Report: High-Opportunity Neighborhoods In New York City Are Losing Affordable Housing

Subsidy program opt-outs have caused New York City to lose subsidized, affordable rental housing in neighborhoods with high-quality schools, lower crime rates, and greater access to jobs

New York, NY — A new report by the NYU Furman Center finds that many property owners in New York City’s higher-amenity neighborhoods are converting their subsidized properties to market-rate when their affordability restrictions expire. As a result, the city is losing affordable housing in neighborhoods that may offer the greatest opportunities for residents, such as high-quality schools, lower crime rates, and greater access to jobs.

The report, Housing, Neighborhoods, and Opportunity: The Location of New York City’s Subsidized Affordable Housing [LINK], examines changes in the location and neighborhood characteristics of subsidized rental housing in New York City. The study found that the distribution of subsidized rental units across New York City’s neighborhoods changed significantly between 2002 and 2011, not just from new development, but also because of different opt-out rates across neighborhoods.

“We know from research and our own experiences that neighborhoods matter to the lives of residents and New York City neighborhoods provide widely varying access to services and opportunities,” said Max Weselcouch, director of the Moelis Institute for Affordable Housing Policy at the NYU Furman Center.

Properties that opted out of all affordability restrictions between 2002 and 2011 were located in higher-amenity—and higher cost—neighborhoods than properties that were preserved during that time.

On average, the neighborhoods that lost affordable units commanded asking rents about $400 more per month than rents in neighborhoods where affordable housing was preserved. And compared to the typical neighborhoods where affordable units were preserved, neighborhoods with units that converted to market rate had better performing public schools, lower poverty rates, lower violent crime rates, and better access to transit and jobs.
Still, while subsidized rental housing tends to be in neighborhoods with higher poverty rates and lower-quality amenities, these neighborhoods do offer some compensating features in terms of access to services. The average subsidized rental housing in New York City is located closer to transit, parks, senior centers, and child care centers than the average housing unit in the city.

Over the next decade, over 58,000 units of subsidized rental housing will be eligible to opt out of affordability restrictions. Many of these are concentrated in high-cost neighborhoods close to the core business areas of Manhattan.

“Rising market rents in a neighborhood make exits from affordability restrictions more likely, and they also may make preservation more expensive for the city,” said Weselcouch. “Still, the need for affordable units greatly exceeds the supply, and preserving units in a range of neighborhoods—low-cost and high-cost—may allow the city to spread its subsidy dollars further.”

The report also found that, between 2002 and 2011, the city’s new affordable units were constructed in neighborhoods that on average had a poverty rate over 30 percent, a violent crime rate in the top fifth of neighborhoods, and a local public elementary school where just 40 percent of students performed at grade level in English Language Arts.

Since 2000, just six percent of new subsidized affordable rental units have been located in Manhattan below 96th street, compared to 17 percent of subsidized rental units built in the 1970s.

“As the city carries out its plan to build 80,000 affordable units and preserve 120,000 affordable units in the next decade, it is important to consider the geography of these investments,” said Ingrid Gould Ellen, Faculty Director of the NYU Furman Center. “The question of how much the city should pay for creating or preserving affordable units in high-opportunity neighborhoods is a judgment call – but at the very least policymakers should be armed with the facts about neighborhood conditions so they can be strategic in making decisions.”

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Report link: [http://furmancenter.org/thestoop/entry/2809](http://furmancenter.org/thestoop/entry/2809)


The SHIP Database: [http://datasearch.furmancenter.org/](http://datasearch.furmancenter.org/)

The Subsidized Housing Information Project (SHIP) Database is the NYU Furman Center’s searchable database of privately-owned, subsidized rental housing in New York City, which combines data from nearly 50 datasets. The database collects and maintains detailed financial and physical information about the 2,500 properties, containing 235,000 rental units, ever financed in New York City.

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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. The NYU Furman Center launched the Moelis Institute for Affordable Housing Policy in 2010 to improve the effectiveness of affordable housing policies and programs. [http://furmancenter.org/](http://furmancenter.org/)