



NYU

SCHOOL OF
PROFESSIONAL STUDIES

NYC'S HOUSING CRISIS

8AM - 1PM ■ FRIDAY, MAY 13, 2022

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ABSTRACT

Lost in the shadow of competing issues of economics, climate, racial equity, and the pandemic concurrently affecting the City is a new (chapter in the) housing crisis evidenced by multiple symptoms including sky-rocketing home prices, declining housing starts, record-setting homelessness, looming evictions, and a staggering affordability gap that has left more than half of NYC households unable to afford their rent. But many housing experts and advocates would argue that these are not symptoms of a housing system that isn't working - quite the opposite; nor is the current housing crisis anything more than the latest wave of indicators that we need to overhaul the framework and rethink the economics, policy, planning and design of housing provision. This conference brings together leading housing experts, practitioners, researchers, journalists, policymakers, community activists, planners, and designers to discuss the causes, effects, and possible solutions to this newly emergent iteration of the ongoing housing crisis.

Professor Matthew Kwatinetz

Director, NYU Urban Lab

[NYC's Housing Crisis](#), a day-long conference held on May 13, 2022, was organized by the Center for Architecture with support from the IDC Foundation. Supported additionally by academic partner NYU Schack Institute of Real Estate and media partner *Architectural Record*, the conference was held at the Stavros Niarchos Foundation Library, the Midtown branch of the New York Public Library.



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“Crisis and constraints can create creativity and innovation”

- Ahmed Tigani, First Deputy Commissioner, NYC HPD

Executive Summary

Context and the Crisis Defined

As of May 2022, NYC was five months into the new administration of Mayor Adams, and the Center for Architecture convened a group of experts from industry, academia, government, and the community to discuss policies and economics surrounding both affordable and public housing in New York City. The informal consensus was best expressed by **Michael Kimmelman**, who gave the keynote address and stated “there really is no bigger and more urgent crisis in NY than the state of our affordable housing.” **Brian Loughlin** concurred stating that it was “not hyperbolic” to say that “this Mayor has inherited the worst housing crisis in the history of the City.” The crisis has deep roots, resulting from the three phases of the history of public housing described by **Nicholas D. Bloom**: an idealistic public housing program for the working class (1930’s – 60’s), a reframing to harness the private market in public/private partnerships to reinvest in communities (1960’s – 70’s), and a roll-out of federal economic policies focused on expanding the role of the private sector with new P3 tools (1970’s to present).

The crisis today stems from retaining all the “original goals of affordable housing” but adding new ones as well, overburdening an already tenuous system. The original goals include “leverage without government risk” while remedying “public housing”, “disinvestment” in neighborhoods, “homelessness”, and the “rent burden.” But now, the housing system is also supposed to “prevent gentrification, reduce overcrowding” and “achieve regional equity.” But “what is realistic?” We expect more outcomes, but “what are the consequences for policy and funding?” For example, “who is going to be housed?” There are not infinite resources. **HUD Administrator Ampry-Samuel** says we need to get “thoughtful and creative” because the question remains: “how do we build housing that is not only affordable but also is good for our environment and looks good?”

Over the last decade or so, NYC previously committed to producing 460,000 affordable units either constructed or preserved, and more recently Mayor Adams has announced \$22B in funding for additional affordable housing. While experts disagree about what exactly the solutions for the future may be, they all concur that even at these levels of production and funding we simply are not resourced to fully address the problem. However “crisis elevates the conversation” and “energizes the room” and the panelists and speakers spent the day looking at the past, the present and the future together. Out of their discussion, several themes emerged about what we can learn from the past, what positive and negative lessons we can glean from the present, and what tools might improve our outlook as we move into the future.



Learning from the Past

Nicholas D. Bloom opened the panel by giving a history of public housing in three phases, which began in the 1930's as an "idealistic" program to address a crisis of mass unemployment and decaying tenement houses. This first phase aimed to build high quality housing for the working class. The quality of early projects was "very high" with "every reason to be optimistic." However, supported by the Housing Act of 1937, the program was oriented around very low-income tenants, and was "isolated" to seeking housing only, with no neighborhood focus and no frills, and therefore created "segregated" areas for public housing. In subsequent decades, and in particular by the 1960's, public housing became a "crisis in itself" challenged by issues of increased crime, poor public management and segregation.

In the transition from the 1960's to the 1970's, NY State saw the emergence of a second phase -- public/private partnerships ("P3"). P3's were oriented toward solving some of the problems that had emerged in public housing, with programs sponsored by the State's Housing Finance Agency and Division of Housing and Community Renewal. The intent was to reinvest in local communities and address the combined issues of concentration of poverty, poor design, and insufficient management. One of the main tools of these P3's was the 1955 establishment in NY State of the Mitchell-Lama program, created by the Limited Profit Housing Companies Act. Mitchell Lama changed the strategy, rooting the middle class back in the city primarily through large scale projects like Coop City. This program created a "massively productive system" which produced "hundreds of thousands of units" in a "towers in the park" design with a middle-class focus. This was a "fairly successful" program. But in the 1970's the Mitchell-Lama program experienced its own crisis as the country was faced with inflation "even more intense" than what is going on today. Inflation, along with construction issues, maintenance issues, rising operating costs, owner defaults, rent strikes, high vacancy, middle-income evictions and the larger context of white flight all contributed to a growing crisis for the sector. Moreover, the financial leverage that had previously seemed a positive, allowing for this massive production of housing stock, turned negative due to interest rates and now contributed to the "near collapse of NY State."

The third phase of public housing brings us from the 1970's to the present. This phase encompasses a new set of goals. This set of goals held at its core a deleveraging of direct government involvement in both finance and management, addressing the ongoing issues with public housing through a new form of P3 that began with the Hope VI program. The idea was to limit government risk, remedy management problems, reverse disinvestment in neighborhoods, reduce homelessness and decrease a family's rent burden. Hope VI, along with the Low-Income Housing Tax Credit ("LIHTC") and the Section 8 program have been the classic tools of this phase. Nationally, there was a rise of critical development organizations both for profit (e.g., James Rouse Companies), not-for-profit (e.g., Enterprise Foundation) and public agencies (state and local housing finance agencies), all of whom developed systems to utilize complicated tax breaks to package up and resell products to investors. "There's a lot to like" with this program, including the rebuilding of neighborhoods and some successful projects such



as Melrose in the Bronx and Via Verde. The “real success” here was the “rebuilding [of the] image” of public housing and the high level of “production of units” (Appendix 8).

Ingrid Gould Ellen pointed out that despite these new tools developed over the last 50 years, housing has continued to become less affordable with housing costs increasing by twenty times over the period, even looking at the very same homes and controlling for inflation (See Appendices 2-5). This problem appears even worse when we consider a “structural inequality” that has resulted from the disappearance of middle-income jobs leading to a “greater gap between high income earners” and the area’s median income. In NYC, this has been exacerbated by “more high-income earners being attracted to NYC” due to a “booming labor market for college grads, with other workers not seeing the same [wage] gains” and a “growing interest in urban amenities.” Over this same period, there has been a growing “taste for larger homes” among this market, skewing the production of the overall system toward the highest earners. At this same time, there has been “shrinking competition in the housing sector,” although the evidence for this assertion is “less clear and more anecdotal.” Her conclusion is that “we are not building enough to match growth and demand” due to three factors: exclusionary suburbs that have regulatory barriers to building; the “declining availability of land”; and the “failure of federal rent subsidies to keep up” with these rising costs. This is a regional problem and requires a regional solution.

Moses Gates focused on this regional question, stating that as the central city becomes more expensive, the suburbs could be a solution for a regional market. But “not all suburbs are created equal” and NY suburbs are particularly challenged (See Appendices 6 and 7). Nassau and Suffolk counties have produced “7 building permits per 1000 residents” while in contrast, both Hudson County and New Jersey have produced “60-75 permits per 1000 residents.” While our “job growth has become increasingly concentrated in NYC” our “housing production has been increasingly concentrated in NJ.” The regional infrastructure cannot keep up, and this has led to further increases in central city housing prices and rents.

The crisis today stems from retaining all the “original goals of affordable housing” but adding new goals as well, which is overburdening the system. The original goals include “leverage without government risk” while remedying “public housing”, “disinvestment” in neighborhoods, “homelessness”, and the “rent burden.” But now, the housing system is also supposed to “prevent gentrification, reduce overcrowding” and “achieve regional equity”. **Senator Kavanaugh** pointed out that the affordable housing crisis is also intertwined and must address longstanding problems of homelessness and increased evictions. But “what is realistic”? We expect more outcomes, but “what are the consequences for policy and funding?” For example, “who is going to be housed?” in a world of limited resources.

The Present: Challenges

The pandemic has had a devastating effect on renters nationally, says **Ahmed Tigani**, but NYC renters have been some of the “hardest hit” with people of color being “disproportionately affected.” COVID didn’t create our issues – and in fact the rental market has already rebounded (Appendix 5) – but the pandemic has made our issues “more dire.” Still, the “state of housing emergency has been going on much longer than that” and in NYC is



exacerbated by a low vacancy, high rent burden in a tight market that makes it “difficult to meet the challenge.” **Michael Kimmelman** pointed out another NYC challenge in which communities are increasingly seeing any inclusion of market rate units in a project as “an existential threat to our homes and community.” He worries that “we have lost our ability to even imagine that coming together is possible” with a “wider pessimism and despair” amidst change and people “take to the barricades to oppose any new development” even as local government is “cowed” by big money in favor of community needs for affordable housing. **Borough President Reynoso** mostly concurs, describing a YIMBY/NIMBY death spiral¹ in which community gridlock leads to back room deals by politicians that are negotiating without true information about the true economics of projects. He suggests this is changing with a new cohort of politicians that have no interest in seeing real estate projects move forward.

Within development itself, **James Smarr** sees a mismatch of affordability with actual community needs, questioning whether the 30% rent burden rule creates truly affordable rents in NYC when we realize excessive costs of income tax, bag taxes, parking fines, utility costs and household expenses – he calls for a more detailed study on a family’s actual costs of living beyond housing. **Lisa Gomez** counters that when “we talk about trying to reach down to lower affordability” we need more support at the Federal, State and City levels for ongoing subsidy when it costs \$150,000 in capital subsidy to build one affordable housing unit on city-owned (free) land, and \$700/month to operate that same housing unit even without any frills or supportive services. **Reynoso** challenges this conclusion, reflecting that in the 1990’s, affordable housing was built almost exclusively by not-for-profits and “it worked pretty well” with them “not having too much trouble.” But “then Bloomberg came in and said the only way we can build is P3” which completely changed the model, and now we are “hearing about this unsustainable financing in the model which we never heard from non-profits.” He further challenges civic support for projects in which investors overpay for land, expecting the “city to bail them out” when they overpaid for land, especially in manufacturing districts in which the developer expects the City to perform a rezoning, removing assets that are as valuable to local communities in job creation as is affordable housing. **Gomez** explains that all of this changed “with the economics of land” since we “were short sighted” and “were not building high enough” in the 1980’s at a time when not-for-profits and for-profits were able to build “so much more.” Now land can be up to \$500/square foot in Manhattan, making those economics difficult to pencil. **Gould-Ellen** agrees with **Gomez** and calls for the creation of a land tax and land commissioner to address these issues.

At the State level, **Senator Kavanaugh** encourages us regionally to “rethink the role of restrictive regulations, restrictive zoning” and address the under production of units regionally due to “people with that impulse to prevent the housing that we need, especially in suburbs.” While NYC has done “fairly well” in housing production, the suburbs of NYC are “disastrously failing” to produce meaningful amounts of housing, with Nassau and Suffolk producing 7 units per 1000 residents, NYC producing 24 per 1000 and the national average at 32 per 1000. In fact, NY State is “the only state in America with a housing market that is so tight, that has not had state level intervention in the ability of localities to block housing.”

¹ <https://www.gothamgazette.com/130-opinion/8708-leaving-the-rebny-vs-nimby-doom-loop>



Drilling down to the public housing tenant level, **Karen Blondel** reminds us that we need tenant participation to fix the crisis, but “the problem is that [tenants] do not get enough information from an unbiased party” and instead are influenced by “someone who has an agenda or someone who gets something from it.” So while she is current on her rent, and highly active in her community, her apartment is crumbling around her due to a lack of capital maintenance. In the meantime, her rent is a formula that is based on 30% of her income with an “adjustment” to up to 80% of fair market rent if her income rises. But in NYC, “fair market rent is not in sync with the rest of the country” which makes it nearly impossible for anyone to “work their way out of public housing.”

The Present: Reasons for Hope

Despite all the challenges, every panelist found reasons for hope both nationally and locally. An often cited (Kavanaugh, Kimmelman) example was the California Accessory Dwelling Unit (“ADU”) law,² allowing single-family owners to create additional units on their existing lots with reduced regulation. **Senator Kavanaugh** explained another successful program in California to convert hotels more easily into housing and suggested a similar program be created in NY. **Karen Blondel** pointed out another model in Cambridge in which “they are allowing home-owners to build taller without having to go through zoning changes.”³ **James Smarr** explained how “rental equity programs nationwide” are “limited, but do some good” by providing long term renters with “a form of equity” that vests after some years and allows renters to have money that “can be used for anything” like home traditional home equity. **Kimmelman** explained Houston’s success in decreasing the homeless population by 63% while also reducing average waiting times for placement from 720 days to 32 days. “As best I can tell,” he said, “they have done it by coming together. City officials, landlords, politicians, non-profits, and business organizations. They have come to the conclusion that they share an interest in fixing the problem which has trumped their differences.”

Multiple panelists applauded changes at NYCHA, even while acknowledging the past and present shortcomings of the organization and its funding streams. There was general praise for the Rental Assistance Demonstration (“RAD”) program⁴ passed by the Obama Administration in 2011, which enables Public Housing Authorities to protect the long-term affordability of public housing units that are in need of rehabilitation. A notable positive example of implementation by NYCHA was at Baychester in the Bronx. And while there were concerns about trusting NYCHA in the past, the RAD program was commended because “NYCHA still owns and oversees RAD, tenants can’t be displaced, private managers can be displaced, and no apartment can be converted to market rate when a tenant moves out” (Kimmelman). **Blondel** was also a booster of NYCHA’s Public Housing Preservation Trust⁵ which provides an alternative to RAD and keeps NYCHA as the permanent owner and manager of the properties.

With regard to P3 affordable housing development in general, **James Smarr** highlighted that NYC was unique in that “we can count on a reliable stream of resources from both the city

² <https://www.hcd.ca.gov/policy-and-research/accessory-dwelling-unit>

³ <https://www.jchs.harvard.edu/blog/what-can-we-expect-cambridges-new-affordable-housing-overlay>

⁴ <https://www1.nyc.gov/assets/nycha/downloads/pdf/rad-fact-sheet.pdf>

⁵ <https://www1.nyc.gov/site/nycha/about/public-housing-preservation-trust.page>



and the state to pair with private equity to get things done” and we should not “take [that] for granted” as that is not the case in “many other jurisdictions.” **Smarr** also called Mandatory Inclusionary Housing a recent “triumph” with NYC “one of the few municipalities” that have moved beyond Voluntary to Mandatory, increasing the stock of affordable housing produced.

First Deputy Commissioner Ahmed Tigani announced the \$22B appropriated for affordable housing in NYC by Mayor Adams, with a mandate to focus on equity, neighborhood participation in planning, and building for a sustainable future. He cited the Morris House RFP⁶ designation which has resulted in a plan to build a 195-home, wellness-centered, sustainable mixed-use development for low-income seniors in the Bronx. **Tigani** also highlighted the City’s partnership with NYSERDA to finance retrofits for existing multi-family affordable housing to upgrade the stock to be prepared for climate change.⁷

Senator Kavanaugh explained the Housing Stability and Tenant Protection Act,⁸ which he described as “the strongest piece of tenant protection that has been passed in the last half century” leading to “successful, dramatic reduction in evictions not just in NYC but also in places like Buffalo.” He went on to describe the State’s “ambitious but achievable” five year plan to build 100,000 affordable units with an accountability to an annual reporting process that can “raise expectations” for success. The plan also includes \$5.5B of direct capital spend and \$2.5B of operating assistance including \$1B of rental arrears assistance in the wake of COVID. Acknowledging a history of rampant discrimination in housing, **Kavanaugh** also celebrated a recent success fighting “aggressive discrimination of race” in Long Island thanks to the help of an expose by *Newsday*⁹ that resulted in additional fair housing legislation. He enthusiastically told the crowd that the “general public has never been more engaged than in this moment” and that it was a “good moment” to create a “crisis level response.”

James Smarr, a former employee of the NY Department of Education, explained that there were over 1700 properties owned by DOE that could support the provision of mixed-use school and affordable housing if we could get creative together. **Muzzy Rosenblatt** built on this point by describing the strategy of Bowery Resource Center, a non-profit focused on taking people from homelessness to home. “Our biggest expense at BRC is our payroll, but our second biggest is our rent. We spend 20% of our budget on rent.” But “what is rent? I’m giving a landlord money so that they can acquire an asset, and they can pay off their rent and mortgage and I’m giving them a profit for the privilege.” Rosenblatt therefore moved BRC to ownership instead of renting and built the asset capacity of BRC – “just as we should do with other non-profits. Instead of making and retaining profit, we at BRC can take that extra money and commit it to a 30-year rental subsidy. We built a building on Landing Road in the Bronx.¹⁰ While a private developer would have built a shelter and made money, we built a shelter and housing above it, and we are still able to subsidize the rents without Section 8, having studios rent for \$477/month. A 200-bed shelter is subsidizing 100 units of housing to make it affordable to someone making the minimum wage.” And with 50,000 shelter beds in NYC – we can design

⁶ <https://www1.nyc.gov/site/hpd/news/018-22/hpd-nycha-hdc-plans-partners-build-195-home-wellness-centered-sustainable#/0>

⁷ <https://www1.nyc.gov/site/hpd/services-and-information/hpd-nyserda-retrofit-electrification-pilot.page>

⁸ <https://www.nysenate.gov/newsroom/articles/2019/new-rights-tenants-housing-stability-and-tenant-protection-act-2019-1>

⁹ <https://projects.newsday.com/long-island/real-estate-agents-investigation/>

¹⁰ <https://www.brc.org/homestretch-housing>



with dignity for the same amount of money and we could use that same money going “out the window” to landlord profit to subsidize housing. Even if we took 20% of those 50,000 shelter beds, that would be 10,000 units of shelter subsidizing 5,000 units of housing without using any new money. We “begin to change lives and move the needle in the right direction.”

HUD Administrator Ampry-Samuel celebrated the shift in the federal policy under President Obama and Secretary Fudge in which “we are intentional about addressing affordable housing shortages and financing...we use every tool available.” The Fiscal Year 2023 budget proposes \$50B in mandatory funding, additional LIHTC to address market gaps, and a target to preserve and sell nearly 100,000 of additional affordable homes. The Federal Housing Agency (“FHA”) announced in April its first ever vacant property note sale exclusively for mission driven non-profits and local government units.¹¹ HUD also released a Climate Action Plan addressing issues of resilience, climate adaptation and environmental justice¹² with a suite of tools that include a climate resilience toolkit, the direct support of cohort cities across the community, and continuing to support flexible CDBG-R money that support recovery.¹³

Philosophy and Tools for a Solution

The panelists and speakers coalesced around a new philosophy for provisioning affordable and public housing, as well as a series of policy and economic tools upon which the majority agreed. There were also a series of promising one-off proposals championed by a single panelist. The shared philosophy could best be summarized by Kimmelman’s call for a new policy that focused not only on the quantity of housing developed but on “the things that make a house a home” such as “safe walkable streets, access to public transit, quality schools and jobs, libraries, health care, parks and plazas, food, culture” and indeed to “think holistically” when we talk about housing and “think up front in terms of the needs of communities and not just the number of units” while ultimately trying to “think bigger” about what we are trying to accomplish. **Tigani** and **Ampry-Samuel** highlighted this approach in new Federal and City policies. **Kavanaugh**, representing the State’s perspective, added the requirements of pairing affordable housing solutions with those addressing evictions and homelessness, a position that was supported by **Rosenblatt**.

Those tools upon which a majority agreed included: expanding operating subsidy (through Section 8), expanding capital spend at the City/State/Federal level, creative use of city- and non-profit owned land to put housing above community infrastructure (libraries, shelters, schools, and more), resetting land use regionally and ending exclusionary zoning, lifting density and height caps, removing the FAR residential cap, legalizing Accessory Dwelling Units in NYC, supporting the expanded use of RAD, supporting the Public Preservation Trust for NYCHA, and enabling more rapid conversions of hotels.

Other ideas that were supported by some and not others included: expanding MIH (**Smarr**), replacing ULURP with a city-wide Comprehensive Planning process (**Reynoso**), leaning into

¹¹ https://www.hud.gov/press/press_releases_media_advisories/hud_no_22_065

¹² <https://www.hud.gov/climate>

¹³ <https://www.federalregister.gov/documents/2009/10/27/E9-25733/community-development-block-grant-recovery-cdbg-r-program>

Community Land Trusts (**Kavanaugh**), supporting rental equity programs (**Smarr**), establishing a land tax and land commissioner (**Gould-Ellen**), creating a corps of young public housing residents to rehabilitate public and private housing (**Blondel**), and replacing P3 development with pure non-profit development (**Reynoso**).



NYU Urban Lab Analysis and Next Steps

Affordable housing in New York City is in crisis. While the both the production and preservation of affordable housing have been impressive in scale, they are still not enough to address a growing mismatch between the supply of affordable housing and the demand for it. That mismatch has been growing worse over the last 50 years. Over that period, housing costs have skyrocketed by 20 times. Simultaneously, the average household income in NYC has been stagnating, increasing the number of New Yorkers that need affordable housing. It is hard to see the city-managed production and preservation of affordable housing ramping up significantly – they are already at a scale that rivals the top private developers in the country. For that reason, the Urban Lab recommends focusing on expanding as-of-right programs, policy changes that ignite the market at scale, and going all in on revising our approach toward public land and megaprojects to preference income regulated housing. These changes will require increased funding to existing programs and supporting the launch of the Public Housing Preservation Trust. The Urban Lab also recommends considering the creation of a new dedicated publicly owned developer focused on affordable housing production. All of these strategies need to be pursued through the lens of inclusive growth – preferencing solutions that promote equity as well as integrate our understanding that it is a whole package of everyday expenses – food costs, transportation costs, education costs, health costs (a “basket of goods”) – that determine the affordability of housing. As the cost of any of these components goes up, a household has less annual income to spend on housing. A solution to the overall basket of goods problem must be an integral part of any affordable housing discussion.

Supply-Demand Mismatch is Growing

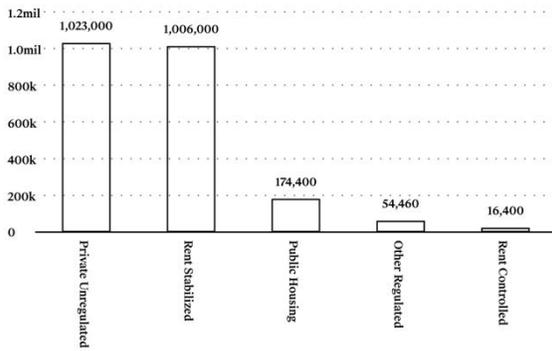
The total number of housing units in New York City in 2021 was 3,644,00 with 2,274,260 rental units composed of 1,251,260 “regulated” rental units. Regulated refers herein to: rent stabilized (1,006,000), public housing (174,400), rent controlled (16,400) and other regulated units (54,460).¹⁴ Despite this significant inventory of regulated housing, half of NYC rental households (998,200) pay more than 30% of their income on housing (rent burdened) while almost a third of NYC rental households (598,600) pay more than half their income on housing (severely rent burdened).¹⁵ The problem of affordability is projected to get worse, as **Ingrid Gould Ellen** points out: despite all of the new tools deployed to combat the problem over the last 50 years, housing has continued to become less affordable with housing costs increasing by twenty times over that same period. Simultaneously, many units reach the limit of their

¹⁴ <https://www1.nyc.gov/assets/hpd/downloads/pdfs/services/2021-nychvs-selected-initial-findings.pdf>

¹⁵ Ibid.



Figure 2. Rental Units by Type of Housing



Source: New York City Housing and Vacancy Survey (NYCHVS), 2021. US Census Bureau / NYC Dept of Housing Preservation and Development. Please refer to the technical appendices at the end of this report for details on the NYCHVS design, definitions, and methodology.

regulatory period,¹⁶ which reduces the overall supply of affordable units – from 1990-2008 over 30% of existing units had their affordability provisions expire. In fact, from 2005-2018, the city lost 88,518 units over that period – more than the entire addition of new rental housing over the same period according to some analysts.¹⁷

From a supply perspective, the National Low Income Housing Coalition (NLIHC) estimates that New York State has a current deficit of 615,025 affordable units just to meet the demand of the severely rent burdened,¹⁸ which seems a conservative estimate given the

598,600 existing severely rent burdened households in NYC. Unfortunately, affordable housing production and preservation by the City of NY plummeted in fiscal year 2022, during which time the Adams administration produced or preserved only 21,951 units¹⁹ compared to the 29,500 preserved or produced during the previous administration in fiscal year 2021.²⁰ Production and preservation of affordable units accomplished by NYC hit a 30-year peak of 32,517 units in fiscal year 2019.²¹ Looking solely at the new units created to address the deficit of 998,200 units needed to support existing rent burdened New Yorkers, production of strictly new affordable units by NYC from 2014-2021 averaged 9,571 per year (versus those preserved).²² **At that rate, it would take almost 50 years of production to address those rent burdened today.**

That 50-year figure assumes no population growth and no loss of units to either regulation nor physical degradation. In this vein, the Real Estate Board of New York estimates that over 560,000 new units (market rate and affordable combined) are needed to address the market by 2030 with only 79,500 in pipeline²³ – this suggests an increasing economic squeeze in which the escalating lack of supply in the market will put upward pressure on prices, increasing the percentage of the rental population that will become rent burdened. If we take into account the loss of 30% of the affordable stock from 1990-2008, and assume that 20-year trend repeats, **it would take 65 years at these housing production rates for NYC to simply catch up**

¹⁶ The period of time in which they are required to remain at lower than market rents expires.

¹⁷ It must be noted that these figures from the Comptroller do not match the inventory figures of other sources. In specific, the new addition of rental housing noted is far below that shown by other sources, which estimates new housing production closer to 20,000 – 36,000 per year in NYC between 2018 and 2020. Further study of supply/demand dynamics is highly recommended as a follow on to this paper. Regardless, the loss figure is significant by any measure.

<https://comptroller.nyc.gov/newsroom/new-comptroller-stringer-report-options-for-working-new-yorkers-vanishing-as-city-lost-over-425000-affordable-apartments-since-2005/>

¹⁸ <https://nlihc.org/housing-needs-by-state/new-york>

¹⁹ <https://www.nyc.gov/office-of-the-mayor/news/671-22/mayor-adams-city-connected-10-000-households-stable-affordable-housing-fiscal-year>

²⁰ <https://www.crainsnewyork.com/politics/new-york-city-affordable-housing-production-drops-45-report>

²¹ Ibid

²² Calculation by Kwatinetz from <https://www.ny1.com/nyc/all-boroughs/news/2022/10/10/your-guide-to-understanding-affordable-housing-in-new-york-city>

²³ <https://www.crainsnewyork.com/real-estate/new-york-needs-560k-additional-housing-units-2030-rebny-report-says>

with the existing backlog today. That assumes no increase in demand for affordable units due to production supply constraints nor increased demand from those whose incomes cannot keep up with rising housing costs.

NYC Affordable Housing Production is Impressive in Scale – But Not Enough

This begs the obvious question: why not simply scale up the government’s efforts at producing affordable housing to meet this enormous deficit, and thereby shorten the 50-year catch-up period? From fiscal years 2019 to 2022, NYC government produced a low of 21,951 to a high of 32,517 affordable apartments in any given year. In comparison, from 2012-2016 the entire apartment industry in the US built on average only 244,000 new apartments, and the last time more than 325,000 units were built in a single year was 1989.²⁴ Greystar Real Estate was the top producer of apartments in the country in 2021 producing 14,047 units and in 2020 producing 11,739.²⁵ In other words, the production of affordable units by NYC is in range or above the top producing private developers in the country, and a significant scale (double or triple) is not realistic.²⁶ In fact the pace of affordable housing production by NYC is astonishing and is a true testament to what is working in the system as a whole. It just is not enough to catch up to the backlog.

Expanding As-of-Right Programs and Scalable Policy Changes

If increasing direct production significantly is unrealistic, the next solution to consider is growing programs that harness the power of the private market to deliver units under as-of-right programs. The speakers and panelists at the Affordable Housing Crisis noted several potential options to consider: 421a replacement programs, lifting the FAR cap on residential construction, expanding inclusionary housing, approving Accessory Dwelling Unit (“ADU”) construction, considering allowing increased density on existing residential projects (such as the program mentioned in Cambridge, MA²⁷), expediting conversions of hotels, and ending exclusionary zoning practices regionally to increase the pace of private production. Each of these approaches has its challenges and its merits, and the Urban Lab concurs with pursuing every means necessary to combat this crisis.

On the whole, these types of programs work within the existing private housing supply being created each year, providing incentives to capture some of those units into affordable housing by providing as of right benefits (421a, inclusionary housing). In some cases (ADU, increased density, FAR cap, conversions of hotels) the programs might add additional units into an increased level of new construction that would not otherwise be built in NYC. On the

²⁴ <https://www.naahq.org/united-states-needs-46-million-new-apartments-2030-or-it-will-face-serious-shortage-0>

²⁵ <https://www.multifamily.loans/apartment-finance-blog/2022/8/23/top-10-multifamily-developers-of-2022>

²⁶ In this section I am counting units both preserved and newly developed as a part of NYC’s total count. If we count only those produced new, we can see that the 9,571 new affordable units produced annually by the De Blasio administration (during 2014-2021) is still quite impressive. During that same period, in 2020, Greystar only produced 8,525 units per year and the second top producer, Alliance, only produced 7,728 units. So NYC was producing more new affordable units per year than the most successful private developers were producing market rate units in any location in the country. By “not realistic” I refer to the constraints on organizational growth of the government over multiple administrations, as well as the ability for any developer – public or private – to achieve the levels of housing production annually necessary to increase production significantly.

<https://www.nmhc.org/research-insight/the-nmhc-50/top-50-lists/2021-top-developers-list/>

²⁷ <https://www.jchs.harvard.edu/blog/what-can-we-expect-cambridges-new-affordable-housing-overlay>



capture front, NYC led the United States in total (market and regulated) apartment construction in 2022, with 28,152 units coming online.²⁸ If we assume as much as 30% are captured by incentives, this could add 8,000 or so new units per year, almost doubling NYC’s affordable housing production.^{29 30} On the new construction front (ADU, increased density, FAR cap, conversions of hotels), it is harder to estimate a number of units that could be produced, but it is reasonable to assume an upper bound in the range somewhat below the total of 28,152 produced in NYC. A highly optimistic estimate from the Urban

Total Number of Housing Units		3,644,000
Rental Units		
	Rent Stabilized	1,006,000
	Public Housing	174,400
	Other Regulated	54,460
	Rent Controlled	16,400
Subtotal, Regulated Rentals		1,251,260
	Private, unregulated	1,023,000
Total, Rental Units in NYC		2,274,260
Total, Rental Households in NYC		2,171,000
Total, Rent Burdened Households		998,200
Total, Severely Rent Burdened		598,600
Target NYC Affordable Annual Production		20,000
Number of Years to Build to address 998,200 deficit		50
New Annual Units: Expanding As-of-right conversion programs		8,000
New Annual Units: Increasing the pace of construction via policy		3,000
Hypothetical total annual production of affordable units in NYC		31,000
Number of Years to Build to address 998,200 deficit		32

Production figures from Crain's and City of NY, both referenced herein. Estimates of new annual units are calculations by the author explained within the text.

Lab would throw a dart at 3,000 units, given the current challenges of development in NYC. All of these activities should be supported in a comprehensive effort to increase the supply of affordable housing as quickly as possible to reduce today’s 998,200 unit deficit. For those following this rough math, NYC average production (20,000), captured by incentives (8,000), and an increased amount of new construction (3,000) could lower the period of time to meet the deficit of 998,200 units down to perhaps 32 years (see table insert). Still a long way from mounting a response commensurate with the crisis, though clearly an improvement.

Ending exclusionary zoning regionally is another avenue to pursue. While it most likely will not significantly reduce this existing deficit in NYC, it may slow the growth of additional demand by providing a larger overall housing supply in a region that has more naturally affordable areas than within the five-borough core. Any comprehensive affordable housing policy must support efforts to end exclusionary practices in the suburbs to bring housing production up to national averages. Only a robust development pipeline regionally can offset the increasing pinch of pricing due to a lack of supply regionally.

Public Developer: Public Development and Using Land as a Capital Resource

Clearly, there is no silver bullet. But even with our most aggressive estimates outlined above, the 32-year time frame of addressing only existing deficits of housing for today’s population is not going to be enough to end this crisis in a meaningful time frame. If we take into account the demand impacts of a growing population and increasing unaffordability for a large section of the population the forecasts grow more forlorn. On the supply side there are

²⁸ <https://commercialobserver.com/2022/08/new-york-leads-nation-in-apartment-construction-report/>

²⁹ Since the figure used to estimate the 30% represents the total amount of units produced, it may also be double counting the approximately 9,000 units per year of newly built affordable housing produced with assistance by the NYC government. In that case only 4,000 new units per year would be added by this strategy with the assumption of 30% affordability.

³⁰ A more detailed study of supply is highly recommended – different sources categorize government assistance in different ways. However, the Rent Guidelines Board estimates that from 2003-2016, on average 5,000 units were newly issued 421a certificates. From 2017-19, this figure shot up to 20,000-27,000 new units annually. <https://rentguidelinesboard.cityofnewyork.us/wp-content/uploads/2020/05/2020-HSR.pdf>

not enough market units being created (causing upward pressure on pricing), units deteriorate over time, and regulatory periods on affordable units end. Together, these facts form a grim picture. More tools are needed, tools that can significantly increase production and preservation by a combined 10,000 – 20,000 units per year.

The Public Housing Preservation Trust³¹ is one such mechanism. While focused on the rehabilitation of existing units, this preservation on its own should be a high priority. Given the total stock of regulated rentals (1.2M), and an estimated 30% loss of units per 20 years, NYC could lose upwards of 18,000 regulated units per year without intervention.³² That is double the average annual production of new affordable units assisted by the City of NY. The Trust's mandate is to concentrate on the 25,000 units of public housing identified by NYCHA as "overdue [for] repair, rehabilitation, and modernization"³³ but the Urban Lab strongly recommends an expansion of the mission to encompass rehabilitation of all regulated units of all types that are in danger of loss through degradation or regulatory roll-off. The solution as to how to scale the Trust to take on this much more significant mission is not clear at this time. What is clear is the necessity to create a dedicated public entity to take on the threat to the existing regulated stock in all its forms. Additionally, the infrastructure, staffing, and operating expertise of the Trust is the best source that can be leveraged to address the challenge at hand for unit loss. This expansion of scope will require additional subsidy, most likely in the form of an expanded Section 8 funding stream – something supported unanimously by the panelists. Cooperation on the Federal, State and local level will be required with a positive outcome far from certain. The goal should be to supplement NY Housing and Preservation Trust's preservation efforts to eliminate any loss of regulated units annually. The goal should be a stabilized delivery pipeline of approximately 10,000 units per year rehabilitated and/or placed back under income regulation.

Paired with preservation must be a strategy to increase new production. City efforts to date have focused upon regulatory and public/private tools to induce private housing production to develop affordable units. Public development occurs when the government acts in its proprietary role as a real estate developer and not just a regulator or provider of incentives. During the height of *Housing New York*,³⁴ the de Blasio Administration activated NYC's largest existing public developer, the NYC Economic Development Corporation ("NYCEDC"), to support increased levels of affordable housing production. With HPD as the lead agency, the NYCEDC developed affordable housing at underutilized city properties as well as prioritized the integration of housing in all public/private real estate developments whether rezonings (with DCP as lead), megaprojects or district developments. The NYCEDC pivoted its considerable infrastructure in deal making with private parties to increase the capacity of the city to do negotiations on pipeline deals, and with other branches of the city to identify underutilized properties that could be proposed to the private sector as potential housing sites.

But in addition to managing public/private real estate and infrastructure negotiations, the NYCEDC has the capacity to be a primary developer and operator itself. In fact, its directly managed real estate portfolio, at 67 million square feet, is one of the largest in the city. But the

³¹ <https://www.nyc.gov/site/nycha/about/public-housing-preservation-trust.page>

³² The comptroller figures cited earlier estimate this figure higher at 32,692 per year over the period 2005-2018.

³³ Ibid.

³⁴ <https://www1.nyc.gov/assets/hpd/downloads/pdfs/about/hny-final-report.pdf>



mandate of the NYCEDC to date has not included the direct development and management of affordable housing. Housing development has remained the province of HPD and HDC, with a dominant preference for public/private partnership via incentives instead of direct development (with the notable exception of NYCHA in public housing).

Whether the city chooses to delegate to NYCEDC, or to create another special purpose public developer mission-oriented to affordable housing, the concept of creating a public developer completely focused on constructing new affordable housing is a proposal worth careful consideration (“Affordable Housing Public Developer”). As pointed out by multiple panelists, there are significant publicly owned vacant lands and underbuilt sites. **James Smarr** pointed out that libraries, schools, cultural facilities, and police stations were worthy targets for mixed-use development – indeed, all of these were targeted in public/private partnerships under *Housing New York*. But, as **BP Reynoso** pointed out, the use of private development requires additional subsidy to account for profits – this is beyond the subsidy needed for non-profits. This point was further underscored by **Muzzy Rosenblatt**, who outlined a strategy pursued by Bowery Resource Center to use existing owned assets and revenue streams to develop affordable housing above BRC’s shelters. **Rosenblatt** and BRC are sophisticated and are capable of undertaking these projects on their own – there is not an obvious similarly qualified public developer for many publicly owned and non-profit owned sites. But public owners and non-profit owners are highly likely to be open to a strategy that limits their risk and need for expertise through partnership with a dedicated Affordable Housing Public Developer.

In addition to pursuing vacant and underbuilt sites, a well-tuned Affordable Housing Public Developer can also advocate (with NYCEDC, HPD, HDC, DCP, and City Hall) to force the inclusion of affordable housing in every development. For those developments requiring public approval, NYC should take a cue from Paris,³⁵ and require all large-scale projects to include affordable housing. As projects like Hudson Yards, Pacific Park and the Penn District³⁶ halt construction due to a lack of office demand, an engaged city could look to convert some of these tens of millions of square feet planned for commercial office to housing generally, and affordable housing more specifically. A conversion of Penn District’s planned 18M square feet to 30% housing could yield upwards of 6,000 new units.

Let’s not forget the many existing large-scale sites that could be considered for acquisition and development. **Michael Kimmelman** joked that a single golf course in the Bronx could yield upwards of 126,000 affordable housing units. New York City has always been a city that has dreamed big – from Battery Park City to Central Park and the Olympics bid. Why balk at targeting megaprojects laser focused on reducing the 998,200 deficit of units? If we are truly to be bold as a city and be inspired by the success of such projects as Battery Park City, we must also look at our potential to create new land. Whether this land consists of platforms over Hudson Yards and Atlantic Yards (and perhaps Sunnyside Yards), or it is new land constructed by fill (as was done in Battery Park City and Lower Manhattan), the vast opportunity (and concomitant challenge) cannot be overlooked in a serious study of funding and developing

³⁵ https://www.bloomberg.com/news/articles/2022-11-09/paris-targets-new-homes-to-make-one-of-most-expensive-cities-more-affordable?cmpid=BBD111022_CITYLAB&utm_medium=email&utm_source=newsletter&utm_term=221110&utm_campaign=citylabdaily&sref=ZyMn9NLj

³⁶ <https://nypost.com/2022/11/01/vornado-pumps-brakes-on-gov-kathy-hochuls-penn-station-project/>



affordable housing. Our problems of coastal resiliency and flooding have caused large scale thinking about the shaping of our extensive coastline.³⁷ It is a small intellectual step to move from coastal protection to land formation – using additional fill to create more land to develop in areas with extremely high land prices.³⁸ The creation of this land, if done strategically, could address flooding issues even while also producing more land to sell in public/private partnerships. Some of that land could be preserved for public goods - affordable housing development, resiliency, transit, parks – while the rest can be auctioned off under public/private partnerships to generate significant capital to fund an expanded affordable housing program run by the Affordable Housing Public Developer.

These final suggestions are clearly fantastical. The necessary regulatory hurdles, including Federal approvals, are significant beyond expression within the scope of this first paper. The issues that will be created for existing landowners will cause extreme friction, including no doubt litigation. But in the shadow of the great history of NYC we can list off similar projects met with equal skepticism – 42nd Street Development, Battery Park City, and Hudson Yards, to name some of the most popular and economically successful. The purpose of driving forward this hazy yet bold idea is to raise our target for success to the scale that will be required to address the severity of our affordable housing crisis. More of the same will never catch up with the actual size of the problem.

Equity and Inclusive Growth Lens

All of these strategies need to be pursued through the lens of inclusive growth – preferencing solutions that promote equity. Housing in NYC (and elsewhere) has been haunted by a series of policies that exacerbate inequality – redlining,³⁹ placement of projects in predominantly low to moderate income communities (“LMI”), discrimination against BIPOC⁴⁰ developers in public/private deals, lack of wealth accumulation for LMI and BIPOC renters, and acknowledgement of the larger “basket of goods” (described below) costs that make even “affordable” housing unattainable for many families.

Redlining and project placement have as of today become commonly understood problems. Evaluation of existing policies and training of public officials and communities should be able to address these long standing practices. Discrimination against BIPOC and LMI developers can be direct (in which case the afore-mentioned training should help change the situation) or can be indirect. The indirect discrimination occurs often based on the public bidding process, which can require large expenditures by developers to prepare proposals over the course of months, without any certainty of obtaining the contracts. Without obtaining the contracts, all of that pre-development money is lost – something that LMI developers cannot afford, and so they do not even apply. Due to this constraint, often there are “workarounds” which have the appearance of preferencing BIPOC and LMI developers but simply reinforce the current order. A panel convened on this issue specifically is recommended.

³⁷ <https://rebuildbydesign.org/work/funded-projects/the-big-u/>

³⁸ High land prices are necessary for effective cross-subsidy. If 10 acres of land are created from fill, and half of that acreage is sold off for private market development, the proceeds of that sale must be sufficient to subsidize affordable housing construction on the remaining 5 acres – as well as offset the cost of creating the fill.

³⁹ <https://www.youtube.com/watch?v=O5FBjyqfoLM&t=28s>

⁴⁰ Black, Indigenous and People of Color



The idea of creating a work corps of young public housing residents (and other LMI rental residents) was raised by **Karen Blondel**. The large scale rehabilitation of regulated units will require a new workforce to be trained. The jobs created should be at living wage. Why not train the very residents of these units – who know the issues the best – to be the workers who upgrade them. In this way, money expended upon the renovation will achieve multiple goals. Not only will the units be preserved, but wealth creation and education can be brought into the very community that the affordable housing is supposed to benefit.

Lack of wealth accumulation by renters was a topic brought up frequently by panelists. Multiple solutions were raised – expanding affordable homeownership programs, utilizing Community Land Trusts to create neighborhood ownership, and looking into “rental equity” programs. Rental equity programs allow renters to build an equity ownership from their rental that is similar to home equity. The renter can borrow against this money for any expense, inclusive of everyday goods, school costs, repairs, or other items that are useful to them. All of these programs should be further explored with experts in these topics in a subsequent day of panels and exploration sponsored by AIA.

Finally, multiple panelists brought up the following conundrum: even if affordable housing is brought to a cost that is below 30% of an annual income, how can we be sure that the 30% number is an accurate representation of affordability? Each family has other costs, a whole package of everyday expenses – food costs, transportation costs, education costs, health costs. Those non-discretionary items that are necessary for a family to live we can call a “basket of goods”. If some of these costs go up significantly – the price of utilities, of transit, of education, of food – that reduces the amount of income remaining to pay for housing. In other words, as the cost of any of these components of the basket of goods goes up, a household has less annual income to spend on housing. A solution to the overall basket of goods problem must be an integral part of any affordable housing discussion. This must begin with an investigation, in particular neighborhoods, of what items constitute the “basket” and how much each of those items cost. The Urban Lab is running such a study for Reno, Nevada right now and discovering that **even with subsidized housing at the levels set by an AMI study** any household below 100% of AMI cannot afford to pay for both affordable housing and the basket of goods without going into debt of \$7,400 (at 80% of AMI) - \$23,600 (at 50% of AMI) per year. In plain terms this means that even if we solve the considerable supply problem in affordable housing, that does not mean that we have solved the actual affordability problem for families. The Urban Lab recommends completing a similar study of the basket of goods for LMI families in various locations in NYC and then considering adjustments to the subsidy and income levels for affordable housing in those neighborhoods.

Next Steps

The limits of time and space to summarize the implications of this panel will have our Urban Lab analysis stop here for now. The scale of the crisis presented by the panelists can most succinctly be summarized by the 50 year timeline it will take to just address the current deficit of affordable housing in NYC today, given current efforts toward production. This assumes all of these efforts are able to remain at their extraordinarily high production rates. The necessity to vastly increase supply is the clearest goal.



Efforts to increase supply should maintain and expand current City production and preservation efforts, which are laudable. The myriad policy ideas to harness the power of the private market through expansion of as-of-right programs and policy interventions are absolutely critical. These will take newly dedicated resources to reconstitute a replacement for 421a and push forward the necessary analysis and legislation to put in place policies that are working elsewhere – FAR cap increases, ADU enablement, increased density for single family lots, hotel conversions, and ending exclusionary zoning. The panel has only scratched the surface of these issues, and additional panels dedicated to each of these policy suggestions is highly recommended.

Beyond support for the existing public production mechanisms and the advocacy of scalable public policy, a true mobilization to fighting this crisis will also require public development. On the one hand, support for the Public Housing Preservation Trust is essential to halt the hemorrhaging of 18,000+ existing regulated units per year. This effort would go beyond the existing mandate of the Trust, and would require an expanded funding stream, likely through increased Section 8 funding to New York City. A focus group led by NYCHA should examine this proposal and determine if such a pathway is economically and operationally feasible to add to the mission of the Trust.

The public development model can go further, and NYC can create an Affordable Housing Public Developer, either through deputizing the NYCEDC – which was so successful in supporting HPD in *Housing New York* – or create a new entity with similar structure to groups within the NYCEDC that have the expertise to start-up this Public Developer. The entity would first review publicly- and non-profit owned land as well as underbuilt facilities. Next, it would intervene in existing large-scale developments (Hudson Yards, Atlantic Yards, Penn District, and more) with a priority to convert significant portions of their master plans to affordable housing. Finally, large scale opportunities should be pursued to identify and/or create new land through infill in locations in which large scale site work and intervention is already underway – such as coastal resiliency projects around the five boroughs.





Detailed Summary of Conference Sessions

Full Panel Recording: <https://vimeo.com/708706238>

Introduction

Benjamin Prosky, Assoc. AIA, AIA New York and the Center for Architecture



Mr. Prosky set the stage for the day, highlighting the opportunity presented by the beginning of a new Mayoral administration. He defined a crisis by the dictionary definition: “an unstable or critical time of state affairs in which decisive change is impending.” That concept of crisis was clearly mounting in affordable housing since the previous administration, he continued, in which the deficit of affordable housing production meant “we are clearly not keeping up with the need of hundreds of thousands of [new affordable] units” in New York City. Mr. Prosky then commented how this conference, focused on policy and economics, was a departure

for an a primarily architectural organization to undertake, but that it was essential for architects to realize “how difficult” it is to produce housing before hosting another charrette or competition that led to designs that did not necessarily address the underlying failures of policy.

Keynote

Michael Kimmelman, The New York Times

“Like you,” said Mr. Kimmelman, “I’m extremely worried. I’m worried because I think of all the problems we face – and there are many – there really is no bigger and more urgent crisis in NY than the state of our affordable housing.” Kimmelman then pointed out that the “secret sauce” of NYC’s success in the past had been “seizing on crises and turning them into opportunities” but he worried that we were “losing the melody of our cosmopolis” and “forgetting what it takes to accomplish really big things together.” He highlighted positive recent examples of success in NYC big thinking, outside of housing, focusing on restaurant outdoor dining – “Streeteries” – in which NYC had moved from “months to get a permit” to granting over 10,000 permits during COVID, showing “we can do big things.” This example highlighted a cultural and social shift, in which we could reimagine public space with “will and imagination” applied. He drew similar parallels to: the pandemic response to cholera, which led to the creation of a public water system; and the





reimagination of the cities economic base following the collapse of the maritime industry. The current housing crisis, he argued, is a “similar type of slow, evolving disaster.”

“Millions of New Yorkers are spending more than half their income on rent” and with a new Mayor, we have a chance to “reinvigorate” the conversation. While the last Mayor was “like an auctioneer at Sotheby’s” keeping a “running tab” of units produced, he “seemed to regard housing as if it were separable from all the things that comprise a neighborhood.” Kimmelman called for a new policy that focused not only on the quantity of housing developed but on “the things that make a house a home” such as “safe walkable streets, access to public transit, quality schools and jobs, libraries, health care, parks and plazas, food, culture” and indeed to “think holistically” when we talk about housing and “think up front in terms of the needs of communities and not just the number of units” while ultimately trying to “think bigger” about what we are trying to accomplish.

Kimmelman claimed that solutions were out there. He “did the math” to point out that residential density in Manhattan today was 640 residents/acre and that large swaths of land existed – such as a public golf course in the Bronx – that at that land mass and density ratio could yield 126,000 units of additional housing. He challenged NYC to live up to success in other areas such as Houston and California. Dating back to a decade ago, Houston had one of the “worst problems in homelessness in the country” but since 2011 had been able to cut its homeless count by 63% and reduce waiting times from 720 days to 32. Houston’s success was not “a lack of zoning” nor an absence of “NIMBYism, covenants or other obstructions” but that they have “come to a conclusion that they share an interest in fixing problems” – surely “NY can do the same or better.” He also turned to California, in which the state legalized Accessory Dwelling Units (“ADU”s) which now account for more than 20% of new housing in the state. Inspiring the room, Kimmelman stated “if California can do it, NY surely can do it.” He then made oblique reference to Atlantic Yards, stating that we cannot “remain cowed by the owner of the aging sports arena” and must instead focus large projects like Atlantic Yards to have a greater percentage of residential delivery rather than “a dozen more office towers nobody would go to”, asking “whose city is this?”

While acknowledging the “fears of losing our neighborhoods”, Mr. Kimmelman explained that “cities are dynamic and collective organisms...that require sacrifice and involve change” and he feared “we have lost our ability to even imagine that coming together is possible.” Reflecting on the change in local activism, he asked why “we take to the barricades to oppose every new development” and related it to a “part of a wider pessimism and despair.”

However, he continued, “promising things happen all the time, we can do better.” He complimented NYC Housing Preservation and Development (“HPD”) or “increasingly good projects” and also lauded NYCHA’s Baychester development in the Bronx as a “really great project” that evinced an “amazing transformation” of upgraded campus and refurbished units that over the long term reduced the amount of money spent per unit while creating a situation in which tenants were “frightened” to “super happy”. While NYCHA’s RAD program “seemed like another ruse” after a “trail of broken promises, false hopes and abandonment” the privatization program turned out to be successful in this project, with NYCHA retaining ownership, tenants protected from displacement, private managers subject to performance review and no tenant can be converted to market rent. While this program is not perfect, it evidences that NYCHA can be successful, and that “the richest nation on earth” should “build,



manage and run a public housing system.” Despite this, hundreds of thousands are waiting for housing, and while there is skepticism of public/private partnerships, increasingly other public housing residents, such as those at Edenwald, want similar progress that they have seen at Baychester because “seeing is believing” and “we need to get people housed.”

The successes in California, Houston and even in New York City projects show what can happen when “business, non-profit, civic and community leaders come together to seek solutions” and so he “turns the stage over” to those in the room to address these historic challenges.





The Past: Defining the Crisis

Moderator: Hillary Sample, FAIA, Columbia GSAPP

Nicholas D. Bloom, Hunter College

Ingrid Gould Ellen, NYU Furman Center

Moses Gates, Regional Plan Association



Nicholas Bloom opened the panel by giving a history of public housing in three phases, which began in the 1930’s as an “idealistic” program to address a crisis of mass unemployment and decaying tenement houses, and aimed to build high quality housing for the working class. The quality of early projects was “very high” with “every reason to be optimistic”. However, with the Housing Act of 1937, the program was oriented around very low income tenants, and was “isolated” to seeking housing only, with no neighborhood focus and no frills, and created “segregated” areas for public housing. In subsequent decades, and in particular by

the 1960’s, the public housing became a “crisis in itself” focused around issues of increased crime, poor public management and problems of segregation.

In the transition from the 1960’s to the 1970’s, NY State saw the emergence of a second phase -- public/private partnerships (“P3”), oriented toward solving some of the problems that had emerged in public housing, with programs sponsored by the State’s Housing Finance Agency and Division of Housing and Community Renewal. The intent was to reinvest in local communities and address the combined issues of concentration of poverty, poor design, and insufficient management. One of the main tools of these P3’s was the 1955 establishment in NY State of the Mitchell-Lama program, created by the Limited Profit Housing Companies Act. Mitchell Lama changed the strategy to rooting the middle class back in the city, primarily through large scale projects like Coop City. This program created a “massively productive system” which produced “hundreds of thousands of units” in a “towers in the park” design with a middle class focus. This was a “fairly successful” program. But in the 1970’s the Mitchell-Lama program experienced its own crisis as the country was faced with inflation “even more intense”



than what is going on today. Inflation, along with construction issues, maintenance issues, rising operating costs, owner defaults, rent strikes, high vacancy, middle-income evictions and the larger context of white flight all contributed to a crisis that was “so bad.” Moreover, the leverage that had previously seemed a positive, allowing for this massive production of housing stock, now contributed to the “near collapse of NY State”.

The third phase of public housing brings us from the 1970’s to the present. This phase encompasses a new set of goals. This set of goals held at its core a deleveraging of government direct involvement in both finance and management, which was thought to be able to address the ongoing issues with public housing through a new form of P3 that began with the Hope VI program. The idea was to limit government risk, remedy management problems, reverse disinvestment in neighborhoods, reduce homelessness and decrease a family’s rent burden. Hope VI, along with the Low Income Housing Tax Credit (“LIHTC”) and the Section 8 program have been the classic tools of this phase. Nationally, there was a rise of critical development organizations both for profit, not-for-profit and public agencies (state and local housing finance agencies) with notable examples including James Rouse companies and the Enterprise Foundation, all of whom developed systems to utilize complicated tax breaks to package up and resell products to investors. “There’s a lot to like” with this program, including the rebuilding of neighborhoods and some successful projects such as Melrose in the Bronx and Via Verde. The “real success” here was the “rebuilding [of the] image” of public housing and the high level of “production of units”.

The crisis today stems from retaining all the “original goals of affordable housing” but adding new goals as well, which is overburdening the system. The original goals include “leverage without government risk”, remedying “public housing”, “disinvestment” in neighborhoods, “homelessness”, and the “rent burden.” But now, the housing system is also supposed to “prevent gentrification, reduce overcrowding” and “achieve regional equity”. But “what is realistic”? We expect more outcomes, but “what are the consequences for policy and funding?” For example, “who is going to be housed?” There are not infinite resources.

Ingrid Gould Ellen began by asking the question: “has housing become less affordable over the last 50-year period?” or “how much less affordable has it become?” In order to answer this we need to define affordability, which is “not that simple” as it encompasses many issues including changes in income over time and renting versus purchasing. To support answering this question, the Furman Center has created an INDEX HOUSING APPRECIATION CHART, which shows that housing costs are more than “twenty times higher” over the period, while looking at increases of prices in the very same homes as well as noting the effect of inflation. Additionally, as home prices (for sale) become more expensive, this leads some potential buyers to put off purchases and instead enter the rental





market, which puts “upward pressure” on rents, further increasing costs in the overall system. If we turn to that housing rental market, we generally would say that those renters that have to pay 30% or more of their income on rent are considered “rent burdened”, and we have seen a “march upward” in how many households can be defined as rent burdened, with “about half of renters in NY paying more than 30% of their income on rent” – and these are pre-COVID figures. So what is going on?

The first question is “why are we paying more of our incomes on housing?” The key driver is that “we are not building enough to match growth and demand” due to three factors: “exclusionary suburbs” that have a challenge of regulatory barriers to building; the “declining availability of land”; and the “failure of federal rent subsidies to keep up” with these rising costs. We must acknowledge that “this is a regional problem” and cannot be solved by the central city alone.

Beyond the supply/demand mismatch issue, there has been a persistent and growing “income distribution change” with “high earners bidding up prices [for sale homes] and rents.” A “structural inequality” has resulted from the disappearance of middle income jobs leading to a “greater gap between high income” earners and the median income. In NYC, this has been exacerbated by “more high income earners being attracted to NYC” due to a “booming labor market for college grads, with other workers not seeing the same [wage] gains” and a “growing interest in urban amenities”. Over this same period, there has been a growing “taste for larger homes” among this market, skewing the production of the overall system toward the highest earners.

At this same time, there has been “shrinking competition in the housing sector”, although the evidence is “less clear and more anecdotal.” Some theories to support this hypothesis include the growing involvement of financial entities in housing, increased foreign investment in housing, and more concentration in the home building industry.

Moses Gates focused on the regional solution. As the central city becomes more expensive, the suburbs could be a solution for a regional market. But “not all suburbs are created equal” and NY suburbs are particularly challenged. Nassau and Suffolk counties have produced “7 building permits per 1000 residents” while in contrast, both Hudson County and New Jersey have produced “60-75 permits per 1000 residents”. So while our “job growth has become increasingly concentrated in NYC” our “housing production has been increasingly concentrated in NJ”. The regional infrastructure cannot keep up, and this has led to further increases in central city housing prices and rents.



But this is a recent phenomenon. The suburbs were “not always this bad.”. Form 1980-2010, “housing unit growth [in the NY suburbs] was about the same as NYC” at 25% while population growth in the “inner suburbs” was 14%. While you “would think housing should therefore be cheap, it didn’t happen.” This is due to “way more units being built with nobody



[living] in them.” Second home ownership percentages went from 20,000 to 100,000, creating vacant and unavailable units in the inner suburbs. Group quarters population (people living together) actually decreased by 5,000 people, with the household size in inner suburbs shrinking from 3.1 per household to 2.9 per household. While this “doesn’t sound like a lot” it is significant in impact causing many less people per house, mostly because the “population is aging” with the cohort over 65 going from “10% to over 15%” of the population. The solution is to add an “as of right ADU or subdivision law” which would allow each house or apartment to “house as many people as it did in the 60’s, 70’s and 80’s when it was a family household.”

Hillary Sample then convened the panel and asked the following questions.

- **Are there some positive examples? Part of what we talked about in preparation for this panel was to acknowledge the crisis that has been ongoing, try to drill down into the magnitude of it and understand a little more specificity around that. But also to offer up examples of some positive trends if there are any, as both examples and a counterpoint to the crisis.**



- **Ingrid:** I would suggest three, mostly outside of NY. First, we have seen innovation, with states preventing exclusionary zoning – not only California but also Oregon and Maine. You are seeing states around the country that are beginning to push localities and force them to allow some building in their communities, which is positive. NY State is not there yet, but there are some proposals and I commend RPA for pushing on the ADU issue. Second, I would mention, as Michael said, the RAD program which is not perfect, but it is the only game we have with public housing. And I think you have seen some really fantastic RAD programs not just in NYC but around the country, with tenants remaining in place and retaining exactly the same rights, so public housing can remain the incredible resource it is in NYC. Third, I would mention, the library program that was mentioned as an example of creatively finding “land” in NY and building up while “what’s lovely about that is you are maintaining community infrastructure and building affordable housing.”
- **Can we drill down more into the numbers? They are large and abstract -- how do we understand this on a personal human level? The lack of affordable housing is disproportionately effecting low income people who generally need more than one bedroom apartments. Moses, I think you referenced this. If we understand this as a scale issue, and look at the type of housing that is needed, there is a very specific type that is not in the headlines, and this can change the way we think about our need for housing and what types of units are needed?**
 - **Moses:** One of the biggest advantages NY has is “it’s buildings are flexible.” We see conversions of multi-family and brownstones in a “way that suburbs of single family housing cannot do.” But the problem is these conversions generally work



to the advantage of the wealthy, where a single owner can outbid three moderate income families. The second issue is when these conversions are one-way and “put into forms that we can’t get back.” Once you convert a building to multi-family condominium you cannot get it back.

- **Nicholas:** There is “an enormous need but also an enormous cost, [so] it is hard to deliver the size you are talking about.” “That is why NICHA is so important, [it] delivers large scale at a modest cost.” “This is what we think affordable housing should do. We have relied very heavily on a private sector with a very small public component. What this means is that the private sector looks at what is marketable in a region, what the subsidy will cover” and that leads to one bedroom and studios. If you are talking about the high needs populations and larger families, you can see their need in “a shelter system that has predominantly [housed] families.” The current system is “better in some ways than the past” but “has trouble delivering large format apartments.”
- **Ingrid:** For very low income families, who are paying 30-50% of their income on housing and can’t even cover the operations and maintenance costs of the apartment format they need, we must realize that we “need more subsidy” to adequately house the lowest income New Yorkers.
- **How do we seek solutions that match the need and engage people in their neighborhoods and environment a participatory experience when they are already vulnerable worrying about having housing?**
 - **Ingrid:** “We need to figure out land pricing. We need a commissioner of land, we need a land tax” to address these structural issues. And it is “scary” because “we haven’t even mentioned climate change.” Close to one in five apartment buildings built in the last decade are at risk of flooding in the next 100 years.
 - **Moses:** Climate change is not only scary, but “we have more or less an idea of what to do with climate change and flooding with single family homes.” But “we have no idea how we will address climate change in multi-family” buildings, and we “have not even started a discussion about how to do it” when NY may be one of the most vulnerable to it.
 - **Nicholas:** In looking at history of affordable housing, “I always see it as a positive dimension for the families that are able to get affordable housing. While we are unable to reset housing markets” the families that are able to benefit “yield real dividends.” On the eviction front, NYCHA is running a non-eviction program that is “holding back a massive wave of homelessness.” While we can’t “reset housing markets” we can see real success by resetting land use in the region. Looking at a program like Desegregate Connecticut is “unbelievable” in its success. While we won’t be able to “build our way” out of this crisis, we can see “real opportunity” with land use based solutions.
 - **Moses:** In NJ, that is a state-wide program and not only are they “building much more new housing” we can see that rental prices are “more affordable” and the “municipalities are less segregated” in a “statistically notable” way.



City Presentation

Ahmed Tigani, First Deputy Commissioner

NYC Department of Housing Preservation and Development

Deputy Commissioner Tigani began by telling the room that any solution to the affordable housing crisis must focus on a phased approach and “not just housing.” While for the last 2-3 years it has been tough for the industry to recover from the pandemic, the “state of housing emergency has been going on much longer than that”, driven by “low vacancy, high rent burden and a tight market in NYC that makes it difficult to meet the challenge.” Looking on a national basis, both New Yorkers and people of color have been hardest hit by the pandemic, but COVID did not create our issues, it just made them “more dire.” It is critical that we focus on an “equitable recovery” while addressing a “history of disinvestment” and bringing not only housing but “jobs, infrastructure and real assets” so that we “don’t think in a silo” and we “sharpen our focus on the most vulnerable” including “the formerly homeless, seniors, those suffering from substance abuse, and formerly incarcerated” populations.

Mayor Adams has committed \$22B to “attack head on” these problems while “keeping equity at the heart of our work” and integrate the feedback from our city-wide survey, NYC SPEAKS. We are using this to create a new housing blueprint that will produce more affordable housing, improve NYCHA, increase access to affordable home ownership, create more solutions for the formerly homeless, improve the quality of affordable stock, address climate resiliency and also social resiliency. A “key focus of blueprint” is reviewing “process, programs, rules and regulations” to “get rid of unnecessary bureaucratic burdens that keep people from accessing the very services made for them.”

With this group at AIA, I want to highlight three priorities for the design of affordable housing: engaging neighborhoods in planning, advancing equity in affordable housing design, and building for the future. The HPD Planning Playbook is used to engage local residents and identify “needs and priorities for sites in their communities.” Last week’s designation of the Morris House RFP was “a high point for us” integrating a mixed use senior proposal on underutilized land while delivering community amenities, health, career training, accessibility and more. Every project that receives subsidy is subject to our design guidelines that address broadband, light and air, ventilation, sustainability and are revised to deal with current issues stemming from the pandemic. Finally, we are “upping our game to adapt to the threat of climate change” when in NYC, “two-thirds of all emissions come from buildings” we must “scale up electrification” and commit to our City and State goals to reach carbon neutrality by 2050. We are working with NYSERDA around retrofits for existing multi-family housing.

Remember that “crisis and constraints can create creativity and innovation.” Our greatest resource is “the people who make up this industry.” We are stronger when we hear and work together tackling these issues and making them “happen in the sphere of the real.” At the same time, we are rebuilding our industry, and you can see this in our REBUILD RENEW INVEST plan to put our economy on an equitable roadmap. Our NYC Strategy for Equity and Economic Recovery Fund is a key part of this roadmap. We are always open to sit, to meet, and to hear your ideas. Let’s solve these problems together.





The Present: What’s Working? What’s Not?

Moderator: Brian Loughlin, AIA, APA, Magnusson Architecture and Planning
Brian Kavanaugh, NY State Senator, 26th District
James Smarr, National Housing Partnership
Karen Blondel, Public Housing Civic Association



Brian Loughlin opened the panel by stating that it was “not hyperbolic” to say that “this Mayor has inherited the worst housing crisis in the history of the City.” But “crisis elevates the conversation. It energizes the room” and therefore we “need to start talking about housing in this way.” He compared that framing to the past ten years in which “we have made tremendous progress” on issues of sustainability and resiliency since Superstorm Sandy, but that “the starting point” was when we “started to think about climate as a crisis.” The lesson is in “challenging this room” to “start thinking about housing as a crisis” which will allow us to “innovate and move the conversation.”

Loughlin lauded the Mayor’s commitment of \$22B dedicated to subsidized housing but pointed out that the response from all sectors was immediately that “it’s not enough” due to the scale of the crisis that faces us. While the last two administrations committed to 460,000 units in the last decade, it still is not enough. Brian agreed with Ben Prosky’s point that we must talk about policy and economics because you can’t design affordable housing without understanding those dimensions any more than you could design housing without understanding “gravity, bricks or air.”

Public/Private Partnerships (“P3”) are a “term that gets used a lot” but Loughlin has a “huge issue with how that concept gets used.” For him, “the part that...is missing” is “the people” who represent the “communities that we build these projects in.” The “three big tools we need to think about” are the public (state/city), private (equity and capital) and people (community and neighborhoods).

Brian: Staying within the construct of the 3 P’s, I want to ask Senator Kavanaugh, how is the public part of the affordable housing process?



- Senator Kavanaugh:** This is a crisis. But really it is three intersecting crises: affordable housing, homelessness and eviction. While we have had “narrow intervention” due to a politically split government, we have passed the 2019 HOUSING STABILITY AND TENANT PROTECTION ACT, which is “the strongest piece of tenant protection that has been passed in the last half century.” And “it was successful” with “dramatic reduction in evictions” in NYC and also upstate in places like Buffalo. The next phase has to be expanding development of affordable housing, a greater emphasis on rent subsidies (and not just capital development), and more flexibility as to what is possible in terms of conversions and different “forms of housing.” This is a “good moment to do this” with the public “never more engaged” and the “need for a crisis level response.”



Brian: Jamie, talk about the private piece of the affordable housing construct and the private equity piece – why is that so important to that set of factors and stakeholders?

- James:** We are a not-for-profit developer focused in 17 states. One thing that NY does really well is to have a very good consensus as to why we need to do affordable housing, a consensus which “really does not exist in many places.” Therefore we can count on a reliable stream of resources from both the city and the state to pair with private equity to get things done, which “we cannot count on in many other jurisdictions.” I “rarely encounter resistance” to an affordable housing project. We have a “robust network of Community Development Finance Institutions (CDFI) that give us conventional equity to pair with city and state” funds on a recurring annual basis.



Brian: Karen, talk a little about your organization. What role is it taking in bringing the public more into this public/private partnership conversation?



- Karen:** Public Housing Civic Association was created because “I saw a need for public housing to have their own voice. Public housing is 1 in 50 New Yorkers.” Some people leave public housing and are upwardly mobile but we still need it. “Public housing is not affordable housing. Affordable housing is a completely different thing.” Public housing is low-income housing and “affordable housing is something different, with completely different revenue streams.” While RAD is not the only way, people need to understand the PERMANENT AFFORDABLE COMMITMENT TOGETHER (PACT) in NYC



and what that is doing for NYC public housing. “When I first heard ‘trust NYCHA’ I said – trust who? No way will I trust NYCHA. But that didn’t stop me from doing my research.” None of us want receivership, and this may be a way to avoid that. I have heard of P3, and I don’t like it, but it is not for every development – there are “different solutions for different problems.” At Red Hook, we “don’t need to convert to privatization” we need to use the “public trust and a public benefit to move that forward and to keep public housing public.” The problem is that “we do not get enough information from an unbiased party”. But Public Housing Civic is an independent review board, it “gives true information” and we can “look at things directly” and talk to all of you about it.

Brian: There is a model that a lot of planner’s use, called Arnstein’s Ladder, developed in the 1960’s and introduced by a woman who was in multiple Presidential administrations. It involves a progression of community engagement that begins with ignoring the community, then talking to the community, then placating, then general involvement, and then ownership and leadership. Where do you think we are now, in terms of public engagement on affordable and public housing? What has to happen to get us to a higher point in the ladder?

- **Karen:** “Use a crisis, don’t fear a crisis.” When I look back at a history of redlining, when “we see what the attack is, we also see a counter-attack.” Every time we have a climate crisis that is another opportunity to gather the community, using climate. “Because the water does not stop across the street. Just because you are in the penthouse and I’m in public housing, we still have things together: amenities, transportation, energy, mold.” We need to build a core of young people who can be taught how to inspect, remediate and deal with these issues. And they can take care of not just public housing but the greater community.

Brian: Senator, one of the things the governor recently released is a plan for 100,000 new units of affordable housing preserved and developed across upstate and downstate. That signaled that this is a new chapter in the state’s involvement in housing, when in the past the state has almost been a silent partner, mostly allowing NYC to “do its thing.” What do you see in that new chapter of the state’s involvement in affordable housing?

- **Senator Kavanaugh:** There is a new commitment to taking a greater responsibility both in NYC and at the state level. Realize that in other places in the state, the state is the number one provider of affordable housing, while NYC is blessed with many entities both public and private. The prior governor announced a five year capital plan almost six years ago, and while I think it was a good plan, it was to some extent a public relations moment. There were “very little, very few metrics or accountability about what kind of units are produced where” and how much would be spent. In this legislation we built an annual reporting process that can “raise expectations.” We are pursuing “goals which are ambitious but achievable” including \$5.5B of direct capital spend and \$2.5B of operating assistance including \$1B of rental assistance to get us out of the hangover of COVID rental arrears. We had a prior governor who was a former



HUD secretary, but “in a way this administration is signaling they want to be more in the front and center of affordable housing” not just in spending proposals. In addition we want to address ADUs, transit oriented development, lifting the FAR cap in NYC and the conversion of hotels. You are seeing a governor that “does seem to be taking on the problem from a variety of perspectives.”

Brian: Jamie, what aren’t they looking at? Is there something else from the private side you would hope the state would look at?

- **James:** The crisis is not just a state thing. By the way, in terms of triumphs, we must acknowledge “what a triumph the Mandatory Inclusionary Housing is.” When I first started at HPD, we only had Voluntary Inclusionary Housing, and the move to Mandatory is “something we should take credit for” as one of the few municipalities that have that. But the thing we are missing is a “mismatch of affordability” in which many families, even households of two people, cannot afford the rent in so called affordable housing and “so I’m not sure we are getting it right” as there are still “factors in the five boroughs” that make affordable housing not affordable for someone earning \$50k-\$60k per year. I have some ideas what those are. They include a regressive income tax, the fifty cent bag tax, the most expensive parking fines in the world (more than London or Hong Kong), the escalating utility costs and more. “We need a more detailed study of affordability at the household level” that is run “at the city and not the state level.”

Brian: We are using Area Median Income (“AMI”) from the larger region to determine affordable levels of rent, but then applying it to neighborhoods like Brownsville or the central Bronx, where median incomes are dramatically lower than the AMI level of the larger Metropolitan Statistical Area (“MSA”), while affordable rents are determined by the MSA level. There is a state across the water (NJ) where it is doing well, but when we look nationally, a lot of decisions are made at the federal level, structured by HUD, that effect us – do we need to open that up and rethink that (the AMI levels set by HUD)?

- **James:** That policy authority at the local level already exists, HUD lets you do this through the “small area median income analysis” for rental subsidies. The essential framework of “if you are paying 30% of your income that is affordable” may just not be correct though, even at the “right” income levels. “I just don’t know if that works for NYC. We know we are in an expensive city” but can you translate that into “30% makes it affordable?”
- **Karen:** In our world, our rent is based on 30% of our income. There is an adjustment, toward 80% of fair market rent, but that fair market rent in NYC is not in sync with the rest of the country. NYCHA does not have a ceiling on rent, but they have this 80% which is a “moving target”. “I remember telling my son when I was younger I thought I could work my way out of public housing...but every time I...made money...the carrot will move out from me. Here I am 40 years, same apartment, and I have seen literally no capital improvement.”



Nobody is listening to public housing tenants and my apartment is crumbling around me even as the rent resets higher. “This was desperation that led me to start this civic entity” because nobody was listening to me. “Public housing gets 504 (for disabilities), gets 202 (for seniors), but where is this money going to, why is it not affordable?” Why can “I not stay in this neighborhood. And I’m born here in NYC. We all love NY. This is a terrible way to treat people...I should not be here begging for money every year.”

Brian: One of the things you touch on and Jamie, you allude to, there is a concept that is getting more traction in the field of community development called community wealth building. Some of the tools that have been cited are affordable home ownership and community land trusts. Ultimately the concept is: how do we get money coming out of real estate development to stay in the communities that are developed?

- **James:** I would like to throw in a plug for rental equity programs nationwide—they are limited but do some good. Some programs recognize that long term renters can have a form of equity. For every month they pay rent, a small portion goes into an equity account for that person. There are models in which this can be used for home purchase, and in some cases can be used for anything – furniture, car, college tuition.
- **Senator Kavanaugh:** There are some interesting opportunities around Community Land Trusts (“CLT”). A lot of my constituents in Chinatown are very interested in this, including conversion of family associations into CLT that would allow for long time affordable housing, but the economics are hard, and will require some funding.

Brian: What are some other things to put on the table for affordable housing, if this is a crisis?

- **Senator Kavanaugh:** “We have to rethink the role of restrictive regulations, restrictive zoning and BANANA⁴¹ people to prevent the housing we need, especially in suburbs.” This is a regional problem, but the US produces about 34 units per 1000 residents per year. The NY Metropolitan area produces only 20-22 units per 1000 residents per year. NYC has done fairly well, but “the suburbs of NYC are disastrously failing to produce meaningful amounts of housing.” The relevant number in Nassau and Suffolk is 7 units per 1000, and “this does not even allow children of the people who are living there right now to stay.” The suburbs of NJ are doing better than NYS thanks to long standing interventions such as Mount Laurel.⁴² But “we are the only state in America with a housing market that is so tight, that has not had a state level intervention in the ability of localities to block housing” and this is what the governor is proposing but did not pass. In Long Island we had an investigation of housing discrimination and “in half of cases” they faced “very specific aggressive discrimination of race”⁴³ and then we came up with our fair housing package. The impulse to not allow people to build housing has some roots in the character of community and real infrastructure concerns but “we have to get beyond that.” California took the opportunity provided by COVID to convert

⁴¹ BANANA - Build Absolutely Nothing Anywhere Near Anything

⁴² https://en.wikipedia.org/wiki/Mount_Laurel_doctrine

⁴³ <https://projects.newsday.com/long-island/real-estate-agents-investigation/>



hundreds of hotels to “acquire and turn into housing.” In NY we “put \$200M into the budget” but we “need to make the conversion process less restrictive.” Allow those converting to “continue with the existing Certificate of Occupancy with some assurances you will have amenities” and provide “zoning flexibility if it is within 400 feet of a zone for housing” which would provide an “enormous opportunity.”

- **James:** When we think in crisis mode we have to see that we have such a large resource of public land. Look at the Board of Education “that owns almost 1700 properties, most greatly underbuilt. I can say that because I worked there.” We should look at which of those sites can serve as “mixed use schools with an affordable housing component.”
- **Karen:** I was looking at some models in Cambridge and Boston. They are allowing home owners to build taller without having to go through zoning changes. They just put a blanket policy⁴⁴ over the county that allows them to build up rather than having people live in basements, where some even died in the last hurricane.

Brian: Questions from audience?



Jessica Morris: Moving from crisis acknowledgement to crisis response, doesn’t a process audit precede process change, so we can evaluate the processes that cause the challenge?

- **Kavanaugh:** We do not need to do an audit, we know the issues.
- **James:** Non-traditional incomes is what makes it hard.
- **Brian:** Access to housing is access to credit.
- **Karen:** Buildings that remain empty while people are homeless, we have to find out why.

Professor: I run a non-profit community development center in Brooklyn and I teach in China. The methods of funding affordable housing through syndication may not be the most effective. Rent is the only way to pay for housing, but are there alternative ways of thinking about how to pay for housing outside of paying monthly rent?



- **Senator Kavanaugh:** The obvious answer is to focus on who is paying the rent. To the extent 30% is too high, it is because wage growth and health care costs have not been addressed by the state. We have the Housing Vacancy Survey⁴⁵ and we know that there are some families paying 50% of their entire gross income on rent. The most direct way to help is through subsidy, and we have SCRIE and DRIE but we need to do more.⁴⁶
- **Professor/Rebuttal:** That is a lot of money that is out of pocket that is not building equity. Rent is one direction, but the renter gets no benefit – perhaps this is part of the crisis we continue to see the only way is to subsidize, and the poor do not benefit from the improvements in their neighborhoods.

⁴⁴ <https://www.jchs.harvard.edu/blog/what-can-we-expect-cambridges-new-affordable-housing-overlay>

⁴⁵ <https://www.census.gov/programs-surveys/nychvs.html>

⁴⁶ <https://www1.nyc.gov/site/rentfreeze/index.page>



- **Senator Kavanaugh:** We have other programs including Cooperatives. We have Mitchell Lama and HDFC. We have substantial amounts of money in those programs that we just approved in recent legislation.
- **Brian:** Eric Enderlin (HDC Commissioner) pointed out that direct subsidy given to households was mostly used to pay the rent – to your point Senator, direct subsidy is an alternative to straight rent payments.
- **Karen:** When you talk about cost burden, when people hear the 30% rule, they say: they are ok only paying 30%. But there are outside cost burdens. Groceries have sometimes doubled in cost. Other costs exist for us that are going up – most of our public housing is in food deserts, limited health care, transportation deserts. We also had costs of supporting our community and neighbors, protecting them from COVID, providing masks and sanitizer. I was very upset when ERAP⁴⁷ was not offered to public housing residents. Public Housing had a track record of paying over 91% of their rent on time – if that went down, it was because of the pandemic.
- **Senator Kavanaugh:** For what it is worth, we have legislation trying to change that now.

Nathan: Karen, you commented that RAD is appropriate for some developments and not others. Can you talk more about that please?

- **Karen:** I saw whole developments being encapsulated with upgrades, which meant most residents should not be on that property. Often they would ask those residents to sit in community rooms for eight hours, and those residents still might be exposed to harmful effects of construction, like asbestos. But RAD did a better job with turnkey buildings, smaller ones with 200 units. In a place like Red Hook, or Ingersoll, that program makes no sense. However, with the Public Trust, we have assurances that they can only move people out in phases or stages, doing one line of apartments at a time, the ones that share certain features, and we can accommodate those moves to places already on site during the 2-3 months they would have to move out. With RAD those time periods are much longer. I also remember Baychester. At the cost per unit of \$183,000, it wasn't even worth saving units, it would be better to build new, which they did. It is up to you and I to talk to people, figure out which solution is best, bring equity and fair treatment to residents.

⁴⁷ <https://otda.ny.gov/programs/emergency-rental-assistance/>



HUD / Federal Presentation

Alicka Ampry-Samuel, New York / New Jersey HUD Region 2 Administrator



The conversation around the housing crisis is important and it is great to join so many leaders to assess available resources and to discuss solutions and best practices. COVID exacerbated already existing housing problems in NY and we must focus on the most vulnerable. How do we build housing that is not only affordable but also is good for our environment and looks good? How do you build new construction but also be sure it is appropriate for the surrounding

communities? That is what we are about at HUD. Our mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. HUD is working to strengthen the housing market, to bolster the economy and protect consumers, meet the need for quality affordable rental homes, utilize housing as a platform for improving quality of life, build inclusive and sustainable communities free from discrimination and transform the way HUD does business. During the pandemic HUD created the American Investment Plan which gave \$5B to create affordable housing with NY receiving \$464.6M of that. We also provided \$5B through the American Rescue Plan for emergency housing vouchers, creating 9,925 of them.

Under this administration, we are intentional about addressing affordable housing shortages and financing. The Fiscal year 2023 budget proposes \$50B in mandatory funding and additional Low Income Housing Tax Credits (“LIHTC”); to create, preserve and sell nearly 100,000 of additional affordable homes; and the Federal Housing Administration (“FHA”) announced last month its first ever vacant property note sale exclusively for mission driven non-profits and local government units.⁴⁸

So many Low to Moderate Income (“LMI”) neighborhoods bear Environmental Justice (“EJ”) issues. These include the highest level of respiratory diseases due to air quality; climate change risks; sustainable design; disaster vulnerability. HUD’s Climate Action Plan⁴⁹ focuses on resilience, climate adaptation and environmental justice with a suite of tools that include a climate resilience toolkit, the direct support of cohort cities across the community, and continuing to support flexible CDBG-R money that support recovery.⁵⁰

HUD has also published new guidelines for grantees that focus on historically marginalized and underserved minority communities. Our focus is on the most vulnerable. “Equity in housing is crucial.” In April, HUD released the Equity Action Plan.⁵¹ This includes new

⁴⁸ https://www.hud.gov/press/press_releases_media_advisories/hud_no_22_065

⁴⁹ <https://www.hud.gov/climate>

⁵⁰ <https://www.federalregister.gov/documents/2009/10/27/E9-25733/community-development-block-grant-recovery-cdbg-r-program>

⁵¹ <https://www.hud.gov/equity>



green building standards. For so long we heard that these could not be done with affordable housing due to cost, “but when we are all intentionally focused on this work and having conversations about our housing crisis, and how we can do better, and make things happen, that’s when you see real change.”

HUD’s vision is critical to achieving the President’s agenda. “Everyone has a shot to get ahead.” HUD is looking to increase by \$35B for the housing supply fund; \$15B to fully fund renewals; \$100M for the 202 Program and the elderly; \$80M for Section 811 program; \$2B for home investment partnerships program; \$1.1B in targeted climate resilience and energy efficiency improvements for public housing; \$250M to help communities develop and implement locally driven neighborhood plans; supporting the permanent authorization of CDBG-R. While “we are living in unpredictable times, we can predict a disaster will happen again.”

We all have common goals. We want to end homelessness, preserve affordable housing, create climate resistance and sustainable housing, and promote inclusive communities. This administration has through this through. I hope this information will serve as a tool, to help you look at the way you are doing business and know we can do this together for the communities we serve.





The Future: New Models of Development / New Approaches

Moderator: Marc Norman, NYU Schack Institute of Real Estate
Antonio Reynoso, Brooklyn Borough President
Rafael Cestero, Community Preservation Corporation
Lisa Gomez, L+M Development
Muzzy Rosenblatt, Bowery Resource Center

Borough President Antonio Reynoso began by highlighting what he called the “Yimby/Nimby Death Loop”⁵² in which a never-ending cycle repeats in city land use approvals: deals reach a standstill politically with opposed community engagement, and the cycle has previously ended with pro-development elected officials negotiated a last minute deal in back rooms. With the new class of public officials, who do not take real estate money, real estate is now in trouble, as officials “don’t care if deals move forward.” The real issue is the Uniform Land Use Review Procedure (“ULURP”)⁵³ which needs to be replaced with another system. Reynoso advocates for Comprehensive Planning,⁵⁴ which he says is “foreign to the City of NY.” Every time the Department of City Planning does a rezoning it is “an admission of a flawed process.” Instead of allowing for rezoning to be a single momentary block by block plan, we should pursue a City-wide plan, with “the entire City” going through “the entire planning process.” “in doing so we hold everyone accountable.” “We need to build. Building is important.” In fact, “the only time we have seen less development in this city is during the Great Depression.” A Comprehensive Plan will “let us build affordable housing comprehensively” as well as supporting the creation of schools, shelters, parks and other necessary social infrastructure.



Lisa Gomez works for L+M, which is an integrated development, construction and property management firm that manages over 20,000 units which are mostly in NYC and mostly affordable. “We have been through unprecedented times.” While no affordable housing developer wants to go to court, “the systems are broken.” It is going to be tough to dig out of this crisis, with escalating costs of insurance, of gas, and with goals as ambitious as net zero building while “a lot of buildings are fossil fuel related right now.” In NYC, it currently takes \$150,000 in capital subsidy to build one affordable housing unit on free land provided by the City. Just to operate that same unit, with no supportive services or frills, costs

⁵² <https://www.gothamgazette.com/130-opinion/8708-leaving-the-rebny-vs-nimby-doom-loop>

⁵³ <https://www1.nyc.gov/assets/planning/download/pdf/applicants/applicant-portal/lur.pdf>

⁵⁴ <https://www.planetizen.com/definition/comprehensive-plans>



\$700 per month. So when we “talk about trying to reach down to lower affordability” and to hit the “bottom spectrum of people in buildings” we need additional support at the Federal, State and City levels in ongoing subsidy. But “some of the work that has happened during the pandemic could be a roadmap.” Some of our real challenges are the tension between an historic district and the need for more density to support affordability, but this can be contentious as seen in the SoHo rezoning saga.⁵⁵ There is a “microcosm of forces” that want to retain historic districts, context and do not want density. But if you think about the “urgency” of the crisis, we need “more density in a lot more places.” The political environment today is fractured. Even Robert Moses, who is “everybody’s favorite bogeyman” was only able to build about 30,000 units in the “absolute wrong way” and we cannot pursue his methods, and even if we did that is not enough units in the time we have to solve this crisis. We “are not going to solve it all within the borders of our city” and need to “work collegially” with the surrounding areas.



Muzzy Rosenblatt says the solution is more subsidy. He applauds the Section 8 program, even though “it isn’t the best maybe. But it is something” when one in four americans or New Yorkers who are eligible for it get it. “If we just funded the thing we created, we would have a subsidy.” Bowery Resource Center (“BRC”) helps people reclaim lives, offering hope and opportunity. We offer people a place from homelessness to home. We don’t need as many shelters as we have, but we need them. “We don’t want people to get sick, but we don’t want to get rid of hospitals.” Our biggest

expense at BRC is our payroll, but our second biggest is our rent. We spend 20% of our budget on rent. But “what is rent? I’m giving a landlord money so that they can acquire an asset, and they can pay off their rent and mortgage and I’m giving them a profit for the privilege.” So he wanted BRC to move to ownership instead of renting, and build the asset capacity of BRC – just as we should do with other non-profits. Instead of making and retaining profit, we at BRC can take that extra money and commit it to a 30 year rental subsidy. We built a building on Landing Road in the Bronx.⁵⁶ While a private developer would have built a shelter and made money, we built a shelter and housing above it, and we are still able to subsidize the rents without Section 8, having studios rent for \$477/month. “A 200 bed shelter is subsidizing 100 units of housing to make it affordable to someone making the minimum wage.” And there are 50,000 shelter beds in NYC – we can design with dignity for the same amount of money and we could use that same money going “out the window” to landlord profit to subsidize housing. Even if we took 20% of those 50,000 shelter beds, that would be 10,000 units of shelter subsidizing 5,000 units of housing without using any new money. We “begin to change lives and move the needle in the right direction.”

⁵⁵ <https://www.nytimes.com/2021/12/18/nyregion/soho-garden-rezoning.html>

⁵⁶ <https://www.brc.org/homestretch-housing>



Marc Norman: I sense a little bit of hope. Muzzy you said, what if Section 8 were universal. But when you talk to some landlords, they don't want to take it. They won't get in in high end neighborhoods like Brooklyn Heights. If we get the things we wanted, in terms of increasing Section 8, how do we activate them so they become useful in all the neighborhoods in which we want them to be useful?



- **Lisa:** We need to fund Section 8 at the level it needs to be to afford those higher end neighborhoods. But second, we need to make the process easier and more transparent for residents and landlords. Right now the City has a homeless subsidy called FEPS⁵⁷ but it takes two months to get that subsidy after it has already been approved. For those two months that person or family needs to still stay in a situation of domestic violence, and can't get into a shelter. There are lots of regulations protecting against fraud. But "it takes a lot of money to be poor."
- **BP Reynoso:** We need to be concerned with discrimination. Landlords are worried about the history of Section 8 holders. By the way I grew up in Section 8, it saved my life, saved my family, but it was a HUD based Section 8, it came with an apartment, we didn't go in with a voucher. If there is a process in which the landlord does not know you have a voucher until the very end, it would help a lot of problems.
- **BP Reynoso:** Another issue with dealing with developers and landlords is that "nobody opens the books to elected officials." You have to just trust them which means we are negotiating in the dark. You don't know if they are making money or not. We know banks won't loan unless the project makes a profit but we don't know what that is. But this idea that affordable housing has to make a profit, we don't have to work with that. In the 1990's affordable housing was built almost exclusively by non-profit developers and it worked pretty well. Then Bloomberg came in and said the only way we can build is P3, he completely changed the model. Now we are hearing about this unsustainable financing in the model, which we never heard from non-profits. But developers are saying today it is impossible to build 100% affordable housing, when that is all we used to do.
- **Lisa:** It changed with the economics of land after the 1980s. We were not building high enough and it was short sighted. But we can't redo that now. We should have built more density. Not for profits and for profits were able to build so much more. But when land is starting at \$80/SF in central Brooklyn versus \$500/SF in Manhattan, it can be tough to make projects work.
- **Muzzy:** We don't have city land, but we do have city real estate – remember what James said about the schools and DOE. We have libraries, schools, shelters. Look at city-owned properties, police stations, fire station.⁵⁸ "We can't go out, so we are going to have to go up."

⁵⁷ <https://www1.nyc.gov/site/hra/help/fheps.page>

⁵⁸ Looking at city-owned land was one of the main initiatives that allowed the De Blasio administration to produce an increased amount of housing, primarily through partnering with the NYC Economic Development Corporation.



- **BP Reynoso:** Speculation matters. People buy manufacturing land which used to go for \$27/SF and investors buy at \$100/SF and then go to the City to rezone and the City bails them out by rezoning, but does not request enough from them. Because if they buy it speculating from rezoning, the owner may sell at \$250/SF. And the City subsidizes these properties as well. This idea that because of their speculation their finances become tougher and we (the City) have to eat it as the government is a problem. This harms our ability to produce affordable housing.

Marc: You are talking about the 40-50 rezonings,⁵⁹ nothing happened in those neighborhoods. What are some of the ways you get those communities to buy in? Sometimes it is a carrot, but sometimes does it need to be a stick?

- **BP Reynoso:** I don't believe in M to R conversions⁶⁰ at all. We used to have all of these jobs in the Williamsburg area, all good jobs, local, paying \$60,000 per year and allowing people to walk to work. We went through COVID and our supply chain became completely out of whack. We had no capacity to do anything to take care of ourselves. There is some level of self-sustainability that has to exist. The only way to do that has to be manufacturing work. It can't be all retail, commercial and residential without manufacturing, this is very concerning. Manufacturing districts were adjacent to poor neighborhoods because it was inexpensive to live there. There was darkness in those areas, but now the light is shined through and it is very expensive. We have displaced over 20,000 Latinos over 10 years after the rezoning was done in the waterfront. We have to be careful not to lose another asset that is as important as residential. Let's just get over the height issue. Take sites we have and build taller. We should be careful about building housing six stories when we should build 20 stories. We need to build taller.
- **Lisa:** We have to resolve the conflict between contextual zoning, low-rise, fancier neighborhoods and our need for increased density.

Audience Question - Katy Diblin: The big concern with density is the super tall. The neighborhoods that are decimated by the huge buildings that have no affordability. I'm in midtown, but we have some monster skyscrapers at 34th and 3rd, two of them. Which is fine, they are not beautiful. But the whole concept is that it becomes this soulless Hudson Yards. Contextual has to be carefully done. Hudson Yards is not contextual to anything but itself. We need to look not just at height and density but design done well. This seems to be the dividing point between increased zoning and supertalls.

- **Muzzy:** I'm probably not controversial but sometimes this can't be done, sometimes buildings are old, and they are overbuilt to current zoning. Why can you grandfather buildings that are there, but you cannot even replace it with something the same size?
- **Lisa:** There is a lot of room between brownstones and super tall.
- **BP Reynoso:** Folks in the Bronx thinks that a 3-story building was a supertall. In 1960, rezoning to four stories was a huge fight with "super tall." It is all context and

⁵⁹ <https://ny.curbed.com/2014/1/16/10154488/how-nycs-decade-of-rezoning-changed-the-city-of-industry>

⁶⁰ "M to R" refers to converting Manufacturing zones to Residential zones, replacing industry with housing.



perspective. Right now it feels very uncomfortable. But what this city looked like 30 years ago is a lot different than it looks like now. But what is happening now we would be either extremely poor living in NYCHA or extremely rich living in tall buildings. We have to build our way out of it to have the middle class.

- **Marc:** Nicholas Bloom shared an amazing distressing graphic, the number of second homes and vacant homes which are paired with these super luxury buildings. (REFERENCE TBD)

Audience Question – Dale: I have a question about the proposal to allocate a certain quantity of units in each neighborhood. It is a great idea, but can you expand on how you would mandate that, how it would come forward? Would the development need exist, and you are just funneling something that is going to happen already to specific areas?

- **BP Reynoso:** I don't have the power to mandate it. What our office is doing, right now, there is a 60 day clock in the ULURP procedure, by which time I have to approve a project. If you follow through with the guidelines that we set up in the Comprehensive Plan, we will get you an approval within 5 days. So we will save you 55 days, which is money, by speeding up your project. We would build out characteristics of neighborhoods, and match development to the areas – for example if it is a low density neighborhood but near transit, near a park, etc., we may want you to build out 10,000 units. If a developer is willing to come align with that character of the Comprehensive Plan, we will speed up the approval. What you really need is a one term Mayor, a medicine giver. Everyone will hate it and complain, but this person can fix it all. But who can go against Brooklyn Heights and Park Slope and think they will win an election. My plan will be a recommendation. If the Mayor likes it, I'm hoping he will emulate it and move forward with a system that is more permanent.



Closing Remarks

Benjamin Prosky, Assoc. AIA, AIA New York and the Center for Architecture

While we haven't solved it all today, we have learned so much that we can figure out and unpack. I grew up in Brooklyn Heights, separated by just a few blocks from people in a much more challenged economic situation than me – but it was only in middle school and beyond that I even became aware of this. There's something wrong with that. All of our neighborhoods in NY need to be united in finding solutions together. We can solve this problem if we work together. Thank you everyone for being a part of this solution today.





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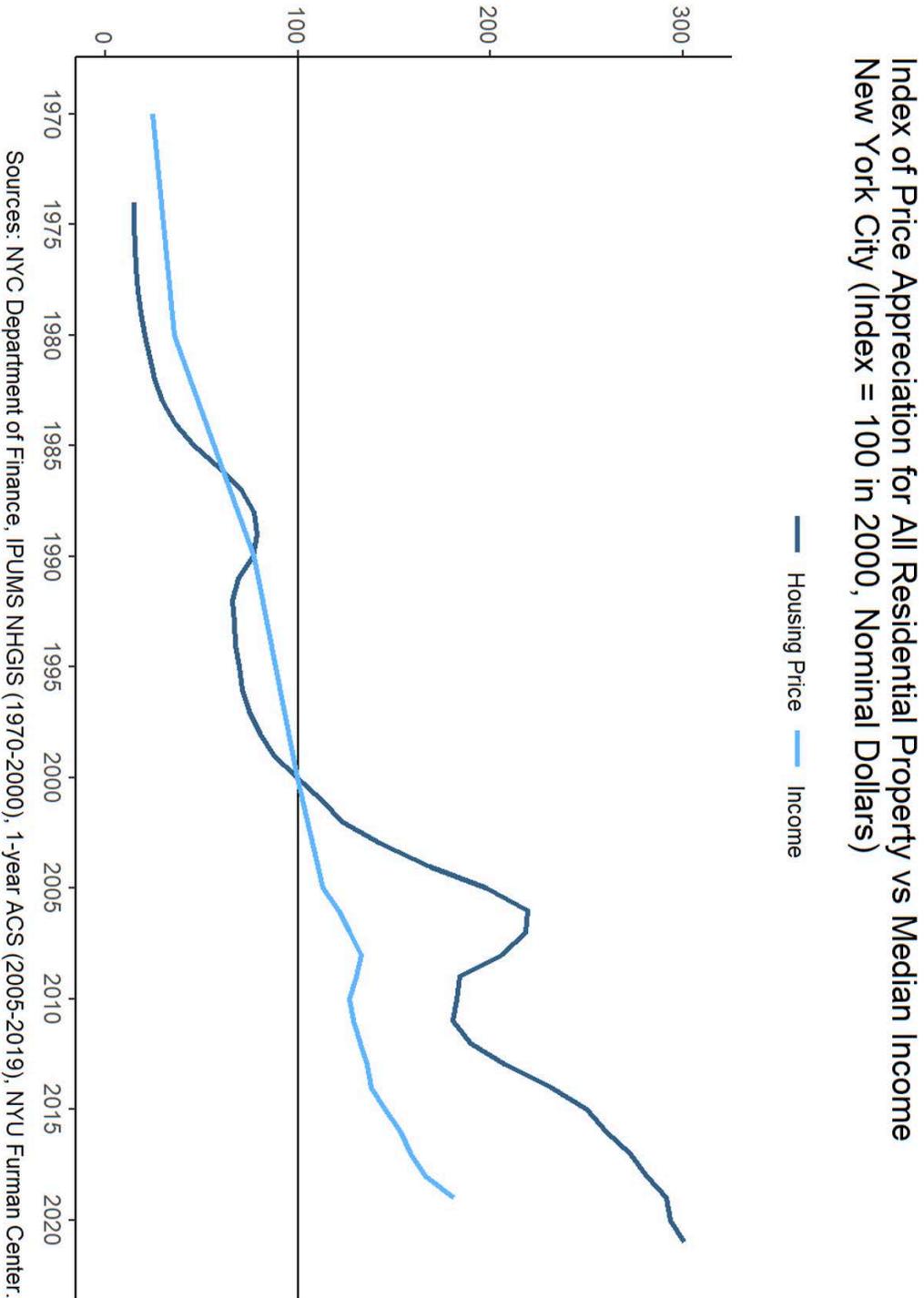
Appendix 1 – Conference Sessions and Schedule

Lost in the shadow of competing issues of economics, climate, racial equity, and the pandemic concurrently affecting our City is a new (chapter in the) Housing Crisis evidenced by multiple symptoms including sky-rocketing home prices, declining housing starts, record-setting homelessness, looming evictions, and a staggering affordability gap that has left more than half of NYC households unable to afford their rent. But many housing experts and advocates would argue that these are not symptoms of a housing system that isn't working – quite the opposite; nor is the current housing crisis anything more than the latest wave of indicators that we need to overhaul the framework and rethink the economics, policy, planning and design of housing provision. This conference brings together leading housing experts, practitioners, researchers, journalists, policymakers, community activists, planners, and designers to discuss the causes, effects, and possible solutions to this newly emergent iteration of the ongoing Housing Crisis.

	9:45 AM	City Presentation - Adolfo Carrion Jr. , NYC Department of Housing Preservation and Development
	10:00 AM	<i>Short Break</i>
	10:15 AM	The Present: What's Working? What's Not? Moderator: Brian Loughlin, AIA, APA, Magnusson Architecture and Planning
	11:15 AM	<i>Break</i>
	11:45 AM	HUD / Federal Presentation - Alicka Ampry-Samuel , New York/ New Jersey HUD Region 2
	12:00 PM	The Future: New Models of Development/ New Approaches Moderator: Marc Norman , NYU Schack Institute of Real Estate Antonio Reynoso , Brooklyn Borough President Rafael Cestero , Community Preservation Corp. Lisa Gomez , I+M Muzzy Rosenblatt , BRC
Schedule	8:00 AM	<i>Arrival and Coffee</i>
	8:30 AM	Welcome - Risa Honig , New York Public Library Introduction - Benjamin Prosky , Assoc. AIA, AIA New York and the Center for Architecture
	8:40 AM	Keynote - Michael Kimmelman , <i>The New York Times</i>
	9:00 AM	The Past: Defining the Crisis Moderator: Hillary Sample, FAIA , Columbia GSAPP Nicholas D. Bloom , Hunter College Ingrid Gould Ellen , NYU Furman Center Moses Gates , Regional Plan Association
	1:00 PM	<i>Close</i>

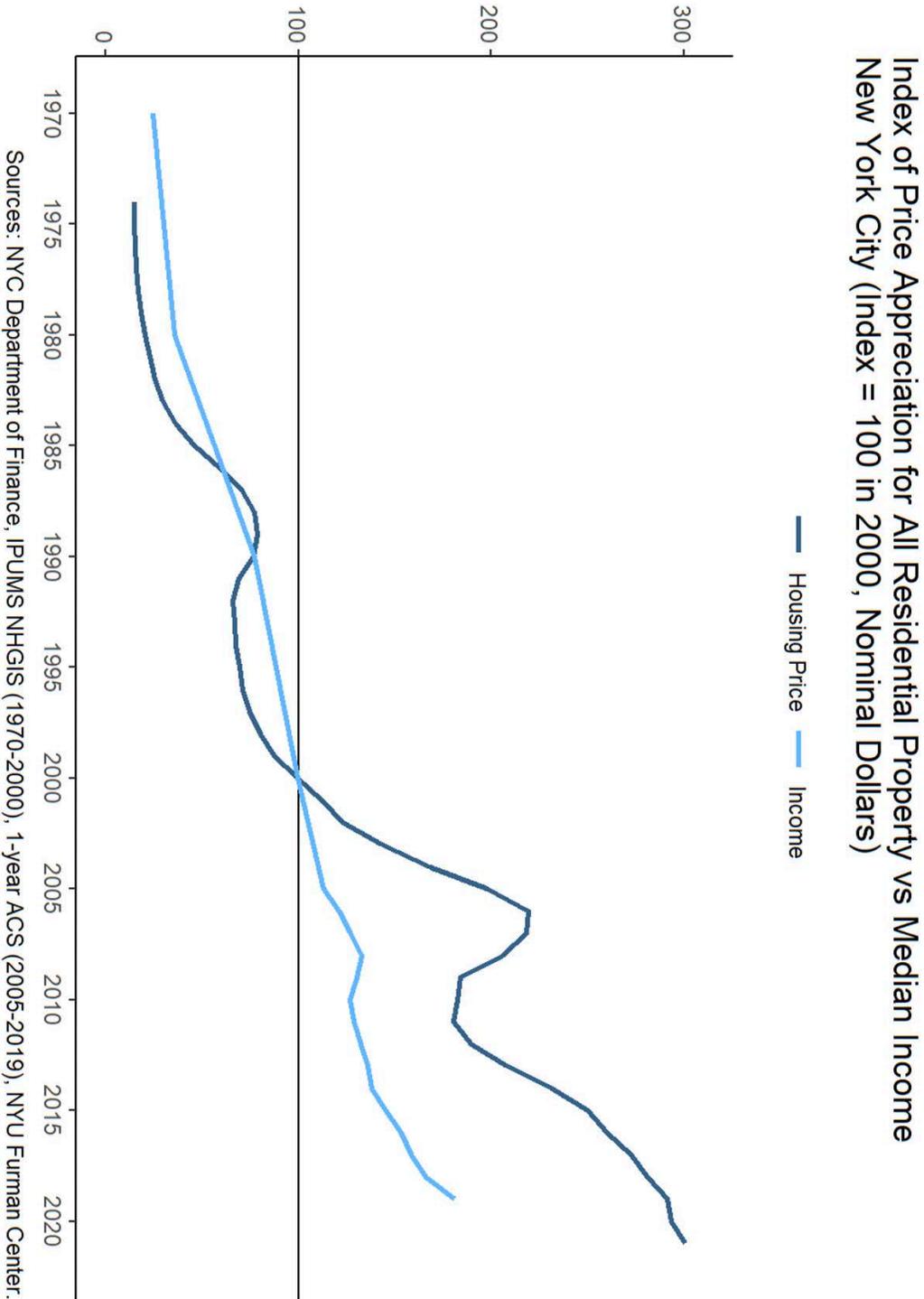


Appendix 2 – Index of Residential Price Appreciation vs. Median Income in NYC



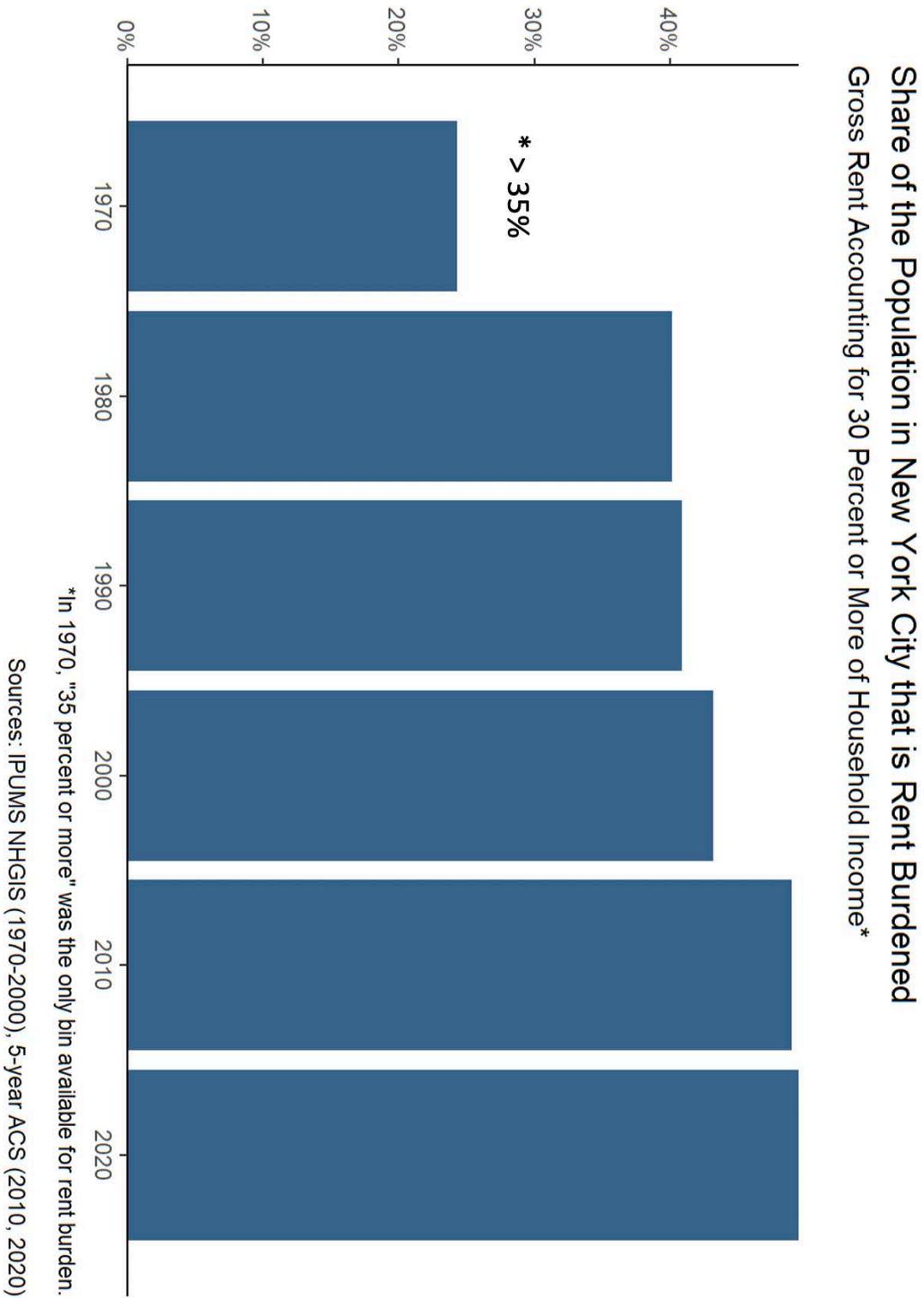


Appendix 3 – Index of Real Median Gross Rent and Real Median Household Income in NYC



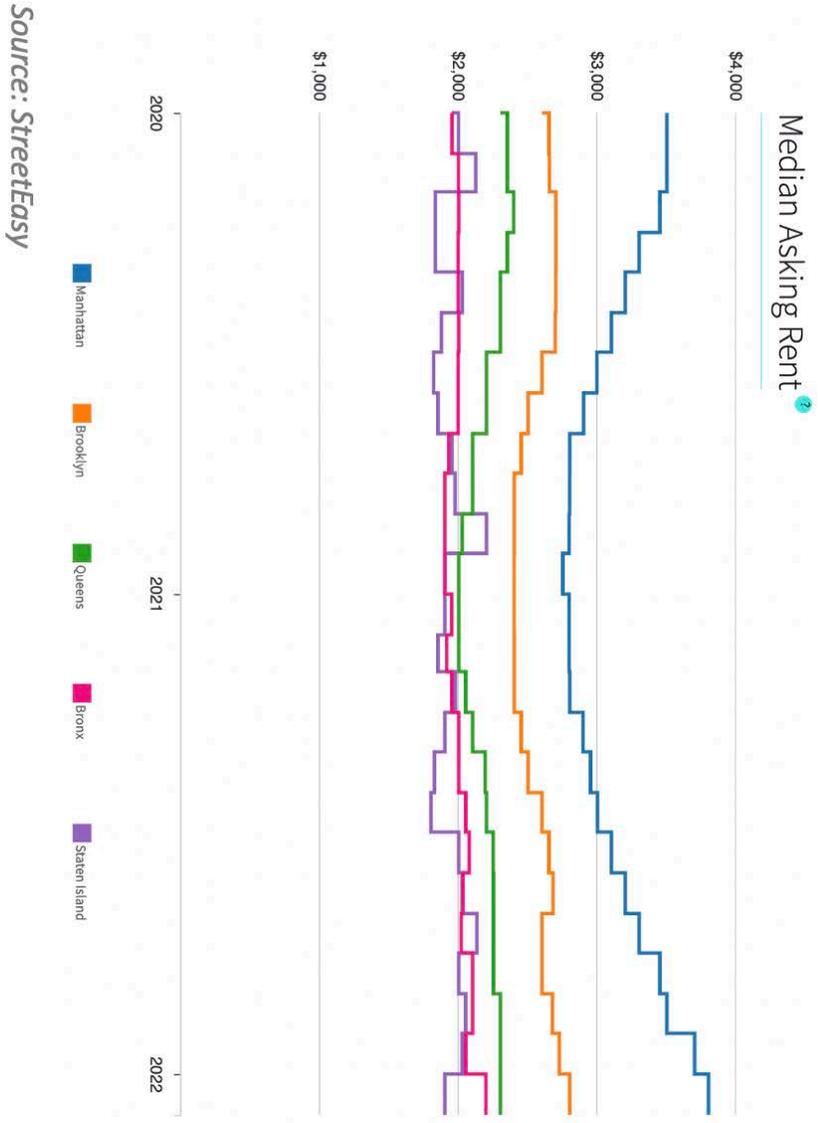


Appendix 4 – Share of the Population in New York City that is Rent Burdened



Appendix 5 – Rents Have Rebounded From COVID Hit

Rents Have Rebounded From COVID Hit



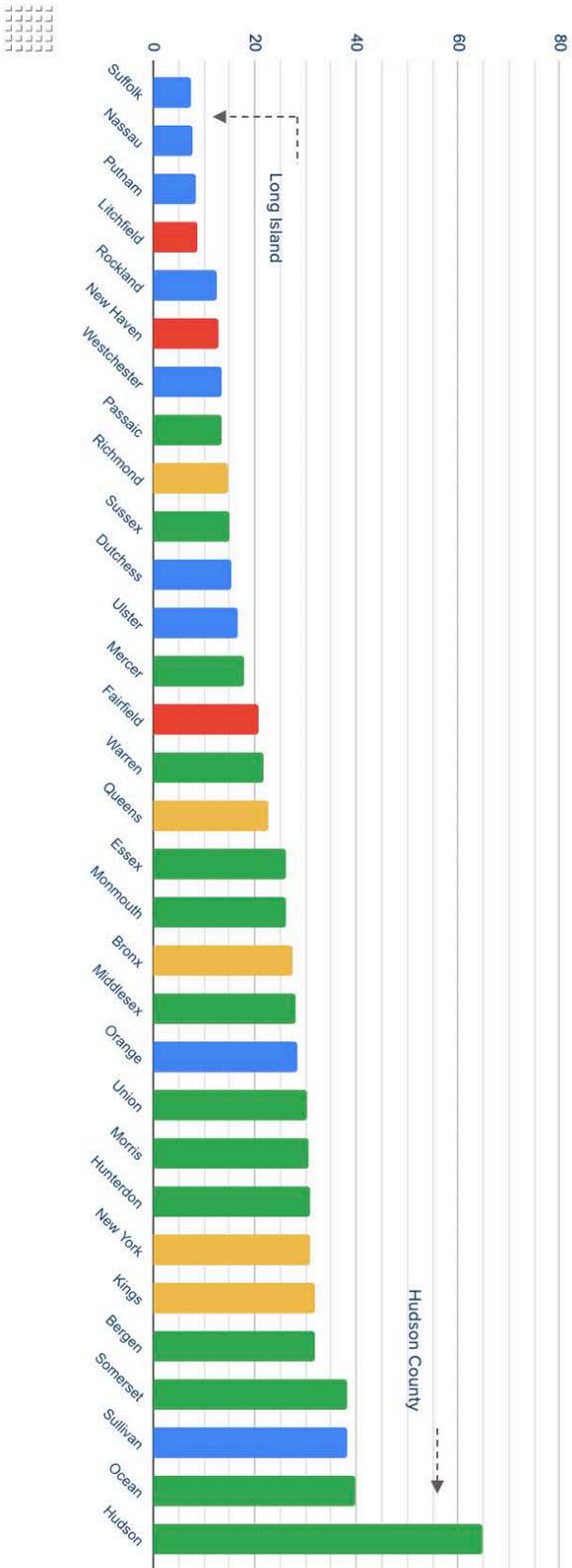


Appendix 6 – The Suburban Story 2010 – 2020 (Building Permits/1k)

The Suburban Story: 2010 - 2020

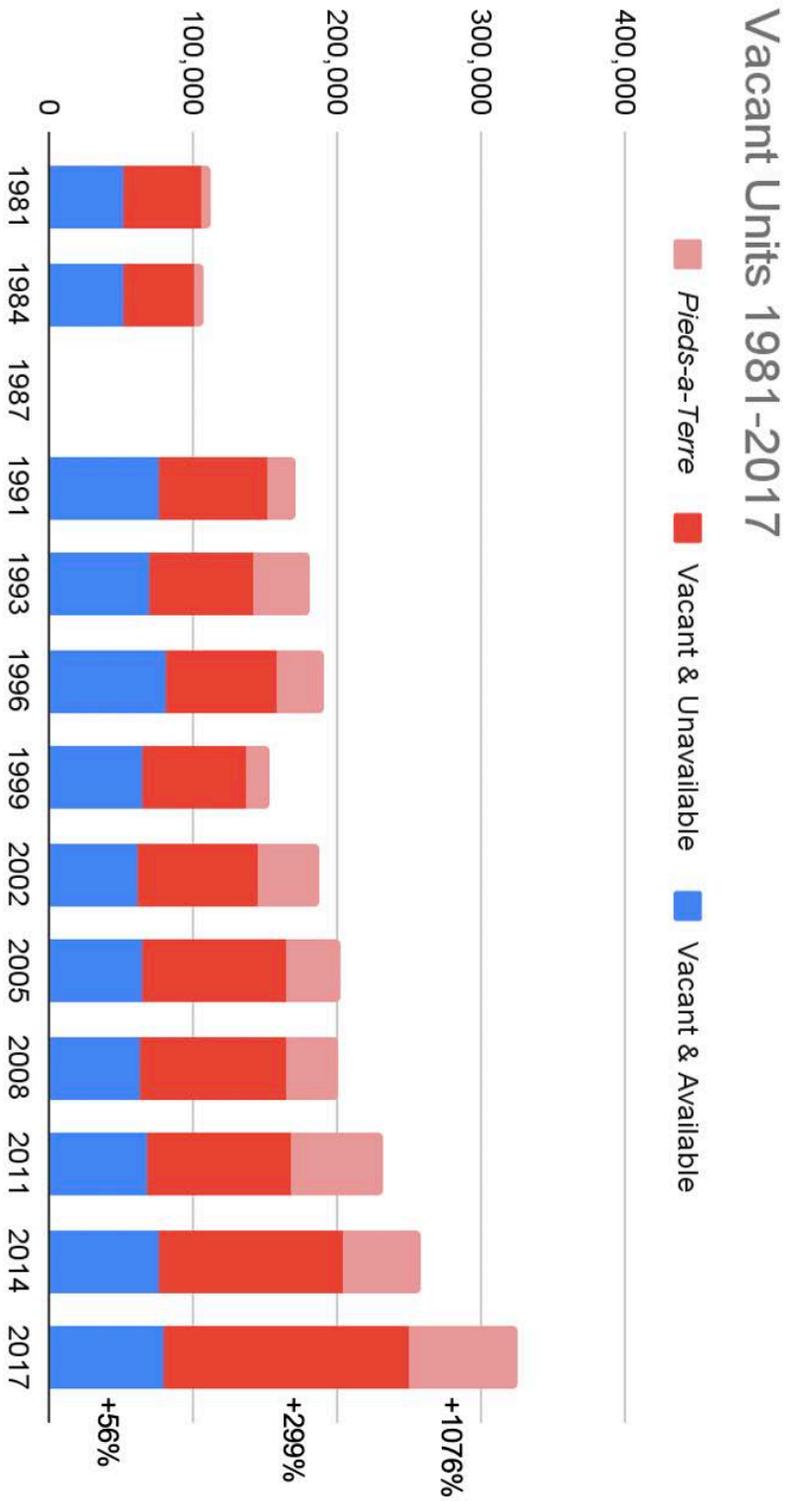
Building Permits per 1,000 residents

Based on the number of building permits issued between 2010-2020 and total population in 2020 Decennial Census



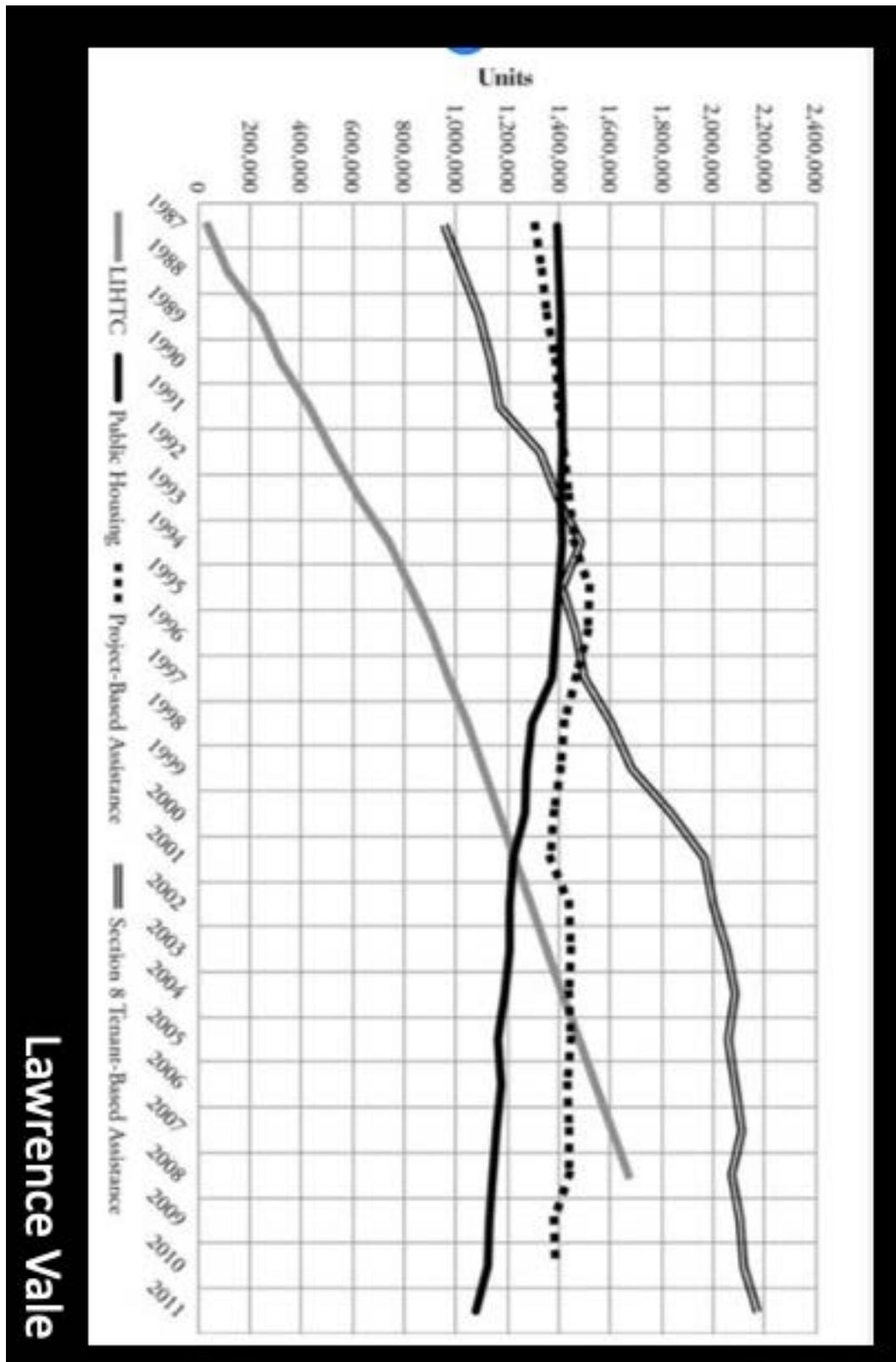
Appendix 7 – More Housing Units Without People

More housing units without people





Appendix 8 – P3 Unit Production by Funding Type (Vale)





Appendix 9 – Housing Timeline for Mayors of NY

Mayors of New York City Housing Plan Timeline

Mayoral housing plans have played a high-profile role in defining a mayor's policy agenda and legacy since Mayor Koch introduced his historic Ten Year Housing Plan in 1986 through to Mayor Bill de Blasio's promise to build and preserve 300,000 housing units by 2026.

