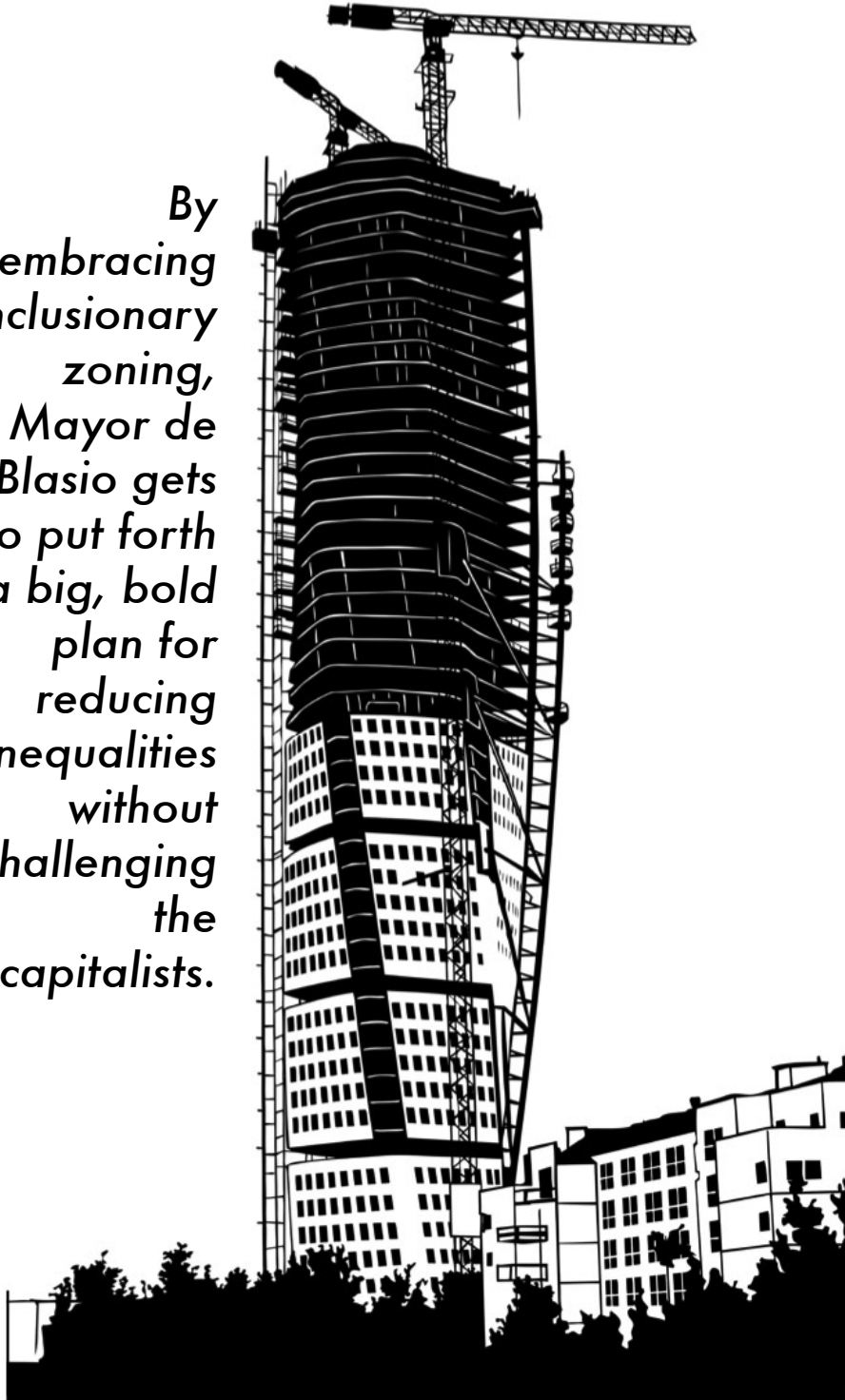


By embracing inclusionary zoning, Mayor de Blasio gets to put forth a big, bold plan for reducing inequalities without challenging the capitalists.



DE BLASIO'S DOOMED HOUSING PLAN

By Samuel Stein



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He called it the "most ambitious affordable housing program" ever initiated by an American city. It would "change the face of this city forever" as "the largest, fastest affordable housing plan ever attempted at a local level."

On May 5, 2014, at the site of a construction project in Fort Greene, Brooklyn, New York City's progressive new mayor Bill de Blasio sketched the outlines for his housing plan: 80,000 new low-cost homes, 120,000 more homes preserved. It would put Robert Moses and Michael Bloomberg to shame, dispatching construction cranes to the city's every nook and cranny in the pursuit of affordable housing.

"This plan," de Blasio proclaimed, "will create opportunity for so many people who are currently being priced out of our city. It will create affordability in the midst of what has been the greatest affordability crisis this city has ever experienced."

There is no doubt that New York needs a radical expansion of its affordable housing stock. In a city where almost 70 percent of residents are renters, one-third of tenants pay more than half their income in rent. Between 2000 and 2012, rents rose much faster than wages — 75 percent rent increases compared to 31 percent raises.

A minimum-wage earner would have to work 139 hours per week to be able to afford the average apartment. More than sixty thousand people, including twenty-two thousand children, are homeless. For a city of extraordinary wealth, New York is terrible at housing its vast low-wage workforce.

THE CONSENSUS HOUSING POLICY

De Blasio's solution relies mostly on one tool: inclusionary zoning. It's an extremely popular program among housing experts and advocates, and is becoming something like the country's consensus housing policy. Hundreds of US municipalities have adopted this approach, including Boston; Washington, DC; Denver; San Diego; and San Francisco.

The details vary from case to case, but the idea is for private developers to incorporate some percentage of below-market-rate units into their new developments. These units can be rented or sold, as long as they are targeted towards households within specific income brackets.

The affordable apartments are often subsidized by government programs, usually in the form of tax credits. Inclusionary mandates are frequently coupled with increased zoning capacity, such as the ability to build more on given parcels of land than the law currently allows. In doing this, the state creates value out of thin air, but it recaptures a percentage of the profits through affordability mandates.

New York started experimenting with inclusionary zoning twenty-seven years ago, but the program really took off during the Bloomberg administration, when more than a third of city was rezoned in 122 targeted neighborhood actions. Many of these rezonings were resisted by local residents, who saw them as a Trojan horse for gentrification.

To counter this narrative, the Department of City Planning often used inclusionary zoning as a way to sweeten the deal and show that the city's actions would provide new homes for the working class. The standard Bloomberg model allowed developers to build 20 percent bigger if they set aside 20 percent of the new apartments at below-market rates.

There are two common and accepted criticisms of this framework. First, it hasn't actually produced much low-cost housing. The affordable units created by Bloomberg's inclusionary zoning account for just 1.7 percent of housing growth between 2005 and 2013. They failed to even match population growth, let alone deal with rising inequality.

The other critique is that the "affordable housing" that is available is not actually affordable to most New Yorkers. As with a lot of other

One group, however, has refused to endorse this policy. Picture the Homeless, an organization of homeless New Yorkers, has consistently challenged policy orthodoxies and pushed the boundaries of debate around housing, property, and land. Their position is that inclusionary zoning will do nothing for those in the shelters and the streets, and cannot possibly solve the city's housing crises.

Scott Andrew Hutchins, an active member of Picture the Homeless, told me he thought the inclusionary plan was "a very sick joke." That day, he had gone to apply for a job in the Bronx that paid about \$20,800 a year. While he was there, he saw a sign for a new inclusionary development. Its smallest apartments were for people making \$28,355. He knows the system is not for him. "Basically all these people are doing is creating more housing for people who don't live here to move here, and pushing out the people who do live here. It's creating too much housing we can't afford."

Politicians and policymakers treat housing like a puzzle to be solved with the right balance of subsidies and profits. But affordable housing isn't a mystery, it's a contradiction: it can't be done in a way that benefits both capital and workers in equal measure. There are ways to do it well, but they are not profitable. There are ways to do it poorly but profitably, and that's exactly what inclusionary zoning does.

We need housing policies that confront capitalism while providing a genuine social good; inclusionary zoning does neither. As long as it remains the consensus position for politicians, nonprofits, and developers alike, we will see no end to the housing crisis.

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that currently have no affordable housing whatsoever. Alternatively, it could be applied as a blanket over the entire city, so that the rules cover all new construction, whether or not it results in increased density. However, this is the way inclusionary zoning functions in San Francisco, and clearly it has not transformed that city into a beacon of affordability.

THERE IS AN ALTERNATIVE

The truth is, cities know how to create affordable housing. The simplest, most direct, and cheapest way to do it is to build or acquire public housing, and actually maintain it well. Public housing not only provides affordable homes, but takes land off the speculative market, acting as a bulwark against gentrification.

We also know that rent controls are the most effective strategy for keeping private housing prices down. The strength of rent regulation is its universality: rather than applying to a small percentage of otherwise exorbitant housing, it can keep all rents in check.

New York's rent laws are filled with loopholes, but those loopholes can be closed as easily as they were created, and tenants around the state are mobilizing for such reforms. The regulatory framework could even be expanded to cover commercial and community spaces, which would go a long way toward broader neighborhood stabilization.

Democratically controlled community land trusts remain the best way forward in today's context, when government is reluctant to either finance public housing or dramatically expand rent regulations. The model has many variations, but in most cases it pairs a piece of land owned by a nonprofit with a building owned by a mutual housing association, which sells or rents the apartments at low costs and with limited outside management. If people can use these tools to take land off the market and develop permanently affordable alternatives, they can effectively decommodify their housing and reclaim community control.

The solutions are out there, but the political will is not. Inclusionary zoning — a housing policy built on displacement — seems to be the most government is willing to do. And many leaders in the housing movement continue to support it, despite its failures. They argue that some new affordable housing is better than none, and that the program can be tweaked to produce better results.

programs, the inclusionary rents are based on Area Median Income (AMI) — the federal government's calculation based on incomes, rents, and construction costs in the city and its wealthier suburbs.

In 2013, AMI for an average household in the New York metro area was \$77,310; in the city alone, however, the average family made \$50,711. Under Bloomberg, most of the inclusionary housing was targeted to households making 80 percent of AMI, or roughly \$61,920; that was more than the city's average income, let alone a given neighborhood's standard. Some new apartments were built for "middle-income" households making 175 percent of AMI, or \$135,293, with rents around \$3,380 a month.

If the critique of inclusionary zoning is that it produced too few apartments at too high rents, then the solution seems obvious: the city should force more developers to build inclusionary housing, and to do so with better income targets.

That's basically what Mayor de Blasio is recommending. De Blasio proposes that the city build eighty thousand new affordable apartments over the next ten years, mostly through inclusionary zoning. Much has been made of the "mandatory" nature of this program (as opposed to Bloomberg's voluntary "bonus" system), but it will not be universal. Only neighborhoods that are upzoned for bigger buildings and higher densities will see inclusionary development.

We don't yet know how much low-cost housing will be included in each building, but de Blasio has signaled support for a 20 percent low-income, 30 percent middle-income, and 50 percent market-rate split. By wholeheartedly embracing inclusionary zoning, the new mayor gets to put forth a big, bold plan for reducing inequalities without fundamentally challenging the dynamics between developers and communities, landlords and tenants, or housing and the market.

The de Blasio plan for affordable housing doubles down on the Bloomberg model, rather than rethinking its approach.

A BOON FOR DEVELOPERS

Inclusionary zoning is a fatally flawed program. It's not just that it doesn't produce enough units, or that the apartments it creates aren't affordable, though both observations are undeniably true. The real problem with inclusionary zoning is that it marshals a multitude of rich people into places that are already experiencing gentrification.

The result is a few new cheap apartments in neighborhoods that are suddenly and completely transformed.

De Blasio wants to use inclusionary zoning to create sixteen thousand apartments for families making \$42,000. That's just 3 percent of the need for such apartments in the city today, according to the plan's own figures. At the same time, the mayor's policies would

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build one hundred thousand more market-rate apartments in the same neighborhoods. What will happen when these rich people arrive? Rents in the surrounding area will rise; neighborhood stores will close; more working-class people will be displaced by gentrification than will be housed in the new inclusionary complexes.

Tom Angotti, the director of the Hunter College Center for Community Planning and

Development, argues that inclusionary zoning's proponents "deal with housing as if it existed in a free market — as if it were just a matter of individual apartments combined. But it exists in a land market, where values are determined largely by location and zoning capacity. In areas with high land values, the new inclusionary development will just feed the fire of gentrification."

Worst of all, inclusionary zoning could actually incentivize the destruction of existing affordable housing. Many New York City neighborhoods are filled with rent-regulated apartments, often at lower densities than the new inclusionary zoning rules would allow. The average income for rent-stabilized tenants is \$37,000; for rent controlled tenants it's \$29,000. Both are significantly lower than the income targets for many inclusionary apartments.

When neighborhoods are upzoned to allow bigger buildings, rent-stabilized landlords will have every reason to sell their properties to speculative developers. The new buyers could then evict all the tenants, knock down the existing properties, and build something bigger and more expensive. A percentage of the new building would

be affordable, but the outcome would likely be a net loss in low-cost apartments and a major hit to the rent-regulated housing stock.

So far, most inclusionary developments have been built on empty lots and converted commercial sites. But if the program is dramatically expanded, inclusionary zoning could actually hasten the loss of affordable housing in New York.

Even if all this happens, the plan will likely be touted as a success. The new affordable apartments will be easy to spot, but those lost will not. Inclusionary zoning might displace more poor people than it houses, but when the system's casualties aren't counted, they aren't seen.

While some free-marketers at the Manhattan Institute, the Congress for the New Urbanism, and the New York Post are pushing back against the plan, Big Real Estate is lining up in support. They want to stay on the mayor's good side, of course, but they also know a deal when they see one.

The City Hall press release announcing the proposal came with a ringing endorsement from Steven Spinola, the president of the Real Estate Board of New York and one of the most powerful lobbyists in the state. It also included praise from Bill Rudin, whose company is responsible for the plan to convert St. Vincent's Hospital into a luxury condo complex; opposing that development was a centerpiece of the de Blasio campaign.

Developers know inclusionary zoning will ultimately bring them greater profits. It is a sort of neoliberal win-win-win: the real estate industry gets to keep on building and making lots of money; cities get an influx of upper-income taxpayers, while offering some support to the working class; and nonprofit developers get new contracts for housing construction and management.

Rather than curbing speculation or aggressively taxing landlords, inclusionary zoning keeps the urban growth machine primed and ready to build. It allows cities to address their housing crises without challenging the norms of neoliberal urbanism or slowing governments' retreat from public housing and welfare commitments. What this and other public-private partnerships will not do is fix the city's perpetual housing crisis.

There are ways to make inclusionary zoning work better than it has so far. It could be used only on vacant lots, or in neighborhoods