

# THE URBAN PROSPECT

Housing, Planning and Economic Development in New York

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## Poverty and Progress

A decade ago New York City embarked on an unprecedented municipal housing and community development agenda. Amid a political environment that was increasingly hostile toward cities and criticism that federal actions had done little to ameliorate urban poverty, the federal government reduced its support for housing, job training, and other antipoverty programs. The nation's frustration with inner-city conditions contrasted sharply with the city's ambitious undertaking, thrusting it once more into the role of innovator of urban policy.

The city's Ten-Year Plan contributed to a remarkable transformation of the housing conditions and overall physical environment in several of its poorest neighborhoods. Yet, if the ultimate goal of urban redevelopment is to reconnect the residents of inner-city communities to the mainstream of the city's economic and social life, the impact of such efforts should also be discernible in the economic status, health and well-being of neighborhood residents. Emerging trends in the city's poor neighborhoods illuminate both the successes and limitations of large scale community development and can contribute to shaping future strategies.

### What the Ten Year Plan Produced

In 1986, Mayor Edward I. Koch announced a ten-year, \$4.2 billion plan to produce, rehabilitate, and preserve 252,000 housing units. Mayor Koch revised the plan in 1988, increasing the city's commitment to \$4.4 billion and the total budget to \$5.1 billion. The revised plan maintained the overall goal of assisting 252,000 units, but increased the gut rehab and new construction targets, promising to rehabilitate vacant in rem buildings, upgrade the occupied city-owned housing stock, assist privately owned buildings, and repair any buildings vested during the ten-year period. Spanning three administrations, the city's efforts produced 15,007 new housing units, rehabilitated 43,131 units, and preserved 92,543 through its moderate rehab programs at a cost of \$4.17 billion from FY87 through FY96.

The city's capital plan was facilitated by new tax credit opportunities, the requirements of the Community Reinvestment Act, and the growing expertise of local CDCs and national nonprofit intermediaries.

The city's program was extraordinarily successful in

leveraging private investment in inner-city neighborhoods. Community reinvestment lending (as reported under the Home Mortgage Disclosure Act plus Community Preservation Corporation lending) in the 16 poorest community boards totaled more than \$3.1 billion from 1992 to 1995; during that time the city's capital spending on housing was \$1.48 billion.

The tendency of private investment to follow city expenditures was evident in a recent CHPC study of the South Bronx. South Bronx Community Boards 1, 2, and 3 received some of the earliest and most extensive housing improvements. Overall, 10,000 new and gut rehabbed units were created between 1988 and 1997, with production hitting a peak in 1992-1993. Private lending in the South Bronx reached its high point at \$105 million in 1993 but fell to \$46 million in 1995.

It is unclear whether the Ten-Year Plan has provoked self-sustaining private investment in the city's poorest neighborhoods. It does not appear to have done so in the South Bronx. Private investment in other low-income communities – Harlem, Williamsburg, Bedford-Stuyvesant, East New York, and the Lower East Side – increased or remained stable through 1995. The Community Preservation Corporation, the city's largest private lender in low-income communities, has conducted analyses suggesting that the threshold for self-sustaining private reinvestment is determined by an interaction of area household income and the level of public sector redevelopment spending. Failure to reach such a threshold suggests a continued role for government in facilitating private lending and fostering economic opportunity for residents of the city's low-income communities.

By 1996, the city's capital expenditures on housing had receded to \$273 million, designated to build or preserve approximately 10,000 units. With few of the vacant buildings and lots remaining that had made its work imperative and, in hindsight, relatively efficient, the city's current capital projects include an assiduous application of moderate assistance to buildings at risk of abandonment, renovations and dispositions of occupied in-rem buildings, a few modest new construction projects, and targeted retail development in low-income communities. The Mayor's Capital Commitment Plan for FY98 recommends \$213 million for housing and \$220 million for economic development.

**HPD Capital Commitment**  
**Dollars and Units by Production Category**

|                     | FY87    |        | FY88    |        | FY89    |        | FY90    |        | FY91    |        | FY92    |        |
|---------------------|---------|--------|---------|--------|---------|--------|---------|--------|---------|--------|---------|--------|
|                     | \$000   | Units  | \$000   | Units  | \$000   | Units  | \$000   | Units  | \$000   | Units  | \$000   | Units  |
| New Construction    | 16,712  | 1,750  | 20,760  | 1,275  | 19,942  | 2,451  | 29,958  | 1,056  | 27,700  | 1,426  | 32,506  | 2,020  |
| Gut Rehabilitation  | 62,903  | 1,915  | 348,365 | 7,028  | 569,099 | 7,246  | 500,380 | 6,610  | 199,030 | 4,644  | 345,021 | 5,878  |
| Mod. Rehabilitation | 59,314  | 12,833 | 74,636  | 13,579 | 140,299 | 13,200 | 140,360 | 8,793  | 152,876 | 14,174 | 133,051 | 9,399  |
| Other               | 10,181  | 0      | 12,281  | 0      | 8,718   | 0      | 7,826   | 0      | 13,996  | 0      | 11,345  | 0      |
| Total               | 149,110 | 16,498 | 456,042 | 21,882 | 738,058 | 22,897 | 678,524 | 16,459 | 393,602 | 20,244 | 521,923 | 17,297 |

  

|                     | FY93    |       | FY94    |       | FY95    |       | FY96    |        | Total FY87-96 |         |
|---------------------|---------|-------|---------|-------|---------|-------|---------|--------|---------------|---------|
|                     | \$000   | Units | \$000   | Units | \$000   | Units | \$000   | Units  | \$000         | Units   |
| New Construction    | 25,713  | 1,278 | 21,659  | 750   | 41,136  | 1,353 | 32,195  | 1,648  | 268,281       | 15,007  |
| Gut Rehabilitation  | 170,640 | 3,149 | 135,875 | 2,802 | 96,408  | 1,904 | 62,201  | 1,955  | 2,489,922     | 43,131  |
| Mod. Rehabilitation | 132,125 | 5,225 | 147,996 | 3,469 | 154,738 | 4,627 | 165,831 | 7,244  | 1,301,226     | 92,543  |
| Other               | 15,258  | 0     | 13,548  | 0     | 8,030   | 0     | 12,953  | 10     | 114,136       | 10      |
| Total               | 343,736 | 9,652 | 319,078 | 7,021 | 300,312 | 7,884 | 273,180 | 10,857 | 4,173,565     | 150,691 |

Source: Department of Housing Preservation and Development

### Gentrification or Ghettoization?

Implementation of the plan was marked by rancorous debate over what types of housing to produce and which income groups to benefit.

At the time, homeless encampments pocked the city and shelters were filled to capacity, creating political and fiscal pressures to provide permanent alternatives. Meanwhile, a consensus was building among community development professionals and academics that inner-city residents were increasingly isolated economically and socially, and that any attempt to ameliorate urban poverty required proactive measures to economically integrate neighborhoods and to strengthen community institutions. Sociologist William Julius Wilson identified the crucial role of the middle-class in stabilizing inner city schools and other community institutions, a view that, while controversial, has been supported by many community activists and social scientists.

Communities splintered over the immediate needs of existing residents, fears that formerly homeless families would further burden already impoverished neighborhoods, and the perception that middle-income housing would gentrify those communities. Battles were waged by block and lot and the end result seems more a gerrymandered response to competing political and economic pressures than a planned urban redevelopment agenda. In the end, only 8.8 percent of the city assisted housing units were allocated to middle-income families, 27.9 percent to moderate-income, 52.9 percent to low-income, and 10.4 percent to homeless.

CHPC's research on the South Bronx indicates that fears of gentrification were exaggerated, and, in fact, the Ten-Year Plan did little to alter the economic composition of neighborhoods. Much of the new moderate and middle-income housing appears to have been absorbed by local residents, negating any net increase in the median household income of the city's low-

income neighborhoods. For example, the New York City Housing Partnership reports that of the new homeowners in its South Bronx programs more than 75 percent previously resided in the Bronx, and nearly 40 percent of the purchasers previously lived in the same community board. Moreover, it is likely that many of the units vacated by those families were subsequently inhabited by families with much lower-incomes. This is especially true for families formerly residing in public housing. Given the composition of NYCHA's waiting lists and tenant selection criteria, vacancies were most likely filled with very low-income tenants.

Recent housing development may have contributed to a clustering of moderate and middle-income families – which could have positive impacts on those individual families, while minimizing or even diluting the benefits of their presence in the broader community. Similar to the threshold requirement for private investment, research on neighborhood effects suggest that a certain threshold of moderate or middle-income families must be attained before low-income residents benefit.

### Vacant Buildings and Broken Windows

For decades New York City's low-income communities have been characterized by deepening poverty, intensifying social problems, and the deterioration and abandonment of housing and other physical infrastructure. This downward spiral, swept along by declining federal support and its own inertia, seems to have substantially halted. Crime is at its lowest in nearly 30 years, housing conditions are generally better and less crowded, reading and math scores in every public school district modestly increased, some basic health indicators show signs of improvement, and welfare receipt has declined.

These are positive gains on a relative scale. Only a third of students in low-income public school districts scored at or above grade level on reading tests. Teen pregnancies contin-

ued to increase citywide, with 15 to 20 percent of all births in low-income districts born to adolescent mothers. And as the city's economy improved and the number of unemployed men in poor areas fell, the percentage of working age men not in the labor force actually increased.

Housing investment has been the primary tool of community development. Housing conditions in New York City have generally improved over the last 25 years, while issues of affordability have grown more acute. According to an analysis of 1996 Housing and Vacancy Survey data conducted by New York University Law School's Center for Real Estate and Urban Policy, approximately 5 percent of New York City households experienced severe housing quality problems in 1996, a slight increase from 1993. Severe housing problems were most prevalent in the Lower East Side, Harlem, Washington Heights, Crown Heights, Kingsbridge Heights, and the South Bronx. Housing conditions in the South Bronx improved dramatically from 1987 to 1993, but, since 1993 residents report increases in boarded buildings, greater numbers of maintenance deficiencies, and an overall decline in neighborhood housing conditions.

Housing experts credit the city's massive preservation and production programs for such improvements, and the subsequent decline in city aid for the more recent downturn. Nearly 100,000 units received moderate rehabilitation assistance during the course of the Ten-Year Plan, yet, the 1996 HVS found more than 120,000 housing units with serious maintenance deficiencies. Some community development professionals contend that a greater emphasis on rehabilitation would have resulted in more units treated and broader community impacts.

One neglected payoff from community development is its contribution to public safety. The reduction in crime has had a palpable effect on life in New York City, with crime in low-income communities remitting faster than the city as a whole. Total felony complaints in a dozen poor precincts in Manhattan, Bronx, and Brooklyn fell by 55.6 percent from 1990 to 1996, compared to the citywide reduction of 53.9; the drop in murders was even more striking with a 59.9 percent decline in low-income areas versus the citywide reduction of 48.3 percent. Adjusting for the growth in population in low-income communities, the per capita crime reduction is even more impressive than those figures suggest.

New York's remarkable progress against crime has been

attributed to a confluence of factors including the city's policing strategies and expanded police force, economic recovery, waning of the crack epidemic, a decline in the number of adolescent males, and rising incarceration rates. Many of these characteristics are shared by large cities across the country, and criminologists tend to credit New York's police strategy, that of tackling relatively petty crimes that contribute to a sense of social disorder, as the decisive factor in the city's anti-crime success. The police strategy was dubbed the "broken windows" approach by sociologists James Q. Wilson and George Kelling in an influential 1982 *Atlantic Monthly* article, and had been successfully piloted in the city's subway system by then Transit Police Chief William Bratton.

Just as the drop in subway crime was preceded by the MTA's multimillion dollar capital campaign, the city's crime reduction and implementation of the broken windows strategy may have received a significant and essential boost from its capital housing investments. The literal fixing of broken windows, reclamation of buildings and lots used for drug trafficking, and their rehabilitation and return to legitimate tenancy seems to have contributed to improved public safety.

Research on community development suggests a symbiotic relationship between public safety and community revitalization. This literature repeatedly points to crime or its threat as among the primary reasons middle-income people leave the inner city. Poor families often have fewer affordable housing options available to them but are equally concerned about crime, as demonstrated by recent programs facilitating moves from public housing to suburban areas. High crime rates are also credited with diminishing resident participation in community activities, impeding legitimate economic activity, increasing the likelihood that young people will become engaged in criminal activity, and impairing local retail development.

Early housing reforms had their origins in the public health movement, and the connection between substandard, overcrowded housing conditions and the health of its inhabitants informed much of those efforts. Recent housing improvements were not vast enough to improve the physical living conditions of most neighborhood residents, nor are health statistics available at a sufficiently detailed geographic area to impute any improvements in the health of housing beneficiaries. Nevertheless, there have been some notable improvements in community health, which clearly bear upon the vitality of the city's neighborhoods.

Maternal and infant health in the South Bronx, Harlem, and central/eastern Brooklyn has generally improved and suggest increased access to medical care, a decline in substance abuse, and improvements to general health and nutrition. Poor health center districts experienced an increase in Medicaid births, and significant declines in late or no prenatal care, infant mortality, and low-birth weight babies. Central Harlem's notoriously high infant mortality rate fell by 40 percent from 1990 to 1996.

A statistical case can be made for the relationship between socioeconomic status and higher rates of hospitalization for

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asthma, heart disease, cervical and breast cancer, diabetes, and tuberculosis. Based on an index of ambulatory care sensitive (ACS) conditions, hospitalization rates varied widely among low-income communities and are likely to reflect different levels of access to health care, patterns of health care consumption, exposure to environmental triggers, and variations in disease prevalence. One of the few generalizations that can be made from ACS data is that the health of children in low-income communities seems to have declined from 1990 to 1995, while that of adults in select areas has shown some improvement. New diagnoses of tuberculosis, AIDS, and lead poisoning in poor areas have sharply declined since the early 1990's.

Lead poisoning, often conveyed to young children through peeling lead paint in their homes, disproportionately affects poor children, with approximately a third of the city's cases coming from Bushwick, Bedford-Stuyvesant, and Fort Greene health center districts. The number of newly diagnosed cases of lead poisoning in those three communities declined substantially from 1993 to 1996, to which recent housing improvements and HPD/DOH efforts to reduce lead hazards contributed.

### Missing Links

Community development spending is often justified by its local job creation potential. A recent study prepared by the Community Development Research Center at the New School for Social Research found that local employment in 18 low-income zip codes in the Bronx, Manhattan and Brooklyn expanded by 10,000, or 11 percent, between 1986 and 1996. As welcome as these gains are, however, the employment increase was only proportional to the population increase. Moreover, CHPC estimates that to raise adult employment rates in the city's 16 poorest community boards to the average of the rest of the city, approximately 160,000 additional residents would have to find jobs. The potential for local retail/services job creation to significantly close the job deficit is thereby limited.

In recent years economists and other social scientists have also explored the indirect effects of community conditions on residents' labor market success. Weak informal job referral networks, negative role modeling, and an assortment of peer groups effects have been identified as possible sources of labor market detachment that community redevelopment measures could help to amend. Unfortunately, there is no evidence that community reinvestment in New York's neighborhoods has promoted employment through such indirect channels. In fact, the deep recession that afflicted the city during the early 1990s appears to have caused a net withdrawal of inner-city residents from the labor market.

Corresponding to high unemployment rates, approximately a third of all residents in the city's low-income communities receive public income support, and in some areas, such as the South Bronx, over half receive public assistance.

The city's public assistance population peaked at over one

million recipients in 1994, before falling more than 25 percent to 817,407 individuals at the end of 1997. While the number of New York City public assistance recipients is now at the lowest level in 30 years, it is not substantially different from where it stood in 1990. Public assistance receipt fluctuated less in poor communities than in the city as a whole, with the number of persons receiving welfare in the city's 16 poorest community boards increasing only 14 percent from 1990 to 1994, dropping nearly the same amount by 1996.

New York's economic recovery, increased eligibility screening and expanded work participation requirements abated much of the recession era run-up in public assistance receipt. New York City met the first federal milestone with 27.7 percent of employable family assistance recipients participating in employment activities, but that may be no harbinger for either the ease or extent of the city's capacity to meet the rising federal mandates. By 2002, 50 percent of welfare recipients will be required to participate in work activities; a task that experts believe will grow more difficult as those most able to work leave the rolls and more long term recipients are targeted. Because of the concentration of welfare recipients residing in poor communities, the positive or negative impacts of welfare reform will accrue disproportionately to those areas.

Ultimately, success in the labor market is dependent on adequate educational preparation. Housing and community development specialists argue that stable and sanitary housing conditions can facilitate better school attendance, and over time result in improved student performance. A recent econometric analysis of the city's public elementary schools identified attendance as a key variable in educational performance that is highly correlated to family income. Yet, in recent years, average daily attendance in the city's public schools has declined, whereas reading and math test scores marginally improved. CHPC examined the test scores and attendance of a handful of individual schools in the immediate vicinity of new and gut rehabbed housing and, while some schools exhibited marked improvements, there was no consistent correlation between housing investment and educational improvements.

That the benefits of recent efforts are not evident in most aggregate measures of community well-being underscores the need to coordinate the physical elements of community development with a corresponding emphasis on the social infrastructure. Redevelopment and repopulation, improvements in housing quality and increased public safety are among the most immediate and profound recent community changes. Many communities and institutional interests coalesced to develop and rehabilitate housing, and an increasing number are turning their attention to other facets of community life. Improving local schools, creating role models and early employment opportunities for young people, expanding the local job base and reconnecting inner-city residents to job opportunities throughout the metropolitan area are among the ongoing challenges for community redevelopment. ■