



NOAH IN NEW YORK

The Surprising Extent of Naturally Occurring Affordable Housing

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EXECUTIVE SUMMARY

It is conventional wisdom that New York City is in the midst of an unprecedented housing crisis, with rising rents and limited vacancies making it difficult, if not impossible, for households of modest means to live in the city. Mayor Bill de Blasio has responded with a signature initiative to enable and support, via tax abatements and other subsidies, the building of some 80,000 new “permanently affordable” rental units over ten years.¹

But how extensive is New York’s housing squeeze, and does it affect the city as a whole? While an influx of demand has boosted housing prices dramatically in certain neighborhoods once known for modest prices, this paper examines the extent to which NYC retains “naturally occurring affordable housing” (NOAH) units—apartments that overlap in price with the mayor’s affordability targets but that are currently available and require no additional government investment.

Using U.S. Census data, this paper finds significant overlap between NOAH units and Mayor de Blasio’s long-term housing targets: some 49,800 such units—including studios and one- and two-bedroom apartments—are likely available in NYC at any given time. Using data provided by StreetEasy, a major online

rental listing service, the paper further confirms the availability of specific NOAH units in NYC. Other key findings include:

1. NOAH units can be found in 42 of NYC's 55 census-designated neighborhoods.²
2. NOAH units are most abundant in northern Manhattan (Inwood and Harlem) and in outer-borough neighborhoods, such as Astoria, Jackson Heights, East Flatbush, and all of Staten Island.
3. There are likely about 8,800 currently available NOAH units—equal to more than half of the 16,000 subsidized units that Mayor de Blasio has pledged to build—for households with annual incomes as low as 50 percent of NYC's area median income (\$38,850 for a family of three; \$30,250 for a single person).

I. INTRODUCTION

The administration of NYC mayor Bill de Blasio has embarked on an ambitious subsidized housing program, Housing New York, which includes the construction of 80,000 new “affordable” units (defined as requiring no more than 30 percent of household income) for households earning up to 165 percent of area median income (AMI)—with the bulk of such units intended for households earning 60 percent–80 percent of AMI (\$46,620–\$62,160 for a family of three; \$36,300–\$48,400 for a single person).³ Construction is to be realized through a combination of city financing, forgone property taxes, and affordable-housing mandates.

At a July 2015 ribbon-cutting ceremony lauding the completion of a subsidized \$17 million, 58-unit, Bronx apartment building, Mayor de Blasio made clear the assumption underlying the city's new policy: absent such a government role, those of modest means will be unable to live in NYC. “This is real progress, in real time, for real families,” said de Blasio. “Together with the city council, community based organizations, and the private sector this will remain a city for everyone.”⁴ More below-market-rate housing must be

created “because New Yorkers are spending more and more to cover their housing costs, and entire neighborhoods have lost their affordability.” This is happening, the mayor's Housing New York plan argues, in part because “supply is not meeting demand.”⁵

This is, indeed, received wisdom in NYC, at a time when relatively affluent newcomers gain attention for moving into what were once poor, low-cost neighborhoods. But to what extent is there truly a citywide rental crisis? Does NYC's entire private housing market not offer housing within the means of lower-income households?

This paper explores the extent to which NYC neighborhoods offer privately owned rental housing that is affordable for those of lower incomes—as well as the extent to which such housing is vacant and available. Selecting the same income groups targeted by Mayor de Blasio, the authors examine two segments of NYC's private housing market: affordable rental units for households with annual incomes of 30 percent (\$23,010)–165 percent (\$128,205) of AMI for a family of three; and affordable rental units for single-person households with annual incomes of 30 percent (\$20,730)–165 percent (\$114,015) of AMI.⁶

Determining rent levels for occupied and available units in NYC is made possible by the city's agreement with the Census Bureau to regularly assess these and other aspects of the city's housing market. The New York City Housing and Vacancy Survey (NYCHVS) is conducted every three years, in part to determine if the city's overall housing vacancy rate is such that rent regulation should continue. (State law requires a vacancy rate of 5 percent or less for rent regulation to continue in NYC; the NYCHVS has been conducted since 1965.) Data in this paper are taken from the 2014 NYCHVS, the most recent such survey.⁷

In addition to its citywide findings, the NYCHVS examines housing conditions—including rent levels and vacancy data—for each of New York's 55 census-designated neighborhoods.⁸ This paper compares,

by neighborhood, the median rent and the household income that would be required for such rent to be considered affordable—defined as the extent to which rents for occupied and available units equal no more than 30 percent of household income.

Although the NYCHVS does not permit tabulation of specific vacancies in specific neighborhoods (because of the small sample sizes of vacant units in individual census-designated neighborhoods), it does

allow for estimates of vacancy percentages for each of NYC’s five boroughs; by multiplying those percentages by the total number of borough housing units, this paper estimates borough-wide vacancies at various rent levels. To further assess the extent of NOAH units in NYC, the authors obtained estimates from StreetEasy, the dominant online rental listing service in Manhattan and Brooklyn, of the number of affordable units, by borough, listed on its website in 2014.

Figure 1. NYC Census-Designated Neighborhoods, Mean Occupied Market Rent per Bedroom, 2014*

Rent per Bedroom (\$)	Census-Designated Neighborhood	Rent per Bedroom (\$)	Census-Designated Neighborhood
567	Morris Heights, Fordham South & Mount Hope	890	East Harlem
648	East New York / Starrett City	893	Bedford/Stuyvesant
704	Bedford Park, Fordham North & Norwood	896	Washington Heights, Inwood & Marble Hill
707	Port Richmond, Stapleton & Mariner’s Harbor	901	Crown Heights South, Prospect Lefferts & Wingate
715	Borough Park, Kensington & Ocean Parkway	902	New Springville & South Beach
718	Belmont, Crotona Park East & East Tremont	912	Briarwood, Fresh Meadows & Hillcrest
719	Concourse, Highbridge & Mount Eden	913	Bay Ridge & Dyker Heights
726	Bensonhurst & Bath Beach	918	Hunts Point, Longwood & Melrose
730	Brownsville & Ocean Hill	921	Flatbush & Midwood
739	Pelham Parkway, Morris Park & Laconia	931	Flushing, Murray Hill & Whitestone
742	Elmhurst & South Corona	990	Bayside, Douglaston & Little Neck
760	Howard Beach & Ozone Park	1,063	North Crown Heights/Prospect Heights
769	Jamaica, Hollis & St. Albans	1,132	Forest Hills / Rego Park
770	Sunset Park & Windsor Terrace	1,163	Riverdale, Fieldston & Kingsbridge
774	Queens Village, Cambria Heights & Rosedale	1,178	Astoria & Long Island City
776	Bushwick	1,266	Sunnyside/Woodside
780	Co-op City, Pelham Bay & Schuylerville	1,313	Williamsburg/Greenpoint
785	Sheepshead Bay, Gerritsen Beach & Homecrest	1,330	Central Harlem
788	Castle Hill, Clason Point & Parkchester	1,474	Hamilton Heights, Manhattanville & West Harlem
788	Brighton Beach & Coney Island	1,789	Park Slope, Carroll Gardens & Red Hook
798	Wakefield, Williamsbridge & Woodlawn	2,013	Brooklyn Heights / Fort Greene
800	Far Rockaway, Breezy Point & Broad Channel	2,111	LES/Chinatown
812	Canarsie & Flatlands	2,469	Murray Hill, Gramercy & Stuyvesant Town
812	Ridgewood, Glendale & Middle Village	2,672	Upper East Side
850	Jackson Heights & North Corona	2,682	Upper West Side & West Side
875	Tottenville, Great Kills & Annadale	2,924	Battery Park City, Greenwich Village & SoHo
878	East Flatbush, Farragut & Rugby	2,967	Chelsea/Clinton/Midtown
878	Richmond Hill & Woodhaven		

*Because both unit size and rents influence rent per bedroom, Figure 1 serves as a proxy for ranking average rent, per square foot. Studios rent for the most, per square foot.

Source: Authors’ calculations based on U.S. Census Housing and Vacancy Survey data

II. FINDINGS

This paper finds that NYC does not suffer from a broad market failure, as measured by the preponderance of affordable rental units in its private housing market. Specifically, it finds that in 42 of NYC's 55 census-designated neighborhoods (**Figure 1**), housing that Mayor de Blasio would define as affordable—equal to about 49,800 NOAH units of all sizes—is currently available (**Figure 2** and **Figure 3**); and that median rents for occupied apartments in these same neighborhoods are also affordable.

Census Bureau

For one important market section—the median market rate of a two-or-more-bedroom apartment—

rent levels for occupied units in 42 NYC neighborhoods do not exceed 30 percent of income for households earning less than 100 percent of AMI (\$77,700 for a family of three). In 23 NYC neighborhoods, the same median market-rate unit was rented at prices that would be affordable for households earning 80 percent or less of AMI (\$62,160); in six NYC neighborhoods, the median market-rate unit was priced at rents that would be affordable for households earning less than 70 percent of AMI (\$54,390 annually).

This paper finds that, in 45 NYC neighborhoods, about 25,600 NOAH units of two-or-more bedrooms are likely available at any given time for those earning less than 120 percent of AMI for a family

Figure 2. Occupied Market-Rate Rents for Two-or-More-Bedroom Apartments, 2014*

Borough	Units	5th Percentile Rent (\$)	10th Percentile Rent (\$)	25th Percentile Rent (\$)	50th Percentile Rent (\$)	75th Percentile Rent (\$)
Bronx	50,809	850	1,060	1,260	1,525	1,815
Brooklyn	168,447	835	1,000	1,207	1,500	1,975
Manhattan	73,308	1,540	2,120	2,850	3,650	4,900
Queens	145,656	945	1,095	1,375	1,640	1,915
Staten Island	20,245	800	1,000	1,250	1,525	1,750
Citywide	458,465	889	1,070	1,310	1,665	2,253

*How deep is NYC's private rental market below the median? Figure 2 examines the total rent distribution for two-or-more-bedroom apartments to answer this question.

Source: Authors' calculations based on U.S. Census Housing and Vacancy Survey data

Figure 3. Occupied Market-Rate Rents for Studios and One-Bedroom Apartments, 2014*

Borough	Units	5th Percentile Rent (\$)	10th Percentile Rent (\$)	25th Percentile Rent (\$)	50th Percentile Rent (\$)	75th Percentile Rent (\$)
Bronx	25,429	225	400	800	1,095	1,340
Brooklyn	88,948	600	750	970	1,194	1,660
Manhattan	114,798	1,070	1,828	2,440	2,890	3,450
Queens	64,837	670	800	1,040	1,280	1,500
Staten Island	13,943	725	860	925	1,025	1,175
Citywide	307,955	600	813	1,070	1,500	2,705

*How deep is NYC's private rental market below the median? Figure 3 examines the total rent distribution for studios and one-bedroom apartments to answer this question.

Source: Authors' calculations based on U.S. Census Housing and Vacancy Survey data

Figure 4. Estimated Vacant Units at Various AMI, by Household Size, 2014*

AMI (%)	Two-or-More-Bedroom Unit			Studio or One-Bedroom Unit			Total Affordable Vacant Units	Mayor's Ten-Year Affordable Target
	3-Person Affordable Rent (\$)	3-Person Income (\$)	Vacant Units	1-Person Affordable Rent (\$)	1-Person Income (\$)	Vacant Units		
30	583	23,310	956**	454	18,150	1,522**	2,478**	6,400
50	971	38,850	4,638	756	30,250	4,207	8,845	16,000
80	1,554	62,160	18,491	1,210	48,400	20,873	39,364	62,400
100	1,943	77,700	23,386	1,513	60,500	26,423	49,809	N/A
120	2,331	93,240	25,663	1,815	72,600	27,988	53,651	71,200
165	3,205	128,205	29,004	2,496	99,825	32,145	61,149	80,000

*Estimates are conservative: two people can comfortably live in a studio or a one-bedroom apartment; and a family of four can civilly live in a two-or-more-bedroom apartment (average unit size was 2.25 for two-or-more-bedroom unit estimates).

**The small number of units means that these estimates should be treated cautiously.

Source: Authors' calculations based on U.S. Census Housing and Vacancy Survey data

of three (about \$93,000) (Figure 4). Two-or-more bedroom NOAH units constitute nearly half the roughly 75,800 vacant rental apartments available in NYC at any given time.

NOAH units are less widespread for single-person households: affordable median market-rate rents for studios or one-bedroom apartments can be found in 32 NYC neighborhoods for those earning AMI (\$60,500) or less; three neighborhoods had median rents affordable below 80 percent AMI (\$48,400); and one neighborhood had median rents affordable below 70 percent AMI (\$42,350). NYC neighborhoods with a preponderance of NOAH units include Elmhurst/ South Corona, Ozone Park, and Ridgewood (Queens); Bensonhurst, East New York, Borough Park, and Sunset Park (Brooklyn); Morris Heights / Fordham South, Bedford Park / Fordham North, and Concourse/Highbridge (Bronx); and all of Staten Island.

Such affordability is not limited to currently occupied units: in 2014, there were more than 18,000 two-or-more-bedroom apartments and 20,800 studio or one-bedroom apartments affordable for households earning 80 percent of AMI (\$62,160 and \$48,400, respectively); these figures include

more than 8,000 units affordable for households earning less than \$38,850.

NYC's stock of NOAH units—which require no new city financing—is thus considerably greater than the 8,000 new subsidized units that the mayor hopes to see constructed annually. (The first 20,325 units, for instance, counted toward the mayor's ten-year goal of 200,000 affordable units built or “preserved”—i.e., refinanced such that rents remain affordable for lower-income households—required \$618 million in direct city financing alone.)⁹ This finding also suggests that affordability is a recurrent element of NYC's housing market: NOAH units, in other words, are not only abundant but available for rent at any given time.

StreetEasy

To confirm the availability of NOAH units in NYC, the authors examined StreetEasy listings of two-bedroom units, as well as listings of studios and one-bedroom units, at relevant AMI thresholds for various household sizes (Figure 5). In 2014, StreetEasy listed roughly 79,400 total affordable units, including middle-income units (as defined by the mayor's guidelines): 15,316 units were affordable for those earning AMI or less (\$77,700 for a household of three; \$60,500 for an individual).

Figure 5. StreetEasy Neighborhoods with Most Affordable Units at 120% AMI, 2014

Neighborhood*	Affordable Units, 165% AMI	Affordable Units, 120% AMI	Affordable Units, 100% AMI	Affordable Units, 80% AMI
Bedford-Stuyvesant	4,368	2,449	1,033	157
Astoria	4,147	2,184	693	45
Washington Heights	2,711	1,977	1,102	84
Central Harlem	3,150	1,874	871	96
Crown Heights	2,755	1,574	793	125
Yorkville	4,611	1,350	36	1
Bushwick	2,780	1,299	457	32
East Harlem	1,921	1,294	481	35
Bay Ridge	1,232	1,041	560	111
Hamilton Heights	1,147	705	291	30
Flatbush	764	682	530	105
Upper East Side	2,562	660	18	5
Forest Hills	1,120	618	214	13
Prospect Lefferts Gardens	648	524	291	33
Sheepshead Bay	538	485	359	59
Sunnyside	726	478	147	5
Rego Park	686	469	158	11
Long Island City	1,489	425	127	7
Inwood	483	423	273	37
Park Slope	2,131	412	73	5
Upper West Side	2,994	401	41	4
Sunset Park	457	396	253	20
Williamsburg	2,746	384	55	9
Ditmas Park	468	360	236	23
Kensington	502	345	192	18

*As defined by StreetEasy
Source: StreetEasy

Because StreetEasy listings are concentrated in Manhattan and Brooklyn—it listed more two-or-more-bedroom apartments of any price for Brooklyn’s Bushwick neighborhood than for the entire Bronx, for example—the StreetEasy data serve to complement, not replace, the census data.

StreetEasy’s listing service demonstrates the availability of moderate-income units in increasingly popular Brooklyn and Queens neighborhoods (Bedford-Stuyvesant, Crown Heights, and Bushwick; Astoria

and Long Island City), upper Manhattan (Washington Heights, Harlem, and Inwood), and parts of south Brooklyn (including Bay Ridge, Crown Heights, and Flatbush)—but indicates less availability in the Bronx and central Queens (despite the fact that census data indicate that such housing is likely available).

Why does StreetEasy’s share of NYCHVS-estimated NOAH units vary widely (from 303 percent in Brooklyn to 7 percent in Staten Island) (**Figure 6**)? First, StreetEasy data show a composite of 2014

Figure 6. NOAH Units, Census-Estimated vs. StreetEasy-Listed, 2014

	Census-Estimated	StreetEasy-Listed	StreetEasy-Listed as Share of Census-Estimated (%)
Bronx	14,894	2,244	15
Brooklyn	19,463	28,958	149
Manhattan	11,934	36,128	303
Queens	11,490	11,862	103
Staten Island	3,368	221	7

Source: Authors' calculations based on U.S. Census Housing and Vacancy Survey data and StreetEasy data

Figure 7. Concentration of NOAH Units by Borough, Census-Estimated vs. Street-Easy Listed, 2014

	Census-Estimated (%)	StreetEasy-Listed (%)
Bronx	24.4	2.8
Brooklyn	31.8	36.5
Manhattan	19.5	45.5
Queens	18.8	14.9
Staten Island	5.5	0.3

Source: Authors' calculations based on U.S. Census Housing and Vacancy Survey data and StreetEasy data

vacancies, while census data show a snapshot of vacancies at the time that census staff sampled each neighborhood.

Second, StreetEasy, though the market leader for free public listings in premium and/or newly popular neighborhoods in Manhattan, Brooklyn, and Queens, is less dominant in more modest NYC neighborhoods. (In Manhattan and Brooklyn, in particular, StreetEasy's dominance enabled it to capture more unit turnover across 2014 than did census staff in their sample snapshot.) In other NYC neighborhoods—Queens outside Astoria, Staten Island, the Bronx, and Brooklyn neighborhoods such as East New York, Coney Island, Bensonhurst, and Borough Park—many NOAH units are likely to be found via less prominent listing services or via local brokers. Nevertheless, the StreetEasy data confirm that an abundance of NOAH units are being offered on NYC's leading apartment rental website (**Figure 7**).

III. POLICY IMPLICATIONS

There may be legitimate reasons that NYC may wish to continue providing subsidies for some new housing. In a period of growing population and thus, of rising demand for new housing, expanding the city's stock of below-market-rate housing

may incentivize political support for new construction among existing residents in high-demand neighborhoods—especially if such residents believe that those of modest means (including, perhaps, themselves) will be able to avail themselves of what would otherwise be higher-cost units. As proposed zoning changes seek to legalize taller, more dense residential structures in non-Manhattan neighborhoods—such as East New York and Brooklyn's Broadway corridor, the Bronx's Jerome Avenue corridor, and Jamaica and Flushing in Queens—mobilizing such support may be critical.

Financing subsidized housing should not, however, be rooted in the false argument that NYC's entire rental market has priced out nonaffluent households. Further, there are numerous reasons to be concerned about Mayor de Blasio's affordable housing plans.

Start with the sheer expense of subsidizing individual units. As mentioned, the first 20,325 units that Mayor de Blasio counted toward his ten-year goal of 200,000 affordable units, constructed or preserved, required \$618 million in direct on-budget city funding. Housing subsidies also represent a significant per-unit expense in forgone tax revenue: New York's so-called 421a program, for instance, leads the city to grant off-budget property-tax exemptions worth more than \$1 billion annually.

The opportunity cost of such expenditures is considerable, too. NYC has many needs, from public safety to health care, education to parks: \$618 million, for example, is nearly twice the city's \$392 million annual budget for park maintenance¹⁰ and more than double the MTA's recent \$300 million request for capital-budget funding (as well as roughly five times NYC's current fiscal-year contribution to the MTA budget).¹¹

Directing significant sums to individual units—of which individual households are the main beneficiaries—diverts funds from purposes that benefit many more New Yorkers. To believe that subsidies directed toward ensuring an income mix of residents in specific buildings is a key public priority, one must believe that the value of such “economic integration” outweighs the value of investments in, for instance, the city's existing low- and middle-income neighborhoods.

Public budgeting is inevitably a series of such trade-offs.¹² Undoubtedly, some will see the mayor's affordable housing plan as a worthy goal—but it is not a goal for which vacancy data make the straightforward case advocated by the mayor. One alternative to costly subsidies would be to improve the informational efficiency of NYC's affordable rental market: expand, say, the listings exposure of outer-borough neighborhoods on StreetEasy and other websites, perhaps with modest financial support from the city.

IV. CONCLUSION

This paper does not claim that the relative abundance of NYC's NOAH units is permanent and inevitable in the absence of new construction—quite

the contrary. SoHo, Chelsea, and Williamsburg were once naturally affordable neighborhoods but have since seen population growth outstrip housing supply. Upper Manhattan, with the lowest median sales prices in the borough, is now experiencing double the price growth of that seen by the rest of Manhattan.¹³

Yet Mayor de Blasio's affordable housing goals are predicated on the false assumption of an existing, inevitable shortage of housing within the means of low- and middle-income households: most of NYC continues to be characterized by median apartment-rental prices within the means of those earning area median income. Indeed, census and StreetEasy data make clear that NOAH units are not only abundant but available for rent at any given time, too.

There are many reasons that even more relatively low-priced housing is not available in New York. Tax policy and unit-size restrictions affect construction costs per unit. Density-limiting zoning drives up land and air-right prices by restricting the supply of buildable space in desirable neighborhoods. In other major U.S. cities, including Houston and Chicago, where housing is less regulated, affordability is greater. Such concerns and comparisons, however, are beyond this paper's scope.

In sum, the authors find that affordable middle-class and working-class housing remains widely available across most of NYC—even absent new subsidies and other new city interventions; and that such NOAH units represent a significant percentage of the subsidized units that Mayor de Blasio has pledged to build over the coming decade.

ENDNOTES

1. See <http://www.capitalnewyork.com/article/city-hall/2015/05/8568402/de-blasio-unveils-10-year-nycha-plan>.
2. A total of 42 census neighborhoods have median rents on two-or-more-bedroom apartments at or below 100 percent area median income (AMI) for a family of three; 30 census neighborhoods have median rents for studios and one-bedroom apartments at or below 100 percent AMI for an individual.
3. See http://www.nyc.gov/html/housing/assets/downloads/pdf/housing_plan.pdf.
4. See <https://sites.google.com/site/bronxnews/headlines-Bronx-New-York/deblasio-hails-affordablehousing-bronxnews>.
5. See http://www.nyc.gov/html/housing/assets/downloads/pdf/housing_plan.pdf.
6. The authors selected all households eligible—as determined by NYC’s Department of Housing Preservation and Development (HPD)—for affordable units, such as those set aside in new, generally market-rate developments via “inclusionary zoning” (whereby the city mandates that as many as 30 percent of units are affordable). Under HPD rules, such subsidized units (made possible, in part, by a zoning floor-area bonus of 33 percent and reduced city property taxes) are reserved not only for the very poor but for a range of households earning 165 percent or less of AMI. The mayor’s weighted average target for new units is 60 percent–80 percent of AMI. See http://www.nyc.gov/html/housing/assets/downloads/pdf/housing_plan.pdf, p. 6.
7. See <http://www.census.gov/housing/nychvs>.
8. These 55 subunits, known as Public Use Microdata Areas (PUMAs), correspond with NYC’s 59 Community Board districts. Some smaller adjacent Community Board districts were merged by the Census Bureau to form an area with at least 100,000 people to meet the population definition of a PUMA.
9. See <http://www1.nyc.gov/office-of-the-mayor/news/482-15/de-blasio-administration-record-breaking-20-325-affordable-apartments-homes#/0>.
10. See http://council.nyc.gov/downloads/pdf/budget/2015/15/eb/parks_and_recreation.pdf.
11. See <http://www.capitalnewyork.com/article/city-hall/2015/05/8567278/mta-surprises-de-blasio-call-more-funding>. During preparation of this paper, NYC announced an initial agreement to increase its annual contribution to the MTA to \$500 million, contingent on continued state aid and city input on capital budgeting choices. This amount is, however, still roughly 20 percent less than the \$618 million 2014 housing outlay.
12. Through its inclusionary-zoning policies, the de Blasio administration is, in effect, setting the additional priority of economic integration of specific apartment complexes.
13. See <http://streeteasy.com/blog/july-2015-market-update-manhattan-and-brooklyn>.

