

Unaffordable NY: tough choices at \$150,000

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Dr. Vatsal Thakkar, a psychiatrist at New York University Medical Center, and his wife, a clinical psychologist, make a total of about \$150,000 a year. Even so, the couple had to move farther up the West Side from West 72nd Street to find a larger apartment when they were expecting their first child.

That might not be their last stop. Dr. Thakkar has a two- to five-year housing plan in anticipation of a day when the family might have to decamp for the suburbs.

"I read *The New York Times* real estate section as a fantasy novel," Dr. Thakkar says. "It does leave you feeling a little depressed."

Nothing new

Living in the city is becoming more unaffordable for the middle class, and not just in trendy Manhattan neighborhoods, where a two-bedroom apartment can cost about \$1.5 million or rent for \$3,500. Gentrification in parts of Brooklyn, Queens, Harlem and upper Manhattan is putting former middle- and working-class neighborhoods out of reach for many people.

Add a city and state tax burden that can approach 12% of income, and New Yorkers are being priced out of the city, which they don't want to leave.

"For middle- and working-class families, [the city] is unaffordable—increasingly unaffordable," says Vicki Been, director of NYU's Furman Center for Real Estate and Urban Policy.

Living in New York City has always been expensive, and that's the price people pay for its opportunities and vibrancy. But over the past decade, the cost of housing; the largest budget item for most middle- and working-class households; has been rising more steeply than ever. New developments are targeted primarily at the high end of the market, and the mayor's affordable housing program doesn't include a large segment of middle-income households. At the same time, rezoning has limited development in many middle-class neighborhoods.

Priced out

Hardest hit are earners and families making \$80,000 to \$150,000 a year, including blue-collar workers and professionals such as teachers and midlevel managers.

Tom Buscemi, a 30-year-old jewelry merchandiser who makes \$60,000 a year, experienced the pinch. When the landlord wanted to raise the rent on his 350-square-foot walkup in Greenwich Village by \$500, to \$1,900, this past summer, Mr. Buscemi looked in Brooklyn. But he found that even a middle-class neighborhood like Lefferts Gardens was beyond his means.

He ended up in Astoria, Queens, a neighborhood made up increasingly of new immigrants.

"I looked all over Brooklyn, but [rents] are out of control," Mr. Buscemi says. "Five years ago, [landlords] in Park Slope would have come to you."

According to the Furman Center, only 4.6% of homes for sale in New York City in 2005 were affordable to people making the city's median income of \$43,434, a big decrease from 11% in 2000. Similarly, the number of rental units that median earners could handle fell 9% between 2002 and 2005.

Monthly rent or mortgage payments might be the most visible item in a household budget, but city and state taxes here take a bigger bite of income than in many other places for individuals; and for landlords and shopkeepers, who pass on those costs. A family of three with an income of \$75,000 pays about \$8,000 a year in city and state taxes. New Yorkers with income of \$100,000 pay the nation's fourth-

highest city and state taxes, nearly \$11,000.

"Taxes are pervasive and affect every level of economic activity," says E.J. McMahon, director of the Empire Center for New York State Policy in Albany. "The pinch will continue for the middle class."

UNPRECEDENTED PROSPERITY, BUT MOOD WORSENS

MANY OF NEW YORKERS' affordability woes stem, ironically, from an extended period of unprecedented prosperity that has induced families to stay in the city and has attracted many immigrants, all competing for housing.

The good times—including front-page stories about Wall Streeters pocketing million-dollar bonuses—have also **raised people's expectations** about what they need and should be able to afford. "Having a middle-class life in the city has always been challenging," says Nicole Gelinas, a fellow at the Manhattan Institute. "People used to squeeze kids into one bedroom; now everybody thinks every kid should get his own bedroom."

But in fact, even as housing costs have skyrocketed, many consumer goods are more affordable now because of the national chains; including Target, Kmart and Best Buy; that have opened stores in the city in recent years.

In addition, as apartment dwellers and mass transit users, New Yorkers aren't as affected by the gasoline and heating oil price hikes that are roiling the rest of the country. And in many places in the city, housing remains affordable.

But people's growing sense of vulnerability and desire to claim a share of the city's prosperity are increasingly evident. Consider, for example, the battle against Columbia University's expansion into Manhattanville. Despite the fact that the school promises to bring 6,000 jobs, a new high school and a revitalized retail scene into what is a rundown area, community activists fought the plan until the City Council gave its final approval late last month. They argued that gentrification would not only squeeze out Manhattanville's small manufacturers and artists but spill over and drive out residents of nearby neighborhoods.

Similar issues are driving labor strife, including a recently resolved dispute between office landlords and doormen and porters union 32BJ, 90% of whose members live in the city and make about \$40,000 a year. For 32BJ President Mike Fishman, it's all about affordability.

"It's becoming extraordinarily difficult to live in this city as an ordinary person," Mr. Fishman says. "[It used to be] you could have a decent life and put your kids through college. We're beginning to see the end of that."

That concern is already a key theme for two of the three 2009 mayoral candidates; Comptroller William Thompson and Congressman Anthony Weiner.

"Whoever can strike the middle-class responsive chord probably has a good shot to win the race," says political consultant Hank Sheinkopf.

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