

The Intersection of Affordable Housing and Historic Districts

Executive Summary

Adopted in 1965, the New York City Landmarks Law empowers New York City's government "to safeguard the buildings and places that represent New York City's cultural, social, economic, political, and architectural history [in order] to: stabilize and improve property values; foster civic pride; protect and enhance the City's attractions to tourists; strengthen the economy of the City; promote the use of historic districts, landmarks, interior landmarks, and scenic landmarks for the education, pleasure and welfare of the people of the City".¹

In the 50 years since the Landmarks Law was passed, historic preservation has had proponents and detractors spanning the political spectrum, yet data-driven research that substantively informs the discourse on the relationship between housing affordability and historic districting has been limited. This lack of research is due in part to geographic incongruities amongst United States Census Bureau, municipal housing affordability indicator and designated historic district boundaries, as well as longitudinal inconsistencies and unavailability of relevant data. This study seeks to overcome these challenges through the development of best practices related to researching the intersection of affordability and historic districts² in New York City and by applying advanced statistical analysis to relevant queries.

After crafting a precedent-based research methodology, this study analyzed data for New York City's historic districts using U.S. Census Bureau affordability and income indicators including rental prices, income, and rental burden, as well as building-level affordability indicators for housing in privately-owned and publicly-subsidized rental developments.

Expanding upon the study's preliminary comparison of census tracts³ that overlap with historic districts to census tracts outside of historic districts, regression analysis was used to look at the relationship between census tracts with higher and lower concentrations of residential units located in historic districts. By examining U.S. Census data over time and controlling for borough location and the timing of historic district designation, along with residential unit concentration, the study found that between the years 1970 and 2010, historic district designation had relatively little bearing on rental prices and the number of rent-burdened households, although historic district designation did correlate with an increase in income in some designated historic districts. Specifically:

- Although a basic comparative analysis showed that rent and income increased in census tracts overlapping with historic districts compared to all census tracts in New York City, the more advanced and accurate regression analysis showed no statistically significant relationship of rent and income to the concentration (high or low) of residential units in historic district census tracts, or the timing of historic designation;
- The concentration (high or low) of residential units located in historic districts was not significantly related to the percentage point change of households paying more than 35% of their income on housing (i.e. rent-burdened households);

- The increase in rental housing burden over the 40 year period was less in census tracts overlapping with historic districts than in all census tracts for all of New York City and in each of the five boroughs. In fact, the percentage point increase in rental housing burden in all NYC census tracts was more than twice that (18.1 percentage points) of census tracts overlapping with historic districts (8.8 percentage points).
 - In the census tracts in Manhattan and Brooklyn that did not overlap with historic districts, the percentage point increase of rental burden was more than twice (9.9 and 20.1 respectively) that of census tracts overlapping with historic districts (4.3percentage point increase in Manhattan and 10.0 percentage point increase in Brooklyn).
 - In the other three boroughs, the percentage point increase of rental burden in census tracts outside of historic districts (23.2 percentage points) was nearly 25% greater than the increase in rental burden for census tracts overlapping with historic districts (17.9 percent point increase).
- As the concentration of a census tract’s residential units located in an historic district became higher for New York City’s historic district census tracts overall, and specifically for the borough of Brooklyn, the percentage change in Median household income was found to have a correlative increase. It is important to emphasize that for regression analyses in general, a finding of “significance” does not imply *causation*, it merely suggests that changes in variables (while holding other variables constant) are happening in a similar way—not that one is *causing* another to change or vice versa.

The study also analyzed data from New York University’s Furman Center for Real Estate and Urban Policy’s Subsidized Housing Information Project (SHIP) database to examine the changes over time in the number of privately-owned and publically-subsidized rental housing units in historic districts compared to non-designated neighborhoods. Rates of housing development and subsidy maintenance were also measured for these rental units at the New York City, borough and community district levels. According to findings, historic designation did not prevent government-subsidized housing from developing in specific neighborhoods, nor did it prevent subsidized units in historically designated areas from remaining affordable and maintaining subsidies at similar rates compared to subsidized units overall in New York City (whether or not the units were developed before or after historic designation). Furthermore, for all boroughs except Manhattan, a higher percentage of subsidized rental units were found to have maintained subsidies in census tracts overlapping with historic districts than in those census tracts outside of historic districts.⁴

- A higher percentage of subsidized units were developed in Manhattan, Brooklyn and Staten Island historic districts than in non-designated areas in these boroughs. Queens and The Bronx developed more subsidized units outside of historic districts;
- Historic district designation did not prevent subsidized housing from developing in specific neighborhoods, as 27% of the subsidized rental units located in historic districts were developed after the historic district was designated;
- Subsidized units in many historic districts remain affordable whether or not the units were developed before or after historic district designation. Overall in New York City, affordability subsidies are maintained as of 2010 in historic districts at a rate of 74.6%, compared to in non-designated areas, in which subsidies are maintained at a rate of 73.4%.

- Subsidized rental units in historic districts have maintained subsidies at higher rates than subsidized rental units in The Bronx, Brooklyn, Manhattan and Staten Island. In fact in Bedford Stuyvesant (Community District 3, Brooklyn), 100% of historic district rental units maintained their subsidies despite earlier average start dates (18.0 average years since start of subsidy) than overall subsidized rental units (14.1 years). Manhattan's historic districts are less likely to have maintained affordability subsidies than the City as a whole, with the exception of Central Harlem, where subsidies have been maintained for longer periods of time than subsidized units outside of historic districts in that community.

The intersection of affordable housing and historic districts is nuanced and contextual, and with advanced statistical analysis the study was able to control for important variables, and isolate those factors which are most relevant. Practitioners and researchers alike are encouraged to replicate and build upon the methodological approach developed for this study in order to further explore the relationship between affordable housing and historic districts in New York City and beyond.

Acknowledgements

The Intersection of Affordable Housing and Historic Districts benefitted from the invaluable time and expertise of subject matter experts representing various politics (i.e. across the spectrum of affordable housing advocates and preservationists) and sectors (i.e. private and nonprofit developers, government agency representatives, academia, advocacy groups, etc.) relevant to the study's scope of work. The Research Design Advisors (a subset of the Review Committee) lent their experience in conducting quantitative research as well as their subject matter expertise while advising on the study's methodology and data checking the study's findings. The full Review Committee vetted findings and reviewed draft sections of the White Paper for qualitative and quantitative accuracy of both the narrative and data presented. The Research Design Advisors and Review Committee were engaged individually via numerous phone calls, emails and meetings throughout the term of the study, culminating in a full Review Committee meeting in June, 2015 for a presentation by ThinkBrooklyn of the study's findings (including advanced circulation of draft sections of the White Paper), which allowed for questions and comments, and recommendations for future research, all of which were incorporated into the final draft of the White Paper.

ThinkBrooklyn was commissioned by the Historic Districts Council with funding from **the New York Community Trust** to conduct an unbiased, non-partisan study, and the expertise of the Research Design Advisors and larger Review Committee helped to ensure that the study's methods were as rigorous and innovative (while proven and widely-accepted) as possible, and that the findings are accurate and have the utmost relevance and utility to all stakeholders in New York City.

A full list of all Committee members is included with the full report available at www.hdc.org or by contacting the Historic Districts Council, 232 East 11th Street, New York, NY 10003 or calling (212) 614-9107.

¹ New York City Landmarks Preservation Commission. Retrieved from <http://www.nyc.gov/html/lpc/html/about/history.shtml>, 11/28/2015.

² Throughout this White Paper, "historic districts" refer specifically to areas which are designated as Historic Districts or Historic District Extensions by the New York City Landmarks Preservation Commission.

³ Throughout this White Paper, wording similar to "census tracts that overlap with historic districts" refers specifically to census tracts that have residential units in historic districts unless specified otherwise.

⁴ Variation in subsidized unit development and subsidy maintenance rates by Community District may be explained by earlier average historic designation dates.