

FURMAN CENTER FOR REAL ESTATE & URBAN POLICY

NEW YORK UNIVERSITY

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New Report Analyzing Impact of City-Initiated Rezonings Finds Net Gain in New Residential Capacity But Wide Variation Among Neighborhoods

A Comprehensive Analysis By NYU's Furman Center Finds That the 76 Rezonings Initiated by the City Between 2003 and 2007 Created 100 Million New Square Feet of Residential Capacity in Mixed Use Areas, But Questions Likelihood that New Capacity Will Be Built Out for Residential Use. Report Finds Lower-Income Minority Neighborhoods Were More Likely to Gain Capacity Than More Affluent, White Neighborhoods.

In the fall of 2009, the Bloomberg Administration celebrated its 100th rezoning, a significant milestone in an unprecedented series of rezoning actions that have affected more than one fifth of the City. Despite the intense scrutiny that has accompanied many individual rezonings, no analysis had been done to look at the cumulative impact that these actions have had on the City's capacity to accommodate new residential growth. A new report by NYU's Furman Center for Real Estate and Urban Policy fills that gap. The report examines the rezonings that took place between 2003 and 2007, and finds that of the 188,000 lots that were included in a City-initiated rezoning action, 23% were downzoned, 14% were upzoned, and almost 63% were subject to a contextual-only rezoning (a term for a rezoning that does not significantly change the buildable capacity but otherwise limits the kind of building allowed). Despite the small share of upzonings, on net, these actions increased the City's capacity for new residential building by 1.7%, or roughly 100 million square feet of residential capacity.

"Given the scale of rezoning activity during this time, it is critical to take a step back and ask: 'what is the net impact on the City's capacity to accommodate new growth?'" said Vicki Been, faculty director of the Furman Center. "While we find that on paper, the upzonings have added more capacity than the downzonings have taken away, we also find reason to doubt that all of this new capacity will be built out for residential use, and it remains unclear whether we are on track for creating enough new residential capacity to accommodate the one million new New Yorkers that are expected to live in the City by 2030."

The report finds that different areas of the City have not received equal shares of the new capacity for future growth: Queens and Manhattan had the biggest increases in residential capacity (2.8% and 2.3%, respectively); Staten Island and Brooklyn had more modest gains (1.4% and 1.2% gains, respectively); and the Bronx had no net change. The report also finds that capacity changes from rezonings varied widely from neighborhood to neighborhood.

Because there are competing development pressures in the mixed use areas where new residential capacity has been added, the report questions how much these rezonings will result in new housing units, and cautions that these rezonings alone will not be enough to generate housing to accommodate expected growth.

The report also looks at the distributional implications of where capacity was added and where it was lost. First, it looks at the socio-economic characteristics of rezoned neighborhoods. The report finds that upzoned lots tended to be located in neighborhoods with a higher proportion of black and Hispanic residents than the median neighborhood in the City. On the other hand, downzoned and contextually-only rezoned lots were more likely to be located in tracts with a higher share of white residents, and smaller shares of black and Hispanic residents than the City median. In addition, the report finds that contextual-only rezoned lots tended to be in areas with much higher median income than that of the City as a whole, while upzoned and downzoned lots were in areas with median incomes lower than the City.

"There is no general agreement on whether it is good or bad for one's neighborhood to be upzoned or downzoned," commented Vicki Been. "On the one hand, upzonings can bring needed investment and economic development. On the other, they can lead to congestion and additional strain on a neighborhood's infrastructure. The variation in the pattern of rezonings among communities with different socio-economic characteristics calls for a larger conversation about how the benefits and burdens of development should be shared across the City. We hope this analysis will spur new discussions about ways to ensure the City's land use processes result in efficient, sustainable and fair zoning changes."

The report also looks at the relationship between the rezonings and the transit accessibility of the neighborhoods that gained and lost capacity. Consistent with the City's announced goal of channeling growth to transit rich neighborhoods, it finds that the vast majority of new residential capacity was added in transit rich areas (those within a half-mile walk of a rail entrance). However, the report also finds that a majority of downzoned lots were located in transit rich areas, raising questions about whether rezoning decisions are sufficiently coordinated with infrastructure planning. Accordingly, the report encourages enhanced coordination between the Department of City Planning and the agencies responsible for the City's infrastructure and neighborhood planning.

Finally, the report points to the need for a better understanding of the impact of contextual-only rezonings. A large majority of all rezonings enacted over this time period were contextual-only, yet little is known about the effect these rezonings will have on the cost of building or the kind of development that will take place in rezoned communities. The Furman Center plans to tackle these questions in future research.

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About the Furman Center for Real Estate and Urban Policy

The Furman Center for Real Estate and Urban Policy is a joint center of the New York University School of Law and the Robert F. Wagner Graduate School of Public Service at NYU. Since its founding in 1995, the Furman Center has become a leading academic research center dedicated to providing objective academic and empirical research on the legal and public policy issues involving land use, real estate, housing and urban affairs in the United States, with a particular focus on New York City. More information on the Furman Center can be found at: <http://furmancenter.org>.