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Why New York City needs an improved 421-a program

By Dr. Hazel N. Duker



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Opportunity is the foundation of mobility in our communities. In New York City, a place of incredible prosperity, all too many have found their foundation crumbling. The opportunity for affordable housing and local jobs lies at the center of building that strong foundation, and without a viable path forward, we risk harm to our neighborhoods and our communities.

As the New York legislative session comes to a close, our elected officials will have to consider reauthorizing the 421-a tax abatement, a benefit integral to creating affordable housing and spurring job creation in our communities. The need for affordable housing in New York City is nothing short of a crisis, and with each passing year, it's only getting worse. We need to make New York City a place for all New Yorkers to call home, and while there is no silver bullet, 421-a is a major part of the solution. We can never hope to meet the future need without 421-a.

There are some who are pushing to have a prevailing wage proposal tied to the construction of new 421-a buildings. Unfortunately, tying a prevailing wage to 421-a construction will actually limit the ability to build the amount of affordable housing needed.

As the cost of living in New York has gone up, so has the cost of construction. Just preserving affordable housing units is challenging, let alone building new affordable housing units. Making 421-a projects contingent on a prevailing wage would add another, potentially catastrophic roadblock in creating the affordable housing we need so badly by limiting the number of units that would be built or significantly driving up the monthly rents of these no-longer affordable units.

New affordable housing construction doesn't just mean stable living opportunities, it also means new job opportunities for the thousands of local workers and contractors across our city. In African-American and Hispanic communities across New York, construction and contracting have been vehicles of opportunity, transforming the neighborhoods we live in from the bottom up.

Tying prevailing wage to 421-a developments would also make it harder to hire local workers. In some areas of New York City, unemployment rates are still more than 50 percent higher than the rest of state. Despite strong evidence that the city has rebounded from the Great Recession, our African-American and Hispanic communities have not shared in those gains. In April of this year, unemployment for Black Americans fell below 10 percent for the first time since the financial crisis, yet it's still double the unemployment rate of white Americans.

Furthermore, a report issued in March by the New York Building Congress showed that African-Americans, who represent 25 percent of city residents, compose only 13 percent of the construction workforce, illustrating just how important it is to prevent further limits on employing local workers.

Higher wages for local workers is an incredibly important factor in uplifting our communities. However, if a prevailing wage deal is tied to 421-a construction, affordable housing builders will be required to hire from a limited group of contractors, meaning that many African-American and Hispanic workers who have experience building affordable housing in our city, would be barred from working on those projects.

The New York state chapter of the NAACP has joined a coalition of affordable housing advocates, nonprofit policy organizations and real estate builders to push for an improved 421-a tax abatement without a special prevailing wage deal. Under this updated 421-a plan, developers will have to set aside 5 percent to 10 percent more affordable units than the current program requires. Furthermore, all 421-a developments will have to set aside affordable housing units, something that currently only applies to certain zones of New York City. This will mean more affordable housing for more local residents in more neighborhoods across New York. It will also mean more job opportunities for local and minority populations of our city. Taken together, this improved 421-a program will mean that we have a shot at building the foundations—and the buildings that rest on them—stronger for all New Yorkers.

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