"Housing a Growing City"

Report documents modern mass homelessness in New York City—Part 1

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The Coalition for the Homeless has issued a detailed report, "Housing a Growing City," dealing with housing conditions in New York City and trends that have developed over the past quarter-century. The study is based largely on data from the Housing and Vacancy Survey (HVS), which is conducted every three years by the US Census Bureau.

The Coalition for the Homeless is an advocacy organization that has been active on behalf of the homeless for several decades. Its latest report documents an enormous housing crisis in the financial and cultural center of the US, a crisis which is worsening even as the Wall Street boom continues. The study is appropriately subtitled "New York's Bust in Boom Times."

This, the first of two articles, will summarize and explain much of the data contained in the report on the symptoms and the causes of the shortage of decent and affordable housing in New York. The second article, to be posted Monday, September 11, will deal with the consequences of the crisis, particularly the phenomenon of modern mass homelessness. It will also examine some of the proposals advanced by the Coalition for the Homeless for dealing with this crisis.

There are several major factors contributing to the current housing crisis in New York. The last 30 years have seen the growth of poverty alongside enormous wealth. The city's housing stock has deteriorated steadily, while older buildings have been replaced by housing priced increasingly beyond the reach of even better-paid sections of the working class. At the same time, there have been drastic cuts in all forms of government housing assistance.

All of this has produced a large and widening gap in affordable housing, usually defined, for rental apartments, as rents that amount to no more than 30 percent of a family's income. In 1970 there were 272,000 more low-cost rental housing units (defined as apartments renting for under $350 a month in 1995 dollars) than the number of "extremely-low-income renter households" (earning less than 30 percent of the median income). By 1976 this relationship was already reversed, with 163,000 more poor households than low-cost apartments for them to live in. By 1995 this affordable housing gap had reached 405,925, affecting more than a million people.

The report identifies five major features of New York's housing crisis: rising population, declining housing production, the widening affordable housing gap, reduced government housing assistance, and persistent mass homelessness. Each of these features is explained and illustrated in revealing detail.

The city's population was estimated at 7,428,000 in 1999, a 1.7 percent increase since the beginning of the 1990s, as immigration and natural increase more than offset the continuing migration to the suburbs. Population had also increased by 3.5 percent in the 1980s, after a steep decline in the previous decade. The Census Bureau also acknowledges that hundreds of thousands of city residents, particularly in poor and immigrant neighborhoods, were not counted in 1990, so the actual population of New York may be close to 8 million.

New York City was the destination for nearly one of every six immigrants admitted to the US in the past two decades. From 1980 to 1996 there were 1,650,381 legal immigrants admitted to New York, 16.2 percent of all legal immigrants to the US. During this same period, an estimated 5 million undocumented immigrants also settled in the country. If the proportion of the undocumented who settled in New York is similar to that for legal immigration, this would represent another 800,000 people.

Despite the obvious signs of wealth, the city is poorer as a whole than it was 20 years ago. The median household income for families who rent their homes has finally, in the boom of the last few years, come back to the level of 25 years ago. It is still below the 1969 level in real terms.

Above all the city is more socially polarized. Hundreds of thousands of working class and middle class families have left for the suburbs, not because they have become wealthy, but, among other reasons, because they can no longer afford the cost of housing. Sections of upper middle class professionals and financially well-off retirees have moved into the city, but the major part of the population increase has consisted of poorer families, including many of the new immigrants.

Little or no provision has been made to house this population, however. While the number of city residents has been growing for the past two decades, housing production has slowed sharply and steadily for the last 30 years. During the decade of the 1960s, the average new housing units completed annually was 36,896, reaching a peak of 60,000 in 1963. This fell to an annual average of 17,006 in the 1970s, 10,437 in the 1980s and 7,861 for the years 1990-95.

Much of this decline stems from the cutbacks in government housing programs. In the first two decades after the Second World War, much low-rent public housing was constructed. There was also the Mitchell-Lama program, which was initiated in 1955 and provided low-interest mortgage loans and property tax exemptions for housing construction in exchange for limitations on profits. This program created 125,000 apartments for working class and middle class families over the next two decades, including the mammoth Co-op City project in the Bronx.

Today there is almost no public housing being built, and the programs which encouraged middle-income housing have also been drastically cut. While new housing construction has declined sharply, an increase in building demolitions has also taken place. Residential building demolitions totaled 839 buildings in 1998, the most demolitions since an epidemic of building abandonment 20 years earlier.

These trends have combined to produce an absolute loss of rental housing in New York in the past decade. The number of rental units fell from 2,028,303 in 1991 to 2,017,701 in 1999, a loss of more than 10,000

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apartments during a period when the city's population grew, by official (and therefore conservative) estimates, by 125,000, or more than 40,000 households.

Even if there had not been an absolute loss of rental housing, the problem of affordability would remain as the major symptom of the housing crisis. Most apartments that existed 30 years ago still exist, but most are no longer within the means of the working class. Hundreds of thousands have been converted into cooperatives or condominiums, far beyond the reach of most workers. The average price of a condo or co-op in Manhattan in the area south of Harlem and the upper part of the borough has reached $700,000. The remaining rental units have also skyrocketed in price.

New York remains unique among large US cities in being a city of tenants and not homeowners. Nearly two-thirds of US households own their own homes, but in New York, as of 1999, 68.1 percent of households were renters.

Rental housing in the city falls into several somewhat complicated categories. Rent control, which began over 50 years ago, now affects only 2.7 percent of occupied rental units. It has largely been supplanted by rent stabilization, a much looser form of regulation; 52.2 percent of all rental units in the city are rent-stabilized, and the rents on these apartments have been allowed to increase steadily.

In addition to rent controlled and rent-stabilized apartments, public housing, with 169,000 dwellings housing some 600,000 people, comprises 8.7 percent of rental apartments. 130,000 households are on the waiting list for these apartments, which are in most cases the only affordable housing available, especially for minority workers. Mitchell-Lama apartments make up another 3.4 percent. About 30 percent of apartments, including most built in the last 30 years, are unregulated. *In rem* housing, apartments owned by the city itself as a result of an owner's failure to pay property taxes, represent another 1 percent. The *in rem* dwellings, administered by the city itself, are often among the most dilapidated slums.

The report discusses five aspects of the crisis of housing affordability: overcrowding, the quality of housing, changes in rents and in the incomes of renter households, and the resulting changes in rent burdens as a share of family income.

Housing is considered crowded if there is more than one person per room, and seriously crowded if there are more than 1.5 per room. These two measures have soared in the past 20 years. In 1978, 6.5 percent of all rental units were considered crowded by the above standard, and 1.5 percent were seriously crowded. By 1999 these figures had increased to 11.0 percent and 3.9 percent respectively.

Overcrowding is directly related to housing affordability, as their inability to pay for apartments of a decent size forces families of five or more to live in three rooms, or to “double up” with friends or relatives.

Dilapidated housing and apartments with five or more major maintenance problems are also indications of the disappearance of affordable housing. In 1996, 6.1 percent of all occupied rental units in the city had five or more maintenance problems, compared to only 2.0 percent in 1987. Another 1.3 percent fell into the category of dilapidated units, defined as failing to provide safe and adequate shelter.

Between 1981 and 1999, the median gross rent (including utilities) rose 35.4 percent in real terms in New York City, from $517 to $700 per month in 1999 dollars. Housing costs were far above the general inflation rate for these two decades. Furthermore, the poorest households experienced the greatest percentage increase in rents.

The number of low-cost apartments shrank by half in less than a decade during the 1990s. Units with gross rents below $500 represented 47.6 percent of apartments in 1991, but only 21.3 percent in 1999.

Meanwhile the income of working class households has at best stagnated in the past quarter-century, even allowing for the growth in two-income families. Real incomes fell at a drastic pace during the 1970s, recovering slowly during the 1980s before falling again in the recession of the 1990s, and then slowly recovering in the last half of the decade. For most New Yorkers the long Wall Street bull market has meant at best the opportunity to keep working and attempt to stay even with rising costs of housing, education and medical care. Many have fallen behind.

The median rent burden—the share of household income devoted to rent and utilities—was about 20 percent in the 1960s and early 1970s. It increased to more than 25 percent after 1975, and for most of the 1990s it has been near 30 percent, the “affordability” threshold.

Another way of looking at this is to examine the number of households paying more than half of their incomes to put a roof over their heads. Twenty-one percent of renters paid more than half of their incomes for rent in 1981. This has grown steadily over the last two decades. In 1999 more than 500,000 households in New York, 27 percent of renters, paid more than 50 percent of their income in rent. Another 20 percent paid more than 30 percent but less than 50 percent.

The report also shows how the housing crisis disproportionately affects the black and Hispanic minorities, which together account for about 50 percent of the city's population. With lower average incomes and often forced to live in substandard housing in the city's poorest and racially segregated neighborhoods, these sections of the population pay on average a larger percentage of their incomes for rent.

Government policies over the past 20 years have worsened the housing crisis. The New York State rent regulation laws have been undermined, most recently in 1997 after the passage of the Rent Regulation Reform Act. The Coalition for the Homeless report explains that this law—proclaimed a victory for tenants at the time of its enactment—in fact makes huge concessions to the real estate industry. The law created a vacancy bonus, for instance, for all rent-stabilized apartments, which amounts to a rent increase of between 18 and 20 percent upon each vacancy. It also provides for a special vacancy allowance for low-rent apartments, ensuring that these apartments get more than a 20 percent hike upon vacancy. Units renting under $300 a month, for instance, receive a $100 increase in addition to other vacancy allowances.

These and other provisions have led to affordable apartments being virtually eliminated in the last few years. Apartments renting for less than $500 dropped from 32.7 percent of the total to 25.9 percent between 1996 and 1999, after the new rent regulation legislation. Apartments renting for less than $300 fell from 12.2 percent to 10.4 percent. Of course the vast majority of these apartments are not available, and families seeking housing have nowhere to turn if they are not prepared to spend as much as $1,000 a month or more.

While the changes in rent regulation have hammered tenants from one direction, the federal, state and city governments have hit them from another. There have been huge cutbacks in the development of subsidized rental housing. In the late 1970s, the federal government provided housing assistance, either in the form of subsidized housing or through direct subsidy to poor tenants, to more than 360,000 households each year. This figure fell to less than 70,000 in the 1990s.

New York City has historically committed funds for the construction of low-income housing, but in the current economic boom capital funds for housing have been continuously cut. Average annual capital funds for housing from both city as well as federal and state sources fell, in 1999 dollars, from $1.028 billion in the late 1980s, to $565.0 million in the early 1990s, and $316.9 million during the administrations of current Mayor Rudolph Giuliani.

Tenant-based housing assistance, including federal rent subsidies and welfare housing allowances, have also been cut back during the past two decades. The Section 8 voucher program, a federal Housing and Urban Development program administered in New York through the city's Housing Authority, provides certificates and vouchers to assist eligible

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households with rent subsidies. Families use the vouchers to pay higher rents than they could otherwise, with their own contribution generally falling within the 30 percent-of-income measure of affordability. There are currently 76,000 households receiving this type of assistance in New York, but the number of new Section 8 vouchers issued annually has fallen by 42 percent in New York over the past 20 years, just when they have become needed more than ever. In the past decade an average of only 2,536 vouchers have been issued annually to families desperate for a place to live. 215,000 people are on the list for Section 8 vouchers, which would mean a wait at current rates of more than 80 years!

Welfare housing allowances have suffered as much or more during this period. Between 1975 and 1999 they lost 52 percent of their real value in New York City, while median rents increased 33 percent in real terms. Despite the much-publicized decline in the welfare rolls in recent years, public assistance recipients still represent about 8.7 percent of the city's population, and about 85 percent of these households utilize the welfare housing allowance. This shelter allowance is $286 for a family of three in current dollars. The median gross rent for an apartment for a family of three in New York is currently $700. The gap between rent and the shelter allowance, which was $227 (in 1999 dollars) in 1987, has now grown to $414.

A summary of the data thus reveals that millions are affected by overcrowding, the decline in housing quality, soaring rents and stagnating incomes. All of these statistics document the city's housing crisis, which is only part of a decline in living standards and living conditions for the majority of workers in New York City over the past generation. The statistics reveal the one-sidedness of the official claim of growing prosperity.

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