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NYC: Past, Present, Future

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Housing Policy in New York City:

An Exemplary Past, a Recuperating Present, an Uncertain Future

Despite the numerous and deeply rooted issues in its housing market, New York is a city that still deserves credit for its storied and continued work in trying to alleviate them. This work has largely been achieved through policy at not only the city, but also the state and federal levels; thus, it has often been subject to the whims of administrations with partisan goals. Despite these fluctuations, the city has never completely depleted its stock of housing for folks who can't quite afford to pay the market rate. This is a notable and perhaps remarkable accomplishment in a country that openly despises those who can't grab the bootstraps of self-sufficiency. However, ever-increasing demands for lower rent have not been satisfied, and one is left to wonder if supply will ever match demand. The city has grown increasingly expensive while wages have stagnated in a period with the highest economic inequality since the Great Depression. A large percentage of affordable housing stock was lost when the state legislature decided to pass policies that allowed for more ways to convert units back to market rate. Combine that with the double blow of two capitalist-minded mayors in Rudy Giuliani and Michael Bloomberg, and the hopes of being able to afford to live inside the city limits were squashed for numerous low-income, working- and middle-class folks. But policies from the city's history - particularly those of the 1970s - offer inspiration for changes that could make the city the more inclusive, tenant-friendly place it was back then. With Mayor Bill de Blasio committing to increasing the number of affordable units to help alleviate the painful inequalities in our modern day “Tale of Two Cities”, there is no more ideal time to take a look back at housing policy history, the stark contrast it presents to today’s realities, and the lessons it can teach.

New York has had a lengthy history of exemplary progressivism in its policies, and housing is no exception. The earliest instance of this comes from 1867, when the city enacted the country’s first tenement housing law. Fast forward to 1937, and the city again leads as a pioneer by building the first low-income housing project. Rent control was introduced in 1947, and 1955 brought the implementation of the Mitchell-Lama Program, which allowed developers to benefit from low-interest loans by agreeing to keep rents below a certain limit for a period of 25 to 30 years. Though it began as a state program, more than 40% of Mitchell-Lama developments received additional federal funding in the years that followed. With all of these efforts combined, New York became the city with the largest stock of federally assisted public housing. On top of that, the city had a quality reputation to match its leadership in quantity, as the public housing maintained a superior reputation and did not have the sort of dangerous “last resort” stigma that plagued similar urban developments across America (Furman Center 1).

Researchers Justin Kadi and Richard Ronald, in their article “Undermining Housing Affordability for New York’s Low-Income Households”, highlight one of the most jaw-dropping policies of yesteryear: that all of the city’s federally funded public housing was regulated to not exceed 25% of the tenant’s income (268, 272). They contrast these golden days with more recent statistics, which paint a much gloomier picture. Their data highlight that in modern day New York, low-income households in the rent-controlled sector often spend more than 30% of their income on rent. Furthermore, the most recent data available from 2008 has the median rent burden in the unsubsidized market at 67.2%, and 50.8% in the subsidized market (Kadi and Ronald 281). So, even if you're one of the few lucky ones to land a rent-controlled or rent-subsidized apartment, you'll still be feeling the crunch. How did this happen?

It's impossible to fairly examine New York's ever-changing housing market without considering it in the larger context of U.S. policies. A pattern can be traced between the growing reverie for neoliberal practices and the reduction in federal and state housing subsidies. When deficits became ever more burdensome to the national budget, the costly direct housing subsidy program was one of the first to be cut back. From 1978 to 1989, these expenditures sharply declined from $31.5 billion to $6 billion (Kadi and Ronald 269). This, combined with neoliberalism's disdain for overreaching big government lead to an increase in decentralized as opposed to centralized regulations. Kadi and Ronald's article further explains: "Centralized regulation was considered too distant from the final housing recipient and resulted in unnecessary bureaucracy and costs" (269). Tie this to the libertarian promotion of owner-occupation and its accompanying private property rights, and you get a recipe that allows the market to come back into power while the government falls to the background in its shadow.

During the 1970's, New York City lost over 800,000 residents. This large population loss, combined with rising maintenance costs for landlords and stagnant incomes for tenants left many city neighborhoods to rot in abandonment. Throughout this decade, the New York City

Housing Authority and the Department of Housing Preservation and Development quickly became the first and second largest landlords. The problem was that many units began to deteriorate with decay, as the infamous financial crisis stifled the city's ability to maintain all of the housing it was responsible for. Bold, visionary leadership was needed to counteract the disinvestment felt from the state and federal levels, and it came in the form of Mayor Ed Koch, who introduced what eventually became a ten-year, multi-administration, 5.1 billion dollar program to bring 252,000 affordable units to the city. Importantly, though, these units were not just for low-income individuals and families, but also those in the working and middle classes. In-rem housing, an important component of the plan, allowed the city to take ownership of tax-foreclosed units, rehabilitate them, and then bring them back to tenants at below-market rates. By 1993, the in-rem segment included 34,000 units (Furman Center 2, 3).

While the city was able to temporarily counteract the pro-market attitudes and federal funding losses by providing housing opportunities to the full spectrum of socioeconomic classes, turmoil eventually came about. Throughout the duration of Mayor Koch's plan, the city's housing spending dropped from $850 million per year in the late 1980s to $200 million by the mid 1990s (Kadi and Ronald 277). The in-rem housing program that had been remarkable for its inclusion was abandoned in 1997 when the city decided to dispose of the units. It was during this time period that attracting middle-class families back to urban areas (the opposite of "white flight") was prioritized as a means of increasing tax revenues. Gentrification proliferated, and landlords sought to use new policies and practices enacted by city and state government to bring units out of regulation. One of these was the Maximum Base Rent (MBR) system. The maximum base rent is established for each apartment and adjusted every two years to account for any changes in the landlord's operating costs. As described in the New York State Division of Housing and Community Renewal's fact sheet on rent stabilization and control, landlords "who certify that they are providing essential services and have removed violations are entitled to raise rents up to 7.5 percent each year until they reach the MBR" (Rent Stabilization website). The threshold for deregulation as of 2017 is a rent price of $2,700 or a tenant salary of $200,000.

But the MBR system is just one of the policies that has shifted a growing number of rights and privileges from tenants to landlords. Another is the legal right given by the city to not offer a renewal lease on a rent stabilized unit if the owner wishes to take the apartment off the rental market, either to demolish the building for reconstruction or use it for other purposes permitted by law (Lease Renewal website). This is an easy way to get longstanding tenants out to make way for a luxury high-rise development that will bring the landlord more money. The owner also has the legal right not to renew a rent-stabilized lease if they or one of their immediate family members wish to occupy the unit (Eviction from an Apartment website). It's important to note that tenant protections are embedded in these policies, such as several months' advanced notice if the owner intends to take the apartment off the market or the inability to collect rent on other units if the owner kicks a tenant out and subsequently does not occupy (or have an immediate family member occupy) the apartment. There are also harassment protections and city-funded legal services to help those who are suffering from pesky landlords (Harassment website). But the power balance is still tilted to favor owners, as their financial, legal, and political resources greatly outweigh those of the tenants they take advantage of.

"How to Dump Tenants and Make a Fortune", an article from *The Nation*, boldly highlights power imbalances and the havoc wreaked on tenants' lives as a result. Author D.W. Gibson includes tidbits of her conversation with one Brooklyn landlord who offered insight on why he and other property owners so vigorously attempt to remove tenants: "They actually bring down the value of the property almost 60 or 70 percent" (17). With buyout being one of the most popular means of tenant removal, Gibson explains that the demand for appropriate guidance has become so high that two city lawyers released a 33-page booklet called "Tenant Buy Outs! Making Them Happen" (17). Buyouts described in the article ranged from $2,000 to $100,000, but even higher offers are often turned down as tenants are adamant about rejecting gentrification and retaining their affordable foothold in the country's most expensive city. Many benefits await landlords who rid units of subsidized tenants, however, including a "vacancy allowance" that allows them to raise the rent up to 20 percent, which is often enough to bring a unit above the MBR threshold and out of regulation. The willingness to pursue aggressive (and often illegal) displacement tactics is therefore strong, and landlords often aren't shy about physically destroying buildings to force tenants out overnight. Or, the landlord will destroy the building under the guise of a renovation, telling the tenant(s) that they'll be able to move back in "eventually". Eventually ends up being never.

Not all landlords are aggressive, though. Some look for almost anything that may be illegal enough to serve tenants an eviction order, such as scouring Airbnb for a listing that has their tenant hosting for less than 30 days. Others choose to deprive tenants of heat and electricity, as utility accounts are often in landlords' names and companies won't restore service unless the request is made by the account holder. And others will sue a tenant on a baseless claim, as in the case of Toussaint Wortham, who was brought to court for installing kitchen cabinets five years after he had done so under a previous landlord. Despite the unsubstantiated claims, Wortham's vulnerability in the article shows how landlords can end up winning even when they're wrong, as he spoke of how it's "sometimes hard to keep up the fight, to hunt down one more document or take another day off work to make another court appearance" (Gibson 20). Shekar Krishnan, a lawyer who represents tenants through Brooklyn Legal Services Corporation, also captured the despair and hopelessness of the tenant struggle when he commented on the power vested in owners: "The law is whatever you can get away with" (Gibson 20).

Some of the changes the city's housing system has undergone over the past few decades have been inevitable. During Mayor Ed Koch's tenure, a lot of investment went into abandoned property. This may be obviously preferable to clearing existing housing of tenants to allow for gentrification, but there simply aren't as many empty buildings today as there were back then. Other more avoidable changes have been products of conscious choices, such as the recent prioritization of for-profit rather than nonprofit developers, and the previously described alteration of the policy landscape to favor the rights of landlords. New York may believe it is doing right by its residents and the potential newcomers it hopes to attract by boasting about its expanding supply of affordable housing, but the city's efforts amount to nothing more than a "drop in the bucket". For every generational family that dodges developers or wins the housing lottery for an affordable unit, there are dozens, hundreds, perhaps thousands more who are pushed out and betrayed by the place they've given life and culture to. For every artist with a trust fund who fantasizes about moving to New York and can actually afford to do so, there are countless others who have their dreams, but not quite enough to make rent; the city thus loses out on work created from more varied perspectives and a more diversified scene. For every entrepreneur who decides to open up a new shop that creates jobs and reduces crime on its block, there are more who decide the rent is too much of a burden for a burgeoning business and that folks have more spending money in cities where housing and living costs are lower. Thus, reshaping policy to give tenants more help and increasing investments in affordable housing are not empty endeavors that offer New York nothing in return; rather, these efforts can help preserve the city's continued legacy as one of the most diverse, interesting, exciting, and opportunity-filled places in the world.

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