IN LAND WE TRUST
ALAN LEUNG
p11

THE RENT IS TOO DAMN HIGH
ALEX POWELL
p10

THE ‘M’ WORD
NOLAN LEVENSON
p6

MAPPING OPPORTUNITY
JUSTIN TYNDALL
p8

FAVELAS FOR THE MIDDLE CLASS
TRACY RODRIGUES
p4
The Spring 2014 edition of the Wagner Planner takes readers to familiar territories: housing, transportation, and affordability. As urban planners, we know them well. Yet, the authors of this issue edge out subtle nuances within these complex topics. As the de Blasio administration unfolds its plans for these topics, these articles are a collection of early reactions and potential implications. Beyond the emerging administration, the collection of articles also takes in the long view of equity beyond New York City. As always, the authors go further than simply exercising academic muscle; they provide individual opinion and insight. The growth of cities is inevitable, and these articles take a hard look at whom the city is for and spotlight a path for equity.
On October 28th, 2013—one year “Is a Favela Still a Favela Once It Starts Gentrifying?” This is the question asked by Jordana Timerman in her article for Atlantic Cities last year. In Brazil, where development is being pushed along at lightening speed due to the upcoming World Cup and Summer Olympics, favela residents are especially vulnerable to displacement. The Portuguese language has even adopted the word gentrificação to describe the process of forced evictions, the influx of foreigners, and the rising cost of living in favelas that are changing the demographics of the typical favela.

To be clear, the gentrification occurring in Rio is very different from the type with which New Yorkers are familiar. Residents of informal settlements have no legal claim to their land, though in recent years there have been some provision of land titles. Land titles have been a double-edged sword for residents because they offer security while simultaneously increasing the value of said land, which encourages the poor to sell and those better off to buy up properties. With construction and real estate booming, residents have seen rents double and are being pushed out to more dangerous favelas on the outskirts of the city where Police Pacification Units haven’t even dared to enter.

While Brazil continues to struggle with social issues, no one can deny its increasing importance as a political and economic world power. With growing oil and gas industries and a focus on sustainability, there are plenty of job opportunities for skilled workers. The government has made it relatively easy to obtain work permits or visas and the incoming migrants are all too familiar. The Portuguese and Spanish, still suffering from Europe’s economic crisis and the accompanying austerity measures, are dealing with high percentages of youth unemployment. One in ten graduates now leaves Portugal and many are choosing former colonies as their destination. Sharing a common language has made moving to Rio a relatively easy adjustment for the Portuguese and they, along with other European immigrants, have made the favelas their home. These neighborhoods and homes are a cheap alternative to the increasingly high rents across the city. In Vidigal, an often-cited example of gentrification in Rio, there are more than a thousand foreigners estimated to be living there. This influx of new, wealthier residents has brought new hotels, restaurants, and nightlife to the favelas. Many social events are priced to exclude local residents from attending, and beloved local products are being replaced with American and European imports that cater to newcomers. While improvements in infrastructure and social services are welcome and much needed, should who receives these benefits matter? I argue it should, especially in Rio, because if services are not targeted towards at-risk populations, poverty may shift but never be eradicated.

The favela is not just a slum in need of intervention. It has long been a valuable contributor to the Brazilian economy. In 2012, Rio’s favelas alone had an economy worth $6.1 billion. Despite this contribution it’s taken a World Cup and upcoming Olympics for major transportation and infrastructure investments to occur. Integrating favelas into the larger economy and society after ignoring its residents throughout history is long overdue, but it should be done equitably.

Sources:
A hostel in the Vidigal favela, Rio de Janeiro. Source: RioOnWatch.org

Mirante do Arvrao Hotel, Vidigal favela, Rio de Janeiro (Reuters/Pilar Olivares). Source: TheAtlanticCities.com
In early February, infamous public transit consultant Jarrett Walker of Human Transit fame, gave a talk in New York City called “Abundant Access: Public Transit as an Instrument of Freedom.” The event drew in numerous transportation enthusiasts who listened to his practical and convincing argument about the benefits of public transportation, particularly enhanced bus transit service.

A question arose about a hot topic in urban planning: the “millenials.” An MTA (the regional authority that operates public transit in NYC) representative noted that a recent survey suggested that “millenials” prefer rail transit over bus transit. In their “20 Year Needs Assessment,” the MTA suggests what the rest of the world theorizes: that young people like cities and don’t like to drive. This is great news for urbanists and environmentalists. For the MTA, however, this means increasing pressure on an already strained network, and apparently this increased demand won’t use buses.

This conclusion is not exclusive to New York City. It is an argument often used to justify investing in the much more costly rail infrastructure in cities across the country. Attracting young people is an essential part of an urban revitalization strategy. I would argue, however, that these city-saving millennials are simply making a rational economic choice, rather than getting drawn in by sexy condos and streetcars. They choose a city and housing based on their job. A recent Atlantic Cities article noted that 54% of millenials still live in suburbs (compared to 32% who live in cities), indicating that a drastic shift of young people moving to cities may not be the complete story.

The MTA’s survey is inherently flawed. Ask any New Yorker about whether they prefer the subway or bus, and they will likely tell you the subway. This is not true because they are young or that they love cities and trains, it’s simply the fastest, most cost-effective way to get around. Those who prefer the bus, such as the elderly or handicapped, likely choose the bus because the bus is easier for them to use—many subway stations are not accessible for these populations.

Buses, if they moved people rapidly to desired locations, would perhaps be just as desirable as the subway. Segregated lanes in a Bus Rapid Transit (BRT) system are one way to achieve this—many systems around the world are so popular that they are over-capacity (e.g. the Transmilenio in Bogota, Colombia). Select Bus Service, NYCDOT, and MTA’s take on BRT, has improved bus speeds on heavily trafficked routes at little cost. The advantage of buses is that they can be implemented quickly, especially compared to rail transit projects.

The same holds true for the “urbanization” conclusion. Why are young people choosing to live in cities? Cities have jobs for young professionals. In many cities (although not New York) the cost of living is low and even lower without a car. So, if you can get by on transit and have cheap rent, while having a good amount of activity around you, why would you not make that choice? It comes down to simple, common, economic sense.
In New York City, owning a car is often a large economic burden, especially for young people in the midst of developing their careers.

The danger in grouping millennials into one box is that policy, planning, and infrastructure decisions may be made on bad, oversimplified information without a real understanding of what is driving personal choice. In transportation planning, decision-makers may overlook Bus Rapid Transit and street redesign projects, which can achieve similar mobility goals to rail projects without the expense and time constraints.

Sources:
New York City is an amalgamation of individual neighborhoods. Although there are shared experiences that unite New Yorkers, the environments that individuals experience day-to-day come in an enormous variety. This reality is enabled by a transportation system, which for the most part connects us, but can also isolate those neighborhoods that have more limited access to comprehensive public transportation.

The importance of connecting citizens to jobs is frequently discussed as a point of urban policy, but attempts to actually analyze how well connected populations are to job centers is a severely understudied area. The existence of data on both public transportation service and locations of jobs makes it possible to empirically investigate how many jobs are accessible to a typical citizen via public transit, and how this number varies across the city’s neighborhoods. This article offers a brief introduction to this field of research and identifies how planners might conceptualize the idea of job access in a city such as New York.

The use of public transit routing applications allows researchers to calculate the range an individual could travel within a given time horizon, from a particular starting point. If we assume a typical commuter is willing to travel no more than 60 minutes each way to reach a job, we can map an individual’s ‘opportunity set’ of neighborhoods in which they could potentially find employment. In the included maps, zip codes are used as proxies for neighborhoods. By overlaying transit data with economic census information on the jobs found in each neighborhood, it is possible to better understand the actual employment opportunities that are available to a representative individual. This is a particularly useful exercise in cities like New York where the majority of the work force uses the public transportation system to access a job.

A sample of maps is presented here showing four unique neighborhoods that experience starkly different levels of job access. It is clear from mapping access that a worker’s spatial opportunity set of employment is not simply a function of linear distance, but is a function of a complex regional transportation network that connects neighborhoods differentially. The impact of express subway lines, the coting of commuter rail stations and the availability of bus service to fill gaps in the rail system are all evident from these maps, which provide a picture of access that is more consistent with a user’s experience than simple maps of transit routes.

Conceptualizing mobility as a system of overlapping opportunity sets can complement the way policy makers understand so-called place based policies. Policies that encourage the establishment of work opportunities in high-unemployment or high-poverty neighborhoods often ignore the fact that individuals are highly mobile, and that mobility cannot be well proxied by straight-line geography. Attempts to subsidize job opportunities in the outer boroughs may ultimately harm the populations they seek to help. From the maps provided, we can see that all four neighborhoods are able to access Midtown Manhattan within 60 minutes; however, Belmont, Red Hook, and Jamaica all lack access to significant portions of their own borough. This is an example of how the notion of supporting the ‘local’ job market is a concept more complex than it appears.

Neighborhoods need to be connected to job markets, but more to the point, they need access to jobs that match the human capital of the neighborhood. This is a nuance to understanding job access that needs to be further developed when modeling opportunity sets. As this line of research goes forward, planners should be cognizant of the fact that an overarching goal of economic policy must be to connect individuals with jobs. To this end, we should aim to influence transportation and labor markets so that every individual has an opportunity to share in the economic growth of the region.
Accessible within 60 minutes on transit

Not accessible within 60 minutes on transit

Origin Neighborhood

Rail Stations: ○ NYC Subway ● Commuter Rail

**NORTH CHELSEA, MANHATTAN**

Jobs Accessible: 3,217,244

**BLEMONT, BRONX**

Jobs Accessible: 1,757,328

**RED HOOK, BROOKLYN**

Jobs Accessible: 2,207,241

**JAMAICA, QUEENS**

Jobs Accessible: 980,882
THE RENT IS TOO DAMN HIGH!

By Alex Powell, MUP 2014

The rent is too damn high! Without possessing an increasingly endangered rent stabilized apartment, what New Yorker can’t get behind that slogan? Who wouldn’t support a mayoral contender who campaigns on building 200,000 units of affordable housing over the next decade? The housing crisis in New York City is arguably the most pressing issue facing the City today with over half of NYC residents paying over 30% of their income to housing. In the face of such an imminent threat to the overall quality of life in NYC, is there a mean that isn’t justified through the end of producing more affordable housing?

One of the many proposals Mayor de Blasio has suggested to achieve his ambitious affordable housing goal is the use of pension funds to finance the rehabilitation and development of affordable housing. New York City’s five pension funds collectively have over $150 billion worth of assets from contributions by 700,000 current and future beneficiaries of these funds including teachers, police officers, firefighters, and city employees. The mayor sits on the board of trustees for each of the funds and appoints various trustees to positions on these boards as well. From a political framework, the mayor only consists of appoints a minority of all the boards, with the exception of the Board of Education Retirement System, which is by far the smallest fund by assets and would do little towards achieving his housing goal.

The New York City Comptroller’s Office calls these investments in affordable housing Economically Targeted Investments (ETI), a program in which the funds have been participating since 1981, providing funding to three local investment partners who select affordable housing projects to support with financing based on their expertise of which will generate the desired rate of return for their investors.

The largest impediment towards diverting pension investments for funding affordable housing is twofold; first, transcending the legal restriction of fiduciary duty, and, second, convincing the board of trustees and the custodian of the fund, Comptroller Scott Stringer, to back this investment strategy. The former will likely boil down to a dialectic debate while the latter would depend largely on a rhetorical battle.

The most pressing concern for the trustees of these pension funds is composing an investment strategy that aligns with their fiduciary obligation. While each fund defines their own investment strategy and philosophy, generally fiduciary obligations imply that it is the responsibility of the Board to diversify investments that will produce the greatest risk adjust return on their investment. Affordable housing finance by the government implies a reduced rate of return, only redeemed for investment through its diversification and risk-adjusted characteristics. The empirical evidence indicates that the ETI program has generated an after fee return of 6.31% over the past ten years, exceeding expectations compared with industry indexes.

Currently the five pension funds invest fewer than two percent of their assets in ETI, or around $3 billion, which are not solely devoted to affordable housing. The proposal by the new Mayor is to increase this funding by $1 billion or to 3% of total assets. Many investment consultants encourage pension funds to invest 5-15% of their assets in real estate because of the nature of this assets class and the needs of the funds.

While public outcry of legality has ensued since the Mayor’s announcement of this proposal, these investments are within the legal capabilities of the Board of Trustees. The Mayor will still need to present the facts to indicate the legality of expanding financing for affordable housing, which will inevitably be part of the affordable housing strategy to be released on May 5th. The rhetorical battle the Mayor must win is a political one. Convincing the public of a plan to divert funds towards a personal political cause (affordable housing) by placing the risk of the investment on the beneficiaries (moral hazard) is an uphill battle.

The Comptroller of NYC has a large voice on the Boards of Trustees and with a staff behind him can create convincing arguments to expand or contract the pensions’ holding in ETI. The Mayor’s largest hurdle will be to convince Scott Stringer of the benefit of this program to the City and the beneficiaries of the funds. This may be difficult considering he is attempting to convince a politician who undoubtedly has the aspirations of becoming Mayor someday and could use a similar technique of tapping the pension funds for his own political agenda.

While this proposal may appear benign, it could open the floodgate to a new form of political corruption, not for personal embezzlement, but for financing an agenda under the auspice of public service.
IN LAND WE TRUST

A primer on the community land trust model for affordable housing

By Alan Leung, MUP 2015

In late winter of 2014, Mayor Bill de Blasio announced one of the first major victories of his young administration: a deal with Two Trees property developers to include 700 affordable units of affordable housing, 40 more than originally planned, in the redevelopment of the Domino Sugar Factory. In return, Two Trees was allowed to build an additional 20 stories of market rate housing beyond what zoning regulations allowed.

Mayor de Blasio has been an enthusiastic and vocal champion of affordable housing. One of his most repeated campaign promises was the creation, through preservation and new construction, of 200,000 affordable housing units. The Domino Sugar Factory deal represents Mayor de Blasio’s commitment to that goal, but the extraordinary length the mayor took in negotiating the deal highlights the precariousness of affordable housing in New York City.

With the Domino Sugar Factory deal in the background, it is worth taking a step back to examine housing trends more broadly. According to a recently released report from the Community Service Society (CSS) - a New York City based non-profit dedicated to fighting poverty - the city lost 385,000 affordable units from 2002 to 2011 (affordability is defined as a family making 200% of the federal poverty line level spending 30% or less of its total income on rent). About half of those losses came from rent-regulated apartments converting to market rate, and another 68,000 units from expiring restrictions on subsidy and incentive programs. Given the tremendous net loss of affordable housing over the last decade, does it make sense to continue with our current strategy of policies and incentives?

Students of urban economics are almost certainly familiar with Henry George. In his 1879 treatise, Progress and Poverty, he advances the idea that land should be communally owned and the subject of a single tax. The modern day community land trust (CLT) is based on just that principle. Land trusts have been a common model in the United States for the conservation of green space and parks, but only since the 1970’s has a similar model been applied to the development and preservation of affordable housing.

Community land trusts are managed by non-profit organizations that purchase land and lease it back to homeowners on a long term basis. The existence of a land trust effectively eliminates the cost of land when purchasing a home. Homeowners selling their properties can only profit from improvements made upon the dwelling, and not from increases in land value. In instances where government funding is involved in the establishment of a CLT, additional deed restrictions limit profits from improvements, guaranteeing future affordability.

Despite the promise of CLTs, the model has not been widely adopted in the United States. Recent estimates put the number at roughly 250 such developments across the country. The model is gaining momentum, however. In the 1980’s there were only two dozen CLTs in existence, but in the last couple of decades the number has increased significantly. The mortgage crisis of 2008 brought renewed attention to CLTs because of the model’s resiliency to widely fluctuating land values. Surveys have shown that the foreclosure rate of CLT homes were far lower during the crisis than in the general population.

There are still significant barriers to the growth of CLTs. On face value, CLTs are not widely recognized or understood. The fee simple structure is, and will continue to be, the dominant cultural reference point for aspiring home buyers. The limited adoption of CLTs is also indicative of uncertainty with limited-equity models, particularly when homeownership is seen as a path to wealth. In the affordable housing community, CLTs struggle for funding and political support against traditional market based approaches such as inclusionary zoning, tax credits, and abatements.

In light of these challenges there are still many ways for CLT developers to capitalize on existing programs. HUD’s Neighborhood Stabilization Program (NSP) provides money to purchase foreclosed and abandoned residential properties for affordable housing development. The New York State Land Bank Act of 2011 gives local government tools to create land banks within their jurisdictions. Land banking is a process for acquiring and rehabilitating vacant, abandoned and tax delinquent properties. Although it has yet to be fully explored, municipal land banks are potentially invaluable resources for establishing CLTs.

It remains to be seen how well the CLT model can address affordable housing in New York City. The majority of CLTs in the country are in suburban and rural areas, and are typically comprised of detached single family homes only. Shared living arrangements, in the form of multifamily construction, adds complexity to the legal structures governing CLTs. Nevertheless, there are examples of successful CLTs in New York City. The Cooper Square CLT was established in 1991 near the East Village. It includes 303 units of multifamily housing.
and 23 commercial units spread across 19 different buildings. A case study published in 2007 by the Lincoln Land Institute found that a two-bedroom apartment in the Cooper Square development was renting for $431 a month, or 25% of the Area Median Income. It also found that it was a more efficient use of public subsidies than other programs supporting affordable housing.

Younger organizations like the New York City Community Land Initiative are working to raise awareness of CLTs. One of their more current projects is a detailed case study for establishing a CLT in East Harlem. The plan is still in its early stages, but has already won unanimous support from the local community board.

As Mayor de Blasio moves forward with his ambitious housing plan it would behoove him to consider and encourage the CLT model. Doing so would not only cement his legacy as a champion of affordable housing, but would also give his administration something truly worth celebrating.
The Wagner Planner is an independent student journal of the Urban Planning Student Association (UPSA) at the Robert F. Wagner Graduate School of Public Service at New York University.