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Local affordable housing dynamics in two global cities: patterns and possible lessons?

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Abstract

This paper compares how New York and London, two major global cities, have developed policies and programs to help ensure affordable housing for their citizens. It clarifies how, starting from relatively limited local regulatory powers in the nineteenth century, each city has used local resources as well as centrally authorized programs, to create unique mixes of rental housing support, mostly based on instruments that enable sub-market rents. It goes on to discuss how the legacies arising from these interventions, both positive and negative, have influenced affordability in these cities' current, more internationally open and generally more privatised, housing systems. The relative success of both cities has depended on the management of this pastiche of programs and financing. Even so, while large proportions of lower income households in both cities (although larger in London) are assisted, there remains significant, and, in current economic circumstances, potentially growing numbers of households, facing unaffordable market rents. In the foreseeable future it can only be an amalgam of these local and nationally supported policies together with local initiatives that can help limit, although not resolve, the continuing problems of ensuring adequate affordable homes for lower income households in both New York and London.

Key words: affordable housing, comparative analysis of housing policies, rental housing markets historically, national and local housing policies

1. Introduction: the question

In this paper we compare London and New York, two of the cities with the longest and most extensive histories of government intervention in the affordable housing space. Intervention in housing provision more generally goes back at least as far as the twelfth century (in England) when formalized fire regulations started to be introduced. But it is not really until late in the nineteenth century that affordability and minimum standards became recognized policy issues, mediated initially by local and city government. Into the twentieth century we saw growing, although very different, roles for national government. But even with a broad array of instruments over generations, affordability problems actually seem to have worsened in the twenty-first century – perhaps as a result of growing openness to the global economy and finance markets as well as shifting national priorities.

Both New York and London are globally relevant cities which contain a range of policy-driven "legacies" that importantly affect current affordable housing conditions as well as future challenges and possibilities (Sassen, 2001; 2005). The objective of the paper is first to examine how these legacies were put in place over more than a century and to compare how the varying approaches in the two cities have led to sometimes similar and sometimes different outcomes. We then examine how the more internationalized environment of the twenty first century has further modified pressures and outcomes. Finally, we will look forward to assess both continuing constraints and challenges and the potential for city and national policy to ensure adequate housing for poorer households.

Defining affordable housing

Our starting point needs to be an understanding of what we mean by affordable housing. In very general terms housing can be said to be affordable if households are able to pay for adequate housing and still have enough to purchase the other necessities of life. While we may all recognize what we think is affordable and acceptable, it is fundamentally a third party value judgement – usually made by government but also by politicians more generally and commentators of all kinds (Linneman & Megbolugbe, 1992; Meen & Whitehead, 2020).

Modern affordability concepts have their roots in 19th century studies of household budgets and housing expenditure shares (Hulchanski, 1995). The turn-of-the-century expression used in the US, 'one week's pay for one month's rent', was an early example of the 25 per cent rule. Equally in the UK an average 'working-class' dwelling earning a normal return on capital in the early twentieth century generated a similar rent in proportion to average earnings (Department of Environment, 1977).

Currently the most used measures across countries are simply more data based versions of the same concept - in the form of either rent/price to income or housing expenditure to income. However, the specifics of how each element is defined and the acceptable proportion of income vary between countries and over time. Importantly, this measure takes no account of two of the most important elements of true housing affordability: whether the quality of the housing is acceptable; and whether the household, once they have paid their housing costs can still afford the other necessities of life, which may often not be the case for poorer households (Hancock, 1993). Other measures, based on residual (after housing cost) income, take this second element into account (Meen & Whitehead, 2020, chapter 5).

A very different, more institution-based definition of affordable housing is used when we examine housing policy. This identifies policies that aim to expand supply, provide housing for particular groups at sub-market market rents and prices, regulate rents, prices and standards, or provide additional income to help ensure that housing is affordable on the principles set out above (Whitehead, 1991; Czischke & van Bortel, 2018). It is in this policy context that New York and London can most effectively be compared.

2. Our approach

The starting point for this analysis is that housing is locationally specific because it requires land. Land is immovable, often costly, and set within defined jurisdictions – so the market for that housing is in the main defined by local demand, local regulatory and fiscal frameworks, and by local costs of land and production. Local demand and supply are in turn impacted by broader national and international markets and policies and arguably, these external influences have increased over time.

In this context we identify and analyze four main overlapping phases (i) the period before the First World War when local and city authorities had considerable, mainly planning and infrastructure, powers but housing provision and pricing were dominated by the market; (ii) the inter-war period when in both countries national government started to introduce policies and funding to support housing provision; (iii) the post-World War II period when national policies diverged strongly between the two countries and finally (iv) the current, more market oriented, period when high housing costs have been mitigated by income related housing support. The paper examines the affordable housing legacies from each of these periods in turn and then looks towards the possibilities for the future.

The political-economic bases for our analysis will be familiar to social scientists and urban planners (Hawley, 1950; Mellor, 1975; Gottdeiner & Feagin, 1988). Over the roughly 150 years of our two cases, much changed that has proven critical to the housing well-being of the residents of the two cities. It has also exposed shortcomings, gaps, and major policy inadequacies. The story of affordable rental housing in the two countries becomes then a bifurcated story but with some analogous successes - and repeated frustrations.

In terms of the macro and political environment patterns of income inequality over time, tied heavily to wages, have been roughly similar for the two societies, although more extreme in the US. As a result, rent rises, income constraints and pressures have become more politically pressing (McCarthy, Poole, & Rosenthal, 2003). But the overall political environment has been very different, with the US arguably experiencing only a short liberal policy interlude during the great recession of the 1930s and World War II before resuming its "normal" course towards more limited forms of public policy intervention into the rental market (Cowie, 2016); while the UK has had more robust, if periodic, commitment to state intervention, welfare state reforms, and programs.

The next contextual input into cities' housing policies is basic: population. Both cities have seen large scale indigenous growth as well as international in-migration but also significant change as people have moved into cities, then out, and back before the current massive uncertainties of pandemic driven fear of large crowded places (Florida, 2014; New York City, 2019). The UN's recent prediction of aggregate population declines for most developed countries by 2050 adds another level of uncertainty about how cities will fare with smaller, older populations (UN, 2020).

An increasingly relevant pressure on housing affordability lies in financialization. This has been examined by a range of researchers (Fields & Uffer, 2014; Fields, 2015; Wijburg & Waldron, 2020), who demonstrate the scale and depth of how "global financial integration has transformed the political economy of housing" (Fields & Uffer, 2014: 3). One manifestation of financialization pressures is the conversion of lower rent housing options into less affordable, more gentrified housing, with concomitant push back at times by local officials and residents (Fields, 2015)

Such influences frame the outer edges of the local level policies and programs adopted and used by cities. They do not however constitute a testable, causal model because of the data limitations over the long time period we have selected. We consider the above set of forces as suggestive; conditioning or contextual inputs into the capacity for cities to craft its own forms of housing resilience. Since we know city levels of housing need vary, these strategic plans will necessarily also vary (Aizawa, Helble, & Lee, 2020).

Chart 1 sets out a simplified, generic picture of the factors that impact on a city's housing system at any given point in time. The starting point is the local market for housing, made up of demand, influenced by population and in-migration, together with income levels and distribution on the one hand and the existing stock and the capacity to add to that stock on the other. Importantly, even in the nineteenth century, London and New York were the two biggest international centers in the free trade world of finance and commerce, so international pressures impacted on demand for housing through both international in-migration and to a lesser extent the wealth and financing capacity of traders.

Chart 1 about here

Secondly a city has its own powers. Here we concentrate specifically on those powers which affect rental housing and the affordability of that housing and how these have been developed starting from the late nineteenth century.

Thirdly, the capacity for any city to address the issues of housing in general and affordable housing in particular come ultimately from the legal framework specified by national/federal government – including in the US the Constitution and the Judiciary together with national tax and subsidy arrangements and the right to raise and spend taxes at the local level.in general and those specific to housing. In the US the state level of government also has considerable powers over more local jurisdictions.

3. Historic Influences upon New York's & London's housing: Four stages of development

There are two main reasons for starting this analysis in the later part of the nineteenth century. First, London and New York were by far the largest cities in the world at that time. Using current boundaries, London's population was around 6.5 million in 1900, while the population of New York was some 3.4 million. Both had experienced very rapid growth in the previous decades, significantly as a result of large scale international in-migration, inherently putting pressure on available housing and its affordability. Secondly, in both cities, boundaries were redefined and city wide governance structures put in place in the late nineteenth century: the London County Council was set up in 1889; while Brooklyn, parts of Queens and Staten Island were incorporated into the City of New York in 1898.

Stage 1: Using local regulatory & planning powers

Chart 2a, sets out the most important influences on the two cities' housing systems in the second half of the nineteenth century. It reflects the importance of market pressures – but also a period when local authorities had significant powers. In particular, the rapid growth in population and overcrowding in both cities led to local regulatory initiatives aimed at addressed housing standards, mainly for public health and safety reasons. In London there were also the first moves to build public housing (the most important policies, here and in later charts identify the most important factors).

Chart 2a about here

New York's housing and planning policy started in the late 1860s, as both state and city officials and institutions struggled to devise new regulatory and enforcement tools to diminish the harsh, unhealthy conditions of life in slum or tenement housing and to support the city's economic growth (Lubove, 1962, chapters 1-2; Plunz,1990). At the state level a series of interventions, begun in the 1860s, led to the Tenement Housing Act 1901. They all looked to improve ventilation, sanitation, light and safety in new buildings (Plunz, 1990).

Codes and enforcement, however, proved insufficient, so in 1916 the city established a new form of property regulation through the creation of a land use zoning code (Bressi,1993). This set rules for establishing areas for residential housing separate from industrial land uses, limited heights, established rules for determining the scale of what was built, and in return created a collection of "as of right" concessions so that builders and developers knew what type of property they could build without any further governmental approvals. The building and zoning codes are the principle examples of planning legacies that influence todays more globalized New York (Markus, 1992; New York City Department of Buildings, 2019; Bressi, 1993). The codes are now more extensive and supplemented with zoning maps, glossaries, and appeals mechanisms. While they provide the framework for improving housing standards they equally, when enforced, raise costs and worsen affordability. Many economists therefore remain convinced that such regulations have adversely affected the availability and price of rental housing and continue to do so to this day (Glaeser & Gyourko, 2018). There remains to the present a notable, enduring policy tension between freeing markets of burdensome regulation and protecting the rights and welfare of the poor; for New York this appears an enduring challenge.

London's legacies start a little earlier in the 1840s (Chadwick, 1841) and were more directly related to public health. National legislation, in the form of the Public Health Act of 1848, was implemented and enforced by local authorities with similar objectives and tools to those in New York.

The first major legislation directly addressing housing came in 1885 with *The Housing for the Working Classes Act* which introduced local authority powers to shut down unhealthy dwellings and made it illegal for landlords to rent or let property which fell below elementary sanitary standards. Local authorities were also given the power to build homes although with no financial support to do so. So, at this stage standards, enforcement and investment were all local authority responsibilities (Holmans, 1987).

The London County Council (LCC), established by the Local Government Act, 1888, looked to use already existing powers. Employing their own resources and borrowing powers, they implemented both clearance and building programs. However, the first exceeded the second, effectively reducing the number of low cost housing units available.

Thus in both cities the core objective of regulation from the 1850s onwards was to reduce the external costs of poor housing and to raise the standards of new build for mainstream households. But to the extent that intervention increased housing standards and limited the supply of the poorest quality housing it also increased house prices and rents, making housing less affordable for lower income households. This tension meant that either standards could not be enforced or some form of support for poorer households was necessary (Holmans, 1987; Salins & Mildner, 2013.)

Stage 2: Growing national government involvement

It was during and particularly after the end of the First World War that national governments, particularly in Britain, began to play a more strategic role in affordable housing provision and in controlling rents, supplementing the range of local initiatives.

Chart 2b about here

The First World War in Europe created major housing shortages across the continent which *in the UK* led to increased national government involvement to provide 'Homes Fit for Heroes' (Stilwell, 2017). The 1919 Addison Act put in place significant national subsidy arrangements for council housing (followed a decade later by tenure neutral subsidies). (Holmans, 1987). In addition, the LCC raised money through selling London housing bonds which promised investors a 6% return and raised £4 million during the 1920s. As a result, some 150,000 publicly owned dwellings were built for Londoners between 1920 and 1938 (Meen & Whitehead, 2020).

One of the most important legacies from the inter-war period was in terms of built form and densities. At both the LCC and London local authorities, planners promoted the construction of new suburban 'garden' estates outside the existing London boundaries. These mainly consisted of three bedroom houses for better off working class families, leaving poorer households to find accommodation in the pre-war private rented sector within the London boundary. Again, much of what was provided was in partial replacement for slum clearance – a situation which continued after the Second World War into the 1970s, further reducing what was available for lower income private tenants (London Councils, 2013). Equally importantly, this type of built form was easy to transfer between tenures and, unlike New York, there are no planning or policy restrictions on transfers to stop the move to owner-occupation.

In the US the emphasis on building affordable homes came later when - after a short period when the Federal government during World War 1 funded and built a limited supply of rental housing for war workers. Beginning in the later 1930s the Federal government as part of its counter-cyclical, economic stimulus policies following the Depression and then the second world war, enacted new urban renewal and housing programs in 1933, 1937 and 1949, with initial federal funding (Congressional Quarterly, 1952; Caro 1974; Skocpol & Ikenberry, 1983; Lang & Sohmer, 2000; Schwartz, 2015).This enabled the construction of roughly 180,000 apartments in New York; most of which are still operated by the New York City Housing Authority or NYCHA at rents that are among the lowest in the city (NYU, 2018).

These statutes also played their part in improving existing poor quality units. In 1920 only 1% of homes had indoor plumbing and electricity (Lutz, 2004; Census Bureau, 1994) but by 1970 virtually all of the physically inadequate stock had been demolished, repaired, or compelled to provide improved housing conditions (Ellen & O'Flaherty, 2013; Bach & Waters 2014; Goering & Whitehead 2017).

The second area of national housing policy that affected both cities was the introduction of *rent controls.* In the UK controls were introduced across the whole country in December 1915, when perhaps 90% of the population lived in privately rented accommodation. After the war the controls remained in place and rents were not significantly adjusted from their 1914 levels or subject to decontrol until at least the 1950s (Wilson, 2017). The outcome was greater affordability but continuing reductions in supply and slowly declining housing standards (except with respect to overcrowding) for sitting tenants (Department of Environment, 1977; Whitehead & Kleinman, 1986). Rent control was a wholly national policy – local authorities did no more than enforce.

The problems faced by potential new entrants, were somewhat alleviated in London by rapidly declining population during and after the Second World War. However, large numbers of privately rented units were either demolished through slum clearance programs or transferred into owner-occupation as decontrols were introduced – so that by 1991 only 14% of London's households rented privately, almost all at market rents. Not surprisingly there is currently pressure from the GLA, but no power, to introduce rent stabilization (GLA, 2019a).

In the US, New York adopted federal Emergency Rent Laws in 1920 administered by the State. These required rent increases to be reasonable and were in place for less than a decade. It was not until 1943 that the Federal government again became involved, freezing rents at March 1943 levels. New York City's rent control system was introduced at that time has been in place since that date although with many modifications (New York Division of Housing and Community Renewal, 1993). The City has set in place a range of caps on the rental costs of New York private sector apartments, in both a rigid rent control format and then a larger program labeled rent stabilization. It is these rent restrictions which have proven to be a relatively intractable, politically embedded part of the city's housing legacies. The controls have established durable if contested limits on rent increases for roughly 1 million units, as well as the rules on when an apartment's rent is no longer restrained (Keating, 1998). Many of these rules became permanent in 2019 (Bedderman, 2019).

Stage 3: Post - war housing policy divergence

After the Second World War, national powers with respect to affordable housing diverged very significantly between the UK and the US – with the US mainly continuing existing policies and in the UK national government playing a much increased role. Rent controls however, as noted above, remained similar between the two cities until the late 1950s (Chart 2c).

Chart 2c about here

In the UK the post war socialist government nationalized development rights; made it much easier for authorities to purchase land compulsorily, subsidized local authorities and made it easier to raise local taxes and borrowing for housing purposes. As a result, local authorities built around 50% of all housing output until the 1970s. London authorities were in a particularly strong political position to use these powers, so that social sector building, mainly directly by local authorities, added over 400,000 dwellings to London's housing stock in the two decades from 1960 (Table 1) so that 35% of all Londoners lived in public housing at its zenith in 1980 (Cross & Whitehead, 1990; Short, 1982).

Table 1 about here

The fundamental powers that enabled this expansion in supply lay with central government who set the planning framework, provided open-ended subsidies and borrowing powers to local authorities. Whether these powers were used, depended significantly on the local political environment.

The political environment however began to change radically in the 1970s, first as a result of constraints on borrowing and subsidy put in place in response to IMF guidance in the mid-1970s, and then much more fundamentally when the Conservative government came to power in 1979 (Department of Environment, 1977; Maclennan & Gibb, 1990) - see chart 2d below.

Thereafter government removed local authority powers to borrow to build, and moved to affordable housing provision by housing associations (often in partnership with local authorities) which received capital grants directly from central government and borrowed finance from the market at extremely competitive rates (Whitehead, 1999). As importantly, in 1980 the government introduced the Right to Buy, enabling council tenants to buy at significant discounts. This has reduced the numbers of social rented units available in London by more than a quarter of a million units over the last forty years (GLA, 2016 and 2019; Hills, 2007).

In the US beginning in the late 1970s there has been a relatively steady reduction in both the rate of growth and the absolute level of federal funds for housing, most especially a decline in relative support for public housing (Buckley & Schwartz, 2011; Goering and Whitehead, 2017). In the New York context one is inclined to agree with Mallach (2018: 246, 237) who argues: "the era when the federal government could drive change… is long over."

US analysts have also identified a shift to state and local initiatives. (Orlebeke, 2000; Katz & Novak, 2017; 2018), Buckley & Schwartz (2011, 28), noted that: "…most innovation in housing policy since the 1980s has taken place at the state and local levels of government, often in collaboration with the non-profit sector." In New York localized policy efforts have been underway for decades to address some of the most severe forms of unmet housing need (Schill, 1999; Van Vliet, 1997; Ellen & O'Flaherty, 2013; Schwartz, 2019).

An exception to this devolution has been the legislative enactment in 1986 of the low income housing tax credit (LIHTC) program, which offers lower cost tax credit financing for the production or rehabilitation of affordable rental housing (Cummings & DiPasquale, 1999; Ellen & O'Flaherty, 2013). This tax advantage has helped to enable the development of nearly three million affordable rental apartments across the country and over 110,000 in New York City. Scally, Gold, & Dubois (2018: 2012) comment: "Although other sources of funding for affordable rental housing have declined, LIHTC has become the most critical method of preserving and expanding the stock of affordable rental housing." The program was reduced in size during the 2008 recession, and has limits which have been noted for years (Khadduri, Climaco, & Burnett, 2102; Scally, Gold, Hedman, Gerken, & DuBois, 2018).

Table 2 provides details on affordable homes added to the NYC stock since the devolution of housing support became apparent to city officials. The capital funds are from city resources, which operate in addition to tax credits, vouchers, and remaining units of public housing. This compares with about double that number in London – with in both cities the majority of subsidy coming from central government.

Table 2 about here

One similarity: the increasing importance of demand side subsidies

The biggest shift, in both countries and thus in both cities came from the national governments - and an area of policy convergence – with the introduction of broadly based income related housing subsidies almost at the same time in the early 1970s.

In the US the Section 8 rental assistance program introduced in 1974 marked a notable shift away from a supply-side role for US HUD into one offering largely tenant or demand side support. Currently the largest on-budget affordable rental housing program in the US, begun in the mid-1970s, is the Section 8 rental voucher program, now termed Housing Choice Vouchers (HUD USER, 2019). It offers rental support annually to roughly 2.2 million households, and 5 million individuals. New York City has over 85,000 such vouchers used with roughly 25,000 landlords (NYCHA, 2020). It typically pays private sector landlords a portion of the rent to assist low income residents afford their apartments, based upon the apartment meeting certain basic housing quality standards by passing an inspection.

Comparably, between 1972 and 1974 the UK government introduced as-of-right housing allowances for lower income tenants in both the social and private sectors (Department of

Environment, 1977; Hills, 2001; Griggs & Kemp, 2012; Wilson, 2013). The scheme, ultimately known as Housing Benefit, not only took account of individual household circumstances but was based on the principle of ensuring that all tenants had enough income to pay for a minimum standard of living in terms of other necessities of life. In 2019 some 800,000 tenants in London were in receipt of either Housing Benefit or Universal Credit, two thirds of whom lived in the social rented sector. That is a large multiple of the numbers in NYC. The divergence in program scale is a core difference between the two cities.

Equally, however, in the UK it reflects a major shift in central government support away from supply subsidies in the social rented sector to income-related benefits, closely analogous to that occurring in the US (Hills, 2001; Gibb & Whitehead, 2007).

In the 1970s, in the UK 85 percent plus of all national financial support helped supply. Now, however, £22 billion (more than $28bn) over 95 percent of the national housing subsidies bill (at £22bn –more than $28bn - larger in real terms than in the 1970s) - goes to Housing Benefit and its successor Universal Credit (Stephens et al., 2018). Londoners, facing higher rents than elsewhere in the country, benefit disproportionately. However, there have been increasing constraints on allowances for private tenants since 2010 with many consequences similar to those observed in the US (Whitehead, 2019). As a result, almost all private tenants in London, however poor, have to make some contribution to their rent so their budget for other essentials is reduced below accepted minimum levels.

Stage 4: Into the twenty first century

Chart 2d about here

The current situation is reflected in Chart 2d and shows two main differences from the overlapping stages of the post-war period. First, London authorities have, since 1980, lost a great deal of power to manage their own housing situation; while New York has also steadily lost federal support for its rental stock, but has been able to create some new locally financed programs. Secondly, the shift towards income related subsidies has helped some 40% of London tenants but cover a small proportion of income eligible tenants in New York.

What is also true is that both cities have experienced rapid increases in house prices and rents. In London house prices have risen by around 40% in the last decade, while rents have risen by around 30% - more rapidly than median incomes although more in line with average incomes (GLA, 2019). This reflects the more fundamental dynamic of the relative elasticities of demand with respect to income and prices, if income growth is more concentrated among better off households it will take higher prices and rents to stem demand – so lower income households suffer disproportionately (Meen and Whitehead, 2020). Many economists also see rising prices as partly an outcome of the global financial crisis, which has resulted in historically low interest rates pushing up capital asset values in general and housing in particular (Miles and Munroe, 2020; Bank Underground, 2019). But it is also an aspect of the financialization of housing, enabling investment from across the world resulting in rents and prices increasingly out of line with local incomes (Gallent et al, 2017).

In the UK, and notably London, this has been reflected in two distinct types of involvement: investment by individuals from overseas especially in new building but not just in luxury homes in prime areas but also for family use and simply to rent on the private market across London (Scanlon et al, 2016; Wallace et al, 2016; Whitehead & Travers, 2013); and international institutional investment both in the growing Build to Rent market (Nethercote, 2019) as well as borrowing by housing associations on international wholesale markets and the potential for large scale equity involvement (Social Housing, 2020).

Within New York, rents over the decade from 2010 to 2020 rose roughly 35 percent. (Property Club, 2020), and rents rose faster than incomes which basically stagnated after the 2008 recession. The availability of both low-cost debt and equity financing has enabled the development of higher priced multifamily condominium and rental housing, often with the effect of making pre-existing local residents fear their rents will rise and they will be displaced (Fields, 2015). The addition of foreign purchasers and investors in New York real estate markets has some analogies to what has occurred in London.

4. Legacy outcomes: New York's and London's varied capacity to ensure affordability

After decades of effort by both national and local governments, what have been the most notable results or outcomes? In both cities, despite successes, there remain significant shortfalls (HUD, 2017; Joint Center, 2018 and 2019; Freddie Mac, 2019; GLA, 2018). Here we concentrate on three aspects: *housing tenure*, *rents* and *homelessness*.[i]

In New York: there are around 3.5 million housing units of which over sixty percent are rentals. New York is home to a city-size population of impoverished families,' with 1.7 million people classified as poor, constituting nearly 20 percent of the population. If the near-poor were added, the percentage would be over 40 percent, with most lacking affordable housing options. Mallach (2018: 247) has argued: "the federal government has generated harmfully unrealistic expectations, without recognizing its inability to fulfill them."

Research using the 2017 NYC Housing and Vacancy Survey shows that of the city's two million renters, around half pay more than 30% of their incomes in rent and over 700,000 pay more than half of their incomes to rent their units (Citizens Budget Commission, 2018; Waters, 2019). Almost all (91%) low income New Yorkers are rent burdened and the percent who are rent burdened increased from 2014 to 2017, despite the vast sums spent to improve housing conditions (Citizens Budget Commission, 2018).

The city also continues out of necessity to use a range of legislative tools to mandate better protections for tenants, offer legal support for those at risk of eviction, and increase the city's enforcement effectiveness (Bredddeman, 2019; New York Apartment Law Insider, 2019).

The city's housing stock has then become a largely unplanned, poorly coordinated amalgam of prior regulatory and funding initiatives aimed at reducing the amount of poor quality housing and, more recently to reduce high rent burden levels. Each new policy, regulation and program serves thousands if not millions of people each of whom becomes attached to their particular benefit. Thus, housing "legacies" are neither ancient nor inert, but politically quite sticky.

Table 3 below illustrates the attraction of various rental interventions, showing the monthly rents for the differing segments of the NYC rental market with the lowest rents for NYCHA's tenants and the highest for those in the private market.

The resulting political popularity of rent stabilization has meant that now nearly half (49%) of all rentals in New York are rent limited and only 36% of rentals are open or free market (Ellen & O'Flaherty, 2013: 289). The median gross rent in all of New York in 2017 was $1,450, per month with rents in rent stabilized units slightly lower at $1,269. Rent in public housing ("other regulated housing") was substantially lower at $649 (New York Rent Guidelines Board, 2019: 10). In the half century from 1968 to 2018, rents rose by 819% in New York compared to only 637% nationwide (New York Rent Guidelines Board, 2019: 13; Schwartz, 2019).

Table 3 about here

In London, the housing stock, at 3.6m units, is very similar to NYC, although the population is over 600,000 higher. There have been significant shifts in tenure since the 1980s (chart 2) first as a result of central government policy and latterly more an outcome of market pressure. Roughly half of Londoners are owner-occupiers (as compared to 40% in NYC), and over 40% of those households have no mortgage. Among tenants some 44% live in the social sector where rents are well below market rents (Trust for London. 2020).

Chart 3 about here

Importantly half of those on the lowest incomes live in highly subsidized social housing as against 25% of private tenants (table 4); among those in the second lowest quintile the proportions are equal. Those with incomes just above eligibility for housing benefit particularly face particular affordability problems.

Table 4 here

Affordability among tenants not eligible for assistance has worsened fairly consistently in London since the 1970s, driven largely by increasing house and rental prices. Rents in London have become more unaffordable since the financial crisis, after which earnings stagnated but private rents continued to rise. The affordability ratio has worsened by 13%

over the last decade (GLA, 2018). In 2014/15 the median private tenant in London was paying 45% of household income without housing benefit and 37% once benefits were taken into account. The comparable figures for social tenants were 36% and 31% respectively (DCLG, 2016). Even so, around 35% of Londoners either pay sub-market rents or receive housing benefit – or often both - and those on benefit do not normally pay rent increases. The affordability crisis is therefore concentrated mainly among those in the private rented sector who do not qualify for adequate income related housing allowances.

Homelessness:
Housing pressures also emerge in the form of homelessness. New York City currently houses over 60,000 individuals and families on a nightly basis at its shelters, as required by a right to shelter law (Callahan, 1979; Coalition for the Homeless, 2019). Another 3,000 sleep rough on the streets (Wang, 2015).

The 'Everyone In' policy during the pandemic has shown that London has about 4,500 rough sleepers once those using night shelters are included (Crankshaw et al, 2020). In addition, London authorities have responsibility for accommodating some 60,000 households who are accepted as inadequately housed (including in particular having been evicted from a private tenancy) and in need of settled accommodation which the authority procures either in social or privately rented housing. So the numbers look similar between the two cities but are in actuality very different.

In NYC: City funding for this population doubled from 2014 to 2019 to over three billion a year (West, 2019). Efforts to prevent homelessness also recently increased: rising from over $400 million in 2014 to $1 billion in 2019 (Stringer, 2019). New York has also proposed the creation of an additional 15,000 units of affordable housing over fifteen years for homeless households (New York Department of Homeless Services, 2019). Even so, the City is simultaneously struggling to find new means to offer adequate shelter; learn how best to prevent homelessness; and how to dissuade communities from blocking every effort to build more shelters (Desmond, 2016; Office of Homeless Services, 2019).

In London – and the UK more broadly - local authorities are required by central government to determine who needs housing support and provide the services and accommodation necessary to meet identified needs (Crisis, 2019; Whitehead et al, 2020). Central government provides large scale grants to local authorities in addition to income related housing benefits to the households, although authorities still have to provide significant resources from their own budgets (Scanlon et al, 2019). As a result of the pandemic, very significant additional funding has been made available in London to provide both emergency, self-contained accommodation for rough sleepers and those in night shelters, together with longer term accommodation and support (Crankshaw et al, 2020). In the US, it is still unclear if Congress will decide to allocate additional support to prevent recession driven evictions and increased homelessness. City and state budgets are already stretched thin covering the health and welfare impacts of the current pandemic (Dougherty, 2020).

5. Comparing current local capacity to influence affordable housing supply in London and New York

In both cities powers lie at two levels: at City level– i.e. NYC and GLA and the boroughs within the boundaries of that city. However, in London these powers ultimately stem from central government in a way which is very different than New York.

In London: The GLA's main regulatory power lies in the London Plan (GLA, 2018a). In principle this is a very powerful tool, but it deals with land capacity rather than delivery and is subject to approval by central government – currently being withheld (GLA, 2020).

GLA's second major power is in the allocation of large scale central government funding in accordance with policies agreed in the Plan. The latest settlement from 2018 – 2022, at £4.8 bn will fund over 116,000 affordable homes (Trust for London, 2019). The money can also be used for encouraging modern methods of construction, the development of construction skills and support for large scale regeneration projects led by local authorities (GLA, 2018; GLA2019a; Pinoncely & Belcher, 2019; MHCLG, 2020).

A third benefit the GLA has is that they own or control large quantities of public land from which they can gain revenue and ensure more land is available including for affordable homes.

A final power which lies with the boroughs but is mediated by the GLA is to require a proportion of affordable homes on all new developments, with about 50% of new affordable homes coming directly from this requirement (Lord et al, 2020; Crook & Whitehead, 2019).

Even with these powers, housing output in London (as elsewhere in the country) is running far below the identified needs and is likely to continue to do so into the foreseeable future (Holman et al, 2016; Scanlon et al, 2018).

In New York: In the current environment both the US Department of Housing (HUD) and New York City government are trying to identify new, innovative policy tools to help address the city's housing needs (Galster, 2019; PD&R 2019). While some city efforts are built upon federal policy authorization and funding (Section 8 project based vouchers; LIHTCs; the Moving to Work demonstration etc.) others are locally driven, often through the city's legacy planning and funding platforms.

In this context, Table 2, above, shows the additions to the affordable rental stock by local governments over time using local capital funding. In addition, the HUD Rental Assistance Demonstration (RAD) is currently being used in New York to repair and reconfigure roughly 60,000 of its NYCHA units (NYCHA 2019; Ferre-Sadurni, 2019a and b). However, there is a recognized backlog of repair needs of over $40 billion, with costs at one site of over $400,000 per unit to rebuild to include sustainability features (Schwartz, 2017).[ii]

New York, like a number of other US cities and states is using local powers to require forms of mandatory inclusionary zoning for affordable housing when developers seek approvals or tax abatements to build rental housing (NYU, 2015; Schwartz 2019). Research (Schuetz, Meltzer, & Been, 2015) however cautions against assuming this alone can adequately expand the supply of affordable housing significantly. Some local jurisdictions are trying to improve the cost effectiveness of housing assistance programs such as vouchers (2M Research, 2018). Such research may help in understanding how "naturally occurring affordable housing" operates and sustains itself (Calugar, 2019).

Whatever the outcome of these strands of research and innovation, no single strategy can succeed alone given the scale of need in the city. There will continue to be uncertainties about both federal and private sector funding and competing policy priorities from fields like education, military needs, and health care (Been, 2019). State and local initiatives, leveraging as much as they can from Federal resources, appear central to any more equitable policy future (Katz & Novak, 2017).

6. Conclusions

The evidence set out in this paper suggests that rental housing markets in the two "global" cities, have evolved in partly analogous but distinctive ways to generate significantly different outcomes.

The biggest legacies that we have identified are around the role of the cities' land use planning systems in determining the availability and use of land; the large programs of clearance of poor quality housing and provision of affordable housing funded mainly by national government; and the regulatory and subsidy frameworks that help determine rents for poorer households.

In terms of policy approaches, New York and London appear most analogous while developing new built forms of public or social rental housing, and again as each country moved aggressively away from costly new build, supply side programs. Where the divergence is sharpest is that while the US and New York have had decades of national government financial cutbacks, Britain has, even under conservative governments, elected to maintain a strong central support for social housing. On the other hand, NYC has some capacity to raise local taxation in ways which is not available to London (London Finance Commission, 2017). Each struggles, uncertainly, to solve or even dent the homelessness issue which appears likely to worsen following the pandemic unless central government intervenes.

What should be stressed in this context is that, in the face of continuing housing pressures, both London and New York have put more resources into alleviating their citizens housing problems than most other cities in the UK and the USA respectively. However, they have done this in the main through affordable housing policies based on sub-market rents which inherently means that others in need of assistance are excluded. National policies of income related support have to some extent alleviated this problem but have not been enough to incentivize substantially higher housing investment.

Perhaps it is at this point that we should return to the definitions of affordable housing set out in the introduction. All of the legacies we have discussed relate to the second definition - the impact of housing policies directed at providing affordable housing – either by providing more dwellings or by limiting the rents paid by poorer households. In this context, New York and London have both used large scale resources (whether their own or from national government) as well as regulatory powers and have had some success.

Looking at the first, more fundamental, definition of housing expenditure in relation to income there are political-economic commonalities between the two cities - some of which could be attributed at least in part to their position in the global system. In both New York and London there are high house prices, rising rents and worsening income inequality. Productivity and income benefits appear to be increasingly concentrated among asset owners and the rich. The result is that poorer households in both cities, who receive inadequate or no direct assistance, are unable to pay for both reasonable housing and the other necessities of life - a pattern observed across the world in global cites, whatever their history of government intervention (United Nations, 2019).

Looking to the future:

London and New York are of relatively similar scale and both are open systems dependent on trade and flows of resources. Both are analogously affected by globalization, notably through the international flows of funds and world-wide low interest rate regime as well as sometimes high levels of migration. These are impacting both positively and negatively on housing markets. But so they did in the nineteenth century and into the longer term the growing financialization of housing may appear just as another stage in the long housing histories of both cities.

Within this broader context are there probable and effective solutions to New York and London's affordable housing needs? The answer in the short run of the next five to ten years is most probably no. This is because almost all of the ingredients to answer this question are largely in place and project a future much like the present: abundant unmet housing need, continued homelessness, local governments struggling to help their poor, pressures of gentrification and the pandemic across active housing markets, persistent racial and class divisions, and inadequate funding from central government (Mann & Ornstein, 2012; CBO, 2019; Davidson, 2019; GLA, 2018a).

What New York helps us to see, however, is that a wealthier, somewhat globalized tax base can at least in principle "afford" a degree of affordable housing assistance, and that its multiple, centuries-old legacies constitute viable if Balkanized and contested roots to aiding the housing poor.

Compared to New York, London has a more generous legacy of affordable housing based on greater national involvement. On the other hand, private rents are all market determined and London itself has very limited powers to tax or to manage rents. So as with New York housing policy is a patchwork with many holes, but with earnest efforts at patching these gaps.

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[i] Racial divisions including segregation and discrimination are important constraints on the efficiency and equity of US housing programs but are not addressed more fully here (Massey & Denton, 1993; Mallach, 2018; Bowser & Deaudutt, 2019).
[ii] The costing data were kindly provided by Prof. Alex Schwartz; May 2019.

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Charts & Tables

Chart 1: Influencing a city's housing system: a simplified model

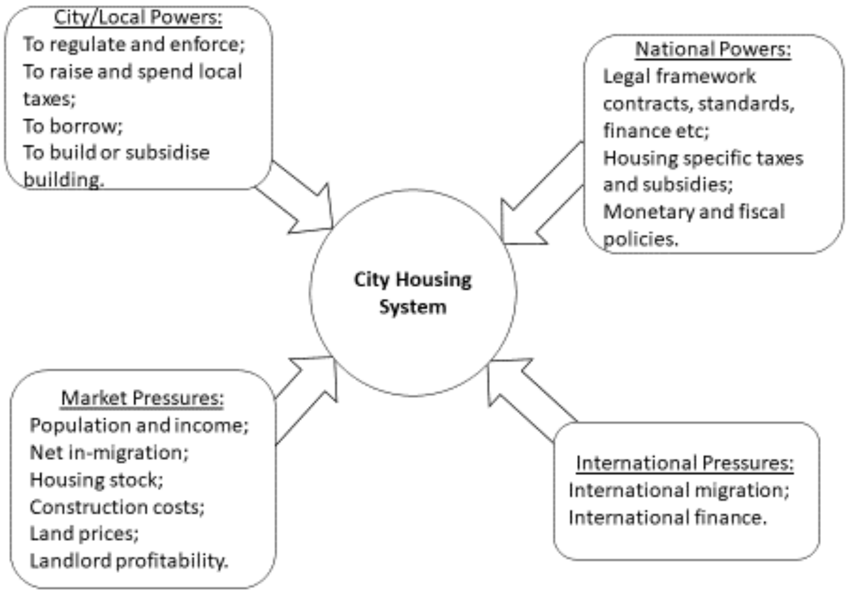


Chart 2a: Influencing housing in London and New York: pre-1914/1918

Chart 2b: The Inter-war period and its legacy

Chart 2c: Post war divergence: greater centralization v localization

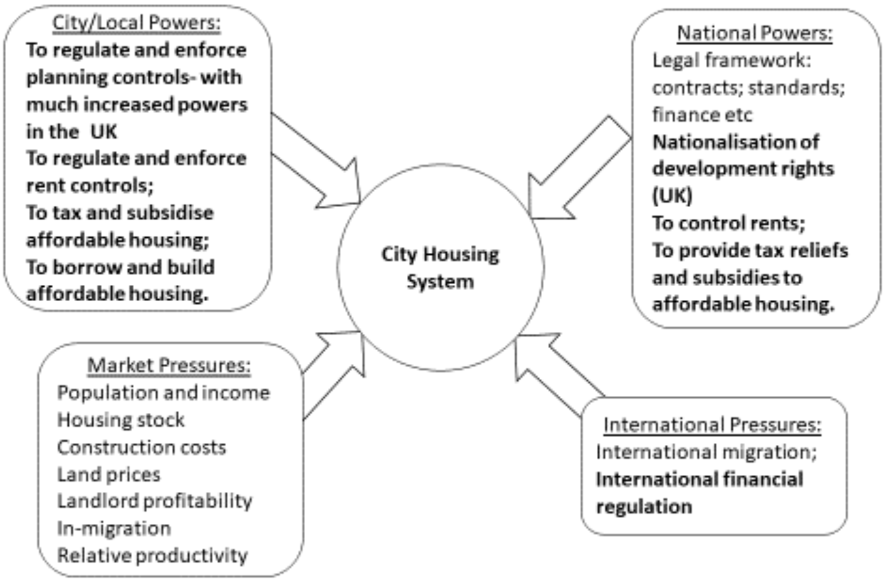


Table 1: Social and affordable housing completions, London: 1961 - 2018

	Local authorities	***Housing Associations***	***Total***
1961 – 1980	380,000	30,000	410,000
1981 – 2000	40,000	59,000	99,000
2000 – 2018	39,000	106,000	145,000
Total	459,000	195,000	654,000

Source: GLA, 2019

Table 2: NYC Annual Housing Starts & City Capital Funding, by Mayoralty: 1987-2019

Mayoralty Term	*Affordable housing starts*	*Capital funds (000, in 2017 $)*
Koch: 1987-90	20,860	$591,560
Dinkins: 1991-94	14,240	932,060
Giuliani: 1995-02	9,460	457,515
Bloomberg: 2003-14	14,560	459,120
De Blasio: 2015-18	25,140	914,020
Total 1987-2018:	***84,260***	**$3,354,275,000**

Source: Adapted from Schwartz 2019, table 3; Mayor's Management & NYC Comptroller's Budget Reports.

Chart 2d: Increasing use of local powers but growing international pressures

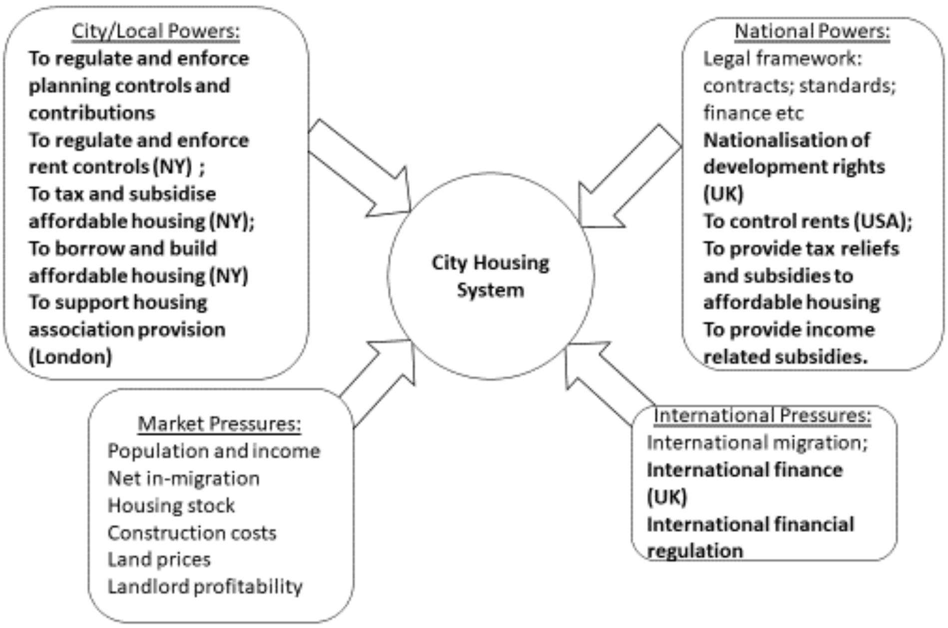
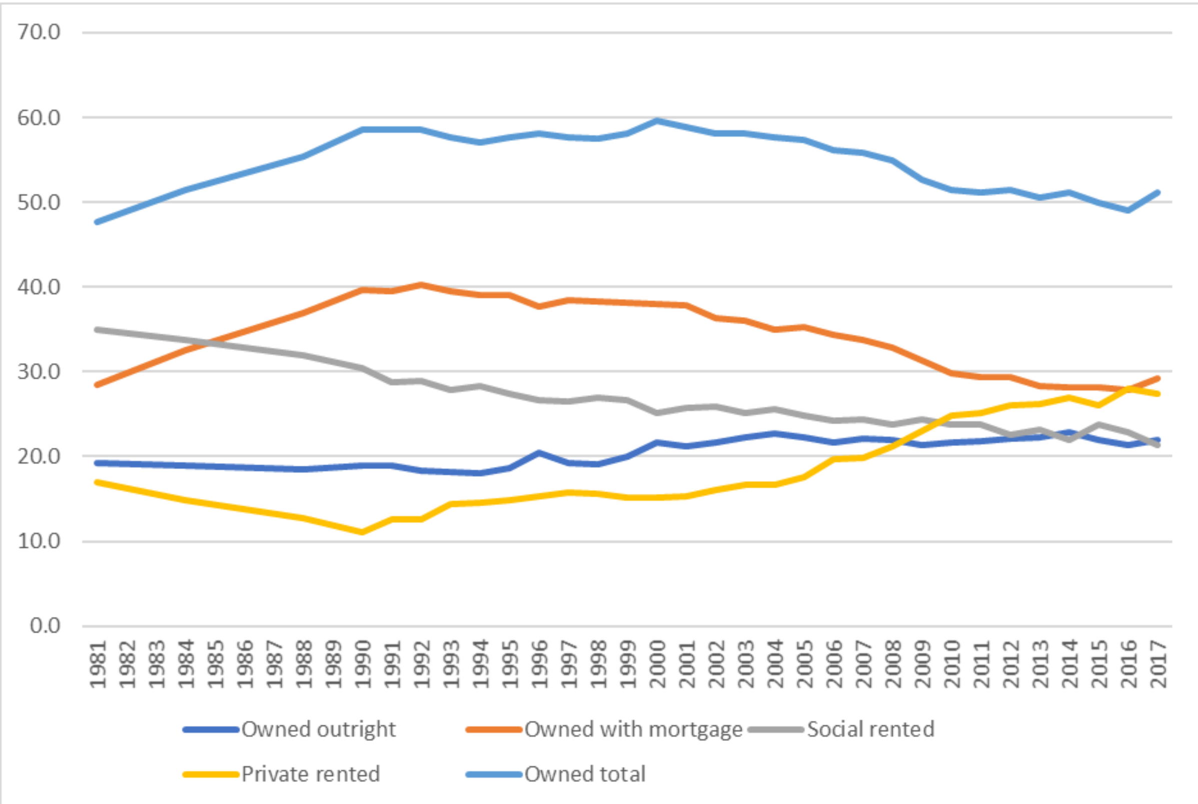


Table 3: Rental Housing Inventory enumerated by Rent Regulation Status & Median Rents, 2017

Rental Units by Status	*Proportion of Households*	*Median Monthly Gross rents*
All Rental Units	2,180,060	$1,450
Rent Controlled	21,750	$1,039
Rent Stabilized	966, 440	$1,375
Public Housing & other subsidies	258, 020	$649
Private, non-regulated	936,850	$1,830

Source: New York City Housing & Vacancy Survey for 2017 (2018): https://www1.nyc.gov/assets/hpd/downloads/pdf/about/2017-hvs-initial-findings.pdf

Chart 3: Household Tenure in London 1981 - 2017



Source: Housing in London, 2018, https://data.london.gov.uk/dataset/housing-london

Table 4: Tenure in London by Income Quintile (2012/13 - 2014/15)

Income group	*Lowest quintile*	*Second quintile*	*Third quintile*	*Total*
Social tenants	50%	33%	25%	23%
Private tenants	25%	33%	38%	28%

Source: Housing in London, 2017, tables. https://data.london.gov.uk/dataset/housing-london