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Abstract

This thesis focuses on the demographical characteristics of social housing in the United States. At the beginning, a comprehensive overview about the system of the housing market itself and the development of social housing in the United States is given by observing the current situation in the United States and in New York City in particular. After gathering this information, the demographical characteristics of social housing tenants are elaborated in more detail. The main objective is to study and evaluate demographical developments, status quo and current challenges. At the end, a critical evaluation of the social housing system and its tenants in the United States is possible from a present-day perspective, as well as for the future.

Zusammenfassung

Die vorliegende Diplomarbeit beschäftigt sich mit den demographischen Besonderheiten des sozialen Wohnungsbaus in den Vereinigten Staaten. Zu Beginn gilt es, einen umfassenden Überblick über die Funktionsweise des Wohnungsmarktes als solchen, die Entwicklung des sozialen Wohnungsbaus in den Vereinigten Staaten und dessen aktuelle Situation sowohl in den Vereinigten Staaten, als auch in New York City zu geben. Ausgehend von diesen Informationen werden die demographischen Charakteristika der Nachfrager des sozialen Wohnungsbaus im Detail untersucht. Ziel ist es dabei, demographische Entwicklungen, Status Quo und künftige Herausforderungen herauszuarbeiten und kritisch zu bewerten. Abschließend ermöglicht die Kombination der gewonnenen Ergebnisse eine kritische Evaluierung des sozialen Wohnungsbaus und seiner Bewohner in den Vereinigten Staaten aus heutiger Sicht und für die Zukunft.

Preface

This thesis has been realized in the framework of GMF (The German Marshall Fund of the United States), a nonpartisan American public policy institution. Founded in 1972, the main objective of GMF is to encourage cooperation and understanding between the United States and Europe. A variety of global policy challenges shall be cured by support of individuals and institution working on transatlantic issues (<http://www.gmfus.org>).

The research question of this thesis focuses on social housing as a political issue in terms of integration policy. Currently, strong economies – in particular metropolitan areas in Central Europe and the United States – are facing increasing immigration. Attracted by higher salaries and living conditions, immigrants choose to leave their native countries. Due to these developments many European and American cities have to take up the challenge of integrating a heterogeneous and more and more fragmented population. In terms of local integration policies, affordable and decent housing for migrants are the main relevant issues. In the course of this thesis it will be outlined, who the residents of social housing in the United States are and in what way the system of social housing considers the access and affordability of housing for undeserved population.

The thesis is structured into three main chapters and ends with a critical evaluation of the social housing system of the United States. Firstly, an introduction into the theory of housing market and social housing builds the basis for the more detailed reflection of the development of social housing and its demographical characteristics in the United States (U.S.). The method for these two chapters is based on literature and online research and is completed by expert interviews. The demographical data arises from the United States Census Bureau.

The third main part of the thesis is a detailed observation of the current demographical and social housing situation of New York City. This chapter is based on a questionnaire developed by CLIP (Cities for Local Integration Policies for Migrants), a European network founded in 2006, expert interviews and a city visit. The so-called CLIP Grid was the initial basis for the expert interviews in New York City.

This thesis is based on information gathered till November 2008.

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1 Theory of Housing Market and Social Housing

Housing is one of the basic needs of human beings and the fundament of a free development of the individual, irrespective of a possible migration background. Even the European Union recently recognized the importance of an adequate fulfillment of this need and decided for the first time to integrate social housing into EU cohesion policy (CLIP, 2007, p. 3).

Although housing can be understood as some sort of basic commodity, it is also characteristic that the property 'habitation' differs from other economic commodities. Jenkis (2004, pp. 52) pointed out that habitation can be classified into the economic commodity 'tenement' and the social commodity 'use of the tenement'. According to that it is important to understand in a first step the functionality of housing in general. Only then a comprehensive understanding of social housing is possible. Chapter 2 shapes the theoretical basis of the housing market and after that elaborates a deeper introduction into the characteristics of social housing renters.

1.1 Meaning of Housing Market

A very superficial observation shows that housing markets basically connect buyers and sellers of housing, whereby "[...] buyers offer demand and sellers offer supply [...]" (Oxley, 2004, p. 16). The U.S. Department of Housing and Urban Development (HUD) states that the housing market differs from the market for other necessities such as food or clothing. The main difference is "[...] that supply does not respond to demand quickly" (www.huduser.org) and the complexity of housing markets can be found in the strong connectivity to economic conditions.

Abele and Winckler (1976, p. 3) went one step further and emphasized that the concept of housing market includes two different core themes, in particular the change of domicile and the building activity. Both categories are very complex and amount to a "[...] multi-dimensional social field of

interaction [...]” (Abele and Winckler, 1976, p. 3) which is influenced by different actors, information patterns, decision-making processes, activities, institutional conditions and so on. Over the course of their study they describe the housing market as a place where information pass on and where interactions and communication take place. The housing market is generally characterized by processes which concentrate on the objective ‘habitation’ (Abele and Winckler, 1976, p. 66).

This explanation of the housing market coincide with Mayer’s (1998, p. 42) more recent definition which describes the housing market as an economical place where processes of exchange regarding the commodity ‘habitation’ take place. Mayer (1998, p. 42) also pointed out that there is no one single housing market. The market is to a rather degree divided into several submarkets which are connected on the supply and demand side.

Very generally spoken, similar to economic markets the housing market is also divided into a supply and demand side. According to Oxley (2004, p. 16), housing demand depends on preferences and financial resources and can be divided into an individual demand which represents a single person and an aggregated demand which summarize a set of individual demands. On the other hand, housing supply has to be differentiated between “[...] supply from the existing stock and supply from house-building [...]” which includes new construction as well as additional housing because of conversion of existing properties (Oxley, 2004, pp. 22). Both, supply and demand depend on a variety of external factors which influence the housing market behaviour. This will be observed more detailed in Section 1.1.3.

For the sake of completeness it is important to underline that a housing market is no market in terms of a traditional economical theory. Because every market needs some sort of standardization, it would be necessary to build homogenous submarkets for housing relevant criteria like price, size, location or facilities. However, the concerned parties of the housing market are able to switch between the submarkets as often as they like. A housing demander is able to interact for instance first on the submarket of two-room apartments in city-location for 500 EUR rent per month and change then to

the submarket of two-room apartment in suburban region for 400 EUR rent per month. The more homogenous and precise the submarkets are, the easier it is to change between the submarkets. According to Abele and Winckler (1976, p. 3) the standardization by using submarkets gets lost with the increasing possibilities of changing between the submarkets. This basic problem shows already the complexity of housing markets and the challenge to include all important parameters.

1.1.1 Actors of the Housing Market and Their Interactions

The involved parties of housing market can be found both on the supply and on the demand side. In the course of this, actors can act on two different levels: a direct and an indirect involvement into the market conditions (Abele and Winckler, 1976, p. 7 and 67). Directly involved participants on the housing market are homeowners – private-owned or governmental-owned –, tenants, subtenants or superintendents. Indirectly involved actors are real estate developers, architects, brokerage firms or letting agencies (Abele and Winckler, 1976, p. 7).

The interactions between the actors are embedded into an institutional general framework that is principally set by the lawmaker. In this context it is important to make a difference between constitutional lawmakers and ordinary lawmakers. The variable levels of legislation, such as federal, provincial and municipal government, have to be considered, too. In addition, the administration completes the general framework (Abele and Winckler, 1976, p. 6).

The lawmaker takes a special position in the setting of housing market's actors and influences the housing market with a wide range of governmental interventions. Blaas (1991, pp. 23) differentiated between governmental interventions on the supply and the demand side. On the supply side the lawmaker acts either as a housing provider or as a supporter of non-profit-making and public housing. As a result the lawmaker enlarges the housing supply and influences the housing prices of the whole housing market. On the demand side the lawmaker influences the

housing market by supporting the purchasing power of the housing demander. A possibility is to benefit saving behavior by payment of bonuses or tax concessions (Blaas, 1991, pp. 23)

It is also necessary to observe the frequency of interaction between the various actors to project the interactions in a time scale. Due to the large amount of actors and their activities a complex variety occurs. This complexity can be simplified by a segmentation of the actors regarding the behavior on the housing market. The typical sequence of decision-making and the typical resting time of housing market's participants finally lead to the assumption that the housing market is a process characterized by diverse intensities of activity (Abele and Winckler, 1976, p. 9).

1.1.2 Processes of Housing Market

Housing markets are not only influenced by the interactions between the market actors, but also by processes which can be described by the help of three theories: filtering theory, trickle theory and socio-spatial theory (Jenkis, 2004, pp. 346).

The filtering theory states that the use of a tenement increases the quality by renovation or improvement of infrastructure, such as the expansion of public transport systems for instance. This kind of improvement is called 'filtering up' (Jenkis, 2004, pp. 346). The quality of habitation can also decrease by usual usage and is called 'filtering down' (Jenkis, 2004, pp. 346).

The trickle theory connects the new construction of tenements with household income. It is assumed that newly constructed habitation always implies a higher quality standard. If the household income increases the households will move into these more luxurious habitations. Their former tenement will become available and occupied by moving up households with a lower income. According to the theory, a chain of removals is developing with low quality tenements at its end. As a consequence, these habitations can be demolished and substituted by new higher quality tenements.

Theoretically, there is a filtering up process possible, if the demand for new building of the middle and high income households is encouraged enough (Jenkis, 2004, pp. 349).

The third market process that is pointed out by Jenkis (2004, pp. 351) is the theory of socio-spatial processes. This theory is based on the arbitrage pricing theory and describes a tenement as a bundle of services within its social and technical environment. As a consequence, tenements located in regions with high-income households create more proceeds than tenements located within low-income households. The borderlines are characterized by agio or disagio, depending on the particular location (Jenkis, 2004, pp. 351).

1.1.3 Market Behaviour

As already mentioned, housing markets can be influenced by actors, their interactions and several processes. Explaining the behaviour of the housing market seems impossible. At the time this thesis was written current studies regarding the rent housing market were not available. So I will try to give an insight into the market behavior in general with the help of a real estate study made by Robert Shiller.

Shiller (2005, p. 11) observed the ups and downs of the stock and real estate market in a historical context. Although he focused on the stock market, he also tried to describe the market behaviour of the real estate market. He pointed out that the driving forces of market fluctuation and bubbles are "[...] events outside the markets, such as politics, technology and demography [...]". However, real estate booms are predominately "[...] mysterious and hard to understand [...]". With this, the market behavior of real estate is similar to the stock market. If market booms or crashes happen "[...] there are always popular explanations for them [...]", but not always correct ones.

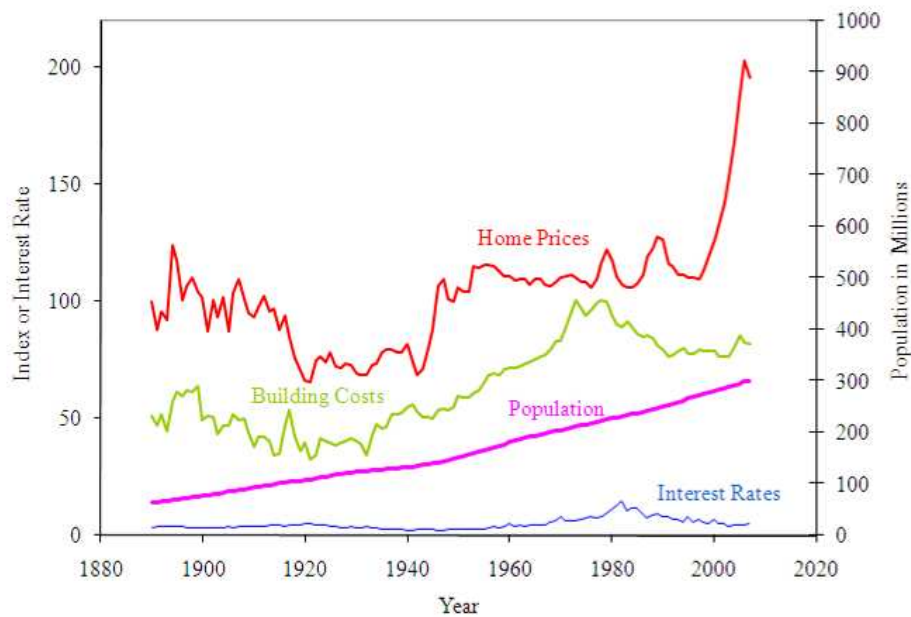


Figure 1: U.S. Home Prices, Building Costs, Population, and Interest Rates, 1890-2004
(Source: SHILLER, p.13)

As one can see in Figure 1 the market for home prices of the United States is very volatile with numerous of increase and decrease phases over the years. It is remarkable that home prices are increasing dramatically since 1997. Shiller (2005, p. 13) explains that a 52 percent increase between 1997 and 2004 for the United States has taken place. The reason for this development cannot be population growth alone, which was quite steady over the years. Building costs were not the reason for increased home prices either, because construction costs varied in the last years and have been even higher in the 1980ies. Obviously, the factors building costs, population and interest rates aren't able to explain the "[...] 'rocket-taking-off' effect starting after 1997 [...]" (SHILLER, 2005, p. 14). At the end the author concludes his study with the argument that 'irrational exuberance', a term invented by Alan Greenspan in 1996, includes psychological and cultural factors and shows a large complexity. Although irrational exuberance in a whole is quite unobservable, it is the driving force for the ups and downs of the real estate market (SHILLER, 2005, p. 173).

To conclude, it is important to point out again that the housing market itself and its behaviour are very complex and communicate with current economic conditions. Even if there is no clear 'cause-and-effect relationship' between

housing market and economic conditions, the situation in one of these parts influences the other part, and vice versa. For this reason the housing market reflects obviously the situation of the economy in general and should not be observed isolated.

1.2 Social Housing

Social Housing can be found in most of the Western European countries, as well as in industrialized countries, like the United States, Canada or Australia. They have in common that each of their housing systems have a diverse “[...] character, reflecting local historical circumstances [...]” (Malpass et al., nr, p. 1), so social housing is a complex topic with diverse characteristics.

According to Cowan and McDermont (2006, p. 2) the term ‘social housing’ evolved quite recently and, in the case of Great Britain, came up in the 1990ies. The new creation should describe the state’s intervention in housing provision and was used by professionals and academics without any discussion. The authors pointed out that we all “[...] instinctively think we know what it is [...]” (Cowan and McDermont, 2006, p.2). But in reality the opposite is true. Therefore Chapter 2.2 gives a brief overview about meaning and concept of social housing.

1.2.1 Defining Social Housing

One can find various efforts of characterizing social housing. First of all, a differentiation between social and public housing is necessary to understand specialized literature correctly. Social housing is sometimes also called subsidized housing and means supported accommodation for low-income households by the government. Subsidizing instruments are generally direct housing subsidies, non-profit housing, public housing, rent supplements and some forms of co-operative and private sector housing. In contrast, public housing means real property owned and managed by government and is characterized by specific eligibility requirements (www.answers.com). As

John Mollenkopf cut it right to the chase of the matter during our discussion, public housing means real property owned by the government to provide affordable and decent housing for low and middle income households, whereby social housing is 'everything else'.

But social housing is about much more than these characterizations. Ball and Harloe (1988, p. 13) for instance, described social housing as a strong form of liberal-interventionism, "[...] where the state overrides the interests of specific private agents by imposing strict controls, such as rent controls, or takes one aspect of provision out of the market altogether [...]".

In a more current publication, Harloe (1993, p. 3) argued that the term 'social housing' can be used equally as a short-term for 'social rented housing'. Although 'social housing' has a variety of meanings, Harloe pointed out that it consists of three major characteristics. "First, it is provided by landlords at a price which is not primarily determined by considerations of profit. Second, it is administratively allocated according to some conception of 'need'. Third, government control over social rented housing is extensive and has become more so over time [...]" (Harloe and Ball, 1988, pp. 42).

Harloe's first criterion, that social housing is non-profit-making, is supported by other researchers. Cowan and McDermont (2006, pp. 4) cited Peter Malpass who explained the principles of social housing as "[...] decisions [...] [which] are determined on the basis of some judgment of need rather than profit; that rents are set on a non-profit basis, and the distribution of dwellings to individual households is on the basis of need rather than ability to pay and first come first served [...]". Interestingly, this kind of definition excludes ownership, although Cowan and McDermont (2006, p. 5) emphasized that "[...] both the private rented sector and ownership play an important role in social housing policy."

The concept of 'need' that is mentioned by Harloe as a second criterion of social housing, is the most commonly considered characteristic among experts and researchers (Cowan and McDermont, 2006, p. 3). "Need has

become the defining tool of social housing [...], [it defines] who gets in, and who doesn't [...]" (Cowan and McDermont, 2006, p. 59). Compared to economic markets, social housing allocates dwellings according to need, not according to demand (Oxley, 2004, p. 19). Going one step further, "[...] need for housing is a socially determined requirement for accommodation [...]" (Oxley, 2004, p. 19). But the term 'need' contains also causes for conflict, because it could be classed with being in poverty, what would not always be correct and convenient (Cowan and McDermont, 2006, p. 4).

The most controversial discussed characteristic of social housing is Harloe's third criterion 'regulated housing'. The definition can be understood in the way that "[...] government exercises control through social housing [...]" (Cowan and McDermont, 2006, p. 6). History shows that social housing is often taken to mean some sort of improvement "[...] in [...] morals and [...] daily practices" (Cowan and McDermont, 2006, p. 6) for the tenants. This kind of governmental improvement is also called 'moral regulation' (Cowan and McDermont, 2006, p. 6), but not only for the occupiers of social housing, but also for the providers. Social housing organizations have always been intensely controlled by the government. Repeating public discussions about low-quality social housing and grievances show that this kind of control seems to be necessary (Cowan and McDermont, 2006, p. 6).

Although it is difficult and nearly impossible to find a comprehensive and accepted definition of social housing, the main objective of social housing is clear: providing affordable and decent housing. As mentioned at the beginning of Chapter 2 housing is one of the most basic human needs. Therefore a welfare state has to ensure "[...] that affordable access to housing is possible to all citizens." (Ditch et al, 2001, p. 20). But ensuring housing affordability is not as easy as it seems to be. For instance in 2002, Cox observed housing affordability in the United States and made clear that "[...] there are indications of a housing affordability problem in the United States [...]", primarily caused by exclusionary zoning (Cox, 2002, p. 5). In the following Section 2.2.2 I will elaborate on the topic who will be affected by less affordable housing and what additional social housing actors can be found.

1.2.2 Supply Side of the Social Housing Market

Harloe (Harloe and Ball, 1988, pp. 43) tried to summarize the principle social housing landlords, meaning the supply side of social housing, for Britain, the United States, the Netherlands, Denmark, France and West Germany. Table 1 gives an overview of the most relevant actors on the supply side of the market. Harloe mentions that in every observed country "[...] have been periods when some housing has been directly provided by central or, more normally, local government [...]" (Harloe and Ball, 1988, p. 43). The provision is nowadays supplied by other bodies which "[...] have close, although sometimes conflict-ridden, links with local government [...]" (Harloe and Ball, 1988, p. 43).

Provider	Description
Non-profit housing organizations	▪ Grant-aided ▪ Mostly regulated by government ▪ Managed by local authorities, commercial and private enterprises, groups of individuals, unions, central government, churches ▪ Financed by federal, state and local government, also by private market
Local authorities	▪ Mainly in Britain ▪ Locally elected district and metropolitan councils ▪ Financed by local government borrowing
Public housing authorities	▪ Mainly in the United States ▪ Created by local government ▪ Mostly legally autonomous ▪ Often strongly influenced by local politics ▪ Funding by tax-exempt bond issues
Housing corporation	▪ Mainly in the Netherlands ▪ Subject to government controls and local authority regulation ▪ Legal form is membership association ▪ Financed by rent income, loans and subsidies from central and local government or private market borrowing
Housing associations	▪ Mainly in Denmark ▪ Non-profit bodies ▪ Different types ▪ Co-operatives: elected by residents ▪ Independent: local government appoints

	majority of members, rest elected by residents
	▪ Guarantee: elected by local government, guarantors and residents
State or municipality	
Private individuals and companies	

Table 1: Principal Social Housing Provider
(Source: Harloe and Ball, 1988, pp. 44. Own illustration)

There is another more important aspect, regarding the difference between the institutional structures of social housing, the role of the state, in the form of central or local government, and its political role that is carried out differently. While in the European countries a resistance to political control over social housing providers is noticeable, the situation in the United States and Britain differs. The reason can be found in the institutional structure. Because in the United States public housing authorities “[...] are created by local government, and in Britain [...] the local authorities [...] [are] themselves the landlords [...]” (Harloe and Ball, 1988, pp. 43).

The state also has several methods of regulating the social housing market. Either the object is subsidized in form of supporting the construction or rehabilitation of social housing. This object oriented subsidy – also called ‘bricks and mortar’ (Ditch et al, 2001, p. 9) – can also include special incentives for investors provided by the state. Or the state acts with the help of personal consumer subsidies, which is usually realized in the form of housing allowances (Ditch et al, 2001, p. 9).

It is clear that the supply of affordable housing needs in every state some sort of “[...] cross-subsidy from private-sector developers or landowners [...]” (Oxley, 2004, p. 151). Especially in the United States, developers are motivated by the government to contribute to the affordable housing stock by providing “[...] enhanced development rights, including the opportunity to develop at higher than normal densities [...]” (Oxley, 2004, p. 151).

1.2.3 Demand Side of the Social Housing Market

Interestingly, according to researchers the social rented sector is on the defensive and Harloe (1988, p. 47) pointed out that in his opinion social rented housing “[...] is by no means the dominant tenure” he had observed in most countries. He emphasizes his statement by showing the percentage of social rented housing in relation to the stock, as can be seen in Table 2.

	Britain	Netherlands	Denmark	Germany	USA	France
Social rent	31	43	20	18	2	13
Private rent	11	13	26	45	32	40
Owner-occupied	58	44	54	37	66	47

Table 2: Social Rented Housing as a Percentage of the Stock around 1989

(Source: Harloe and Ball, 1988, p. 48. Own illustration)

But even if social rented housing plays a subordinate role on the total housing market, it is interesting and important to have a look at the demand side of the social housing market. Who are the target groups of social housing? Are they the “[...] least well off in society, those for whom the market never provides decent affordable housing?” (Malpass et al, nr, p. 3). Or does the middle-income mass demand affordable housing as well, as it has been tried to achieve by the government in the Netherlands, Germany or Denmark (Harloe and Ball, 1988, p. 51)?

The answer to this question seems to be provided by observing the accessibility to social housing. Indeed, the “[...] access to social housing is most commonly linked to low income [...]” (Ditch et al, 2001, p. 9). Although low-income is the main criterion regarding accessibility to social housing, it is by no means always a guarantee for getting a subsidized tenement effectively. Every country and sometimes even every federal state target their social housing supply differently.

There can be differences in thresholds which measure and decide about being a low-income household or not. Kinds of thresholds can be income

between nationally set limits, net income or the relation between rent and household income. Even if a household is under the required thresholds, social housing support is sometimes only possible for households living in a private rented accommodation. In Germany, for instance, low income households get “[...] certificates of qualification for social housing, but landlords may then choose whichever tenants they prefer from those so qualified [...]” (Ditch et al, 2001, p. 11). The final decision in this case is made by the landlords.

The decision-making process regarding social housing eligibility can also depend on the number of dependent children in the household or the supposed vulnerability because of unemployment, disability or homelessness. The quality of the current accommodation regarding sanitariness and crowdedness is in some countries a further criterion for social housing eligibility (Ditch et al, 2001, p. 11).

The question, what kinds of offer people on the demand side of social housing are looking for is quite easy to answer. Affordable and decent housing is in general the fulfillment of one of the basic human needs. Housing gets affordable by rent controls (Hendershott and White, 2000, p. 3), subsidized rents below market levels (Ditch et al, 2001, p. 9) or by supporting the affected people with rent supplements or housing allowances. Finally, a further sort of subsidy is a low taxation of rental income (Hendershott and White, 2000, p. 3). Decent housing on the other hand can only be guaranteed by federal government who controls physical conditions and sets quality standards.

1.3 Role of Social Housing in Europe and the United States

After explaining the theory of housing market and social housing in particular, Chapter 1 ends with an observation regarding the role of social housing. How is the situation of social housing in Europe, vice versa the United States? The focus on the current situation will lead to a detailed explanation of the development of social housing in the United States in Chapter 2.

After times of limited social housing in Europe between the 1920s and 1930s, social housing is now accepted “[...] as a permanent component of national systems of housing provision [...]” (Harloe, 1995, p. 365). The discussion about social housing in Europe recently gets more and more important, whereby the topic of social housing appears mostly in the context of “[...] Europe’s increasing demographic and labour supply challenge [...]” (CLIP, 2007, p. 2). Europe has to face its role as an aging and by immigration severely influenced continent and the challenges which are connected with this matter of fact. In the last two years, Europe recognized more and more “[...] the importance of a successful economic migration and social integration policy for migrants [...]” (CLIP, 2007, p. 2). ‘Social cohesion’ and ‘integration of migrants’ have become the new keywords of European policies at least since “[...] emerging ‘parallel societies’ of migrants and social unrest within migrant communities [...]” (CLIP, 2007, p. 2) became severe problems of the daily life of Europe.

As one can see in the history of publications and decisions, the EU takes these topics seriously. In September 2005 the Commission already “[...] stated a need at EU level to foster the better integration of present and future immigrants into the host societies” (CLIP, 2007, p. 2). Among others the Commission targeted the issue of housing for migrants in the ‘European handbook on integration for policymakers and practitioners’ in May 2007 (CLIP, 2007, p. 2).

Besides the ‘European Network of Cities for Local Integration Policies for Migrants’ (CLIP) which targets the support of social and economic integration, there are many other projects and efforts to observe and increase the housing situation of the vulnerable and the well-off population in Europe. The project ‘Social Cohesion and Housing’ (SOCOHO), for instance, started an international comparison how far the EU’s housing supply system has to deal with challenges in times of crisis in social cohesion (Czasny, 2004, p. 3).

At least since these efforts in the European Union's policy are made, it is unquestioned that social cohesion and successful integration of migrants is strongly connected to affordable and decent housing. A requirement, which should be fulfilled by social housing. However, it is dangerous to connect social housing in Europe automatically with integration of migrants. It is important to emphasize that social housing in Europe is not only demanded by migrants, but also by a low-income and vulnerable population without migration background or even a broader population like the mainstream 'working class' (Karn and Wolman, 1992, p. 164).

Having a look at the United States' social housing situation, the social housing stock is, as already mentioned in Section 1.2.3, quite small in relation to the whole housing stock. This situation is caused by a large and powerful rental industry in the United States, which "[...] effectively prevented the growth of substantial social housing industry [...]" (Stone, 2003, p. 1). Since the 1960s housing subsidies have been target at private and for-profit organizations (Stone, 2003, p. 1).

In the United States, subsidy of low-income housing has always been remarkably lower than in Europe (Harloe, 1995, p. 421). Since the 1980s subsidy consists more and more of housing vouchers which reduce the rents of existing privately owned units rather than subsidy of new construction (Harloe, 1995, p. 421). Harloe emphasized that public housing in the United States is still a residualized sector that has to cope with increasing low-income housing needs and expanding waiting lists on the one hand and federal cuts in housing on the other hand. The current situation gets worse by reducing, demolishing and conversion of public housing stock (Stone, 2003, p. 1). Poverty, crime, drug addiction and trafficking have become severe problems, too (Harloe, 1995, pp. 446).

These aspects give a first impression of social housing issues in the United States. In the following Chapter 3 the social housing situation in the United States will be observed in more detail. The questions, how social housing in the United States did develop over the years and how the current system does look like will be tried to answer as comprehensive as possible.

2 Development of Social Housing in the United States

Housing in the United States is characterized by an idealization and ideology of private speculative homeownership (Stone, 2003, p. 1). This kind of 'US-style' leaves its marks also in the social housing market. Social housing in the United States is not truly social, meaning it is rather owned by profit-making companies and individuals. They gain a variety of public subsidies "[...] that reduce rents for residents, while assuring profits for investors [...]" (Stone, 2003, p. 1). Contrary to other countries, social housing in the United States "[...] has always been "residual" and served a predominantly low-income population [...]" (Stone, 2003, p. 1). The following sections give an overview of historical development and current situation of social housing in the United States. Therefore not only public housing issues, but also privately owned and homeownership programs will be observed to explain how and why the current social housing system in the United States could be established.

2.1 Summary of the Historical Development

Researchers differentiated in their elaborations between several periods of social housing development. Most of them observed the era before World War I, followed by the Interwar and the Post-War Period and finally concluded by the Reagan Period and the current situation. This structure should provide clarity of these developments, so it will be adopted for the following considerations. Before going into detail, I have to point out that my research is primarily based on elaborations made by Michael Stone. He contributed important observations regarding social housing in the United States.

2.1.1 Period Before World War I

Even this period was characterized by very limited housing efforts, the Civil Rights Act of 1866 has to be mentioned here just for the sake of

completeness. Besides first actions to ensure African Americans an equal political and legal status, the freedom of real and personal property for all citizens of the United States has been registered in the Civil Rights Act of 1866 (www.teachingamericanhistory.com):

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [t]hat all persons born in the United States [...] of every race and color [...] shall have the same right, in every State and Territory in the United States, to make and enforce contracts, to sue, be parties, and give evidence, to inherit, purchase, lease, sell, hold, and convey real and personal property [...]" (www.teachingamericanhistory.com).

To give a social-political impression of the Pre-World War Period, Stone (2003, p. 3) pointed out that the origins of social housing are rooted in the cooperative movement and so-called 'philanthropic' housing in the late 19th century. Especially Melusina Fay Pierce, a social theorist, pursued the idea of a "[...] seamless connection between the public and private [...] realms [...]" (Stone, 2003, p. 3) and was very active in establishing cooperative residential neighborhoods in 1869. However, most of the earliest coops in the United States were more of a form of homeownership.

In context with the movement of a 'philanthropic' housing in the beginning of the 20th century, non-profit and limited dividend projects can be noticed in several US-American cities. Several thousand less expensive units had been on the market. Despite profit restrictions these housing were "[...] more expensive than the tenements occupied by poor and working-class people [...]" (Stone, 2003, p. 4), because costs for construction had to be financed out of rents. As a consequence "[...] residents were mostly moderate to middle income [...]" (Stone, 2003, p. 4).

The history of housing and social reform of the United States in the era before World War I is characterized by rapid immigration and urbanization because of an expanding economy and by high limitations in housing issues in comparison to developments in Europe. Housing reforms were initiated by the bourgeoisie which was afraid of "[...] destabilizing consequences of the new, alien mass working class" (Harloe, 1995, p. 61). This fear appeared to be groundless, because destabilizing "[...] pressures were

relieved by [...] upward mobility in an expanding urban and industrial system" (Harloe, 1995, p. 61).

But from where did the increasing fear of destabilization, as well as a strong dismissal and fear of slum arise? The reasons can be found in the 18th and 19th century. At this time an explosion of immigration in cities like New York, Chicago or Boston occurred. This enormous growth and concentration of population led to an unstructured urban growth accompanied by insanitary housing conditions and insufficient infrastructure. Fears arose, because high criminality and epidemics threatened the social stability (Fassmann, 2006, p. 2). In times of extensive urban development, these fears were completed with economical self-interest of the real estate industry. In the broadest sense government got involved too, because they "[...] worr[y] that the slums [could] spread and might take the cities down with them [...]" (Von Hoffmann, 2008, p. 8).

Interestingly, the first housing and planning actions were taken in New York and had a severe influence on many other cities in the United States (Harloe, 1995, p. 55). In the beginning of the 19th century New York was already a major urban centre, but took off in urban and industrial growth after the 1860s. Because of the booming economy urban population grew explosively in the second half of the 19th century. New York's population grew from about 60.000 in 1800 to 2.7 million in 1890. The rapid increase was concentrated in the North Atlantic and North Central states and was fed by immigration. As a consequence and because of missing housing regulations, New York had to face a growing slum population and fear by the middle class (Harloe, 1995, pp. 55).

These effects of an unregulated liberalism led to several actions. Chicago and Boston were among the first innovators that provided a new social organization. In 1901, the City of New York established the 'New Law' which included a building permission and its control, as well as an eventual punishment because of noncompliance. Basic standards, for instance areaways, running water and sanitary facilities were set in the New Law. In 1913, Edward Basset constructed a common scheme to regulate land

utilization by implementing building and usage utilizations. Thereby, Basset developed the first zoning code which had been adopted as the 'New York City Zoning' in 1916 (Fassmann, 2006, p. 3)

Although a "[...] great distaste for anything that would involve more than a very limited regulative role for the state" characterized this period, the government of New York recognized the necessity of a regulative instrument to solve the social and urban crisis in the city. In 1900 the Tenement House Commission was established. This institution was led by secretary Veiller who played an important role in positioning the Tenement House Commission as the basis for a housing reform. Veiller distinguished himself as a pragmatic and realistic actor who "[...] concentrated on what was immediately possible. This was regulation [...]." (Harloe, 1995, pp. 58). Over the course of time more innovative improvements in regulation have been made, such as land use zoning that was first instituted in New York City in 1916 (Harloe, 1995, p. 59). The main objective of zoning was improving the affordability of housing by controlling land values. Reality looked differently, because zoning was used "[...] by business and the middle class as a way of preserving high land values and protecting their own residential and commercial areas from [...] housing for the poor" (Harloe, 1995, p. 59).

To conclude the pre-war period, tenement house reform and improvement of housing in the pre-war era took a very low position of the policies in the United States and was at best a marginal aspect. Social rented housing was not seen as a potential solution to the mass housing of the working class (Harloe, 1995, p. 67). Apart from a few socialists, activism among the working class was quite low. The reason for the slight pressure of the working class can be found in the circumstance that American workers earned definitely more than European workers and were therefore able to afford private market housing. That also explains the fact that most of social housing, which was constructed before 1914, had been occupied by a wealthier stratum of the working class and lower middle class. These groups can be identified as "[...] the main beneficiaries of social housing [...]" (Harloe, 1995, p. 67), also beyond the pre-war period. Furthermore, cheap

suburban land was available and transport systems developed rapidly in the United States (Harloe, 1995, pp. 59).

2.1.2 Interwar Period

The interwar period was even more characterized by an enormous dynamism of the North American economy. This increased the already mentioned fact that the working class became quite well-off. As a consequence, working class and lower middle class households demanded primarily housing on the private market (Harloe, 1995, p. 133). A huge housing boom occurred, as barley has observed before.

Although social housing remained marginal compared to the private rental housing, "[...] interest in social housing in the US did not disappear entirely in the 1920s." (Stone, 2003, p. 6). As explained before the idea of cooperative residential neighborhoods existed in the United States already before World War I and even enforced in the interwar era. The highlight of this vision can be dated with the limited-dividend housing law (the so called "Mitchell-Lama") which was passed by the State of New York in the late 1920s. This law made sure that, among other things, cooperative residential neighborhoods (the "coops") for moderate-income and middle-income people got supported (Stone, 2003, p. 6).

Coops were mainly a reaction against eviction and slumlords (<http://www.alexisrobie.com>) and a visionary attempt to escape the squalor of mass-housing and to improve living conditions. Established by the Amalgamated Clothing Workers in 1928 the Workers Cooperative Colony in Bronx was one of the first coops in New York (Stone, 2003, p. 6). The community predominately consisted of immigrants who worked in the garment sector and followed a communist vision of cooperatively owned apartment complexes (<http://artsake.massculturalcouncil.org>). The physical condition of construction was inexpensive and pragmatic. Nevertheless the focus was on a family-friendly environment and community interaction. For these purposes high-rise buildings with large windows were arranged

around a communal public space which was characterized by green spaces, paths, gardens and fountains (<http://www.alexisrobie.com>).



Figure 2: Amalgamated Housing Cooperative in Bronx
(Source: <http://www.alexisrobie.com>)



Figure 3: East River Housing Corporation in East Village, New York City
(Source: own picture)



Figure 4: East River Cooperation in East Village, New York City
(Source: own picture)

It is important to emphasize that despite the vision of an affordable and community-based neighbourhood, cooperatives were mostly only affordable to the well-off working class. Although the coop-vision was very popular and successful in former times, most of the projects had to face severe challenges. “[...] [S]ubletting and turnover tended to undermine the socially oriented philosophical foundations [...]” (Stone, 2003, p. 6) and caused numerous forecloses of coops.

Besides the cooperative vision of the 1920s the following years, more precisely the 1930s, were deeply influenced by the Great Depression whose start is dated with “[...] the collapse of the New York Stock Market in autumn 1929 [...]” (Harloe, 1995, p. 150). In context with social housing policies this period showed the development of a permanent public housing program for the first time. Although the focus of the housing policy of the United States lied in these days on home ownership, one major exception got noticeable, namely public housing. This concept differed clearly in financing, development, ownership and occupancy from conventional housing concepts (Stone, 2003, p. 6).

When President Franklin D. Roosevelt was elected in 1933, “[t]he need for work, rather than the need for housing, was the dominant concern [...]” (Harloe, 1995, p. 200). Roosevelt argued that a continuing and new depression could only be prohibited by restructuring the economy. A major public works program, called ‘New Deal’, was established to create demand and provide work for boosting the economy of the United States in particular (Stone, 2003, p. 6). Roosevelt did not focus on the need for public housing in general, he rather argued that “[...] public housing construction could make a minor but useful contribution to unemployment relief [...]” (Harloe, 1995, p. 199). Anyhow, this program was supported by housing reformers who expected “[...] federal resources for the production of public housing for low-income families [...]” (Stone, 2003, p. 6). This expectation should be fulfilled already in the same year and modest public work funds had been defined to subsidize the construction of low-cost housing. Roosevelt’s legislation occurred mainly with regard to slum clearance (Stone, 2003, p. 6) and boosting the economy. The focus

definitely did not lay on spatial planning and sustainable treatment of the environment (Fassmann, 2006, p. 4).

In 1934 the National Housing Act was adopted and the Federal Housing Administration (FHA) was established. This institution should be in charge of allocation of federal mortgage insurance (Von Hoffmann, 2008, p. 5). The implementation of FHA came along with efforts “[...] taken by the federal government to reform the banking and mortgage finance system” and to save the private housing market (Harloe, 1995, p. 191).

Housing Program	Content
National Housing Act of 1934	Established the Federal Housing Administration to insure home mortgage loans, enabling broad homeownership in the United States.
United States Housing Act of 1937	Created public housing for low rent housing and slum clearance.

Table 3: United States’ Housing Policy Timetable – Interwar Period

(Source: www.hud.gov. Own illustration)

According to John Mollenkopf, the first public housing developments were constructed by the government in 1936. The efforts in establishing a public housing program and the National Housing Act of 1934 built the basis for the United States Housing Act of 1937 which declared that local housing authorities “[...] would have complete responsibility for developing, owning and managing projects, with the federal government providing capital financing and regulatory oversight [...]” (Stone, 2003, pp. 6):

SEC. 2. DECLARATION OF POLICY AND PUBLIC HOUSING AGENCY ORGANIZATION.

(a) DECLARATION OF POLICY.—It is the policy of the United States—

(1) to promote the general welfare of the Nation by employing the funds and credit of the Nation, as provided in this Act—

(A) to assist States and political subdivisions of States to remedy the unsafe housing conditions and the acute shortage of decent and safe dwellings for low-income families;

(B) to assist States and political subdivisions of States to address the shortage of housing affordable to low-income families; and

(C) consistent with the objectives of this title, to vest in public housing agencies that perform well, the maximum amount of responsibility and flexibility in program administration, with appropriate accountability to public housing residents, localities, and the general public;

(2) that the Federal Government cannot through its direct action alone provide for the housing of every American citizen, or even a majority of its citizens, but it is the responsibility of the Government to promote and protect the independent and collective actions of private citizens to develop housing and strengthen their own neighborhoods;

(3) that the Federal Government should act where there is a serious need that private citizens or groups cannot or are not addressing responsibly; and

(4) that our Nation should promote the goal of providing decent and affordable housing for all citizens through the efforts and encouragement of Federal, State, and local governments, and by the independent and collective actions of private citizens, organizations, and the private sector.

(b) PUBLIC HOUSING AGENCY ORGANIZATION.—

(1) REQUIRED MEMBERSHIP.—Except as provided in paragraph (2), the membership of the board of directors or similar governing body of each public housing agency shall contain not less than 1 member—

(A) who is directly assisted by the public housing agency; and

(B) who may, if provided for in the public housing agency plan, be elected by the residents directly assisted by the public housing agency.

(2) EXCEPTION.—Paragraph (1) shall not apply to any public housing agency—

(A) that is located in a State that requires the members of the board of directors or similar governing body of a public housing agency to be salaried and to serve on a full-time basis; or

(B) with less than 300 public housing units, if—

(i) the agency has provided reasonable notice to the resident advisory board of the opportunity of not less than 1 resident described in paragraph (1) to serve on the board of directors or similar governing body of the public housing agency pursuant to such paragraph; and

(ii) within a reasonable time after receipt by the resident advisory board established by the agency pursuant to section 5A(e) of notice under clause (i), the public housing agency has not been notified of the intention of any resident to participate on the board of directors.

(3) NONDISCRIMINATION.—No person shall be prohibited from serving on the board of directors or similar governing body of a public housing agency because of the residence of that person in a public housing project or status as assisted under section 8.

(Source: United States Housing Act of 1937 as Amended by the Quality Housing and Work Responsibility Act of 1998 as of 3/2/1999).

The above cited United States Housing Act of 1937 makes clear that local housing authorities have to target the very poor, but in reality the local agencies have the control over “[...] where they would build and whom they would accept [...]” (Stone, 2003, p. 7). It is possible to generalize that local housing authorities targeted initially on “[...] white families consisting of two parents and children [...]” (Stone, 2003, p. 7). Reality showed again that the least well-off households weren’t able to afford public housing. This circumstance finally led to a changed role of local authorities, where the “[...] standard of new local authority housing was reduced, partly in order to produce rents that could be afforded by poor families [...]” (Stone, 2003, p. 7).

To summarize, in the interwar period first efforts for a permanent public housing program in the United States can be found. With the passage of the National Housing Act of 1934 and the United States Housing Act of 1937 structure and professionalism were implemented. For the first time in the history of the housing policy of the United States “[s]ocial housing began to become routinized, bureaucratized and professionalized [...]” (Harloe, 1995, p. 141).

2.1.3 Post World War II

Although the United States did not suffer from bombing, they were also faced with housing shortages after World War II caused by the ravages of war. As already mentioned, the housing policies of the United States aimed primarily at private ownership. This didn't change in the period after World War II. Suburban homeownership got extremely subsidized and under the keyword "[...] 'homes for heroes' [...] millions of modest single-family, owner-occupied houses sprawl[ed] across the countryside [...]" (Stone, 2003, p. 7). An additional boost to the private housing industry contributed the 'GI Bill of Rights' which included loan guarantees for veterans to support buying their own home (Harloe, 1995, p. 269).

However, the federal public housing program, which came into effect with the United States Housing Act of 1937 was officially to be continued. Although the Housing Act of 1949 is called weak and a false dawn for public housing (Harloe, 1995, p. 272), it confirmed the efforts of a permanent public housing program. The adaption of the former Housing Acts introduced the so-called urban renewal program, which defined that no new public housing was allowed to be constructed, besides it would replace "slum" housing (Stone, 2003, p. 8.). It gets clear that the national policy of "urban renewal" meant enforcement and rehabilitation and was based on the idea of slum clearance (Von Hoffmann, 2008, p. 1 and 12). That is the reason why the Housing Act of 1949 became known as a program of "[...] removing socially and racially undesirable groups from downtown areas [...]" (Harloe, 1995, p. 271).

Housing Program	Content
Housing Act of 1949	Established goal of "A Decent Home and a Suitable Living Environment for Every American Family" and urban renewal program.
Housing Act of 1959	Established direct loan program for senior citizens (Section 202).
The Department of Housing and Urban Development Act of 1965	Established HUD as a Cabinet level department
Housing and Urban Development Act of 1968	Established - subsidized mortgage loan programs under Section 235 (homeownership) - and Section 236 (rental properties) - and the New Communities program and the Government National Mortgage Association (GNMA)
Housing and Community Development Act of 1974	Established Community Development Block Grant (CDBG) program and provided for Urban Homesteading
Housing and Community Development Act of 1977	- Changed the CDBG program. - Established Urban Development Action Grants. - Established the Community Reinvestment Act for banks.

Table 4: Housing Policy Timetable of the United States – Post World War II
(Source: www.hud.gov. Own illustration)

With regard to the above-mentioned social and economic backgrounds, the renewal program of the 1950s is more understandable. As a part of slum clearance, inner-city public housing continued to expand in the 1960s and was characterized by "[...] large estates of monolithic blocks of flats, often of dubious quality design and construction [...]" (Stone, 2003, p. 8). The expansion of public housing carried with it so called 'clearance projects' which "[...] demolished large areas of America's urban neighborhoods for new public housing [...]" (Von Hoffmann, 2008, p. 1). A further negative connotation could be observed, namely the increase of low-income and non-white families in public housing which unfortunately led to a stigmatization and marginalization of subsidized housing (Stone, 2003, p. 8).

The late 1950s and early 1960s were also influenced by a significant opening towards private sector involvement in context with development and ownership of housing for low-income households. In 1954, federal

government and private parties already came together and entered into negotiations to provide housing for low-income households. These parties had to assure that they would provide housing with “[...] certain standards to households with particular characteristics for a specified number of years [...]” (Olsen, 2001, p. 5). The opening towards private sector involvement shows the different understanding of social housing under the democratic administration. Subsidized low-income housing looked more like an “[...] assistance to the private sector which was ideologically more acceptable [...]” (Ball and Harloe, 1988, p. 59).

The Housing Act of 1959 established the so-called Section 202 Program initially for senior citizens, then in 1964 also for non-elderly disabled people (Stone, 2003, p. 9). The main instrument of the Section 202 Program was the provision of long-term federal loans at below-market interest rates exclusively to non-profit institutions. As a result, an increase in numbers of specialized non-profit organization took place.

Over the years, the Section 202 Program became very successful in the United States and a best-practice example for privately-owned social housing. Furthermore, the United States’ housing policy opened up more and more toward for-profit subsidized housing and initiated lucrative opportunities also for profit-motivated developers (Stone, 2003, p. 9). This new direction of housing policies continued and made direct subsidies and attractive tax incentives to private developers one of the “[...] principal mechanism in the US for production of housing for low and moderate-income people [...]” (Stone, 2003, p. 9). An average number of 200.000 social housing units per year were built from 1969 to 1983. Whereby, from 1970 to 1973 a peak of 300.000 social housing units per year was achieved in the United States. But the legal framework also included a so-called ‘expiring use restriction’ which contributed to the boost of subsidized housing construction. This restriction defines that developers are allowed to opt out and to convert subsidized housing into unsubsidized housing after 20 years (Stone, 2003, p. 10).

The Department of Housing and Urban Development Act of 1965 is quite considerable, because the 'United States Department of Housing and Urban Development' (HUD) was created as a cabinet level agency. HUD's responsibilities and objectives will be observed more detailed in Section 2.2.

In 1968 the problem of discrimination was addressed officially in the Housing and Urban Development Act of 1968, also known as the Fair Housing Act of 1968. Now it is regulated by law that

"[...] discrimination by direct providers of housing, such as landlords and real estate companies as well as other entities, such as municipalities, banks or other lending institutions and homeowners insurance companies whose discriminatory practices make housing unavailable to persons because of

- race or color
- religion
- sex
- national origin
- familial status, or
- disability

is prohibited."

(Source: U.S. Department of Justice Civil Rights, Division Housing and Civil Enforcement Section).

The Housing and Community Development Acts of 1974 and 1977 emphasized the community building and - again - the urban development aspect. The Community Development Act of 1974 consolidated programs into a Community Development Block Grant (CDBG) program and is also known as the Section 8 program, which "[...] was a hybrid, containing elements of supply- and demand-side subsidies." (Harloe, 1995, p. 439). The hybrid expressed itself on the supply-side in subsidies for the construction and rehabilitation of projects. On the demand-side Section 8 provided rental assistance payments that reduced the rents to 30 percentage of the household's income (Olsen, 2001, p. 6). It can be said that construction of public housing by government stopped and the whole social housing budget had been invested into vouchers (Mollenkopf, interview on 08/17/08). Section 8 became the largest program of subsidized privately owned projects for low-income households. To conclude the post World War II era, in 1977 the Urban Development Action Grants

(UDAG) gave distressed communities funds for residential or nonresidential use (www.hud.org).

2.1.4 Reagan Period

President Ronald Reagan's Administration last from 1981 to 1989 and was attended by severe cuts in social housing. As a result the former series of success of subsidized housing development stopped and declined to no more than 50.000 units per year in the late 1980s and early 1990s (Stone, 2003, p. 11) in comparison to 200.000 units per year from 1969 to 1983.

As one can see in the contents of the Housing and Urban-Rural Recovery Act of 1983 and the Tax Reform Act of 1986, an increasing proportion of subsidized housing consisted of housing vouchers and "[...] other forms of subsidy which reduced the rents of existing privately owned units rather than supporting new construction [...]" (Harloe, 1995, p. 421). Data was alarming in the 1980s, because federally subsidized new public and private housing construction declined from 237.000 units in 1979 to 40.000 in 1988 (Harloe, 1995, p. 421).

Housing Program	Content
Housing and Urban-Rural Recovery Act of 1983	Created the housing voucher program as an alternative to the Section 8 program.
Tax Reform Act of 1986	Created the Low Income Housing Tax Credit program.

Table 5: United States' Housing Policy Timetable – Reagan Period

(Source: www.hud.gov. Own illustration)

To conclude the Reagan Period: it is obvious that public housing in the United States did not develop satisfyingly, but remained rather a residualized sector. The 1980s and 1990s were characterized by rising low-income housing needs and public housing stayed stigmatized as 'housing for the poorest' (Harloe, 1995, p. 446). These circumstances lead over to the current situation, where the main challenges can be found in accessibility of affordable housing for low-income households.

2.1.5 Current Situation

Observers of the social housing system in the United States agree that subsidies are declining constantly since the 1980s (Ditch, 2001, p. 30). Nevertheless, social housing will play a role in the future although the situation is quite uncertain. Trends show that processes of privatization will continue and social housing will remain residualized and prejudiced (Stone, 2003, p. 64).

Over the years, financing of social housing became more and more fragmented. The old philosophy of the 'New Deal' to provide new and nice housing for poor people and let them become 'better people' was not the political vision of Richard Nixon, Ronald Reagan or George W. H. Bush. They rather advocated that the government shouldn't regulate market mechanisms. The market itself should empower the people (Mollenkopf, interview on 08/18/08).

After years of cutting down social housing budget, President Bill Clinton focused on providing homeownership for poor people and increased Section 8 budget. The idea of homeownership should make low-income households independent from landlords and increasing rents. Homeownership should empower poor people and support the upward mobility (Mollenkopf, interview on 08/18/08). However, this kind of homeownership vision carries a severe risk because of the vulnerability of social housing-eligible people. By providing them with loans they normally couldn't afford, they often aren't able to pay-off their debts in cases of decreasing salaries or unemployment. A spiral to the bottom with considerable impacts starts, like it is noticeable nowadays in context with United States' financial and real estate crisis (Deutsch, interview on 08/27/08).

The current U.S. President George W. Bush refuses social housing in general. As a consequence social housing budget is cut down constantly. Additionally, the real estate and financial crisis in the United States even

enforces the insecure situation of subsidized people (Mollenkopf, interview on 08/18/08).

Housing policies in the United States have to run another path to improve the situation of social housing. Away from the approach 'second-rate housing for second-class citizens', a new identification among social housing residents has to be created. In doing so, it is important to install democratic ownership and control. Only then responsibility and commitment can be created among social housing residents (Stone, 2003, p. 64). Additionally, social housing budgets mustn't suffer from further limitations and cuts made by federal government. A stable and reliable financial situation is the foundation of a successful social housing system.

2.2 The Current Social Housing System of the United States

The social housing system of the United States is broadly constructed and well organized. Section 2.2 focuses on the most relevant federal and municipal institutions, as well as on the non-profit organization. The observation of their contents and programs will give a comprehensive overview of United States' social housing system.

2.2.1 Institutions

United States Department of Housing and Urban Development (HUD)

The most important federal institution of United States' social housing system is the United States Department of Housing and Urban Development (HUD). As already mentioned in Section 2.1.3, after a first mention in the United States Housing Act of 1937, HUD was established as a cabinet-level agency by the Department of Housing and Urban Development Act of 1965. HUD's main objective is to "[...] increase homeownership, support community development and increase access to affordable housing free from discrimination [...]" (www.hud.gov).

Besides of various support offices, HUD includes five different program offices which all have different content, objectives and target groups:

HUD Program Office	Content
Housing - in terms of Federal Housing Administration (FHA).	Supply of loans for enforcing homeownership.
Community Planning / Development (CPD)	Development of partnerships among all levels of government and the private sector, including for-profit and non-profit organizations for construction of viable communities.
Fair Housing and Equal Opportunity (FHEO)	Administering and enforcing of federal laws, as well as establishing policies for equal access to the housing of one's choice for all Americans.
Public / Indian Housing (PIH)	Ensuring of safe, decent and affordable housing, creating of opportunities for residents' self-sufficiency and economic independence, and securing the fiscal integrity of all program participants.
Ginnie Mae	Expansion of affordable housing in America by linking global capital markets to the nation's housing markets.

Table 6: HUD's Program Offices
(Source: www.hud.gov. Own illustration)

HUD's Program Offices are in charge of implementing and controlling a wide range of programs for low-income families and individuals which can be classified into three basic categories (HUD, 2008, pp. 1):

1. Conventional public housing
2. Section 8 Housing Choice Vouchers
3. Privately owned assisted housing

Conventional Public Housing

Conventional public housing includes housing developments which are owned by local public housing authorities or Indian housing authorities. Development, rehabilitation and operating costs of the housing units are financed by HUD which distributes payments to the authorities. This kind of subsidy is called project-based, because payments cover development and maintenance of the project (HUD, 2008, pp. 1).

These HUD-financed developments provide housing units which are rented to eligible and "[...] selected low-income families and individuals at below-market rents [...]" (HUD, 2008, p. 2). To guarantee affordability for low-income households, monthly rent costs are generally limited to 30 percent of their income. Over time, this rule-of-thumb ratio of housing expenditure to household income is used by policy analysts as a standard to assess the affordability of housing. "The belief is that households who have to pay more than 30 percent of their incomes for housing may be forced to forego other important needs [...]" (HUD and PD&R, 2008, p. 1). New assisted tenants have on the one hand the opportunity to select from vacant and available units which are in the possession and under management of local authorities. On the other hand, their choice is limited to units owned by local housing authority and they are often faced with long waiting lists for their preferred development (HUD, 2008, p. 2).

Section 8 Housing Choice Vouchers

The Section 8 Housing Choice Voucher Program is a so called tenant-based subsidy which "[...] involves selected low-income households searching for housing units of their choice in the private rental market [...]" (HUD, 2008, p. 2). Housing supported by Section 8 is provided by private landlords. They rent affordable housing especially to low-income residents (Oxley, 2004, p. 204).

The first step in the process of Section 8 Housing is to locate and approve the housing unit. This process is carried out by the local housing authority. Further steps are reliable subsidy payments to the private-sector landlord again made by the housing authority, but now on behalf of the subsidized household (HUD, 2008, p. 2).

The 30 percent limitation takes effect also in this HUD program. Subsidized households pay a maximum of 30 percent of their income. But it is an unavoidable requirement that the rent of the housing unit is not higher than

Fair Market Rent (FMR). This kind of benchmark is established by HUD and considers area and household size. Anyway, subsidized families are allowed to rent more expensive housing units, “[...] but tenants then pay 30 percent of their income plus the difference between the higher rent and the payment standard [...]” (HUD, 2008, p. 2).

Privately Owned Assisted Housing

The third program category focuses on and supports mixed-income housing. Privately owned developments contain also housing units which are rented to low-income households below market rents. The role of HUD is here to “[...] provide assistance to encourage the development of affordable housing [...]” (HUD, 2008, p. 2).

It is obvious that this program is dedicated to project-based programs, because development and maintenance of affordable housing is subsidized. In this category a variety of HUD programs are included, namely:

- Rent supplements
- Section 221(d)(3) Below Market Interest Rate
- Section 202 Supportive Housing for the Elderly
- Section 236 Mortgage Assistance
- Section 8 New Construction
- Substantial Rehabilitation
- Moderate Rehabilitation
- Some other smaller programs.

Public Housing Authorities

Public Housing Authorities execute the programs made by HUD on a regional level. They are “[...] independent agencies, established by localities to develop, own and manage low-rent housing [...]” (www.clpha.org).

Approximately 1.900 housing authorities can be found in the United States, represented by the Public Housing Authorities Directors Association (PHADA). This institution was established in 1979 to streamline the work of public housing authorities. It has strong relationships with members of Congress and “[...] serves as an advocate before the U.S. Department of Housing and Urban Development on a variety of regulations governing public housing nationwide [...]” (www.phada.org).

Housing Authority Name	Public Housing Units
New York City Housing Authority	162.130
Puerto Rico Public Housing Administration	56.063
Chicago Housing Authority	34.499
Philadelphia Housing Authority	15.905
Housing Authority of Baltimore City	13.888
Boston Housing Authority	11.656
Cuyahoga Metropolitan Housing Authority	10.996
Housing Authority of New Orleans	10.874
Miami-Dade Housing Authority	10.036
Atlanta Housing Authority	9.772

Table 7: United States’ Top 10 Housing Authorities

(Source: CLPH, own illustration)

Exemplarily, Chapter 3 will observe the largest Public Housing Authority in the United States - the New York City Housing Authority (NYCHA).

2.2.2 Non-Profit Organizations

Non-profit housing groups are established in the United States for a long time. The first non-profit activities can be found among philanthropists and their co-op developments in the early 20th century, as already mentioned in Section 2.1.2. Even if the non-profit sector nowadays plays still a marginal role in the housing industry, it is nevertheless an important player and must not be ignored. Over the years non-profit organizations in the United States grew and got remarkable support from foundations, private industries and government at all levels (Dreier und Hulchanski, 1993, p. 43).

The non-profit housing sector consists of community development corporations, as well as regional and national non-profit housing

organizations which act on state and city level. Their contribution to social housing is considerable. Regarding to Bratt (2007, introduction), they developed about one-third of the units in the social housing sector, which amounts 4.6 million units in the United States.

Non-profit organizations are characterized by a concentration “[...] on more distressed areas and their developments typically target to harder-to-house populations [...]” (Bratt, 2007, introduction). They actively support affordable housing for low-income households over the long-term and stimulate investment in neighbourhoods, especially for revitalization. An important advantage of non-profit housing providers is their commitment and anchorage to communities and residents. This section outlines the most important non-profit organizations in the United States.

National Housing Conference (NHC)

The non-profit National Housing Conference (NHC) is a nonpartisan advocacy for national policies and legislation for promoting suitable housing for all Americans in a safe and decent environment (www.nhc.org). NHC describes itself as the nation’s premier public policy and affordable housing advocacy organization (NHC, 2007, p. 1).

The leadership is structured in an executive committee, a board of governors, life trustees and a board of trustees which are responsible for the governance of the organization and for the adaption of major policy directions. Regarding to NHC (2007, p. 1), their “[...] members are nationally known experts in affordable housing and housing finance, including state and local officials, community development specialists, builders, bankers, investors, syndicators, insurers, owners, residents, labor leaders, lawyers, accountants, architects and planners, and religious leaders [...]”. Well-known representatives originate from companies like the Bank of America, JPMorgan Chase, HSBC Bank USA or Citigroup Inc. (www.nhc.org).

There are also regional affiliates of the National Housing Conference, namely the California Housing Consortium (CHC Institute) and the New York Housing Conference (NYHC). They support affordable and decent housing for low-, moderate- and middle-income households on a regional level and play a key-role in regional social housing policies (www.nhc.org).

Housing Finance Agencies (HFAs) and National Council of State Housing Agencies (NCSHAs)

The nation's state Housing Finance Agencies (HFAs) created the National Council of State Housing Agencies (NCSHAs) as a nonprofit organization. Their main objective is "[...] to coordinate and leverage their federal advocacy efforts for affordable housing [...]" (www.ncsh.org). They represent interests of their members before Congress, the Administration and several federal agencies concerned with housing, including HUD and the Treasury.

The NCSHAs consists of profit and nonprofit firms which are involved in affordable housing and of the Housing Finance Agencies of every state which are "[...] state-chartered authorities established to help meet the affordable housing needs of the residents of their states [...]" (www.ncsh.org). They are mostly independent entities and operate "[...] under the direction of a board of directors appointed by each state's governor [...]" (www.ncsh.org). In their transformation of affordable housing and community development programs, they mainly concentrate on the federally authorized programs 'Mortgage Revenue Bond (MRB)', 'Housing Credit' and 'Home Investment Partnership (HOME)'.

National Low Income Housing Coalition (NLIHC)

The National Low Income Housing Coalition is different from the other non-profit organizations, because the focus lays here on the lowest low-income households in the United States. Their claim '*Dedicated solely to ending*

America's affordable housing crisis' hints already to the historical development of the organization. As a response to Nixon's housing policy the Ad Hoc Low Income Housing Coalition was created in 1974 to be active in federal advocacy. Already one year later, the Low Income Housing Information Service (LIHIS) arose thereby "[...] to provide information on housing problems and federal housing programs, as well as technical assistance and support to state and local housing advocacy efforts [...]" (www.nlihc.com).

Since incorporating the ad hoc coalition to the National Low Income Housing Coalition (NLIHC) in 1978, a broad range of information, public education, technical assistance and advocacy can be offered. The main accomplishments are advocacy of Low Income Housing Tax Credit in 1986, Federal Home Loan Banks' Affordable Housing Program in 1989 or HOME Investment Partnership Program in 1990. Recently, the Housing Trust Fund was established by NLIHC which "[...] provides dedicated revenue to rehabilitate, preserve and build housing for people with the greatest housing needs [...]" (www.nlihc.com).

National Housing Institute (NHI)

A further independent non-profit housing organization is the National Housing Institute (NHI) which was founded in 1975 "[...] to foster decent, affordable housing and a vibrant community for everyone [...]" (www.nhi.org). NHI's main instruments are its magazine 'Shelterforce', Website, research and advocacy. NHI acts more or less with the help of lobbying and acquires important knowledge with the help of original research on topics like "[...] saving subsidized housing [...] [or] creating jobs as a component of affordable-housing construction [...]" (www.nhi.org).

Council of Large Public Housing Authorities (CLPHA)

One more non-profit organization that acts on a national level is the Council of Large Public Housing Authorities (CLPHA). The name already implies that the largest public housing authorities - for instance of New York, Chicago, Baltimore or Boston - of the United States can be found as a member at CLPHA. By research, support and public education the CLPHA tries to "[...] develop the civic and affordable housing [...]" (www.clpha.org).

2.2.3 Housing Eligibility and Accessibility

As already mentioned in the section above, HUD is responsible for three basic categories of subsidized housing: Conventional public housing, Section 8 Housing Choice Vouchers and privately owned assisted housing. HUD is required by law "[...] to set income limits that determine the eligibility of applicants for HUD's assisted housing programs [...]" (HUD, 2007, p. 1). Not every interested person, family or household has automatically access to HUD's housing programs. Special eligibility criteria have to be fulfilled by the applicants. The legal basis for HUD's income limit policies is Section 3 of the U.S. Housing Act of 1937 (HUD, 2007, p. 1).

The initial point of calculation is the so-called Fair Market Rent (FMR) area definition. In further steps the median family income estimates (MFIs) are calculated for each metropolitan area and non-metropolitan county. Additionally, the number of household members and regional high and unusual housing costs are considered. The key statements in context with income limits are summarized by HUD like this (HUD, 2007, p. 1):

- Low-income families are defined as families whose incomes do not exceed 80 percent of the median family income for the area.
- Very low-income families are defined as families whose incomes do not exceed 50 percent of the median family income for the area.
- The 1998 Act amendments establish a 30 percent of median family income program targeting standard.
- Income limits for non-metropolitan areas may not be less than limits based on the State non-metropolitan median family income level.
- Income limits are adjusted for family size.
- Income limits are adjusted for areas with unusually high or low family income or housing-cost-to-income relationships.
- The Secretary of Agriculture is to be consulted prior to establishing income limits for rural areas, since these limits also apply to certain Rural Housing and Community Development Service programs.

How a calculation does look like shows Figure 5 that relates to a New York-based calculation.

FY 2007 Income Limits Summary

New York, NY HUD Metro FMR Area										
FY 2007 Income Limit Area	Median Income	FY 2007 Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
New York, NY HUD Metro FMR Area	\$56,800	Very Low (50%) Income Limits	\$24,800	\$28,350	\$31,900	\$35,450	\$38,300	\$41,100	\$43,950	\$46,800
		Extremely Low (30%) Income Limits	\$14,900	\$17,000	\$19,150	\$21,250	\$22,950	\$24,650	\$26,350	\$28,050
		Low (80%) Income Limits	\$39,700	\$45,350	\$51,050	\$56,700	\$61,250	\$65,750	\$70,300	\$74,850

The **New York, NY HUD Metro FMR Area** contains the following areas: Bronx County, NY ; Kings County, NY ; New York County, NY ; Putnam County, NY ; Queens County, NY ; and Richmond County, NY .

Income Limit areas are based on FY 2007 Fair Market Rent (FMR) areas. For a detailed account of how this area is derived please see our associated FY 2007 [Fair Market Rent documentation system](#).

Figure 5: Calculation of Income Limits for New York.

(Source: www.huduser.org)

If interested people fulfill the income limits set by HUD, they are able to apply. The recipient of an application differs according to which assisted program the application refers to. Interested people in privately owned housing search online for an apartment and apply directly at the particular management office. Households who are interested in public housing or in Section 8 Housing Choice Voucher Programs apply at the particular public housing agency, e.g. NYCHA (www.hud.gov).

To be qualified for subsidized housing is the requirement for application. But effectively getting a subsidized apartment is another point. Waiting lists can become very long, especially in very popular regions like Manhattan in New

York City. The statement of public housing authorities is generally spoken that every eligible applicant gets subsidized housing (interview with Howard Marder from NYCHA, August 19th 2008). However, the promptness of fulfilling depends on personal preferences. This is quite a critical point, because it gets clear that drawing a subsidized apartment is no problem in unpopular regions. On the other hand, overfilled waiting lists with waits of one year or even longer are quite common in popular regions.

2.3 Demographics of Social Housing Residents in the USA

As already mentioned in Chapter 1 and 2, subsidized low-income households show quite relevant characteristics. The public perception regarding social housing is mainly stigmatized and prejudices tenants of social housing. Section 3.3 analyzes the demographical characteristics of social housing residents and points out which and how many prejudices can be confirmed.

The data that is used in Section 3.3 is mainly based on the latest 2003 report made by the United States Department for Housing and Urban Development (HUD). This report represents subsidized households and units in all 50 states and the District of Columbia which are included in the American Housing Survey (AHS) finalized in 2008 (HUD, 2008, p. 4).

2.3.1 Migration and Diversity

For a comprehensive understanding of the characteristics of social housing tenants, a brief insight into migration and diversity issues of the United States seems to be helpful. Like most of the developed countries, the population of the United States is characterized by low fertility and mortality rates. But differences are noticeable in migration and diversity, therefore this section focuses more detailed on these issues.

Migration is a prime source of United States' population growth. During the last decade of 20th century, net migration "[...] contributed about 30 percent of the increase in the population [...]" (Farnsworth Riche, 2000, p. 9). According to U.S. Census Bureau (2002, p. 27), the United States took with a net migration of 1,040,000 people the first place in 2002. This number is similar to the 1,296,000 people who moved into the United States from abroad in 2006 (www.census.gov).

This amount is different to the net migration of the first decade of the century, when 8.8 million people were granted immigrant status in the United States. This extraordinary size gets clear in comparison to only half a million immigrants during the Great Depression from 1931 to 1940, followed by one million who were granted immigrant status in the next decade. But numbers increased over the years and between 1991 and 1998 about 7.6 million people have been admitted as immigrants (Farnsworth Riche, 2000, p. 9).

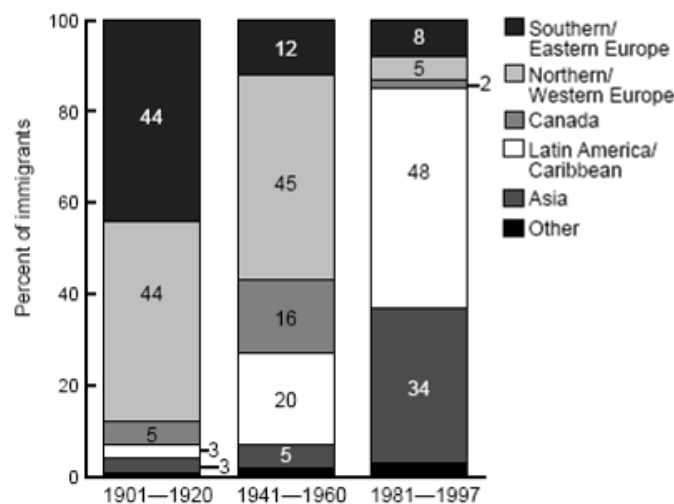


Figure 6: U.S. Immigrants by Region and Country of Birth
(Source: Farnsworth Riche)

Both at the beginning and at the end of the 20th century “[...] immigrants [came] from parts of the world with ethnic backgrounds different of those of the majority [...]” (Farnsworth Riche, 2000, p. 10). The countries of origin of United States’ immigrants changed over the years from Northern Europe to Eastern and Southern Europe. Thus, differences in language and cultural background increased. After years of immigration restrictions, Congress re-opened the ‘immigration-door’ “[...] by removing racial and ethnic restrictions on immigrants [...]” (Farnsworth Riche, 2000, p. 10). As Figure 6 shows, immigrants come predominately from Latin America and Asia in recent years.

One of immigration’s positive impacts is that mainly young and fertile population migrates to more developed countries. As a consequence, the population of the United States is younger than other industrial countries.

In 1998 for instance, 20 percent of all births in the United States were related to foreign-born women (Farnsworth Riche, 2000, p. 10).

Migration also influences the racial and ethnic diversity of a country. Over the years, United States' diversity changed significantly, too. At the beginning of the 20th century, the proportion of whites amounted to almost 90 percent. The remaining 10 percent were mostly African Americans. This relation shifted at the end of the 20th century to 72 percent of Non-Hispanic whites, 12 percent of both Non-Hispanic African Americans and Hispanics, and four percent of Asian and Pacific Islanders. The proportion of American Indians remained at one percent (Farnsworth Riche, 2000, p. 15).

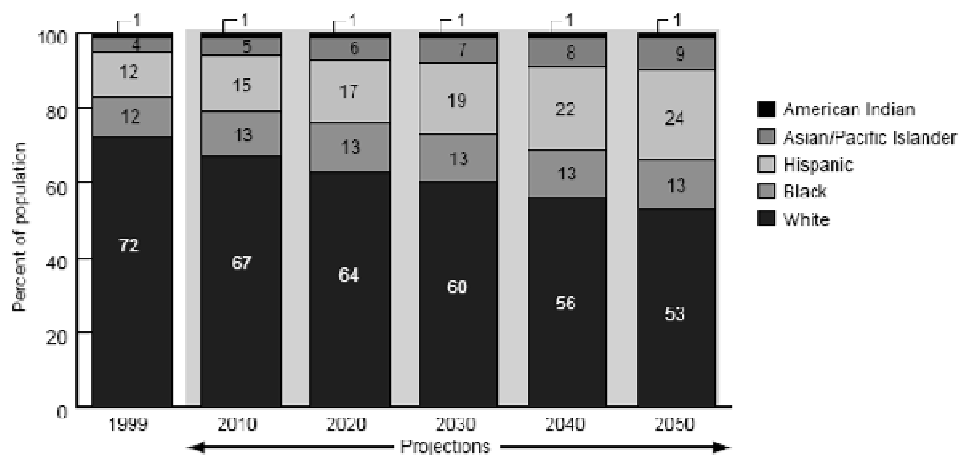


Figure 7: Projected U.S. Racial and Ethnic Composition until 2050

(Source: Farnsworth Riche)

Figure 7 illustrates United States' racial and ethnic composition until 2050 made by U.S. Census Bureau. It is suggested that immigration will stay a driving force for the growth of America's minority groups. In 2050, the proportion of foreign born population will rise to 47 percent. Hispanics will represent about 25 percent of United States' population. With this, Hispanics will be the fastest growing minority (Farnsworth Riche, 2000, p. 17). This forecast is recognizable nowadays in New York City's public housing, as it will be observed in Chapter 4.

2.3.2 Current Situation of Social Rent Household

Figure 8 gives a brief insight into the current rent household situation in the United States. In the year under review approximately 33.604.000 households were counted. Already 50 percent of these, respectively 16.577.000, achieved the income thresholds for housing subsidy under various HUD programs. This proportion of income-eligible renters varied a little over the years. In 1989 about 41 percent households qualified for housing subsidy, in comparison to 49 percent in 1991 and 47 percent in 1993 (HUD, 20083, p. 7).

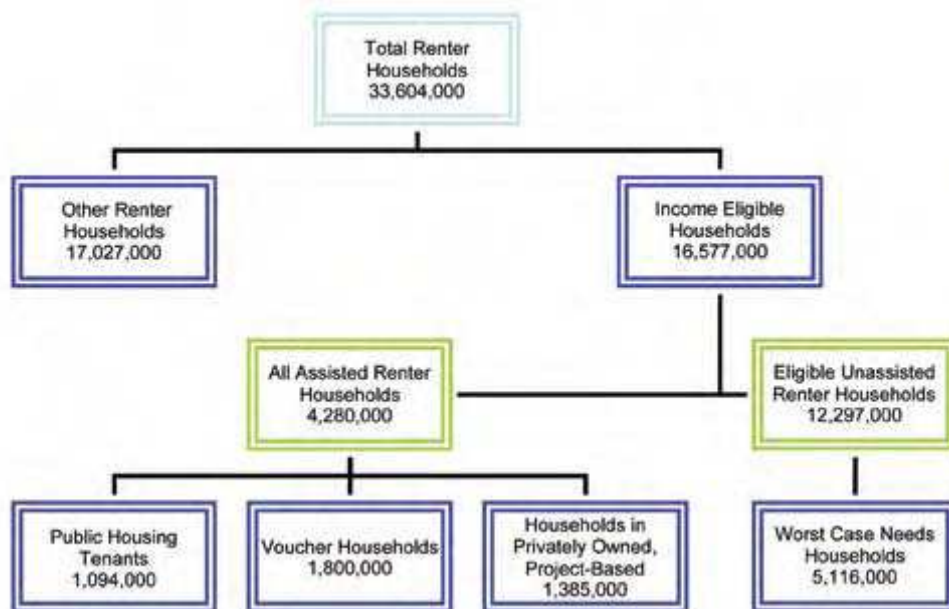


Figure 8: Rent Household Situation in the United States 2003

(Source: HUD, 2008, p. 4)

26 percent of these income-eligible renters were subsidized by HUD programs and represent at the same time 13 percent of the total renters. This situation did not change since 1993 (HUD, 2008, p. 7). By having a look at the kind of subsidy for assisted renter households it gets clear, that the main proportion was subsidy by housing vouchers. This trend - away from project-based towards a tenant-based program - showed up the first time in 2003. Four percent less assisted renters live in public housing units than in 1993 and 50 percent more renters received support by vouchers.

About 1.385.000 tenants lived in privately owned, but assisted units, that means a decrease of 19 percent in comparison to 1993 (HUD, 2008, p. 7).

2.3.3 Householder Characteristics

At the beginning of a demographical characterization it is important to differentiate between the two terms 'householder' and 'households'. A householder is a person who owns or rents the house or apartment in his name. On the contrary, a household includes all persons of one housing unit. As a consequence, 'householder characteristics' describe a specific person in the unit, 'household characteristics' refer to the whole group of a housing unit (HUD, 2008, p. 7).

Ethnic origin

One of the most important criteria to describe a householder is the ethnic origin. HUD differentiated in the 2003 report between white alone, black alone and other ethnic origin – meaning another ethnic origin or a combination of two or more ethnic origins –, whereby Hispanics can be found additionally among these ethnic origins. Table 8 shows the proportions of the particular ethnic origins among all-income eligible and HUD-assisted renters. The data refer again to the year 2003 in the United States.

Ethnic Origin	HUD-Assisted Renters			All Income-Eligible Renters (%)
	Tenants in Public Housing (%)	Voucher Recipients (%)	Tenants in Privately Owned Housing (%)	
White alone	43.8	53.1	62.9	66.4
Black alone	51.7	40.6	30.8	26.8
Others	4.5	6.4	6.3	6.8
Hispanics (of any ethnic origin)	20.7	16.1	16.8	20.9

Table 8: Ethnic Origin of United States' HUD-Assisted Householders in 2003

(Source: HUD, 2008. Own illustration)

With a percentage of 66 percent, householder with white ethnic origin are in the majority among all income-eligible renters followed by the black alone householders with 27 percent. Considering the HUD-assisted renters the highest percentage regarding white alone ethnic origin can be found with 63 percent among tenants who live in privately owned housing.

It is interesting that Black householders capture on the one hand no more than 27 percent among all income-eligible renters, but on the other hand they are with 52 percent the biggest group among tenants in public housing. They are stronger represented among HUD-assisted programs than among all income-eligible renters. The opposite is the case regarding White and Hispanic householders who are weaker represented among HUD-assisted categories than among all income-eligible renters. This conspicuousness points out that "[...] HUD's assisted housing programs continue to serve Black householders at a higher rate than their share in the income-eligible population [...]" (HUD, 2008, p. 8).

If one looks at the three different HUD-programs it gets clear that public housing is demanded heavier by Black and Hispanic householders than the voucher or privately-owned housing programs. Again, the opposite situation can be found among White householders who especially demand privately-owned housing programs.

According to HUD this distribution of ethnic origins changed just a little from the report made in 1993. The most significant difference can be found in the increase of Hispanic householders. Reasons can be found both in a more detailed questionnaire and in a substantial growth in this ethnic group which is also confirmed by the U.S. Census Bureau (HUD, 2008, pp. 7).

Distribution of Age

Looking at the age of subsidized householders, Table 9 shows that HUD-assisted programs serve usually elderly people in comparison to all income-eligible renters. According to HUD this trend increased from 1993 to 2003.

Age of Householder	HUD-Assisted Renters			All Income-Eligible Renters (%)
	Tenants in Public Housing (%)	Voucher Recipients (%)	Tenants in Privately Owned Housing (%)	
Under 35	29.5	31.8	24.3	38.4
35 to 64	42.5	53.5	31.0	42.2
65 or older	28.1	14.7	44.6	19.4
Median age (years)	49	43	60	41

Table 9: Age of United States' HUD-Assisted Householders in 2003

(Source: HUD, 2008. Own illustration)

The basis is the median age among all income-eligible renters which is 41 years in 2003. It is remarkable that every section of HUD assistance tops this basis median age. Voucher recipients show a median age of 43 years, followed by tenants in public housing with 49 years and concluded by tenants in privately owned housing with a median age of 60 years.

The percentage distributions enforce the impression that HUD-Assisted housing is characterized by a rather older population. Younger households are underrepresented in all three categories in comparison to their total representation in the income-eligible population. The highest proportion among 35 years and younger tenants can be found among voucher recipients. Over 50 percent of the 35 to 64 years old tenants are voucher recipients, too. The highest proportion of 65 years or older tenants can be found in the privately owned housing with 45 percent, compared with only 19 percent of the income-eligible population (HUD, 2008, p. 9).

According to HUD (2008, p. 9), the age of assisted householders increased in general between 1993 and 2003. The median age of householders in privately owned housing programs increased from 47 to 60 years as well as the median age in voucher programs where an increase from 39 to 43 years can be found. But a different trend can be noticed for public housing. Here, the median age for householders decreased from 52 to 49 years.

This development gets clearer by observing the percentage distribution. Between 1993 and 2003 the proportion of public housing householder older

than 65 years decreased by nine percent. Even heavier was the decrease among voucher recipients younger than 35 years with a decline of 11 percent and among privately owned program with a decline of 10 percent (HUD, 2008, p. 9).

Education

Another important demographical indicator to characterize social housing householders is the education. Table 10 shows that in 2003 HUD-assisted renters are primarily less educated compared to all income-eligible renters.

Educational Attainment of Householder	HUD-Assisted Renters			All Income-Eligible Renters (%)
	Tenants in Public Housing (%)	Voucher Recipients (%)	Tenants in Privately Owned Housing (%)	
Less than 9th grade	16.1	11.2	16.6	12.9
9th to 12th grade, non diploma	36.6	25.1	20.6	19.8
High school graduation (includes equivalency)	29.6	39.2	35.9	31.6
More than high school graduation	17.7	24.5	26.9	32.5

Table 10: Education of United States' HUD-Assisted Householders in 2003

(Source: HUD, 2008. Own illustration)

HUD-assisted renters are overrepresented in lower education categories. 13 percent of all income-eligible renters terminate an education of less than 9th grade. This percentage is higher among tenants in public housing with 16 percent and among tenants in privately owned housing with 17 percent. Remarkable is also the very high representation of tenants in public housing with a maximum education of 9th to 12th grade, but without diploma (HUD, 2008, p. 10).

Focusing on an education more than high school graduation, over 32 percent among all income-eligible renters achieve this graduation. The difference to HUD-assisted renters is tremendously. Only 18 percent of

tenants in public housing achieve high school graduation, followed by voucher recipients with 25 percent and tenants who live in privately owned housing with 27 percent. That means that on average 10 percent less HUD-assisted renters pursue an education beyond high school compared to all income-eligible renters (HUD, 2008, p. 10).

To summarize the demographical characteristics of assisted householders, it gets clear that they are more likely people from more vulnerable ethnic groups compared to all income-eligible renters and they also seem to be older and lower educated.

2.3.4 Household Characteristics

This section regards to household characteristics, meaning the whole group of a housing unit is described. By observing the socio-economic type and status of HUD-assisted households, it gets clear that assisted households in the United States represent a quite vulnerable group of the population.

Household composition

Household Composition	HUD-Assisted Renters			All Income-Eligible Renters (%)
	Tenants in Public Housing (%)	Voucher Recipients (%)	Tenants in Privately Owned Housing (%)	
Two-or-more-person households	48.9	67.4	40.1	58.1
Married-couple family*	10.1	9.9	12.3	19.9
Other male householder	1.3	2.8	2.1	8.1
Other female householder	37.6	54.5	25.7	30.1
One-person households	51.1	32.7	59.9	41.9
Male householder	18.6	9.0	18.0	16.9
Female householder	32.4	23.7	41.8	25.0

Table 11: Household Composition of United States' HUD-Assisted Renters

(Source: HUD, 2008. Own illustration)

Table 11 shows the household composition of HUD-assisted renters compared to all income-eligible renters in 2003. In general, the majority of households consist of two-or-more-person households. However, this proportion has to be distinguished from HUD-assisted renters (HUD, 2008, p. 12).

Less married-couple families and more female-headed or females living alone can be found among assisted households in comparison to all income-eligible renters. Only 10 percent of both public housing tenants and voucher recipients are married-couple families, 12 percent of tenants in privately owned assisted housing can also not achieve nearly 20 percent of all income-eligible renters (HUD, 2008, p. 12). The missing of a male role-model seems to be quite severe in assisted households. 55 percent of voucher recipients, 38 percent of public housing tenants and 26 percent of tenants in assisted privately owned housing are female-headed households. The difference to the all income-eligible population is tremendous, because only 30 percent of two-or-more-person households are female-headed (HUD, 2008, p. 12). Focusing on single females it gets clear that they are more commonly found in privately owned housing. 42 percent of these single-households are female, in comparison to 32 percent of public housing tenants and 24 percent of voucher recipients (HUD, 2008, p. 12).

According to HUD (2008, p. 12), a trend away from two-or-more-person households to single-person-households is recognizable from 1993 to 2003. Especially in privately owned assisted housing are increasing changes noticeable. Within 10 years the proportion of two-or-more-person households decreased from 50 to 40 percentage points. The explanation of this trend can be found in the 'opting out' of the assistance program made by owners who converted their buildings to market-rate rentals.

Getting in more detail with two-or-more-person households, according to HUD (2008, p. 12) the largest changes can be found in female-headed households. Regarding privately owned housing with female-headed households, the proportion declined from 34 percent in 1993 to only 26

percent in 2003. The highest representation of female-headed households can be found among voucher recipients with 55 percent, followed by tenants in public housing with 38 percent (HUD, 2008. p. 12).

To conclude the observation of household composition, HUD pointed out in its lately report that several trends of decline are recognizable. On the one hand the proportion of female-headed households in assisted housing increased slightly from 1993 to 2003. On the other hand, their representation declined among all income-eligible renters with 3 percent. Trends of decline can also be observed for elderly households. Here, the most significant decrease of 10 percent can be observed among elderly households in public housing. Also among two-or-more-person households in privately owned housing the percentage decreased from 34 percent in 1993 to 26 percent in 2003 (HUD, 2008, p. 13).

Children Under 18 Years

A further indicator for household characteristics is the number of children under 18 years. Generally spoken, assisted households are more likely to have children under 18 than all income-eligible renters. On an average of 44 percent of all assisted households have children under 18, in comparison to 41 percent of all income-eligible renters.

Number of Single Children Under 18 Years	HUD-Assisted Renters			All Income-Eligible Renters (%)
	Tenants in Public Housing (%)	Voucher Recipients (%)	Tenants in Privately Owned Housing (%)	
None	59.7	42.9	71.5	58.6
One or two	24.5	40.1	22.2	29.8
Three or more	15.7	17.0	6.3	11.6

Table 12: Number of Single Children Under 18 Years of United States' HUD-Assisted Renters

(Source: HUD, 2008. Own illustration)

Table 12 shows the number of single children less than 18 years for HUD-assisted and all income-eligible renters in 2003 more detailed. The highest proportion of none children can be found among tenants in privately owned

housing with 72 percent, followed by 60 percent for public housing tenants and 43 percent for voucher recipients. Thereby, voucher recipients fall even below all income-eligible renters where 59 percent of all households do not have children less than 18 years (HUD, 2008, p. 13).

On the contrary, voucher recipients are overrepresented regarding one or two, respectively three or more children under 18 years. For both categories the highest percentage can be found among voucher recipients, where 40 percent have one or two and 17 percent have three or more children under 18 years. So, households of voucher recipients seem to have more likely one or two children than households in the other assisting programs. And they have also more likely three or more children (HUD, 2008, p. 13).

Interestingly, tenants in privately owned housing fall clearly below the percentage among the other assisted programs and all income-eligible renters regarding one or more children under 18 years. Only 22 percent of all privately owned housing tenants have one or two children and only 6 percent have three or more children under 18 years (HUD, 2008, p. 13). According to HUD, the proportion of households with children declined for all groups between 1993 and 2003. By doing this, social housing follows the general demographic trend of declining fertility. The clearest decline is recognizable for households in privately owned housing, where a decrease from 41 percent in 1993 to 29 percent in 2003 occurred. This trend was again affected by the substantial number of 'opt outs' between 1993 and 2003 (HUD, 2008, p. 13)

HUD (2008, p. 14) also looked at the presence of other relatives, meaning people who are not spouses or own children. About 17 percent of all assisted households show such a presence of other relatives, compared to almost the same percentage of 16 percent among all income-eligible renters. Getting in more detail, the percentage among voucher recipients is with 22 percent the highest one in comparison to public housing tenants with 15 percent, followed by tenants in privately owned housing with 11 percent. Between 1993 and 2003 the percentage of public housing tenants who show a presence of other relatives than spouses and own children

decreased from 18 to 15 percent. Among tenants who receive voucher subsidy the proportion increased from 17 to 22 percent (HUD, 2008, p. 15).

Besides the socio-economic status, an observation of the socio-economic type of households is an important indicator to describe the demographical characteristics of social housing tenants. Income and housing costs will describe the socio-economic type of social housing households.

Income

As Table 13 figures out, HUD (2008, p. 15) surveyed the household income of HUD-assisted renters by showing the income sources. By building the average median income of all assisted household, it gets clear that median income is about \$ 2.700 less than of all income-eligible renters. The lowest median income can be found among tenants in public housing, followed by tenants in privately owned housing and voucher recipients. However, the differences between the assisted categories are minor. According to HUD (2008, p. 15) median income grew for all groups between 1993 and 2003. But it is important to emphasize that the rates were lower for the subsidized population.

Income Sources	HUD-Assisted Renters			All Income-Eligible Renters (%)
	Tenants in Public Housing (%)	Voucher Recipients (%)	Tenants in Privately Owned Housing (%)	
Wages and Salaries	44.1	56.4	42.6	61.9
Social Security or Pensions	37.4	26.0	47.0	25.7
Welfare or Supplemental Security Income	35.6	40.2	21.1	18.6
Food Stamps	39.5	53.0	29.8	25.5
Median Household Income	\$ 9,990	\$ 10,703	\$ 10,581	\$ 13,130

Table 13: Income Sources of United States' HUD-Assisted Renters

(Source: HUD, 2008, own illustration)

By building the average percentage of earnings among assisted housing tenants, it gets obvious that income for HUD-assisted renters arises with 48 percent less likely from earnings than among all income-eligible tenants whose income arises with 62 percent from wages and salaries. Instead of earnings, assisted households receive clearly more income from Social Security or pensions, welfare or Supplemental Security Income (SSI) and food stamps (HUD, 2008, p. 15).



Figure 9: Farmer's Market in Manhattan where Food Stamps are accepted.
(Source: own picture)

However, the distribution of income sources among the three assistance categories has to be observed different. Voucher recipients show with 56 percent the highest percentage regarding wages and salaries. They are followed by tenants living in public housing with 44 percent and tenants in privately owned housing with 43 percent. The highest percentage of receiving Social Security and pensions can be found among tenants in privately owned housing with 47 percent, among public housing tenants with 37 percent and among voucher recipients with 26 percent. Welfare or SSI is overrepresented among voucher recipients with 40 percent. In comparison, only 36 percent of public housing tenants and 21 percent of privately owned housing receive welfare or SSI. A similar pattern can be found regarding food stamps.

According to HUD (2008, p. 15) a trend away from unearned income sources toward wage and salary income is recognizable from 1993 to 2003. While 29 percent of public housing tenants received income from wage and

salary in 1993, the percentage increased to 44 percent in 2003. The same development can be observed for voucher recipients where the proportion of earnings from salary and wages increased from 46 to 56 percent.

Housing Costs

Additionally to an observation of socio-economic type and status of households, it is helpful to have a look at housing costs of tenants. Housing costs are a factor which deeply influences the household income. In the context of social housing tenants, housing costs impact on the several assisted categories in different ways. Because rents vary considerably, voucher recipients pay typically more than the other two assisted households. Generally spoken, assisted households pay considerably less in monthly housing costs or rents in comparison to all income-eligible households (HUD, 2008, p. 16).

HUD (2008, p. 16) figures out that the median monthly housing cost for all income-eligible renters is \$ 540 per month in 2003. In comparison, public housing tenants pay \$ 227, tenants in privately owned housing \$ 312 and voucher recipients \$ 437 per month for housing cost. At this point it gets clear that voucher recipients pay more than the other assisted households, as already mentioned before. This may be related to the structure of the voucher program, because voucher recipients "[...] have considerable choice about where they live and how much they pay out of pocket for their housing [...]" (HUD, 2008, p. 16). Additionally, households of voucher recipients are mostly larger - as already mentioned in Section 3.3.2 - that is also a reason for higher housing costs.

To make the whole financial situation of assisted tenants clear, taking a look to development of income and costs is important. On the one hand, median income grew from 1993 to 2003, on the other hand median monthly income costs also considerably increased in this period. 55 percent higher housing costs can be noticed for voucher recipients, followed by 37 percent for tenants in privately owned housing and 35 percent for tenants in public

housing. In comparison, median monthly housing cost for all income-eligible renters increase to 44 percent between 1993 and 2003 (HUD, 2008, p. 16).

Focusing on the housing cost-to-income ratio seems to be quite helpful for understanding recent challenges and the realization of social housing in reality. Table 14 shows the housing cost-to-income ratio for all assisted households and all income-eligible renters.

Monthly Housing Cost-to-Income Ratio	HUD-Assisted Renters			All Income- Eligible Renters (%)
	Tenants in Public Housing (%)	Voucher Recipients (%)	Tenants in Privately Owned Housing (%)	
Less than 20%	27.3	9.5	15.2	7.0
40% and more	17.2	43.6	30.8	49.5
Median	27.0	40.0	32.0	45.0

Table 14: Monthly Housing Cost-to-Income Ratio of United States' HUD-Assisted Renters
(Source: HUD, 2008, own illustration)

One of the main characteristics of social housing programs is the reduction of the burden of housing costs. However, the degree of burden reduction varies among the three subsidized categories. Looking at the median ratio of housing costs to income, the highest percentage can be found among all income-eligible renters with 45 percent. This percentage falls below by all three assisted categories. The lowest median ration can be found among tenants in public housing with 27 percent, followed by tenants in privately owned housing with 32 percent and voucher recipients with 40 percent (HUD, 2008, p. 16).

These numbers have to be compared to the thresholds of program rules. Regarding public housing, expenses for rents are limited with 30 percent of their income. Looked at it this way, the reported ratio of 27 percent in 2003 corresponds to the rules. Similar rules go for privately owned housing. According to HUD (2008, p. 16) the reported 32 percent are within an acceptable range.

In difference to these two assisted programs, rules vary significantly for the voucher program. Here, a formula for the relationship between tenant rent

and tenant income cannot be found, because voucher recipients have the choice of paying more for rent. However, this more liberal regularization recently brought along considerable problems, so an initial burden limit was implemented: “The household share may not exceed 40 percent of the household’s monthly adjusted income when the household initially moves into the unit or signs the first assisted lease for a unit [...]” (HUD, 2008, p. 16).

Because the housing costs-to-income-ratio is based on information made by tenants among the American Housing Survey (AHS), data has to be used carefully. Especially information regarding income is not always made honestly, so the ratio can only serve as a guiding principle (HUD, 2008, p. 16). Although it is interesting that almost 50 percent of all income-eligible renters face housing cost-to-income ratios of 40 percent or more. This value falls below by all assisted housing tenants. Only 17 percent of public housing tenants, 31 percent of tenants in privately owned housing and 44 percent of voucher recipients are included in this section (HUD, 2008, p. 16). According to HUD (2008, p. 17), the median ratios changed between 1993 and 2003. An increase of the median ratios can be noticed for all income-eligible renters from 38 to 45 percent, for voucher recipients from 28 to 32 percent and for tenants in privately owned housing from 28 to 32 percent. A slight decrease is recognizable only in the category of public housing, namely from 29 to 27 percent.

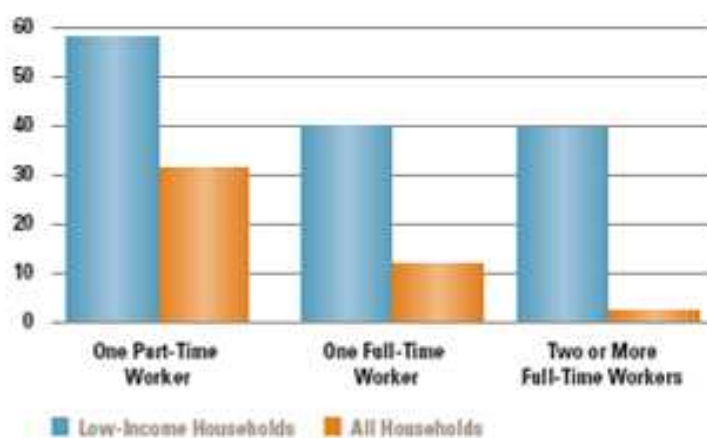


Figure 10: Housing Costs and Household Income
- Share of Households with Severe Cost Burdens (in Percent).
(Source: Joint Center for Housing Studies of Harvard University)

The Joint Center for Housing Studies of Harvard University is the author of the annual 'The State of the nation's housing'. In the current report for the year 2008 they claim that especially low-income households have to face severe housing costs. Figure 10 shows the mismatch between housing costs and incomes. The situation is most dramatically among low-income households with only one part-time worker where more than half of the income is spend on housing. This development reflects the current situation of a "[...] growing number of low-wage and part-time jobs generated by the economy, the rising costs of operating and maintaining housing, and the upward pressure on construction and renovation costs created by local development restrictions [...]" (Joint Center for Housing Studies of Harvard University, 2008, pp. 4).

To summarize Section 3.3.2 which focused on the demographical characteristics of social housing households, various specialties can be figured out. In comparison to all income-eligible renters, subsidized households are mostly composed of minorities, older and lower-educated population. A missing of male role-models is considerably noticeable among assisted households, because female-headed householders can be found more often. Social housing households are also characterized by small size, low incomes and fewer expenses in rents (HUD, 2008, p. 7). At the same time, the proportional burden of income costs is often higher among low-income households in comparison to all households. To come back to the assumption that was made at the beginning of this chapter, it is inarguable that households of social housing represent the most vulnerable proportion of population.

3 Case Study New York City

After giving a comprehensive view of housing situation and demographical characteristics of social housing tenants in the United States, Chapter 3 will focus more detailed on the developments in New York, more precisely New York City. A large proportion of the following information was gathered in discussions with John Mollenkopf, Professor from CUNY, and Howard Marder from NYCHA.

As already mentioned in Section 2.1.1, New York City played an important role in urban development and population growth. The reasons can be found in the migration history of New York City which also led to innovative efforts in context with spatial planning. New York City's urbanization was in the 19th century strongly linked to industrial growth and with the booming American industry a success story without example occurred in those times.

But New York City was not only an amazing example in former days. In recent times the city is faced with tremendous challenges in a demographical context, as well as in social housing. Chapter 3 tries to give an insight in recent developments and challenges of the city and will end with a view into the future.

3.1 Current Structure of the City

In the last 20 years, New York City experienced significant changes with effects on economical, political and social levels. In the course of changing mayors the situation of education, crime and health improved considerably. On the other hand the city is still challenged by a wider becoming gap in incomes. The poverty rate proves stubborn and is even driven by an "[...] increasing rate of foreclosures and instability in the lending market [...]" (Furman Center for Real Estate and Urban Policy, 2008, p. 38), one of the side effects of United States' current real estate and finance crisis. The particular characteristics of these changes affected New York City's

boroughs and neighbourhoods rather diversely and increased the already existing disparities.

3.1.1 Variation of Economical Data

To get an understanding of New York City's structure, it is necessary to observe the economical position of the city at least in a national context. New York City is well-known for its world-class financial service industry and its stock exchange. Leading global financial service companies prefer New York City as their location. But not only the so-called FIRE (Finance and Real Estate) sector is a very important contributor to New York's prospering economy, also service and trade play a very important role as it can be seen in Table 15.

Industry	Number of Employees in 2007
FIRE	470,000
Finance and Insurance	350,358
Real Estate	119,642
SERVICES	1,905,475
Information	165,258
Professional and Business	586,692
Educational	151,342
Health & Social Assistance	555,942
Arts & Entertainment	63,975
Accommodation & Food	226,833
Other	155,433
TRADE	438,558
Retail	291,675
Wholesale	146,883
MANUFACTURING	99,508
TRANSPORTATION & UTILITY	124,358
CONSTRUCTION	124,325
TOTAL PRIVATE	3,162,283
GOVERNMENT	555,317
TOTAL (Private + Government) NYC	3,717,592

Table 15: Industry Diversity of New York City 2007
(Source: NYC Economic Development Corporation)

In comparison, the development of New York State's economical data is also interesting. The number of private sector jobs in New York State increased

in August 2008 to 7,261,200. The number of nonfarm jobs in the state increased to 8,781,300. The changes of jobs in the non-farm sectors for the period 2006 to 2008, as shown in Figure 11, make clear that the driving sectors for the State of New York have been the Educational and Health Services in 2008. A constant decline can be found among the manufacturing sector (www.labor.state.ny.us).

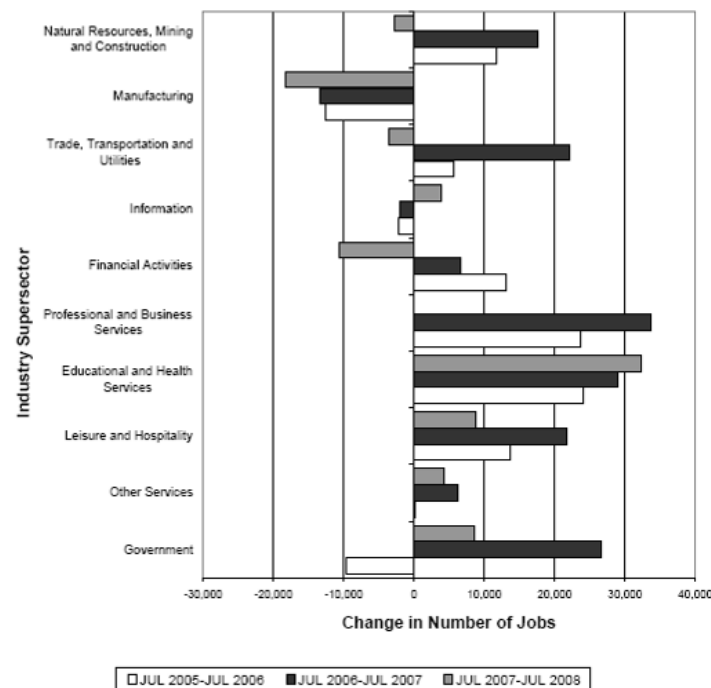


Figure 11: Over-The-Year Change in Nonfarm Jobs by Supersector in New York State
(Source: New York State Department of Labor)

Another important indicator in terms of economical data is the development of unemployment rates. As Table 16 shows, unemployment rates increased from July to August 2008 in the United States, in New York State and New York City. Although the unemployment rate of New York State is lower than in the United States, New York City has to suffer higher unemployment rates than in New York State (www.labor.state.ny.us).

	Unemployment Rate July 2008	Unemployment Rate August 2008
United States	6.0	6.1
New York State	5.3	5.6
New York City	5.4	5.9

Table 16: Unemployment Rate July and August 2008.
(Source: www.labor.state.ny.us. Own illustration)

The current financial crisis in the United States has severe impacts on New York City's economy. It began in fall of this year, when the sudden failure of Bear Stearns came into public. Bear Stearns was the fifth-largest firm on Wall Street and had about 8,000 employees who worked for the investment bank in New York City. With an average salary of about \$242,000 per employee, Bear Stearns' employees ranked among the best-paid employees in the city (www.nytimes.com).

But the crash of Bear Stearns did not remain the only collapse among United States' investment firms. As matters stand at the moment, this was only the beginning of a chain of collapses that hit the financial power of the United States hard. How this will impact New York City in the future is at the moment not predictable.

3.1.2 Variation of Demographical Data

Population

The population of the United States is growing and Table 17 shows that growth amounts to 13.2 percent in the decade 1990 to 2000. Besides of its population size itself, New York City plays also an important role in context to its share of New York State's population. The share rose from 40.7 percent in 1990 to 42.2 percent in 2000.

	Total	Population	Population	Change
	1990	2000	1990 Number	- 2000 Percentage
New York City	7,322,564	8,008,278	685,714	9.4
New York State	17,990,455	18,976,457	986,002	5.5
NYC's share of New York State's Population	40.7	42.2		
United States	248,709,873	281,421,906	32,712,033	13.2

Table 17: Population Growth in New York City, New York and the United States from 1990 to 2000

(Source: NYC Department of City Planning, own illustration)

Seen in a historically context, New York City's population grew throughout the 20th century mainly caused by immigration. But also domestic inflows and natural increase - meaning the difference between births and deaths - resulted in further increases. The 1970s constitute an exception when large domestic outflows couldn't be lowered by immigration. As a result, the city's population declined for about 10 percent for the first time in the 20th century. This trend has been stopped successfully in the 1980s, when domestic out-migration dropped and immigration on the one hand and natural increase on the other hand lead finally to a population growth (NYC Department of City Planning, 2001, p. 7).

As Table 18 shows, New York City's population is also nowadays still growing. The U.S. Census Bureau reported that the population with 8,008,278 of New York City as of April 1, 2000 was "[...] the largest enumerated census population in the city's history [...]" (NYC Department of City Planning, 2001, p. 3). The total increase of 685.714 persons between 1990 and 2000 is not only a result of a real increase of population, but also because of improved census coverage.

	1990		2000		2007	
New York City	7,322,564	100.0	8,008,278	100.0	8,214,426	100.0
Bronx	1,203,789	16.4	1,332,650	16.6	n/a	n/a
Brooklyn	2,300,664	31.4	2,465,326	30.8	n/a	n/a
Manhattan	1,487,536	20.3	1,537,195	19.2	n/a	n/a
Queens	1,951,598	26.7	2,229,379	27.8	n/a	n/a
Staten Island	378,977	5.2	443,728	5.5	n/a	n/a

Table 18: Change in Total Population in New York City 1990-2007
(Source: NYC Dep. Of City Planning and Furman Center. Own illustration)

The real increase of population is among other things again mainly caused by immigration, although a considerable proportion of net outflow of residents to other parts of the nation is present. Additionally, a high level of birth (1,266 million) and a lower level of deaths (682,000) can be observed in the 1990s. The resulting natural increase of 584,000 is mainly traced back to the increasing proportion of immigrants in the city, "[...] who tend to be younger on average than other residents [...]" and are mainly more fertile (www.nyc.gov/html/dcp).

Going into more detail, the change of total population in the boroughs of New York City is quite interesting, because increasing population numbers can be found for every single district. The Bronx grew to a population of 1,332,650 in 2000. Brooklyn remained in 2000 the largest district with a total population of 2,465,326 which accounts for 30.8 percent of the city's population. For the first time in a census, Queens exceeded with a population of 2,229,379 the 2 million mark and the absolute increase of 277,781 contributed 40 percent of the growth in the city. The highest population growth can be found in Staten Island with a total increase of 64,751, meaning 17.1 percent (www.nyc.gov/html/dcp/).

Patterns of Migration Flows

One of the main contributors of population growth is migration. Because of this important impact, it is necessary to observe migration flows in terms of population development. At the beginning it is important to explain the most common migration terms, because the meaning of '*migration flows*' in the United States differs from the comprehension in German-speaking countries. Following explanations are quoted from the United States Census 2000 provided by U.S. Census Bureau (2003, p. 1).

Migration describes generally moves that crossed state boundaries within the United States, whereas *Domestic Migration* means the moves occurring within the United States (the 50 states and District of Columbia). Domestic Migration is also known as internal migration. On the contrary, *Immigration* is understood as migration into an area during a given period. A migration inflow is immigration to a particular area. On the other hand, *Outmigration* is migration out of an area during a given period. A migration outflow is outmigration from a particular area. The term *Gross Migration* means the sum of immigration and outmigration, or inflow and outflow, for an area for a given period. In other words, the total amount of movement in and out of an area is measured. Finally, the terms *Net Migration* and *Net Flows* have to be explained. These terms describe the difference between immigration and outmigration, or inflow and outflow, during a given time. A positive net, or

net immigration, indicates that more migrants entered the area than left the area during that time. A negative net, or net outmigration, means that more migrants left the area than entered it.

According to U.S. Census Bureau, every state in the United States gained population in the 1990s, but the magnitude varies clearly for the different states. As a consequence, the most importation migration patterns for New York will be observed now.

Interstate Migration

Between 1995 and 2000, the largest interstate migration flows can be found in New York and California. Table 19 shows the flows that originated in New York between 1995 and 2000.

State of Origin	State of Destination	Migration Flow	Reverse Flow	Gross Migration	Net Migration
New York	Florida	308,230	70,218	378,448	238,012
New York	New Jersey	206,979	97,584	304,563	109,395
New York	Pennsylvania	112,214	67,213	179,427	45,001
New York	North Carolina	100,727	20,262	120,989	80,465
New York	California	95,952	65,160	161,112	30,792

Table 19: State-to-State Migration Flows from New York 1995-2000

(Source: U.S. Census Bureau)

The largest state-to-state flow ever in the United States can be observed from New York to Florida between 1995 and 2000. More than 308,000 people moved in this period from New York into the Southern part of the United States. These outflows “[...] from cold, wealthy, northern states [...]” to Florida are quite common (U.S. Census Bureau, 2003, p. 2). The flow from New York to New Jersey was also of significance. Over 200,000 people moved primarily to the suburbs between 1995 and 2000.

According to U.S. Census Bureau (2003, p. 5), most of the 1.6 million people who left New York from 1995 to 2000 went to Florida (308,000), followed by New Jersey (207,000) and Pennsylvania (112,000). This

remarkable outflow was mostly caused by migration retiree and suburbanization.

The question, why New York didn't shrink with regard to these outflows, is easy to answer. New York gains huge amounts of migrants from abroad which leads finally to population growth (U.S. Census Bureau, 2003, p. 7). A characteristic that is famous for New York.

Fertility

In terms of population data, it is also relevant to observe the issues of fertility and mortality rates, as well as migration flows. Firstly, a short overview about fertility rates in New York will be interesting. In recent times, the fertility rate in New York increased significantly between 2005 and 2006, as it can be seen in Figure 12.

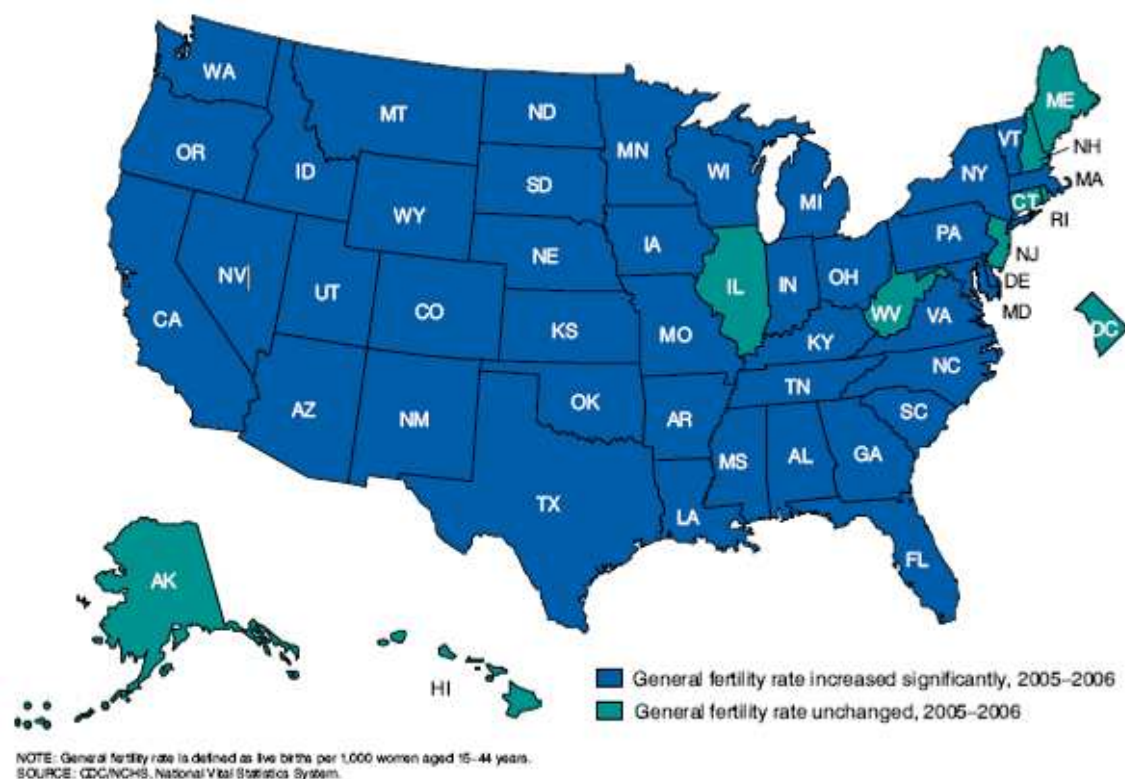


Figure 12: Increase in General Fertility Rate between 2005 and 2006
(Source: National Center for Health Statistics)

The trend of increasing fertility rates in New York is explained in more detail in Table 20 that shows the development of number, birth and fertility rate in a three-year period between 2004 and 2006. This latest data is provided by the National Center for Health Statistics (NCHS) in Hyattsville, Maryland. For a right interpretation it is important to explain that birth rates describe total births per 1,000 total population and fertility rates mean total births per 1,000 women aged 15–44 years.

	2004			2005			2006		
	Number	Birth rate	Fertility rate	Number	Birth rate	Fertility rate	Number	Birth rate	Fertility rate
US	4,115,590	14.0	66.3	4,140,419	14.0	66.7	4,265,996	14.2	68.5
New York	250,894	13.0	60.9	246,354	12.8	60.3	250,091	13.0	61.1

Table 20: Fertility from 2004 to 2006
(Source: National Center for Health Statistics)

The estimate of birth numbers in the United States show an increase between 2005 and 2006 of 127,647 births, or 3 percent. According to the National Center for Health Statistics this increase can be seen as the largest single-year increase in terms of number of birth since 1989. It is also the largest number of birth since 1961 (NCHS, 2007, p. 2). Looking at New York there is also an increase in terms of birth numbers observable. But the increase only amounts to 1.5 percent between 2005 and 2006.

The birth rate, also called the crude birth rate (CBR), increased in the United States between 2005 and 2006 from 14.0 to 14.2, in New York from 12.8 to 13.0 per 1,000 total population. This increase can be evaluated as very slightly. However, the change regarding the fertility rate, also called the general fertility rate (GFR), is more explicit. The fertility rate increased in the United States between 2005 and 2006 from 66.7 to 68.8 births per 1,000 women aged 15–44 years. That means an increase of 3 percent and the highest level since 1991, according to NCHS (2007, p.2). In comparison, the increase between 2005 and 2006 regarding the general fertility in New York amounts only to 1.3 percent.

The correlation of increasing fertility and the housing market get more understandable in the New York Times' article 'From the Housing Market to the Maternity Ward' that was published in February 2008. The journalist John Leland (www.nytimes.com) states that the total fertility rate, meaning the average number of children that would be born to a woman over her lifetime, of the United States reached 2.1 "[...] [f]or the first time in 35 years [...]". This threshold is quite important, because it describes the "[...] theoretical level required to maintain the country's population" (www.nytimes.com).

The question is now, how far fertility is connected to real estate issues, where more and more "[...] creative loan products allowed more people than ever to buy homes [...]". It is incontestable that homeownership often acts as a "[...] precursor to having children [...]" (www.nytimes.com). Although it has not yet been proven if affordable homeownership has real effects on fertility, socialists and economists try to explain the rising fertility in the United States by comparing housing size, housing affordability and fertility with other countries. In this case, Italy seems to be quite helpful to explain the relationship between fertility and housing market. Robert Engelman, vice president for programs at the Worldwatch Institute, explains that "[...] [o]ne reason there are so few children in Italy is that housing is so hard to come by [...]". In comparison, houses in the United States are bigger and more affordable. This argument is used to explain the recent increasing fertility in the United States.

As it has been explained in this section, the increase of fertility in New York is much more slightly compared to the United States in general. Perhaps, the reason for this divergence can be found in housing costs, too. New York, especially New York City, is known for their extremely high housing costs. If affordability of homeownership is in fact a determining factor for fertility, it would explain the lower increase of fertility in New York. If not, the explanation has to be more differentiated and in more detail.

Anyhow, in consideration of the current financial crisis with all its impacts on the United States, on the financial industry of New York City and the

world's economic situation, it will be interesting if this rather weak argument will be sustainable and useful in the near future.

Mortality

In the context of demographical characteristics, it is also important to observe mortality data, like deaths, death rates and leading causes of death and their change over the last years. Table 21 shows deaths and death rates in the United States and in New York from 2005 to 2006. Death rates relate to per 100,000 population.

	2005		2006	
	Number	Death rate	Number	Death rate
United States	2,448,017	825.9	2,425,900	810.3
New York	152,427	791.6	148,808	701.2

Table 21: Deaths and Death rates from 2005 to 2006

(Source: National Center for Health Statistics)

The number of deaths decreased in the United States from 2,448,017 in 2005 to 2,425,900 in 2006. That means a decrease of 22,117 in total. The NCHS (2008, p. 3) explains the decrease with a rather mild influence activity in 2006 compared to 2005. In New York, the number of deaths declined also from 152,427 in 2005 to 148,808 in 2006. Improved health-care campaigns can be mentioned here as an attempt to explain. According to NCHS (2008, p. 4), the causes of death in 2006 remained the same in 2005. The ten leading causes of death in 2006 were as follows (NCHS, 2008, p. 4):

1. Diseases of heart
2. Malignant neoplasms
3. Cerebrovascular diseases
4. Chronic lower respiratory diseases
5. Accidents (unintentional injuries)
6. Alzheimer's disease
7. Diabetes mellitus
8. Influenza and pneumonia
9. Nephritis, nephrotic syndrome and nephrosis
10. Septicemia

The death rate, also called the crude death rate, declined also in the United States from 825.9 per 100,000 to 810.3 in 2006. That means a reduction of 1.9 percent. In the same period, the death rate in New York for 2006 was over 12 percent less than 2005. That is an amazing development whose explanation is not easy.

One of the main contributors to declining mortality in New York is obviously the enormous efforts in reducing infant mortality in New York City. In August 2008, the New York City Department of Health and Mental Hygiene reports that "[...] the city's infant mortality rate fell again in 2007, reaching the lowest level ever recorded [...]" (www.nyc.gov). This development is considerable, because infant mortality is widely regarded as a barometer of a population's general health. Figure 13 shows the development from 1990 to 2007.

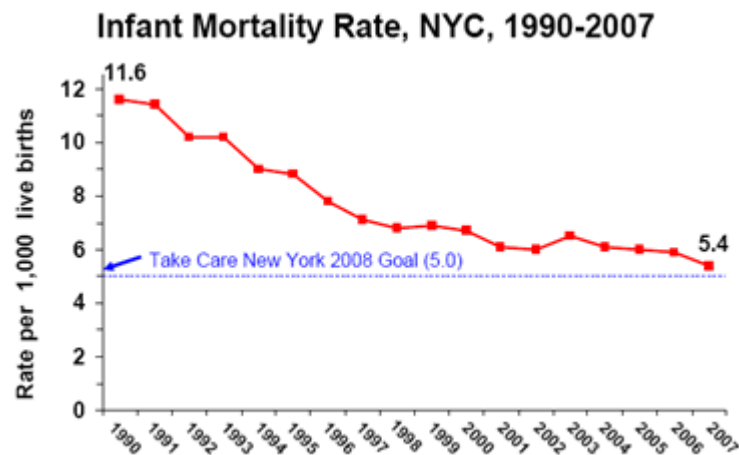


Figure 13: Infant Mortality Rate in New York City from 1990-2007
(Source: NYC Health Department)

Although the infant-mortality rate declined tremendously since the early 1990, deep disparities between the racial and ethnic groups in New York City are observable. According to the NYC Health Department (www.nyc.gov), the “[...] infant mortality rate was 9.8 per 1,000 live births among blacks, 6.3 among Puerto Ricans, 4.3 among other Hispanics, 3.9 among whites, and 3.1 among Asian/Pacific Islanders.” Reducing this enormous disparity must be one of the main efforts for the future.

Ethnic Origin and Racial Diversity

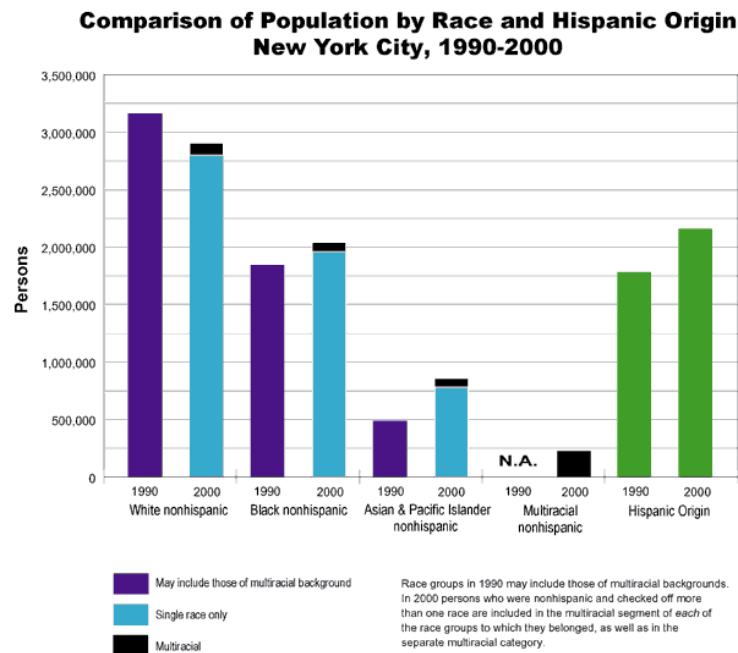


Figure 14: Change of Population by Race and Hispanic Origin in New York City
(Source: NYC Department of City Planning)

Figure 14 shows the change of the population by race and Hispanic origin in New York City for the period 1990 to 2000. It also gets clear that the 2000 census asked for the first time for more than one race. It can be figured out that the city was racially and ethnically more diverse in 2000 in comparison to 1990. Generally speaking, the black and white population declined in New York City, the Hispanic and Asian population on the other side grew evidently (Furman Center for Real Estate and Urban Policy, 2008, p. 41).

Focusing on the population of a single race, white Non-Hispanics remained with 35 percent the largest group of New York City. The proportion of Black Non-Hispanics changed only slightly. According to NYC Department of City Planning (2001, pp. 23), the proportion of Black Non-Hispanics declined from 18 percent in 1990 to 15 percent in 2000. Interestingly, for the first time of census the Hispanics were with 27 percent the largest minority group (www.nyc.gov/html/dcp).

The Racial Diversity Index “[...] assesses how likely it is that two randomly selected people from the City would be of different races [...]” (Furman Center for Real Estate and Urban Policy, 2008, p. 41) and showed in 2006 that New York City is the most diverse city of the ten largest cities in the United States (Table 22).

City	RDI
New York City	0.96
Chicago	0.93
Houston	0.91
San Jose	0.91
Dallas	0.88
San Diego	0.87
Los Angeles	0.85
Philadelphia	0.84
Phoenix	0.76
San Antonio	0.70

Table 22: Racial Diversity Index 2006

(Source: Furman Center for Real Estate and Urban Policy. Own illustration)

This diversity leads in New York to a “[...] unique mix of multiple racial and ethnic groups [...]” (Furman Center for Real Estate and Urban Policy, 2008, p. 41). In comparison, large proportions of African-American population can be found in Chicago and Philadelphia, large Hispanic population in San Antonio and Los Angeles and large Asian population in San Jose.

Population Density

The disparity between Manhattan and its boroughs gets clear in context with population density. Figure 15 shows the distribution of population density in New York City. The highest densities can be found – among other smaller parts of districts – in Manhattan. The average of the city’s population density amounted 41.3 persons per acre in 2000, Manhattan’s density was 104.6 persons per acre. The neighborhoods with the highest densities in Manhattan were the Lower East Side, Chinatown, the East Village, Murray Hill, the Upper East Side, and the Upper West Side through Washington Heights (NYC Department for City Planning, 2001, p. 11).

Population Density by Census Tract New York City, 2000

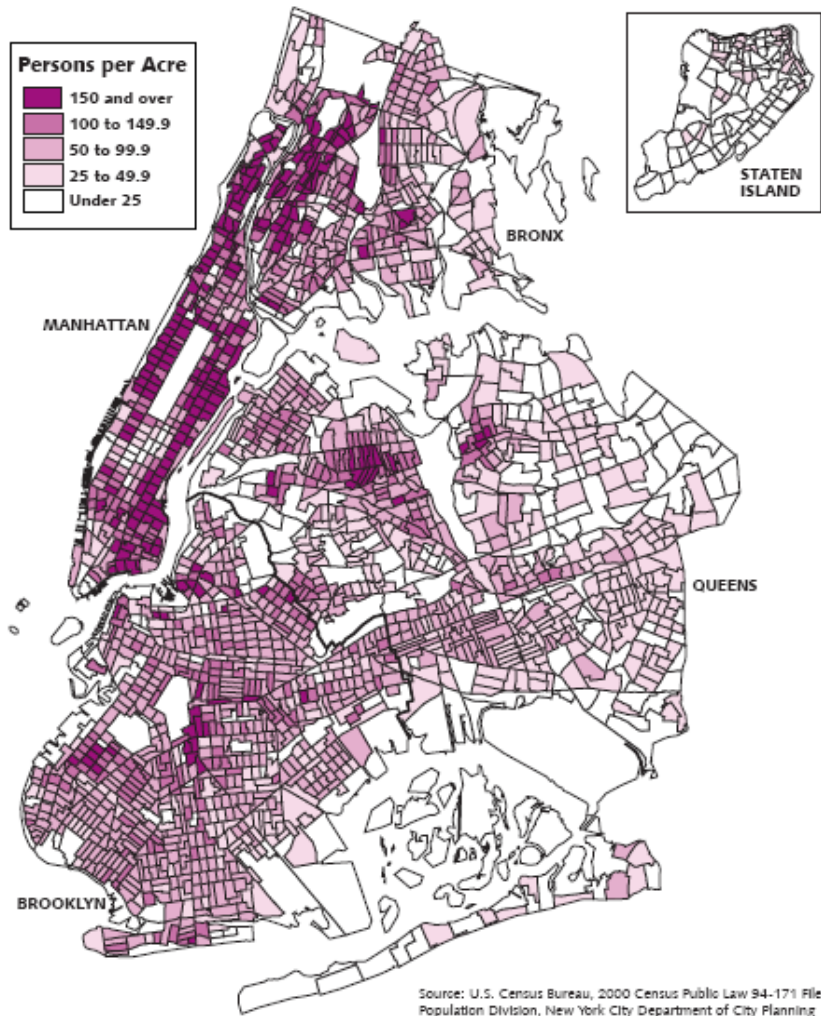


Figure 15: Population Density of New York City in 2000.

(Source: NYC Department of City Planning)

Above-average densities can also be found in Brooklyn and the Bronx where 54.6 and 49.5 persons lived on one acre. Highest densities can be found in the Bronx primarily in the Western part of the neighborhood, in Brooklyn primarily Williamsburg, Flatbush, and Sunset Park have the highest population densities with even 150 persons per acre (NYC Department for City Planning, 2001, p. 11).

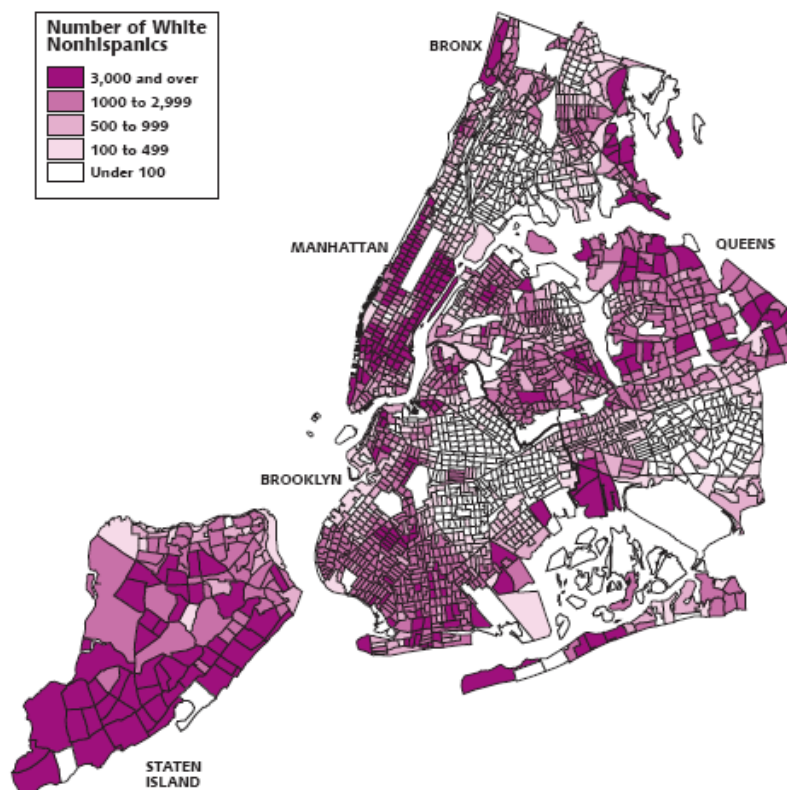
The lowest population densities in 2000 showed Queens with under 25 persons per acre and Staten Island with a density of 11.9 persons per acre. Very thinly populated neighborhoods were in Queens Beechhurst, Little

Neck, Glen Oaks, Floral Park, Howard Beach, and Rosedale. Staten Island's denser neighborhoods Tompkinsville, Port Richmond, St. George, Arden Heights, Arlington, Mariners Harbor and Castleton Corners had in 2000 population densities of 25 to 50 persons per acre (NYC Department for City Planning, 2001, p. 11).

Segregation

Although American literature wouldn't speak about segregation of specific population groups, concentrations of ethnic groups are clearly noticeable. This is also the case in New York City. The 2000 Census traced these different kinds of concentrations, as it can be seen in the following figures.

White Nonhispanics by Census Tract New York City, 2000



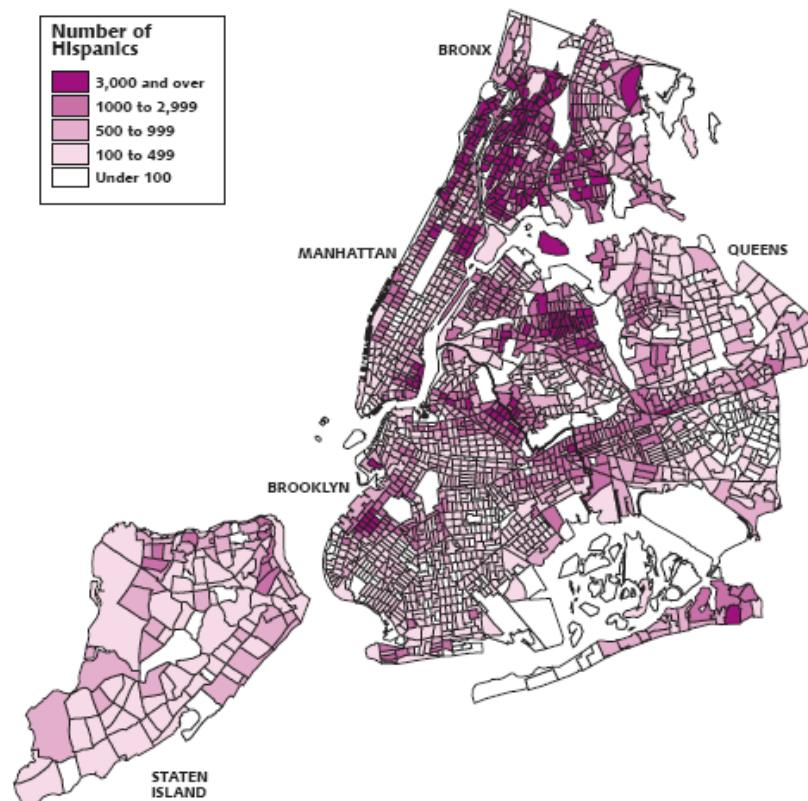
Source: U.S. Census Bureau, 2000 Census Public Law 94-171 File
Population Division, New York City Department of City Planning

Figure 16: Concentration of White Non-Hispanics in New York City, 2000.

(Source: NYC Department of City Planning)

Figure 16 shows the concentration of White Non-Hispanics in New York City for 2000 and it gets clear that highest concentrations can be found in Brooklyn and Queens. About 704,000 White Non-Hispanics live in Manhattan, most of them in the well-off neighborhoods on the Upper East Side, the Upper West Side, Greenwich Village, the East Village, Battery Park City/Tribeca, Murray Hill and Lenox Hill. Additionally, high concentrations can also be found on Staten Island and small parts of the Bronx (NYC Department for City Planning, 2001, p. 33).

Hispanics by Census Tract New York City, 2000



Source: U.S. Census Bureau, 2000 Census Public Law 94-171 File
Population Division, New York City Department of City Planning

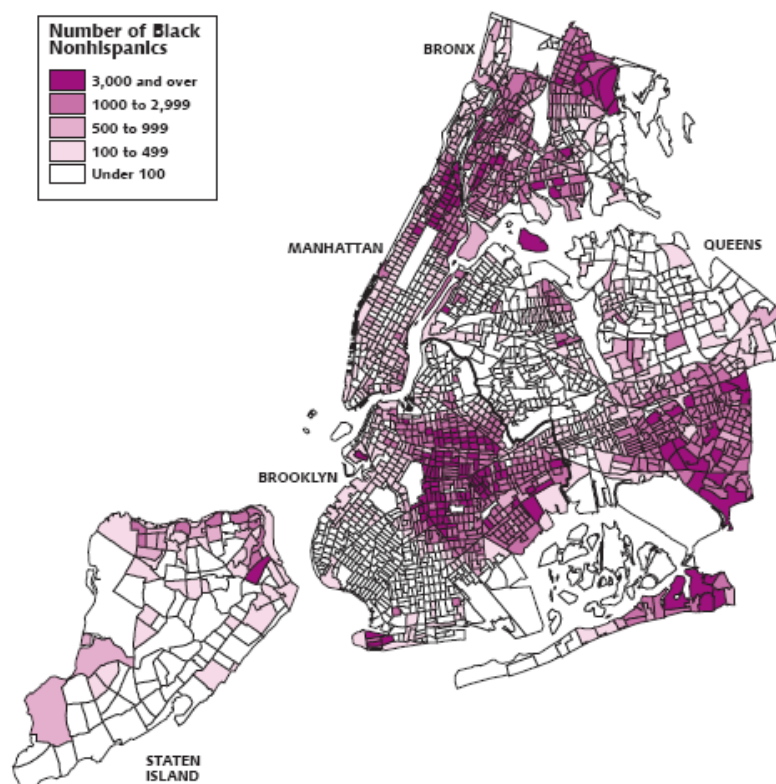
Figure 17: Concentration of White Non-Hispanics in New York City, 2000.
(Source: NYC Department of City Planning)

In comparison, severe differences are visible in context with concentration of Hispanic population in New York City. Figure 17 points out that the

highest proportions of Hispanics can be found in the Bronx, more precisely in Soundview, University Heights, Fordham, Bedford Park, Morris Heights and Co-op City, as well as in Queens. In Manhattan the presence of Hispanics can be found especially in Washington Heights, East Harlem and on the Lower East Side. The proportion of Hispanics on Staten Island is negligible (NYC Department for City Planning, 2001, p. 33).

Compared to the Hispanic population, Black Non-Hispanics are more widespread in the neighborhoods. Figure 18 illustrates that the highest concentrations of Black Non-Hispanics can be found in central Brooklyn Queens, the north and west Bronx and northern Manhattan, to be more precisely in Central and East Harlem (NYC Department for City Planning, 2001, p. 37). These districts are mainly affected by gentrification processes which are initiated mostly by the well-off white population.

Black Nonhispanics by Census Tract New York City, 2000



Source: U.S. Census Bureau, 2000 Census Public Law 94-171 File
Population Division, New York City Department of City Planning

Figure 18: Concentration of Black Non-Hispanics in New York City, 2000.

(Source: NYC Department of City Planning)

Concluding the observation of population concentrations in New York City, the Asian Non-Hispanic population must also be considered for the sake of completeness. By looking at Figure 19 it gets clear that the concentration of population of Asian Non-Hispanics is considerably lower compared to the other ethnic groups. According to the NYC Department of City Planning (2001, p. 39), "[...] approximately one-half of the city's Asian Non-Hispanic population lived in Queens. Figure 16 also makes Chinatown and the Lower East Side of Manhattan well recognizable, where also a heavy density of Asian Non-Hispanics can be found.

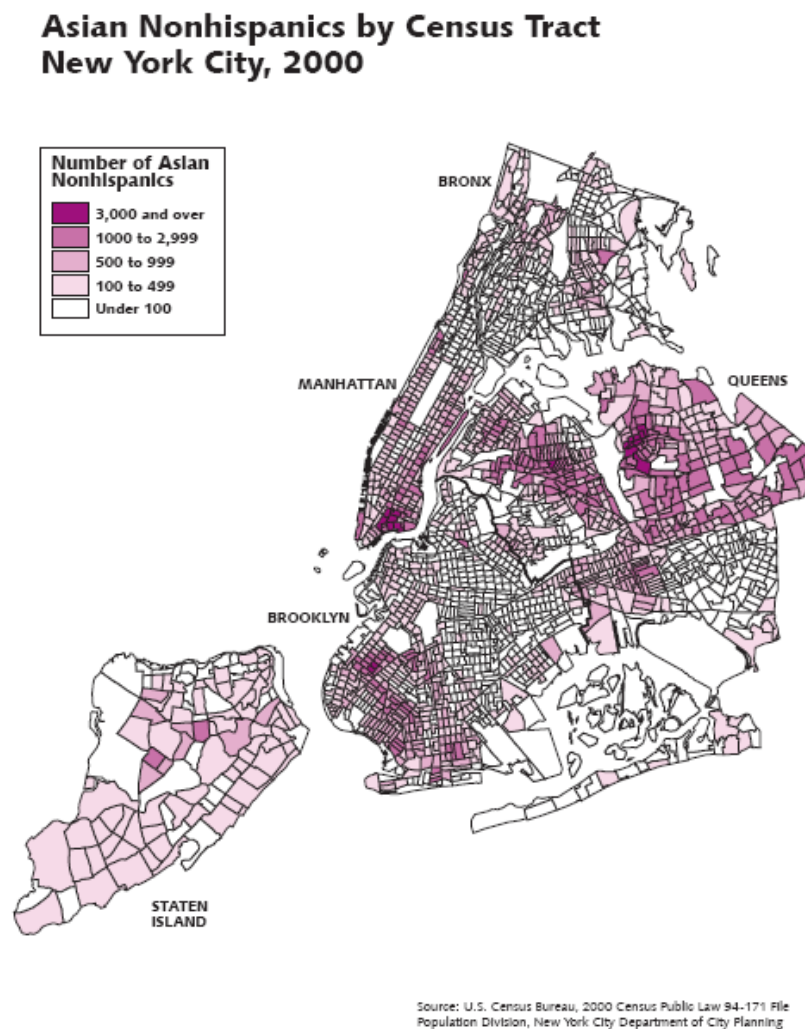


Figure 19: Concentration of Asian Non-Hispanics in New York City, 2000.
(Source: NYC Department of City Planning)

The dissimilarity index gives more information on distribution of population across an observed geographical area. A more precise observation of this index will complete this chapter usefully.

Rank	City	Minority Population	White Population	Total Population	Dissimilarity Index
1.	Spring Valley Village	1,220	7,866	25,464	59.3
2.	New York City	225,149	2,801,267	8,008,278	54.4
3.	Yonkers City	5,177	99,346	196,086	49.1
4.	Hempstead City	1,250	7,460	56,554	46.4
5.	Buffalo City	5,456	151,450	292,648	46.1

Table 23: Top 5 Dissimilarity Indices in New York in 2000

(Source: Census Scope based on U.S. Census 2000)

Table 23 shows the Top 5 Dissimilarity Indices (DI) for New York in 2000. Spring Valley Village occupies the first rank with a DI of 59.3, followed by New York City with a DI of 54.4 and Yonkers City with 49.1 (www.censusscope.org). The percentage of the dissimilarity index shows the percentage of white population who has to move to a different geographic area in order to produce an absolutely even distribution.

Thereby it gets clear, that New York City belongs to the cities of the state New York that obviously shows an overhang of white population. A characteristic that is on the one hand a well-known trademark of New York City, on the other hand quite a challenge in terms of integration policies and - in a further step - housing policies.

3.2 Situation of Social Housing in New York City

The situation of New York City's social housing changed tremendously over the years. In this context, affordable housing for disadvantaged population and revitalizing devastated neighbourhoods were the main objectives.

An important role plays mayor Koch's so called 'Ten Year Plan for Housing' which was designed in 1985. In the course of this ten year strategy, more than 208,000 affordable housing units were created "[...] through new construction, rehabilitation of vacant buildings, and renovation subsidies for occupied buildings [...]" (Furman Center for Real Estate and Urban Policy, 2008, p. 38). The importance of this plan gets clear with its duration through the Dinkins and Giuliani administration and even mayor Bloomberg nowadays continues Koch's efforts with the help of the 'New Housing Marketplace Plan' which was established in 2003.

The most relevant actors regarding social housing in New York City, as well as the demographical characteristics of its residents will be observed in Section 3.2. A critical consideration of housing accessibility and affordability in New York City will link to future challenges and conclude the detailed insight into the city's current situation.

3.2.1 The New York City Housing Authority

The most relevant and important actor in terms of public housing in New York City is the New York City Housing Authority (NYCHA). Created in 1924, NYCHA is nowadays the largest public housing authority in North America and provides more than 178,000 apartments in over 340 developments throughout the city. NYCHA's oldest development "First Houses", opened in 1925, can be found on the Lower East Side. NYCHA serves with over 12,600 employees 173,808 families and 403,535 authorized residents (www.nyc.gov/html/nycha).

NYCHA tries to ensure a high quality level concerning their developments. With the help of permanent maintenance and modernization NYCHA tries to preserve its aging housing stock. More than \$6.1 billion have been invested by NYCHA in the last 16 years. The quality of life for NYCHA residents shall be enhanced by participating in different community, educational and recreational programs. Special job readiness and training initiatives are also offered by NYCHA.

	Developments	Apartments
The Bronx	98	44,116
Brooklyn	100	58,156
Manhattan	102	53,757
Queens	26	17,505
Staten Island	10	4,414
For seniors only	42	10,000
For mobility-impaired		7,639

Table 24: Overview about NYCHA's Conventional Public Housing Offer
(Source: www.nyc.gov/html/nycha. Own illustration)

Table 24 shows NYCHA's development stock that is quite impressive in context with the number of apartments which are available for public housing tenants. The enormous size of the organization gets again clearer with the number regarding Section 8 Housing Voucher Program. According to NYCHA, in June 2008 more than 88,000 apartments were rented and more than 31,000 private landlords participated in the Section 8 Housing Voucher Program (www.nyc.gov/html/nycha).



Figure 20: Smith Houses in Manhattan
(Source: own picture)



Figure 21: On the Rooftop of one of the Smith Houses in Manhattan
(Source: own picture)

Figure 20 and 21 show the first-class location that can be found among public housing developments in New York City. The Smith Houses in Manhattan rank among the most popular and best administrated public housing developments of NYCHA. A fact, about that the administration of NYCHA and the community development of the Smith Houses is very proud of, as I could experience during a comprehensive and impressive guided tour.

Although NYCHA is a well-known and successful housing authority, this organization has to face severe challenges in recent times. During the interview with Howard Marder, Public Information Officer of NYCHA, these challenges have been observed in detail. The relevant outcomes of this interview will be reported in Section 3.5 which focuses on the future challenges for social housing in New York City.

3.2.2 The New York Department of Housing Preservation and Development

The New York City Department of Housing Preservation and Development (HPD) is the largest municipal developer of affordable housing in the United States. HPD's main objectives are protecting the existing housing stock and expanding housing options for affordable and quality housing in New York

City. The stated aim is also to expand homeownership among New York City's residents (www.nyc.gov/html/hpd).

In the last years, HPD shifted away from the idea of "the city as owner of property" and initiated community revitalization programs which support and promote private investment as well as public-private-partnerships. The operating principle of HPD is to combine different positions and to work together with governmental, community, non-profit and for-profit partners (www.nyc.gov/html/hpd).

The recent administration's housing agenda – the so-called "The New Housing Marketplace: Creating Housing for the Next Generation" – was initiated by Mayor Bloomberg and "[...] is the largest investment in the City's housing stock in 20 years [...]" (www.nyc.gov/html/hpd). The reason and purpose of this new 10-year-plan will be observed more detailed in Section 3.5.

3.3 Demographics of Social Housing Residents in New York City

Section 3.1.2 showed an overview of the demographical characteristics of New York City's population in general. This section gets into more detail and gives an insight into the characteristics of social housing residents in New York City. Differences and specifics shall be elaborated in the course of this section.

The data which is used in this section is based on the 2005 New York City Housing and Vacancy Survey (NYCHVS). Financed by the City of New York and the New York City Department of Housing Preservation and Development (NYCHPD), this survey is taken every three years and determines the vacancy rate for New York City's rental stock. That is a requirement made by law and additionally supports New York City in measuring "[...] the quality and quantity of housing and the demographic characteristics of the city's residents." (www.census.gov). The main focus of the survey is on the vacancy rate, because that value is important for rent control and rent stabilization laws.

The survey tables include basically six different categories of rent control and rent stabilization which are explained in Table 21. In the following sections the most important categories in the context of this thesis will be observed, namely *Mitchell Lama* and *Public Housing*.

Category	Description
Controlled	▪ are subject to the provisions of the Rent Control Law and Regulations ▪ All increases in rent are set and must be approved by the New York State Division of Housing and Community Renewal (DHCR). ▪ Rent controlled units include ▪ units in buildings with three or more units constructed before February 1, 1947, where the tenant moved in before July 1, 1971 ▪ units substantially rehabilitated prior to January 1, 1976 under the provisions of J-51, which were initially occupied by the current tenant prior to January 1, 1976 ▪ Units in buildings with one or two units constructed before February 1, 1947 which were initially occupied by the current tenant prior to April 1953. ▪ Some controlled units may remain in buildings converted to cooperatives or condominiums.
Stabilized Built Pre-1947	▪ Units in buildings with six or more units constructed before February 1, 1947 where the current tenant moved in on or after July 1, 1971 ▪ Units that had been rent controlled but were decontrolled prior to July 1, 1971 under the luxury or vacancy decontrol provisions of city rent regulations unless the current tenant moved in after the effective date of a cooperative or condominium conversion.
Stabilized Built 1947 or Later	▪ Units in buildings with six or more units which were constructed between 1947 and 1973 or after 1974 if the units received a 421-a or J-51 conversion tax abatement that is still in effect and the current tenant moved in prior to a cooperative or condominium conversion ▪ Units in buildings occupied prior to 1974 under the Mitchell-Lama program which have been "bought out" of the program. ▪ In addition, some housing units subject to regulation by virtue of various governmental supervision or tax benefit programs are subject to rent regulatory status pursuant to Section 2521.1(k) of the Rent Stabilization Code.
Mitchell Lama	▪ Rental units in buildings constructed under the provisions of Article 2 of the PHFL are classified as Mitchell-Lama Rental. ▪ The Mitchell-Lama program is primarily housing for moderate and middle-income tenants ▪ Occupancy is restricted to households meeting certain income limitations. ▪ The mechanisms employed to keep rents at affordable levels include tax exemption, state- or city-provided low interest mortgages, and limitations of return on equity. ▪ In certain instances, federal subsidy programs are combined with the state and local assistance measures to achieve the program's objectives. ▪ Rents are directly regulated. ▪ Adjustments are based on changes in operating costs, debt structure, and profitability in the particular project and must be approved by the appropriate state or city agency. ▪ Certain Mitchell-Lama projects were refinanced under 223F, National

	Housing Act, and rents are regulated by the U.S. Department of Housing and Urban Development (HUD).
Public Housing	▪ Rental units in structures owned and managed by the New York City Housing Authority. ▪ Only households with specified low- or moderate-income levels may qualify as tenants. ▪ The Authority regulates terms and conditions of occupancy. ▪ Private housing leased by the Authority is not classified here as Public Housing.
All Other Renter Housing	▪ All units excluded from the control status classifications described above. ▪ Not regulated: Units with no current governmental restrictions or regulation on rents or rental conditions or type of tenancy ▪ In Rem: includes units located in structures owned by the City of New York as a result of an <i>in rem</i> proceeding initiated by the city after the owner failed to pay tax on the property for 3 or more years for 1- and 2-family dwellings, or one or more years for a multiple dwelling. ▪ HUD Federal Subsidy: Unit is in a building which received a subsidy through a federal program which requires HUD to regulate rents in the building (Section 8 New Construction, Substantial and Moderate Rehabilitation and other subsidized construction and rehabilitation programs). ▪ Article 4: Unit is in a building which was constructed under Article 4 of the PHFL and which is still covered by the provisions of the article. This program built limited-profit rental buildings for occupancy by households with moderate incomes. ▪ Loft Board Regulated Buildings: Unit is located in a building originally intended as commercial loft space, is occupied as rented residential space and has its rents regulated by the New York City Loft Board.

Table 25: Rent Control and Rent Stabilization Categories of NYCHVS
(Source: U.S. Census Bureau)

Table 25 includes various institutions and instruments regarding rent control and rent stabilization which should be explained at this point. The Rent Stabilization Code (RSC) is determined and published by the New York State Division of Housing and Community Renewal (DHCR). "It is a codification of the laws and procedures of the Rent Stabilization Law (RSL)." (www.tenant.net). Over the course of 40 years rent control was replaced step by step by rent stabilization.

Although this survey is very specialized in terms of rent control, interesting findings can be derived regarding demographical characteristics of social housing residents. By the way the NYCHVS seems to be the most

appropriate data basis for demographical characteristics of this kind of renters.

As already mentioned in Section 2.3.3 it is important to differentiate between householder und household data before starting with the demographical characterization. Section 3.3 will continue to describe the characteristics of social housing households in New York City, because the available data refer to the whole group of a housing unit.

3.3.1 Ethnic Origin

Similarly to HUD's differentiation of ethnic origin in Section 2.3.3, the NYCHVS also observes the main ethnic origins white alone, black alone, Hispanics and others which include for example Puerto Rican and Asian population.

Ethnic Origin	Total Renter Occupied	%	Mitchell Lama	%	Public Housing	%
Total	2,027,626	100.0	58,944	100.0	167,539	100.0
White alone	750,872	37.0	16,394	27.8	13,266	7.9
Black alone	489,935	24.2	23,294	39.5	79,245	47.3
Hispanics	349,181	17.2	6,862	11.6	18,597	11.1
Others	437,638	21.6	12,394	21.1	56,431	33.7

Table 26: Ethnic Origin of New York's Renters in 2005

(Source: NYCHVS, 2005. Own illustration)

Table 26 shows the distribution of the different ethnic origins of New York's renters in 2005. The largest proportion among all renter occupied units is represented by the white alones with 37 percent, followed by the black alones with 24 percent and the Hispanics with 17 percent.

Looking at the Mitchell Lama renters in New York City who are primarily moderate and middle-income households, the distribution of percentages looks different. The highest percentage can be found among black alones with more than 39 percent, followed by the white alones with 28 percent and the Hispanics with 12 percent.

Again, this pattern can't be found among public housing renters in New York City. Here, the majority of the renters are Blacks with 47 percent. The minority is represented by white alones with 8 percent. Hispanics amount to 11 percent and are a larger group than the white alones.

Comparing these characteristics with the tenants in public housing of United State's HUD-assisted householders in Section 2.3.3, one severe difference can be elaborated. Public housing renters in HUD-assisted households in the United States amount to 44 percent, whereby in New York City only 8 percent of all public housing renters are white alone. In both observations the second largest group is represented by Black alones, followed by the Hispanics.

3.3.2 Household Composition

The number of persons who live in a household and the specific composition of households contribute to a better understanding of demographical characteristics. Table 27 and Table 28 show the household composition of New York's renters in 2005.

Number of Persons	Total Renter Occupied	%	Mitchell Lama	%	Public Housing	%
Total	2,027,626	100.0	58,944	100.0	167,539	100.0
1 Person	736,893	36.3	22,575	38.3	62,255	37.2
2 Persons	562,895	27.8	16,540	28.1	43,533	26.0
3 Persons	323,298	15.9	8,679	14.7	29,656	17.7
4 Persons	235,087	11.6	6,582	11.2	18,243	10.9
More than 4 Persons	169,455	8.4	4,568	7.7	13,852	8.2

Table 27: Number of Persons in Households of New York City's Renters in 2005

(Source: NYCHVS, 2005. Own illustration)

The cliché of New York City's single households is supported by Table 27 which shows that the majority of New York City's households consist of one-person households. The percentages continuously decline for growing household size. The same pattern is recognizable for Mitchell Lama and public housing renters. Severe differences between the categories are not observable.

Compared to the data of Section 2.3.4 where United State's HUD-assisted renters are observed, the differences get a little bit clearer. In terms of public housing tenants the proportion of one-person households is with 51 percent definitely higher among United States' HUD-assisted renters than among New York City's public housing renters who represent 37 percent.

Household Composition	Total Renter Occupied	%	Mitchell Lama	%	Public Housing	%
Total	2,027,626	100.0	58,944	100.0	167,539	100.0
Married-couple family	633,926	31.3	17,874	30.3	26,747	16.0
Male householder	511,017	25.2	10,115	17.2	26,313	15.7
Female householder	882,683	43.5	30,956	52.5	114,480	68.3

Table 28: Household Composition of New York City's Renters in 2005
(Source: NYCHVS, 2005. Own illustration)

Table 28 shows the household composition in more detail: in which households can married-couple families be found, male or female householders. Married-couple families are represented highest among all New York City's renters. This is a contrast to public housing renters where only 16 percent married-couple families can be found.

Generally spoken, in Table 28 more female headed households exist than male headed households for every category. But differences among the specific categories are obvious. The highest percentage of female householders can be found with 68 percent among public housing renters in comparison to 43 percent among all renters in New York City. That means a difference of about 25 percent which is absolutely respectable.

At this point, a comparison to United State's HUD-assisted renters is not useful, because in Section 2.3.4 a different categorization has been used.

3.3.3 Distribution of Age

The distribution of age is an important indicator for assessing a relatively young or old population among the renter categories. Table 29 underlines that the majority of all New York City's renters are between 25 and 64 years old. The smallest proportion can be found among the population younger than 25 years. These characteristics can be found in all three categories.

A considerable difference is recognizable in context to the population of 65 years or older. The proportion is higher among Mitchell Lama and public housing residents which results as a consequence in higher median ages. At this point it must be pointed out that the age structure of public housing is severely older than the distribution of age among all renters in New York City.

Age of Householder	Total Renter Occupied	%	Mitchell Lama	%	Public Housing	%
Total	2,027,626	100.0	58,944	100.0	167,539	100.0
Under 25	97,863	4.8	1,448	2.8	5,026	3.0
25 to 64	1,619,355	79.9	43,237	73.4	119,179	71.1
65 or older	310,408	15.3	14,031	23.8	43,334	25.9
Median age	46		52		52	

Table 29: Age of New York City's Renters in 2005
(Source: NYCHVS, 2005. Own illustration)

Because the classification in Section 2.3.3 differs from above mentioned classification, a comparison of the results does only make sense regarding the median age. This indicator is slightly lower among public housing renters in the United States as a whole. With a median age of 49 United States' HUD-assisted householders are averagely younger than public housing renters in New York City where median age amounts to 52 years.

As already mentioned in Section 2.3.4 a general assumption is that subsidized households are more likely to have children under 18 years. Table 30 shows the situation of renters in New York City and it is noticeable that among all renter households and among Mitchell Lama renters more

households do not have children under 18 years. By contrast, the proportion of public housing renters is about three percent higher regarding one or two and even three or more children.

Household Members under 18	Total Renter Occupied	%	Mitchell Lama	%	Public Housing	%
Total	2,027,626	100.0	58,944	100.0	167,539	100.0
None	1,374,772	67.8	39,819	67.6	101,166	60.4
One or two	522,982	25.8	15,166	25.7	49,633	29.6
Three or more	129,872	6.4	3,959	6.7	16,740	10.0

Table 30: Children under 18 of New York City's Renters in 2005

(Source: NYCHVS, 2005. Own illustration)

By comparing this data to United States' HUD-assisted renters, some differences have to be mentioned: The percentage of childless household members is almost identical for both data sets. But 5 percent more household members under 18 can be found among New York's public housing units than among United States' HUD-assisted renters. In return, the proportion of three or more children is with 16 percent among United States' HUD-assisted renters higher than among New York's public housing households with 10 percent. One attempt of interpretation would be that population in urban regions can't afford a large number of children.

3.3.4 Socio-Economic Status

By observing the household income and the gross rent expenses for New York City's renters, an understanding of the socio-economic status is possible. In Table 27 the specific distribution of household income of New York City's renters in 2005 is recognizable.

The highest proportion of households who live on an income of less than \$5,000 can be found among public housing renters. About 4 percent more households in public housing are affected by such a small income than in total. Also the next level of income is higher represented by public housing renters. More than 40 percent of them live on an income between \$5,000 and \$14,999. Looking at the New York City's total renter category, only 19

percent of them can be found in this category. At this point it must not be disregarded that public housing requires specific income limits.

Most of New York City's renters have an income between \$15,000 and \$49,999. That is true for all three categories in Table 25. Severe differences are noticeable at the income level of more than \$100,000. About 10 percent of all New York City's renters have this income, in contrary to not even one percent among New York City's public housing renters. At this point, the disparity of income gets absolutely clear.

Household Income	Total Renter Occupied	%	Mitchell Lama	%	Public Housing	%
Total	2,027,626	100.0	58,944	100.0	167,539	100.0
Less than \$5.000	134,222	6.6	3,481	5.9	19,483	11.6
\$5.000 to \$14.999	384,664	19.0	16,486	28.0	68,600	40.9
\$15.000 to \$49.999	847,043	41.8	24,090	40.9	69,071	41.2
\$50.000 to \$99.999	469,032	23.1	12,596	21.3	9,541	5.7
More than \$100.000	192,665	9.5	2,289	3.9	844	0.6

Table 31: Household Income of New York City's Renters in 2005

(Source: NYCHVS, 2005. Own illustration)

In terms of socio-economic status, besides the income side of a household the expenses have to be observed, too. The gross rent expense represents an important and large expense factor of households. Table 32 shows the different financial burdens among the three categories of renters in New York City.

The majority – respectively 43 percent - of all renters in New York City pay \$500 to \$999 gross rent monthly. In this category even a higher proportion can be found among Mitchell Lama renters. However, renters of public housing pay more likely a monthly rent between \$100 and \$299. About 43 percent of New York City's public housing renters can be found among this rent level, followed by 31 percent by the second largest group who pays a rent between \$300 and \$499 monthly. These relatively low rent payments relate to the limited rents which can be found in public housing

developments. The majority of public housing renters do not have to pay rents which exceed 30 percent of their household income.

One more time, the gap of wealth in New York City is recognizable by observing the monthly rent expenses of more than \$1,500. More than 14 percent of all renters in New York City are more or less able to afford such rent payments. On the contrary, only 0.1 percent can be found among public housing renters.

Gross Rent	Total Renter Occupied	%	Mitchell Lama	%	Public Housing	%
Total	2,027,626	100.0	58,944	100.0	167,539	100.0
Less than \$100	1,688	0.1	0	0	381	0.3
\$100 - \$299	133,287	6.6	5,022	8.5	72,114	43.0
\$300 - \$499	139,483	6.9	6,995	11.9	52,401	31.3
\$500 - \$999	880,017	43.4	36,759	62.4	40,204	24.0
\$1,000 - \$1,499	547,498	27.0	8,052	13.7	2,054	1.2
More than \$1,500	288,338	14.2	1,917	3.3	197	0.1
No Cash Rent	37,315	1.8	198	0.3	189	0.1

Table 32: Gross Rent Expenses of New York City's Renters in 2005

(Source: NYCHVS, 2005. Own illustration)

In Section 2.3.4 household income and housing costs have been observed for United States' HUD-assisted renters. The data scheme differs from the scheme made by NYCHVS. Again, a direct comparison between United State's HUD-assisted renters and New York City's Renters doesn't seem useful.

3.4 Second Generation in New York City

New York – and New York City in particular – are well known for their heterogeneous population because of immigration with its origin already before World War I. Over the last ten years research is only beginning to observe the so-called new immigrants and their influence on the economical, social and political shape of American cities. The necessity of this kind of research is crucial, because the question is also "[...] whether the children of relatively successful immigrants will remain in ethnic niches

or will branch out, and how the new immigration will affect our social, political, and cultural institutions and identities [...]" (Waters et al., 1999, p. 2). Because racial diversity is one of the most important characteristics of New York City, this section tries to give a brief overview some interesting findings made by Waters, Mollenkopf and Kasinitz in their paper "The Second Generation in New York City: A Demographic Overview".

One of the reasons to observe the second generation was the alarming assumption that "[...] second generation immigrants who are restricted to poor inner city schools, bad jobs, and shrinking economic niches will experience downward mobility [...]" (Waters et al., 1999, p. 2). Portes and Zhou even speak about "segmented assimilation". This process describes the behaviour of some second generation youth who continue to identify themselves as immigrants "[...] in order to avoid being classified with American blacks or Puerto Ricans [...]" (Waters et al., 1999, p. 2). Another form can be an "adversarial stance" toward the dominant society which is adopted by second generation teenagers who are faced with racial discrimination (Waters et al., 1999, p. 2).

The paper tried to observe if these assumptions are valid by focusing on the second generation and the so-called 1.5 generation. Second generation includes young adults aged 18-32 born to post-1965 immigrant parents in the United States. On the contrary the 1.5 generation includes teenagers who were born abroad but arrived in the United States by age 12 and mainly grew up here (Waters et al., 1999, p. 3). The data used in this paper is based on the March 1998 Population Survey.

3.4.1 Demographic Overview of the Second Generation

In 1998, about 10 percent of United States 268.3 million residents were immigrants. In addition, further 10 percent were born in the United States but had at least one foreign-born parent. About 12 percent were so-called second generation immigrants. The immigrant stock results from the combination of first and second generation and amounts to one-fifth of United State's total population. Waters et al. (1999, p. 6) assume that "[...]"

immigrant stock population will continue to rise, as immigration remains at a high level [...]"

Regarding spatial distribution of the immigrant stock population it gets clear that they are concentrated in six states: California, Illinois, Florida, New York, New Jersey, and Texas. "Within these states they are further concentrated in the largest metropolitan areas. [...] First and second generation immigrants make up 42.1 percent of the population in metropolitan New York, 51.6 percent of metropolitan Los Angeles, 40.1 percent of the Bay Area, and almost 60 [percent] of Miami [...]" (Waters et al., 1999, p. 7).

In context with these numbers two different processes are observable. First, it seems that "[...] native born population is distancing itself from the immigrant urban centers [...]" (Waters et al., 1999, p. 7) by moving out of metropolitan areas. On the other hand, there are evidences that "[...] second generation is also slowly diffusing away from the zones of initial immigrant settlement [...]" (Waters et al., 1999, p. 7).

The situation of second generation population in New York is quite interesting because of the large concentration of foreign stock and because of the heterogeneity of origins of New York's immigrant population. New York's native stock amount to 40 percent, "[...] more than a third are foreign born and almost a quarter are second generation [...]" (Water et al., 1999, p. 8). In the course of Water's paper it gets clear that every ethnic group living in New York "[...] ha[s] substantial shares of first and second generation immigrants [...]" (Water et al., 1999, p. 8). Interestingly, blacks seem to be the most "American" minority groups of New York City with a 54 percent proportion of native born (Water et al., 1999, p. 8).

The authors also focused on the new second generation that is defined as "[...] descendants of those who migrated to the U.S. after the reform of immigration laws in 1965 [...]" (Water et al., 1999, p. 8). They pointed out that more than 50 percent of the total second generation falls into the new second generation category. While "[...] four out of five of the old second

generation are non-Hispanic whites and more than half come from European backgrounds [...], less than one-third of the new second generation are white and only about one in ten comes from a European background [...]" (Water et al., 1999, p. 9). The difference between old and new second generation gets even stronger with the 45 percent of Hispanics, 16 percent Asians and 7 percent blacks that represent the new second generation (Water et al., 1999, p. 9).

3.4.2 Geographic Characteristics of the Second Generation in New York

While Section 3.4.1 gives a brief overview about the main demographic characteristics of second generation, Section 3.4.2 will focus on geographic characteristics of the second generation in New York.

The authors found out that the old second generation is disproportional located in the suburbs of New York City. On the contrary, the new second generation "[...] remains in and around the current centres of first generation immigration [...]" (Water et al., 1999, p. 9). Another geographic characteristic is that first generation immigrants are geographically concentrated, while the second generation is spatially more disperse (Water et al., 1999, p. 14).

The greatest concentration among West Indian second generation – defined as all people descended from those born in the Anglophone Caribbean – can be found Flatbush in Brooklyn and throughout central Brooklyn, Southeast Queens, the northern Bronx, and in Hempstead and Jersey City (Water et al., 1999, p. 12-15).

The Dominican second generation lives primarily in Washington Heights, where the first generation is also most concentrated. Lower spatial concentrations of Dominican second generation can be found in the Lower East Side, Sunset Park and Bushwick in Brooklyn, and Elmhurst and Jackson Heights in Queens (Water et al., 1999, p. 15).

In contrary, the highest concentration of Chinese second generation can be found in the traditional Chinatown in Manhattan. But they can be also located in a higher density in South Brooklyn and Corona, Elmhurst, and Flushing in Queens (Water et al., 1999, p. 15). To conclude the geographic observation of second generation ethnicities in New York City, the Colombian, Ecuadoran, and Peruvian second generation should be mentioned. This second generation group is most concentrated in Queens, in lower concentrations also in Jersey City (Water et al., 1999, p. 15).

In the course of Section 3.3 it gets clear that the observation of second generation is a very important topic in current research issues. Although the cited paper gave only a demographic and geographic overview about the characteristics of second generation it is obvious that a fragmented population faces severe challenges. Diversity is not only a welcome characteristic of metropolitan areas. It is also a subject to review and must be a permanent political issue.

3.4 Housing Accessibility and Affordability in New York City

As already mentioned at the very beginning, the idea of 'homeownership' is deeply established in the United States. Looking at the housing situation in New York City, the majority of city's residents live in rented apartments and suffer from constantly increasing rent costs.

Besides increasing housing price indices and median prices per units, the median monthly rent also increases rapidly since 1990. As Table 33 shows, the median percentage of income spent on rent was over 30 percent in 2006. That means an increase of almost five percent over the last 16 years (Furman Center for Real Estate and Urban Policy, 2008, p. 38).

Housing Prices and Affordability	1990	2000	2005	2006
Index of Housing Price Appreciation (condominium)	103.5	100.0	175.8	186.5
Index of Housing Price Appreciation (1 family building)	99.7	100.0	166.6	174.0
Index of Housing Price Appreciation (2-4 family building)	99.8	100.0	172.5	187.5
Index of Housing Price Appreciation (5+ family building)	87.4	100.0	193.1	201.6
Median Price per Unit (condominium)	\$272,257	\$339,512	\$482,271	\$620,000
Median Price per Unit (1 family building)	\$271,474	\$263,415	\$437,677	\$457,000
Median Price per Unit (2-4 family building)	\$156,817	\$146,341	\$246,194	\$267,500
Median Price per Unit (5+ family building)	\$45,573	\$50,732	\$95,657	\$100,000
Median Monthly Rent	\$337	\$470	\$857	\$860
Median Rent Burden (renter households)	25.6%	27.0%	31.0%	30.5%

Table 33: Housing Prices and Affordability in New York City
(Source: Furman Center for Real Estate and Urban Policy. Own Illustration)

To counteract these trends, New York City focused in the last 16 years on providing affordable housing for residents and on revitalizing neighborhoods. The beginnings of these efforts can be found in Mayor Koch's Ten Year Plan for Housing which was established in 1985 and lasted through the administrations of Dinkins and Guiliani. According to Furman Center (2008, p. 38), more than 208,333 affordable housing units have been created through new construction, rehabilitation of vacant buildings and renovation subsidies for occupied buildings. New York City's efforts which are mainly implemented by HPD also results from the increasing pressure on spatial use. The city has to get along with existing land areas and has to run a creative path to develop new housing stock.

New York City's current Mayor Bloomberg continues the objectives of Mayor Koch's Ten Year Housing Plan by renewing the efforts by announcing the New Housing Marketplace Plan in 2003. This plan lasts from 2003 to 2013 and is somehow another response to rapidly rising rents and housing prices (Furman Center for Real Estate and Urban Policy, 2008, p. 40).

The New Housing Marketplace Plan is enormous regarding its duration and amount of investments. With a budget of \$7.5 billion, the New Housing Marketplace Plan is the largest municipal affordable housing effort in the nation's history (The City of New York, 2003, p. 3). According to the City of New York and HPD (2003, p. 3) the key goals are:

- Preserving 73.000 units of affordable housing for 220.000 New Yorkers, with a special emphasis on preserving units where subsidies are set to expire in the near future.
- Creating 92.000 units of affordable housing for 280.000 New Yorkers, including an ambitious middleclass housing program for the 21st Century.
- Acquire the space we need to build these new units by pursuing innovative strategies that maximize one of New York's most precious resources: land.

Table 34 illustrates the competent financial planning of the New Housing Marketplace Plan. It gets clear that the major part of the financing is provided by the City of New York, followed by housing development corporations and non-city institutions (The City of New York, 2003, p. 17).

USES	Total FY04-FY13
New Construction	
Homownership	\$358,000
Rental	\$2,290,000
Subtotal	\$2,648,000
Preservation	
Homownership	\$92,000
Rental	\$2,685,000
Subtotal	\$2,777,000
Supportive Housing	\$832,000
Expense Budget	\$1,264,000
Anti-Abandonment, Code Enforcement, Housing Litigation, Housing Education, Emergency Repairs, Project Management, In Rem Disposition, and Downpayment Assistance	
Total Uses	\$7,521,000

SOURCES	Total FY04-FY13
City	
Capital Budget ¹	\$4,358,000
Reno A ²	\$165,000
Expense Budget ³	\$1,264,000
Citywide Affordable Housing Fund ⁴	\$50,000
Housing Development Corporation⁵	\$548,000
Non-City	
Low Income Housing Tax Credits (leveraged value) ⁶	\$596,000
NYC Housing Trust Fund (BPCA) ⁷	\$130,000
NYC Acquisition Fund ⁸	\$360,000
Lower Manhattan Development Corporation ⁹	\$50,000
Total Sources	\$7,521,000

Table 34: New Housing Marketplace Plan's Uses and Sources.

(Source: City of New York)

The recent progress of the New Housing Marketplace Plan is shown in the current update published by HPD (2008, p. 1): "[...] By September 2008, 81,785 units of affordable housing have been started under the plan, putting the City on track to achieving the Mayor's goal of creating and preserving 165,000 affordable housing units [...]". Additionally, the following four key components of the 10-year plan were strongly regulated (HPD, 2008, p.1):

- Finding new land for affordable housing
- Creating incentives to develop housing for new populations
- Harnessing the private market to create affordable housing
- Preserving government-assisted affordable housing

John Mollenkopf (interview on 08/17/08) summarized the recent developments in New York City in the following way: After the innovative 10 year program established by Mayor Koch, New York City's current Mayor Bloomberg had to face reduced subsidies from the Bush administration. As a result and because of increasing pressure on New York City's housing market, Bloomberg announced the New Housing Marketplace Plan in 2003.

In combination with HPD which manages the buildings the city took over, Bloomberg tries to improve the New York City's housing situation rapidly. At the beginning, his program concentrated on the poorest parts of New York City, such as the Southern part of the Bronx or the Northern part of Central Brooklyn. One of his main efforts is to find new land for affordable housing. Thereby he focuses on several spots at one time to develop new housing. By using rezoning of unattended neighborhoods, he upgrades formerly vacant buildings and industrial areas. As a result, he successfully combines space nobody thought about, e.g. parking lots or not-used playgrounds, and market mechanism to fulfill his ambitious goals.

3.5 Future Challenges of Social Housing in New York City

Section 3.4 has focused on the severe challenges regarding housing affordability and accessibility which New York City has to face. The strong and ambitious efforts initiated by Mayor Bloomberg shows that a powerful city like New York has to go new ways to provide constant life quality to its residents.

But even with those strong efforts like the New Housing Marketplace Plan and the highest rates of construction since 1990, New York City is still a "[...] tough place for middle and low-income individuals and families to find affordable housing [...]" (Furman Center for Real Estate and Urban Policy, 2008, p. 38). The results of Mayor Bloomberg's Housing Plan will be measurable not until the next five to ten years.

According to John Mollenkopf (interview on 08/17/08), the future challenges of New York City are mainly based on the question: "What kind of city are

we and what kind of city do we want to be?”. Social housing has to be discussed more differentiated. On the one hand, there are pathological aspects that public housing is nowadays so decent that people do not want to leave and do not longer have in mind an upward mobility. In the future it will be a strong challenge that mainly no working and poor people are living in public housing developments and that more and more male role-models in mostly Black households are absent. On the other hand there must also be a discussion about subsidizing middle-class households. A topic that is very sensitive and highly political.

Besides these arguments that are very general, the following sections will focus on acute challenges of social housing in New York City, meaning the crisis of the nation’s greatest public housing authority NYCHA and the financial crisis of the United States with its not yet predictable impacts on social housing renters.

3.5.1 Crisis of New York City Housing Authority

NYCHA enjoys high reputation all over the United States. Mayor Bloomberg calls NYCHA as “[...] one of the cornerstones of the City’s affordable housing network [...]” and invited NYCHA to be one of the key partners in the New Housing Marketplace Plan, together with New York City’s Department of Housing Preservation and Development (HPD) and the Housing Development Corporation (HDC) (NYCHA, 2006, p. 2). He particularly emphasizes that NYCHA contributed to a large degree to the historic drops in crime in public housing.

But besides these overwhelming laudations, NYCHA has faced severe problems in the last years, mainly management and financial problems. Critics accuse NYCHA of financial mismanaging and neglecting the public housing residents. These reproaches have to be observed in more detail.

It is a matter of fact that NYCHA has severe financial problems. The budget-crises arose although the authority rates among the best managed

authorities in the nation (John Mollenkopf, interview on 08/17/08). But what happened over the last years?

About 99 percent of NYCHA's budget comes from federal government and rents of public housing residents. The budget crisis arises from declining federal subsidy, constant rent revenues and rising operation costs. Table 35 shows NYCHA's current budget deficit and the estimated deficits for 2008 and 2009.

	2007	2008 (Estimation)	2009 (Estimation)
Budget Deficit	\$ 270 billion	\$ 223 billion	\$ 250 billion

Table 35: NYCHA's Budget Deficit.
(Source: NYCHA, 2007, p. 10. Own illustration)

To get over the budget-crisis, NYCHA tries hard managing the problem and takes action within its control to achieve fiscal stability. The authority already reduced spending by \$527 million since 2003 by strong management controls and innovative strategies to improve efficiency. These include for example headcount reduction, a centralized call center, energy conversation measure and much more (NYCHA, 2007, p. 1). Additionally, the rent has been increased for the first time in years (NYCHA, 2007, p. 5).

Even if the way for a balanced budget is long and hard, it will be the only possibility. Otherwise, NYCHA and its residents will have to face continued service reductions.

This aspect leads to another massive problem in context with NYCHA. Those who want to get NYCHA's public housing renters have to face long waiting-lists before getting a subsidized apartment. In June 2008, more than 132,000 families were registered on the waiting list for Conventional Public Housing, more than 136,000 families on the waiting list for Section 8 Housing (www.nyc.gov/html/nycha).

Although NYCHA claims that every eligible household gets its apartment very soon, reality often differs. Because the turnover rate for NYCHA conventional public housing apartments amounts to 3 percent and also the

vacancy rates of apartments is very low, some applicants have to wait years to enter conventional public housing ([www. www.nyc.gov/html/nycha](http://www.nyc.gov/html/nycha)).

It gets clear that both problems which are the main challenges for NYCHA in the future have to take very serious. Both for the residents and for applicants the situation is to some extent intolerable. Not to mention the unsecure situation in which NYCHA is embedded. Besides of NYCHA's efforts to improve the situation, it is important that the federal government realizes the difficult situation and mobilizes support and financing unbureaucratically and very soon.

3.5.2 Financial Crisis of the United States

One of the latest challenges that the United States has to face is the financial and real estate crisis which starts in fall 2008 and recently achieved a level that nobody would have forecast. The whole situation is very complex and inscrutable. Every day new reports about collapses of bank and insurance companies get out. Nobody knows what will happen in the future, if the summit of the crisis is already reached or if the worst times are still to be seen.

Unquestionable, the recent financial crisis will have severe impacts on the social housing system of the United States and its renters. Trends have been identified already years ago. The Furman Center for Real Estate and Urban Policy already pointed out in 2006 that "[...] increasing homeownership has been accompanied by increasing use of subprime loans and piggyback mortgages [...]" (The Furman Center for Real Estate and Urban Policy, 2008, p. 38). A trend towards riskier borrowing gets obvious and an increasing number of foreclosures are estimated for coming years.

4 Critical Evaluation of the Social Housing System of the United States and its Residents

Over the course of three Chapters, this thesis tries to give a comprehensive overview at the social housing system in the United States and its residents. The mechanism of housing markets had been observed as well as the historical development of social housing and its relevant institutions. The second main part surveyed the demographical characteristics of social housing resident in the United States and in New York City in particular. Not only functionality and characteristics had been pointed out also the limited possibilities and challenges of social housing have been showed. Chapter 4 will give a final evaluation which reflects on the outcomes of this thesis on a critical level.

4.1 Social Housing in the United States

United States and especially popular metropolitan areas in the United States have to face sustainable stable immigration. Migrants with different cultural and social background influence the population of the United States. Especially U.S.-American cities have to face a heterogeneous and more and more fragmented population. Immigration will stay a driving force for the growth of minority groups in the United States. On the other hand, a severe increase of low-income households and increasing housing costs lead to a critical situation in cities like New York. One of the main challenges is the successful integration of this vulnerable and disadvantaged population.

Although social housing in the United States is still a residualized sector, the system is well-organized and approved. Federal and municipal institutions, as well as non-profit organizations allow a wide range of different possibilities to achieve support for housing. The organisation of the social housing system has to be observed critically. On the one hand the advantages because of the strong connection between government and providers of social housing are beyond debate. A professional organisational structure is observable that makes decision-making and implementation

possible. On the other hand, political control and dependence on government shows limitations and challenges in the daily business of social housing. Changing government always lead to slowed-down possibilities in activity and mostly cuts in budgets of social housing. However, private developers of social housing are able to cushion these circumstances. But they depend also on government, because the state motivates them with special benefits to contribute to the affordable housing stock. It gets clear that a strong connection between government and social housing has its advantages and disadvantages.

4.2 Demographical Characteristics: Social Housing Only for Marginalized Population?

The public perception of social housing is stigmatized and prejudices the tenants of social housing. The observation of the demographical characteristics of social housing household's supports, however, the existing prejudices. It got clear that social housing in the United States is indeed mainly for low-income people with migration background and vulnerable circumstances of living.

The different surveys showed that social housing in the United States is characterized by a high variety of ethnic origins. Mainly Black and Hispanic householders demand public housing, while disadvantaged White households require privately-owned housing programs. The age structure of social housing makes clear that usually elderly people demand social housing. This leads to severe challenges, because the aging population in social housing needs decent and age-friendly housing. Large amounts of investments have to be made to provide housing for elderly people.

A further characteristic of social housing renters is the low education among them. Most of them did not achieve a diploma or higher graduation. This is one of the reasons why social housing tenants are deeply vulnerable to unemployment or poverty, because they are mostly employed in low-income positions. Especially public housing tries to improve the situation with providing reintegration projects or application trainings. But to face

reality, it is quite hard to work against the high unemployment rates among residents of social housing.

The vulnerability of social housing residents gets intensified with unstable family backgrounds. It is noticeable that less married-couple families and more female-headed households can be found among subsidized households. The missing of male role-models gets more and more dramatically, because children in social housing families often do not have personalities with whom they can identify with.

To come to a conclusion, the demographical characteristics of social housing residents are dramatically. In comparison, they are more likely vulnerable and have to handle unsecure and difficult living conditions. The argument that residents of social housing would not differ from a 'normal' renter is definitely not supportable. The prejudices of social housing were proved to a rather degree. Improving these circumstances will be an important and difficult challenge for the future.

4.3 Future Prospects

Despite all achievements and best practice examples, housing policies in the United States have to run another path to improve the situation of social housing. The approach of 'second-rate housing for second-class citizens' has to be replaced by a new identification among social housing residents. Responsibility and commitment must be created among social housing residents to improve their situation sustainable. On a governmental level, social housing budgets mustn't suffer from further limitations and cuts made by federal government. A stable and reliable financial situation is the foundation of a successful social housing system.

A further critical future challenge will be the mentality of homeownership in the United States. Homeownership is the ideal to gain upward mobility also among lowest-income households. In times of real estate and finance crisis in the United States and Europe, it gets clear that homeownership for undeserved population can be powder keg. Just yet, a severe proportion of

subsidized households is faced with private foreclosures. According to financial and economical experts, situation will get worse in the future. The question comes up if homeownership is desirable for every level of income.

According to Howard Marder (interview on 08/08/19), public housing in the United States will stay stable. Antiquated developments will be renovated or replaced with new developments made by corporations between federal institutions and private developers. In his opinion, this kind of corporation will be one of the most important instruments of social housing in the United States for the future. Only then, the problems of increasing housing costs and decreasing available areas in cities like New York can be handled.

John Mollenkopf stated in the interview on 08/08/18 that the discussion about social housing in the United States has to be enriched with new content. In his opinion the question must be discussed if middle-income subsidy is really necessary in the United States. In context with increasing crime problems in public housing developments the question comes up, if mixed-income developments will be more successful than segregated developments. This is one current subject that he observes during his project about mixed-income development in Williamsburg/Brooklyn.

To conclude this final Section, it is important to point out that social housing in the United States reached a cross roads. Both demographical challenges and institutional and political challenges have to be faced and must be take serious. Only then a stable and successful social housing system can be preserved – for the United States and for its population.

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List of Abbreviations

CLIP	Cities for Local Integration Policies for Migrants
EU	European Union
NCHS	National Center for Health Statistics
NYC	New York City
U.S.	United States

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