

WHAT NEW YORKERS WANT FROM THE NEW MAYOR



An Affordable Place to Live



A Change in Education Policies



Jobs With Upward Mobility

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The Community Service Society of New York (CSS) is an informed, independent, and unwavering voice for positive action on behalf of more than 3 million low-income New Yorkers. CSS draws on a 170-year history of excellence in addressing the root causes of economic disparity. We respond to urgent, contemporary challenges through applied research, advocacy, litigation, and innovative program models that strengthen and benefit all New Yorkers.

www.cssny.org

About the Authors

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An Agenda for the New Mayor

This report is the second in a **three-part** series detailing policy recommendations for the new mayor based on findings from *The Unheard Third*, an annual survey of low-income New Yorkers. The first installment, **For Richer or Poorer: What New Yorkers Want in the Next Mayor**, was released in October 2013 and focused on creating jobs with upward mobility. The final report in this series, **A Change in Education Policies**, will be released in February 2014.

WHAT NEW YORKERS WANT FROM THE NEW MAYOR: **An Affordable Place To Live**

The Unaffordable City

Can a rising tide lift all boats in New York City? Can a strategy of promoting economic development result in a better standard of living for low-income New Yorkers? Without serious attention to the city's chronic housing shortage, the answer is likely to be no. To succeed in its goal of combating economic inequality, the incoming de Blasio administration must make it a priority not only to broadly raise incomes, but to ensure a better supply of affordable housing.

For 12 years, the Bloomberg administration pursued a strategy of enthusiastically promoting economic investment in the city, including real estate development that targets primarily people with extremely high incomes. The argument for this strategy was that investment will produce spin-off benefits for a wide range of New Yorkers, including those with low incomes. And in fact, many New Yorkers did see incomes rise during the Bloomberg years, despite the severe recession and weak recovery since the financial crisis of 2008.

But rising rents more than wiped out these gains for low-income New Yorkers, resulting in severe and worsening hardships. In fact, even middle-income renters tended to find themselves further behind in after-rent income. Rapidly rising rents in the private market outstripped increases in income for all but the top quarter of households. An analysis of the New York City Housing and Vacancy Survey shows that residual income—the amount left over

after rent—declined for private market renters in all but the top 25 percent of the income spectrum from 2002 to 2011. This was the case despite the fact that incomes rose modestly for

From 2002 to 2011, there was a 39 percent drop in the total number of apartments affordable to a family with an income at 200 percent of the federal poverty line.

households at most of these income levels during the same period.

This decline in residual income helps explain why New Yorkers polled in the Community Service Society of New York's annual survey, *The Unheard Third* (for more about how the survey was conducted, see page 13), said that the Bloomberg administration did not bring sufficient benefits to the city's poor and middle class.

Bloomberg-era rent increases translated into a dramatic decline in the supply of apartments that low-income households can afford, using the affordability standard of 30 percent of income. From 2002 to 2011, there was a 39 percent drop in the total number of apartments—including public, subsidized, and private-market housing—affordable to a family with an income at 200 percent of the federal poverty line. This loss, amounting to more than 385,000 units, occurred even as the number of low-income households remained relatively stable at just over one million. The losses were distributed throughout the city,

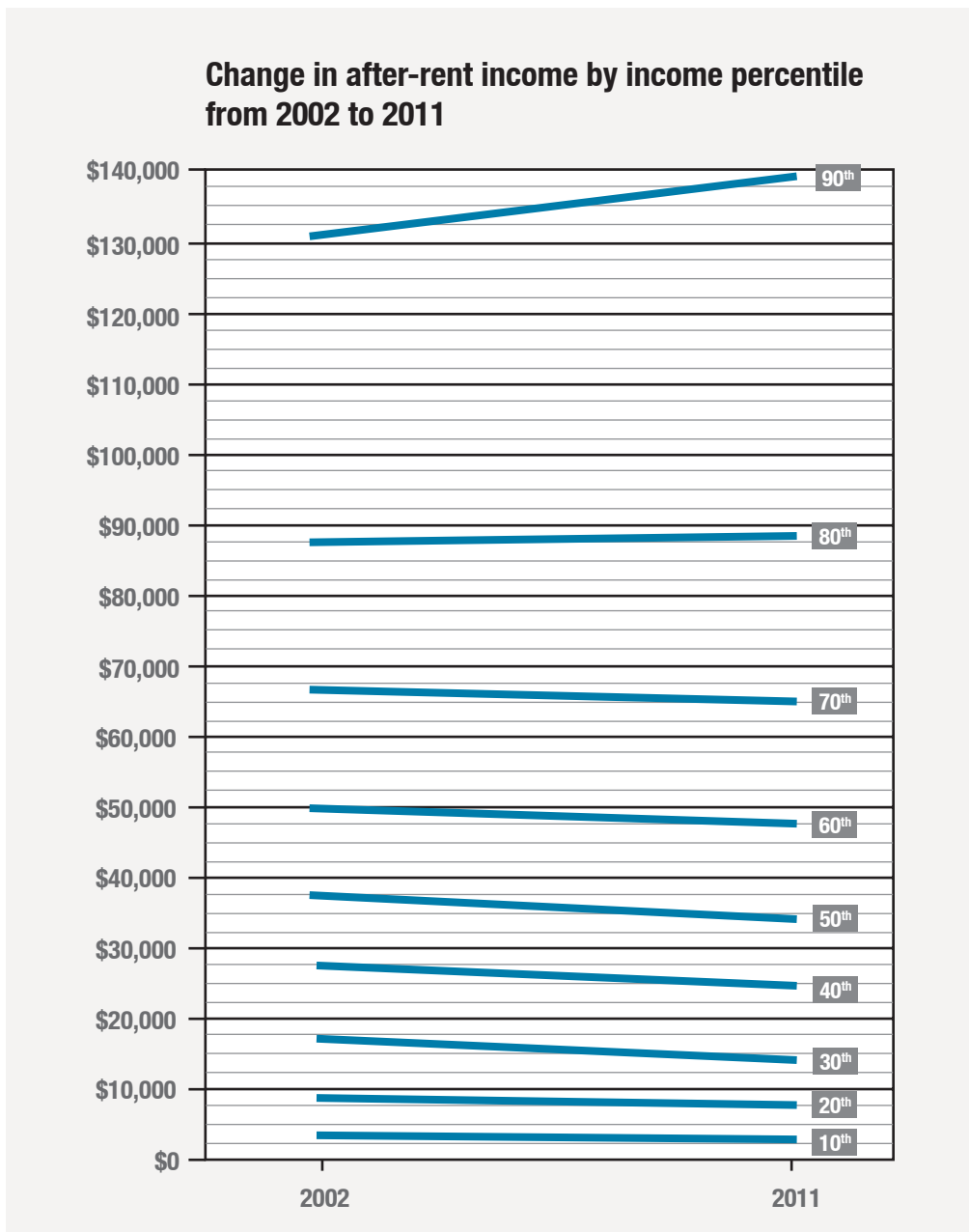
including poor neighborhoods where the rising rents did not reflect a higher-income population moving in but simply the ever-rising rent burdens on low-income households.

The growing mismatch between rents and incomes in New York has led to many problems, from rising levels of homelessness, to the increasing share of income which low- and middle-income New Yorkers must pay for rent each month, to an ever-increasing demand for the limited supply of public and subsidized housing. Given its strong commitment to affordable housing, the de Blasio administration has a range of policy tools it can use to combat these problems.

► Higher pay, less money to spend after rent.

New York City renters at most income levels have less inflation-adjusted after-rent income in 2011 than they had in 2002. By dividing the city's households into slices and comparing their income minus rent before Bloomberg took office and near the end of his final term, we can get an idea of the combined effects of the city's economic growth and rent increases on standards of living. Except for the highest earners, it is not a pretty picture.

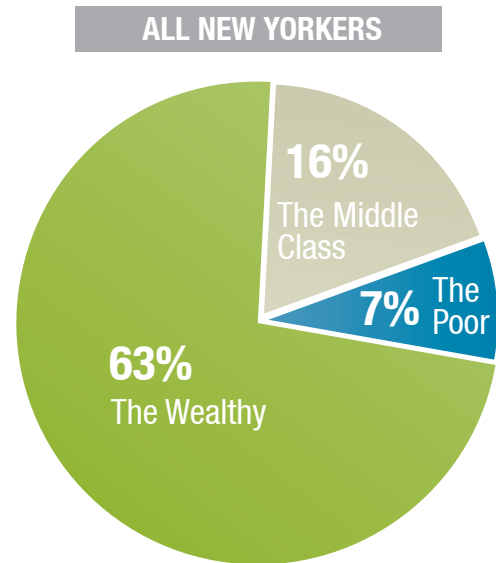
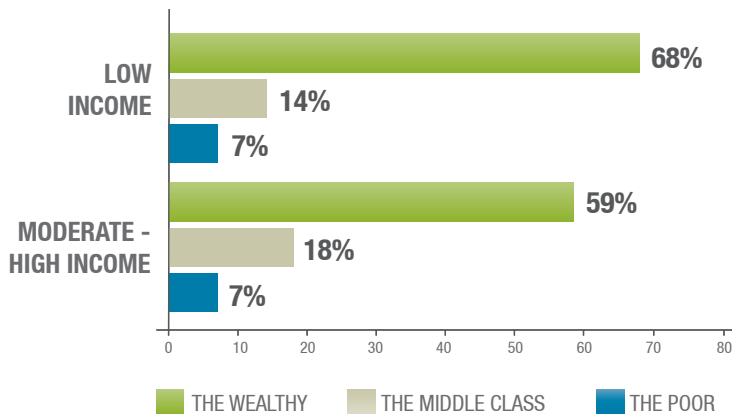
This analysis does not capture the protections that tenants in Mitchell-Lama and federally subsidized housing receive, but it does capture much of the benefits of Mayor Bloomberg's New Housing Marketplace Plan. It also does not capture the experience of homeowners, who are cushioned from the effects of the housing market. In the long run, however, owners are affected by declining affordability.



Source: New York City Housing and Vacancy Survey 2002 and 2011. Mean of income minus contract rent for households in 4-percent income bands centered on the shown percentiles, based on the CSS subsample of the HVS data, omitting senior households, those with heads under 25, extreme values for income, and reported negative residual incomes. Tenants in federally subsidized housing, Mitchell-Lama rentals, and those with Section 8 vouchers are also omitted.

► **New Yorkers overwhelmingly believe that the Bloomberg Administration benefited wealthy New Yorkers the most.**

Q: Thinking of the policies of Mayor Bloomberg’s administration, who has benefited the most: the poor, the middle class, or wealthy New Yorkers?



Source: CSS Unheard Third Survey

► **The city’s supply of affordable housing has collapsed.**

The city’s affordable housing picture is shaped by changes to the subsidized affordable housing stock, to rent regulation, and to the unregulated private market as well. During the Bloomberg administration, these forces combined to cause a dramatic decline in the number of apartments affordable to low-income households, defined as those with incomes at or below 200 percent of the federal poverty threshold.

Change in the affordable housing stock from 2002 to 2011

	Apartments affordable to low-income households in 2002	Apartments affordable to low-income households in 2011	Change from 2002 to 2011
Bronx	238,100	149,100	-37% (89,000)
Brooklyn	339,500	214,800	-37% (124,700)
Manhattan	230,800	140,900	-39% (89,900)
Queens	158,700	86,800	-45% (71,900)
Staten Island	27,900	18,100	-35% (9,800)
TOTAL	995,000	609,700	-39% (385,300)

Source: New York City Housing and Vacancy Survey 2002 and 2011. Affordability standard is 30 percent of 200 percent of the prior-year federal poverty threshold for a family of two adults and one child, or \$713 in 2001 and \$878 in 2010

WHAT THE NEW MAYOR CAN DO

Change Course on Public Housing and Vouchers

It is urgent that Mayor de Blasio move forward with his commitments to halt the deterioration of the public housing owned and operated by the New York City Housing Authority (NYCHA). These conditions stem from cuts in funding from the city, state, and federal levels of government as well as by the city's practice of charging NYCHA \$100 million a year for policing services, payments in lieu of taxes, and other charges that other affordable housing providers do not pay. That amount would be enough to cover the shortfall in NYCHA's operating budget and leave money left over to pay for a more realistic maintenance program, reducing or eliminating the authority's backlog of hundreds of thousands of needed repairs and capital improvements. Mayor de Blasio has already said he will move to stabilize public housing by eliminating these charges.

Eliminate \$100 million in NYCHA payments to the city.

De Blasio has also said he will put a halt to NYCHA's hasty process for leasing development sites within its public housing communities to private developers. The authority began a push early this year to raise \$30 to \$50 million a year by leasing land on eight centrally located developments to developers who would build luxury housing. Although the push included a series of tenant roundtables, there has not been an adequate opportunity for

substantive input from resident and community leaders. Any new plan for "infill" development on public housing land must be carefully evaluated to ensure that these irreplaceable resources are used in the manner that produces the best possible results for public housing communities and the city as a whole. This should include full participation by public housing tenants and surrounding communities through the Universal Land Use Review Process (ULURP).

Halt NYCHA infill development process and apply ULURP to any future infill proposal.

CSS's Unheard Third survey found that most public housing tenants want to preserve the open spaces at NYCHA developments, while a significant minority, and a greater number of low-income non-public housing tenants, want to see affordable housing built on the housing authority's land. Few people wanted to see luxury housing built there.

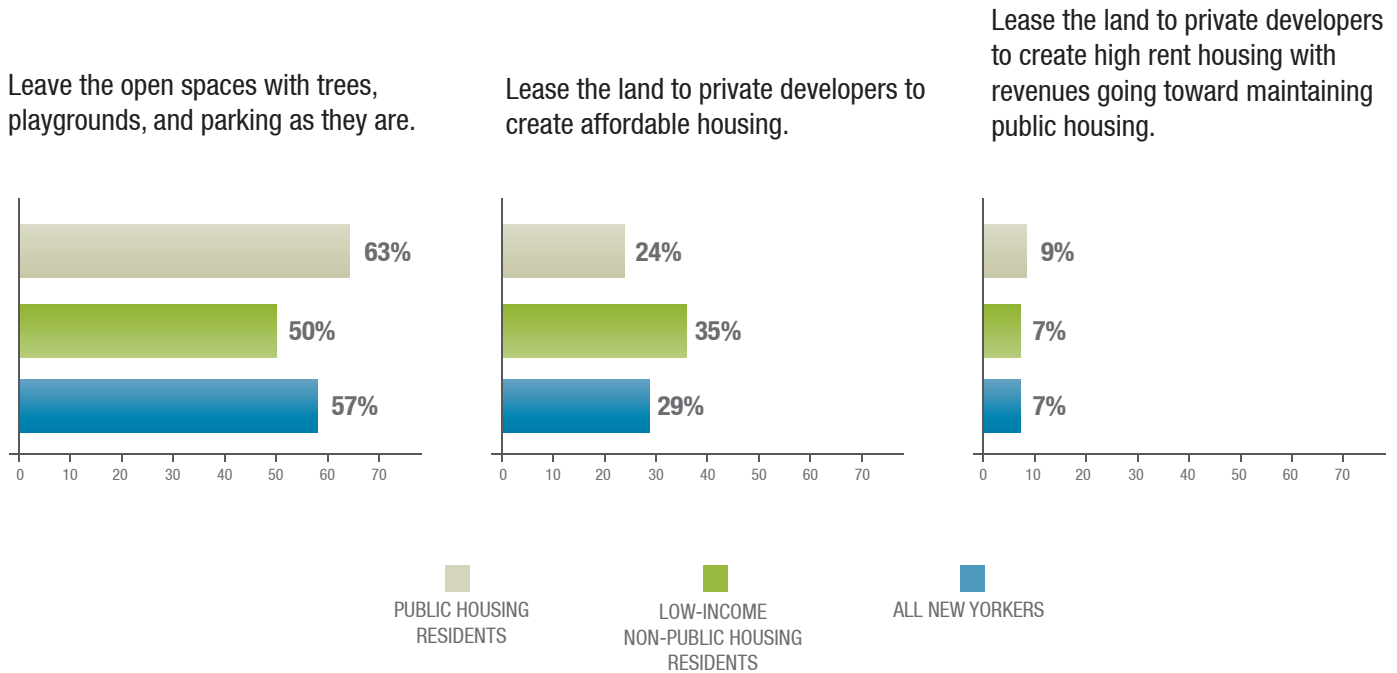
The city should also immediately reverse course on the Bloomberg administration's move to a policy based on the unrealistic fear that decent treatment of homeless people provides an incentive to become homeless. In recent years, the city has begun turning people away from shelters and cutting off priority

access for homeless people to public housing and Section 8 vouchers. Despite that, homelessness has risen to unprecedented levels. The new administration should immediately return to the practice of setting aside some public housing and vouchers for homeless people, and this too is a change that the mayor has already called for.

Reestablish priority access for homeless families to public housing and housing vouchers.

► **New Yorkers are skeptical of NYCHA's plan to raise revenue by leasing public housing land.**

Q: New York City's Housing Authority wants to raise funds by leasing land in public housing projects that currently has trees, playgrounds, and parking spaces, to private developers. Which of the following comes closest to your opinion?



Source: CSS Unheard Third Survey

WHAT THE NEW MAYOR CAN DO


Develop New Affordable Housing

The Bloomberg administration has been justly praised for its innovative affordable housing and development program, but it also squandered important opportunities to do more.

Through the New Housing Marketplace Plan, the city oversaw the building of more than 45,000 new income-targeted apartments. Much of this new housing is affordable to households with incomes around 200 percent of the federal poverty level – not the city’s poorest but still people who are not well served by the unsubsidized market. Just as important, the city helped preserve more than 100,000 existing apartments that might have been lost from the affordable stock without the city’s intervention, and much of this housing is affordable to households below the poverty line.

Though these efforts fell far short of meeting the needs of the city’s low- and middle-income people, or even keeping pace, they are the result of skillful work by the city’s housing agencies and a real commitment of city resources, including money from a source known as Battery Park City Authority excess revenues. In 1979, the city and the authority abandoned plans to develop affordable housing in Battery Park City and agreed that excess revenues from upscale development there would be transferred to the city to build or renovate affordable housing elsewhere, but the money transferred has only intermittently been used for that purpose.

The de Blasio administration should continue a large-scale affordable housing program along the lines of Bloomberg’s plan, including an increased commitment of Battery Park City excess revenues or other city funds, but with renewed attention to the city’s poorest households. The income targeting of new subsidized housing is strongly influenced by the structure of subsidies available from the federal government, and these favor households well above the poverty level. But the city should make it a priority to explore ways to reach poorer tenants, even at a small scale, in order to develop and pilot programs

 **Commit city resources to affordable housing development and prioritize housing for people with the lowest incomes.**

of the sort that will ultimately be needed to meet the city’s most severe housing needs.

This can be done through targeted use of the city’s financial resources for development, through cross-subsidy, where rents from one apartment help cover the cost of operating another apartment occupied by poorer people, and through the continued use of Section 8 vouchers in new affordable housing developments. These efforts could be concentrated in neighborhoods where large low-income populations are threatened by displacement due to the

secondary effects of new market-rate development, such as Harlem and East Harlem.

Mayor de Blasio’s mandatory inclusionary zoning proposal represents a promising new approach to expanding the production of affordable housing. Perhaps the greatest shortcoming of the Bloomberg administration’s housing programs was its failure to link the promotion of market development to affordability objectives. The city has encouraged new development by changing the zoning requirements for about 40 percent of the city’s area in the last 12 years, often allowing bigger buildings to be built. These “upzonings” could have created opportunities to develop market-rate and subsidized housing in

 **Use mandatory inclusionary zoning to augment affordable housing development, prevent displacement, and promote mixed-income communities.**

tandem, but this road was generally not taken. Mandatory inclusionary zoning would mean an end to such missed opportunities.

When the city rezones property to allow larger buildings, it often dramatically increases the value of that property, creating a windfall for landowners. By requiring a minimum proportion of affordable apartments,

the city can capture a share of this increased value, greatly increasing its capacity for new affordable production, while also mitigating the potential for secondary displacement and promoting mixed-income neighborhoods.

The city could (with cooperation from the state legislature and governor) replace the 421a and J-51 real estate tax exemptions, which often come without affordable housing requirements, with targeted and regulated programs that would deliver affordable housing far more efficiently. The city should also eliminate the practice of wasting resources on unnecessary subsidies to developers who are already receiving incentives through 421a and the

Tie tax exemptions to stronger commitments for affordable housing.

present voluntary inclusionary zoning provisions.

CSS's Unheard Third poll has found that New Yorkers of all incomes support the development of affordable housing with tax dollars by two to one, and they support linking tax breaks and zoning changes to affordability by an even bigger margin.

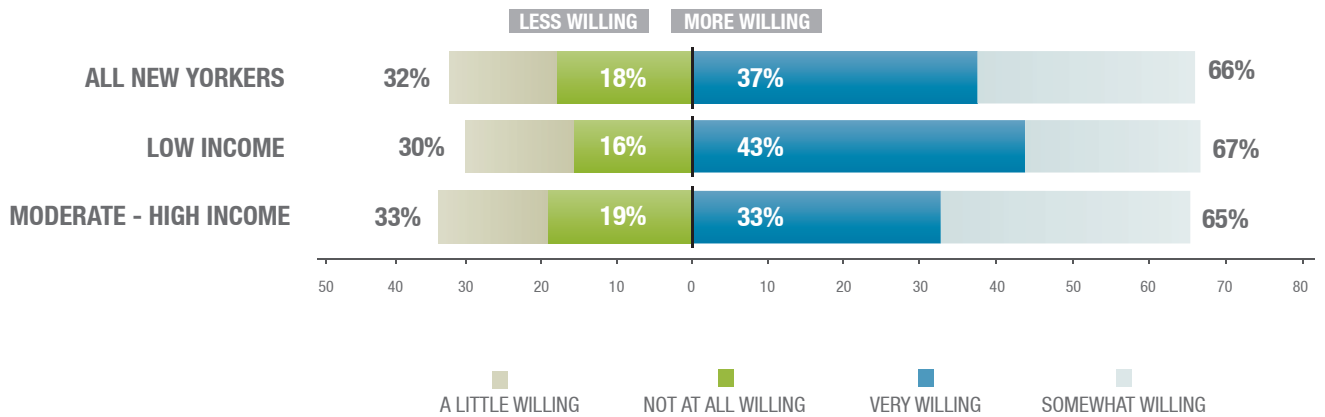
The city will also have to identify new sources of land for affordable housing development to replace the dwindling stock controlled by the Department of Housing Preservation and Development. During the 1970s and

Make affordable housing the highest priority use for city-controlled land.

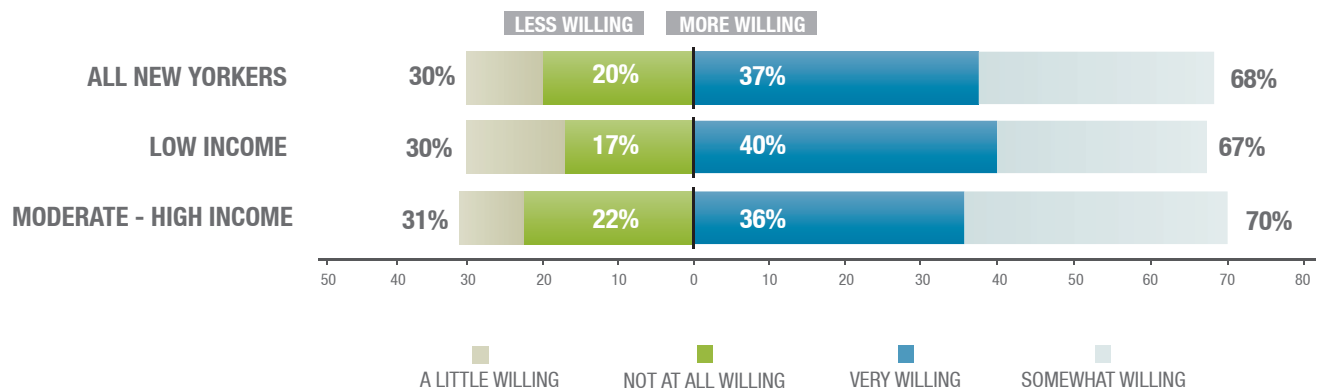
1980s, the city seized an enormous stock of buildings and land for non-payment of taxes. Now that the city's most abandoned neighborhoods have been largely rebuilt, this supply of building sites is running out. Going forward, affordable housing development should be given the highest priority for the use of all city-controlled land, regardless of department.

► **Broad support for affordable housing programs and for linking affordable housing to economic development policy.**

Q: How willing are you to personally pay a little more in taxes to develop more affordable housing for **low-income** New Yorkers?



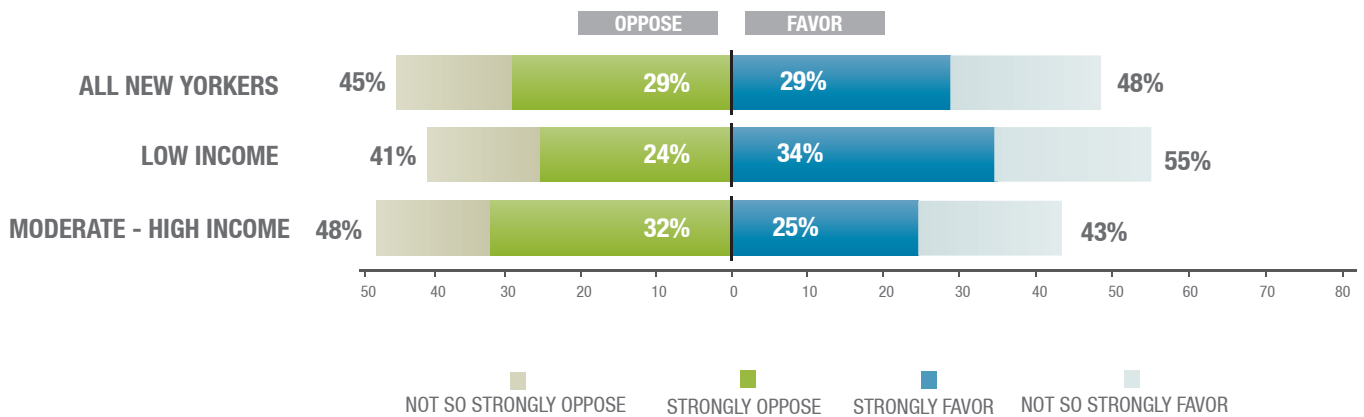
Q: How willing are you to personally pay a little more in taxes to develop more affordable housing for **middle-income** New Yorkers?



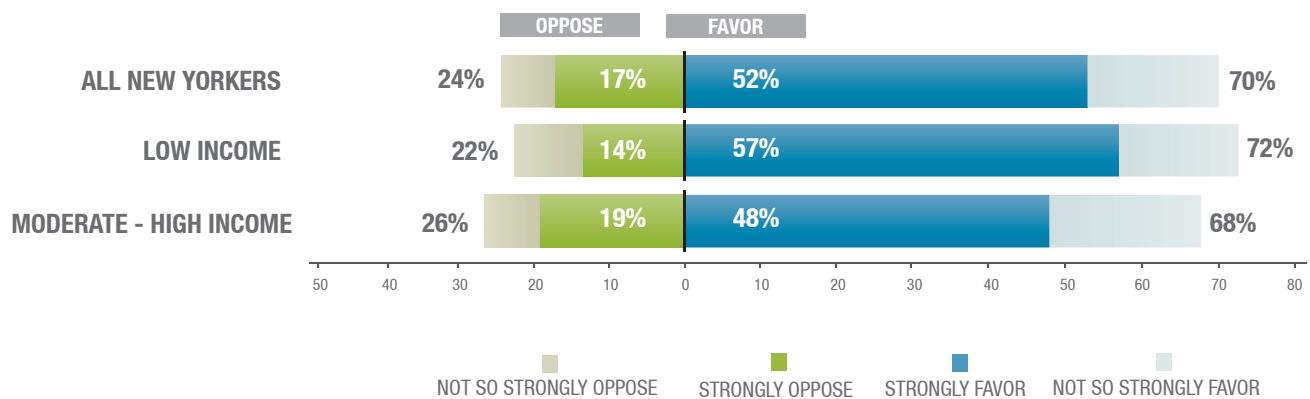
Source: CSS Unheard Third Survey

► **New Yorkers at all income levels support pro-development policies—but only if they include requirements for shared benefits such as affordable housing.**

Q: Do you favor or oppose giving large businesses tax breaks and rezoning as a way to increase jobs and spur development in the city?



Q: Do you favor or oppose giving large businesses tax breaks and rezoning as a way to increase jobs and spur development in the city, **only if there are requirements that they provide benefits like the hiring of local residents, paying better wages or creating more affordable housing?**




Source: CSS Unheard Third Survey

WHAT THE NEW MAYOR CAN DO

Use Every Lever to Increase Affordability

The mayor's influence on public housing, the Section 8 voucher program, and new housing development are not his only tools to improve the city's affordable housing picture. In addition, the mayor appoints the New York City Rent Guidelines Board, leads long-term planning, and can be an advocate for reforms at other levels of government.


In recent years, the Rent Guidelines Board has failed to adequately consider the needs of tenants in determining the allowable increases on stabilized rents. The board has tended to protect landlords' incomes

 **Appoint RGB members who will seriously consider the impact of rent increases on low-income tenants.**

by allowing increases sufficient to cover the full increase in projected costs each year, without considering changes to tenants' incomes. The only exception was the 2003 guidelines, when the board had to consider the increase in property tax after the World Trade Center attack. That year, the guidelines essentially shared this burden between landlords and tenants, as was appropriate. After the financial crisis of 2008, however, tenants experienced a dramatic loss in incomes, but the board did nothing to share the burden with landlords. It could have done so without unduly burdening landlords, whose revenues

rise due to increases on vacancy in addition to increases subject to the guidelines.

Excessive increases allowed by the Rent Guidelines Board are one reason why the city's supply of affordable housing in the unsubsidized market has dwindled so fast. The de Blasio administration should appoint Rent Guidelines Board members who will regularly consider the impact of rent increases on tenants.

 **Incorporate affordable housing into long-term planning, and be a national advocate for new housing programs.**

The city's long-term planning efforts should make it a priority to plan for housing for the city's low-income population, which is likely to grow with the rest of the city. When the Bloomberg administration undertook its PlaNYC 2030 project, it left affordable housing out of the picture entirely, projecting a large increase in population but ignoring the near certainty that a large share of those additional New Yorkers would be unable to afford market-rate housing.

Nor did the Bloomberg administration fully incorporate affordable housing into its policy vision. The previous mayor and the city were forceful advocates for policy initiatives from gun control to immigration reform, but not for state and federal actions

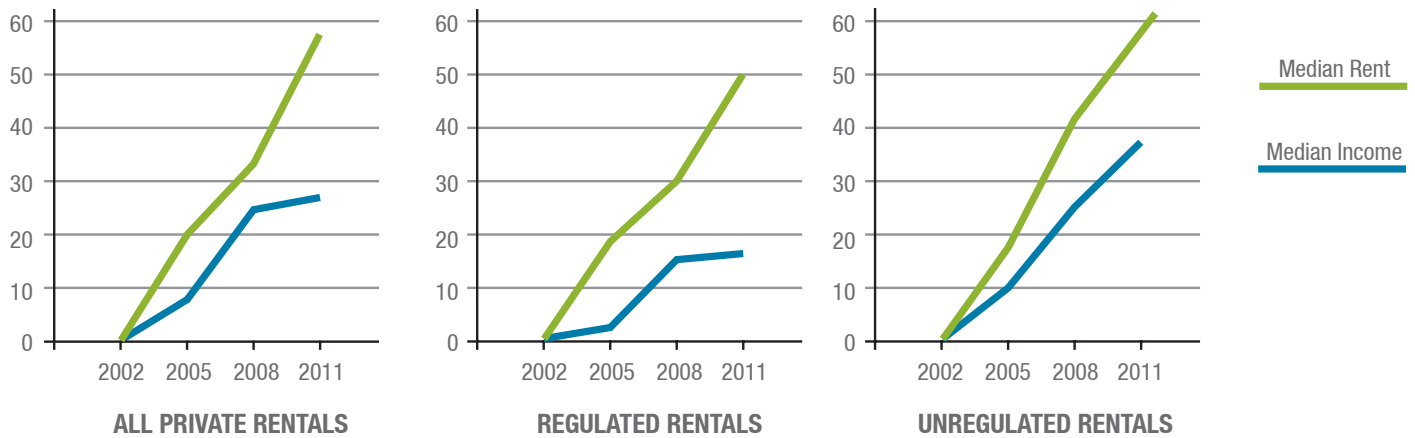
that could help make the city more affordable. In the future, city plans should document the growing need for affordable housing, and the mayor and city should advocate for the state and federal tools that will surely be necessary to meet this fundamental need for the city's future (New York State was once a leader in innovative affordable housing policy). A renewed, expanded, and innovative affordable housing commitment would also provide the de Blasio administration with a strong platform for advocacy to restore the national commitment to affordable housing in New York City and beyond.

► Worsening situation for low-income tenants.

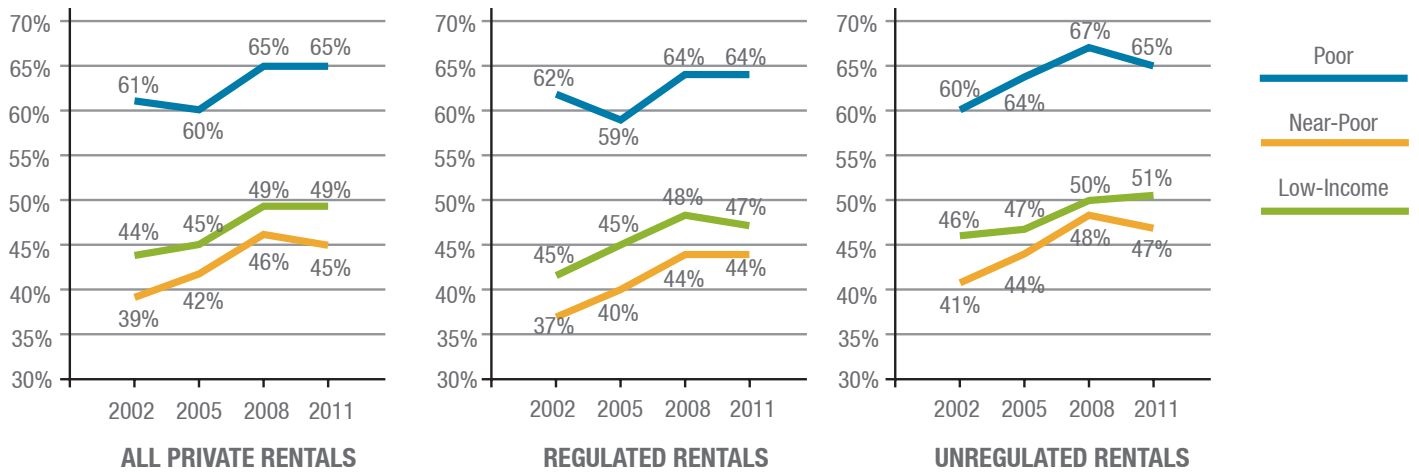
Given the dramatic drop in affordable housing supply, it's no surprise that private-market tenants are experiencing serious rent burdens and hardships. Rents rose much faster than incomes for both rent-regulated and unregulated households over the past twelve years. For low-income tenants (those with incomes below 200 percent of the federal poverty line), this has led to extremely

high rent burdens—the share of income devoted to rent—and high rates of hardships such as falling behind in rent and sharing their living quarters with another family among private market tenants.

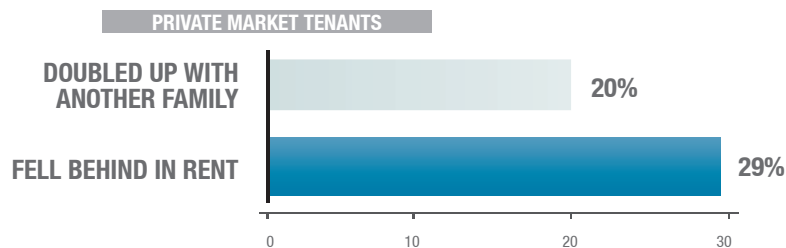
Percent change in rent and income for private-market tenants from 2002 to 2011



Change in median rent burden for low-income tenants from 2002 to 2011



Housing hardships for low-income private market tenants in 2013



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ABOUT THE UNHEARD THIRD

The Unheard Third, the Community Service Society's annual survey of low-income New Yorkers, is the only public opinion poll in the nation to regularly chronicle issues facing low-income individuals and families. *The Unheard Third* tracks the concerns and hardships of New York City's low-income residents and their views on what programs and policies would help them get ahead. Developed and administered in collaboration with Lake Research Partners, a leading national polling firm, *The Unheard Third* also surveys middle- and higher-income New Yorkers to see where their priorities and concerns converge—and diverge—from those of low-income New Yorkers.

The findings from *The Unheard Third* reinforce our belief that public policy aimed at this population must, in part, be guided by the life experiences and ideas of New Yorkers living in poverty. CSS uses the survey to inform and guide our research, direct service programs, and policy recommendations.

CSS aims to distribute its annual survey as widely as possible, to ensure that the voices of low-income New Yorkers are heard by politicians, community leaders, the media, researchers, and the public. CSS staff frequently brief legislators and not-for-profit organizations about the findings from *The Unheard Third*. CSS staff also seek input from labor, government, nonprofit, and civic leaders as they develop the survey each year to ensure its usefulness in addressing key issues.

HOW THE SURVEY WAS CONDUCTED

The Community Service Society designed this survey in collaboration with Lake Research Partners, who administered the survey by phone using professional interviewers. The survey was conducted from July 22 to August 16, 2013.

The survey reached a total of 1,475 New York City residents, age 18 or older, divided into two samples:

- 932 low-income residents (up to 200% of federal poverty standards, or FPL) comprise the first sample:
 - ♦ 486 poor respondents, from households earning at or below 100% FPL
 - ♦ 446 near-poor respondents, from households earning 101% - 200% FPL
- 543 moderate- and higher-income residents (above 200% FPL) comprise the second sample:
 - ♦ 333 moderate-income respondents, from households earning 201% - 400% FPL
 - ♦ 210 higher-income respondents, from households earning above 400% FPL.
- This year's survey also included an oversample of 250 cell phone interviews among adult residents at up to 400% FPL.

Telephone numbers for the low-income sample were drawn using random digit dial (RDD) among exchanges in census tracts with an average annual income of no more than \$40,000. Telephone numbers for the higher income sample were drawn using RDD in exchanges in the remaining census tracts. The data were weighted slightly by gender, age, region, immigration status, education, and race in order to ensure that it accurately reflects the demographic configuration of these populations. In the combined totals respondents in the low-income sample were weighted down to reflect their actual proportion among all residents. Also, in the combined totals, the sample is weighted by telephone status. Interviews were conducted in English, Spanish, and Chinese.

In interpreting survey results, all sample surveys are subject to possible sampling error; that is, the results of a survey may differ from those which would be obtained if the entire population were interviewed. The size of the sampling error depends upon both the total number of respondents in the survey and the percentage distribution of responses to a particular question. The margin of error for the low income component is +/- 3.2%. The margin of error for the higher income component is +/-4.2%.

Also from CSS:

For Richer or Poorer: What New Yorkers Want in the Next Mayor

Nancy Rankin, Apurva Mehrotra

October 2013

Good Place to Work, Hard Place to Live: The Housing Challenge for New York City's Next Mayor

Tom Waters, Victor Bach

April 2013

The Race for Mayor: What's in it for low-income New Yorkers?

Nancy Rankin, Apurva Mehrotra

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Making the Rent: Before and After the Recession: Rent-Income Pressures on New York City Tenants, 2005 to 2011

Victor Bach, Tom Waters

June 2012

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