

# NYC mayor faces tough market for affordable housing

Vanichee Alcázar | USA TODAY | Published 8:04 a.m. ET March 26, 2015



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NEW YORK — For more than 40 years, Sheryl Morse has watched the fortunes of her Fort Greene Brooklyn neighborhood rise and fall, from the crime-filled 1980s to the now steadily rising levels of gentrification that threaten to squeeze out long-term residents like her.

As the neighborhood transformed into a hipster hub of trendy coffee shops and organic bistros, the residents and their grown children who once called Fort Greene home could no longer afford the rents in the relatively buildings, she said. Instead, multiple families crammed into two-room homes or simply left for other New York City boroughs or even other states, she said.

"It's just tearing at the fabric of families if we don't have affordable housing," Morse said.

So Morse, 65, had reason to be hopeful when New York City Mayor Bill de Blasio announced an affordable housing plan to finance repairs in the city's aging buildings, and build 60,000 new affordable apartments and houses over the next decade. The 13-story, two-building co-op of 150 apartments where she's lived for more than 40 years received \$3 million in city funding to fix boilers, aging elevators and old windows.



In his 117-page "Housing New York" plan, de Blasio vows to use zoning authority, tax incentives and new demands on developers to carve out a piece of the market for lower- and middle-income New Yorkers. People qualifying for affordable housing pay lower-than-market rents based on their incomes. The mayor has repeatedly described the city's housing situation as a crisis.

"We risk losing the very soul of this place, if it isn't a place for every kind of person," de Blasio said when he explained the program in February. "If we do not act, and act boldly, New York risks taking on the qualities of a gated community. A place defined by exclusivity, rather than opportunity."

Healthy neighborhoods start with affordable places to live, Alicia Glen, deputy mayor for housing and economic development, said.



"Everything is at stake," Glen said. "It's hard to talk about challenges around health care or education if people don't have a safe and affordable place to live. It's the fundamental building block of what makes great cities."

But in a large and competitive housing market like New York, where demand outpaces supply and money talks, housing experts say de Blasio, like the mayors who preceded him, faces a daunting task. New York City is already dense with buildings and has little vacant land for new construction. Much of the money for affordable housing comes from federal and state grants that de Blasio can't control.

"Can you build enough to make New York more affordable? I don't think this program can do that," New York Institute of Technology professor Nicholas Bloom, a public housing expert, said of de Blasio's plan. "You have a global city problem. It needs big money."

New York City, a 302-square-mile collection of five boroughs, is the largest city in the nation and with 27,000 people per square mile, it is also the most densely populated incorporated big city with 100,000 or more population. U.S. Census records show, it's also one of the most expensive places to live in the United States.

Average monthly rent for a one-bedroom apartment is \$3,150 in Manhattan and \$2,570 in Brooklyn, veteran New York City real estate agent Pat Barlow said. City dwellers looking to save money must sacrifice space. A recent Craigslist ad offered a 300 square feet on the Upper West Side for \$1,899 a month and another ad offered a "cozy" 190-square-foot room, known as a studio, in gentrifying Harlem for \$1,275.

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While New York City has earned the label of unaffordable for sometime, in recent years the city's prices have reached new highs. In 2014, 55% of rental households in New York spent more than 35% of their income on housing, which makes them "rent-burdened," de Blasio says.

In a nation where the annual median salary in 2014, as calculated by the Bureau of Labor Statistics, was \$40,580, New Yorkers must earn far more to keep pace. New York is so pricey that New Yorkers who earn as much as \$135,435 qualify under federal guidelines for affordable housing.

Generations of New York City mayors have struggled with how to house the city's population in its limited space. New York's legendary Mayor Fiorello LaGuardia, with first lady Eleanor Roosevelt at his side, dedicated the nation's first public housing development in 1925. In the 1970s, Mayor Ed Koch leveraged city financing in deals with non-profits to revitalize burned-out buildings and revive flagging neighborhoods in places like the Lower East Side and Crown Heights. Benjamin Dutch, executive director of the Association for Neighborhood and Housing Development, said,

Most recently, former mayor Michael Bloomberg received more than 40% of the city to allow developers to build higher than before, he said.

Leaders have sought to keep the city affordable because it needs the vibrancy and creativity that comes from young people, new residents, and immigrants, and needs a wide variety of workers to keep the city humming, experts say. If smart, creative, hardworking people can't afford New York, they will take their talents elsewhere, Dutch said.

"It has a genuinely deconstructive, long-term economic and social impact," Dutch said. "We don't have any neighborhoods that are affordable now and that's very bad."

Lack of affordable housing will also push working-class people to suburbs and into long commutes back into the city for work, Bloom said.

De Blasio's plan pledges to build 80,000 new affordable units and 150,000 new market-rate housing units over the next decade while preserving 120,000 existing affordable units. To achieve this, de Blasio will require some developers to build affordable units in exchange for city permission to build market-rate units, and the city itself will spend \$3 billion on affordable housing, Glen said.

To get developers on board, the city will allow them to build higher in exchange for including affordable housing in their plans, she said. De Blasio also plans to provide incentives, such as subsidies for retrofitting buildings to make them more energy efficient, to landlords in gentrifying neighborhoods to keep rents down, she said. The city will also hire lawyers to fight on behalf of tenants whose landlords pressure them to leave so they can charge higher rents to new tenants.

"It's very nuanced and a complicated formula as to what drives housing production, but we do have real tools in our toolbox," Glen said.

While Glen admits the plan won't reverse the trend of escalating rents, she says it will help many residents.

"Will we be able to turn back the tide or control the market? Of course not," she said. "Doing nothing is not the acceptable alternative."

To push his plan forward, de Blasio will need buy in from landlords, community groups, developers, and state and federal agencies.

De Blasio's plan does not recognize the struggles and rights of property owners, who also face rising costs for maintenance, utilities, building repairs and taxes, said Hermine Gidycz, executive officer of American Property Rights Association, a group of more than 400 landlords.

"If he wants to help tenants, he needs to help landlords as well by lowering some of the taxes or by coming up with plans to help landlords struggling with hardships," Gidycz said.

De Blasio will also have to contend with existing rent-stabilization contracts between landlords and tenants. State law limits how much some landlords can raise rents.

Mandatory demands for affordable housing will be a tough sell to some developers, Bartel said. De Blasio will have to tread carefully so he doesn't discourage developers who bring investment and tax revenue to the city, he said.

Other developers say building both affordable and market-rate housing can be a winning combination. Thousands of people have signed up to learn about a new development near Brooklyn's Barclays Center sports arena that includes 2,250 affordable rentals and 4,180 market-rate units, said Ashley Cotton, a spokesperson for Forest City Ratner Companies, which is partnering with Greenland Park on the project. The developers received millions of dollars in tax exemptions and [subsidy](#)

[financing](#).

"It's fascinating but it takes government," Cotton said. "No condo builder is going to do it on their own, that's for sure."

To tap federal aid, which pays for some affordable housing subsidies and vouchers for low income tenants, de Blasio will need cooperation from state and federal lawmakers, said Dan O'Flaherty, an economics professor at Columbia University.

If the plan does move forward, even those it intends to benefit may reject it. Lawyers for Brooklyn Legal Services Corporation A sued Bloomberg for rezoning parts of Brooklyn to build what he touted as affordable housing. The suit argued the project's provisions, including residency preferences, favored white residents over black and Latino residents.

"The devil is in the details to ensure what is built and what's preserved," Shekar Krishnan, a program director with Brooklyn Legal said.

De Blasio's plan has "a great number and it's a great goal to have, and hopefully when it's actually designed and built it's housing that meets the needs of the communities where that development is going to happen," he said.



While 200,000 units may seem like a lot, Sloan said it would take millions of new apartments to start New York's housing market. In Singapore and Hong Kong, also among the world's most expensive cities, the government built millions of state-run apartment buildings to lower overall market prices, he said.

O'Flaherty said adding to and preserving the existing affordable housing stock will make a difference, even if small.

"They aren't going to be inviable," he said. "These neighborhoods are going to change."

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