

# Subsidized Housing: A Cross-City Comparison

*Cities, states, and the federal government have designed a number of programs to create and maintain place-based affordable rental housing. This section examines how different cities use these programs.*

**N**ew York City has more federally-subsidized housing units than any other city in the country. The share of the housing stock receiving federal rental subsidies is also larger in New York than in most other large cities, with the difference driven largely by its stock of public housing. The three federal programs that have supported the most units of place-based affordable rental housing across the nation are public housing, the Section 8 New Construction and Substantial Rehabilitation Program (known as Project-based Section 8), and the Low Income Housing Tax Credit. In the tables below, we compare these three subsidized portfolios across the five most populous U.S. cities: New York City, Los Angeles, Chicago, Houston, and Philadelphia.

## Affordable Housing Supply

Dating back to 1935, public housing is the oldest form of federal rental housing support in the United States. The federal government no longer funds the development of new public housing units, and all existing units are managed by local public housing authorities. Under the terms of the program, a qualifying tenant pays 30 percent of his or her household income on rent while the government pays the difference between that amount and the rent for the unit. Figure A shows the large range in the share of units that are public housing in the five largest cities. Of the five cities, New York had the most public housing units both in absolute number and as a share of housing units. Over five percent of the city's housing



units in 2008 were in public housing—almost 180,000 units. Philadelphia's housing stock had the second highest share of public housing units at just over two percent in 2008. Houston had the lowest share of public housing units at less than half of one percent. In general, older cities like New York, Chicago and Philadelphia have a higher share of public housing than cities with more recent population growth, like Los Angeles and Houston. The variation across cities is also explained by the fact that many cities (in particular Chicago, but also Philadelphia) have demolished public housing units in the past two decades due to deteriorating conditions and high vacancy rates in certain properties. New York City has not reduced its public housing stock, which is in considerable demand as evidenced through its low vacancy rate (two percent in 2008) and long waiting list.

**Table 1: Affordable Units, 2008**

		Public Housing	Project-based Section 8	Low Income Housing Tax Credit
New York	Number of units	178,017	51,235	50,896
	Share of housing stock	5.3%	1.5%	1.5%
Los Angeles	Number of units	7,084	15,712	20,161
	Share of housing stock	0.5%	1.2%	1.5%
Chicago	Number of units	21,025	21,255	22,325
	Share of housing stock	1.8%	1.8%	1.9%
Houston	Number of units	3,517	5,241	23,623
	Share of housing stock	0.4%	0.6%	2.7%
Philadelphia	Number of units	14,485	8,190	9,838
	Share of housing stock	2.2%	1.2%	1.5%

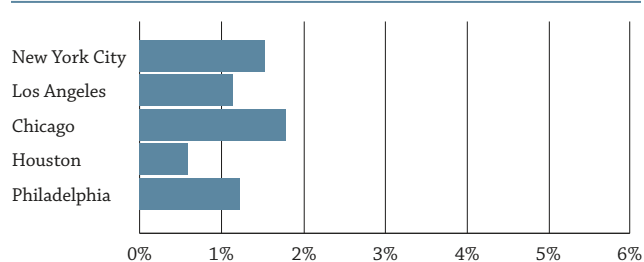
Source: U.S. Department of Housing and Urban Development, *A Picture of Subsidized Households* (2008)

Started in 1974 and administered by the U.S. Department of Housing and Urban Development (HUD), Project-based Section 8 provides a direct rental subsidy to private owners who house low-income tenants in newly built or rehabilitated units. Under the terms of the program, a qualifying tenant pays 30 percent of his or her household income on rent while the government pays the difference between that amount and the “fair market rent” for the unit. No new units have been financed through this program since 1983, and significant numbers of units have left the program over the years. A comparison of Figure A and Figure B shows that the share of the rental housing stock financed through Project-based Section 8 is more similar across the five cities than is the share of public housing. Chicago had the largest share of its units subsidized through Project-based Section 8 (1.8 percent) and Houston again had the lowest at 0.6 percent.

The Low-Income Housing Tax Credit (LIHTC) program began in 1986 and has since become the primary vehicle for financing new affordable housing. This program provides a dollar-for-dollar reduction in federal income tax liability for investors in rental housing that serve low-income households. The Internal Revenue Service administers the LIHTC program, but the actual credits are allocated by city and state housing agencies. Of the five cities, Houston had the highest share of affordable units financed through the LIHTC program. Figure C shows that the use of the LIHTC program is fairly homogenous across cities. Since the LIHTC program is meant to encourage mixed-income developments, not all units in an LIHTC project are affordable. However, the numbers in Figure C only include those units which are affordable under the program.

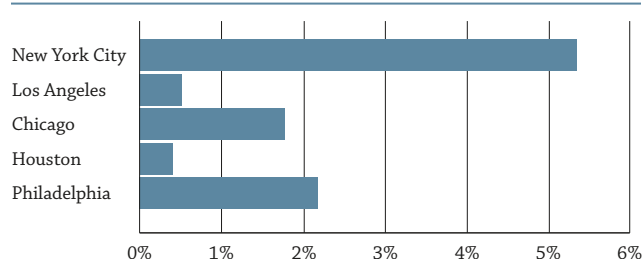
In sum, New York, Chicago, and Philadelphia each have a much higher share of their units in public housing developments than the two newer cities, but there is less variation in the share of the housing stock financed through the other two programs. The numbers in Table 1 do not account for the fact that some LIHTC properties also receive Project-based Section 8, which means that adding units across the different programs would result in some double counting.

**Figure A: Project-based Section 8 (Share of All Housing Units)**



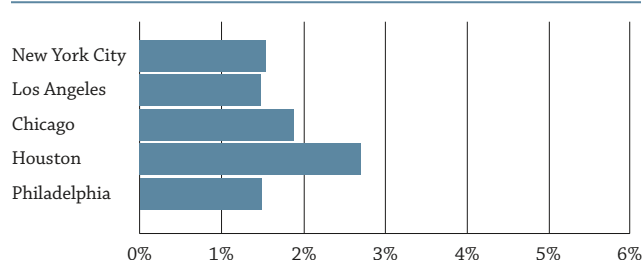
Source: U.S. Department of Housing and Urban Development, *A Picture of Subsidized Households* (2008)

**Figure B: Public Housing (Share of All Housing Units)**



Source: U.S. Department of Housing and Urban Development, *A Picture of Subsidized Households* (2008)

**Figure C: Low Income Housing Tax Credit (Share of All Housing Units)**



Source: U.S. Department of Housing and Urban Development, *A Picture of Subsidized Households* (2008)



## Other Programs

The five largest cities have used other federal programs and developed local programs to provide below-market rental options. New York has been particularly active in using local funds to support subsidized housing. The Furman Center has documented over 170 programs that have been used in New York City alone, most notably the Mitchell-Lama program, created in 1959, which has subsidized the construction of apartments for moderate- and middle-income households. As of 2008, 158 properties with over 97,000 units received Mitchell-Lama financing. Details about subsidized housing programs active in New York City can be found in the Housing section of the Furman Center's Data Search Tool (<http://datasearch.furmancenter.org/>). New York City also has a rent stabilization law, which imposes restrictions on rent increases. Over one million units were rent-stabilized in New York as of 2011, representing roughly 47 percent of the rental housing stock.

Los Angeles is the only other city of the five which currently has some form of rent regulation, but American Housing Survey data suggest that its program is not nearly as large as New York's.

## Conclusion

The figures above show that New York City has a greater share of federally-subsidized rental housing than the nation's four other largest cities. While much of this difference relates to the historical development of public housing in New York, the city government continues to innovate and support new types of subsidized housing as well. New York City is unique in the degree to which it has used local financing to support subsidized housing, as well as the extent to which it has embraced rent regulation. Even so, strong market forces in New York City threaten the preservation of existing affordable housing.

# Data

**The State of New York City's Housing and Neighborhoods *has become a critical reference manual for city planners, developers, tenant and community organizations, the media, and anyone else who wants to understand the critical trends that shape our communities. The data sections that follow examine similarities and differences between New York's neighborhoods and how they have evolved from year to year.***