

New report discusses gentrification and its impact on New York City neighborhoods

Isaac Finn and Fred Mazelis
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A recent annual report from New York University's Furman Center on Real Estate and Urban Policy, "State of New York City's Housing and Neighborhoods in 2015," raises the issues of skyrocketing rents and the crisis of affordable housing facing millions of working class New Yorkers.

The Furman Center describes gentrification, in somewhat stilted academic language, as "neighborhoods that start out predominantly occupied by households of relatively low socioeconomic status, and then experience an inflow of higher socioeconomic status households." In plainer words, this means the process in working class neighborhoods that are often targeted for the development of luxury housing in which longtime residents are "priced out" of their communities and in many cases forced to move out of the city itself.

While this is widespread throughout the US as well as in Western Europe, New York—where a full 70 percent of households is composed of renters—is especially well known for gentrification. In recent decades, most of northern Brooklyn, including Park Slope, Greenpoint, Williamsburg, Cobble Hill and Prospect Heights, along with parts of Manhattan's East Village, have become synonymous with the term. More recently Harlem, Washington Heights and Inwood in Manhattan, Bushwick and Bedford-Stuyvesant in Brooklyn, and Astoria in Queens have also joined this list.

It must also be understood that gentrification entails more than simply the development of luxury housing. In some sections of the city, residents who are not wealthy are no longer able to afford housing in their existing neighborhoods and have taken advantage of slightly lower rents elsewhere. This in turn drives up rents in these generally poorer areas. The cycle of ever-increasing costs hits different sections of the working class as well as middle class layers, although in different ways.

In considering the Furman Center report, it must be said at the outset that the Center is part of New York University, one of the most prominent examples of the growing influence of private wealth on higher education in recent

decades. A look at its advisory board makes clear the close connections between Furman Center and the corporate and political establishment. It is named for the wealthy real estate developer and NYU alumnus who endowed it. It is not surprising that its report does not delve deeply into the housing crisis, but rather confines itself to statistics which, though quite detailed, are not really analyzed and in some cases obscure more than they reveal.

The latest report divides the city's five boroughs into 55 "sub-borough areas," essentially combining New York's more than 100 distinct neighborhoods into a smaller number of districts. The 55 "SBAs" are in turn divided, somewhat arbitrarily and misleadingly, into 22 "lower-income" and 33 "higher-income" areas. Of the 22 poorer areas, 15 are gentrifying, meaning that rent has increased at higher than average rates in these areas over the past quarter-century. Seven of the poorer areas are classified as "non-gentrifying."

Contained within this figure is an important kernel of information: it is precisely the poorer working class neighborhoods that are targeted for gentrification. The current population, already plagued by high levels of unemployment and poverty, is less able to withstand the real estate developers. It is forced to move, to double up with relatives, to become homeless, or to relocate to outlying areas of the city or even much further away.

The division between lower- and higher-income neighborhoods is misleading because the 33 "higher-income" areas include the wealthy Upper East Side, Upper West Side and midtown Manhattan, for instance, alongside struggling working class communities in Queens, the east and north Bronx, southern Brooklyn and Staten Island. The issue is not simply the narrow definition of gentrification defined by average rent increases over the past 25 years, but more essentially the division of the city between the struggling 80 percent or more of the city's residents and the more prosperous upper middle class areas, mostly confined to parts of Manhattan and northern Brooklyn, perhaps 10 or at most 20 percent of the city's population.

The report gives figures for the “average percent change in mean household rent” for the different neighborhood types between 1990 and the 2010-2014 period. For the city as a whole, the figure is 22.1 percent, for gentrifying areas it is 34.3 percent, for non-gentrifying areas it is 13.2 percent and for the misnamed “higher-income” areas it is 17.8 percent.

These numbers are deceptive, however, because, as the report itself briefly acknowledges, they are an average of the rent-controlled and rent-stabilized apartments in any given neighborhood, along with the newly-built or renovated units that have come on the market and where big rent increases are demanded. The 34.3 percent increase for gentrifying areas is really closer to 100 percent if one considers the “asking rent” for these newly-available apartments. Anyone looking for a place to live in these gentrifying areas must pay sums that are double or more what the rent was 25 years ago. For certain sections of the city, especially in Manhattan, the figures are even greater. Those fortunate enough to live in rent-stabilized apartments cannot think of moving within their present neighborhoods unless they are prepared to double or triple their housing costs.

According to the Furman Center’s analysis, only 13.3 percent of recently available housing units in 2010-2014 were considered “affordable”—that is, renting for less than 30 percent of household income—for the median renter household. This is the significance of the report’s discussion of “rent-burdened” households, or those paying more than 30 percent of their pre-tax income towards rent. It must be said that this phrase conjures up talk of “disadvantaged” and “less fortunate” households. It is the kind of hypocritical euphemism used by the political establishment to feign “compassion” for the poor.

Since the calculation is based on pre-tax income, this means that families are often spending closer to 40 percent of their take-home pay for housing. Between 2000 and 2010-2014, according to the report, the percentage of “moderate-income” households in this category more than tripled, from 8.5 percent to nearly 27 percent. For the vast numbers who do not meet the “moderate-income” threshold the situation is far worse. Many pay more than 50 percent of their income to put a roof over their heads, and are forced to choose between food or medicine or housing—or homelessness. This description is far more accurate and concrete than “rent-burdened.”

The media portrays gentrification as inevitable, and academic “experts” such as those at the Furman Center take the same approach. There are definite material interests behind the Furman Center’s report and the way it minimizes the effect of the crisis.

Gentrification in its present form simply reflects the relentless growth of inequality. The demand for

gentrification, the willingness and ability to pay rents far beyond the means of the vast majority, reflects the growth of an affluent upper middle class, not only the top 1 percent but also including the highest 5 or 10 percent on the income scale. The huge growth in real estate values also turns less well-off sections of the population into “gentrifiers,” however, as they seek to find a place for themselves amidst rapidly rising rents and house prices. And the young, those who find apartments for \$3,000 or even \$4,000 monthly and manage with 3 or 4 roommates, also become part of the trend.

The current housing climate has taken shape in the years since the 2008 crash, with the artificial and unequal character of the “recovery” finding its reflection in the artificial and unequal distribution of available housing. The gentrifying neighborhoods have an increasingly transient character, with landlords and developers making a killing, new residents often staying only a few years, and workers not knowing what the future holds as far as a place to live and raise a family.

Mayor Bill de Blasio’s campaign promise of nearly three years ago to take action about the scandalous lack of affordable housing now looks almost laughable. Even if he could fulfill his pledge to build or renovate 200,000 units in the next 10 years, it would not meet the minimum needs of the population. Far from doing anything about the “tale of two cities” slogan on which ran for office, the “progressive” mayor is presiding over deepening polarization, more high-rise towers for billionaires seeking a safe investment and plans to privatize public housing or rob its tenants of parking spaces or other public areas in order to squeeze in new sources of revenue.

This state of affairs reveals not simply that de Blasio is a typically dishonest capitalist politician, but also that the system can no longer provide the social reforms that characterized the building of public housing and subsidized affordable housing from the 1930s through the decade of the 1960s.

The right to a decent and affordable place to live can only be met through a socialist program. In answer to the capitalist pundits who arrogantly declare that society cannot afford to provide decent living conditions and that even de Blasio’s 200,000 units are “unrealistic,” a democratically planned economy will make affordable housing available for all.



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