

# THE IMPACT OF LANDMARKING ON HOUSING PRODUCTION IN MANHATTAN

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PREPARED BY

**REBNY**<sup>®</sup>

REAL ESTATE BOARD OF NEW YORK

## A TALE OF TWO CITIES: LANDMARKING AND ITS IMPACT ON HOUSING PRODUCTION

A recent REBNY analysis showed that 28 percent of Manhattan is landmarked. The following analysis of new housing activity in Manhattan over the past 10 years (2003-2012) demonstrates that landmarking sharply curtails new housing production, particularly the creation of affordable units<sup>1</sup>. Census data also shows a strong correlation that as the percentage of landmarked properties in a census tract increases, median household incomes are higher, racial diversity decreases, population declines, the number of rental units declines, and the average household size becomes smaller.

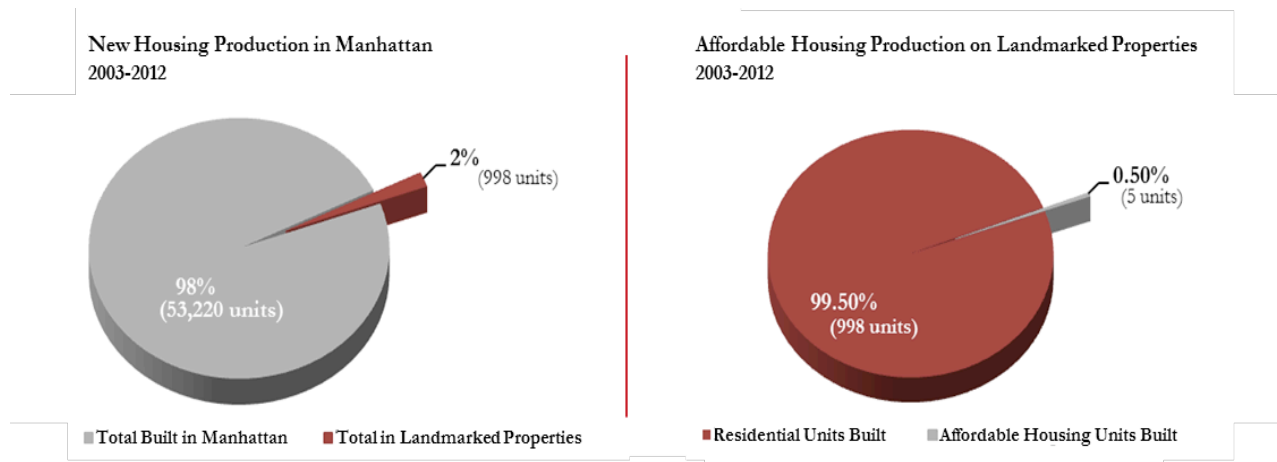
### FINDINGS

In Manhattan over the past 10 years:

- 1.9% of the new residential units (998 units) were constructed on landmarked properties
- 5 affordable housing units were newly constructed on landmarked properties since 2003
- 0 affordable units constructed or rehabbed on landmarked properties since 2008

From 2003 to 2012 in Manhattan, there were 53,220 new residential units constructed, including 8,070 new affordable housing units. Landmarked properties account for 28% of all properties in Manhattan, but only account for 1.9% of all new residential units constructed. Since 2003, only 5 units of affordable housing have been built on landmarked sites—a City-sponsored project where they sold property on Historic Front Street. This number represents only 0.5% of new residential development on landmarked properties.

**Chart 1: Analysis of Housing Production**



In addition to the 5 newly constructed affordable units, there were 114 affordable units created through renovation over the past 10 years. All 114 units were renovated on City-owned

<sup>1</sup> For the purpose of this report, affordable (or affordable housing) is defined as any housing unit, rental or condo, with any income restrictions. This also includes homeless, senior and supportive housing.

properties. However, 85% of these renovated units were built solely within West Harlem’s Hamilton Heights/Sugar Hill Historic Districts. None of the renovated units were built south of 87th Street, and none have been built since 2008.

## **DEMOGRAPHICS**

A demographical analysis of census tracts in Manhattan shows that residents within landmark districts have significantly higher household incomes and the population is dramatically less diverse than the rest of Manhattan and New York City. Additionally, as the percentage of landmarked properties in a census tract increases, population declines, the amount of rental units declines, and the average household size becomes smaller.

**Chart 2: Census Tract Analysis**

	<b>Median Household Income</b>	<b>Racial Diversity Index<sup>2</sup></b>	<b>Population Change</b>	<b>Percent Renter Occupied</b>	<b>Average Household Size</b>
<b>CITYWIDE</b>	\$48,743	.74	2.10%	69%	2.57
<b>MANHATTAN</b>	\$63,832	.68	3.20%	77%	2.00
<b>Census Tract with over 50% Property Landmarked</b>	\$105,604	.43	-0.10%	75%	1.81
<b>Census Tract with over 80% Property Landmarked</b>	\$113,665	.32	-2.70%	64%	1.73
<b>Census Tract with 100% of Property Landmarked</b>	\$123,800	.28	-5.00%	60%	1.71

U. S. Census Bureau. (2010). *American FactFinder: New York County and NYC*.

The chart above does not imply that there is a causal relationship between landmarking and these demographic findings, but rather that there is a strong correlation that warrants further study.

## **PUBLIC POLICY IMPLICATIONS**

The housing data collected over the past 10 years makes clear that the development of housing and affordable housing is significantly impacted by landmarking. Since 2008, there have not been any new affordable units created on landmarked properties in Manhattan, accounting for both new construction and renovations. When coupled with the recent findings that 28% of Manhattan properties and 70% of the properties in the neighborhoods of the Upper West Side and Greenwich Village/SoHo are landmarked, it is becoming apparent that the door is slowly shutting on areas where much needed housing and affordable housing can be created.

With approximately 630,000 new residents expected by 2030, New York City’s housing needs are great and its affordable housing needs even greater. It is critical that the affordable housing stock be continuously expanded with the construction of new units through development or

<sup>2</sup> The Racial Diversity Index measures the probability that two randomly chosen people in a given geographic area will be of a different race, measured on a scale of 0 to 1. A higher number indicates a more racially diverse population. The RDI is calculated using the following formula:  $RDI = 1 - (P^2 \text{ African-American} + P^2 \text{ Asian} + P^2 \text{ Hispanic} + P^2 \text{ Other} + P^2 \text{ White})$ . A full population breakdown by race is provided in Chart 3 in the appendix.

renovation so that the City can more effectively address its affordable housing crisis. Further, it is important that affordable housing be developed in every community of the city. This cannot be accomplished when 70% of the buildings in a Community District are designated landmarks or in a historic district.

It is not the landmarking of individual properties that is problematic, but rather the wholesale landmarking of entire neighborhoods through Historic District designations without the proper consideration to how it impacts the city's housing needs. In areas where these conditions are concentrated, the issue of affordability and rapid gentrification is further exacerbated.

## **CONCLUSION**

Landmarking, especially historic district designation, has been a deterrent to new housing construction and creates conditions that disincentivize the development of affordable housing. The density restrictions, hard and soft development costs associated with landmarks compliance, and lengthy public review process makes the development of affordable housing extremely unlikely.

The only instances where affordable housing was developed on landmarked properties were on City-owned properties. This is not sustainable over the long run, as the number of City-owned properties continues to decrease. As more communities choose historic district designations to control development in their neighborhoods, the City's ability to effectively address its affordable housing needs is more constrained and costly.

Landmarks preservation has been an important contribution to the development and vibrancy of our city. However, the proliferation of historic districts and historic district extensions has had adverse impacts on housing and affordable housing production. The City needs to more responsibly balance landmark preservation and our city's housing and affordable housing needs.

## APPENDIX

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Chart 3: Population Breakdown by Race

	African-American	Asian	Hispanic/Latino	Other	White	Racial Diversity Index
CITYWIDE	22.8%	12.6%	28.6%	2.7%	33.3%	0.739
MANHATTAN	12.9%	11.2%	25.4%	2.5%	48.0%	0.675
Census Tract with over 50% Property Landmarked	6.2%	7.2%	9.9%	2.4%	74.2%	0.430
Census Tract with over 80% Property Landmarked	2.5%	6.6%	7.1%	2.3%	81.4%	0.327
Census Tract with 100% of Property Landmarked	1.9%	5.3%	6.1%	2.0%	84.4%	0.280

## SOURCE

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*The data used for calculating the development of affordable housing units was obtained from the New York State Housing Finance Agency, New York City Housing Development Corporation, and the Furman Center's Subsidized Housing Information Project. The data used to determine new housing construction was obtained from the New York City Department of Buildings. The Rent Guidelines Board provided the data used to determine the total number of residential units built. Demographic information was obtained from the 2010 Census and analyzed on a Census Tract level.*