

# New York City affordable housing crisis continues to worsen

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A new report issued by the office of the New York City comptroller, Scott Stringer, documents the staggering decline in the availability of affordable housing in the United States' largest city.

Based on data from the US Census Bureau's 2017 Housing and Vacancy Survey, the report found that, between 2005 and 2017, close to half a million (425,492) housing units with rents of \$900 per month or less, which is considered affordable in New York City, were lost. In 2005, nearly three quarters of rental apartments went for \$900 in 2017 dollars.

Over the same dozen-year period, the number of high-rent units, above \$2,700 per month, rose by more than 111,000, a fourfold increase.

Part of this transfer of housing availability from the working class to the wealthy elite was due to the shift of 88,518 units out of the rent stabilization program, in accordance with its provisions, allowing landlords to raise rents to market rates. Every year, thousands more units fall out of the program. It is estimated that, over the past two decades, between 100,000 and 300,000 units have been deregulated while even those remaining in the program are allowed annual rent increases.

These figures, along with the persistently high number of homeless people in the city—more than 60,000 in shelters each night, more than a third of them children, and thousands more on the streets—demonstrate the utter failure of two-term, supposedly progressive Democratic Mayor Bill de Blasio to fulfill his campaign slogan of addressing the city's gaping economic divide, the "Tale of Two Cities" as he framed it.

The shelter population has increased by nearly 10,000 during de Blasio's tenure.

De Blasio, in office since 2014, had initially pledged to "create or preserve" 200,000 affordable housing

units within 10 years. Last November, he raised the goal to 300,000 by 2026, four years after the end of his second term. Even if accomplished, this would represent a shortfall of over 100,000 compared with the loss documented in the comptroller's report. And that does not factor in the city's population growth. From 1999 to 2014, New York's population grew by about 14 percent, while the housing stock increased by only 9 percent.

By his own account, the mayor has so far claimed to have achieved a total of only 34,500 units built and 77,651 preserved during his roughly four and a half years in office, an average of about 25,000 per year. Based on the data in the Stringer report, an average of more than 35,000 affordable units were lost each year during the period of the study. Clearly, de Blasio's efforts are grossly inadequate given the actual net loss of affordable housing.

De Blasio and his Republican predecessor, billionaire Michael Bloomberg, have both relied on a variety of schemes, "mandatory inclusionary housing" and 421-a tax abatement, for example, that are supposed to incentivize wealthy developers to include a percentage of affordable housing units in their projects. The results, including inferior "poor door" housing in which low-income tenants are excluded from the amenities provided for the wealthier occupants of the same building, have been meager, at best, for the working class, but highly lucrative for the developers.

De Blasio's mandatory inclusionary housing program, which relaxes zoning requirements allowing developers to build larger projects, and provides other incentives, has been severely criticized for promoting gentrification of working-class neighborhoods. The program is designed to maintain profitability for the developers by skewing the quotas of units for different

income levels.

Given the city's extreme income disparities, by employing city-wide income statistics in its quota calculations to determine what percentage of the total number of units will be allocated to each income bracket, the poorest segments of the population are most severely impacted. Significant numbers of residents are thereby forced out of their neighborhoods, exacerbating the housing and homelessness crisis even more. Furthermore, the program has a sunset provision, meaning that the allocation of lower-income units will expire, allowing rents to be raised to market rates.

The guiding principle of this and all such programs is the maximization of profit for the developers and major landlords. Construction of luxury housing catering to the city's wealthy elite brings a much higher return than building to meet the needs of the working class. Hence the inverse trends in the availability of affordable versus market-rate housing revealed in the Stringer report.

The immense and growing income gap between the working class and the city's elite is reflected in the cost of housing for the working poor. According to Stringer, "Thirty percent of people in homeless shelters have jobs but the rent is too high." Half the city's low-income renters, those earning less than \$28,000 a year for a family of three, more than 600,000 households, pay more than 50 percent of their income for housing, qualifying them as "extremely rent burdened".

The city's public housing system, the New York City Housing Authority (NYCHA), home to 400,000 low- and moderate-income tenants, was once considered a success in providing affordable working-class housing. It is now in a deplorable state due to decades of budget cutting and neglect. Tens of billions of dollars are needed for repairs and upgrades, only a fraction of which the city and state have so far pledged.

The pressure on housing costs is not only hitting renters. Home foreclosures in New York City reached an eight-year high in 2017. There was a 79 percent year-on-year increase in the third quarter of 2017 alone. And the trend continues. The first quarter of 2018 saw a 31 percent increase in foreclosures over the same period last year.

Meanwhile, the city's wealthy are doing quite well. About 70 billionaires and 389,000 millionaires live in New York City, the home of Wall Street. A new report

by the New York State comptroller indicates that the average Wall Street salary rose by 13 percent in 2017 to \$422,500, the highest compensation since 2008. By contrast, the city's median household income is only in the range of \$50,000 to \$60,000. In 2017, the median income rose by only 1.8 percent.

A major effort is needed to address the affordable housing crisis. The resources exist to support a massive program of repair, renovation, and new construction to meet the housing needs of the city's working population. This wealth is, however, held by a tiny elite who have no intention of employing it for the general good.

Only a workers' government implementing a socialist program of expropriation of this wealth can solve the housing crisis in New York and around the world. The Socialist Equality Party calls for the formation of workplace and neighborhood committees to link individual struggles on a national and international basis.



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