The Forgotten Class: Reconceptualizing contemporary middle-income housing in New York City

By

Karina Milchman

B.F.A. in Studio Art | Minor in Art History
Tufts University
Medford, MA (2006)

Submitted to the Department of Urban Studies and Planning
in partial fulfillment of the requirements for the degree of

Master in City Planning
at the
MASSACHUSETTS INSTITUTE OF TECHNOLOGY

June 2013

© 2013 Karina Milchman. All Rights Reserved.
The author hereby grants to MIT the permission to reproduce and to distribute publicly paper and electronic copies of the thesis document in whole or in part in any medium now known or hereafter created.
The Forgotten Class

Reconceptualizing contemporary middle-income housing in New York City

By Karina Milchman

THESIS ADVISOR
Lawrence J. Vale
Ford Professor of Urban Design and Planning

THESIS READER
Brent Ryan
Assistant Professor

SUBMITTED TO THE DEPARTMENT
OF URBAN STUDIES AND PLANNING
IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE
OF MASTER IN CITY PLANNING AT
THE MASSACHUSETTS INSTITUTE
OF TECHNOLOGY, JUNE 2013.
New York City's costly real estate poses housing affordability challenges for not only low- or even moderate-income households, but also for the so-called “middle class.” Because New York is predominantly a renter's market, federal home ownership supports that disproportionately benefit middle-to-upper income households nationally do not function as effectively here. Meanwhile, the majority of the city's subsidized housing programs primarily serve low-income households. Consequently, the middle class is increasingly priced out of the market and this vital residential base is shrinking.

There is little research on middle-class loss from high-cost cities and even less on recent housing strategies for retention of this group. New York City is at the forefront of this issue with its New Housing Marketplace Plan (NHMP), intended to preserve and construct 165,000 affordable units between 2003 and 2014. With a special focus on middle-income households—including the development of Hunter's Point South (HPS) in Queens, the largest housing project conceived for this population since the 1970s—this initiative pioneers contemporary approaches to middle-class affordable housing.

Through an examination of the NHMP and HPS, this thesis exposes the difficulty of subsidizing middle-income housing. It assesses the City's efforts to define an amorphous population, considers the political value of defining the “middle class” broadly, and explains who actually benefits from housing developed for this target group. It also considers the limitations of current housing policy to address the needs of this demographic, questions what constitutes middle-class need, and considers what role the City should play in addressing it.

Ultimately, this thesis concludes that much of the new “middle-class affordable housing” will likely be home to upper-middle-class households composed of singles, couples, and some small families. It asserts that this population has the means to live in New York City, but is disinclined to locate in many neighborhoods that are affordable at their income levels. The City has responded to this dilemma with affordable housing that is inclusive of an income range extending well beyond the median, and has undertaken development that transforms more neighborhoods into what this group desires. Meanwhile, true middle-class households face increasingly restricted housing options.

In response to these findings, this thesis proposes a definitional narrowing of the middle-income range to more effectively target housing subsidies. It also suggests a more stringent approach to structuring the public-private partnerships that develop middle-income housing, and explores new models for future development. Inevitably, city-level policy is not sufficient to fully address systemic issues of inequality.
Biographical Note

Karina Milchman is a planner, writer, and editor formerly based in New York City. She has a background in fine and performing arts, studying first dance and then drawing and photography. She later worked as a journalist at various newspapers and magazines. She loves storytelling, no matter the medium.

At MIT, Karina studied the intersection between social justice and the built environment. Her coursework primarily focused on housing, land use planning, and urban design. Her abiding research interest is the potential for affordable housing models to address issues of middle-class loss in high-cost cities. This thesis constitutes her first opportunity to formally explore the issue.

Karina was born and grew up in Montclair, New Jersey, after her family left New York City in the 1970s. Their move was not part of the “white flight” happening then, but a result of the high cost of living. It was this professional middle class exodus from high-cost urban centers, which she later learned was widespread, that inspired her to get a Master in City Planning. Karina hopes her professional work will help to enable the re-urbanization of this core demographic, specifically, and increase access to the city and its advantages for all income groups more generally.
Acknowledgments

To my family, whose devotion and support is unending and appreciated beyond words.

I must thank my thesis committee, Professors Larry Vale and Brent Ryan. Over the course of a single year, they guided me in transforming an interest I’d harbored for the better part of a decade into a comprehensible piece of academic research. Immense appreciation to Larry, who helped me to combine my interests in policy and design through the lens of his brilliant “urban design politics.” Sincere thanks to Brent for his remarkable ability to tease a narrative from what was once just a topic. To them both, thank you for finding my research as interesting as I do and for believing in my work.

I’d also like to thank my interview subjects and others I spoke with while researching this thesis. They opened up a fascinating world to me. Particularly helpful were Karen Hu of Phipps Houses and Moses Gates and Barika Williams of ANHD, all of whom spoke frankly about a controversial subject. John Mollenkopf of CUNY welcomed me into his home and provided me with much needed context. And Peter Roth of MIT’s Department of Architecture and Center for Real Estate made himself available at a moment’s notice to answer key questions.

My thesis group allowed me to share what would otherwise have been a much more solitary process. Not only did they support me in my work—even when my questions and concerns must have felt endless—but their own research proved extremely stimulating. I thank them for letting me be a part of it in some small way. Special thanks to Anna Muessig for an ongoing dialogue that at times bordered on collaboration, for her validation, and for her appreciation. And thank you to Colleen McHugh for her invaluable mapping advice and guidance.

Looking back, I partly owe the past two amazing years to some of my dear friends in New York City, who emboldened me to attend graduate school in the first place. Mark Byrne so bluntly and succinctly told me it’d be simply stupid to turn down admission to MIT. He was more right than he can know.

Most importantly, I thank DUSP—an incredible department and so much more. I left New York for MIT with hesitation, but never could have imagined the wonderful world and people I would encounter and to whom I’d so quickly feel connected. To me, DUSP exemplifies the kind of community we as planners strive to cultivate. Both formally and informally, faculty, staff, and students sustain a sense of place and belonging for each other. And beyond all else, to my MCP class of 2013—such an exceptional group of folks who consistently impress me with their sharp intellect, zaniness, and commitment to one another and to our home. I have rarely felt so known and knowing of others. I hope the friendships I’ve made will last a lifetime, and look forward to reuniting throughout the years.
# Table of Contents

## CHAPTER 1
**Introduction** ..........................................................................................................................10
  1.1 Missing Middle-Class Housing .................................................................10
  1.2 The Elasticity of the Middle ......................................................................13
  1.3 Methodology & Literature ........................................................................18
  1.4 Thesis Organization .................................................................................19

## CHAPTER 2
**The History of Population Migration** ...............................................................22
  2.1 Suburbanization & Disinvestment ............................................................22
  2.2 Re-Urbanization .......................................................................................26

## CHAPTER 3
**Contemporary Context: The Market & the Middle Class** ..................40
  3.1 Causes of High-Cost Housing .................................................................40
  3.2 Market Study: How the Middle Lives .....................................................42

## CHAPTER 4
**The New Housing Marketplace Plan** .........................................................50
  4.1 The Evolution of a Middle-Class Housing Agenda ..................................50
  4.2 Defining the Target Population ...............................................................54
  4.3 Assumption: Middle-Class Displacement ..............................................57
  4.4 Premise: Middle-Class Retention ..........................................................58

## CHAPTER 5
**Hunter’s Point South** .....................................................................................64
  5.1 Background .............................................................................................66
  5.2 Development Process .............................................................................74
  5.3 Program ..................................................................................................76
  5.4 Design ......................................................................................................79
  5.5 Community Response ............................................................................87
  5.6 Looking Ahead: Phase II RFP ...............................................................89

## CHAPTER 6
**Conclusion** .........................................................................................................92
  6.1 Housing for Whom? .................................................................................92
  6.2 New Plans & Familiar Issues ...................................................................95
  6.3 Recommendations to the City .................................................................96
  6.4 The Limitations of a Neoliberal Paradigm ...............................................103

**Bibliography** .............................................................................................................106
**Interview Subjects** ..............................................................................................117
“For indeed any city, however small, is in fact divided into two, one the city of the poor, the other of the rich; these are at war with one another; and in either there are many smaller divisions and you would be altogether beside the mark if you treated them all as a single State.”

—Plato, The Republic (360 B.C.)

“A healthy democracy depends on a strong middle class, which functions as a moderating force between the potentially divisive demands of the rich and poor.”

—Peter Dreier, John Mollenkopf, and Todd Swanstrom, Place Matters (2013)
1 Introduction

1.1 MISSING MIDDLE-CLASS HOUSING

1.1.a The Case of Stuyvesant Town and Peter Cooper Village

In 2006, at the height of the New York City real estate boom, one of the last havens of the Manhattan middle class was sold in the largest American real estate deal ever. The iconic Stuyvesant Town and Peter Cooper Village, a rent-regulated private housing development in the East Village, is the product of a public-private partnership between the City and the Metropolitan Life Insurance Company dating back to the 1940s (Ballon and Jackson 117). Richard Plunz, author of A History of Housing in New York City, writes of the period when it was built:

Towards the close of the Depression, it was already obvious that the economics of housing production in New York City would prevent private enterprises from producing adequate urban middle-class housing, able to compete with what was available in the suburbs. In response, beginning in 1938, economic incentives were applied to urban middle-income housing, which gradually erased the distinction between low- and middle-income beneficiaries (252-53).

A similar problem exists today, though rather than urban decline, the primary force behind the development of middle-class housing is the very market condition that made possible the sale of Stuyvesant Town for the unprecedented price of $5.4 billion.

The new owners, Tishman Speyer Properties and BlackRock Realty, justified their aggressive bid with the assumption that income from the property would triple by 2011. The only way to achieve this, however, was to deregulate units and substantially increase rents. The owners planned to spend $150 million adding amenities, remodeling apartments, and generally making Stuy Town, as it is called, attractive to a more affluent demographic. One year after purchase of the complexes, monthly rents on market-rate apartments rose to an incredible $3,055 for a one-bedroom unit. In less than three years, the number of deregulated apartments increased from approximately 3,000 to 4,000, representing a third of the total development (Sherman).

Controversy over deregulation began even before Stuy Town was sold. A group of tenants filed a lawsuit claiming that MetLife had improperly deregulated apartments as early as 2003, overcharging rents while taking tax breaks from the City. In 2009, the Court of Appeals ruled in favor of the tenants, who will receive a $68.7 million settlement, pending final approval in the spring of 2013. By 2010, amidst this and other troubles, the new owners defaulted on their mortgage and turned the property over to creditors to avoid bankruptcy of the site. Despite this apparent victory, monthly rents at...
Stuyvesant Town will nevertheless increase by hundreds of dollars for a large block of apartments under state rent regulations, and middle class New Yorkers will have even fewer housing options (Bagli, Nov. 29, 2012).

1.1.b Research Topic: Middle Class Pressures & Plans

The case of Stuyvesant Town and Peter Cooper Village illustrates the unique challenges high-cost cities like New York pose to the middle class. In a study of 100 primary metropolitan statistical areas (PMSA), New York ranked last in the share of middle-income families (only 16.2 percent) and 99th in the share of middle-income neighborhoods (Booza et al 2006). Further, New York City has the highest level of inequality among the country’s largest 25 cities (Fiscal Policy Institute 2012). Here, polarization of the wealthy and the poor coincides with a disappearing middle-income demographic to create a particularly extreme dumbbell-like distribution pattern. And with the highest cost of living in the country, New York poses significant affordability challenges to all those but the highest earners (Moretti).

The building boom that spanned most of Mayor Michael Bloomberg’s first two terms (2001-2008) produced little new middle-class housing (Center for an Urban Future). Accordingly, his administration acknowledges that the city’s middle-income population, specifically, has been increasingly priced out of the market on the one hand and is largely without access to public housing programs on the other. One survey found that housing cost ranked highest among contributing factors to out-migration from the city (NYC Movers Study 2006). Consequently, New York is exploring means to retain the middle class through affordable housing.

Mayor Bloomberg’s New Housing Marketplace Plan (NHMP) launched in 2003 with the mission to create and preserve 165,000 units of affordable housing by 2013. In addition to being the largest municipal affordable housing plan in the nation’s history, it specifically called for middle-class housing (“Mayor Bloomberg Announces Expanded Affordable Housing Plans,” NYC.gov). This aim was referenced in bold terms as the Middle Class Housing Initiative, which would generate 22,000 new units of housing (of the 165,000 total NHMP units) targeted to middle-class New Yorkers earning between $50,000 and $100,000.
supported affordable housing and through the development of HPS in particular. Given that the project is currently in Phase 1 of construction, this thesis will examine the City’s agenda, approach, and implementation. Focus is on evaluating the strengths and limitations of this endeavor, even if final assessment is premature.

As the country suffers unemployment, wage stagnation, and income polarization, the term “middle class” is becoming increasingly politicized. The City of New York is using this concept to garner support for the allocation of public resources to a higher-income group than has been targeted in recent history and possibly ever. Housing advocates accuse the City of misappropriating these resources, hiding behind the term “middle class” to make acceptable affordable housing development that might not actually serve a demographic group in need. Because there is no commonly accepted definition of middle class, but rather the term is highly elastic, it is often used to refer to different populations. So while the City asserts that its efforts strive to serve the middle class, the broad nature of the term can mask the true reality. This research will attempt to uncover what population stands to benefit from this agenda and answer the question: Who is New York City’s middle-class housing for?

Research will focus on how the City has defined the term “middle class” for the purpose of affordable housing, how that definition has been operationalized, and its implications. Several sub-questions underpin this primary investigation:

1. Has the City defined “middle class” in such a way that it is targeting a population genuinely in need of subsidized housing?
2. Does the City’s middle class housing plan serve the demographic it claims to?

3. In approach, program and design, how does HPS build on past attempts to house the middle class in New York City?

4. Does HPS meet the needs of a middle-class constituency?

The foundation for this investigation lies in the current sociopolitical context within which new middle-class housing policies are developed, arguments made in support of these policies and by extension an urban middle class, and New York City’s motivation behind public investment in housing for this group.

Ultimately, research considers the ability of city-level policy to confront inequalities created at a national level; the political dilemmas posed by serving different constituencies; whether urban design can shape the built environment to address social imperatives; and the challenges of planning as a social function.

1.2 THE ELASTICITY OF THE MIDDLE

There is no formal definition of class status in this country. Demographers use slightly different methods to divvy up the American population into quintiles and median ranges. Perhaps the most controversial is the middle class. Though the term is ubiquitous today, heard everywhere from the news to presidential speeches, a working definition remains elusive. When New York City Council Speaker Christine Quinn gave the 2013 State of the City Address, which focused exclusively on the middle class, she used the term upwards of 40 times within an hour. But she never once defined it, not even to specify an income range. Though we hear the term “middle class” with greater and greater frequency, we do not know to whom exactly it refers.

No single accepted definition of middle class appears in the academic or popular literature, but numerous scholars have considered the subject. Alan Wolfe defines middle class as those who “live in a way not too poor to be considered dependent on others and not too rich to be so luxuriously ostentatious that one loses touch with common sense” (2). This is the sort of flexible and subjective description that exacerbates confusion over membership in this group. In 1992, a CBS News/New York Times poll indicated that 75 percent of Americans responded positively to the question: “When presidential candidates talk about the middle class, do you think they mean people like you?” According to the 1996 General Social Survey, nearly half the American population (45 percent) classifies itself middle class when given the options of that group or working, lower, or upper class. Several other polls taken that year yielded similar findings (give or take a few percentiles). A 2005 New York Times survey found that only 1 percent of respondents considered themselves to be “upper class” and only 7 percent considered themselves part of the “lower class.” The remainder said they were either “middle class” or “working class” (Cashell 2008). More recently, a 2012 study by the Pew Research Center found that a little under half of all Americans consider themselves middle class (“Fewer, Poorer, Gloomier,” Aug. 22, 2012, 4).

Journalist Doug Henwood refers to such broad findings as “myths of near-universal middleness” (The Baffler 1998).
What brings together so many people under one term? As a socioeconomic category, the middle class is at once indefinable and all-inclusive. And so in addition to questioning what being middle class means, we must question whether its definition has any meaning. If such a huge segment of the American population considers itself to be middle class, and if this segment encompasses such a broad range of incomes—which in turn indicates a broad range of educational attainment, occupations, wealth, and other factors—then the significance of the term is greatly diminished.

In fact, middle class may be a single term, but it has multiple meanings. There are actually several middle classes, including the upper and lower middle classes, the working class, professional class, and creative class, all of which fall between the poor and the affluent. Further, each of these groups is characterized by different economic and social traits. Thus, it becomes particularly important to agree upon the defining terms of the middle class by specifying unique characteristics. These can typically be classified as economic or more multi-dimensional.

1.2.a Middle-Class Economics

There is no single accepted approach among economists to defining the middle class in absolute terms. There is little research on wealth measures, but income definitions range from absolute dollar value of income, fixed portions of the income distribution (quartiles, quintiles, etc.), income relative to the poverty line, and income relative to median household income. Diana Farrell, formerly of McKinsey, a consultancy that has studied the middle class, reasons that membership begins at roughly the point where people have a third of their income left for discretionary spending after providing for basics like housing and food (Parker, Feb. 12, 2009). Such an individualized definition, however, is hard to operationalize. The question of what are the income parameters of the middle class remains.

The Center for American Progress has defined the middle class as the middle 60 percent of income distribution—a very broad and difficult to quantify range (Madland and Bunker, November 2011). In 1995, when President Bill Clinton proposed his Middle-Class Bill of Rights Tax Relief Act, a national debate was launched to determine where the economic boundaries of the middle class should be drawn, with Republicans proposing that a middle-class tax cut be extended to those who made up to $200,000 a year (Wolfe).

A 2008 Congressional Research Service report summarized results from three surveys in which people were asked about their income and class status, and concluded that the self-defined middle class consists of people with household incomes roughly between $40,000 and $250,000 (Cashell 2008). Meanwhile, that same year, a Pew Research Center survey found that 40 percent of respondents with incomes below $20,000 considered themselves middle class, as did a third of those with incomes above $150,000. About half of each racial and ethnic category (blacks, whites, and Hispanics) indicated they were middle class even though minority income levels are generally lower (Pew Research Center 2008). The Greenberg poll, taken in the mid-1990s, found that a full 90 percent of Americans with incomes ranging from $7,000 to $113,000 annually identified themselves as middle class (Mooney 20). The 2012 Pew Research Center study, already...
introduced, asked respondents what income a family of four required to be middle class and received an incredible spread of responses (the median of which was $70,000) (“Fewer, Poorer, Gloomier,” Aug. 22, 2012).

In New York City, middle class status requires a higher income than it does elsewhere in the country. According to a 2007 poll of 101 “influential” New Yorkers by the Drum Major Institute, it takes $75,000 to $135,000 annually for a family of four to have a middle-class standard of living in the city. For a single individual, the range is $45,000 to $90,000. In 2012, former New York City Councilman Sal Albanese went on record saying that an annual salary of a half million dollars is middle class in Manhattan (“Up With Chris Hayes,” March 24, 2012).

1.2.b Middle-Class Characteristics, Values, & Ambitions

The kind of wide-ranging self-identification indicated above must reflect something more than the firm barriers of an income range. It is in the implications of that income range, the lifestyle it affords, that additional understanding can be gleaned. In a 1969 article, David K. Shipler wrote, “The term ‘middle class’ is difficult to define by income because it connotes not just earning power, but a style of life, a set of values and tastes, a level of education and a class of occupation.” In fact, a 2010 study by the U.S. Department of Commerce Economics and Statistics Administration concluded that middle class families are defined by their aspirations more than their income (“Middle Class in America,” January 2010). Nan Mooney, author of (Not) Keeping Up With Our Parents, writes:

- Historically the middle has also been a leisure class, one providing enough financial comfort that its members can ask more of work than just a paycheck and more of life than just work. Membership buys you the freedom to care about something more meaningful and refined than the working-class daily grind.

- Alan Wolfe adds that middle class is comparable to the French mentalité: a set of thought processes, values, and beliefs (Merriam Webster). Social scientists, having debated the definition of middle class for decades, describe it as a combination of values, expectations, and aspirations, as well as income levels.

- Speaker Quinn, in her State of the City Address, referred to the middle class “dream” and “promise.” Like a classic fairytale, we are all familiar with and cling to the belief that with hard work comes opportunity for yourself and your family. Strong work ethic, dignity, and humility are traditional middle class qualities, but they are also somewhat intangible and difficult to measure. They hardly provide a standard metric by which to identify a cohesive middle class.

- Some social scientists define the middle class more abstractly by taking into account harder-to-observe, non-monetary attributes like emotional state and morale. Other researchers have attempted to create indices that aggregate occupation, income, education, and other observable characteristics in order to rank people by social standing or
living standards. I might add to this list cultural capital and vertical social capital, which is derived from relationships between different levels of society (community, local institutions, government, etc.).

Yet even armed with these descriptive terms, it remains extremely challenging to set the boundaries of middle class. It is difficult to find middle class ambitions described in more specific terms than a well-paying job that affords a certain degree of discretionary income, retirement savings, homeownership, good schools and college for one’s children (“Middle Class Squeeze,” February 2013). Even considering the occupations typically associated with middle class—both Mayor Bloomberg and City Council Speaker Quinn have repeatedly referred to teachers, firefighters, and nurses—suggests a range of educational attainment, income, and social connection.

The 2007 Drum Major Institute poll found a high degree of consensus around what a middle-class standard of living in New York City entails: a full-time job, health insurance, retirement savings, and the ability to send children to a quality public school. A majority of respondents also thought that after-school care for children, access to air conditioning, owning a personal computer with Internet access, and the ability to take annual vacations were descriptive of a middle-class life. Having reasonable housing expenses and not having to share living space with roommates are also seen as part of the city’s middle-class standard. More than half of respondents thought that being middle class meant paying less than 30 percent of one’s income on housing (“Saving Our Middle Class” 2007). Elsewhere, homeownership is typically associated with middle class status and may well require a higher monthly payment without diminishing one’s sense of membership.

1.2.c Inconsistency, Misinformation, & Mistaken Identities

The ambiguity of the definition of middle class, to the extent that there is one, has great political value. A single term with multiple meanings to different people may result in superficial support, with constituents assuming they will be the beneficiaries of middle-class housing policies. It also may mean policy makers are held to a lesser degree of accountability. If the target group is only vaguely defined, then there is greater flexibility in selecting who is targeted and who ultimately benefits from programs.
Nevertheless, an inexact definition of membership in the middle class remains difficult to operationalize, and the efficacy of policies based on it must be questioned. Because there is so little agreement on who this group consists of, housing programs define membership simply as middle income—a range determined by the Area Median Income (AMI) standard developed by the federal Department of Housing and Urban Development (HUD). However, this is not as straightforward as it might seem. As Karen Hu, Assistant Vice President of New York City affordable housing developer Phipps Houses, says, “Defining middle-income is more of a science than an art.” While HUD rental housing programs generally define low income as less than 80 percent of their adjusted AMI levels and moderate income as between 80 percent and 120 percent of AMI, middle income, like the term “middle class,” is not formally or consistently defined by HUD10 or any other agency. Though a City Council report titled “The Middle Class Squeeze” released in February of 2013 claims, “HUD defines middle income as ranging between 80 percent and 200 percent of median income,” a public affairs officer for HUD told me this is untrue. The boundaries of middle income, then, depend on the particular city, housing program, and development.

In New York City, different offices base their assessment of the middle class condition on different definitions of this group. According to Gabriella Amabile, Director of Land Use Policy at HPD, “They’re not as highly regulated terms so it’s a little bit kind of colloquial almost.” The New York City Comptroller defines middle-income households as those with annual incomes between $35,000 and $74,999 (“Rents Through the Roof” 2012). Meanwhile, the New York City Council currently defines middle income as households with incomes between 100 percent and 300 percent of area median income, or between $66,400 and $199,200 (“Middle Class Squeeze,” February 2013).

This is a significantly higher middle class ceiling than this office’s prior definition employed. In 1997, the City Council issued a report titled “Hollow in the Middle: The Rise and Fall of New York City’s Middle Class,” which distinguished between lower-middle income (80 percent to100 percent of AMI) and middle class (100 percent to 200 percent of AMI). It also defined those earning more than 200 percent of AMI as upper income. Today, however, the City Council believes that 200 percent of AMI ($132,000 in 2012 for a family of four) is too low to provide a middle-class lifestyle in the city. The example given to justify this increase in the middle-class income range is that of a single public school teacher. Fully credentialed and with 22 years of experience, s/he earns $100,049 annually. Because 200 percent of AMI adjusted for a single individual is $93,000, this public school teacher would be considered upper income unless the limit was raised. “It is hard to think of someone living on a school teacher salary as upper income,” the report reads.

For the purposes of the NHMP, middle-income households are defined as those earning more than 120 percent of AMI. The ceiling, however, is not specified. Instead, it is determined by particular funding programs and specific developments. Various reports have noted that the ceiling typically does not exceed 250 percent of AMI, but that is not a formal rule.

The lack of a consistent city definition of middle income is itself an important finding. It makes the following research,
and any other studies of this group, challenging. Because the term middle class is used with such frequency yet without specificity, it is difficult to assess either the problems facing this demographic or their proposed solutions. Nevertheless, this research ultimately attempts to evaluate both.

1.3 METHODOLOGY & LITERATURE

Primary data is largely qualitative, collected via interview and field research. Semi-structured interviews with experts associated with the NHMP and HPS were conducted. This includes government officials at the Department of Housing Preservation & Development; professionals connected to HPS, including Phase 1 developers and architects; scholars at the Furman Center for Real Estate and Urban Policy at New York University and other research centers; and experts in community development. Because ground broke on HPS only this winter and the lease-up process will not begin for another year, it is not possible to question prospective residents on their lifestyles and housing expectations, let alone on living conditions in the new buildings.

Instead, field research was conducted to better understand the character of the HPS site and the surrounding urban context. On site, a field journal and photography were important tools for recording observations. This was balanced with a close examination of plans and other design documents in order to assess the design politics of HPS.

Secondary data were culled from a number of sources, including the U.S. Census, government agency publications, and various other reports. The investigation was grounded in a review of the literature of the middle class, affordable housing policy, and multi-family housing design.

Though the middle class is a major point of discussion in the political arena and its plight a popular subject with the media, contemporary research between it and metropolitan America is very limited. While there is robust research on middle class flight from cities in decline beginning in the 1950s (Wilson, Bradbury), there is virtually no scholarship on middle class loss or secondary displacement from economically stable cities. Authors have written on the revival of (certain) central cities and their appeal to more affluent residents (Ehrenhalt, Florida, Gyourko et al), but only engage by implication with the meaning of this change for middle class households.

Most recent literature on urban income patterns has focused on polarization and the extremes of poor and affluent. Berube and Tiffany examine the changing income distribution in large U.S. cities (2005). Several other studies focus on urban income distributions at the neighborhood scale, generally finding that they have become more economically homogenous. Florida has examined migratory patterns of various classes defined by occupation, concluding that those in the middle are underrepresented in the New York City area.

The literature of affordable housing largely focuses on lower-income groups. Most relevant is mixed-income housing theory, including research on the Gautreaux and Moving to Opportunity experiments. However, while this work aims to establish the importance of class diversity, it mainly posits
benefits of adjacency to the middle class for lower-income groups (Polikoff), albeit on a project rather than city scale. However, some scholars have questioned the value of mixed-income housing altogether (Ellickson).

The literature of multifamily housing (Plunz, Cooper Marcus) in higher-density urban environments is somewhat limited. Individual studies of Stuyvesant Town & Peter Cooper Village, various Mitchell-Lama projects, and other middle-class housing initiatives in New York City and beyond provide useful information on this subject and inform an evaluation of the NHMP and HPS.

1.4 THESIS ORGANIZATION

Following this introduction, Chapter 2 establishes a brief history of New York City, with a focus on the forces that have had the most profound affect on its middle class population. From the suburbanization that began in the post-war era to the disinvestment of the 1970s, the city underwent radical changes that resulted in significant loss of this demographic. In response, new middle-income housing was developed as a means to retain what was left of the middle class residential base and attract back those who had fled. This was primarily done through a new Mitchell-Lama Program, though private developments were also constructed. With the economic boom of the 1990s and the corresponding increase in income inequality, a certain segment of the city’s middle class became threatened once again.

Chapter 3 provides a framework for understanding the city’s latest housing crisis as one of affordability, rather than quality. Contributing factors to this condition include a scarcity of land, exorbitant construction costs, and land use policies and other regulations. These factors contribute to the city’s incredibly high cost of living, and particularly the inflated rental market.

Chapter 4 assesses Mayor Bloomberg’s NHMP and, more specifically, its approach to middle-income housing in response to the urban condition described above. It first establishes the target middle-income population. Next, the chapter explores the assumptions underlying the focus on this group and the basic premise of the retention plan. This includes arguments for subsidizing the city’s middle class, the challenges of doing so, and the objections to doing so.

Chapter 5 introduces Hunter’s Point South in Long Island City, Queens, as the most ambitious middle-income housing development under the NHMP. It begins with the story of how the City came to acquire the site and its intended use prior to the conception of HPS. Next, the chapter explores the development process, including the release of the request for proposal (RFP) and the winning team. This is followed by an examination of the plan for Phase I of development, from its affordability mix to its physical design. Finally, the community response to HPS is considered. It closes with a brief overview of the RFP for Phase II.

Chapter 6 revisits the research questions that frame this study. In doing so, it presents recommendations to the City of New York that endeavor to address some of the issues brought to light by this research. The chapter concludes with a discussion of the current approach to affordable housing within a neoliberal context. It reflects on the foundation of this model, and considers the contemporary implications of
targeting the middle class through this approach.

1 The study, by the Brookings Institution, defines middle-income as 80 percent to 120 percent of AMI.

2 Other similarly characterized high-cost cities, such as San Francisco (CA) and Boston and Cambridge (MA), are also beginning to address this issue, but their endeavors are relatively less ambitious than that of New York City’s.

3 In 2008, the 10-year plan was extended by 1 year to 2014.

4 Indeed, the NHMP has already been recognized with the Urban Land Institute’s 2012 Robert C. Larson Workforce Housing Public Policy Award.

5 This may be more accurately referred to as “secondary displacement,” or the relocation of households due to rising market rents in their neighborhood resulting from new development or gentrification. This is distinct from direct displacement, or the forced removal of low-income families from their homes for the purposes of urban redevelopment (Lance Freeman and Frank Braconi, January/February 2002). Secondary displacement typically refers to low-income households, but new programs and policies in New York City and elsewhere increasingly respond to the presumed secondary displacement of middle-income households as well.

6 For an exploration of this topic, see C. Wright Mills (1951), Barbara Ehrenreich (1989), Richard Florida (2002), and Dennis Gilbert (2008).

7 Respondents can be divided into five major categories: those who work in academia, business, public policy advocacy, the civic sector, and politics.


9 See Nam and Boyd (2004) and Gilbert (2008).

10 In 2009, HUD did identify a group whose incomes exceed 80 percent but are no greater than 120 percent of AMI to qualify exclusively for Neighborhood Stabilization Program (NSP) funding. This new group is referred to as “middle income,” but HUD does not broadly acknowledge it beyond the scope of this one program.


2 A History of Population Migration

2.1 Suburbanization & Disinvestment

As early as the 1940s, U.S. cities began to worry about middle class loss. The postwar decades brought suburbanization and “white-flight” from New York City. As inexpensive housing, federally subsidized mortgages, and investment in car-based transportation infrastructure drew the middle class outward, New York and other U.S. inner cities increasingly became home to low-income African American and new immigrant populations. Between 1940 and 1960, New York City’s African American population increased by 137 percent (Mohl 11). This compositional shift in the city’s residential base coincided with an anti-urbanism sentiment.

In 1959, shortly after his election, Governor Rockefeller announced a task force to increase the city’s supply of middle-income housing. The Task Force on Middle Income Housing’s report issued that same year included dire predictions of the impact of the flight of middle-income families to the suburbs and the anticipated “deterioration of many city neighborhoods and the spread of urban blight and decay.” The report placed responsibility for this trend squarely on the federal government, pointing to the establishment of the Federal Housing Administration (FHA) and other policies that made suburban homeownership more attractive than urban rentals for many middle-income families, leaving “newly married couples . . . forced into distant suburban living with high mortgage monthly payments, ever-increasing real estate payments, and commuting costs” (Botein 2009). A press release warned that middle-income families were “moving out of our cities at a rate that threatens the economic, political, and social well-being of our cities and thus our state . . . If they vanish, the cities’ economic, cultural, and civic life will decline. Such a decline would be even more insidious than the physical decay that has already set in.”

In the 1970s, changes in the global market sparked a fiscal crisis for New York City. An outmigration of capital caused greater disinvestment in urban infrastructure, resulting in flight of first industry and then labor. Between 1950 and 1960, New York City lost more than 100,000 residents; by 1970, it had lost more than 900,000, or more than 10 percent of its population (U.S. Census). The postwar boom in the city’s real estate market subsided, landlords pulled out of entire neighborhoods, and housing abandonment was widespread. Landlords torched their own buildings, banks and insurance companies redlined, and neighborhoods collapsed (Angotti 75). By 1974, New York City was nearly bankrupt. Wholesale blight and abandonment continued through the 1980s. In an attempt to stem the tide of urban decline, the City became the “landlord of last resort,” assuming ownership of more
than 100,000 units of housing and thousands of vacant lots (NHMP 2008, 3).

2.1.a The City’s Response: A Heritage of Middle Class Housing

As World War II drew to a close, New York City faced a severe shortage of quality housing. In anticipation of returning veterans and out of concern that they may be lured to the suburbs, New York embarked on a mission to develop large-scale housing projects specifically targeted to the middle class, like Stuyvesant Town and Peter Cooper Village. Two important factors made this possible. First, the 1950s building boom in Manhattan concentrated new development in the two central business districts, Midtown and Downtown, creating development pressures on many nearby then-low-rent neighborhoods, such as Chelsea and Greenwich Village. Second, at the same time, the movement of industrial jobs to the suburbs and beyond left vacant buildings and large parcels of land. This combination directed the City where to focus new development and provided the necessary sites for them (Angotti 73).

The primary new development tool was the Mitchell-Lama Program, proposed by New York State Senator MacNeil Mitchell and Assemblyman Alfred Lama and launched in 1955. It was meant to address the housing gap that had opened up between the market and public housing. The program incentivized developers to limit rents or purchase prices and agree to regulations on tenant selection, capping their return on equity (initially at 6 percent) in exchange for free or low-cost land, tax-exempt bonds and property-tax abatements of 40-100 percent for up to 30 years, and subsidized below-market rate mortgages for up to 95 percent of the project cost. Mitchell-Lama Program loans were financed through bonds issued by government agencies and state and local governments. Restrictions on the properties would expire after a set period of time, and the owner could then refinance the loan or leave the program.

From 1955 to 1978, 174 rental properties and 97 cooperative properties consisting of 69,800 units were developed in New York City under the Mitchell-Lama Program. Mitchell-Lama developments tended to be quite large, averaging 440 units per property, and are located in all five boroughs, but are largely concentrated in Manhattan, Brooklyn, and the Bronx. Although never officially discontinued, the Mitchell-Lama Program has not financed new development in more than 30 years because the state stopped allocating capital funding to the program in the late 1970s, when an increasing number of projects faced mortgage delinquencies. The last new Mitchell-Lama development, Risley Dent Towers in Brooklyn, received funding in 1978 (SHIP 2011).

The Mitchell-Lama Program was launched to address the shortage of safe and sanitary housing for moderate-to-middle-income families. But officially, the program’s purpose, as stated in the enabling legislation, was the alleviation of “a seriously inadequate supply of safe and sanitary dwelling accommodations for families and persons of low income” (emphasis added). The wording of the resolution reflects a provision in the New York State Constitution, which
MIDDLE-INCOME DEVELOPMENT PRECEDEMENTS

Mitchell-Lama projects and other middle-income housing developments of this era shared not only function, but also form. Despite having higher design standards and building budgets, these developments differed little physically from public housing projects in New York City. They were characterized by a composition of towers in the park, superblock footprint, redbrick modernist architecture, limited street engagement, hard edges, and a generally insular plan.

**LeFrak City, Queens, 1960**
- Privately financed
- 40 acres
- 20 residential buildings, each 20 stories; 2 office buildings of 20 stories and 6 stories
- 4,605 rental units
- Other uses include post office, supermarket, movies theatre, five outdoor pools (now closed due to cost)
- A housing discrimination lawsuit in the 1970s resulted in a month’s free rent for 50 black families, prompting white flight
- Racially diverse from the start
- Rises in monthly maintenance costs prompted a payment strike in the mid-1970s
- Financially troubled
- Underwent renovations in the 2000s

**Co-Op City, The Bronx, 1966**
- Mitchell-Lama financed
- 338 acres
- 5,372 cooperative housing units in 35 towers, ranging from 24 to 33 stories
- 7 townhouse clusters with an average of 33 units each
- Other uses include office space, shopping centers, several schools, sports facilities
- Racially diverse from the start
- Financially troubled
- Underwent renovations in the 2000s

**Starrett City, Brooklyn, 1974**
- Conceived by a consortium of labor unions
- Mitchell-Lama financed
- 140 acres
- 46 towers between 11 and 20 stories
- 5,881 rental apartments
- Other uses include post office, power plant, shopping center, sports facilities, synagogue and churches
- Racially diverse from the start due to a policy to maintain a tenant ratio of 70 percent white and 30 percent black tenants, which was challenged in court in the early 1980s and abandoned, prompting white flight
- Underwent renovations in the 2000s
stipulated that the Legislature may supply housing funds only for slum clearance or low-rent housing for low-income persons. Despite this, the Mitchell-Lama Program was both officially and popularly a means of providing new housing for middle-income households who could not afford market-rate housing but were not eligible for public housing. Within this stratum, specific target groups were designated, including families with children and generally those that were likely to migrate to the suburbs due to the lack of affordably priced housing in the city (Woodfill 71).

The author of a 1971 study on the Mitchell-Lama Program notes that there existed no rigorous legislative or administrative quantitative definition of the program’s target middle-income population. “The rules governing tenant eligibility, which might be interpreted as implicitly defining the target group, do not provide a useful measure,” the report stated. The program, like others at this time, specified income limits for admission as a multiple of apartment rent. While public housing tenants had incomes no higher than five times their rent, the Limited-Profit Housing Companies Law required that households applying for Mitchell-Lama units have an annual income that did not exceed six times the annual rent if the family consisted of three or fewer members and seven times the annual rent if it consisted of four or more persons. No minimum incomes were set, and maximums for households of a given size and composition varied over time and across developments (Woodfill 1971).

This way of defining—or not defining—middle income and the standards for tenant eligibility made reaching the program’s target group difficult. Because the maximum income limits for eligibility were directly proportional to project rents, wealthier and smaller families entered the program as construction and operating costs began to soar. The 1971 study found that newer tenants differed significantly from both the program’s intended population and from earlier tenants. In 1964, 75 percent of the households were middle income (or below) in the context of the income distribution of all New York City households. Further, 46 percent of them were in households that had four or more persons, and 55 percent had at least one child under 18. By the end of 1968, the Mitchell-Lama population could no longer be characterized as middle income since almost half of tenants had incomes that permitted a standard of living enjoyed by the wealthiest 30 percent of the city’s households. Less than one-third of the Mitchell-Lama households had four or more persons, and one-half contained only one or two persons. Only about 35 percent had a child under 18. The average number of persons per household dropped from 3.2 to 2.7 from 1964 to 1968, while the average gross rent for the entire middle-class population rose 22 percent. The increasing proportion of small households paralleled project designs, which began to include relatively fewer large apartments (Woodfill 1971).

In providing middle-income housing, Mitchell-Lama was intended to arrest “the exodus of families from the cities to the neighboring suburbs.” However, prior to the 1971 study, no direct assessment had been made of the program’s actual or potential effectiveness in retaining middle-class families. Little was known about those who left the city or their reasons for doing so. Nevertheless, the study found strong support for the popular impression that the city was losing middle-income families with children to the suburbs, in exchange for single persons and childless couples. The Mitchell-Lama Program...
of the early 1960s at least was serving a demographic whose size and income characteristics overlapped considerably with those of families who left the city in that same period. About half of the movers would have been eligible for Mitchell-Lama housing and about 15 percent might have been interested in living at these developments (meaning their reasons for relocation might have been addressed with Mitchell-Lama housing) (Woodfill 1971). There was no follow-up study, however, to determine whether the program continued to serve this demographic.

As we will see, these shortcomings of the Mitchell-Lama Program are extremely similar to those issues raised today under Mayor Bloomberg’s NHMP.

2.2 RE-URBANIZATION

New York has experienced a dramatic recovery from its fiscal crisis of the 1970s. Starting in the 1980s, the real estate market picked up and previously abandoned neighborhoods experienced new growth and gentrification (Angotti 79). The city has transformed from a flight area to a magnet area. The economic boom of the ’90s reversed the population loss the city had suffered, with 875,133 new residents added between 1990 and 2010 (U.S. Census). “White flight,” however, was slower to reverse; as the overall population grew, non-Hispanic whites continued to decline by 361,000 in the 1990s. It wasn’t until 2000 that their numbers began to increase, with 50,000 whites moving to the city between 2006 and 2007 alone. The city has attracted a highly skilled and affluent demographic in recent years. Though this coincided with a boom in housing construction, New York City still experiences a housing shortage (Roberts, Sept. 22, 2008).

This post-deindustrialization renaissance was made possible by a successful transition to the knowledge sector. Unlike so many cities that have yet to rebound from the losses incurred beginning with suburbanization, New York has become one of the key word-class innovation hubs (Moretti 87). This shift from “blue-collar production center to a post-industrial ‘global city’” (Wolf-Powers) after World War II is well documented. In a lecture given at Hunter College in 2003, Saskia Sassen stated that New York City is 1 of about 40 global cities that function as central nodes of finance capital and political power (Angotti 55).

While this success—as well as an increase in quality housing, a decrease in crime, and many other neighborhood changes—has attracted a significant number of wealthy residents to New York, developable land remains scarce. The properties left vacant by the movement of industrial jobs out of the city in the 1950s have long since been redeveloped and little remains for new construction today. This combination creates what Joseph Gyourko et al have dubbed “superstar cities.” In such places, a growing number of high-income households combine with an inelastic supply of land to bid up real estate prices. Because demand exceeds supply and supply growth is limited by geography and local restrictions on density, and there are few nearby substitute locations, households with high incomes outbid those with lower ability or willingness to pay for scarce housing, driving up the price of the underlying land. Land prices then act as a clearing mechanism, sorting high-income households into these desirable markets and excluding lower-income ones. In this sense, living in a superstar city is like owning a scarce luxury good (Gyourko et al 2). As it would happen, Mayor Bloomberg told an audience of corporate, cultural,
The most affluent New Yorkers mainly cluster in many Manhattan neighborhoods and select areas in the outer boroughs.
government and labor leaders attending a 2003 economic conference at Rockefeller University, “If New York City is a business, it isn’t Wal-Mart—it isn’t trying to be the lowest-priced product in the market. It’s a high-end product, maybe even a luxury product” (Cardwell 2003).

2.2.a Increased Income Inequality & Polarization

Residential segregation by income has increased since 1980 across the United States and in many of the country’s largest metropolitan areas. New York, in particular, has been virtually cleaved into two separate cities. One is composed of those whose work is linked to the world economy, the other of local service workers (custodians, security guards, taxi drivers, clerical aids, parking attendants, sales people, restaurant employees, etc.) whose jobs are dependent on the former group (Reich 1991). In recent years, these groups have undergone dramatic changes in income distribution.

Between 1987 and 2006, the average income of New York City households in the top income quintile increased by more than 30 percent, compared to the bottom quintile, which saw an increase of just over 5 percent (Armstrong et al 2009). In 2010, the top quintile in mean household income made more than 23.79 times more than the lowest quintile. This is the sixth highest ratio among big cities, albeit a small decrease from 25.02 in 2009. In Manhattan specifically, the ratio between the upper and lower quintiles was 37.76. Here, the top quintile makes an average of $360,000 more annually than the lowest quintile (again, a slight decrease from the 2009 differential of nearly $400,000). By 2012, the income gap in Manhattan was wider than almost anywhere else in the country, rivaling disparities in sub-Saharan Africa (Roberts 2012).

In 2009, about 68.3 percent of New York City tax filers had a federal adjusted gross income (AGI) of less than $50,000, compared to 66.1 percent of filers nationally. Conversely, a higher percentage of New York City residents reported incomes above $200,000—3.5 percent of filers, compared to 2.8 percent nationwide. Moreover, about .42 percent of income tax filers in the city reported AGI of $1 million or more, or nearly three times higher than the national
rate of .16 percent. While overall filers earning $200,000 or more captured 43 percent of income in New York City, such filers' share was 26 percent nationwide (NYC Comptroller, May 2012).

Even starker is the difference in the income share captured by the 15,000 New York filers reporting $1 million or more AGI. Accounting for less than half of 1 percent of the total number of filers, this group's share of the city's income was 26.7 percent, compared to 9.5 percent nationally. The discrepancy is primarily due to the greater concentration of filers earning $1 million or more in New York City, as well as their somewhat higher average incomes. Also in 2009, New York City's top 1 percent realized 32.3 percent of the city's total personal income, whereas this group captured only 16.9 percent of the nation's AGI. Conversely, the city's bottom 50 percent of filers realized only 9.9 percent of the city's total personal income, compared to 13.5 percent nationally (NYC Comptroller, May 2012).

Such wealth extremes were not always the case in New York. The city has never been home to as many super-rich as it has since the turn of the 21st century. Exact figures are unknown for the Roaring Twenties, when the national numbers previously peaked. In 1980, about 12 percent of the population qualified as this wealthy; by 2007, it was four times that. At that time, there were approximately 34,500 households, representing about 90,000 people, in the city in the top 1 percent. On average, these households have annual incomes of $3.7 million (“Growing Together” 14). Meanwhile, 10.5 percent of the population, or approximately 900,000 people, live in “deep poverty,” or half of the federal poverty line (Parrott).

This inequality is reflected in the city’s spatial composition. Studies have found that rising income inequality has led to a growing share of families in either largely low-income or affluent neighborhoods, while the portion of American families living in middle-income neighborhoods declined significantly between the years of 1970 and 2007 (Travernise 2011). A recent report from the Pew Research Center ranked the New York metro area third most residually segregated by income among the country's 10 largest metro areas. Though it ranked top in 1980 among the nation’s 30 largest metro areas, residential segregation by income nevertheless increased in New York since then, just not as sharply as in other cities. It ranks first for its percentage of low-income households (those earning below $34,000 annually) located in exclusively low-income census tracts (41 percent) and fifth for its percentage of upper-income households (those earning $104,000 and

This inequality is reflected in the city’s spatial composition. Studies have found that rising income inequality has led to a growing share of families in either largely low-income or affluent neighborhoods, while the portion of American families living in middle-income neighborhoods declined significantly between the years of 1970 and 2007 (Travernise 2011). A recent report from the Pew Research Center ranked the New York metro area third most residually segregated by income among the country's 10 largest metro areas. Though it ranked top in 1980 among the nation’s 30 largest metro areas, residential segregation by income nevertheless increased in New York since then, just not as sharply as in other cities. It ranks first for its percentage of low-income households (those earning below $34,000 annually) located in exclusively low-income census tracts (41 percent) and fifth for its percentage of upper-income households (those earning $104,000 and

The middle 45 percent of earners shrank by 19 percent between 1990 and 2007; lower earners also shrank slightly, while higher earners increased.

The Shrinking of NYC’s “Middle”

above annually) located in exclusively upper-income tracts (16 percent) (“Residential Income Segregation,” 2-5).

2.2.b A Shrinking Middle Class

As is indicated by New York's increasing income inequality, the city's middle class, like the nation's, has shrunk over time. Once home to a broad middle class, the city supported these families with a robust manufacturing sector and mid-level positions in corporate headquarters, as well as in education, government, construction, and other well-paying “blue-collar” jobs. But the city's manufacturing presence has significantly shrunk since the 1950s, and its labor market has seen the disappearance of thousands of middle-paying jobs, while moderate-to-low-paying jobs, mainly in the service industry, have grown (“Growing Together,” 15).

The superstar cities model suggests that rising incomes are due to a changing composition of families from an influx of high-income households, rather than through upward mobility of existing residents (Gyourko et al 26). So not only did the middle class not grow, but the increase in real estate prices that new high-income residents caused had the effect of pricing out a significant portion of the city's population: very low-income households who are not reached by subsidy, low-income households for whom there is not enough subsidy, and middle-income residents who do not qualify for subsidy.

In the 1990s, several government reports studied the loss of the city's middle class, including “Hollow in the Middle: The Rise and Fall of New York City’s Middle Class” (New York City Council, December 1997) and “No Room for Growth: Affordable Housing and Economic Development in New York City” (State Comptroller, October 1999). The latter found that housing costs forced residents to move to the outer suburbs, as even the immediate suburbs were inaccessible due to high real estate prices. A 2006 study by the Brookings Institution found the city to have the smallest proportion of middle-income families of any metropolitan area in the country, and that that number was continuing to rapidly shrink (“Where Did They Go?”). In 2009, the Center for an Urban Future released a report titled “Reviving the City of Aspiration: A study of the challenges facing New York City’s Middle Class,” which claimed that “large numbers of middle class New Yorkers have been leaving the city, while many more of those who have stayed seem permanently stuck among the ranks of the working poor, with little apparent hope of upward mobility.”

Though New York City’s middle class, according to the wide definition, seems substantial in absolute numbers, totaling nearly 1.9 million working age adults, it is in fact a smaller percentage of the working age population than in the nation as a whole or in the city’s suburbs (“Middle Class Squeeze,” February 2013). It also makes up a smaller percentage of the total population than it did 20 or even 10 years ago (2013 State of the City Address). As of 2009, there was a noticeably smaller number of middle class tax filers—those earning between $50,000 and $200,000 AGI—in New York City. That group consisted of only 28.2 percent of all income tax filers, compared to 31.1 percent nationally. Further, while the share of total income earned by filers reporting AGI within this range is 52 percent nationally, that group’s share is only 36 percent in New York City (“Income Inequality in New York City,” May 2012).
Based on 2000 Census data, the same study found the New York PMSA to have the smallest share of middle-income families, defined as those earning between 80 and 120 percent of AMI, among the country’s 100 largest metropolitan areas. With a share of only 16.2, New York is composed largely of families at the income extremes: a share of 41.2 of lower income families and 42.7 of higher income families (Booza et al 2006).

Based on this information, the Center for an Urban Future claims, “New York of the 21st century will continue to develop into a city that is made up increasingly of the rich, the poor, immigrant newcomers and a largely nomadic population of younger people who exit once they enter their 30s and begin establishing families” (“Reviving the City of Aspiration” 8). Nevertheless, strategies for middle-class retention are not getting the resources they did in the 1950s. Though this group is once again the focus of much attention, that focus has yet to be significantly mobilized. As we will see, policy and programs are just beginning to respond to fears of contemporary loss of this group.

2.2.c Spatial Composition & Neighborhoods

As the city’s middle class shrank, so too did its number of middle class neighborhoods. Between 1970 and 2000, The Brookings Institution found that the share of New York City neighborhoods classified as middle-income (80 percent to 120 percent of AMI) declined to 30 percent from 42 percent, while lower-income neighborhoods rose to 31 percent from 20 percent and higher-income neighborhoods remained almost unchanged, about 38 percent (Roberts 2006).

Of course, the existence and location of the city’s middle class neighborhoods depends on the income parameters used to define this group. Mapping the “middle class” yields very different results for households earning between $35,000 and $199,999, approximately the broadest definition based on different City offices, than for households earning between $45,999 and $59,999, a narrow range around the actual New York City median income. The vast majority of the city falls into the former range, with 51 percent to 75 percent of households earning this income in most areas (though the Bronx has a much smaller percentage of these households). But the more narrow the range, the fewer the households that fall into it in a given area. At $45,000 to $149,000, the vast majority of tracts, including Manhattan, consist of 26 percent to 50 percent of these households. At $45,000 to $99,000, most of Manhattan consists of 0 percent to 25 percent of these households, but most of the overall city still consists of 26 percent to 50 percent of them. And at $45,000 to $74,999 and $45,000 to $59,000, most city tracts have only 0 percent to 25 percent of these households. It is also worth noting that these income ranges do not reflect household sizes, another complicating factor when identifying the middle class by income and the area it calls home. Essentially, New York City is a different landscape depending on the income assumptions one makes about the middle class.

Moving beyond the city’s economic makeup, Richard Florida analyzed urban residential patterns based on occupation to create a more nuanced picture of the city’s socioeconomic spatial composition. Looking at creative, working, and service class categories, Florida found that
The size of the city’s middle class population depends on how it is defined.
Middle Class: $45,000-$74,999

- 0-25%
- 26-50%
- 51-75%
- 76-100%
45-149
per45_149
Middle Class: $45,000-$149,999
- 0% to 25%
- 26% to 50%
- 51% to 75%
- 76% to 100%
the former—which includes highly-skilled knowledge, professional, and creative workers in science and technology, business and management, arts, culture, media and entertainment law, and healthcare professions—makes up 35.8 percent of the New York City metro area’s workers. These are highly skilled, highly educated, and well-paid individuals who average $87,625 in wages and salaries. Though this population includes some middle-income New Yorkers, it also includes many very high-earning residents.

As one might expect, they are concentrated most highly in and around Lower Manhattan, with the top 10 creative class locations in the metro area (defined as Census tracts with more than 500 people) consisting of two tracts in the West Village, two in Jersey City (NJ), two in Park Slope, one in Brooklyn Heights, one in Morningside Heights adjacent to Columbia University, one in the Upper East Side, and one in Lincoln Square (Broadway and Columbus Avenue in the West 60s, near Lincoln Center). Here, this group makes up more than 80 percent of residents, or more than two and half times the metro average of 35.9 percent.

Meanwhile, the service class includes the low-wage, low-skill workers who hold routine service jobs in food services and preparation, retail sales, clerical and administrative positions, and the like. This is the largest class of workers, making up 48.1 percent of the region’s workforce, and includes some of the fastest growing job categories. Service workers in the metro area average $34,241 in wages and salaries, just 39 percent of what creative class members make. The top 10 service class locations in the New York metro area are almost exclusively in still-struggling neighborhoods of Brooklyn, with one in the Bronx and another in Long Island (Sheepshead Bay-Manhattan Beach, Flatlands/Canarsie, East New York, Bedford/Clinton Hill, North Riverdale/Fieldston in the Bronx, and Brookville in Long Island.

The working class includes workers in factories, transportation, and construction. It is not a perfect representation of the city’s middle class, but rather a narrow subset. It comprises just 16 percent of the New York metro area’s workers, who average $43,723 in wages and salaries. There are only 17 tracts—less than one-half of one percent of the tracts in the metro area—where the working class accounts for more than half of all residents. Conversely, there are more than 1,000 tracts—more than 1 in 5—where the working class accounts for 10 percent or fewer residents, and 366 tracts (8.4 percent) where the working class represents 5 percent or less of all residents. This is compared to the service class, which makes up more than half of all residents in 1,635 tracts (37.5 percent) and more than two-thirds of residents in 197 (4.5 percent), and the creative class, which numbers more that 40 percent of residents in 37.6 percent of tracts (1,641) and more than half of all residents in 21.2 percent (926 tracts). Further, there are 214 tracts (4.9 percent) that are more than two-thirds creative class, and 45 (1.0 percent) where the creative class makes up more than three-quarters of all residents.

Florida found the creative and service class areas to be both very different from each other and larger than the working class areas, which many people consider to house the last vestiges of the city’s middle class. The creative class is located closer to the center city, while lower-paid service class neighborhoods are situated towards the outer boroughs.
of New York City, Long Island, and parts of coastal and northwest New Jersey.

Whereas the top 10 creative and service class locations are each composed of a more than 80 percent share of these respective groups, the top 10 working class locations only have a concentration of more than 54 percent. None are located in New York City, but rather in New Jersey (Newark, Elizabeth, Paterson, Passaic, and Plainfield), a region that had a huge manufacturing base and working class population less than half a century ago.

Looking at New York City proper, the creative class areas are concentrated in Manhattan, all the way from the southern tip of the Financial District through Tribeca, SoHo, the Village, Chelsea, Midtown, and the Upper East and West Sides. The service class is again pushed further outward, with a small pocket on the Lower East Side and to the north in Harlem, Morningside Heights and Washington Heights, and Inwood. Gentrification in Brooklyn, defined here as presence of creative class residents, is confined almost completely to Williamsburg, Brooklyn Heights, Cobble Hill, Ft. Greene, Clinton Hill, Dumbo, and Park Slope—all near lower Manhattan. Most of the borough is home to a large service class, with a smattering of working class households remaining in neighborhoods like Bensonhurst, Sunset Park, Coney Island, Flatbush, East New York, and Marine Park. The service class also predominates in the Bronx, Staten Island, and Queens. The latter has a small presence of working class residents in neighborhoods like Elmhurst and in the Rockaways, as well as creative neighborhoods like the relatively affluent Forest Hills (Florida, Jan. 14, 2013).

New York City’s unique real estate market contributes to the shrinking of middle-class housing options and therefore neighborhoods. The market condition, in turn, results largely from development costs and land use regulations. These factors create a squeeze on low-income households, as one might expect, and, increasingly the middle class.

1 Mitchell-Lama projects were originally required to adhere to program restrictions for the full duration of their mortgage terms, generally 50 years. In order to attract additional private developers and increase overall program participation, the New York legislature amended the requirements in the early years of the program. In 1957, for example, the legislature relaxed the requirements to allow companies to voluntarily dissolve and opt out of the program after 35 years of participation. In 1959, the 35-year commitment was reduced again, this time to 20 years (SHIP 2011).

2 This thesis will not explore the current state of Mitchell-Lama housing, including expiration and preservation of units, but must acknowledge this as a major contributing factor to the city’s affordable housing crisis. For more information, see the New York City Independent Budget Office’s June 2012 Fiscal Brief and supplement to “The Mayor’s New Housing Marketplace Plan: Progress to Date and Prospects for Completion” and the Furman Center for Real Estate and Urban Policy and The Institute for Affordable Housing Policy’s “State of New York City’s Subsidized Housing 2011.”

3 It is generally thought that the Mitchell-Lama Program succeeded to some extent in preserving the city’s tax base and its consumer class by providing a reasonable alternative to suburban flight. Ultimately, however, it led the city to assume more debt than it could manage and contributed to the fiscal crisis of the
1970s (Botein).


5 While New York’s income disparity ratio does rank near the top nationwide, it is not highest, lagging behind Atlanta and Boston, according to the 2010 ACS (based on places with a population of more than 250,000).

6 In this case, middle class is defined by the City Council as 100 percent to 300 percent of AMI, or $66,400 to $199,200.
3 Contemporary Context: The Market & the Middle Class

In New York, the decline in housing affordability has been especially steep since 2000. During the 1980s and 1990s, the city saw an increase in household formation that outpaced housing construction. The current unaffordable housing environment can largely be traced to this disconnect between supply and demand. Though new development picked up in the years since, issues remain due to the strong pent-up demand for housing in the city, the aging of its historic housing stock, and the ongoing arrival of new residents. Today, the lack of affordable housing affects all New Yorkers but the very affluent.

### 3.1 CAUSES OF HIGH-COST HOUSING

#### 3.1.a Scarcity of Land

At a 2003 panel organized by the Center for an Urban Future, former Furman Center Director Michael Schill stated, “We are not producing enough housing. One of the reasons for this is that we are the most expensive city in the country to produce housing. And one of the reasons for that is the absence of land” (“Rezoning New York City’s Industrial Waterfronts”). A dense and largely built-out city constrained by physical boundaries, New York has few remaining locations that can provide significant numbers of housing units (NHMP 2002). Between 1998 and 2004, the supply of vacant land decreased by 5 percent, resulting in a rapid escalation of land prices (Salama et al). Consequently, most new construction is infill housing, while the development of large-scale housing developments is increasingly difficult and rare. The large parcels of land that do remain typically require government action to clean up old industrial contamination, change former land uses to residential/commercial mixed-uses, and increase density to accommodate more housing development (NHMP 2002).

Relatedly, privately-owned vacant land is often not developed until real estate values in the area escalate. “You have a lot of problems with warehousing, especially since the late 1970s when our market started to go up again,” says Moses Gates, Association for Neighborhood and Housing Development (ANHD) Director of the Community Housing Association of Managers and Producers (CHAMP). “So many people are holding out until they can cash in on it [their land]. That always happens and it constrains the ability to build regular moderate-, middle-income housing.”

#### 3.1.b High Construction Costs

A 1999 Cost Study by the Furman Center and its 2005
update found the city’s construction costs—which remain the highest in the country—to be the primary cause of the disparity between housing supply and demand. According to a 2008 report by the New York Building Congress, construction costs in the city rose 32 percent between 2004 and 2007, and 400 percent since 1974 (“Reviving the City of Aspiration” 2009, 43). High construction costs, in turn, are driven primarily by high labor costs, largely due to the power of the city’s labor unions (Salama et al).

In high-density cities like New York, where land acquisition and construction costs are significant relative to total development costs, the market typically supplies a high-income housing product in order to justify the risks of new construction (Konishi 3). Further, developers are prone to build smaller units, which command a higher rental or purchase price per square foot (“Reviving the City of Aspiration” 42). However, such high rates cannot be charged in parts of the city that do not (yet) attract a high-earning consumer. In those areas, market rents or sale prices are not high enough to justify the cost to construct and maintain new market-rate housing without some form of subsidy (Salama 15). Therefore, new construction is more limited there.

### 3.1.c Land Use & Regulation

The Cost Study also found the City’s zoning ordinance, enacted in 1961, to raise the cost of land. While citywide numbers don’t exist, Edward L. Glaeser et al found that skyrocketing housing prices are the result of land use restrictions in Manhattan. The authors aver that some form of regulation amounts to a 50-percent increase in housing costs for a majority of Manhattan condominium owners, compared to under a free-development policy.

One of the major problems with the City’s zoning is limitation on density. While parts of the city are in fact very dense, many areas could absorb higher density development (Schill 13). The combination of high land and construction costs require these high densities, or Floor Area Ratios (FAR), in order to extract positive net present values (NPV) from many sites. However, current zoning restrictions on building height limits and FAR cannot create residual land value and therefore undermine the supply of new housing (Konishi 13).

As a result, the City has rezoned limited areas to accommodate higher densities, arguing that this would create room for more housing and, therefore, more affordable housing. However, some feel it will have the opposite effect. “Every time the City upzones, it increases value for private landowners, and landowners logically take advantage of that increased value by building housing for people with higher incomes,” explained Thomas Angotti, professor of Urban Affairs and Planning at Hunter College and the Graduate Center, City University of New York, and Director of the Hunter College Center for Community Planning & Development (CCPD) to City Limits (Arden). Further, it results in the tearing down of smaller buildings with affordable units to be replaced with higher-cost market-rate ones (Armstrong).

The process is also unpopular among community residents. In response to the increase in new construction the city experienced before the onset of the Great Recession, communities and their elected officials rallied in opposition
to increased densities. Mayor Bloomberg responded with support of downzoning in boroughs other than Manhattan in order to “preserve neighborhood character.” Most of these downzonings have not been compensated for with increases in density elsewhere (Schill 15).

The zoning’s strict separation of land uses also contributes to high land costs. Despite New York’s significantly contracted manufacturing base, the proportion of land zoned for this use has only begun to be correspondingly reduced (Schill 13). A key component of Mayor Bloomberg’s NHMP is to rezone abandoned waterfronts and underutilized manufacturing areas for mixed residential and commercial uses. While this has been controversial, with fears of job displacement from still-productive sites bringing to light the tension between housing and industry in the city, many applaud this as a step towards addressing the city’s housing emergency (“Rezoning New York’s Industrial Waterfronts,” March 2003).

Some argue that these rezonings will drive down the cost of land by increasing the supply. An obsolete industrial site that’s attracted little redevelopment interest may be given new life with a new land use. However, rezoning can also lead to speculation and a bidding up of land in anticipation of redevelopment. Further, without regulation of what type of housing will be built on these sites, some fear that market forces will result in the construction of luxury housing, which would fail to address and even exacerbate the city’s housing affordability crisis (“Rezoning New York’s Industrial Waterfronts,” March 2003).

Indeed, Laura Wolf-Powers writes, “Where agglomeration and centrality are crucial aspects of a city’s competitive advantage, one finds strong evidence to support the precept that markets in land favor users who produce the highest economic return per square foot of built space” (4). In the past quarter century, New York City land use policies have placed a premium on what is referred to as “the highest and best use” (“Growing Together” 16). Respondents to the 2007 Drum Major Institute survey referenced earlier believe that City and State policies privilege luxury real estate development and that the prevalence of subsidies for this use harms middle-class New Yorkers (“Saving Our Middle Class” 4).

The Cost Study also identified the New York City Building Code as a barrier to housing development. New York is one of the few large cities in the country not to use a uniform building code such as the International Building Code (IBC). First adopted in 1850 and substantially revised in 1968, the city’s code suffers from several problems: (1) its complexity leads to different interpretations and therefore lengthy permitting processes; (2) its idiosyncratic nature causes developers from outside the city not to bid on jobs, thereby reducing competition and increasing the cost of construction; (3) it does not permit the use of new, efficient, and cost-reducing building technologies; and (4) the process utilized to approve new materials is cumbersome and politicized (Schill 9). These issues are reflected in the city’s housing costs.

3.2 MARKET STUDY: HOW THE MIDDLE LIVES

3.2.a Cost of Living
New York City has the highest cost of living in the country, as is measured by the local prices of goods. An area’s cost of living is largely tied to the strength of its labor market; where wages and productivity are highest, so too is the cost of living (2012 Income and Affordability Study). When the labor market in a city strengthens, as it has in New York, both workers’ earnings and the cost of housing tend to increase. However, despite higher salaries overall, New York City suffers from such a high degree of income inequality that the local median income is in fact slightly below the national median: $51,270 compared to $52,762 (2007-2011 ACS). Meanwhile, housing costs here are much higher than the national average: 4.5 times higher in Manhattan, 3.5 times in Brooklyn, and more than double in Queens (Huddleston).

As might be expected, cost of living is most impacted by housing, which accounts for 40 percent of Americans’ spending. This means that most of the differences in cost of living across areas reflect differences in the cost of housing, which in turn mostly reflect differences in the cost of land (Moretti 170). In New York City, housing prices increased by 250 percent between 1974 and 2006 (Armstrong et al). So while increases in income can offset some of the increase in housing costs in strong labor markets, many New Yorkers with higher nominal salaries spend such a large proportion of their income on housing that their effective salaries are much lower after this expense. In fact, the benefits of highly skilled regions accrue mainly to knowledge, professional, and creative workers—or the more affluent—while blue-collar and service workers who also earn more in these places are actually cost-burdened (Florida, Jan. 30, 2013).

The effect of a strong labor market on a household ultimately depends on whether it rents or owns. Homeowners gain twice because of both higher wages and higher property values (Moretti 170). For renters, who comprise the majority of the New York City population, however, the effect of higher earnings is tempered by the increase in their monthly housing costs. Since the early 1990s, then, New Yorkers have experienced a wide gap between their means and expenses (“Reviving the City of Aspiration”).

During 2011, the Consumer Price Index (CPI), which measures change in the costs of typical household goods, increased 2.8 percent in the New York City metropolitan area, a higher rate of inflation than seen the previous year, when prices rose on average 1.7 percent (2012 Income and Affordability Study). Another measure of affordability is the Council for Community and Economic Research’s Cost of Living Index (COLI), which tracks the cost of living in more than 300 urban areas. In each of the first three quarters of 2011, Manhattan, Brooklyn, and Queens ranked as numbers one, two, and five respectively on the list of most expensive urban areas (the Bronx and Staten Island were not included in the survey). Manhattan was more than twice as expensive to live in as the national average, while Brooklyn was approximately 80 percent more expensive and Queens was more than 50 percent more expensive.

The same study found that someone moving from Boston who makes $49,893 a year (the city’s 2010 median household income) would need to make $79,596 to achieve the same standard of living in Manhattan ($15,764 more than the 2010 Manhattan median income of $63,832, or 19.8 percent more). The move would require paying a staggering 158 percent more for housing, 25 percent more for groceries,
and 15 percent more for transportation. Moving to either Brooklyn or Queens would be slightly more economical, requiring a salary of $66,451 in the former (compared to a 2010 median income of $42,143, or 36.6 percent more) and $55,957 in the latter (compared to a 2010 median income of $53,054, or 5.2 percent more). As with Manhattan, the most inflated cost in these outer boroughs is housing, which is approximately 109 percent more expensive in Brooklyn than in Boston and 47 percent more expensive in Queens (2012 Income and Affordability Study).

3.2.b Homeownership

The Housing Opportunity Index (HOI) showed that during the fourth quarter of 2011, the New York metropolitan area was the least affordable area to buy a home for the 15th straight quarter. The survey found that only 29 percent of owner-occupied housing in the metropolitan area was affordable to households earning the median income (National Association of Home Builders, Feb. 16, 2012).

Manhattan, in particular, has experienced a steep increase in the cost of ownership housing. According to the U.S. Census, the median value of an owner-occupied unit rose from $245,633 in 1980 to $377,246 in 2000 (in 2002 dollars). This represents a real appreciation rate of 2.2 percent per year, double the national average as measured by the Freddie Mac Repeat Sales Price Index (Glaeser et al 2004).

In the past, growth in the city’s housing supply helped to keep prices down. In the mid-1900s, existing housing was demolished to make way for denser residential construction, resulting in the addition of tens of thousands of new units in Manhattan, while prices remained flat. While there were 13,000 new units permitted in Manhattan in 1960 alone, only 21,000 were permitted throughout the 1990s. Despite rising demand and soaring prices, the housing stock has increased by less than 10 percent since 1980 (Glaeser et al 2004).

3.2.c Rental Market

Though certain housing ownership policies, like the mortgage tax deduction, disproportionately benefit middle-to-upper income households nationally (Toder et al), New York City is predominantly a renter’s market. The 2009-2011 ACS estimates that approximately 68 percent of the population occupies rental housing, compared to 33 percent nationwide. Therefore, a large portion of the city’s middle-income residents don’t benefit from federal housing policies targeting this demographic.

MEDIAN RENTS

New York City household incomes remained essentially stagnant between 1970 and 2010, while reported rents nearly doubled (SHIP 2011). In 2011, the New York City median monthly contract rent, which excludes any additional tenant payments for fuel and utilities, was $1,100. Meanwhile, median gross rent, which includes fuel and utility payments, was $1,024. The median asking rent for vacant units was $1,300 (Wha Lee). These figures represent a continued increase in rents since 1980, with rates almost doubling (adjusting for inflation) from a median of $628. In contrast,
The steep rents that New York City is known for are highest in Manhattan and select neighborhoods in the outer boroughs, but Census tracts throughout the city have an average rent above $800 and many are above $1,200 (not taking into account unit size).
the median household income in 2010 was only 25 percent higher than in 1980 (“Rents Through the Roof!”).

In 2012, New York City’s effective rents rose 3.9 percent from the prior year. The average renter’s monthly tab of $2,935 was higher than the second-most expensive city in the country, San Francisco, by more than $1,000 (LaCapra). By 2013, the city’s average monthly rent was up to $2,985 (Grant).

At the borough level, increases in Brooklyn rents outpaced Manhattan. According to a regular rental market report by Douglas Elliman, the median monthly rent in Manhattan for March was $3,195, putting it only 2.8 percent lower than the highest median recorded since the firm began tracking rents in 1991. In Brooklyn, the median rental price grew 11.3 percent year-over-year to $2,560—almost double the growth in Manhattan of 6.7 percent (Voien). The housing affordability crisis is spreading.

Indeed, mapping average rents reveals that Manhattan and select neighborhoods in Brooklyn (such as Park Slope and along the western waterfront) and to a lesser extent Queens are especially costly. While this Census data does not reflect...
household size, we know that units in Manhattan, if not these other areas, tend to be smaller, and so households there tend to pay more for less—upwards of $1,600 for mainly studio, one-bedroom, or two-bedroom units, with pockets where the average rent goes as high as $3,000 (2007-2011 ACS).

Meanwhile, with some exceptions, the outer boroughs have generally lower rents than Manhattan. Average rents are increasingly affordable farther out from the city center. Overall, the average rent in most city Census tracts does not exceed $1,200 (2007-2011 ACS). However, even these rates at the lower end of the local rent spectrum are higher than in other costly cities.

RENT BURDENS

According to HUD, a rent-to-income ratio of more than 30 percent indicates that housing is unaffordable (“Rents Through the Roof!”). More specifically, housing expenses that consume more than 30 percent but less than 50 percent of income are considered moderate cost burdens and expenses that consume more than half of income are severe costs burdens. This 30 percent amount is based on federal rent payments standards, but there is no clear explanation as to why that standard was selected. One drawback of such a simple measure of affordability is that it fails to take into account the sacrifices households may make to lower their housing costs, such as opting to live in a more affordable neighborhood with poorer quality schools or a greater distance from work. As a result, households that make these tradeoffs are not counted among those that are cost-burdened (Belsky et al 10-11).

Nevertheless, the 2010 ACS ranked New York City 10th highest in monthly rental costs among 74 big cities (though it would have been much higher if rent regulated units had been excluded), but only 24th highest in median household income. Between 2009 and 2010, median contract rents for all apartments in New York City increased a nominal 3.5 percent, median gross rents by 4 percent, and the median gross rent-to-income ratio by 1.3 percent, from 30.6 percent to 31.9 percent. This was the third consecutive year of increase in the gross rent-to-income ratio (Weiner, April 29, 2008). Then in 2011, it rose to 33.8 percent, meaning that half of all rental households paid more than 33.8 percent of their income in gross rent (New York City Housing and Vacancy Survey). Further, nearly 1 in 3 households (33.1 percent) reported spending more than 50 percent of their income on middle-class rent burdens.

Housing became less affordable and rent burdens increased throughout the 1990s and 2000s.

Source: The Moelis Institute for Affordable Housing Policy, Furman Center for Real Estate & Urban Policy

Stagnating Incomes, Rising Rents, NYC

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$49,693</td>
<td>$40,645</td>
</tr>
<tr>
<td>$51,865</td>
<td>$779</td>
</tr>
<tr>
<td>$50,539</td>
<td>$853</td>
</tr>
<tr>
<td>$50,886</td>
<td>$1,004</td>
</tr>
<tr>
<td>$555</td>
<td>$628</td>
</tr>
<tr>
<td>$628</td>
<td>$853</td>
</tr>
<tr>
<td>$779</td>
<td>$1,004</td>
</tr>
<tr>
<td>$853</td>
<td>$1,004</td>
</tr>
</tbody>
</table>

Source: The Moelis Institute for Affordable Housing Policy, Furman Center for Real Estate & Urban Policy
rent (“Rents Through the Roof!” 5), up from 24.3 percent in 1999 (Weiner, April 29, 2008). These are the highest rates of rent burden in the city since 1965. By 2010, nearly 40 percent of all New York City rental units had become unaffordable to households earning the median income, up from a relatively steady rate around 20 percent from 1980 to 2000 (“Rents Through the Roof!” 5).

Housing Emergency

Depending on one’s perspective, New York City boasts or suffers from an extremely tight housing market. The 2011 vacancy rate of 3.12 percent (2012 Income and Affordability Study), compared to a national average approaching 10 percent (“Rents Through the Roof!” 1), had contracted to 2.2 percent by the second quarter of 2012, making New York City the tightest market in the country (LaCapra). This high demand for residence in the city began in the 1990s, when immigration and a booming economy sparked population growth. Throughout the decade, the city’s population grew by 686,000 people (U.S. Census). This constituted a reversal in the trends of population loss and decline in desirability that afflicted New York since the 1950s. However, housing supply did not keep up with demand. Over the decade, the City issued certificates of occupancy for only 81,000 new units of housing (Schill et al 5). This, combined with the aging housing stock, exacerbated New York’s housing emergency.

In fact, the city has been in a housing emergency—defined as a vacancy rate of less than 5 percent, the minimum required by law to discontinue rent regulation—since the 1960s. Unsurprisingly, vacancy varies by cost of rent, with the least expensive units least available and the most expensive units more available. But even at a rent rate of $2,500 a month or more, only 5.3 percent of apartments were vacant as of April of 2012 (2012 Income and Affordability Study).

In addition to rent, the vacancy rate also differs by borough. Manhattan is the tightest market, with a vacancy rate of 2.8 percent, followed by Brooklyn at 2.6 percent (Wha Lee). Vacancy rates also vary by tenure. For rental apartments, it is 2 percent; for owner units, it’s .9 percent.

It is within the context of this housing emergency that Mayor Bloomberg announced his New Housing Marketplace Plan. With the resolution of the old crisis of housing quality and abandonment, Bloomberg intended to now address the new crisis of affordability. With policies aimed at increasing the total supply of housing, the mayor hoped costs would decrease. Where that failed, he would expand the supply of affordable housing, creating or preserving 165,000 units by the time he leaves office.

1 FAR is the total square feet of a building divided by the total square feet of the lot; the higher the FAR, the more dense the development is. NPV is the difference between the present value of cash inflows and the present value of cash outflows, or the profitability of an investment or project.
4.1 THE EVOLUTION OF A MIDDLE-CLASS HOUSING AGENDA

In December 2002, in response to population growth and corresponding pressure on the city’s housing market, Mayor Michael Bloomberg launched the first iteration of his New Housing Marketplace Plan (NHMP). This was the largest city investment in housing construction since the Koch Administration’s $5 billion plan was initiated in 1986 for low-income families (NHMP 2002, 30). Now, the populations served would be much broader to reflect the wider population of cost-burdened households.

The original 5-year plan was to invest $3 billion between fiscal years 2004 and 2008 to create 27,000 new affordable housing units and rehabilitate or preserve 38,000 units for a total of 65,000 units of housing for low-, moderate-, and middle-income New Yorkers. Amongst other goals, it explicitly called to create “new markets for affordable housing at all income levels” (NHMP 2002, 8). But explicit reference to the middle class was limited. The introduction to the plan asked:

Will we maintain healthy moderate- and middle-income communities? Will we provide resources for low-income communities to allow a mix of income groups … and will we be able to provide access to housing for the creative class and the intellectual talent that our City grows itself but also attracts from all over the country and in fact the world? (NHMP 2002, 5).

The fact that these were posed as distinct inquiries is perhaps telling. The first references are to income range, though the dollar amounts are not specified; the last is descriptive in nature, referring to a group of people defined by their use value. The creative class, at least as Florida conceives of it, is relatively high earning and could not fairly be thought of as a complete representation of the middle. However, as we have seen, the dollar amounts ascribed to “middle income” under the NHMP are high enough to reflect certain professions practiced by members of the creative class.

The only other mention of the middle class was the expansion of an existing middle-income program (New HOP, discussed earlier) aimed at those earning more than 100 percent of AMI to include moderate-income households (60 percent to 100 percent of AMI). The explanation for doing so describes the latter group as teachers, police officers, firefighters, and healthcare workers. As we’ve seen, these are the same occupations considered middle income in future iterations of the plan, demonstrating the difficulty of using the
term “middle class” consistently.

Then in April of 2005, the Bloomberg administration increased its commitment to 68,000 units. By October of that year, in the midst of the last decade’s housing boom, preservation or development had started on nearly 35,000 units of affordable housing. Then in February 2006, the original 5-year NHMP was expanded to a 10-year, $7.5 billion plan to create and preserve 165,000 units of affordable housing, more than half of which would be new construction, by the end of fiscal year 2013. The revised NHMP became the largest municipal affordable housing effort in the nation’s history, aiming to provide affordable homes for 500,000 New Yorkers (“The NHMP: Creating Housing for the Next Generation, 2004-2013,” 3). Given the housing construction boom ongoing at that time, the City proposed shifting the focus of the plan from preserving existing affordable housing to “developing unprecedented levels of new affordable housing.” Three years later, Lehman Brothers declared bankruptcy and the private housing market in the city began to crumble (IBO Fiscal Brief June 2012).

In this version, the goal of “creating incentives to develop housing for new populations” was restated, and the focus on the middle class became much more pronounced. One of the key goals was now an “ambitious middle-class housing program for the 21st century.” Dubbed the Middle Class Housing Initiative, this new program aimed to generate 22,000 units of housing targeted at moderate- and middle-income New Yorkers making between $50,000 and $100,000.

The program is made possible through capital funding and “creative financing mechanisms.” Specifically, the Middle Class Housing Initiative would utilize three financing strategies. One, the City would create a public-purpose entity to develop and own large sites. This entity would allow the City to utilize (501)(c)(3) tax-exempt or municipal private bond capacity beyond the annual Volume Cap allocation. The entity would expedite development of public land, and retain long-term ownership to ensure permanent affordability. The reasoning for this is that a City-controlled entity would enable more flexible underwriting parameters, which help reduce the upfront cost of construction. Two, HPD would work with the New York City Housing Development Corporation (HDC) to update programs to serve broader income bands. These new financial models would be appropriate for projects where long-

![NYC Housing Affordability at Median Income, 1970-2010](image)

Source: Furman Center at New York University, The Institute for Affordable Housing Policy

Housing Initiative would utilize three financing strategies. One, the City would create a public-purpose entity to develop and own large sites. This entity would allow the City to utilize (501)(c)(3) tax-exempt or municipal private bond capacity beyond the annual Volume Cap allocation. The entity would expedite development of public land, and retain long-term ownership to ensure permanent affordability. The reasoning for this is that a City-controlled entity would enable more flexible underwriting parameters, which help reduce the upfront cost of construction. Two, HPD would work with the New York City Housing Development Corporation (HDC) to update programs to serve broader income bands. These new financial models would be appropriate for projects where long-
term ownership is retained by private developers. Three, on certain sites where higher rents and/or condo sales prices may be achievable, a market-rate component would be introduced to potentially cross-subsidize middle-income housing units. This model would be used in conjunction with either of the other two options (“The NHMP: Creating Housing for the Next Generation, 2004-2013,” 8).

A third iteration of the NHMP was released at the onset of the Great Recession. Once again, the newest version was introduced using the language of access, referring to the need to ensure that New York “remains a vibrant, sustainable and affordable City for all New Yorkers” (NHMP 2010). But the reference to the Middle Class Housing Initiative was now gone. In December of 2008, in response to changes in the economy and the housing market, Mayor Bloomberg extended the deadline for starting the 165,000 units by one year to 2014 and increased the budget to $8.4 billion (“Mayor Bloomberg Unveils Development Plan for Hunter’s Point South in Queens,” February 9, 2011).

Changes to the NHMP include resumed focus on preservation over new construction, as was stated in the original plan and which is perhaps more feasible in times of economic distress. The original 10-year plan projected that more than half of NHMP housing would be newly constructed units, versus the preservation of existing affordable housing. The revised plan, however, lowered the goal for new construction units to 36 percent (IBO Fiscal Brief June 2012, 5).

Largely because of the types of housing the City has preserved, there has been an increase in the plan’s share of low-income housing compared to moderate- and middle-income units. This is in part due to the classification of a significant share of Mitchell-Lama housing that has been preserved as low income, despite being a historically middle-income program. According to analysis of the latest Housing and Vacancy Survey (2011) by the City’s Independent Budget Office, about 73 percent of Mitchell-Lama rental units and 52 percent of cooperative units are currently occupied by families that qualify as low income. Further, HPD has classified 88 percent of the preserved NHMP Mitchell-Lama units as low-income. Financing for some of these preservation deals has included Low-Income Housing Tax Credits (LIHTC) or mortgages subsidized by HUD, which require that any new residents be low-income (though it should be noted that regulatory agreements in projects with LIHTC or federally subsidized mortgages continue to allow current moderate-income tenants to rent or purchase their units) (IBO Fiscal Brief June 2012, 4-5).

Between 2004 and 2007, the City spent $1.12 billion of the capital budget on building and preserving units for families earning $56,720 or less annually. Comparatively, $87 million went to units for families with higher incomes. Of the approximately 64,000 units developed under the NHMP as of 2009, 75 percent went to the city’s lowest income residents (NYC HPD Affordability Study 2006). By the close of fiscal year 2011, 83 percent of the NHMP housing starts were for low-income families making 80 percent or less of AMI. The original NHMP, however, projected that low-income units would make up only 68 percent of the total (IBO Fiscal Brief June 2012, 5).

The higher share of low-income units comes at the
expense of moderate- (between 81-120 percent of AMI) and middle-income (above 120 percent of AMI and generally not to exceed 250 percent of AMI) units. The original 10-year plan called for 11 percent and 21 percent of the 165,000 units to be reserved for moderate- and middle-income households, respectively. But by the close of fiscal year 2011, moderate-income units made up 7 percent of the NHMP housing starts and middle-income units made up approximately 8 percent. According to the revised 2011 plan, HPD projects the final NHMP affordability split to be 76 percent low-income, 11 percent moderate-income, and 10 percent middle-income units (“Rents Through the Roof!” 10). Relatedly, the New York City Independent Budget Office evaluated the NHMP at this time and concluded that the Bloomberg Administration likely would not meet even its revised goals for new housing construction, though it was on track to achieve its overall target of 165,000 new and preserved units under the NHMP (IBO Fiscal Brief June 2012, 1).

The plan’s primary objective is to create 165,000 units by 2014, but doesn’t prioritize depth of affordability or unit type. Goals for the former, in fact, changed over time. Production incentives, therefore, are skewed toward smaller, less affordable units, which are less expensive to create (“Real Affordability”). The NHMP makes little distinction between the value of a unit targeting a family of four at 30 percent of AMI or a unit targeting a couple earning 165 percent of AMI. If we accept the basic premise of the plan—that the city must be affordable to all New Yorkers and that middle-income residents are facing cost burdens that risk their displacement—then this absence of value judgment is commendable. However, many housing advocates deem the depth of affordability (or the household income necessary to qualify for NHMP units the most striking shortcoming of the plan.

Though this approach has resulted in NHMP units geared toward those at the upper end of the low-income spectrum, it has not created a majority at the upper end of the overall income spectrum. It should be noted that as of 2011, a mere 8.4 percent of units targeted middle-income households earning between 121 percent and 180 percent of AMI, while 82.9 percent targeted low-income households, albeit 48.7 percent at 61 percent to 80 percent of AMI and 34.2 percent at 0 percent to 60 percent of AMI. The group that received the fewest units is moderate-income households (6.59 percent), with 81 percent to 100 percent of AMI getting 5.1 percent and 101 percent to 120 percent getting only 1.5 percent.

Based on a New York City median household income of $50,331 a year, or almost 80 percent of the HUD-determined AMI of $63,000 for fiscal year 2013, just shy of 15 percent of NHMP units are affordable to those making the NYC median income and above. Meanwhile, almost 83 percent were affordable to those making the NYC median income and below.

Who ultimately occupies the units set aside for low-, moderate-, and middle-income households is harder to analyze. Whether those served are close to the income limits specified by various housing programs or well below is significant. HPD and HDC only began collecting data on the incomes of the families they serve through their affordable housing programs in 2004. An analysis was released in 2006 finding that many households had earnings well below the maximum income limit. As one might expect given the
NHMP goal of reaching new populations, the percentage of middle-income households who moved into subsidized units increased slightly between fiscal years 2004 and 2006. This was due to a change in the mix of programs with completions during this period, rather than changes in the affordability levels reached by individuals programs. The latter actually resulted in serving more low-income households, not fewer (Koepnick et al).

Unfortunately, subsequent affordability studies did not include data comparing target income bands and actual resident incomes. Therefore, it is not clear how the composition of households served by the NHMP has or has not changed in more recent years. Since middle-income units are reserved for those earning more than 120 percent of AMI but do not have a strict income ceiling, they are particularly open to a disconnect between target resident income and actual resident income. It is important that future research assesses who winds up living in these apartments and whether they earn closer to the income floor or significantly above it and by how much.

4.2 DEFINING THE TARGET POPULATION

4.2.a Median Income

The New Housing Marketplace Plan uses HUD-determined income limits to assess tenant eligibility, defining middle income as those earning more than 120 percent of AMI. The HUD-determined area median income, however, is a different and higher figure than the city’s actual median income. In fact, the HUD AMI has been consistently higher than the actual NYC median income since 2005 (“Real Affordability”). This can be explained by three primary factors.²

First, the HUD-determined AMI reflects a broader area than just the city. The New York, NY, HUD Metro FMR Area, on which AMI is based, is comprised of the five borough counties (Bronx County, Kings County, New York County, Queens County, and Richmond County), as well as Putnam County, Rockland County, and Westchester County. According to 2007-2011 ACS data, Putnam County has a median household income of $92,711, Rockland County of $84,661, and Westchester County of $80,725. Adding more high-income households to the sample has skewed the overall median income higher.

Second, New York qualifies as a high-rent area and thus HUD inflates the AMI to reflect the area’s high housing costs.³ Essentially, the median income used for eligibility is set to allow a family of four to cover 85 percent of the annual rent on a two-bedroom apartment with 35 percent of their income (IBO Fiscal Brief June 2012). Following these adjustments, HUD set the 2011 New York AMI at $64,200. However, Census data estimates that the New York City median household income was $50,331 for that year (2009-2011 ACS). HUD’s calculations, then, artificially raised the median by approximately 22 percent. The current HUD-determined AMI (for fiscal year 2013) is set at $63,000. If history is any indication, this is higher than the city’s actual median income.

Third, HUD does not look at actual incomes of different
households sizes, but rather uses a multiplier of their
determined AMI for four-person households to determine
incomes for smaller and larger household sizes. This results
in significant overestimates. For example, the calculation for
a family of four in New York in 2011 was $81,812, but the
actual median income for a household of that size was only
$64,785, more than 20 percent lower (“Real Affordability”).

It is apparent that income limits based off an inflated
median income and artificially adjusted for household size do
not reflect actual income levels of New Yorkers. Ultimately,
this means that defining middle class according to HUD’s
calculation of a percent of AMI is not reflective of an actual
range around the city’s median income. According to the
2009-2011 ACS, the New York City median household
income is $50,331 a year, or 78 percent of the HUD-
determined AMI of $64,200 for fiscal year 2011. According to
the HUD and NHMP categories, then, half of New York City
households are “low income.”

At the borough level, HUD’s AMI is at times more and
less accurate. Based on 2009-2011 ACS estimates, Staten
Island and Manhattan, the wealthiest boroughs by far with
median incomes of $66,074 and $70,813 respectively,
exceed the 2011 HUD median income of $64,200. The
Bronx ($33,366), Brooklyn ($43,644), and Queens
($55,246), however, have median incomes below that
calculated by HUD.

It is worth noting that not all funding programs use
HUD-defined income ranges. For example, when determining
low- and moderate-income census tracts for Community
Reinvestment Act purposes, low-income is defined as less
than 50 percent of AMI while moderate-income is defined as
50 percent to 80 percent of AMI (which NHMP calls low-
income) and middle-income is 80 percent to 120 percent
of AMI (which NHMP deems moderate-income). Some
programs don’t use a percent of AMI at all, but instead use
indicators such as multipliers of the poverty level (usually
150 percent). The HUD rental housing limits, and as such
the NHMP ranges, are higher than any other governmental
definition of the terms (“Real Affordability,” 20).

As some have noted, there is political incentive to develop
housing for higher income brackets. These units require less
subsidy due to their higher rents and therefore they can be
developed in higher numbers. Ultimately, this translates to
more votes for the politicians like Mayor Bloomberg behind
these initiatives. This is because, first, more units mean more
tenants served, which means more voters; and two, units for
higher-earning households mean more votes because these
residents tend to vote in higher numbers.

4.2.b The (Dis)Connection
Between Income &
Occupation Targets

The purely economic definition of middle class discussed
above excludes many of the social aspects explored earlier.
For example, in a 2009 statement, Mayor Bloomberg said
of Hunter’s Point South, “With the acquisition of the site
and the start of the design work, we are setting the stage for
the largest investment in permanently affordable housing for
our police officers, nurses, teachers and public employees and
other middle income New Yorkers” (emphasis added). These occupations were repeated in numerous subsequent public speeches by Bloomberg and other city officials referencing the middle class. However, their salaries range widely based on education and experience, so referring to them all as part of the same “middle class” is not particularly meaningful. Therefore, it is worth considering whether these incomes align with those set by HUD and utilized to determine eligibility at HPS and for middle-income units elsewhere in the city.

According to the NYPD website, a police officer’s annual starting salary is $34,970, increasing to $76,488 after 5.5 years. A 2011 report from the Bureau of Labor Market Information found that the median annual wage for registered nurses in New York City is $81,902. The NYC Department of Education, as of 2008, provided a starting salary for public school teachers ranging from $45,530 (bachelor’s degree, no prior teaching experience) to $74,796 (master’s degree, 8 years of teaching experience), with a maximum combination of experience and coursework receiving up to $100,049 per year.

It is hard to predict household composition in order to determine whether these salaries are considered middle income under the NHMP definition. A minimum income of 120 percent of AMI requires a household of four to earn at least $99,600. Singles can make $69,720 or more and households of eight $131,472 or more. So whether individuals holding these so-called middle-class jobs are eligible for residency in middle-income NHMP units largely depends on whether they live in households with one or two earners. For example, a household consisting of one recent Police Academy graduate earning $34,970, one public school teacher earning $45,530 (combined income of $80,500), and two children, is $19,100 short of eligibility (set at $99,600) for units at the lower end of the middle-income spectrum. However, a police officer and teacher with some experience (earning $76,488 and $74,796 respectively, or $148,284 combined) and their children would qualify.

At HPS, the maximum annual income for a family of four to qualify for Phase 1 units are as follows: $33,200 for 31 low-income units (less than 40 percent of AMI) and $41,500 for another 155 low-income units (less than 50 percent of AMI); $148,010 for the 430 moderate-income units (less than 165 percent of AMI); and $190,900 for the 308 middle-income units (less than 230 percent of AMI). Taken together, this is an incredibly wide income mix, including both low and moderate depending on household size, within which the above occupations do fall. It appears that given the opportunity for salary increases over time, the predominance of moderate-income units at HPS is appropriate. Meanwhile, the high number of middle-income units is not necessarily exclusive if households include two working adults. This is an important qualification, as

<table>
<thead>
<tr>
<th>2005-2010 MEDIAN INCOME COMPARISON</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>2005</td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>HUD AMI</td>
</tr>
<tr>
<td>NYC Median Household Income</td>
</tr>
<tr>
<td>Actual Median Income as % of HUD AMI</td>
</tr>
</tbody>
</table>

Source: “Real Affordability,” ANHD, February 2013

THE REAL MIDDLE

HUD AMI differs significantly from the city’s actual median income.
it indicates that middle-income units do not necessarily accommodate single New Yorkers in these occupations, but rather couples or higher-earning professionals.

### 4.3 ASSUMPTION: MIDDLE-CLASS DISPLACEMENT

The NHMP’s middle-class housing agenda is rooted in the notion that market-rate housing is unaffordable to these households and they are leaving the city as a result. Indeed, New York City’s renaissance and status as superstar city goes beyond traditional gentrification of a neighborhood and the secondary displacement of low-income groups it is said to cause. General sentiment is that the city’s middle class, typically considered safe from this trend, is in fact profoundly affected. Fred Siegel of the Manhattan Institute for Policy Research, writing in 2011, claimed New York City has been in the “vanguard of middle-class decline.”

Indeed, the economic forces and conditions described earlier are said to have prompted middle class relocation from the central city and beyond. “We’ve seen in the last 10 years that middle-income families have been forced in increasing numbers to leave the city,” Seth W. Pinsky, president of the New York City Economic Development Corporation (NYCEDC), told The New York Times in 2008. Displacement from neighborhoods where many area amenities and jobs are located poses serious challenges to the middle class, including reduced access to desired aspects of the urban lifestyle and long commuting times. For the city, it may mean the loss of a vital tax-, employee-, and consumer-base, increased polarization between the wealthy elite and subsidized poor, social instability, and decreased urban efficiency. It is within this context that Mayor Bloomberg launched his new middle-income housing campaign, noting, “The new marketplace that we are facing requires new approaches” (NHMP 2003).

A 2006 internal study conducted for the Bloomberg administration found that housing costs were the number one factor in relocating outside the city. Sixty-four percent of outmigrants from New York City surveyed said their “major reason” for relocation was the lack of affordable housing. This motivation was cited far more frequently than home or neighborhood quality, educational opportunities for kids, changes in employment, and other factors (NYC Movers Study). Housing costs did not have the same impact a little more than a decade earlier. In 1993, a study found the three most commonly cited “major reasons” for leaving were to have a better lifestyle (59 percent), to live in a better home or neighborhood (55 percent), and to live someplace safer (54 percent) (“Reviving the City of Aspiration,” 20). In just 13 years, an issue that hadn’t made it into the top three became the number one cause of middle class loss in New York City. Respondents to the 2007 Drum Major Institute survey also cited a lack of affordable rents as the biggest challenge facing New Yorkers. Two out of three respondents described this issue as one of the top three middle-class concerns in the city and it was the only one to get a majority response (“Saving Our Middle Class” 4).

Beyond this anecdotal research, however, there is no quantitative measurement of relocation by reason. Moreover, Census data does not necessarily support the notion that middle-income families are relocating outside the city in the first place. Because the Census groups together all
those earning $75,000 and up, it is hard to understand the migrations of the middle class specifically. Further, the best measure of mobility is by county, which includes those who relocated from one borough to another as well as those who left the city entirely; therefore, it is impossible to measure outmigration from the city as a whole.

Considering these limitations, the best indication of middle class migration by borough is the population earning between $50,000 and $74,999 a year. This group does not appear to be particularly unstable. As one might expect, very low income New Yorkers (those earning up to and including $14,999) move most often across all boroughs. In Manhattan, those earning $75,000 and above are also very mobile. All those in between relocate at fairly even rates, with the possible exception of Queens, where the rate of relocation among the $50,000-$74,999 group is slightly elevated compared to other income ranges between the two extremes.

4.4 PREMISE: MIDDLE-CLASS RETENTION

With the NHMP, as with the Mitchell-Lama Program of the 1960s and ’70s, the City is once again operating under the presumption that affordable, attractive housing will stem the flow of middle class families from New York. There is minimal research shoring up this contention, and only time will tell if this latest middle-income housing initiative will have the desired effect. Equally important is the City’s interest in this agenda in the first place. Though the Bloomberg Administration has made no formal explanation of the mayor’s motivation to develop middle-income housing, a combination of public statements and academic theory provides insight into why middle-class retention might be in the City’s interest.

4.4.a Arguments for the Subsidization of Middle-Income Housing

City officials present the concept of subsidized middle-class housing within a broader affordable housing mission of social justice and equal access to New York. The mayor and other city officials repeatedly state that allocation of resources to the middle class is necessary in order to ensure its continued residential base. “Middle-income families are facing housing affordability challenges as a result of New York’s success,” Bloomberg said in a 2006 press release, “and we have to make strategic, long-term investments to ensure that New Yorkers of all incomes can work and live in our city” (“Mayor Bloomberg and Port Authority of New York and New Jersey Announce Agreement Paving Way for Major Mixed-Use, Middle-Income Housing Development at Queens West in Long Island City,” NYC.gov). This language is reminiscent of Henri Lefebvre’s and David Harvey’s “right to the city.” But perhaps the most honest explanation of the motivation behind this agenda can be found in a 2006 affordability study conducted by HPD, which explains that the NHMP will “address the enormous pressures on the city’s current tight housing market and—through securing affordable housing for the city’s working and middle classes—ensure that New York City remains economically competitive” (Koepnick et al).

Indeed, various scholars have made arguments averring
the importance of an urban middle class, economically, socially, and politically. Economists have argued that excessive income inequality associated with middle class loss is harmful to economic growth. Some scholarship claims that loss of the middle class negatively impacts a city's ability to sustain a diversified economy. Described as the pillar of the city's workforce, the middle class provides the employment base for key industries. Not only do members of this group tend to hold steady, tax-generating jobs, they also provide the customer base for a wide mix of businesses (“Reviving the City of Aspiration” 8-10). Further, middle-income families are less likely to rely on local social services than lower income populations, thereby bolstering the local tax base without drawing on it too heavily.

Retaining the middle class may also mean the retention of firms. Employers fear that the city's high cost of housing threatens their competitiveness because they require higher incomes. Even if this valuable employment base left the city for less expensive housing, commuters must be compensated for travel time and other related costs. To the extent that these increased wage rates are passed on to the consumer, they may threaten the city's ability to compete in a global market. New York can't afford for firms to move away in order to economize their payroll (Salama et al) or follow a fleeing workforce. Though companies will always be attracted to the city's concentration of firms, its access to global markets, and its prestige, the lack of affordable housing threatens to undermine these qualities if the labor pool is depleted. Consequently, the City has devoted scarce resources to costly retention incentive packages for locally-based firms (“No Room for Growth”).

In addition to the economy, some research has shown that the loss of the middle class has deleterious effects on the country's and city's social fabric. The middle class tends to be more engaged in local civic matters than the poor or the wealthy, the latter of which can buy typically public services privately and are therefore less invested in maintaining their quality. Voting rates are higher among the middle class, as are participation rates in local schools (“Reviving the City of Aspiration” 10). In New York City, an inadequate supply of middle-income housing has been tied to weaker neighborhoods, suffering the loss of middle class social capital (“No Room for Growth”). This group can serve as a buffer or bridge between the sometimes opposing wants and needs of the city’s affluent and poor populations. The absence of a middle class may result in greater social friction and tension.

<table>
<thead>
<tr>
<th>START TYPE</th>
<th>ORIGINAL 10-YEAR PLAN</th>
<th>ACTUAL 2004-2011</th>
<th>REVISED 11-YEAR PLAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Construction</td>
<td>56%</td>
<td>35%</td>
<td>36%</td>
</tr>
<tr>
<td>Preservation</td>
<td>44%</td>
<td>65%</td>
<td>64%</td>
</tr>
<tr>
<td>Rental</td>
<td>71%</td>
<td>68%</td>
<td>69%</td>
</tr>
<tr>
<td>Home Ownership</td>
<td>29%</td>
<td>32%</td>
<td>31%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AFFORDABILITY</th>
<th>ORIGINAL 10-YEAR PLAN</th>
<th>ACTUAL 2004-2011</th>
<th>REVISED 11-YEAR PLAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Income (&lt;80% AMI)</td>
<td>68%</td>
<td>83%</td>
<td>76%</td>
</tr>
<tr>
<td>Moderate Income (81-120% AMI)</td>
<td>11%</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Middle Income (121-180% AMI)</strong></td>
<td>21%</td>
<td><strong>8%</strong></td>
<td><strong>10%</strong></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>0%</td>
<td>2%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Source: IBO, Department of Housing Preservation and Development, HUD

**LOSS OF MIDDLE-INCOME UNITS**

The number of middle-income units to be created or preserved by the NHMP has dropped by more than half since the plan’s inception.
4.4.b Subsidy & Challenges

Until now, governments of superstar cities and other high-cost urban markets have generally responded to affordability problems with strategies to house low-income residents. Because of income restrictions on federal affordable housing resources, which are largely available to households earning less than 60 percent of AMI, it is up to state and local governments to reach higher earning groups. New York City maintains that as its housing market strengthens, the challenge of affordability spreads from low-income to more moderate- and middle-income households. However, both the New York City Housing Authority (NYCHA) and HPD programs primarily serve households earning between 30 and 60 percent of AMI (The NHMP: Reaching the Halfway Mark 2008).

The vast majority of new income-targeted subsidized housing in New York City is developed using the federally-funded LIHTC for households earning 60 percent of AMI and below. “Because that funding source is so robust, we end up hitting that level quite a bit in what we finance,” explains Gabriella Amabile, Director of Land Use Policy at HPD. “That’s partnered with tax-exempt bonds and together that package of tools hits that target and does a very good job of it. … But income levels above the 60 percent of AMI don’t really have as many specialized tools for them. That’s the landscape that we’re working with and that’s why it’s so difficult to reach income levels at 80 percent, 100 percent, and up to 165 percent of AMI. There are not as many robust sources.”

City programs for the construction of new middle class housing remain limited. “We recognize that there’s a need for housing that serve people at 100 percent of AMI and higher, who the market doesn’t reach, and that there’s a role for our agency to help supply that housing,” Amabile says. “So we use City capital and also the value of land that HPD has in its jurisdiction for the development of affordable housing to cross-subsidize units at higher income levels.”

More specifically, the City reaches those earning more than 80 percent of AMI through three primary programs: its Mixed-Income Program (50/30/20), Inclusionary Housing Program, and New Housing Opportunities Program (New HOP). The first dates back to 2002 and funds the new construction of mixed-income multi-family rental projects affordable to households earning up to 130 percent of AMI. In these projects, 50 percent of units are market rate, LIHTC funds 20 percent of units, while HDC corporate reserve financing is used to reach middle-income households in the remaining 30 percent of units. Under this program, however,
developers receive greater subsidy by providing a greater number of lower-income units. Projects where 50 percent of units are reserved for households earning less than 130 percent of AMI receive up to $30,000 per restricted dwelling unit on City-owned sites and up to $40,000 on privately-owned sites; where at least 20 percent of units are reserved for households earning less than 80 percent of AMI and 80 percent for those earning less than 130 percent of AMI, developers receive up to $45,000 per dwelling unit on City-owned sites and up to $55,000 per dwelling unit on privately-owned sites; and where at least 20 percent of units are reserved for households earning less than 80 percent of AMI and 80 percent for those earning less than 100 percent of AMI, developers receive up to $65,000 per dwelling unit on City-owned sites and up to $75,000 per dwelling unit on privately-owned sites (HPD New Construction Term Sheet, Mixed Income Program).

HPD also has a Mixed-Income Program of tax-exempt bonds with different requirements. While this program also reaches middle-income households, it has a low-income requirement. At least 20 percent of units must be reserved for low-income households earning less than 50 percent of AMI, with at least 15 percent of these units set aside for very low-income families earning less than 40 percent of AMI, or 25 percent of units must be affordable to those earning at or below 60 percent of AMI. A minimum of 30 percent of the units must be set aside for middle-income households earning at or below 130 percent of AMI, and a maximum of 50 percent of units can be market rate (NYCHDC, Mixed Income Program (Tax-exempt Bonds)).

The Inclusionary Housing Program (IHP) uses a floor area bonus to incentivize developers of market-rate housing to create or preserve affordable units on- or off-site. Though the program primarily requires the development of low-income housing, certain areas permit moderate- and middle-income housing if a greater percentage of units is provided. These areas include the Special Hudson Yards District, the Special West Chelsea District, and designated areas on First Avenue between East 35th and East 41st Streets in Manhattan, as well as along the Greenpoint-Williamsburg waterfront in Brooklyn. In the Special Hudson Yards District and the Special West Chelsea District, bonuses are received for the provision of low-income units for households earning up to 80 percent of AMI, moderate-income units for households earning between 80 percent and 125 percent of AMI, and middle-income units for households earning between 125 percent and 175 percent of AMI (“Hudson Yards/Garment Center Inclusionary Housing Program” and “West Chelsea Inclusionary Housing Program”). The areas along First Avenue have comparable requirements. Along the Greenpoint-Williamsburg waterfront, developers receive greater bonuses for providing lower-income units, but can provide units for middle-income households earning up to 125 percent of AMI (“Greenpoint-Williamsburg Inclusionary Housing Program”).

HDC’s New HOP program combines the proceeds from taxable bonds with corporate reserves to finance multi-family rental housing affordable to moderate- and middle-income families through first and second mortgages. In exchange, all units must be affordable to middle-income households earning up to 130 percent of AMI. Again, developers receive greater subsidy for providing lower income units: up to $45,000 per dwelling unit ($20,000 for public sites) for all units underwritten at or below 130 percent of AMI; up to $65,000 per dwelling unit ($40,000 for public sites) for a
minimum of 20 percent of units at or below 80 percent of AMI, a minimum of an additional 20 percent of units at or below 100 percent of AMI, and the remainder at or below 130 percent of AMI; and up to $85,000 per dwelling unit for all units at or below 80 percent of AMI. Once again, these larger per-unit subsidies encourage developers to market units to lower-income households.

Given the structure of these programs, including the incentives and sometimes requirements to include lower-income units, it is difficult to use them to significantly expand the city’s middle-income housing stock. Further, due to land availability and density restrictions, these resources do not result in projects that contribute a particularly high number of new middle-income units.

4.4.c Objections to the Plan

Despite the social and economic arguments made in favor of subsidizing housing for middle-income families, many housing advocates condemn the allocation of scarce resources to this group and away from those most in need. In the wake of repeat federal budget cuts to low-income housing assistance since 2001, there are nearly two million fewer units nationally affordable to the poorest households than there are such households (Dolbearea et al). Even more concerning, there is very limited research on middle class cost burdens. Moreover, despite the fact that existing programs in support of homeownership, like the mortgage interest deduction, largely do not benefit residents of rental markets like New York City, some argue that additional funds should not be devoted to middle-to-upper income households (Toder et al).

In New York City, demand for affordable housing much exceeds supply. According to data from New York University’s Furman Center for Real Estate and Urban Policy, roughly 620,000 renter households are extremely low income, and more than 75 percent of these households are paying more than half of their incomes on rent. This is considered extremely rent-burdened. Meanwhile, middle-income units require more financing and capital from the City than lower-income units do, despite being less costly to develop, because they don’t qualify for most federal subsidies. Accordingly, low-income housing advocates see this as a gross misuse of significant and scarce resources.

The counter-argument is that public resources may be used more efficiently for middle-income housing. Because the construction of these units requires relatively lower degrees of subsidy, resources used towards this end support more units than if the same funds were used for lower-income housing. A city, then, can serve smaller numbers of low-income households with very high rent burdens, or larger numbers of middle-income families whose housing needs are generally less severe, thereby increasing total housing supply by a greater amount.

Research indicates that New HOP creates units for households earning up to 130 percent of AMI—rather than the ceiling of 100 percent of AMI noted by this version of the NHMP—though the range initially extended to 250 percent of AMI (Directory of New York City Affordable Housing Programs,
The following ideas are supported by a recent report by the Association for Neighborhood and Housing Development, an umbrella organization of not-for-profit affordable housing developers and community organizers, titled “Real Affordability: An Evolution of the Bloomberg Housing Program and Recommendations to Strengthen Affordable Housing Policy” (February 2013).

To determine the area median income, HUD takes 50 percent of the median income in the metropolitan area, which includes New York City and Putnam, Rockland, and Westchester counties, to establish its “very low-income limit.” Then, to determine if the area is a high-rent area, HUD looks at what the rent burden would be for a very low-income household, given local housing costs. If 50 percent of the median income is less than the annual income a family would need so that 85 percent of the annualized two-bedroom Section 8 fair market rent (currently $1,424) would not exceed 35 percent of income, then the area is considered high-rent and the area median income is increased to reflect this. New York City is a high-rent area and the very low-income limit for a family of four is $41,500 ($(1424 \times 12 \times .85)/.35)$. This income limit is then doubled to determine the area median income ($83,000) and multiplied by 1.6 to determine the 80 percent low-income limit of $66,400 for a family of four (IBO’s June 2012 Fiscal Brief).

According to HUD’s multiplier, a single-person household should make 70 percent of what a four-person household makes; in reality, a single-person household in New York City makes just 49 percent of what a four-person household makes (“Real Affordability”).

See Andrew Berg and Jonathan Ostry (April 2011) and the New York State Office of the State Comptroller’s “No Room for Growth: Affordable Housing and Economic Development in New York City” (October 1999).

However, if extreme inequality is bad for sustained economic growth, then New York City’s economy should have had slower growth than the nation as a whole. In fact, it has grown faster over the past decade, and the city’s payroll employment loss was not as severe as the nation’s job decline during the Great Recession (“Growing Together,” 16).


HDC was established in 1971 by the New York State Legislature to supply financing—including bonds, subsidy, and low-cost loans—for affordable housing independent from the City’s capital budget (NYCHDC.com).
In many ways, Hunter’s Point South is the poster child of Mayor Bloomberg’s middle class housing ambitions. “This development will build on New York’s grand tradition of major middle-income communities, but updated for the 21st century. We will work quickly to turn this into homes for thousands of teachers, police officers, firefighters, nurses, and other moderate- and middle-income New Yorkers,” he said in a 2006 press release announcing the purchase of the land that would become HPS. Eventually as many as six towers may rise on the site, providing approximately 5,000 new housing units. Of the total, original estimates called for 3,000 to be reserved for moderate- and middle-income families earning between 80 percent and 165 percent of AMI (at the time, from $55,000 to $158,000 for a family of four or $31,000 to $91,000 for a single person), with the remainder priced at market rates, according to the City’s most recent iteration of the NHMP. Additionally, the plan includes retail space, a new 1,100-seat intermediate and high school slated to open in the fall of 2013, community facilities, 11 acres of waterfront parkland, and other public and private open spaces, all of which require major infrastructural investments from the City. HPS will be the largest affordable housing development to be constructed under the NHMP and, moreover, in New York City since 1974 (“Mayor Bloomberg’s Affordable Housing Plan,” NYC.gov, May 2009).

The ambitious nature of the mixed-use project starts with the size and location of the 30-acre site in LIC, Queens. This is both prime waterfront real estate, with spectacular views across the East River of Midtown Manhattan and the United Nations Headquarters, and one of few large, City-owned sites in a location desirable to the upper-middle-income households needed to cross-subsidize HPS’ lower-income units and justify the cost of the project (or so the City hopes). As such, it represents a unique development opportunity.

At approximately 5,000 units, at least 60 percent of which will be affordable to families with incomes up to 165 percent of AMI, HPS will provide a high number of the middle-income apartments to be developed under the NHMP. Other attempts to reach this group are largely made on a smaller scale through inclusionary zoning in select areas, as previously discussed, and through mixed-income development of NYCHA sites currently used as public housing parking lots. Early reports of Bloomberg’s middle-class housing initiative announced plans to do this at Harborview Terrace, Fulton Houses, and Elliott and Chelsea Houses, all on Manhattan’s West Side. Together, these developments would generate 435 units of new housing by 2009. While developers were selected for both Harborview and Fulton Houses in 2007, only the Elliott-Chelsea development has been completed (adding 133 middle-income units for households earning up to 195 percent of AMI to the city’s housing stock) (“Making Better Use of Underutilized Land in New York City,” HUDuser.org).

Meanwhile, ground broke on the first phase of HPS in February 2013, with buildings on Sites A and B expected to be ready for occupancy in 2014 and construction fully completed in 2015. The RFP for Phase II was released a couple of months later, calling for another 1,000 housing
HPS SITE PLAN

When complete, HPS will add 3,000 affordable units to the city’s housing stock.
In 2009, the City of New York acquired approximately 30 acres of land at Hunters Point in Long Island City from the Port Authority of New York and New Jersey and the NYCEDC for $100 million (NYC.gov, March 4, 2013). The site had been the southern portion of Queens West, a massive 74-acre mixed-use project to transform former industrial land into New York’s next central business district. Cosponsored by the Port Authority of New York & New Jersey and the NYCEDC, Queens West dates back to 1983 and was notoriously troubled until rather recently. The portion now allotted to Hunter’s Point South was originally to become apartments and office space, but that phase of development stalled. It was next proffered in the City’s 2012 Olympic bid. Local real estate interests believed the games would rescue Queens West by fronting Olympic money to build towers that had been delayed for two decades as a result of faltering public-private partnerships. According to Thomas Angotti of Hunter College, several Bloomberg confidants had local real estate investments and stood to benefit (213). When London ultimately won the bid, however, the would-be Olympic Village was reconceived as HPS. Plans for the development, comprising seven distinct parcels in total, date back to 2006 and completed the Uniform Land Use Review Procedure (ULURP) in 2008 (“Mayor Bloomberg’s Affordable Housing Plan,” HPD, May 2009).
Hunter’s Point South, located near bustling commercial streets and several subway stops, is the latest in a string of towers to dot the LIC skyline.
Located in LIC, HPS rises at a time when the neighborhood is undergoing much change. As the economy rebounds from the Great Recession, long-beleaguered Queens West and other developments, both housing and commercial, are bringing a new population to the community. The contrast between the working-turned-neglected industrial waterfront and the vibrant and diverse neighborhood just inland has now been replaced with a new edge, one that highlights the differences between the area’s longer-term and new residential bases. With 100 percent of housing “affordable,” meaning rent regulated, the first phase of HPS in many ways responds to the incredible transformation and gentrification of Long Island City.

According to 2007-2011 ACS estimates, the median household income for the zip code including HPS and its immediate surrounds is $41,799, up from $28,872 in 2000. The median gross rent is $1,064, meaning the median household pays just over 30 percent of its income on rent. Approximately 66 percent of the population is in the labor force and 34 percent is not. Educational attainment varies, with approximately 23 percent of the population without a high school diploma (or equivalency), 45 percent with a high school diploma or higher, and 33 percent with a bachelor’s degree or higher.

Ethnically, the area is very diverse, with a large and stable Hispanic and Caucasian residential base at 38 percent and 27 percent, respectively, and smaller Asian (19 percent) and African American populations (16 percent). The overall population is largely native born (62 percent), with a significant foreign-born population (38 percent).

Unsurprisingly given the overall New York City market, the neighborhood largely consists of rental housing, the majority of which is rent regulated, with only 13 percent of units owner-occupied. Average household size is similar for both renter- and owner-occupied units, at 2.34 and 2.14 respectively.

Long Island City and nearby Astoria experienced a residential and office building boom in the early 2000s. In the zip code containing HPS, 17 percent of housing was built in 1990 or later, while 11 percent was built between 1960 and 1989 and 72 percent was built prior to 1959. The new nearby business district, where several big corporations like Citigroup and JetBlue have moved their headquarters, brought office workers to the area who bring street life and activity to local retail outlets during the day.

But perhaps even more notable are the changes to the residential building stock. Between 2002 and 2008, the area’s housing supply rose by approximately 4.8 percent, faster than the citywide growth of 3.6 percent during that period, resulting in a total of 3,640 new apartments. By May of 2009, 23 residential buildings had been completed in the prior six years alone, and 9 others were currently under construction. Much of that growth was part of the massive Queens West development, which will ultimately include 10 towers, most of which are luxury rental and condominium units (Fung). However, high-rises are not the exclusive typology of new development in Long Island City; midsize boutique buildings are also found, including several rehabs of warehouses and other old structures. As of 2012, a total of 4,500 new rental units were in the pipeline for completion by 2015 (Kusisto and Gold).
A NEIGHBORHOOD IN TRANSITION

The contrast of scales and facades reflect LIC’s different communities.
A new and rather unique urban fabric has been created where new development meets old along the waterfront. Largely vacant not too long ago, the HPS site and its glossy neighbors consist of (or will soon consist of, in the former’s case) towers rising before a relatively low-density, low-rise community. The latter is peppered with some remaining low-rise factory buildings and warehouses, but consists mostly of older three-story row houses and brownstones in various degrees of upkeep. The closest main street, Vernon Boulevard, is just two avenues from HPS. It is two-way with single lanes, on-street parking, sharrows, and wide sidewalks (approximately 6 feet). Structures on Vernon consistently feature ground-floor retail. Businesses include bodegas, bars, and myriad restaurants (including Italian, French, American, Thai, Vietnamese, and Latin cuisines) catering to a diverse clientele. The neighborhood’s side streets are mostly narrow and residential in nature. There are three small parks in the immediate area, not including the newly developed waterfront esplanade.

To be sure, the neighborhood’s new development along the waterfront is not consistent with this context. However, that area never was. Historically, the Long Island City waterfront was an active port. Railroad freight cars were sent to Hunters Point, as it was called, by barge, then transferred to the nearby rail. The Long Island Railroad (LIRR) terminal, adjacent HPS, remains active today, serving as the westernmost LIRR station in Queens and the end of both the Main Line and Montauk Branch.

The new structures that continue to rise along the waterfront are widely luxury housing developments. They indicate what use the HPS site would likely have been converted to if the City hadn’t purchased it from the NYCEDC for the purpose of affordable housing. Three developers are responsible for many of these towers: TF Cornerstone, which has seven development sites in the area, including four waterfront rental and condo buildings, and Avalon Communities and Rockrose Development Corp., which each have two rental buildings. Rents are astounding, with studios starting above $2,000 a month, one-bedroom units available between approximately $2,500 and more than $3,000, and two-bedroom units between approximately $3,000 and $5,600.

With some exception, the absence of three-bedroom or more units is notable, indicating a target residential base of singles, couples, and small families. However, The New York Times reported last year that preference for larger units was increasing and developers were in the process of meeting that demand so that families, albeit relatively wealthy ones, could stay in the area as their children grew. According to Jonathan J. Miller of the appraisal company Miller Samuel, the average size of units in the fourth quarter of 2011 was 1,364 square feet, up from 822 square feet in the first quarter. Though he cautioned that this may not be a long-term trend, Eric Benaim, the president of the brokerage firm Modern Spaces NYC, reported that about 40 percent of his clients were seeking two-bedroom or larger units. There has also been increased demand on local schools (Akitunde).

These market-rate apartments often sit above ground-floor retail catering to the new residents. These include a Mexican restaurant (whose owners’ nearby Asian fusion spot was included in the 2010 Michelin Guide), spa, and a dog grooming service. Building amenities vary, but often if not
Rezoning has completely transformed the Long Island City waterfront.
always include a doorman, roof deck, fitness center, indoor pool, and other luxuries. Neighborhood businesses are following suit: Long Island City will soon have not one but two new rock gyms (Trapasso).

Though rents are still 30 percent lower than Manhattan for a similar product, the new residential base brings significant new wealth to the neighborhood (Kusisto). Their arrival signals the collision of two worlds: one working class, representing an income range closer to that of the old industrial workers whose livelihood was so closely tied to the Long Island City waterfront; another an affluent population drawn to the area by “discount” real estate and by virtue of its proximity to Manhattan.

The area is well served by public transit, though there are concerns that the subway will not be able to handle the increased burden of so many new residents. The 7 train is a few blocks from HPS, and only one stop from Manhattan, and the G train to Brooklyn is a few more blocks from there. Additionally, the East River ferry service was expanded in 2011 to provide direct links between HPS, Wall Street, and Midtown Manhattan, as well as Brooklyn and Governors Island (NYC.gov, Feb. 9, 2011).

**REZONING**

The dramatic neighborhood change described above was spurred by a combination of factors, including the aforementioned availability of large parcels of vacant industrial land and Long Island City's nearness and ease of access to Manhattan, as well as by economic incentives for developers and, most importantly, crucial changes to the zoning. The neighborhood's new development was made permissible by a 2001 rezoning of 37 central blocks then lined with low-rise warehouses, factory buildings, and auto repairs shops, as well as some lonely office towers. This added 34 blocks to a 3-block area around Court Square that was rezoned in 1986 for high-density development, and which facilitated the development of Queens West. The 2001 changes established the Special Long Island City Mixed Use District and replaced light manufacturing zoning districts with mixed-use zoning districts, permitting the construction of new commercial and residential development at increased densities and allowing the

**LIC UPZONING**

Multiple new special purpose districts, shown in yellow, stimulated major new residential and commercial development throughout the neighborhood.

1. Special Southern Hunter’s Point District
2. Special Southern Hunter’s Point District (Newtown Creek Subdistrict)
3. Special Long Island City Mixed Use District
4. Special Long Island City Mixed Use District (Court Square Subdistrict)
5. Special Long Island City Mixed Use District (Queens Plaza Subdistrict)
6. Special Long Island City Mixed Use District (Dutch Kills Subdistrict)
two to mix with the light industrial businesses allowed under the old zoning.

The new zoning was motivated by several underbuilt sites that would provide new development opportunities if land uses were updated. The development scenario outlined in the Environmental Impact Statement stated that approximately 5 million square feet of office development and 300 housing units, in addition to retail and institutional uses, could be developed on several sites under the new zoning (Long Island City Rezoning, NYC.gov). One might say the rezoning was intended to “Manhattanize” Long Island City, making it attractive to big developers, big corporations, and a residential base accustomed to high-rise living.

Though these changes did not directly affect HPS, that site received its own rezoning in 2008. The northern piece of the waterfront had been zoned commercial, but was largely vacant. Just inland was an industrial and manufacturing zone. The Special Southern Hunter’s Point District that was established, consisting of the East River Subdistrict (the HPS project area, located generally between 50th Avenue, 2nd Street, Newton Creek and the East River) and the Newtown Creek Subdistrict (a privately-owned site that will complement HPS and contribute to the City’s plan for affordable housing through the Inclusionary Housing Program), rezoned the area for higher densities and a mix of uses, including residential and retail, community facilities, and a public park. Of its eight purposes, many of which are design oriented, the district aims to “broaden the regional choice of residences by introducing new affordable housing,” per the zoning resolution.

According to the City, the establishment of this special district was rationalized by evidence of the area’s shrinking manufacturing base. Almost a quarter (3,800) of the area’s manufacturing jobs were lost between 2003 and 2008 (Fung). However, some argue that the neighborhood is actually one of the city’s few remaining industrial hubs. “Long Island City and Hunter’s Point in particular is an area of the city where the number of industrial jobs is actually increasing,” claimed Adam Friedman, director of the Pratt Center, at a 2003 panel discussion on rezoning the city’s industrial waterfronts co-sponsored by the Center for an Urban Future and the Center for New York City Affairs at New School University. “Yet, the city has proposed to encourage more housing development there.” His comment is indicative of a controversy that extends beyond the borders of HPS. A major goal of the Real Estate Board of New York (REBNY)³ is to rezone supposedly under-utilized industrial and waterfront sites from manufacturing to mixed-use neighborhoods with new commercial and residential development (Angotti 50).

Unlike other New York City neighborhoods that have undergone gentrification in recent years as a result of the spontaneous arrival of new populations, particularly artists and hipsters, Long Island City’s renaissance was carefully orchestrated by the City and private developers. This
prompted a New York Observer reporter to ask whether the neighborhood has “gone straight from being like the old, before-it-was-cool Williamsburg to the future no-longer-cool because it’s all I-bankers living in luxury towers Williamsburg?” (Velsey). Her reference to the Brooklyn neighborhood is meant to imply that Long Island City has skipped the in-between period when a neighborhood in transition is home to a young, hipster population with creative jobs or at least interests.

Though many question whether Long Island City is becoming a soulless no-man’s land lacking identity or perhaps suffering from an identity crisis, I saw something very different on my visits: a vibrant neighborhood in transition either shared or divided by two very different populations. The waterfront esplanade was studded with joggers and minority nannies pushing white babies in thousand-dollar-strollers, while Vernon Boulevard was animated by a diverse and boisterous throng that crowded the sidewalks and lingered outside storefronts. The question is whether HPS will help maintain this mix or whether the neighborhood will reach a tipping point.

5.2 DEVELOPMENT PROCESS

5.2.a The City’s RFP: Phase I

In June of 2010, HPD released the RFP for the first phase of development at HPS. The document contained the first reference to Bloomberg’s Middle Class Housing Initiative since it disappeared from the NHMP. This time, it was described in greater detail as a strategy to provide housing for households earning below 80 percent and up to 165 percent of AMI (though this ceiling is not accurate for HPS).

Bounded by 50th Avenue to the north, 2nd Street to the east, Borden Avenue to the south, and Center Boulevard to the west, Sites A and B would be developed to create approximately 1,000 new housing units, in addition to commercial space, the new school, and parking. Of the total housing units, a minimum of 60 percent would be mixed-income and permanently affordable. These units would be evenly distributed between three income tiers: up to 80 percent, 81-130 percent, and 131-165 percent of AMI, per the RFP. According to HPD at the time, this amounted to an income range of about $63,000 to $130,000 per year for a family of four (NYC.gov, June 7, 2010). Additional affordable units, if any, “should be skewed toward the upper tier in furtherance of this project’s middle income goals.” Proposals were required to provide at least 40 percent of the affordable housing in the form of 2-bedroom units or larger (exclusive of senior units should the proposal include them), which could result in no 3-bedroom or larger units. Other units may be priced at market rate, but must be interspersed with affordable units without differentiation in size and location. All units could be rental or homeownership or mixed.

In February of 2011, the City announced the development plan and team for the first phase of HPS. A proposal by Related Companies, Phipps Houses, and Monadnock Construction was selected. Designed by SHoP Architects, with Ismael Leyva Architects, the team’s plan calls for two high-rise residential mixed-use buildings
(in addition to five acres of new waterfront parkland, the new school, roughly 20,000 square feet of retail space along 50th Avenue and Second Street, and parking). The groundbreaking was in February 2013 and Phase I construction is expected to finish in 2014 (NYCEDC.com). HPD does not keep a waiting list, but advertising of units will appear in local and citywide newspapers, as well as online. Tenants will be selected by lottery.

5.2.b The Major Players

HPS will be the joint product of many public and private parties. In addition to the development team, various City departments are collaborating on the project. HPD, HDC, NYCEDC, and the Department of City Planning (DCP) each play a role. HPD is perhaps the most involved, working closely with Related on the program of Phase I. Other agency responsibilities range from providing funding to overseeing site infrastructure to establishing guiding design principles.

Related Companies and Phipps Houses are co-developers of Phase I. Though the City denies it, rival developers complained privately that the City favored Related because of Chief Executive Stephen Ross’ ties to the Bloomberg administration. Housing Commissioner Rafael Cestero, however, explained that the Related team submitted the lowest-cost bid and adhered most closely to the City’s design guidelines (Bagli, Feb. 9, 2011). Founded in 1972 and one of New York City’s largest real estate firms, Related has a multi-billion-dollar portfolio of both affordable housing and high-value commercial property. In recent years, its name has been attached to some of the city’s most noteworthy projects, including the Time Warner Center and Hudson Yards (Frangos).

Meanwhile, Phipps Houses is the oldest and largest not-for-profit developer, owner, and manager of affordable housing in the city. Since its founding in 1905, the organization has developed more than 6,000 affordable apartments valued at over $1 billion for more than 15,000 people. Its properties are located in the Bronx, Manhattan, and Queens, and range in size from 21 to more than 200 units. Today, Phipps manages an affordable housing portfolio of nearly 10,000 low- and moderate-income apartments, and has an active pipeline of new development projects totaling 1,400 units. Phipps’ “bread and butter,” as Assistant Vice President Karen Hu says, is developments financed with LIHTC. The company’s community development branch, Phipps CDC, offers various on-site and neighborhood programs, including educational, vocational, and family services.

Monadnack Construction has a varied portfolio, including luxury high-rise buildings and mid-rise affordable housing. According to the company’s website, it has built more affordable housing than any general contractor in the city and is the only one using union labor today.

SHoP Architects is the design lead on Phase I, with Ismael Leyva Architects serving as the architect of record. SHoP, a relatively new firm founded in 1996, has designed many of the city’s recent high-profile developments, including the Domino Sugar site currently undergoing review and Atlantic Yards, both in Brooklyn, and Hudson Yards in Manhattan. But the firm works internationally, too, currently on projects totaling $2 billion. In a short time, SHoP has become a major force in
the design world, receiving numerous awards and showcasing work in the permanent collection of the Museum of Modern Art in New York City. Interestingly, Vishaan Chakrabarti, who was an Executive Vice President at Related when they submitted their proposal for the HPS RFP, is now a partner at SHoP.

5.2.c Financing Phase I

Phase I of HPS is made possible by two key financing mechanisms. One, the City has provided capital subsidy for all 924 apartment, and a greater amount of subsidy per dwelling unit than it provides to low-income projects, according to Assistant Commissioner Beatriz de la Torre of HPD. Typically, in mixed-income developments, market-rate units subsidize lower-income ones. Because Phase I is 100 percent affordable, the City will be making up the difference. Two, HPS, like many affordable housing projects, benefits from an Article XI tax exemption. This means the developers will not have to pay real estate taxes on the project for the first 60 years.

The total development cost for the two residential buildings in Phase I is approximately $332 million. Related contributed over $27 million of equity, while HDC issued $236 million in tax-exempt bonds and HPD provided $68 million in subsidy. Additionally, the New York State Energy Research and Development Authority (NYSERDA) provided green grants of approximately $1.2 million. New York State provided an allocation of up to $185 million in tax-exempt private activity bond volume cap to allow the project to benefit from as-of-right 4 percent federal LIHTC. HDC will issue the balance as recycled bonds (NYC.gov, March 4, 2013).

5.3 PROGRAM

5.3.a Affordability, Unit Mix, & Rents

When the Related team won the RFP, their proposal called for upwards of 75 percent of housing to be affordable to the three income bands specified in the RFP, 15 percent more than the 60 percent required by HPD. However, the team convinced the City to “do it right,” as Hu of Phipps Houses told me, with a 100-percent affordable development. “From the beginning, we felt very strongly that 100 percent of the project should be affordable. It would be a much more efficient use of resources,” she explains.

As a 100 percent affordable project, the units are both affordable in perpetuity and can be counted towards the mayor’s ultimate goal of creating 165,000 affordable units before he leaves office. However, in order to compensate for the lack of market-rate units, which would have cross-subsidized the lower-income units, the project had to include nearly market-rate units in order to pencil. “It might not seem very affordable now, but think about it in terms of a rent stabilized lease, where these tenants will have the assurance that their rents are not going to go up 10 percent or 15 percent in a year,” says Hu. “When you think about how incomes increase at a greater rate than their rent, then this actually is an affordable product for a long-term population. It actually becomes a lesser percentage of their income as their incomes increase, because their rents are pretty fixed at basically the rate of inflation. That’s how we were able to
convince HPD and HDC to get that higher affordability band.” So on the one hand, the City is subsidizing units that currently rent for nearly as much as nearby luxury apartments; on the other, these units will only marginally increase in cost over time while market-rate rents in the area will likely soar.

Because of these high-rent units, Phase 1 features an extremely broad affordability mix evenly split between both sites. A 37-story building of 619 units will be built on Site A and a 32-story building of 306 units will be built on Site B for a total of 924 permanently affordable rental units for low-, moderate-, and middle-income families (plus one for the superintendent). The range of incomes represented at HPS is not altogether different than the 50/30/20 split of the City’s Mixed-Income Program, which includes low-income units for households earning less than 60 percent of AMI, middle-income units for households earning less than 130 percent of AMI, and market-rate units. At HPS, a total of 31 units will be targeted to low-income households with an annual income of up to 40 percent of AMI, or $33,200 for a family of four, and 155 units will be targeted to low-income households with an annual income of up to 50 percent of AMI, or $41,500 for a family of four. Just over 20 percent of Phase I will be low-income. Just over 46 percent, or 430 units, is reserved for moderate-income households earning up to 165 percent of AMI, or $148,010 for a family of four. Meanwhile, 33 percent, or 308 units, are targeted toward middle-income households earning up to 230 percent of AMI, or $190,900 for a family of four (NYC.gov, March 4, 2013). The middle-income units have rents not too much lower than nearby market-rate units, while the moderate-income units are closer to the middle-income limits of the City’s 50/30/20 program.

One-hundred percent “affordable,” then, is a loose term. Rents are calculated at flat rates, rather than as a percentage of tenant income, so there is less incentive to select tenants closer to the income ceiling. According to Frank Monterissi, vice president of development at Related, there is little to consider beyond whether applicants exceed the ceiling and can afford the rent. However, the latter may be very much in doubt.

Though the highest rents are calculated at 30 percent of 165 percent of AMI, they are nevertheless only slightly below market rate. While neither the developers nor the City would reveal exact rates to me for all unit sizes, Hu of Phipps Houses did say that the highest rent is $4,300 for a three-bedroom unit in Building A. Meanwhile, news outlets report different figures: some claim rents range from $500 to $4,000 (Pentchoukov); another from $669 to $1,075 for a studio, between $1,032 and $2,963 for a two-bedroom unit, and between $1,088 and $3,421 for a three-bedroom unit. Nearby luxury buildings don’t typically include three-bedroom units, but two-bedroom apartments have monthly rents between $3,000 and $5,600. While the highest HPS rent for a similar unit is not quite as high, some units do go for more than the lowest market rate rent. Further, because the most expensive HPS units rent for 30 percent of 165 percent of AMI, but are reserved for those making up to 230 percent of AMI, they are more than merely “affordable” to this group. Therefore, not only do higher-earning households, many of whom could afford market rents, have the opportunity to live in publicly subsidized units at HPS, those rents are well below 30 percent of their income.

Let’s consider the highest income ceiling and the highest rental rate at HPS. The former is 230 percent of AMI, or
$190,900 for a household of four, and the latter is $4,300 for a three-bedroom unit. This family can afford to pay a monthly rent up to $4,772 without being rent burdened, a price well within the market-rate range and $472 more than the highest HPS rate. It is questionable, then, that government resources are being used to reduce the rent for a household that does not need such relief. This unit should be regulated such that it will not rent to a family that can afford market rates (recall that a two-bedroom unit in various Queens West buildings rents between approximately $3,000 and $5,600). While the high rents at HPS are necessary in order to cross-subsidize the units reserved at lower income ranges and achieve 100 percent affordability, it is not necessary to offer these higher-rent units to such relatively high-income households. This is done to facilitate a smooth lease-up process by expanding the applicant pool. While a family earning $172,000 can afford to pay even HPS’ highest rent of $4,300, the City and developers upped the qualifying income to $190,900 to increase the odds of finding an eligible tenant. It seems, then, that a mix of affordable and market-rate units is more desirable than 100-percent affordability to achieve cross-subsidy without using government resources for households that can afford market rents.

Now let’s consider the low and high ends of the rental range for a two-bedroom unit at HPS: $1,032 and $2,963. Recall that the median income in the HPS zip code is $41,799 and that a household is considered rent-burdened when it pays more than 30 percent of its income on housing. Therefore, these rents require an annual income of more than $41,280, only $519 below the median, and $118,524 respectively, in order to be considered affordable. This would indicate that few units, and very few family-size units, can reasonably be expected to rent to current neighborhood residents.

For many future tenants of HPS, once they pass their initial income review, they are welcome to stay regardless of any income changes. Only the lowest income households must undergo annual recertification. The lack of continued review is officially meant to encourage upward mobility. In practice, however, it may discourage just that for lower income tenants while essentially providing subsidized housing for others who do not require it to avoid rent burden. Over time, moderate- and middle-income tenants will continue to pay subsidized rents regardless of salary increases. For a higher-earning, upwardly mobile demographic, annual recertification would help ensure subsidized units go to those in need.

Unit sizes range from studio to three-bedroom, though the portion of the latter is extremely small. In Phase I, there will be 265 studio apartments (29 percent), 287 one-bedroom units (31 percent), 315 two-bedroom units (34 percent), and 58 3-bedroom units (6 percent) (NYC.gov, March 4, 2013). The latter unit size was not required, and in fact Phipps Houses is very proud to have included them at all. Exact figures on how many units of each type are reserved at each income band were not made available to me, making it difficult to assess what Lawrence J. Vale refers to as the “design politics of the unit mix.” While larger units are more expensive per square foot to develop and also generate lower rents per square foot, and therefore are even costlier to develop for lower-income families, it seems they will be evenly distributed across income ranges. On this subject, Monterissi of Related would only say that a similar percentage of each unit type is reserved for each income band and that there is “rigorous underwriting to make sure that I’m not putting
all the three-bedrooms into one income band and putting all the studios into one.” Hu of Phipps adds with candor, “We’re not sticking all the low-income tenants in studios and one-bedrooms.” Such regulation is to help minimize discrimination against poor, large families, as might be the case if only studios were reserved for those households at the lower end of the income spectrum. In other words, a single individual with a lower income is relatively wealthier than a family with that same income. Ultimately, the tenant mix of HPS will largely depend on the split between unit size and qualifying income ceiling.

5.3.b Residential Amenities

Private tenant amenities for Sites A and B will include fitness center, children’s playroom, tech center, bike storage, and party rooms in each building. Site A will also have a “community garden” to be tended by tenants and a dog amenity referred to as “dog city.” Interestingly, the buildings will also feature rooftop decks, which add a lot to the cost of construction and maintenance and therefore are more common in luxury affordable housing.

These amenities are comparable to those at nearby market-rate buildings. “It literally is luxury housing,” says Hu of Phipps. “We have a doggy wash-down room in building A. We would never build that type of amenity for a strictly low-income project. We have a kid’s playroom, we have a lounge, a workspace room, we have two gyms, and rooftop gardens.” This was necessary in order to be competitive for higher-income tenants, but it comes at a cost. It is not economically efficient to include non-essential amenities. “We’re certainly not designing the project the way we normally would, with very low frills,” says Hu. “HPS feels like a market-rate building with the same level of amenities—kid playrooms, lounges. It’s a very, very Related building.” These features, like the overall aesthetics of the project, may make HPS more competitive by increasing its desirability and acceptability to some. But to others, they highlight the issue of public expenditure to benefit higher-income residents.

5.4 DESIGN

5.4.a The Right to Architecture

Overall, the quality of affordable housing design and finishes has increased enormously over the years as public entities turned to private developers, as private developers began to be selected through design competitions, and as mixed-income developments became prevalent. Low-income housing advocates have long argued that the austere and bland designs of yesteryear, intended to avoid competition with market rate housing (Angotti 71) and to warrant against quarters so attractive that tenants have no incentive to move up and out, were inadequate for habitation. To some, such developments embody the perspective that poor people don’t enjoy or rate good design. Vishaan Chakrabarti, partner at SHoP, explains, “I think it goes back to a kind of puritanical sentiment that if this is subsidized housing, it needs to be stripped down of all architecture because poor people somehow don’t deserve what wealthy people deserve. I don’t think that’s really the society we want to live in.”

The tradeoff, according to those who disagree with
TOWERS BY THE PARK

Phase 1 at HPS sits between two worlds.
Chakrabarti, is that every dollar spent on quality design reduces funds for the creation of another much-needed unit. “This was a tension with the [HPS] project,” Chakrabarti concedes. “At SHoP, we try to design projects that are smart about how they use money. But at the end of the day, a flat façade with no detail on it costs less than a façade that has shadow and depth and texture.” Nevertheless, to him, that is a price worth paying. “If you look at the differences cost-wise in terms of the overall project, it’s really minimal. You might spend an extra 3 percent or 5 percent to make the building look and feel like something that makes the residents feel like they actually have a home. I think that’s a no-brainer in terms of investment.”

Many would agree. Today, the high design of low-income housing constitutes a burgeoning trend to supplant the archetypal institutional modernist architecture with something more interesting and less immediately identifiable as subsidized development. In New York City, examples include Via Verde in the South Bronx by Grimshaw Architects in collaboration with Dattner Architects, Sugar Hill Housing in Harlem by Adjaye Associates, and Schermerhorn House in Brooklyn by Polshek Partnership. With architects embracing the notion of design equality despite the market sector, the shift toward well-designed subsidized housing has the potential to counteract NIMBYism and de-stigmatize affordable housing.

However, when this same philosophy is applied to middle-income developments like HPS, it is met with charges that improvements in design reflect the privilege of a wealthier tenant base. The new design standards, then, are an indication of the high income standards for eligibility and a reflection of the housing expectations of that tenant base. Moreover, because the highest rents at HPS are just below market rate, the development must be competitive in design and amenities in order to attract tenants who have the means to go elsewhere. Critics of the project, therefore, denounce it as nothing more than luxury housing by another name, an irresponsible and unnecessary use of public funds. To them, the glossy exteriors of the first two towers provide physical evidence that the group targeted for residency at HPS has been misidentified.

5.4.b A Housing Typology for Middle-Class Needs

The perception that the design of HPS reflects a definition of middle class based on inappropriately high income standards raises questions about whether the typology, and by extension the site, is suitable for middle-income housing at all. The City’s plan to Manhattanize the Queens waterfront with the “highest and best use” meant that the HPS site would receive high-density development. However, this model flouts what’s generally accepted to be the design needs of middle class families. If these are the households the City is hoping to retain, than towers may not be the best form with which to attract them.

There is an empirical understanding, shored up by research, of what constitutes good family housing. Clare Cooper Marcus, co-author of Housing As If People Mattered with Wendy Sarkissian, may be the eminent voice on the low-rise, medium-density, clustered housing that families generally gravitate towards. She argues that this typology offers
residents some of the advantages of high-rise, high-density living—privacy, efficient maintenance, shared facilities—without its disadvantages—distance from the ground, feelings of anonymity. The building forms she advocates include single-family houses, row house, or low-rise apartments (no elevators), so long as the site contains both private and communal open space and shared recreational facilities.

A 2009 report by the Center for an Urban Future interviewed “middle and working class New Yorkers” (not further defined) and found that many congregate in low-density neighborhoods consisting of housing like that Marcus advocates. The study describes areas in Bay Ridge, Brooklyn, and Whitestone, Queens, as having a “more suburban feel” owing to their one- and two-family homes and quiet streets. The authors imply that these neighborhoods are the preference of the middle class, rather than merely more affordable to this group due to their distance from Manhattan. They go on to describe the large-scale new development these areas have undergone in recent years, which has prompted calls for downzoning from the community. The middle class households they interviewed cited the changing urban fabric as a threat to their commitment to New York City residency.

The development of HPS does not recreate this type of neighborhood, nor does its design conform to these principles; in fact, the City’s design guidelines are written to promote a much higher density, more urban neighborhood. The towers rising here are much more aligned with conventional Manhattan market-rate housing and may be more attractive to those accustomed to high-rise living in Manhattan than those seeking more traditional family housing. Moreover, there are very few three-bedroom units available at HPS—58 or little more than 6 percent—indicating that this development is not especially intended for larger households in any case.

A site with lower land value might be better suited to the family-housing typology praised by Marcus. This, however, would be necessarily located further away from Manhattan and the city center. Rather than sacrificing a desire for low-rise, low-density living, middle-class families would sacrifice a short work commute and proximity to cultural amenities like museums and restaurants. It is not clear if these are the features of urban life desired by the middle class, or if more important are the park and dog run that developers can easily include in any new development. More research on middle-class needs is required in order for site selection to result in a housing typology appropriate for this group.

5.4.c Design Lessons from the Past

Ultimately, the City sought out and encouraged a strong, urban design for HPS. Not only does the project all but bear Mayor Bloomberg’s name, it occupies an important piece of the East River waterfront. Because the city’s skyline is made up of myriad individual developments, lowering design standards for one could launch a string of substandard projects that would ultimately depreciate the look and feel of the city as a whole. Therefore, the project area zoning and official design guidelines formally establish the high physical standards that the master plan by FXFOWLE, Phase I by SHoP, and all subsequent design must conform to.

These criteria are intended to simultaneously align HPS
with market-rate projects while differentiating it from past high-density middle-income housing developments. But as the largest affordable housing development to be planned in New York City since the 1970s, HPS does not have the benefit of an ongoing evolution of middle-class housing form. Instead, a 30-plus-year gap in design of this type means HPS can only be responsive to antiquated typologies.

At both the site and building scale, the City has endeavored to differentiate HPS from master-planned projects like those discussed earlier in this thesis. According to the City’s “Hunter’s Point South Design Guidelines,” “When fully developed, HPS should evoke variety, appearing like many buildings designed and built over time, avoiding the ‘superblock’ architectural expression common in housing developments of this scale.” As Jeffrey Shumaker, Deputy Chief Urban Designer for the Department of City Planning and an author of the guidelines, says, “We wanted to make sure it has the feel of a neighborhood, not a single project.” Towards that end, the street grid was extended and connected to new streets, constituting the primary means of integration between HPS and the surrounding community, and there’s been a return to relatively smaller block sizes. However, the scale of the buildings challenges efforts to realize this goal of designing a project that appears to have developed organically.

Though the guidelines aim to “prevent a monolithic quality for the overall development,” the juxtaposition of such high-scale, relatively high-density towers against the existing urban fabric makes this difficult. “Given the scale of the East River and the housing problem—we really wanted to develop as much affordable housing as we can—it made sense to step up to the water and, where it meets the existing communities, try to match those heights as much as possible. But there isn’t a whole lot of existing context,” Shumaker says. Towards that end, a step-back architectural form is used on both Phase I towers.

To further avoid monumentality, the guidelines suggest distinctive massings characterized by a range of scales and materials. “This is a critical objective when a single building might take up an entire city block,” the guidelines explain. Architecture should feature different “façade segments that help the block frontage appear as multiple buildings” in order to break “down the scale of a building/block that could otherwise appear as a ‘superblock’.” Bulk is also softened and transparency achieved through the use of “as much glass as feasible,” per the guidelines, which represents a direct departure from the red brick modernism of past projects of this type.

Varied streetscapes punctuated by frequent retail and residential entries are also intended to break up the site. Diverse storefronts will “animate the pedestrian experience along retail corridors,” while multiple residential entries and windows on the street will punctuate façades where there is no retail frontage. “This helps to create a ‘New York streetscape,’” the guidelines explain, “and provide a sense of security and neighborliness along the street.” This reasoning responds to many of Jane Jacobs’ criticisms of public housing and embraces the vibrant street life she advocated.

However, HPS does not try to recreate the type of urban fabric Jacobs celebrated in the West Village or that Marcus more generally endorses, and which can be found in Long Island City just east of the river. Given the city’s housing crisis,
such low-density development would be an irresponsible use of land in this the location. But neither will HPS achieve the concentration of building forms that older high-density areas of Manhattan do. Instead, the physical quality of the new development will be more contextual with its waterfront neighbors, including Queens West to the north, and many newer large-scale projects in the city. In so doing, HPS is representative of a new tower in the park typology.

While the HPS street edge and architecture is unlike the old model, its combination of freestanding high-rise structures and myriad green spaces replicates the familiar and odd combination of apartment living in a bucolic setting. It is true that the development incorporates open space in a decidedly more urban manner; buildings are oriented outward towards a public esplanade, mimicking the urban condition found elsewhere along the New York City waterfront. However, the design features eight courtyards in as many blocks, recalling the private green spaces of historic city housing projects. In this way, it does not possess the same urban sensibility that characterizes high-density neighborhoods that have evolved over time.

While the zoning and design guidelines make important stipulations, they also prevent the very qualities that define these areas: close building agencies, tightly packed street walls composed of discrete structures, and limited but public open space. Arguably, the focus on light and transparency at HPS...
and elsewhere is progressive, and perhaps there is no return to the particular quality of density that comes when buildings rise independent of each other at a time when open space was developed independently of buildings. However, the counter-argument is that developable land is more limited than ever before and New York remains in the midst of a housing crisis, yet more and more plans include high degrees of green space regardless of proximity to existing parks while towers gain limited height to compensate. At HPS, this is particularly curious, given the adjacent development of a new waterfront park. The result is a series of voids in the skyline. Despite rigorous design guidelines and genuine attempts to distance HPS from the old subsidized-housing design models, the environment of towers in the park persists.

5.4.d A New Park for the Public

The 11-acre public waterfront park that will border the east side of HPS will continue the esplanade from the north. Both the Phase I and II RFPs make it clear that the developers of each stage are required to contribute funds towards its operation and maintenance (annual contributions are estimated at $90,000 from Parcel A and $45,000 from Parcel B, but not yet for Parcel C). Despite this, the Hunter’s Point South Waterfront Park, as it is called, is being developed independently by the New York City Department of Parks and Recreation. The park is part of the historic opening of New York City’s waterfront in recent years and takes its cue from the new and highly programmed Brooklyn Bridge Park.

The space is intended to be a public resource for the community and a major recreational destination. Towards that end, steps were taken to ensure that new streets would be contiguous with those inland, increasing access to the esplanade for locals and those travelling by car or transit. The park can be accessed at 50th and 51st Avenues, Borden Avenue, and 54th, 55th, and 56th Avenues.

Design and programmatic choices reflect the tension between the two Long Island City residential bases—those inland and those along the waterfront—and their different visions for the space. The plan by Thomas Balsley Associates and Weiss/Manfredi (with consultation and infrastructure by Arup) was presented to the Community Board 2 Land Use Committee in 2009 and later approved. A range of notable comments was received, reflecting the polarized community, from “make it easier for the older people” and a desire for community gardens to a desire for a dog run and a tot lot. Some attendees expressed concern that active areas would serve non-residential populations (such as sports organizations), that skaters would “destroy” the park or that it would be graffitied, and that a basketball court may pose a problem, with one commenter saying “basketball is fine as long as it is not adjacent to resident’s backyards” (presentation to Community Board 2, June 24, 2009).

The park will feature active and passive recreation and an array of sustainable initiatives. Amenities will include a “multi-purpose” sports space featuring basketball half courts, playground, a green, an urban beach with volleyball court, water taxi access, an unstructured area for “tai chi, yoga, meditation” (presentation to Community Board 2 Land Use Committee, November, 19, 2009), and a “state-of-the-art” dog run (NYC.gov, March 4, 2013). A café will offer concessions, though what kind has yet to be determined. The
HPS site will bring a new bike lane network to the project area that runs along the park. Who will be attracted by these features and whether the HPS towers will serve as a barrier to the inland community despite efforts to connect the park to those residents remains to be seen.

**5.5 COMMUNITY RESPONSE**

The plan for HPS was approved by Queens Community Board 2, which represents the areas of Sunnyside, Woodside, Long Island City, and a portion of West Maspeth. The board was supportive of the project, while its constituents had more mixed feelings. As one might expect given the fact that two communities live side by side in Long Island City—the longer-term residents and the more recent arrivals—there are two distinct reactions to HPS. Those representing the former generally feel that the development is not for Queens residents, while the latter generally express a NIMBY sentiment. In effect, HPS and middle-income housing more generally has two opponents: low-income housing advocates and the wealthy who oppose affordable housing regardless of income band.

Housing advocates have criticized NHMP units for their shallow depth of affordability, charging that rents remain unaffordable even with subsidy. Two organizations were especially vocal against HPS: Queens for Affordable Housing and Queens Community House. Working together, they released a statement expressing their dismay that the development “excludes low-income people.” The document states, “We believe that this exclusion is not only immoral, but also reflects discrimination against working-class families in Queens, is a completely unnecessary and discretionary choice by the Administration, [and] is bad policy for most Queens and New York City residents.” The organizations argued that HPS does not respond to Queens demography and current market conditions. These include the fact that Queens median household incomes have dropped in recent years while average rents continue to rise, the high degree of rent burden among residents, and the borough-wide issues of overcrowding. While a certain percentage of units are reserved for local community members, they claim rents exceed what most locals can afford.

Queens for Affordable Housing and Queens Community House don’t necessarily feel that the City has misidentified exactly what middle class means in terms of income, but rather mistakenly concluded that the need for middle-income housing should be addressed at this site at all. They would prefer the development be predominantly low-income. However, their proposed rental rates are not that far off from the actual figures. They claim that no units have been reserved for low-income families and rents will start at $1,500 and go as high as $4,000, suggesting instead a range between $625 and $3,000. In fact, rents reportedly start at $669, a floor not that far off from that suggested by the organizations. It’s the ceiling—$4,300, according to Phipps Houses—that far exceeds that which they proposed. Meanwhile, they requested that 70 percent of units be reserved for those earning between $25,000 and $127,000 annually (with only 10 percent reserved for the highest income range), while 30 percent should be market rate. The actual income range is $33,200 to $190,000 for a family of four, significantly higher than their proposal.

Others share the affordability concerns voiced by these advocates. Some, like the chairwoman of Community
Board 2's Land Use Committee, Lisa Deller, fought to keep the Long Island City waterfront from becoming a “luxury ghetto” by advocating for greater depths of affordability at HPS (Neudorf). The argument in defense of the current affordability mix that was voiced to me by many involved in the project is founded in the fact that HPS units will be affordable in perpetuity. Therefore, they reason, regardless of how rent burdened initial tenants may or may not be, they would ultimately be priced out of the neighborhood without HPS, assuming new development continues apace. As real estate prices in the area continue to climb, the gap between HPS rents and market-rate rents will increase. Long Island City has faced extraordinary neighborhood change in the past decade or two, and the building boom shows no sign of subsiding. Without stifling new development, HPS attempts to respond to the changing market by preserving a rent regulated corner of the neighborhood if not for those who are neediest today, then for those who would otherwise become increasingly needy as Long Island City becomes more and more attractive to New York’s wealthy residents.

Meanwhile, those who live in some of the new market-rate buildings surrounding HPS have different misgivings about the project. Their perspective echoes early concerns with public housing site selection: that it will depress property values in the area. This group is less prone to organize, but has nevertheless been very vocal at community meetings. Residents of the PowerHouse, a mid-rise luxury condominium project that rehabilitated a turn-of-the-century power plant, are especially upset. They complain that HPS will block their current waterfront views. More generally, those living near the waterfront are concerned that HPS will devalue property. As Phipps Houses’ Karen Hu says, “It’s very, very much a NIMBY situation: ‘I bought a million-dollar condo and now you’re going to be bringing affordable housing into the neighborhood?’”

To this group of wealthier residents, the increase from 75 percent to 100 percent affordable housing for Phase I is objectionable. They claim there was a lack of transparency in making this change. “It’s a bait and switch,” said one of the attendees of a public meeting in January of 2012. In response, the City stressed that not all of HPS will be affordable; the market-rate component will be introduced beginning with Phase II. However, some wonder if there will be any demand for those units, or if property values will have already declined as a result of the affordable housing on Sites A and B (Neudorf).

Deller, who is among those who fought to make HPS more “inclusive,” was surprised by this reaction. “Look at those prices,” she said at the public meeting, referring to HPS rents. “Those are not that affordable.” Meanwhile, Joseph Conley, chairman of Community Board 2, assured residents that the average income of people living in the first two towers would be $100,000. “That is not low income,” he said in an effort to dispel what he called a “rumor … that this is a low-income housing project” (Neudorf).

Hu recalls, “We had very animated public meetings that the Community Board sponsored where we presented the project. We showed people the rents, looking at two- and three-bedroom rents at $3,000 to $4,000 … but it’s literally a disconnect—when you say affordable housing, people think poor, colored people. We had renderings. Does that look like a NYCHA project to you? I think people fear change, people
fear the unknown, people fear low-income, and people fear affordable housing. These are the panic button words. … Those people who buy million-dollar condos fear the $3,000- or $4,000-unit. When people hear 100 percent affordable, they think 100 percent low income. That’s just not true.”

5.6 LOOKING AHEAD: PHASE II RFP

In May of 2013, HPD issued an RFP for Phase II of HPS. In addition to ground-floor retail and community facility space, development of Parcel C is expected to create roughly 1,000 additional units of rental and/or ownership housing for households earning between 80 percent and 165 percent of AMI, or a combined household income between $68,720 and $141,735 for a family of four based on 2013 HUD calculations. As with the RFP for Phase I, half of the affordable units must be 2-bedroom apartments or larger.

Development of Parcel C must maintain a minimum overall 60-percent affordability level across it and Parcels A and B. The remaining units may be affordable to households earning more than 165 percent of AMI or market rate. Notably, the RFP refers to the units affordable at 230 percent of AMI on Parcels A and B as market rate rather than middle income, as originally stated, even though the City subsidizes them. Accordingly, future development proposals must reflect a consideration of Parcels A and B as only 67 percent affordable and 33 percent market rate. This requires a minimum of 54 percent affordability on Parcel C (or 539 affordable units out of 1,000) to maintain the required overall 60-percent affordability level. The RFP goes on to specify that proposals for Parcel C can make use of HPD’s Mixed Income Program for units affordable to households earning up to 130 percent of AMI, but no HPD subsidy is available for apartments rented to households earning more than 160 percent of AMI (which programs, if any, will subsidize units between 130 percent and 160 percent of AMI is not specified).

The reframing of Parcels A and B along with the lack of subsidy provided for units affordable to households earning more than 160 percent of AMI appears to reflect the tensions raised during development of Phase I over subsidizing nearly market-rate units. There has been much discussion in the press questioning whether NHMP units are truly affordable, and this shift may be in response to this controversy.

Ultimately, if the winning proposal does not significantly diverge programmatically from the RFP (as it did during Phase 1), the City is subsidizing a lower middle-income residential base on Parcel C than it is on Parcels A and B due to the ceiling of 165 percent of AMI. Further, the floor of 80 percent of AMI captures the entire group referred to as moderate-income in the NHMP—80 percent to 120 percent of AMI. Meanwhile, the middle-income group earning more than 165 percent and less than 230 percent of AMI on Parcels A and B would correspond with market rate units on Parcel C. For the purposes of this parcel, then, middle income is defined very narrowly as households earning more than 120 percent and less than 165 percent of AMI.

1 The City is spending approximately $175 million on
environmental remediation of the site, a 11-acre park, roads, and water and sewer lines (Bagli, Feb. 9, 2011).

2 More recently, NYCHA has come under fire for plans to develop 80/20 housing (with 20 percent of units reserved for families making less than $50,000 a year and 80 percent rented at market rate) on its public housing parking lots, playgrounds, and community centers in order to generate funds for repairs to aging buildings and address a $60 million budget deficit (Smith).

3 Founded in 1896, REBNY is New York State’s first real estate trade association. Today, it works to promote public and industry policies, and is well known for lobbying for substantial tax abatements intended to incentivize new development.

4 For low-income units, there is also an eligibility floor—in order to qualify, applicants must have enough income so that monthly rents don’t exceed 30 percent.

5 In fact, HPD officials were generally very cautious in discussing the project and would not share detailed technical information. When asked, neither Related nor Phipps developers would release this information either.

6 While there is a robust literature on problems associated with high-rise living, there is some evidence of this typology’s success in New York City; see Nicholas Dagen Bloom (2008).

7 There are examples of this, the most relevant of which may be the New Urbanist Averne by the Sea, located on the other side of Queens from HPS. The mixed-use development, which broke ground in 2003, is the result of an urban renewal design competition sponsored by HPD for a 308-acre site in the Rockaways. It now consists of three-story, for-sale townhomes ranging from $395,000 to just over $1 million for a two-family residence.

8 These include, to varying degrees, the World Trade Center Complex, Hudson Yards, and Atlantic Yards, all of which have a precedent in Battery Park City.
6 Conclusion

6.1 HOUSING FOR WHOM?

The City’s broad definition of middle class results in much ambiguity regarding who is eligible for this housing and who will occupy it. It is unclear whether this equivocality reflects the difficulty of identifying this group or whether it amounts to intentional and perhaps astute political evasion—an attempt to frame middle-income housing policy in such a way that it appeals to a large constituency and therefore would (theoretically) generate less controversy. The politics of policy positioning has affected the framing of middle class housing since the Mitchell-Lama Program. Then, the program was officially cast for low-income households due to legislative constraints, but in fact was intended to serve middle-income families. Ironically, many Mitchell-Lama units have recently been preserved as low-income due to available subsidy. Meanwhile, the NHMP presents middle-income units as though they are exclusively for the families of public service workers, but in fact many are for upper-middle-class singles and couples.

“If you look at what the City calls middle income housing, it leaves out the bottom 70 percent of New Yorkers,” says Moses Gates of ANHD. “This is partly because of the way the federal government does AMI and it’s partly just a language thing. The City calls ‘low income’ less than 80 percent of AMI, which is actually above the median income for New York City because of the way HUD calculates it. So technically, half of all New Yorkers are low income, according to the City’s definition.”

Indeed, the City’s definition of middle class as middle-income households earning above 120 percent of AMI does not entail a range around the median. The eligibility standard requires a household of one to earn at least $69,720 and a household of four to earn at least $99,600. Meanwhile, New York City’s actual overall median income was $50,331 in 2011, and $64,785 for a family of four—$4,935 less than the current minimum requirement for a middle-income household of that size.

The high end of the qualifying middle-income range indicates that the City’s is not an agenda to support New Yorkers in their ascent into the middle class or even those on the margin who may lose this status in the face of serious cost burdens. This is not the early public housing that aimed to uplift what Lawrence Friedman of Stanford University termed “the submerged middle class,” those who were middle class in values, attitude, and aspirations, but had temporarily lost their middle incomes in the Depression.

Rather, the city’s new middle-income housing programs more commonly target those households already comfortably established among the middle class. While Mayor Bloomberg and other politicians have repeatedly referenced police officers, nurses, teachers, and so on, the group they are concerned with is not limited to those city workers. Based on the income parameters it also includes higher-earning professionals who are more likely members of what Florida dubs the creative
class than the working class. These are not necessarily individuals who “make the city run,” nor are they individuals who run the city. The City’s definition of middle class, then, may more aptly be described as upper-middle class.

The multiple middle classes—lower-middle, middle-middle, and upper-middle; and within those, the working class, the professional class, and the creative class—are each tied to so much more than earning power. The City, however, does not wish to engage in a conversation about precisely who will occupy new middle-income housing generally or at HPS specifically. Asking a variety of HPD officials who they imagine living there yielded very brief, vague responses. While some said it was impossible to predict, Jonathan Beuttler, Project Manager of Multi-Family New Construction, said, “With the income mix, I would probably see a diverse mix of young professionals and middle-class families being able to lease into the project.” This is no doubt true, but his response is not especially revealing.

With such a broad income range—including low-income units reserved for those making less than 40 percent ($33,200) and 50 percent of AMI ($41,500) and middle-income units for those earning less than 165 percent ($148,010) and 230 percent of AMI ($190,900)—the exact tenant mix at HPS is indeed hard to predict. If by “young professionals,” HPD means singles earning upwards of $30,000, and if by “families,” HPD means those earning upwards of $140,000, then these are likely comparably educated households with many middle-class cultural characteristics in common. If however, there are families earning upwards of $30,000 and individuals earning upwards of $140,000, that’s a very diverse mix of households. Both scenarios meet the definition of middle class by income, but each yields very different social mixes.

Depending on the combination of tenant income and unit size, the City may fail to capture genuinely middle-income or even moderate-income New Yorkers who are being increasingly affected by the city’s high housing costs. Gates’ colleague and ANHD Policy Director Barika Williams explains, “Yes, increasingly the middle class is struggling to make ends meet. But a lot of that middle class is not necessarily the people making $150,000. That’s not actually New York City’s middle class; the middle class is someone earning around $60,000.” She notes that while the City claims it is targeting the latter group, many NHMP units will not actually be accessible to this narrower range of middle-class households.

Meanwhile, some of those who will be served by the City’s middle-income programs don’t necessarily require public assistance. Hu of Phipps Houses says, “Someone who recently graduated from a master’s program and is making 100 percent of AMI has a lot of options. You can rent a studio in Astoria for $1,200, a one-bedroom for $1,400. You can probably also do that in many decent parts of Brooklyn. But a 100 percent of AMI family of four probably doesn’t have the same options as that singleton. So when you talk about middle-income housing, you also have to talk about what you mean by housing and for whom.”

Whereas past middle-class housing in New York may have targeted these families with fewer options, it appears the City is now less concerned with larger households. Instead, the predominance of smaller units in high-rise towers seem to largely serve a middle class constituency of DINKs.
(dual-income no kids) and yuppies (young urban single professionals), and fewer small families. The middle class is an important tax base, but families with children often draw more heavily on public services than those without. The City may aim to reap the economic benefits of a professional class without some of the associated costs by focusing on smaller households.

At HPS, Hu acknowledges that she and her team are developing units for singles who can likely find alternatives in desirable markets throughout the city. “You can go back and forth and argue whether it’s a good use of resources for a class of people who essentially have options,” Hu says. “Are we better off spending … subsidy to target a family of three and build a unit that’s affordable to them? You tell me, what’s a better use of our tax dollars.”

This highlights the issue of what the middle class considers viable housing and neighborhood options. While New York City’s rent is indisputably high, the impression that they are unaffordable to all but an elite minority is not shored up by Census or other data. The popular opinion that “the rent is too damn high”1 is not universally applicable. As one might expect, and as the income maps included in Chapter 2 confirm, huge portions of the outer boroughs have relatively low rents affordable to many middle-class households, depending on income range and size. Concerns about the middle class being priced out of the city are unfounded. In reality, middle-class households are only priced out of select neighborhoods. This reframes the “right to the city” argument referenced by politicians when discussing middle-income housing as a “right to the neighborhood” argument.

Why have the two been confused? Areas that are more affordable to this constituency may not be attractive for many reasons, depending on which segment of the middle class is considering them. For example, members of the creative class likely demand proximity to certain cultural institutions, retail outlets, and a short commute to certain districts beyond their neighborhoods (such as Manhattan’s Fashion Avenue or the galleries in Chelsea). This may mean that this group is willing to locate in minority neighborhoods provided they are near these amenities. This happens frequently, and many low-income neighborhoods in Manhattan and western Brooklyn have been gentrified by artists and hipsters as a result. Meanwhile, certain middle-class ethnic groups may be less likely to locate in those areas, preferring instead more familiar homogenous communities.

This underscores the fact that class is simultaneously an economic and sociological concept. Particularly in New York City, where one lives is considered to speak volumes about who one is. Neighborhoods are an integral part of identity politics. They represent more than an efficient commute or access to quality schools. They encode an invented set of labels that can be interpreted to reveal one’s sense of self and that provide the basis for others to make assumptions about one’s character. Assuming rents do not continue to rise throughout New York until the middle class is eventually priced out of the city as a whole, should the City respond to sociological drivers of relocation or only purely economic ones?

Relatedly, middle-class migration prompted not by a lack of affordable housing but by a lack of affordable housing in certain areas raises questions about what constitutes need
and the degree to which policy should address it alone or also aspiration. Homeownership, for example, is not typically considered a “need,” but the federal government heavily subsidizes this aspiration. Regardless, if middle-income households would prefer neighborhoods outside of the city to those that are affordable within its borders, this population will migrate. Whether this is secondary displacement or secession, the City has decided to intervene in order to retain this group through affordable housing that’s inclusive of a higher income range and development that transforms more neighborhoods into what a middle-class constituency desires. This represents a moral quandary that will increasingly affect policy decisions.

6.2 NEW PLANS & FAMILIAR ISSUES

As the next New York City mayoral race approaches, many democratic candidates share a campaign focus on the middle class and the various pressures this group faces, particularly the high cost of housing. New York City Comptroller John Liu, former City Comptroller Bill Thompson, New York City Public Advocate Bill de Blasio, former New York City Councilman Sal Albanese, former Rep. Anthony Weiner, and City Council Speaker Christine Quinn have all been vocal on the subject. The latter two candidates also released documents exploring some of these issues and suggesting means to address them.

Weiner characterizes his report as a blueprint to keep New York City “the capital of the middle class,” without attempting to define the term. It is nearly identical to one he released during the run-up to the 2009 mayoral election, in which he ultimately did not run. The document cursorily presents 64 ideas to address various middle class woes, including education, employment, transportation, and, of course, housing. However, while Weiner acknowledges the necessity of developing middle class housing, he only makes one suggestion that explicitly responds to this need. Noting that the City’s 80/20 program—requiring that 20 percent of units in market-rate rental projects financed with the proceeds of tax-exempt bonds must remain affordable to low income households—reaches only the wealthy and the poor, he recommends a mix of 60/20/20 with a new middle class component. Other ideas focus on making more land developable and cutting red tape for affordable housing developers, but do not engage specifically with the difficulty of targeting the middle class for subsidized housing (Weiner).

Like Weiner, Quinn, who has made her candidacy official and is considered the front-runner, will be running on a platform to keep New York City “a place for the middle class,” per her 2013 State of the City speech. But whereas Weiner didn’t attempt to define middle class, Quinn has defined it incredibly broadly: households earning between 100 percent and 300 percent of AMI. There is great political appeal in this group appearing as large as possible. For mayoral candidates vying for votes, a middle class platform will attract a broad constituency.

So when Quinn gave the State of the City Address, she began by sharing a pleasing and oft relatable narrative of her immigrant father and his inspirational ascent to the middle class—from slaughterhouse worker to small business owner—upon arriving in New York City. Because this upward mobility
is increasingly difficult in the city today, Quinn proclaimed, “Our top priority must be to keep our middle class here, attract new middle class families, and give every New Yorker the opportunity to enter the middle.” Adding that affordable housing is at the heart of the city’s broader affordability crisis, she proceeded to outline an ambitious housing plan that makes Bloomberg’s focus on the middle class look minor.

Quinn’s plan consists of four parts. First, she proposes the biggest commitment to middle-income affordability since Mitchell-Lama. Her plan is to build 40,000 new units over the next 10 years. Second, Quinn introduced the Permanent Affordability Act, which would provide building owners with a new tax exemption in exchange for permanent affordability of new middle-income units as well as existing units that might otherwise convert to market rates. Third, Quinn plans to turn existing market-rate housing into affordable units in targeted neighborhoods that have already become enclaves of the affluent and, therefore, where new construction is particularly costly. This conversion will be achieved by offering to cap property taxes for building owners. The fourth and final component of Quinn’s plan is to address housing quality issues through a variety of means.

Since its announcement, Quinn’s plan has come under fire, with many politicians and budget analysts charging that it’s unrealistic and housing advocates complaining it’s only a “drop in the bucket” given the high degree of need (Hawkins). But perhaps more importantly, it is destined to suffer from the same entrenched issues afflicting Bloomberg’s NHMP. Basic problems persist, including the fact that the City has not defined “middle class” in such a way that it is exclusively subsidizing a population in need of its support and the fact that a definition based purely on income does not allow resources to reach the intended population. While the current definition’s lack of specificity may be politically necessary in order to garner support for middle-income housing programs, it ultimately undermines their efficacy. Therefore, these quandaries must be addressed before any middle-income housing plan can be effective.

6.3 RECOMMENDATIONS TO THE CITY

This thesis began with several research questions, then presented data that provides answers to them and drew conclusions from that analysis. While it is the position of this writer that housing policy should respond to affordability issues that have spread to middle-income households in high-cost urban markets, policy is not currently written to maximize the efficacy and efficiency of scarce resources. Here, some suggestions intended to address the challenges highlighted by this research.

6.3.a Reframe Middle Income

The broad way in which the NHMP defines middle class and that definition has been operationalized at HPS represents a big problem in terms of ensuring public subsidies go to those who need them. Establishing middle income as all households earning more than 120 percent of AMI does not provide the City with enough control over who benefits from public resources. Instead, the middle-income range should be more accurately and narrowly determined.
ADJUST THE MIDDLE-INCOME RANGE

First and foremost, the middle should be defined as some range around the actual New York City median income, rather than according to inflated HUD calculations. Beyond increasing the precision with which resources are targeted, this would have two benefits. One, it might make greater federal subsidy available for middle-income housing development because the actual middle segment of the city’s population may have incomes that are a lower percentage of HUD’s AMI and therefore may qualify for existing moderate-income subsidies. And two, it might alleviate some of the concern over devoting scarce resources to a higher-earning group in that the actual middle is not as high-earning as HUD currently identifies it to be.

Second, middle-income eligibility should reflect tenure. There is a significant discrepancy between New York City’s median rental household income and median homeownership household income. In 2010, the unadjusted New York City median annual income for all households was $48,040. However, the median income for rental households that year was $38,500 (2011 HVS), only 80 percent of the median income for all households. Meanwhile, the median annual income for homeowners was $75,000, more than one-and-a-half times that of all households and almost double the 2010 median income of renter households (Wha Lee). Income eligibility standards that don’t reflect these discrepancies make it difficult to effectively target subsidies to those in need.

Third, affordability levels should reflect the incomes of the household size and composition that will occupy a given unit. For example, single-person households are by far the lowest earning in New York City, with a median income of just $31,506. Meanwhile, the median income for 4-person households is $64,785 (ACS 2009-2011). The wide middle-income range across households must be considered when developing units of different sizes. For example, the median rent of an affordable studio apartment should be $767 a month (($31,506*.3)/12). At HPS, studios range from $669 to $1,075, but the city builds subsidized studio apartments that rent for more than $2,200 a month, almost three times the affordable amount (“Real Affordability”). Households that can afford this high rent are likely not particularly cost burdened, and therefore they should not benefit from public subsidy.

Adjusting the middle-income range for housing eligibility will more precisely target resources to this group. It will better tie income to tenant lifecycle and therefore permit the City to retain a more specific segment of the so-called middle class. Beyond this, it is imperative that additional precautions be taken to ensure that only middle class households facing genuine cost burdens be eligible for subsidized units.

REDEFINE HOUSING COST BURDEN FOR THE MIDDLE CLASS

Given the scarcity of resources, they must be allocated to those in need, even if not the most needy. Although housing cost burdens remain much more common among lower-income renters, they are increasingly an issue to those higher up the income scale. Nevertheless, in New York City, only a very small percentage of those falling within the middle-income range, as it is currently defined, spends more than 30 percent of its income on rent. A mere 4.5 percent of households earning $100,000 or more are rent burdened,
meaning they spend more than $2,500 on monthly rent. Many households defined as middle income by the City fall into this income range, beginning with a family of five at 120 percent of AMI ($107,568), the minimum to qualify. Meanwhile, 13 percent of households earning between $75,000 and $99,999 are rent burdened (2011 ACS 5-Year Estimates). This includes households of two, three, and four earning 120 percent of AMI. These numbers indicate that there is greater need among so-called moderate-income households, or that what are currently considered moderate income (more than 80 percent and up to 120 percent of AMI) is in fact more representative of the middle.

It is possible that the City is taking the long-view in its identification of middle income. At HPS, for example, where rental and homeownership prices are expected to increase dramatically over the next decade and beyond, households located at the high end of the qualifying income spectrum may not suffer severe housing cost burdens now. However, they may at a later date were they to live in Long Island City in market-rate housing. This was one argument shared with me independently by Related’s, Frank Monterissi, Phipps Houses’ Karen Hu, and HPD’s Gabriella Amabile.

However, operating under this assumption would be an ineffective use of current resources. While planning for the future is an essential part of developing good housing policy, it is hard to justify the devotion of scarce public resources to a stable population even if that population stands to become less stable over time. This is compounded by the fact that there is great need going unmet among low- and moderate-income populations today. Such a rationalization indicates that the City may be more concerned with maintaining a relatively well-off residential base than addressing current real need.

This raises the important question of how to recognize “need” among middle-income households. This group does not struggle with standards of deprivation that impact low-income households in a high-cost city like New York. Instead, middle-class households face a series of tradeoffs, not an inability to make ends meet. These compromises include locating in a less desirable neighborhood due to housing costs, as discussed above, living in a smaller home in order to stay in the city, and sacrificing other aspects of quality of life. It is difficult to calculate a percentage of income that can be spent on housing beyond which it becomes impossible to maintain a middle class lifestyle.

Given that, we must consider whether the traditional definition of cost burden—currently, those paying more than 30 percent of their income on housing costs—is appropriate for this group. Higher earning households may reasonably be expected to pay a higher percentage of their income on housing without struggling to meet other needs, even if that higher percentage does not amount to market rates. Though it is all relative, spending 30 percent of $100,000 on rent is not a hardship in the same way as spending 30 percent of $30,000, given that other costs are held relatively constant. It is possible that 30 percent of a middle income is the rate at which it becomes difficult to afford other households expenses, but the issue warrants further investigation. A robust study of these costs and a ranking of their importance to middle-class households is needed.

6.3.b Directly Serve the Middle-
Class Workforce

TARGET UNITS BY OCCUPATION

In sum, the above suggestions would result in a more accurate definition of middle income. But, according to repeated references, the City also aims to target households representing a particular occupational group, namely traditionally middle-class jobs like teacher, police officer, nurse, and so on. This aim may be politically motivated; these public service workers are typically palatable to those on both the low and high end of the income spectrum, seen as necessary to the city’s function and to the wellbeing of residents. It may also be attributed in part to residency requirements that stipulate some city employees must live within the five boroughs, despite salaries that often do not permit occupation of market-rate housing.

Consequently, unions have been lobbying for broader residency requirements for some time with varying degrees of success. The requirements date back to the Depression, and were originally intended to help the city’s economy by providing municipal jobs to residents, slowing suburbanization, and preserving the city’s tax base. Today, however, the tax base is much more robust and housing in the five boroughs has become much less affordable to many union members. Nevertheless, Bloomberg has vehemently opposed loosening the requirements, saying that allowing city workers to live elsewhere could hurt the local economy. Despite his objections, some municipal employees can in fact live beyond the five boroughs: teachers have no residency restrictions, while police officers, firefighters, and sanitation workers are permitted to live in Nassau, Suffolk, Westchester, Rockland, Orange and Putnam counties (Greenhouse). If the City is to avoid this happening with greater and greater frequency, it must do more to develop workforce housing.

Because it is difficult to target these workers based on income alone, the City should consider reserving a certain percentage of new units specifically for them. While this is already in practice to some extent, more can be done. Five percent of units in HPD- and HDC-financed rental and homeownership developments are reserved for income-eligible municipal employees. The program serves workers at a wide range of offices, including the NYPD, the Department of Education, the Health and Hospitals Corporation, and many others. All applicants enter the general lottery and are ultimately selected by the developer (Housing Programs for Municipal Employees, NYC.gov). The low 5-percent proportion of units on reserve may be appropriate for more general housing developments, particularly those targeting low-income households. However, the City might consider increasing the percentage in middle-income developments to better target a group for which it has expressed particular concern.

A precedent for a more innovative approach to workforce housing is set by the development of Boricua Village in the Bronx. The 4.5-acre development, which opened the doors to its first building in 2010, includes 236 moderate-income units (for households earning up to 110 percent of AMI) rented with preference given to educators (NCSHA 2008 Annual Awards). In addition to contributing the land, the City partially funded these buildings with $28 million in taxable bonds issued by HDC and purchased by the New York City Teachers’ Retirement System, and $20 million in
below-market loans, also from HDC (Dobnik). The project was first announced in 2007, shortly after the City began issuing housing bonuses of up to $14,600 to attract math, science, and special education teachers (Gootman). The units at Boricua Village will serve only a fraction of the city’s tens of thousands of public school teachers—not to mention the teachers’ aides and those who work in private, parochial, and charter schools—but nevertheless establishes what could become an important model. Partnerships between unions and the City to develop workforce housing were popular during the period between 1920 and 1960, and may once again provide an effective means to reach middle-class New Yorkers working in specific professions.

**PROmote EMPLOYER-ASSISTED HOUSING**

Another route is to require private employers to play a more active role in developing housing. Most new middle-income housing results from private-public partnerships wherein developers are provided various financial incentives. Cultivating similar partnerships with major corporations, institutions, and other organizations could potentially result in a greater number of units.

In fact, the 2002 iteration of the NHMP included among its stated aims “viable models for employer-assisted housing.” The document explained that this can be a “valuable recruitment tool in expensive housing markets and in competitive industries where companies compete with other businesses located in less costly regions.” The proposal described a program wherein HPD would provide $10 million, to be matched by employers, to 1,000 households in targeted neighborhoods for a down payment and/or closing costs. Eligible households must have annual incomes of up to $87,920 for a family of three or more and must purchase homes in neighborhoods that have lower than average incomes and ownership rates. The goal is to simultaneously increase homeownership opportunities and attract new businesses to the city (NHMP 2002, 13). Although unstated, an additional goal may be the revitalization of certain neighborhoods. Unfortunately, when asked what the status of this initiative is now, an HPD representative told me she had never heard of it.

This approach could be used more broadly to finance not only homeownership, but also rental housing. HPD could commit funds to the development of new apartment buildings in exchange for investment from private employers whose employees, in turn, would be guaranteed residency in existing affordable units. In effect, employees would receive a housing voucher funded in part by their employer and in part by the City.

Though it is not clear why the City may have abandoned this proposal, if in fact it has, employer-assisted housing may be a challenging model to initiate at the city scale. There is a risk that employers could opt to locate elsewhere in order to avoid having to subsidize employee housing. However, this would be less of a concern with large, successful companies. More than likely, the benefits of locating in New York City and maintaining a local employment base would outweigh this cost. Nevertheless, this issue raises the broader question of just how strongly the City can negotiate with the private sector in order to achieve its goals of middle class housing development.

6.3.c **Negotiate Maximum Public**
Good in Exchange for Public Resources

The public-private partnership behind HPS raises important questions of who benefits most from its development: the City and by extension the public (at least a segment thereof) or Related. Because the project is made possible by a great number of public resources—including land, costly infrastructure, subsidy, and tax-exempt bonds—the City has a responsibility to ensure that the public good derived from the development of HPS matches, if not outweighs, its cost. Under the current affordable housing model, public entities must incentivize strong developers to implement their vision and policies. But what degree of public gain is necessary to mitigate the tension between public resources and private profit?

It is easier to measure what Related stands to gain through its development of HPS. The rarity of a project of this type today, its scale, and its key role in the NHMP make HPS a much-publicized development. But in addition to professional renown, Related Companies will likely earn a significant return on its investment. Projects of this size add to Related’s already substantial portfolio of affordable housing. Ninety percent of the 37,700 apartments Related owns in 16 states are government-subsidized units. Between developer and management fees, this housing generates a consistent stream of revenue. At this scale, there’s plenty of income beyond that needed to cover direct organizational costs. This profit, then, enables Related to invest in more speculative, but ultimately potentially highly profitable, market-rate ventures. As The Wall Street Journal puts it: “This massive low-income housing operation throws off a river of cash for Related that runs fairly steadily through real-estate boom and bust. It helps [Related CEO] Mr. Ross bankroll some of the nation’s ritziest—and riskiest—commercial developments” (Frangos).

How the City will profit from its allocation of substantial public resources to the development of HPS is more difficult to determine. While it is not difficult to measure the fiscal cost of tax exemption, for example, it is doubtful that municipalities have a method to measure the public benefit gained per dollar spent. More likely, decisions on how to use resources are based on a combination of opportunity and politics.

In some ways, HPS is a “happy accident.” Had the City won the 2012 Olympic bid, this land may never have become the foundation for a new middle class community. The decision to develop affordable housing on the site, as opposed to other uses for which the land was or might be zoned, was undoubtedly based on several factors. Location likely played a key role, given the land is perfectly sited to become a transit-oriented development (TOD) within a short distance to Manhattan, as well as the broader residential market context of that area.

The choice of income group to subsidize was likely informed by more than demand. The middle class cause is popular for two primary reasons. One, a broad spectrum of Americans self-identify as middle class and therefore support agendas presented as though on their behalf. And two, research shows that more economically stable citizens like those in middle-income (versus low-income) units are more likely to vote.

However, a direct causal relationship between investment and political support is obviously difficult to establish. It
is precisely because measurement of non-financial gains is difficult that cities must shrewdly negotiate their resources with private entities. With greater public investment in middle class housing, it is important that the public interest is served. Affordable housing developed with gifts of land, tax exemption, subsidies, and other resources must be worth the loss of such highly valuable assets. In addition to the comparable expense of purely public development, factors for cities to consider are the number of units produced, depth and length of affordability, and project location.

6.3.d Develop a Replicable Model for Middle-Income Housing

While HPS is an ambitious project, it does not represent a replicable model of middle-income housing. It is relatively significant in scale, but it is not scalable to address the city’s larger problem of unaffordable housing. Large sites where thousands of units can be developed are increasingly rare. While the City once had a lot of land available for the development of affordable housing as a result of the tax foreclosures and abandonment of the 1960s and 70s, more than 98 percent of its in rem housing stock has now been returned to private ownership (Salama et al).

“The asset of having such a large concentration of land in City ownership is fairly unique,” says Amabile, but she is confident that HPD will nevertheless keep striving to develop middle-income housing. “I think that [goal] will continue to be folded into developments where the market can support it. It will still be a goal we’ll try to achieve, but it won’t be on that same scale.”

But current programs in place to address this issue are not equipped to make a significant impact. The City’s primary means to develop middle-income housing, the Mixed-Income and Inclusionary Housing rental programs and the New HOP homeownership program, undermine their own purpose by offering greater subsidy for the construction of low-income units. Consequently, they don’t sufficiently incentivize developers to develop middle-income housing. The Inclusionary Housing Program is particularly weak, as it incentivizes market-rate developers to create or preserve affordable units with the offer of a floor area bonus, which is only valuable in some cases. Further, the option to construct middle- rather than low-income units is limited to a few select areas.

If the City is to significantly increase its middle-income housing stock, it must either revise its existing programs or establish more effective middle-income programs. However, both options entail serious issues. Amending the Mixed Income Program or New HOP to more effectively target middle-income households could only be achieved by more equally allocating subsidy across income bands. However, this would amount to a redirection of resources away from those most in need. Low-income units are more expensive to develop and therefore require more funding. Without it, few developers would be inclined to construct them, and mission-driven developers would struggle to do so.

Meanwhile, revising the Inclusionary Housing Program would raise this issue as well as present another major
dilemma. Changing the required affordability mix and/or increasing the areas where middle-income units can be developed would no doubt arouse the ire of low-income housing advocates. But requiring private developers to include affordable units, rather than rewarding them for choosing to do so, would likely create a new opponent of middle-income housing. No doubt this tactic would significantly increase the city’s affordable housing stock, but such market regulation would likely meet with enough opposition to be rejected.

6.4 THE LIMITATIONS OF A NEOLIBERAL PARADIGM

The impact of the above recommendations will be necessarily limited by the dominant neoliberal paradigm within which affordable housing is currently produced. The rise of this ideology affected housing in New York City both indirectly and directly. First, in preventing an equal redistribution of wealth, neoliberal doctrine exacerbates this age of staggering income inequality. This is particularly true in prime New York City neighborhoods, where the transition to a “Wall Street economy” has left all but an elite struggling under the incredible cost of living, but is also true in other neighborhoods for a smaller segment of the population.

Second, this increased need across the income spectrum has been met with a decrease in social programs. The government role in building New York’s housing dates back to the 1930s, if not earlier. Over the next 50 years, as successive governments recognized that the market was too tight to accommodate low- or even middle-income households, interventions evolved from public housing to rent control to rent stabilization to Mitchell-Lama and other tax breaks. Each program was an attempt to manage the market failure to meet demands of New Yorkers comprising a range of income groups (Murphy).

However, in New York City and across the country, such major public interventions have been widely viewed as failures, despite the many successes. In this light, the City was all too happy to transfer major responsibility of subsidized housing provision to the private sector, which neoliberal doctrine claimed was better equipped to deliver housing, and higher-quality housing, to even the lower-income strata of society. According to Burgess et al, “The state’s role in production, ownership finance, marketing and regulation should be ‘rolled back’ and its activities should be restricted to those of ‘market enablement.’ Government was to be a coordinating and facilitating, rather than an interventionist, force” (Burgess et al).

Today, with the state’s role greatly diminished and its primary focus now enabling the market, public entities have lost much of their production capabilities. New York City’s huge housing projects and policies of the post-war period are a thing of the past—while the structures still stand, many units are expiring and programs dissolving. In their place are the various products of public-private partnerships. This has become the primary tool of today’s neoliberal approach to affordable housing, wherein the private sector executes the public will in exchange for certain benefits. “Under the Koch plan and the Bloomberg plan, the City did not personally develop one unit of housing,” says Gates of ANHD. “It’s all about partnering with either not-for-profits or for-profit housing developers. It’s an incentivization program, not a
direct development program.”

“The idea behind city policy is to encourage new market-rate development. That’s the essential underpinning of the Bloomberg housing policies,” opines Thomas Angotti, professor of Urban Affairs and Planning at Hunter College. “The rezonings were understood as a way of facilitating market forces by encouraging new development in the areas where it was considered appropriate. … The NHMP is a set of programs that are aimed at the remnants of some of the older neighborhoods—places like Harlem and the South Bronx—where there’s many distressed buildings and there are incentives needed in order to get investors interested. That’s the theory behind it. In practice, in my opinion, this is a way of pumping public funds and incentives into developers who might well have done it otherwise and to prime the gentrification process, which is occurring anyway.”

Given the current climate wherein the 1 percent and business lobbies exert undue power over political will, it is exceedingly difficult for this model to compensate for the inequalities of the market on a meaningful scale. When Mayor Bloomberg launched the NHMP, which would be funded by existing revenues and creative financing rather than an increase in taxes, he said, “I don’t think it’s right to make housing more expensive for some New Yorkers in order to make it more affordable for others.” But the building boom that followed—including both affordable and market-rate units—doesn’t seem to have made New York City any more affordable overall, according to recent data on housing cost burdens (Murphy).

Instead, this approach to affordable housing promotes division among New York’s disempowered (albeit to varying degrees) constituencies. Low-, moderate-, and middle-income households are pitted against each other in a competition for resources. Because these are scarce, there is no escape from the fact that devoting more to one group means less for another. This leads to battles over space and turf wars for territory, power, and rights between classes.

But for the middle class in New York, this is only half the struggle. This group has also been met with antagonism from the city’s more affluent residents. One might expect the concept of middle-income housing to be more palatable to this constituency (compared to low-income housing) because this population may be considered less alien. However, in the case of HPS, affluent neighbors view the development through the same lens of stigma that they perceive lower-income housing: both represent a threat to their property values. Despite the high design of HPS and the high income standards for tenant eligibility, this project has not been embraced by its market-rate neighbors. As a nation, one’s sense of value is so closely tied to housing that a NIMBY mentality informs opposition to not only developments, but also entire groups of people.

Within a classist society of scarcity, there may be no way to palliate both the low-income and wealthy constituencies opposed to middle-income housing. But as importantly, the need for this housing cannot be met
without stronger government action. An increase in public spending, however, would involve an increase in taxes or the deficit. Under current neoliberal policies, this is not an option. Therefore, there are certain inherent constraints within this paradigm that cannot be addressed without addressing the paradigm itself. As planners, the struggle continues for a just society within a system that promotes injustice.

“One of the problems is that housing is understood as an industry; it’s not considered a human right,” says Angotti. “If you consider that everyone has a right to decent housing in a decent environment, then you have a very different approach. Then it’s not all about the investors and the buildings and making the spreadsheets work. You have to do that, too, that’s important. But the first thing you have to do is give priority to the people.”

1 This phrase was coined by Jimmy McMillan during his 2010 campaign for New York State Governor. The founder of the Rent Is Too Damn High Party and perennial candidate is now running for New York City mayor in the upcoming election on the same platform.

2 The City’s Mixed-Income Housing Program is very similar to this, with a 50/30/20 breakdown, and actually requires a higher number of middle-income units than Weiner proposes.

3 According to The New York Times, Mayor Bloomberg wrote to Governor George Pataki in a 2005 letter: “Residency requirements are absolutely acceptable restrictions

which a state or municipality may place upon its employees and, in fact, have withstood constitutional challenges seeking to invalidate them. To legislatively expand or create residency exemptions on a piecemeal basis without a compelling need to do so is simply unwise public policy,” as if high housing costs were not a compelling need (Hu). That same year, Bloomberg opposed a law, signed by the governor, to ease residency rules for city sanitation workers (it later passed). Then in 2009, he vetoed two bills passed by the City Council to allow city workers to move out after two years of residency; those vetoes were overridden. He next issued an executive order requiring that the city’s top officials in charge of making policy and day-to-day operations be required to live in the city. However, exceptions are granted to these higher-income professionals (Chen).

4 The development is named after the primary tenant, Boricua College, and reflects the area’s growing Puerto Rican population.

5 Neoliberalism emerged in the 1980s in response to recent economic changes, including the end of the post-war boom and the onset of a period of stagflation. In New York and other large cities, this brought an overall decrease in support for social programs, both because the decline of the manufacturing economy meant fewer constituents with these values and because the rise of the knowledge economy brought a new constituency opposed to public spending and in favor of low taxes.
Bibliography


Berg, Andrew G. and Jonathan D. Ostry. “Inequality and Unsustainable Growth: Two Sides of the Same Coin?” International Monetary Fund, April 8, 2011.


“Cost of Living Index: Comparative Data for 304 Urban Areas.” Council for Community and Economic Research 45, no. 3 (October 2012).

Coulton, Claudia J. “Geographic Concentration of Affluence and Poverty in 100 Metropolitan Areas, 1990.” Center for Urban Poverty and Social Change, Mandel School of Applied Social Sciences, Case Western Reserve University, 1995.


“Income Inequality in New York City.” New York City Comptroller, May 2012.


Long Island City. NYCEDC, 2011.


NYC Movers Study. Harris Interactive. For the City of New York, n.d.


“Real Affordability: An Evaluation of the Bloomberg Housing Program and Recommendations to Strengthen Affordable Housing Policy.”

Association for Neighborhood and Housing Development, Inc., 2013.


Roberts, Sam. “Study Shows a Dwindling Middle Class.” *The New


Sickles, Martha. “Chapter Hears Details of Middle Income Housing Plan.” NY Metro, American Planning Association (February 2007).


Special Hunter’s Point Southern Zoning District Text. City of New York, n.d.


“The Big Apple Housing Squeeze: Paying 50 Percent of Income on Rent


Weiner, Anthony D. “Keys to the City: 64 Ideas to Keep New York the Capital of the Middle Class.” 2013.


Wha Lee, Moon. Selected Initial Findings of the 2011 New York City Housing and Vacancy Survey. New York City Department of Housing


**Image Credits**

Page 11: Mario Tama/Getty Images

Page 24: LeFrakCity.com; Coop.org; HousingFinance.com

Page 65: Site plan courtesy of the City of New York

Pages 78-9: Renderings by SHoP Architects

Page 85: Rendering courtesy of NYCEDC

*All images © Karina Milchman unless otherwise noted. All maps based on 2007-2011 ACS data.*
Interview Subjects

Mary Abbate, Associate Executive Director for Community Services, Queens Community House (3/28/2013)

Gabriella Amabile, Director of Land Use Policy, NYC Department of Housing Preservation and Development (3/21/2013)

Thomas Angotti, Professor, Urban Affairs and Planning at Hunter College and the Graduate Center, City University of New York; Director, Hunter College Center for Community Planning & Development (CCPD) (2/15/2013)


Jonathan Beuttler, Project Manager, Multi-Family New Construction, NYC Department of Housing Preservation and Development (1/10/2013)

Vishaan Chakrabarti, Partner, SHoP Architects; Associate Professor, Real Estate Development, Director of CURE (the Center for Urban Real Estate), Columbia University's Graduate School of Architecture, Planning & Preservation (3/13/2013)

Moses Gates, CHAMP Director, Association for Neighborhood and Housing Development (2/14/2013)

Karen Hu, Assistant Vice President, Phipps Houses (1/14/2013, 3/28/2013)

Becky Koepnick, Director, The Moelis Institute for Affordable Housing Policy at the Furman Center for Real Estate and Urban Policy, NYU (1/12/2013)

Penny Lee, Senior Planner, Department of City Planning, Queens (1/6/2013)

John Mollenkopf, Director, Center for Urban Research; Distinguished Professor, Political Science and Sociology, the Graduate Center, CUNY (1/14/2013)

Frank Monterisi, Vice President of Development, Related Companies (2/8/2013, 3/28/2013)

Anthony Richardson, Director, Multi-Family New Construction, NYC Department of Housing Preservation and Development (1/10/2013)

Jeffrey Shumaker, Deputy Chief Urban Designer, Department of City Planning (1/14/2013)

Beatriz de la Torre, Assistant Commissioner, Planning, Marketing and Sustainability, NYC Department of Housing Preservation and Development (3/14/2013)

Barika Williams, Policy Director, Association for Neighborhood and Housing Development (2/14/2013)

Saky Yakas, Partner, SLCE Architects (3/28/2013)