advocate “naysayers” and offer recommendations that could improve the city’s housing plan.

“Affordable to whom?”

The city’s available data obscures some of the details, but it is clear that the majority of housing units preserved or developed under *Housing New York* do not serve low-income New Yorkers (those earning under $48,678 for a family of four), who are most rent burdened and least served by the existing housing stock.

In his July 13, 2017 *Daily News* op-ed, Mayor de Blasio asserts that, unlike federal housing programs that serve “a very narrow slice of the population” with a focus on middle-income households, “our affordable apartments serve the full range of New Yorkers our white-hot housing market has left behind: veterans, pensioners, families facing homelessness, and also the nurses, teachers and first responders that make up the backbone of our workforce.” To evaluate this statement, we must first understand what is meant by “affordable apartments,” and then look into whether these vulnerable groups have access to these apartments.

Today, 30 percent of household income is accepted as the standard defining what rent is affordable, because city, state, and federal housing agencies officially define “rent burdened” households as those paying more than 30 percent. Though the private housing market could (and should) provide affordable housing, in our civic discussions the term typically refers to government-assisted housing, where tenant rents are capped at 30 percent of their income.

In addition, government-assisted housing is targeted to particular income bands at initial occupancy. To qualify for an apartment built or preserved under *Housing New York*, households have to pass an income test, benchmarking their income relative to the HUD Area Median Income (AMI). AMI is defined by the federal government, which in New York City’s case includes the metropolitan area (including Putnam, Westchester, and Rockland counties). Housing programs sometimes subsidize below market rents for households earning up to 165 percent of the AMI, which in the New York City Metro Area is currently $110,220 for an individual and $157,410 for a family of four.

In popular discourse, affordable housing may also refer to rent-regulated housing, or the 1,030,000 apartments that are subject to rent stabilization and the 27,000 that are subject to rent control. In rent stabilized apartments, rent increases are set by a mayor-appointed Rent Guidelines Board. Since the focus of rent regulation is on rents rather than on a household’s ability to pay the rent, many tenants of rent regulated housing are rent burdened.

*Housing New York* is a response to a confluence of multiple factors—including the skyrocketing cost of land, wage stagnation, deregulation of rent-regulated housing, the mortgage crisis, the loss of federally, state, and city assisted apartments—which contribute to an environment...
in which nearly half of all New Yorkers are rent burdened. However, rent burdens are not distributed evenly and are far more likely to impact low income New Yorkers. As illustrated in the table below, the vast majority (89 percent and 77 percent for the two lowest income bands defined by the city) are rent burdened. Rent burdens among low income renters intensify further if we exclude assisted renter households (those whose rents are capped at 30 percent). At the same time, according to the latest data, at the conclusion of the 2017 fiscal year on June 30, the city has facilitated the development or preservation of 77,265 new homes (67 percent preservation/33 percent new construction). While critics of the mayor have argued that some units included in the count were in the pipeline prior to 2014, timelines for negotiating affordability deals are long and developers use public office turnover to negotiate for additional subsidies.

While this is an impressive achievement in terms of quantity, it has not addressed the persistent homelessness crisis in New York City. In July 2017, 60,856 people slept in NYC shelters each night. Unaffordable rents are a primary driver of homelessness, even for New Yorkers with a steady source of income. A recent report prepared by the Department of Social Services states that “a substantial number of people in shelters are working adults who cannot afford to rent an apartment given their incomes.”

Some of the reasons why *Housing New York* has thus far failed to alleviate homelessness are:

- Housing construction takes time, and the *Housing New York* outcomes are counted upon initiation of development—not when they are ready for occupancy. Of the 25,342 newly-constructed units counted towards the plan, only 4,507 have been completed and are ready for move in as of June 30, 2017 (latest data available).

- The bulk of units under *Housing New York* are targeted to higher-income residents. Less than a third reach low-income New Yorkers. Only 15 percent reach those in the city’s lowest income band, in which the majority of homeless households fall.

- While *Housing New York* has initiated construction/preservation of 6,533 units specifically targeted for homeless households, data about the number of newly completed units is unavailable.

- While a severe shortage of low-rent units is a key driver, homelessness is also a result of a range of other factors, including domestic violence and a history of incarceration.

### AMI Household Earnings*

<table>
<thead>
<tr>
<th>AMI</th>
<th>Household Earnings*</th>
<th>Not Rent Burdened Households</th>
<th>Rent Burdened Households**</th>
<th>Total Households</th>
<th>% Rent Burdened (All renters)</th>
<th>% Rent Burdened (Unassisted Renters)***</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-30%</td>
<td>Under $25,770</td>
<td>67,029</td>
<td>516,020</td>
<td>583,049</td>
<td>89%</td>
<td>96%</td>
</tr>
<tr>
<td>31-50%</td>
<td>$25,771-$42,950</td>
<td>81,492</td>
<td>266,277</td>
<td>347,769</td>
<td>77%</td>
<td>83%</td>
</tr>
<tr>
<td>51-80%</td>
<td>$42,951-$68,720</td>
<td>207,483</td>
<td>146,294</td>
<td>353,777</td>
<td>41%</td>
<td>43%</td>
</tr>
<tr>
<td>81-120%</td>
<td>$68,721-$103,080</td>
<td>245,009</td>
<td>54,204</td>
<td>299,213</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>121-165%</td>
<td>$103,081-$141,735</td>
<td>135,651</td>
<td>27,023</td>
<td>162,674</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>165%+</td>
<td>$141,735+</td>
<td>193,117</td>
<td>5,181</td>
<td>198,298</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>929,781</strong></td>
<td><strong>1,014,999</strong></td>
<td><strong>1,944,780</strong></td>
<td><strong>52%</strong></td>
<td><strong>50%</strong></td>
<td><strong>77,265</strong></td>
</tr>
</tbody>
</table>

Source: Rent burdens - 2014 NYC Housing Vacancy Survey (2013 income data); Housing New York starts - Housing New York by the Numbers (outcomes through 6/30/17)

*2017 earning ranges for a three person household are shown as an example; Thresholds vary depending on household size

**We define “rent burdened households” as those paying more than 30 percent of their total household income in rent.

***We define “unassisted renters” as those whose rents are capped at 30 percent because they reside in federally-assisted housing or receive a Section 8 vouchers.
"Accessible to whom?"

Despite reforms, many low-income people and immigrants face barriers to eligibility for housing created under the plan.

The lowest-income New Yorkers may face additional challenges when accessing housing facilitated by the plan. New York City Department of Housing Preservation and Development (HPD) and New York City Housing Development Corporation (HDC) updated the policies and procedures for marketing income-targeted housing in October 2016, making a number of positive changes including prohibiting disqualification of applicants based solely on credit history or housing court appearances. However, applicants may still be rejected if they have an eviction or bankruptcy in their recent history. Further, a history of incarceration, which disproportionately affects low-income people of color, can legally disqualify someone from applying for housing.

In addition, while the city created a clear policy not to reject applicants based on their immigration status, undocumented immigrants may still be excluded from new units targeted to the lowest incomes. While the city has not made information about subsidy sources for Housing New York outcomes publicly available, for both preservation and production of new units, the plan likely relies on federal rental assistance to achieve deep affordability, including project-based Section 8 and Housing Choice Vouchers, programs which restrict rents to 30 percent of resident income. Undocumented immigrants are unable to access many forms of federally financed housing assistance.

Further, the vast majority of new extremely low income units initiated under Housing New York are targeted to one to two person households, excluding larger families. About 80 percent of all new units started in the last three years (2,836 of 3,503 units) for households under 30 percent AMI were studios or one-bedrooms.

Finally, we face the threat of deep cuts to all federal housing spending, including private HUD-assisted housing and public housing. Without a committed city or state revenue source that provides a form of ongoing operational or rental assistance, future efforts to provide housing to low-income New Yorkers in general may be in jeopardy.

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“Affordable for how long?”

Housing New York relies on a public-private partnership model where government, through the use of incentives and subsidies, facilitates the creation and preservation of below market rent units by the private sector. The majority of units developed/preserved under the plan thus far, financed with low-income housing tax credits, bonds, or tax exemptions are temporarily affordable, from 20 to 60 years. A notable exception is the Mandatory Inclusionary Housing program, which requires units to be permanently affordable. However, the tools used by the city to achieve the plan’s goals do not address the root policy and market conditions that incentivize the loss of affordability.

First, the market treats land and housing as a commodity, not a public good. In most cases, real estate deals hinge on the potential for financial return. As illustrated by the investment frenzy around buildings exiting the Mitchell-Lama program in the mid-2000s or predatory equity practices that incentivize tenant harassment in rent-regulated buildings today, for-profit developers, under the right market conditions, will opt out of affordability programs. This conflict often forces the city into a position where it has to negotiate to preserve affordability, at a heavy public cost, a topic which the Community Service Society will explore in a future report.

The city does partner with grassroots groups and nonprofit community-based developers on some aspects of Housing New York, including to build permanent supportive housing for the chronically homeless, and to support community land trust initiatives. However, in many instances, including in its disposition of the rapidly dwindling supply of city-owned parcels, the administration has given preference to profit-motivated developers. With this, the city misses an opportunity to engage residents in community-driven development.

Housing New York’s preservation efforts complement the city’s existing below market rental housing stock, including the more than one million apartments protected by New York State’s rent regulation laws. While the pressure on rent-regulated tenants has been somewhat mitigated by two rent freezes in 2015 and 2016, according to the Rent Guidelines Board (RGB), approximately 276,000 rent stabilized units have been deregulated since 1994. Units are most often deregulated as a result of vacancy decontrol, when rent reaches a “high rent” threshold ($2,700, indexed to RGB rent increases since 2015). The climb to this threshold is sped up by vacancy bonuses and the preferential rent loophole.

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Outside of ample legal avenues for deregulation, unscrupulous landlords throughout the city illegally evict tenants through harassment (ranging from deferred maintenance to direct threats) and buyouts. The city has beefed up its anti-harassment efforts through multiple legislative decisions, including a new program that will guarantee the right to counsel in housing court to all low income tenants in five years. However, it remains the tenant’s burden to challenge landlord malfeasance. The four-year statute of limitations on rent overcharges further hampers tenants’ ability to maintain fealseance. The loss of rent regulated units undermines the city’s preservation efforts.
“Does the plan address racial segregation?”

**Development incentives and public land dispositions under the plan are disproportionately targeted to neighborhoods of color, which have historically experienced disinvestment, and, with an influx of capital, may now experience residential and commercial displacement. The city does not have good data on how Housing New York policies will affect neighborhood affordability or rates of displacement.**

The history of housing siting in New York City, and the country,\(^{25}\) is closely tied to racial neighborhood segregation. The redlining of neighborhoods\(^{26}\) such as East New York and Harlem in the 1930s created the conditions for deep disinvestment that precipitated both decisions about urban renewal and subsidized housing development in the 1950s and 1960s and abandonment and tax foreclosures in the 1970s, which brought a significant amount of vacant and occupied residential units under city control. These city-owned properties and vacant lots formed the core of tax credit-driven, income-targeted housing development in the 1980s.

**Housing New York** drives development in neighborhoods where low-income people are at risk of displacement. Moreover, the city’s neighborhood rezonings to increase residential density, which go hand-in-hand with the plan’s development strategies, are targeted to historically low-income neighborhoods of color, including East New York, Jerome Avenue in the Bronx, and East Harlem. This decision is partially motivated by skyrocketing high land costs—the city can build more income-targeted housing in neighborhoods where land is cheaper; yet, the majority of new development will be market rate. At the same time, some critics argue that by concentrating shelters and affordable housing development in neighborhoods that already have a significant supply of low-rent housing, the city is further entrenching segregation. Ultimately, by opting not to facilitate income-targeted housing development in historically exclusive, majority white neighborhoods, particularly through its mandatory inclusionary zoning program, the city will not use the plan to address a legacy of spatial racial segregation and income inequality.\(^ {27}\)

Ramping up residential development also threatens another essential tool for neighborhood affordability: good jobs. In mixed-use zones, the creation of which is a common rezoning strategy under both the Bloomberg and de Blasio housing plans, landowners often choose to pursue more lucrative residential uses, resulting in the displacement of manufacturers. As described by urban planning scholar Tarry Hum, commercial and industrial spaces that do remain are less affordable, and are more likely to be occupied by boutique retailers, manufacturers, and hotels, especially as long-time tenants’ commercial leases expire.\(^ {28}\)

The cumulative impact of the city’s development deals and zoning policies on a neighborhood’s housing costs, secondary residential displacement, and racial demographics are largely unknown because the city does not study them.\(^ {29}\) Many residents and advocates argue that bringing in new real estate development and market-rate housing, even with income-targeted set-asides, drives up area land and housing costs. In low-income neighborhoods of color with histories of city disinvestment, such as Bedford-Stuyvesant\(^ {30}\) and Bushwick,\(^ {31}\) this can result in high rates of displacement. Yet, the de Blasio administration continues to argue, without data to support its argument, that “mixed-income buildings [...] preserve our neighborhoods’ diversity,” and that increasing the housing supply will maintain affordability in those neighborhoods and the city as a whole.\(^ {32}\)
Housing New York Outcomes

This map illustrates the breakdown of preservation and new construction outcomes for the Housing New York plan. As shown here, units under the plan are concentrated in central and eastern Brooklyn, south and western Bronx, northern Manhattan, Hells Kitchen, the Lower East Side, and Coney Island: all formerly redlined areas, which experienced high rates of tax foreclosure in the 1970s and 1980s, and many of which are gentrifying (or gentrified, as is the case with the Lower East Side and Hells Kitchen). The plan does not reach most of Staten Island, Queens, and southern Brooklyn—areas that have remained white and stably middle/upper middle class.

Map includes all units counted toward Housing New York goals through 6/30/17. Address information is available for the vast majority of the 77,265 units started to date. The 990 units in the dataset that do not have address information are illustrated on the map at the community district level.

Source: Housing New York Units by Project dataset available through the NYC Open Data portal.
“How can the city improve Housing New York?”

1. **Clearly communicate data about housing costs, accessibility, and the impact on neighborhood affordability, rather than a blanket number of “affordable housing” units.** The administration and the housing field should move beyond the vague term “affordable housing,” which has lost meaning and triggers well-earned skepticism among many New Yorkers. Instead, the administration should provide the public with a clear explanation of specific housing programs and eligibility requirements, what neighborhoods they are in, and when the units will become available and for how long they will be affordable. Most importantly, the city must study the impact, including fair housing impacts and displacement risk, of Housing New York and related neighborhood rezoning policies, and use this data to inform policy. HPD’s Division of Housing and Policy Research has the expertise and authority to conduct longitudinal studies in particular neighborhoods or housing developments, and could study displacement and its racial and economic impacts. New York City’s Human Rights Commission, which has launched an educational campaign on the city’s civil rights laws including housing rights, has the authority to study the fair housing impacts of city zoning and other policies. The city should work with residents to find out what aspects of housing and neighborhood affordability residents care about most, create popular education tools for sharing data, and be accountable to reporting and adapting policy based on that data.

2. **Prioritize rent regulation and develop a system for proactively enforcing affordability requirements long term.** To complement Housing New York’s preservation efforts, the city should advocate for better oversight over rent-regulated units and the removal of legal loopholes that incentivize tenant harassment and the loss of affordability. This can include cooperation with the state on an enforcement entity that more stringently monitors rents in regulated units and expands enforcement beyond tenant lawsuits in housing court, and advocacy for a stronger rent regulation system when the laws come up for renewal at the state level in 2019.

3. **Make an explicit commitment to fighting racial segregation and displacement by overhauling the city’s approach to neighborhood-based rezonings.** Any density and income-targeted housing development initiatives should prioritize development in wealthy, historically white and exclusive neighborhoods. The city should also work closely with residents in neighborhoods of color to target housing investments toward community-led projects such as community land trusts.

4. **Serve the population that is experiencing the highest rent burdens and is at greatest risk of homelessness: low-income New Yorkers.** To achieve this, the city should build upon its recent commitment to increase the number of units targeted to New Yorkers earning below 50 percent AMI, and target tax breaks, subsidies, and public land to create permanent housing for those who need it most.

Ultimately, while these recommendations would make Housing New York more equitable, the plan alone will not address racial and economic disparities in housing. Even with deeper rent subsidies and stronger rent protections, many low-income people will struggle to make rent as they face barriers to work including education gaps and employment discrimination. Aggressive policing of communities of color that results in mass incarceration will continue to lead to displacement even amidst efforts to address housing costs and unlawful evictions. Homelessness, segregation, and affordability can only be addressed through a comprehensive, explicitly anti-racist planning process that aims to address systemic inequalities across intersecting policy arenas.
NOTES


3. CSS’s definition of a low-income tenant household in NYC is those at or below twice the federal poverty threshold.

4. Advocates have challenged the income-targeting guidelines of Housing New York since it was introduced. See http://www.coalitionforthehomeless.org/uploads/2014/04/RealAffordabilityForAllApril2014.pdf


6. See “What Is Affordable Housing?” HPD. Available at http://www1.nyc.gov/site/hpd/about/what-is-affordable-housing.page

7. See Housing New York by the Numbers (through 6/30/17). Available at https://www1.nyc.gov/site/housing/action/by-the-numbers.page

8. NYC Department of Homeless Services and Human Resources Administration and NYCStat shelter census reports. See http://www.coalitionforthehomeless.org/basic-facts-about-homelessness-new-york-city/

9. Turning the Tide on Homelessness in New York City, Department of Health and Human Services, Department of Social Services, 2017.

10. See https://data.cityofnewyork.us/Housing-Development/Housing-New-York-Units-by-Building/hg8x-zxpr

11. See Housing New York by the Numbers (through 6/30/17).

12. Incarceration often leads to job loss or eviction and landlords can lawfully deny apartments to applicants with a history of incarceration. Policies linked to mass incarceration, including New York City’s current approach of aggressively policing misdemeanor or “quality-of-life” offenses (commonly known as Broken Windows policing), disproportionately affect low-income people, homeless people, and people of color. Police Reform Organizing Project (PROP) has done extensive court monitoring and analysis of New York City policing and provided policy recommendations, see PROP, Changing the NYPD: A Progressive Blueprint for Sweeping Reform; The Office of the Inspector General found that “Broken Windows” policing had no correlation with felony crime rates. See New York City Department of Investigation, Office of the Inspector General for the NYPD (OIG-NYPD), An Analysis of Quality-of-Life Summons, Quality-of-Life Misdemeanor Arrests, and Felony Crime in New York City, 2010-2015.


15. Unpublished HPD data obtained through a FOIL request.


24. For more information about the right to counsel, see http://civilrighttocounsel.org/major_developments/894


26. For redlining maps of New York City, see https://dsl.richmond.edu/panorama/redlining/#loc=11/40.6840/-73.8270&opacity=0.8&sort=101,203,104,99&area=D26&city=manhattan-ny


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