One year into the administration of Mayor de Blasio

Affordable housing increasingly scarce in New York City

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The spiraling cost of housing in New York City is pushing growing numbers of workers into increasingly marginal housing or onto the streets. The officially recorded homeless population of the city living in shelters now exceeds 60,000, the highest number since the Great Depression.

The city's programs to address homelessness and the diminishing availability of affordable housing are totally inadequate to meet the need, forcing people to live in squalid conditions, and are, in fact, designed primarily for the benefit of slumlords and real estate developers.

Last month, New York City's Department of Investigations (DOI) released a scathing report regarding the city's homeless shelters. The report, the result of a year-long study, focused on 25 shelters, operated and managed by the City Department of Homeless Services (DHS), which houses approximately 2,000 homeless families. It found that these shelters "exposed residents to serious health and safety violations such as extensive vermin infestations, blocked or obstructed means of egress, non-working smoke and carbon monoxide detectors, and improper and/or missing Certificates of Occupancy."

The report also found that the City is paying exorbitant rents to the private owners of these shelters, twice or more the going rates of comparable apartments in the surrounding neighborhoods. These shelters, known as "cluster housing," are leased from private landlords in an attempt to compensate for the grossly inadequate supply of city-owned facilities faced with accommodating an ever-growing homeless population. Owners reportedly drive out existing tenants in order to participate in the much more lucrative city program, which has become a multibillion-dollar business.

Another recent report, prepared by the non-profit investigative organization ProPublica, found that conditions in New York City Housing Authority (NYCHA) public housing, the largest such system in the country, with more than 400,000 tenants, remain horrific. Despite continuing complaints and protests by residents, large numbers of dangerous and unhealthy conditions, including water leaks that result in extensive mold growth and have the potential to spark electrical fires, go unaddressed for months and even years.

It is a testament to the desperate state of housing availability in the city that despite these conditions there is at present a waiting list of more than 250,000 for apartments in the city's NYCHA public housing developments. The system is currently running a $98 million budget deficit, projected to reach $400 million by the year 2025, and there are no plans for new construction.

On the contrary, NYCHA is accelerating sales of "unused" parcels of land, including green space and parking areas, to private developers. News reports indicate that 54 parcels amounting to 441,000 square feet of public land have already been sold off. These sales are certain steps towards the ultimate privatization of the system.

Meanwhile, in the richest city in the world, construction of luxury housing is booming, as are the prices. Last year, a single apartment, located in a newly constructed building on West 57th Street, just south of Central Park, was sold for over $100 million—a new record. Others in the same vicinity have recently gone for prices in the mid to high tens of millions.

The mad pace of construction of ultra-high luxury residential towers, dubbed in a recent issue of the *New York Review of Books* as "Conspicuous Construction," is ramping up to feed the ever-growing appetite of the world's super-rich for ostentatious and often barely occupied living quarters.

These apartments are especially attractive to elite foreigners as a mechanism to "offshore" their wealth in what they perceive as a safe haven. Such purchases are often conducted in highly cloaked transactions, and hence have been given the moniker Towers of Secrecy by the *New York Times*.

At the same time, the city's working class is facing increasing difficulty in finding an affordable place to live caused in part by the knock-on effect of this colossal real estate bubble. While new luxury apartments are being built at a dizzying rate, the number of affordable units is declining substantially.

According to the Census Bureau, since 2001, more than 100,000 apartments that rented for between $500 and $900 a month have been lost. Additionally, since 1997, between 300,000 and 400,000 formerly rent-regulated apartments have been opened to the free market as laws have been loosened at the behest of the real estate lobby, lessening the available housing for middle income families.

Mayor Bill de Blasio's election pledge to "build or preserve" 200,000 housing units over the next 10 years, even if achieved, would be woefully inadequate to compensate for these losses, let alone the likely additional declines in the future. Even this goal would require a rate of approximately 20,000 housing units per year. In fact, the pace has declined over the past several years, from 17,000 in 2012 to 13,000 in 2014, and has never exceeded about 18,000 over the last decade. Furthermore, the necessary funding to achieve the stated goal is dependent on a significant influx of money from the state and federal governments, which is unlikely to materialize.

As if the ever-increasing prices were not enough to generate super profits for developers, the boom in luxury housing is being supported by a City program of tax breaks, known as 421-a, that funnels $1.1 billion per year to construction of mostly high-end units, including the 57th Street building cited above, under the pretext that a certain percentage of units are supposed to be "affordable." This is a fraud. The majority of buildings constructed under this program are located in Manhattan, the city's richest borough. Even those in the outer boroughs, however, are overwhelmingly designed for those who can afford market rates.

A recent study of the 421-a program by the group Real Affordability for All found that in a sample of 61 buildings in Brooklyn that received support from the program only 6 percent of the resulting apartments had rents below market rate. Furthermore, only 31 out of the 257 supposedly affordable units were rented at rates that were within the feasible budgets of families making less than last year's median income of $41,000 for renters in the city.

Most of these buildings also benefit from federal tax abatements and from City programs that allow for the construction of a greater number of units than would normally be allowed under zoning ordinances. Furthermore, the requirement to maintain the affordable rents on the designated units expires when tenants move out or after a fixed time period, allowing the landlords to then charge market rates. The end result is that real estate developers are being supported in the construction of highly lucrative housing for the city's elite justified by the a fig leaf of affordable units.

Available data indicates that only about 12 percent of the apartment units built under the 421-a program during 2013-2014, about 13,000, are nominally affordable. The Real Estate Board of New York, the principal industry lobbyist, has stated that if the program is not renewed next year, when it is scheduled to expire, construction of even this totally inadequate level of supposedly affordable housing will cease.

Now, under cover of promoting additional affordable housing, Mayor de Blasio is proposing a new program, dubbed "Zoning for Quality and Affordability," that would substantially loosen zoning regulations, allowing the construction of even taller buildings in areas where they are not currently permitted. Such a change has long been sought by the city's developers, as it would maximize the use of the limited and expensive available real estate to build even more "market rate" apartments, especially in Manhattan, and, therefore, boost profits even further, with minimal benefit to most city residents.