Is a Housing ‘Shortage’ Really the Cause of Unaffordability?

GREENWICH VILLAGE SOCIETY FOR HISTORIC PRESERVATION

VILLAGE PRESERVATION

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villagepreservation.org
With the recent conditional repeal of the state’s cap on the allowable density of new residential construction in New York City, and the Mayor’s “City of Yes” proposal making its way through the public approval process, it’s an opportune time to look at the arguments behind this ever-growing push to increase the permitted size and amount of new residential development in New York City. Undergirding all of these is the contention that housing prices are up in New York City because we’re not building enough market-rate housing, and that certain parts of the city, like most of Manhattan south of Harlem, aren’t doing their fair share to address New York City’s housing needs. Let’s look at how well these claims line up with the facts.

Some data points often cited include the large increase in New York City’s population, which according to the census rose from 8.175 million in 2010 to 8.804 million in 2020, or a 7.7% increase. Figures from this same period say housing prices in New York City also rose dramatically, and the recent NYC housing vacancy survey shows record low housing vacancy rates in the city. Taken alone, this would seem to present a compelling argument that housing construction in New York City is not keeping up with population growth, leading to insufficient supply and rising prices.

But the complete picture tells a very different story.

We took these same figures and superimposed the rate of housing growth in New York City over the last 60 years with the population growth. Based upon what our city and state leaders, and other advocates for loosening rules to increase the size and density of new housing have been saying, you’d expect to see a higher rate of growth in our city’s population than in its housing supply, resulting in a tighter market and therefore inflated prices.
In fact, as you can see, housing growth has not only kept up with population growth, even during the recent population boomlet of the 2010s, it’s actually exceeded it — particularly in the last three years. It should be noted that according to the census, New York City’s population has decreased by nearly 600,000 people in the last three years — across every borough and every income group — nearly wiping out the entire population gain of the 2010s. But while the population gain was nearly wiped out, the additional housing built during that time period has remained, and more has been added — leaving New York City with its highest ratio of housing units to people in the last sixty-plus years.

And lest one think (as the NYC Department of City Planning claims) the issue is that household sizes in New York City are shrinking, thus requiring more housing units for the same population, think again: according to the city’s own figures, New York City household sizes have remained remarkably steady since 1980, and are actually slightly larger than they were 40 years ago.
So if anything, the need for the number of housing units relative to the population of NYC has gone down slightly over the last 40 years (each 1,000 people only require 392 units of housing when the average household size is 2.55, as it was in 2020; they required 402 units of housing, or about 2.5% more, when the average household size was 2.49, as it was 40 years ago in New York City).

So the cost of housing in New York City seems to have little if anything to do with the amount of housing we have relative to our population or number of households. Nevertheless, housing prices have continued to rise in New York City, placing good, affordable homes farther and farther out of reach of more and more New Yorkers.

Why? Well the answer to that question may be complex, but it seems pretty clear it’s not because we’re just not building enough housing, or that housing construction is not keeping up with population growth — in fact, it’s surpassing it. Perhaps it’s because we’re building mostly expensive housing that many New Yorkers can’t afford, and losing existing affordable housing, including the nearly 120,000 units of rent-regulated housing lost in NYC in just the three years between 2019 and 2022. Perhaps it’s because we have among the highest housing construction costs in the world. Perhaps housing prices are rising for a multitude of other reasons unrelated to a simple supply vs. demand relationship, which should, according to those who claim this is the cause of our housing woes, have shown prices holding steady in the 2010s and dropping noticeably in the last three years.

Problem is, they haven’t. And more of the same — merely expecting an increase in supply to bring prices down — is unlikely to change that.

Part and parcel of this theory that proponents of increasing housing production put forward is that certain parts of the city aren’t doing enough to provide housing. This is again based on the notion that just having more housing, of any kind, helps bring down prices for everyone — the classic “trickle down” approach to economics.

Let’s just say for the sake of argument that simply building more housing, no matter what kind or how expensive, brings prices down for everyone. It’s worth considering then which parts of the city are in fact providing more, or less, than their fair share of housing for New Yorkers.

The maps starting on the next two pages show this quite clearly.

As you can see, multiple community boards in Manhattan provide housing units at a density of three or more times the citywide average for all community boards, at 40,000 units per square mile and above. Behind them, multiple community boards in Manhattan and inner Brooklyn and the Bronx provide housing at two to three times the citywide community board average, typically at 25,000 to 40,000 units per square mile, and so on.
Bringing up the rear? Several community boards in the more suburban parts of Staten Island, Queens, Brooklyn and even the Bronx, where housing densities can be as low as nearly 90% below the citywide average for community boards, and under 3,000 units per square mile.

Looked at another way, if all of New York City were as dense with residents as Community Board 2, Manhattan (Greenwich Village, SoHo, NoHo, Hudson Square, Little Italy), it would house about 20 million people, or about 12 million more than it does now. If it were as dense with residents as Community Board 3, Manhattan (East Village, Lower East Side), it would house nearly 29 million people, or nearly 21 million more than it does now.

None of this is to say that every neighborhood should have the exact same housing density. Each neighborhood is different and contributes to what makes New York special and unique in different ways, and a city of neighborhoods that were all the same density would be mind-numbingly boring. And given the direct evidence that merely increasing housing doesn’t bring down housing prices for everyone, it would be no more affordable than the existing, much more varied city.
But it is worth noting just how densely built up with housing some parts of the city are compared to others, and even compared to the citywide average. The city’s densest community board in terms of housing, Manhattan’s Community Board 6 in East Midtown, is about 30 times as dense as Community Board 2 in central Staten Island, for example, and about five-and-a-half times as dense as the average NYC community board. But it’s often within those parts of the city that are already contributing the most in terms of housing that those seeking to change zoning and land use rules are most obsessed with spurring more development.

This of course merely compares density among New York neighborhoods. A perhaps more telling comparison is just how dense some parts of New York — particularly those areas where policymakers are demanding ever denser and larger construction — are compared to cities around the globe. While we don’t have figures for the number of housing units in cities worldwide (as the above maps show for NYC community boards), we do have population densities for cities around the globe, shown on page 7 in comparison to Community Board 2 (Greenwich Village, SoHo, NoHo, Hudson Square, and Little Italy) and Community Board 3 (the East Village and Lower East Side, including parts of Chinatown) in Manhattan, the two community boards in which Village Preservation works.
As you can see, compared to some of the densest urban environments in the world, our neighborhoods are even more tightly packed with people — and that’s only counting the residents (daily visitors, workers, students, etc., of which there are many in each of these areas, are not included). In fact, Community Board 3 is denser than any of them, and even Community Board 2 is denser than all but India’s Kolkata (Calcutta) and Bangladesh’s Dhaka — and it’s only slightly less tightly packed with residents than those. Other cities that epitomize urban density, such as Tokyo, Mexico City, Lagos, Nigeria, Singapore, Hong Kong, São Paulo, and Shanghai, all fall well below the density of our neighborhoods — in some cases 60 to 90% below.

And it should be noted that Community Board 2 includes considerable space taken up by non-residential uses, such as educational institutions (NYU, for example), offices (which occupy the majority of land in Hudson Square, SoHo, and NoHo), and industrial/manufacturing space and transportation/utilities, like the massive Pier 40 or the four-block-long UPS facility on Washington Street. Fully 42% of Community Board 2’s land area is dedicated to non-residential uses, attesting to just how dense the residential development here truly is, while Community Board 3 gives over 37% of its land area to non-residential uses — meaning if those offices, manufacturing facilities, educational institutions, and other non-residential spaces were used for housing rather than their existing uses, the density of these neighborhoods would be more than a third greater than they are now — well surpassing, or (in the case of Community Board 3) nearly doubling Kolkata-levels of density.
For those who would like to see even more residential development in these parts of town (in spite of the current undeniably high level of density) and question why so much of the area is given over to non-residential uses, look no further than the same city government and upzoning advocates who decry the current conditions. Hudson Square in Community Board 2 was rezoned in 2013, ostensibly in large part to allow and encourage...
residential development. And while some such development has taken place there as a result, that rezoning — like so many initiated by the city — didn’t produce the results it was supposed to, with a much higher percentage of office development taking place than the public was told would occur. These false projections were made by the same city government and agencies that want you to believe that just building more housing, no matter how expensive, will bring housing prices down for everyone.

Look a few blocks east and you’ll see the same phenomenon repeated. The controversial SoHo/NoHo/Chinatown Upzoning adopted by the city in 2021 is yet to produce a single unit of housing, much less the affordable ones promised. Some new housing is ostensibly in the pipeline, including a project of the sort the city said would not be possible under the rezoning — an all-luxury condo project with no affordable units, but in-unit swimming pools for the lucky (and very rich) residents. And other developers have chosen to build the commercial (non-residential) developments the rezoning allows, on sites where the city predicted housing (including affordable housing) would be built, much as we warned was likely to happen.

In the East Village, in 2017 Village Preservation pressed hard for a rezoning of the Third and Fourth Avenue corridors — one of the few areas in the neighborhood that encouraged commercial (i.e., hotel and office) development over residential development. Our rezoning would have reduced the possibilities for commercial development in order to encourage residential uses instead. The city refused, and the same advocates pushing for greater density of residential development in these neighborhoods opposed it as well — more evidence that they’re not actually motivated by a desire to see housing built to bring down prices, but to promote real estate interests and remove as many restrictions on development of any sort as possible.

It should be noted that in 2008, Village Preservation was part of a coalition that successfully secured a rezoning of the rest of the East Village that put an end to the proliferation of private university dorms in the neighborhood and encouraged new residential development instead, albeit at a scale contextual with the surrounding neighborhood — anathema to many of these upzoning advocates.

None of this should be taken to mean that we believe that new housing shouldn’t be developed in New York City. In fact, current rules in New York City already allow an additional 1.8 bil-
lion square feet of residential development to take place, which is enough to comfortably house 3.6 million additional New Yorkers, at a time when we’re actually losing population. And according to published reports, New York saw a “record-setting” filing of building permits for just shy of 20,000 residential and hotel units in the first quarter of 2024, under the existing rules that the city says aren’t allowing enough housing to be built in New York City.

Which leads one to question why politicians in Albany and City Hall, and advocates who claim to care about housing prices, are so obsessed with changing rules to allow bigger, denser housing than the current rules allow.

There’s clearly a lack of affordable housing in New York City now. So what’s the solution? Well, creating more affordable housing for one, and making sure that existing affordable housing stays affordable and available to those who need it. Some steps have been taken towards the latter by elected officials, but other actions by those same officials undermine it.

The types of upzonings being promoted by policy-makers and advocates give great financial incentives for developers to destroy existing affordable housing and force out current, less-well-off residents. We’ve seen affordable rent-regulated apartments in our neighborhoods destroyed to make way for exactly the kind of developments the city has promoted, which not only don’t have any affordable housing, but sometimes have less housing than the smaller, older, and significantly more affordable buildings they destroyed.

Other cities around the world have bought up existing housing stock to turn it into affordable housing. In our own neighborhood, in the past, government agencies came together with non-profits to turn disused industrial buildings like the massive former Bell Telephone Labs into the permanent affordable housing now known as Westbeth, which it remains today. We would welcome such efforts in our neighborhoods, and have lauded and awarded projects turning empty buildings into housing for the formerly homeless. So far, the city has not chosen to go down this path.