The New York Times

October 15, 2009

As City Adds Housing for Poor, Market Subtracts It

By MANNY FERNANDEZ

Mayor Michael R. Bloomberg is closing in on a milestone: building or preserving 165,000 city-financed apartments and houses for low-, moderate- and middle-income families, the goal of a $7.5 billion housing plan he announced in 2002 and expanded in 2005.

It has already financed the creation or preservation of 94,000 units, including 72,000 for low-income households, city officials say.

But those efforts have been overwhelmed by a far larger number — the 200,000 apartments affordable to low-income renters that New York City has lost over all, because of market forces, during the mayor's tenure.

The shrinking supply of these apartments, highlighted by researchers at New York University, illustrates not only the increasing strain that housing costs have had on this city of renters, but also the limits of the mayor's success in providing the city's poor with reasonable places to live. While the mayor's plan has put thousands of low-income families in new or rehabilitated buildings and helped stabilize neighborhoods, it has been nearly drowned out by the twin waves of gentrification and rent deregulation.

"We're losing units even with additions to the stock under the mayor's housing plan," said Victor Bach, a senior housing policy analyst for the Community Service Society, a nonprofit antipoverty group, and a member of a panel that advised the Bloomberg administration on housing in 2002. "I'm not knocking the plan. I'm just saying it hasn't done much to stop the hemorrhaging of lower-rent units across the city."

Including public housing, the number of apartments considered affordable to low-income households — those earning less than 80 percent of the city's median income, or less than $37,000 — decreased to 991,592 from 1,189,962, a drop of nearly 17 percent, from 2002 to 2008. About 42 percent of the city's households fit in that income category in 2008.

The data were supplied by the Furman Center for Real Estate and Urban Policy at New York University, which analyzed the city's Housing and Vacancy Survey from 2002, 2005 and 2008. The center and other housing experts consider an apartment affordable if it costs no more than 30 percent of a family's income, or about $925 a month for a family earning $37,000.

Although the numbers present a gloomy picture, they did contain a glimmer of hope. The worst years were between 2002 and 2005, when the city lost affordable apartments at the highest rate of the mayor's tenure. In the next three years, as the mayor's plan took hold, the city actually gained about 8,000.

"We're very proud of what we've accomplished, but we're also not satisfied or done," said Rafael Cestero,

the city's housing commissioner. "We can't undo what happened between 2002 and 2005, but what happened during those years is exactly why we created the largest municipal housing plan in the nation's history. What the data suggests is that the response is working."

A majority of the 200,000 units in the Furman Center data — 137,000 apartments — had been part of the rent regulation system but were deregulated. In most cases, they became market-rate once their rent topped $2,000 and they became vacant, as allowed by the rent regulation system. Thousands of others had been in the state Mitchell-Lama or federal Section 8 programs, but were taken out of those subsidy programs by their owners and converted to market-rate apartments.

The affordability of all of the city's 2.1 million rental apartments is of course beyond the control of Mr. Bloomberg and the city's housing agency, the Department of Housing Preservation and Development.

But housing experts and tenant advocates say that the mayor has been far from powerless, and that his housing policy has suffered from a kind of tunnel vision, by focusing energy and resources on his 165,000-unit target rather than the larger pool of existing housing.

Tenant advocates have been pushing state legislators to make it harder to remove apartments from rent regulation, a move strongly opposed by landlords and the real estate industry. The mayor has been virtually silent on the issue, though he appoints the members of the Rent Guidelines Board, which decides the annual rent increases for rent-stabilized apartments. He proposed state legislation in 2003 that would prevent the loss of Mitchell-Lama units, but the measure failed and has become a low priority for the mayor, tenant advocates say.

"There needs to be a focus on preservation at the same level of intensity that there is for new development," said Michelle de la Uz, executive director of the Fifth Avenue Committee, a nonprofit Brooklyn-based affordable housing and community development group. "It's not as though things aren't moving in the right direction. It's that advocates have a different sense of urgency."

Mr. Bloomberg's campaign said that the mayor intends to expand the housing plan by investing an additional $965 million, which will help preserve 10,000 more units of Mitchell-Lama housing than originally planned and stabilize apartment buildings that are overleveraged, meaning their debt is unsupportable by the income generated by rents, a widespread problem that has led to the physical and financial deterioration of many buildings.

The Housing and Vacancy Survey showed that in 2008, 29.4 percent of all renter households in the city paid more than 50 percent of their income toward rent, an increase from 25.5 percent in 2002. Experts call those families "severely rent burdened." (The city's median income in the Furman survey differed slightly from that in other recent surveys.)

The financial squeeze has a spillover effect. It leads to overcrowded conditions and illegally partitioned rooms. It contributes to the record number of homeless families in city shelters. It fills the halls of the city's housing courts and fuels residential evictions, which have risen slightly to 25,027 in 2008, from 23,669 in 2006. And it causes many people to move out of the city.

A study prepared for the Bloomberg administration by the polling firm Harris Interactive found that 64

percent who moved out of the city cited housing costs as a major reason. The 2006 study was obtained by the Center for an Urban Future, a nonprofit research group.

Before the recession, James Hadden was earning up to $1,000 a week cutting hair at a Harlem salon, but more recently he has taken home $400 to $700. So he has fallen behind on the $1,300-a-month rent on his one-bedroom apartment, a fourth-floor walk-up on Lenox Avenue. His landlord began asking him to pay weekly. “I’m going to go pay this man’s rent so he’ll stop calling me,” Mr. Hadden, 42, said Tuesday.

He said he was happy to be only 16 blocks from work; closer to the salon, on Fifth Avenue at 116th Street, rents are even more expensive. But he said he sometimes heard gunfire outside his building on Saturdays. “My family comes to visit me and I’m embarrassed to show them where I live,” he said.

Despite the net losses of affordable apartments, experts in the field are quick to praise Mr. Bloomberg on much of his housing record. The mayor’s plan has suffered only one major setback since it was unveiled in December 2002: Mr. Bloomberg’s goal of creating or preserving 165,000 units by 2013 was pushed back one year in late 2008 because of the recession.

Mr. Cestero, the housing commissioner, said the plan was on schedule and no further delays were expected. He said the preservation of existing affordable housing was the agency’s “No. 1 priority,” and he said the agency would “engage in the discussion” about rent regulation at the right time.

The plan relies on the rezoning of underused manufacturing areas, including the Greenpoint and Williamsburg neighborhoods in Brooklyn, that allowed developers to build larger buildings if they set aside some apartments as low-cost units. New units have also been created through the city’s Housing Development Corporation, which issues bonds and uses its corporate reserves to finance low-cost mortgages to affordable housing developers.

“I think the city has done an extraordinary job, more than any other place in America,” said Jerilyn Perine, executive director of the nonprofit Citizens Housing and Planning Council and the former city housing commissioner who helped create the mayor’s original plan in 2002. “You have to go to Europe to find another city that has this kind of robust, sustained housing policy and housing investment.”

Of the 94,000 units the administration counts as gains, fewer than half, about 35,000, are new. The rest are apartments that City Hall says it has preserved as affordable, by providing low-interest loans to rehabilitate them or keep them from leaving rent-subsidy programs..

Some housing experts say the loss of affordable units is evidence of the city’s economic vitality and a natural consequence of demand for affordable housing exceeding supply. As Ms. Perine wrote in the housing plan, there has never been a time in the city’s history when all of its population’s housing needs have been met with safe and affordable housing.

“I don’t think there’s a serious crisis in this area,” said Magda L. Cruz, a lawyer and an owner representative on the Rent Guidelines Board. “I do believe a big problem is employment, and salaries just not being high enough to sustain cost-of-living increases. That’s something the mayor plays a part in, but it doesn’t have to do with building new housing.”

Affordable housing is in such demand that most new apartments are awarded by lottery. Alan Ceballos, 30, said he was grateful to have won his two-bedroom apartment, costing $839 a month, in a new building on University Avenue in the Bronx.

Mr. Ceballos, who earns about $33,000 a year as a sales associate at a car rental agency, won the spot three years ago, allowing him to move out of a one-bedroom that cost $794. He and his wife had two children then, and now have three.

He said that traffic often speeds down the street and that people who hang out in a park by the building sometimes smash car windows; his own windshield has been broken. But he is happy with the building itself: its cleanliness, security, price and size.

“Before, it being a one-bedroom, it did not have enough closet space,” said Mr. Ceballos. Besides the extra room he now has, “the kitchen is bigger, the living room is bigger, so it’s adequate space now.”

Joel Stonington contributed reporting.

Copyright 2009 The New York Times Company