

New York mayor promotes gentrification of Brooklyn neighborhood

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The administration of New York City's Democratic mayor, Bill de Blasio, has announced details of a plan intended to promote the construction of affordable housing in the working class neighborhood of East New York in Brooklyn. The plan proposes the investment of city funds for infrastructure improvements in this long-neglected area, as well as rezoning to permit taller buildings and higher density, making it more profitable for developers.

The affordable housing component involves the implementation of what is termed "mandatory inclusionary zoning," which would require all new construction in the area to include at least 25-percent "affordable" apartment units. East New York is a pilot study which, if considered successful, will be implemented in other selected areas of the city. The mayor has a stated goal of adding 80,000 new affordable units to the city by 2024.

The proposal, which is under review by the City Planning Commission and will ultimately have to be accepted by the City Council, drew immediate criticism from affordable housing advocates as being nothing more than city-sponsored gentrification. It would create conditions under which developers can build predominantly market rate apartment units while the remainder would be unaffordable for most of the existing residents.

The plan includes three options for developers.

- Set aside at least 25 percent of the housing units to be affordable for a family of three earning 60 percent of the area median income (AMI) - \$46,620 per year.
- Set aside at least 30 percent of the housing units to be affordable for a family of three earning 80 percent of the area median income - \$62,150 per year.
- Set aside at least 30 percent of the housing units to be affordable for a family of three earning 120 percent of the area median income – over \$93,000 per year.

Only Options 1 and 2 would qualify for city subsidies, such as the 421-a tax abatement program and other incentives, which are highly lucrative for developers. However, all three would provide developers with the proposed major investment of public funds for infrastructure improvements.

The income data used to calculate the AMI is based on the city as a whole, roughly \$77,700 for a family of three, which encompasses a wide range, including the super-rich. Census data from 2014 for Brooklyn indicate that the overall median household income for that borough was only \$44,850. Consequently, for the majority of borough residents, even the cheapest of the "affordable" apartments would be out of reach under the proposed plan. The situation will be even more difficult in relatively poorer neighborhoods such as East New York.

The city considers an apartment affordable if the rent represents no more than 30 percent of household income. For a Brooklyn household receiving the median income, that would translate into a monthly rent of approximately \$1,120. The 2014 census data indicate that average rent in the northwestern portion of the borough, which has already undergone gentrification, was \$2,800.

The critical lack of affordable housing in New York was recently highlighted by a study indicating that even if the proposed increase in the minimum wage to \$15 per hour, roughly \$31,000 a year for a full time worker, was implemented immediately, only one neighborhood, located in the Bronx, would be affordable at that income level.

The process of gentrification, the movement of relatively wealthier layers into poor neighborhoods, has a long history in New York City. It inexorably leads to the increase in property values and rents, making housing more expensive for the existing residents, who are progressively driven into even more marginal neighborhoods. These, in turn, become more crowded.

There is a ‘knock on’ effect with growing demand in the “peripheral” areas increasing rents, further worsening the housing crisis throughout the city.

As the financial and corporate elite of New York have enriched themselves, waves of gentrification have spread across the city for decades, accelerating during the “recovery” following the 2008 financial crisis. Driven by rising housing costs in the wealthy core area of central Manhattan, middle class residents have gradually moved outward, first into northern and southern portions of the borough, and then to adjacent neighborhoods in the outer boroughs, such as Park Slope and Williamsburg, Brooklyn and Long Island City, Queens. Working class and lower middle class residential as well as commercial and light industrial areas have progressively been transformed by renovation and new construction into upper middle class neighborhoods, crowding out the previous residents.

This has, so far, largely been a “natural” process, an expression of market forces, though encouraged in a variety of ways by government policies (See: “New subway station in New York cannot hide the growing crisis of public transit and housing”).

Now, the de Blasio administration’s plan will directly promote gentrification in a working class neighborhood. The rationale being presented to justify this proposal is that inducing relatively wealthier (i.e. middle class) people to move into an impoverished area will “improve” the neighborhood. It would result in promoting the growth of local shops, restaurants, and services, which are typically in short supply in poor, working class areas. The plan does not explain how these new amenities, targeted at the influx of relatively wealthier newcomers, will overcome the limitations created by the poverty-level incomes of current residents.

As *Crain’s New York Business* recently editorialized in response to de Blasio’s proposal, gentrification is preferable to attempts to inject poor people into wealthier neighborhoods, as promoted by such programs as 421-a, which provides tax incentives to developers for the inclusion of a small proportion of “affordable” units as part of otherwise market rate developments. Such efforts, *Crain’s* delicately states, have met with “opposition” from the existing elite populations, leading to “work arounds”, including construction of the notorious “poor door” buildings, with segregated entrances and a lack of amenities for the non-elite residents.

The newly proposed plan would prohibit poor door buildings, but permit the construction of separate

“affordable” buildings, provided they are located on the same lot as the market rate building. Apparently, the city considers this less demeaning. Furthermore, as *Crain’s* correctly observes, such schemes have done nothing to improve conditions for the great majority of the city’s poorer population.

In effect, this new program is yet another iteration of the long discredited policy of creating “incentives” to induce private real estate interests to build housing which is profitable to them, while driving out the existing residents.

A newly published study by the advocacy group “Real Affordability for All” concludes that there is a deficit of over 700,000 housing units for low-income New Yorkers. This alone demonstrates the utter inadequacy of the mayor’s stated goal to build or retain 200,000 housing units by 2024.

This latest proposal is of a piece with previous components of de Blasio’s housing program, such as the construction of “market rate” housing in open spaces within existing New York City Housing Authority (NYCHA) public housing complexes, all of which are designed to benefit wealthy developers and ultimately privatize public housing. (See: “New York City plans public housing privatization”)

All of the measures that have been proposed in recent decades by various Republican and Democratic administrations to address the growing affordable housing and homelessness crisis in the city have done nothing to address the fundamental problem underlying the housing crisis—gross income inequality. Measures such as mandating developers to use local labor for housing construction in mandatory inclusionary zones, as proposed by Real Affordability for All, would have only minimal and temporary effect.

Only a massive socialist program of construction and rehabilitation throughout the city, that places housing under the democratic control of the working class rather than that of private developers, can fulfill the right to decent, affordable housing for all.



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