

## GOTHAM APARTMENTS AND SOVIET VEGETABLES

Rental housing in New York, like agriculture in the Soviet Union, can be counted on periodically for headlines, new initiatives, and disappointing results.

In each case, a major political figure ‘discovers’ the problem, demands action, and pledges fresh resources; in the Russian case, they usually promise “reforms” and new incentives. And with New York apartments and Russian crops, time passes, the quick fix doesn’t work, and the attention of the public is diverted elsewhere.

In both situations, the problem is the same – failure to differentiate symptoms from causes and a reluctance to address the problem lurking beneath the surface.

The case of New York residential construction is the sadder of the two because it is so clearly solvable. The J-51 program created thousands of recycled residential units from unused industrial space, so we canceled it. The 421a program created thousands of units of new construction, so we effectively destroyed it. Saddest of all, the Mitchell-Lama program created vast numbers of units aimed at the middle-income population most in need, so we politicized and regulated the program out of existence. Would that the homeless of today had available 100,000 unbuilt, depoliticized Mitchell-Lama units that could have been developed in the 1960s and 1970s and were not.

That the New York housing mess (crisis is not the appropriate word for a situation that has existed since rent controls went into ef-

fect on March 15, 1943) is a “self-inflicted wound” is shown by the federal government’s numbers. In recent years, U.S. housing production has averaged 1.7 million to 1.8 million units per year; and with 3% of the nation’s population New York City should be producing 50,000 new units a year, right? Wrong! Roughly one-fifth of the nation’s per capita rate is what New York figures show. Since our population has dropped by nearly a million people since 1970, we must have a high vacancy rate, right? Wrong, again; our rates of dilapidation and abandonment lead the country.

Why is the housing situation in New York so much worse than in the rest of the country? Why should the surging population in the Sun Belt be reflected in housing surplus, while our population is reflected in shortage? (Dallas, with one-third the population of New York City, had nearly ten times the new housing starts last year!) Why should the very mortgages so anxious to finance New York office buildings, hotels, and retail facilities avoid rental housing like the plague?

The answers, which our politicians don’t want to hear and which our other civic leaders ignore, fall into three categories:

- a) Our regulatory policies in the form of rent control and rent stabilization, discourage the inflow of private capital and provide “blind” subsidies to a constituency that is middle-aged, middle class and upper middle income at the expense of the poor, the young, and minorities;
- b) Our land use policies rule out residential development in vast areas, such as the lower west side of Manhattan, in the hope that steel mills or auto assembly plants will choose to locate on the Hudson between Battery Park and West Forty-Second Street; and, finally,
- c) Our construction policies and labor practices give us the highest construction costs south of Alaska.

Phase out rent controls, re-think city land uses, take steps to lower

construction costs – and the mortgage money that found its way to Dallas will rediscover New York.

Until our leaders and civic spokesmen look realistically at these factors, we have little hope of doing more than applying Band-Aids to a terminal case. Albert Einstein liked the comment that, “In the physical world, there are neither rewards nor punishments, only consequences.” The consequences of current policies, for New York apartments and Soviet carrots, are likely to be painful.

*July 7, 1986*