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*How New York's
Next Mayor can Shape
Land Use and Planning*



NYCHA's Public Land

The New York City Housing Authority's public housing portfolio serves as a bulwark of housing stability and affordability for over 400,000 low-income residents. It is also an anchor of racial and economic diversity in some of New York's most expensive neighborhoods. Yet, physical conditions in many NYCHA buildings have deteriorated, affecting residents' health and wellbeing. Fixing these conditions will cost tens of billions of dollars. As part of raising funds for those repairs, NYHCA planned to use its developable land and air rights to generate \$3 billion prior to the pandemic. Previous efforts to unlock this revenue for capital repairs generated strong local opposition. Given the twin crises of NYCHA's ongoing physical deterioration and the broader housing affordability challenges facing the city, whether and how to unlock the financial value of this public asset is a critical policy choice facing the next Mayor.



Background

Often described as a “city within a city,” the New York City Housing Authority (NYCHA) operates just under 170,000 housing units in over 2,300 buildings spread across 302 separate developments citywide.¹ That massive portfolio makes up 7.8 percent of all rental housing units in New York City. NYCHA receives the bulk of its annual operating revenue from tenants, who pay 30 percent of their household income in rent. It also receives significant operating and capital subsidies from the United States government through the federal public housing program, though funding levels have not kept pace with needs.

Over 400,000 New Yorkers live in NYCHA, much of which was built decades ago—the average NYCHA building is 60 years old. Funding cuts from the federal, state, and city governments have left many residents facing dramatic deterioration in the physical conditions of their buildings and units. A 2017 Physical Needs Assessment (PNA) estimated the cost of repairing and replacing necessary building systems over 20 years to be \$45.2 billion² (\$255,700 per unit), with 70 percent of that total cost needing to be addressed within the first five years.³ NYCHA’s troubles culminated in the appointment of a Federal Monitor in January 2019, following revelations that the agency had deceived federal regulators and exposed young residents to lead hazards in violation of both federal and local law.

Since then, NYCHA has released a turnaround plan called *NYCHA’s Blueprint for Change*, which presents plans to reorganize the agency, create a new public entity to manage capital repairs, and close NYCHA’s capital deficit.⁴ The Blueprint primarily relies on new federal funds, but its revenue projections include \$3 billion from unlocking the value of NYCHA’s development rights by leasing vacant land for new construction and selling air rights to nearby parcels. These changes account for roughly 7.5 percent of new revenue required under the Blueprint. These strategies also offer the possibility of contributing to housing affordability more broadly, by building both market-rate and affordable units on publicly owned land.

1. *NYCHA Development Data Book 2020*. NYC Housing Authority, City of New York, (February, 2020). www1.nyc.gov/assets/nycha/downloads/pdf/pdb2020.pdf

2. The overall \$45.2b repair and replacement cost estimate is now likely an underestimate, given NYCHA’s more detailed requirement to remediate in-unit lead issues, and typical construction cost inflation since 2017.

3. *Physical Needs Assessment 2017*. New York City Housing Authority, City of New York, (March 25, 2018). www1.nyc.gov/assets/nycha/downloads/pdf/PNA%202017.pdf. The denominator used in this calculation is the number of units described in the most recent Physical Needs Assessment.

4. *NYCHA’s Blueprint for Change: Draft Transformation Plan*. New York City Housing Authority, City of New York, (November 16, 2020). my.nycha.info/PublicSite/TransformationPlan

PLANNED REVENUE SOURCES FOR NYCHA'S CAPITAL NEEDS



While the majority of NYCHA's public funding comes via the federal government, the mayor typically appoints NYCHA's Chair (who serves as Chief Executive) and most of its governing board, giving City Hall a large say in the agency's direction and strategy. Notably, the current federal monitor and legal agreement with the Justice Department may curtail the next mayor's discretion regarding NYCHA, but the mayor's influence over NYCHA remains substantial.

Similar to many land-use proposals across the city, efforts to develop on NYCHA campuses ran headlong into local opposition and have been effectively stalled.⁵

Why it Matters

The conditions at some NYCHA developments demand an urgent public response. Problems with heat, elevators, and environmental hazards such as lead and mold endanger already vulnerable populations, including low-income seniors and children. Securing the funding necessary to aggressively mitigate these health hazards is a pressing policy priority.

NYCHA housing plays also an irreplaceable role in New York City's rental market. It is more deeply and permanently affordable than any other source of subsidized housing in the city: almost 60 percent of New York City apartments affordable to households earning 30 percent of the Area Median Income are public housing units.⁶ And while public housing was often originally sited in low-income neighborhoods with segregationist intentions, as many New York neighborhoods have transformed over the past twenty years, NYCHA housing now

5. Sean Campion, *NYCHA 2.0: Progress at Risk*. Citizens Budget Commission of New York, (September 17, 2019). www.cbcnyc.org/research/nycha-20-progress-risk

6. *NYCHA's Outsized Role in Housing New York's Poorest Households*. NYU Furman Center, (December, 2018). www.furmancenter.org/files/NYCHA_Brief_12-17-18_Final.pdf.



provides long-term opportunities for low-income households to live in areas of the city that they could not otherwise afford, and serves as an anchor of racial and economic diversity in large parts of Manhattan and Brooklyn.⁷ Without intervention, NYCHA’s continued survival, and ability to provide these benefits, is in question.

History

Understanding the history of NYCHA’s construction is helpful for contextualizing the current situation. The “towers-in-the-park” design used for so much of New York City’s public and subsidized housing in the mid-20th century was a response to dense and overcrowded tenement housing; as a result, while many NYCHA buildings are tall, the developments are relatively low-density, with buildings covering less than a quarter of their entire lot.⁸ While many cities demolished their public housing high-rises over the last 50 years—in response to changing theories of urban design and their own challenges in paying for capital repairs—New York City’s public housing remains largely as constructed, and was viewed as a national model as recently as 2005.

Unfortunately, funding cuts at every level of government gradually deteriorated NYCHA’s ability to meet the capital needs of its portfolio. The City and State had ceased providing NYCHA with any support by the late 1990s.⁹ (More recently, the State and especially the City have begun to contribute to NYCHA again, and the City eliminated a requirement that NYCHA pay for police protection in 2014). Federal funding declined as well – NYCHA estimated a cumulative federal capital funding shortfall of \$1.34 billion between 2001 and 2018.¹⁰ Combined with rapidly aging buildings¹¹ these cutbacks resulted in an increasingly visible series of problems over the last decade.

7. *How NYCHA Preserves Diversity in New York’s Changing Neighborhoods*. NYU Furman Center, (April, 2019). www.furmancenter.org/files/NYCHA_Diversity_Brief_Final_4-30-2019.pdf

8. Nicholas Bloom Dagen and Matthias Altwicker, “Housing Density from Tenements to Towers.” The Skyscraper Museum, www.skyscraper.org/housing-density/diagrams/

9. Sean Campion, *Stabilizing the Foundation*. Citizens Budget Commission of New York, (July 3, 2018). www.cbcny.org/research/stabilizing-foundation

10. Capital Plan Calendar Years 2019-2023. New York City Housing Authority, City of New York, (December 19, 2018). www1.nyc.gov/assets/nycha/downloads/pdf/capital-plan-narrative-2019.pdf

11. *NYCHA 2020 Fact Sheet*. New York City Housing Authority, City of New York, (March, 2020). www1.nyc.gov/assets/nycha/downloads/pdf/NYCHA-Fact-Sheet_2020_Final.pdf



The conversation about replacing some of NYCHA's falling revenue by developing mixed-income housing on NYCHA-owned land or through the sale of air rights started in earnest in late 2012. Initial plans called for a mix of 80 percent market-rate and 20 percent affordable units at eight developments in high-rent neighborhoods. These proposals were immediately met with intense opposition and did not move forward.¹²

Under Mayor de Blasio, infill plans were revised to include more affordable units: three sites were slated for 100 percent affordable developments, and two more for 50 percent affordable, 50 percent market rate projects. Yet as the crisis at NYCHA deepened, and the need for revenue became more dire, these plans were again revised to focus on infill projects with a 70/30 or 75/25 market/affordable split, which could generate the necessary revenue to fully fund capital repairs at infill development sites.¹³ NYCHA has also contemplated selling its unused air rights to adjacent properties, transferring the ability to build from its unused land to neighboring landowners. A small number of sales have gone through. However, the layout of many NYCHA developments on "superblocks" limits the number of sites where such transfers of development rights are possible, as there are only occasionally non-NYCHA properties on the same block as NYCHA buildings; changes to the zoning code would be required to allow NYCHA to sell its air rights to lots across a street or further away.

These shifting plans and unrealized ambitions for NYCHA's land illustrate the many options, and fundamental tensions, the City must consider in crafting land use plans for NYCHA, including where to use NYCHA's development rights and whether to prioritize using them for new revenues or for more new affordable housing.

12. Batya Ungar-Sargon, "Does NYCHA's Development Plan Vindicate John Rhea?" *City Limits*, (November 18, 2015). www.citylimits.org/2015/11/18/does-nychas-development-plan-vindicate-john-rhea/

13. Sally Goldenberg, "With NYCHA in Dire Straits, De Blasio Rolls out New Plan with More Market-Rate Development." *Politico*, (December 12, 2018). www.politico.com/states/new-york/albany/story/2018/12/12/with-nycha-in-dire-straits-de-blasio-rolls-out-new-plan-with-more-market-rate-development-740612

Tradeoffs and Considerations for NYCHA's Land

New York City and NYCHA face hard decisions about whether and how to proceed with infill development and the sale of air rights. Infill development would replace amenities like open space, playgrounds, parking lots, and views. And there are foundational questions about the right mix of affordable and market-rate units in potential infill projects. Hitting the revenue targets under the Blueprint for Change would require a development mix emphasizing market-rate units, yet this approach has galvanized vehement opposition when previously proposed. Some residents have expressed concern about gentrification and the arrival of higher-income households, a worry that is heightened in the high-rent housing markets where the most substantial revenues can be secured.¹⁴ Another previously contentious issue regarding infill development has been the distribution of revenue. Earmarking more for the “host” development can generate buy-in from residents but may raise equity issues if funds are not shared across the city or targeted where most needed.

An approach emphasizing more affordable units may be less politically contentious and could help address neighborhood affordability more broadly. Yet a 50/50 or 100 percent affordable model would require spending from the City or State. Further, a plan which requires public spending rather than generates revenue will leave NYCHA's troubling conditions unaddressed.

Transferrable development rights offer more limited revenue potential for NYCHA (roughly \$1 billion according to agency estimates). They present their own difficult policy choices. Under current rules, NYCHA can only sell air rights to developers looking to build on adjacent parcels. Designing a new system would require a zoning amendment and a public review process. While the City has created “special purpose districts” for facilitating the sale of air rights previously, most notably to help Broadway theaters, such a plan would have to be designed carefully to avoid disrupting the existing market for air rights under the city's Inclusionary Housing Program and to satisfy legal requirements.

14. Victor Bach, Oksana Mironova, Thomas J. Waters, *NYCHA in Flux: Public Housing Residents Respond*. Community Service Society, (July, 2020). www.cssny.org/publications/entry/nycha-in-flux-public-housing-residents-respond



Moreover, increased density may be as or more controversial or undesirable on the receiving sites as it is on NYCHA properties, especially given that NYCHA’s “tower in a park” buildings are no longer considered high quality urban design.

NYCHA’s under-developed properties are potentially a critical resource: a pool of public land that can be used to maximize public benefit for residents and all New Yorkers, while simultaneously rectifying design and density choices now recognized as a contributing factor to many quality-of-life issues. Yet many NYCHA residents are deeply skeptical of plans for new development, arguing that infill will boost developer profits while letting the government off the hook for maintaining housing it built. In order to ensure that NYCHA is in a position to provide high quality housing over the long-term, engaging residents to reframe the debate around NYCHA’s land is likely to be an important piece of the next Mayor’s housing agenda. The halting progress over many years shows the difficult choices facing the city in pursuing this important, if elusive goal.