



Queens West Issue Brief
November 1st, 2006

Introduction

On October 19th, the City of New York announced that it was buying the 24 acre “Queens West” site in Long Island City from the Port Authority of New York and New Jersey, to develop 5,000 units of affordable housing in a mixed-income community. The plan was hailed as a victory for affordable housing in Queens, which has not generally seen its share of affordable housing programs.

However, analysis by the Pratt Center for Community Development reveals that **all of the proposed affordable housing units would be priced out of range for more than 60% of Queens residents.** Not one of the units would be affordable at the median salary for a police officer, teacher, school nurse, or firefighter. And the units are priced far beyond the reach of the vast majority of immigrant families in Queens working in retail, education, food, and health services. This brief reviews data on the need for affordable housing in Queens and the Administration’s proposal, and makes recommendations to better reconcile the two.

The Need for Affordable Housing in Queens

Between 1990 and 2000, Queens experienced the largest population growth than of any other borough with its total population increasing 14.2 percent. Queens is the most diverse Borough in New York City with over 43% of households being immigrant households.

Over the past three years across New York City, real incomes have fallen, while rents have risen significantly. **In Queens, median household incomes have dropped over 6% from \$48,162 in 2002 to \$45,000 in 2005. Over the same period, average rents rose over 7% from \$886 in 2002 to \$950 in 2005.** This trend has significantly increased the housing cost burden on Queens households, particularly for working family households such as firefighters and police officers.

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| <u>The Borough of Queens:</u> | |
| Median Household Income (2005) | \$45,000 |
| Median earnings for workers (2005) | \$30,651 |
| Median Rent (2005) | \$950 |
| Percentage of Households Below the Federal Poverty Level (2005) | 9.5% |
| Percentage of Households with Rent Greater than 30% of Income (2005) | 51.5% |
| Percentage of Immigrant Households (2005) | 43.4% |
| <small>Sources: 2005 American Community Survey, US Census & Furman Center 2005</small> | |

Almost 9 percent of all occupied housing units in Queens were classified as severely overcrowded, with the neighborhoods of Corona, Elmhurst and Jackson Heights suffering the highest rates of severe overcrowding at 17.5%. The Borough of Queens also has the highest concentration of illegal units in the City. In 2005 Queens had the second lowest vacancy rate of all five boroughs at 2.82 %. Senior citizens, Hispanic, Black, and Asian residents carry the highest rent burdens in Queens.

Booming Housing Development, But Little Affordable

Over the next twenty years, the Borough of Queens is expected to absorb the largest share of growth in the New York metropolitan region. The housing market has recently been booming in Queens. More than 16,000 new housing units were built between 1994 and 2003, and over 5,000 units received residential building permits in 2004 alone. In 2005, Queens had the highest number

of housing starts in any borough, at 5,371. The communities of Ridgewood and Maspeth experienced a 500% increase in housing starts from 2003 to 2005, Astoria 300% and Flushing, Woodside and Jackson Heights 200%.

This trend shows no sign of stopping as development is occurring across the Borough on both public and private land including Queens West in Long Island City, Jamaica, and Willets Point. Public actions such as rezoning and requests for proposals on public land will transform those areas by greatly increasing the allowable size and scale of housing private developers can build, and as a result the amount of profit that can be made.

While the Bloomberg Administration has aggressively promoted its “New Housing Marketplace” plan to create and preserve 165,000 units of affordable housing in New York City, very little of the affordable housing – and even fewer of the low- and moderate-income units – have been in Queens.

In the NYC Department of Housing Preservation and Development’s most recent large request for proposals (RFP) for “Cornerstone” and “New Foundations” projects at scores of sites around the city, only one site was in Queens: the Arverne East Urban Renewal Area. In contrast to other sites around the city that are being developed as 100% affordable to low- and moderate-income families (including one in Staten Island), the only affordability requirement for Arverne East’s 1,500 units is that 20% must be affordable to middle-income families earning up to 130% of the area median income – or \$91,000 for a family of four. The other 80% of the units may be developed at market rate.

More recently, the City did include affordable housing for low- and moderate-income families in the Maspeth-Woodside Rezoning (through inclusionary zoning on Queens Boulevard) and in a recent RFP for development on the Queen Borough Hall Parking Lot. But there were no affordable housing provisions in the City’s request for proposals for the large Willets’ Point site near Shea Stadium.

As a direct result of these development trends, as many as 18,000 new units are scheduled to be built over the next few years (prior to the Bloomberg Administration’s announcement of development at Queens West). Under the current proposals, the overwhelming majority of this housing will be market-rate, having rents far beyond the reach of most Queens residents. **Only 3 percent (600) are planned to be moderate-to-middle income units, and only 1 percent (240) are low-income units. The remaining 95 percent (17,160) are market-rate units.**

The City’s Plan for Queens West

On, October 19th, the Bloomberg Administration announced plans to acquire 24 acres at the Queens West site in Long Island City from the Port Authority of NY/NJ for mixed-income development. The City of New York would contribute at least \$146 million to acquire and prepare the site. Under their plan, up to 5,000 units would be built for families earning from \$60,000 to \$145,000 per year.

When announcing the agreement between the City and the Port Authority, Mayor Bloomberg said that “this development [Queens West] will build on New York’s grand tradition of major middle-income communities, but updated for the 21st Century. We will work quickly to turn this into homes for thousands of teachers, police officers, firefighters, nurses, and other moderate-and middle-income New Yorkers.”

Queens West is one of the largest parcels of public land available for development in New York City with breathtaking views of the Manhattan skyline across the East River.

| <u>City’s Plan for Queens West</u> | |
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| Residential Units | 5,000 on public land up to 1,5000 on adjacent private land if acquired |
| Cost to City | \$100 million for land \$46 million for infrastructure |
| Other Land Uses | Retail, Open Space & Waterfront Access |
| Units Income Range: | \$60,000 to \$145,000 |

Source: City of New York , 2006

Missing the Mark: Not Affordable to Most Queens Residents

Unfortunately, the proposed income mix in the City’s Plan for Queens West does not meet the needs of over 60% of all Queens residents, including City firefighters who earn starting salaries of \$32,740.¹ **More than 60% of Queens households (477,934 out of a total of 782,523) earn less than the proposed \$60,000 minimum income.**² The 2005 median income for Queens is \$45,000, \$15,000 less than the threshold to afford one of the “affordable” units.

While the Bloomberg Administration has pointed out their commitment to providing housing to moderate and middle-income New Yorkers by developing affordable units at this prime location, the reality is that even the majority of teachers, police officers, firefighters, and nurses in Queens earn below the proposed \$60,000 cut off.

According to current salary data, Queens residents working in the professions that Mayor Bloomberg referenced would not make enough money to be eligible for a unit at Queens West.

Median Salaries in Queens

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| Income required for proposed Queens West | \$60,000 - \$45,000 |
| Public School Teacher | \$55,378 |
| Police Patrol Officer | \$52,957 |
| School Nurse | \$46,524 |
| Firefighter | \$43,732 |
| Cook | \$39,512 |
| Teacher’s Aide | \$24,220 |
| Cashier | \$22,773 |

Source: Salary.com New York Queens

This data makes it clear that the City’s Plan for Queens West does not meet the needs of average Queens residents. In addition, the plan has nothing at all for the hundreds of thousands of lower income working families, especially immigrant families, who are making Queens thrive. According to most recent US Census figures, foreign-born households earn on average \$10,000 less than other Queens households – with median incomes of \$28,856 for male workers and \$26,402 for female workers primarily employed in retail, educational and food services. In addition, over 80% of foreign-born households make under \$50,000; almost 60% of these households pay more than 30% of their income on rent.³

¹ NYU Furman Center “State of New York City’s Housing & Neighborhoods 2005

² 2005 American Community Survey, US Census

³ 2005 American Community Survey, US Census

A Better Mix of Incomes Brings a Better Financing Plan

Including a wider mix of incomes would – counter intuitively – actually help the City to finance residential development on the site. As currently proposed, with no low-income units, the development would have to be financed with taxable bonds or market-rate private debt.

However, if the plan were adapted so that at least 20% of the units were affordable to households earning no more than 50% of the area median income – or roughly \$35,000 per year for a family of four – the NYC Housing Development Corporation could issue tax-exempt bonds to finance the project, which could save the project millions of dollars in financing costs. These tax-exempt bonds are especially valuable on long-term rental projects, like the proposed Queens West development, since the interest savings on the bonds accrue every year.

A Revised Plan for Queens West

The City's plan must be reworked so that it meets the needs of a diverse range of Queens residents. The following principles should guide the development on the Queens West site to meet the affordable housing needs of all Queens residents:

- **At least half of the units should be affordable to the average Queens resident:** At least 50% of the units at should be affordable to households earning less than the Queens median income of \$48,093.
- **At least 20% of the units should be affordable to low-income families:** At least 20% of the units should be affordable to the nearly 200,000 Queens households that earn less than \$25,000. Inclusion of these units can actually be financially beneficial for the development, since it would allow tax-exempt bond financing to be used.
- **Permanent affordability:** The affordable housing units created should be affordable in perpetuity. This will prevent the crisis of expiring affordable units that exists in many programs.
- **Open planning process:** Thorough public input and planning for infrastructure, transportation, open space, and accessible and sustainable design are essential to make this a truly great project.
- **Living wages:** Owners of new buildings at Queens West (who will be receiving substantial public subsidies) should be required to pay prevailing wages to their building service workers. New York City should not subsidize the payment of substandard wages to building service workers. As was agreed by owners in the recent Greenpoint-Williamsburg and West Chelsea rezoning areas, building owners should pay prevailing wages to building service workers.