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MOELIS INSTITUTE
FOR AFFORDABLE HOUSING POLICY

School of Law
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Housing, Neighborhoods, and Opportunity:

The Location of New York City's Subsidized Affordable Housing

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Rent burdens for low- and moderate-income renters continue to grow in New York City, inviting calls for more affordable housing. While the primary goal in developing affordable housing should arguably be to provide safe housing at a reasonable cost so that households have more residual income available for food, medicine, transportation, and other essential goods, housing programs also take people to particular neighborhoods. New York City neighborhoods provide widely varying access to services and opportunity. Thus, city policymakers need to pay attention not only to the number or quality of subsidized, affordable units produced, but also to the characteristics of the neighborhoods where those units are built.

Research suggests that neighborhood conditions matter to the lives of residents, though it is not clear what attributes of neighborhoods matter most.[1] Still, some connections seem obvious. Living in close proximity to transportation and employment opportunities likely makes it easier for individuals to find and maintain jobs.[2] High quality child care, public schools, and youth programs may allow children to learn more and make it more likely that they stay in school.[3] The presence of employed neighbors may offer critical social networks that can inform residents about job opportunities and connect them to jobs.[4] Finally, recent research shows that neighborhood safety is critical, especially for children. Exposure to violent crime can cause trauma and stress to children and undermine their cognitive development.[5]

Neighborhood characteristics matter for different reasons to different populations. For example, older adults without children do not need access to high quality schools while young families with children do not need access to senior centers. Neighborhoods are complex and multidimensional, and families will rarely find a neighborhood with a mix of characteristics that perfectly matches their preferences. Indeed, some of the neighborhoods in New York City with the best performing schools lack easy access to public transit. For example, Community District 11 in Queens, Bayside/Little Neck, consistently has some of the best performing public elementary and middle schools in the city but residents there have very little access to public transportation with just 22 percent of housing units located within a ten-minute walk of a subway station entrance.[6] Similarly, research shows that many poor neighborhoods offer rich social networks and ample commercial activity.[7] Of course, neighborhoods with the best mix of access to quality services, proximity to jobs and transit, and low violent crime rates often have the highest housing costs, making them inaccessible to poorer residents without government intervention.

1 Ellen, I. G., & Turner, M. A. (1997). Does neighborhood matter? Assessing recent evidence. Housing Policy Debate 8(4), 833-866.

2 Andersson, F., Haltiwanger, J. C., Kutzbach, M. J., Pollakowski, H. O., & Weinberg, D. H. (2014, April). Job displacement and the duration of joblessness: The role of spatial mismatch. [Working paper 20066]. *National Bureau of Economic Research*.

3 Schwartz, A. E., McCabe, B. J., Ellen, I. G., & Chellman, C. C. (2010). Public schools, public housing: The education of children living in public housing. *Urban Affairs Review* 46(1), 68-89.

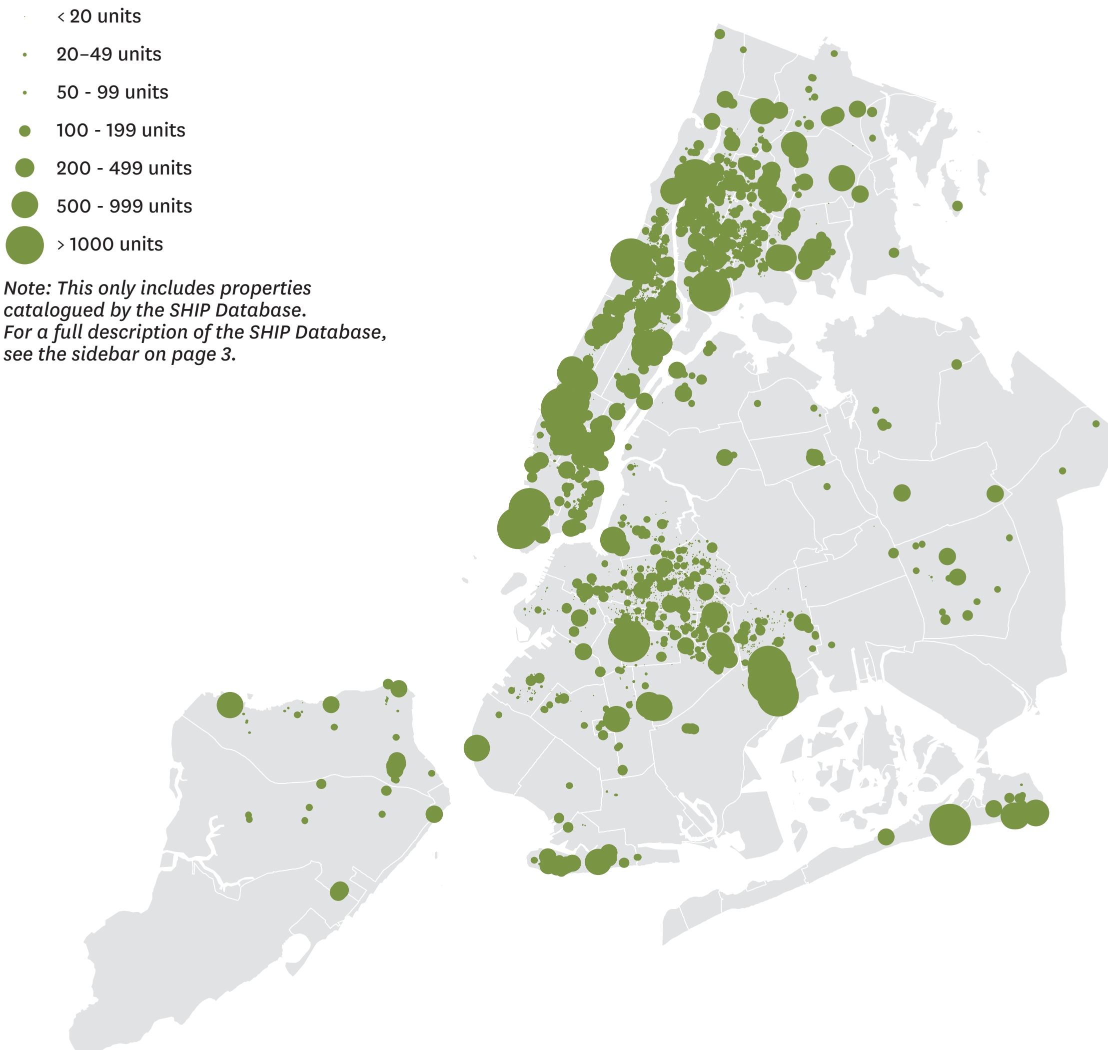
4 Wilson, W. J. (1987). *The truly disadvantaged*. Chicago, IL: University of Chicago Press.

5 Sharkey, P., Schwartz, A. E., Ellen, I. G., & Lacoe, Johanna. (2014, May). High stakes in the classroom, high stakes on the street: The effects of community violence on students' standardized test performance. *Sociological Science 1*, 199-220.

6 Furman Center for Real Estate and Urban Policy. (2014). *State of New York City's Housing and Neighborhoods in 2013.* New York, NY: Capperis, S., De la Roca, J., Findlan, K., Ellen, I. G., Madar, J., Moriarty, S., Steil, J., ... Willis, M.

7 Small, M. L. (2009). Unanticipated gains: Origins of network inequality in everyday life. New York, NY: Oxford University Press.

Figure 1: Privately-owned, Publicly Subsidized Affordable Rental Properties, by Number of Units



Note: This only includes properties catalogued by the SHIP Database. For a full description of the SHIP Database, see the sidebar on page 3.

Location of Subsidized, Affordable Rental Housing

Given the importance of neighborhood characteristics, we have examined the geographic distribution of subsidized rental housing in New York City and how it has changed over time. Figure 1 shows the location of most rental units created by private developers and subsidized by the city, state, or federal government to be affordable to low-, moderate-, or middle-income households. The programs that have produced the most subsidized, affordable rental units fall into four main categories: U.S. Department of Housing and Urban Development (HUD) financing and insurance programs, HUD project-based rental assistance, the New York City and New York State Mitchell-Lama programs, or Low-Income Housing Tax Credits (LIHTC).[8] Over the last 60 years these programs have supported the creation of over 2,500 buildings with 235,000 affordable rental units. While privately-owned, publicly-subsidized affordable rental units are located in every borough of New York City, they tend to be concentrated in neighborhoods in Upper Manhattan, the South Bronx, and Central Brooklyn.

8 This report focuses only on subsidized rental properties, and only those developed through one of the four categories of programs described above. It does not include affordable ownership units (e.g. Mitchell-Lama co-ops, or Article XI limited equity co-ops) or properties developed exclusively through other city programs (e.g. tax-exempt bonds or 421-a only).

Over the years, privately-owned, subsidized rental housing has typically been developed in areas of the city where land costs are relatively low because there is little competing market-rate development. Figure 2 shows the patterns of development of privately-owned, subsidized housing in New York City in each decade. Private developers built subsidized housing in every borough in every decade since the 1960s. However, as the neighborhoods closer to downtown Manhattan have become more expensive in recent years, subsidized housing development has become less common in the higher cost areas in the city center. 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. In fact, virtually all the recent development in Manhattan below 96th Street has been in mixed-income buildings, spurred by increasing market rents. In these developments, 20 percent of the units are set aside as affordable in exchange for a 421-a tax abatement and/or an Inclusionary Housing bonus.

The SHIP Database

Researchers at the NYU Furman Center combined data from nearly 50 datasets to create a single online, searchable database of privately-owned, subsidized rental housing in New York City. Known as the Subsidized Housing Information Project (SHIP), the database collects detailed financial and physical information about the 2,500 properties containing 235,000 rental units ever financed in New York City by the following categories of subsidy programs: U.S. Department of Housing and Urban Development (HUD) financing and insurance programs, HUD project-based rental assistance, the New York City and New York State Mitchell-Lama programs, or Low-Income Housing Tax Credits (LIHTC). The SHIP Database is accessible through the interactive NYC Data Search Tool available at datasearch.furmancenter.org.

While the SHIP Database is not a comprehensive catalog of all federal, state, and local programs used to develop affordable housing, the properties included represent the largest portfolios of privately-owned, publicly-subsidized, income-limited affordable rental housing in New York City.[9] For a full analysis of the properties catalogued by the SHIP Database, please refer to the NYU Furman Center's report, *State of New York City's Subsidized Housing: 2011*.

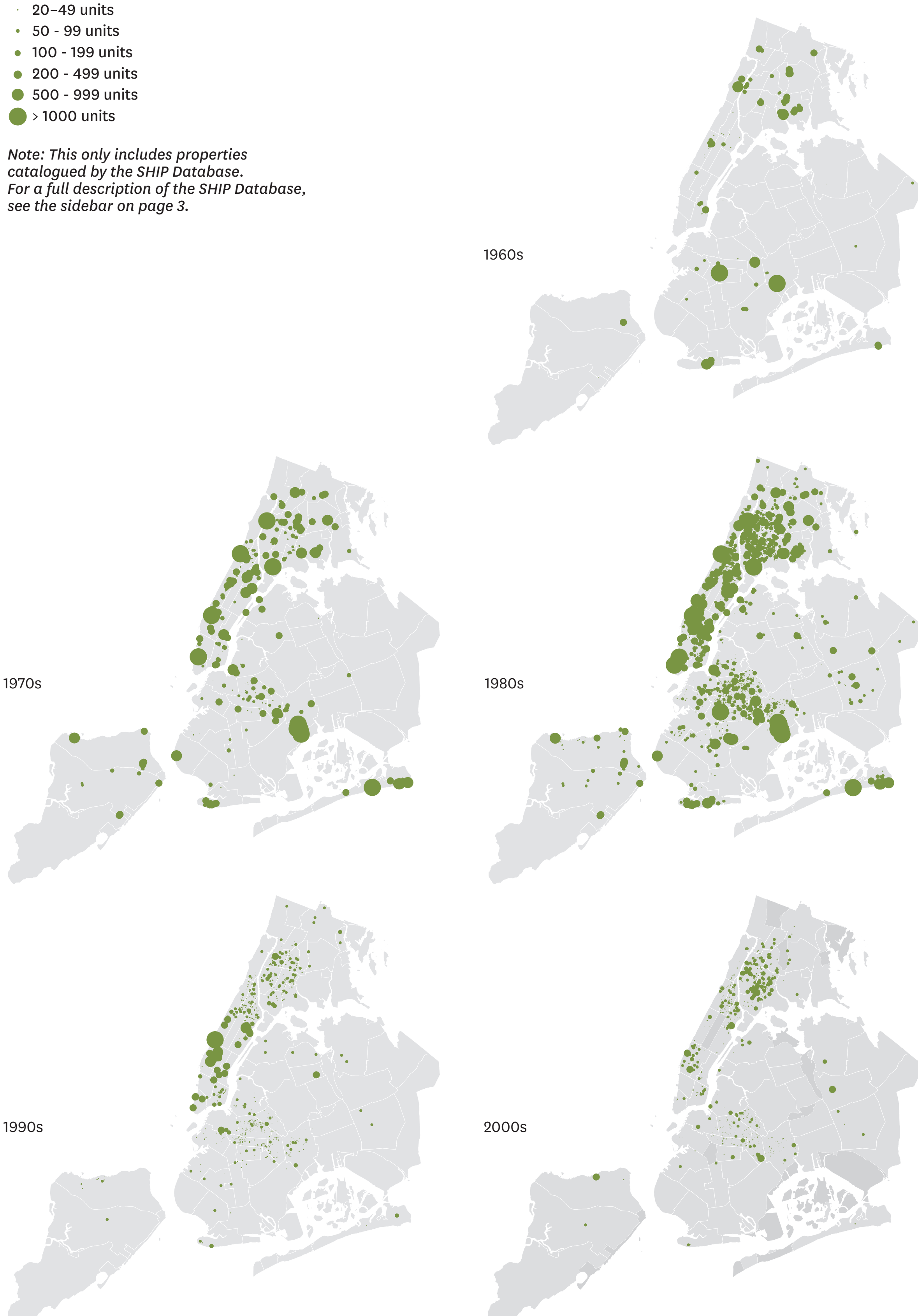
The database relies on data and cooperation from the New York City Department of Housing Preservation and Development (HPD), the New York City Housing Development Corporation (HDC), New York State Homes and Community Renewal (HCR), and the U.S. Department of Housing and Urban Development (HUD).

9 Other programs include, for example, the Homeless Housing Assistance Program, Housing Trust Fund Program, Participation Loan Program (PLP), Article 8A loans, and the Tenant Interim Lease Program (TIL).

Figure 2: Location of Subsidized Rental Housing, by Decade Built

< 20 units
20–49 units
50 - 99 units
100 - 199 units
200 - 499 units
500 - 999 units
> 1000 units

Note: This only includes properties catalogued by the SHIP Database. For a full description of the SHIP Database, see the sidebar on page 3.



Opt-out Decisions

In exchange for a subsidy from the government, owners of these properties agree to keep rents affordable to low-, moderate-, or middle-income residents for the duration of the subsidy restrictions, usually 30 years. Unlike public housing, these privately-owned, publicly subsidized properties are not permanently affordable, and owners may opt out of their affordability restrictions after a set number of years.[10] The distribution of subsidized rental units across neighborhoods can thus change over time, not just from new development, but also because of differential opt-out rates across neighborhoods.

At the end of the subsidy term, an owner has several options. First, he or she can choose to preserve the affordability of the property by renewing the subsidy (or negotiating a new subsidy with the government) and extending the affordability restrictions of the units. Second, an owner may choose to forgo additional years of subsidy, opt out of all restrictions, and convert the property to market-rate rental units or condominiums. A third option is to sell the property when the affordability restrictions are set to expire, in which case the new owner can also choose to extend affordability restrictions, or opt out of affordability altogether. Nearly one-quarter of the 235,000 units of privately-owned, subsidized rental housing that has been developed in New York City through the four categories of programs described above since the 1960s has already been converted to market-rate.[11]

A number of factors shape whether an owner will chose to keep her property affordable or opt out of affordability restrictions. Properties in worse physical condition may be more likely to extend their affordability restrictions in exchange for a subsidy to fund improvements.[12] Owners may decide to opt out of subsidy programs if they deem the regulatory requirements of participation to be overly burdensome. Neighborhood conditions likely matter too, at least in the case of properties owned by for-profit developers, who likely view their properties as investments and so will attempt to maximize their return. Thus, if the market-rate rents in the neighborhood are substantially higher than the rent levels mandated by a subsidy program, a for-profit owner is likely to sell their property or convert it to market rate to realize those potential profits.[13, 14] On the other hand, mission-driven, non-profit owners are less likely to worry about foregone profits and so more likely to maintain a property as affordable regardless of the market conditions of the surrounding neighborhoods.[15]

As noted above, new subsidized housing has generally been built in neighborhoods with low land costs, but in the intervening years, market rents and prices in some of the neighborhoods where subsidized housing was constructed have risen considerably, making opting out and converting to market-rate an attractive choice for a profit-seeking owner. Figure 3 compares the location of subsidized properties that opted out in the decade between 2002 and 2011 with properties that were preserved and extended their affordability

10 Affordable units developed through the Inclusionary Zoning program are also required to be maintained as permanently affordable.

11 It is possible that some properties have received financing through subsidy programs that are not yet included in the SHIP Database and have affordability restrictions through those programs. Additionally, some properties entered rent stabilization after their subsidy expired due to previous agreements or in exchange for tax abatements. In many HUD subsidized properties, while the rents may have increased to market rate, the current tenants often received Section 8 vouchers.

12 Reina, V., & Begley, J. (2014, June). Will they stay or will they go: Predicting subsidized housing opt-outs. *Journal of Housing Economics 23*, 1-16.

13 Reina, V., & Begley, J. (2014, June). *Ibid*.

14 For some properties, there are limits on how much an owner can raise rents after opting out. When properties financed through the Mitchell-Lama program and completed before January 1, 1974 opt out, the units will be subject to rent stabilization.

15 Econometrica and Abt Associates. (2006, January). *Multifamily properties: Opting in, opting out and remaining affordable*. U.S. Department of Housing and Urban Development Office of Policy Development and Research. Washington, DC: U.S. Government Printing Office. Reina, V., & Begley, J. (2014, June). Ibid.

Shimberg Center for Affordable Housing. (2008, May). *A risk assessment method for preservation of assisted rental housing*. Gainsville, FL: Ray, A., Roset-Zuppa, P., O'Dell, W., Smith, M., & White, D.

U.S. Department of Housing and Urban Development Office of Policy Development and Research. (2012, June). *What happens to low-income tax credit properties at year 15 and beyond? Summary.* Washington, DC: U.S. Government Printing Office.

U.S. Government Accountability Office. (2007, April). *Project-based rental assistance: HUD should update its policies and procedures to keep pace with the changing housing market.* (GAO-07-290). Washington, DC: U.S. Government Printing Office.

restrictions.[16] The differences in neighborhood locations are fairly stark. Twenty-eight percent of the units that opted out during that time period were located in Manhattan below 96th Street while just 11 percent of preserved units were located there. On average, properties that were preserved were slightly larger than those that opted out of affordability restrictions. Preserved properties had a median of 44 units compared to 31 units for properties that opted out.[17]

Over the next decade, 58,288 units of subsidized rental housing financed through HUD financing and insurance, HUD project-based rental assistance, the Mitchell-Lama program, or the Low-Income Housing Tax Credit will be eligible to opt out of all affordability restrictions because the affordability requirements of all of the financing streams on the properties will expire. Figure 4 shows that these units are located in a variety of neighborhoods throughout the city, but many are concentrated in high-cost neighborhoods close to downtown Manhattan.

Figure 3: Location of Properties that Were Preserved or Opted Out, 2002–2011

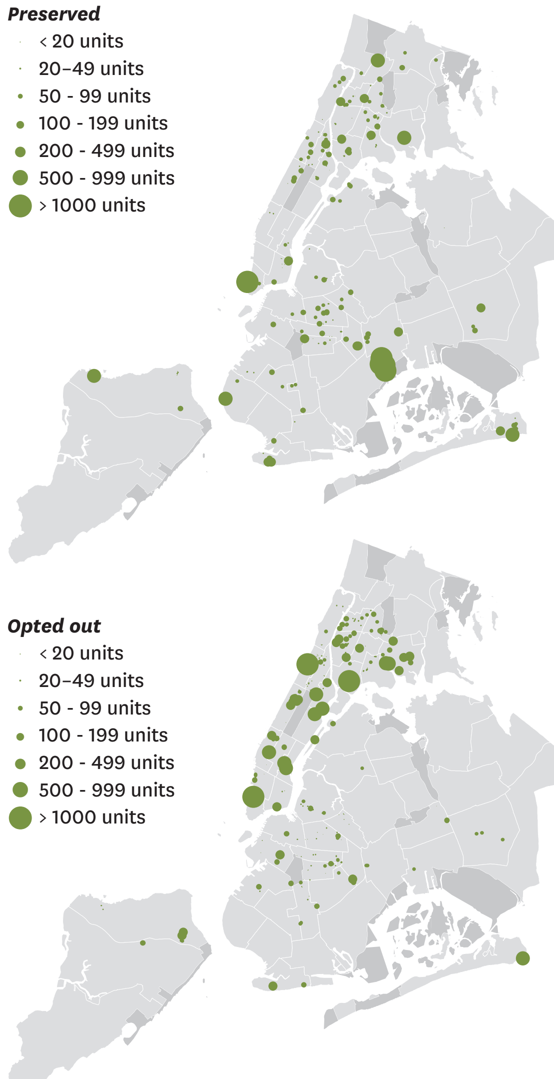
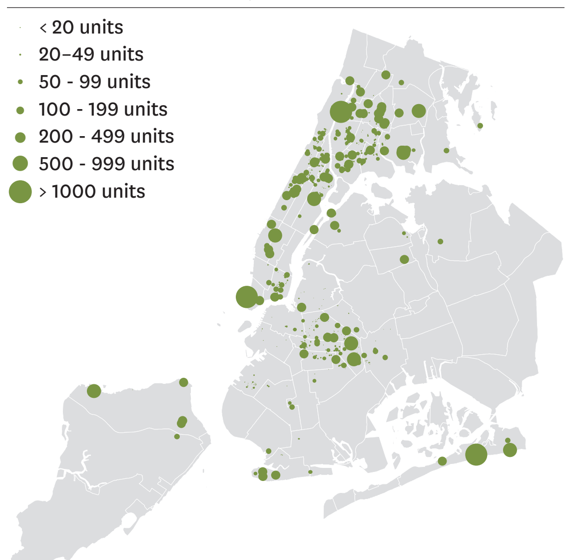


Figure 4: Location of Properties that Will Be Eligible to Opt Out of All Affordability Restrictions, 2015–2024



16 When defining properties that were preserved we include all properties that extended their affordability restrictions during the decade between 2002 and 2011. This includes both those properties that renewed a subsidy when they reached the end of their original regulatory agreements and properties with a regulatory expiration date in the future that was extended in exchange for an additional subsidy or property tax benefit.

17 When controlling for other factors such as non-profit ownership, neighborhood cost or property condition, other researchers have not found a consistent link between property size and the decision to opt out. Reina and Begley (2014) find no relationship between size and the likelihood of opting out while researchers at Econometrica and Abt (2006) find that owners of larger properties are less likely to opt out.

Reina, V., & Begley, J. (2014, June). *Ibid*.

Econometrica and Abt Associates. (2006, January). *Ibid*.

Characteristics of Neighborhoods Where Subsidized Housing is Located

This report seeks to identify key characteristics of the neighborhoods where subsidized housing is located and to address four key questions.

1.
How do the neighborhoods where privately-owned, subsidized rental units are located compare to the typical neighborhood in New York City?

2.
How do the characteristics of neighborhoods where subsidized rental units are located differ according to which program financed the units?

3.
How do the neighborhoods where properties opted out of a subsidy program in the decade between 2002 and 2011 compare to the neighborhoods with properties that extended their affordability restrictions or were newly constructed during the same period?

4.
What are the characteristics of the neighborhoods housing properties with affordability restrictions that will expire in the next ten years?

We used a selection of indicators to describe neighborhood characteristics surrounding privately-owned, subsidized housing, described in Figure 5. None of these available measures are perfect, and they may mask some important nuances. For example, while we can identify how far a housing unit is located from the nearest park, we cannot capture the quality of the park, including maintenance conditions, gardening, and capital projects. Furthermore, some vital neighborhood characteristics, like the presence of strong social networks, are highly difficult, if not impossible, to measure and quantify. Still, the indicators presented here reflect both the theories of why neighborhoods matter and have been used by state governments to prioritize locations for affordable housing development.[18]

Some of our key findings include:

Subsidized rental housing tends to be in lower-opportunity neighborhoods in New York City, but these developments do have some compensating features in terms of access to services. The typical subsidized rental unit is located in a neighborhood with a higher poverty rate, a higher violent crime rate, and lower performing public schools than the typical neighborhood in New York City. However, a higher share of subsidized rental housing units is located close to transit, parks, senior centers, and child care centers than the share of all housing units in New York City.

When comparing across portfolios, the typical property financed through the Mitchell-Lama program is located in a neighborhood that offers less access to rail transit, child care centers, and senior centers than the neighborhoods where properties financed through other programs are located. But Mitchell Lama developments are typically located in neighborhoods with a lower violent crime rate. Properties financed using the Low-Income Housing Tax Credit, tend to have better access to transit and jobs, but are located in areas with slightly lower performing schools and higher violent crime rates. Some of these neighborhood differences simply stem from differences in program characteristics and the market conditions when the program was most active for new development. For example, one of the subsidies given to many

18 Each state must allocate its 9% Low Income Housing Tax Credits based on a Qualified Allocation Plan (QAP). Every state's QAP is unique and many of them are revised annually. Shelburne (2008) outlines 20 different types of neighborhood characteristics that have been used by different states in their QAPs.

Shelburne, M. H. (2008, January). An analysis of qualified allocation plan selection criteria. *Novogradac Journal of Tax Credit Housing 1*(1), 1-7.

Figure 5: Neighborhood Characteristic Indicators

Indicator	*Description*	*Geographic Area*	*Source*	*Year*
Physical distance and isolation				
Access to Public Transportation	The share of housing units within 1/2 mile of subway or rail station entrance.	Calculated directly for each each building	New York City Department of Transportation	2011
Access to Jobs	The number of jobs requiring an associate's level degree or below within 1 mile.	Calculated directly for each building	Longitudinal Employer Household Dynamics	2011
Education				
Student Performance in Local Public Schools	The share of 4th grade students performing at grade level in English Language Arts and math	Public school attendance zone that a building is located within	New York City Department of Education	2011
Proximity to amenities				
Access to Parks	The share of housing units within ¼ mile of a park.	Calculated directly for each building	New York City Department of Parks and Recreation	2011
Access to Child Care Centers	Share of housing units within 1/4 mile of a licensed child care center.	Calculated directly for each each building	New York City Department of Health and Mental Hygiene	Sep. 2013
Access to Senior Centers	Share of housing units within 1/4 mile of a licensed registered senior center.	Calculated directly for each each building	New York City Department for the Aging	Sep. 2013
Public Safety				
Neighborhood Violent Crime Rate	The number of violent crimes per 1,000 residents.	Census tract that a building is located within	New York City Police Department	2010
Concentrated poverty and unemployment				
Neighborhood Poverty Rate	The share of households with total income below the poverty threshold.	Census tract that a building is located within	American Community Survey 5-year Estimates	2007–2011
Neighborhood Unemployment Rate	The share of people aged 16 and older in the civilian labor force who are unemployed.	Census tract that a building is located within	American Community Survey 5-year Estimates	2007–2011
Cost				
Neighborhood Median Asking Rent	The asking rent for all apartments listed for rent.	Zip code that a building is located within	Zillow	2012

Mitchell-Lama developments was low-cost city-owned land allowing for many of these properties to be large, campus developments. On the contrary, in the early years of the Low-Income Housing Tax Credit, the program was mainly used in New York City to rehabilitate existing properties that private owners had abandoned but were in neighborhoods well-served by transit.

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 the same time.[19] Compared to units that were preserved, units that opted out were located closer to transit, jobs, child care and senior centers and in neighborhoods with better performing public schools, lower poverty rates, and lower violent crime rates. The neighborhoods containing properties that opted out also tended to command much higher asking rents—about $400 higher a month than rents in the neighborhoods where properties were preserved.

The new units that were added to the stock of subsidized units in the decade between 2002 and 2011, were not located in neighborhoods with as high quality amenities as units that exited subsidy restrictions and converted to market rate. The typical newly constructed unit was in a neighborhood with a poverty rate over 30 percent, a violent crime rate in the top fifth of neighborhoods, and zoned for a public school where just 40 percent of students performed at grade level in English Language Arts.

In short, we find that when given the chance, owners in higher-cost, higher-amenity neighborhoods are converting their subsidized properties to market-rate more than owners of properties located in lower-cost, lower-amenity neighborhoods. Yet these are precisely the environments that may offer the greatest opportunities for households—especially to children for advancement—and thus would seem to be the developments that policymakers should most want to preserve. Unfortunately, however, while rising market rents in a neighborhood make exits more likely, they also make preservation more expensive. To preserve more affordable units in high-opportunity neighborhoods, the city will either need to commit to invest additional dollars into these properties or to come up with creative new strategies and tools to entice owners to maintain affordable rents, or both. To be sure, there are good reasons to preserve affordable housing in lower cost areas as well. The need for affordable units greatly exceeds the supply,[20] and preserving units in lower-cost neighborhoods will allow the city to spread its subsidy dollars further because the cost of preserving these units is likely to be lower than preserving units located in high-cost neighborhoods. Furthermore, preserving and reinvesting in subsidized buildings may help to support revitalization of those areas,[21] at least when it is part of a concentrated strategy for community revitalization.

However, to ensure that these housing investments provide ample opportunities for residents to succeed, the city must also strategically invest in bolstering neighborhood infrastructure and services. For example, the city might expand public transportation routes, invest in public schools, or introduce community policing into a neighborhood.

The Mayor of New York City has set out an ambitious goal to build 80,000 units of affordable housing and preserve 120,000 units of affordable housing in the next decade. 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 investment decisions.

19 Neighborhood characteristics are measured as of 2011.

20 In 2011, there were more than two very low income renter households for every rental unit renting at a level affordable to those households. The City of New York. (2014). *Housing New York: A five-borough, ten-year pla*n, p 19.

21 Schwartz, A. E., Ellen, I. G., Voicu, I., & Schill, M. H. (2006, November). The external effects of place-based subsidized housing. *Regional Science and Urban Economics* 36(6), 679-707.

I. Physical Distance and Isolation

Access to Public Transportation

Public transportation plays an important role in the lives of New Yorkers with about 58 percent of adults and 62 percent of low-income adults who work outside of the home relying on transit to commute to work each day. Although New York City has the most extensive subway system in the country, not every resident lives near a subway or rail station. Throughout the city, 73 percent of all housing units are located within a half-mile of a subway or rail station entrance (about a 10 minute walk).

Access to rail transit varies across neighborhoods. Figure 6 shows that throughout much of Manhattan and the South Bronx, nearly every housing unit is located less than a half mile from a subway station entrance, often in places serviced by multiple subway lines. However, parts of eastern Queens, southeast Brooklyn, and Staten Island are far from any rail lines.

Figure 7 shows that 78.4 percent of subsidized units are located near a subway or rail station entrance, a higher share than for all housing units in New York City (72.8%). But not all of the subsidy programs have equal access to rail transit. Across the subsidy programs studied, the LIHTC program includes the most units near subway station entrances (81.7%) while the Mitchell-Lama program has the fewest (59.7%).

A look at the rail transit accessibility of units that have recently entered into subsidies and those that have recently opted out suggests a trend toward less public transit access for the subsidized housing. A higher share of units in properties that expired and opted out of all affordability restrictions between 2002 and 2011 was located near a subway or rail station (77.5%) than those units that were preserved by extending their affordability restrictions (58.2%). On the other hand, over three-quarters of the units newly constructed between 2002 and 2011 were located near a subway or rail station—a rate similar to that of units in properties that opted out—indicating that the new units replacing expiring units are on par in terms of rail transit access.

Of the subsidized affordable units that will be eligible to opt out over the next ten years, 80 percent are located within a half-mile of a subway or rail station entrance.

Figure 6: Share of Units within 1/2 Mile of a Subway or Rail Station Entrance, by Community District

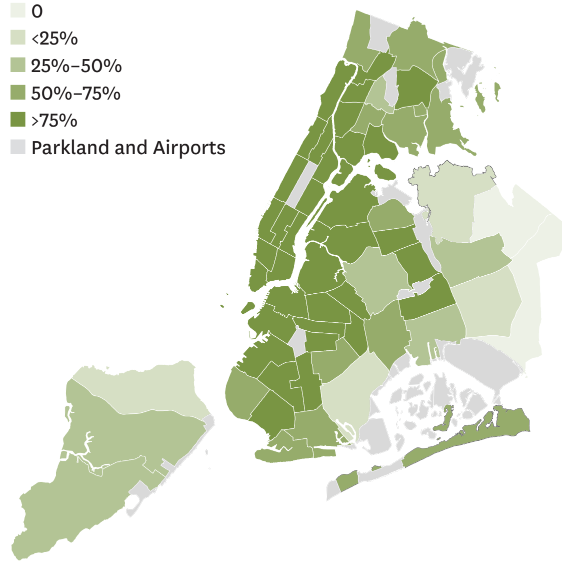
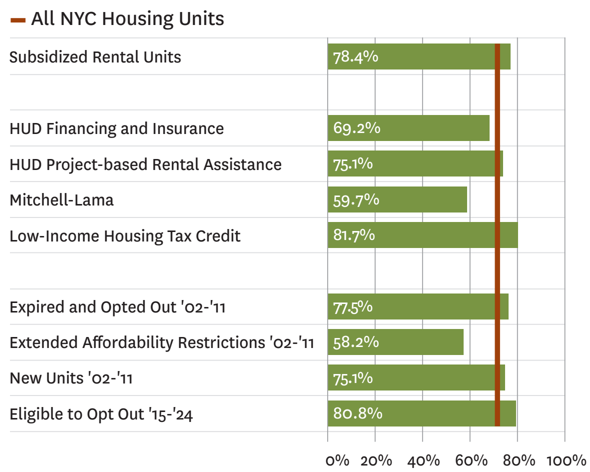


Figure 7: Share of Units within a 1/2 Mile of a Subway or Rail Station Entrance



Access to Jobs

For every housing unit in New York City, we calculated the number of jobs within one mile that require an associate's level degree or below. The average housing unit in New York City is located within one mile (about a 20 minute walk) of 32,800 jobs. Figure 8 shows the number of jobs requiring an associate's level degree or below within a mile of each Census Tract in New York City. Midtown Manhattan has by far the greatest concentration of jobs, with over 300,000 jobs requiring an associate's degree or higher within a one-mile radius. Parts of Staten Island, and Eastern Brooklyn and Queens have very few jobs available, with an average of fewer than 5,000 within one mile of a household living there. The exact location of jobs may be less important in New York City than in some other cities because of New York's extensive public transportation system. However, the neighborhoods without many jobs available also tend to have poor access to public transportation.

Figure 9 shows that on average, subsidized housing units are located within one mile of about 34,000 jobs requiring an associate's level degree or below, just slightly more than average for housing units in New York City (32,800). Units financed by the Low-Income Housing Tax Credit stand out in this analysis, with nearly 42,000 jobs within one mile on average, about 17,000 more than the three other subsidy programs studied.

The recent pattern of opt-outs and preservation deals suggests that owners of subsidized properties located in active job markets will opt out when they have the opportunity to do so. Subsidized units that converted to market-rate between 2002 and 2011 had many more jobs nearby (46,300 on average) than those units that were preserved as affordable (20,700). Units newly constructed between 2002 and 2011 were surrounded by fewer jobs (30,000) than those that opted out.

The typical unit that will be eligible to opt out in the next ten years is located within one mile of about 25,000 jobs, fewer than average for New York City.

Figure 8: Number of Jobs requiring an Associate's Level Degree or Below Within One Mile, by Census Tract

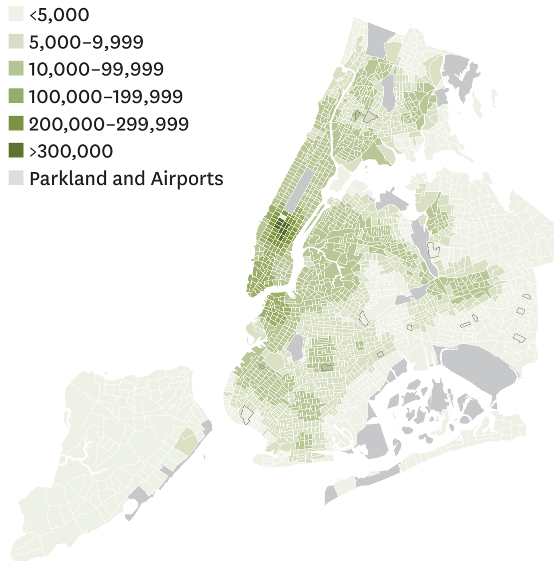
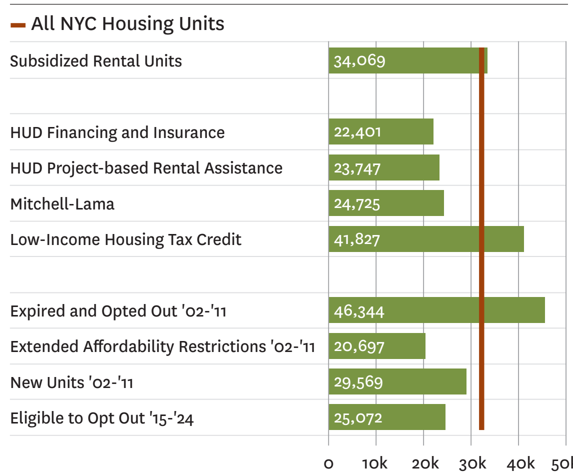


Figure 9: Number of Jobs Requiring an Associate's Level Degree or Below within One Mile, 2011



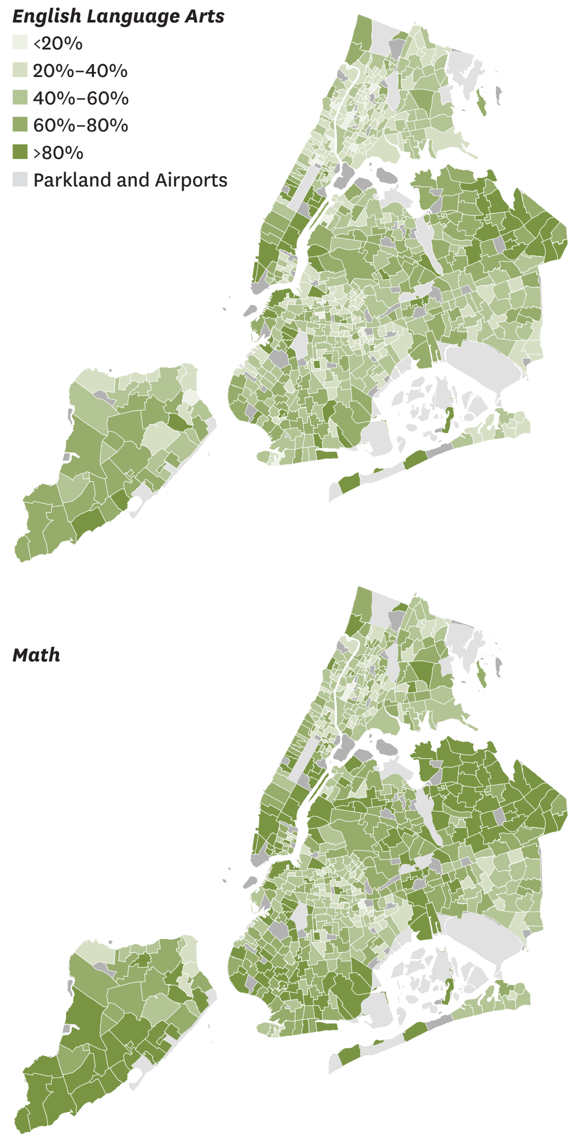
II. Education

Student Performance in Local Public Schools

Student performance in New York City public schools has been improving for more than a decade.[22] In 2011, 51 percent of students in fourth grade citywide performed at grade level in English Language Arts and 62.3 percent performed at grade level in math.

There is significant variation in student performance in local public schools across New York City neighborhoods. In some of the top performing schools, nearly every student tested as proficient in math and English Language Arts while in some of the poorest performing schools, fewer than one out of five students performed at grade level. Figure 10 shows a map of the share of fourth grade students performing at grade level in English Language Arts and math in local public schools in 2011. The top performing schools are concentrated in Bayside/Little Neck, Queens, and the Upper East Side of Manhattan. Poor performing schools are concentrated in neighborhoods in upper Manhattan, the Bronx, and central Brooklyn.

Figure 10: Share of 4th Grade Students Performing at Grade Level in Public Schools, by Elementary School Zone



22 New York City revised its standardized tests and scoring twice over the last decade, but the general trend is positive.

Figure 11: Share 4th Students Performing at Grade Level in English Language Arts in the Locally Zoned Public School

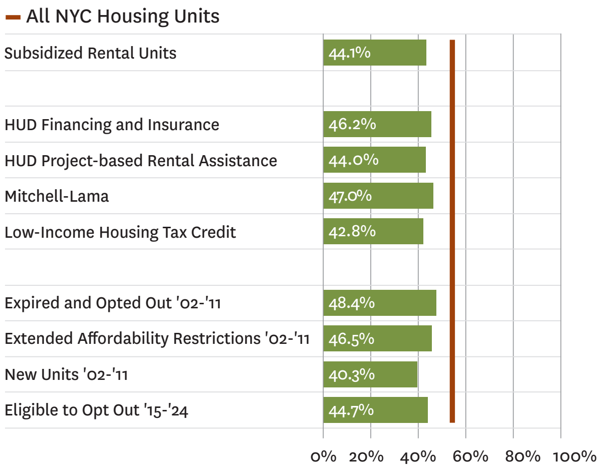
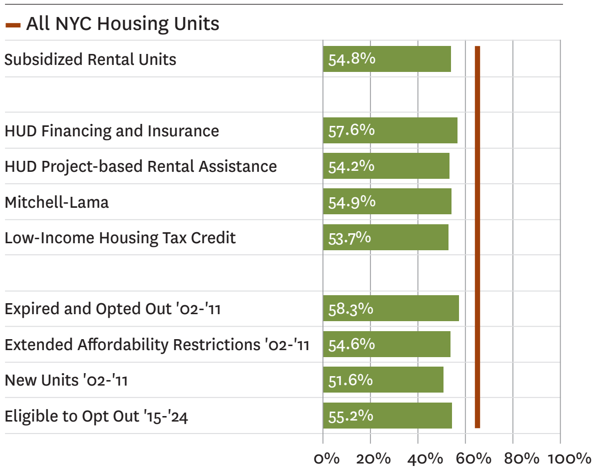


Figure 12: Share 4th Students Performing at Grade Level in Math in the Locally Zoned Public School



Figures 11 and 12 show that the typical subsidized housing resident lives in a school zone in which a lower share of public school students performs at grade level in English Language Arts and math than the citywide average.[23] In the schools that students living in subsidized housing are zoned to attend, about 44 percent of fourth grade students performed at grade level in English Language Arts in 2011 compared to 51 percent of students citywide. In math, the proficiency rate was 55 percent in the public schools that students living in subsidized housing are zoned to attend compared to 62 percent citywide. Of the four different subsidy portfolios studied, LIHTC properties tend to be located in neighborhoods zoned for slightly lower performing public schools than the neighborhoods where housing subsidized through other programs is located.

Turning to development and preservation trends, properties that expired and opted out of all affordability restrictions between 2002 and 2011 are located in school zones with higher proficiency rates in English Language Arts (48.4%) and math (58.3%) than the currently subsidized stock, though these are still slightly lower than the citywide average. Properties that were preserved by extending their affordability restrictions were in neighborhoods with lower school proficiency rates (46.5% in English Language Arts and 54.6% in math) than those that opted out. Newly constructed affordable rental housing tended to be located in school zones with substantially lower than average proficiency rates. Just 40 percent of students in those schools performed at grade level in math and 52 percent performed at grade level in English Language Arts.

The typical property that will be eligible to opt out in the next ten years is zoned for a school with a slightly higher proficiency rate than the average for subsidized units. Furthermore, about one out of five of the units that will be eligible to convert to market-rate in the next ten years is zoned for attendance at a public school with a higher proficiency rate than the city average.

23 We are not able to or trying to measure the school performance of *residents* of subsidized housing, rather, this measure looks at the performance of all students in the public school for which a property is zoned.

III. Proximity to Amenities

Access to Parks

Access to green space[24] is widely available for most New Yorkers. Throughout the city, nearly every housing unit (99 percent) is located within one-half mile of a park and nearly three-quarters of all households live within a quarter-mile of a park, (about a five minute walk).

While most New Yorkers enjoy access to green space, there is some variation across neighborhoods. (There is likely also variation in the quality of local parks in terms of services offered, safety and cleanliness, however, no comprehensive index of such conditions exists, so the focus here is limited to the location of parks.[25]) Figure 13 shows that neighborhoods in the Bronx and Manhattan tend to have the greatest access to parks. Indeed there are ten community districts in these boroughs where every resident lives less than a five minute walk from a park. However, in parts of Brooklyn and Queens including South Ozone Park, Bensonhurst, and Woodhaven, less than two-thirds of residents live within a five minute walk of green space.

Figure 14 shows that privately-owned, subsidized rental housing units are more likely to be located near parks than other housing units in the city. A full 86 percent of privately-owned, subsidized rental housing units are located near parks, as compared to just 74 percent of New York City housing units.

Comparing across the different subsidy programs studied, the LIHTC portfolio has the lowest share of units located near a park (81.0%) and the HUD financing and insurance portfolio has the highest share of units located near a park (93.5%). But the share of housing units located near parks is higher than the city average for all four major subsidy programs.

24 Green space includes parks of at least one-quarter acre or greenstreets.

25 New Yorkers for Parks has tried to fill this void, creating a score-based report card for 43 large city parks. New Yorkers for Parks. The *2012 Report Card on Large Parks*.

Figure 13: Share of Units within 1/4 Mile of a Park

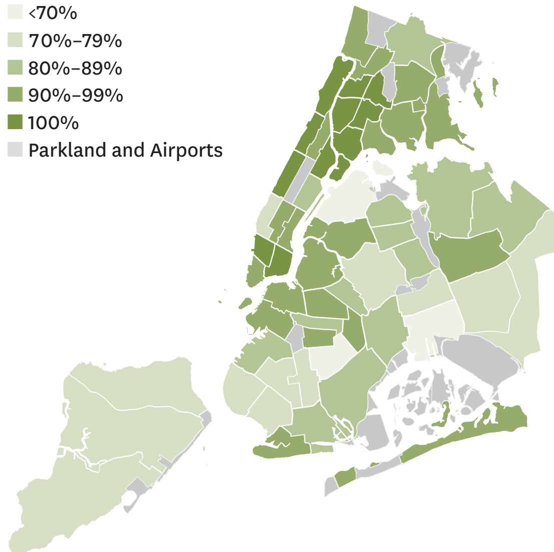
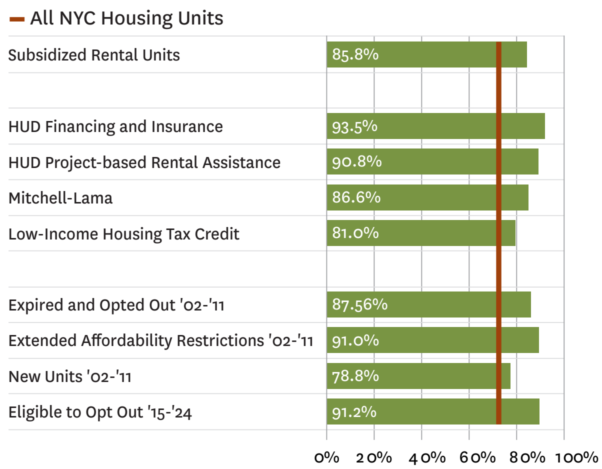


Figure 14: Share of Units within 1/4 Mile of a Park



However, newly developed subsidized units are less likely to be located near to parks. Just 79 percent of newly financed units are located within a quarter-mile of a park compared to 86 percent of all subsidized units. Park access is one of the only areas studied in this report where properties that were preserved had better access to a neighborhood amenity than properties that opted out of affordability.

As for the units that will be eligible to opt out of affordability restrictions in the coming years, over 90 percent are located close to a park.

Access to Child Care and Senior Centers

Depending on their household type, residents of subsidized housing may benefit from having child care or senior centers located in their neighborhood. Figure 15 shows the location of the 2,100 licensed group child care centers in New York City permitted by the New York City Department of Health and Mental Hygiene[26] and the location of the 250 senior centers registered with the Department for the Aging. Both types of centers are dispersed throughout the city, but residents may especially benefit from having one in close walking distance. Across the city, about 53 percent of housing units are located with one-quarter mile of a child care center and 13 percent are located within one-quarter mile of a senior center.

Figure 16 shows that the share of subsidized housing units located with one-quarter mile of a child care center (62.7%) is greater than the share of all housing units in New York City (52.8%). Figure 17 shows that a similar pattern emerges with senior centers: 21 percent of subsidized units are located near senior centers compared to 13 percent of all housing units. Across the different subsidy portfolios we studied, a fairly low share of units in properties financed through the Mitchell-Lama program was close to child care centers (36.1%) or senior centers (10.5%) while units in each of the other portfolios had much better access.

Studying the patterns of opt-outs, preservation, and new construction deals indicates that residents of subsidized housing may lose access to some of these valuable resources over time. Seventy-four percent of units in properties that opted out of all affordability restrictions between 2002 and 2011 were located within one-quarter mile of a child care center, compared to just 49 percent of units in properties that were preserved during the same time. However, a high share of newly constructed units was also close to child care centers. The patterns of opt-outs and preservation were similar when looking at proximity to senior centers. Twenty-nine percent of units that converted to market rate housing were located near senior centers while just 18 percent of units that were preserved or newly constructed were near senior centers.

26 Group child care centers here do not include informal home child care facilities with fewer than three children.

Figure 15: Licensed Child Care and Senior Centers

Figure 16: Share of Units within 1/4 Mile of a Child Care Center

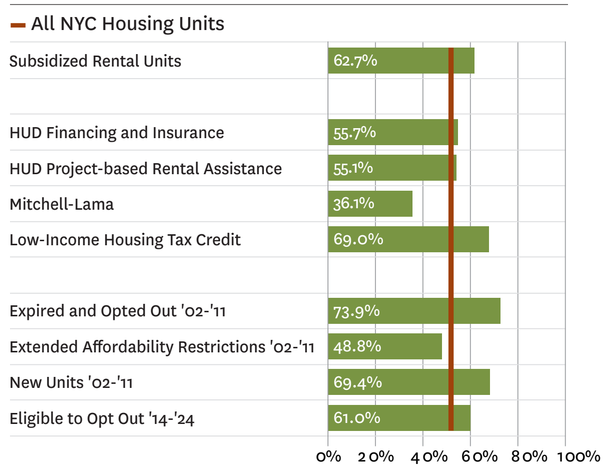
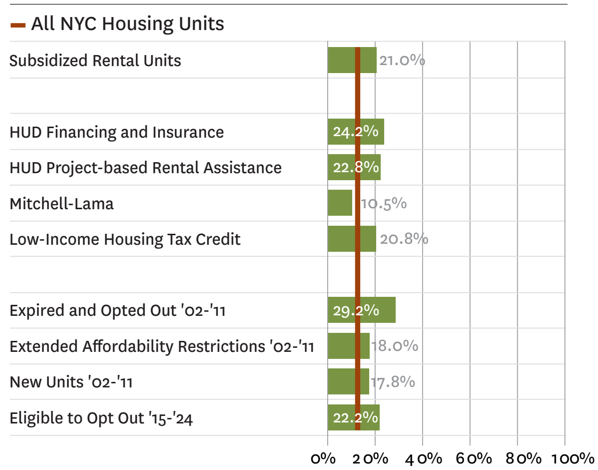


Figure 17: Share of Units within 1/4 Mile of a Senior Center



IV. Public Safety

Violent Crime Rate

Violent crime decreased substantially in New York City between 2000 and 2010. The violent crime rate, which includes felony assault, felony robberies, homicides and murders, fell from 7.6 violent crimes per 1,000 residents in 2000 to 4.7 violent crimes per 1,000 residents in 2010. Violent crime rates fell in nearly every neighborhood in New York City, but wide variation across neighborhoods remains.

Figure 18 shows the violent crime rate (number of violent crimes per 1,000 residents) in all census tracts in New York in 2010. Neighborhoods in Staten Island, the Upper East Side and Upper West Side of Manhattan, Riverdale, southern Brooklyn and eastern Queens had very low crime rates in 2010 with fewer than two violent crimes per 1,000 residents. By contrast, the violent crime rate in Central Harlem, Brownsville and East New York in Brooklyn, and much of the Bronx was more than four times as high, with over 8 violent crimes per 1,000 residents.

Figure 19 shows that on average, subsidized housing units are located in a neighborhood with violent crime rates (7.1 crimes per 1,000 residents) considerably higher than the city average (4.7). There is substantial variation across the different portfolios studied, with the typical unit in a Mitchell-Lama property located in a neighborhood with a relatively low violent crime rate (5.9) and the typical unit in an LIHTC property located in a neighborhood with a relatively high violent crime rate (7.5).

Trends in new construction and expirations suggest a growing concentration of subsidized housing in neighborhoods with high levels of violent crime. Properties that expired and opted out of all affordability restrictions from 2002 to 2011 were located in less violent neighborhoods than those that were preserved over the same time period. In addition, units that were newly constructed between 2002 and 2011 were located in neighborhoods with very high violent crime rates—over 8 violent crimes per 1,000 residents on average.

Figure 18: Violent Crime Rate per 1,000 Residents, by Census Tract, 2010

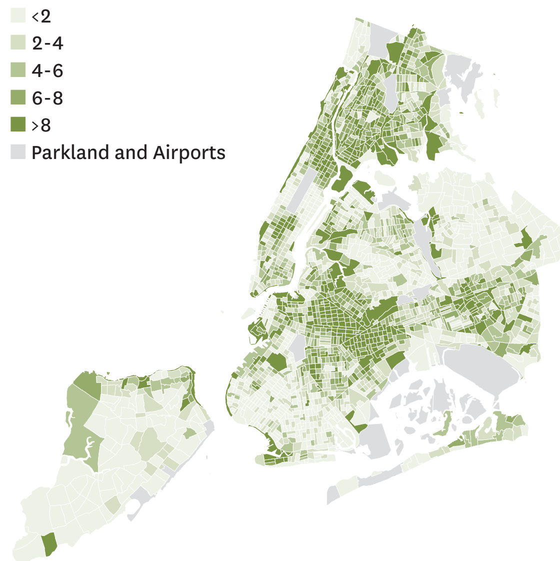
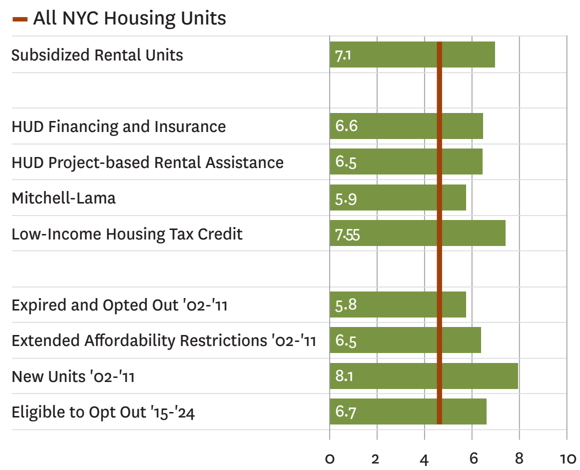


Figure 19: Neighborhood Violent Crime Rate per 1,000 Residents, 2010



As for the future outlook, the typical subsidized unit that will be eligible to opt out of all affordability restrictions in the next ten years is located in a neighborhood with a violent crime rate of 6.7. However, this masks some variation: 38 percent of units that will be eligible to opt out of affordability restrictions are located in a neighborhood with a violent crime rate below the city average.

V. Poverty And Unemployment

Neighborhood Poverty

After declining from 21 percent in 2000 to 18 percent in 2008 the poverty rate rose back to 2000 levels by 2011 and has remained elevated since. However, Figure 20 shows there is wide variation in neighborhood poverty rates across the city. Community District 3 in the South Shore of Staten Island had the lowest poverty rate in the city between 2007 and 2011—5.3 percent. By comparison, Community Districts 3 (Morrisania/Crotona) and 6 (Belmont/East Tremont) in the Bronx had the highest poverty rate, with nearly 43 percent of residents living below the poverty line.

Subsidized units tend to be located in neighborhoods with higher than average poverty rates. Figure 21 shows that the typical subsidized housing unit is located in a neighborhood with a poverty rate 10 percentage points higher than the New York City average. There is little variation across housing subsidy programs, with the typical unit in each portfolio located in a neighborhood with a poverty rate between 28 and 30 percent.

Newly subsidized units tend to be sited in areas of higher poverty than other subsidized units. Units that have entered into affordability restrictions between 2002 and 2011 are located in areas with an average poverty rate of 31 percent. Units that expired or opted out of these affordability restrictions during the same time period are located in areas with an average poverty rate of just 23.7 percent. Subsidized units that were preserved between 2002 and 2011 also tended to be in neighborhoods with higher poverty rates (27.3%) than those that opted out.

Figure 20: Poverty Rate by Census Tract, 2007–2011

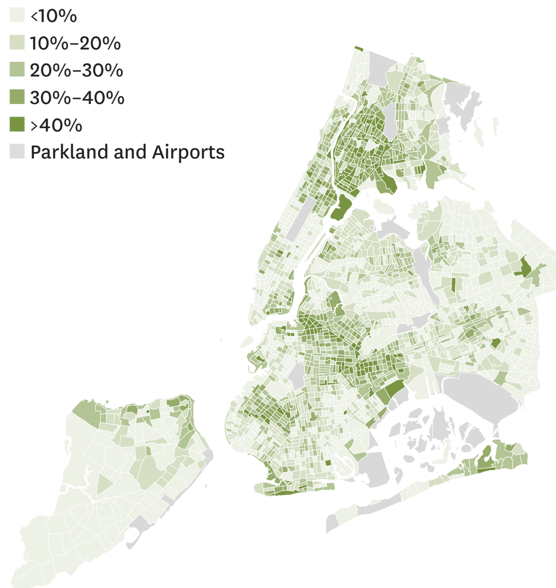
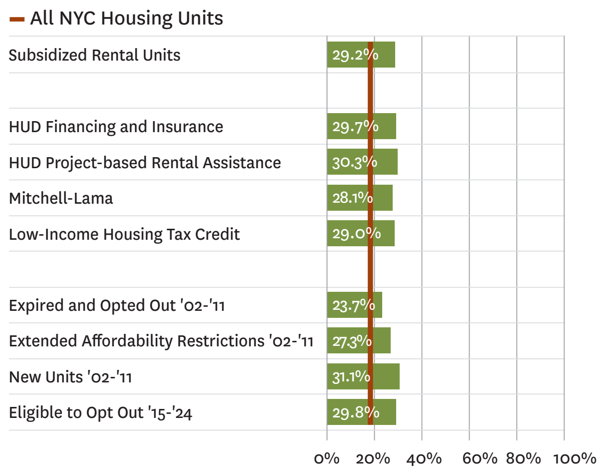


Figure 21: Neighborhood Poverty Rate, 2007–2011



The typical subsidized unit that will be eligible to opt out in the next ten years is located in a neighborhood with a 29.8 percent poverty rate. Just 16 percent of units that are eligible to opt out are located in neighborhoods with a poverty rate lower than average for New York City.

Neighborhood Unemployment

Unemployment in New York City rose from eight percent in 2006 to 11.2 percent in 2011. Still, Figure 22 reveals tremendous variation in unemployment rates by neighborhood. The average unemployment rate at the end of the last decade was under five percent in many census tracts in Manhattan below 96th Street and Staten Island, while unemployment rates reached over 20 percent in many parts of the South Bronx.

Figure 23 shows that, on average, subsidized housing units were located in higher unemployment neighborhoods than other housing units in New York City. There is little variation in neighborhood unemployment rates across the different subsidy portfolios studied, but properties receiving HUD Project-based Rental Assistance were located in neighborhoods with slightly higher unemployment rates (12.3%) and those in the Mitchell-Lama program were in neighborhoods with slightly lower unemployment rates (11.6%) as compared to the neighborhoods with LIHTC and HUD-insured properties.

Recent trends in opt-outs and preservation indicate that subsidized housing may be becoming more concentrated in areas with higher unemployment rates. The typical property that opted out of all affordability restrictions between 2002 and 2011 was located in a neighborhood with a slightly lower unemployment rate (11.0%) than the typical property that extended its affordability restrictions (11.6%). Meanwhile, newly constructed units were built in neighborhoods with a substantially higher average unemployment rate of 13.6 percent.

Units that will become eligible to opt out in the next ten years are located in neighborhoods with an average poverty rate of 12 percent. However, 36 percent of those units are located in neighborhoods with a lower unemployment rate than the citywide average.

Figure 22: Unemployment Rate by Census Tract, 2007–2011

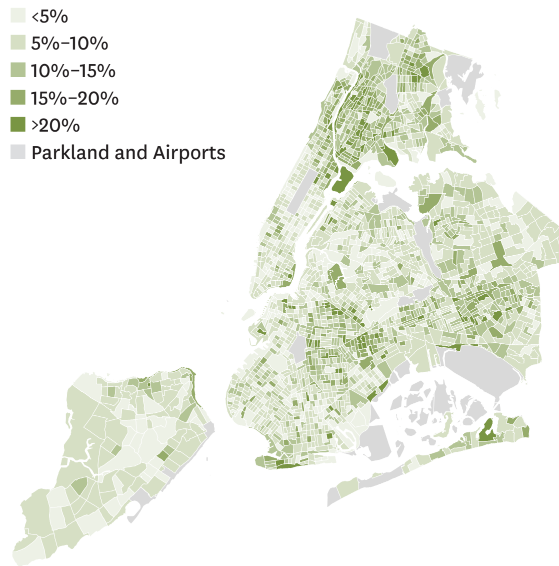
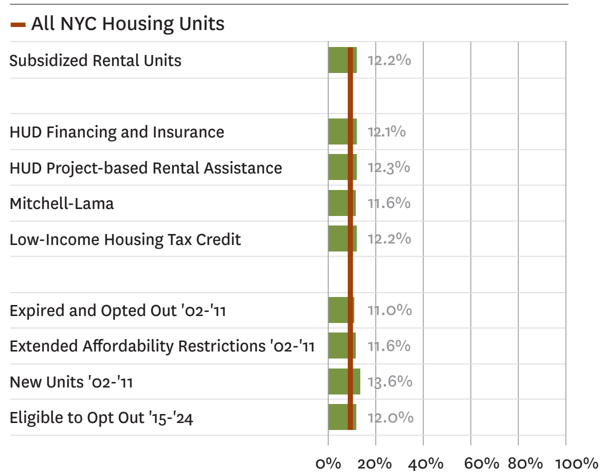


Figure 23: Neighborhood Unemployment Rate, 2007–2011



VI. Cost

Median Asking Rent

The median asking rent in New York City for market-rate rental apartments in 2012 was $2,650—a level out of reach for many city residents. However, there is considerable variation across boroughs and neighborhoods. Figure 24 shows that in much of Manhattan below 96th Street, the median asking rent in 2012 was over $3,000 while asking rents in much of the Bronx and Staten Island were under $1,500.

FIgure 25 shows that, on average, subsidized housing units were located in neighborhoods with a median asking rent in 2012 of $1,900, lower than the citywide average. Units financed through the LIHTC program are located in slightly higher cost neighborhoods than those in the other portfolios studied. Mitchell-Lama units are located in the lowest cost neighborhoods on average.

The starkest contrast is that between the asking rents in neighborhoods containing units that opted out between 2002 and 2011 and the asking rents in neighborhoods where subsidized housing was preserved. The median asking rent in neighborhoods where units opted out was nearly $400 higher on average than the asking rents in neighborhoods where properties were preserved. This reflects the challenge of preserving units in high-cost neighborhoods when owners have the opportunity to convert their properties to market-rate and reap the benefits of charging higher rents.

The median asking rent in neighborhoods where properties will become eligible to opt out in the next decade was $1,850 in 2012, with rent levels in the most expensive neighborhoods reaching $3,460. The city is likely to face a far greater challenge in preserving those properties in neighborhoods with higher-than-average rent levels.

Figure 24: Median Monthly Asking Rent by Zip Code, 2012

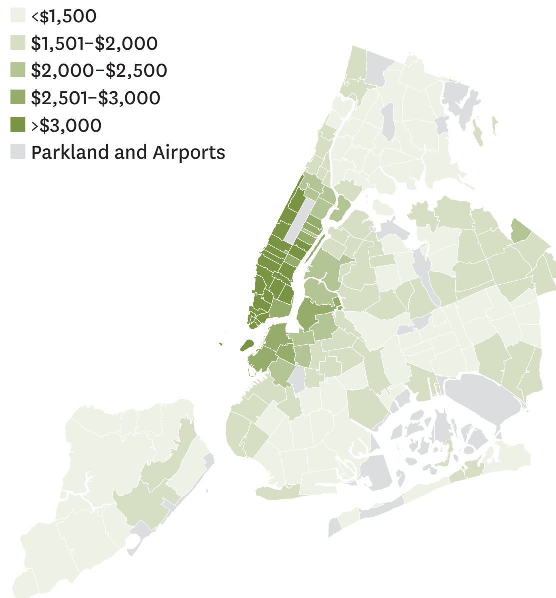
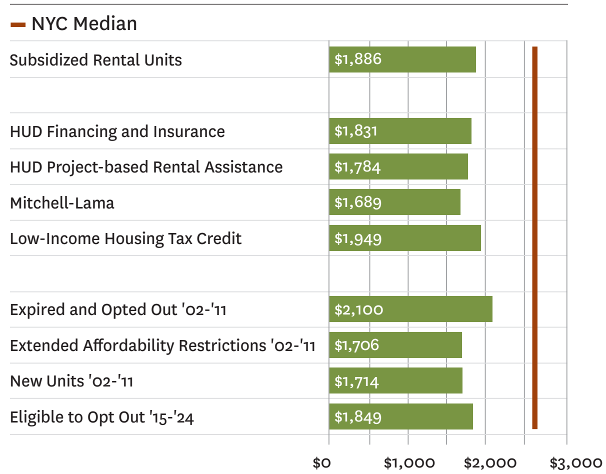


Figure 25: Neighborhood Median Asking Rent, 2012



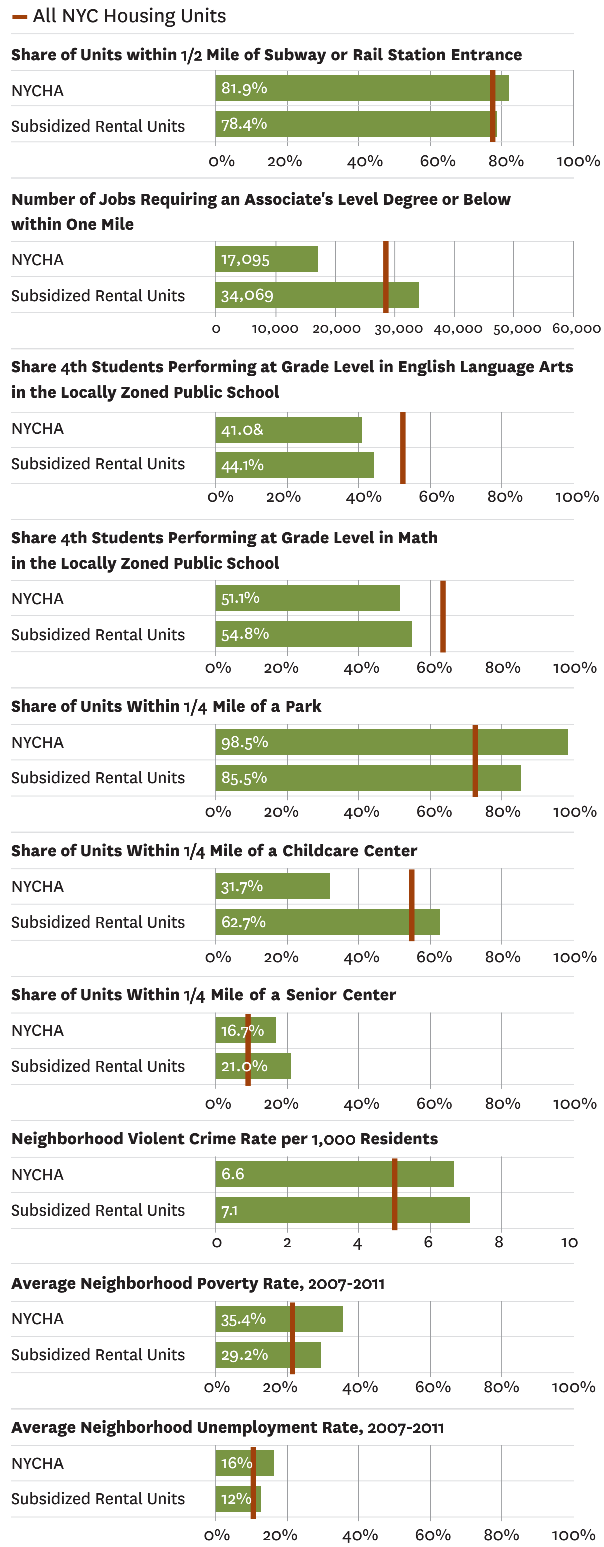
Appendix: Characteristics of Neighborhoods with Public Housing

A natural extension of this research is to ask how privately-owned, publicly-subsidized affordable rental housing compares to public housing owned and operated by the New York City Housing Authority (NYCHA). Figure 26 shows how privately-owned, subsidized rental units compare to NYCHA units along the twelve dimensions explored in this report, and how the neighborhoods containing these two types of subsidized housing properties compare to the typical neighborhood in New York City.

Along most dimensions, the neighborhoods containing NYCHA units have more in common with the neighborhoods containing privately-owned subsidized housing, than they do with the city as a whole. Both housing stocks have better access to public transportation and parks than is typical throughout the city—in fact, a higher share of public housing units is located close to parks and rail transit than privately-owned, subsidized units. On the other hand, both privately and publicly owned subsidized rental units tend to be zoned for poorer performing public schools and to be located in neighborhoods with above-average unemployment, poverty, and violent crime rates.

We find evidence that residents of privately-owned, subsidized rental housing may have better access to some services and amenities than public housing residents. The typical NYCHA unit is located near only about half as many jobs as the typical privately-owned, subsidized rental unit. Furthermore, nearly two-thirds of privately-owned, subsidized rental units are within one-quarter mile of a licensed child care center compared to only about one-third of public housing units.

Figure 26: Comparison of NYCHA Units to Privately-Owned, Subsidized Rental Units



Methods

Categories of Housing Studied in This Report

Subsidized Rental Units—All subsidized, affordable rental units catalogued in the SHIP database that were affordable as of 2011, meaning that the properties were financed and completed prior to 2011 and the affordability restrictions were still in place as of the end of 2011.

HUD Financing and Insurance—Properties receiving Section 221(d)(3), Section 221(d)(4), Section 221(d)(3)BMIR, Section 236, or Section 202/811 financing as of the end of 2011.

HUD Project-based Rental Assistance—Properties receiving direct rental subsidies through Project-based Section 8, the Project Rental Assistance Contract (PRAC), Rental Supplement (Rent Supp), or the Rental Assistance Payment (RAP) as of the end of 2011.

Mitchell-Lama—Rental properties developed through the Mitchell-Lama program and supervised by either the New York City Department of Housing Preservation and Development (HPD) or New York State Housing and Community Renewal (HCR).

Low Income Housing Tax Credit—Properties financed with either allocated ("nine percent") or non-allocated ("four percent") tax credits from either HPD or HCR.

Expired and Opted Out 2002–2011—Subsidized rental properties that left all subsidy programs tracked in the SHIP Database between 2002 and 2011. It is possible that some properties have received financing through subsidy programs that are not yet included in the SHIP Database and have affordability restrictions through those programs.

Extended Affordability Restrictions 2002–2011—Subsidized rental properties catalogued by the SHIP Database with affordability restrictions that began prior to the year 2000, that extended their affordability restrictions through a program also catalogued by the SHIP, usually by 20 or 30 years. We include all properties that extended their affordability restrictions during the decade between 2002 and 2011. This includes both those properties that renewed a subsidy when they reached the end of their original regulatory agreements and properties with a regulatory expiration date in the future that was extended in exchange for an additional subsidy or property tax benefit.

New Units 2002–2011—Units catalogued by the SHIP Database with affordability restrictions beginning in the decade between 2002 and 2011.

Eligible to Opt Out 2015–2024—Units catalogued the SHIP Database that will be eligible to leave all affordability restrictions between 2015 and 2024.

Proximity to Amenities

The indicators describing proximity to amenities (Access to Public Transportation, Access to Parks, Access to Child Care Centers, and Access to Senior Centers) are calculated directly for each property. To determine walking distances, we use the New York City Department of City Planning's LION geodatabase of public streets to create network buffers of pedestrian rights-of-way within a specified distance of an amenity. Using geographic information systems (GIS) software, we then selected the parcel polygons from the New York City Department of City Planning's MapPLUTO data that intersected this network buffer. Finally, we summed the total number of residential units associated with the parcels within the specified distance of the amenity, and divided by the total number of residential units.

Weighted averages

For the remaining indicators in this report, we describe the neighborhood characteristics surrounding a typical housing unit by calculating a weighted average of all units. We weight our analysis by the number of units of a given type in each neighborhood.

The weighted average for each neighborhood characteristic by housing type is calculated as follows

$$\sum_{i=1}^{I}\left(n_i \text{ x } \frac{h_i}{H}\right)$$

Where n_i is the neighborhood attribute (such as violent crime rate) in neighborhood i (such as the census tract), h_i is the number of housing units of type (for example, Mitchell-Lama) in neighborhood i. and H is the total number of housing units of that type in New York City. The resulting value is a weighted average of the neighborhood characteristic for housing type.

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 Robert F. Wagner Graduate School of Public Service. The NYU Furman Center received the prestigious MacArthur Award for Creative and Effective Institutions in 2012. This distinguished award recognized the Center's excellence in providing objective, policy-relevant research and analyses to address the challenges facing New York City and other communities across the nation.

The Moelis Institute for Affordable Housing Policy

The NYU Furman Center launched the Moelis Institute for Affordable Housing Policy in 2010 to improve the effectiveness of affordable housing policies and programs. The Institute is named for NYU Law alumnus Ron Moelis, class of '82, who provided financial support for its work and who continually exhibits leadership in the development of affordable housing.

The Institute is not an advocate, and does not endorse specific legislation or candidates. The Institute is not partisan or ideologically predictable. The Institute harnesses the incredible talent of the New York University community and the experts that make up the NYU Furman Center to help affordable housing thought leaders arrive at effective solutions to housing issues that are based on research, data, and rigorous evaluation of innovative practices.

The Moelis Institute's key objectives are to:

- Provide timely and thoughtful policy analyses of pressing housing issues.
- Distribute research and data to enable affordable housing stakeholders to assess community needs, design programs, target resources and evaluate their initiatives.
- Convene thought leaders to discuss the current challenges and generate creative and practical solutions.
- Provide training for leaders and emerging leaders to develop the expertise, skills, and knowledge that the affordable housing community needs to succeed.

Max Weselcouch is the Director of the Moelis Institute for Affordable Housing Policy. Ingrid Gould Ellen, Paulette Goddard Professor of Urban Policy and Planning, is the NYU Furman Center's Faculty Director and Mark Willis, Resident Research Fellow, is the Executive Director. The Center's staff regularly collaborates with faculty and researchers from the School of Law, the Wagner School of Public Service, the Faculty of Arts and Sciences, and many other research organizations at NYU and beyond.

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