

Unaffordable Housing by Dan Jacoby

Last month, the local newspapers in Queens were full of stories touting the new agreement to build 5,000 units of housing, some of which (nobody seemed to know just how many) will be listed as “affordable”.

Mayor Michael Bloomberg was quoted as saying that this is “an extraordinary component of our pursuit to create affordable housing.” Deputy Mayor for Economic Development Dan Doctoroff said, “This agreement presents a valuable opportunity to create a community that will affordably house middle-income families.” According to City Council Member Eric Gioia, “We now have an opportunity to build new neighborhoods where the middle class can not only survive but thrive.”

These statements are far from the truth, and the politicians who made them should be ashamed of themselves.

Now, the papers (well, some of them) are reporting that this isn't affordable housing after all. Council Member Gioia suddenly seemed to be shocked, shocked to discover this fact, saying, “There needs to be a reality check.”

So let's do a reality check.

This agreement is based on numbers put out by the federal Department of Housing and Urban Development (HUD), and these numbers have little to do with the situation in New York City, as anyone who bothered to take a look could easily see.

Affordable housing projects like this are, in part, federally subsidized, and must meet federal standards, specifically, they must be “affordable” for families earning between 80% and 200% of median family income. The problem occurs when determining just how much “median income” is.

In past years, HUD published median income figures for New York City alone, but this year they switched tactics. Instead, HUD published figures for the entire New York metropolitan area, which includes five surrounding counties, and those suburban families earn a lot more than city families. The result is that, instead of “affordable” housing being targeted at truly middle-income New York City families, it is skewed toward richer suburbanites.

Based on general median income numbers for New York City in recent years, the true number for New York City's median income is almost certainly less than 3/4 of the “official” numbers for the metropolitan area. That's an enormous difference.

The difference between the “official” HUD figures and the real numbers for New York City (based on best estimates) is that a two-bedroom apartment in such “affordable” housing would not rent for \$1,500-\$3,600 a month, but about \$1,000-\$2,500 a month – certainly more “affordable” rates. And smaller apartments, the ones aimed at the type of households most New Yorkers live in, would rent for even less, possibly as little as \$600 a month for a studio apartment.

As they say in those annoying late-night television ads, “But wait! There's more!”

¹ <http://www.census.gov/acs/www/Products/Profiles/Single/2003/ACS/Narrative/050/NP05000US36081.htm>

² <http://www.census.gov/acs/www/Products/Profiles/Single/2003/ACS/Narrative/160/NP16000US3651000.htm>

³ <http://www.nyc.gov/html/hpd/downloads/pdf/2005-Housing-and-vacancy-survey-initial-findings.pdf>

Another way to look at this issue is to compare prices just over a mile away, at the Sunnyside/Woodside border. According to a local real estate broker, two-bedroom apartments, the kind suitable for small families, are renting for \$1,400-\$1,600 a month. In other words, the market rate for middle-income families close by is already at the bottom end of what the subsidized rate would be under this plan.

This means, of course, that developers and landowners would get federal subsidies to rent apartments at or above market rates.

For whom is this “affordable”?

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¹ <http://www.census.gov/acs/www/Products/Profiles/Single/2003/ACS/Narrative/050/NP05000US36081.htm>
² <http://www.census.gov/acs/www/Products/Profiles/Single/2003/ACS/Narrative/160/NP16000US3651000.htm>
³ <http://www.nyc.gov/html/hpd/downloads/pdf/2005-Housing-and-vacancy-survey-initial-findings.pdf>