Tenants Under Siege: Inside New York City's Housing Crisis

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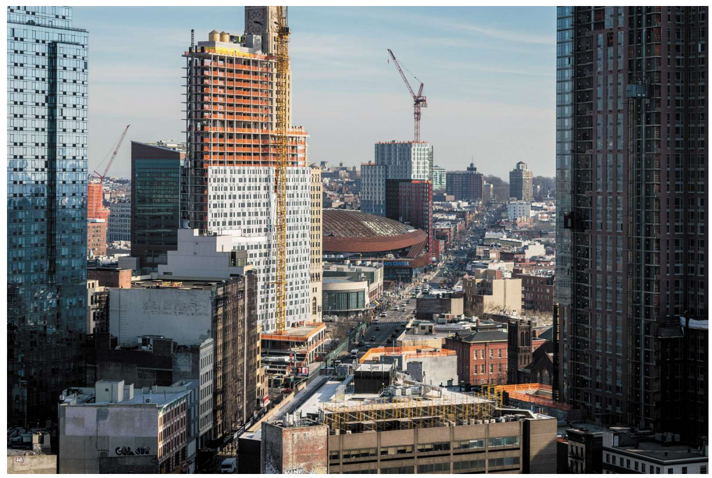

Rob Abruzzese/Brooklyn Eagle

A view from 7 DeKalb Avenue, an apartment tower in Downtown Brooklyn. Eighty percent of its 250 apartments are subsidized units, for which there were 87,754 applications when it opened.

New York City is in the throes of a humanitarian emergency, a term defined by the Humanitarian Coalition of large international aid organizations as "an event or series of events that represents a critical threat to the health, safety, security or wellbeing of a community or other large group of people." New York's is what aid groups would characterize as a "complex emergency": man-made and shaped by a combination of forces that have led to a large-scale "displacement of populations" from their homes. What makes the crisis especially startling is that New York has the most progressive housing laws in the country and a mayor who has made tenants' rights and affordable housing a central focus of his administration.

The tide of homelessness is only the most visible symptom. There are at least 61,000 people whose shelter is provided, on any given day, by New York's Department of Homeless Services. The 661 buildings in the municipal shelter system are filled to capacity nightly, and Mayor Bill de Blasio recently announced plans to open ninety new sites, many of which are already being ferociously resisted by neighborhood residents. A packed meeting in Crown Heights, Brooklyn, about a proposed shelter for 104 men over the age of fifty that I attended this winter quickly devolved into a cacophony of ire. "You dump your garbage on us because you think we're garbage!" shouted a black woman to a city official. The official seemed stunned, and police watched anxiously as the meeting broke up.

The revulsion against the homeless seemed linked to a deep suspicion of "the powers that be, whoever they may be," as one attendee put it. There were already several shelters in the area. The de Blasio administration's argument that the homeless should be placed in the neighborhoods they come from so they can renew connections and have a better chance of getting back on their feet only compounded the insult. Were the local residents "connected" to the homeless—those on the lowest social rung? When the city changed eligibility for the shelter to men sixty-two and older, residents opposing it were not assuaged: a neighborhood association filed a lawsuit that blocked the shelter from opening for nearly two months, until it was dismissed by a judge in late May.

The case is indicative of what New York faces as it tries to cope with its housing emergency. Last year more than 127,000 different men, women, and children slept in the shelters. And in 2015, though the city managed to move 38,000 people from shelters to more permanent housing, the number of homeless increased. The administration's most optimistic forecast sees no significant decrease in homelessness over the next five years; the aim is merely to keep it from growing.

New York is the only city in the United States to have taken on the legal obligation of providing a bed for anybody who asks for one and has nowhere else to sleep. This came about after advocates for the homeless argued, in a series of lawsuits in the 1970s, that shelter was a fundamental right, not just a social service. To establish this they pointed to an article in the New York State Constitution that implies public responsibility for "the aid, care and support of the needy." The legal battle culminated in an enforceable consent decree to shelter the homeless—the Callahan decree—that Mayor Ed Koch's administration voluntarily signed in 1981. Three years later Koch said of the signing, "We made a mistake, and I am the first one to say it." No one at the time imagined the future extent of homelessness and the enormous municipal effort that would be required to deal with it.

The Callahan decree is the reason that the vast majority of New York's homeless are out of sight, more of a news story than a daily reality that might jolt us into a pressing awareness of the human suffering the crisis entails. The number of identifiably homeless who live on the street—in train tunnels, under expressways, in basements and crawl spaces, and on tenement roofs—is fairly stable. No one claims to know how many of them there actually are, but for years a variety of estimates have put the number at about 3,000 to 4,400 in winter and 5,000 to 7,000 during the summer.

In fact, 75 percent of New York's homeless are families with children, and at least a third of the adults in these families have jobs. The bank teller, the maintenance worker, the delivery person, the nanny, the deli man, the security guard—any number of people we cross paths with every day—may be living, unbeknownst to us, in a shelter. A full-time postal worker I know lives with her two daughters in a shelter because, after losing her apartment of fourteen years, she has been unable to find housing she can afford.

Every day city employees struggle to provide emergency quarters for those they have no space for in shelters, cramming parents and their children into hotel rooms in every borough. In February 2016, when the number of homeless hotel dwellers reached 2,600—and a mother and two of her children were murdered in a Staten Island hotel where they had been placed by the city—Mayor de Blasio vowed to reduce the practice; despite his best efforts, by December the number had swollen to 7,500. There have been predictable "scandals" about the Department of Homeless Services scrambling at the last minute to put up a few dozen families for the night in expensive Manhattan hotels. But the vast majority are clustered in the outer reaches of the outer boroughs, where rundown cinderblock motels along expressways and elevated railroad tracks supplement city shelters. The ninety new shelters de Blasio plans to open are meant to ease the need for these measures, but there is no guarantee they will. One might reasonably imagine what New York would be like without the Callahan decree, and nearly 70,000 men, women, and children wandering the streets with no place to stay.

And these are only the officially counted homeless. Many others don't show up in the statistics: people living temporarily with relatives or friends or fleeing the city altogether, not because they failed to pay rent or violated the terms of their leases, but because their landlords found a way to wrest their apartments from the rules of "rent stabilization" and take advantage of their soaring market value. The doubling and tripling up of evicted families has led in some neighborhoods to "severe overcrowding," defined as more than 1.5 occupants per room. Citywide, the number of severely overcrowded households increased by 18 percent from 2014 to 2015. Often the situation becomes untenable after a while and the "couch surfers" move to municipal shelters.

2.

The system of rent stabilization is another development peculiar to New York, with its history of overpopulated slums, tenant activism, and crusaders for social reform. No other American city provides legal protection to tenants at anywhere near New York's level. Housing shortages after World Wars I and II, protests (and sometimes riots) against price gouging and substandard conditions, and a huge voting bloc of renters with shared interests have led, over the past hundred years, to an evolving series of state-enforced regulations.

In 1969 rent stabilization was established by the state legislature, covering older buildings, for the most part, with six or more units and a history of tenant leases. Though legislators have tinkered with the laws almost annually ever since—weakening protection during some periods, strengthening them in others—the basic system remains intact today: landlords can increase rents for stabilized apartments only at or below a rate set by the city's Rent Guidelines Board, all of whose members are appointed by the mayor. In recent years increases have ranged from 3.75 to 4.5 percent for one-year leases. In 2015 and 2016, the Rent Guidelines Board froze rents to provide relief for tenants. Tenants in these apartments are also guaranteed the right to renew their leases.

Currently almost half of the rental apartments in New York City are stabilized—about 990,000 units, with 2.6 million people living in them.[1] Three quarters of these units were built before 1947. They are found in late-nineteenth- and early-twentieth-century tenements, pre-war towers, and U-shaped apartment blocks, and they are among the city's most precious resources, as critical to its well-being, I would argue, as its transit system and public parks. In view of this extraordinary level of regulation, it may seem surprising that New York faces a crisis in affordable housing. But rent-stabilized apartments are disappearing at an alarming rate: since 2007, at least 172,000 apartments have been deregulated. To give an example of how quickly affordable housing can vanish, between 2007 and 2014, 25 percent of the rent-stabilized apartments on the Upper West Side of Manhattan were deregulated.

A major reason for this is that once the monthly rent of an apartment exceeds $2,700, the owner may charge a new tenant whatever the market will bear—which, because of the exceptional pressures on New York real estate, may be thousands of dollars more. Not long ago a rent-stabilized building would sell for ten or at most twelve times its rent roll—the amount of money, before expenses, that it generates in a year. Today, it sells for perhaps thirty or forty times that amount, or ten times what the rent roll would be after regulated tenants have been dislodged. The clearing out of rent-stabilized tenants has become such a common real estate practice that it is added to a building's value even before the fact. Landlords have found enough loopholes in tenant protection laws to make widespread displacement a viable financial strategy. A building in Crown Heights with one hundred stabilized units and a rent roll of $1.2 million might now fetch $40 million or more—and every tenant must be forced out for the investment to be recouped.

Eli Duke

A block in Bedford-Stuyvesant, May 2011

The buyers at these prices are, more often than not, private equity funds that manage pools of investors' money: a typical participant in the Central Brooklyn market describes itself as an asset investment firm that specializes in the "repositioning" of multifamily buildings. The aggressive entry of hypercapitalized investors into the working- and lower-middle-class real estate market has struck Central Brooklyn—and the South Bronx, and East Harlem, and Washington Heights, and practically every New York neighborhood with a concentration of rent-stabilized buildings—like a thunderclap in the span of just a few years. They are a new type of owner in the outer boroughs, ones who can afford patient, relentless eviction proceedings and tenant buyouts in a way that most previous owners, who were often individual slumlords working with a different set of profit margins, could not.

The supply of higher-paying renters driving the new real estate market appears to be strong, if not exactly inexhaustible. New York has become one of a handful of big cities (London and Hong Kong are among the others) preferred by a global financial elite—not just the super-rich buyers of $50 or $75 million condominiums in the heart of Manhattan, but the "ordinary" rich as well, from places like China, Germany, Brazil, India, Russia, and the wealthy suburbs of the United States itself. Relatively crime-free Brooklyn has acquired the luster of an international brand. The well-off don't comprise the entire new real estate market by any means, but there are enough of them to keep pushing up prices and to put pressure on New Yorkers of moderate means.

The effect has been catastrophic. A woman I know—call her S—who lived on Schenectady Avenue in Crown Heights for twenty-three years and raised her eighteen-year-old daughter there told me she was recently presented with a new lease in which the rent went from $1,017 to $2,109 per month. The hike was perfectly legal. Over the years, the landlord had not passed on the annual increases granted by the Rent Guidelines Board and was thus able to add all of them to the lease at once. Realtors call this "gentrification insurance"; the Rent Guidelines Board calls it "preferential rent." Tenants in at least 250,000 rent-stabilized apartments pay preferential rents, which gives an idea of how many New Yorkers are in immediate danger of losing their homes as a result of drastic increases when their leases come up for renewal. When real estate companies began to market Crown Heights as a "newly discovered," desirable urban frontier, S's landlord levied the accumulated increase without warning. Shortly after, he sold the building.

S's daughter, who was studying to become a dental hygienist, took on extra hours at a retail clothing chain where she worked. But they still missed rent payments, and late fees were piling up, adding to the burden. S seemed locked in a nightmare when I saw her one morning begging for a fare at the Utica Avenue subway station so she could get to her job as a home nursing aide in Manhattan. She had become impoverished overnight, paying close to 70 percent of her income in rent, and saw no recourse other than to accept her new landlord's offer of $45,000 to move out and sign away any lingering legal claim she might have to renew her lease at the stabilized rate.

"I put up with these streets when you had to be half-crazy to go out to the bodega for a quart of milk after dark," said S. "I got rid of a rat infestation four years ago myself." She and other tenants once pooled money to install a new hot water heater when the old one broke down. "We watched over this street, we cleaned it up. Why should we have to leave?" S and her daughter were shuttling between various relatives and friends—paying for a couch here, a spare bed there—when I lost touch with them.

Forty-five thousand dollars seemed like a lot of money when it was offered, and it did alleviate some of S's immediate financial worries, but in New York's housing market it wasn't nearly enough to replace what she and her daughter had lost. They were unlikely to find a comparable home they could continue to afford after money from the buyout ran out: most vacant rent-stabilized apartments become more expensive as landlords act to push them toward deregulation.

From the point of view of S's landlord, the buyout was a sound investment that would pay itself back in increased rent in little more than a year, while adding substantially to the value of the building should the new owners decide to sell it. With the apartment empty, they were able to add a 20 percent vacancy bonus to the next lease, bringing the rent to $2,528. According to S, who stayed in touch with her former neighbors in the building, a renovation that involved throwing up a sheetrock wall to create a second bedroom, replacing a few kitchen cabinets and appliances, and installing a wine refrigerator and a stacked washer/dryer comfortably pushed the rent over the deregulation limit of $2,700; the law permits landlords to add to the rent 2.5 percent of the cost of "major capital improvements." There is no effective oversight of the amount landlords claim to have spent on improvements, while there is every incentive to inflate the costs.

The conversion of a one-bedroom apartment to a cramped two-bedroom allowed the landlord to lease to a group of three young roommates who split the new monthly rent of $4,300. These new tenants are the supposed "gentrifiers" of Brooklyn: they may be Web designers, fund-raisers, editorial assistants, fashion industry aspirants, musicians with a couple of floating bartender gigs, line chefs, elementary school teachers, film or TV crew workers, or online journalists—people with the kinds of jobs that New York abundantly generates. Priced out of the borough's more expensive neighborhoods—like Williamsburg, DUMBO, Fort Greene, and Park Slope (not to mention Manhattan)—they are beckoned by rental agencies that specialize in introducing young, single renters to the deeper territories of Brooklyn.

When a landlord embarks on a campaign to "unlock value" in his building, it becomes a consuming psychological torment for renters. "Landlord harassment is practically all anyone I know talks about," a beleaguered tenant named Nefertiti Macaulay told me. "When it comes, it's like a bomb's gone off in your living room." After an equity firm bought her building and began pressuring tenants to leave, Nefertiti tried, with mixed results, to organize a rent strike. Amiable and proper, with a tattoo on her shoulder of the famous bust of the Egyptian queen who bears her name, Nefertiti has lived her entire life in Brooklyn. After her experience with her landlord she became a housing advocate and currently works as a community liaison for Diana Richardson, who represents Crown Heights in the New York State Assembly. She told me of a seventy-one-year-old man and his ninety-year-old mother who have lived in the same apartment in another building for forty years. "The new owner wants to give them $60,000 to move, and they think they have to take it because the landlord says so. They're more than likely to end up at the mercy of the [Department of Homeless Services], at an annual cost to the city of $43,000 per person. I see it happen all the time."

One of the tactics owners employ is to hold rent checks without cashing them and then sue tenants for nonpayment. Delores, who has lived on Eastern Parkway for twenty-five years, found herself embroiled in this scheme. Between 2013 and 2015 her building was flipped twice. "We don't even know who the owners are. When we call, no one answers. And when they do answer, they're very disrespectful. They tell us they're going to relocate us to East New York. Where in East New York? It's like we're bad inventory they want to off-load to some warehouse so we're not in the way anymore."

Some landlords bring tenants to court for putting up bookshelves (which may violate the letter of a lease that prohibits renters from drilling into walls) or for having a roommate or, in one case I know of, a pet canary. "Most people here don't believe in the courts because they're used to it working against them," said Nefertiti. "That's what landlords count on." Many renters are unaware of the laws protecting them and have little knowledge of how New York's intricate housing bureaucracy works, so they are easily intimidated by determined owners. A court date is also a missed day at work. Landlords don't expect to win all of these skirmishes, but the barrage of lawsuits helps set the stage for a buyout: financially and emotionally ground down, the tenant agrees to relinquish his rights and depart.

An artist I know in South Williamsburg took flight after her landlord paid a homeless man to sleep outside her door, defecate in the hallway, invite friends in for drug-fueled parties, and taunt her as she entered and left the building. In East New York a mother tells of a landlord who, after claiming to smell gas in the hallway, gained entry to her apartment and then locked her out. In January, a couple with a three-month-old baby in Bushwick complained to the city because they had no heat. In response, the landlord threatened to alert the Administration for Children's Services that they were living with a baby in an unheated apartment. Fearful of losing their child, they left, leaving the owner with what he wanted: a vacant unit.

Ed Reed/Mayoral Photography Office

Mayor Bill de Blasio and City Councilman Robert Cornegy taking questions during a town hall meeting in Bedford-Stuyvesant, March 9, 2017. At the meeting, Michael Greenberg writes, 'the mayor told his worried audience not to "think the city is all-powerful."'

What might be a welcome development under different circumstances—the sale of a neglected building and its renovation under a new owner—today provokes immediate panic. Any effort at "improvement," many tenants suspect, is probably the first salvo in what will be a protracted assault on their homes. A group called the Association for Neighborhood and Housing Development, with the help of the Ford Foundation and the Mertz Gilmore Foundation, has assembled a Displacement Alert Map that identifies residential properties where tenants are vulnerable to harassment and illegal evictions. Using public data, it assigns risk scores to buildings with rent-stabilized units that have sold for more than the average price in the neighborhood and whose owners have applied for work permits from the city's Department of Buildings. Of 96,400 properties on the map, 24,766 had the highest risk of displacement. The map gives tenants of these buildings, and their advocates, a way to keep track of landlords' plans and to prepare, if necessary, an early defense against eviction.

Costa lives in Central Brooklyn, in the type of pre-war building you might find in any part of New York. His place consists of a small misshapen living room, clearly carved from a larger apartment, with a makeshift kitchen wedged against a wall. The bedroom is just big enough for a mattress. He has been living there since he was discharged from the Marines sixteen years ago.

In 2014, a management company purchased the building and set out to get rid of as many rent-stabilized tenants as possible. Over the course of a year, they were able to push out about a third. "They offered me $50,000," said Costa, "a sum they could make up in rent in two years. I told them I needed half a million."

The new owners began renovating the vacant apartments. According to Costa, they didn't obtain work permits but photocopied old ones and taped them to the doors. "They worked at all hours, especially at night, on weekends, on holidays, around the clock, dust everywhere, a hell of rubble, you couldn't sleep or hardly breathe. The workers cursed at us, as if they'd been instructed to treat us like crap."

Costa and other residents obtained an order to stop construction. After a brief pause, however, it started again. Apartments were flooded. A neighbor's ceiling collapsed; another's wall caved in. Costa recorded some of the illegal work on his cell phone. A few days later, an employee of the management company showed up with police, who arrested Costa for threatening behavior: the crew foreman claimed he had brandished the phone in anger. Costa was taken, in handcuffs, to Kings County Hospital, where he was dressed in a gown and held "for psychiatric evaluation." He had never been arrested or treated for a psychiatric condition and was released after twelve hours with a "deferred diagnosis." In February 2016, less than two years after they bought the building, the owners sold it for almost twice what they had paid.

As astonishing as Costa's experience was, even more shattering was that of the tenants of a building on New York Avenue, whose owners sent construction crews into occupied apartments, claiming they had come to fix structural problems. They ripped out walls, shut off water, and then abruptly ceased work, leaving occupants with piles of dust and debris. One woman had to be freed by the Fire Department after workers nailed her front door shut from the outside with plywood.

Stories like these move through the city like an underground stream. I repeat them not because they are extraordinary, but because they are a fact of life for thousands of New Yorkers. For the most part they go unnoticed. The displaced slink away, crouched into their private misfortune, seeking whatever solution they can find. Many experience displacement as a personal failure; they dissolve to the fringes of the city, forced to travel two or three hours to earn a minimum wage, or out of the city altogether, to depressed regions of Long Island, New Jersey, or upstate New York. If they have roots in the Caribbean, as some residents of Central Brooklyn do, they may try to start again there. Or they may join the growing number of people who are officially homeless, dependent on the city for shelter.

3.

Mayor de Blasio is keenly aware of the pressures bearing down on what, as a candidate in 2013, he called "the other New York"—that vast sector of the city's population that lost considerable economic ground during the twelve-year mayoralty of his predecessor, Michael Bloomberg. De Blasio has tried to blunt the hardships, but he also concedes that the forces responsible for the city's housing emergency are beyond his control. At a town hall meeting I attended at a Bedford-Stuyvesant elementary school on March 9, the mayor told his worried audience not to "think the city is all-powerful. This is about something called money." He urged renters to think twice before succumbing to landlords offering to buy them out of their stabilized leases, while tacitly acknowledging that thirty or forty or even fifty thousand dollars for someone accustomed to living week-to-week may be difficult to turn down. People had to figure out for themselves whether their leases and the rights that went with them should be put up for sale. "Sometimes, it's a personal choice," he said, with resignation.

The core of de Blasio's housing plan, announced in 2014, is to "build or preserve" 200,000 affordable rental units throughout the five boroughs by 2024. The preservation part of the plan aims to keep 120,000 units that are already affordable from passing into the unregulated market. Often the administration's efforts involve buildings that landlords allowed to fall into decrepitude and then forfeited, on account of unpaid taxes in the 1970s and 1980s. The city arranged financing for builders to renovate them and either keep existing tenants or, if the properties had become uninhabitable, give affordable leases to new ones. These arrangements usually last for twenty to thirty years—the time it takes the builders to repay their loans—at which point the affordability requirement expires, and they have the right to assume full control over the properties. The de Blasio administration has been stepping in, negotiating an extension with these owners to keep their buildings affordable.

A typical example is the sixty-three "senior apartments" at Monsignor Alexius Jarka Hall on Bedford Avenue in Williamsburg, Brooklyn. The residence, owned by a nonprofit organization called the People's Firehouse, recently received $19 million from the city to fix the roof and remain affordable for another thirty-five years. The city has struck hundreds of such deals, and while they are of critical importance, they do not add to the pool of affordable housing or protect tenants in the vast number of rent-stabilized buildings for which the government has no negotiating leverage to ease the threat of eviction.[2]

The "build" part of de Blasio's build-or-preserve housing plan gives private developers tax breaks to include a total of 80,000 affordable rental units in newly constructed market-rate buildings. The tax break, known by its legislative code number, 421-a, dates back to 1971, when the city's economy was collapsing and its white working- and middle-class population was fleeing to nearby suburbs or to the Sunbelt, after rising energy costs encouraged the migration of jobs from the Northeast. At that time the challenge was not to create affordable housing but to keep bankrupt landlords from abandoning properties to scavengers and squatters.

Today, the tax break's main purpose is to encourage large developers to build. Under 421-a, owners are exempt from paying the increase in property taxes that would normally result from new construction: if a building worth $200 million is erected on a lot valued at $10 million, the owner will not be taxed for the $200 million enhancement. In exchange, developers must set aside 20–30 percent of the units at below-market rates for tenants who are chosen by city officials in an income-based lottery. The apartments remain affordable for the duration of the tax exemption period, which in April was extended from twenty-five to thirty-five years.

De Blasio defends the program as the fastest and most practical way to provide a significant number of apartments for people in need. "My plan offers volume," he said at the town hall meeting in March. "And in housing, volume matters." Eighty percent of the volume, however, consists of high-cost market-rate rentals, far more of them than would have been built without the enticement of 421-a. Measured purely by volume, there is no housing shortage in New York—the upper end of the market is glutted with apartments, partly because tax exemptions and rezoning laws have made construction so attractive to developers. In a ten-block area of Downtown Brooklyn, nineteen residential towers with nearly seven thousand rental units are either under construction or have recently been completed. If we include the area immediately around Downtown Brooklyn, a total of 15,200 apartments have been built or had their plans approved since 2011, almost all of them with 421-a exemptions.

As more and more apartments have come onto the market, landlords have had to offer "sweeteners" to attract tenants. Posing as a prospective renter, I recently toured one of these buildings and was offered two months' free rent on a two-year lease for a $5,400-per-month apartment. The lease came with a complimentary health club membership, concierge service, and common areas that included a sun deck and party rooms that tenants were "invited to share," but the apartment itself was a narrow cookie-cutter two-bedroom. Turnover is high. "With so much to choose from at $5,000 there's really no reason for tenants to stick around," a broker told me.

DNAinfo.com/Dartunorro Clark

East Harlem residents protesting the city's rezoning plan for the neighborhood during a community forum, November 2016. When the plan came to a vote the following June, Michael Greenberg reports, a local protester called it 'ethnic cleansing.'

The 421-a exemptions cost New York $1.4 billion in uncollected property tax in 2016, and de Blasio's housing plan is now expected to cost at least $10 billion in exemptions by 2024. The city appears to be getting relatively little affordable housing for the money. In 2016 it managed to squeeze 6,844 new affordable units out of developers, as construction projects that had broken ground in 2014 were completed—a numerical victory, but only 35 percent of those apartments were for households making less than $40,000, the income level that is being most relentlessly pressured with eviction from older, "undervalued," rent-stabilized buildings. Citywide, de Blasio's program provides far more affordable units for households making $63,000 to $143,000. (The government deems housing affordable when a household spends no more than 30 percent of its income on rent.)

Yet the program appears to redefine what low and moderate income means. At 382 Lefferts Avenue in Brooklyn, for example, new subsidized one-bedroom apartments rented for $2,047 in May 2015, $400 more than the neighborhood average. According to the most recent data, the median annual household income in Brooklyn is $44,850; to be eligible for a one-bedroom at 382 Lefferts Avenue a tenant would have to earn at least $82,000 a year.

At 7 Dekalb Avenue, a gleaming zinc-skinned centerpiece of the residential skyscrapers that are rapidly rising in Downtown Brooklyn, three quarters of the subsidized units are for individuals earning at least $57,000 (for studio apartments) and families making up to $142,000 (for two-bedroom apartments). The poor aren't forgotten, but the de Blasio plan appears to convey the belief that in the growing, privatized, global supercity that New York has become, families of four with incomes as high as $150,000 are in danger of being priced out without some form of assistance.

At the town hall meeting, the mayor, trying to explain why he hasn't set aside more units for those near the poverty line, said, "There are swamps of people who make less than $40,000 a year. People who make $50,000 need help, too." To a renter in the audience anxious about her future, he admitted, with a touch of sadness, that his housing policy "may not help you personally. New York may not be exactly the same city you've known." But he claimed that he was doing all that was realistically within his power "to protect the character of New York."

Much has been made of how difficult it is to win the lottery for one of these affordable apartments: between 2013 and 2015, 2.9 million applicants entered the lottery for 4,174 units, a 700 to 1 ratio. The number suggests a stampede for subsidized housing across the eligible income bands. But when the pool of applicants is looked at more closely, a revealing disparity emerges. To give an example, at 535 Carlton Avenue in the Prospect Heights section of Brooklyn, a neighborhood that has experienced a dramatic increase in property values in recent years, 92,743 households entered the lottery for 297 affordable apartments. But only 2,203—less than 3 percent of the applicants—applied for the 148 units (almost half the total) that had been set aside for households earning six figures. (The monthly rent for these units ranged from $2,680 to $3,716, depending on their size.)

By contrast, 65,000 households—about 70 percent of the applicants—vied for ninety units for tenants with incomes of between $20,126 and $63,060.[3] So few applied for the more expensive apartments because New Yorkers at that income level have enough options at similar prices in the unregulated rental market. What they lack are homes they can afford to buy, a very different problem. In a rush to rack up "affordable" units and get to the 80,000 he promised, de Blasio appears to have stocked the program with housing for upper-middle-income tenants who don't need it. It costs more to subsidize the poor because they can pay so little themselves; the logical fiscal alternative is to subsidize those who can pay more.

In any event, developers are likely to prefer—and insist upon—filling their mandatory affordable units with tenants in the higher income bands. Benjamin Dulchin, executive director of the Association for Neighborhood and Housing Development, worries that the city isn't tough enough with developers. "It's all in the details, how the city applies its considerable power to shape the market," he told me. "If a developer says, 'I don't like your affordable allotment, I'm not going to build right now,' the city should tell him, 'Fine, then wait two or three years,' instead of caving and giving away too much of the public interest."

De Blasio's plan is predicated on the rezoning of fifteen neighborhoods to allow for higher residential density, as urbanists call it. This means the construction of large apartment buildings designed to attract much wealthier tenants than have previously lived in those neighborhoods.

In April 2016, East New York in Central Brooklyn, one of the poorest districts in the city, became the first to be rezoned under de Blasio's plan. Two years earlier, investment groups, having learned of the impending change, began buying up older, rent-stabilized buildings and engaging in the familiar pattern of "unlocking" value through tenant harassment and eviction. Prices shot up. Short-term speculators flipped buildings for an average return of 105 percent, one of the highest rates of appreciation in all of New York in 2015. (To get a sense of the dramatic returns for flipped properties in outlying districts of Brooklyn, see the report by the Center for NYC Neighborhoods.)

The city has promised to spend $257 million on schools, parks, street repair, high-speed Internet service, and other improvements in a neighborhood whose residents have spent decades pleading for basic services. Subway stations will be renovated, buses will run more frequently, and police on foot patrol will give the streets a protected, reassuring air. As has happened during the early stages of gentrification in other Brooklyn neighborhoods, East New York will be more racially integrated—for a time.

If all goes to plan, three thousand new affordable apartments will be created in East New York by 2024. It is possible, however, that just as many older stabilized units will be lost to predatory investors, putting the city in the impossible position of promoting affordable housing with one hand and working against it with the other. Five Central Brooklyn neighborhoods suffered a net loss of 5,496 rent-stabilized apartments between 2008 and 2015, even after newly constructed affordable units were counted.[4] When I posed this conundrum to an official in the Department of Housing Preservation and Development, he said, "Gentrification is going to happen anyway. At least this puts us in the game." I wondered if this were true for East New York: without the city's invitation to developers and the influx of new residents that it will bring, the neighborhood's manic transformation—and the displacement that goes with it—seems unlikely to occur anytime soon.

Fear of displacement has reached such a pitch in New York that for many the very idea of rezoning has become synonymous with eviction. In June, when Community Board 11 in East Harlem held a meeting to vote on the city's proposed rezoning of a ninety-six-block swath between 104th and 132nd Streets that would allow for residential towers as high as thirty-five stories, more than one hundred protesters showed up, and a violent shoving match erupted. One East Harlem resident called the rezoning plan "ethnic cleansing." Another compared it to "a Trojan horse" that would "come out at night to do us in." Still another called it "a criminal act against our people."

Rejected outright by protesters was the possibility that residents and their representatives could negotiate an agreement with the city that would provide more affordable units and stricter protection for rent-stabilized tenants. The level of distrust toward the city was remarkable, but not surprising. The de Blasio administration would do well to examine its disconcerting decision to rezone mainly in poor neighborhoods where displacement is most acute.

The hard fact is that behind the wildfire of new construction, new restaurants, retail outlets, bars, music halls, cafés, tech and media start-ups, and nearly full employment, real poverty in New York is on the rise. Wages have gone up, but housing costs have made many people poorer. The median rent-to-income ratio shows that New York tenants (excluding those living in public housing projects and other financially assisted buildings) spent 65.2 percent of their total income on rent in 2016, up almost six points from the already alarmingly high figure of 59.7 percent in 2015. The median can be a misleading measurement, but in this case it provides a telling portrait of the city's evolving predicament. By comparison, nationwide, in 2015, Americans earning the country's median annual income of $55,589 could expect to spend no more than 30 percent on rent.

The de Blasio administration's current policy seems to acknowledge, and to some extent concede, that the economy of New York leaves little room for the poor. The public housing projects, built with federal money between the mid-1930s and late 1960s, are quickly becoming the last relatively secure refuge for lower-income families in New York. They consist of 176,066 low-income apartments with 400,000 "authorized residents" (leaseholders and members of their immediate family), a mere 4.7 percent of the city's population. (When "off-lease" residents are counted, some estimates put the number at 600,000.) The average family income in the projects is $24,366, and the average monthly rent is $509. There are currently 255,143 families on the waiting list, and the vacancy rate is close to zero percent. With the steady, seemingly inexorable decline in the number of older rent-stabilized apartments, it is possible to foresee a future in which the public housing projects and municipal shelters are home to New York's only remaining poor.

4.

Obviously the situation calls for reform. Most crucial would be to eliminate the point—currently $2,700 per month—at which rent-stabilized apartments revert to market rates. History shows that as long as landlords have a path to the unregulated market, they'll find a way to reach it. A 3 percent increase, say, from the Rent Guidelines Board would raise a rent of $2,700 per month to $2,781, still a manageable amount for a family of three with an income of $100,000, precisely the group that many of de Blasio's new affordable units are aimed at. But most rent-stabilized tenants pay much less than that: of the 990,000 regulated apartments, 471,694 have rents of $1,000–$1,499; an additional 120,076 rent for $800–$999. The vast majority of these cheaper apartments are in New York's poorest neighborhoods where incomes are well below the city's average. If rent-stabilized apartments were required to stay in the system, no matter their cost, the outsize financial reward that landlords now reap for driving poorer tenants out of their homes would disappear.

Michael Moran/OTTO

Boston Road Supportive Housing for low-income tenants in the Morrisania section of the South Bronx, a collaboration between the architect Alexander Gorlin and the nonprofit organization Breaking Ground, which provides housing for the homeless

But no such reform will occur as long as legislators in Albany control the city's housing laws. From 2000 to 2016, New York City developers contributed $83 million to state assembly and senate campaigns, more than any other economic group. Much of that money went to upstate and Long Island candidates with no regulated housing in their districts. In exchange, these legislators, risking not a single vote among their own constituents, block pro-tenant bills from reaching the floor; on the rare occasion that one does make it to the floor—such as a 2010 bill requiring landlords to justify rent increases for apartments that are about to be deregulated—they band together to ensure its defeat.

The chair of the Senate Housing Committee, Catharine Young, is a Republican who represents a district near Lake Erie that is closer to Cleveland than to New York City. Young regularly sponsors pro-landlord bills, and in one case she introduced a bill involving a single building—Independence Plaza North in Manhattan—that would have vacated a court decision in favor of 3,500 tenants.[5] (Young's bill passed the Senate but died in the Assembly.) Two thirds of New Yorkers are renters. Urgently needed is some kind of referendum that would give the city control over its housing laws.

But New York's crisis begs for a more definitive solution. In November, Los Angeles voters passed a half-cent sales tax increase to fund the most ambitious mass transit expansion in that city's history. In essence, Angelenos collectively agreed to pay for a vast, decades-long project to solve their most intractable urban issue: gridlock traffic and the pollution it causes. Shouldn't New Yorkers be given the chance to vote on a similar measure to fund affordable housing? What New York desperately needs is newly constructed buildings entirely devoted to households with incomes of $35,000 to $80,000, something a half-cent sales tax would abundantly provide.

There's no doubt that this proposal would encounter a great deal of resistance. Some might argue, for instance, that a special transit tax to repair the subway system is more equitable because it would directly benefit every New Yorker, not just those in need of affordable housing. But the MTA has access to large amounts of capital through fare hikes and the issuance of municipal bonds. In addition, a commuter sales tax of 0.375 percent that helps fund the subway already exists. A majority of New Yorkers, I believe, recognize the importance of the housing emergency.

The city can expect no help from the federal government, which largely stopped building affordable public housing during the Nixon administration more than forty years ago. Ben Carson, President Trump's secretary of housing and urban development, has expressed strong opposition to housing assistance for the poor, and the modest amount of federal money still directed to it will likely be cut even further when the Republican-controlled Congress resumes budget talks later this year.

The New York City Housing Authority, the government agency in charge of the city's public housing, has a $17 billion deficit, the amount needed to repair and maintain its 2,462 buildings, some of which are more than seventy years old. In 2015, de Blasio implemented an effective program to address the deficit, but Trump's proposed budget cuts, if approved, would, in the words of a senior housing policy analyst, "set [it] back by fifteen years." Rarely has local funding been more imperative.

Imaginative low-cost housing is one of the most exciting branches of contemporary architectural design. There is no reason why New York cannot participate, and even be a leader, in this movement, instead of surrendering its skyline to a monotony of tinted-glass-clad towers with a handful of lower-cost units thrown in as a necessary concession to the city. One need look no further than at the ranks of luxury high-rises on the Williamsburg waterfront or in Downtown Brooklyn, or at the self-replicating piles clustered around the Queensboro Bridge in Long Island City, to understand the new "blight of dullness," to borrow Jane Jacobs's famous phrase, that is overtaking New York.

The city already has a few architectural examples of innovative housing to draw from, such as the felicitous gray, blue, yellow, and red apartment building on Boston Road in the Bronx, with 154 units that the firm Breaking Ground was able to construct for $47 million[6]; and the spectacular Via Verde, also in the Bronx, with its pleasantly leaf-filled 6,000-square-foot courtyard, solar panels, and roofs planted with garden plots and fruit trees. Both are for low-income tenants and were built on city-owned land, which made their construction less expensive.

With a sales tax devoted to housing, affordable buildings needn't be confined to land the city already owns; enough money would be available to purchase lots all over the five boroughs, not just in poorer districts. The buildings could be woven into the fabric of the city, rather than clumped together in self-enclosed enclaves that promote a kind of psychological as well as physical segregation. New affordable housing would no longer be contingent on giving tax exemptions to the builders of private, market-rate projects: luxury developers would be free to charge whatever the market will bear for all of their units, not just 70 or 80 percent of them, and the city, in turn, could collect from these developers the billions in property taxes that it now forfeits under 421-a. Housing built with money from a special tax fund would be 100 percent affordable. Over time homelessness would decrease—especially among low-wage working families—as would the amount (currently about $1.6 billion per year) that the city spends on homeless services.

I have focused mainly on Brooklyn, partly because its 306,374 rent-stabilized apartments are the most in any borough, but also because Brooklyn is emblematic of New York's housing emergency, with the hyperinvestment its real estate has been attracting since 2011, when the credit freeze brought on by the 2008 financial crisis began to thaw. These past six years have seen an extraordinary amount of displacement, and the majority of the displaced have been African-American. Seven of Central Brooklyn's most vulnerable neighborhoods have a combined population of 940,000, 82 percent of which was black in 2010. It is the largest concentration of African-Americans (and Afro-Caribbeans) in the United States.[7]

In his revelatory book *The Color of Law: A Forgotten History of How Our Government Segregated America* (2017), Richard Rothstein shows the extent to which explicit federal policy restricted blacks from buying homes, effectively barring them from the surest path of entering the middle class, paying for higher education for their children, and accumulating wealth. The policy lasted from 1934, when the Federal Housing Authority (FHA) was established, until Congress passed the Fair Housing Act in 1968. By then, the damage had been done: working-class whites in government-subsidized suburban subdivisions, with guaranteed mortgages from the FHA, were benefiting from the increased value of their homes, while blacks were consigned to live as renters in depopulated cities, without equity in homes and often without jobs.

Rothstein documents how mortgage covenants and deeds imposed by the FHA not only prohibited developers from selling to blacks, but prohibited buyers from reselling to them. "Incompatible groups," the FHA manual said, could not be financed. The policy structured the economies of America's major municipalities in ways that are still felt today: now that New York (and a select number of other cities) has become desirable to live in again, families that in the twentieth century had been kept poor in places like Brooklyn and Harlem are being pushed out of their homes. We speak nowadays with contrition of redlining, the mid-twentieth-century practice by banks of starving black neighborhoods of mortgages, home improvement loans, and investment of almost any sort. We may soon look with equal shame on what might come to be known as bluelining: the transfiguration of those same neighborhoods with a deluge of investment aimed at a wealthier class.

Under de Blasio some positive emergency measures have been proposed. In February the mayor announced that the city would guarantee legal representation for tenants who are facing eviction and earn less that $50,000 per year, roughly 90 percent of whom appear in housing court without an attorney. Landlords tend to drop spurious cases when there's counsel on the other side, and the number of illegal evictions has already begun to fall.

This will give immediate help to people in the direst circumstances. Still, neither the city nor the state has yet to commit fully to the protection of New York's renters where they need it most: in their existing affordable apartments. Under de Blasio's plan, well intentioned though it may be, the housing crisis is almost certain to worsen. To what extent should a renter who fulfills the terms of his lease be shielded from the vagaries of real estate markets with their speculative booms and busts? More broadly, what kind of city do New Yorkers want to live in? What responsibility, if any, do we bear to make sure that our most besieged citizens are not pushed out by our current urban prosperity? These are critical questions that New York, and other cities profiting from a surge of private real estate capital, must answer.

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1 This does not include the 176,066 low-income apartments—"the projects"—managed by the New York City Housing Authority or the 45,312 Mitchell-Lama units for people of moderate and middle income. ↩

2 The highly publicized agreement that the de Blasio administration signed with the owners of Stuyvesant Town and Peter Cooper Village in 2015, to keep five thousand apartments rent-stabilized for the next twenty years, was unusual in almost every respect. They are the only regulated units left in a development with 11,232 apartments that had been built, in the mid-1940s, with an enormous amount of public financial assistance. The fraught history of Stuyvesant Town reveals a great deal about the interdependent relationship between the city and big developers. See Rachael A. Woldoff, Lisa M. Morrison, and Michael R. Glass, *Priced Out: Stuyvesant Town and the Loss of Middle-Class Neighborhoods* (NYU Press, 2016); and Charles V. Bagli, *Other People's Money: Inside the Housing Crisis and the Demise of the Greatest Real Estate Deal Ever Made* (Dutton, 2013). ↩

3 I am indebted to Norman Oder's impeccably researched report "The Real Math of an Affordable Housing Lottery: Huge Disconnect Between Need and Allotment," *City Limits*, April 19, 2017. ↩

4 The five neighborhoods are Bedford- Stuyvesant, Crown Heights, Prospect Lefferts Gardens, Flatbush, and East Flatbush. ↩

5 For more on the subject of real estate money and the state legislature see "The Inside Story of How 421a Developers Sway Albany," an excellent investigative piece by Will Parker of *The Real Deal* and Cezary Podkul and Derek Kravitz of *ProPublica*, *The Real Deal*, December 30, 2016. ↩

6 See Martin Filler, "A Higher Form of High-Rise," *NYR Daily*, October 4, 2016. ↩

7 The neighborhoods are Bed-Stuy, Brownsville, Canarsie, East Flatbush, Prospect Lefferts, East New York, and Fort Greene. ↩

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