

Housing a Growing City

New York's Bust in Boom Times

Second Edition with New Introduction

July 2002

Patrick Markee

Principal Author

A Report Prepared By

Coalition for the Homeless

89 Chambers Street, 3rd Floor
New York, New York 10007
Telephone 212-964-5900
www.coalitionforthehomeless.org

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A Note on the Data in This Report

Housing data: Except where otherwise noted, New York City housing data used in this report is from the Housing and Vacancy Survey (HVS), a triennial survey of housing units in New York City conducted by the United States Bureau of the Census. For the most recent HVS, conducted in 1999, only preliminary data were available as this report went to press. Therefore, the most recent detailed analysis of HVS data is from 1996. In addition, the Bureau of the Census has imputed some data for the years 1993, 1996, and 1999 to correct for the large number of non-respondents for those years. Except where otherwise noted, this report uses the imputed data.

Income categories: This report uses the following United States Department of Housing and Urban Development (HUD) measures for household income categories.

- *Area median income:* The median household income for a region or city, such as New York City, is determined annually by HUD for the

administration of Federal housing programs. In 1999, the area median family income for New York City was \$53,400.

- *Very-low-income:* Households earning less than 50 percent of area median family income. In 1999, very-low-income households in New York City earned less than \$26,700.
- *Extremely-low-income:* Households earning less than 30 percent of area median family income. In 1999, extremely-low-income households in New York City earned less than \$16,020.

Rent data: With a handful of exceptions, the rent data used in this report refers to gross rents – i.e., contract rent and utilities. The HVS collects data on both gross rents and contract rents (i.e., rent not including utilities).

Inflation adjustments: Except where otherwise noted, inflation adjustments were calculated by Coalition for the Homeless. The adjustments (except where otherwise noted) were made using annual Consumer Price Index data (for the New York-Northern New Jersey-Long Island region) from the United States Bureau of Labor Statistics.

Shelter population data: Two methods are used for reporting shelter population data. “Average daily census” refers to the average number of people *per day* in shelters over a certain period (e.g., one year, one month, etc.). “Unduplicated counts” refer to the number of *different* people who utilized shelters over a certain period (e.g., nine years, five years, etc.).

Fiscal year data: Note that some data is presented for the fiscal years of different levels of government: City fiscal year (CFY), from July 1st to June 30th; State fiscal year (SFY), from April 1st to March 31st; and Federal fiscal year (FFY), from October 1st to September 30th. Unless otherwise noted, all other data is for calendar years.

Preface

This report takes on a tough challenge: to ignite fresh moral outrage over a stale, all-too-familiar plaint – the shortage of what we’ve come to call “affordable housing.” It’s an odd phrase, Michael Stone points out, because it suggests that affordability is somehow a property of the building, when in fact it’s a product of the relationship between household size/income and rent. It’s also a tired phrase. Haven’t we heard all this before? (Well, for the most part, yes; from many voices over the past twenty years in particular.) And, in the meantime, haven’t mountains of evidence accumulated that debunk the underlying premise of the pitch – that the roots of homelessness are to be found in the supply side of the equation (rather than in the multifarious impairments that characterize homeless demand on the other side)? Well...no.

In fact, the yield of recent research (some of it recounted here) is notable on two fronts. On the first, using reviews of administrative records of shelter use and telephone interviews, researchers have shown that resort to emergency shelter or the kindness of strangers was a disturbingly common experience for Americans in the late eighties and early nineties (the most recent years for which data are available). It was especially common, not surprisingly, among the poor. On the second front, researchers have re-addressed the question of causality, using more refined methods of epidemiology and analyses of how shelter systems work. Their findings confirmed that a variety of “risk factors” – the ones found consistently are poverty, major mental illness, substance abuse, disruptive childhood experiences and (sometimes) minority status – increase the likelihood of someone becoming homeless.

But note how familiar this litany is. These factors frequently *translate* into homelessness today because the margins – both those supplied by kinship and those formerly found in disreputable sections of inner-city neighborhoods – have been exhausted. (Fearful of deportation, immigrant groups may be the huge and redemptive exception, accounting for thousands of illegal occupancies in the shadow housing market and thus under-repre-

sented among shelter users.) In New York, for example, the depletion of SRO housing in the 1970s meant the loss of accommodations and living areas that had traditionally supplied forgiving environs for people who found it difficult to fit in elsewhere. That their erstwhile clientele would eventually wind up camped out in city shelters should have surprised no one: displaced people have to go *somewhere*.

To hammer on the question of housing is to refuse to dodge that question of somewhere.

So if what is contained in these pages is familiar news – if newly updated and compellingly presented – its relevance has been freshly underscored by the failure of alternative accountings of homelessness to displace the brutal fact at the heart of this weary argument: that when too many people compete for too few units, it’s the poor and the disagreeable and the difficult to accommodate who get left out. The argument shouldn’t be overdrawn. Outreach may be needed to engage those who have long since given up on the trustworthiness of local environs. Services can do a great deal to stabilize a stake in housing. But even there (as a landmark longitudinal study of homeless families by New York University researchers Marybeth Shinn and Beth Weitzman has shown) it’s the affordability of the place, more so than the intensity of the support, that seems to make the difference. Even where severe disabilities are at issue – say, when long-standing psychiatric disorder is coupled with current substance abuse – the decisive difference that ongoing clinical attention makes would be worthless without the assured stability of the place occupied. (A money-managed rent payment has still got to go for an affordable unit.)

The scandal of the story told here is that what *should* have been a scandal faded instead, and let a weary resignation – mutating eventually into an acquired blindness – seep in. A quarter of a century ago, Anthony Jackson charged the housing industry with moral extortion – that industry, he argued, “trades on the knowledge that no Western country can politically afford to permit its citizens to sleep in the streets” (*A Place Called Home*, 1976: 305). He underestimated the discriminating

power of the American voter: it all depends, one might say, on *which* citizens are doing the sleeping....

Certain things, Michael Ignatieff has argued (*The Needs of Strangers*, 1984) are difficult to define as “rights” – he has in mind belonging, solidarity, dignity, respect – and we are forced to specify them instead as “needs” that all of us have a presumptive interest in meeting. The difficulty, of course, comes in devising institutional mechanisms for doing so when informal provision falls short. Worse still, their proper fulfillment may entail a flexibility, specificity and reciprocity borne of close relationship, something blunt institutional tools are unlikely to replicate. Elemental shelter runs no such risk of subtlety and ought not be subject to such insecurity. Needs so basic that their fulfillment is essential to the exercise of citizenship should not be subject to the vagaries of the market. That’s why some advocates properly speak of a right to housing.

These are familiar deliberations. But if Americans have, for two centuries plus, given lip service to the “pursuit of happiness” as an inalienable right, we have yet to confront the rude prerequisite that such pursuit demands: someplace to call one’s own.

Home is what secures us a place in an uncertain world. Housing makes homes possible. It shouldn’t take two decades of sustained homelessness to restore that lesson to prominence. Margins are always dangerous places and the truths that reside there can cut too close to home.

Kim Hopper

Co-Founder, Coalition for the Homeless

Introduction to the Second Edition

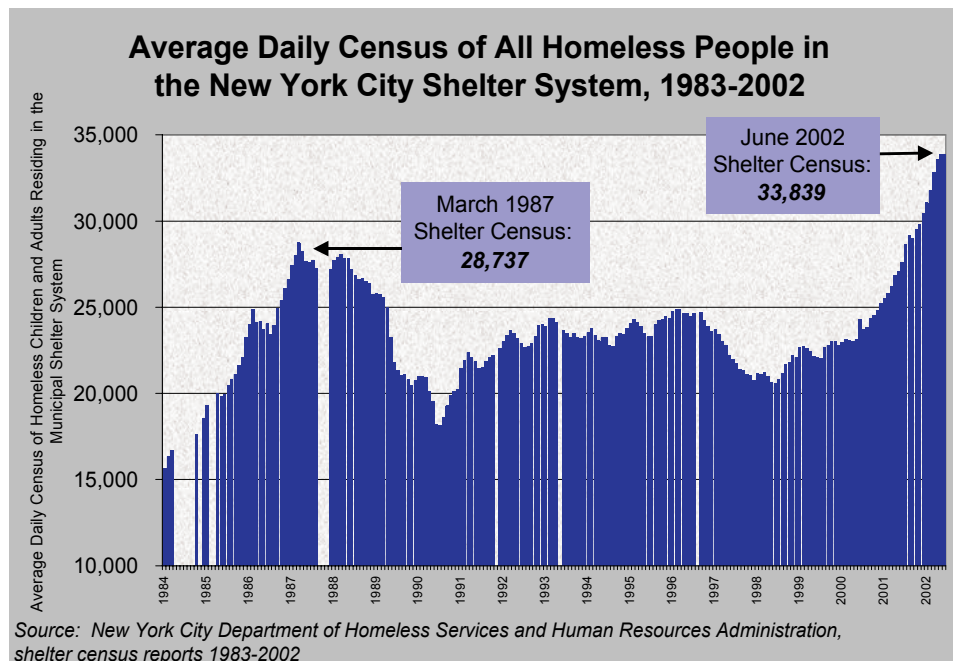
When *Housing a Growing City: New York's Bust in Boom Times* was first published in July 2000, few New Yorkers would have imagined that the city's homeless population would reach all-time record levels. At that time the number of homeless New Yorkers sleeping each night in the municipal shelter system was still significantly below the peak shelter population of the 1980s. In July 2000 there were an average of 23,695 men, women, and children residing each night in New York City shelters, compared to the average of 28,737 people who slept in municipal shelters in March 1987, the late-1980s peak in the city's homeless shelter population. Modern homelessness was approaching record levels, but had not yet surpassed what most New Yorkers recall as the worst days of the homelessness crisis of the 1980s.

While Coalition for the Homeless and other observers predicted that the precipitous rise in New York City homelessness that began in early 1998 would continue as a result of the failed housing policies and the affordability crunch outlined at length in this report, no one could have predicted how rapid that rise would be. As this introduction is being written, City data show that in June 2002 there were 33,839 homeless men, women, and children residing each night in municipal shelters, a record number. This figure includes an all-time record 14,574 homeless children, representing 43 percent of the shelter population.

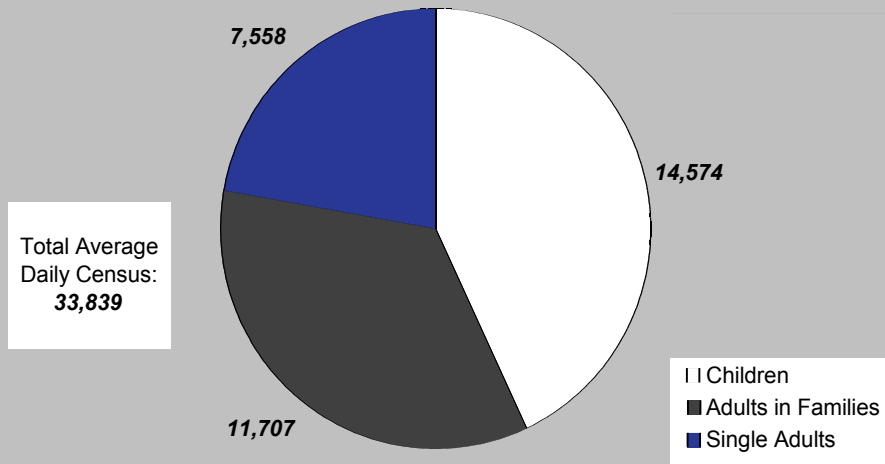
Indeed, from early 1998, when the nightly shelter population stood at around 21,000 people, New York City's homeless shelter population to date has increased by more than 60 percent, or nearly 13,000 people per night. The number of homeless families

(7,916 families in June 2002) was at the highest levels since the City began keeping records in the 1970s. Even the number of homeless single adults, which declined so dramatically in the first half of the 1990s as a result of supportive-housing initiatives described in Part III of this report, has reached levels not seen since 1990. And reports from community groups and outreach teams indicate that street homelessness, which also declined so visibly in the early 1990s, is again on the rise, particularly among mentally-ill New Yorkers.

How has New York City homelessness come to reach such crisis levels? Why, more than two decades after modern homelessness first emerged, are there a record number of homeless New Yorkers? It seems clear that the economic recession that began in the spring of 2001 played a role, particularly with the increasing numbers of homeless families seeking shelter. (The recession of the early 1990s also witnessed rising numbers of homeless families with children entering the municipal shelter system.) Likewise, the economic impact of the September 11th attacks on the World Trade Center also played a role - most analysts agreed that the attacks and subsequent job losses pushed a weakening New York City economy over the edge. Indeed, a February 2002 analysis of City data by Coalition for the Homeless reported that 2001 witnessed the largest one-year



Average Daily Census of Homeless People in the New York City Shelter System, June 2002



Source: New York City Department of Homeless Services, shelter census reports

renter incomes, and a widening affordability gap.

Thus, failed policies and short-sightedness have deepened New York City's long-term housing crisis. If anything, recent events and recent research have confirmed the Coalition's prognosis that, without a dramatic shift in government housing policies and without substantial new investments in affordable housing development and

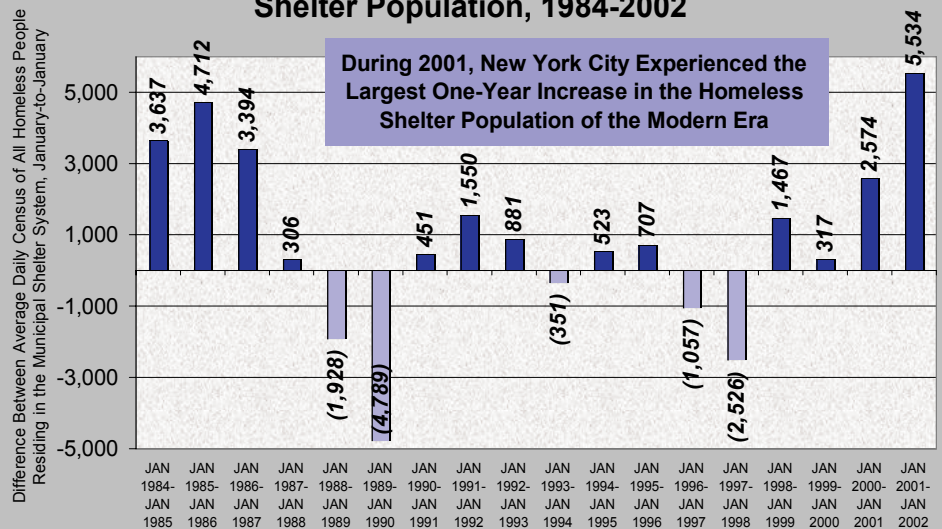
increase in New York City homelessness since the Great Depression.

preservation, mass homelessness and severe housing problems in New York City will persist and worsen.

However, the seeds of the current homelessness crisis primarily lay in the confluence of forces behind New York City's growing shortage of affordable housing, the subject of this report. Even during the economic boom of the 1990s, well before the 2001-2002 recession, homelessness was on the rise. However, looking back from a post-September 11th world, it is clear that New York City lost a historic opportunity to invest in its housing infrastructure and address the homelessness crisis. Instead, the city's leaders squandered the benefits of the boom times, and cutbacks in housing investments and housing assistance continued to drive the structural dilemma outlined in this report - a shrinking supply of housing, rising housing costs, stagnant

Fortunately, there is an emerging consensus among housing groups, homeless service providers, financial organizations, civic groups, and policymakers about long-term solutions to the problem of homelessness and the shortage of affordable housing. In 2001 the *Housing First!*

One-Year Changes in New York City Homeless Shelter Population, 1984-2002



Source: New York City Department of Homeless Services and Human Resources Administration, shelter census reports 1984-2002

campaign launched, bringing together more than 200 New York City organizations calling on the City to commit to a new ten-year investment plan to build and preserve 185,000 affordable housing units. In 2002 the *Campaign for a New York/New York III Agreement* urged Governor Pataki and Mayor Bloomberg to negotiate a third State-City agreement to provide 9,000 units of supportive housing for homeless individuals living with mental illness and homeless families with special needs. And, bolstered by groundbreaking academic research documenting the success of housing-based approaches to homelessness, a national consensus has begun to emerge about the need for increased investments in affordable and supportive housing and housing assistance.

The missing ingredient, of course, is leadership at every level of government. Evidence of critical housing needs and rising homelessness, in New York City and throughout the United States, has never been so ample. Translating need to action is the more formidable task. Hopefully New York City will not repeat the mistakes of the 1990s - the lost opportunity of the boom times - and instead invest in the future.

Patrick Markee

*Senior Policy Analyst,
Coalition for the Homeless
July 2002*

Executive Summary

Changing Course: Housing New York City's Populace in the Next Two Decades

Rising population. Falling housing production. A widening affordable housing gap. Reduced government housing assistance. Persistent, and increasing, mass homelessness.

These features define the landscape of housing in New York City in the year 2000. The severe housing problems confronting New Yorkers today – dismal housing conditions for poor households and, most important, the widening affordable housing gap – did not emerge overnight. They have accumulated steadily over the past three decades, a period marked by dramatic cutbacks in government housing assistance, rising income inequality, and an unremitting deterioration of New York City's stock of affordable housing. In short, the city's housing problems have grown out of definite, and longstanding, changes in housing policy and out of equally profound structural changes in the housing market, housing costs, and New Yorkers' incomes. Most important, they have resulted from an absence of vision for how to house New York City's populace.

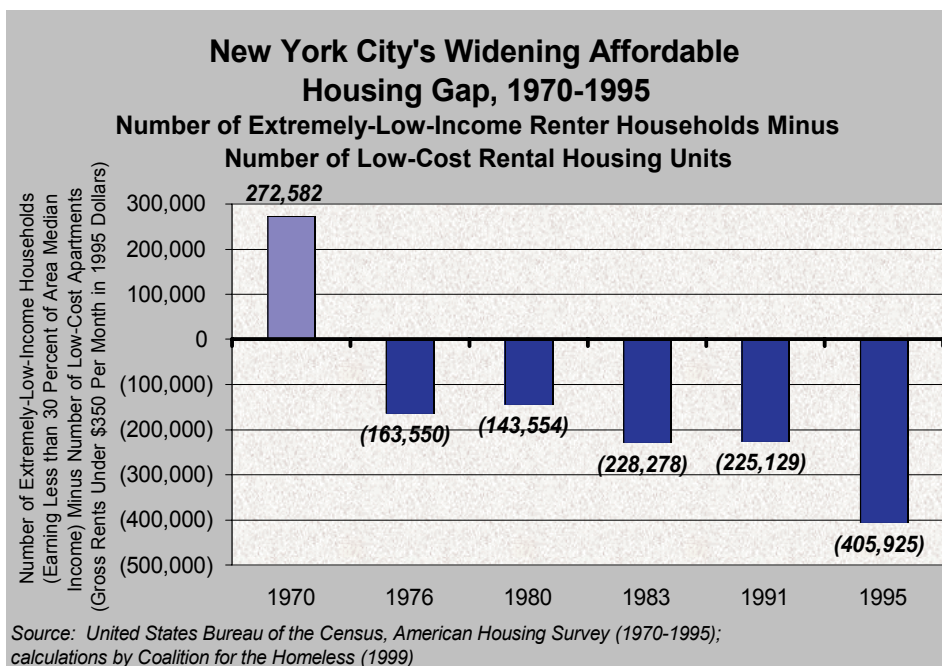
The time to change course is now. A new and comprehensive housing plan is needed to house the hundreds of thousands of newcomers to New York City, the next generation of New Yorkers. A failure to do so will result in rising numbers of housing emergencies and deteriorating housing conditions. Failure to address the housing problem will also harm New York City's economy, as rising housing

costs drive businesses to locate elsewhere.

Over the next two decades, more people will live in New York City than ever before. Hundreds of thousands of new immigrants will settle in the city, decisively shaping the city's need for affordable housing. And if recent cutbacks in government housing investments and assistance are left unchecked, the affordable housing gap – which first emerged in the 1970s along with mass homelessness – will continue to widen. Now more than ever, New York City needs a comprehensive plan to house the next generation of New Yorkers.

Changing course requires a new vision for how to house New York City's growing population over the next two decades. It demands:

- New investments to finance the development of housing for middle-income and low-income families and individuals.
- Expanded housing assistance to bridge the gap between the rising number of poor households and the shrinking number of low-cost apartments.
- Expanded housing initiatives, including supportive housing investments, to address modern mass homelessness, the most visible symptom of New York City's deepening housing problems.

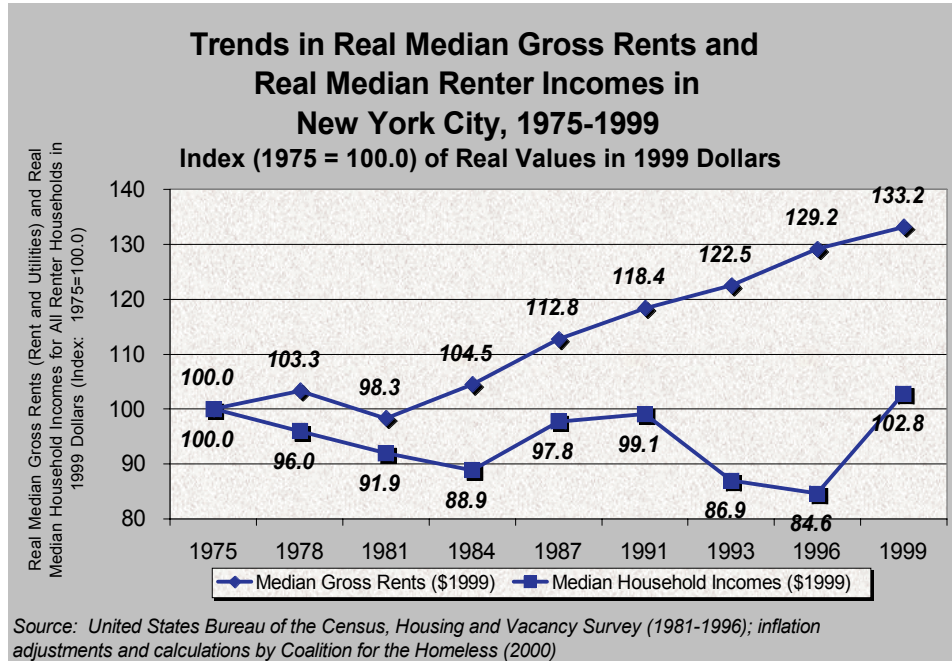


This report describes the scope of New York City's housing problems as they've developed through the past three decades, and details the looming threats to the city's dwindling stock of affordable apartments. The first section of this executive summary lays out the analytical argument of the report. The second section then highlights the key findings among five major issues: increasing population, declining housing production, the widening affordable housing gap, reduced government housing investments and assistance, and the problem of mass homelessness in New York City.

**Off Course:
The Widening Affordable Housing Gap
and Mass Homelessness in New York City
in the Past Three Decades**

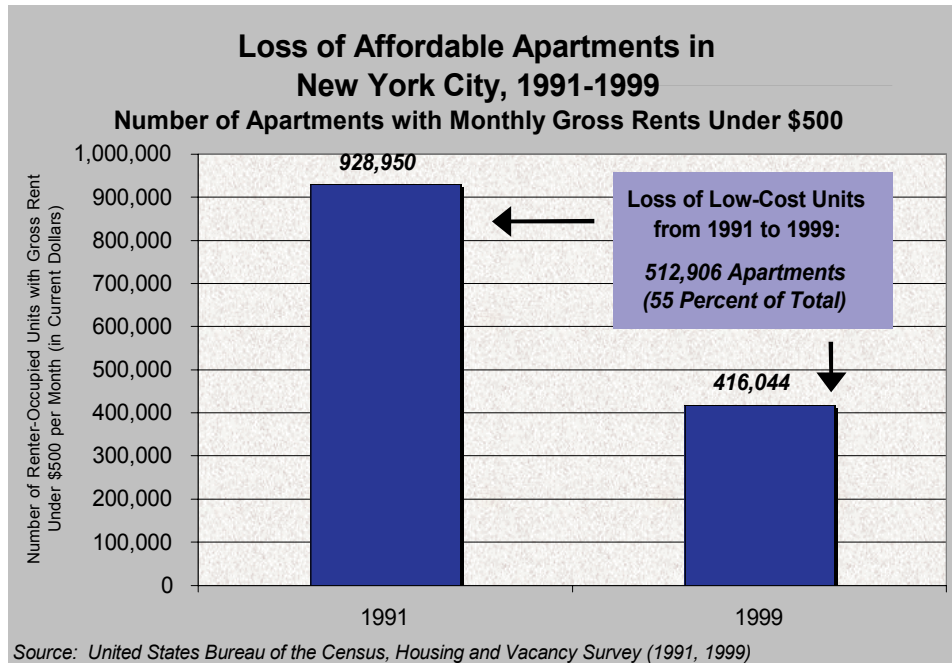
**A Structural
Change: Rising
Housing Costs,
Stagnant Incomes**

New York City's housing problems result from profound structural changes which emerged in the 1970s and have continued to the present. Simply put, median rents have skyrocketed – increasing at nearly twice the rate of inflation between 1981 and 1999 – while median renter household incomes have failed to increase in real terms.

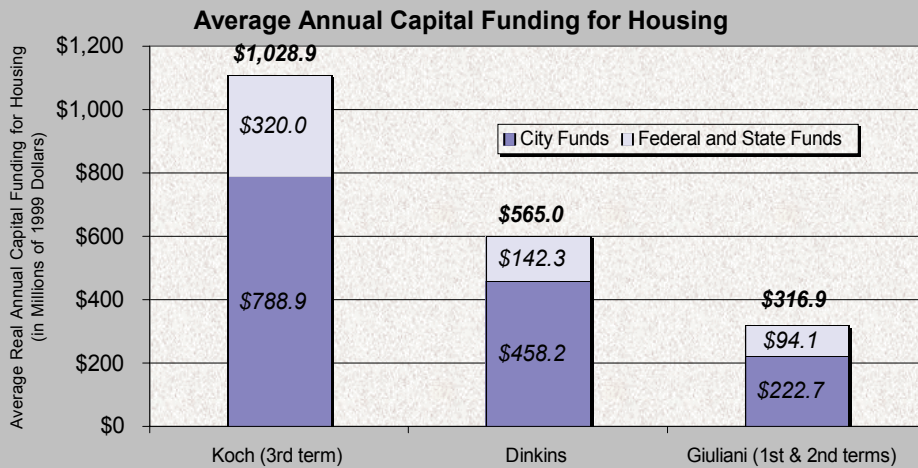


More troubling, the poorest fifth of New Yorkers have suffered substantial income losses over the same period. As a result, by 1999 more than one of every four New York City renters paid more than half of their incomes in rent. In the 1990s, the city lost over 500,000 apartments with monthly rents under \$500, representing the loss of more than half of all low-rent units.

A major cause of this structural change in rents and



Real Capital Funding for Housing in New York City During Three Mayoral Administrations, CFY 1987-CFY 2000



Source: City of New York, Adopted Capital Budget FY 1987-FY 2000; inflation adjustment by Coalition for the Homeless (2000)

time, housing production substantially declined, with the annual number of new housing units produced in the 1990s being less than half the level of the 1970s. Most troubling, in a period of renewed population growth triggered by rising immigration, the production of rental housing lagged far behind the number of new New Yorkers.

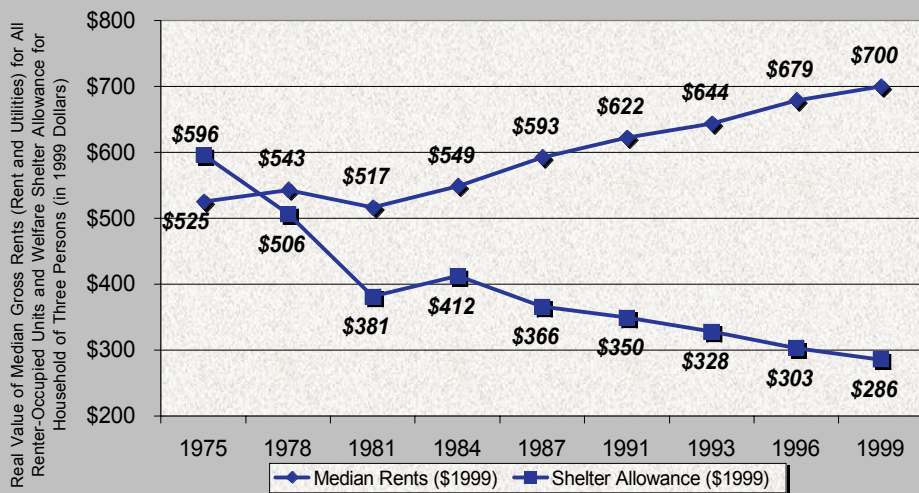
An Abandoned Role: Government Cutbacks in Housing Investment and Assistance

Enormous cutbacks in housing programs by every level of government also played a major role in forging New York City's housing problems. This happened in three ways. First, with respect to housing supply, government largely abandoned its traditional role in financing the development of new housing for middle-income and low-income households. Second, tenant-based housing assistance – which helps poor households bridge the

incomes was an equally profound structural shift in the housing market, driven primarily by rising income inequality. Rising income inequality in the 1970s caused important distortions in New York City's housing market. Most important, fewer housing units were produced for a rapidly shrinking middle class, which resulted, over time, in fewer housing units being available for low-income renters. Two consequences emerged: First, housing costs at the bottom end of the market were driven up by rising demand for fewer units among a growing number of poor households; and second, the poorest households were pushed out of the housing market entirely, and became homeless.

Income inequality skyrocketed in New York City over the past three decades, from 24 percent above the national rate in the late 1970s to nearly twice the national rate in the late 1990s. At the same

Real Value of Median Gross Rents and Welfare Housing Allowances in New York City, 1975-1999



Source: United States Bureau of the Census, Housing and Vacancy Survey (1975-1999), New York State Department of Social Services; inflation adjustment by Coalition for the Homeless (2000)

gap between falling incomes and rising rents – was reduced sharply, from rent-subsidy vouchers to welfare housing allowances. Finally, rent regulation, which had historically moderated rent increases in New York City’s tight housing market, was reformed to permit unprecedented rent increases.

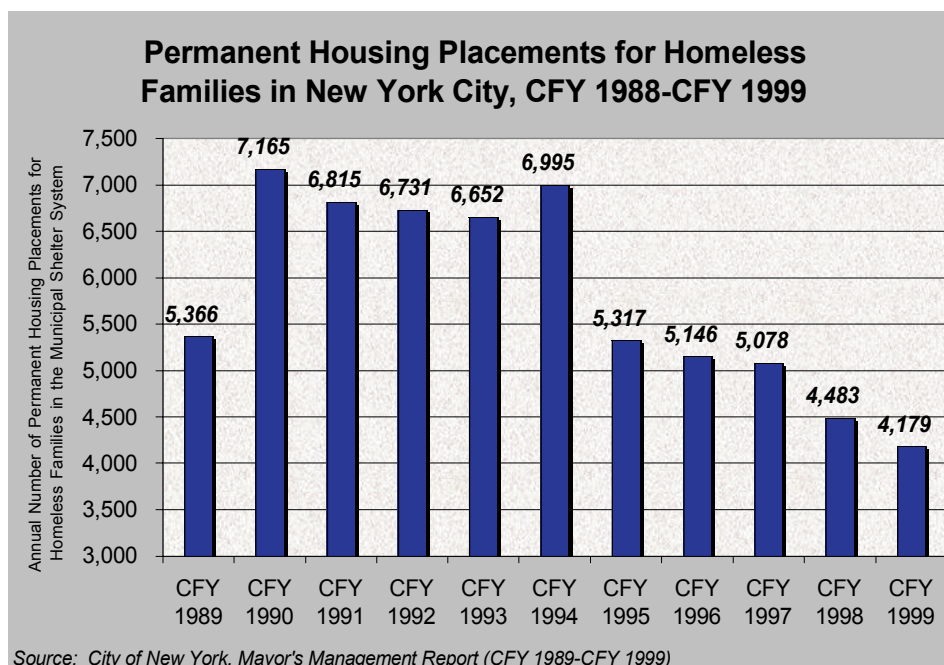
Ominously, a series of recent changes in housing policies and legislation threaten to make New York City’s housing problems even worse. Accelerated rent increases for New York City’s one million rent-stabilized apartments, which comprise half of the rental housing stock, caused the loss of nearly 30 percent of stabilized apartments renting under \$500 per month between 1996 and 1999. In addition, dramatic cutbacks in City capital funding for housing in the late 1990s further eroded the New York City’s stock of affordable apartments. Welfare housing allowances lost more than half of their real value since the mid-1970s, while housing costs increased by one third over the same period. Finally, every level of government has contributed to cutbacks in supportive housing and housing assistance for homeless New Yorkers, resulting in longer shelter stays and rising shelter censuses in the late 1990s.

Mass Homelessness: Persistent and Increasing

Mass homelessness, which emerged in the late 1970s for the first time since the Great Depression, remains the most visible symptom of New York City’s dire housing problems. Homelessness is, in a sense, the tip of the iceberg of wide-spread, and growing, housing problems afflicting poor New Yorkers. Recent research has highlighted the strong links between severe housing problems,

such as overcrowding and high rent burdens, and mass homelessness.

In addition, research has documented the enormously high incidence of homelessness among poor New Yorkers, in particular black and Latino families and individuals. Indeed, over a recent five-year period (1988-1992) nearly one of every ten black children and one of every twenty Latino children in New York City resided in the municipal shelter system, compared to one of every 200 white children. Homelessness, far from being a

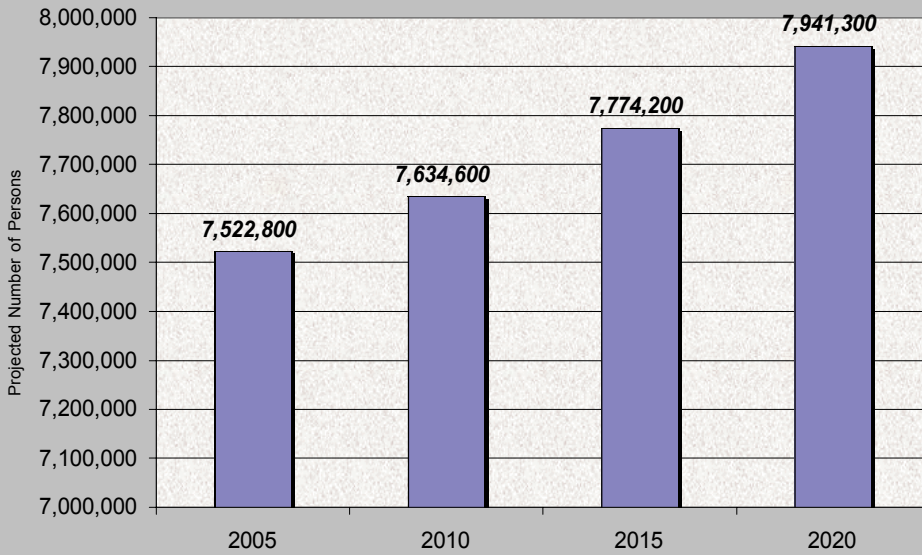


rare or merely catastrophic personal event, became a commonplace experience for hundreds of thousands of New Yorkers. And despite the economic boom, the number of homeless New Yorkers has risen significantly in recent years, an increase triggered largely by cutbacks in housing assistance and reduced investments in supportive housing.

The Challenge for the Next Two Decades: Rising Population and Rising Housing Needs

In the wake of renewed population growth in the 1980s and 1990s, New York City’s population is projected to increase by half a million people by the year 2020. As in recent decades, population growth will be driven by immigration – indeed, at current rates, New York City can expect to receive

New York City Projected Population, 2005-2020



Source: New York Metropolitan Transportation Council (1996)

some 2 million new immigrants in the next twenty years, offsetting continued outmigration to surrounding suburbs. Therefore, the housing needs of the next generation will be decisively shaped by population growth and immigration.

Without a change in course, New York City faces even more calamitous housing problems. The structural problems that have shaped the current situation – skyrocketing rents, falling real incomes for poor households, and declining housing production – show no signs of abating. More alarming, the distortions in New York City’s housing markets created by rising income inequality have never been adequately addressed. The consequences of those distortions – declining production, the shrinking low-cost housing stock, and, most tragically, mass homelessness – will persist and even worsen without a new direction, a new

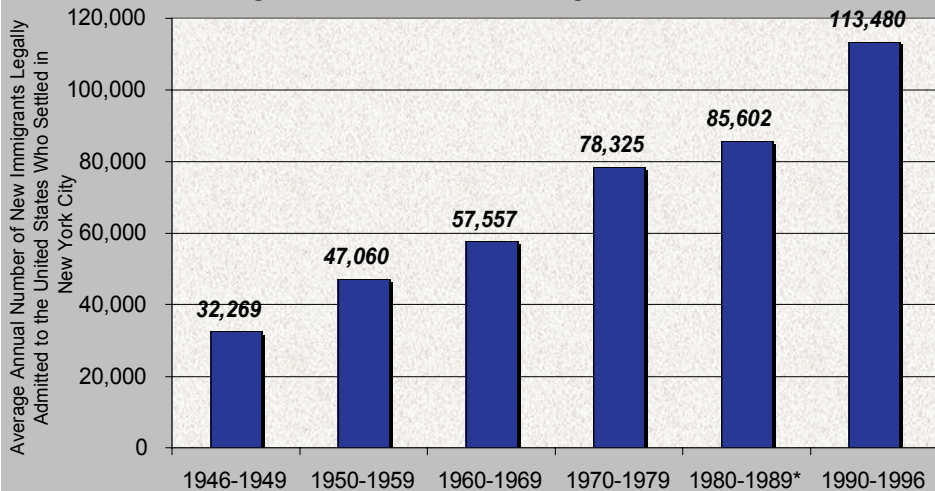
vision for housing in New York City.

Government has an essential role to play in addressing those consequences. Substantial government investments to finance new housing development in cooperation with private developers and financial institutions – investments which, for instance, were so successful in the 1960s through the Mitchell-Lama program and in the late 1980s with the Housing New York initiative – must be made to address the decline in new rental housing production. Government housing assistance, including tenant-based assistance such as Section 8 vouchers, is required to bridge the gap between poor households’ declining incomes and soaring rents. Finally, government must participate in forging a long-term vision for how to house New York City’s populace in the coming decades.

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New Immigrants Legally Admitted Who Settled in New York City, 1940s-1990s

Average Annual Number of Immigrants Admitted



Source: New York City Department of City Planning (1999a) [*Note: Data for 1980-1981 estimated]

Report Highlights

Rising Population

Following renewed population growth in the 1980s and 1990s, New York City's population is projected to increase to its highest point ever by 2020. Much of that growth will be driven by immigration, which will alter the city's demographic landscape and decisively shape New York City's housing needs over the next two decades.

■ Population

Growth. New York City's population is projected to increase by half a million people by 2020, to reach its highest point in history.

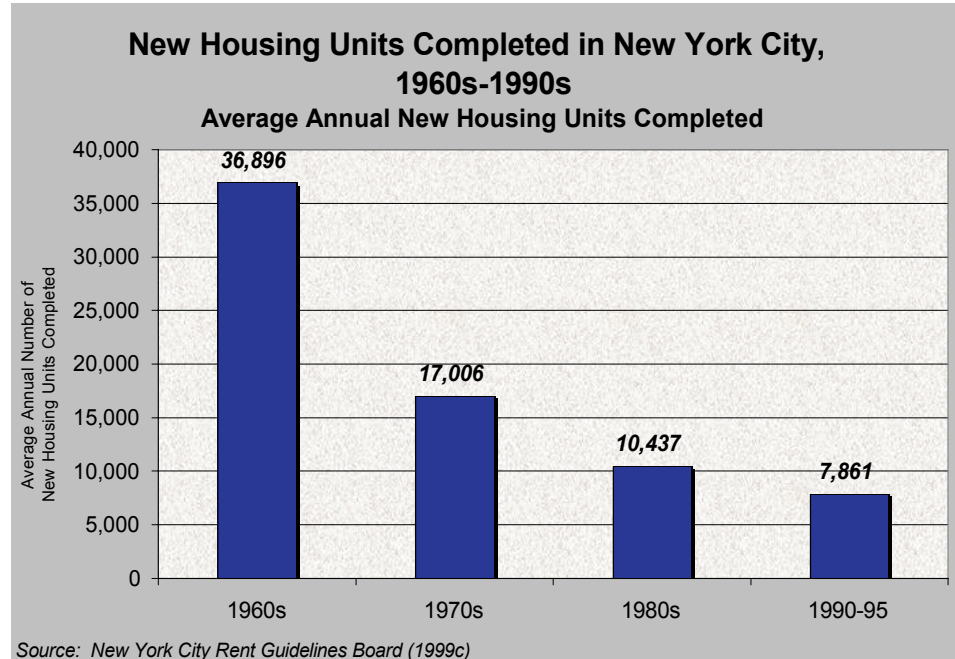
■ **Rising Immigration.** Immigration is the driving force behind population growth in New York City. From 1980 to 1996, nearly 1.7 million immigrants settled in New York City. At current rates of immigration, by 2020 some 2 million new immigrants will settle in New York City, off-setting population outmigration to surrounding suburbs.

■ **Changing Demographics.** Immigration will shape New York City's population in the next two decades. By 2020, a projected 55 percent of the city's population will be foreign-born or have at least one foreign-born parent.

■ **New Housing Needs.** Immigrant New Yorkers are more likely to be renters than non-immigrants, and their median income in 1996 was 22 percent lower than that for native-born households. Immigrants also experienced severe housing problems (especially overcrowding and severe rent burdens) at a much higher rate than native-born renters.

Declining Housing Production

Housing production – in particular, new rental housing – has slowed dramatically over the last two decades. From 1981 to 1999, New York City



added fewer than 42,000 new rental apartments, while the city's population increased by more than 350,000 people.

■ **Falling Housing Production.** In the 1990s New York City produced less than one half the number of new housing units each year than it did in the 1970s – fewer than 8,000 new units per year in the 1990s compared with more than 17,000 per year in the 1970s.

■ **Slow Rental Housing Creation.** Due to demolitions and conversions as well as declining production, growth in the rental housing stock has lagged behind population growth. From 1993 to 1999, a period when New York City's population increased by more than 100,000 people, the city actually lost more than 30,000 rental apartments.

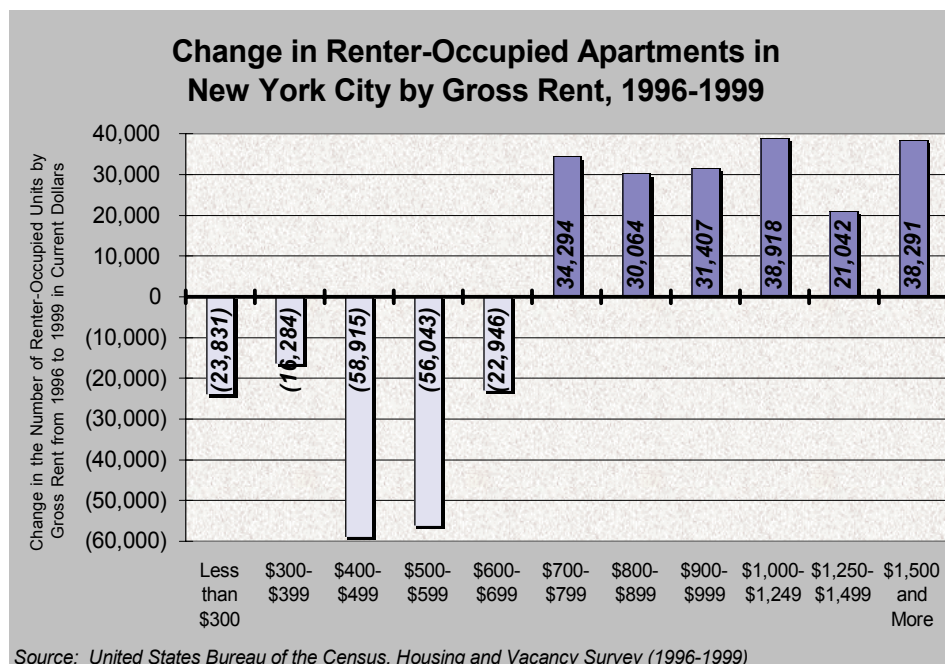
New York City's Widening Affordable Housing Gap

Three decades ago the number of low-cost apartments in New York City actually exceeded the number of extremely-low-income renter households. However, in the 1970s the affordable housing gap emerged and has widened dramatically ever since. By the late 1990s, New York City lacked more than half a million available, low-cost apartments for the poorest households. Moreover, housing conditions for poor renters have worsened, particularly for black and Latino households.

■ Soaring Rents and Stagnant Incomes.

Since 1981 median rents in New York City have increased at nearly twice the rate of inflation. Over the same period, real median incomes (adjusted for inflation) have been stagnant, and the average income of the poorest fifth of New York City households fell by 33 percent from the late 1970s to the late 1990s.

- **Loss of Low-Cost Apartments.** From 1991 to 1999, New York City lost over 500,000 apartments with monthly gross rents under \$500, representing the loss of more than half of all low-cost units.
- **Severe Rent Burdens.** Rent burdens – i.e., the portion of household income devoted to housing expenses – have worsened dramatically in the past three decades. In 1999 more than 500,000 renter households paid more than half of their income for housing, representing 27 percent of all New York City renters.
- **Overcrowding.** From 1978 to 1999 the number of crowded apartments increased by 71.4 percent and the number of seriously crowded apartments rose by 161.5 percent. Throughout the 1990s, there were more than 200,000 doubled-up households at any given time in New York City.
- **Substandard Conditions.** From 1987 to 1996, the number of apartments with maintenance-related severe housing quality problems nearly tripled.
- **Severe Housing Problems among Black and Latino Renters.** Throughout the 1980s and 1990s, the median renter incomes of black and Latino renters were more than one-third lower than those of white



renters, and black and Latino renters were much more likely to suffer from severe housing problems.

■ The Widening Affordable Housing Gap.

In 1970 the number of low-cost apartments in New York City actually exceeded the number of extremely-low-income renter households (i.e., those earning below 30 percent of area median income) by more than 270,000 units. By the late 1990s, according to a recent analysis, there was a net shortfall of more than half a million available low-cost apartments for very-low-income households (i.e., those earning less than 50 percent of area median income).

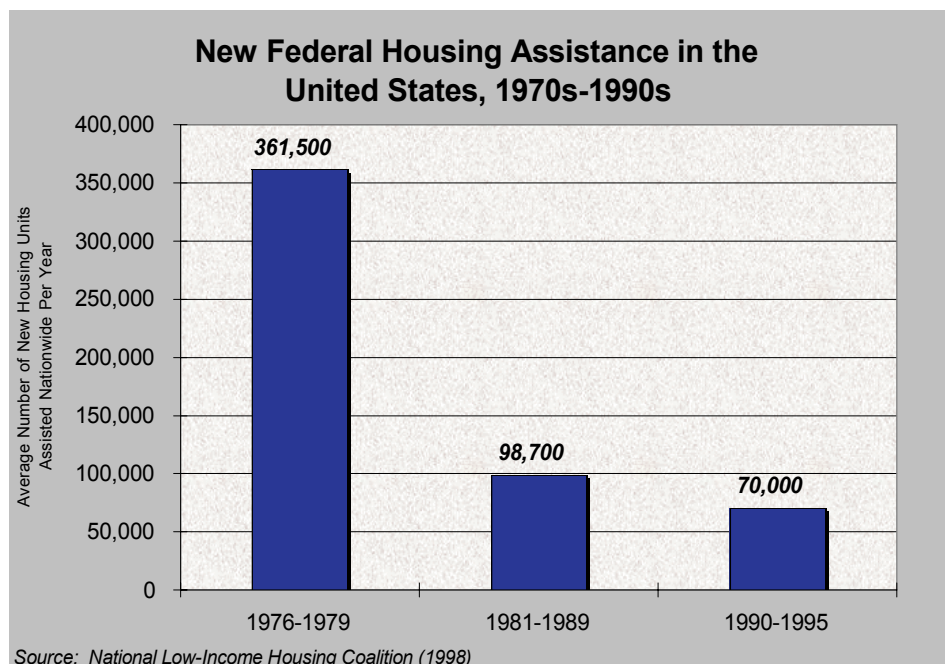
Reduced Government Housing Investment and Assistance

Severe cutbacks in government housing investments and assistance have played a major role in shaping New York City's worsening housing problems. Government at every level has substantially abandoned its traditional role in financing the development of new housing and providing vital housing assistance for the poorest households. In addition, changes in housing policies and legislation threaten to diminish further New York City's stock of affordable rental housing.

- **Higher Statutory Rent Increases.** New York State's 1997 rent regulation reform

statute, which created new vacancy rent increases and provisions for deregulation, threatens to shrink the stock of low-cost apartments. From 1996 to 1999, New York City lost nearly 85,000 rent-stabilized apartments with contract rents under \$500 per month, representing two-thirds of the total loss of such units. Therefore, a disproportionate share of the loss in low-cost apartments came from the rent-stabilized stock, the result of higher rent increases included in the 1997 statute.

- **Reduced City Capital Investments.** Under the Giuliani Administration, the City has reduced real capital investments (adjusted for inflation) in housing by 44 percent per year compared to the previous mayoral administration. Compared to the \$458 million in City capital funds for housing spent annually (on average) by the previous administration, the Giuliani Administration has invested an average of only \$223 million in housing per year.
- **Threats to Publicly-Assisted Housing.** Expirations of subsidies and recent legislation threaten the stock of public housing and Federally-subsidized apartments. New York City risks losing 30,000 Federally-subsidized apartments due to expirations, and extremely-low-income households may lose access to as many as 10,000 public housing apartments due to restrictive new admissions rules.
- **Fewer Housing Vouchers.** Cutbacks in Federal housing assistance since the 1970s have resulted in 40 percent fewer new Section 8 vouchers being provided each year to needy households in New York City. At current turnover rates, it would take 50 years to empty the Section 8 waiting list in New York City



even if no new applications are accepted.

- **Declining Value of Welfare Housing Allowances.** Welfare housing allowances – which provide vital housing assistance to 250,000 poor households – have lost 52 percent of their real value since 1975, at the same time that median gross rents increased by 33 percent in real terms.

Modern Mass Homelessness in New York City

Mass homelessness, which emerged in the late 1970s for the first time since the Great Depression, is the most visible consequence of the widening affordable housing gap. Homelessness has become a remarkably commonplace occurrence for poor families and individuals in New York City. In recent years, homeless shelter censuses have increased and the duration of shelter stays has risen dramatically.

- **Homelessness Commonplace for Poor New Yorkers.** Over a recent nine-year period (1987-1995), more than 333,000 different men, women, and children utilized the New York City shelter system, representing nearly one of every twenty New Yorkers.
- **Impact of Homelessness on Black and Latino New Yorkers.** The incidence of homelessness among black and Latino New Yorkers is remarkably high. Over a recent

five-year period (1988-1992) nearly one out of every ten black children and one of every twenty Latino children in New York City utilized the municipal shelter system, compared to one of every 200 white children.

- **Success of Supportive and Subsidized Housing.** Recent research has documented the success of supportive and subsidized housing

in addressing homelessness. According to a landmark study, 80 percent of homeless families placed into subsidized apartments remained stably housed.

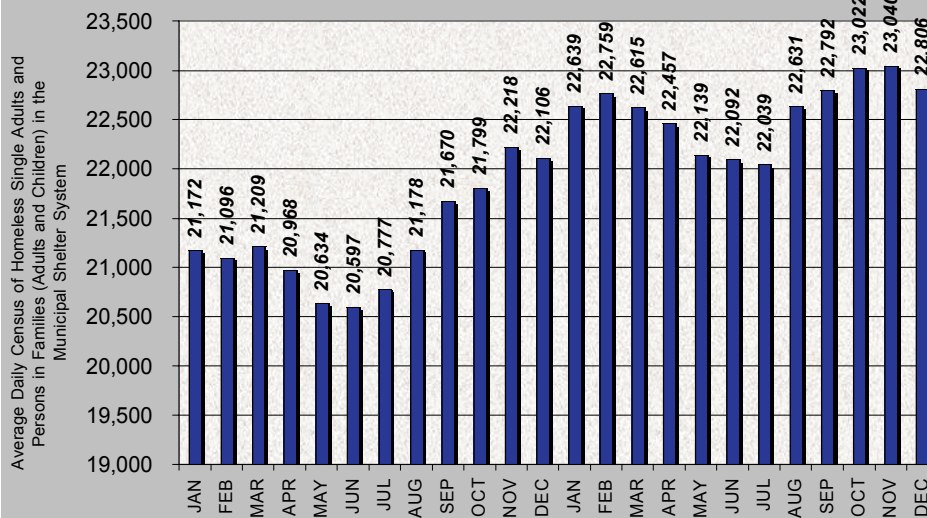
- **Recent Cutbacks in Permanent Housing Placements.** In the late 1990s shelter stays have grown longer as a result of cutbacks by the Giuliani Administration in supportive housing programs and permanent housing placements for homeless families. Over the course of the 1990s, the number of homeless families placed into permanent housing declined by nearly 42 percent, from more than 7,000 families per year to less than 4,200 families per year.

Changing Course: A Need to Plan for the Future

The time to change course is now. More than anything, the past thirty years of rising housing problems and mass homelessness resulted from an absence of vision and planning for how to house New York City's residents.

Planning is essential in the modern metropolis. Indeed, New Yorkers expect elected officials and civic leaders to plan roads, bridges, schools, and hospitals to meet the demands of a growing population and an ever-changing city. Housing

Average Daily Census of All Homeless People in the New York City Shelter System, 1998-1999



Source: New York City Department of Homeless Services (1998-1999)

demands no less. However, currently there is no genuine comprehensive planning process to address the major features of New York City's housing challenges in the next two decades: Rising population, stagnant housing production, and the widening affordable housing gap.

Government must re-assume its essential role by:

- Developing a comprehensive planning process to address New York City's housing problems;
- Investing in new housing development in cooperation with the private sector; and
- Providing vital housing assistance for the poorest New York City households.

Indeed, the success of government's role in addressing housing problems, when it has sufficient resources, is undeniable.

The State's Mitchell-Lama Program and the City's Housing New York initiative created tens of thousands of new homes for middle-income and low-income New Yorkers. Likewise, the Federal Section 8 program has provided vital tenant-based assistance for poor households. Finally, before funding cutbacks in the mid-1990s, supportive housing substantially reduced adult homelessness for the first time since it emerged in the late 1970s. Summarized on the following page are a number of short-term and long-term commitments that government can make to reverse three decades'

worth of neglect of housing, to re-house homeless New Yorkers, and to provide decent, affordable housing for hundreds of thousands of newcomers to New York City. A more detailed description of the recommendations is included in the conclusion of this report.

Short-Term Commitments

1. Tenant-Based Section 8 Rental Assistance

- The Federal government should provide 250,000 new Section 8 vouchers nationwide per year, which will provide approximately 3,500 new vouchers annually to New York City households.

2. Welfare Housing Allowances that Reflect the Real Cost of Housing

- New York State must increase welfare housing allowances to reflect the real cost of housing.

3. Supportive Housing for Homeless Mentally Ill Individuals

- New York State and New York City must commit to providing the remaining 8,500 units of supportive housing needed for homeless mentally ill individuals in New York City.

4. Rental Assistance for Working Homeless Households

- New York City should expand its pilot Rental Assistance program to provide temporary rent subsidies and support services for 2,000 homeless families and 1,500 homeless individuals.

5. Reduce Vacancy Allowances for Rent-Regulated Housing

- The New York State Legislature and the Governor must repeal the excessive vacancy allowances for rent-regulated housing included in the 1997 Rent Regulation and Reform Act, in particular the special vacancy bonus for apartments with monthly rents under \$500.

6. Expanded Rent-Increase Exemptions to Include Poor Disabled Renters

- New York State and City should expand the Senior Citizen Rent Increase Exemption

(SCRIE) program to include indigent disabled renter households.

Long-Term Commitments

1. Housing Allowances for Extremely-Low-Income Households

- The Federal Government should establish minimum housing allowances for all households with incomes below 30 percent of area median income. Modeled on the tenant-based Section 8 assistance program, these allowances would assure that no eligible household pays more than 30 percent of their income for rent.

2. Right to Housing for Mentally Ill People

- The Federal government should provide capital funding and project-based rent subsidies to support the development (over five years) of 250,000 new supportive housing units for mentally ill Americans who are homeless.

3. Long-Term Federal Investments in Affordable Housing Development

- The Federal government must develop and fund a comprehensive plan for expanding investments in new affordable housing in cooperation with the private sector. The Federal government must develop new affordable housing for at least 100,000 new low-income households nationwide per year.

4. State Development of Middle-Income and Affordable Housing

- New York State must renew its efforts to finance the development of new middle-income and affordable housing through a new initiative modeled on the Mitchell-Lama Program which would create 50,000 new housing units over ten years.

5. City Capital Investments in Affordable Housing

- New York City must allocate at least \$750 million annually in capital funding to finance the development of affordable housing and middle-income housing in cooperation with private developers and financial institutions.

Part I

Population Growth and the Widening Affordable Housing Gap in New York City

New York City enters the new century as a growing city. In the wake of revived population growth in the 1980s and 1990s – driven in large part by immigration – New York City’s population is expected to grow by more than half a million people by the year 2020. Indeed, two decades from now there will be more people in New York City than ever before in the city’s history. Moreover, past and future immigration will alter the demographic characteristics of New York City’s population in important ways over the next two decades.

Unfortunately, New York City also enters the new century without a plan to house the next generation of New Yorkers. Over the past two decades, the number of new households grew nearly three times as fast as the number of new rental housing units. This mismatch between housing supply and population growth has contributed, among other things, to extremely low rental housing vacancy rates in New York City.

New York City also enters the new century facing a widening affordable housing gap. In the early 1970s, New York City actually had more low-cost, affordable apartments than extremely-low-income renters. At the close of the 1990s, the number of extremely-low-income renter households in New York City exceeded the number of available low-cost apartments by more than half a million households. Moreover, black and Latino renters have suffered disproportionately from severe housing problems, including overcrowding, substandard conditions, and high rent burdens.

Part I of this report outlines the dimensions of the housing problem confronting New York City.

Chapter One

Chapter One describes the history of recent population growth in New York City, the role of immigration, and forecasts for future population growth.

- **Population Growth.** After declining rapidly in the 1970s, New York City’s population rose through the 1980s and 1990s, and is expected to increase by more than half a million people by 2020.
- **Rising Immigration.** At current rates of immigration, New York City can expect to receive more than 2 million new immigrants by 2020.

Chapter Two

Chapter Two traces recent trends in housing supply in New York City. As New York City’s population has risen, housing supply has not kept pace.

- **Declining Production.** Whereas New York City produced on average more than 17,000 new housing units per year in the 1970s and more than 10,000 per year in the 1980s, in the 1990s fewer than 8,000 new housing units have been completed each year.
- **Slow Rental Housing Growth.** Over the past two decades, the net increase in households in New York City was twice the net increase in rental housing units.

Chapter Three

Chapter Three outlines in detail the dimensions of the affordable housing shortage in New York City, highlighting worsening housing conditions for poor renters.

- **Soaring Rents and Stagnant Incomes.** From 1975 to 1999 median rents in New York City grew by nearly one third in real terms while median renter household incomes grew by less than 3 percent.
- **Worsening Housing Conditions.** Housing problems for poor renters (including overcrowding, substandard housing conditions, and high rent burdens) have worsened steadily in the past three decades.
- **Severe Housing Problems for Black and Latino Renters.** Black and Latino renters suffer disproportionately from severe housing problems, and have median incomes more than one third lower than white renters.

Chapter Four

Chapter Four describes the widening affordable housing gap over the past thirty years.

- **Widening Affordable Housing Gap.** In 1970, the number of low-cost, affordable housing units in New York City actually exceeded the number of extremely-low-income renter households.
- **Growing Shortage of Low-Cost Apartments.** By 1996 New York City lacked more than half a million available affordable rental housing units for very-low-income renter households.

Chapter Five

Chapter Five examines in detail the housing conditions of immigrants, who will comprise a larger share of New York City's population during the next two decades, and whose housing needs will play a larger role in shaping the entire city's housing needs.

- **Severe Housing Problems Among Immigrant Renters.** Compared to native-born households, immigrants are much more likely to be renters and to suffer from overcrowding, housing quality problems, and high rent burdens.

Chapter One

Population Growth in New York City

Introduction

New York City's population grew significantly in the 1980s and 1990s, largely due to immigration. Recent population forecasts predict continued population growth over the next two decades. Indeed, New York City's population is projected to increase by more than half a million people by the year 2020, representing more than 173,000 new households. In 2020, therefore, there will be more people in New York City than ever before in the city's history.

Much of the recent growth in New York City's population has been driven by immigration. The number of immigrants admitted annually to the United States who settled in New York City nearly doubled from the 1960s to the 1990s, to more than 113,000 people per year. At current rates of immigration, more than 2 million new legally-admitted immigrants will settle in New York City by 2020. Immigration, therefore, has not only spurred population growth in New York City but will create important demographic changes which will shape the city's housing needs over the next two decades.

This chapter outlines recent population trends in New York City.

- The first section briefly describes population change in New York City in the postwar period, in particular the renewed population growth of the 1990s. After losing population in the 1970s, New York City's population increased by more than 350,000 people between

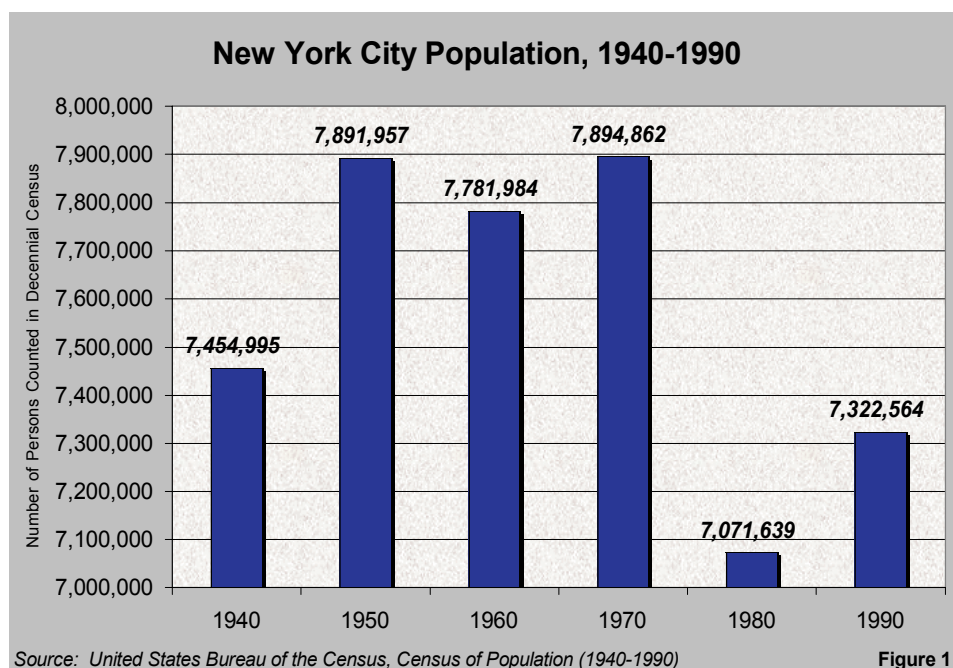
1980 and 1999.

- The second section analyzes the historical impact of immigration on population change in New York City, and the implications of immigration for demographic changes. Between 1980 and 1996, some 1.7 million legally admitted immigrants settled in New York City.
- The third section describes the demographic changes resulting from rising immigration. Whereas 18.2 percent of New Yorkers were foreign-born in 1970, in 2000 an estimated one third of all New Yorkers are foreign-born.
- The fourth section presents forecasts for continued population growth over the next two decades, during which New York City's population will grow by more than half a million people.

Recent Population Trends in New York City

Like many large American cities, New York City experienced significant population decline in the 1970s. However, unlike many other cities, New York City's population rebounded in the 1980s and 1990s, in large part due to immigration.

As Figure 1 shows, New York City's population remained relatively stable from 1950 through



1970. However, the 1970s witnessed dramatic population decline in the city. According to the United States Bureau of the Census, the number of New York City residents fell by a remarkable 10.4 percent, from 7.9 million to 7.1 million people.¹ As in other American cities, the population decline of the 1970s was driven by outmigration to surrounding suburban areas in New York State, New Jersey, and Connecticut. However, New York City's population loss in the 1970s, as a share of total population, was not nearly as severe as in most other large American cities.

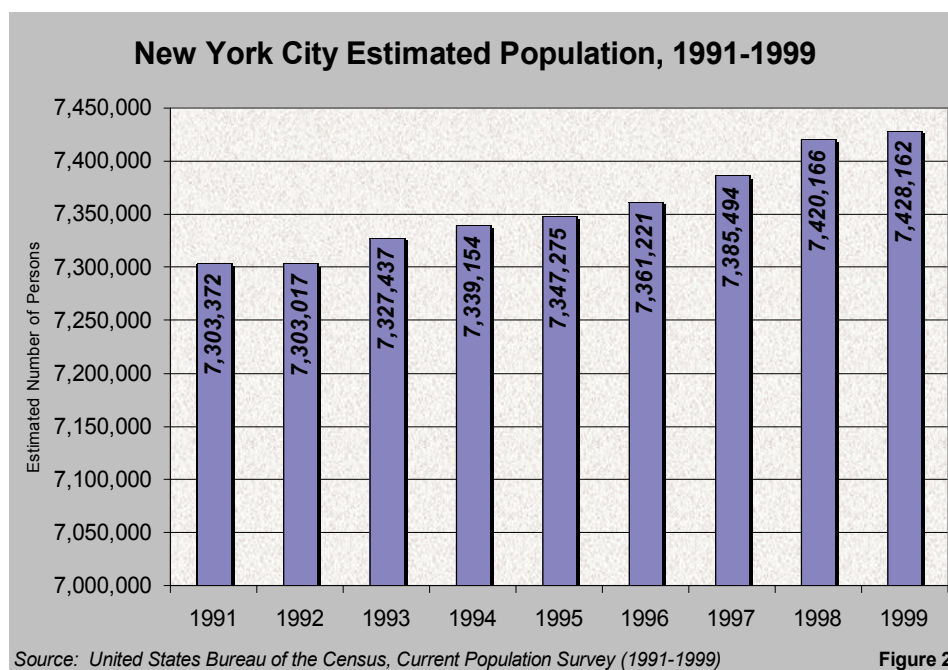
Population rebounded in the 1980s, increasing by 3.5 percent to 7.3 million people counted in the 1990 decennial census.² Moreover, the actual population growth of the 1980s was undoubtedly even greater than the decennial census figures indicate. Post-censal surveys and other studies indicate that there was a large undercount of population in New York City during the 1980 and 1990 decennial censuses, particularly among poor people, immigrants, black and Latino residents, and homeless people. The United States Bureau of the Census estimates that the 1990 decennial census failed to enumerate 244,588 people in New York City.³ After declining slightly in the early 1990s, largely due to the effects of the recession, New York City's population rose again through most of the decade, due to the economic expansion of the

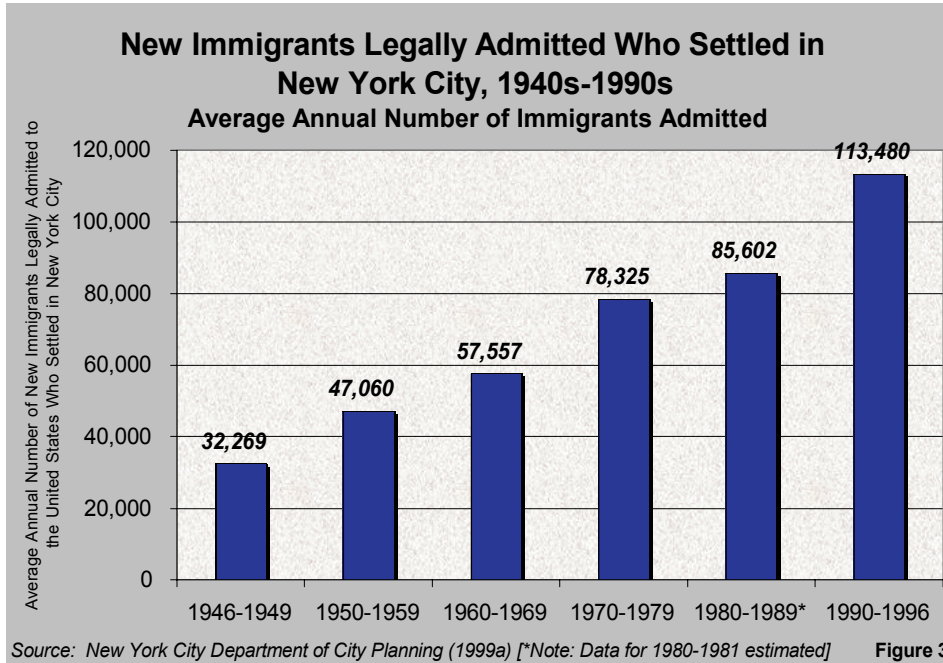
1990s. According to the Bureau of the Census's Current Population Surveys, the city's population rose by 1.7 percent from 1991 to 1999, to an estimated 7,428,162 people in the latter year, as illustrated in Figure 2.⁴

Population Growth and the Role of Immigration

For decades immigration has been the driving force behind population growth in New York City. Population change is dependent upon two major factors: Natural increase (i.e., the net gain or loss due to births and deaths), and migration (i.e., the net gain or loss due to people moving into or out of a region). In New York City, immigration affects both factors, the former due to the relative youth and higher fertility rates of immigrant households, and the latter as a counter-weight to domestic migration. Domestic in-migration was a significant factor in New York City's population change from the 1940s through the 1960s, particularly involving migrants from southern states and Puerto Rico drawn to manufacturing jobs in the northeast. Since 1950, however, New York City has been strongly influenced by domestic outmigration, in particular the rise in the number people moving to surrounding suburbs.⁵

During the past two decades, immigration was the engine driving most of the population growth in New York City. The rise in immigration to New York City, and to the United States, in the postwar period dates to the passage of the 1965 Immigration and Nationality Act. The 1965 legislation eliminated national-origin quotas for immigrants and made family reunification the focus of United States immigration policy.⁶ The immigration of relatives of New York City residents, along





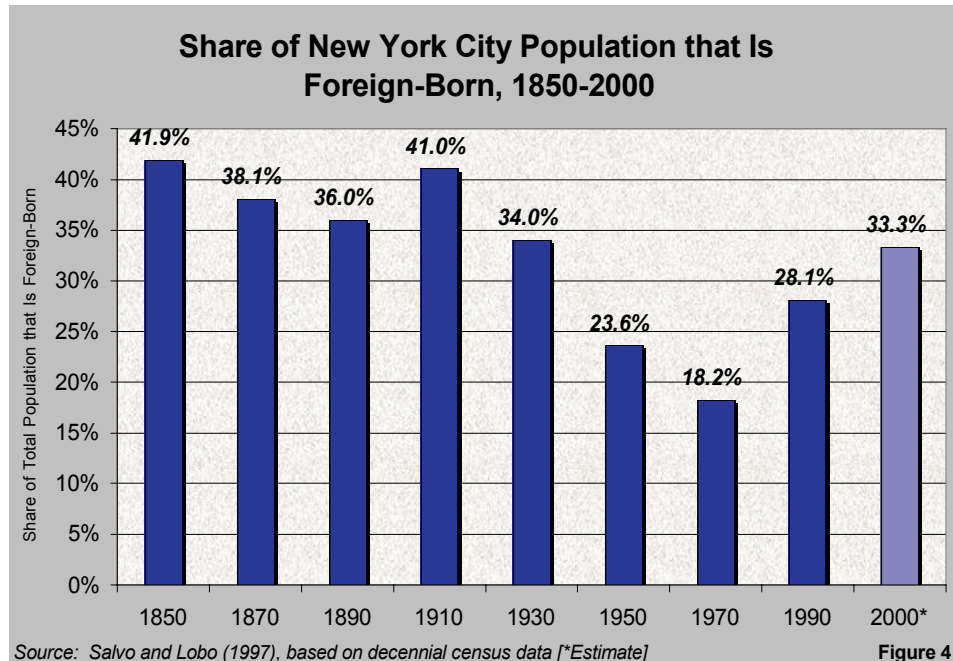
in New York City.⁹ Using data from the United States Immigration and Naturalization Service, the New York City Department of City Planning estimated that there were more than 400,000 undocumented immigrants in New York City in 1992.¹⁰ Therefore, although New York City comprises approximately 3 percent of the United States population, it received about 16 percent of all new United

States immigrants admitted during the last two decades.

with the arrival of asylum seekers, led to enormous increases in immigrant arrivals to New York City. As Figure 3 shows, the average number of immigrants admitted to New York City rose from an average of 57,557 per year in the 1960s to 113,480 in the period 1990-1996.⁷ Thus, the rate of immigration to New York City in the 1990s was the highest since the 1890s, a century earlier.

Without immigration, New York City would have suffered dramatic losses in population over the past three decades. In the 1970s when, as noted above, New York City lost 10.4 percent of its population (largely due to outmigration to suburbs), the population decrease was mitigated by the arrival of 783,248 legally-admitted immigrants.¹¹

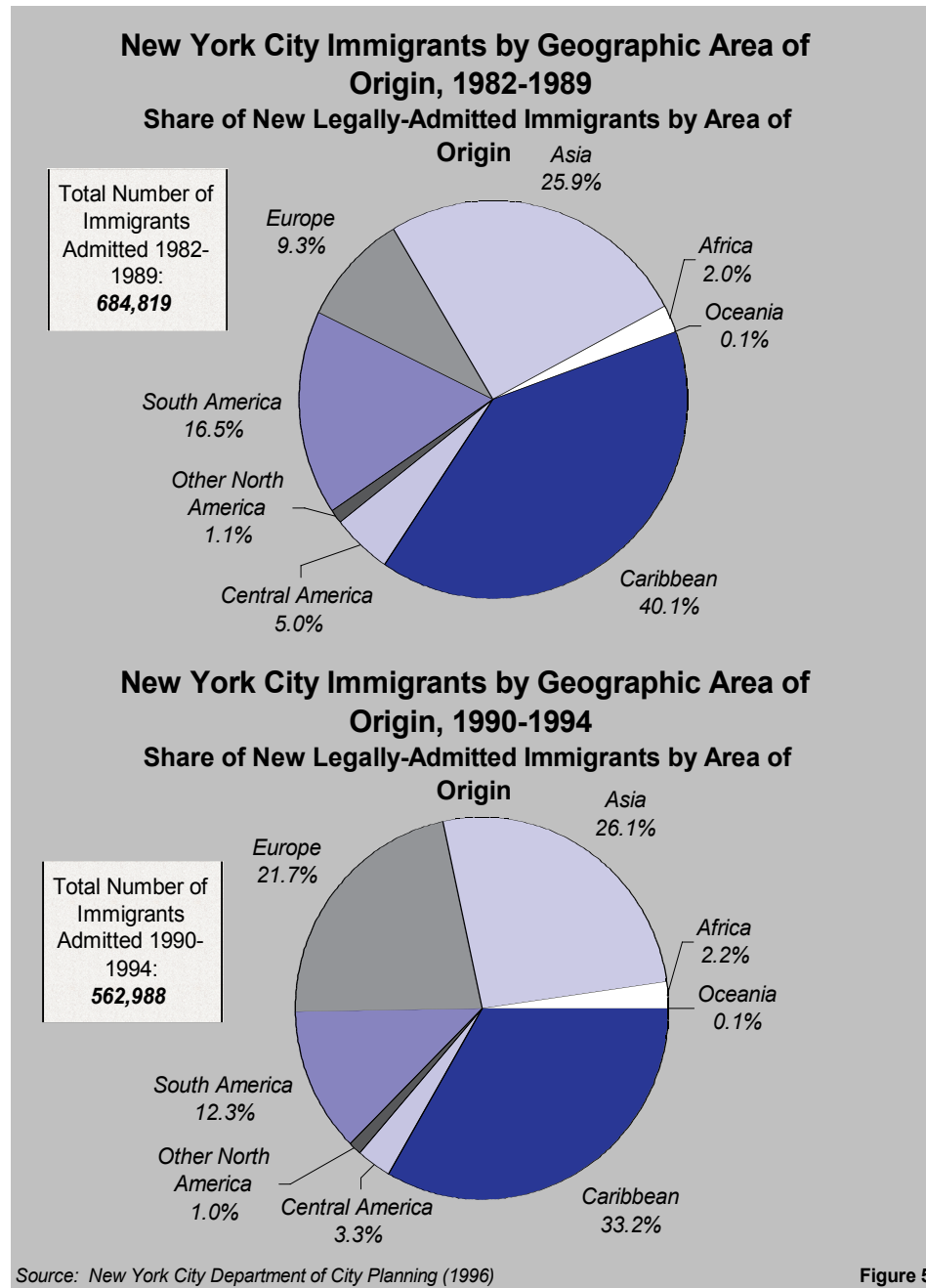
New York City was the destination for nearly one of every six immigrants admitted to the United States in the 1980s and first half of the 1990s. From 1980 to 1996, 1,650,381 immigrants were admitted to New York City, representing 16.2 percent of all immigrants admitted to the United States.⁸ During this same period, an estimated 5 million immigrants entered the United States without proper legal documentation, and a significant portion of this population also settled



From 1980 to 1989, 856,020 legally-admitted immigrants settled in New York City. Without

migration during this period. Thus, immigration along with natural increase in the population (i.e.,

births) of some 356,000 people combined to create the population growth of the 1990s.¹⁴ All in all, from 1980 to 1996 some 1.7 million legally-admitted immigrants settled in New York City.



Immigration and Demographic Change in New York City

Immigration has dramatically altered the demographic make-up of New York City's population. At the turn of the last century, during the height of the wave of immigration from Europe, more than four of every ten New Yorkers was foreign-born. As shown in Figure 4, this proportion declined in subsequent decades, from 41.0 percent of the city's population having been foreign-born in 1910 to a post-war low of 18.2 percent in 1970. However, rising immigration and domestic

immigration, New York City's population would have declined during this period by approximately 605,000 people.¹²

outmigration have reversed this trend. In 1990 28.1 percent of New York City's population was foreign-born.¹⁵ One recent study estimates that in the year 2000 one-third of New York City's population is foreign-born.¹⁶

In the 1990s, immigration once again played the decisive role in preventing population loss. From 1990 to 1996, New York City received 794,361 legally-admitted immigrants.¹³ However, some 930,000 people left the city through domestic out-

Another important change since the turn of the century has been the shift from immigration primarily from Europe to immigration from the

Caribbean, Asia, and South America. As Figure 5 shows, 40.1 percent of immigrants admitted to New York City in the 1980s were from the Caribbean, with the Dominican Republic being the country that produced the most immigrants. Asia produced 25.9 percent of all New York City immigrants, with nearly half from China. Another 16.5 percent of immigrants were from South America, and 9.3 percent were from Europe.¹⁷

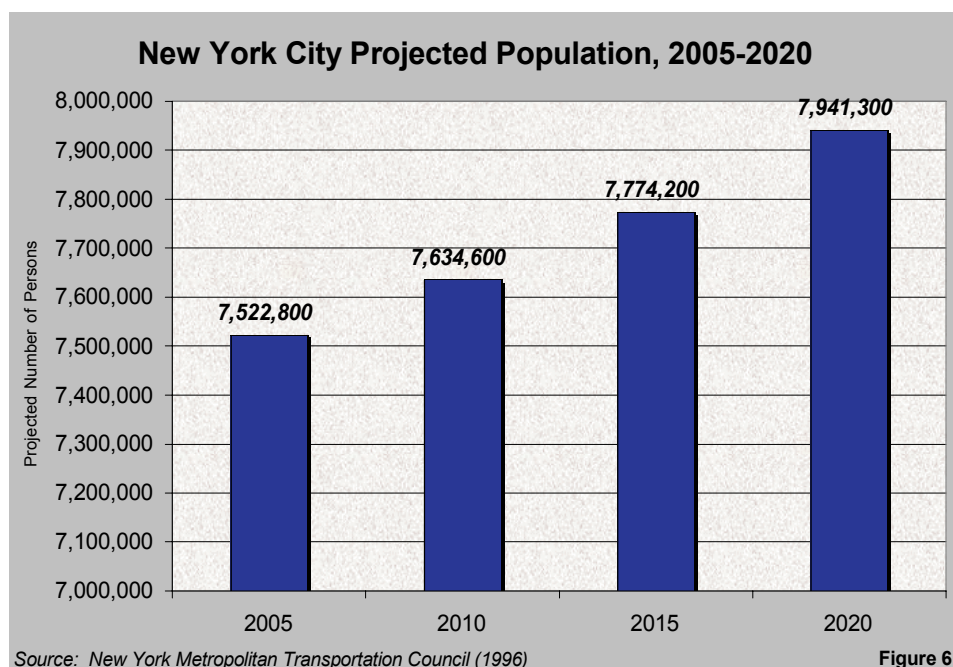
However, changes in immigration policy substantially altered the demographic make-up of new immigrants. The 1990 Immigration Act allowed the admission of larger numbers of immigrants without close relatives in the United States.¹⁸ As Figure 5 also shows, in the early-1990s the proportion of immigrants admitted to New York City from Europe rose dramatically to 21.7 percent, largely due to rising immigration from Russia, Poland, and the former Soviet republics. The Caribbean remained the area of the world producing the most immigrants to New York City, accounting for 33.2 percent of all immigrants, and the Dominican Republic remained the first-ranked country of origin, producing nearly one of every five immigrants admitted to New York City.¹⁹ Thus, as the share of New York City's population that is foreign-born has risen, the national origin of new immigrants has shifted during the past twenty years.

The Next Generation: Forecasted Population Growth Over the Next Two Decades

Population growth in the coming decades will be influenced both by new immigration flows and by the impact of the accelerated immigration of the 1990s. The number of second-generation immi-

grants in New York City rose dramatically over the past decade as a result of the youth and relatively high fertility rates of immigrant households. From 1990 to 1996, 45 percent of all births in New York City were to foreign-born women, and this proportion is projected to grow in subsequent decades.²⁰ According to one estimate, in the year 2020 more than 55 percent of all residents of New York City will be either foreign-born or have at least one foreign-born parent.²¹

Population forecasts indicate that New York City's population growth will continue during the first two decades of the twenty-first century, and that immigration will continue to be the driving force



behind the city's growth. A population forecast prepared in 1996 by the New York Metropolitan Transportation Council projected a population increase of 7.0 percent by the year 2020. As shown in Figure 6, New York City's population will grow by approximately 520,000 people in the next two decades.²²

The New York Metropolitan Transportation Council forecast also provides a broad demographic portrait of changes in New York City's population over the next twenty years. According to the 1990 decennial census, 43.3 percent of New York City's population was white, 25.4 percent

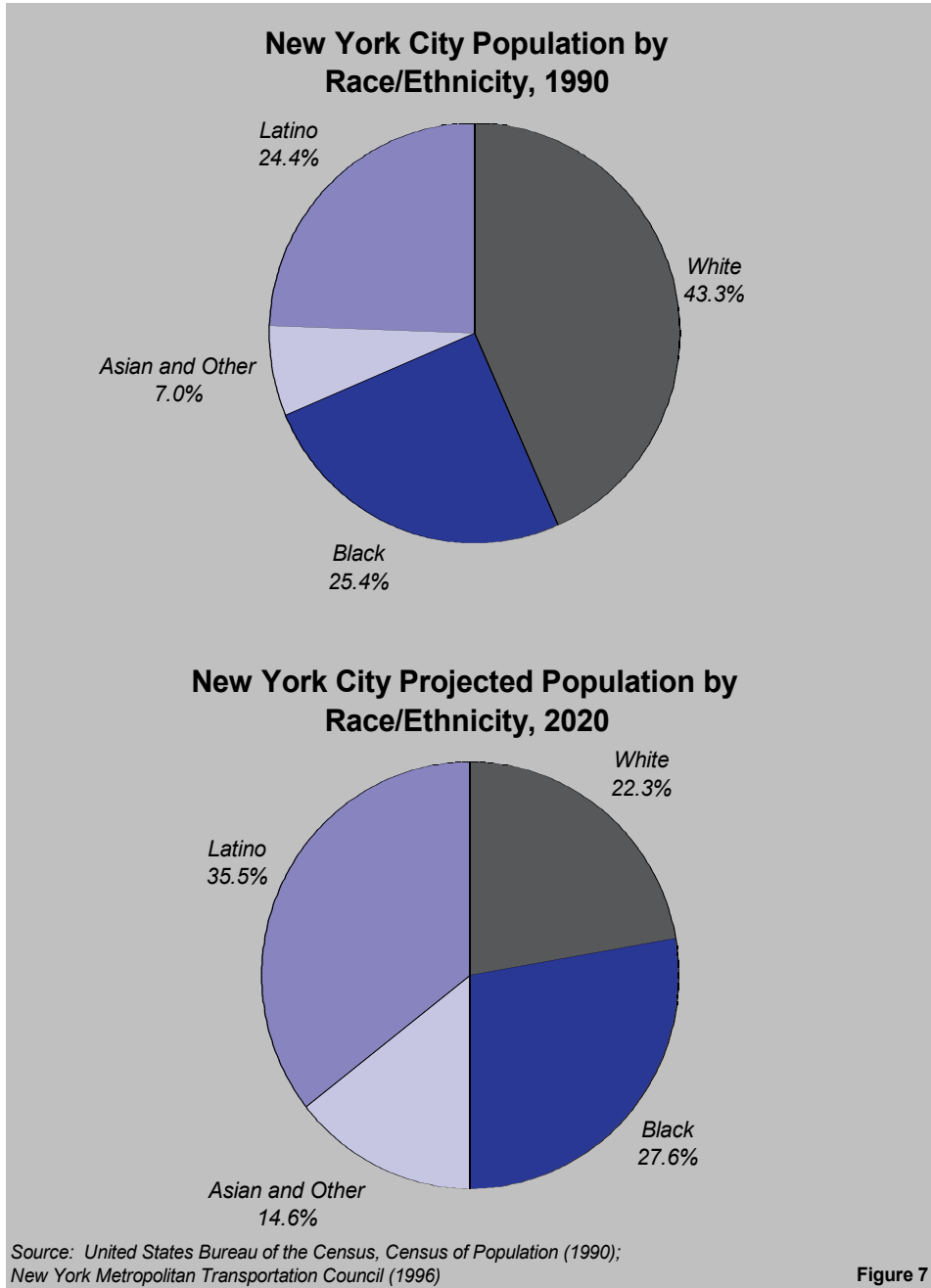


Figure 7

was black, 24.4 percent was Latino, and 7.0 percent was Asian or other race, as Figure 7 illustrates.²³ However, by the year 2020 the largest racial/ethnic group in New York City will be Latinos, who will comprise a projected 35.5 percent of the city’s total population (see again Figure 7).

This demographic change clearly represents the strong influence of continuing migration from Puerto Rico and immigration from the Dominican Republic and other Latin American countries, as

well as the relatively high natality rates for young immigrant and non-immigrant Latino households. Black New Yorkers are projected to comprise 27.6 percent of the total population, an increase due in part to immigration from the Caribbean and Africa. White New Yorkers will see their share of the population decline to 22.3 percent, a reflection of relatively low natality rates and projected outmigration of white households. Finally, the share of the total population comprised of Asians and other racial or ethnic groups is projected to more than double to 14.6 percent.²⁴

Clearly immigration will continue to drive population growth in New York City in the first two decades of the twenty-first century. In addition, immigrants and their offspring will comprise a larger and larger share of New York City’s

population during the next two decades.

Conclusion

After declining in the 1970s, New York City’s population has been growing steadily in the 1980s and 1990s and is predicted to continue growing. According to recent population forecasts, New York City’s population will rise by more than 7 percent by the year 2020, an increase of more than half a million people. Over the next two decades,

therefore, New York City's population will reach its highest point ever.

Immigration is the driving force behind New York City's recent and future growth. From 1980 to 1996, nearly 1.7 million legally-admitted immigrants settled in New York City. In the year 2020, more than 55 percent of all New Yorkers will be foreign-born or have at least one parent who is foreign-born. If immigration continues at the rate of the last two decades, by 2020 more than 2 million new immigrants will settle in New York City.

Clearly immigration patterns and demographics will play a decisive role in shaping New York City and its housing needs in the next two decades. Chapter Five will examine in detail the housing conditions of immigrants to assess the housing needs of the rising number of immigrant households. However, population growth alone will create the need for more housing in New York City. Therefore, the next three chapters will first examine New York City's recent record of producing new housing, and the emergence, and widening, of the affordable housing gap from the 1970s through the 1990s.

Chapter Two

Changes in New York City's Housing Supply

Introduction

How New York City will meet its housing needs for the next generation will depend in large part on its strategies for developing and preserving housing, and for building housing to replace that which has been lost to demolition or conversion. Based on the record of the last two decades, the outlook for expanding New York City's rental housing supply is gloomy. From 1980 to 1999, the net increase in households in New York City was nearly three times the net increase in rental housing units.

Housing production in New York City, which was robust in the 1960s and strong in the 1970s (a decade of population loss, as noted in Chapter One), slowed considerably in the 1980s and was at historic lows throughout the 1990s. Residential building demolitions also rose in the late-1990s to the highest levels in two decades. As a result, in the 1990s New York City actually lost more rental housing units than it produced.

This chapter will discuss recent changes in New York City's housing supply.

- The first section will look at housing construction, which declined dramatically in the 1990s. In the 1990s, New York City produced fewer than half the new housing units annually than it did in the 1970s.
- The second section will examine housing demolitions, which soared in the late 1990s to the highest levels since the wave of building abandonment in the 1970s. In the late 1990s, the number of residential building demolitions was at its highest point since the early 1980s.
- The third section will briefly examine one of the causes of low levels of housing production in recent years: the high costs of construction in New York City. Construction costs in New York City are the highest of any city in the United States.
- The fourth section discusses illegal housing units in New York City, which flourished in

the 1980s and 1990s. Although there is no comprehensive data on this phenomenon, one study estimated that there were already more than 150,000 illegal single-room housing units in New York City in 1984.

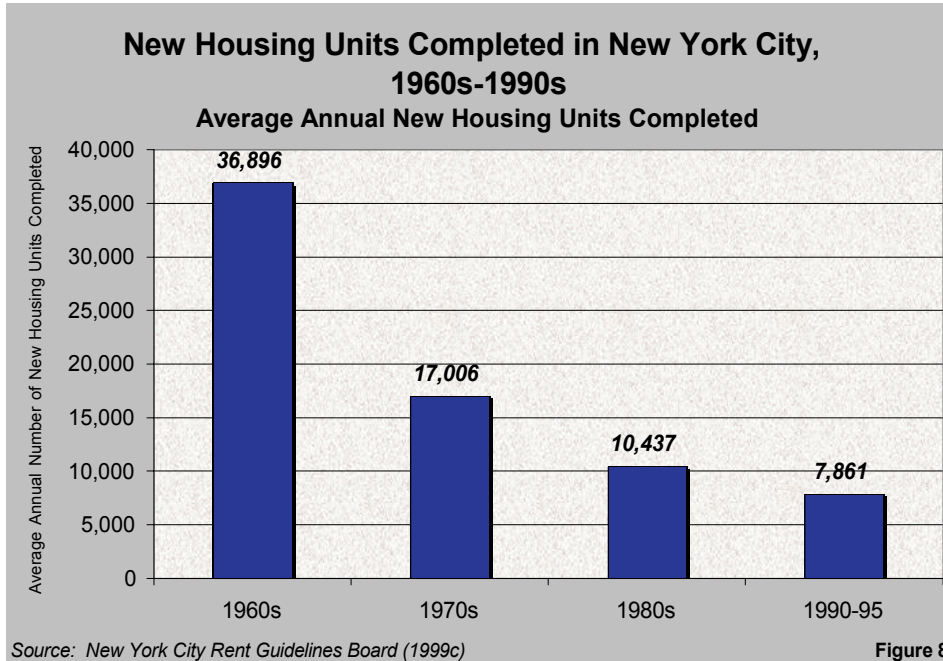
- Finally, the fifth section will compare recent trends in population growth with the stagnation of housing supply. From 1980 to 1999, the net increase in households in New York City was nearly three times the net increase in rental housing units.

Changes in Housing Production

The number of new housing units (renter and owner) completed annually in New York City has declined dramatically from the 1960s through the 1990s, as shown in Figure 8. In the 1970s, an era of widespread building abandonment when New York City also lost more than 10 percent of its population, an average of 17,006 housing units were constructed each year. That average annual figure fell to 10,437 units during the 1980s, despite increased housing production in the second half of the decade (see Appendix Figure 1). For the first half of the 1990s, however, average annual housing production fell by 24.7 percent to just 7,861 units per year.²⁵

Data on housing permits provides some indication that housing production rose slightly in the late-1990s. As Appendix Figure 2 shows, the number of permits issued for the construction of new housing units increased from 1996 to 1998, and reached 10,387 permits in the latter year, the highest level since 1989.²⁶ However, as Figure 9 illustrates, even these increases are well below the average production levels of the 1980s. Moreover, these low rates of housing production occurred even as New York City's population was again rising steadily.

Much of the decline in housing production since the 1960s was driven by cutbacks in government housing programs (many of which are detailed in Part II of this report). One program in particular, the Mitchell-Lama Program – a State initiative begun in 1955 aimed at producing middle-income rental and mutual housing – was responsible for generating substantial housing production in the



dramatically towards the end of the decade. As Figure 10 illustrates, residential building demolitions, which occurred at around 600 buildings per year in the late-1980s, fell off to under 200 buildings per year in the first half of the 1990s. However, demolitions increased significantly from 1996 through 1998, reaching 839 buildings in the latter year, the most residential building demolitions since the wave of building abandon-

ment in the 1970s and early-1980s.²⁷

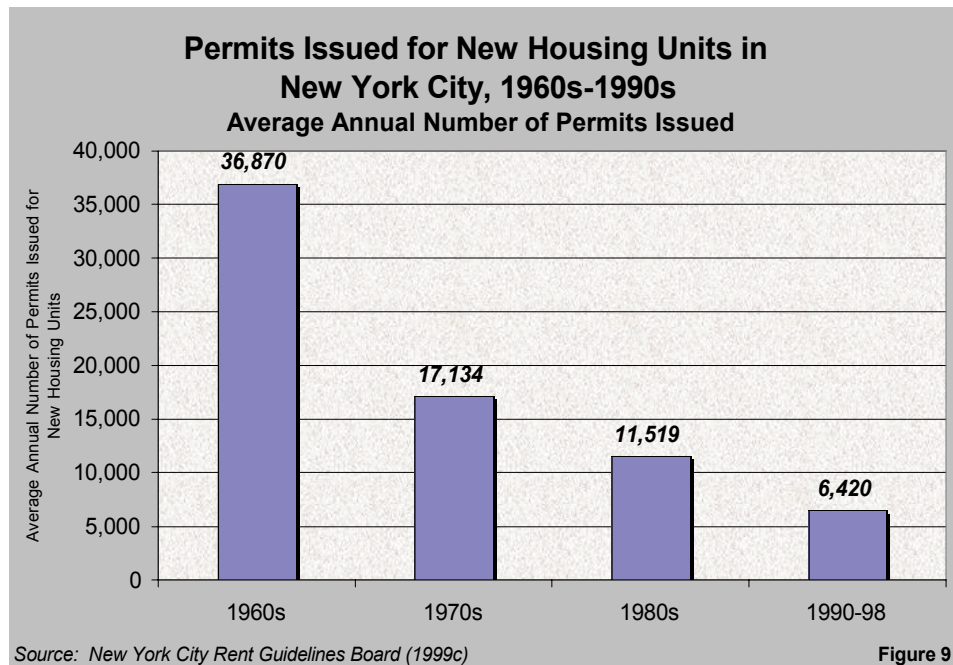
1960s and 1970s. Since its inception, the Mitchell-Lama Program has created more than 125,000 housing units in New York City, most of them for middle-income tenants. In addition, the Housing New York initiative, launched by the Koch Administration in 1986 (also discussed in Part II), was responsible for creating some 50,000 new rental housing units in the late 1980s and early 1990s, temporarily abating a citywide decline in the rental housing stock. However, as Part II describes in more detail, the end of these initiatives and other cutbacks in government housing investments played a significant role in slowing the expansion of New York City's rental housing supply.

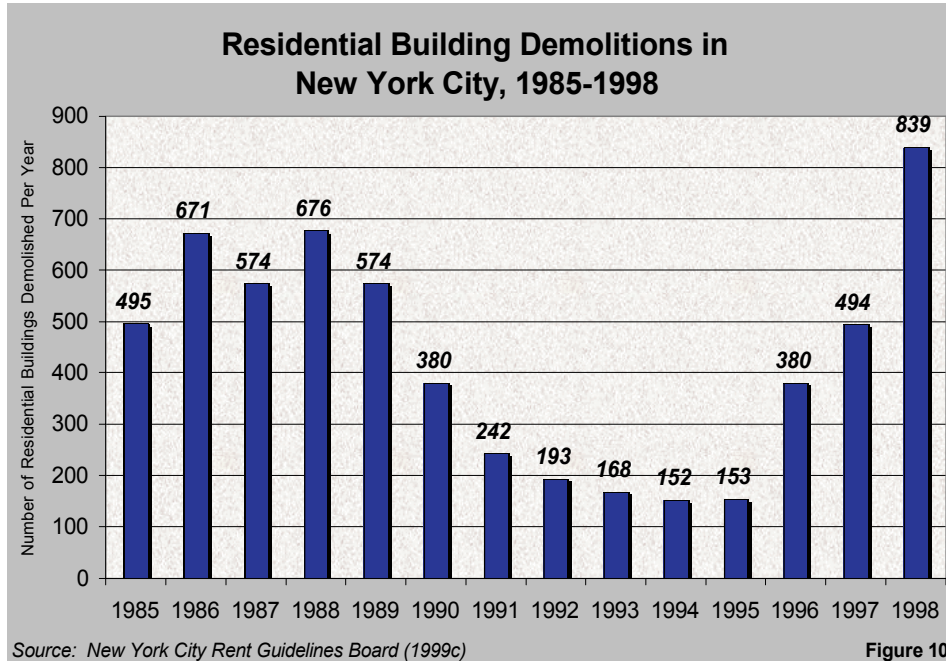
Clearly the rise in building demolitions, along with historically low levels of housing construction, have contributed to an absolute loss of rental housing in New York City in the 1990s. The total number of rental housing units (occupied and vacant) in New York City fell from 2,028,303 units in 1991 to 2,017,701 units in 1999, a loss of more than 10,000 rental housing units.²⁸ During this

While new housing production declined in the 1990s, the number of residential buildings demolished increased

Housing Demolitions and Conversions

While new housing production declined in the 1990s, the number of residential buildings demolished increased





same period, the city's population grew by nearly 125,000 persons (see Figure 2), or more than 40,000 households.²⁹

However, another factor behind the loss of rental housing in the 1980s and 1990s was conversion of rental housing units to cooperatives and condominiums. Conversions increased substantially in the 1980s, particularly in neighborhoods that were gentrifying, and contributed significantly to the loss of rental housing. In the 1980s, an average of more than 33,000 apartments each year were converted to condominiums or cooperative apartments. The number of conversions diminished greatly in the 1990s, during which fewer than 1,000 conversions occurred each year.³⁰

The Impact of Construction Costs

One reason for the decline in new housing production in New York City has been the relatively high cost of housing construction. A recent report by the Center for Real Estate and Urban Policy at the New York University School of Law found that construction costs and land acquisition prices in New York City are substantially higher than in every other large city in the United States. The study found that, by one measure, hard construction costs in New York City are between 21 and 56 percent higher than in Los Angeles, Chicago, and

Dallas.³¹ By another measure, construction costs per square foot in New York City are 4 to 9 percent higher than in Los Angeles, 10 to 11 percent higher than in Chicago, and 22 to 29 percent higher than in Dallas.³²

The Center for Real Estate and Urban Policy study offered several recommendations for reducing construction costs – including improved management of vacant land, reforms of zoning

and building codes, and changes in the property tax system³³ – but most are unlikely to be implemented in the near term. Furthermore, many of the factors influencing high construction costs cited by the report (for example, higher relative labor costs) have existed for decades in New York City, and thus are not the most important cause of the decline in housing production in the 1990s.

The report also rejects the argument put forward by the real estate industry and some commentators that rent regulation has played a significant role in declining new housing construction. Under rent regulation laws all buildings built after 1974 without certain tax abatements and subsidies are not subject to rent regulation. As the Center for Real Estate and Urban Policy concludes, “Contrary to the allegations of some members of the real estate industry, rent regulation is unlikely to impede new construction because developers are concerned that the law will be amended to include buildings after 1974.”³⁴ Moreover, the report continues, “given the tightness of New York’s housing market...it is unlikely that insufficient demand caused by rent regulation is the major impediment to new housing construction.”³⁵

Illegal Conversions and Illegal Single-Room Housing

Although official data record a net loss of rental housing units in the 1990s, there is anecdotal evidence that the number of illegal housing units increased to meet some of the unmet need for affordable rental housing. There are, unfortunately, no comprehensive statistics available regarding this phenomenon. However, news reports, welfare data, fire reports, and other sources indicate that illegal housing units of various kinds flourished throughout New York City in the 1980s and 1990s.

To date there has been only one comprehensive attempt to analyze the issue of illegal housing units in New York City, an unpublished report by researchers Jill Hamberg and Carol Smolenski.³⁶ According to that report, the most common form of illegal housing consists of illegal single-room occupancy (SRO) units. Among illegal SROs, the report describes three major types:³⁷

- *Rooms*: This category includes illegal rooming houses, the vast majority of which are located outside of Manhattan. Typically, illegal rooms have been located in one- or two-family homes. Illegal rooms also include rooms in apartments which are rented separately, and rooms in basements and cellars of apartment buildings or private houses.
- *Cubicles*: These units are differentiated from rooms by the absence of windows, and are typically found in basements and cellars which are subdivided into small dwelling units.
- *Bedspaces*: The most common form of bedspace is dormitories, which have predominated in Chinatown and some parts of Brooklyn.

Hamberg and Smolenski's report acknowledges the dearth of reliable data on the number of illegal SROs, but estimates that, in the mid-1980s, there were more than four times as many illegal SRO units as there were legally-recognized occupied SRO units. In 1986 a City report documented some 52,000 legal SRO units citywide, of which 37,800 were occupied. Through an analysis of 1984 welfare data, the report estimates that 22,000 welfare recipients were residing in illegal SROs – that is, “furnished rooms” which were not located in legally-recognized SROs. Extrapolating from

this data, the authors estimate that in 1984 there were 157,000 illegal SRO units citywide.³⁸

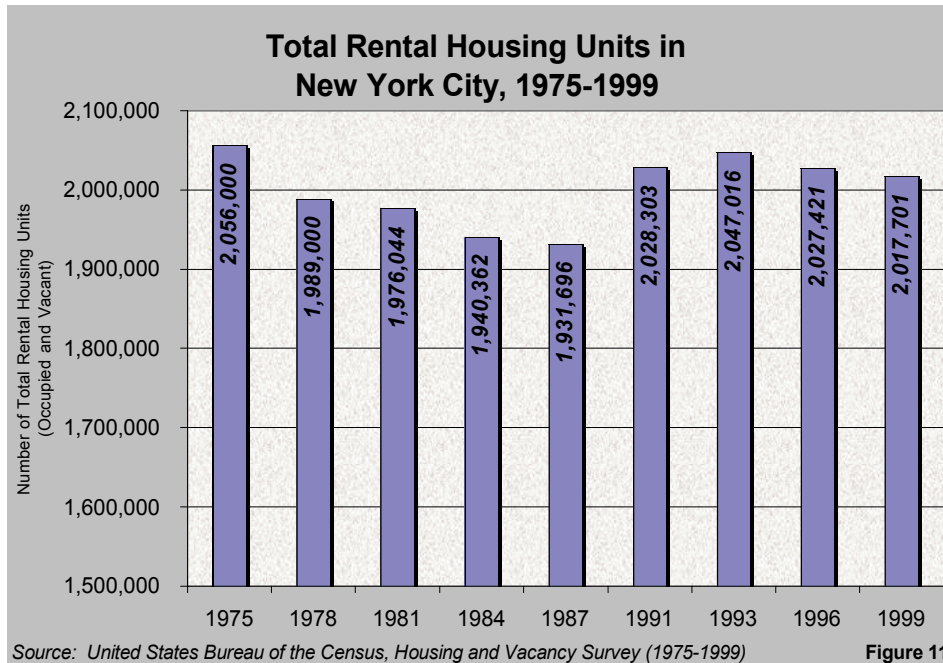
Despite the absence of comprehensive data, it is clear that illegal housing units flourished in the 1980s and 1990s. Indeed, in the late 1990s, as in the 1980s, several news reports pointed to the expanding number of illegal occupancies, and described electrical fires in many one- and two-family homes illegally converted into multiple dwellings in southeastern Queens and other regions of the city. News and fire reports have, in an anecdotal fashion, portrayed illegal housing units as extremely overcrowded and hazardous.

The Hamberg and Smolenski report estimates that half of all residents of illegal SROs were immigrants, and that they were on average younger and more likely to be employed than residents of legal SROs.³⁹ It seems clear, then, that illegal SROs and other illegal housing have become a dangerous but necessary “escape valve” for poor households unable to access apartments in an increasingly tight housing market.

Population Growth and the Stagnation of Housing Production

During the past two decades, the combination of rising population and stagnant housing production has contributed to declining rental housing vacancy rates and rising household size in apartments. As shown in Figure 11, the number of rental housing units in New York City declined steadily in the 1980s, largely as a result of rising demolitions and conversions as well as stagnant production, at the same time that population increased. However, the number of rental units increased significantly from 1987 to 1993, partly as a result of City capital commitments to the 1986 Housing New York initiative (described in Chapter Seven). Nevertheless, in the remainder of the 1990s the number of rental housing units again began to decline, with a loss of nearly 30,000 apartments between 1993 and 1999.⁴⁰

From 1980 to 1999, according to the United States Bureau of the Census, the population of New York City increased by some 356,000 persons (representing approximately 118,000 households).⁴¹



However, over this period the number of total rental housing units (occupied and vacant) increased by fewer than 42,000 units.⁴² The slowdown in housing production combined with the rise in demolitions in the 1990s contributed significantly to this mismatch between rising population and stagnant housing production.

Conclusion

Over the past two decades, changes in New York City's rental housing supply have not matched changes in population. From 1980 to 1999, the net increase in households in New York City was nearly three times the net increase in rental housing units. Indeed, between 1993 and 1999 the number of rental apartments in New York City actually declined by nearly 30,000 units.

The decline in the number of apartments in the 1990s reflects a long-term trend towards reduced housing production in New York City. Whereas New York City produced an average of nearly 37,000 new housing units each year in the 1960s and more than 17,000 per year in the 1970s, in the 1990s fewer than 8,000 units were produced each year. One major cause of this drop-off in production has been the dramatically reduced role played by government in developing new housing. As discussed in detail in Chapter Seven, major gov-

ernment initiatives in the 1960s and 1970s – such as the Mitchell-Lama Program, which produced more than 125,000 new housing units in New York City – spurred an expansion of the city's housing supply. Likewise, in the late 1980s and early 1990s the Housing New York initiative temporarily reversed declines in the size of the city's rental housing stock. Unfortunately, through most of the 1980s and 1990s government at

every level cut back dramatically in such investments in new housing development.

Against the backdrop of stagnant housing supply, another alarming housing trend emerged in New York City: A severe and growing shortage of affordable rental housing. As the next chapter will describe, New York City not only has failed to produce enough rental housing for its rising population, but it has also suffered dramatic losses of affordable apartments over the past twenty-five years.

Chapter Three

Affordable Housing in New York City

Introduction

Discussions about a “crisis” or “shortage” of affordable housing in New York City are hardly novel. However, affordability was not always the major housing problem confronting New York City. Indeed, the most severe housing problem confronting poor New Yorkers in the two decades after World War II was substandard, often hazardous physical conditions, and these improved considerably by the 1970s.

From the 1970s through the 1990s, the major housing problem confronting New York City became affordability. Viewed from a historical perspective, therefore, the past three decades have witnessed extraordinary changes in the city’s housing stock. In essence, from 1970 to the present New York City transformed from a city with a surplus of affordable rental housing for its poorest residents to a city with a deficit of more than half a million available, low-cost apartments. At the same time, poor renters – in particular, black and Latino renter households – resided in ever larger numbers in overcrowded, substandard housing, and were forced to pay increasing shares of their incomes for deficient apartments.

This chapter briefly traces those historical changes and draws a portrait of the current affordable housing shortage in New York.

- The first section describes the affordable housing stock in New York City, focusing on the different subtenures of rental housing. From 1991 to 1999, New York City lost more than 500,000 apartments with gross rents under \$500 per month.
- The second section looks at five measures of affordable housing conditions, and how each has worsened over the last two decades:
 1. *Overcrowding*: From 1978 to 1999 the number of crowded apartments increased by 71.4 percent and the number of seriously crowded apartments rose by 161.5 percent.
 2. *Housing quality*: From 1987 to 1996, the

number of apartments with maintenance-related housing problems rose by 170 percent.

3. *Trends in rents*: From 1981 to 1999, median gross rents in New York City rose by nearly twice the rate of inflation.
 4. *Trends in renter incomes*: While median rents rose rapidly, renter incomes stagnated over the past two decades, and the poorest fifth of renters suffered income losses. From 1993 to 1999, the median income of the poorest fifth of renter households declined by 1.2 percent in real terms.
 5. *Rent burdens*: More than one of every four renter households in New York City paid more than half of their income for housing throughout the 1990s.
- Finally, the third section looks at the changing housing conditions of black and Latino renters, who disproportionately suffer from severe housing quality problems, overcrowding, and high rent burdens. Throughout the 1980s and 1990s, the median renter incomes of black and Latino renters were more than one-third lower than those of white renters.

New York City’s Affordable Housing Stock

Any discussion of housing in New York City must begin by acknowledging how unique New York City’s housing stock is compared with that of other large American cities. New York City is, overwhelmingly, a city of renters. Whereas nearly two-thirds of American households own their own homes, and nearly half of all residents of central cities nationwide are owners, in New York City 68.1 percent of households were renters in 1999.⁴³

1. Regulatory Status of Rental Housing

New York is also exceptional in the exceedingly complex array of subtenures within its rental housing stock. Whereas housing in most American cities can be described using only a handful of categories (owner-occupied, renter-occupied, public/subsidized rental housing), in New York City sixty years of rent regulation laws and a wide array of government housing programs have created a diverse landscape of rental housing types. It is,

however, possible to describe New York's rental housing stock using seven major categories, or "subtenures," which are defined in Figure 12.⁴⁴

- *Rent-stabilized apartments*: Slightly more than half of all occupied rental housing in New York City – 1,020,588 units, or 52.2 percent of all rental units in 1999, as illustrated in Figure 13 – was rent-stabilized, the largest single category of housing in the city.
- *Public housing*: Public housing comprised 8.7 percent of the renter-occupied housing stock, or 169,339 apartments in 1999.
- *Mitchell-Lama housing*: An additional 67,146 apartments (3.4 percent of all renter-occupied units in 1999) were developed under New York State's Mitchell-Lama Program.
- *Rent-controlled apartments*: In addition, 52,562 apartments, or 2.7 percent of the occupied rental housing stock in 1999, were subject to rent control laws.
- *Non-regulated apartments*: Among the remaining renter-occupied units, the largest category comprised apartments which were not subject to any rent regulation. In 1996, 28 percent of all occupied rental housing units were non-regulated.⁴⁵
- *Other rent-regulated housing*: Another impor-

Types of Rental Housing in New York City

Rent-stabilized housing: Rent-stabilized apartments are subject to rent regulation laws that limit rent increases and vacancy allowances as long as the rental housing vacancy rate in New York City is below 5 percent. The majority of rent-stabilized apartments were constructed before 1974. Some rent-stabilized apartments were constructed after 1974 with tax abatements requiring that the units fall under rent regulation.

Rent-controlled housing: Rent-controlled apartments are subject to the provisions of the Rent Control Law. The majority of rent-controlled apartments were constructed before 1947 and house tenants who have occupied the apartments since before 1971. Most rent-controlled apartments vacated after 1971 revert to rent stabilization.

Public housing: These are apartments developed through Federal and State public housing programs. The buildings are owned and managed by the New York City Housing Authority. Rents in most public housing units are limited to 30 percent of tenant household income.

Mitchell-Lama housing: Apartments constructed under the State's 1955 Limited Profit Housing Companies Law are commonly referred to as Mitchell-Lama apartments. Most Mitchell-Lama apartments were constructed for middle-income households, and were assisted through mortgage subsidies, tax exemptions, and limited returns on equity. Rents are regulated by the New York State Division of Housing and Community Renewal.

In rem housing: These are apartments owned by the municipal government New York City as a result of an *in rem* proceeding resulting from an owner's failure to pay property taxes.

Other regulated housing: Other types of regulated housing include: (1) units located in buildings formerly used as commercial loft space, and which have rents regulated by the New York City Loft Board; and (2) units in privately-owned Federally-subsidized buildings which were constructed under the project-based Section 8 program or other Federal housing programs, and where rents are generally limited to no more than 30 percent of household income.

Non-regulated housing: Most non-regulated apartments were constructed after 1974 without tax abatements. Other non-regulated apartments include formerly rent-stabilized units which were deregulated under luxury decontrol provisions of rent regulation laws, and cooperative and condominium units which were occupied by renters after conversion.

Figure 12

tant category of rental housing comprised apartments subject to other forms of rent regulation, including oversight by the New York City Loft Board and Federally-subsidized housing owned and managed by private landlords. In 1996, 7 percent of all renter-occupied units were in this category.⁴⁶

- *In rem housing*: One additional category of rental housing is crucial to understanding New York City's rental housing stock: Apartments commonly referred to as *in rem* units, which are owned and managed by the City and which

are predominantly rent-stabilized. (See Chapter Seven for a discussion of the City's policies regarding *in rem* housing.) In 1996, *in rem* units represented 1 percent of all renter-occupied apartments.⁴⁷

2. Regulatory Status of Low-Cost Rental Housing

New York City's stock of low-cost renter-occupied housing differs from the total rental housing stock in significant ways. Figure 14 illustrates the stock of occupied apartments whose gross rent (i.e., rent and utilities) was under \$400 per month (in 1999 dollars), the amount affordable to extremely-low-income households in New York City.⁴⁸ In 1999, there were 268,229 apartments with gross rents under \$400 per month, representing 13.7 percent of all renter-occupied units in New York City.⁴⁹

- *Public housing*: Public housing was the largest subtenure of low-cost occupied rental units, comprising 45.7 percent of the total in 1999, or more than five times its share of all renter-occupied units. Public housing, which is directly subsidized and publicly-owned, represents a vital portion of the affordable housing stock.

- *Rent-stabilized*

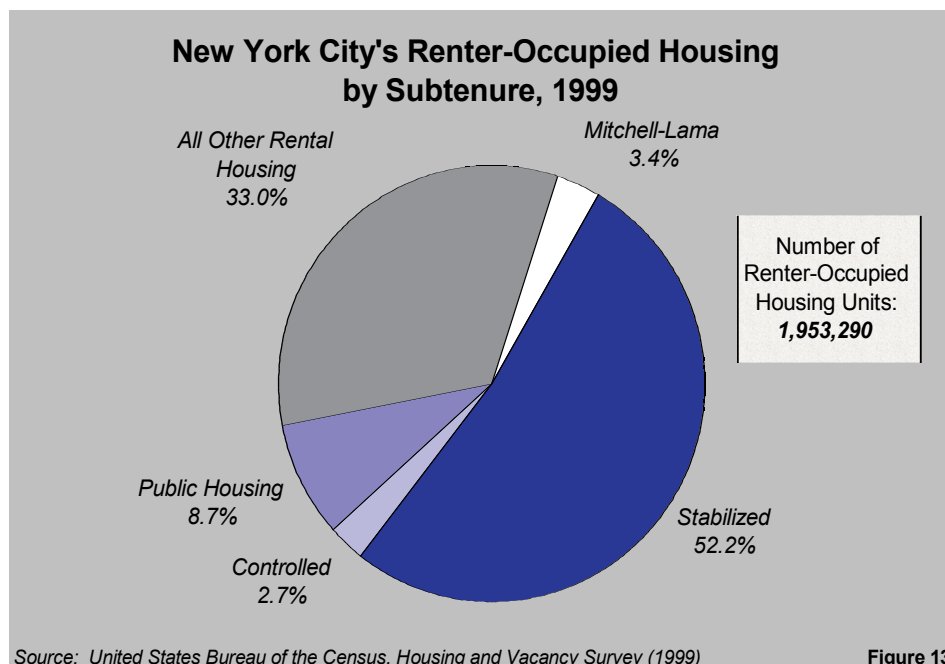


Figure 13

apartments: Rent-stabilized housing was the second largest category, representing 25.1 percent of low-cost units. However, this is a less than half the share of all renter-occupied units (52.2 percent) in 1999. It also reflects a decline in the number of low-cost stabilized units in the late 1990s, which is discussed below and in Chapter Six.

- *Other rental housing*: Apartments which were non-regulated or which were subject to other

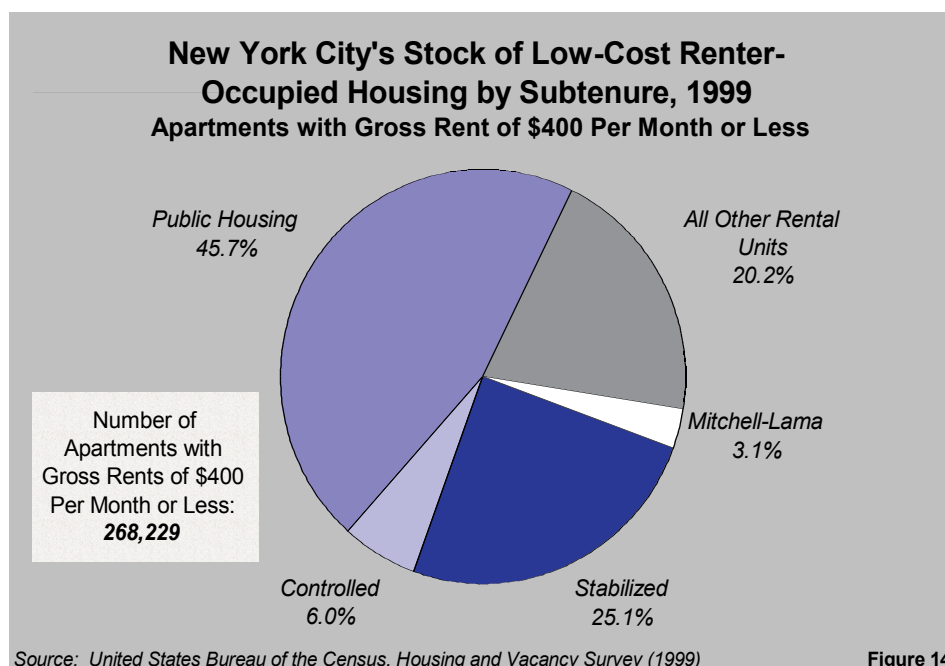


Figure 14

regulations (including, as noted above, Federally-subsidized housing) made up 20.2 percent of the low-cost housing stock in 1999, around two-thirds of their share for the entire occupied rental stock.

- *Rent-controlled apartments:* Rent-controlled units comprised 6.0 percent of low-cost apartments in 1999, more than twice their share of all occupied rental housing.
- *Mitchell-Lama apartments:* Finally, Mitchell-Lama units comprised 3.1 percent of low-cost occupied apartments in 1999, nearly the same as their share of the total.

Perhaps the most striking feature of the low-cost housing stock in recent years has been its rapidly

shrinking size. As Table 1 shows, between 1996 and 1999 New York City lost more than 40,000 apartments whose gross rent was under \$400 (in current dollars). Over the same period, New York City also lost more than 99,000 apartments renting for under \$500 per month (in current dollars) and 155,000 units renting for under \$600 per month (in current dollars).⁵⁰ Thus, over a three-year period New York City lost nearly one of every five apartments with gross rents under \$600 per month.

A large share of the loss of low-cost rental units from 1996 to 1999 came from the stock of rent-regulated apartments. As Table 1 also shows, between 1996 and 1999 New York City lost nearly half of all rent-stabilized apartments with gross

rents under \$400 per month (in current dollars) and nearly 46 percent of rent-controlled apartments in the same gross rent range.⁵¹ All in all, gross rents on apartments in the rent-regulated stock shifted upwards markedly from 1996 to 1999, as illustrated in Appendix Figure 3. The major cause of the loss of low-cost rent-regulated apartments during this period was the rent regulation reform statute enacted in 1997 which permitted larger rent increases for rent-stabilized apartments (see discussion in Chapter Six).

3. Vacancy Rates

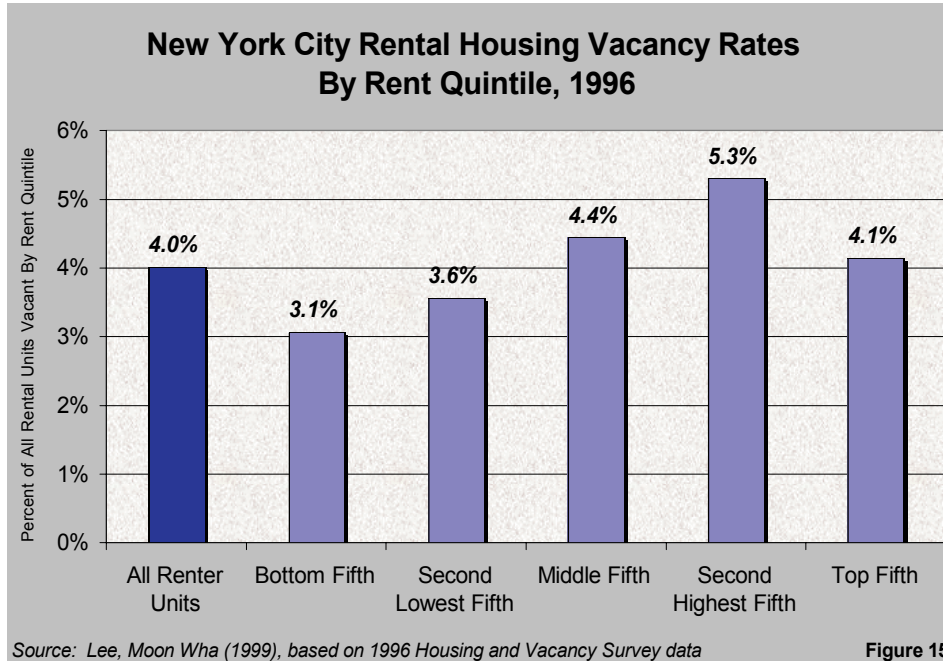
Another singular characteristic of rental housing in New York City is the extraordinarily small number of vacant apartments. In 1999, the vacancy rate

Changes in the Low-Cost Rental Housing Stock in New York City, 1996-1999

<i>All occupied units</i>	1996		1999		Change 1996-1999	
	Number of units	Share of total	Number of units	Share of total	Number of units	Percent change
<i>Gross rents in current dollars</i>						
Gross rent below \$600 per month	805,712	41.4%	650,639	33.3%	(155,073)	-19.2%
Gross rent below \$500 per month	515,074	26.5%	416,044	21.3%	(99,030)	-19.2%
Gross rent below \$400 per month	308,344	15.8%	268,229	13.7%	(40,115)	-13.0%
<i>Rent-stabilized units</i>	1996		1999		Change 1996-1999	
Gross rent below \$600 per month	494,122	48.7%	294,571	48.7%	(199,551)	-40.4%
Gross rent below \$500 per month	286,885	28.3%	140,012	28.3%	(146,873)	-51.2%
Gross rent below \$400 per month	131,185	12.9%	67,211	12.9%	(63,974)	-48.8%
<i>Rent-controlled units</i>	1996		1999		Change 1996-1999	
Gross rent below \$600 per month	50,417	64.4%	30,900	58.8%	(19,517)	-38.7%
Gross rent below \$500 per month	39,137	50.0%	23,736	45.2%	(15,401)	-39.4%
Gross rent below \$400 per month	29,854	38.1%	16,150	30.7%	(13,704)	-45.9%

Source: United States Bureau of the Census, *Housing and Vacancy Survey (1996-1999)*

Table 1



for all rental housing in New York was 3.2 percent (81,409 units).⁵² This represented a decrease from the 4.0 percent rate in 1996, but was typical of rental housing vacancy rates in New York City since the mid-1970s which have hovered around 3 percent.⁵³ In comparison, the national rental vacancy rate was 7.2 percent in 1996.⁵⁴ Of the major subtenures, in 1999 the vacancy rate in rent-stabilized housing was 2.5 percent, while the rate in public housing was 2.0 percent. In other rental housing the vacancy rate was higher (5.0 percent), but still well below the national average.⁵⁵

In comparison with the entire rental housing stock, vacancy rates for low-cost rental units tended to be extremely low. In 1996, as shown in Figure 15, the vacancy rate for the bottom fifth of apartments (by rent quintiles) was only 3.1 percent, while the vacancy rate for the second fifth of apartments was only 3.6 percent. In comparison, vacancy rates for the top three-fifths of apartments were over 4 percent.⁵⁶

Five Measures of Affordable Housing in New York City

As affordable housing in New York City has become scarcer over the past two-and-a-half decades, housing conditions for poor renters have also worsened. The following section looks at

changes in housing conditions for low-income New Yorkers using five measures: overcrowding, housing quality, trends in rents, trends in renter incomes, and rent burdens.

1. Overcrowding

One of the major changes in New York City's rental housing over the past two decades has been a dramatic rise in the number of overcrowded apartments. The

Federal government uses two standards for overcrowding: Housing is considered "crowded" if there is more than one person per room, and "seriously crowded" if there are more than 1.5 persons per room. For these two measures, both the number and the percentage of overcrowded rental housing units have increased markedly in New York City since the late-1970s.

As shown in Figure 16, in 1978 6.5 percent (125,450) of all rental units were crowded, and 1.5 percent (28,950) were seriously crowded. By 1999, 215,056 rental housing units, representing 11.0 percent of all renter-occupied units, were crowded. In the same year, 75,715 units were seriously crowded, representing 3.9 percent of all units. As the chart shows, through the 1990s the incidence of overcrowding was consistently greater than 10 percent, and represented an enormous increase over the pattern in the previous two decades. Thus, from 1978 to 1999 the number of crowded apartments increased by 89,606 units (a 71.4 percent increase), while the number of seriously crowded apartments rose by 46,765 units (an astounding 161.5 percent increase).⁵⁷

Overcrowding in rental housing is more common in New York City than in the rest of the nation. Compared to the more than 10 percent rate of crowded apartments in New York City, 5 percent

of renter-occupied housing units in the United States in 1995 were crowded, a percentage that has remained largely unchanged since the 1980s.⁵⁸

One factor underlying the overcrowding problem in New York City is the large number of doubled-up households. Throughout the 1990s, there were more than 200,000 doubled-up households (renter and owner), representing more than 7 percent of all households.⁵⁹ Among renter households, in 1996 there were 151,810 doubled-up households, as shown in Table 2, representing 7.8 percent of all renter households.⁶⁰

Doubled-up households were overwhelmingly poor. In 1995, the median income of “subfamilies” (i.e., a second family with children or couple residing with a primary household) residing in doubled-up rental housing was \$8,500 (in 1995 dollars).⁶¹ Among “secondary individuals” (i.e., unrelated individuals residing with a primary

household), the median income was \$15,000 (in 1995 dollars).⁶² In contrast, the 1995 median income for all renter households was \$23,892 (in 1995 dollars).⁶³ It is clear, therefore, that doubled-up housing predominated among the poorest households in New York City.

2. Housing Quality Problems

Housing quality problems in New York City’s rental housing stock have also become more widespread in the last twenty years. There are two standard measures of “severe” housing quality problems: Housing that is dilapidated (i.e., fails to provide safe and adequate shelter to its occupants); and housing that has five or more major maintenance deficiencies (including heating problems, rodent infestation, water leaks, and cracks in walls and ceilings).⁶⁴

In 1996, as shown in Figure 17, 6.1 percent of all occupied rental housing units in New York City had five or more maintenance deficiencies, compared with 2.0 percent in 1987.⁶⁵ More than 100,000 renter households in 1996 reported five or more major maintenance deficiencies in their dwellings.⁶⁶ In contrast, in 1987 approximately 37,000 households reported five or more maintenance problems. In less than ten

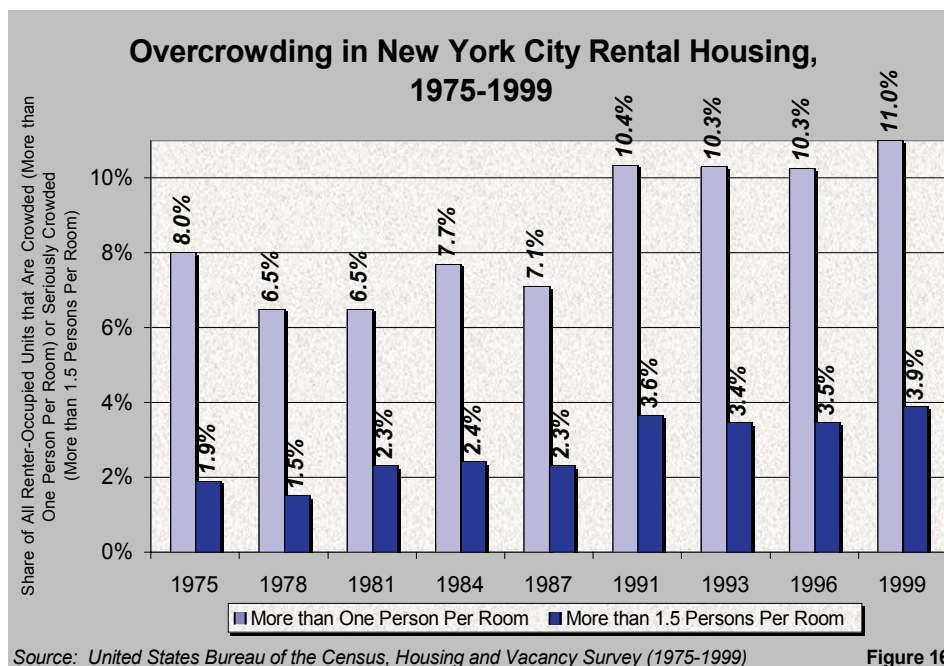


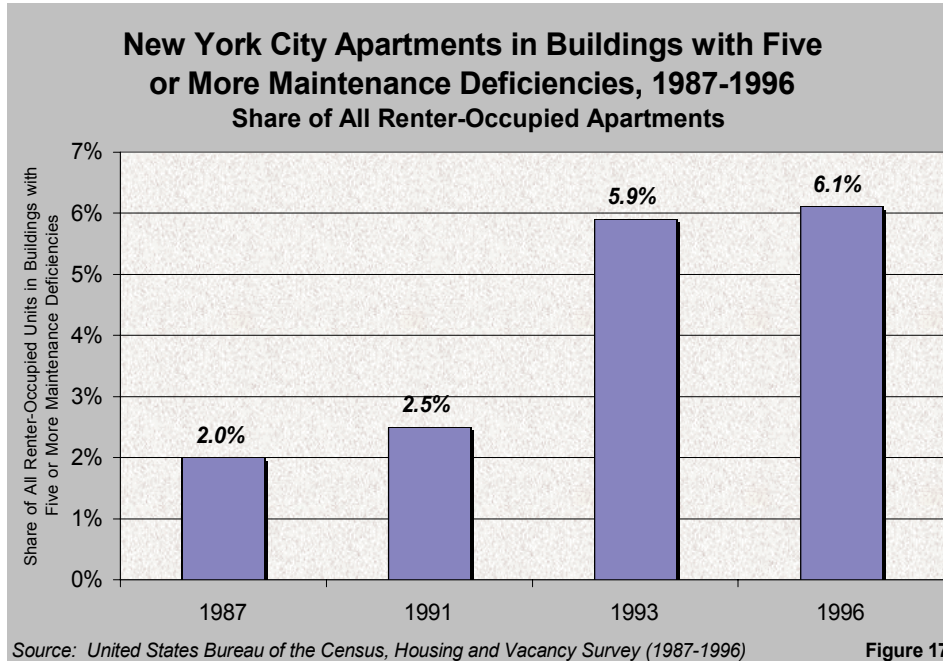
Figure 16

Doubled-Up Renter Households in New York City, 1991-1996

	1991	1993	1996
Total renter-occupied households	1,951,576	1,970,355	1,946,165
Total doubled-up renter households	166,545	155,575	151,810
Households with at least one subfamily	60,336	66,549	63,191
Households with secondary individual	106,209	89,026	88,619
Share of all renter households doubled-up	8.5%	7.9%	7.8%

Source: Lee, Moon Wha (2000), based on 1996 Housing and Vacancy Survey data

Table 2



years, therefore, the number of apartments with maintenance-related severe housing quality problems nearly tripled.

In 1996 there were 25,928 dilapidated renter-occupied housing units in New York City, representing 1.3 percent of all renter-occupied housing units. Thus, in 1996 there were a total of 146,599 rental units with severe housing quality problems, representing 7.5 percent of all renter-occupied units.⁶⁷

Severe housing quality problems are concentrated primarily in the city's poorest neighborhoods. In 1996 the neighborhoods with the largest absolute numbers of housing units with severe quality problems were Central Harlem, East Harlem, Washington Heights, Manhattan's Lower East Side, Crown Heights, and Kingsbridge Heights, while parts of the South Bronx and North Crown Heights had high proportions of quality problems.⁶⁸ In addition, the subtenure of housing with the highest incidence of severe quality problems was City-owned *in rem* housing. In 1996, 16.5 percent of all *in rem* units were dilapidated, while 26.3 percent had five or more maintenance deficiencies.

The majority of housing units with severe quality problems are occupied by the city's poorest households. In 1996, a striking 61.6 percent of occu-

pants of apartments with five or more maintenance problems had very low incomes (i.e., earned less than 50 percent of the area median income). In addition, 46.1 percent of tenants in apartments with maintenance-related problems received public assistance. Similarly, 52.4 percent of the occupants of dilapidated housing were very-low-income, and 32.7 percent were receiving public assistance.⁶⁹

The incidence of severe housing quality problems is much higher in New York City than in the rest of the country. Whereas, in 1995, 2 percent of United States renter households and 4 percent of very-low-income renters in the Northeast had severe housing quality problems, in 1996 (as noted above) 7.5 percent of all New York City renter households experienced those problems.⁷⁰

3. Trends in Rents

By any measure, rents for New York City apartments have increased at an astounding rate over the past two decades. Indeed, from 1981 to 1999 median rents rose at nearly twice the rate of inflation. At the same time, rent increases for the lowest-cost rental housing units have led to an erosion in the stock of affordable apartments.

Between 1981 and 1999, as illustrated in Figure 18, the real median gross rent (i.e., the cost of rent and utilities adjusted for inflation) for an apartment in New York City rose by a remarkable 35.4 percent, from \$517 per month to \$700 per month (in 1999 dollars).⁷¹ During this same period, rent increases far outstripped increases in the general inflation rate, as illustrated in Figure 19. While consumer prices (in current dollars) increased by 96.4 percent between 1981 and 1999, median gross rents increased by 166.2 percent, nearly

twice the consumer price inflation rate.⁷²

While there were large increases in median gross rents during the 1980s, a notable jump occurred in the 1990s, again as shown in Figures 18 and 19. From 1991 to 1999, the real median gross rent (adjusted for inflation) for an apartment rose 77.8 percent, from \$622 to \$700 (in 1999 dollars).⁷³ The rise in median gross rents during this period was almost twice the inflation rate (a 37.5 percent rise in median gross rents compared with a 22.2 percent increase in consumer prices).⁷⁴

Median rent increases in recent years were particularly significant for the poorest tenants. Between 1993 and 1996, all tenants earning below \$17,500 (in 1995 dollars) experienced substantial real increases in median gross rents, as shown in Figure 20 and Appendix Table 2. Increases were especially notable for extremely-low-income and very-low-income tenants in the following income brackets (all income figures in 1995 dollars):

- Households earning between \$2,500 and \$4,999 in annual income experienced a 20.9 percent increase in real median rents.
- Households earning between \$5,000 and \$7,499 experienced a 26.3 percent increase.

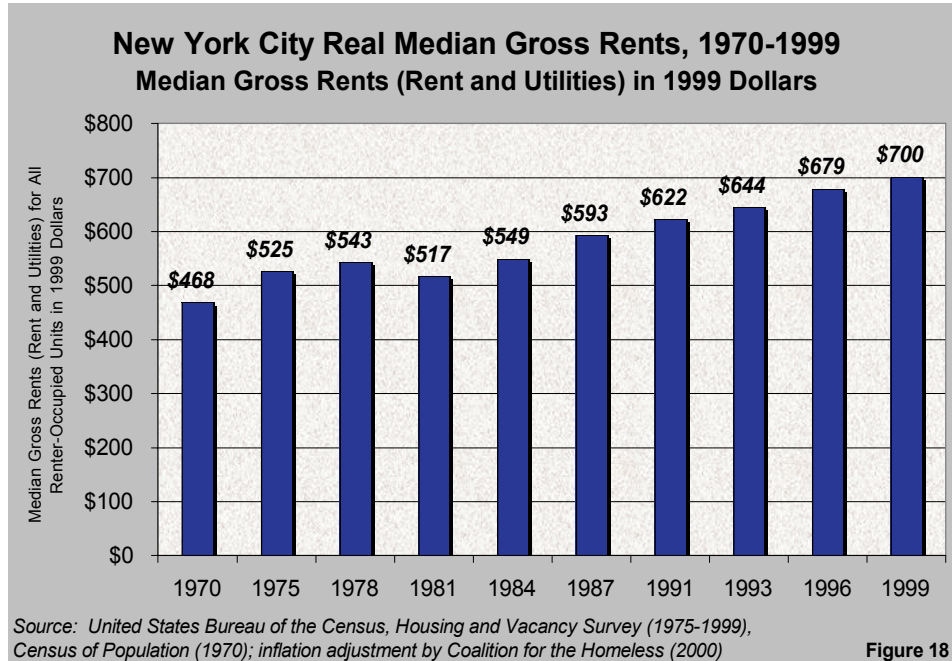


Figure 18

- Households earning between \$7,500 and \$9,999 experienced a 9.7 percent increase.
- Households earning between \$15,000 and \$17,499 experienced a 4.2 percent increase.

In comparison, low-, moderate-, and middle-income households (that is, tenants earning between \$20,000 and \$50,000 in 1995 dollars) typically experienced real median rent increases of around 1 or 2 percent.⁷⁵

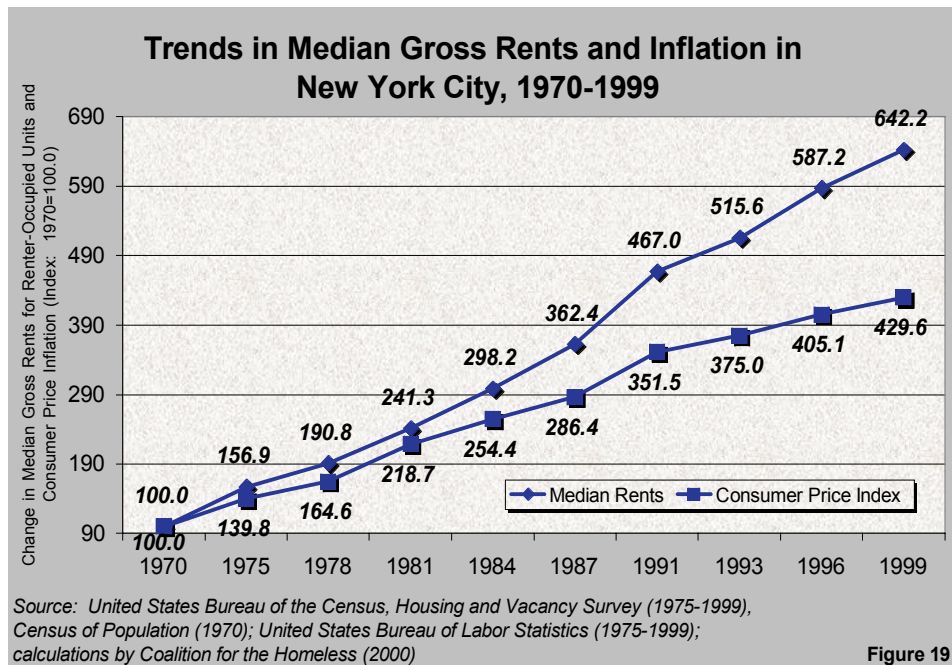


Figure 19

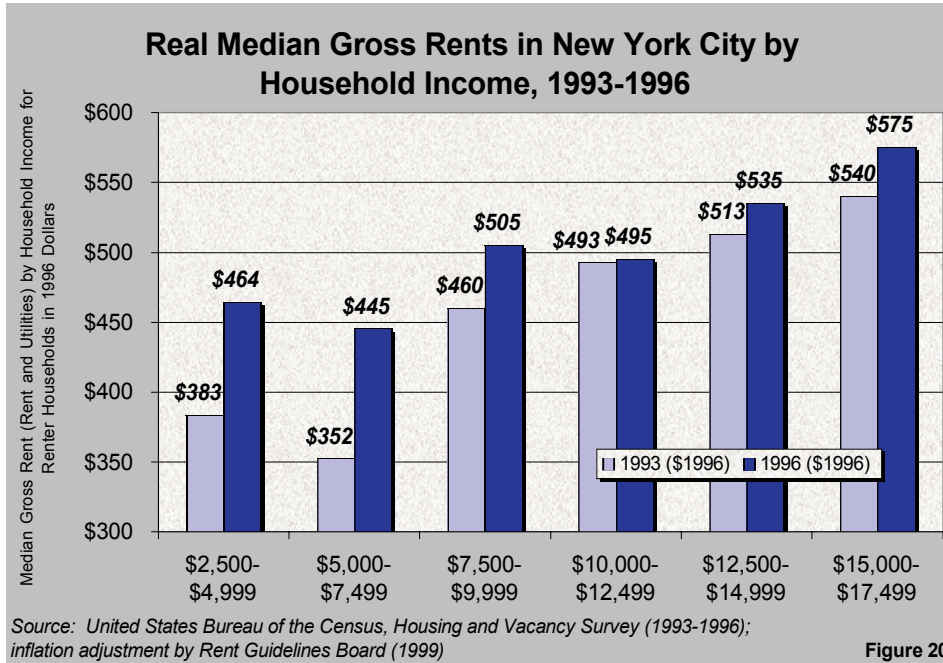


Figure 20

for below \$400 per month fell by more than 313,000. As a share of all renter-occupied units, low-cost apartments also declined dramatically. Renter-occupied units with gross rents below \$500 per month represented 47.6 percent of all rental units in 1991, but only 21.3 percent in 1999, while the share renting below \$400 per month shrank from 29.8 percent in 1991 to 13.7 percent in 1999.⁷⁶ In other words, the number of

Between 1996 and 1999, rent increases substantially diminished the number of apartments with gross rents under \$700 per month and increased the number of apartments with gross rents higher than that level. As illustrated in Figure 21, the number of apartments with gross rents between \$400 and \$600 in particular decreased significantly during this three year period.

low-cost apartments in New York City declined by half in less than a decade.

4. Trends in Renter Incomes

While median gross rents in New York City have been rising at nearly twice the rate of inflation, median household incomes for renters have essentially stagnated for the past twenty-five years, as shown in Figure 22. After sharply declining from

This rapid rise in rents had a particularly profound impact on the New York City's stock of affordable, low-rent apartments. Looked at in aggregate terms, the 1990s witnessed an enormous absolute loss of low-cost rental housing units, as illustrated in Table 3. Between 1991 and 1999, the number of renter-occupied units with gross rents below \$500 per month (in current dollars) fell by more than 512,000, and the number renting

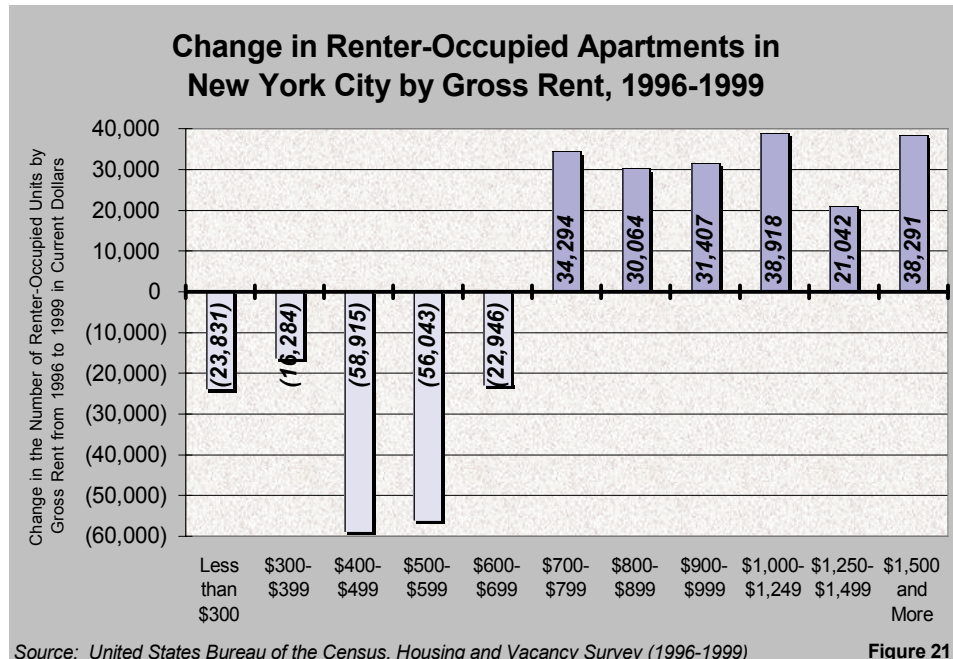


Figure 21

1969 to 1983 – when real median renter household incomes (adjusted for inflation) fell a staggering 44.4 percent – median renter incomes rose again until 1990. After falling again in the early 1990s, largely as a result of the recession, median renter household income again rose in the late 1990s due to the economic expansion of the 1990s.⁷⁷ Nevertheless, in real terms median renter household income is essentially at the same level it was in the mid-1970s, and is substantially lower than in the late 1960s.

During this same period a larger portion of New York City’s renter households found themselves with poverty-level incomes. (As Chapter Ten details, this is a significant part of a more than twenty-year trend of rising income inequality in New York.) Using the HUD measure for extremely-low-income households (i.e., households earning less than 30 percent of the area median

Changes in the Low-Cost Rental Housing Stock in New York City, 1991-1999

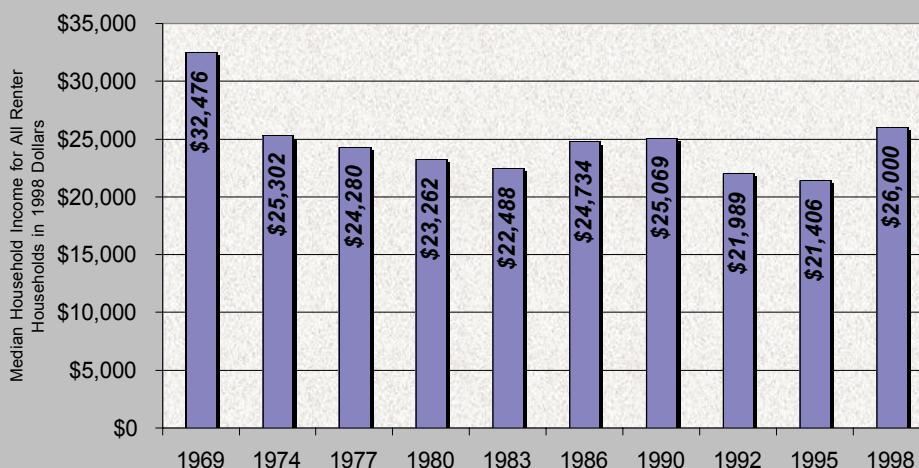
Gross rents in current dollars	1991		1999		Change 1991-1999	
	Number of units	Share of total	Number of units	Share of total	Number of units	Percent change
Gross rent below \$600 per month	1,241,202	63.6%	650,639	33.3%	(590,563)	-47.6%
Gross rent below \$500 per month	928,950	47.6%	416,044	21.3%	(512,906)	-55.2%
Gross rent below \$400 per month	581,570	29.8%	268,229	13.7%	(313,341)	-53.9%

Source: United States Bureau of the Census, Housing and Vacancy Survey (1991, 1999)

Table 3

income, or \$16,020 in 1998, which was slightly higher than the national poverty rate for a family of three), inflation-adjusted data show that the share of renter households with extremely low incomes was over one-third during the 1980s and 1990s. As Figure 23 illustrates, while 30.6 percent of renters had extremely low incomes in 1978, in 1999 33.7 percent of renter households earned below \$16,000.⁷⁸ In short, while real median incomes for all renters have stagnated, a rising share of New York City renters have poverty-level incomes.

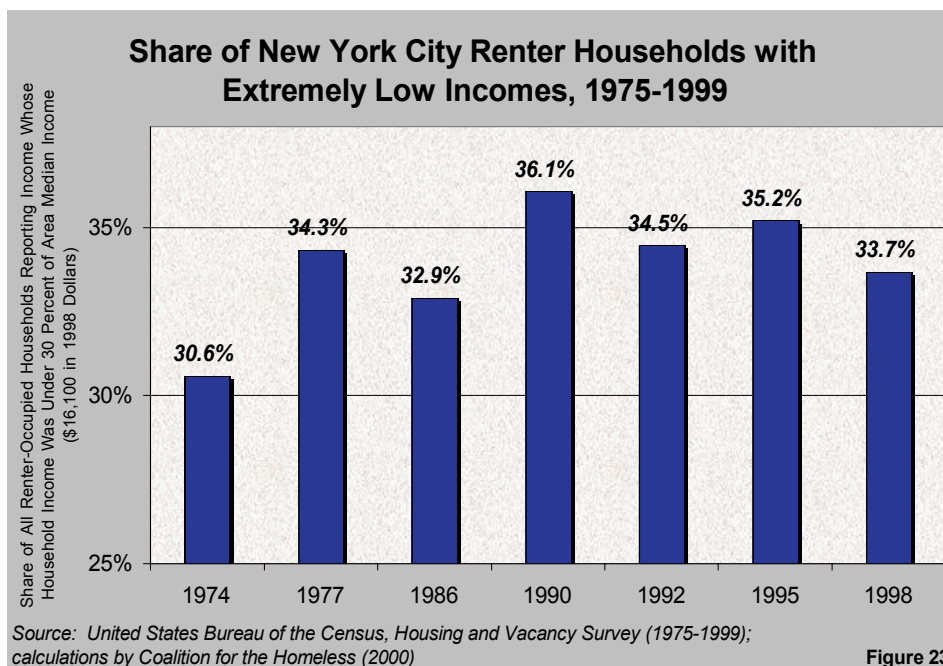
New York City Real Median Renter Household Incomes, 1969-1998
 Median Household Income for All Renters in 1998 Dollars



Source: United States Bureau of the Census, Housing and Vacancy Survey (1975-1999), Census of Population (1970); inflation adjustment by Coalition for the Homeless (2000)

Figure 22

In addition, there is evidence that in the 1990s the poorest households in New York City lost income in real terms. As Table 4 illustrates, the real median household income (adjusted for inflation) for the poorest fifth of households declined by 1.2 percent from 1992 to 1995.⁷⁹ Thus, despite the economic expansion of the 1990s the poorest households in New York City have suffered a real loss in incomes. The experi-



ence of the 1990s was in fact the continuation of long-term trends. As detailed in Chapter Ten (and as shown in Table 10), from the late 1970s to the late 1990s the average income of poorest fifth of households in New York City declined by 33 percent.⁸⁰ Thus, while the overall trend in median incomes since the 1990s was stagnation, the poorest fifth of New Yorkers actually suffered significant income loss over the past three decades.

5. Rent Burdens

As rents have risen and renter incomes have stagnated over the past fifteen years, renter households have had to pay a larger portion of their incomes for rent. In 1999, nearly half of all New York City renter households experienced affordability problems according to the HUD standard (i.e., paid more than 30 percent of their income for rent and utilities). Even more alarming, more than 500,000 renters paid more than half of their incomes for housing, representing more than one of every four renter

households.

As Figure 24 shows, the median rent burden – defined as the share of household income devoted to rent and utilities (i.e., gross rent) – rose significantly between 1981 and 1999, from 27.0 percent to 29.2 percent.⁸¹ The change since the 1970s was even more dramatic. Whereas the median rent burden was around 20 percent in the 1960s and 1970s, after 1975 the median rent burden

increased to over 25 percent and for most of the 1990s it has been around 30 percent. As noted in the introduction to this chapter, rising rent burdens were one symptom of the emergence in the 1970s of affordability as the major problem confronting housing in New York City.

Also striking is the increase in the number of renter households paying more than half of their incomes towards housing costs. As Figure 25 shows, while 21.7 percent of renter households (419,678 households) paid more than 50 percent of their incomes for rent in 1981, by the 1990s more than one of every four renter households in New York City paid more than half of their income for

Change in Real Median Household Incomes in New York City by Quintile, 1992-1995

Real median household income by quintiles (in 1995 dollars, owner and renter households)	1992		Percent Change 1992-1995
	1992	1995	
Highest 20 percent	\$83,425	\$88,000	5.5%
Second highest 20 percent	\$45,416	\$48,000	5.7%
Middle 20 percent	\$27,704	\$29,150	5.2%
Second lowest 20 percent	\$14,490	\$15,000	3.5%
Lowest 20 percent	\$6,073	\$6,000	-1.2%

Source: Lee, Moon Wha (2000), based on 1993 and 1996 Housing and Vacancy Survey data

Table 4

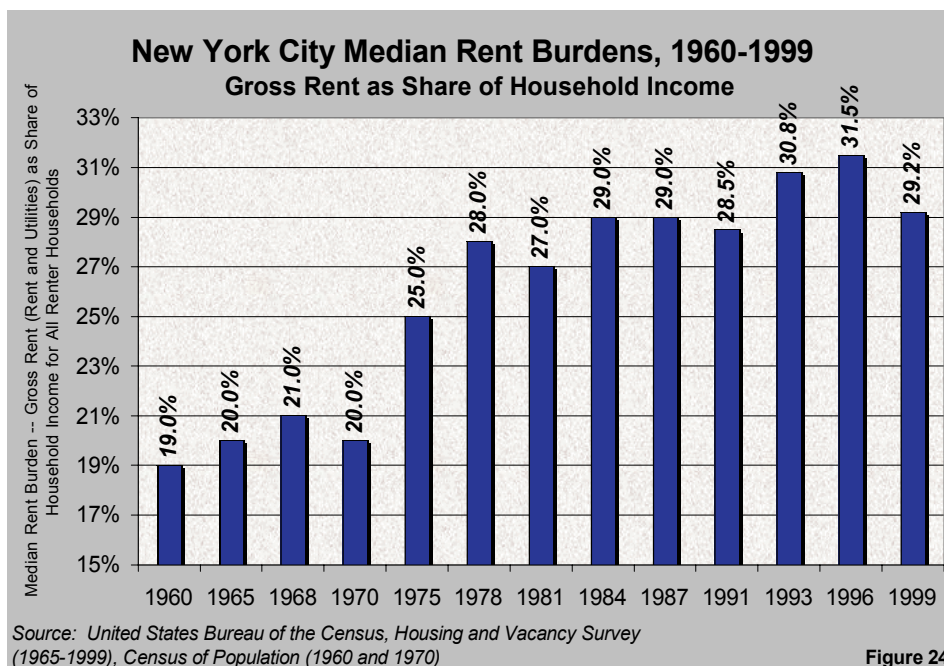


Figure 24

half a million renters with excessively high rent burdens in 1996, 94.5 percent were very-low-income (i.e., earned less than 50 percent of area median income).⁸⁶ Unsurprisingly, rent burdens for the city's poorest renters were enormously high. Compared with the median rent burden of approximately 28 percent for all renter households in 1996, median rent burdens for renters earning below \$12,500 per

housing.⁸² Thus, the number of households with severe rent burdens grew by more than 82,000 households from 1981 to 1999, an increase of 19.6 percent.⁸³ In 1999, 501,850 renter households paid more than 50 percent of their income for rent and utilities, representing 27.0 percent of all renter households in New York City.⁸⁴

year were well over 50 percent, as shown in Figure 26.⁸⁷ Moreover, as the chart shows, the rent burden on the poorest households increased between 1993 and 1996.

Moreover, as Table 5 shows, hundreds of thousands of renters in the 1990s suffered from extremely severe rent burdens. In 1999, more than a quarter-million renter households paid more than 80 percent of their income for rent and utilities. In addition, the share of all renters with these extremely high rent burdens rose during the 1990s, from 8.1 percent in 1991 to 14.8 percent in 1999.⁸⁵

Compared to the rest of the nation, rent burdens are extraordinarily high in New York City. Nationwide 15 percent of renter households paid more than half of their income in rent in 1995, compared with 27 percent in New York City in

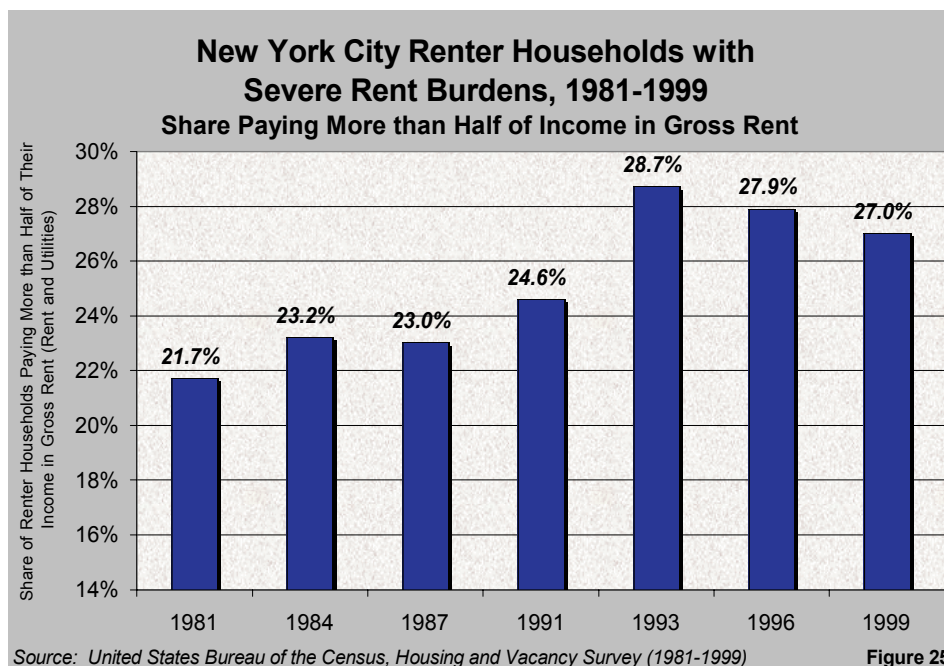


Figure 25

Renter households paying more than half of their income in rent were overwhelmingly poor. Of the more than

Rent Burdens for All Renter Households in New York City, 1991-1999

	1991	1993	1996	1999
Total renter households (income reported)	2,028,303	1,963,281	1,946,165	1,857,577
Number of renter households				
<i>Share of income paid for gross rent (rent and utilities)</i>				
30 percent or more	949,246	1,022,869	978,921	903,552
40 percent or more	667,312	724,451	702,566	657,826
50 percent or more	498,963	563,462	542,980	501,850
60 percent or more	381,321	443,702	445,672	405,593
70 percent or more	300,189	351,427	373,664	329,550
80 percent or more	164,293	182,585	315,279	274,983
Share of renter households (reported)				
<i>Share of income paid for gross rent (rent and utilities)</i>				
30 percent or more	46.8%	52.1%	50.3%	48.6%
40 percent or more	32.9%	36.9%	36.1%	35.4%
50 percent or more	24.6%	28.7%	27.9%	27.0%
60 percent or more	18.8%	22.6%	22.9%	21.8%
70 percent or more	14.8%	17.9%	19.2%	17.7%
80 percent or more	8.1%	9.3%	16.2%	14.8%

Source: United States Bureau of the Census, Housing and Vacancy Survey (1991-1999)

Table 5

1999.⁸⁸ Rising rent burdens, therefore, reflected the impact of skyrocketing rents on New York City's renter households.

The Legacy of Racism: Housing Conditions for Black and Latino Renters

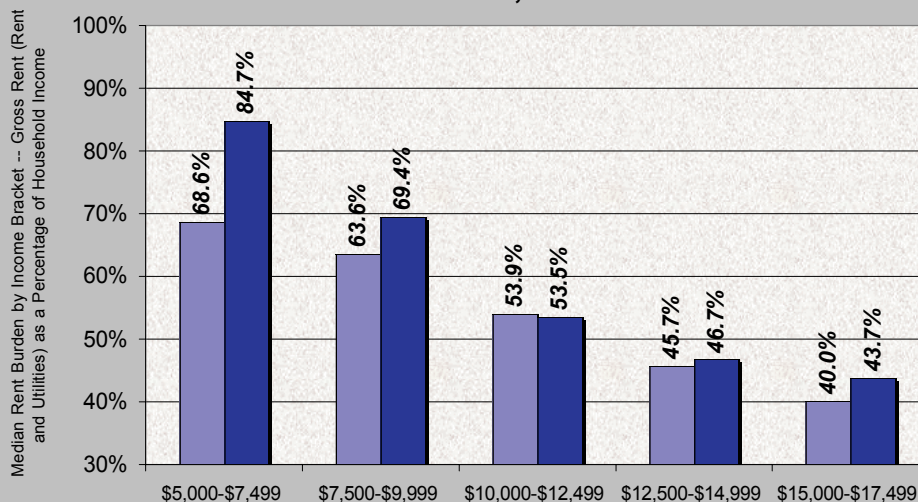
The legacy of racism, particularly in housing markets, clearly has left its mark on New York City's housing and tenants. By every measure, black and Latino renters are worse off than white renter households. Black and Latino renters had substantially lower incomes than white New Yorkers over the past three decades. In addition, black and Latino renters suffered disproportionately from

severe housing problems – including overcrowding, substandard physical conditions, and high rent burdens – and the incidence of these problems has grown worse in the last twenty years. As Figure 27 illustrates, in 1996 black and Latino renters experienced severe housing quality problems at a much higher rate than white renters.⁸⁹

1. Housing Conditions for Black and Latino Renter Households

Overcrowding has been much more prevalent in black and Latino renter households than in white households. In 1996, 4.8 percent of white renters resided in crowded housing (i.e., more than one person per room), compared with 10.6 percent of blacks, 10.1 percent of Puerto Ricans, and 20.1 percent of non-Puerto Rican Latinos. (Among all groups, Asian renters had the highest rate of crowding, with 21.7 percent of Asian households residing in crowded apartments.)⁹⁰

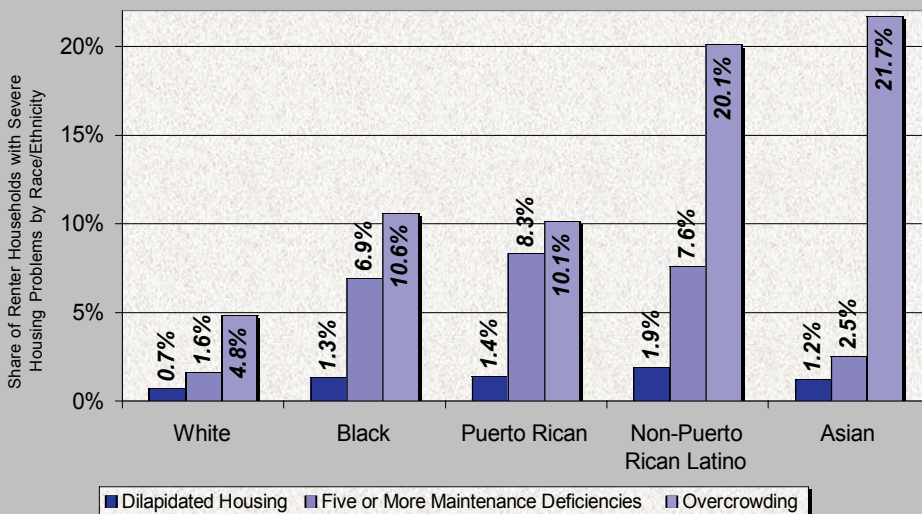
Median Rent Burdens in New York City by Household Income, 1993-1996



Source: United States Bureau of the Census, Housing and Vacancy Survey (1993-1996), unimputed data

Figure 26

Severe Housing Problems Among New York City Renter Households by Race/Ethnicity, 1996



Source: United States Bureau of the Census, Housing and Vacancy Survey (1996)

Figure 27

Similarly, as Figure 28 shows, black and Latino households were much more likely than white renters to occupy dilapidated or poorly-maintained apartments. Black and Latino renters were disproportionately represented in substandard housing, with black renters occupying 37.3 percent of all “physically poor” rental units (compared to 25.7 percent of all rental units), and Latinos occupying 36.3 percent of all physically poor units, compared to 26.6 percent of all rental units.⁹¹ In 1996, therefore, non-white renters occupied more than 79 percent of all “physically poor” apartments in New York City.

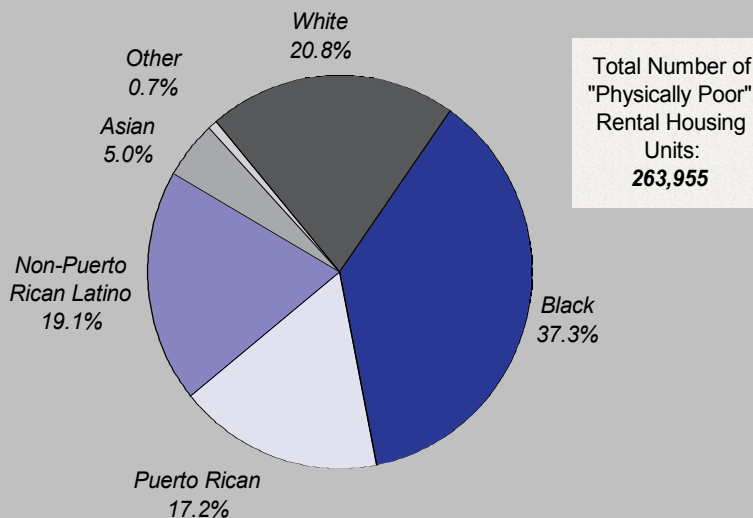
One reason for the high incidence of severe housing quality problems among black and Puerto Rican renters is the disproportionate number of black and Latino tenants residing in *in rem* housing. While black renters made up 25.7

percent of all renter households in 1996, they comprised 56.8 percent of tenants of City-owned *in rem* apartments. That same year Puerto Rican renters were 13.0 percent of all renter households, but represented 23.2 percent of *in rem* households.⁹² And, as noted above, a remarkable 42.8 percent of all *in rem* units had severe housing quality problems in 1996.

2. Rent Burdens for Black and Latino Renters

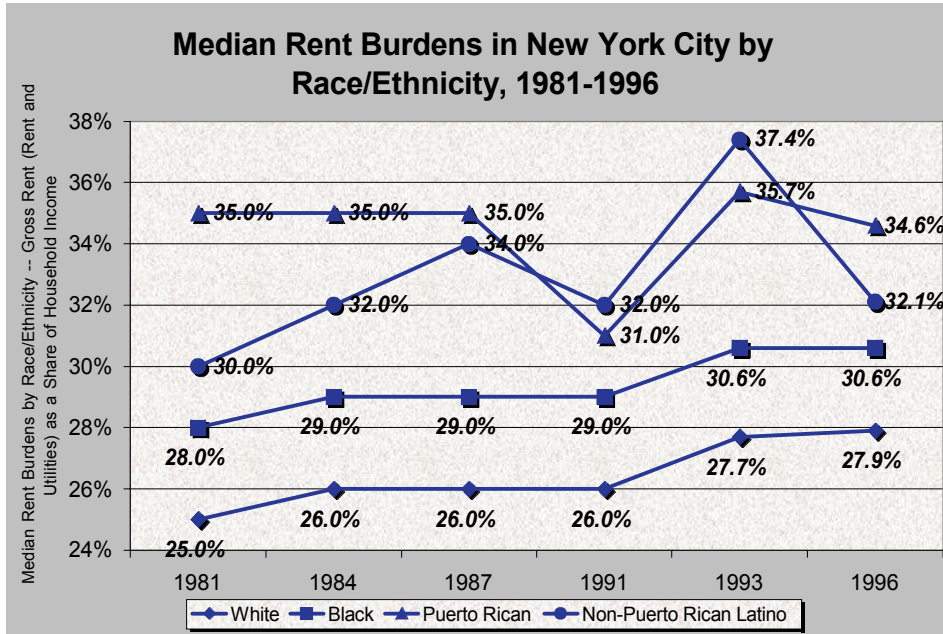
Median rent burdens for blacks and Latinos were much higher than for white renters. As Figure 29 illustrates, the median rent burden for whites in 1996 was 27.9 percent, compared to 30.6 percent for blacks, 32.1 percent for non-Puerto Rican Latinos, and 34.6 percent for Puerto Ricans. Moreover, for every group (except Puerto Ricans) median rent burdens rose substantially from 1981

Share of New York City Renters in “Physically Poor” Housing Units by Race/Ethnicity, 1996



Source: Lee, Moon Wha (2000), calculated from 1996 Housing and Vacancy Survey data

Figure 28



Source: United States Bureau of the Census, Housing and Vacancy Survey (1981-1996)

Figure 29

to 1996.⁹³ Rent burdens were higher for blacks and Latinos despite the fact that those groups by and large resided in apartments with lower rents. In 1996, the median rent (in 1996 dollars) for white renter households was \$713, whereas it was \$580 for black renters, \$545 for Puerto Ricans, and \$626 for non-Puerto Rican Latinos.⁹⁴

The major explanation for higher rent burdens among blacks and Latinos was the enormous disparity in incomes, as illustrated in Figure 30. In 1995 the median household income (in 1995 dollars) for white renters was \$30,000, compared to \$20,000 for black renters, \$14,616 for Puerto Ricans, and \$21,480 for non-Puerto Rican Latinos.⁹⁵ Therefore, median household incomes for black and Latino renters were one-third lower than for white renters.

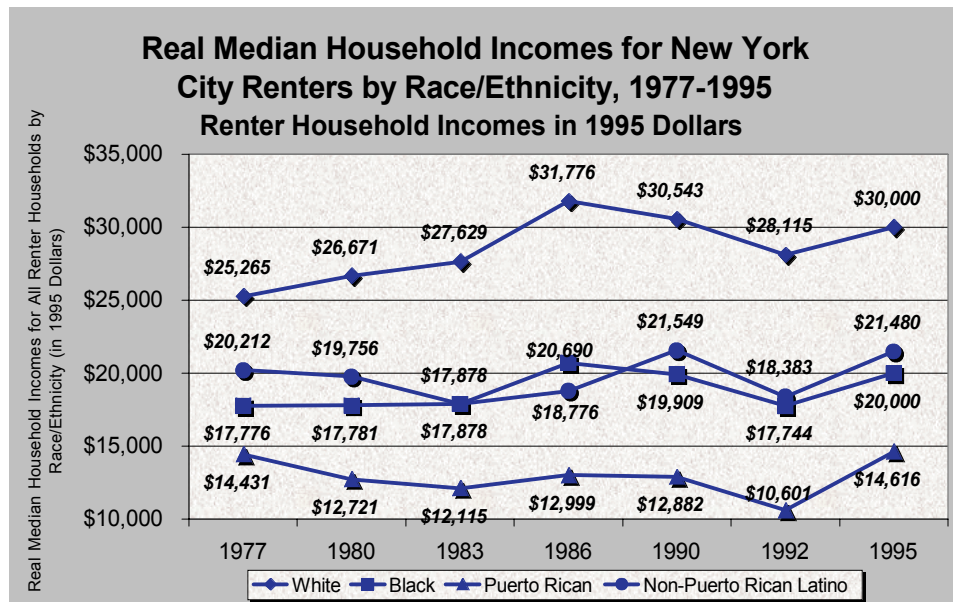
Moreover, as Figure 30

also shows, over the period 1977 to 1996, white renters were the only group to experience a significant real increase in median incomes (from \$25,265 to \$30,000, an 18.7 percent increase).⁹⁶ Real median household incomes for Puerto Rican and other Latino renters were at essentially the same level, while median household income for black renters increased by just over \$2,000 but remained one third

lower than the median income for white renter households.

3. Residential Segregation

The legacy of racism in New York City is perhaps most evident in the persistence of residential segregation. A common measure of housing segregation is the index of dissimilarity, which measures the share of a city's population that would have to



Source: United States Bureau of the Census, Housing and Vacancy Survey (1977-1996); inflation adjustment by Coalition for the Homeless (2000)

Figure 30

relocate to achieve an even distribution of racial and ethnic groups. In 1990 New York City's index of dissimilarity for blacks (based on decennial census data) was 78, which is very high but also similar to the index value for other large American cities. The 1990 index value for Latinos in New York City was 54, slightly higher than the average for other American cities with large Latino populations (48.9).⁹⁷

Therefore, New York City continues to experience significant residential segregation, which manifests itself in the high concentration of blacks and Latinos in the city's poorest neighborhoods. In 1996, in a handful of New York City neighborhoods – Central Harlem, Bedford-Stuyvesant, Crown Heights, East New York, and southeastern Queens – more than 75 percent of households were black. In comparison, in the vast majority of New York City neighborhoods in 1996 less than 25 percent of households were black, although blacks made up more than 24 percent of all households.⁹⁸

Severe residential segregation also existed for Latinos. In a small number of neighborhoods – Washington Heights, the South Bronx and other Bronx neighborhoods, Bushwick, Sunset Park, Corona, and Elmhurst – between 60 and 80 percent of households were Latino, while in the majority of neighborhoods less than 20 percent

were Latino, although more than 21 percent of New York City households were Latino in 1996.⁹⁹ Therefore, as Chapter Ten will discuss in more detail, the neighborhoods with the highest concentration of severe housing problems were also the neighborhoods with the largest percentages of black and Latino households.

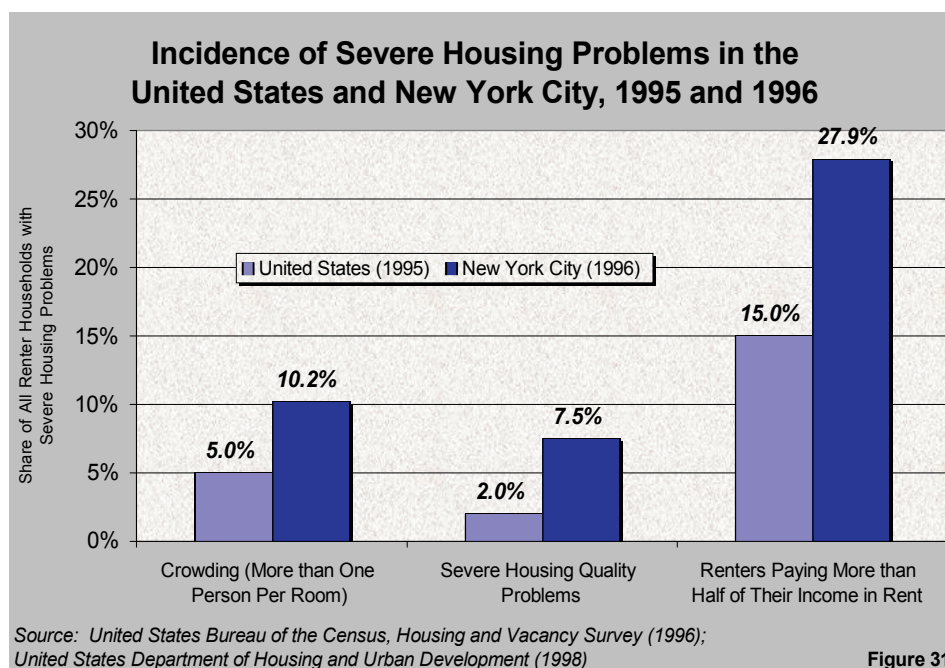
Conclusion

Housing conditions in New York City are significantly worse than in the rest of the United States. As Figure 31 shows, the rate of rental housing crowding in New York City is twice the rate nationwide, the rate of housing distress is nearly three times the national rate, and the share of New York City renters paying more than half of their income for housing – one out of four – is 80 percent higher than the national share.

By every significant measure, conditions for poor renter households in New York City have worsened dramatically over the past twenty years. Overcrowding has increased; housing quality has deteriorated; rents have risen at nearly two times the rate of inflation; renter household incomes have stagnated; and renter households, in particular the poorest tenants, have had to pay larger and larger portions of their incomes for housing. In addition, black and Latino renters suffered much

higher rates of overcrowding, sub-standard housing conditions, and high rent burdens.

What is remarkable is that the problems besetting New York City's affordable housing have evolved over a relatively brief period of time. As the next chapter will describe, three decades ago New York City actually had a surplus of affordable rental housing for its poorest households. Tragically, as New



York City confronts the prospect of rising population and rising numbers of immigrant renter households in the next generation, is also confronts a widening affordable housing gap.

Chapter Four

New York City's Widening Affordable Housing Gap

Introduction

In 1970, less than a decade before modern mass homelessness emerged, New York City actually had more affordable rental housing units than it did extremely-low-income renter households. Three decades later, the story is very different. As New York City enters the new century, it faces a growing shortage of more than half a million available, low-cost apartments for its poorest households.

Against the backdrop of rising population, stagnant housing supply, and worsening conditions for the poorest renters, one remarkable fact overwhelmingly characterizes housing in New York City: A severe and growing shortage of affordable rental housing.

This chapter describes the emergence and widening of New York City's affordable housing gap – that is, the gap between the number of extremely-low-income renter households and the number of affordable low-cost apartments.

- From 1975 to 1999 median rents grew by nearly one third in real terms while real median renter household incomes grew by less than 3 percent.
- In 1970, New York City had a gross surplus of more than 270,000 affordable apartments for the poorest renter households. In 1999, according to an analysis of preliminary data, there was a gross shortfall of nearly 400,000 low-cost

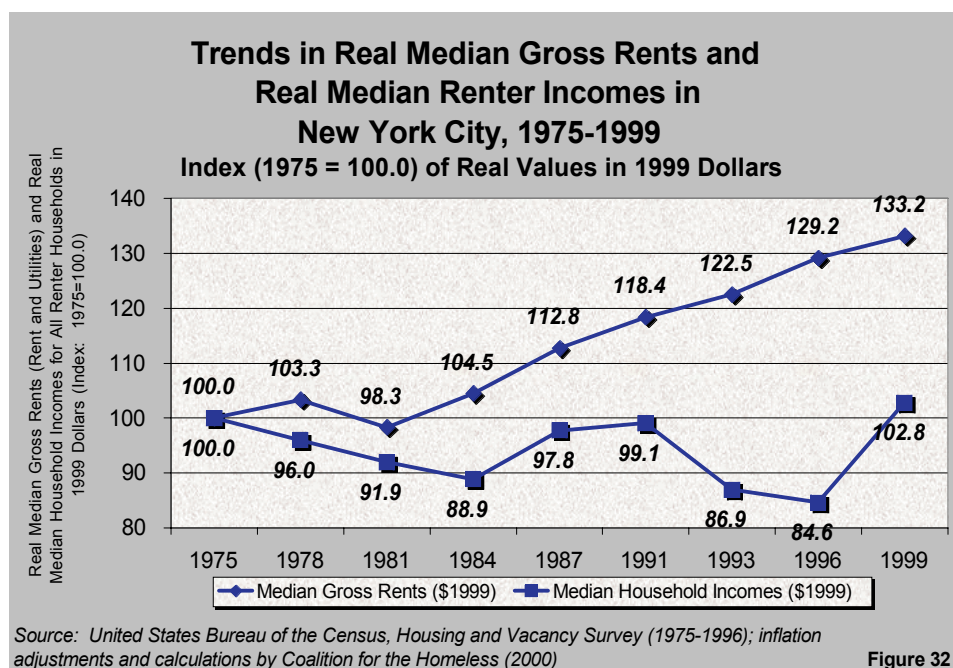
apartments for extremely-low-income renter households.

- According to a detailed analysis of 1996 United States Census Bureau microdata, New York City lacked more than half a million available, low-cost apartments for very-low-income renters in 1996.

The Affordable Housing Gap

Affordability is unquestionably the most severe and common housing problem confronting poor households in New York City. Indeed, of the more than 800,000 renter households experiencing severe housing problems in 1999 (i.e., severe rent burdens, overcrowding, and/or severe housing quality problems), 62.6 percent were facing affordability problems (that is, paying more than half of their incomes for housing).¹⁰⁰

The affordable housing gap in New York City results primarily from a structural change in housing costs, which have soared over the past three decades, and renter incomes, which have stagnated in real terms. This structural change is illustrated in Figure 32, which shows the growing difference between changes in median rents and median household incomes in real terms. From 1975 to 1999 median rents grew by nearly one third in real terms while real median renter house-



hold incomes grew by less than 3 percent after declining for most of the 1980s and 1990s.¹⁰¹ As noted in Chapter Three, the 1990s in particular witnessed a marked acceleration in rent increases while median renter incomes declined in real terms for most of the decade.

1. A Widening Gap: The Last Quarter-Century

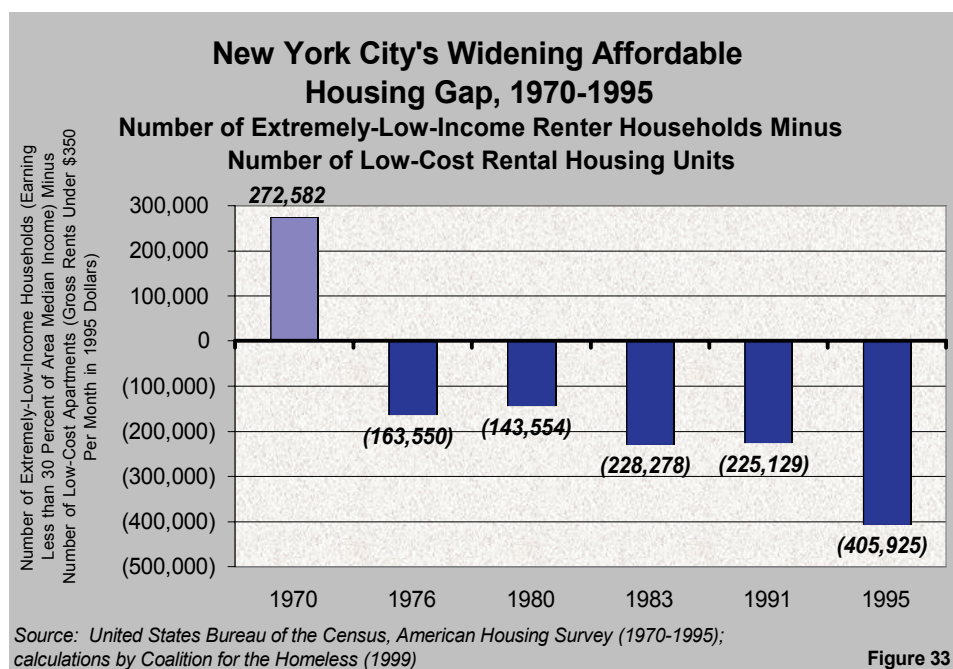
The rise in affordability problems among renter households underlines the growing shortage of low-cost rental housing in New York City. How great is the current shortage compared with the past three decades? The Coalition for the Homeless analyzed data for the period 1970-1995 to trace the shortage (or surplus) of affordable rental housing for the poorest New York City renters. The analysis replicates the model used by the Center for Budget and Policy Priorities for a recent national study of affordable housing.¹⁰² However,

whereas the Center for Budget and Policy Priorities study utilized the Federal poverty line to calculate the number of poor renters nationwide, the Coalition's analysis of New York City data utilizes the Federal standard for extremely-low-income households (i.e., those households earning less than 30 percent of the area median income), a measure more appropriate for the New York region due to its relatively higher cost of living.¹⁰³

The national study found that in 1995 there was a shortage of more than 4 million affordable, low-cost rental units in the United States – that is, there were 10.5 million households with incomes under the Federal poverty line, and only 6.1 million apartments affordable to poor households. In contrast, in 1970 there were actually more affordable,

low-cost units than poor households (6.5 million low-cost rental units and 6.2 million renter households with incomes under the poverty line).¹⁰⁴

In New York City the same pattern was evident, although the affordable housing shortfall became more severe. The Coalition analysis found that the affordable housing gap in New York City – that is, the gap between the number of extremely-low-income renters and the number of apartments affordable to them – emerged in the 1970s and widened dramatically over the subsequent



decades. As Figure 33 shows, in 1970 there was actually a surplus of rental units affordable to extremely-low-income renters, with the number of low-cost apartments exceeding the number of extremely-low-income renters by 272,582 units.

The affordable housing gap emerged in the 1970s, when the number of extremely-low-income renters began to exceed the number of affordable apartments. By the early 1980s the former surplus had converted to a shortage of more than 225,000 units. By 1995, the gross shortfall of rental housing affordable to the poorest New York City renters (i.e., extremely-low-income renter households) was a remarkable 405,925 apartments.¹⁰⁵

Analysis of preliminary data from the 1999

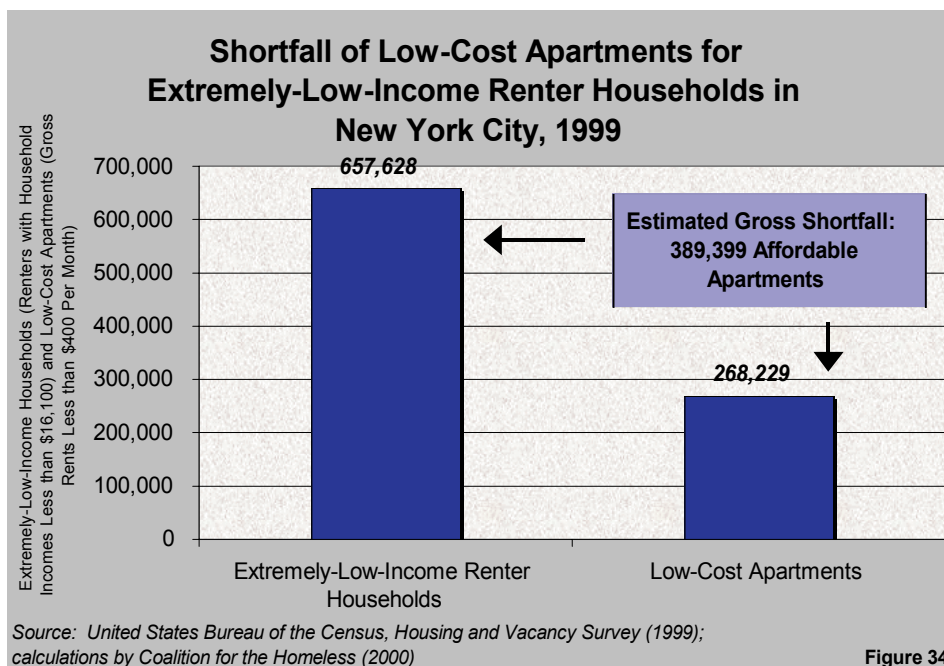


Figure 34

Housing and Vacancy Survey, the most recent New York City housing data available, produces much the same results. As Figure 34 illustrates, in 1999 there were more than 657,628 households earning less than 30 percent of area median income (\$16,100 in 1998 dollars). At the same time there were only 268,229 apartments affordable to those households (i.e., gross rents below \$400 per month, or 30 percent of household income). Thus, in 1999 the gross shortfall of affordable rental units for the poorest New York City households was 389,399 apartments.¹⁰⁶

2. Measuring the Shortfall of Available Low-Cost Apartments

The Coalition analysis of the widening affordable housing gap is supported by a more detailed analysis of 1996 Housing and Vacancy Survey microdata.¹⁰⁷ In this analysis, by Michael

Schill and Benjamin Scafidi, all renter households were divided into income deciles and measured against the number of apartments affordable to each decile, as shown in Table 6. Unsurprisingly, the lowest income deciles (that is, the very poorest renters in New York City) experienced the greatest shortage of affordable units. In fact, the cumulative shortage of affordable units for extremely-low-income renters

that results from this analysis – 380,784 units – is close to that produced by the Coalition’s analysis.

However, as Schill and Scafidi note, the cumulative affordable housing shortage for very-low-income renters (283,836 units) produced by this analysis dramatically understates the actual, net shortfall of affordable apartments, because households earning incomes higher than the very-low-income standard already occupy many affordable

Shortfall in Available Affordable Apartments in New York City by Household Income Deciles, 1996

Renter households by income decile	Number of households	Total affordable rental units	Surplus/ (shortage)	Cumulative surplus/ (shortage)
0-10 percent	178,872	47,996	(130,876)	(130,876)
11-20 percent	259,329	137,094	(122,235)	(253,111)
21-30 percent	245,224	117,551	(127,673)	(380,784)
31-40 percent	188,113	154,143	(33,970)	(414,754)
41-50 percent	168,911	299,829	130,918	(283,836)
51-60 percent	174,089	368,255	194,166	(89,670)
61-70 percent	156,099	319,737	163,638	73,968
71-80 percent	150,049	217,470	67,421	141,389
81-90 percent	137,986	104,380	(33,606)	107,783
91-100 percent	113,786	70,597	(43,189)	64,594

Note: Number of affordable units calculated using the Federal affordability standard. Cumulative figures account for units occupied by higher-income households.

Source: Schill and Scafidi (1999), based on 1996 Housing and Vacancy Survey data

Table 6

units. By accounting for these occupied rental units, they conclude that in 1996 the actual shortage of *available* affordable rental housing units for very-low-income New York City renters was 551,043 units.¹⁰⁸ Therefore, by 1996 more than half a million very-low-income households in New York City could not obtain affordable apartments.

However, these analyses fail to include the number of homeless and doubled-up households. As noted in Chapter Nine, in 1999 there was an average daily census of nearly 5,000 homeless families and 6,800 homeless single adults in the municipal shelter system. In addition, more than 1,500 homeless individuals reside each night in church and synagogue shelters, drop-in centers, and other privately-operated shelters.¹⁰⁹ As noted above, throughout the 1990s in New York City more than 200,000 households at any time were doubled-up, while tens of thousands more lived in illegal and often hazardous rooms and cubicles. Finally, thousands more homeless people slept on city streets, subway trains, and other public spaces, as well as in hospitals, jails, and other temporary institutional settings. Therefore, a rigorous analysis of the affordable housing gap must also be supplemented with data about the thousands of New York City households who are currently homeless or doubled-up.

Conclusion

There is little debate that a severe shortage of affordable rental housing exists in New York City. As the preceding section concludes, in 1999, according to preliminary data, there was a gross shortfall of nearly 400,000 low-cost apartments for the poorest renter households. As of 1996 the city lacked well over half a million available low-cost apartments for its very-low-income households.

What is most alarming about New York City's affordable housing shortage is how steadily it also has worsened over more than three decades – that is, that the city's stock of decent, low-cost housing has continually eroded for more than a generation. Indeed, as noted in Chapter Three from 1991 to 1999 New York City lost more than half of its stock of apartments with gross rents under \$500 per month.

One immediate consequence of this historical change has been steadily worsening conditions for the poorest tenants. Low-income New York City renters are much more likely to live in overcrowded, substandard, even dilapidated housing than they were in the 1970s. To make matters worse, they are also likely to be paying a much larger share of their incomes for worse housing.

New York City enters the new century not only confronting a widening affordable housing gap, but also lacks a comprehensive plan to house a growing population of new New Yorkers. Population growth, as noted in Chapter One, driven in large part by immigration will shape New York City's housing needs in the decades to come. Chapter Five describes the characteristics of immigrant households, who will comprise a major part of the next generation of New Yorkers.

Chapter Five

The Housing Conditions of Immigrants in New York City

Introduction

Continued population growth and increases in immigration have profound implications for housing in New York City. According to population projections, New York City will have more than 173,000 additional households with more than half a million people by the year 2020, and 55 percent of New Yorkers will be either foreign-born or have at least one parent who is foreign-born.

As noted in Chapter One, nearly 1.7 million legally-admitted immigrants settled in New York City from 1980 to 1996.¹¹⁰ If the same immigration trends hold for the next two decades, New York City will have more than 2 million new immigrants by 2020, offsetting continued outmigration from the city. Thus, the demographic characteristics, incomes, and housing conditions of immigrant New Yorkers will play a decisive role in shaping the need for new housing over the next two decades.

This chapter describes the housing conditions of immigrant New Yorkers and their implications for the city's housing needs in the next generation:

- The first section describes the types of housing occupied by immigrant households. Immigrant households are much more likely to be renters than native-born New Yorkers, and are disproportionately represented in rent-stabilized housing.
- The second section examines immigrant renter incomes and their rates of participation in public assistance, comparing them with native-born renter households. In 1996 median household income for immigrants was 21.9 percent lower than for native-born households.
- The third section describes the housing conditions of immigrant renters. Immigrant households are much more likely than native-born renters to experience overcrowding and substandard housing conditions.

Immigrant Renter Households

From 1987 to 1996, the share of New York City renter households who were immigrants rose significantly, from 39.3 percent of all renters to 48.6 percent.¹¹¹ During that same period, the number of immigrant renter households rose from approximately 740,000 to 945,000, an increase of more than 200,000 households, or 27.7 percent. Therefore, in the 1990s immigrant households have grown to comprise around half of all renters in New York City.

Immigrant households are much more likely than native-born households to be renters, to be poor, and to experience severe housing problems. A detailed analysis of 1996 Housing and Vacancy Survey data by Michael H. Schill, Samantha Friedman, and Emily Rosenbaum discovered major discrepancies in housing conditions for immigrants (defined as foreign-born heads of household whose parents are also foreign-born) compared to native-born households.¹¹² (For the purposes of their study, the authors counted people born in Puerto Rico to Puerto Rican-born parents as immigrants.)

In 1996 three-quarters (76.0 percent) of all immigrant households were renters, compared with two-thirds (66.2 percent) of native-born households. As Figure 35 shows, immigrants were less likely to reside in rent-controlled apartments, public housing, other regulated rental units, and *in rem* apartments than were native-born renters. This finding is not surprising, given that long-term tenancy in rent-controlled apartments and waiting lists for public housing would make it difficult for relative newcomers to access these types of housing. In contrast, immigrant renters were disproportionately represented in rent-stabilized housing. In 1996, 55.9 percent of immigrant households resided in rent-stabilized apartments, compared to 45.3 percent of native-born renters.¹¹³ Therefore, as discussed in Chapter Six, changes in rent-stabilized housing have a significant impact on immigrant renter households.

Immigrant Renter Incomes

In general, immigrant renter households in New

York City were substantially poorer than native-born renters. As Figure 36 shows, in 1995 the median household income for immigrants was \$25,000 (in 1995 dollars) compared to \$32,000 for native-born renters. However, there was wide variation among various immigrant groups. The three poorest immigrant groups were households from Puerto Rico (median income of \$13,800), the Dominican Republic (\$14,844), and Russia and the former Soviet republics (\$16,185).¹¹⁴

There was also wide variation among immigrant groups in terms of rates of participation in public assistance.¹¹⁵ In general, a larger share of immigrant renter households received public assistance in 1996 than native-born renters – 22.9 percent compared to 15.67 percent.¹¹⁶ However, rates of public assistance participation were significantly

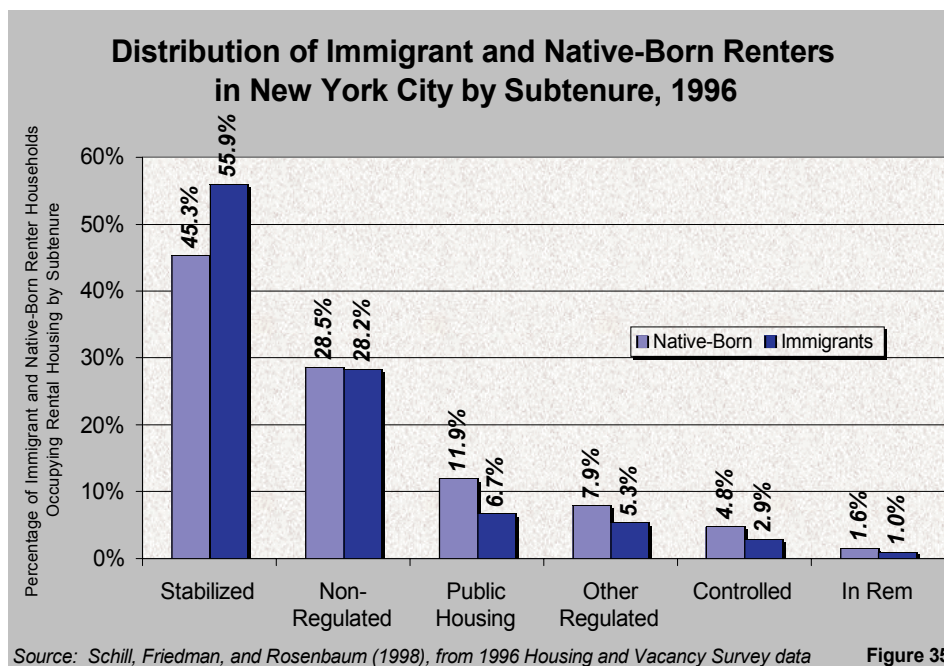


Figure 35

higher for foreign-born households from the Dominican Republic (48.1 percent), Puerto Rico (45.4 percent), and Russia and the former Soviet republics (41.6 percent).¹¹⁷ The study also found that immigrant renters are more likely to have children and are much less likely to have a high school or college degree.¹¹⁸

As Figure 37 shows, immigrant households also experienced severe housing problems at a much higher rate than native-born households.

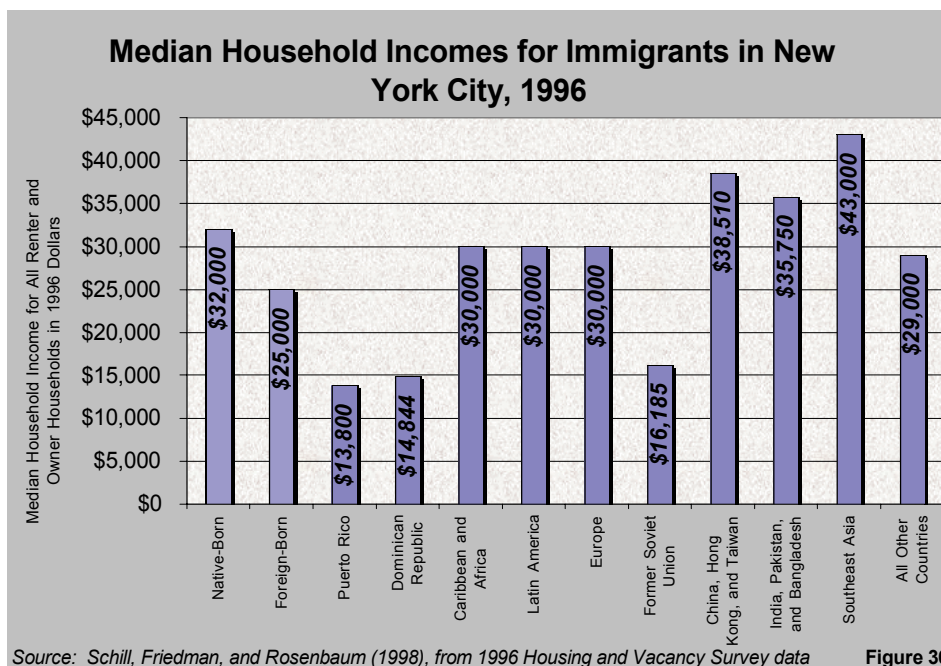


Figure 36

In 1996, 29.8 percent of all immigrant renters paid more than half of their income for rent, compared with 24.2 percent of native-born households. Once again, certain immigrant groups were much more likely to experience severe rent burdens, as shown in Appendix Table 3. In 1996, 47.2 percent of renter households from Russia and the former Soviet republics paid more than half of their

incomes for rent, as did 40.3 percent of renters from the Dominican Republic and 34.1 percent of renters from Puerto Rico.¹¹⁹

Immigrant Housing Conditions

As Figure 37 also shows, immigrant renters also experience slightly higher rates of severe housing quality problems (i.e., five or more maintenance deficiencies or dilapidated housing). Certain immigrant groups experienced much higher rates of housing quality problems, as shown in Appendix Table 3, including renters from the Dominican Republic (10.9 percent had five or more maintenance deficiencies and 2.5 percent lived in dilapidated buildings), Puerto Rico (7.1 percent had five or more maintenance deficiencies and 1.5 percent lived in dilapidated buildings), and other Latin American countries (6.0 percent had five or more maintenance deficiencies and 1.5 percent lived in dilapidated buildings).¹²⁰

The largest discrepancy in housing conditions between immigrant and native-born renters was in the incidence of overcrowding. As Figure 37 shows, 14.7 percent of immigrant renter households in 1996 lived in crowded conditions (more than one person per room), compared to 4.5 percent of native-born households. In addition, 4.7 percent of immigrant renter households lived in

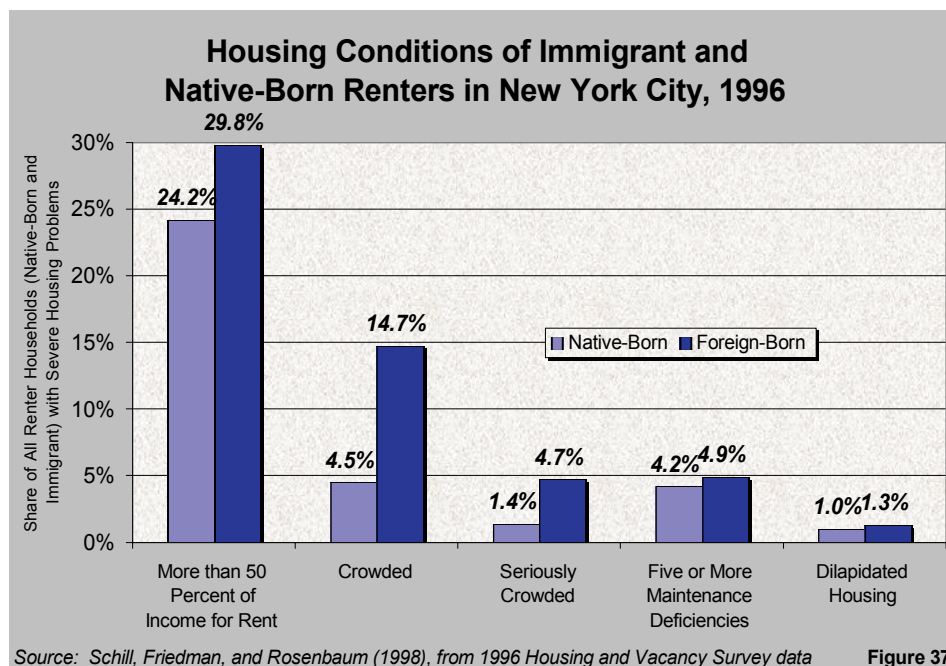
seriously crowded conditions (more than 1.5 persons per room), compared to 1.4 percent of native-born renters.¹²¹ As illustrated in Appendix Table 3, the immigrant groups with the highest incidence of overcrowding were the following: renters from India, Pakistan, and Bangladesh (28.0 percent crowded, 7.9 percent seriously crowded); Latin America (22.4 percent crowded, 7.9 percent seriously crowded); the Dominican Republic (19.8 percent crowded, 7.1 percent seriously crowded); China, Hong Kong, and Taiwan (17.7 percent crowded, 5.6 percent seriously crowded); and Russia and the former Soviet republics (15.0 percent crowded, 4.8 percent seriously crowded).¹²²

There is also evidence that, over the past two decades in particular, many immigrant households turned to illegal housing units, including apartments and single-room units, in an attempt to obtain affordable rental housing. As noted in Chapter Two, the past two decades saw the number of illegal housing units flourish, and it was estimated that half or more of those units were occupied by immigrant households seeking affordable rental housing. News reports in the 1990s also provided anecdotal evidence of dangerous conditions in illegal housing in many New York City neighborhoods with large immigrant populations, including Washington Heights, Chinatown, the Richmond Hill section of Queens, and Far

Rockaway. Although there is no comprehensive data on illegal housing units (as noted in Chapter Two), it is clear that housing conditions for immigrant households were even worse than the data from official surveys indicated.

Conclusion

As noted in Chapter One, an estimated one-third of all New Yorkers in 2000 is foreign-born, and by 2020 an estimated 55 per-



cent of all New Yorkers will be either foreign-born or have at least one foreign-born parent. If immigration continues according to recent trends, more than 2 million new immigrants will settle in New York City over the next two decades. Thus the housing needs of immigrants and their offspring will play a decisive role in shaping New York City in the next generation.

It is clear that those housing needs are not being met. Immigrant New Yorkers are overwhelmingly renters and much more likely to be poor than native-born New Yorkers. Immigrant renters suffer disproportionately from overcrowding, substandard housing, and high rent burdens. Moreover, those housing problems predominate among immigrants from the countries and regions producing the most immigration to New York City: the Dominican Republic and the Caribbean, Russia and the former Soviet republics, and Latin America. As New York City's population grows over the next two decades, the housing needs of immigrant households will play an ever larger role in shaping the housing needs for all of New York City.

However, as Part II of this report outlines, a host of changes in housing policies, legislation, and government housing programs threaten to reduce even further the availability of affordable housing in New York City. Moreover, as Part III of this report shows, the widening affordable housing gap and worsening conditions for poor renters of the past two decades coincided with the emergence of a phenomenon unseen in New York City since the Great Depression – hundreds of thousands of New Yorkers who literally had no home.

Part II

Threats to Affordable Housing in New York City

As described in Part I, New York City enters the new century confronting rising population and immigration, stagnant housing supply, and a widening affordable housing gap. Changing course requires a vision for housing the next generation of New Yorkers, and for addressing in a comprehensive way the growing shortage of affordable housing as well as the related problem of modern mass homelessness.

The widening affordable housing gap results from a structural change in New York City: Rising housing costs (increasing at nearly two times the rate of inflation) combined with stagnant incomes for all renters, with the poorest renters suffering real income losses. Government housing programs and policies have affected this structural problem in three ways: First, by influencing the number of affordable housing units that are created and assisted by various programs; second, by augmenting poor households' incomes through the provision of tenant-based subsidies and income support programs; and third, by regulating rents (and rent increases) for more than half of all apartments in New York City.

Moreover, government housing policies play an essential role in influencing changes in housing supply, through preservation and anti-abandonment efforts and through investments to spur development of new housing (such as the State's Mitchell-Lama Program and the City's Housing New York initiative). Without a change in course, the affordable housing gap in New York City threatens to widen even further as the result of a series of changes in legislation, housing policy, and government housing assistance programs.

Part II of this report outlines those changes, and describes their implications for New York City's housing in the future.

Chapter Six

Chapter Six describes changes in rent regulation laws and their implication for New York City's stock of rent regulated housing.

- **Higher Rent Increases.** Changes in the State rent regulation law have increased rents at an accelerated rate, have deregulated a larger number of apartments, and will diminish the stock of affordable rental housing units.
- **Rising Loss of Affordable Apartments.** According to Census Bureau data, from 1996 to 1999 the number of rent-stabilized apartments with contract rents under \$500 per month diminished by nearly 85,000 units.

Chapter Seven

Chapter Seven examines changes in publicly-assisted housing, in particular growing restrictions on admission to public housing for the poorest New Yorkers, the expiration of many Federal housing subsidy agreements, and threats to Mitchell-Lama housing. It also examines changes in the City's capital housing program, and the sharp reductions in capital funding in the latter part of the 1990s.

- **Threats to Federally-Assisted Housing.** Recent Federal legislation and subsidy expirations threaten to reduce the number of public housing units available to the poorest renter households by more than 10,000 apartments, and to reduce the number of Federally-subsidized units by up to 30,000 apartments.
- **Threats to Mitchell-Lama Housing.** In addition, Mitchell-Lama housing, which contributed enormously to expansion of New York City's housing supply in the 1960s and 1970s, is threatened by owner buy-outs and conversion to market-level rents.
- **Cutbacks in City Capital Investments.** Following the expiration of the ten-year Housing New York initiative begun in 1986, City capital funding under the Giuliani Administration has been reduced by nearly 44 percent in real terms compared to the previous mayoral administration.

Chapter Eight

Chapter Eight looks at changes in other government housing assistance programs, in particular the dramatic cutbacks in Federal tenant-based

housing assistance in the 1990s. It also examines threats to public assistance and other welfare housing allowances, which provide housing assistance to more poor New Yorkers than any other government program.

- **Fewer Housing Vouchers.** Due to dramatic cutbacks by the Federal government, the number of new tenant-based Section 8 vouchers in New York City fell from 4,360 new vouchers per year in the late 1970s to 2,536 new vouchers per year in the 1990s.
- **Declining Value of Welfare Housing Allowances.** From 1975 to 1999 welfare housing allowances lost 52 percent of their real value while median rents had increased 33 percent in real terms.

Chapter Six

Changes in Rent Regulation and Their Impact on New York City's Affordable Housing Stock

Introduction

Rent-stabilized apartments represent slightly more than half of all rental housing units in New York City. Changes in rent regulation laws, therefore, have an enormous impact on all rental housing in the city, and affect over one million of New York City's 2.8 million renter and owner households.¹²³ In particular, they will have an enormous impact on the high proportion of immigrant renter households and black and Latino renters who reside in rent-regulated housing.

In addition, changes in rent regulation have a particularly strong impact on the availability of affordable housing. As noted in Chapter Two, in 1999 rent-stabilized units comprised 25.1 percent of all apartments with gross rents under \$400 per month (in 1999 dollars), representing the second-largest subtenure of low-cost apartments.¹²⁴ Thus, changes in the laws governing rent stabilization and in provisions related to rent increases and deregulation have enormous implications for the size and composition of New York City's stock of affordable housing.

This chapter analyzes the changes in rent regulation and their implications for New York City's affordable housing.

- The first section describes the changes made in 1997 to the New York State's rent regulation laws, highlighting the provisions for rent increases and deregulation. The 1997 reforms included increased vacancy allowances for all apartments as well as special vacancy allowances for apartments with contract rents under \$500 per month.
- The second section outlines the results of the first comprehensive study examining the impact of the 1997 rent regulation changes, highlighting larger rent increases, rising deregulation, and an increasing loss of affordable apartments. In the first year after the 1997 reforms, the median rent increase for

vacated rent-stabilized apartments was 12 percent citywide, compared to 8 percent in the year before the reforms.

- The final section analyzes the implications of changes in rent regulation for the future, highlighting the impact of new "vacancy bonuses" for low-cost apartments. From 1996 to 1999, New York City lost nearly 85,000 rent-stabilized apartments with contract rents under \$500 per month.

Changes in Rent Regulation Laws

New York State's rent regulation laws have been the target of repeated attacks by the real estate industry and others since their inception in the 1940s. The most recent attempt to eliminate rent regulation occurred in 1997 when rent stabilization was due to expire as a result of "sunset" provisions in State law. After a protracted battle between the real estate industry and tenant organizations that resulted, in part, in the latest budget in New York State history, the State Legislature enacted and Governor Pataki signed the Rent Regulation Reform Act of 1997. While the law was initially proclaimed a victory by tenant activists because it preserved the rent regulation system, it was in many respects a hollow victory. Many of the "reforms" amounted to unprecedented concessions to the real estate industry and others that had lobbied for decades in favor of deregulation. All in all, every "reform" contained in the act threatens to shrink the affordable housing stock and to endanger the tenancy of poor renter households.

The 1997 reform act made five important changes in the rent regulation laws, which are described below:

A. New vacancy allowance. The reform act created a vacancy bonus for all rent-stabilized apartments which amounts to a rent increase of between 18 and 20 percent for all stabilized units upon each vacancy.¹²⁵

B. New vacancy allowance for low-rent apartments. In lieu of the vacancy allowance described above, the reform act instituted a special vacancy allowance for low-rent apartments. All

units renting for under \$500 per month receive a minimum \$100 per month rent increase upon vacancy, and units renting for under \$300 per month receive the \$100 rent increase in addition to the other vacancy allowances.

C. New vacancy allowance for apartments with long-term tenancies. In addition to the vacancy allowances described above, a special increase was created for units that have not had a vacancy for eight years or more. The new law created an additional vacancy allowance of 0.6 percent for each year that such an apartment had been occupied prior to vacancy (e.g., an additional 6 percent rent increase for an apartment which had been occupied by the previous tenant for ten years).¹²⁶

D. Changes in Housing Court procedures for tenants threatened with eviction for non-payment. Perhaps the most crucial procedural modification in the reform act – and a significant victory for the real estate industry – was a series of changes in Housing Court procedures for tenants who have been threatened with eviction for alleged non-payment of rent. The new law created two major changes in Housing Court procedures: (1) it mandated rent deposits by tenants involved in landlord-tenant actions after 30 days or a second adjournment request; and (2) it sharply restricted Housing Court judges' authority to grant adjournments and post-judgment stays of eviction warrants in non-payment court proceedings. Chapter Eight will discuss the threats to poor tenants posed by these provisions of the reform legislation, and describe pending legal challenges to the changes.

E. Partial vacancy decontrol and expanded "luxury decontrol." The new law introduced a new mechanism for partial vacancy decontrol. Under the new law, all apartments whose monthly rent rises over \$2,000 following a vacancy are deregulated. Also under the new law, so-called "luxury decontrol" (i.e., the elimination of rent regulation for high-income current tenants) was expanded to cover households with annual incomes over \$175,000 for two consecutive years (previously \$250,000) who occupy apartments with rents of more than \$2,000 per month.¹²⁷

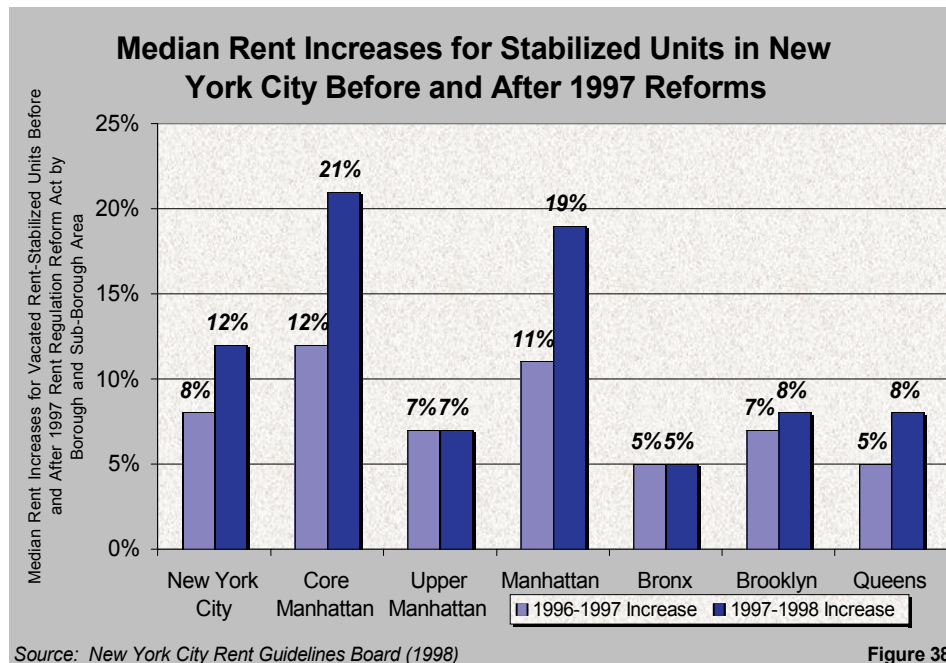
The Impact of Changes in Rent Regulation

Although the full impact of the Rent Regulation Reform Act of 1997 will inevitably occur over many years as the various vacancy allowances and decontrol mechanisms take effect, the only comprehensive study to date documented substantial rent increases in the first year following the law's passage.¹²⁸ The study was conducted by the New York City Rent Guidelines Board and compared rent increases for apartments vacated between April 1996 and April 1997 (before the reform law) and those vacated between June 15, 1997, and March 1998 (immediately the passage of the new law).

1. Rent Increases Since Changes in the Rent Regulation Law

As Figure 38 shows, median rent increases in every region of New York City except Upper Manhattan and the Bronx were higher after the new rent law. Citywide, the median rent increase after the rent regulation reform law was 12 percent, compared to 8 percent before the law. However, the citywide figure masks considerable variation in rent increases on the borough and sub-borough level. While there was no change in rent increases in the Bronx and Upper Manhattan, there were significant differences in median rent increases in Queens (8 percent after the law, 5 percent before) and Brooklyn (8 percent after the law, 7 percent before). However, the largest difference was in Manhattan, where the median rent increase after the law was 19 percent, compared to 11 percent before the law.¹²⁹

Within Manhattan, the study found that the very highest rent increases occurred in so-called "Core Manhattan" (i.e., Manhattan below 110th Street west of Central Park and below 96th Street on the East Side), where the median rent rose 21 percent after the reform act. The median rent for newly-rented apartments in this area was also more than twice the median rent in the rest of the city (\$1,500 per month compared to \$682).¹³⁰ In Core Manhattan 60 percent of the newly-rented units experienced rent increases that exceeded the minimum vacancy allowance created by the law (i.e.,



affordable for households earning the median income during the periods before and after the reform act – i.e., apartments renting for under \$666 per month in 1997 and those renting for under \$674 per month in 1998. In 1997, before the reform act’s passage, 50.4 percent of newly-vacated apartments were affordable to median-income households. However, in 1998, after the reform act, 39.1 percent were affordable.

more than 18 percent).

The substantial rent increases in Core Manhattan were unsurprising, given the extraordinary rise in the residential real estate market in Manhattan in the second half of the 1990s. However, a significant proportion of newly-rented apartments throughout the rest of the city – 28 percent – also experienced increases higher than the minimum vacancy allowance.¹³¹

2. Loss of Affordable Housing Units

The second worrisome trend involves the erosion of the low-cost housing stock in New York City. The Rent Guidelines Board study compared the number of newly-vacated apartments that were

As the Rent Guidelines Board study concludes, “Thus, for recent movers, we estimate a decrease of more than 10 percentage points between 1997 and 1998 in the proportion of affordable stabilized apartments.”¹³²

Preliminary data from the 1999 Housing and Vacancy Survey confirms the impact of the rent regulation reform statute on the size of the rent-stabilized low-cost housing stock. As shown in Table 7, the number of all apartments whose contract rent (i.e., not including utilities costs) was less than \$500 per month (in current dollars) declined by nearly 120,000 units from 1996 to 1999, with nearly two thirds of this decline (nearly 85,000 units) coming from the rent-stabilized stock. From 1996 to 1999, as Table 7 illustrates,

Contract rents (not including utilities costs)	All Rental Units		Rent-Stabilized Units		All Rental Units Percent Change		Rent-Stabilized Units Percent Change	
	1996	1999	1996	1999	1996-1999	1996-1999	1996-1999	1996-1999
Contract rent less than \$500	625,997	506,039	291,234	206,472	(119,958)	-19.2%	(84,762)	-29.1%
Share less than \$500	32.7%	25.9%	28.7%	20.2%				
Contract rent less than \$300	233,778	202,380	56,826	42,871	(31,398)	-13.4%	(13,955)	-24.6%
Share less than \$300	12.2%	10.4%	5.6%	4.2%				

Source: United States Bureau of the Census, Housing and Vacancy Survey (1996-1999) Table 7

New York City lost nearly 30 percent of its rent-stabilized apartments renting for under \$500 per month.¹³³ As noted in Chapter Three, the loss of low-cost rent-stabilized apartments was the most significant part of the deterioration of New York City's affordable housing stock from 1996 to 1999 (see also Appendix Figure 3).

3. Deregulation Since Changes in the Rent Regulation Law

Finally, the new decontrol provisions in the reform act resulted in approximately 3 to 4 percent of all newly-occupied stabilized units (the majority in Manhattan) becoming deregulated.¹³⁴ Therefore, in the eight months after the passage of the Rent Regulation Reform Act of 1997, between 3,500 and 5,000 apartments left the rent-stabilized housing stock in New York City, representing approximately 1 to 2 percent of all rent-stabilized apartments (occupied and vacant) in Core Manhattan.¹³⁵

The Rent Guidelines Board study documented two particularly worrisome trends for New York City's stock of affordable, regulated rental housing. First, deregulation occurred at a much higher rate after the reform act than before. According to the New York State Division of Housing and Community Renewal, from 1993 to 1997 approximately 1,000 rent-stabilized units per year were deregulated under the former "luxury decontrol" provision (described above). However, the Rent Guidelines Board study estimates that the rate of deregulation increased to 3,500 to 5,000 units per year after the reform act.¹³⁶ At this rate, over twenty years New York City risks the loss of tens of thousands of apartments from rent-regulated housing stock. The impact of the Rent

Regulation Reform Act on the number of the rent-stabilized apartments is therefore enormous.

The Long-Term Impact of Changes in Rent Regulation

What is notable about the results of the Rent Guidelines Board study is that, only eight months after the passage of the reform act, even the short-term impact of the new law on the size of the low-cost rent-stabilized housing stock, the number of rent-stabilized units, and the size of rent increases was so decisive. One provision of the law that may have greater impact in the future – and greater impact on the erosion of the low-cost housing stock – is the special vacancy allowance for low-cost apartments. Tenants of those apartments tend not to move for relatively longer periods of time. Hence the effect of that vacancy "bonus" will be

Sample Rent Increases in New York City Based on Provisions in the 1997 Rent Regulation Reform Act

	Example One	Example Two	Example Three
First new tenant (two-year lease)			
Previous regulated monthly rent	\$250	\$350	\$400
Vacancy allowance – 20 percent for two-year lease	\$50	n/a	\$80
Vacancy allowance for long-term tenancy (ten years)	\$15	n/a	\$24
Vacancy bonus for low-rent apartments	\$100	\$100	n/a
New regulated monthly rent	\$415	\$450	\$504
Net rent increase	\$165	\$100	\$104
Percent rent increase	66.0%	28.6%	26.0%
Second new tenant (two-year lease)			
Previous regulated monthly rent	\$415	\$450	\$504
Vacancy allowance – 20 percent for two-year lease	n/a	n/a	\$101
Vacancy bonus for low-rent apartments	\$100	\$100	n/a
New regulated monthly rent	\$515	\$550	\$605
Net rent increase	\$100	\$100	\$101
Percent rent increase	24.1%	22.2%	20.0%
Total net rent increase after two vacancies	\$265	\$200	\$205
Percent rent increase after two vacancies	106.0%	57.1%	51.2%

Note: Vacancy allowance for long-term tenancy is 0.6 percent per year if apartment was occupied eight years or more. Vacancy bonus for low-cost apartments is \$100 for all units with rents under \$300 per month, and at least \$100 (including other vacancy allowances) for units with rents between \$300 and \$500 per month.

Source: Rent Regulation Reform Act of 1997; calculations by Coalition for the Homeless (2000)

Table 8

somewhat delayed compared to that of the other vacancy allowances.

However, the scale of the low-rent apartment vacancy bonus will serve to remove tens of thousands of apartments from New York City's affordable housing stock. Table 8 illustrates the impact of the 1997 law on three low-cost apartments whose previous contract rents were \$250, \$350, and \$400 per month and which had been occupied for 10 years by the previous tenants. With all of the vacancy allowances permitted for such apartments, the new rents for two-year leases on these apartments after the first vacancy would be \$415, \$450, and \$504 per month, respectively, representing increases of between 26 and 66 percent. Using Federal affordability standards, none of these apartments would be affordable for extremely-low-income households. Upon second vacancy, the total rent increases would be between 51 and 106 percent.¹³⁷ (Note that the calculations in Table 8 do not include annual rent increases for rent-stabilized apartments which are authorized by the New York City Rent Guidelines Board.)

The long-term implications of the changes in rent regulations for affordable housing in New York City are immense: Fewer rent-stabilized apartments, fewer low-cost units, and fewer protections for poor tenants in Housing Court. Approximately 20 percent of all New York City renters move each year, representing around 217,000 households.¹³⁸ Indeed, between 1993 and 1996 alone 34.6 percent of all rent-stabilized apartments turned over at least once.¹³⁹ With such a turnover rate, most New York City apartments and most renter households will feel the impact of unprecedented rent increases and deregulation provisions within the next several years.

Conclusion

In only a short period after the enactment of the Rent Regulation Reform Act of 1997, its impact has already been enormous. Rents have increased at a much higher rate, larger numbers of apartments have been deregulated, and the number of affordable apartments has diminished at an accelerated rate. Between 1996 and 1999, the number of rent-stabilized apartments with contract rents

under \$500 per month declined by nearly 85,000 units, a decrease of nearly 30 percent.

It is clear that changes in rent regulation will have a disproportionate impact on selected groups of New Yorkers. In particular, immigrant households, who reside in rent-stabilized apartments at a much higher rate than native-born New Yorkers – 55.9 percent compared to 45.3 percent, as noted in Chapter Five – will be significantly affected by the changes. In addition, black and Latino renters are more likely than white tenants to reside in rent-stabilized housing.

Ultimately, however, all New York City renters will be affected by the 1997 law. Rent-stabilized housing is the single largest subtenure of housing in New York City, representing 1 million of the city's 2.8 million owner and renter housing units. In addition, approximately 20 percent of renter households in New York City move each year. Therefore the vacancy allowances and decontrol provisions will have a progressive, cumulative, and profound impact on all rent-stabilized housing in New York City.

The consequences of changes in rent regulation are most severe for the availability of low-cost apartments. As noted in Chapter Three, more than a quarter of New York City's lowest-rent apartments are rent-stabilized. Therefore, the mechanisms to increase rents created by the 1997 law – in particular, the vacancy bonuses for the lowest-rent apartments – threaten to diminish dramatically the total stock of affordable rental housing city-wide.

Chapter Seven

Publicly-Assisted Affordable Housing

Introduction

At every level of government, housing investment and assistance have been cut back dramatically since the 1970s. Nationwide, as in New York City, the impact of this enormous political and social shift has manifested itself in rising numbers of poor households with critical housing needs, a shrinking stock of affordable housing, and persistent mass homelessness.

Cutbacks in housing programs by the Federal government have had the largest overall impact. In the late 1970s, the Federal government provided housing assistance – through development of subsidized rental housing or through tenant-based assistance – to more than 360,000 new low-income households each year, whereas in the 1990s fewer than 70,000 new households each year received assistance. In addition, cutbacks on the local level have been dramatic as well. The City, which has traditionally played a substantial role in financing the development of new housing and preserving the affordable housing stock, slashed capital spending on housing in the second half of the 1990s.

This chapter examines the development and preservation of publicly-assisted housing, the “bricks-and-mortar” form of government housing assistance.

- The first section describes recent changes in Federal public housing legislation, in particular their implication for reduced admissions for the poorest New York City households. New Federal legislation will result in 10,000 fewer extremely-low-income households being admitted to public housing in New York City.
- The second section looks at the growing threat to other Federally-subsidized housing in New York City. Subsidy expirations and private owners opting out of contracts will result in the loss of as many as 30,000 low-cost apartments.
- The third section describes the Mitchell-Lama

Program, a State (and City) initiative which created over 125,000 apartments for middle- and low-income households primarily in the 1960s and 1970s. Mitchell-Lama housing played a significant role in expanding the supply of affordable housing, but it has been threatened in recent years by owner buy-outs of low-interest mortgages.

- Finally, the fourth section analyzes changes in the City’s capital housing program, highlighting changes in City housing policy on *in rem* apartments and substantial reductions in capital funding for affordable housing under the Giuliani Administration. Compared to the previous mayoral administration, the Giuliani Administration reduced annual City capital funding for housing by 51 percent in real terms.

Public Housing: Fewer Apartments for the Poorest Households

Public housing comprises New York City’s largest stock of publicly-assisted housing. In 1999 the New York City Housing Authority (NYCHA) managed 181,000 apartments in 342 developments housing around 600,000 people.¹⁴⁰ As noted in Chapter Three, in 1999 public housing represented the largest subtenure of low-cost housing, comprising 45.7 percent of rental units with gross rents under \$400 per month (in 1999 dollars).¹⁴¹ NYCHA, which operates the largest public housing program in the United States, also has a national reputation as a “high-performing” authority with a much more diverse income mix among its tenants than elsewhere.¹⁴²

In 1998 Congress passed the Quality Housing and Work Responsibility Act, the most dramatic reform of public housing legislation since its inception. Early versions of the legislation contained even more sweeping reforms, and even more dangerous provisions, than the final legislation, including elimination of the Brooke Amendment (which caps rents in public housing and other Federally-assisted housing at 30 percent of household incomes) and time limits on public housing residency. Nevertheless, even the moderated final legislation contains provisions that threaten to reduce the nation’s stock of public

housing and to restrict access to public housing for the poorest households.¹⁴³

In New York City, the major threat of the 1998 legislation is reduced admissions for the neediest households. In effect, the law eliminated Federal preferences for the households with the greatest housing needs (primarily extremely-low-income households, those with incomes below 30 percent of the area median income). Within certain restrictions, therefore, housing authorities nationwide, including NYCHA, could “skip over” extremely-low-income households on waiting lists to admit those with higher incomes.

According to a recent analysis by Victor Bach, Director of Housing Policy and Research at the Community Service Society of New York, as a result of NYCHA’s implementation of the new Federal rules, over ten years approximately 10,000 public housing apartments will be lost to the poorest households.¹⁴⁴ While this reduction in public housing admissions may be moderated by other factors (including the *Davis* consent decree, which governs several NYCHA developments with a history of racially discriminatory admissions policies), it represents a substantial loss of housing resources for New Yorkers with critical housing needs. Indeed, as described in Chapter Eleven, NYCHA housing is the second largest re-housing resource for homeless families in the municipal shelter system, providing around 1,200 apartments per year. Thus, any restriction on admissions for extremely-low-income households will have a decisive impact on homeless and other poor households.

In the long run, another dangerous consequence of the 1998 Federal legislation is that it prohibits all public housing authorities from expanding their stock of housing. Indeed, the legislation creates incentives for housing authorities to enter into public-private partnerships similar to the privately-owned subsidized housing described in the next section, with the same risks: Private owners may choose to opt out of subsidy agreements in the future.¹⁴⁵ Thus, the nation’s publicly-owned stock of “bricks-and-mortar” housing, which has been a vital resource for the poorest households, will inevitably shrink as a result of the 1998 reforms.

Federally-Subsidized Housing: Expiring Subsidy Agreements

The second largest stock of assisted housing in New York City is comprised of housing subsidized by the Federal government that is owned and operated by private landlords. This housing was developed under several different United States Department of Housing and Urban Development (HUD) programs, including Section 221 and Section 236 (which are mortgage interest subsidy programs), and the Section 8 New Construction or Substantial Rehabilitation Program (which is a project-based rent subsidy program). Many were also developed jointly under the Mitchell-Lama Program, a State initiative begun in 1955 to develop middle-income housing (discussed in the next section).¹⁴⁶ As of 1995 there were approximately 91,900 such Federally-subsidized units in New York City, located in 501 buildings citywide, with 63 percent of the apartments located in buildings with 100 or more units. Of these, 33,600 units were located in project-based Section 8 buildings.¹⁴⁷

The Federally-subsidized housing stock in New York City has been threatened by a trend which has attained national significance in recent years: The rising number of buildings whose Federal subsidies have expired or whose owners have chosen to “opt out” of Federal assistance programs. Because most of the HUD-subsidized housing stock nationwide was developed in the 1970s with twenty-year or twenty-five-year subsidy contracts, the majority of the subsidized housing stock developed under the programs will experience contract expirations by 2005. In addition, project-based Section 8 contracts had provisions allowing owners to opt out of contracts every five years. And although the mortgage-subsidy programs (Section 221 and Section 236) had thirty-year subsidies, for-profit owners could elect to pre-pay their mortgages after twenty years.

Because much of the housing was developed in neighborhoods that have since gentrified, many owners began choosing to pre-pay mortgages or “opt out” of the contracts in order to convert their properties to market-level rents. In 1998 more than 17,000 units nationwide located in over 300

project-based Section 8 buildings left the program, converting to market rents. From 1999 to 2004, two-thirds of the nearly 14,000 project-based Section 8 buildings in the United States (which have approximately one million apartments) will see their contracts expire.¹⁴⁸

In New York City the wave of contract expirations for project-based Section 8 buildings began in 1996 and is due to rise to approximately 5,000 units per year by 2002. According to one recent estimate based on HUD projections for the nationwide impact of project-based Section 8 expirations, approximately 20 percent of New York City's project-based Section 8 housing, or nearly 7,000 apartments, could be lost to opt-outs by 2002.¹⁴⁹ When other subsidy expirations and pre-payments for the remaining HUD-assisted housing stock are taken into account, New York City stands to lose as many as 30,000 apartments from the HUD-subsidized inventory, or approximately 30 percent of its Federally-subsidized housing stock.¹⁵⁰

The Federal response to this wave of subsidy expirations has largely involved schemes in which in-place tenants of Federally-subsidized buildings would be provided with rental vouchers (a process called "voucherization"). However, these proposals threaten to diminish in absolute terms the stock of rental housing affordable to poor tenants. Voucherization in buildings with expiring subsidies reduces the number of "bricks-and-mortar" affordable housing units – when in-place tenants with vouchers move or die, their units revert to market rents. Other proposals, such as portfolio restructuring, involve raising income eligibility thresholds in order to reduce Federal subsidies, thus reducing the number of units affordable to the poorest tenants.¹⁵¹ Ultimately, the wave of Federal subsidy expirations and "opt-outs" threatens to diminish the stock of Federally-assisted affordable housing in New York City.

The Mitchell-Lama Program: Housing for Middle-Income New Yorkers

One of the largest, and most successful, housing development programs of the post-war era was New York State's Mitchell-Lama Program. The

program was begun in 1955 with the passage of the Limited Profit Housing Companies Law, which was embodied in the State's Private Housing Finance Law, and which created limited-profit companies that would build and manage rental and cooperative housing primarily for middle-income households. The housing developments were provided with low-interest mortgage loans and property tax exemptions in exchange for limitation on profits (and, for cooperative apartments, limitations on equity). State-developed Mitchell-Lama apartments are regulated by the New York State Division of Housing and Community Renewal. In addition, the City also sponsored some Mitchell-Lama developments, often in cooperation with Federal housing development programs (see previous section). All in all, the Mitchell-Lama Program created more than 125,000 housing units in New York City.

Mitchell-Lama housing played an enormous role in expanding housing supply in New York City in the 1960s and 1970s. Indeed, New York State developed 269 projects with more than 105,000 apartments statewide under the program.¹⁵² However, the development of Mitchell-Lama housing had halted by the 1980s, and there has been no addition to this housing stock since. By the late 1990s in New York City there were 141 City-sponsored Mitchell-Lama housing developments with around 60,000 apartments. In addition, there were 100 Mitchell-Lama developments under State supervision with approximately 65,000 units.¹⁵³

At the same time that there has been no addition to the Mitchell-Lama housing stock, the existing stock has begun to shrink since the 1980s. The major reason is that, under the legislation creating the Mitchell-Lama Program, building owners were given the option of pre-paying mortgages after twenty years, which, in the case of buildings constructed after 1974, converts the building's units to market rents. The number of Mitchell-Lama "buy-outs" slackened during the early 1990s recession, but with the economic expansion of the rest of the decade the number has increased. As of 1998, more than 3,000 of the New York City's 125,000 Mitchell-Lama apartments were targeted for buy-outs, and most were threatened with conversion to

unregulated, market-level rents.¹⁵⁴ Thus, Mitchell-Lama housing, which played an important role in expanding New York City's housing supply in the 1960s and 1970s and providing affordable rental housing for middle-income households, faces threats similar to those confronting Federally-subsidized housing.

City Housing Policy

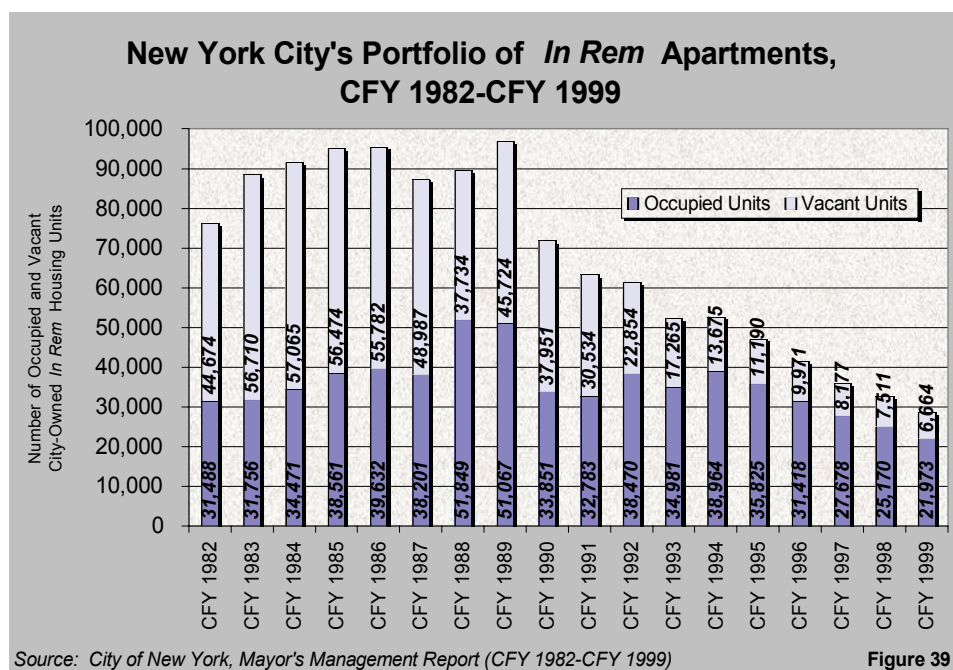
Due to its size and resources, New York City has, unlike most other American cities, historically invested on a large scale in affordable housing. The municipal government's role as housing developer and even "landlord" expanded substantially in the 1970s in response to the wave of housing disinvestments and abandonment that led to enormous housing loss in the 1960s and 1970s. Therefore, City housing policy over the last twenty-five years has focused to a large degree on post-abandonment and anti-abandonment strategies, which led to the City assuming ownership and management of thousands of tax-delinquent properties. The City's capital investments in affordable housing have also played a significant role in shaping New York City's stock of affordable housing and influencing changes in housing supply.

1. The City's Shifting *In Rem* Housing Policy

The wave of housing abandonment of the 1960s and 1970s, which struck many large American cities, was particularly virulent in New York City due to a number of factors, including the out-migration of middle-class households described in Chapter One. Disinvestment by local banks and "redlining" (i.e., the systematic refusal by banks to make housing loans in neighborhoods with large numbers of

black and Latino residents) were also major causes of housing abandonment. Another factor unique to New York City was the high percentage of rental properties, leaving many owners with more immediate financial incentives to disinvest. Between 1965 and 1968 alone New York City lost approximately 100,000 housing units, and from 1970 to 1978 annual losses averaged nearly 40,000 units.¹⁵⁵

In the late 1970s, in an effort to prevent the further abandonment and the loss of thousands more buildings, New York City began an initiative to assume ownership and management of tax-delinquent properties through *in rem* proceedings. Although the City initially anticipated that its ownership of tax-delinquent properties would be temporary and that suitable owners would be found quickly, there was little interest in the properties, and the City's portfolio rapidly expanded. During the late 1970s, the City's inventory of *in rem* buildings skyrocketed. From September 1976 to September 1978, the number of buildings under City ownership rose from 2,500 to 9,500.¹⁵⁶ By CFY 1986, as shown in Figure 39, there were more than 95,000 units in the City's *in rem* portfolio, nearly 56,000 of them vacant and 39,000 of them occupied. The number of occupied *in rem* apartments peaked in CFY 1988 at 51,849 units.¹⁵⁷



Management of the *in rem* stock quickly emerged as a controversial political and fiscal issue. Strategies were developed to address rent collections, which were extraordinarily low, and substandard physical conditions, which continued to be much worse than most of the city's housing stock. Since the mid-1980s the City has ultimately devoted nearly all of its Community Development Block Grant funds, a Federal block grant intended for economic and neighborhood development, to the management and operations costs of the *in rem* stock.¹⁵⁸ However, conditions in *in rem* buildings continued to be abysmal throughout the 1980s and 1990s. As noted in Chapter Three, 16.5 percent of all *in rem* units in 1996 were in dilapidated buildings and 26.3 percent had five or more maintenance deficiencies.¹⁵⁹

Disposition of the *in rem* portfolio became an even more contentious political issue. Beginning with the Koch Administration and extending through the Dinkins Administration, the City essentially relied on three mechanisms for disposition of the occupied *in rem* stock: transfer to tenant ownership, largely through conversion to tenant-owned cooperatives; transfer to not-for-profit managers and owners; and transfer to for-profit ownership.¹⁶⁰ The first two mechanisms were particularly successful in rehabilitating and preserving the affordable stock. Indeed, as noted in Chapter Eleven, much of the housing transferred to not-for-profit organizations served as a resource for rehousing homeless families and individuals from the municipal shelter system.

However, through the early 1990s nearly half of all dispositions of occupied buildings were made to for-profit owners, and the outcomes of these transfers were often poor. A 1991 report by the New York City Comptroller's Office documented relatively high rates of evictions and numerous housing code deficiencies.¹⁶¹ With respect to vacant buildings, the vast majority of dispositions were made to for-profit developers.

A major shift in the City's *in rem* housing policy was initiated by the Giuliani Administration. First, in 1995 the Administration formally announced an end to the practice of taking tax delinquent properties into City ownership, something which the

Dinkins Administration had informally initiated in 1993. Subsequently, the Giuliani Administration introduced new property tax enforcement procedures through which troubled residential properties would be immediately deeded to third-party commercial and not-for-profit owners.¹⁶² Residential and commercial properties considered more financially viable were to be immediately disposed of through tax lien sales.¹⁶³ In response to the Giuliani Administration's formal shift in policy, the City Council, at the urging of housing advocates, passed a local law requiring the City to adopt an "early-warning system" to identify housing at risk of abandonment, remove it from the tax lien sale pool, and promote transfer to responsible third-party owners.

The Administration also moved aggressively to dispose of the existing portfolio of *in rem* properties. As Figure 39 again shows, the number of *in rem* units under City ownership declined from 47,015 in CFY 1995 to 28,637 in CFY 1999. Of the units remaining under City ownership in CFY 1999, 21,973 were occupied and 6,664 were vacant.¹⁶⁴ In contrast to the previous two administrations, the Giuliani Administration aggressively focused on commercial, for-profit property owners in its disposition efforts.

The City's shifting policy on *in rem* housing has had a profound impact on housing supply and the stock of low-cost apartments in New York City. Through *in rem* proceedings the City had created, in effect, the second-largest stock of public housing in the United States (exceeded in size only by the New York City Housing Authority) by the mid-1980s. The opportunity to preserve and, through the rehabilitation of dilapidated vacant buildings, even expand the stock of affordable rental housing was invaluable. For many years – in particular, under the Housing New York initiative (described in the next section) – the City took advantage of this opportunity, although problems with poor maintenance and management of *in rem* housing remained widespread. Nevertheless, the Giuliani Administration's aggressive move to divest the City entirely of the *in rem* stock has largely sacrificed this singular opportunity to preserve and develop affordable rental housing.

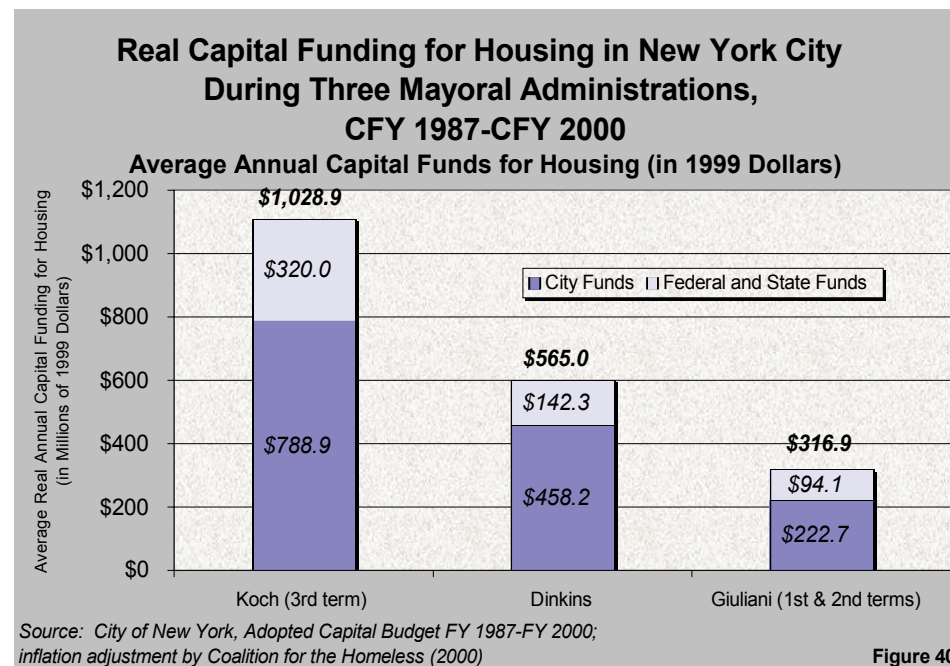
2. City Capital Investments in Affordable Housing

As noted above, New York City's municipal government has historically played a significant role in investing in affordable housing development. In the late 1980s, in part as a response to rising

units, with most of them targeted to low-income, middle-income, and homeless households. From 1987 to 1991 alone, the City constructed or rehabilitated 20,360 apartments, and added 8,251 new apartments in vacant or previously uninhabitable *in rem* buildings through moderate rehabilitation.¹⁶⁵ Preservation of existing rental housing

was also a goal of the Housing New York City plan. From 1987 to 1991, the City completed the moderate rehabilitation of an additional 51,873 apartments.¹⁶⁶

During New York City's fiscal crisis of the early 1990s, the Dinkins Administration reduced capital commitments to housing. In 1990 the Dinkins Administration also diverted \$150 million in revenues from Battery Park City to



homelessness and the growing affordable housing shortage, the City dramatically expanded its capital commitments to housing. However, in the second half of the 1990s, in the wake of fiscal pressures and cutbacks by the Giuliani Administration, the City sharply reduced its role in housing investment.

In 1986, the Koch Administration, in cooperation with the Cuomo Administration, announced the Housing New York initiative, an ambitious ten-year housing investment plan aimed at spending \$4.2 billion in capital funding on housing. As part of the initiative, the City and State also agreed to commit \$1 billion from the Battery Park City Authority, which was generating excess revenues through the development of commercial properties and luxury housing.

The Housing New York initiative, the largest by any American city in history, ultimately led to the development of more than 50,000 new housing

fill the budget gap, and in the end the earlier \$1 billion commitment of Battery Park City Authority revenues for housing was never completely fulfilled. Nevertheless, capital funding for housing rose again in CFY 1993 and CFY 1994. And, overall, total capital funding for housing – including City commitments as well as State and Federal funds – under the Dinkins Administration averaged \$565.0 million per year (in 1999 dollars).¹⁶⁷

However, as Figure 40 shows, under the Giuliani Administration average real annual capital funding (adjusted for inflation) for housing was cut back dramatically, falling by 43.9 percent compared to funding under the Dinkins Administration.¹⁶⁸ Moreover, as a share of total capital funding, housing received on average only 5.4 percent under the Giuliani Administration, compared to 10.7 percent of all capital funds under the Dinkins Administration and 12.4 percent during the last term of the Koch Administration.¹⁶⁹

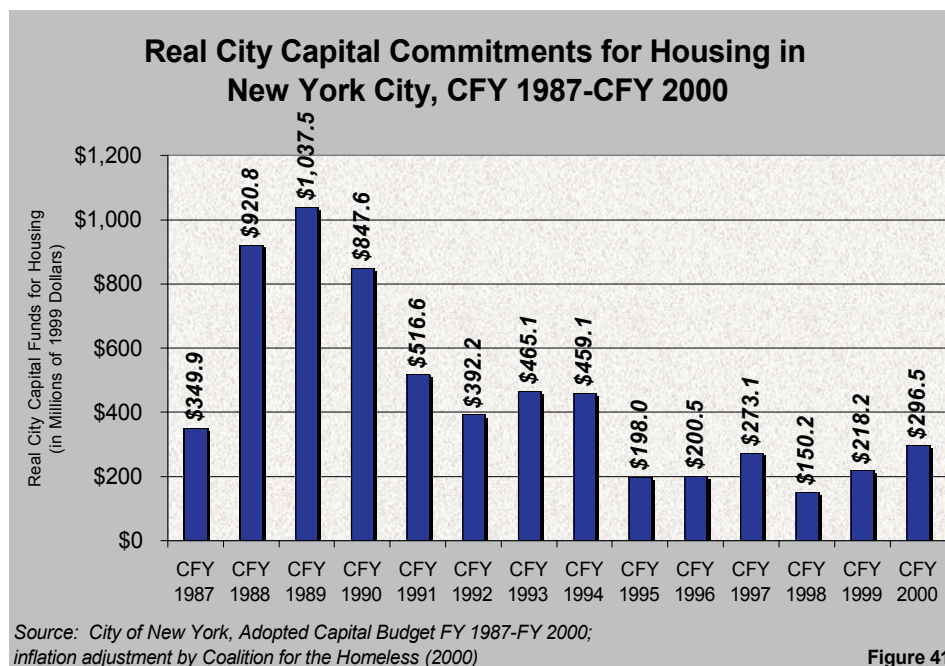


Figure 41

The largest cutbacks in capital funding for housing under the Giuliani Administration came from City commitments, although State and Federal capital funds for housing also declined by more than a third in real terms. As shown in Figures 40 and 41, real capital funding (adjusted for inflation) allocated by the City fell by 51.4 percent under the Giuliani Administration, from an annual average of \$458.2 million (in 1999 dollars) under the Dinkins Administration to \$222.7 million under Giuliani. Moreover, City capital funding under Giuliani was 71.8 percent lower in real terms than during the last term of the Koch Administration. Thus, City investments in housing were sharply reduced in the second half of the 1990s, contributing in part to the loss of rental housing during that decade.

The impact of City cutbacks in housing investments has been enormous, particularly with respect to housing supply. From 1987 to 1991, as noted in Chapter Two, in the wake of the Housing New York initiative, the city's supply of rental housing, expanded by more than 96,000 apartments, after shrinking throughout most of the 1980s.¹⁷⁰ However, the number of rental apartments in New York City has actually fallen since 1991. Thus, cutbacks in housing investments by the Giuliani Administration represent a decisive shift away from development of new housing and

expansion of the supply of affordable apartments. Moreover, these cutbacks coincided with the major shift in the City's *in rem* housing policy (described in the previous section), which resulted in an abandonment of the City's role in preserving and rehabilitating low-cost rental housing.

Conclusion

Publicly-assisted housing, the “bricks-and-mortar” part of

New York City's housing stock that has historically provided affordable housing to the poorest New Yorkers, is under threat. As this chapter has noted, restricted admissions to public housing for the poorest households, subsidy expirations and “opt-outs” for other Federally-subsidized housing, owner buy-outs of Mitchell-Lama housing, and cutbacks in City capital funding are reducing the size of New York City's publicly-assisted housing stock. Indeed, over the next decade:

- New York City's poorest households might be denied access 10,000 public housing apartments;
- 30,000 Federally-subsidized units may be lost through contract expirations and “opt-outs;” and
- More than 3,000 Mitchell-Lama apartments might be converted to market-level rents.

City housing policy, which sought to address housing abandonment and the affordable housing shortage in an expansive way in the 1980s, also suffered restrictions in the second half of the 1990s. After a major capital commitment by the Koch Administration to invest in housing, the Giuliani Administration substantially reduced capital investments in housing, both in absolute terms and as a share of all City capital funding. In addition, the City's policies on *in rem* housing – which in the 1980s and early 1990s sought in part to main-

tain a substantial portion of the *in rem* stock as affordable rental housing – were largely abandoned.

Altogether, public housing, other Federally-subsidized housing, Mitchell-Lama housing, and *in rem* housing represent more than 360,000 housing units, or around 18 percent of all rental housing in New York City. Therefore, the combination of recent cutbacks and the future impact of recent policy changes endangers a vital component of New York City’s affordable housing resources. Moreover, as the next chapter describes, other government housing assistance has also suffered substantial cutbacks in recent decades, further diminishing housing options for the poorest New Yorkers.

Chapter Eight

Changes in Government Housing Assistance

Introduction

Government investments in housing development have played a vital role in shaping the supply of rental housing in New York City. Government can also address the problem of housing affordability by providing housing assistance and income supports to needy households.

At the same time that New York City's publicly-assisted housing stock is under threat, other government housing assistance programs are also at risk. Moreover, tenant-based housing assistance – from Federal rent subsidies to welfare housing allowances – has experienced enormous cutbacks and reductions for two decades. The cumulative effect has been to make housing assistance a scarcer resource for rising numbers of needy households.

This chapter describes recent changes and cutbacks in a range of government housing assistance programs.

- The first section traces changes in Federal tenant-based rent subsidies, outlining the dramatic cutbacks in the Section 8 voucher program during the past two decades and their impact on New York City. As a result of Federal cutbacks, from the late 1970s to the 1990s the number of new Section 8 vouchers in New York City fell by 42 percent.
- The second section examines threats to public assistance and other welfare housing allowances, which collectively represent the largest government housing assistance programs. From 1975 to 1999 welfare housing allowances lost 52 percent of their real value while median rents had increased 33 percent in real terms.
- The third section describes changes in eviction-prevention assistance, in particular threatened cutbacks in homelessness prevention legal services and the risks to poor tenants posed by the 1997 rent-regulation reform law. The late 1990s witnessed an increase in the

number of non-payment proceedings brought against tenants in Housing Court.

Tenant-Based Housing Assistance

1. Tenant-Based Section 8 Housing Assistance in New York City

The largest tenant-based housing assistance program in New York City, as in the rest of the United States, is the Section 8 Existing Housing Program. Tenant-based Section 8 assistance, a HUD program administered in New York City primarily by the New York City Housing Authority (NYCHA), provides certificates and vouchers to assist income-eligible households with rent subsidies. Tenant-based Section 8 participants rent apartments on the private market pursuant to guidelines established by HUD and NYCHA. Under the program, eligible households typically pay no more than 30 percent of their incomes toward rent, with the balance of the rent paid by voucher. In CFY 1999 there were 76,323 households receiving tenant-based Section 8 assistance through NYCHA.¹⁷¹

The New York City Department of Housing Preservation and Development (HPD) also administers some tenant-based Section 8 vouchers and certificates; from CFY 1975 to CFY 1997, HPD received 12,580 vouchers and certificates.¹⁷² HPD's utilization of tenant-based Section 8 assistance has been very different than NYCHA's and has been combined with various HPD housing rehabilitation and preservation programs. For example, between 1984 and 1986 HPD received nearly 5,000 Section 8 vouchers through the Rental Rehabilitation Program, a Federal initiative to combine rehabilitation grants with tenant-based rent-subsidies.¹⁷³ Two other HPD programs also benefited from the addition of tenant-based Section 8 assistance. The Participation Loan Program, which was established in 1976 to provide low-interest loans for the rehabilitation of at-risk, occupied housing, has utilized approximately 2,000 Section 8 vouchers and certificates. In addition, the SRO Loan Program, under which much of the City's supportive housing for formerly-homeless single adults has been created, has utilized Section 8 rent subsidies for supportive housing

projects.¹⁷⁴ Altogether, through HPD and NYCHA, by 1999 there were approximately 89,000 households in New York City receiving tenant-based Section 8 assistance.

At its inception in the mid-1970s, the tenant-based Section 8 program was intended to provide rental assistance to poor households experiencing severe housing problems, in particular high rent burdens. Indeed, in the early 1980s nearly two-thirds of NYCHA Section 8 participants utilized their certificates or vouchers in their existing apartments.¹⁷⁵ However, as modern mass homelessness worsened throughout the 1980s and 1990s, the tenant-based Section 8 program in New York City was transformed essentially into a homeless re-housing program. In 1988 the City created the Emergency Assistance Re-Housing Program (EARP), which allocated Section 8 vouchers (along with an incentive bonus for landlords) to homeless families in the municipal shelter system. EARP rapidly became the City's largest program for re-housing homeless families. Indeed, in CFY 1999 EARP was responsible for 52.2 percent of all permanent housing placements for homeless families from the municipal shelter system (see Table 11 and the discussion in Chapter Eleven).¹⁷⁶

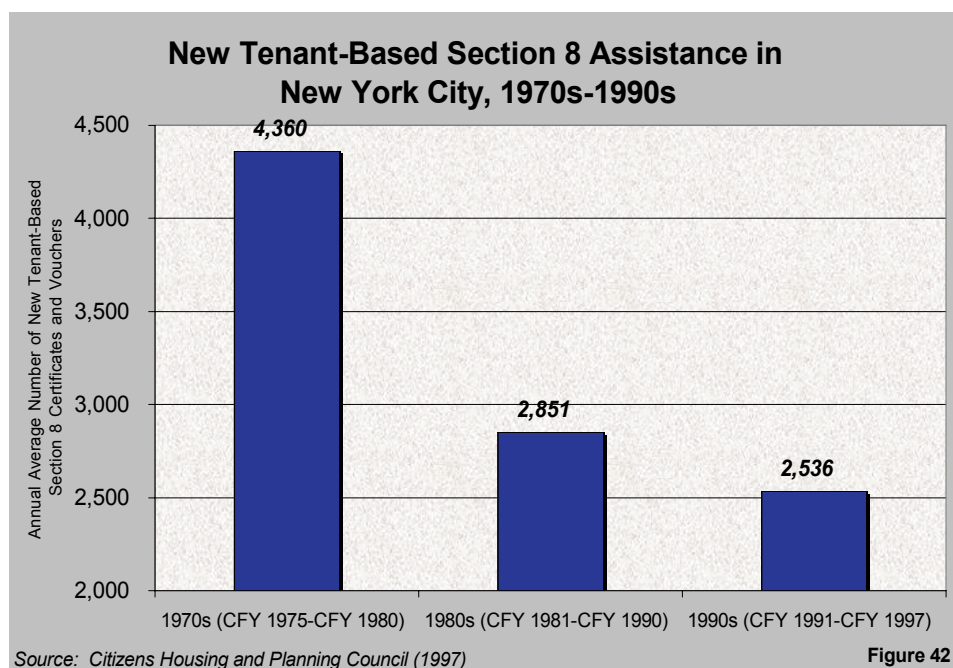
By 1993, approximately 80 percent of the Section 8 rent subsidies issued by NYCHA went to homeless families.¹⁷⁷ In 1996 NYCHA stopped accepting applications for tenant-based Section 8 assistance from all households except those in the following three "emergency categories": homeless households, victims of domestic violence, and/or intimidated witnesses to crimes. In addition to the 2,700 Section 8 vouchers allocated annually for EARP, the only other Section 8 rent subsidies set aside by NYCHA in recent

years were for tenants of Federally-subsidized housing developments whose owners had opted out of Federal contracts (see discussion in Chapter Seven). According to City officials, in 2000 NYCHA will provide approximately 4,600 Section 8 certificates and vouchers, of which 2,700 will be allocated to EARP, 150 will be provided to intimidated witnesses referred by district attorneys, 1,000 will be allocated for tenants in "opt-out" HUD-subsidized buildings, and only between 500 and 1,000 will remain for "emergency category" households on the NYCHA Section 8 waiting list.¹⁷⁸

2. Tenant-Based Section 8 Assistance in New York City on the Decline

As Figure 42 shows, the number of new Section 8 rent subsidies received by New York City fell dramatically from the 1970s to the 1980s, from an average of 4,360 new subsidies per year to 2,851 per year.¹⁷⁹ The decline in the 1980s reflected the dramatic cutbacks to HUD funding by the Reagan Administration. Federal funding for all new housing assistance (including Section 8) nationwide fell by 63.1 percent from the late-1970s to the 1980s, from an average of \$57.7 billion per year to an average of \$21.3 billion per year.¹⁸⁰

The number of new Section 8 rent subsidies in



New York City continued to fall in the 1990s, to an average of 2,536 new subsidies per year, as shown in Figure 42, a 41.8 percent decline from the late 1970s.¹⁸¹ As described in the next section, the decline in the 1990s was again a reflection of changing Federal policy, under which new Section 8 funding was eliminated for four consecutive years.

There is no question that dwindling tenant-based Section 8 resources serve only a small fraction of tenants in need of housing assistance. At the end of March 1999 there were 212,848 households on the NYCHA waiting list for Section 8 rent subsidies. According to NYCHA, at that time, 10,403 applicants were homeless or victims of domestic violence. In addition, 195,218 households on the waiting list were living in “substandard, overcrowded, or doubled-up conditions.”¹⁸² In CFY 1999, NYCHA received 17,000 applications for the tenant-based Section 8 program, virtually all of them in the “emergency categories” described above.¹⁸³

At the current turnover rate of 4,200 vouchers per year, even with the addition of some 700 new Section 8 vouchers, New York City will not even be able to provide tenant-based Section 8 assistance to one of every three new “emergency category” applicants per year.¹⁸⁴ Indeed, even if no new applications are accepted, at the current turnover rate it would take just over 50 years to empty the Section 8 waiting list in New York City.

3. The Impact of Section 8 Reductions on Housing Development

Cutbacks in tenant-based Section 8 funding also impact the development of affordable housing. As noted above, the nearly 13,000 Section 8 vouchers and certificates administered by HPD have been utilized in several programs, often in partnership with not-for-profit organizations, to provide rental assistance and operating funding for new or rehabilitated low-income housing. For example, under the Local Initiatives Support Corporation (LISC)/Enterprise Foundation Tax Credit Program, tenant-based Section 8 assistance has been provided to 30 percent of a development’s initial tenants.¹⁸⁵ In addition, Section 8 vouchers

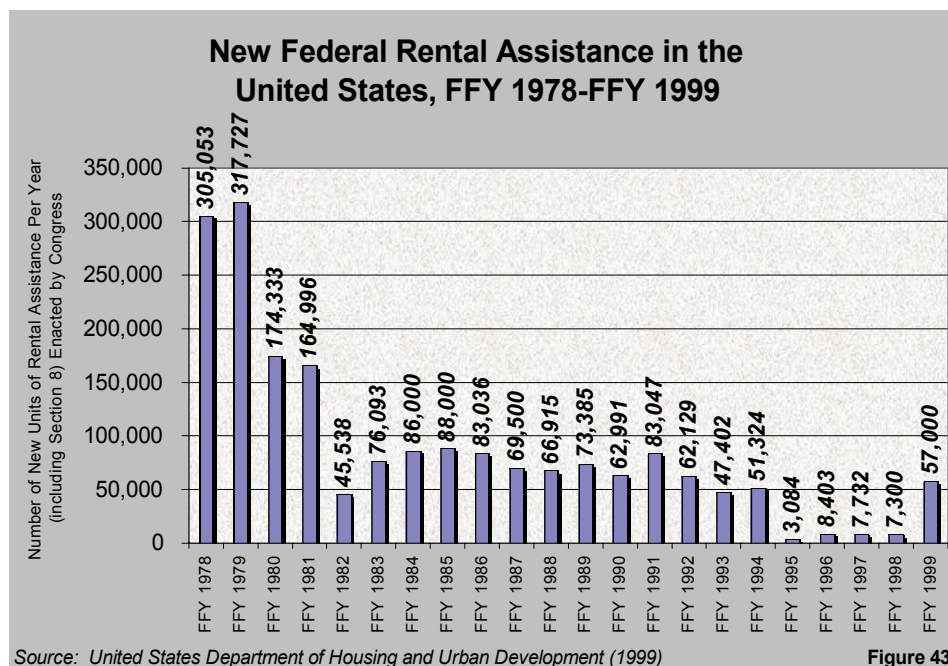
and certificates have often been provided by HPD to in-place tenants for the renovation of *in rem* buildings.

The shrinking number of Section 8 vouchers and certificates will force sponsors of newly developed low-income rental housing to target higher-income households or to expand greatly operating reserves. According to one recent analysis, by requiring project sponsors to rely more heavily upon operating reserves to cover operating expenses, in the 1990s the City assisted fewer very-low-income and homeless households.¹⁸⁶ Thus, as in the case of public housing, reduced Federal funding for housing assistance threatens to reduce the amount of that assistance available to the poorest renter households.

4. Tenant-Based Section 8 Assistance Declining Nationally

Cutbacks in tenant-based Section 8 assistance in New York City are the result of a dramatic shift in Federal housing policy since the 1970s. As shown in Figure 43, in the late 1970s the Federal government provided more than 300,000 new (or “incremental”) units of rental assistance each year, of which more than 200,000 represented Section 8 vouchers or certificates. However, by the 1990s, incremental tenant-based rental assistance had fallen on average to less than 40,000 new households assisted per year. Thus, in the context of the dramatic and widespread cutbacks in Federal housing assistance since the 1970s (detailed in the conclusion to this chapter), reductions in tenant-based Section 8 assistance represented the single largest program cutback by the Federal government.

From FFY 1995 through FFY 1998 Congress actually eliminated all funding for new (i.e., incremental) tenant-based Section 8 assistance. In addition, a provision included in the HUD budgets for those years required a three-month delay in the re-issuance of Section 8 vouchers when households left the program. This mandatory delay resulted in nearly 40,000 fewer households nationally receiving tenant-based Section 8 assistance each year.¹⁸⁷ In the Federal budget for FFY 1999, the three-month delay was eliminated. In addition,



Congress agreed to fund 50,000 new Section 8 vouchers which were targeted to households making the transition from welfare to employment. New York City's share of these new rent subsidies (approximately 700 vouchers) will be issued in 2000.¹⁸⁸ In October 1999, Congress passed a HUD budget which included funding for 60,000 new Section 8 vouchers nationwide, of which New York City is expected to receive approximately 700 additional vouchers. Nevertheless, in historical terms the recent funding increases remain at only a quarter of the levels of incremental Section 8 funding two decades ago.

Public Assistance and Other Welfare Housing Allowances

1. Public Assistance

Welfare remains the largest housing assistance program in New York City. In 1999 there were an average of some 668,000 people (304,000 households) receiving public assistance in New York City each month. This figure includes roughly 556,000 Family Assistance Program recipients (i.e., recipients of Temporary Assistance for Needy Families, or TANF), and 112,000 Safety Net Assistance (formerly Home Relief) recipients.¹⁸⁹ In 1999 public assistance recipients represented about 8.7 percent of the population of New York

City.¹⁹⁰

According to data from the New York City Human Resources Administration, in 1997 approximately 85 percent of all public assistance households in New York City utilized the welfare housing allowance. Of all households utilizing the housing allowance, some 16 percent resided in public housing and 84 percent resided in private housing. In addition, about 75 percent of all

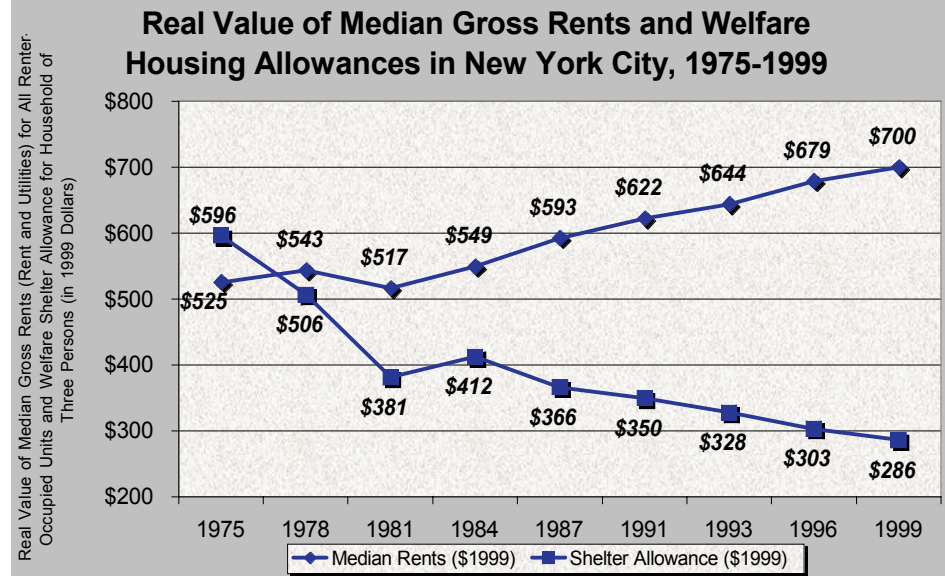
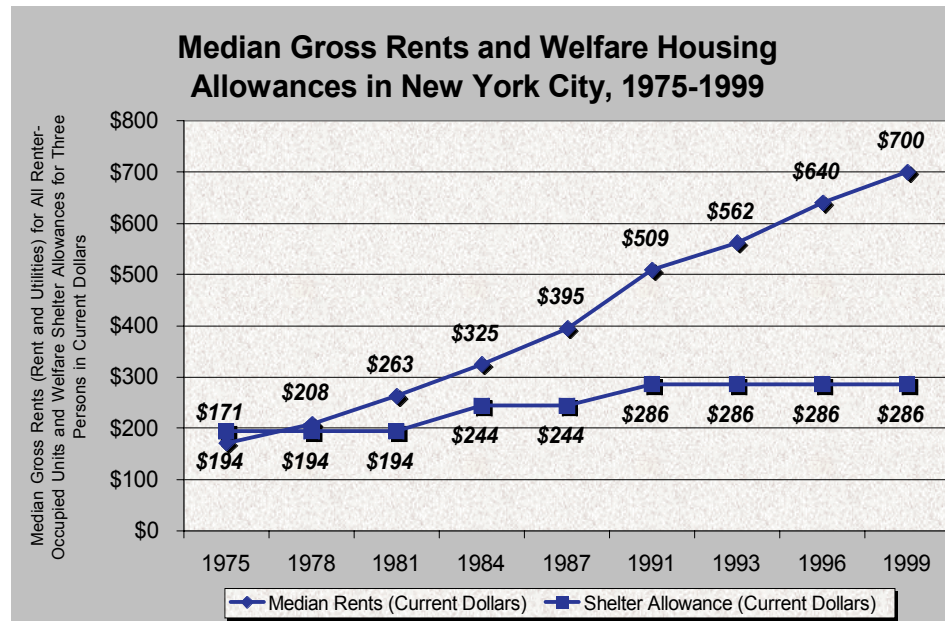
welfare households in private housing had rents exceeding the maximum housing allowances permitted.¹⁹¹

In New York State, the public assistance grant is divided into two major parts: (1) the basic grant, which provides non-housing cash assistance, and (2) the shelter allowance, which is used to pay for housing costs. The actual value of the shelter allowance is not codified in New York State's Social Services Law, but must, according to the statute, "...be adequate to enable the father, mother or other relative to bring up the child properly, having regard for the physical, mental and moral well-being of such child...."¹⁹² Thus, the value of the shelter allowance is established by regulations issued by the New York State Department of Family Assistance (formerly the Department of Social Services).¹⁹³ Apart from some special exceptions described below, the State has not changed the value of the shelter allowance since 1988. The maximum shelter allowance for a family of three living in private housing (with heat included) in New York City is \$286 per month, and for a single individual is \$215 per month.

The declining real value of the welfare shelter allowance has had an overwhelming impact on the ability of public assistance recipients to pay for housing, as illustrated in Figure 44. Adjusting for

consumer price inflation, the shelter allowance for a family of three (\$286 in current dollars) has lost 52.0 percent of its value from 1975 to 1999. From

allowances and apartment rents has widened considerably since the 1970s. Indeed, in 1975 the shelter allowance for a family of three persons



Source: United States Bureau of the Census, Housing and Vacancy Survey (1975-1999), New York State Department of Social Services; inflation adjustment by Coalition for the Homeless (2000) **Figure 44**

1988, the last year the shelter allowance was increased, to 1999 its real value declined by 30.1 percent.¹⁹⁴

During the same period, as noted in Chapter Three, rental housing costs rose at nearly twice the rate of inflation. Therefore, as Figure 44 also illustrates, the gap between the real value of welfare housing

allowances and apartment rents has widened considerably since the 1970s. Indeed, in 1975 the shelter allowance for a family of three persons (\$194 per month) actually exceeded the median gross rent for all renter-occupied apartments in New York City. From 1975 to 1999, real median rents in New York City increased by 33.2 percent, at the same time that (as noted above) welfare housing allowances lost 52.0 percent of their real value. The gap between median gross rents and welfare housing allowances was wide in the 1980s but was particularly dramatic in the 1990s. Indeed, the gap between the real value of median rents and shelter allowances, which was \$227 (in 1999 dollars) in 1987 had widened to \$414 in 1999.¹⁹⁵

One reason underlying the inadequacy of welfare housing allowances is the formula used by the State to calculate shelter allowances. As revealed in court papers from the *Jiggetts* litigation (discussed below), in the 1970s the shelter allowance was set at the 95th percentile of the actual rents paid by public assistance recipients receiving housing allowances. However, the 1988 increase was calculated using the 65th percentile of actual welfare recipients' rents in May 1986, two years before.¹⁹⁶ Therefore, the allowance was clearly inadequate even in the year

it was formulated, and the failure of the State to increase it since 1988 has only diminished its real value even further.

The inadequacy of the shelter allowance is one of the major causes of housing emergencies and homelessness among welfare recipients in New York State. An analysis of statewide public shelter data by the Coalition for the Homeless determined that, during the 1990s, one of every four public assistance households in New York State had required publicly-funded shelter.¹⁹⁷ Moreover, this figure does not include the thousands of New York public assistance recipients who experienced homelessness but did not utilize publicly-funded shelters (e.g., streetbound homeless individuals or temporarily doubled-up households).

2. *Jiggetts* Relief

One exception to unrealistically low shelter allowances involves landmark litigation challenging the inadequacy of the welfare housing allowances in New York City. In 1987, the Legal Aid Society filed *Jiggetts v. Grinker* (currently called *Jiggetts v. Dowling*), a lawsuit based on New York State's Social Services Law which requires that the State set shelter allowances high enough to enable children to be brought up properly and to enable families to maintain homes. In 1991 the trial judge ordered the State to authorize payment of rent arrears to families with minor children receiving public assistance who faced eviction and homelessness due to non-payment of rent as well as ongoing rental payments above the shelter allowance. These enhanced shelter allowances, known as "preliminary relief" or "*Jiggetts* relief," were ordered on a temporary basis so that families would not become homeless before a final decision in the case could be made.¹⁹⁸

Since 1991 tens of thousands of New York City public assistance families have received *Jiggetts* relief. In addition, thousands of families in Westchester, Nassau, and Suffolk Counties have benefited from similar lawsuits brought by legal services organizations in those counties. In December 1999, nearly 25,000 families in New York City alone were receiving increased shelter

allowances. Therefore, *Jiggetts* relief provides ongoing rental assistance to more than one-third as many households in New York City as the number receiving tenant-based Section 8 assistance. A final resolution to this case may be reached within the next year or two.

3. Housing Allowances for People with AIDS

Another exception to the standard shelter allowance established in State regulation is the enhanced package of housing and other assistance provided to welfare recipients living with AIDS. As in the case of *Jiggetts* relief, enhanced allowances for people with AIDS were instituted as a result of litigation. In 1988, the Coalition for the Homeless filed *Mixon v. Grinker*, a class-action lawsuit arguing for medically appropriate housing for HIV-ill homeless people.

In response, the City created the Division of AIDS Services (later the Division of AIDS Services and Income Support, or DASIS) as a separate division within the Human Resources Administration for HIV-positive welfare recipients and applicants. DASIS began to administer several State-subsidized housing assistance programs for public assistance recipients living with HIV/AIDS, including enhanced housing allowances higher than the shelter allowance level; placements to commercial hotels for homeless people with HIV/AIDS; and supportive housing programs, including scattered-site housing.

The number of HIV-positive welfare recipients receiving housing assistance skyrocketed during the 1990s. In August 1989 there were 2,256 welfare households with AIDS receiving supplemental housing assistance, while in August 1999 there were 21,198 households receiving the added housing assistance, an increase of well over 800 percent.¹⁹⁹ As noted in Chapter Nine, the expansion of housing assistance to homeless people living with HIV/AIDS was one of the major factors underlying the reduction of the single adult homeless population in the early 1990s.

4. Threats to Public Assistance and Other Welfare Housing Allowances

As noted above, nearly 9 percent of all New Yorkers receive housing assistance through public assistance and other welfare housing allowances, including *Jiggetts* relief and enhanced housing allowances for people with AIDS. Thus, changes in public assistance and special allowances have an enormous impact on the poorest renter households' housing conditions.

In 2000 or 2001 there is likely to be State action with regard to welfare housing allowances, in part due to court rulings in the *Jiggetts* litigation. In 1999 the Appellate Division (First Department) of the New York State Supreme Court unanimously upheld a 1998 trial court ruling in *Jiggetts* that the existing shelter allowance schedule promulgated by the State was inadequate, and ordered the State to increase shelter allowances. In October 1999 the Court of Appeals, New York State's highest court, declined to review the State's appeal of the Appellate Division decision.

The Pataki Administration has clearly articulated its opposition to a substantial increase in welfare shelter allowances, and to provisions in the Social Services Law related to the adequacy of housing allowances. As he had in previous years, in January 1999 Governor Pataki issued an Executive Budget proposal for SFY 1999-2000 that could have made moot the *Jiggetts* litigation by altering statutory language to eliminate references to the adequacy of housing allowances. Although the Governor's Executive Budget proposal for SFY 2000-2001 did not include such provisions, there remains a strong likelihood that the issue will emerge in budget negotiations in the next year or two.

With respect to AIDS housing allowances, in October 1999 the Giuliani Administration announced two changes to the Division of AIDS Services and Income Support that threaten to reduce dramatically housing assistance to people with HIV/AIDS. First, the City announced changes to scattered-site housing programs that most housing providers predicted will result in increasing numbers of evictions for households

living with AIDS. Under the plan, which is scheduled for implementation from 2000 to 2002, housing providers must transfer leases for scattered-site apartments to their clients. According to the New York City AIDS Housing Network, a coalition of supportive housing providers, tenants will therefore be at much greater risk of eviction if they fall into rent arrears. AIDS housing providers have historically provided up to \$70,000 per year in rent arrears assistance, and the coalition projects that as many as 1,600 households living with AIDS might be evicted under the new lease-transfer plan.²⁰⁰

Second, in November 1999 the Giuliani Administration announced plans to require HIV-positive welfare recipients to perform workfare, with the exception of clients with AIDS and HIV-illness. The new plan reverses a policy of providing exemptions from workfare for all HIV-positive welfare recipients, and threatens to result in increased case terminations, sanctions, and lost housing assistance for HIV-positive public assistance households.

Homelessness Prevention

A patchwork system of government agencies and private organizations has been developed to provide homelessness prevention assistance to poor tenants at risk of eviction, much of it reliant on Federal (including Federal Emergency Management Agency, or FEMA), State, and City funding. For people facing eviction, accessing those limited funds and negotiating the public and private bureaucracies has increasingly depended on legal assistance provided by legal services and community-based organizations. In addition, for elderly New Yorkers a vital source of housing assistance has been a City-sponsored tax-abatement program.

1. Eviction Prevention Legal Services

In 1998, 278,156 non-payment actions were filed in the Housing Part of the Civil Court of the City of New York, which was established by the New York State Legislature in 1972 and is commonly referred to as the New York City Housing Court.²⁰¹ Non-payment actions represented approximately 90 percent of the cases filed with the court clerk,

although another 7 percent of cases involved a holdover action, in which a landlord attempted to evict a tenant for reasons other than non-payment of rent (e.g., creating a nuisance, subletting an apartment without the landlord’s permission, or violating the lease).²⁰²

Due to the vast number of cases and extraordinary limitations in staff, resources, and the number of judges – each judge in the Housing Court handles an average of 7,000 cases per year – proceedings are chaotic and haphazard.²⁰³ The majority of cases are settled by stipulations between landlord attorneys and tenants who have no legal representation. A 1993 study found that 97.5 percent of all landlords appearing in Housing Court actions are represented by legal counsel, while only 11.9 percent of tenants have legal representation.²⁰⁴ Therefore, these *pro se* (i.e., unrepresented) tenant litigants are exceedingly susceptible to pressure from landlord attorneys and Housing Court officials to enter hastily into stipulations, very often to their detriment.

Even given the extreme shortage of legal resources for poor tenants in Housing Court, funding for landlord-tenant legal services has faced consistent threats on the City and State level in the late 1990s. For several years, both the Pataki and Giuliani Administrations presented budget proposals that would have reduced funding for legal services groups and community-based organizations that provide legal representation and advice to poor tenants facing eviction. In the late 1990s, for example, the Giuliani Administration proposed the elimination of \$2.9 million in funding for contracted eviction-prevention legal services that were provided to approximately 10,000 households each year. In most cases, funding was

restored, by the State Legislature and the City Council respectively, but the repeatedly threatened cutbacks resulted in fiscal problems for community-based organizations and prevented any substantive discussion of expanding legal assistance for poor tenants.

2. Impact of Changes in the State Rent Regulation Law

As shown in Figure 45, in 1998 there were 23,454 evictions resulting from Housing Court actions, and an unknown number of tenants left their apartments before a warrant of eviction was issued or executed.²⁰⁵ In 1998, as Figure 45 also shows, 127,851 non-payment actions were noticed for trial, representing an increase of 15.2 percent above the previous year.²⁰⁶

There is reason to believe that the number of non-payment actions rose because of 1997 changes in New York State’s rent regulation laws (see also the discussion in Chapter Six), despite legal challenges to some of the changes. One provision with particular significance for poor tenants is a new requirement that tenants make rent deposits during Housing Court proceedings.

As described in Chapter Six, in 1997 the State Legislature enacted and Governor Pataki signed

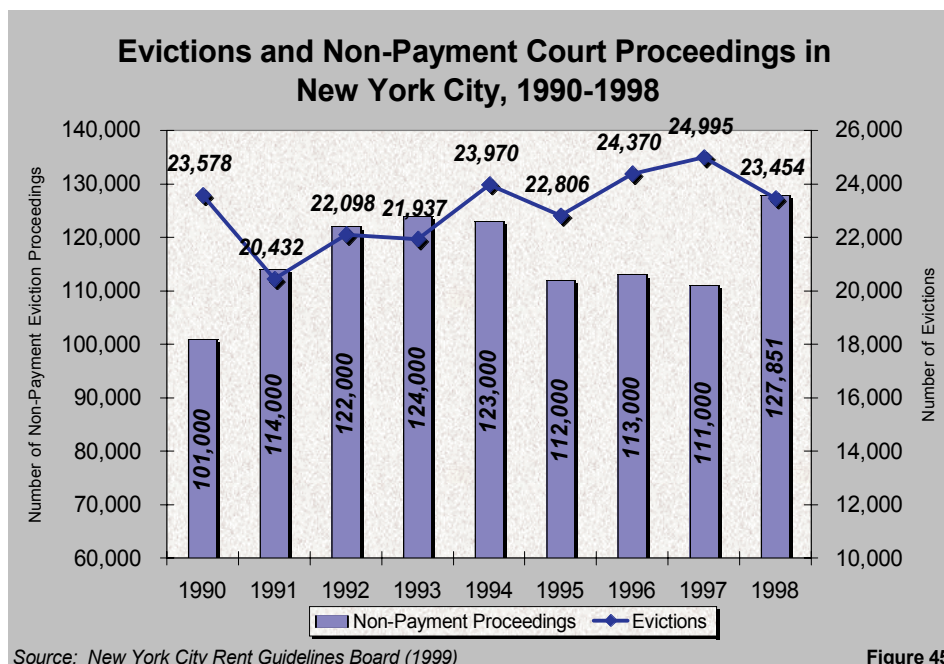


Figure 45

the Rent Regulation Reform Act. The statute strips Civil and Housing Court judges of certain powers inherent to functioning as a judge. Among the judicial powers that the Legislature has usurped from the Judiciary are the power to stay execution of an eviction warrant for good cause shown and the power to adjourn a trial because of court congestion, the needs of the litigants, or other good cause.²⁰⁷

In 1998 the Metropolitan Council on Housing, the Coalition for the Homeless, other tenant advocates, and individual tenants filed a lawsuit, *Lang v. Pataki*, to enjoin implementation of the portions of the statute affecting Housing Court proceedings. Ruling on a motion for preliminary injunction, the State Supreme Court ruled that although the challenged statutes appeared to be facially constitutional, the statutes could be applied unconstitutionally. On a subsequent motion for summary judgment, the court construed the statute's rent deposit requirement as allowing adjournments without rent deposits where a tenant's due process rights are implicated. The court also construed the law's prohibition on post-judgment stays as allowing stays of evictions for good cause. Considering the statute "amended" in this way, the trial court found the challenged provisions otherwise constitutional. In 1999, the plaintiffs appealed the trial court decision to the Appellate Division, from which a decision is awaited. However, tenant and legal services organizations agreed that implementation of the provision would result in rising numbers of evictions for poor households.

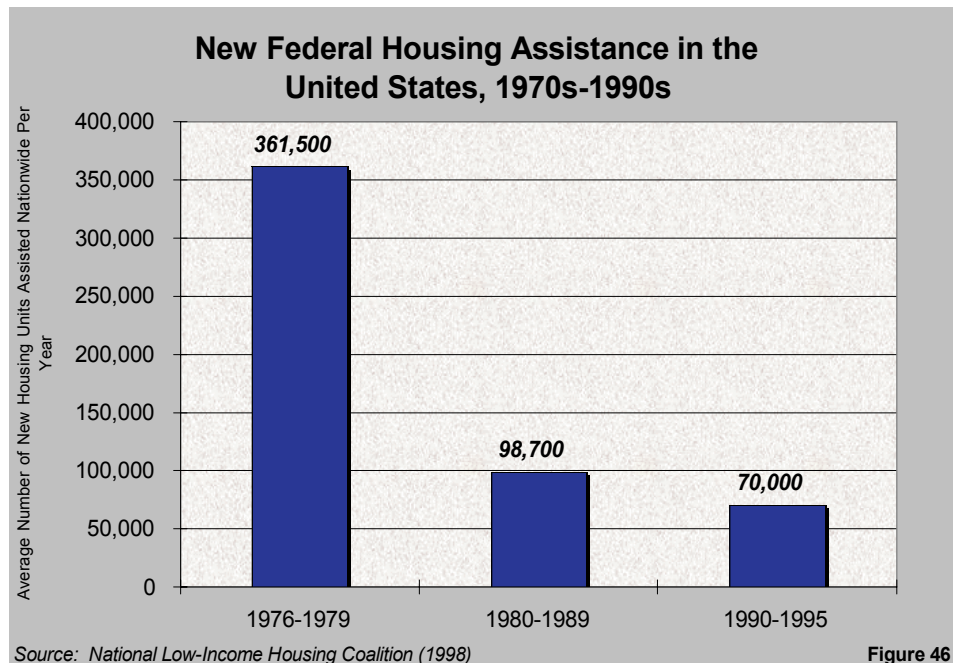
Housing Assistance for Elderly New Yorkers

The largest program providing housing assistance to elderly New Yorkers living in private housing is the

City's Senior Citizen Rent Increase Exemption (SCRIE) program. SCRIE eliminates rent increases for elderly tenants of rent-stabilized, rent-controlled, or Mitchell-Lama housing with annual incomes below \$20,000 by providing a property tax abatement to landlords. In CFY 1999, there were more than 95,000 households in New York City participating in the SCRIE program,²⁰⁸ which has prevented homelessness and housing emergencies among poor elderly New Yorkers. In addition, the number of new participants in the program increased in the second half of the 1990s. In CFY 1999 there were 5,596 approved applications for the program, a 50.6 percent increase from the 3,715 applications approved in CFY 1996.²⁰⁹

Conclusion

From Section 8 vouchers to welfare shelter allowances, tenant-based assistance is the largest form of government housing assistance in New York City. In 1999 some 255,000 households in New York City received housing assistance through welfare, more than 89,000 received tenant-based assistance through the Section 8 program, and more than 95,000 elderly renters received housing assistance under the City's rent-increase exemption program. In its various forms, tenant-based assistance is a vital part of maintaining housing stability for hundreds of thousands of



poor New Yorkers.

Government housing assistance programs have faced dramatic cutbacks over the past twenty-five years, and this has contributed substantially to the widening affordable housing gap described in Part I of this report. Far and away the largest cutbacks have been made in Federal housing programs. As Figure 46 illustrates, in the late 1970s the Federal government provided new housing assistance (including tenant-based and project-based subsidies) to more than 360,000 poor households each year. However, in the 1990s fewer than 70,000 households each year received new housing assistance. The single largest reduction in Federal programs was for the tenant-based Section 8 program. In the late 1970s, the Federal government provided more than 200,000 new Section 8 vouchers each year, whereas new tenant-based Section 8 assistance was actually reduced to zero in the mid-1990s.

However, the declining value of the welfare housing allowance has had at least as great an impact on poor households in New York City. As described in this chapter, the welfare housing allowance lost 52 percent of its real value from 1975 to 1999, at the same time that median rents increased by 33 percent in real terms. Moreover, welfare housing allowances and other housing assistance for public assistance households face a series of threats in the near future. In addition, homelessness prevention assistance, in particular legal services for eviction prevention, has been woefully inadequate to meet the need and has faced continual threats of funding cuts.

Government housing assistance plays a crucial role in addressing the affordable housing gap for poor households, both through investment in new housing development and through rental assistance to help needy households afford housing. Therefore, the dramatic cutbacks in housing investment and assistance by every level of government over the past twenty-five years have played a role not only in widening the affordable housing gap, but also in the rise and persistence of mass homelessness in New York City. Part III of this report looks in detail at that phenomenon and its links to the affordable housing shortage.

Part III

Modern Mass Homelessness and the Affordable Housing Gap in New York City

The most visible consequence of the widening affordable housing gap in New York City is modern mass homelessness, which emerged in the late 1970s. Over more than two decades hundreds of thousands of New Yorkers have experienced homelessness. Indeed, during a recent nine-year period (from 1987 through 1995), according to City data, 333,482 different men, women, and children utilized the municipal shelter system in New York City. The majority (57 percent) were members of families with children and more than one-third (35 percent) were under 18 years of age.²¹⁰ Thousands more who did not use publicly-funded facilities slept in private shelters, in abandoned buildings, outdoors, or in other public spaces. According to a recent analysis of City data, 4.6 percent of New York City's 1990 population – nearly one of every twenty New Yorkers – resided in municipal homeless shelters at some time during that nine-year period.²¹¹

The primary cause of modern mass homelessness was a dramatic structural change in housing costs and poor New Yorkers' incomes. Over more than two decades housing costs rose steadily in real terms while poor households' incomes declined in real terms, with the consequence that hundreds of thousands of New Yorkers were pushed out of the housing market entirely. As described in Part I of this report, the affordable housing gap – the difference between the number of poor renters and the number of available, affordable apartments – emerged in the 1970s and widened through the late 1990s. In addition, as Part II noted, at the same time that these comprehensive structural changes were affecting housing markets and poor households' incomes, government on every level was dramatically reducing housing assistance to the neediest households.

Thus, while there is no question that the failures of other government policies, including mental health and income support policies, have played a role in the emergence and persistence of mass homelessness, major structural changes in housing markets

and housing policies have clearly been the driving force behind mass homelessness in New York City during the past two decades.

Part III of this report describes the housing dimension of modern mass homelessness in New York City.

Chapter Nine

Chapter Nine provides detailed demographic descriptions of homeless single adults and homeless families with children in New York City.

- **Patterns of Shelter Utilization.** For homeless single adults, the chapter emphasizes different patterns of shelter utilization and their implications for long-term solutions. Recent research discovered that, among all homeless single adults utilizing the municipal shelter system, 81 percent had relatively brief, one-time stays, while the 10 percent of “chronic” shelter users consumed the most resources.
- **Severe Housing Problems and Family Homelessness.** The section on homeless families highlights research on the prior housing arrangements and neighborhoods of homeless families residing in the municipal shelter system. According to an analysis of City data, 61 percent of all homeless families previously resided in four neighborhoods with high concentrations of poverty and severe housing problems.

Chapter Ten

Chapter Ten describes the links between modern homelessness and changes in the affordable housing stock and housing market in New York City. In particular it examines the impact of rising income inequality on New York City's housing market, and the dramatic loss of single-room housing in the 1970s and 1980s.

- **Homelessness Among Black and Latino New Yorkers.** The enormously high incidence of homelessness among poor New Yorkers and among black and Latino households underlines the link between severe housing problems – such as high rent burdens and overcrowding – and mass homelessness.
- **Rising Income Inequality and Its Impact on the Housing Market.** In the late 1970s

the income inequality ratio for New York City was 24 percent higher than that for the United States, whereas by the late 1990s the New York City ratio had grown to nearly twice the national ratio.

Chapter Eleven

Chapter Eleven describes New York City's shifting policies on re-housing homeless families and individuals, including recent cutbacks by the Giuliani Administration and declining permanent housing placements from the municipal shelter system.

- **Rising Homelessness in the Late 1990s.** From January 1998 to December 1999, the average daily census of homeless adults and children in the municipal shelter system rose from some 21,000 to 23,000 people, and average lengths-of-stay for homeless families and individuals rose in the late 1990s.
- **City Cutbacks in Permanent Housing Placements.** These increases were largely caused by significant reductions in housing placements for both groups. The Giuliani Administration reduced permanent housing placements for homeless families by 40 percent from CFY 1994 to CFY 1999.

Chapter Nine

Modern Mass Homelessness in New York City

Introduction

As New York City proceeds through its third decade of modern mass homelessness, there still exists remarkable public ignorance about homeless New Yorkers. Stereotypical images of homeless people – overwhelmingly characterized as adult street people with addictions or psychiatric problems, the panhandlers on sidewalks or subway trains – persist despite overwhelming evidence that nearly two-thirds of homeless New Yorkers are mothers with children. Moreover, these persistent and erroneous stereotypes – which many opportunistic pundits have exploited to convince the public that homelessness is “caused” by individual pathologies – ignore basic demographic facts about the incomes and housing histories of homeless New Yorkers.

Fortunately, two decades of research have contributed invaluable data about homeless families and individuals in New York City. This chapter describes the development of modern mass homelessness in New York City, highlighting the demographic characteristics of homeless families and individuals.

- The first section describes homeless single adults, tracing changes in population since the late 1970s and emphasizing patterns of shelter utilization. According to a landmark study, 81.0 percent of single adults utilizing the shelter system over a three-year period did so for brief, one-time stays, whereas the 9.8 percent of “chronic” shelter stayers utilized 46.9 percent of shelter resources.
- The second section describes the rise in homelessness among families with children. It also describes in detail the results of surveys of newly-homeless families, highlighting the housing conditions that preceded the families’ homelessness. More than 60 percent of homeless families had previously resided in four New York City neighborhoods with high concentrations of poverty and severe housing problems.

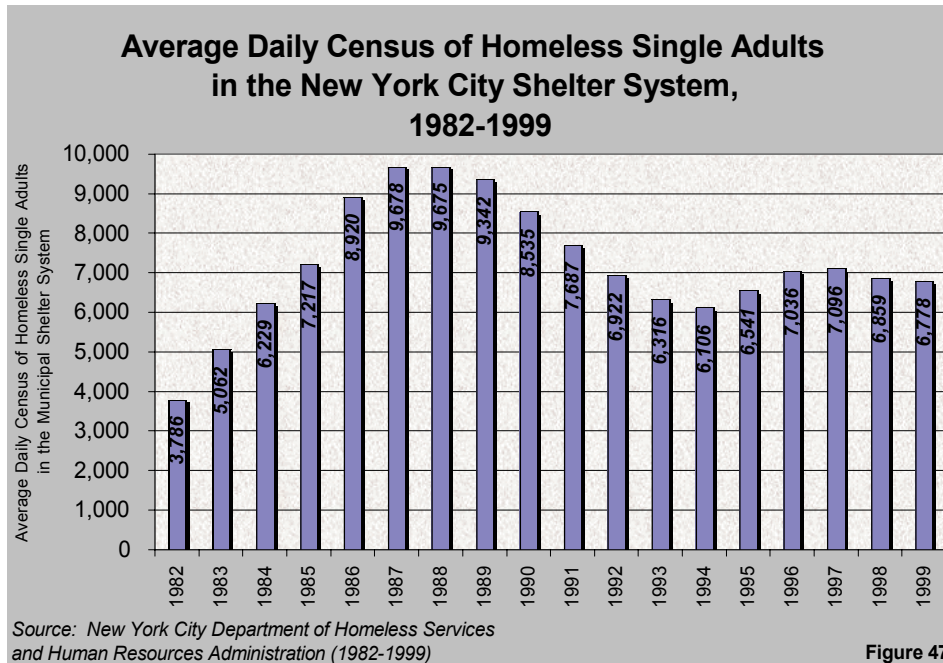
Homeless Single Adults

1. The Late 1970s and 1980s: The Emergence and Rise of Mass Homelessness

The first sign of modern mass homelessness in New York City in the late 1970s was the appearance of thousands of single homeless men sleeping in parks, on sidewalks, in transportation terminals, and in other public spaces. Before the landmark *Callahan v. Carey* lawsuit (which established a legal right to shelter for homeless men) was filed in 1979, the City had developed only a rudimentary response to the emerging crisis. As it had for decades, the City provided non-cash vouchers for many poor men, who were commonly called “ticketmen,” to purchase rooms at lodgings, most of them located on the Bowery. As far back as the 1960s, the City provided an average of 1,000 such vouchers per day, with the numbers exceeding 1,500 per day in the winter months. However, in the years before the system was phased out in 1977, lengths-of-stay grew longer and vacant rooms became much more difficult to find, in large part due to the conversion and demolition of many lodgings.²¹²

A handful of shelter facilities – including the former Municipal Shelter on East Third Street, and Camp LaGuardia, a converted prison in Orange County which had been opened as a shelter during the Great Depression – already provided emergency shelter to several hundred homeless men who could not get “tickets.” In CFY 1980 year, Camp LaGuardia’s average daily census was 697 men, and between 50 and 250 men reportedly slept each night in squalid conditions on the floor of the infamous “Big Room” at the Municipal Shelter.²¹³

In 1979, the year that *Callahan* was filed, the daily shelter census was approximately 2,000 persons.²¹⁴ In 1981, the *Callahan* litigation was settled as a consent decree, with the City and State signing an agreement guaranteeing emergency shelter to homeless men. Subsequent litigation, *Eldredge v. Koch* and *McCain v. Koch*, extended that guarantee to homeless women and homeless families with children, respectively.



Throughout the 1980s the shelter census for homeless single adults skyrocketed. As Figure 47 shows, by 1982, the year after the *Callahan* consent decree was signed, the single adult shelter population had risen to an average of 3,786 persons per night.²¹⁵ Throughout the early 1980s the shelter census continued to rise rapidly, reaching 7,217 persons per night in 1985. By the end of the decade, more than 9,600 single adults per night (on average) slept in municipal shelters, and on some winter nights more than 11,000 people sought emergency help in the adult shelter system.²¹⁶

2. The 1990s: Fluctuating Shelter Population

During the early 1990s the single adult shelter census fell dramatically, from an average of 9,342 people per night in 1989 to 6,106 per night in 1994, a low not seen since 1983.²¹⁷ One major cause of this remarkable decline was the construction of several thousand units of supportive housing as part of the New York/New York Agreement, a joint State-City initiative begun in 1990 to create housing with on-site support services for mentally ill homeless individuals (discussed in more detail in Chapter Eleven). In addition, in the late 1980s the Koch Administration had embarked on a plan to renovate and construct other supportive SROs for homeless individuals. Another major factor

was the provision of supplemental housing assistance to individuals living with HIV/AIDS. As noted in Chapter Eight, in the early 1990s the City began providing rental assistance and supportive housing to an increasing number of individuals and families with AIDS.

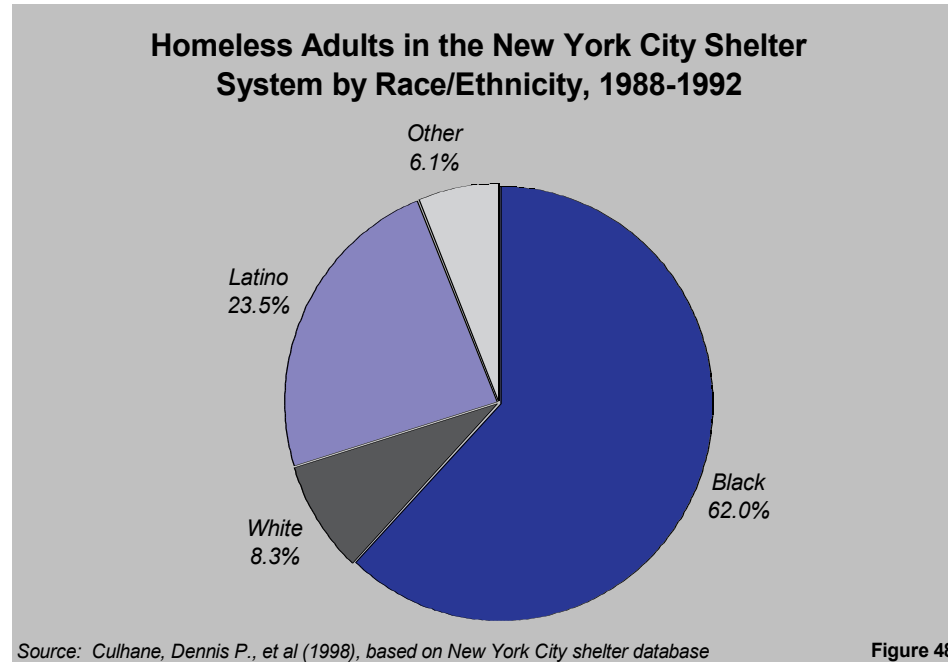
However, cutbacks in supportive housing in the late 1990s resulted in increases in shelter censuses in the second half of the decade.

After 1994 – at the same time that nearly all of the supportive housing units created under the New York/New York Agreement had been completed and vacancy rates for supportive housing began to plummet (see also the discussion in Chapter Eleven)²¹⁸ – the single adult census rose again, and averaged 6,778 people per night by 1999.²¹⁹ This represented an 11 percent increase from the average daily census in 1994. In addition to the single adult municipal shelter population, in 1999 an additional 700 homeless single adults each night utilized a network of church and synagogue shelters, some 400 homeless single adults each night turned to drop-in centers, and more than 400 additional individuals utilized other private shelter resources.²²⁰ Moreover, while the streetbound homeless population has never been measured with any accuracy, many homeless outreach teams reported that the population of streetbound homeless people began to rise at the end of the 1990s after declining for most of the decade.

Another structural factor driving increases in the single adult homeless population in the late 1990s was the rising number of homeless former inmates exiting New York prisons and jails. A recent Federal study found that, in 1998, 10.8 percent of inmates of state prisons nationwide – approximately 190,000 people – had been homeless in the year prior to their arrest.²²¹ In New York State, the

inmate population nearly doubled from the 1980s to the 1990s. In November 1985 there were 55,321 people in State prisons, New York City correctional facilities, and county jails and penitentiaries, while in November 1996 there were 103,846 inmates in such facilities.²²² As inmate populations skyrocketed, discharges from prisons and jails also rose dramatically. Between State Fiscal Years 1987-1988 and 1996-1997, the num-

ber of releases from State correctional facilities alone rose by 65.4 percent, from 18,859 to 31,193 people per year.²²³



While no comprehensive figures exist for New York City, most homeless service providers agree that the number of homeless single adults who are ex-inmates has risen throughout the 1990s. In a statewide 1998 Coalition for the Homeless survey of homeless service providers in New York State, 68 percent reported an increase in the number of formerly incarcerated homeless people seeking help since 1995, while 67 percent of New York City providers reported such an increase.²²⁴

3. Characteristics of Homeless Single Adults

The large majority of homeless single adults are men, although the single homeless women's popu-

lation has increased at a much greater rate since the early 1980s than the men's population. In 1999 women comprised 21.9 percent of the single adult shelter census, compared with 10.6 percent in 1982.²²⁵ Blacks and Latinos are disproportionately represented among homeless single adults. As Figure 48 shows, an analysis of all homeless adults (including parents and adults in families) who utilized the municipal shelter system from 1988 through 1992 found that 62.0 percent were black and 23.5 percent were Latino, while only 8.3 percent were white.²²⁶ Another study, which focused exclusively on homeless single adults who utilized the shelter system over a three-year period (1992-1995), found that just 11.1 percent were white.²²⁷

Homeless single adults have higher rates of serious medical problems, chronic mental illness, and addiction problems than adults in the family shelter system. Estimates of the incidence of chronic mental illness among the single adult shelter population range from 35 to 50 percent on an average day, although, as the section below notes, the incidence for all shelter users over several years is much lower.²²⁸ Similarly, estimates of the incidence of addiction problems among homeless individuals in the municipal shelter system range from one third to one half on an average day.

Streetbound homeless adults have even higher rates of chronic mental illness, addiction problems, and co-existing psychiatric and substance abuse disorders. A 1996 Corporation for Supportive Housing survey of homeless individuals participating in interim housing programs operated by drop-in centers – a client population which is more representative of the streetbound homeless population than shelter residents – found that 46.9

percent had a history of chronic and persistent mental illness (i.e., an Axis I psychiatric disorder), while an additional 22.1 percent had less severe (i.e., Axis II) mental illnesses.²²⁹ According to the same survey, 77.9 percent of the clients surveyed had a history of substance abuse, while 47.8 percent had both a history of substance abuse and a mental illness.²³⁰ It should be noted, however, that the Corporation for Supportive Housing study was a “point-in-time” survey, and in addition only included individuals participating in the drop-in center programs. In the second half of the 1990s the proportion of mentally ill individuals among the homeless single adult population, both in shelters and on the streets, rose significantly.²³¹

4. Patterns of Shelter Utilization for Homeless Single Adults

Research on the different patterns of shelter utilization has provided important insights into the varying characteristics of sub-populations of homeless single adults. In addition, it has pointed towards effective long-term solutions for those various sub-populations. The landmark research, by Randall Kuhn and Dennis P. Culhane, was based on City shelter database information and analyzed patterns of shelter utilization for 73,263 single adults who resided in the municipal shelter system during the period 1992-1995.²³² Among the major findings of the report, illustrated in Figure 49, were that the vast majority of single adults utilizing the shelter system did so for relatively brief, one-time stays, while a smaller cohort of homeless adults, characterized by long-term stays, utilized the most shelter resources.

The Kuhn and Culhane study identified three major categories of shelter users and compared the patterns of utilization with information about medical problems, substance abuse history, and mental illness. Because the data analyzed involved self-reporting about mental health, addiction, and medical problems, Kuhn and Culhane considered it likely that it under-represented the actual incidence of those problems.

A. Transitional shelter users. “Transitional” shelter users were by far the largest category, representing 81.0 percent of all clients. This category

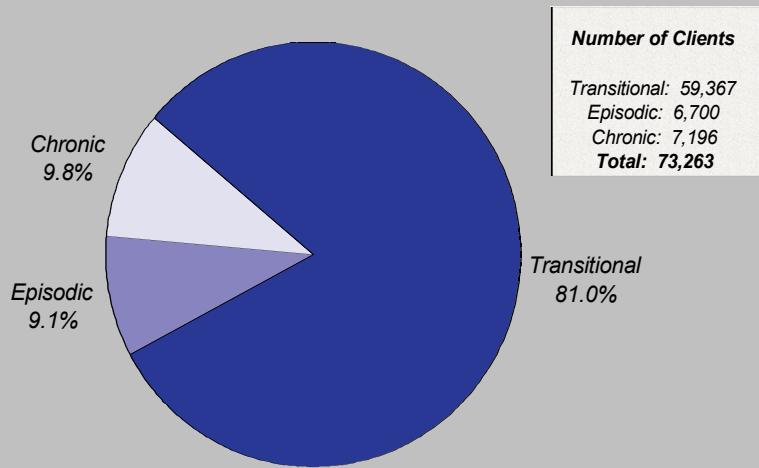
was characterized by short (average length of 57.8 days) and infrequent, usually one-time, stays. Transitional users also had the lowest incidence of medical, mental health, and addiction problems.²³³

B. Episodic shelter users. “Episodic” shelter users, who represented 9.1 percent of all clients, nevertheless had frequent (average of 4.9 stays), although brief, shelter stays. While the average length-of-stay per episode of homelessness was relatively brief (54.4 days), over the three-year period episodic users utilized shelters for an average of 263.8 days. Episodic users reported a higher incidence of health and mental health problems, and 40.0 percent reported a history of substance abuse problems.

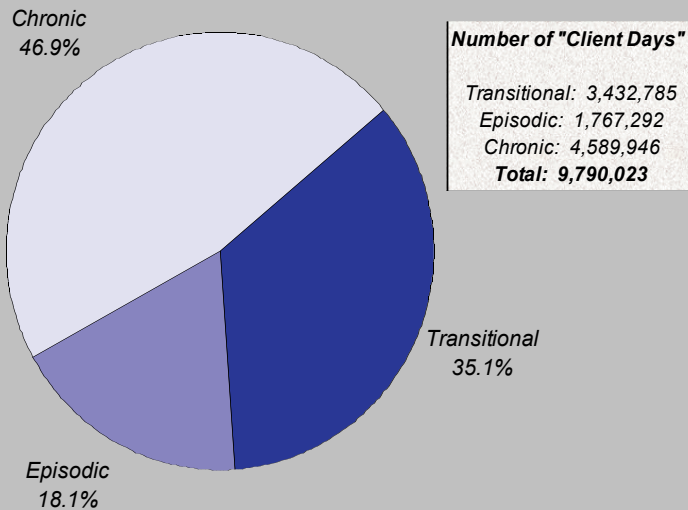
C. Chronic shelter users. Finally, “chronic” shelter users represented 9.8 percent of all clients, but consumed by far the most shelter resources – chronic users consumed 46.9 percent of all “shelter days,” as shown in Figure 49. Chronic shelter users were characterized by very long (average stays of 637.8 days over the three-year period) and relatively infrequent shelter stays (i.e., one or two long shelter stays over the three-year period). Unsurprisingly, this group was also characterized by the highest rates disability – 15.1 percent of chronic users reported that they had a mental illness, while 24 percent reported serious medical problems.²³⁴ (Again, however, it must be noted that the self-reported data understates the incidence of these problems.)

The Kuhn and Culhane study confirmed what had been known anecdotally for years – that there is a group of long-term shelter residents who have high rates of disability and who are in need of more intensive services, but who represent a small share of the total population using shelters over time. For most chronic shelter users, permanent housing with on-site services is the most appropriate and effective long-term solution. The “episodic” shelter users, on the other hand, may utilize shelters between stays in rooming houses, in hospitals, in jails, or on the streets, and may also require supportive housing as well as additional services. For many episodic shelter users, what is required are discharge linkages with other institutions (e.g., correctional facilities or hospitals) and

Homeless Singles Adults Utilizing the New York City Shelter System by Pattern of Shelter Utilization, 1992-1995



Utilization of Shelter Resources by Pattern of Shelter Utilization, 1992-1995



in and Culhane (1998), based on New York City Shelter database

Figure 49

access to stable affordable housing and housing assistance to prevent episodes of homelessness.

Finally, eight out of ten shelter users who access shelters over time reside in the shelter system for relatively brief, one-time stays. For this sub-population, homelessness results primarily from external economic factors – evictions, unemployment, and a shortage of affordable rental housing for people earning the minimum wage or receiving the welfare housing allowance. Thus, for the vast majority of individuals utilizing the shelter system,

housing assistance is the most appropriate and effective means of addressing homelessness.

Homeless Families with Children

1. Population Trends for Homeless Families

In contrast to the experience of single adults in New York City, rising homelessness among families with children did not appear in large numbers until the early 1980s. The majority of episodes of family homelessness in the 1970s were relatively brief, although even in the early part of that decade the City had begun placing homeless families with children in decrepit welfare hotels. In 1983 there was an average of 2,137 homeless families per night in municipal shelters, which then consisted almost exclusively of infamous welfare hotels

like the Prince George and the Martinique as well as some barracks-style facilities. However, as Figure 50 shows, the number of homeless families rose rapidly by the mid-1980s. By 1988 there were 5,091 families per night sleeping in shelters, representing 17,429 adults and children.²³⁵

The average daily census of homeless families in the shelter system declined dramatically from 1988 through 1990, falling to 3,591 families per night. As discussed in Chapter Eleven, this decline

was largely the result of increased housing placements and new housing production resulting from the Koch Administration's Housing New York initiative. However, as housing placements began to decline the shelter population increased again. From 1990 to 1996 the average census rose 58.5 percent, from 3,591 to 5,692 families per night. In 1997 and 1998 the census dropped sharply due to restrictive shelter

admissions policies implemented by the Giuliani Administration in 1996 aimed at denying shelter to doubled-up families. Indeed, the number of family applications for shelter denied by the City skyrocketed from 365 in CFY 1995 to more than 10,000 per year in CFY 1998 and CFY 1999, as shown in Figure 51.²³⁶

Over the last two years of the 1990s, in spite of the Giuliani Administration's restrictive admissions policies, family homelessness again rose significantly. As Figure 50 shows, by 1999 the average daily census of homeless families had risen to 4,988 families, including 15,807 adults and children. Indeed, as Figure 52 illustrates, from January 1998 to December 1999 the average daily census of homeless children and adults in families rose from 13,900 to 16,050, an increase of 15.5 percent.²³⁷

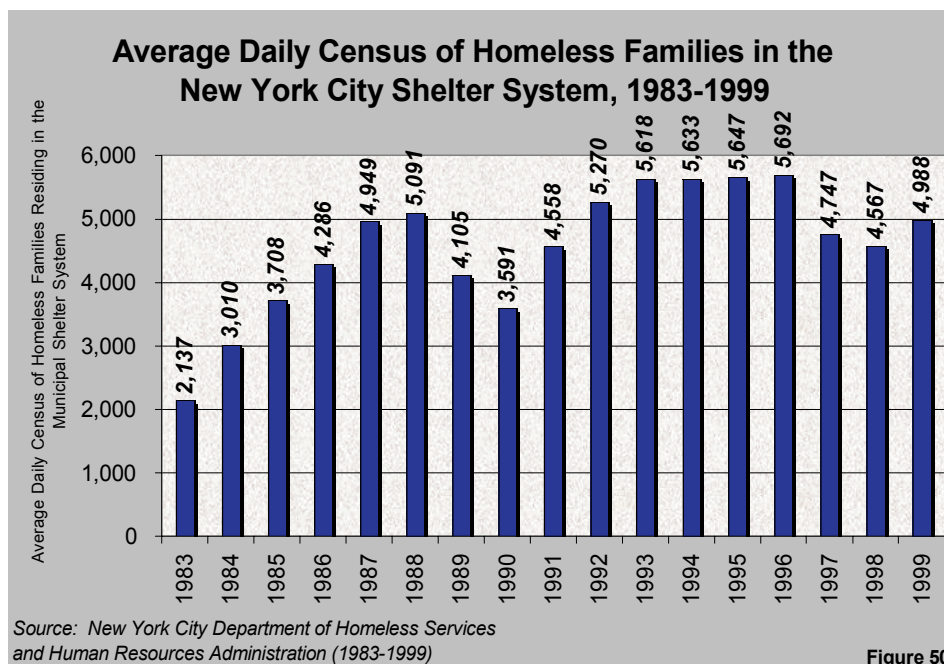


Figure 50

2. Characteristics of Homeless Families with Children

More than 95 percent of homeless families are single-parent, female-headed households, with an average family size of three persons.²³⁸ Over a five-year period (1988-1992) approximately 63 percent of homeless families were black, 32 percent were Latino, 3 percent were Asian or other race, and 2 percent were white.²³⁹ In the 1990s

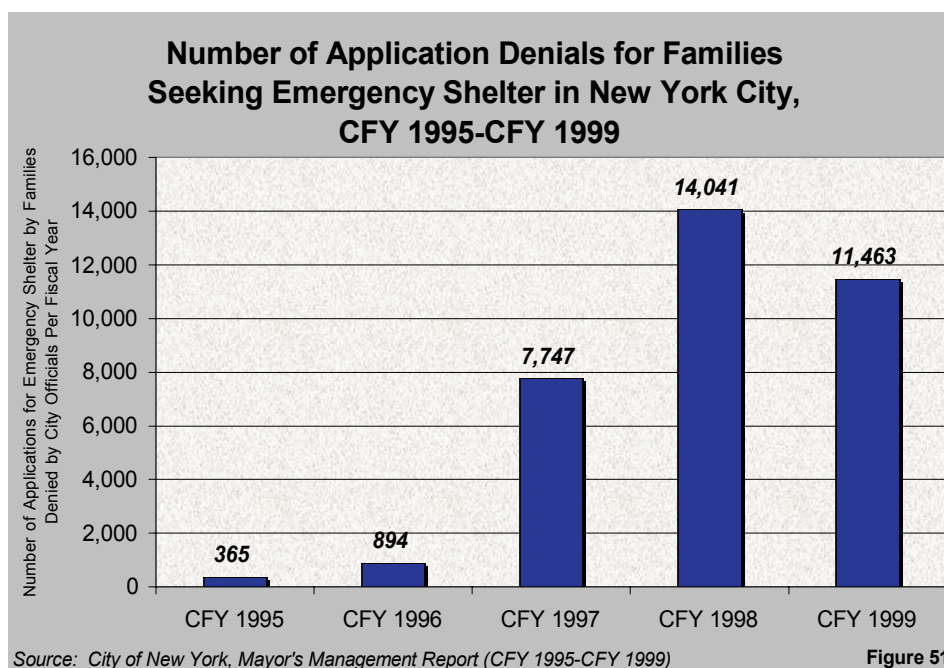
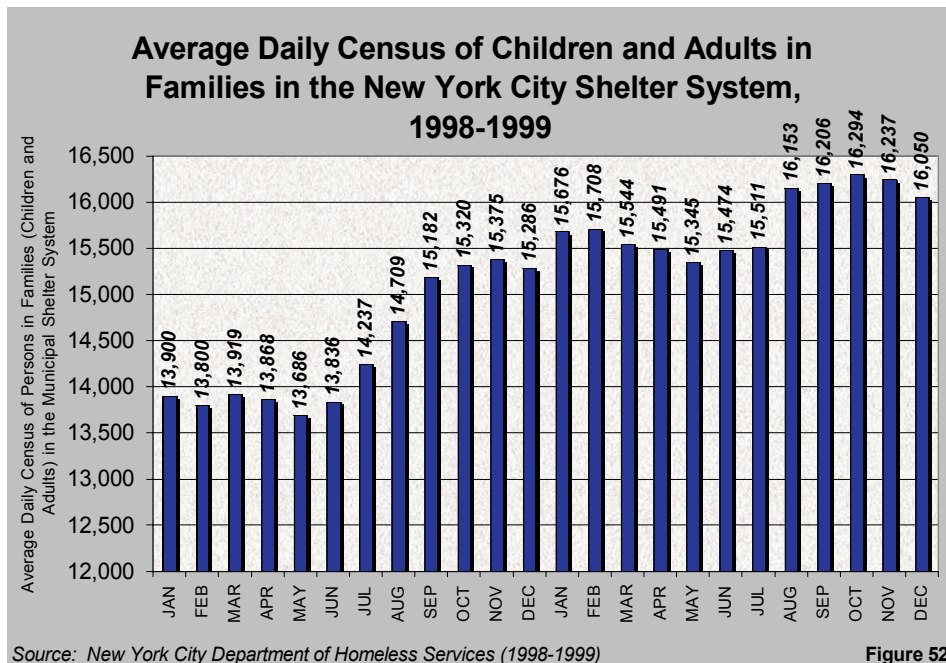


Figure 51



one of every twenty Latino children in New York City utilized the municipal shelter system, compared to one of every 200 white children.²⁴¹ (See also Table 9 and the discussion of incidence of homelessness in Chapter Ten.)

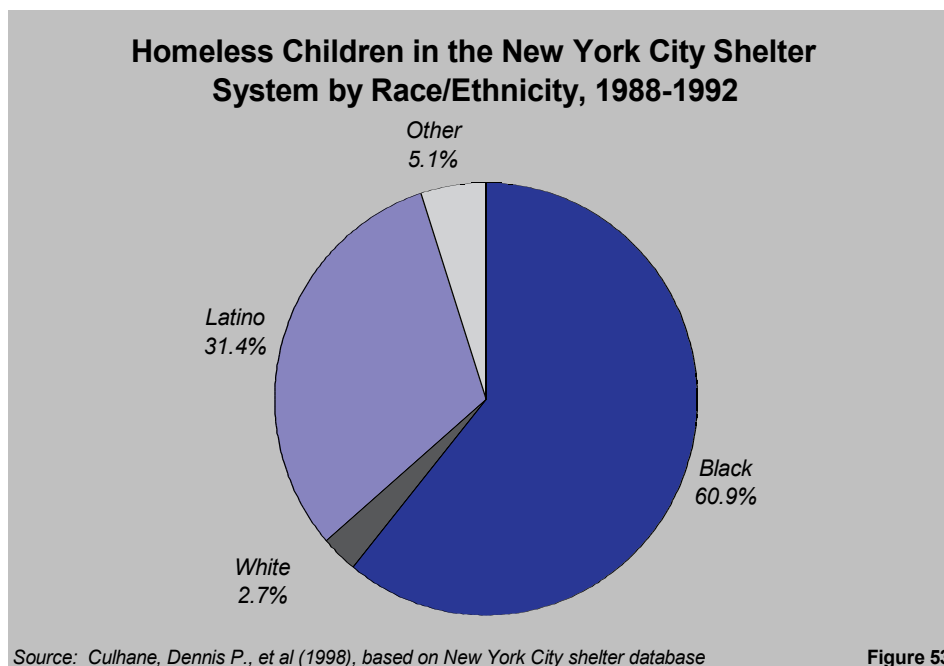
3. Incomes and Previous Housing Conditions of Homeless Families

A 1997 survey of homeless families found that 92 percent

of adults were unemployed, and that the median household income was \$10,400 (in 1997 dollars), or approximately 22 percent of the area median income for the New York region.²⁴² Another survey of newly-homeless families, conducted in 1997 by researcher Anna Lou Dehavenon at the Emergency Assistance Unit (EAU) intake center in the Bronx, found that only 6 percent of newly-homeless parents were employed. The remaining 94 percent were receiving public assistance (some-

homeless parents were becoming younger than in the 1980s. According to one survey, the average age of homeless heads of households in New York City fell from 35 years in 1987 to 22 years in 1992.²⁴⁰ According to the same survey, 43 percent of homeless parents in New York City had a history of domestic violence, and 20 percent had been in foster care when they were children.

As noted in the previous section, homeless New Yorkers have been disproportionately black or Latino. As Figure 53 shows, 60.9 percent of homeless children who resided in the shelter system over a five-year period were black and 31.4 percent were Latino, while only 2.7 percent were white. According to an analysis of the City's shelter client database and New York City population data, over that same five-year period (1988-1992) nearly one out of every ten black children and



times in combination with child support or another public benefit), were in the application waiting period for public assistance, or were receiving Supplemental Security Income (SSI).²⁴³

The same survey of newly-homeless families found that, prior to seeking shelter at the EAU, 45.5 percent had left a doubled-up living arrangement due to overcrowding. Another 16.6 percent of families had been evicted from their own apartments, the vast majority in non-payment proceedings. Domestic violence or other life-threatening violence was cited by 8.3 percent of families as their immediate reason for seeking shelter. Finally, 4.8 percent of families were forced to seek shelter due to unlivable physical conditions in their own housing.²⁴⁴

The vast majority of previously doubled-up families seeking shelter at the EAU came from severely overcrowded housing. In the 1997 EAU survey, 60.9 percent of newly-homeless families reported that they had slept in a living room, dining room, or hallway in their doubled-up apartment, and 57.6 percent reported sleeping on the floor or a sofa.²⁴⁵ In a similar 1995 survey of newly-homeless families, the mean crowding index for doubled-up families was 2.9 persons per room, almost identical to the index for the survey years 1992 through 1994. The 1995 survey also found that 95 percent of the previously doubled-up families had lived in crowded housing (more than one person per room), while 84 percent had lived in seriously crowded housing (more than 1.5 persons per room).²⁴⁶ In contrast, as noted in Chapter Three (see Figure 16), 10.2 percent of all renter-occupied units in New York City in 1996 were crowded and 3.4 percent were seriously crowded.

4. Prior Residences of Homeless Families

A landmark study by Dennis P. Culhane, Chang-Moo Lee, and Susan Wachter of the previous addresses of homeless families revealed that the vast majority hailed from the New York City neighborhoods with the highest concentrations of poverty and severe housing problems. The study, which analyzed previous addresses for all homeless families from 1987 through 1994, found that

61 percent had previously resided in four neighborhoods: Harlem (15 percent of the total), the South Bronx (25 percent), and the Bedford-Stuyvesant and East New York neighborhoods (21 percent combined).²⁴⁷

The analysis – which looked at census tract data on household, economic, and housing characteristics – found high statistical correlations between the number of homeless families and the following variables:²⁴⁸

- The poverty rate.
- The rate of labor force nonparticipation.
- The ratio of female-headed households with children.
- The rent burden ratio (i.e., the portion of household income devoted to rent).
- The ratio of boarded-up buildings.
- The housing vacancy rate.
- Overcrowding.

As highlighted in Chapter Ten, many of the census tracts where homeless families had previously resided are in the same neighborhoods with large numbers (or a disproportionate share) of distressed housing, including Central and East Harlem and the South Bronx (see also the discussion of housing quality problems in Chapter Three).

Conclusion

In the late 1970s, for the first time since the Great Depression, thousands of New Yorkers had no place to call home, and were forced to sleep in the streets, in transportation terminals, on subway trains, in parks, and in the rudimentary shelter system of that era. Since mass homelessness emerged more than two decades ago, hundreds of thousands of men, women, and children have experienced homelessness, representing nearly one of every twenty New Yorkers during a recent nine-year period. Homelessness, in short, became a commonplace feature of the lives of poor households in New York City. Moreover, from the 1980s through the 1990s, the largest group of homeless New Yorkers was families with children. Nevertheless, media and public stereotypes about homeless New Yorkers continue to be shaped by the most visible group of homeless people, who were, and continue to be, streetbound adults.

Fortunately, over a decade of research about homelessness has provided vital information about the characteristics of homeless individuals and families. The research has provided empirical data that point towards long-term solutions and service needs for homeless people.

- For homeless single adults, research on patterns of shelter utilization indicated the need for supportive housing for “chronic,” long-term shelter residents, and highlighted the vast number of shelter clients who use the shelter system for relatively brief, one-time stays. Research also revealed the high rates of mental illness and substance abuse disorders among the adult homeless population.
- For homeless families, surveys at the City’s intake center revealed that severe housing problems (i.e., extremely low incomes, overcrowding, double-ups, and substandard physical conditions), as well as the high incidence of domestic violence, drove most families into homelessness.

What emerges from more than a decade of research on homelessness is the overwhelming impact of housing-related problems and extreme poverty on homeless families and individuals. The next chapter traces the links, both historical and structural, between mass homelessness and the affordable housing shortage in New York City.

Chapter Ten

Homelessness and the Widening Affordable Housing Gap

Introduction

Mass homelessness is the most visible result of the enormous structural changes in New York City housing described in Part I of this report: The steady increase in housing costs and the decline in incomes for the city's poorest households. The widening breach between housing costs and incomes, combined with cutbacks in housing assistance by every level of government, effectively pushed hundreds of thousands of New Yorkers out of the housing market and into homelessness.

The emergence of modern mass homelessness in New York City coincided with the widening of the affordable housing gap, which, as outlined in Chapter Four, has worsened steadily since the 1970s. Nevertheless, discrete changes in New York City's affordable housing stock and housing market have influenced the two patterns described above. This chapter analyzes mass homelessness in the context of the dramatic structural changes in New York City housing over the past quarter-century. It also highlights two of those structural changes and their specific impact on homelessness.

- The first section analyzes the links between modern mass homelessness and the widening affordable housing gap, in particular the role played by worsening housing conditions for the poorest renters and for black and Latino households. The incidence of homelessness among black and Latino New Yorkers was remarkably high; over a five-year period (1988-1992) nearly one out of every ten black children and one of every twenty Latino children in New York City utilized the municipal shelter system, compared to one of every 200 white children.
- The second section outlines the impact of income inequality on New York City's housing market, and analyzes the economic linkages between rising income inequality in the 1970s and 1980s and the emergence of mass homelessness among families and individuals.

In the late 1970s the income inequality ratio for New York City was 24 percent higher than that for the United States, whereas by the late 1990s the New York City ratio had grown to nearly twice the national ratio.

- The third section traces the enormous loss of single-room housing in New York City, which declined by more than 100,000 units in the 1970s and 1980s, and its impact on homelessness among single adults.

Homelessness and the Affordable Housing Gap

Every major study of housing in New York City agrees that, between the 1960s and the 1970s, the most severe problem characterizing housing changed from substandard physical conditions to affordability. At the same time, as housing affordability became an increasingly severe and widespread problem beginning in the 1970s, New York City witnessed a phenomenon unseen since the Great Depression: Hundreds of thousands of families and individuals who had no homes. In short, from the 1930s to the 1970s New York City's poorest renter households were badly housed, but they were housed. At the close of the century, the poorest New Yorkers were forced to turn to shelters or the streets, and housing conditions for the poorest renters had again begun to deteriorate.

1. Housing Problems in New York City: From Substandard Conditions to the Affordable Housing Gap

Until the 1970s, a substantial proportion of New York City's housing stock was dilapidated or suffered from severe maintenance deficiencies. However, there were widespread improvements in housing conditions through the 1970s, in part due to an enormous expansion in housing construction and the replacement of tens of thousands of distressed housing units lost to the wave of housing abandonment which occurred in the 1960s and 1970s. Dilapidated and substandard housing did not vanish – indeed, many poor renters still resided in deficient apartments – but it was much less commonplace.

Therefore, as Part I has detailed, the major problem confronting New York City housing in the

1970s and subsequent decades became affordability. As the 1970s began, the number of poor renter households in New York City actually exceeded the number of low-cost rental units affordable to those renters. By the end of the decade, the situation was reversed. Over the course of the last two decades of the century, the affordable housing gap in New York City widened even further, such that by the late 1990s New York City lacked more than half a million affordable apartments for the poorest renter households.

The affordability problem results from structural changes in New York City's housing markets and economy. Simply put, rents increased at a much faster rate than other consumer prices, while the incomes of the poorest New York City households actually declined in real terms. As the gap between rents and incomes widened, many families and individuals were pushed out of the housing market or were unable to enter it. In addition, dwindling government housing assistance made it harder for the poorest households to obtain tenant-based subsidies or to access subsidized housing units.

As the affordable housing gap widened further, mass homelessness became entrenched, and the experience of homelessness became much more commonplace for poor New Yorkers. Since the late 1970s, hundreds of thousands of men, women, and children have been homeless for some period of time. According to City data, nearly one of every twenty New Yorkers utilized the municipal shelter system during a recent nine-year period (1987-1995), and over a recent five-year period (1988-1992) nearly one of every five New Yorkers with incomes below the Federal poverty line utilized the municipal shelter system.

2. Housing Quality Problems: On the Rise Again for the Poorest Renters

Although, as noted above, housing quality in New York City improved substantially from the end World War II through the 1970s – due in part to major government urban renewal initiatives aimed at so-called “slum clearance” – housing quality problems became more commonplace again after the 1970s, particularly for poor households. As

noted in Chapter Three, in 1996 there were nearly 150,000 apartments with severe housing quality problems, representing 7.5 percent of all rental units, and the number of apartments with severe maintenance deficiencies rose by 170 percent from 1987 to 1996.²⁴⁹

The majority of renters with severe housing quality problems are poor. More than 60 percent of all apartments with five or more maintenance deficiencies in 1996 were occupied by households with very-low-incomes, and nearly half were occupied by households receiving public assistance. In addition, more than half of renters living in dilapidated apartments in 1996 were very-low-income, and nearly one-third were receiving welfare.²⁵⁰ Finally, as discussed below, the majority of apartments with severe housing quality problems were concentrated in several of the city's poorest neighborhoods, including Harlem, the South Bronx, and Washington Heights.

As noted in Chapter Nine, housing quality problems are a significant immediate factor causing many homeless families to seek shelter. According to a 1997 survey of newly-homeless families, nearly one of every twenty (4.8 percent) reported that they had left their previous residence due to unlivable physical conditions.²⁵¹ Therefore, deteriorating physical housing conditions is one factor driving homelessness among poor renter households.

3. Overcrowding, Double-Ups, and Homelessness

Housing overcrowding has also grown much worse in New York City since the late 1970s. As described in Chapter Three (see again Figure 16), by 1999 more than one of every ten renter households was living in crowded conditions (i.e., more than one person per room), and nearly 4 percent lived in severely-crowded conditions (i.e., more than 1.5 persons per room). From 1978 to 1999, the number of crowded apartments rose by 71.4 percent while the number of seriously crowded apartments rose by 161.5 percent.²⁵² In 1999 there were more than 215,000 crowded apartments and nearly 76,000 seriously crowded apartments in New York City.²⁵³

More than 200,000 households in New York City were doubled-up each year in the 1990s, including more than 150,000 renter households (see again Table 3). As noted in Chapter Three, doubled-up households were predominantly poor, with sub-families having a median income of \$8,500 in 1996. It is clear that the enormous number of doubled-up households resulted from the shortage of affordable rental housing, and the inability of poor households to enter the housing market. Moreover, doubled-up households represented a significant portion (approximately 8 percent) of all renter households in New York City throughout the 1990s.²⁵⁴

Overcrowding and double-ups have been a major immediate factor causing families to seek emergency shelter. In the 1997 survey of newly-homeless families cited above, more than 45 percent of families reported that they had left doubled-up housing, and those families reported an average crowding rate of 2.9 persons per room. Nearly all of the doubled-up families seeking shelter had resided in crowded housing, and 85 percent had left severely-crowded housing.²⁵⁵ Thus, the rise in overcrowded housing, particularly among the poorest households, has had a significant impact on homelessness in New York City.

4. High Rent Burdens and Homelessness

Rent burdens in New York City – which are much greater than they are nationwide – became considerably higher from the 1970s to the 1990s, and overwhelmingly impacted poor renters. As noted in Chapter Three, the median rent burden rose to 29.2 percent in 1999 from 20.0 percent in 1970 (see again Figure 24), meaning that nearly half of all New York City renters paid more for housing than the Federal affordability standard.²⁵⁶ Even more alarming, the share of all renters paying more than half of their incomes for rent rose from 21.7 percent in 1981 to 27.0 percent in 1999 (see Figure 25).²⁵⁷ In 1996, nearly 95 percent of all renter households paying more than half of their income for housing were very-low-income.²⁵⁸

The poorest New York City renters had enormously high rent burdens, with many households paying over 80 percent of their income for housing (see Figure 26). In recent years, the poorest

renters also experienced high percentage increases in rents, contributing to worsening rent burdens.

Severe rent burdens contribute to homelessness in many ways. For many homeless families, eviction based on non-payment proceedings is an immediate cause of homelessness. According to the 1997 survey of newly-homeless families, nearly one of every six families (16.6 percent) seeking shelter had been evicted from their previous apartment, the vast majority following non-payment court proceedings.

However, as noted above, higher rent burdens are part of the structural change in New York City housing from the 1970s through the 1990s, in which poor households' incomes declined in real terms while housing costs rose. For public assistance households, who make up more than 90 percent of newly-homeless families, the major cause of this income loss was the declining real value of welfare benefits, in particular welfare housing allowances. As noted in Chapter Eight, the welfare housing allowance has lost 52.0 percent of its real value from 1975 to 1999. Over the same period, the real value of median rents (adjusted for inflation) in New York City increased by 33.2 percent (see again Figure 44).²⁵⁹

The declining real value of welfare housing allowances impacts homelessness in several ways. First, despite the impact of *Jiggetts* relief – which has prevented homelessness for tens of thousands of public assistance households by providing court-ordered rent supplements – many welfare households still suffer evictions. Second, single adults and childless couples are not included in the *Jiggetts* litigation and hence are unable to receive the court-ordered interim relief. Finally, inadequate housing allowances make it nearly impossible for welfare households even to enter the housing market – *Jiggetts* relief is available only to families who currently occupy apartments and are at risk of eviction. This factor explains why, on average, homeless heads of household in the 1990s were younger than in the 1980s and less likely to have ever resided in their own apartments.²⁶⁰ High rent burdens and declining incomes, therefore, played a powerful role in driving the cycle of homelessness in the 1980s and 1990s, and were

caused in large part by the declining real value of welfare benefits.

5. The Legacy of Racism and Mass Homelessness

The legacy of racism – manifested in residential segregation and the dramatically worsening housing conditions and lower incomes of black and Latino New Yorkers – is an important factor underlying mass homelessness in New York City. Black and Latino New Yorkers are not only much more likely to suffer from high rent burdens, severe housing quality problems, and overcrowding than whites, but they are also disproportionately represented among homeless New Yorkers by an enormous margin.

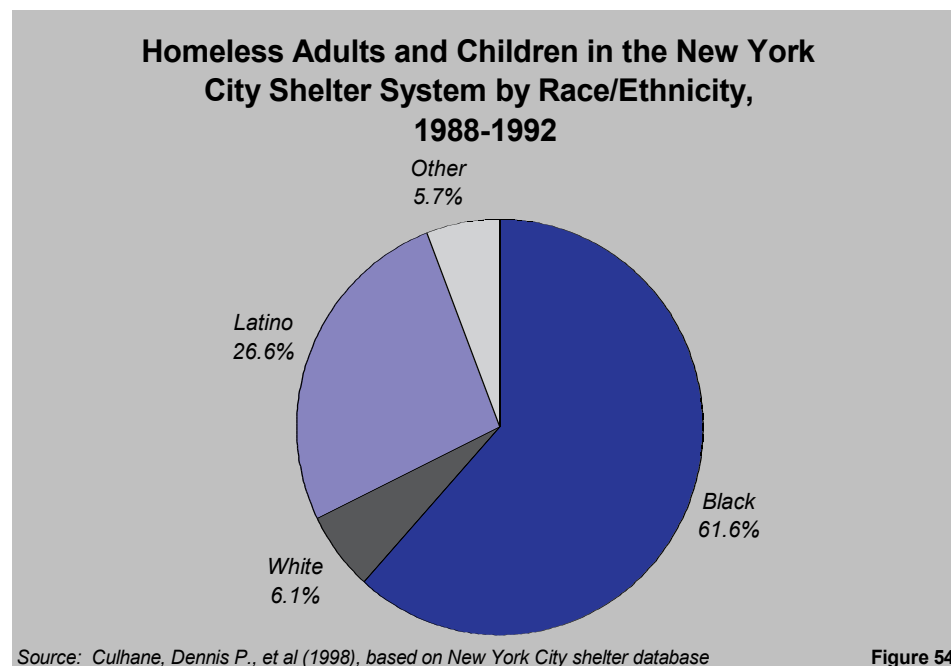
As Chapter Three noted, black and Puerto Rican renter households face rates of crowding that are more than twice the rate for white New Yorkers, while non-Puerto Rican Latino renters face crowding rates more than four times those of white renters. Black and Latino renters are also disproportionately represented in apartments with severe housing quality problems. Finally, median rent burdens for blacks and Latinos are substantially higher than for white renters (see Figure 29).

The major factor underlying these problems, how-

ever, is the much lower incomes of black and Latino New Yorkers (see again Figure 30). In 1995, the median household income for black renters (\$20,000) was one third lower than that for white renters (\$30,000), and the median income for Puerto Rican renter households (\$14,616) was less than half that of whites. As noted in Chapter Nine, the median income for homeless families (around \$10,400 in 1997) was even lower than the median income for many black and Latino renter households.

As Figure 54 shows, more than 88 percent of all homeless shelter residents over a five-year period (1988-1992) were black or Latino. In contrast, the 1990 decennial census found that 49.8 percent of all New York City residents were black or Latino (see Figure 7). Indeed, the disproportionate share of the New York City homeless population that is black and Latino is even more starkly evident in the enormously high rates of homelessness among all black and Latino New Yorkers, as illustrated in Table 9. Over the same five-year period described above, 3.3 percent of the entire New York City population (as measured in the 1990 decennial census) experienced homelessness. However, the rate of homelessness among whites was only 0.5 percent. In comparison, 3.6 percent of all Latinos experienced homelessness, while 8.0 percent of all black New Yorkers – one of every twelve – experienced homelessness during that period.²⁶¹

The incidence of homeless among black and Latino children was also disproportionately high compared to white children. As noted in Chapter Nine, over the same five-year period (1988-1992) nearly one out of every ten black children and one of every twenty Latino children in New York City utilized the municipal shelter sys-



Incidence of Homeless in New York City 1988-1992

	<i>Total persons in shelter system, 1988-1992</i>	<i>Incidence (as share of 1990 population)</i>
Total persons	239,425	3.27%
Black	147,469	7.98%
White	14,663	0.46%
Latino	63,589	3.57%
Other	13,702	2.59%
Total children	93,232	5.53%
Black	56,759	9.37%
White	2,500	0.51%
Latino	29,245	5.37%
Other	4,728	10.36%
Incomes under the Federal poverty line		
Persons	239,425	17.29%
Families	44,194	15.48%
Children	93,232	19.01%

Source: Culhane, Dennis P., et al (1998), based on New York City shelter database

Table 9

more than 35 percent of renter households in 1996 suffered from severe affordability problems, while more than 25 percent of all renters in the Bronx paid more than half of their household income for rent. In addition, in Washington Heights, Central Harlem, Bedford-Stuyvesant, Flatbush, and some other Brooklyn and Queens neighborhoods more than 25 percent of renter households suffered severe affordability problems.²⁶⁴

As Chapter Three also noted, residential segregation of black and Latino households continues to be severe in New York City. In 1996, a handful of neighborhoods had predominantly black households (i.e., more than 75 percent of households were black) while in the vast majority of the city's neighborhoods less than a quarter of households were black. Latino households were also concentrated in a small number of neighborhoods citywide.

tem, compared to one of every 200 white children.²⁶²

6. The Geographic Concentration of Housing Problems

As described in Chapter Three, many of the city's most severe housing problems are concentrated in a handful of New York City neighborhoods. In addition, the legacy of residential segregation has also concentrated black and Latino New Yorkers in a small number of neighborhoods with a high incidence of housing problems.

As noted in Chapter Three, severe housing quality problems were especially prevalent in a handful of New York City neighborhoods, including the South Bronx, Central Harlem, East Harlem, Washington Heights, and Crown Heights, where more than 6 percent of all housing units in 1996 suffered from five or more maintenance deficiencies.²⁶³

Severe housing affordability problems (i.e., renters paying more than half of their income for housing) – while widespread throughout much of Manhattan, Brooklyn, and the Bronx – were especially concentrated in a handful of poor neighborhoods. In the South Bronx and East New York

There is remarkable correlation between all of these factors – high incidence in certain neighborhoods of housing quality problems, high rent burdens, and residential segregation of black and Latino New Yorkers – and the neighborhoods identified as those where most homeless families previously resided. As noted in Chapter Nine, a study of New York City shelter client database over a seven-year period (1987-1994) found that 61 percent of all homeless families had previously resided in four areas – Harlem (15 percent of all homeless families), the South Bronx (25 percent), and the Bedford-Stuyvesant and East New York neighborhoods (21 percent combined).²⁶⁵ These neighborhoods also had high concentrations of poverty, unemployment, and the housing problems described above.

It is clear that the impact of the widening affordable housing gap and worsening housing conditions – overcrowding, housing quality problems, and high rent burdens – was felt most deeply by black and Latino residents of a relatively small number of New York City's poorest neighborhoods. Ultimately, beginning in the late 1970s homelessness emerged as the most extreme consequence of increasingly severe housing problems, and through the 1980s and 1990s became a

remarkably commonplace occurrence for the poorest black and Latino households.

The Impact of Rising Income Inequality Upon New York City's Housing Market

Over the course of the past three decades, major structural changes have impacted housing in New York City, and they reflect to a large degree changes in the city's housing market. The most comprehensive economic analysis to date of the relationship between housing markets and mass homelessness was developed by Columbia University economist Brendan O'Flaherty, who analyzed homelessness and housing in six large cities in industrialized countries (New York City, Newark, Chicago, Toronto, London, and Hamburg).²⁶⁶

O'Flaherty argues that a shrinking middle class leads to less housing construction, less low-cost housing, and more homelessness.²⁶⁷ As income distribution becomes more unequal and the size of the middle class shrinks, there are significant changes in housing markets. This occurs for several reasons, but perhaps the most important is this: The housing occupied by middle-class households becomes, over time, the housing occupied by poor households. Thus, as the middle-class shrinks, fewer housing units are constructed for the middle class and, over time, fewer housing units become available to poor renters. As this occurs, demand, and hence prices, for low-rent housing increases, further shrinking the number of low-cost housing units.

O'Flaherty summarizes his argument in this way: "[I]ncome inequality is behind the increased homelessness in North America. Income inequality went up the most in those cities with the most severe homelessness. In cities where poor people get most of their housing from richer people, a smaller middle class means a smaller supply of housing for the poor, and this in turn makes bad housing more expensive so that fewer poor people buy into it."²⁶⁸

One major result is that homelessness rises. As O'Flaherty observes, "[I]f population at the top of the deterioration slide [i.e., the stock of housing as

it deteriorates over time] gets reduced, population everywhere along the slide has to be reduced as well...and the way this reduction gets accomplished at the bottom is by pushing some people off the slide into homelessness."²⁶⁹

O'Flaherty found confirmation for this theory in the six cities he studied. In Newark, where income distribution became very unequal in the 1970s and continued to be unequal in the 1980s, there were enormous increases in homelessness, particularly among families, and nearly half of the low-rent housing stock disappeared between 1970 and 1990.²⁷⁰ In Chicago, where unequal income distribution was significant but less serious than in New York City and Newark, family homelessness rose at a lower rate although approximately 20 percent of the low-rent housing stock was lost from 1970 to 1990.²⁷¹ In Toronto, London, and Hamburg, income distribution was substantially less unequal and rates of homelessness were dramatically lower than in the American cities.

In New York, the city with the most homelessness, the trend towards more unequal income distribution between 1970 and 1980 was the greatest among the six cities in the study, and that growing income inequality in New York City continued through 1990.²⁷² In addition, the share of New York City families and individuals living in extreme poverty (i.e., earning below 75 percent of the Federal poverty line) rose substantially in the 1970s.²⁷³

Recent reports based on United States Census Bureau data reinforce O'Flaherty's findings, and demonstrate how income inequality in New York City and State grew even more extreme through the 1990s. In New York City, income inequality – measured as the ratio of the average household incomes of the top fifth of earners versus the bottom fifth – rose dramatically from the late 1970s to the late 1990s.²⁷⁴ As Figure 55 shows, the income inequality ratio in New York City was 24 percent higher than the United States ratio in the 1970s, and by the late 1990s it was nearly twice that of the United States. According to a recent report by the Center on Budget and Policy Priorities and the Economic Policy Institute, in the late 1990s New York State ranked first in the nation as the state

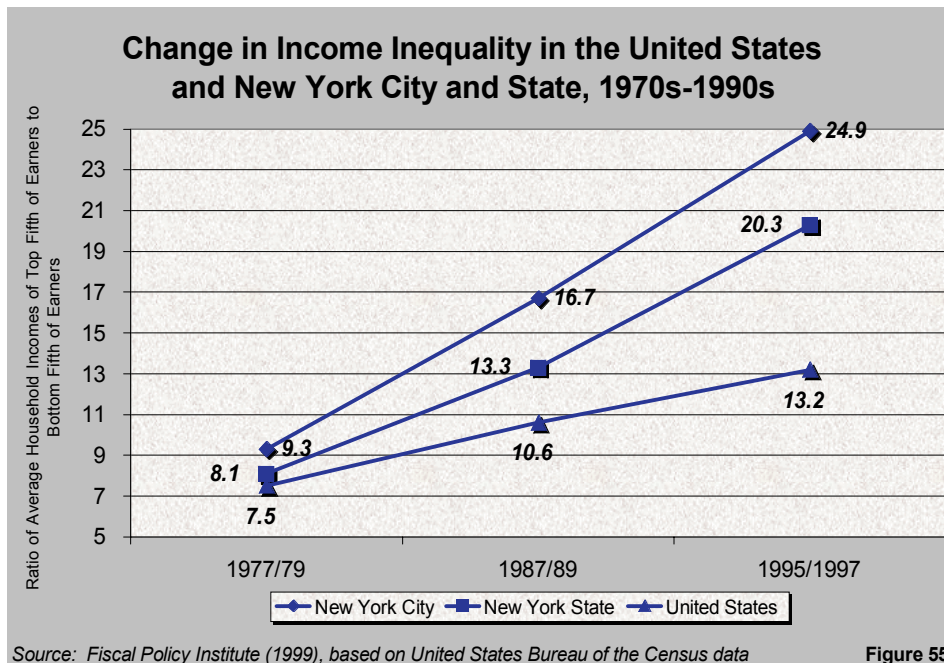


Figure 55

experienced by poor households occurred in the 1980s, when the average income of the poorest fifth of households in New York City fell by 19 percent. Nationally the loss for this group was just 2 percent from the late 1980s to the late 1990s.

Income inequality, according to O’Flaherty, had an enormous impact on the housing market in New York City, particularly on housing supply.

with the most extreme income inequality.²⁷⁵

Another measure of the shrinking middle class is its declining share of total income. According to a recent Fiscal Policy Institute study, the middle 60 percent of households in New York City (ranked by income) earned only 41.6 percent of all income in the late 1990s (1995-1997), compared to 50.5 percent in the late 1970s (1977-1979).²⁷⁶

Housing construction in New York City fell significantly in the 1970s and 1980s. As noted in Chapter Two, the average number of housing units completed annually in the 1970s fell by a remarkable 53.9 percent from the 1960s, from 36,896 per year to 17,006 per year, and declined further in the 1980s, to an average of 10,437 units per year (see Figure 8).²⁷⁸

The same study also documented how poor households’ incomes had declined dramatically in real terms since the late 1970s. As Table 10 shows, from the late 1970s to the late 1990s the average income of the poorest fifth of households in New York City declined by 33 percent.²⁷⁷ Again, this decline was much larger than for poor households nationwide, which experienced a significant real income loss of 20 percent over the same period. Moreover, as the report documents, much of the real income loss

Finally, O’Flaherty notes that between 1970 and 1990 New York City lost almost half of its low-rent housing stock.²⁷⁹ This finding is confirmed by data presented in Chapter Three. From 1970 to

Change in Income by Quintiles in New York City and United States, 1970s-1990s

New York City (households by income quintile)	Average family income 1995/97	Change 1970s to 1990s		Change 1980s to 1990s		
Highest 20 percent	\$115,395	\$16,830	21%	\$19,804	21%	
Second highest 20 percent	\$45,493	\$7,410	17%	(\$5,522)	-11%	
Middle 20 percent	\$26,187	\$3,964	14%	(\$6,103)	-19%	
Second lowest 20 percent	\$13,469	(\$219)	-1%	(\$3,037)	-18%	
Lowest 20 percent	\$4,643	(\$2,767)	-33%	(\$1,098)	-19%	
United States (households by income quintile)		Average family income 1995/97	Change 1970s to 1990s		Change 1980s to 1990s	
Highest 20 percent	\$126,227	\$12,114	13%	\$23,278	23%	
Second highest 20 percent	\$61,443	\$3,688	7%	\$1,832	3%	
Middle 20 percent	\$41,709	\$318	1%	(\$109)	0%	
Second lowest 20 percent	\$25,416	(\$2,020)	-7%	(\$673)	-3%	
Lowest 20 percent	\$9,543	(\$2,454)	-20%	(\$178)	-2%	

Source: Fiscal Policy Institute (1999)

Table 10

1995, the number of apartments in New York City affordable to extremely-low-income renters fell from approximately 797,100 to 290,900 units.²⁸⁰ O’Flaherty’s theory – that a shrinking middle class profoundly changed the city’s housing market in a way that caused mass homelessness – is therefore strongly supported by changes in the production of and prices for rental housing in New York City.

The Decline of Single-Room Housing

The most significant single change in New York City’s housing stock during the emergence of mass homelessness was an extraordinary reduction in the number of single-room housing units. Since the early part of the century, single-room housing – defined here as single-room occupancy (SRO) units and residential hotels, typically with shared kitchen and bathroom facilities – has played an essential role in providing low-cost housing for poor single adults, childless couples, and even families (until regulatory enforcement in the early 1960s prohibited occupancy by families).²⁸¹ In the decades following World War II single-room housing continued to be a vital and relatively plentiful source of cheap housing in New York City. In 1960, by one measure, there were approximately 129,000 single-room housing units citywide.²⁸² By the 1970s, according to researcher Anthony Blackburn, single-room housing had become the “housing of last resort” for poor single adults, many of whom were disabled, elderly, addicts, or ex-inmates.²⁸³

Single-room housing was also a vital resource for discharged patients of State psychiatric centers and hospitals. Beginning in the 1950s, the deinstitutionalization of patients in State psychiatric centers led to the discharge of tens of thousands of mentally ill individuals to New York City communities. Between 1965 and 1979 alone, the number of resident patients in State psychiatric centers fell by 68.4 percent, from 84,859 to 26,808 patients.²⁸⁴ Due to the failure of the State and local governments to invest the savings from hospital closings in community-based housing for people discharged from hospitals, many deinstitutionalized mentally ill individuals had no alternative but to move into single-room housing.

The single-room housing stock became increasingly regulated, and in 1955 changes in the Housing Maintenance Code essentially prohibited the conversion or construction of new for-profit single-room housing; in addition, provisions of the zoning code made conversion practically impossible.²⁸⁵ Therefore, after 1955 the number of single-room units had essentially reached a maximum limit, and erosion of this housing stock was inevitable.

However, the decline of the single-room housing stock accelerated at a tremendous rate in the 1970s due to conversion and demolition. By one measure, the number of single-room units fell from approximately 129,000 in 1960 to just 25,000 in 1978.²⁸⁶ This erosion was especially rapid in the late 1970s. A 1979 study of “lower-priced hotels” (which included SRO units, residential hotels, and other facilities such as YMCAs) by the City found that, of 298 lower-priced hotels in 1975, 67 buildings had closed and 46 had raised their prices substantially by 1979. For all such buildings, the number of permanent residents had fallen from 35,180 to 23,134 from 1975 to 1979.²⁸⁷

Changes in property tax policy played a decisive role in the loss of the single-room housing stock in the late 1970s. In 1975 the City amended the J-51 Property Tax Exemption and Abatement Program to include SROs. The J-51 program had been created in 1956 to encourage developers to renovate and upgrade deteriorating buildings, such as warehouses, into residential buildings.²⁸⁸ Because most SRO buildings were located in areas that were gentrifying in the late-1970s, in particular the Upper West Side, owners took advantage of the tax amendment to convert single-room housing to higher-cost rental housing, cooperatives, or condominiums.²⁸⁹ By the early 1980s, the City was forced to reduce the tax abatement available for SRO conversions. Finally, in 1985, in response to the enormous loss of the SRO stock and the growing homeless population, the City established a temporary moratorium on all SRO conversions (eventually overturned by State courts) and later issued more restrictive procedures for the conversion of SRO housing.²⁹⁰ Nevertheless, most of New York City’s single-room housing stock had already been lost, and it continued to dwindle

throughout the 1980s and 1990s.

There is evidence that the decline of single-room housing continued through the 1990s. A study by Blackburn, which utilized a very broad definition of single-room units – including, Class A SROs, rooming houses, so-called transient hotels, and, in some instances, supportive SRO housing – documented this decline. From 1991 to 1993 alone there was an 18.2 percent decrease in the number of single-room housing units in New York City, a drop from 57,128 units to 46,744 units.²⁹¹ The largest reductions, as in earlier decades, were for units in commercial hotels and rooming houses, continuing the loss of this low-cost rental housing resource.

Conclusion

When mass homelessness emerged in New York City in the late 1970s for the first time since the Great Depression, it followed in the wake of three major structural changes in New York City's housing market and housing stock.

- The affordable housing gap widened from the early 1970s, when there was actually a surplus of low-cost apartments for poor renters, through the rest of the decade and into the 1990s. At the same time, severe housing problems – overcrowding, substandard conditions, and high rent burdens – combined with the legacy of racism to dramatically worsen housing conditions for the poorest renters, in particular black and Latino renters.
- Rising income inequality in New York City significantly altered its housing market, leading to less housing produced for middle-class households, higher rents even for low-cost housing, and ultimately homelessness for people pushed out of the housing market.
- The enormous loss of single-room housing in the 1970s and 1980s was one of the most significant changes in New York City's housing stock, and contributed enormously to homelessness among single adults.

Among poor New Yorkers and particularly for blacks and Latinos homelessness has, since the late 1970s, become a commonplace fact of life. Indeed, 17.3 percent of all poor New Yorkers – one

of every six – experienced homelessness during a five-year period (1988-1992), including 19.0 percent of all poor children.²⁹² And, as Table 9 illustrates, the incidence of homelessness among black and Latino New Yorkers is vastly higher than among whites.

On a structural level, mass homelessness is the result of changes in New York City's housing markets triggered by rising income inequality. According to economist Brendan O'Flaherty's comparative analysis of six large cities, homelessness increased more in New York City than elsewhere because its rate of income inequality was higher than those in the other cities. As a result, the number of housing units produced for the shrinking middle class – which, over time, becomes housing for poor households – declined, driving up prices at the bottom end of the housing market. The consequence, O'Flaherty notes, is that thousands of households were literally pushed out of the housing market and became homeless.

Mass homelessness is, simply put, the most visible consequence of the widening affordable housing gap of the past two decades. It also reflects the structural nature of the widening gap – the declining incomes of the poorest New York City households, the rapid rise in housing costs, and the reduced availability of affordable apartments. As described above and in Chapter Nine, the majority of homeless families and individuals are drawn from the poorest neighborhoods with the highest incidence of severe housing problems.

The size of the homeless population as well as the duration of shelter use have both been substantially affected by New York City's shifting policies on re-housing homeless families and individuals. The next chapter outlines recent population trends among homeless New Yorkers and describes the City's re-housing policies.

Chapter Eleven

Recent Trends in Homelessness in New York City

Introduction

As described in Chapter Nine, the rise in modern mass homelessness in New York City followed two related but distinct patterns. Homelessness among single adults emerged on a large scale in the late 1970s and increased rapidly through the late 1980s. Following substantial investments in supportive housing in the early 1990s, the population of homeless single adults declined until the mid-1990s. Through the late 1990s the population of homeless single adults began to rise again, largely as a result of reduced supportive housing investments.

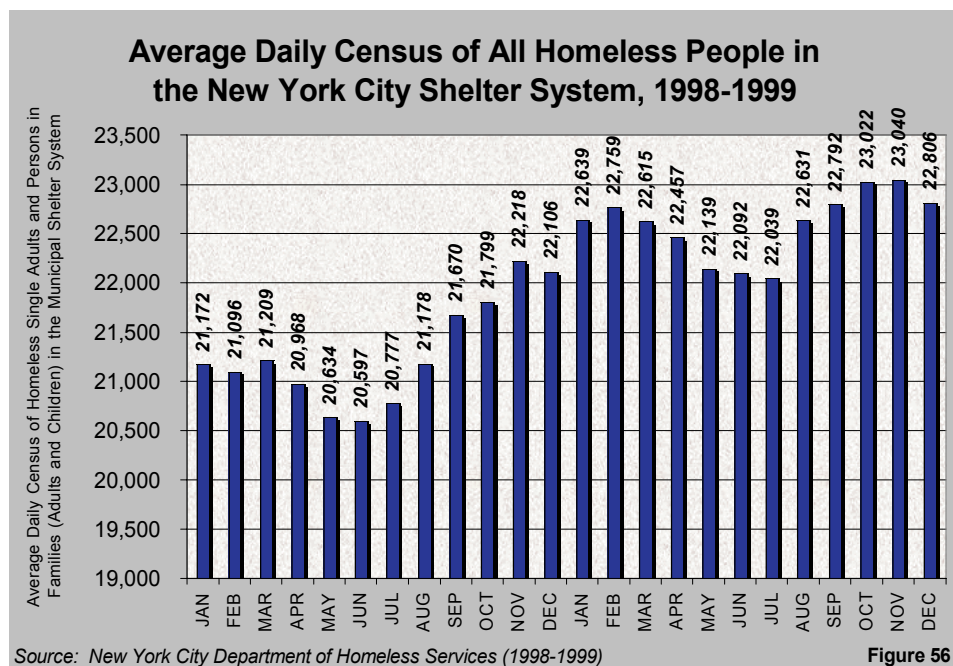
Mass homelessness among families with children began to rise substantially in the early 1980s, but soared through the late 1980s. Substantial City investments in affordable housing initiated in the late 1980s contributed to declines in the family homeless population through the early 1990s. However, the family shelter census rose in the mid-1990s and reductions in housing investments and permanent housing placements in the second half of the decade contributed once again to rising family homelessness at the close of the 1990s.

In recent years the average daily censuses in both single adult and family shelters have increased significantly. From January 1998 to December 1999, as shown in Figure 56, the average daily census of all homeless people in the municipal shelter system (including homeless single adults as well as adults and children in families) rose from 21,172 to 22,806, an

increase of 7.7 percent.²⁹³ The rise in homeless shelter censuses in the late 1990s resulted in large part from the cutbacks in housing programs described in Part II of this report, in particular disinvestments in supportive housing and tenant-based housing assistance. In addition, the increase in average daily censuses for both homeless single adults and homeless families coincides with another major trend: The rise in average shelter lengths-of-stay.

This chapter analyzes homeless population trends in some detail, highlighting the increase in lengths-of-stay in the municipal shelter system. It also describes the recent history of City policy on re-housing homeless New Yorkers.

- The first section describes recent trends in homeless shelter populations for single adults, in particular the impact of cutbacks in New York/New York supportive housing. Despite an acknowledged need for 10,000 units of supportive housing for homeless mentally ill individuals in New York City, Governor Pataki and Mayor Giuliani signed a City-State agreement in 1999 that provides only 1,500 new supportive housing units.
- The second section outlines recent trends in the homeless family shelter population. It also describes the City's shifting policies on re-housing homeless families, which have led to



recent increases in shelter lengths-of-stay. The Giuliani Administration reduced permanent housing placements for homeless families by 40.3 percent from CFY 1994 to CFY 1999, from nearly 7,000 placements to fewer than 4,200 placements.

Homeless Single Adults: Declining Placements to Supportive Housing

1. Rising Length-of-Stay for Homeless Single Adults

Throughout the 1990s, there is evidence that average shelter stays for homeless single adults have grown longer. While length-of-stay is relatively easy to measure in number of days for homeless families, it is harder to measure accurately for homeless single adults. Therefore a more useful measure is the “turnover rate” – that is, the number of different individuals utilizing the average shelter bed during a year.

While the daily census in the single adult shelter system fell in the early 1990s and then rose again between 1994 and 1999, there is evidence that the number of individuals utilizing the system over the course of a year declined through the 1990s. As Figure 57 shows, the number of different individuals utilizing the adult shelter system fell from 34,822 people in 1990 to 24,153 in 1995,²⁹⁴ and remained at approximately 24,000 in CFY 1999.²⁹⁵

The implication of this discrepancy between rising daily census and declining annual utilization is that the turnover rate declined in the 1990s – one recent analysis calculates a fall in the turnover rate from 5.74 clients per bed in 1988 to 3.82 in 1995.²⁹⁶ As noted above, calculating the average length-

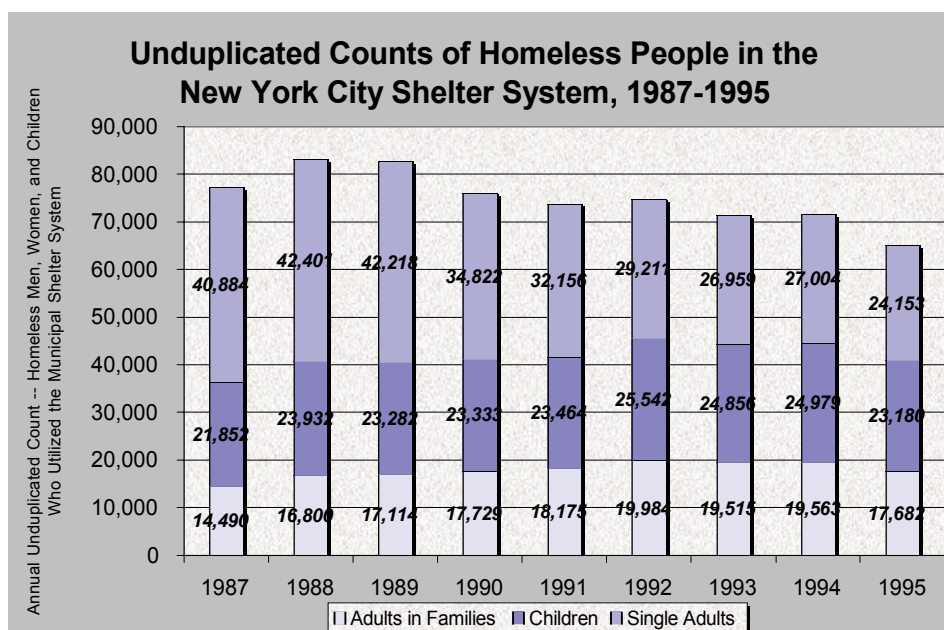
of-stay in days is more difficult for the single adult population than for homeless families, but the City estimated it to be 108 days in CFY 1999.²⁹⁷ Ultimately, it is clear that lengths-of-stay increased for homeless single adults throughout the 1990s.

2. Cutbacks to Supportive Housing

As noted above and in Chapter Nine, the major cause of the decline in turnover and the rise in the daily census is the virtual halt to supportive housing production in the second half of the 1990s. In contrast, the enormous 34.6 percent decline in the average daily census from 1989 to 1994 (see Figure 47) was due in large part to a major expansion in supportive housing.

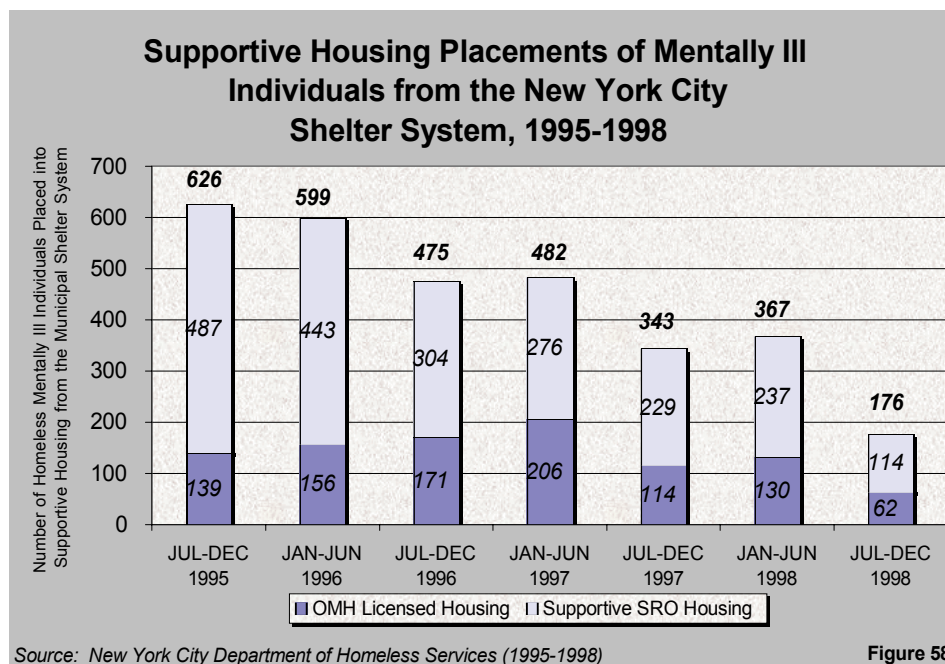
The first major investments in supportive housing began under the Koch Administration, which began an initiative to convert single-room occupancy (SRO) hotels into permanent housing with on-site services for homeless individuals. The first City-sponsored supportive SRO housing project was begun in 1985 and early projects combined Federal and City funding to rehabilitate existing SRO hotels.²⁹⁸

In 1990, Mayor David Dinkins and Governor Mario Cuomo signed a City-State agreement to provide supportive housing for homeless people



Source: Culhane, Dennis P., et al (1999), based on New York City shelter data

Figure 57



living with mental illness. The New York/New York Agreement committed the City and State to 5,725 housing placements over five years and led to the creation of approximately 3,300 new supportive housing units for homeless individuals living with chronic mental illnesses. New York/New York housing represented nearly a quarter of all supportive housing units created in New York City since the mid-1980s. The agreement was enormously successful, and from 1990 through 1999 has provided permanent housing and support services for 10,416 formerly-homeless mentally ill people.²⁹⁹ According to City reports, 48 percent of New York/New York tenants were diagnosed with schizophrenia and 39 percent with mood disorders, while 48 percent of all tenants had a co-occurring substance abuse disorder.³⁰⁰

City data shows that 27 percent of New York/New York tenants had been long-term residents of the municipal shelter system, and hence represented the “chronic” shelter users described in the Kuhn and Culhane shelter utilization study described in Chapter Nine.³⁰¹ Therefore, the New York/New York Agreement resulted in the re-housing of those shelter residents who had utilized the most shelter resources. Moreover, New York/New York housing placements resulted in dramatically lower return rates (i.e., fewer subsequent episodes of homelessness) than housing placements without

support services. Retention rates in New York/New York housing were nearly 80 percent, according to City figures, even for clients with intensive service needs.³⁰²

However, the last New York/New York units were initiated in 1997 and by the mid-1990s vacancy rates for supportive housing units fell below 5 percent. In February 2000, the vacancy rate for New York/New York housing was 3.4 percent,

with only 188 vacant units citywide.³⁰³ In the same month, the vacancy rate for an additional 5,444 supportive housing units (not included in the New York/New York Agreement) was 3.0 percent, with only 164 units available citywide.³⁰⁴

Despite these emergency-level vacancy rates, the number of supportive housing applications approved by the City continued to be large. In 1999, the City approved 1,487 applications for supportive housing (including New York/New York housing), an average of 124 applications per month.³⁰⁵ In contrast, the number of placements to supportive housing from the adult shelter system fell sharply from 1995 to 1998. As Figure 58 shows, the number of homeless adults placed into either supportive SROs or housing licensed by the New York State Office of Mental Health (OMH) fell from 626 in the July-December 1995 reporting period to 176 in July-December 1998.³⁰⁶ Another City report also documented declines in housing placements from adult shelters, stating that between CFY 1996 and CFY 1999 the number of placements to publicly-supported permanent housing declined by 27.9 percent, from 1,503 to 1,083.³⁰⁷

In 1999 there were approximately 16,000 supportive housing units for formerly-homeless individuals in New York City. In the late 1990s, however,

there has been very little expansion of the supportive housing stock. In 1998, a New York City Department of Mental Health five-year plan cited the need for 10,000 new units of supportive housing over five years for homeless mentally ill individuals in New York City, echoing earlier needs estimates by the New York State Office of Mental Health.³⁰⁸

Nevertheless, in October 1999 Mayor Giuliani and Governor Pataki signed a New York/New York II Agreement that commits the City and State to only 2,320 additional housing placements over five years and provides only 1,500 new units of supportive housing. As Figure 59 illustrates, the New York/New York II Agreement will provide nearly 60 percent fewer housing placements over five years than the first New York/New York Agreement. Indeed, given that 1,487 applications for supportive housing

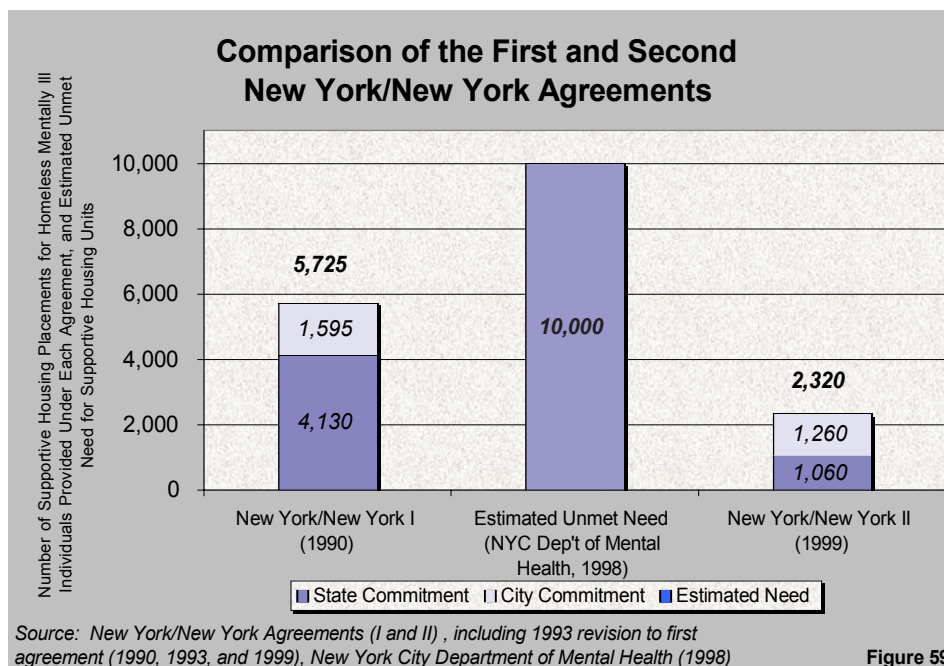


Figure 59

were approved in 1999 (noted above), the five-year commitment made by the New York/New York II Agreement would satisfy only one-and-one-half year's need.

Homeless Families: Declining Subsidized Housing Placements

1. Length-of-Stay in Shelters on the Rise

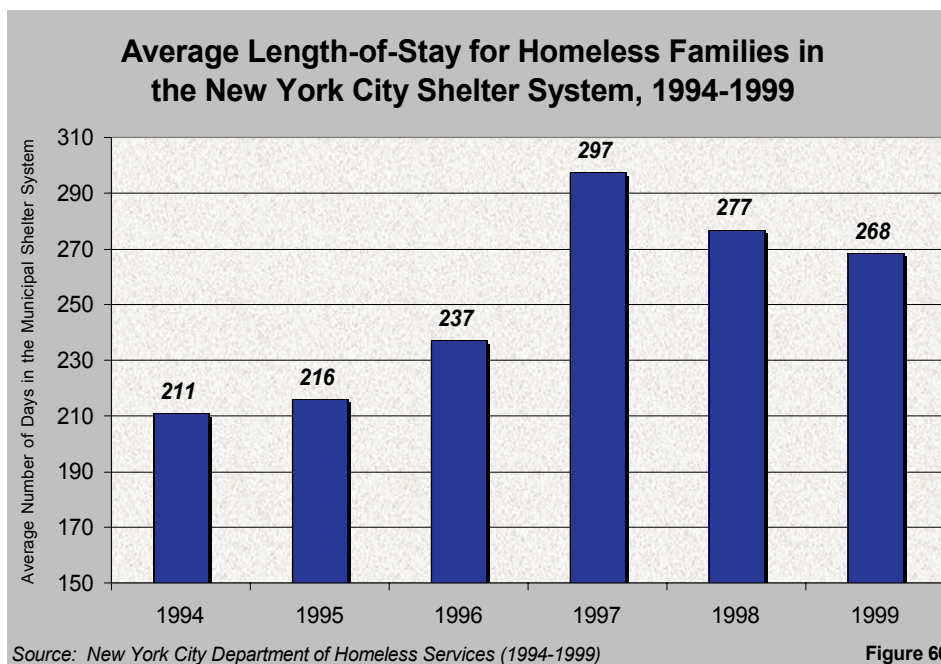


Figure 60

During the 1990s lengths-of-stay for homeless families in the municipal shelter system rose substantially. As shown in Figure 60, the average length-of-stay rose 31.4 percent between 1994 and 1999, from 211 to 268 days (i.e., from seven to nine months).³⁰⁹ As of January 2000, the average length-of-stay had risen to 287 days.³¹⁰ As noted above for the adult shelter system, rising

shelter lengths-of-stay were also reflected in the turnover rate, which fell from 3.71 families per unit in 1990 to 2.34 in 1995.³¹¹ As the next section describes in detail, rising lengths-of-stay for homeless families primarily resulted from cut-backs in permanent housing placements.

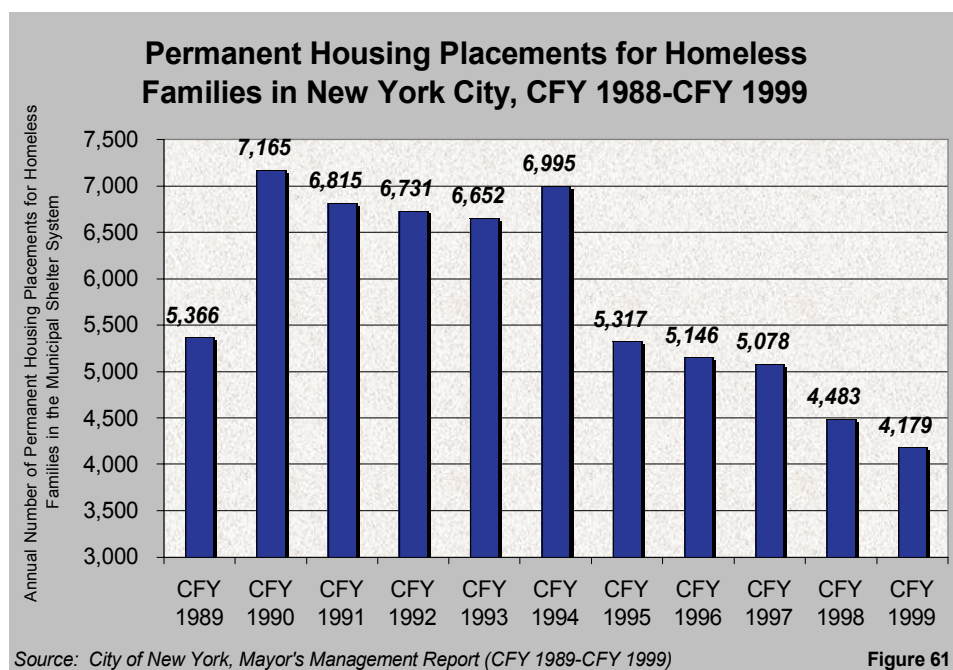
As noted in Chapter Nine, in 1996 the family shelter population was sharply reduced by restrictive new admissions policies introduced by the Giuliani Administration. Nevertheless, after dropping abruptly in 1997 and 1998 as a result of those policies, the number of *new* families entering the shelter system rose from CFY 1998 to CFY 1999 by 37.2 percent, from 4,622 to 6,342 new families.³¹² Thus, the increasing duration of shelter stays and the rising number of new homeless families entering the shelter system have combined to drive up the shelter census for homeless families.

2. City Policy on Re-Housing Homeless Families

New York City's policy on re-housing homeless families has had three distinct phases. In the late 1980s, faced with a rapidly rising daily census in the family shelter system, the Koch Administration expanded housing for homeless families in three ways: (1) it expanded the number of New York City Housing Authority (NYCHA) public housing apartments available for homeless families through a special agreement with NYCHA; (2) it increased the number of *in rem* apartments renovated by the Department of Housing Preservation and Development (HPD) specifically for homeless families; and (3) it created the Emergency Assistance Re-Housing Program (EARP), which combines tenant-based Section 8 vouchers with a bonus payment

for landlords that provides an incentive for them to rent to homeless families.³¹³ These policies were continued and expanded during the first half of the Dinkins Administration. As shown in Figure 61 and Table 9, the number of housing placements from the family shelter system rose dramatically from CFY 1989 to CFY 1990, from 5,366 to 7,165, with the largest increases being to HPD and NYCHA placements.³¹⁴ As noted in Chapter Nine, due to rising permanent housing placements the average daily census of homeless families declined by 29.4 percent from 1988 to 1990.³¹⁵

The second phase began as the Dinkins Administration faced pressure to reduce housing allocated specifically for homeless families. In 1992, NYCHA reduced the number of apartments set aside for homeless families, arguing that the large number of extremely-low-income households with high social service needs was straining public housing developments.³¹⁶ At the same time, the City began reducing the number of *in rem* apartments renovated for homeless families.³¹⁷ From CFY 1990 to CFY 1993, the number of placements of homeless families to NYCHA apartments was cut in half from 2,418 to 1,200, as shown in Table 11, and the number of HPD placements fell from 4,012 to 3,225 and continued to fall in subsequent years.³¹⁸ The sole increase in housing resources for homeless families during the



Permanent Housing Placements for Homeless Families in New York City, CFY 1989-CFY 1999

	HPD Apartments	NYCHA Apartments	EARP Section 8 Vouchers	Total
CFY 1989	3,201	1,807	358	5,366
CFY 1990	4,012	2,418	735	7,165
CFY 1991	4,173	1,779	863	6,815
CFY 1992	3,643	1,666	1,422	6,731
CFY 1993	3,225	1,200	2,227	6,652
CFY 1994	2,563	1,026	3,406	6,995
CFY 1995	1,997	1,133	2,187	5,317
CFY 1996	1,219	1,219	2,708	5,146
CFY 1997	764	1,586	2,728	5,078
CFY 1998	264	1,513	2,706	4,483
CFY 1999	523	1,474	2,182	4,179

Source: City of New York, Mayor's Management Report (CFY 1989-CFY 1999)

Table 11

Dinkins Administration was a large expansion of EARP, from 735 placements in CFY 1990 to 3,406 in CFY 1994.³¹⁹ As noted in Chapter Eight, the tenant-based Section 8 program in New York City was therefore essentially transformed into a re-housing program for homeless families and individuals.

The third phase of City homeless re-housing policy, inaugurated by the Giuliani Administration, was marked by absolute reductions in housing resources for homeless families. As Table 11 shows, from CFY 1994 to CFY 1999, the number of EARP placements fell from 3,406 to 2,182 per year, a reduction of 35.9 percent. The sharpest reduction came in HPD housing, which declined from 2,563 placements to 523 in the same period, a reduction of 79.6 percent.³²⁰ The number of NYCHA placements rose only slightly to around 1,500 families per year, primarily due to the large number of homeless households who received apartments from NYCHA's regular waiting list. However, the number of families placed due to direct referrals from the shelter system to NYCHA remained stagnant at around 1,200 placements.³²¹

All in all, housing resources for homeless families in the second half of the 1990s suffered dramatic cutbacks, as illustrated in Figure 61. Under Mayor Giuliani, the number of total housing placements from the family shelter system was reduced by 40.3 percent, from 6,995 in CFY 1994 to 4,179 in CFY 1999. In addition, the Giuliani

Administration has proposed additional cutbacks and resisted attempts to expand housing assistance. In 1999 Mayor Giuliani's Executive Budget proposed the elimination of the bonus payment portion of EARP; the City Council eventually restored the funding. Moreover, for several years the Giuliani Administration opposed a new City-funded rent subsidy program for homeless families and individuals. After vetoing the City Council's allocation of \$11.5 million in City funding for such a program in the CFY 1999 budget, Mayor Giuliani ultimately agreed, in the face of strong City Council support for the new initiative, to a smaller pilot program (\$2 million) in the CFY 2000 adopted City budget.

4. The Efficacy of Subsidized Housing Placements for Homeless Families

While housing placements for homeless families have been reduced, recent academic studies have concluded that subsidized housing is the most successful type of permanent housing placement for homeless families, and that it dramatically reduces subsequent episodes of homelessness. A five-year study of homeless families placed into housing, published by several New York University researchers in 1998, found that 80 percent of homeless families placed into subsidized housing remained stably housed (i.e., were still in their initial apartments one year later), and 92 percent were in their own apartments.³²² In contrast, among families who left shelters but did not receive subsidized housing placements, only 18 percent were stably housed, and only 38 percent were in their own apartments.³²³

A similar study, utilizing data from the City's homeless client database, was conducted by Yin L. I. Wong, Dennis Culhane, and Randall Kuhn.³²⁴ The study found that families who left the shelter system "on their own" or to unknown housing arrangements were the most likely to have subsequent episodes of homelessness. In contrast, families that received EARP and NYCHA placements had return rates that were, respectively, only 31

percent and 18 percent the rate for families who found their own housing. Families placed into HPD (i.e., renovated *in rem*) apartments had return rates that were half of those of families who found their own housing.³²⁵ Subsidized housing placements therefore substantially reduced subsequent episodes of homelessness among formerly-homeless families.

Conclusion

Homelessness in New York City increased in the late 1990s, with the rising daily census in the municipal shelter system driven in part by increased lengths-of-stay for homeless families and individuals. As noted above, the rise in shelter censuses both for homeless single adults and for homeless families can be traced to changes in re-housing policies. For the former group, the expiration of the New York/New York Agreement and the virtual halt to supportive housing production led to increases in the homeless single adult shelter population. For homeless families, dramatic cutbacks in permanent housing placements in the second half of the decade led to longer shelter stays, from an average of seven months in 1994 to nine months in 1999.

There is no question that New York City's housing policies have had a decisive impact on mass homelessness. Indeed, empirical research over the past decade has documented the success of housing-based solutions to the problem of homelessness and, perhaps more important, has identified the housing needs of subpopulations of homeless New Yorkers.

- For homeless single adults, research on patterns of shelter utilization indicated the array of housing and service needs, from supportive housing with on-site services for long-term, "chronic" shelter stayers to rental assistance for short-term, one-time "transitional" shelter stayers.
- Surveys of homeless families demonstrated the housing conditions of families prior to seeking shelter, and revealed the enormous success of subsidized housing placements in re-housing homeless families in stable housing arrangements.

Unfortunately, just as New York City's affordable

housing shortage is threatened even further by cutbacks in housing assistance and policy shifts (as documented in Part II), housing for homeless New Yorkers is at risk. The New York/New York II Agreement signed by Mayor Giuliani and Governor Pataki in 1999 provides less than 15 percent of the supportive housing units needed for homeless individuals living with mental illness. In addition, the City dramatically reduced the number of permanent housing placements for homeless families.

Clearly New York City's homeless re-housing policies have moved in the same direction as wider housing policies. Addressing the housing needs of homeless New Yorkers requires the same change in orientation required of New York City's housing policies: A comprehensive vision for housing the next generation of New Yorkers, and addressing the problems of the widening affordable housing gap as well as the related problem of persistent mass homelessness. The conclusion of this report presents several policy recommendations, both short-term and long-term, for achieving this vision for housing in New York City.

Conclusion and Recommendations

An Absent Vision for Housing New York City

As noted at the outset of this report, New York City enters the new century as a growing city – but also without a comprehensive plan to house the next generation of New Yorkers. This report has documented the five major features of the housing problem confronting New York City.

- **Rising population.** New York City’s population has increased steadily in the 1980s and 1990s – driven primarily by immigration – and by the year 2020 the city will have an additional half a million people. If immigration continues at the pace of the 1980s and 1990s, nearly 2 million new immigrants will settle in New York City over the next two decades, offsetting population outmigration.
- **Declining housing production.** In the 1990s New York City produced fewer than 8,000 new housing units each year, compared to more than 17,000 per year in the 1970s. Since the early 1980s, the number of new households grew more than twice as quickly as the number of new rental apartments.
- **Widening affordable housing gap.** In the late 1990s, New York City had a net shortage of some half a million available, low-cost apartments for the poorest households, compared with a surplus of more than 270,000 such apartments in 1970. Since the early 1980s, rental housing costs have risen at nearly twice the rate of inflation, while renter incomes have stagnated. In addition, the average income of the poorest fifth of households has declined by 33 percent since the late 1970s.
- **Reduced government housing assistance.** Government at every level has reduced housing assistance for the poorest households in New York City, and changes in housing policies and legislation threaten further to erode the affordable housing stock. New York City has reduced capital funding for housing by 40 percent in real terms since the early 1990s. Federal cutbacks from the 1970s

to the 1990s have resulted in 42 percent fewer new housing vouchers each year for poor households.

- **Persistent mass homelessness.** Mass homelessness emerged as the affordable housing gap widened in the 1970s, and has affected hundreds of thousands of New Yorkers. Over a recent nine-year period (1988-1995), more than 333,000 different men, women, and children resided in the New York City shelter system, representing nearly one of every twenty New Yorkers. In the late 1990s, in the midst of the economic expansion, the number of homeless families and individuals in New York City increased.

Despite the growing problems confronting housing in New York City, there is a striking absence of public debate on the issue. More important, there is no comprehensive planning process designed to address the future housing needs of the city’s populace. In short, there is an absence of vision for how to house New Yorkers over the next two decades.

What is even more alarming about this lack of vision among the city’s leaders is that, in many ways, neglect of the housing issue created the housing problems confronting New York City. Government on every level cut back dramatically on developing new housing and providing vital housing assistance for poor households. This abandonment of the traditional role of government (much of which is documented in Part II of this report) contributed significantly to declining housing production and the widening affordable housing gap.

Moreover, public debate concerning the housing issue has tended, particularly in the last decades, to ignore the central role of government and housing policy in shaping the increasingly dismal landscape of housing in New York City. In part, this is due to the changing tenor of the national debate on government programs of all kinds. But the changing public discourse on housing in New York City also reflects, in many respects, the shifting debate on homelessness and its links to the affordable housing shortage.

Homelessness and the Affordable Housing Gap: The “Backlash Era” and the Emerging Debate

In the 1980s, much of the debate concerning the causes of and solutions for mass homelessness involved housing issues. The early 1980s – when the largest economic downturn in the nation’s history since the Great Depression occurred and when enormous cutbacks in housing programs were made under the Reagan Administration – focused unprecedented attention on the housing-related causes of homelessness. In New York City, the homelessness crisis became a major factor underlying City housing policy, and was an impetus for the 1986 Housing New York initiative, the Koch Administration’s ambitious ten-year housing commitment. Although advocates and homeless service providers had argued from the beginning for enhanced services for many homeless people – including mental health services, addiction treatment, and supportive housing with on-site services – a major part of the advocacy agenda and the public debate was shaped by the need for more affordable housing and housing assistance.

By the early 1990s, the public debate started to shift and the “backlash era,” as many have called it, began. In many respects, the change in the discourse on homelessness mirrored the emerging national debate on welfare reform. That debate was largely driven by conservative organizations and “think tanks,” which moved the focus away from poverty to the so-called “pathologies” of the urban poor. At the same time, tabloid television “investigations” of fraud in government assistance programs contributed to public distrust of government efforts to assist poor households. In much the same way that the welfare reform debate shifted from a discussion of education, declining wages, and racism to one of dependency, family dysfunction, and hypotheses about a so-called “urban underclass,” the homelessness debate changed as well. Conservative pundits shifted the focus of the debate away from the affordable housing shortage and government cutbacks in housing programs to issues of substance abuse, deinstitutionalization, and the alleged absence of a “work ethic” among homeless people.

As in the welfare reform debate, conservative

organizations and spokespersons such as the Manhattan Institute did much to create the backlash and to shape the public debate. They also artfully re-wrote history and caricatured the positions of advocates and providers as exclusively focused on housing at the expense of other services.³²⁶ Most important, however, for policymakers and the public the backlash era had the effect of shifting the homelessness debate away from discussion of the growing affordable housing shortage and the rising need for housing assistance.

The backlash era reached its apotheosis with two controversial publications in 1994 that seemed to lend the “pathologies” side of the debate some public credibility. First, the report by the New York City Commission on the Homeless – which called for an expansion of permanent housing options and stated that “[h]omeless persons need both housing and services” – was nevertheless interpreted by many (including the Giuliani Administration) as prioritizing services over housing.³²⁷ The second publication, *The Homeless* by sociologist Christopher Jencks, lent an academic imprimatur to the backlash era. Jencks claimed that the major causes of homelessness were deinstitutionalization, crack cocaine, restrictions on the creation of flophouses, single motherhood, and reduced welfare benefits, and stated, “I doubt that changes in the housing market played a major role in the spread of homelessness.”³²⁸ Jencks’ book has been widely criticized since its publication, largely for its idiosyncratic interpretation of housing data.³²⁹ Indeed, his book presented ample statistical evidence that the nation’s low-cost housing stock shrank dramatically from the 1970s to the 1990s, but Jencks preferred to emphasize factors such as single parenthood, social skills, and family ties.

If anything, the economic expansion of the 1990s has placed the errors of the backlash era in sharp relief. Every major study of housing in New York City has documented a growing affordable housing shortage. The economic boom has caused rents and housing costs to rise rapidly, but has not improved incomes for New York City’s poor households, who in real terms have lost ground since the 1970s. The gap between the number of extremely-low-income renters and the number of

affordable apartments rose steadily from the 1970s through the 1990s. And, in the midst of economic growth, homelessness has persisted and, in the late 1990s especially, risen significantly.

Moreover, landmark research on homelessness over the past decade provided a more accurate picture of the housing-related causes of homelessness, and challenged the stereotypes of homeless people that informed much of the backlash era. In addition, several academic studies documented the successes of supportive and subsidized housing in providing stable, permanent housing for formerly-homeless individuals and families. The real lessons of the 1990s are clear: Mass homelessness was, in effect, merely the most extreme in a series of severe housing problems confronting poor New Yorkers, and effective housing programs proved successful (while sufficient funding was provided) in actually reducing the size of the homeless population.

A Time to Change Course: The Crucial Role of Government

Government undeniably has a vital role to play in developing new housing and providing housing assistance to New York City's poorest households. The virtual abandonment of that role since the 1970s has been a major cause of the steadily worsening structural problems confronting New York City housing in the next two decades.

This report has argued that the major housing problems described above are the result of two important structural changes in New York City:

- The slower growth in housing supply, driven by rising income inequality and reduced government investment; and
- The widening affordable housing gap, driven by rising housing costs and declining incomes for poor renters.

Clearly these are factors that require equally substantial changes – for instance, in the case of declining real incomes, a widespread effort to address falling real wages for low-income and middle-class workers.

However, it is equally clear that government must resume its previously significant and effective role in the housing arena. Indeed, as this report has

shown, government has in the past successfully addressed New York City's housing problems. Four examples demonstrate the crucial role government can play.

- **Mitchell-Lama housing.** The State (and City) Mitchell-Lama Program, begun in 1955, produced more than 125,000 new affordable and middle-income housing units in New York City in the 1960s and 1970s, at a time when the city's population was growing rapidly.
- **Tenant-based Section 8 assistance.** Federally-funded Section 8 vouchers, which bridge the gap between housing costs and poor tenants' incomes, are undeniably one of the most successful forms of housing assistance for poor renter households.
- **The Housing New York initiative.** This City-sponsored ten-year housing commitment led to the creation of more than 50,000 new housing units for poor and middle-income households, and played a decisive role in neighborhood revitalization in the South Bronx and elsewhere.
- **Supportive housing.** Supportive housing in all of its forms – including the New York/New York Agreement for mentally ill homeless individuals, and enhanced housing assistance for poor people living with AIDS – actually reduced homelessness among single adults by nearly 40 percent in the first half of the 1990s.

Despite this clear record of success, government's role in addressing New York City's housing problems has been altered dramatically. In the 1980s, in the wake of the Reagan-era cutbacks in housing assistance, the Federal government shifted its role in housing development to tax-based incentives (such as the Low-Income Housing Tax Credit, which grew to become the largest source of affordable housing financing) and away from direct investments. More devastating, perhaps, has been the Federal retreat from tenant-based assistance, signaled in the mid-1990s by the four-year elimination of funding for new (i.e., incremental) Section 8 vouchers. On the State and City level, there have been parallel retrenchments in housing investment, particularly the abandonment of the Mitchell-Lama Program and the Giuliani

Administration's sharp reductions in City capital investments in housing and cutbacks in supportive housing programs.

The need to change course is undeniable. Addressing New York City's affordable housing gap and its future housing needs will require government at every level to play a more assertive role in housing development and housing assistance. Broadly understood, this includes:

- Expanded investments in developing new housing, including middle-income and affordable housing, as well as supportive housing for those that need on-site support services.
- Tenant-based assistance to help poor households (including homeless households) confronting the shortage of affordable apartments and soaring rents.

Recommendations

Comprehensive Planning for Housing in New York City

New York City must develop a comprehensive planning process to address the affordable housing shortage and the need for new housing in the next two decades. The planning process should involve elected officials from every level of government, housing developers, community-based organizations, immigrant organizations, tenant organizations, the real estate industry, the banking community, advocacy organizations, and homeless people. The planning process should focus on the following objectives:

- *Expand Federal commitments to housing development and housing assistance:* The Federal government must renew its role, virtually abandoned over the past twenty years, in investing in new housing and providing tenant-based assistance to the poorest households.
- *Expand City capital investments in housing:* New York City must devote a larger share of its capital budget to housing, and must explore other revenue sources, such as pension funds, to finance housing development.
- *Provide the poorest households and their landlords with the means to maintain housing:* Welfare housing allowances must reflect the

real cost of housing, and dramatically expanded tenant-based assistance should be available to poor households.

- *Expand housing supply, particularly rental housing, to meet increases in population:* Housing supply must also expand to address the critical housing needs of doubled-up and overcrowded households as well as families and individuals forced to live in dangerous illegal housing units.
- *Address the cycle of homelessness among poor households, through prevention and re-housing policies:* Housing assistance should be targeted to at-risk households in the poorest neighborhoods, and investments in supportive housing and affordable housing for homeless families and individuals must be expanded.

Short-Term Commitments

The following short-term recommendations are designed to increase permanent housing opportunities for poor and homeless New Yorkers by assisting over 8,300 new households each year with rental assistance and supportive housing. In addition, these commitments would prevent homelessness and housing emergencies among tens of thousands of poor and disabled New Yorkers, public assistance recipients, and immigrant households by curbing vacancy rent increases and expanding both housing allowances and rent increase exemptions.

1. Tenant-Based Section 8 Rental Assistance

- The Federal government should provide 250,000 new Section 8 vouchers nationwide per year, and target 100,000 of the new vouchers to households that are homeless or at risk of homelessness. The new Federal commitment would result in approximately 3,500 new Section 8 vouchers per year for New York City households, five times the current commitment.

2. Welfare Housing Allowances that Reflect the Real Cost of Housing

- The New York State Commissioner of the Office of Temporary and Disability Assistance (formerly the Department of Social Services)

must increase welfare housing allowances (the “shelter allowance”) to reflect the real cost of housing, and should index housing allowances to meet future increases in housing costs.

3. Supportive Housing for Homeless Mentally Ill People

- New York State and New York City must commit to providing the remaining 8,500 units of supportive housing needed for homeless mentally ill people in New York City.

4. Rental Assistance for Working Homeless Households

- New York City should expand its pilot Rental Assistance program to provide temporary rent subsidies and support services to re-house 2,000 homeless families and 1,500 homeless individuals who are working or work-ready.

5. Reduce Vacancy Allowances for Rent-Regulated Housing

- The New York State Legislature and the Governor must repeal the excessive vacancy allowances for rent-regulated housing included in the 1997 Rent Regulation and Reform Act, in particular the special vacancy bonus for apartments renting for under \$500 per month.

6. Expanded Rent-Increase Exemptions to Include Poor Disabled Renters

- New York State and City should expand the Senior Citizen Rent Increase Exemption (SCRIE) program to include indigent disabled renter households. In addition, the income threshold used to determine eligibility for rent increase exemptions should be indexed to reflect increases in the cost of living.

Long-Term Commitments

The following long-term recommendations are designed to address both the growing need for more affordable housing and New York City’s exorbitant housing costs. They would result in the development and preservation of roughly 17,000 additional housing units per year in New York City and the provision of housing assistance to the poorest New York renters, more than 400,000

households.

1. Housing Allowances for Extremely-Low-Income Households

- The Federal Government should establish minimum housing allowances for all households with incomes below 30 percent of area median income. Modeled on the tenant-based Section 8 assistance program, these allowances would assure that no eligible household pays more than 30 percent of their income for rent. The program would help more than 400,000 of the poorest households in New York City.

2. Right to Housing for Mentally Ill People

- The Federal government should provide capital funding and project-based rent subsidies to support the development (over five years) of 250,000 new supportive housing units for mentally ill Americans who are homeless. States would be required to supply on-site mental health services through Medicaid and other programs. This Federal-State commitment would bring more than 3,000 units of supportive housing each year to New York City.

3. Long-Term Federal Investments in Affordable Housing Development

- The Federal government must develop and fund a comprehensive plan for expanding investments in new affordable housing. This plan should include initiatives to finance the development of affordable housing in cooperation with private developers and financial institutions and new public housing developed and operated by housing authorities with a proven record of success. The Federal government must develop new affordable housing for at least 100,000 new low-income households per year. New York would gain approximately 1,000 new affordable housing units per year through this initiative.

4. State Development of Middle-Income and Affordable Housing

- New York State must renew its efforts to develop new middle-income and affordable

housing through a new initiative modeled on the Mitchell-Lama Program which would create 50,000 new housing units over ten years. The State should also explore the use of pension fund investments as a source of financing for such an initiative. This State commitment would add roughly 3,000 units per year to New York's stock of affordable and middle-income housing.

5. City Capital Investments in Affordable Housing

- New York City must allocate at least \$750 million annually in capital funding to finance the development of affordable housing and middle-income housing in cooperation with private developers and financial institutions. In addition, New York City must negotiate an agreement with New York State to dedicate surplus revenues from the Battery Park City Authority to finance the development of new housing. This expansion would enable the City to increase its affordable housing development and preservation efforts by over 10,000 units per year.

Appendix

Vacancy Rates for Renter-Occupied Units in New York City by Contract Rent, 1996

<i>Number of units by contract rent</i>	<i>Renter-occupied units</i>	<i>Vacant units</i>	<i>Total rental units</i>	<i>Vacancy rate</i>	<i>Non-public housing vacancy rate</i>
Total	1,946,166	81,256	2,027,422	4.0%	3.7%
Less than \$300	233,777	6,297	240,074	2.6%	1.6%
\$300 to \$399	138,994	5,455	144,449	3.8%	2.9%
\$400 to \$499	253,225	8,901	262,126	3.4%	3.2%
\$500 to \$599	328,601	13,071	341,672	3.8%	3.7%
\$600 to \$699	313,183	16,442	329,625	5.0%	4.7%
\$700 to \$799	210,948	12,356	223,304	5.5%	5.5%
\$800 to \$899	144,853	8,687	153,540	5.7%	5.4%
\$900 to \$999	82,346	2,764	85,110	3.2%	3.2%
\$1,000 to \$1,249	96,780	4,585	101,365	4.5%	4.5%
\$1,250 or more	110,138	2,698	112,836	2.4%	2.4%
No cash rent	33,321	0	33,321		

Source: United States Bureau of the Census, Housing and Vacancy Survey (1996)

Appendix Table 1

Changes in Real Median Rents by Household Income in New York City, 1993-1996

<i>Household income, all renter households</i>	<i>Current Dollars</i>		<i>Constant (1996) Dollars</i>		<i>Percent Change 1993-1996 (\$1996)</i>
	<i>1993</i>	<i>1996</i>	<i>1993 (\$1996)</i>	<i>1996 (\$1996)</i>	
Less than \$2,500	\$484	\$553	\$523	\$553	5.8%
\$2,500-\$4,999	\$355	\$464	\$383	\$464	21.0%
\$5,000-\$7,499	\$326	\$445	\$352	\$445	26.4%
\$7,500-\$9,999	\$426	\$505	\$460	\$505	9.7%
\$10,000-\$12,499	\$456	\$495	\$493	\$495	0.5%
\$12,500-\$14,999	\$475	\$535	\$513	\$535	4.3%
\$15,000-\$17,499	\$500	\$575	\$540	\$575	6.5%
\$17,500-\$19,999	\$541	\$570	\$584	\$570	-2.5%
\$20,000-\$24,999	\$550	\$605	\$594	\$605	1.8%
\$25,000-\$29,999	\$590	\$650	\$637	\$650	2.0%
\$30,000-\$34,999	\$620	\$685	\$670	\$685	2.3%
\$35,000-\$39,999	\$614	\$645	\$663	\$645	-2.8%
\$40,000-\$44,999	\$640	\$684	\$691	\$684	-1.1%
\$45,000-\$49,999	\$650	\$753	\$702	\$753	7.2%
\$50,000-\$54,999	\$692	\$753	\$748	\$753	0.7%
\$55,000-\$59,999	\$710	\$770	\$767	\$770	0.4%
\$60,000-\$69,999	\$750	\$797	\$810	\$797	-1.6%
\$70,000-\$79,999	\$798	\$876	\$862	\$876	1.6%
\$80,000-\$89,999	\$818	\$960	\$884	\$960	8.6%
\$90,000-\$99,999	\$810	\$1,010	\$875	\$1,010	15.4%
\$100,000-\$149,999	\$1,050	\$1,150	\$1,134	\$1,150	1.4%
\$150,000-\$199,999	\$1,100	\$1,710	\$1,188	\$1,710	43.9%
\$200,000 or more	\$1,560	\$1,470	\$1,685	\$1,470	-12.8%

Source: United States Bureau of the Census, Housing and Vacancy Survey (1993-1996); inflation adjustment by New York City Rent Guidelines Board (1999)

Appendix Table 2

Housing Conditions in New York City for Native-Born Renters and Various Immigrant Groups, 1996

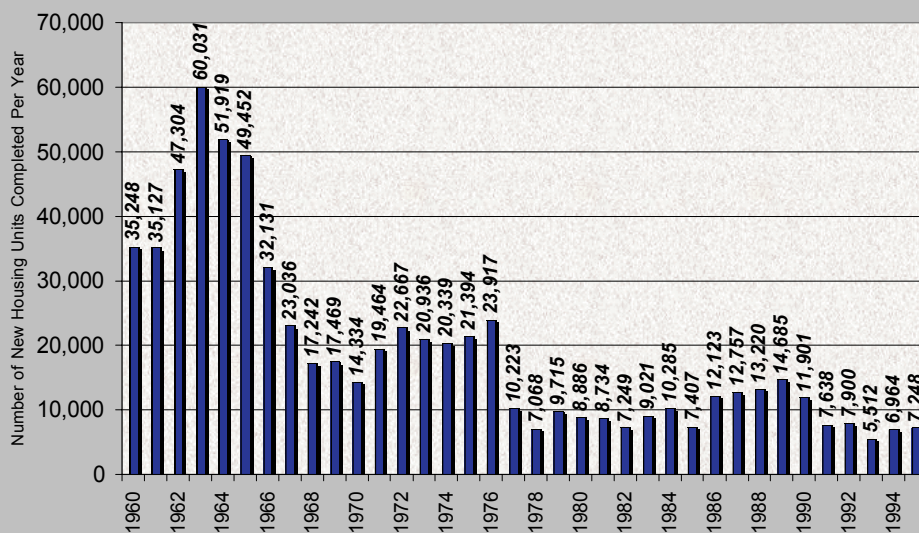
	More than half of income for rent	Crowded	Seriously crowded	Five or more maintenance deficiencies	Dilapidated housing
Native-born renter households	24.2%	4.5%	1.4%	4.2%	1.0%
Foreign-born renter households	29.8%	14.7%	4.7%	4.9%	1.3%
Puerto Rico	34.1%	9.8%	3.3%	7.1%	1.5%
Dominican Republic	40.3%	19.8%	7.1%	10.9%	2.5%
Caribbean and Africa	24.2%	14.8%	3.0%	5.5%	1.5%
Latin America	21.8%	22.4%	8.0%	6.0%	1.5%
Europe	26.2%	5.2%	1.9%	1.1%	0.6%
Former Soviet Union	47.2%	15.0%	4.8%	1.1%	0.6%
China, Hong Kong, and Taiwan	21.8%	17.7%	5.6%	3.7%	1.2%
India, Pakistan, and Bangladesh	16.0%	28.0%	7.9%	2.2%	1.4%
Southeast Asia	22.5%	17.3%	7.5%	2.1%	0.3%
All other countries	36.0%	11.4%	3.9%	3.8%	0.5%

Note: Foreign-born includes people born in Puerto Rico

Source: Schill, Friedman, and Rosenbaum (1998), based on 1996 Housing and Vacancy Survey data

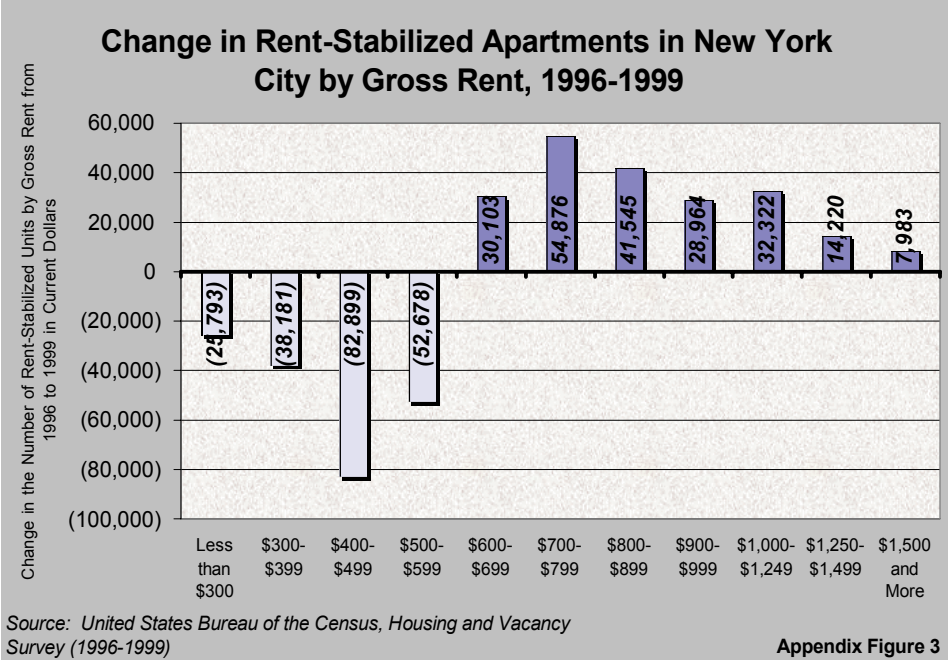
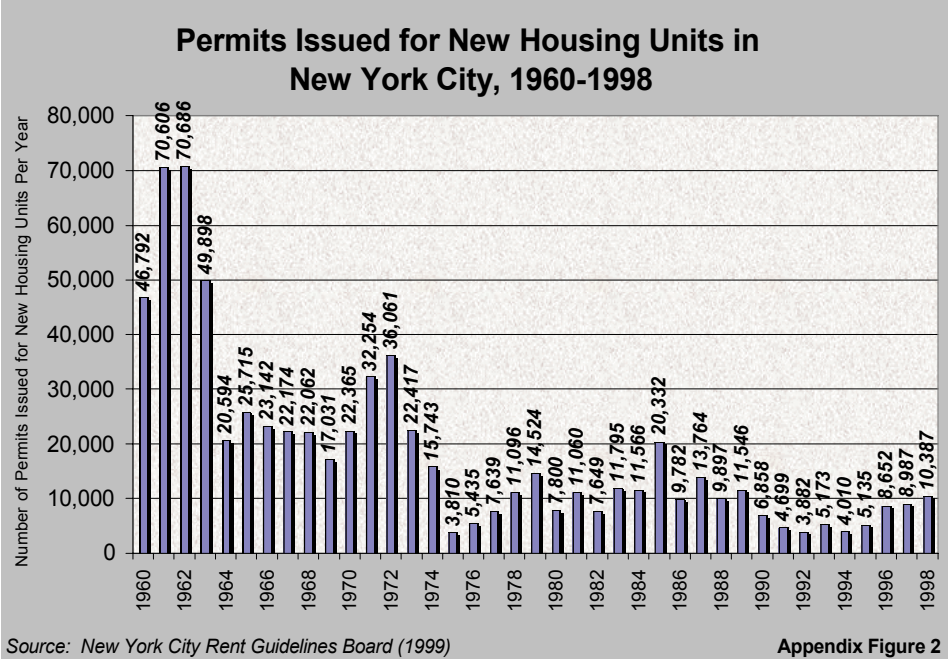
Appendix Table 3

New Housing Units Completed in New York City, 1960-1995



Source: New York City Rent Guidelines Board (1999)

Appendix Figure 1



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- ³ United States Department of Commerce, Bureau of the Census, *Census of Population and Housing* (1990) – Public Law 94-171 Data (Adjusted).
- ⁴ United States Department of Commerce, Bureau of the Census, *Current Population Survey* (1991-1998). Note again that the *Current Population Surveys* also undercount important population groups, in particular immigrants. Cf. Schmidley, A. Diane, and J. Gregory Robinson (1998).
- ⁵ Salvo, Joseph J., and Arun Peter Lobo (1997), p. 97.
- ⁶ Salvo, Joseph J., and Arun Peter Lobo (1997), p. 91.
- ⁷ New York City Department of City Planning (1999a), p. 2.
- ⁸ Salvo, Joseph J., and Arun Peter Lobo (1997), p. 90. Note that New York City data for 1980 and 1981 was unavailable and was therefore extrapolated by the authors from 1982-1989 data. Also, New York City Department of City Planning (1999a), p. 2.
- ⁹ Schill, Michael H., Samantha Friedman, and Emily Rosenbaum (1998), Introduction.
- ¹⁰ Salvo, Joseph J., and Arun Peter Lobo (1997), p. 97.
- ¹¹ New York City Department of City Planning (1996), p. 8.
- ¹² Schill, Michael H., Samantha Friedman, and Emily Rosenbaum (1998), Introduction. Calculation of potential population loss by Coalition for the Homeless (1999).
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- ¹⁵ Salvo, Joseph J., and Arun Peter Lobo (1997), p. 92.
- ¹⁶ Salvo, Joseph J., and Arun Peter Lobo (1997), p. 101.
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- ¹⁹ New York City Department of City Planning (1996), pp. 8 and 13.
- ²⁰ New York City Department of City Planning (1999a), p. 27.
- ²¹ Salvo, Joseph J., and Arun Peter Lobo (1997), pp. 101-102. The authors based their estimate on data from the 1991 and 1993 Housing and Vacancy Surveys. The authors also note that this estimate “is still below the figure for 1920, when 78 percent of the city’s population was either foreign-born or of foreign parentage” (p. 102).
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- ²³ United States Department of Commerce, Bureau of the Census, *Census of Population and Housing* (1990).
- ²⁴ New York Metropolitan Transportation Council (1996).
- ²⁵ New York City Rent Guidelines Board (1999b), Appendix Table 2. Calculations for average annual production for various decades by Coalition for the Homeless (1999).
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- ²⁹ United States Department of Commerce, Bureau of the Census, *Current Population Survey* (1991-1999).
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- ³² Salama, Jerry J., Michael H. Schill, and Martha E. Stark (1999), pp. 24-28.
- ³³ Salama, Jerry J., Michael H. Schill, and Martha E. Stark (1999), pp. 161-171.
- ³⁴ Salama, Jerry J., Michael H. Schill, and Martha E. Stark (1999), p. xiii.
- ³⁵ Salama, Jerry J., Michael H. Schill, and Martha E. Stark (1999), p. 52.
- ³⁶ Hamberg, Jill, and Carol Smolenski (1993).
- ³⁷ Hamberg, Jill, and Carol Smolenski (1993), pp. 29-33.
- ³⁸ Hamberg, Jill, and Carol Smolenski (1993), pp. 50-54.
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⁴⁰ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1975 and 1999).

⁴¹ United States Department of Commerce, Bureau of the Census, *Census of Population and Housing* (1980), and *Current Population Survey* (1999).

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⁴³ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1999). Also, Schill, Michael H. and Benjamin P. Scafidi (1999), pp. 18-19. National data are from the 1996 United States Housing Survey.

⁴⁴ Data from the 1999 Housing and Vacancy Survey for the number (and share) of non-regulated apartments, as well as apartments subject to other rent regulations and *in rem* housing, in 1999 were unavailable as this report went to press.

⁴⁵ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1996).

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⁴⁸ According to the United States Department of Housing and Urban Development (HUD), the area median income for the New York City region in 1999 was \$53,400. Using the HUD definition for extremely-low-income households (i.e., those earning less than 30 percent of area median income), in 1999 such households would have earned less than \$16,020. According to the HUD affordability standard (i.e., paying no more than 30 percent of income for housing costs), in 1999 such households could afford apartments whose gross rent was \$401 per month or less. Note that, for very-low-income households (i.e., those earning under 50 percent of Area median income), in 1999 their income would have been under \$26,700 and they could afford apartments whose gross rent was \$668 per month or less.

⁴⁹ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1999). Calculations by Coalition for the Homeless (1999).

⁵⁰ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1996 and 1999).

⁵¹ United States Department of Commerce, Bureau of

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⁵² United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1999).

⁵³ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1975, 1978, 1981, 1984, 1987, 1991, 1993, 1996, and 1999).

⁵⁴ Schill, Michael H. and Benjamin P. Scafidi (1999), p. 18.

⁵⁵ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1999).

⁵⁶ Lee, Moon Wha (2000), p. 272.

⁵⁷ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1978 and 1999).

⁵⁸ United States Department of Housing and Urban Development (1997), Table A-2. This report utilizes data from the 1995 American Housing Survey.

⁵⁹ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1991, 1993, 1996).

⁶⁰ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1996). Statistics on double-ups from the 1999 Housing and Vacancy Survey were not available as this report went to press.

⁶¹ Lee, Moon Wha (2000), p. 101.

⁶² Lee, Moon Wha (2000), p. 101.

⁶³ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1996).

⁶⁴ Schill, Michael H. and Benjamin P. Scafidi (1999), p. 29. The definition of severe housing quality problems is similar to that which is used by HUD in its annual “worst-case housing needs” reports. Note that, in the Housing and Vacancy Survey, “dilapidated” housing is identified by Census Bureau staff while maintenance deficiencies are identified by occupants responding to questions in the survey instrument.

⁶⁵ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1987 and 1996).

⁶⁶ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1996). Using unimputed data for 1996, there were 94,110 renters reporting five or more maintenance deficiencies. Using imputed data, there were an estimated 120,671 households reporting these problems.

Imputed data for the 1999 Housing and Vacancy Survey was unavailable as this report went to press.

⁶⁷ United States Department of Commerce, Bureau of

the Census, *Housing and Vacancy Survey* (1996).

⁶⁸ Schill, Michael H. and Benjamin P. Scafidi (1999), p. 31.

⁶⁹ Schill, Michael H. and Benjamin P. Scafidi (1999), p. 33.

⁷⁰ United States Department of Housing and Urban Development (1997), Tables A-2 and A-9.

⁷¹ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1981 and 1999). Calculations to adjust for inflation by Coalition for the Homeless (2000).

⁷² United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1981 and 1999); United States Department of Labor, Bureau of Labor Statistics, consumer price index for New York-Northern New Jersey-Long Island region (1981-1999).

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⁷⁹ Lee, Moon Wha (2000), p. 111.

⁸⁰ Fiscal Policy Institute (1999), p. 10.

⁸¹ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1975, 1978, 1981, 1984, 1987, 1991, 1993, 1996, and 1999), and *Census of Population and Housing* (1960 and 1970).

⁸² United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1981, 1984, 1987, 1991, 1993, 1996, and 1999).

⁸³ United States Department of Commerce, Bureau of

the Census, *Housing and Vacancy Survey* (1981, 1984, 1987, 1991, 1993, 1996, and 1999).

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⁸⁵ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1991, 1993, 1996, and 1999).

⁸⁶ Schill, Michael H. and Benjamin P. Scafidi (1999), p. 36.

⁸⁷ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1993 and 1996). Note that Figure 25 reflects unimputed data from the 1993 and 1996 Housing and Vacancy Surveys.

⁸⁸ United States Department of Housing and Urban Development (1997), Table A-9.

⁸⁹ Schill, Michael H. and Benjamin P. Scafidi (1999), pp. 39-46.

⁹⁰ Lee, Moon Wha (2000), p. 392.

⁹¹ Lee, Moon Wha (2000), p. 372. The definition of “physically poor units” used here includes units in dilapidated buildings, units which lack a complete kitchen and/or bathroom, units which have four or more maintenance deficiencies, or units in buildings with three or more types of building defects.

⁹² United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1996). Comparable data from the 1999 Housing and Vacancy Survey was unavailable when this report went to press.

⁹³ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1981, 1984, 1987, 1991, 1993, and 1996).

⁹⁴ Lee, Moon Wha (2000), p. 339.

⁹⁵ Lee, Moon Wha (2000), p. 130. Comparable data from the 1999 Housing and Vacancy Survey was unavailable when this report went to press.

⁹⁶ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1978, 1981, 1984, 1987, 1991, 1993, and 1996). Inflation adjustments by Coalition for the Homeless (2000).

⁹⁷ Schill, Michael H. and Benjamin P. Scafidi (1999), pp. 39-40.

⁹⁸ Schill, Michael H. and Benjamin P. Scafidi (1999), p. 41.

⁹⁹ Schill, Michael H. and Benjamin P. Scafidi (1999), p. 42.

¹⁰⁰ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1999). According to the preliminary data, in 1999 there were

501,850 households paying more than 50 percent of their incomes in housing costs; 215,056 crowded renter households (i.e., more than one person per room); 65,997 renter units with five or more maintenance deficiencies; and 19,006 apartments in dilapidated buildings.

¹⁰¹ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1975-1999). Inflation adjustments and calculation of index by Coalition for the Homeless (2000).

¹⁰² Center on Budget and Policy Priorities (1998a). This study utilizes national American Housing Survey data to measure the shortage of affordable housing by calculating the number of poor renters (using the Federal poverty line) and the number of rental units affordable to such renters (using the 30-percent-of-income Federal affordability standard).

¹⁰³ As noted above, the Center on Budget and Policy Priorities study uses the Federal poverty line (\$12,000 for a family of three in 1995) to calculate the number of poor renters; affordable rental units in that study were units renting for below \$300 per month. The Coalition analysis also uses American Housing Survey data for New York City, and utilizes the HUD standard for extremely-low-income households (30 percent of area median income), which in 1995 encompassed households earning below \$13,750 (in 1995 dollars). Low-cost units affordable to these households were therefore all units renting below \$350 per month. Calculations for years prior to 1995 were made by adjusting for inflation.

¹⁰⁴ Center on Budget and Policy Priorities (1998a), p. 11.

¹⁰⁵ United States Department of Commerce, Bureau of the Census, *American Housing Survey* (New York-Suffolk-Orange) (1970, 1976, 1980, 1983, 1991, 1995).

¹⁰⁶ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1999). Analysis by Coalition for the Homeless (2000).

¹⁰⁷ Schill, Michael H. and Benjamin P. Scafidi (1999), pp. 37-39.

¹⁰⁸ Schill, Michael H. and Benjamin P. Scafidi (1999), p. 38.

¹⁰⁹ City of New York, Office of the Mayor, *Mayor's Management Report* (CFY 1999), and Coalition for the Homeless (2000).

¹¹⁰ New York City Department of City Planning (1999a), p. 2.

¹¹¹ Lee, Moon Wha (2000), p. 86. Comparable data

on immigrant housing conditions from the 1999 Housing and Vacancy Survey was unavailable as this report went to press.

¹¹² Schill, Michael H., Samantha Friedman, and Emily Rosenbaum (1998). This study includes persons born in Puerto Rico as immigrants (i.e., Puerto Ricans born in the United States are defined as "native-born"). One limitation of the Housing and Vacancy Survey data is that it does not record how long immigrant households have resided in the United States; therefore, there is no way to distinguish between long-time residents and recent immigrants. See Parts 2 and 3 for a description of the data and methodology.

¹¹³ Schill, Michael H., Samantha Friedman, and Emily Rosenbaum (1998), Table 4.

¹¹⁴ Schill, Michael H., Samantha Friedman, and Emily Rosenbaum (1998), Tables 1 and 3.

¹¹⁵ Note that the Housing and Vacancy Survey defines public assistance as welfare benefits and Supplemental Security Income (SSI).

¹¹⁶ Schill, Michael H., Samantha Friedman, and Emily Rosenbaum (1998), Table 1.

¹¹⁷ Schill, Michael H., Samantha Friedman, and Emily Rosenbaum (1998), Table 3.

¹¹⁸ Schill, Michael H., Samantha Friedman, and Emily Rosenbaum (1998), Table 1.

¹¹⁹ Schill, Michael H., Samantha Friedman, and Emily Rosenbaum (1998), Tables 4 and 6.

¹²⁰ Schill, Michael H., Samantha Friedman, and Emily Rosenbaum (1998), Table 6.

¹²¹ Schill, Michael H., Samantha Friedman, and Emily Rosenbaum (1998), Table 4

¹²² Schill, Michael H., Samantha Friedman, and Emily Rosenbaum (1998), Table 6.

¹²³ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1999).

¹²⁴ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1999).

¹²⁵ New York City Rent Guidelines Board (1998), p. 18. For one-year leases, a different formula is used to calculate the vacancy allowance, but in 1998 the minimum vacancy allowance was established as 18 percent. For two-year leases, a 20 percent increase over the prior rent is permitted.

¹²⁶ New York City Rent Guidelines Board (1998), p. 18.

¹²⁷ New York City Rent Guidelines Board (1998), pp. 19-20.

¹²⁸ New York City Rent Guidelines Board (1998).

- Note that this study looked at changes in contract rent, and not gross rent (i.e., contract rent plus utility costs).
- 129 New York City Rent Guidelines Board (1998), p. 20.
- 130 New York City Rent Guidelines Board (1998), p. 20.
- 131 New York City Rent Guidelines Board (1998), pp. 18-19.
- 132 New York City Rent Guidelines Board (1998), p. 21.
- 133 United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1996 and 1999). Analysis by Coalition for the Homeless (2000).
- 134 New York City Rent Guidelines Board (1998), pp. 19-20.
- 135 New York City Rent Guidelines Board (1998), pp. 20-21.
- 136 New York City Rent Guidelines Board (1998), p. 21.
- 137 Calculations by Coalition for the Homeless (2000).
- 138 New York City Rent Guidelines Board (1998), p. 11. The report notes that 272,000 households move on average each year, and that 80 percent are renters. Analysis of data by Coalition for the Homeless (1999).
- 139 Lee, Moon Wha (2000), p. 290.
- 140 City of New York, Office of the Mayor, *Mayor's Management Report* (CFY 1999).
- 141 United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1999). Calculations by Coalition for the Homeless (1999).
- 142 Community Service Society (1999), p. 1.
- 143 Community Service Society (1999), pp. 1-3.
- 144 Community Service Society (1999), p. 3. Also, correspondence from Victor Bach (March 2000).
- 145 Community Service Society (1999), pp. 3-4.
- 146 Bach, Victor (1999), pp. 145-148. A small number of Mitchell-Lama units have been set aside to provide housing to homeless families since the 1980s.
- 147 Bach, Victor (1999), pp. 148-151.
- 148 United States Department of Housing and Urban Development (1999), p. 1.
- 149 Bach, Victor (1999), p. 157.
- 150 Bach, Victor (1999), p. 168.
- 151 Bach, Victor (1999), pp. 164-166.
- 152 New York State Division of Housing Community and Renewal (1998).
- 153 New York City Department of Housing Preservation and Development (2000).
- 154 Lobbia, J.A. (1998), pp. 1-2.
- 155 Braconi, Frank P. (1999), pp. 94-96.
- 156 Braconi, Frank P. (1999), p. 98.
- 157 City of New York, Office of the Mayor, *Mayor's Management Report* (CFY 1982-CFY 1999).
- 158 Braconi, Frank P. (1999), pp. 100-101.
- 159 United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1996).
- 160 Braconi, Frank P. (1999), pp. 103-106.
- 161 Braconi, Frank P. (1999), pp. 107-108.
- 162 Braconi, Frank P. (1999), pp. 109-111.
- 163 Community Service Society (1998), pp. 2-3.
- 164 City of New York, Office of the Mayor, *Mayor's Management Report* (CFY 1995-CFY 1999).
- 165 Stegman, Michael A. (1993), p.115.
- 166 Stegman, Michael A. (1993), p.115.
- 167 City of New York, *Adopted Capital Budget* (CFY 1987-CFY 2000). Calculations by Coalition for the Homeless (2000). Adjustments for inflation were made using the Consumer Price Index (for the New York region) for July of the relevant City fiscal year.
- 168 City of New York, *Adopted Capital Budget* (CFY 1987-CFY 2000). Calculations by Coalition for the Homeless (2000). Adjustments for inflation were made using the Consumer Price Index (for the New York region) for July of the relevant City fiscal year.
- 169 City of New York, *Adopted Capital Budget* (CFY 1987-CFY 2000). Calculations by Coalition for the Homeless (2000).
- 170 United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1987, 1991).
- 171 City of New York, Office of the Mayor, *Mayor's Management Report* (CFY 1999).
- 172 Citizens Housing and Planning Council (1997), Chapter 1, p. 3.
- 173 Citizens Housing and Planning Council (1997), Chapter 1, p. 7.
- 174 Citizens Housing and Planning Council (1997), Chapter 1, p. 7.
- 175 Citizens Housing and Planning Council (1997), Chapter 1, p. 6.
- 176 City of New York, Office of the Mayor, *Mayor's Management Report* (CFY 1999).
- 177 Citizens Housing and Planning Council (1997), Chapter 1, p. 5.
- 178 Interview with New York City Housing Authority official (Coalition for the Homeless, 1999).
- 179 Citizens Housing and Planning Council (1997), Chapter 1, p. 3.
- 180 Andrews, Nancy O. (1998), Table 1.

- 181 Citizens Housing and Planning Council (1997), Chapter 1, p. 3.
- 182 New York City Department of City Planning (1999b), p. I-33.
- 183 City of New York, Office of the Mayor, *Mayor's Management Report* (CFY 1999).
- 184 City of New York, Office of the Mayor, *Mayor's Management Report* (CFY 1999). Turnover rate calculated by Coalition for the Homeless (1999).
- 185 Schwartz, Alex F., and Avis C. Vidal (1999), pp. 243-244.
- 186 Schwartz, Alex F., and Avis C. Vidal (1999), pp. 246-247.
- 187 Center on Budget and Policy Priorities (1998b).
- 188 Interview with New York City Housing Authority official (November 1999).
- 189 New York City Human Resources Administration, Office of Policy and Program Analysis (1999). Calculation by Coalition for the Homeless (1999).
- 190 Calculation by Coalition for the Homeless (1999), based on United States Department of Commerce, Bureau of the Census, *Current Population Survey* (1999), and New York City Human Resources Administration, Office of Policy and Program Analysis (1999).
- 191 New York City Human Resources Administration, Office of Policy and Program Analysis (1997-1999).
- 192 New York State Social Services Law 350 (1) (a).
- 193 18 New York Codes, Rules and Regulations 352.3.
- 194 Inflation adjustment by Coalition for the Homeless (2000).
- 195 United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1975-1999). Inflation adjustment by Coalition for the Homeless (2000).
- 196 Coalition for the Homeless (1991).
- 197 Coalition for the Homeless (1997), p. 2.
- 198 Similar measures are in place in Westchester County and on Long Island, where related litigation is pending.
- 199 New York City Human Resources Administration, Office of Policy and Program Analysis (1989-1999).
- 200 New York City AIDS Housing Network (1999).
- 201 New York City Rent Guidelines Board (1999a), Appendix Table F. Data are from the Civil Court of the City of New York, Deputy Chief Clerk for Housing.
- 202 Galowitz, Paula (1999), p. 180.
- 203 Galowitz, Paula (1999), pp. 181-182.
- 204 Galowitz, Paula (1999), p. 182.
- 205 New York City Rent Guidelines Board (1999c), Appendix Table F.6.
- 206 New York City Rent Guidelines Board (1999c), Appendix Table F.6.
- 207 The Rent Regulation Reform Act of 1997 contains these two provisions: (1) a new section 747-a of the Real Property Actions and Proceedings Law (RPAPL) law bars stays of the issuance or execution of a warrant of eviction unless the full amount of the judgment has been deposited with the court clerk; and (2) amendments to the RPAPL prohibit certain adjournments of a trial unless the amount of rent allegedly due has been deposited.
- 208 City of New York, Office of the Mayor, *Mayor's Management Report* (CFY 1999).
- 209 City of New York, Office of the Mayor, *Mayor's Management Report* (CFY 1996 and CFY 1999).
- 210 Culhane, Dennis P., Stephen Metraux, and Susan M. Wachter (1999), p. 212.
- 211 Culhane, Dennis P., Stephen Metraux, and Susan M. Wachter (1999), p. 212.
- 212 O'Flaherty, Brendan (1996), pp. 48-51.
- 213 O'Flaherty, Brendan (1996), pp. 57-59.
- 214 O'Flaherty, Brendan (1996), p. 58.
- 215 New York City Human Resources Administration and Department of Homeless Services, shelter census reports (1982-1999).
- 216 New York City Human Resources Administration and Department of Homeless Services, shelter census reports (1982-1999).
- 217 New York City Human Resources Administration and Department of Homeless Services, shelter census reports (1982-1999).
- 218 Corporation for Supportive Housing (1999). The last units created under the first New York/New York Agreement were initiated in 1997.
- 219 New York City Department of Homeless Services, shelter census reports (1999).
- 220 City of New York, Office of the Mayor, *Mayor's Management Report* (CFY 1999).
- 221 United States Department of Justice, Bureau of Justice Statistics (1999). The report states that 20.1 percent of mentally ill state prison inmates reported sleeping on the streets or in a shelter in the twelve months prior to their arrest, as did 8.8 percent of all other inmates. Calculation of statistics by Coalition for the Homeless (1999).
- 222 Nelson A. Rockefeller Institute of Government (1998), Table H-19.
- 223 Nelson A. Rockefeller Institute of Government

(1998), Table H-22.

²²⁴ Coalition for the Homeless (1999). Data for New York City are derived from local reports.

²²⁵ New York City Human Resources Administration and Department of Homeless Services, shelter census reports (1982-1999). Analysis by Coalition for the Homeless (2000).

²²⁶ Culhane, Dennis P., Edmund F. Dejaowski, Julie Ibanez, Elizabeth Needham, and Irene Macchia (1998), Table 3.

²²⁷ Kuhn, Randall, and Dennis P. Culhane (1998).

²²⁸ Corporation for Supportive Housing (1999).

²²⁹ Barrow, Susan M., and Gloria Soto (1996), p. 25.

²³⁰ Barrow, Susan M., and Gloria Soto (1996), p. 25.

²³¹ In a 1998 statewide survey of homeless service providers, 63 percent of New York City providers reported an increase in the numbers of mentally ill homeless people seeking assistance. See Coalition for the Homeless (1999). Data for New York City are derived from local reports.

²³² Kuhn, Randall, and Dennis P. Culhane (1998).

²³³ Kuhn, Randall, and Dennis P. Culhane (1998).

²³⁴ Kuhn, Randall, and Dennis P. Culhane (1998).

²³⁵ New York City Human Resources Administration and Department of Homeless Services, shelter census reports (1982-1999).

²³⁶ City of New York, Office of the Mayor, *Mayor's Management Report* (FY 1995-FY 1999). These application denial figures are not unduplicated and represent repeated denials for some families.

²³⁷ New York City Department of Homeless Services, shelter census reports (1999).

²³⁸ Institute for Children and Poverty (1999), pp. 17-18. Data on average family size calculated by Coalition for the Homeless from Department of Homeless Services shelter census reports (1999).

²³⁹ Culhane, Dennis P., Edmund F. Dejaowski, Julie Ibanez, Elizabeth Needham, and Irene Macchia (1998), Table 3.

²⁴⁰ da Costa Nuñez, Ralph (1996), Table 1.

²⁴¹ Culhane, Dennis P., Edmund F. Dejaowski, Julie Ibanez, Elizabeth Needham, and Irene Macchia (1998), Table 3.

²⁴² Institute for Children and Poverty (1999), pp. 17-18.

²⁴³ Dehavenon, Anna Lou (1998), p. 24.

²⁴⁴ Dehavenon, Anna Lou (1998), pp. 25-29.

²⁴⁵ Dehavenon, Anna Lou (1998), p. 30.

²⁴⁶ Dehavenon, Anna Lou (1995), p. 23.

²⁴⁷ Culhane, Dennis P., Chang-Moo Lee, and Susan

M. Wachter (1996), p. 340. Note that this study did not distinguish between previous addresses that were permanent residences and those that were double-ups; as noted above, more than 40 percent of newly-homeless families report that they previously resided in doubled-up housing before seeking shelter.

²⁴⁸ Culhane, Dennis P., Chang-Moo Lee, and Susan M. Wachter (1996), pp. 342-348.

²⁴⁹ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1987 and 1996).

²⁵⁰ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1987 and 1996).

²⁵¹ Dehavenon, Anna Lou (1998), p. 30.

²⁵² United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1978 and 1999).

²⁵³ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1999).

²⁵⁴ Lee, Moon Wha (2000), p. 101.

²⁵⁵ Dehavenon, Anna Lou (1998), p. 30.

²⁵⁶ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1975, 1978, 1981, 1984, 1987, 1991, 1993, 1996, and 1999), and *Census of Population and Housing* (1960 and 1970).

²⁵⁷ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1981, 1984, 1987, 1991, 1993, 1996, and 1999).

²⁵⁸ Schill, Michael H. and Benjamin P. Scafidi (1999), p. 36.

²⁵⁹ United States Department of Commerce, Bureau of the Census, *Housing and Vacancy Survey* (1981, 1984, 1987, 1991, 1993, 1996, and 1999). Inflation adjustments by Coalition for the Homeless (2000).

²⁶⁰ Institute for Children and Poverty (1999), pp. 17-18.

²⁶¹ Culhane, Dennis P., Edmund F. Dejaowski, Julie Ibanez, Elizabeth Needham, and Irene Macchia (1998), Table 3.

²⁶² Culhane, Dennis P., Edmund F. Dejaowski, Julie Ibanez, Elizabeth Needham, and Irene Macchia (1998), Table 3.

²⁶³ Schill, Michael H. and Benjamin P. Scafidi (1999), pp. 29-33.

²⁶⁴ Schill, Michael H. and Benjamin P. Scafidi (1999), pp. 34-36. Note that many relatively affluent neighborhoods, particularly in Manhattan, also suffered severe affordability problems.

- 265 Culhane, Dennis P., Chang-Moo Lee, and Susan M. Wachter (1996), p. 340.
- 266 O’Flaherty, Brendan (1996).
- 267 O’Flaherty, Brendan (1996). This argument is contained in Chapters 6 and 7 (pp. 96-154).
- 268 O’Flaherty, Brendan (1996), p. 3.
- 269 O’Flaherty, Brendan (1996), pp. 112-113.
- 270 O’Flaherty, Brendan (1996), pp. 128-138. For the purposes of his study, O’Flaherty defined low-rent housing as units renting below \$304 per month in 1982-1984 dollars.
- 271 O’Flaherty, Brendan (1996), pp. 128-138.
- 272 O’Flaherty, Brendan (1996), pp. 128-132. O’Flaherty analyzed income distribution histogram slopes and found that the slope for New York City in 1980 was the “flattest” (i.e., the ratio of middle-class to poor households was the lowest) of the six cities in the study.
- 273 O’Flaherty, Brendan (1996), pp. 132-135. O’Flaherty argues that a city’s share of poor and extremely-poor households is a factor in causing mass homelessness, but is not as important as income inequality.
- 274 Fiscal Policy Institute (1999), pp. 10-11.
- 275 Economic Policy Institute and Center on Budget and Policy Priorities (2000).
- 276 Fiscal Policy Institute (1999), p. 11.
- 277 Fiscal Policy Institute (1999), p. 10.
- 278 Rent Guidelines Board (1999b), Appendix Table 2. Data are for new residential units completed, and are from the New York City Department of City Planning.
- 279 O’Flaherty, Brendan (1996), pp. 135-138.
- 280 United States Department of Commerce, Bureau of the Census, *American Housing Survey* (New York-Suffolk-Orange) (1970, 1976, 1980, 1983, 1991, 1995). Analysis by Coalition for the Homeless (2000).
- 281 Blackburn, Anthony J. (1986), pp. 1-1 through 1-8. SRO buildings were primarily converted old- and new-law tenement buildings, whose units were subdivided during the 1930s.
- 282 Blackburn, Anthony J. (1986), p. 2-5. Note that this figure, from the Housing and Vacancy Survey, used a constrained definition of single-room housing units that almost certainly underestimated the actual number of single-room units.
- 283 Blackburn, Anthony J. (1986), p. 1-5.
- 284 Nelson A. Rockefeller Institute of Government (1998), Table K-5. Data are for the respective State fiscal years.
- 285 O’Flaherty, Brendan (1996), pp. 175-176.
- 286 Blackburn, Anthony J. (1986), p. 2-3. These figures are based on *Housing and Vacancy Survey* data for units classified as “SRO-type” or “Single Room Occupancy,” and exclude rooming houses and transient hotels where at least 25 percent of units were used for transient occupancy. After 1978 the Housing and Vacancy Survey changed the categories it used to collect data on single-room housing.
- 287 Blackburn, Anthony J. (1986), p. 2-1 through 2-3.
- 288 Hoch, Charles, and Robert A. Slayton (1989), p. 239.
- 289 See Chapter Two for data on the enormous number of conversions in the 1980s.
- 290 Hoch, Charles, and Robert A. Slayton (1989), pp. 239-240.
- 291 Blackburn, Anthony J. (1996), p. 15.
- 292 Culhane, Dennis P., Edmund F. Dejaowski, Julie Ibanez, Elizabeth Needham, and Irene Macchia (1998), Table 3.
- 293 New York City Department of Homeless Services, shelter census reports (1998-1999).
- 294 Culhane, Dennis P., Stephen Metraux, and Susan M. Wachter (1999), p. 211.
- 295 New York City Department of Homeless Services (1999b).
- 296 Culhane, Dennis P., Stephen Metraux, and Susan M. Wachter (1999), p. 211.
- 297 New York City Department of Homeless Services (1999a).
- 298 Blackburn, Anthony J. (1996), pp. 93-94.
- 299 New York City Human Resources Administration (2000).
- 300 New York City Human Resources Administration (2000).
- 301 New York City Human Resources Administration (1998).
- 302 Corporation for Supportive Housing (1999).
- 303 Center for Urban Community Services (CUCS), Residential Placement Management Services (2000a).
- 304 Center for Urban Community Services (CUCS), Residential Placement Management Services (2000a).
- 305 Center for Urban Community Services (CUCS), Residential Placement Management Services (2000b).
- 306 New York City Department of Homeless Services, Program and Housing Placement Unit (1995-1998).
- 307 City of New York, Office of the Mayor, *Mayor’s Management Report* (FY 1995-FY 1999).
- 308 New York City Department of Mental Health (1998), p. 121.

309 New York City Department of Homeless Services, shelter census reports (1994-1999).

310 New York City Department of Homeless Services, shelter census reports (January 2000).

311 Culhane, Dennis P., Stephen Metraux, and Susan M. Wachter (1999), p. 211.

312 City of New York, Office of the Mayor, *Mayor's Management Report* (CFY 1998-CFY 1999).

313 Culhane, Dennis P., Stephen Metraux, and Susan M. Wachter (1999), pp. 204-205.

314 City of New York, Office of the Mayor, *Mayor's Management Report* (CFY 1989-CFY 1990).

315 New York City Human Resources Administration, shelter census reports (1988-1990).

316 Thompson, Phillip (1999), pp. 128-129. See also Braconi, Frank (1999), pp. 102-103 and footnote 3.

317 Culhane, Dennis P., Stephen Metraux, and Susan M. Wachter (1999), p. 206.

318 City of New York, Office of the Mayor, *Mayor's Management Report* (CFY 1990-CFY 1992).

319 City of New York, Office of the Mayor, *Mayor's Management Report* (CFY 1990-CFY 1993).

320 City of New York, Office of the Mayor, *Mayor's Management Report* (CFY 1994-CFY 1999).

321 City of New York, Office of the Mayor, *Mayor's Management Report* (CFY 1994-CFY 1999).

322 Shinn, Marybeth, Beth C. Weitzman, Daniela Stojanovic, James R. Knickman, Lucila Jimenez, Lisa Duchon, Susan James, and David H. Krantz (1998), p. 1654. For the study, the researchers interviewed 266 homeless families and defined subsidized housing as any housing with rental assistance (including public housing, EARP and non-EARP Section 8 vouchers, and HPD apartments with rent subsidies). In addition, the study defined families as “stably housed” if they maintained their housing for twelve months after leaving the shelter system.

323 Shinn, Marybeth, Beth C. Weitzman, Daniela Stojanovic, James R. Knickman, Lucila Jimenez, Lisa Duchon, Susan James, and David H. Krantz (1998), p. 1654.

324 Wong, Yin L.I., Dennis P. Culhane, and Randall S. Kuhn (1997).

325 Wong, Yin L.I., Dennis P. Culhane, and Randall S. Kuhn (1997).

326 Most famously, conservative spokespersons frequently cited a comment made by Robert Hayes, a co-founder of the Coalition for the Homeless, that the three things homeless people needed most were “housing, housing, housing.” Ironically, Hayes, the lawyer

who brought the *Callahan v. Carey* lawsuit, had argued for expanded mental health and addiction treatment programs as early as 1981 during negotiations on the *Callahan* consent decree.

327 New York City Commission on the Homeless (1994), p. 13.

328 Jencks, Christopher (1994), p. 107.

329 Brendan O’Flaherty is particularly critical of Jencks’ use of housing data, specifically his singular reliance on misleading housing vacancy statistics. See O’Flaherty, Brendan (1996), pp. 202-208.

