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## **Report: Leasing NYCHA Land in NYC's Stronger Housing Markets Could Create New Affordable Units & Produce Significant New Revenue**

*NYU Furman Center report explores tradeoffs among leasing underdeveloped NYCHA land to generate revenue, create new affordable units, or some achieve portion of both*

New York, NY: A new report released today by the **NYU Furman Center** finds that leasing NYCHA's underdeveloped land has significant potential to help the city meet two of its key housing goals: creating new units of housing for low- and moderate-income households without additional subsidy, and generating new revenue to help fill NYCHA's budget shortfall. However, this potential varies widely across neighborhoods based on market rents.

The report, [Building New or Preserving the Old? The Affordable Housing Tradeoffs of Developing on NYCHA Land](#), finds that in neighborhoods with high rents, leasing underdeveloped NYCHA-owned land for private development could generate either substantial annual lease payments for NYCHA or significant numbers of affordable units. The potential to generate a substantial lease payment or number of affordable units drops as market rents drop. Where there is potential to lease land for development, the report quantifies the tradeoffs between generating revenue for NYCHA and creating new affordable units.

"The New York City Housing Authority faces tremendous financial challenges after years of declining federal support," said **Jessica Yager**, policy director of the NYU Furman Center. "At the same time, there are a diminishing number of sites available for construction of new affordable housing, which the city desperately needs. NYCHA's underdeveloped land is a valuable resource that could be used to help meet either or both of these needs in neighborhoods with high enough rents," said Yager.

The study used financial modeling to determine what ground lease payment and/or affordability requirements NYCHA could achieve by leasing land for development in neighborhoods with different market rents. In strong markets, such as Downtown Brooklyn, a high-rise building with 302 units could generate approximately \$2.24 million annually for NYCHA while maintaining 20 percent of the units as affordable. If NYCHA chose to forego a ground lease payment and instead maximized the number of affordable units, 47.5 percent of the units in this new high-rise development could be affordable to low-income households without any additional subsidy. A compromise approach could result in an annual ground lease payment of \$1.48 million to NYCHA with 30 percent of the units affordable to low-income households.

The capacity to lease NYCHA land to generate value in the form of affordable units or ground lease payments is much lower in parts of the city with lower rents. In an area with moderate rents, such as Astoria, a mid-rise development with 20 percent of the units affordable to low-income households would only generate an annual lease payment of \$117,000 for NYCHA. Even with no lease payment, that development could only support making 26 percent of its units affordable to low-income households.

“Deciding how best to use NYCHA’s land involves many considerations beyond just the economics,” said Yager. “However, this analysis shows that, in some parts of the city, there is capacity to use this resource to help meet both NYCHA’s needs and the city’s housing needs.”

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PDF: [http://furmancenter.org/files/NYUFurmanCenter\\_NYCHABrief\\_13MAY2015.pdf](http://furmancenter.org/files/NYUFurmanCenter_NYCHABrief_13MAY2015.pdf)

*Building New or Preserving the Old? The Affordable Housing Tradeoffs of Developing on NYCHA Land* is now available at: <http://furmancenter.org/thestoop/entry/2967>

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### **About the NYU Furman Center**

The NYU Furman Center advances research and debate on housing, neighborhoods, and urban policy. Established in 1995, it is a joint center of the New York University School of Law and the Wagner Graduate School of Public Service. More information can be found at [furmancenter.org](http://furmancenter.org) and [@FurmanCenterNYU](https://twitter.com/FurmanCenterNYU).

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## KEY FINDINGS

[State of New York City’s Housing and Neighborhoods in 2014](#) *(See Part II: City-Wide Overview)*

- City approved more units for construction in 2014 than 2013, which were primarily in large projects with 50 units or more. However, the number of approved units remained below that of the mid-2000s. Permitting activity was concentrated in Manhattan, parts of Brooklyn, and Long Island City.

#### HOMEOWNERS & THEIR HOMES

- Home prices for all property types in each borough rose in 2014 over 2013 levels, marking the third consecutive year that prices have increased. Housing prices have surpassed pre-recession peaks in both Manhattan and Brooklyn.
- Foreclosure filings fell 18% from 2013 to 2014. However, the total number of properties receiving foreclosure filings was still significantly elevated compared to early 2000s levels. The number of total filings in 2014 was close to double the number of filings in 2000.

#### RENTERS & THEIR HOMES

- In the past eight years, rent increases have far surpassed income growth. Between 2005 and 2013, median rent increased by nearly 12%, while median income of renter households increased by only 2.3% as measured in real terms.
- In 2013, median asking rent for an NYC apartment was \$2,900 —more than double the median rent paid by all renters in the city. The highest median asking rents for apartments on StreetEasy were in Manhattan and neighborhoods close to Manhattan. Eight neighborhoods had median asking rents above \$3,000.

#### RESIDENTS

- Between 2000 and 2013, the share of the working age population over 18 grew, while the population below 18 declined. The share of working age population grew the most—nearly two percentage points—reaching 66% of the city’s population in 2013. Meanwhile, the share of children under 18 in the city declined from 24.2% of the city’s population in 2000 to 21.2% in 2013.
- New York City grew more diverse. Between 2000 and 2013, the city’s Asian and Hispanic population shares increased, while the city’s white and black population shares decreased. The share of Asian residents grew the most, from 9.7% in 2000 to 13.4% in 2013. There was also a slight increase in the share of the city’s foreign-born residents, which grew from 35.9% of the city’s population in 2000 to 37% in 2013.

#### NEIGHBORHOOD SERVICES & CONDITIONS

- Indicators of school performance and public safety continue to improve citywide, though wide disparities persist across neighborhoods. The share of high school students who graduate on time increased by 10 percentage points between 2005 and 2014. However, significant disparities remain between boroughs. In Staten Island, more than three-quarters of the Class of 2014 graduated on time, while less than 55% in the Bronx received a diploma on time.
- The city’s serious crime rate remained relatively unchanged between 2013 and 2014. Serious crime rates have remained steady in recent years following a dramatic decline over the past two decades.
- More New Yorkers are commuting without a car. Between 2000 and 2013, the share of New Yorkers commuting without a car decreased six percentage points. The share of bicycle commuters increased slightly (0.8%); however, the bulk of this increase in car-free commuters came from the growth in the share of commuters using public transit.

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