



BUILD FROM THE BOTTOM UP: AFFORDABLE HOUSING FOR HOMELESS NEW YORKERS

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INTRODUCTION

Everyone needs a safe and decent place to live where they don't have to choose between paying rent or being able to put food on the table. If a household's income is extremely low, or if members of the household are disabled or otherwise unable to work, homelessness should not be the result. Rent is too expensive, wages are too low, and decades of failed housing policies have resulted in mass homelessness at a scale never seen before.

More than 100,000 people are now sleeping in shelters each night,¹ and hundreds of thousands of the City's lowest income renter households are on the verge of homelessness because they are paying more than 50 percent of their income in rent.² New York City cannot escape this crisis without directly addressing the systemic failure to ensure that there is enough housing with rents affordable to the lowest income households.

Solving mass homelessness is not only a moral necessity but benefits New York City as a whole—the City thrives when everyone has the safety, dignity, and stability of a home. But if New York City continues the same housing development strategies pursued for the past decade, mass homelessness will continue to grow unabated.

¹ New York City, N.Y., Local Law No. 79 (2022) (codified at N.Y.C. Admin. Code § 3-119.7); Coalition for the Homeless, "Facts About Homelessness," accessed January 17, 2026,

<https://www.coalitionforthehomeless.org/basic-facts-about-homelessness-new-york-city/>.

² NLIHC Releases the Gap 2025: A Shortage of Affordable Homes," National Low Income Housing Coalition, November 20, 2025, https://nlihc.org/sites/default/files/gap/2025/gap-report_2025_english.pdf

PRICED OUT: WHAT HAPPENS WHEN RENT IS NO LONGER AFFORDABLE

Everyone who calls New York City home wants security for themselves and their families, to know that life's twists and turns—like losing a job, getting sick, having a disability, or caring for a loved one—won't mean homelessness. But this is challenging for households that are "extremely low-income" under the City's income standards,³ or area median income ("AMI"), which categorizes households based on how their income compares to the median income for the region.

While many extremely low-income households struggle with actually securing housing that they can afford, those who are fortunate to secure housing are far more likely to be severely rent-burdened, that is, paying more than 50 percent of gross income towards rent.⁴ Seventy-three percent of extremely low-income households in the New York City area are severely rent-burdened.⁵

Severe rent burden makes households vulnerable to any destabilizing event and, as such, they experience higher rates of eviction. For instance, from 2020 to 2025, the ten ZIP codes with the highest eviction rates (ranging from 33 to 43 percent of households) were in the Bronx where more than half of households earn below \$53,000.⁶

I was experiencing domestic abuse living with my family for so many years, and I was just tired. After my grandmother passed, my family turned up the heat and threatened me in my home, and that's why I ended up being homeless. I was 53 years old when I first entered the shelter. Anyone can become homeless, and it's a path that many of us need to take in our lives. Shelter should only be temporary, we need more permanent housing.

Darrell Holmes, Coalition for the Homeless Community Leadership Collective Member

³ People categorized as "extremely low-income" have a household income between 0 – 30% of AMI. The AMI for a region is defined each year by the U.S. Department of Housing and Urban Development ("HUD"). The 2025 AMI for a three-person family in the New York City region is \$145,800, meaning 30% AMI for a three-person family is \$43,740. For more information please see: <https://www.nyc.gov/site/hpd/services-and-information/area-median-income.page>.

⁴ U.S. Census Bureau, "2023 New York City Housing and Vacancy Survey Selected Initial Findings," 2023, pg. 55, <https://www.nyc.gov/assets/hpd/downloads/pdfs/about/2023-nychvs-selected-initial-findings.pdf>.

⁵ NLIHC Releases the Gap 2025: A Shortage of Affordable Homes," National Low Income Housing Coalition, November 20, 2025, https://nlihc.org/sites/default/files/gap/2025/gap-report_2025_english.pdf.

⁶ Vasquez, Jade. Evictions Up, Representation Down: How New York City Is Undermining the Right to Counsel. New York, New York: Office of the New York City Comptroller, 2025. <https://comptroller.nyc.gov/reports/evictions-up-representation-down/>.

Coupled with the fact that there are virtually no apartments available for rent at levels affordable to extremely low-income households,⁷ the consequence is predictable: mass homelessness. New York City's shelter system, which was originally designed for temporary stays, now functions as a de facto housing provider of last resort, with an average of 101,978 people (or 56,766 households) sleeping in NYC shelters each night in November 2025.⁸

In addition, the most recent survey of unsheltered homelessness estimates that 4,504 individuals were sleeping unsheltered on the streets and subways of New York City on the night of January 28, 2025, although this is certainly a significant under-count because of methodological problems with how the survey is conducted.⁹ Further, well over 200,000 individuals live doubled-up or tripled-up in the homes of others, often as a last step before turning to shelter or the streets.¹⁰

The severity of the affordable housing shortage combined with high rent burdens creates a system where households become trapped in homelessness and housing insecurity as they struggle to find and retain affordable housing.

⁷ "2023 New York City Housing and Vacancy Survey Selected Initial Findings," 2023.

⁸ New York City, N.Y., Local Law No. 79; Coalition for the Homeless, "Facts About Homelessness," accessed January 17, 2026, <https://www.coalitionforthehomeless.org/facts-about-homelessness/>.

⁹ New York City Department of Homeless Services, HOPE 2025: Homeless Outreach Population Estimate Results (New York: NYC DHS, 2025), <https://www.nyc.gov/assets/dhs/downloads/pdf/hope/hope-2025-results.pdf>.

¹⁰ Coalition For the Homeless, "State of the Homeless 2025" August 28, 2025, 18, <https://www.coalitionforthehomeless.org/state-of-the-homeless-2025/>; Coalition for the Homeless, "Basic Facts About Homelessness," accessed January 17, 2026, <https://www.coalitionforthehomeless.org/basic-facts-about-homelessness-new-york-city/>.

HOUSING INVESTMENTS THAT NEVER REACH THE BOTTOM

Despite record levels of “affordable” housing production in recent years, most of the “affordable” housing created by the City excludes households who are homeless and extremely low-income. This leaves many people—those who care for our elderly and infirm, deliver our food, or pack our groceries—with any hope of being able to rent an apartment in New York City.

Affordable housing is created through two primary methods: direct subsidy and tax incentives combined with inclusionary housing programs. However, neither of these methods create sufficient affordable housing for homeless households and those on the brink of homelessness.

I've lived for almost seven years in shelter, surviving two bouts of cancer in that time. I have been stuck in shelter because I haven't been able to find housing that I could afford, and have had no way to get benefits that could help pay the astronomical rents in New York City. It's been an odd experience, both negative and positive, but mostly it's been living without options, without a clear path to permanent housing.

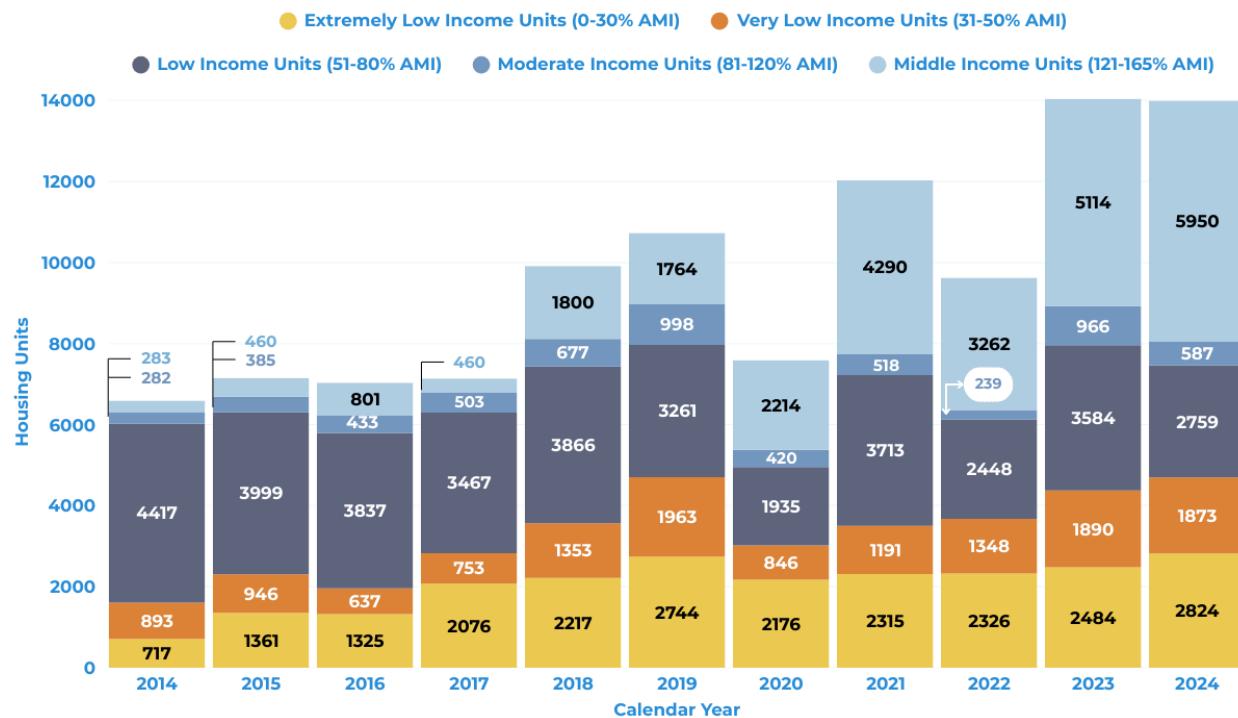
Denton Hutchinson, Coalition for the Homeless Community Leadership Collective Leader

1. NEW YORK CITY'S "AFFORDABLE HOUSING" CREATED THROUGH DIRECT SUBSIDY IS NOT MEETING THE GREATEST NEED

Because City-subsidized affordable housing is created with strict eligibility criteria based on income levels, the majority of new affordable units being produced are not just unaffordable to the lowest-income New Yorkers—they are categorically unavailable. For example, a unit designated for renters with incomes of up to 60 percent of AMI might require applicants to earn no less than 51 percent of AMI. A household with an income at 30 percent AMI would thus not even be considered—they would be automatically rejected for having too low an income for this “affordable” housing unit.

From 2014 to 2024, only 21 percent of the City’s new affordable rental units financed were available to extremely low-income households. That amounts to only 22,565 new units for the lowest-income New Yorkers over an entire decade. To put this into perspective, 69,572 new affordable rental units for households with an AMI between 51 and 165 percent were financed in the same decade (see Figure 1 below).

Figure 1. Number of New Affordable Rental Units Financed by Income Band and Calendar Year (2014 - 2024)



Source: Calculations based on data from NYC Department of Housing Preservation and Development, "Affordable Housing Production by Building," accessed via NYC Open Data.

Note: These figures do not include affordable housing preservations or supportive housing production.

Image Description: A stacked bar chart labeled "Number of New Affordable Rental Units Financed by Income Band and Year (2014 - 2024)." The vertical axis shows housing units from 0 to 14,000. The horizontal axis shows each calendar year from 2014 to 2024. Above each calendar year are bars divided into five color-coded sections from bottom to top. A yellow section at the bottom shows Extremely Low Income Units (0-30% AMI), with a value ranging from 717 for 2014 to 2,824 for 2024. An orange section directly above that section shows Very Low Income Units (31-50% AMI), with a value ranging from 893 for 2014 to 1,873 for 2024. A gray-blue section in the middle of each bar shows Low Income Units (51-80% AMI), with a value ranging from 4,417 for 2014 to 2,759 for 2024. A blue section directly above that section shows Moderate Income Units (81-120% AMI), with a value ranging from 282 for 2014 to 587 for 2024. A light blue section at the top of each bar shows Middle Income Units (121-165% AMI), with a value ranging from 283 for 2014 to 5,950 for 2024. The bars show overall growth from approximately 7,000 total units in 2014 to nearly 14,000 total units in 2024. The most notable change is in the top light blue section representing Middle Income Units, which increases dramatically from just a few hundred units in early years to over 5,000 units by 2024.

As seen in the Figure above, the largest share of new “affordable” rental units being funded by the City in 2024 were restricted to households in the 121 to 165 percent AMI band. This equates to a three-person household, such as a single mother with two children, needing a minimum annual income of \$118,096 to be eligible for an apartment renting for over \$4,000 per month.

This creates a cruel irony: the New Yorkers who are homeless or the most severely rent burdened and at imminent risk of being homeless are categorically barred from the vast majority of city-subsidized “affordable” units the city funds—not because they earn too much, but because they earn too little. This production shortfall leaves the vast majority of extremely low-income households without viable pathways to stable, affordable housing.

2. TAX INCENTIVES AND INCLUSIONARY HOUSING PROGRAMS LEAVE THE LOWEST INCOME HOUSEHOLDS BEHIND

Several tax incentive and inclusionary housing programs have been implemented as a means of creating more affordable housing over the past fifty years—however these programs, too, have largely failed to reach homeless households and extremely low-income households who can no longer make ends meet.

New York City’s Mandatory Inclusionary Housing and Voluntary Inclusionary Housing programs require developers to lease a percentage of rental units at rents affordable to households at 40 to 115 percent of AMI, in exchange for building larger than would otherwise be permitted.¹¹ However, here again, the affordability requirements of these programs fail to create sufficient housing affordable to the lowest income people in our city.

The 421-a program, which has been the largest tax expenditure program for residential properties in NYC, offered options requiring that 25 to 30 percent of units be affordable to households in the range of 40 to 130 percent of AMI. First, this falls short of explicitly requiring housing for the households with the lowest incomes. Additionally, the wide range of AMI levels allowed under this program led to most developers selecting the option of making 30 percent of a project’s units affordable to households at 130 percent AMI—meaning a mother with two kids would need to earn \$189,540 a year to be eligible for this “affordable” apartment.¹²

¹¹ New York City Independent Budget Office, Inclusionary Housing and City Subsidies: A Review of Strategies for Creating New Affordable Housing from Bloomberg to Adams (New York: NYC Independent Budget Office, November 2024), 5, https://a860-gpp.nyc.gov/concern/nyc_government_publications/j6731743h.

¹² New York Housing Conference. “How Does 421a Fit Into Creating Affordable Housing Opportunity in NYC?” New York, New York, January 10, 2024. <https://thenyhc.org/wp-content/uploads/2024/01/FINAL-NYHC-How-421a-Fits-Into-Affordable-Housing-Tools-Jan-9.pdf>.

A TRICKLE WON'T END THE DROUGHT: WHY MORE MARKET-RATE HOUSING WILL NOT SOLVE NYC'S CRISIS FOR HOMELESS AND LOW-INCOME NEW YORKERS

A common argument is that building more housing for renters at all income levels in New York City will result in more apartments becoming available to the lowest-income renters through the process of "filtering down."¹³ However, trickle down housing policies will not work in New York City—especially for the city's lowest-income residents. This is because of flawed assumptions about property depreciation and the pressures pushing housing prices upward, including speculative real estate investment,¹⁴ and the amount of time this approach would need to take effect.

First, filtering down assumes that as buildings age and deteriorate, they become cheaper and accessible to lower-income renters. In cities with abundant housing or population decline, older homes will often lose value and "filter down" to lower-income tenants. New York City is the opposite: constant demand, limited land, and speculative investing instead drive filtering up, where older buildings frequently gain value over time.¹⁵ Housing that was once for the working class—like the classic Brooklyn brownstone—is now some of the City's most expensive real estate.¹⁶

This reversal means that rather than easing pressure from the top down, New York City's market intensifies from the bottom up. Scarcity at the bottom of the housing market forces low-income renters to compete with moderate-income renters for a limited supply of housing,¹⁷ creating an upward pressure throughout the market. As a result, more and more renters must accept increasing levels of rent burden, putting extremely low-income households at higher risk of homelessness.

But even where it does work in other cities, filtering down is an extremely slow process. The most optimistic analyses suggest that it can take more than 20 years for a market-rate unit to become affordable to a household at 60 percent AMI—still well

¹³ Ratcliff, Richard U. "Filtering down and the Elimination of Substandard Housing." *The Journal of Land & Public Utility Economics* 21, no. 4 (1945): 322–30. <https://doi.org/10.2307/3159005>.

¹⁴ Greenberg, David M., Julia Duranti-Martínez, Francisca Winston, Spenser Anderson, Jacob Udell, Caroline Kirk, and Richard D. Hendra. "Housing Speculation, Affordable Investments, and Tenant Outcomes in New York City." *Cityscape* 26, no. 1 (2024): 153–78. <https://www.jstor.org/stable/48766076>.

¹⁵ Pratt Center for Community Development. *Flipping Out: How Home Flipping Reduces Affordability in NYC Neighborhoods of Color*. New York, New York: Pratt Institute, 2024. https://prattcenter.net/uploads/1124/20619bf8cb1e5e0bb1bbc3bff3108ee6fa7024cdae6fc90819ecba5346108c4c/FlippingOut2024_P PrattCenter.pdf.

¹⁶ Spellen, Suzanne. "Brownstone Revival: The Rebirth of the Brooklyn Townhouse." *History. Brownstoner* (New York, New York), November 27, 2024. <https://www.brownstoner.com/history/brownstone-revival-history-brooklyn-ortner/>.

¹⁷ National Low Income Housing Coalition. *The GAP Report 2025: A Shortage of Affordable Homes*. The GAP. New York, NY, 2025. <https://nlihc.org/gap>.

out of reach for extremely low-income households.¹⁸ But again, New York City is far from a typical market: its unrelenting demand, high construction costs, and strict land-use limits mean those units rarely depreciate meaningfully. As such, building market-rate housing in New York City has been found to produce minimal rent reductions only for middle-income housing, with no detectable impact on low-income housing prices.¹⁹ The only proven path to affordability for these families is direct public investment in deeply affordable housing.²⁰

Encontrar un hogar me hizo sentir más segura, mas relajada, sentir que apenas es el comienzo de muchas otras cosas buenas para mi vida, me ha dado la oportunidad de compartir con credibilidad ese recurso, pues considero de que hablar desde la experiencia genera un impacto positivo y valioso, es mi deseo de que muchas otras personas tengan acceso a una vivienda digna, usando ese recurso o cualquier otro medio legítimo, ya que sin lugar a dudas, tener una vivienda adecuada es un derecho humano.

Maria Isabel Jimenez, Coalition for the Homeless Community Leadership Collective Member

¹⁸ Ward, Jason M., George Zuo, and Yael Katz. *Supporting Housing Affordability in New York City Through Increased Housing Production: A Policy Brief*. 2023.

https://www.rand.org/pubs/research_reports/RRA2775-1.html.

¹⁹ Li, Xiaodi. "Do New Housing Units in Your Backyard Raise Your Rents?" *Journal of Economic Geography* 22, no. 6 (December 2022): 1309–52. <https://doi.org/10.1093/jeg/lbab034>.

²⁰ Jack Favilukis, Pierre Mabille, and Stijn Van Nieuwerburgh. "Affordable Housing and City Welfare." Columbia Business School Research Paper No. 18-77, 2018. <https://doi.org/10.2139/ssrn.3265918>.

A NEW HOUSING MANDATE FOR NEW YORK CITY: BUILD FROM THE BOTTOM UP

New York City must prioritize investing in deeply affordable housing—specifically for those who are currently homeless and extremely low-income households at imminent risk of homelessness. Such investments are even more necessary now, given catastrophic federal funding cuts and changes in federal housing and homeless policies that will undermine housing stability for many who are housed, further increasing the demand for housing that is affordable.

The underlying cause of mass homelessness in New York City is a shortage of rental housing for the lowest income residents. This homelessness crisis will continue to grow unless the City corrects the misalignment between the greatest need for affordable housing and the priorities for affordable housing production.

To start, the City must commit to prioritizing the creation of 12,000 units of truly affordable housing per year for the next five years—for a total of 60,000 units available only to homeless and extremely low-income households on the brink of homelessness. While making this historic investment in deeply subsidized affordable units is critical, these efforts alone will not address the aforementioned gap that has resulted in an average of 101,978 people sleeping in shelters each night and hundreds of thousands of extremely low-income households that are severely rent burdened.²¹

Therefore, at the same time, the City must continue to invest in preserving the existing affordable housing stock, repairing and utilizing all vacant housing units, and ensuring that affordable housing projects remain stable over the long-term in order that fewer households require shelter.

New York City's crisis of mass homelessness will continue to worsen without significant investments in housing for the people who need it most. Targeting housing investments to the tightest segment of the market is both logical and necessary. Creating units for the lowest-income households produces the largest and most immediate rent-burden relief for those renters and the renters most proximate to them, and reduces the burden on the City's shelter system.

²¹ NLIHC Releases the Gap 2025: A Shortage of Affordable Homes," National Low Income Housing Coalition, November 20, 2025, https://nlihc.org/sites/default/files/gap/2025/gap-report_2025_english.pdf