
PRESERVING THE FOUNDATION:

# THE CRISIS FACING NEW YORK CITY'S AFFORDABLE HOUSING

anhd 50 YEARS
BUILDING COMMUNITY POWER SINCE 1974

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## Authors & Contributors

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## ANHD

ANHD builds community power to win affordable housing and thriving, equitable neighborhoods for all New Yorkers. As a member organization of 80+ community groups across New York City, we use research, advocacy, and grassroots organizing to support our members in their work to build equity and justice in their neighborhoods and city-wide. We believe housing justice is economic justice is racial justice. Executive Director, Barika X. Williams.

## Acknowledgements

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## Revision Note

After publication, ANHD identified a methodological error affecting one estimate of units already in financial distress included in the original report published 10/23/2025. Because of known data limitations, that estimate has been removed from the revised version. The underlying analysis, findings, and conclusions regarding housing distress and the need for public action remain unchanged.

Report design by Rodriguez Valle Creative.

# INTRODUCTION

We are at a pivotal moment for New York City's affordable housing stock. Mounting financial pressures threaten the survival of tens of thousands of deeply affordable homes—many owned and operated by Community Development Corporations (CDCs) and other nonprofit stewards whose mission is to house vulnerable New Yorkers and provide community services. Unlike for-profit landlords, these organizations have no market-rate cushion to offset rising costs. When rental arrears mount or expenses outpace revenues, they are often the first to be pushed toward default or disinvestment. At the heart of this report is a simple but urgent question: How can New York preserve its existing subsidized affordable housing and protect the tenants who depend on it?

# EXECUTIVE SUMMARY

## Key Findings

New York City's affordable housing crisis is not just about how much we are building—it is also about what is at risk of being lost. We are at a critical moment for the nearly 290,000 apartments that make up New York City's subsidized housing stock, homes built through public programs that guarantee below-market rents for low-income New Yorkers. For hundreds of thousands of families, these apartments are the only stable housing they can afford. But today, that system is fraying, with a substantial portion of homes already in financial distress and facing increasing strain. Behind the walls of aging buildings, CDCs and other nonprofit owners are fighting to keep the lights on, repair leaking roofs, and cover insurance bills that have more than doubled in just four years. Rents are capped, but costs are not, and every dollar of shortfall pushes these homes closer to default. This report examines the scale and urgency of that challenge, drawing on citywide data and firsthand accounts from nonprofit owners to assess what is at risk and what solutions are needed to preserve this stock.

## Scope and Concentration

The city's subsidized housing portfolio comprises approximately 290,000 units, with nearly half concentrated in just 10 community districts. Understanding where subsidized units are clustered, and the demographic and economic conditions of those neighborhoods, is essential for assessing systemic risk and targeting preservation resources effectively.

Overlaying the concentration of subsidized housing with the Association for Neighborhood and Housing Development's (ANHD) Housing Risk Chart data provides a clearer picture of where risk of affordable housing loss is most acute. Housing Risk Chart indicators examining income levels, severe rent burden, severe overcrowding, and racial composition reveal a stark pattern: most of the neighborhoods with the largest concentrations of subsidized housing also experience some of the deepest housing instability.

The Bronx emerges as the clear epicenter, with districts such as Morrisania/Crotona, Mott Haven/Melrose, Fordham/University Heights, and Highbridge/Concourse reporting some of the lowest household incomes and highest rent burden and overcrowding rates in the city. Upper Manhattan, particularly Central and East Harlem, also faces severe affordability pressures and elevated rent burdens. This overlap shows that subsidized housing is most concentrated in neighborhoods already under financial strain. Distress or loss of even a portion of these units would have outsized impacts, destabilizing communities that can least afford further displacement.

## Rising Operating Costs and the Limits of Replacement

Rising insurance premiums, utility costs, and maintenance costs have far outpaced the revenues that nonprofit owners can collect under fixed, regulated rents. With little room to offset these costs, many portfolios are now operating on the edge, draining reserves, refinancing to stay afloat, or deferring essential repairs.

If the City were to lose these homes, replacing them through new construction would not only cost the City billions based on HPD's 2025 subsidy levels, but would also be time-intensive, with affordable housing projects taking an average of three years to complete. For the families who would be displaced, three years is far too long to wait, a period during which tenants could lose stability, fall into homelessness, or be permanently priced out of their communities Preservation, therefore, is not just the most affordable path forward—it is the only one left.

## Nonprofit Strain

Behind the statistics are the CDCs that have spent decades rebuilding neighborhoods the private market abandoned. Today, they are stretched to the brink. Many report portfolio-wide rent arrears in the millions, with rent collection rates that have fallen from 95% to the 70–80% range, levels at which buildings underwritten years ago no longer pencil out. In one Bronx building, nearly two-thirds of tenants are behind on rent. To remain solvent, CDCs have resorted to shifting debt across properties, refinancing to cover shortfalls, and depleting reserves to keep tenants housed. These are stopgap measures that may preserve stability in the short term but ultimately deepen long-term financial vulnerability. Without sustained operating support, nonprofit owners will face growing instability, jeopardizing decades of work to preserve affordable housing.

## Recommendations

The crisis is not confined to a few aging properties. It is systemic, spanning programs, ownership types, and boroughs. Addressing it requires action on two fronts: immediate stabilization and long-term reforms.

### IMMEDIATE STABILIZATION (0–3 YEARS):

- Launch HAPI (Housing Access Preservation Initiative), a nonprofit-targeted fund for 100% affordable and supportive housing within New York State Homes and Community Renewal's (HCR) Low-Income Housing Trust Fund to provide forgivable loans that prevent defaults and stabilize portfolios.
- Strengthen operating and rental assistance programs by expanding both Housing Choice Vouchers and Project-Based Section 8, alongside CityFHEPS and the Housing Access Voucher Program (HAVP), to offset rising costs, stabilize revenues, and maintain affordability for the lowest-income tenants.
- Replace individual workouts with a holistic and proactive City preservation strategy to stabilize affordable portfolios.

### SYSTEMIC REFORMS (3+ YEARS):

- Develop new models of ongoing operating subsidy, including mixed-income strategies that cross-subsidize deeply affordable units.
- Reform the insurance market by creating nonprofit or publicly owned insurance models that provide stable, affordable coverage for affordable housing providers and eliminate insurance redlining.
- Expand rehabilitation financing to address deferred maintenance, modernize building systems, and align preservation with climate and resiliency goals.
- Build long-term capacity at HPD and HCR to identify risks early, intervene before properties fall into distress, and preserve affordable housing efficiently through future funding cycles.

# BACKGROUND

New York City's subsidized housing system has always been shaped by crisis. When the private market abandoned low-income communities, from Depression-era foreclosures to the waves of landlord arson and disinvestment in the 1970s and 1980s, tenants were left to endure unsafe conditions and mass displacement.[1] The City's interventions often came too late or without sufficient resources, and when preservation failed, the results were devastating: deteriorated buildings, hollowed-out neighborhoods, and the permanent loss of thousands of affordable homes.

In that vacuum, CDCs emerged. Born out of organizing efforts in the neighborhoods most neglected by the market and least served by the government, CDCs rebuilt where no one else would. They created permanently affordable housing, brought buildings back from abandonment, and reinvested directly in the communities they served. Over the decades, New York City's CDCs have built and preserved more than 120,000 homes.[2] Unlike for-profit landlords, their portfolios are made up almost entirely of deeply affordable units, often renting for under $1,000 a month, and frequently paired with services designed to stabilize families. Their priority has never been profit, but the people and neighborhoods they anchor.

Yet these same qualities also leave nonprofit housing providers uniquely vulnerable. With a portfolio of older buildings, very low rents set by regulatory agreements, and almost no margin for error, they face rising costs that consistently outpace revenues. Insurance, utilities, and maintenance expenses continue to climb while reserves dwindle. Without stable operating support, even the most mission-driven organizations cannot sustain their portfolios. What is at stake is not just a set of buildings but decades of public and community investment, and the stability of neighborhoods that would otherwise be left behind.

1 https://furmancenter.org/coredata/directory/historical-context-of-affordable-housing
2 https://citylimits.org/ask-a-housing-expert-what-does-50-years-of-community-development-look-like/

## OBJECTIVES

This report seeks to answer three central questions:

- **Scope and Concentration:** Where is New York City's subsidized housing stock located, and which neighborhoods carry the greatest share, and therefore the greatest risk, if preservation fails?
- **Financial Pressures:** How are rising costs and rental arrears threatening the long-term viability of these portfolios?
- **Nonprofit Strain:** How are CDCs, the stewards of deeply affordable housing, experiencing and managing financial pressures, and what supports are needed to keep their portfolios solvent?

# ANALYSIS

## Scope and Concentration

New York City's subsidized housing stock remains the backbone of affordability for hundreds of thousands of low-income households. According to NYU Furman's *CoreData.nyc* (one of the most comprehensive NYC-based datasets tracking the city's subsidized housing across local, state, and federal programs), the City has roughly 290,000[3] subsidized rental units outside of New York City Housing Authority's (NYCHA) public housing.[4] These homes were built or rehabilitated through government programs designed to preserve affordability, maintaining below-market rents through long-term regulatory agreements. Without these supports, rents would quickly rise beyond the reach of the households they are meant to serve.

[3] Excludes market-rate-linked programs such as 421-a, J-51, and Inclusionary Housing, focusing instead on permanently subsidized rental housing developed through federal, state, and city programs.

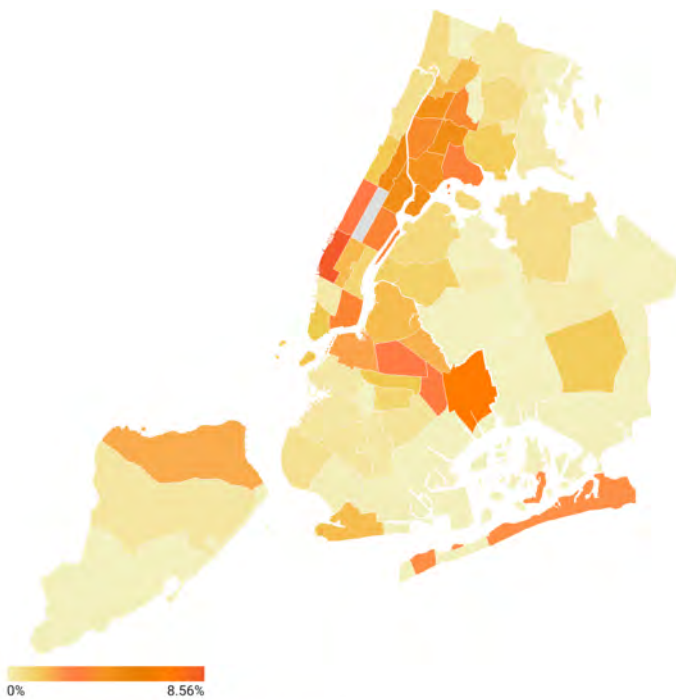
[4] https://app.coredata.nyc/?mlb=false&mlf=false&ntr=&mz=14&vtl=https%3A%2F%2Fthefurmancenter.carto.com%2Fu%2Fnyufc%2Fapi%2Fv2%2Fviz%2F98d1f16e-95fd-4e52-a2b1-b7abaf634828%2Fviz.json&mln=false&mlp=true&mlat=40.718&nty=&mb=roadmap&pf=%7B%22subsidies%22%3Atrue%7D&md=map&mlng=-73.996&btl=Borough&atp=properties

## GEOGRAPHIC DISTRIBUTION OF SUBSIDIZED HOUSING

In New York City, subsidized housing is not evenly distributed; it clusters in particular neighborhoods across all five boroughs. These patterns reflect decades of public investment, market withdrawal, and community-driven redevelopment. The map below illustrates this uneven distribution, with dense concentrations in parts of Manhattan, Brooklyn, and the Bronx, and smaller but notable clusters in Queens and Staten Island.

### SHARE OF SUBSIDIZED HOUSING BY COMMUNITY DISTRICT

This map shows how New York City's subsidized housing is distributed across community districts as share of the citywide total.




Map: ANHD • Source NYU Furman • Created with Datawrapper

To illustrate these concentrations in more detail, Figure 1 highlights the ten community districts with the largest shares of subsidized housing. Together, these districts contain nearly half of all subsidized rental units citywide (about 144,000 of 290,000 total), spanning both non-profit and for-profit ownership. While the dataset does not fully disaggregate by ownership type, the majority of 100% deeply affordable housing in these districts is owned and operated by nonprofit mission-driven developers like CDCs.

Clinton/Chelsea (MN CD 4) contains the largest share citywide—nearly 25,000 units, or 8.6% of all subsidized housing—primarily within large, publicly financed developments. East New York/Starrett City (BK CD 5), which ranks second, reflects a more dispersed pattern of smaller, older properties developed across multiple decades. Other major concentrations include Central and East Harlem, Morrisania/Crotona, Fordham/University Heights, Mott Haven/Melrose, and the Lower East Side/Chinatown. Beyond the top ten, smaller but notable clusters in Far Rockaway (QN CD 14) and Stapleton (SI CD 1) illustrate that while subsidized housing exists citywide, it remains unevenly distributed.

## NEIGHBORHOOD INDICATORS OF HOUSING RISK

**Figure 1.** Top 10 Community Districts by Share of Subsidized Units (2023)

| COMMUNITY DISTRICTS | SUBSIDIZED UNITS (Share of Citywide Total) |
|---|---|
| Clinton/Chelsea (MN CD 4) | 24,834 (8.6 %) |
| East New York/Starrett City (BK CD 5) | 20,758 (7.2 %) |
| Central Harlem (MN CD 10) | 13,876 (4.8 %) |
| Morrisania/Crotona (BX CD 3) | 13,558 (4.7 %) |
| East Harlem (MN CD 11) | 13,269 (4.6 %) |
| Fordham/University Heights (BX CD 5) | 12,731 (4.4 %) |
| Mott Haven/Melrose (BX CD 1) | 12,184 (4.2 %) |
| Highbridge/Concourse (BX CD 4) | 11,245 (3.9 %) |
| Belmont/East Tremont (BX CD 6) | 11,017 (3.8 %) |
| Lower East Side/Chinatown (MN CD 3) | 10,376 (3.6 %) |

Source: ANHD analysis of NYU Furman Center CoreData.nyc (2023).

Concentration alone does not tell the full story. ANHD's Housing Risk Chart indicators, tracking income, rent burden, overcrowding, and racial composition—reveal a stark pattern: nearly all of the neighborhoods most reliant on subsidized housing are also facing deep economic strain and systemic inequities that together heighten the risk of displacement and disinvestment. Any loss of stable, affordable housing in these neighbor-hoods would be devastating for already vulnerable communities, and would have a disproportionate impact on New Yorkers of color.

**Figure 2.** Housing Risk Indicators in Top Subsidized Housing Districts (2023)

| COMMUNITY DISTRICTS | Percent of Area Median Income (2023) | Percent with Severe Rent Burden (2023) | Percent with Severe Overcrowding (2023) | Percent People of Color (2023) |
|---|---|---|---|---|
| Clinton/Chelsea (MN CD 4) | 107 % | 19.5 % | 2.5 % | 40.0 % |
| East New York/Starrett City (BK CD 5) | 44 % | 29.7 % | 4.7 % | 90.3 % |
| Central Harlem (MN CD 10) | 51 % | 28.3 % | 2.6 % | 80.7 % |
| Morrisania/Crotona (BX CD 3) | 27 % | 33.4 % | 3.0 % | 91.5 % |
| East Harlem (MN CD 11) | 36 % | 31.1 % | 3.1 % | 79.2 % |
| Fordham/University Heights (BX CD 5) | 32 % | 37.4 % | 7.9 % | 90 % |
| Mott Haven/Melrose (BX CD 1) | 28 % | 35.1 % | 6.7 % | 88.8 % |
| Highbridge/Concourse (BX CD 4) | 35 % | 37.4 % | 8.9 % | 88.1 % |
| Belmont/East Tremont (BX CD 6) | 27 % | 40 % | 4.5 % | 88 % |
| Lower East Side/Chinatown (MN CD 3) | 52 % | 23.9 % | 3.5 % | 60 % |

Source: ANHD 2025 Housing Risk Chart. See Methodology for indicator definitions. Available at: https://anhd.org/report/how-is-affordable-housing-threatened-in-your-neighborhood-2025/

Figure 2 shows key indicators of housing vulnerability in the ten community districts with the largest shares of subsidized housing. These districts face significant economic strain: with the exception of Clinton/Chelsea, all fall well below the citywide median AMI of 64%—many dramatically so, with several Bronx districts below 35% of AMI. Most also meet or exceed citywide levels of severe rent burden (29% median) and overcrowding (3.5% median), with rates reaching as high as 40% severely rent-burdened and nearly 9% severely overcrowded.[5] In addition, nearly all of these districts have substantially higher concentrations of residents of color compared to the citywide median of 69%, often exceeding 80% or even 90%. These indicators underscore the heightened housing vulnerability facing communities most reliant on subsidized housing.

The data reveal two overlapping but distinct forms of risk. In the Bronx and parts of Upper Manhattan, low household incomes and high rent burdens indicate widespread financial precarity. In these neighborhoods, the loss of even a fraction of subsidized stock could destabilize entire communities. By contrast, in higher-AMI areas like Clinton/Chelsea, the risks are different but no less significant: lower-income tenants depend on affordability restrictions to remain in neighborhoods where surrounding market rents are far beyond reach. Without those subsidies, they would face immediate displacement, deepening the city's patterns of racial and economic segregation.

Together, these patterns illustrate that preservation risk cannot be measured by unit counts alone. Whether through community-wide instability in low-income districts or household-level vulnerability in high-cost ones, the erosion of subsidized housing would deepen inequality and weaken the city's broader housing safety net.

5 https://popfactfinder.planning.nyc.gov/

# Mounting Pressures

For CDCs and other nonprofit owners, rents are intentionally kept low to serve the city's most vulnerable residents—but operating costs are not. Rising insurance, utilities, and maintenance expenses have far outpaced revenues, leaving even well-managed portfolios with shrinking reserves and little margin to absorb further strain.

## RISING COSTS AND REVENUE CONSTRAINTS

Operating costs in New York City's housing sector have surged to levels that subsidized housing owners can't absorb. Insurance is the clearest shock: premiums for affordable housing more than doubled in four years, from about $869 to $1,770 per unit (+103%), and now consume roughly 22% of monthly rent on a typical Low-Income Housing Tax Credit (LIHTC) one-bedroom.[6] These increases reflect not just higher premiums, but systemic tightening across the insurance market, a trend acknowledged by both the Department of Financial Services and New York State Homes and Community Renewal in recent analyses.[7]

Between 2019 and 2025, the Rent Guidelines Board's Price Index of Operating Costs (PIOC) shows a cumulative 28% increase in operating expenses for rent-stabilized buildings.[8] While the PIOC specifically tracks the rent-stabilized sector, it serves as a useful benchmark for understanding cost escalation trends across New York City's multifamily housing market, including—but not identical to—the pressures faced by the subsidized stock. Over this period, fuel has been the most volatile component, falling during 2020's downturn before rebounding sharply in subsequent years. Insurance, meanwhile, has been the fastest-growing category, with double-digit annual increases in multiple years—such as +16.5% in 2020, +21.7% in 2024, and +18.7% in 2025.[9] Utilities and maintenance rose more steadily, up roughly 25% and 20% respectively since 2019. Together, these trends underscore the inflationary environment eroding operating stability.[10]

## FEDERAL VOLATILITY AND LOCAL IMPACT

Federal housing funding has become an increasingly volatile and uncertain foundation for New York City's preservation landscape. The Trump administration's Fiscal Year 2026 budget proposal called for deep reductions to HUD discretionary funding, including cuts of more than 40% to rental assistance programs such as Housing Choice Vouchers and Project-Based Section 8.[11] Although these reductions were ultimately not enacted, the proposal underscored how vulnerable core federal housing supports remain to political shifts. The threat alone has created planning uncertainty for local agencies, nonprofit owners, and lenders who depend on predictable federal flows to underwrite preservation work.

6 https://thenyhc.org/2024/03/18/nyhc-alarming-risk-of-rising-insurance-costs-for-affordable-housing/
7 https://www.jdsupra.com/legalnews/ny-prohibits-affordable-housing-status-8993009/
8 https://rentguidelinesboard.cityofnewyork.us/research/
9 https://rentguidelinesboard.cityofnewyork.us/research/
10 https://rentguidelinesboard.cityofnewyork.us/research/
11 https://bipartisanpolicy.org/blog/president-trumps-fy2026-budget-overview-of-changes-to-federal-housing-programs/
https://www.congress.gov/crs-product/R48567

For local agencies, uncertainty in federal flows makes it difficult to plan budgets, allocate capital, or commit to long-term preservation strategies. In particular, HPD and the New York City Housing Development Corporation (HDC) are not only subsidy administrators but also among the City's largest lenders and guarantors.[12] When federal funding fluctuates, the very institutions underwriting New York's affordable housing system face instability, jeopardizing both preservation pipelines and the City's financing backbone.

## THE NEED FOR FINANCIAL STABILITY

Private capital remains an essential part of New York City's affordable housing ecosystem. Lenders provide the financing that allows preservation projects to move forward, while insurers protect portfolios against risk. Their continued participation, however, depends on a critical factor: stability. Predictable operating income, often supported through programs like Project-Based Section 8, enables lenders to underwrite loans and insurers to extend coverage with confidence.

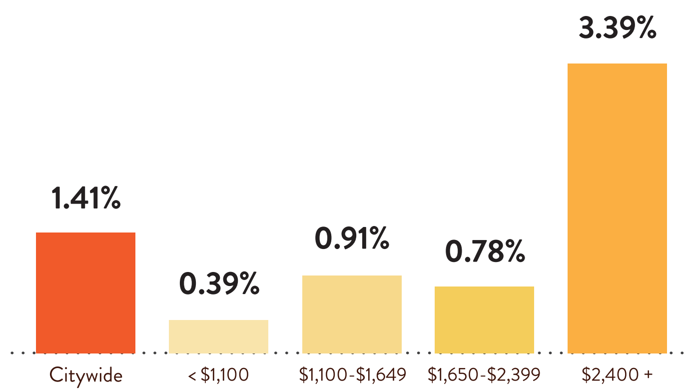
As that stability erodes, the private market's risk tolerance contracts. Rising costs, declining reserves, and uncertain subsidy flows have made even well-managed portfolios appear riskier. In response, lenders have increased interest spreads, tightened coverage requirements, and shortened loan terms, while insurers have raised premiums or withdrawn coverage for older or deeply affordable properties. The result is a feedback loop: financial instability drives up costs, which in turn deepens strain across the sector.

Maintaining predictable revenue streams is therefore not only a public-sector responsibility but also a private-sector necessity. Stable operating subsidies safeguard affordability for tenants while keeping lenders and insurers involved, ensuring that the capital required to preserve New York's affordable housing remains available.

## TENANT VULNERABILITY AND LIMITED HOUSING OPTIONS

These risks are geographically concentrated across New York City. Nearly one-third of all Section 8 vouchers are clustered in just 3% of census tracts, with the highest concentrations in neighborhoods such as Harlem, East Harlem, Mott Haven, Brownsville, and East New York.[13] These communities are already facing elevated rent burdens, eviction risks, and disinvestment pressures. Any future cuts or restrictions on vouchers in these areas would destabilize not only tenants but also local lenders, owners, and investors whose financial structures rely on predictable subsidy flows.

**Figure 3.** Net Rental Vacancy Rate by Asking Rent




Source: New York City Housing and Vacancy Survey (NYCHVS), 2023.
*Please refer to the technical appendices at the end of this report for details on the NYCHVS design, definitions and methodology.*

[12] https://thenyhc.org/wp-content/uploads/2025/07/NYHC-HUD-Cuts-Impact-on-Housing-Market-Policy-Brief-Final.pdf
[13] https://thenyhc.org/wp-content/uploads/2025/07/NYHC-HUD-Cuts-Impact-on-Housing-Market-Policy-Brief-Final.pdf

# Nonprofit Strain

## GROWING RENT ARREARS AND CASH FLOW PRESSURES

ANHD conducted interviews with five CDCs and reviewed arrears data from a sixth, covering portfolios across the Bronx and Brooklyn. The findings reveal a consistent pattern of financial strain: on average, CDCs carried about $2 million in rental arrears, with one reporting an extraordinary $20 million. Rent collection rates, once stable at 90–95%, have now fallen to 70–80%, destabilizing operating budgets across entire portfolios. This drop in collections, compounded by the debt required to fill those gaps, has created a cycle of structural imbalance that even modest recovery cannot reverse.

This financial distress mirrors a wider trend across the affordable housing sector. The New York Housing Conference's 2023 survey of for-profit and nonprofit providers found that 31% of households were more than two months behind on rent, with average arrears of $9,565 per unit.[14] Applied citywide, that would equal roughly $860 million in arrears for 290,000 subsidized units.

*Interviews with CDCs in the Bronx and Brooklyn revealed the following:*

- **Bronx CDC:** In one 305-unit property, 40% of households were behind on rent; in another, the figure rose to 63%, with some tenants owing more than $39,000, balances that will never realistically be repaid.
- **Brooklyn CDC:** The organization entered 2024 with over $1 million in arrears, more than 70% of which were over 90 days old, compounded by delays in subsidy payments.

CDC leaders described being forced to move debt across properties, refinance to cover losses, and drain reserves, measures that may stabilize in the short term but leave their entire portfolios more vulnerable. Pandemic-era hardship and prolonged court delays magnified the problem: arrears accumulated far past tenants' ability to repay, while many nonprofits absorbed the losses in order to keep tenants stably housed.

## ROLE OF OPERATING SUBSIDIES

Across interviews, CDCs were unequivocal: without operating subsidies, collections would have collapsed entirely. Programs such as Section 8 and CityFHEPS were the only reason revenues remained close to sustainable levels, even as arrears mounted elsewhere. These subsidies functioned as the sector's safety net, carrying portfolios through mounting financial strain. But owners stressed that tenant-based subsidies alone are not sufficient. What is needed is portfolio-level stabilization: tools that allow nonprofits to direct resources where pressures are greatest, shore up debt service coverage ratios, and prevent cascading defaults.

[14] https://thenyhc.org/wp-content/uploads/2023/12/Arrears-Update-Dec-2023-Policy-Brief-Final.pdf

## Case Study: A Nonprofit Housing Owner in Distress

A community-based nonprofit that operates over 250 deeply affordable homes in New York City illustrates how even well-managed portfolios have been pushed to the financial edge. Committed to providing safe, stable housing for low-income families, the organization has maintained rents well below market levels. The bullet points below show how its financial position has evolved from 2019 to 2024.

- **2019 Stability:** Collections slightly exceeded billed rent due to arrears repayment, producing a collection rate of 110%.
- **2020–2021 Pandemic Shock:** Collections dropped to 90% and then 82%, while arrears surged from $405,000 to more than $1 million.
- **2022–2023 Temporary Recovery:** Collections rebounded above 93%, offering short-lived relief.
- **2024 Renewed Decline:** Collections fell to 89%, with arrears climbing to $1.36 million, more than triple the 2019 level.

Even modest improvements in rent collection have not translated into financial recovery. The nonprofit's trajectory reveals how short-term rebounds can conceal long-term instability: arrears continue to accumulate, reserves are depleted, and operating debt grows each year. This pattern reflects a broader structural reality. Without sustained operating resources, deeply affordable housing cannot remain solvent on rent revenue alone. The data underscore a sector stretched to its limits, where mission-driven owners are forced to absorb rising costs with tools designed for a different era of affordability.

# Preservation Versus New Construction

## COST EFFECTIVENESS OF PRESERVATION

Preserving existing subsidized housing is not only urgent: it is the most practical and cost-effective strategy to maintain affordability in New York City. While new construction remains an important component of addressing the housing crisis, it is not delivering deeply affordable homes at the scale or speed required. At the same time, the City has already invested billions of dollars into its subsidized stock, including nearly 290,000 units built or financed under city, state, and federal programs. Allowing these homes to deteriorate would squander decades of public investment.

## LIMITATIONS OF NEW CONSTRUCTION

In 2024, just 6,834 new units affordable at or below 80% of AMI were completed, compared with more than 33,600 units at market rate or above 80% AMI.[15] To understand these figures, it is important to know what AMI represents. Area Median Income is a federally defined benchmark, set annually by the U.S. Department of Housing and Urban Development (HUD) and adjusted for household size, that determines eligibility for affordable housing programs.[16] Units are typically targeted to households earning a percentage of AMI, commonly 80%, 50%, or 30%, with lower percentages corresponding to deeper affordability and lower-income households. Because households most reliant on subsidized housing often fall well below 50% of AMI, the majority of newly constructed "affordable" units do not reach those most in need.

This imbalance underscores a structural problem: new production is heavily tilted toward higher income bands and cannot absorb tenants displaced from existing subsidized housing if it falters. Even when projects are approved, the timeline is prohibitive. Affordable housing construction takes, on average, three years from start to completion, not accounting for the additional time required for underwriting and lease-up.[17] As a result, new supply cannot realistically keep pace with the potential loss of existing units already housing low-income New Yorkers.

15 https://anhd.org/report/2025-ami-cheat-sheet-new-housing-is-not-affordable-to-the-majority-of-new-yorkers/
16 https://www.nyc.gov/site/hpd/services-and-information/area-median-income.page
17 https://www.osc.ny.gov/files/reports/pdf/report-24-2025.pdf

**Figure 4.** Estimated Replacement Cost of Subsidized Housing Using HPD's High-End New Construction Subsidy ($420,000 per Unit)

| Share of Subsidized Stock | Units Requiring Replacement | Estimated Replacement Cost |
|---|---|---|
| 10–20% | 29,000–58,000 | $12.2B–$24.4B |
| 30–50% | 87,000–145,000 | $36.5B–$60.9B |
| 60–80% | 174,000–232,000 | $73.1B–$97.4B |

Source: HPD New Construction Term Sheet (2025). Available at: https://www.nyc.gov/assets/hpd/downloads/pdfs/services/hpd-ncf-term-sheet.pdf

## FINANCIAL COSTS OF UNIT REPLACEMENT

New York City's nearly 290,000 subsidized housing units represent an irreplaceable public investment built over decades. The table below illustrates the public subsidy required to replace even a portion of this stock through new construction.

Under HPD's 2025 New Construction Finance term sheet, per-unit subsidies range from $160,000 to $420,000. Replacing just 10% to 20% of existing units would require billions of dollars in capital subsidy. For comparison, HPD's FY 2024 capital budget for new construction was $2.6 billion, which financed only 14,706 units. Even under conservative assumptions, replacement costs would far exceed current production capacity, underscoring that the City cannot build its way out of this challenge alone and must preserve its existing subsidized housing stock.

## PRESERVATION AS A PEOPLE-CENTERED STRATEGY

Preservation is not an abstract financial exercise: it is about tenants currently living in these homes. Displacing them would directly exacerbate the city's homelessness crisis, strain already limited affordable alternatives, and destabilize entire neighborhoods. New construction is both too slow and too costly to replace what could be lost. Preservation is therefore the only realistic path to safeguard affordability at scale and to protect the stability of communities that depend on these homes.

# CONCLUSION

New York City's affordable housing system stands at a breaking point. The data presented in this report make clear that the challenge is not simply about producing more housing, but about preserving what already exists. Nearly 290,000 subsidized homes anchor the city's affordability and stability, yet these properties face mounting financial pressures. Rising costs, stagnant revenues, and unpredictable federal support have created conditions where even mission-driven nonprofits—those that rebuilt neighborhoods when the private market walked away—can no longer sustain their portfolios without intervention.

Preservation must be understood not as maintenance but as prevention: the only viable path to safeguard decades of public and community investment. Replacing distressed units through new construction would demand levels of public investment that are simply unattainable, underscoring the urgency of preserving existing homes. Beyond the numbers, this is about people. The tenants in these buildings are the city's essential workers, seniors, and families who cannot simply "move elsewhere." Their stability depends on the stability of the housing organizations that serve them.

Preserving this foundation requires a coordinated response that matches the scale of the crisis: immediate operating and capital support to prevent defaults, systemic reforms to stabilize financing and insurance markets, and renewed commitment from city, state, and federal partners. Without action, the erosion of this stock will upend lives, accelerate inequality, deepen segregation, and unravel the progress achieved over generations of public and community investment.

If we act decisively—through policies that recognize preservation as both a fiscal and moral imperative—New York can not only prevent the loss of deeply affordable homes but also strengthen the infrastructure that makes permanent affordability possible. The time to preserve is now.

# RECOMMENDATIONS

## Immediate Stabilization (0–3 years)

1. **Launch HAPI: the Housing Access Preservation Initiative.** HAPI should be established as a nonprofit-targeted relief program within the New York State Homes and Community Renewal's (HCR) Low-Income Housing Trust Fund, supported through dedicated State budget funding. The program would provide forgivable loans to stabilize nonprofit housing owners facing structural deficits from mounting rental arrears. By directly addressing this debt crisis, HAPI would restore financial stability to mission-driven organizations and prevent the erosion of deeply affordable housing. To ensure impact, HAPI should prioritize the rapid deployment of funds to nonprofit owners, with clear eligibility criteria to reach the portfolios most at risk.

2. **Strengthen Operating and Rental Assistance Programs.** Expanding and deepening programs such as Section 8, CityFHEPS, and the Housing Access Voucher Program (HAVP) would help align revenues with actual operating costs—covering rising insurance, utility, and maintenance expenses that regulated rents cannot absorb. Strengthening these supports is essential to ensuring that nonprofit housing owners can sustain their portfolios and continue providing stable, affordable homes for low-income New Yorkers.

3. **Replace individual workouts with a holistic and proactive City preservation strategy.** HPD's current building-by-building workout model was designed for a time when financial distress in subsidized housing was the exception rather than the rule. In today's landscape, where structural deficits are widespread, this approach is insufficient. A more holistic and proactive strategy is needed, one that identifies at-risk portfolios early, prioritizes intervention based on need, and deploys resources before distress becomes irreversible.

# Systemic Reforms (3+ years)

4. **Implement Mixed-Income and Cross-Subsidy Models.** Establish mixed-income and portfolio-level cross-subsidy strategies that use revenues from higher-rent units or stronger assets to support deeply affordable housing within the same ownership structure. These models would create ongoing internal revenue streams that reduce dependence on short-term subsidies and emergency relief. Embedding cross-subsidy principles into preservation policy would help nonprofit-owned portfolios remain financially stable and ensure long-term affordability across developments.

5. **Reform Insurance Markets.** Establish pooled-risk or state-backed insurance mechanisms—such as public captives or mutual risk pools—to counter escalating premiums and inconsistent underwriting. These reforms would allow affordable housing providers to access fair, stable coverage and reduce vulnerability to market volatility. Transparent underwriting and stronger State oversight should accompany these reforms to prevent redlining and ensure that deeply affordable housing remains insurable and financially sustainable.

6. **Expand Rehabilitation Financing.** Broaden and modernize City rehabilitation programs to support nonprofit developers managing older buildings with critical capital needs. Many properties face failing systems and deferred maintenance that threaten long-term habitability. New financing tools should help owners complete essential repairs and energy upgrades while meeting carbon-reduction and resiliency goals—without displacing tenants or compromising affordability. Strengthening and streamlining these programs will extend the life of deeply affordable housing across the city.

7. **Build Long-Term Capacity at HPD and HCR.** Invest in sustained staffing, capital resources, and analytical capacity at HPD and HCR to enable earlier and more coordinated intervention in at-risk properties. Enhanced internal systems and staff capacity will allow agencies to process deals faster, anticipate distress before it escalates, and collaborate more effectively with lenders and nonprofit owners. In an uncertain federal funding landscape, building strong local infrastructure ensures that preservation efforts remain durable and proactive.

# METHODOLOGY

## DESIGN

This study employs a mixed-methods design, combining quantitative analysis with qualitative interviews to assess current preservation challenges and potential risk across New York City's subsidized housing stock. Quantitative data established the scope and geographic concentration of the subsidized housing, while qualitative interviews with nonprofit housing organizations provided context and operational insight. District-level subsidized housing totals were analyzed alongside neighborhood indicators on income, severe rent burden, severe overcrowding, and racial composition drawn from the Association for Neighborhood and Housing Development (ANHD) 2025 Housing Risk Chart to contextualize community conditions and support spatial comparison across Community Districts.

## SAMPLING

The quantitative universe is drawn from NYU Furman Center's CoreData.nyc (2023), which consolidates property-level housing subsidy data from City (HPD, HDC, DOF), State (HCR, NYSHFA), and Federal (HUD) sources.

The dataset was filtered to exclude properties owned or managed by NYCHA and those labeled as RAD/PACT conversions (federally-assisted public housing converted to project-based rental assistance). The resulting universe—approximately 290,000 units across multifamily buildings with five or more units—represents New York City's actively regulated, deeply affordable housing stock. Units were aggregated by community districts to calculate each district's share of the total 290,000 units, which formed the basis for spatial analysis and mapping.

Qualitative data was collected from five CDCs in the Bronx and Brooklyn through semi-structured interviews. A sixth CDC shared portfolio data but did not participate in an interview. Conversations covered types of subsidy programs, arrears amounts, and rent collection levels. All interviews were anonymized and analyzed through an inductive approach to identify common themes. CDCs were selected based on their capacity to share accurate data and their willingness to discuss ongoing financial and operational issues.

## NEIGHBORHOOD RISK INDICATORS OVERLAY

The following neighborhood-level indicators were used to contextualize subsidized housing concentrations at the Community District level. Indicators were drawn from the ANHD 2025 Housing Risk Chart and underlying Census and HUD data sources.

**Percent People of Color (2023)**

Definition: Percent of residents identifying as any race other than White Alone, including Black or African American, American Indian and Alaska Native, Asian, Native Hawaiian and Other Pacific Islander, some other race alone, or two or more races. This measure does not include individuals identifying as both Hispanic or Latinx and White Alone.

Source: Census ACS 2023 5-Year Estimates, Race.

**Percent of Area Median Income (2023)**

Definition: Neighborhood median household income adjusted for average household size at the PUMA level and expressed as a percentage of HUD-determined Area Median Income for the New York Metro Fair Market Rent Area.

Source: Census ACS 2023 5-Year Estimates, Average Household Size, Median Household Income; HUD 2023 Income Limits.

**Percent with Severe Rent Burden (2023)**

Definition: Percent of renter households paying 50 percent or more of household income toward gross rent.

Source: Census ACS 2023 5-Year Estimates, Gross Rent as a Percentage of Household Income.

**Percent with Severe Crowding (2023)**

Definition: Percent of households with 1.5 or more occupants per room.

Source: Census ACS 2023 5-Year Estimates, Occupants Per Room.

## TOOLS

- CoreData.nyc (2023): Main dataset used to identify subsidized housing properties
- ANHD 2025 Housing Risk Chart: Provided neighborhood-level indicators on income, rent burden, overcrowding, and racial composition.
- Excel and Datawrapper: Used to clean and organize the data, calculate totals by community district, and create visual maps and charts.

## LIMITATIONS AND DATA CONSIDERATIONS

- **Data coverage:** The quantitative analysis relies on the most comprehensive available dataset on New York City's subsidized housing stock; some properties may be missing or inconsistently reported due to gaps or lag in source data.
- **Temporal scope:** As with all administrative datasets, more recent changes in property performance, subsidy status, ownership, or regulatory conditions may not yet be reflected.
- **Ownership classification:** Because CoreData.nyc does not consistently identify ownership type, the analysis cannot isolate nonprofit-owned properties and instead reflects the broader ownership universe of subsidized housing.
- **Indicator alignment:** Neighborhood-level indicators were drawn from the *ANHD 2025 How is Affordable Housing Threatened in Your Neighborhood Chart*, which reflects 2023 Census and HUD data. These indicators are constructed from data sources separate from CoreData.nyc. Differences in data construction and underlying methodologies may limit direct comparability, and these indicators are used for contextual rather than causal relationships at the property level.
- **Qualitative scope:** Interviews were limited to six community development corporations (five interviews and one data submission). While the sample is not representative of all nonprofit owners citywide, they provide valuable insight into how financial distress manifests at the portfolio level and inform interpretation of the quantitative findings.

Despite these constraints, the combined use of CoreData.nyc, Census, HUD data, and ANHD neighborhood indicators, supported by firsthand insights from nonprofit owners, offers the most comprehensive and policy-relevant view currently available of financial distress and preservation risk in New York City's subsidized housing stock.

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