Striking back: combating predatory equity and promoting affordable housing in New York City

Jonah Stewart Grob
Vassar College
Striking Back

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Jonah Stewart Grob
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Adviser, Professor Brian Godfrey
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List of Terms

JOE: Joint Ownership Entity
CASA: Community Action for Safe Apartments
CDC: Community Development Corporation
HPD: Housing Preservation & Development
HDFC: Housing Development Fund Companies
AMI: Area Median Income
LIHTC: Low Income Housing Tax Credit
NYC: New York City
Abstract
Recent years have seen a dramatic rise of housing prices in New York City. These increases are linked to predatory equity practices, and have caused large swathes of the city to become inaccessible to the poor and working class. The purpose of this research is to compare two distinct approaches to combating New York City’s affordable housing crisis and predatory equity specifically. CASA (Community Action for Safe Apartments) is a Bronx-based, grassroots organization focused on tenant rights, community power building, and targeted political actions including reforming housing court. JOE Initiative (Joint Ownership Entity) is a new entity comprised of non-profit Community Development Corporations (CDCs) whose mission is to “scale up” the financial and political power of the CDCs by aggregating member resources. The methodology is qualitative, and based on interviews with leaders and review of relevant documents.
“A bad day in New York City is still better than a good day anywhere else.”
-Unknown
Chapter 1: Introduction

In 2006, two private equity giants, Tishman Speyer and BlackRock, joined forces to purchase the complex known as Stuyvesant Town on Manhattan’s East side. Soon after the purchase—then the largest real estate transaction in US history—stories of tenant harassment and illegal rent increases began to surface. In order to meet their debt obligations, the new owners relied on forcing rent-stabilized tenants out, and bringing market-rate tenants in. The dynamic at work here, of corporations pursuing profits at the expense of human misery, is nothing new. The twist here is that there haven’t been any profits. Four years later in 2010, with financial markets still reeling from the shock of the Great Recession, BlackRock and Tishman Speyer defaulted on the mortgage. The situation resulted in a lose-lose scenario: many residents were harassed and displaced, and investors failed to turn a profit (Sweeting 2016).

Stuyvesant Town is by no means alone. The primary reason behind the rash of defaults is that competition between firms has driven the price of the real estate assets to inflated levels. Private equity funds must then take out huge bank loans and mortgages in order to finance their acquisitions, and quickly find it impossible to handle the debt payments. The private equity funds that engage in this practice—buying rent-stabilized property with the intent of transitioning it to market rate and reselling—are known as predatory equity funds, or just predatory equity. The fact that Tishman Speyer put up only $56 million of the $5.3 billion purchase price, and financed the rest with debt that was then repackaged and sold on secondary markets, illustrates to an extreme the reckless financial practices that characterize predatory equity in New York City.
Even more disturbing than the reckless financial math behind the Stuyvesant deal is the fact that default brought only more challenges for tenants. Crucially, the default meant that Stuyvesant Town was officially “in play” as an asset to be bought, sold, and traded on the open market. In 2015, another consortium of buyers stepped up and bought the property, which lead to another round of tenant harassment and rent increases.

Stuyvesant Town is a perfect example of how the “financialization” of housing makes tenants vulnerable by stripping away protective measures like subsidization, rent stabilization, and the inclusion of tenants in management decisions. From the perspective of the market, Stuyvesant Town is now a commodity to be manipulated towards profit by any means possible (Appelbaum et al 2013). There is no place in this equation for the needs of residents. This situation is highly related to “financialization”, a term which refers to the increasingly powerful role financial institutions and financial markets play in traditionally non-financial areas, such as affordable housing. The financialization of affordable housing fundamentally disenfranchises residents from both their right and their capacity to have a say in what happens to their homes. Financialization is further defined and discussed in Chapter Two.

The Stuyvesant example stands out because of its magnitude ($5 billion purchase price), but there are countless comparable cases. Around 10% of NYC’s rent-stabilized apartments (100,000 apartments!) were bought up by predatory equity in the mid 2000s (Appelbaum et al 2013). This constituted a landmark shift in the composition of NYC’s rental-housing market, a shift that has necessitated new political and economic strategies for the survival of affordable housing.
I began this introduction with the Stuyvesant example because it is a case study of the contemporary problems that are facing affordable housing in New York City. While the history of affordable rental housing in NYC has always been one of struggle, the threat constituted by the current widespread financialization and predatory equity is fundamentally different from anything seen before. Equity actors have already transformed vast tracts of the city’s affordable housing to market rate, thus radically altering the built and human landscape of New York City.

Against such an onslaught, policymakers must inevitably look to the community development corporation (CDC) for solutions. CDCs are non-profit organizations that own, develop and manage portfolios of affordable housing. They may also provide a variety of community services such as after-school programs, English classes for non-native speakers, and programming for seniors and veterans. For decades, CDCs have produced, maintained, and expanded affordable housing in New York. Yet in recent years, many CDCs’ portfolios of affordable housing have been acquired by private actors, and transitioned to market rate in a process that results in the eviction of low-income, predominantly persons-of-color tenants, and the arrival of wealthier, often white, populations (Fields 2014).

Thus, this analysis will be haunted by an underlying question: In what sense is the CDC itself a historical product of its time and place, an organizational solution to the ever-problematic and conflict-ridden relationship between owners and renters, property managers and residents? How can CDCs transform themselves into organizations better suited to tackle the challenges of the new financialized urban landscape? Does the advent
of predatory lending and the attendant financialization of affordable housing call for new kinds of organizations?

This thesis seeks to answer the above questions by focusing on a comparison of two approaches adopted by CDCs to deal with this crisis: CASA (Community Action for Safe Apartments) is a grassroots effort to build community power, ensure landlord accountability, push for long-term affordability and inclusive development, and reform the Bronx housing court that systematically evicts tenants. JOE (Joint Ownership Entity) is a brand-new organization designed to agglomerate and scale-up the financial and political power of member CDCs in order to fight back against predatory equity.

Using a qualitative methodology, including interviews with leaders of CASA and JOE, and a review of key documents, this research will show two important and successful examples, one largely political and legal, and the other largely financial, of how CDCs are teaming up to address the broad political and economic threat posed by predatory equity to affordable housing. These case studies help us to clarify understanding of concepts of “neoliberalism,” “predatory lending,” “financialization,” and connect them to questions of spatial justice and the right to the city, and a deepened critique of uneven urban development in a capitalist society.

New York’s Affordability Crisis

The skyrocketing cost of living in New York City is a familiar tale to residents and to most who have visited the city. The maps and diagrams in this section give the reader a rough sense of the dimensions of the problem, and bring issues of uneven spatial development and of spatial justice to the fore.
At this point, a basic definition of affordability is necessary. For the purposes of this thesis, affordable housing means housing affordable to those earning 60-100% of AMI (Area Median Income). In New York City, “affordable” housing is not all that cheap. It is important to distinguish between affordable housing and public housing in New York: the latter is designed to house the poor, while the former is targeted towards the middle class, or “workforce.”
Figure 1 shows the share of each borough’s median income needed to pay each borough’s median asking rent. In four out of the five boroughs, roughly half or more of median income is needed to pay for the median rent. Typically, households budget to spend 30% of income on rent. Figure 1 therefore gives a sense of the huge burden placed on many households by NYC’s high rents. Aggregate measures like this one must be taken with a grain of salt due to the extremely specific nature of urban development, but the general trend of massive rent burdens is important.
Figure 2 shows the neighborhoods that were expected to experience the greatest increase in rental demand in 2016. What’s interesting here is that none of these neighborhoods are in Manhattan, and most could be considered peripheral to the economic core of the city. This map gives the viewer a rough sense of the boundaries of the “financialized” urban landscape in New York City.
New York City’s Opt-Out Outlook

Between 2015 and 2024, over 58,000 units of subsidized affordable rental housing will be eligible to opt out of all affordability restrictions. This map shows the location and number of affordable units in properties eligible for opt out.

Figure 3 shows the locations of affordable housing units that will become eligible to transition to market rate over the next decade. Interestingly, some of the locations where affordable housing is set to “time out”, match with the hottest neighborhoods shown in Figure 2. These overlapping locations will be especially threatened as increased demand prompts landlords to opt-out of affordability. An important takeaway is that preventing the transition of subsidized housing to market rate is at least as important as the construction of new affordable housing (which is extraordinarily expensive in current circumstances). Every unit preserved is a unit that does not need to be rebuilt.
A number of organizations and initiatives have made it their mission to solve this affordability crisis. CASA and JOE are two such organizations. The two are radically different in their approach to solving the fundamental problems associated with financialization and predatory equity, but share certain similarities as well. A comparison of the two initiatives will serve to explore the dynamics of housing activism in New York, and to delve into the deeper questions of justice in the urban space, and of what it means to truly represent the interests of a community.

**How is affordable housing produced?**
To understand how the rise of predatory equity and the financialization of affordable housing has happened, and the attendant affordability crisis mentioned above, we must understand the seemingly arcane but all-important concept of the Low-Income Housing Tax Credit – the bedrock of affordable housing in New York City and across the United States.

Affordable housing finance is complicated. In New York, it involves numerous agencies representing the federal, state and city governments, as well as a variety of public/private partnerships, foundations, and community development corporations. One of the primary financing tools is the Low-Income Housing Tax Credit, hereafter referred to as LIHTC. These tax credits basically serve as bonds that raise capital for affordable housing projects. The government sells what amounts to long-term tax write-offs to buyers (mostly large corporations) in order to raise the capital needed to subsidize housing costs (Cummings and DiPasquale 1999). Through a complex and bureaucratic process involving the two city agencies HPD (Housing Preservation and Development) and HDFC (Housing Development Fund Companies), the money raised by LIHTC is granted to community development corporations who use it to build affordable housing.
Perhaps the most important thing to understand about LIHTCs is that they expire, throwing the financial status of the affordable housing they helped build into limbo, and creating the opportunity to transition buildings to market-rate rentals. As a result, most of the affordable housing produced in NYC is not permanent, but “times out” after at the end of a certain period. This is a problem because the city must keep up an enormous level of production in order to compensate for the affordable housing that is lost every year. Thus, in order to close the housing gap, New York must both produce more affordable units, and preserve the units that already exist.

The complexity of New York City’s affordable housing world has some important implications that are not fully included in the scope of this thesis, but deserve mention at this point. A result of the complexity and opacity of the affordable housing system is that it shifts power to create affordable housing outcomes to people that work on these issues full-time - for example the private developers, the consultants who created JOE, and the leaders of CASA. These actors have the knowledge and experience to understand and alter the inner working of an affordable housing system that often seems impenetrable to those on the outside and even those living within these communities. That the people with the most affordable housing expertise should have the most power in creating outcomes is not necessarily surprising or a bad thing, but it should not necessarily be taken for granted either. Is it possible that the complexity and opacity of the affordable housing system is a sort of political achievement? Who benefits from such an obscure and opaque system? Who loses? These are questions that will not be answered here, but should be kept in mind while reading this thesis.
Why is a comparison necessary?
A comparison of JOE’s and CASA’s respective approaches to addressing NYC’s affordable housing crisis is important for a few reasons. First, there is a substantial gap in literature concerning existing efforts to defend and expand affordable housing in New York, especially community-based efforts like CASA. Projects like CASA deserve greater attention from academia for their longstanding centrality in affordable housing and urban justice more broadly. An even greater “gap” exists for JOE in that, as yet, nothing (aside from two or three press releases) has been written about this organization either within the academy or in the popular press. Critical analysis of the JOE initiative is crucial because of the enormous potential of the organization to alter the power relations governing affordable housing in New York City by helping the traditional CDCs team up.

The goal of this comparative approach is to not only provide up-to-date information about CASA and JOE, but by analyzing their possible complementarity and differences to foster a better informed critical debate over how best to meet the housing needs of working class people in New York City.

Part of the academic community’s role is to critically analyze new ideas and diffuse them into the public consciousness so that they can be introduced into society. Thus, academic reviews of both JOE and CASA are worthwhile for fostering a better-informed debate about housing policy. These reviews will lead toward a comparative perspective through which CASA and JOE will be seen as very different, but complementary approaches to the larger problem of how CDCs can respond to the affordability crisis.
Methodology
The methodology for the comparison between JOE and CASA has been primarily qualitative. I have conducted interviews with the leadership of both organizations, and also have personal experience in both cases. I spent the summer of 2015 working on the JOE NYC project, and gained familiarity with the goals, structure, and ethos of the organization as building relationships with JOE’s architects and leaders: Esther Sandrof, Marc Jahr, and later, Peter Madden. I worked primarily for Esther, and accompanied her to numerous meetings regarding the structuring and start-up of JOE. I was also present for some of the meetings regarding Maria Rosado, which will be examined as a case study in greater depth in chapters four and five. For CASA, my interviews focused on Sheila Garcia (deputy director of CASA), and I also participated in a visit to Bronx Housing Court with some CASA activists. After visiting the housing court, I attended an informational session and workshop at CASA headquarters with the leadership team and general membership. These experiences were extremely formative in terms of my thinking and analysis of both organizations. I am a firm believer in the value and power of direct observation and participation as a research method. It was important to me to get a sense not just of the activities of the two organizations, but also the communities they serve, the spaces they inhabit and influence, and the culture of organizations themselves. These interviews and experiences helped to create a narrative for each organization that highlights the strategic goals of the groups, the methods they employ to achieve these goals, and the personalities and stories of the people involved in these struggles.

My research methodology for this thesis project has emerged from a combination of professional, personal, and academic interests and ties to the organizations involved. I chose JOE and CASA because I believe the commonalities and differences between the
organizations help illustrate the dimensions of New York City’s affordable housing crisis, and potential solutions to this crisis. I also chose JOE and CASA because of my experiences with both organizations. While of course any qualitative (and probably even quantitative) methodology runs the risk of bias, I believe that my connections and experiences with JOE and CASA qualify me to analyze and interrogate the organizations in ways that would be impossible with organizations with which I am not familiar. The goal of this thesis is not to impartially dissect and compare JOE and CASA, but to examine their stories, struggles, and victories in an attempt to bring new and critical perspectives to one of New York City’s most pressing problems. To this end, my experiences with both organizations serve as a “jumping-off point” for this research project.

This project is personal for me in a few ways. Because of my experience working on and learning about JOE and CASA, I feel not only connected to these organizations, but to the expansion and preservation of NYC’s affordable housing more generally. While I acknowledge my positionality as one of extreme privilege in more ways than I can count, and I want to avoid speaking for the tenants and families most directly affected by affordable housing policy, I want to state my firm belief that affordable housing in New York is truly in the interest of everyone who lives, works in, and enjoys this beautiful city.

CASA: Scaling Up Advocacy for Tenant Rights
CASA is a member-based tenant-organizing branch of New Settlement Apartments, a community development corporation in the southwest Bronx. CASA seeks to protect and preserve affordable housing by means of collective action. To this end, CASA organizes
local tenant associations to protect affordable housing, provides tenant-rights workshops and legal clinics, holds regular community-building and leadership development meetings, and is involved in city and state policy campaigns (CASA 2017).

Perhaps the heart of CASA is the organization’s struggle to reform the Bronx Housing Court. Reforming this institution, deemed an “eviction mill” by the tens of thousands of tenants who pass through the court every year, is central to CASA’s mission of organizing tenants to actively protect the communities they hold dear. To say that housing court is difficult for many tenants to navigate is an understatement. Confusing bureaucratic hierarchies, unclear instructions, and lack of counsel leads many tenants into situations where they are powerless to contest the claims brought against them by landlords. Extremely high eviction rates are commonplace. CASA seeks to redress this imbalance of power by providing basic legal training to as many tenants as possible through community outreach programming. CASA is also fighting a broader campaign for new legislation that would require the city to provide an attorney for tenants in housing court, a practice already constitutionally guaranteed in criminal court (Casa 2017).

CASA’s community-based-power approach is confronting the highly complex and convoluted web of organizations, political bodies, and private capital that inhabit the affordable housing landscape of New York City. The variety of actors involved in the financing, construction, and management of affordable housing means that it is very difficult to pick a specific target to hold accountable. Many of CASA’s efforts focus on direct actions against landlords, who often represent the face of predatory equity, and are clearly connected to the everyday lives of tenants.
It is worth noting that CASA has been around for a lot longer than JOE, and while JOE is definitely not a substitute for CASA, JOE is an evolution towards filling a financial challenge that CASA’s political advocacy has not addressed, and that CDCs like CASA’s parent organization New Settlement Apartments had not yet solved. In this way, JOE builds on CASA, not as an improvement to what CASA does (the organizations have different specific goals and different methods of working towards these goals), but as a supra-CASA organization that gives New Settlement (and by extension CASA) and other CDCs a new way to accomplish their mission. At the same time, CASA itself, in launching political campaigns that serve the needs of all residents of affordable housing in NYC, has accomplished its own “scaling up”, like JOE, only in the political rather than the financial realm.

**JOE NYC Initiative: Scaling Up the Financial Defense of Affordable Housing**

JOE NYC is a new Joint Ownership Entity for non-profit owned affordable housing assets in New York City. JOE was founded by a group of New York CDCs to respond to the challenges facing affordable housing especially the threat of predatory equity. The purpose of JOE is to strengthen the asset management and property management capacities of the CDCs who participate. JOE seeks to stabilize the balance sheets of participating CDCs and use organizational strength to decrease costs. One of the primary goals of JOE is to increase CDCs’ access to the financing they need to renovate and update affordable housing properties, and in order to enable CDCs to compete with private sector firms in acquiring and developing new properties. If a property is bought by a mission-driven, non-profit CDC, it is far more likely to remain affordable than if it is bought by a predatory developer (JOE NYC 2017).
JOE is a high-level response to the climate of predatory equity in NYC’s affordable housing market. Many CDCs have struggled as rent increases and gentrification have chipped away at their communities. CDCs have an especially tough time with financing. The city and the banks generally regard CDCs as less creditworthy than private affordable housing owners of comparable scale. CDCs are therefore required to keep a much larger reserve fund than their private counterparts. The practical result is that CDCs have far less liquid capital available than the private actors do (Sandrof 2017).

JOE seeks to address both the bank’s mistrust of CDCs, and also the large reserve fund requirements. Because JOE represents a conglomeration of non-profit affordable-housing owners, it has significant political sway with the city agencies that deal with affordable housing. The organization believes it can use this lobbying power to change the laws regarding the reserves, potentially freeing up these capital reserves for important uses like renovations and acquisitions. Further, by combining the assets of all the participating CDCs onto a single balance sheet, JOE will quickly become an entity with significant assets - likely more than $1 billion in the first few years alone. An organization of this financial strength is not so easily ignored by the banks as a CDC with an operating budget of a few million. JOE is in a strong position to negotiate with the financial community for quick and cheap access to credit (Madden 2017).

Already, JOE has been experiencing a remarkable degree of success. JOE was awarded Innovation of the Year at LISC’s NYC’s 2017 Big Apple Awards (LISC 2017), and has been overwhelmingly positively received by the non-profit affordable housing community, and city agencies such as HPD. In terms of tangible success, JOE has tangled
with private developers over affordable housing projects across New York City and emerged successful - as exemplified by the Maria Rosado case study in Chapter 4.

**Format**
The first chapter of this thesis has introduced the two organizations I am comparing, the crisis in affordable housing these organizations seek to address, and the key concepts needed for understanding the importance of these cases for the struggle for affordable housing. Chapter Two delves deeply into the theoretical context outlined in this introduction, taking as its basic starting point that to understand affordable housing requires a class analysis of urban real estate development, so a good place to begin is with Friedrich Engels’ view of 19th century English slums growing up around urban industry. Updating this critique of capitalist urbanization to the post-industrial era requires such terms as financialization, neoliberalism, and predatory equity, and a consideration of the neo-Marxist writings of Harvey, Soja, Saegert, and Fields, including the concept of the “right to the city,” and “spatial justice.” This chapter also reviews the existing literature on affordable housing in New York, and identifies the specific gaps that this thesis will attempt to fill. Overall, Chapter Two grounds the thesis in academic thought, and joins a broader conversation about affordable housing in New York City and the dynamics of urbanism in the post-industrial capitalist world.

Chapter Three is a qualitative analysis of CASA. This chapter attempts to describe CASA as it perceives itself, and as it is perceived as others. I employ a methodology composed primarily of interviews and background research. Additionally, Chapter Three analyzes the goals and methods of CASA, and places them in the broader
context of the complex web of city politics and economic conditions within which affordable housing policy is produced.

Chapter Four is a qualitative analysis of JOE, with particular emphasis on the structure, goals, and methods of the organization. Chapter Four also explores the Maria Rosado case study, where JOE takes on and defeats a predatory equity actor in Brooklyn. Based on interviews with JOE’s leadership and background research, Chapter Four seeks to give the reader a sense of the ethos of the JOE organization, and the personalities and motivations of the people who build and run the organization. Chapter Five is a space of comparison. What are the differences in approach between JOE and CASA? What spaces do they operate in? Do these spaces overlap? What does a comparison of these efforts say about affordable housing in New York more broadly?
Chapter Two: The Housing Question and the Right to the City

This section will introduce and explore three theoretical contexts or “lenses” through which to engage JOE and CASA. Rather than representing three varying approaches, I believe these lenses enrich one another, and ultimately enable an analysis that spans multiple modes of thought. The first begins with Friedrich Engels’ writings on housing in the 19th century, and follows the rich literature that a series of Marxist geographers have generated in conversation with Engels and one another around housing as it related to capitalism and class struggle. The second lens is based in human rights, and aims to ground JOE and CASA within a framework of the right to the city, and spatial justice. The third adds the terms financialization and neoliberalism to the affordable housing discourse, and specifically addresses the unique array of political and economic issues facing housing in contemporary New York.

In introducing Marxist, human rights, and neoliberal theoretical contexts, I hope to challenge the longstanding divide in geography which can be (overly) simplified as the Marxist tradition, and the humanist tradition. While I tend to fall more on the Marxist side of this split, researching and writing this thesis has made me wary of dismissing the role that feelings, emotions, personal experience and a host of classically “humanist” factors play in producing our world. JOE and CASA are embedded in systems of capital accumulation, urban development, and neoliberal economics, but they are also built by people with their own narratives, perceptions, and feelings about how the world works, their place in it, and how to create change.
Connections to Marxist Thought

In this section I will demonstrate how this thesis draws from and builds upon a long tradition of Marxist thought concerning housing – a tradition that begins with Friedrich Engels’ analysis of factory worker housing in the industrialized European nations of the 1870s. The ongoing conversation around housing that Engels’ sparked has been enriched and challenged by a long line of political geographers and other critical social scientists focused on the conditions of urban poverty and capital accumulation. The Marxist lens is useful for this thesis because it enables an analysis of housing that is rooted in a critique of capitalism, accumulation, and class struggle. If anything, the ties between capital and housing have only intensified over the centuries since Engels’ time, making a Marxist critique of affordable housing a pressing task for geographers seeking to understand and address the social relations that interact with and produce (or not produce) affordable housing in New York City.

By applying Marxist thought, housing in the contemporary United States is shown to be not only integrally tied to systems of capital accumulation, but a powerful mode of accumulation itself. The housing industry, comprised of contractors, developers, and notably financial organizations and banks, is one of the primary sources of corporate profit in contemporary America. The Marxist lens reveals the often-concealed stakes and interests of these actors in affordable housing, and therefore opens up new methods and modes of critique and action. New York City’s affordable housing landscape must be seen as actively enmeshed in systems of capital accumulation and Marxism is a rich source of analytical perspective on this relation.
This section will attempt to ground JOE and CASA as methods of resistance within a framework of Marxist thought. I will begin by revisiting Friedrich Engels’ “The Housing Question” and tracing the debate around the relationship between housing, class, and the capitalist mode of production that has remained lively in the contemporary period. Over the past half century, geographers have continually returned to, interrogated, and complicated Engels’ analysis of housing under capitalism. By linking JOE and CASA to these discourses, I will argue that both are efforts deeply embedded in power structures of class, gender, and race and constitute sites of struggle and attempts to take back modes of production in New York City.

In the 1870s, Engels published a series of essays analyzing the abysmal housing conditions of the urban workforce in Western Europe known as “The Housing Question.” Engels argues that the appalling conditions of housing that he witnessed across Europe are a direct result of the capitalist mode of production, and a symptom of class struggle (Engels 1872). Unlike some of Engels’ contemporaries who view homeownership for the workforce as a path out of poverty, Engels advocates revolution and the toppling of the capitalist system as the only real solution to housing issues. He further argues that rooting the workforce to a given location (as is the case with homeownership) is a tool used by capital to limit worker’s movement and ability to reclaim modes of production. The workplace, not the home, must be the focus of the struggle.

While Engels’ insights into the class nature of struggles around housing is useful, a lot has changed since Engels’ time, and contemporary scholarship on housing has changed with it. For many contemporary Marxist geographers, perhaps the most important change has been the shift from industrial capitalism to neoliberal capitalism.
While industrial and neoliberal capitalism have much in common -- most notably, the exploitation of labor -- the rising power of finance associated with the shift to neoliberalism has had a direct impact on housing in places like New York City. The deepening intrusion of finance into the housing market through mortgage lending and mortgage-based financial products as well as other mechanisms has resulted in enormous profits. Housing finance in the contemporary period is one of the most powerful forms of capital accumulation. This was not the case in Engels’ time, and therefore Engels’ work must be revisited and analyzed in light of the shift to neoliberalism.

Thinkers like David Harvey have explored the relationship between capitalism and urban space. Harvey, and others like him, created theories based in Marxist thought that integrate land and the urban into systems of capital accumulation. This is important because Engels’ dismissal of housing as a site of struggle was based in the idea that housing was a symptom of industrial production, not a form of production itself. By demonstrating the ways that the urban built environment embodies modes of production, these authors contest Engels’ assertion that the built environment should take a backseat to labor relations in capitalist struggle (Harvey 1973).

Building on Harvey, Smith, and others of their ilk, Saegert and Fields have demonstrated the increasingly financialized nature of housing in New York City specifically. Saegert argues that housing is deeply linked with issues of class, and that in contemporary post-industrial economies like that of NYC, housing is indeed a central arena of class struggle. Saegert advances her argument that housing is a central arena of class conflict by rooting housing in the dual contexts of new strategies of international capital accumulation, and the possibilities of resistance based in social reproduction. In
“The Housing Question” Engels dismisses the possibility that housing can play a role in the struggle against capitalism by asserting that homes tie down an otherwise mobile class of rebel workers or “free outlaws” and therefore limit the potential for revolution. Engel’s does not account for the possibility of resistance from the home. Given the gendered reality of the home versus work divide, Engels’ omission of the home as a site of class conflict means he also gives short shrift to the role of women in class conflict and of women’s roles in resistance. The research of Saegert, Fields and other scholars exposes the importance and success of women-led and organized movements focused on housing, particularly in New York City. Giving birth to and raising children can be integrated into Marxist thought (and thereby applied to Engel’s housing question) through theories of social reproduction. Traditional Marxist thought, such as that followed by Engels, conceptualized social reproduction as aiding the interests of capital by reproducing labor power and replicating hegemony. Saegert, in contrast, “theorizes social reproduction as a process that generates the potential for resistance and change” (Saegert 2016, p.671) and names housing as a site of struggle.

Engels also dismissed housing as a site for revolutionary struggle because it was a distraction from the primary goal of taking control of the means of production. By tracing the roots and consequences of the Foreclosure Crisis in the United States, Saegert illustrates the dominance of finance (and housing finance specifically) as the post-industrial means of production (Saegert 2016). The boom in the finance industry that precipitated the collapse of the housing market and foreclosure crisis in the United States was fueled in large part by risky lending practices and complex financial mechanisms. Banks (with the encouragement and assistance of the state) offered loans and mortgages
to people trying to buy homes who would clearly not be able to repay them. These loans were known as subprime mortgages. This newly created debt was then sliced apart, repackaged, and sold on secondary financial markets in the form of mortgage bonds and a slew of other financial products. The explosive profits (Rolnik 2013) generated by these practices in the short term were pocketed by the banks while working class Americans and taxpayers suffered declines in wealth and shouldered the costs of enormous bailouts in the years of recession after the crash. The importance of subprime mortgages in instigating a financial crisis exemplifies the degree to which housing has become financialized -- that is, integrated into the global financial system, and the importance of housing in generating financial profits. In other words, housing finance has become a means of production for post-industrial capital. The implication of housing finance as a means of production is that housing is a site of resistance and struggle, contrary to Engels’ opinion otherwise (Saegert 2016).

It is within this framework of housing as a resistance to the financial nature of the capitalist mode of production in a post-industrial context that I wish to situate both CASA and JOE. Predatory equity is an example of the kind of financialized accumulation that characterizes post-industrial economies like New York’s. If housing finance is a capitalist mode of production in post-industrial New York, then JOE can be seen as a struggle by non-profit, mission-driven, tenant-based community development corporations to take back this mode of production.

A quick aside on the term “post-industrial.” Social science literature and everyday speech is filled with references to a “post-industrial age” or era where the means of production no longer relies on factories and machines, but on technology and a booming
service sector. I take issue not with the idea behind “post-industrial”, but simply with its scale. It is true that in large swathes of the United States and the rest of the so called “west” industrial production has given way to finance, technology, and the service economy. But industrial production is still booming in places like Asia and Latin America, and the argument can be made that the United States is not post-industrial, but has simply outsourced its industrial production needs to the global periphery. Thus, the idea of the world as post-industrial ignores the countless realities of industry and human life that can be found across the globe. While I take issue with the term post-industrial as descriptive for the contemporary nature of the global economic system (the world is certainly not post-industrial), I recognize the term’s utility in the context NYC’s present economy. Large scale industry has largely disappeared in New York City, and has been replaced by the modes of production characterized as post-industrial, namely finance, technology, and the service sector (to grossly generalize). Thus, while the term will appear in this thesis, I hope the reader understands that it is spatially and temporally specific.

Neoliberalism and Financialization
In the case of affordable housing, neoliberalism should be understood as the retreat of the state from directly providing housing, and the simultaneous substitution of private sector actors to fill the housing gap. Instead of the City of New York, or the federal government, building houses, neoliberal ideology maintains that the best way of solving the housing problem is to allow market forces to act unimpeded. Woldoff et al’s “Neoliberalism, Deregulation, and the Challenges to Middle-Class Housing” defines neoliberalism in the context of NYC housing as “policies and practices that favor free-market solutions over
regulatory interventions” (Woldoff et al 2016, p.92). This is a basic definition, but a helpful one. In liberal academic communities like Vassar, “neoliberal” has become a buzzword with a myriad of different implications; hence clarification is important in each specific context.

The retreat of government from affordable housing at both city and federal levels is especially pronounced in New York City. New York City’s housing market has always been something of an anomaly in terms of the vast public resources devoted to maintaining relative affordability for much of the city’s rental housing stock. Roughly from the post-war period up until the 1990s, two thirds of NYC’s rental housing were protected through some form of rent-control (Furman Center 2015). What this means is that NYC’s housing market has never been a true market, the government has always been the most important player and private sector competition held less sway.

During and after the 1990s, many of these programs were cut. Combined with a “hot” real estate market, many landlords and developers saw an opportunity to make a lot of money by transforming relatively affordable units into middle class or luxury housing. The cuts to affordable housing programs were justified by arguing that market competition would do a better job providing affordable housing (higher quality housing at a lower cost), the opposite occurred. New York City lost vast swathes of its affordable housing, and real estate values skyrocketed. Developers, landlords, and the banks that financed them made money hand over fist, but the income of the working class did not rise at the same pace. The result of this disjuncture is the present situation where working class people find it nearly impossible to live in New York City.
Poor people’s homes are being destroyed to make room for wave after wave of luxury housing. The following statistic demonstrates the gravity, and absurdity of the situation. Half of all apartments worth more than $5 million built in 2014, were sold to shell companies (Story and Saul 2015). In other words, affordable housing is being destroyed in order to build luxury condos that are in turn bought as investments by corporations and the ultra-rich. Many of these apartments remain unoccupied. These shell-corporation owned luxury condos have truly succeeded in transforming housing from a home for people into a financial product to be manipulated by capital for the sake of profit.

As illustrated above, neoliberal policy and financialization of the affordable housing landscape rose in tandem in New York City over the past quarter century. While these terms are distinct from each other, together they help describe the dominant forces in New York’s contemporary affordable housing world. Neoliberal ideology and policy provided the opportunity for financial institutions to gain deep levels of access to NYC’s affordable housing, resulting in a situation where much of the housing stock has become speculative investment vehicles to be bought and sold in much the same manner as a stock or bond.

The related ideas of financialization and neoliberal restructuring are fundamental to the conditions that both JOE and CASA are attempting to shift. Financialization denotes an economic shift where growth revolves around financial markets, products, and practices rather than industrial production” (Fields 2014). “Even where “real” commodities are involved (e.g. housing), profits increasingly accrue through their monetization and integration into financial channels” (Fields 2014). “This creates a new
role for finance in nonfinancial realms: financial institutions and markets have a tremendous influence on contemporary economic, social, and cultural life and individual subjectivities” (Fields 2014). For example, the slashing of federal supply side subsidy for affordable housing in the 1990s that paved the way for developers and banks to deepen their involvement in New York City’s housing market (Woldoff et al 2016).

“Contesting the Financialization of Urban Space: Community Organizations and the Struggle to Preserve Affordable Rental Housing in New York City” by Desiree Fields is the article that sets the stage for my thesis. The article examines in depth the direct threats posed by neoliberalism and financialization to New York City’s affordable housing stock, and confronts these threats by constructing narratives that disrupt the hegemonic logics of free market economics. Fields advocates alternative, critical forms of knowledge production as a way to fight back against the increasingly financial approaches to affordable housing.

Fields defines two terms that are extremely relevant to my research: financialization, and predatory equity. Financialization is the “New role for finance in nonfinancial realms: financial institutions and markets have a tremendous influence on contemporary economic, social, and cultural life and individual subjectivities.” (Fields 2014, p. 148). Predatory equity is defined as a “wave of aggressive private equity investment in New York City’s affordable rental sector” whose “purchases stood out not only because of the number of units affected, but because of their scale and extremely inflated prices. Under these terms, deals could only succeed by displacing tenants paying affordable rents and cutting back on maintenance costs” (Fields 2014, p.149). Thus, predatory equity has been one of the primary drivers of the affordable housing crisis in
New York City over the past 10 years, as funds attempt to force out subsidized tenants, and replace them with wealthier renters.

Fields’ article examines responses to predatory equity in New York City, which is exactly what I aim to do with my study of JOE, an organization which developed directly in response to this situation, and CASA which fights directly against the exploitive practices of predatory equity and the city policies that allow them to occur. Fields’ article demonstrates that responses to financialization and predatory equity in New York City is a completely valid area of research, and suggests that there is room for my specific contribution to the literature.

The Right to the City
A commonality between CASA and JOE is that both organizations are rooted in ideas of spatial justice and the right to the city. Spatial justice fundamentally joins studies of space, and of social justice. It is predicated on the idea that the built environment is socially produced and has dramatic consequences in terms of distribution of wealth, political action, and human behavior more broadly (Soja 2010). While this thesis will seek to explore the myriad of differences in both these organization’s approach to defending and promoting affordable housing in New York City, both organizations are built on the principles that the city should remain accessible to low income populations, and that living in diverse neighborhoods of mixed income is a fundamentally desirable goal for not just the people threatened by rising prices, but for the city as a whole.

A lack of affordable housing in New York is a human rights issue because it deprives those who cannot afford to live there of the “right to the city.” The concept behind the right to the city is that the urban environment provides access to employment,
education, and other types of opportunities that cannot be replicated elsewhere (Harvey 2008). Therefore, the oft repeated excuse that those priced out of the market can simply “move elsewhere”, is rendered false. Yes, those priced out of New York could move to a different location, but this would be a violation of what is arguably a human right -- access to social and economic opportunities that are simply unavailable outside the city.

David Harvey argues that “the right to the city is far more than a right of individual access to the resources that the city embodies: it is a right to change ourselves by changing the city more after our heart’s desire” (Harvey 2008, p.1). Harvey is pushing beyond the idea of access towards a more collective and less individualized right to the city. Humans are not only endowed with a right to access the resources of the city, but also to take part in movements to rewrite the text of the city in the ways they see fit. Cities are the environment man has most directly created, in making the city man has remade himself. Thus, “the freedom to make and remake ourselves and our cities is one of the most precious yet most neglected of our human rights” (Harvey 2008, p.2).

For all of American history New York City has represented opportunity. Generations of immigrants from all corners of the globe have flocked to America’s greatest metropolis to find a better life for themselves and their families. In past eras, the right to the city was denied by immigration controls, brutal officers at Ellis Island, and blatant racism. While all these issues are still present, today perhaps the greatest threat to the human right to the city is a symptom of New York’s own success. Manhattan has been an expensive place to live for a long time, but now the middle-class housing that existed for decades has been swept away by the neoliberal tide. Anyone who is not rich will have a very tough time finding a place to live close to the economic core of the city.
At this point it is important to note that there is nothing inherently wrong with the wealth that is pouring into New York City from around the world. New York has arguably been the economic capital of the world for the past half century at least, and will likely remain so for a long time. The problem is that homes that are affordable to middle and working class people are disappearing at a rate unprecedented in New York’s history.

The right to the city is the intellectual bedrock of this thesis. Everything I argue flows from the fundamental idea that humans have a right to access the economic, social, and cultural resources of the city, and furthermore the right to change and remake cities in an attempt to create greater spatial justice.

The concept of spatial justice derives from the idea that humans are as much spatial as they are temporal beings. People spend their entire lives moving through space, and thus these spaces merit as close study as do the historical (temporal) determinants of human behavior. Edward Soja describes a mutually constitutive dialectic between society and space. “Our lives are always engaged in a socio-spatial dialectic, with social processes shaping spatiality at the same time spatiality shapes social processes” (Soja, 2010). The implication of this dialectic is that certain configurations of space privilege some people over others. Nowhere is this more apparent than in the built environment of the urban core where the decisions of city planners and developers dictate the spaces humans inhabit. Will we build in ways that exacerbate inequalities? Or will we finance and engineer urban spaces that promote social and economic justice? Spatial justice prompts us to think about built space as a direct determinant and producer of human society, and about how to alter the city in the pursuit of equality.
Chapter 3: Community Action for Safe Apartments (CASA)

The next two chapters will tell the stories of JOE and CASA by weaving together the interviews I have conducted with the leaders and members of both organizations with analysis of the social, political, and economic conditions in which the organizations operate, and the policies and actions the organizations are taking in regards to the affordable housing crisis. I believe that allowing the interviews to frame and guide the discussion of policy, planning, action, and context will give a more organic and human feel to this thesis. It is deeply important to humanize any policy discussion, and nowhere more so than affordable housing. It is easy to get lost in numbers and statistics of rent increases, displacement, and development models. Those of us who want to study issues around housing need to be constantly reminded that it is people, not statistics, that should be central to any attempt to stabilize and expand affordable housing. We need to be reminded of the human lives that are implicated in policy decisions, and most of all we need to be reminded of the cost of failure in terms of human suffering and social decay.

The objective is to evaluate the strategies of JOE and CASA respectively and comparatively, and crucial to this goal is understanding where these ideas come from, where the leaders of these organizations think they are headed, and what problems are likely to be encountered along the way. This is a kind of qualitative methodology that is often overlooked in social science. Too often policy comes down to numbers, margins, and statistics. Quantitative data is extremely important, but it’s also critical to hear from the people involved and to understand/facilitate their input into the policymaking process.

These stories are empowering. They center on people who saw a bad situation and decided to do something about it. These people followed their consciences and worked
hard to build these organizations and strategies. That kind of achievement, a narrative of
success, is especially important given the context of NYC’s affordable housing crisis
which often seems so hopeless. These concerns are only exacerbated by recent national
political events associated with the election of an administration which is self-professedly
hostile to the minority-dominated “inner city” communities that both JOE and CASA
seek to serve and that has promised to gut many of the programs and subsidies that
provide affordable housing in the United States.

This chapter will explore the background and structure of the CASA organization.
It will outline two CASA campaigns that are relevant to the central question of this
thesis: methods of empowering tenants and fighting back against predatory equity. These
two campaigns are the Campaign for Justice in Housing Court and the Campaign for the
Participatory Re-Zoning of Jerome Avenue.

Community Action for Safe Apartments (hereafter referred to as CASA) is a
membership driven tenant organizing project that works primarily in the Southwest
Bronx. CASA’s mission is to protect and maintain affordable and safe housing by using
collective action strategies. In order to carry out the organization’s mission, CASA uses a
variety of tactics: running local campaigns to protect affordable housing and prevent
displacement, organizing and guiding coalitions of tenants, offer tenant rights workshops
and legal clinics, community building and leadership development activities, and finally,
involvement in city and statewide campaigns.

CASA is a branch of New Settlement Apartments, a non-profit, mixed-income
and community service organization based in the Southwest Bronx. Founded in 1990,
New Settlement has a long track record of commitment to neighborhood revitalization, community building, and positive youth development.

**Campaign for Justice in Housing Court**
One of CASA’s ongoing efforts is the Campaign for Justice in Housing Court. In January 2012, CASA’s membership voted to start a campaign to reform Bronx Housing Court by challenging a set of unjust, predatory, and fraudulent practices that pervade the court and lead to unnecessarily high rates of evictions in the Bronx. Evictions in the Bronx reached over 11,000 in 2011, by far the highest in New York City. CASA partnered with the Urban Justice Center to document tenants’ experiences with the housing court. After carrying out over a thousand surveys, focus groups, and observations of housing court proceedings, CASA leaders worked with an advisory committee of housing and policy experts to refine and articulate policy recommendations. The report “Tipping the Scales: A Report of Tenant Experiences in Bronx Housing Court” was released in March of 2013 (CASA, 2017).

The Campaign for Justice in Housing Court has two primary goals: to change the procedures of the court to make it easier for tenants to navigate, and to secure a right to attorney for tenants in housing court, similar to what currently exists for defendants who cannot afford an attorney in criminal court.

In its current state housing court benefits landowners at the expense of tenants. Tenants who do not understand the court system, who do not speak English as a first language, and who cannot afford an attorney are vulnerable to exploitative and often fraudulent practices employed by landlords.
The “Tipping the Scales” report details four important findings that simultaneously identify the biggest obstacles facing tenants in housing court, and suggest possibilities for positive change and a shift in power in favor of tenants.

The first finding is that Housing Court is difficult and confusing for most tenants to navigate. “You go in there and first of all you don’t even know where you go or what, or who you’re gonna see or anything at all” (CASA et al 2013, Focus Group Participant #8). This statement is characteristic of the experience of many tenants in Housing Court, especially those who are visiting the court for the first time. The level of confusion of many tenants navigating and understanding Housing Court is illuminated by the statistics gathered in the “Tipping the Scales” report. For instance, 1 in 4 tenants did not know where in the building they were expected to go, and 1 in 4 also did not know they were expected to check in with the court clerk. (CASA et al 2013, pg. 11).

The second finding is that the vast majority of tenants in the Bronx do not have legal representation in Housing Court to help them navigate the system. The lack of legal representation not only hinders tenants’ ability to understand how housing court works, but it also places them at a distinct disadvantage in the courtroom where they are confronted by the landlord’s experienced attorneys.

Because so many tenants lack legal counsel, the lawyers representing the landlords are able to trick tenants into signing “hallway” agreements (because they are signed in the hallway right before the judge hears the case) that are enormously beneficial to the landlord, and harmful to the tenants. As one focus group participant put it, “I think the hallway deals are horrible because tenants don’t understand what they are signing. The landlord attorneys get them to sign it, and once they sign it, they realize what they
have signed” (CASA et al 2013, Focus group participant #5). Due to these agreements, the tenant frequently ends up responsible for the legal fees of the landlord, a bitterly ironic situation given that most of the tenants in housing court are there because they do not have enough money to pay their rent, let alone expensive legal fees (Garcia 2017).

83% of tenants surveyed said they could not afford an attorney (CASA et al 2013, pg. 11).

The third finding is that unrepresented tenants are at a huge disadvantage in housing court. Simply put, tenants without lawyers are far less likely to leave Housing Court with a favorable outcome than tenants with lawyers. Studies show that tenants with representation are more likely to have favorable stipulations, win at trial, and are less likely to default. 1 in 4 surveyed tenants reported that no one explained a legal stipulation to them (stipulations are legally binding agreements with the landlord’s lawyer), and 3 in 4 tenants had no input in writing the stipulation (meaning it was entirely written by the landlord’s lawyer) (CASA et al 2013).

The fourth finding is that judges have the ability to do more to “even the playing field” of the courts. Judges play an extremely important role in determining how a tenant fares in housing court. Tenants frequently do not speak with a judge until after they have signed a legally binding stipulation, at which point the judge can do very little to help the tenant. One focus group member made it clear that the outcome of the case often depends solely on which judge tenants are assigned to. “We went from the one (judge) that does everything to the one (judge) who does nothing. Every court is handled differently and the outcomes and the results can be impacted by that. It’s hit-or-miss depending on the judge” (CASA et al 2013, Focus Group Participant #11). 41% of tenants never spoke
with a judge about their case, and about half reported that judges and other court employees did not explain rules and procedures. Over half of tenants were pressured by the landlord’s attorney to sign an agreement before seeing a judge (CASA et al 2013, pg. 12).

Informed by the findings outlined above, the “Tipping the Scales” report recommends a series of highly detailed policy points; some aimed at reforming the court practices, and some with the goal of new city wide legislation. One of the primary goals of the Campaign for Justice in Housing Court is to get the city to appoint attorneys for tenants whenever they cannot afford to hire one themselves. Basically, the city should guarantee a right to an attorney in Housing Court, as government already does in criminal court.

One of the main arguments against right to attorney in Housing Court is that such a policy would be extremely expensive, as the court would have to hire hundreds, likely thousands, of new attorneys to handle the huge volume of tenants (almost 2,000 per day in the Bronx alone!). While it is true that appointing attorneys for low-income tenants would be expensive up front, research shows that the city will actually save money down the road by ensuring tenants are represented in Housing Court (Silver-Greenberg 2016). The reason behind these savings is implicated in the connection between Housing Court and evictions.

Under the current system, skewed as it is in favor of the landlords, the court is an “eviction mill” where thousands upon thousands of tenants are legally forced from their homes every year. Eviction creates a whole host of short and long term issues that have been explored thoroughly in the literature, but one frequent effect of eviction is
homelessness. Evicted families find it very hard to find new housing that will accept them and that they can afford, and often end up on the street or in shelters. The costs paid by the city associated with homelessness are enormous, and research shows that by appointing attorneys and reducing the number of evictions, the city will substantially reduce money spent on feeding and sheltering the homeless. In fact, the savings generated by decreasing homelessness would more than pay for the increased cost of appointed Housing Court attorneys (Silver-Greenberg 2016).

This financial argument should not preclude the inhumanity and human rights issues associated with evictions and homelessness. These issues are and will remain at the center of the Campaign. But the city often thinks in terms of dollars, and the financial argument has been an effective one as CASA and allied organizations lobby for the right to an attorney in Housing Court.

I had the opportunity to visit the Bronx Housing Court with a group of CASA volunteers and organizers. Immediately striking was the racial composition of the court. The overwhelming majority of the defendants were persons of color, while most of the judges and lawyers were white. It was clear that many of the defendants were confused and did not understand the court process. Many people were not even sure where they were supposed to check in, or how action in the court was going to proceed.

One important issue is the language barrier. While I noticed signs that were printed in both Spanish and English, the judges, lawyers, and other court employees I observed spoke only English. Even when they attempted to direct or assist a non-English-speaker, they seemed frequently unable to do so due to difficulties communicating. When tenant defendants do not understand how to navigate the Housing Court system and
cannot communicate effectively with court personnel, they are being placed at an inherent disadvantage. Tenants become more vulnerable to the kind of “hallway” deals used by landlords’ attorneys to obtain evictions, fraudulent fees, and other forms of exploitation.

CASA is attempting to redress these imbalances in a few ways. The appointment of public attorneys to represent tenants is a crucial step, but CASA is also using other methods. Training sessions explain to tenants how the court system works, and tell them what to expect and how to respond. Equally important is education about tenant rights. Knowing the basics of housing law and the rights of tenants and landlords encourages tenants to resist the bullying and exploitative practices of landlords’ attorneys (Garcia 2017).

**Housing Court Victory!**
In an extremely exciting turn of events, New York City’s Mayor Bill DeBlasio announced in February 2017 that the city would fund universal access to legal services for tenants facing eviction in housing court (Abello 2017). As the mayor announced this shift in housing court policy, CASA’s leadership team stood directly behind him. The presence of CASA’s leadership on stage next to DeBlasio speaks to the extraordinarily important role CASA played in getting the appointment of public attorneys for housing court defendants passed.

The housing court reform victory is both directly and symbolically important for CASA. The reform should mean a marked drop in the evictions of CASA’s membership from their homes. By providing free legal counsel to tenants facing eviction, the city has taken a big step in eliminating the despicable legal tactics employed by landlords’
attorneys against tenants who do not understand their rights, or the court processes. Legal
counsel should help level the playing field of housing court, and give tenants more power
and leverage against exploitive landlords and predatory equity actors. Not only is housing
court reform a win for CASA’s membership, it should be seen as a win by all residents of
New York City. Not only will the reform begin eliminating the rampant injustice and
corruption of the current housing court system, it will actually save taxpayers money.
Many families evicted in housing court end up on the streets, placing additional strain on
the city’s homelessness resources such as shelters and soup kitchens. The upfront cost of
appointing counsel for tenants facing eviction is more than paid for by the savings
generated by keeping these families off the streets. All in all, CASA’s housing court
reform victory is an extremely important step towards greater justice in New York City.

Symbolically, the housing court victory is extremely important for CASA. It
demonstrates the effectiveness of CASA’s approach. By listening attentively to the
problems and suggestions of the membership, CASA was able to put its finger on a key
issue that was being overlooked by many activist groups and by city government. After
recognizing and pinpointing the gross injustice of housing court as a critical issue facing
the community, CASA was able to follow through on its promise to push for change.
CASA persevered through long years of organizing, protesting, and struggling to keep
housing court reform in the public eye, and on city counsel’s agenda.

Campaign for the Participatory Rezoning of Jerome Avenue
Another of CASA’s primary campaigns is the Campaign for the Participatory Re-Zoning
of Jerome Avenue, and it is executed by the Bronx Coalition for Community Vision. This
Coalition came together when the city outlined plans to rezone the 73-block stretch along
Jerome Avenue. According to Sheila Garcia, Deputy Director of Community Action for Safe Apartments (CASA), the city’s planned rezoning was a red flag for residents and community organizers alike. “The city had not held any meetings with the community, and rezoning in other areas of the city has been linked to mass displacement of black and brown bodies and really poor people.” (Garcia 2017).

![Figure 4: Jerome Avenue Rezoning Map (source: Bronx Coalition for a Community Vision)](image)

The area outlined in red on the map above is the area of the proposed rezoning. The rezoning encompasses what is now a primarily commercial strip, characterized by the auto shops that line Jerome Avenue. If rezoning takes place and developers begin to buy up land and build residential units, these auto shops could be displaced which would cost the community a valuable source of jobs.

Rezoning means that the city changes the land use associated with a certain area. In the context of contemporary New York City, rezoning usually means a switch that will allow greater density of housing. If higher density is allowed, developers and predatory equity will quickly swoop in and begin building housing, raising rents to levels residents
cannot afford, and encouraging wealthier people to move in. Thus, the rezoning process in NYC often results in the displacement of low-income folks who live in the area before it is rezoned.

However, rezoning also holds the possibility of bringing positive change to low-income neighborhoods in NYC. The influx of capital and development that accompanies rezoning must conform to the needs and demands of the community. For this to take place, residents (and their interests) must make their voices heard by the city during the rezoning process.

The Bronx Coalition for a Community Vision is about making sure that tenant voices and opinions are taken into consideration by the city in a rezoning process that is often shockingly centralized and devoid of resident input. For CASA’s organizers, the first step towards participatory rezoning was to alert the community that rezoning was being considered by holding a forum for residents. Despite a blizzard, more than 450 community members showed up to learn about how rezoning works and get involved in the process (CASA 2015, p.2). Guided by a steering committee, the ideas and needs expressed by the community were coalesced into a policy platform which was released on October 21st, 2015.

The policy platform is organized into four primary rezoning principles: anti-harassment and anti-displacement policies for residential and commercial tenants, real affordable housing, good jobs and local hiring, and real community participation. CASA plans to implement these demands through a set of policy mechanisms including citywide legislation, changing the practices and procedures of the agencies that handle housing (ex. HPD- Housing Preservation & Development), changes to the city’s budget, attaching
more requirements to city funding, and community benefit agreements (signed between local community organizations and developers).

One challenge for the campaign is that the policy platform requires action across different scales of government. Some issues can be handled by changing city law or writing new legislation. Other problems must be addressed by changing the operating policies of the various agencies included in affordable housing, such as HPD.

Some of these terms require clarification. What does real affordable housing mean? The term points to a larger issue: that what the city and developers deem “affordable” (the 60-100% AMI discussed in the introduction) is often far out of reach of the city’s lowest income residents. For families making around $21,000 a year (a statistic that is fairly representative of CASA’s membership), housing units with rents at 60% of AMI are totally out of reach. Sheila put it a different way when she told me “with Section 8 vouchers, families pay 30% of their income. This is the last real affordable housing in New York. The units that the developers build renting at 60-100% of AMI are for the middle class, the poor people are being totally left out” (Garcia 2017).

The exclusion of the city’s poorest residents from the housing stock is evidenced by the trends in displacement that CASA has witnessed. Many of the residents along Jerome Avenue were born and raised in Harlem, and were forced out when rent started to drastically rise in the 1990s and 2000s. They moved across the East River to the Bronx, put down new roots, raised families, and built a community. Now this community is under threat again. I asked Sheila where people go when their rents rise too high in the Bronx. “I’ve heard about families that move to Yonkers or leave New York entirely, but I think more often displacement from the Bronx results in doubling up” (Garcia 2017).
Doubling up means that two families share an apartment (and split the rent) of an apartment that is really only meant for one family. The result is eight or more people living on top of each other in a two-bedroom apartment.

One of the implications of “doubling up” and displacement to Yonkers is that the Jerome Ave rezoning, and community development in the Bronx more broadly is essentially a last stand against gentrification and displacement. If people are forced out of the Bronx, the city risks losing an important segment of its population altogether. This loss is unacceptable from a human rights standpoint, as it is a complete rejection of the right to the city. It is also bad economic policy because the city is losing valuable labor.

Sheila also explained to me the connection between rezoning, predatory equity, and displacement. Put simply, rezoning opens the doors for predatory equity to begin buying up property in a neighborhood. The competitive bidding between developers and equity actors drives up real estate values, leading to the overleveraging of a building. Overleveraging is what happened in the Stuyvesant Town case study discussed in the Introduction. Overleveraging means that the payments on the mortgage loan taken out by the predatory equity actor are more than the income generated by the building they bought. This results in a situation where the predatory equity owner cannot meet their debt obligations and must pursue ways to increase the revenue of the building, or face default. There are two methods of increasing a building’s net income: cutting costs and raising rents. Predatory equity owners reduce operating expenses by slacking on repairs, decreasing maintenance, and cutting other tenant services (Fields 2014).

Owners engage in concerted campaigns of harassment to force tenants out. Predatory equity owners want as much tenant turnover as possible in their buildings.
They want people to constantly be moving out, and moving in. The reason predatory equity owners prefer high turnover is that under most rent control deals, every time a tenant moves out, they are legally allowed to bring the rent up closer and closer to market rate (Navarro 2014). Thus, predatory equity contributes to, and benefits from, exploitative, cruel, and often illegal forms of harassment by landlords in places like the South Bronx where CASA is located.

Overall, CASA is an organization with a proven track record of fighting for the interests of its community. The organization’s grassroots methods allow CASA to pinpoint exactly which issues are most important to members of the community, for instance the re-zoning of Jerome Avenue and the unjust practices of the Bronx Housing Court, and then take steps to fix these problems. The housing court reform victory is extremely important for CASA as it will directly empower the organization’s membership to more frequently and more successfully contest the abuses perpetrated by aggressive landlords and their attorneys. The victory also shows CASA’s bone-deep commitment to pursuing change no matter what the odds. CASA’s struggles against injustice in the community highlight the place of human rights and political rights in an affordable housing space dominated by market-logic and profit.
Chapter Four: Joint Ownership Entity (JOE)

JOE NYC is a new Joint Ownership Entity for non-profit affordable housing assets in New York City created in 2015. JOE is being founded by a group of prominent community development corporations (CDCs) in response to challenges facing the affordable housing stock in low income communities and the non-profit community in particular. JOE itself is a not-for-profit corporation. JOE is designed to strengthen the asset and property management capacity of the member CDCs and the non-profit affordable housing industry as a whole. JOE will grow the cash flow and balance sheets of the member CDCs, enhancing the CDCs’ abilities to secure financing for development projects, and to ensure the long-term affordability of the affordable housing properties the CDCs already own (JOE NYC 2017). JOE is founded on the belief that mission-driven non-profit affordable housing developers like CDCs do a better job creating and maintaining affordable housing and nurturing the surrounding communities than private, for-profit developers. Thus, the mission of the JOE organization is to strengthen these non-profits financially and politically in a number of ways that will be outlined in this chapter.

Structure
JOE is a high level financial organization, and as such the organization’s structure is fairly complex. CDCs that want to join JOE (member CDCs) give some or all of their affordable buildings and units to JOE. In exchange for giving ownership of their affordable housing portfolios to JOE, the member CDCs receive a share of JOE’s total income proportional to the value of the portfolio they assigned to JOE. In other words, CDCs still receive the income generated by their properties, but the properties are owned by the JOE organization. Member CDCs also receive a seat on the JOE board of directors.
which determines the direction and strategy of the organization in conversation with JOE’s executive director Peter Madden and his growing staff (JOE NYC 2017).

Interestingly, while the share of income each CDC receives is proportional to the properties it committed, each CDC receives only a single seat on the board. Thus, the bigger CDCs do not have a larger voice in governing the JOE organization than the smaller ones. A helpful analogy for this situation is the United States Senate and House of Representatives. Like a CDC’s income share, the portion of the House’s seats dedicated to any state are determined by population. The senate on the other hand, like the JOE board of directors, has a set number of seats for each state (member CDC).

One of the ideas behind JOE is that aggregating the affordable housing portfolios of many CDCs under one umbrella organization will increase the financial and political strength of all of the member organizations. Because member CDCs are giving their housing assets to JOE, JOE has an impressively strong balance sheet. That is, the organization is worth hundreds of millions (soon to be over a billion) of dollars because it owns a lot of New York City real estate (Madden 2017). This financial strength and scale allows JOE, and therefore the member CDCs, to build relationships with banks, other non-profits, and city government that member CDCs would never be able to access on their own. If non-profit CDCs are small fish in a big pond, then JOE is definitely a larger fish.

Scaling up the financial and political power of the member CDCs allows them to expand (develop more affordable housing), renovate and improve existing units, generate cost savings by improving energy efficiency and integrating green upgrades. Further, by combining into a large organization, the member CDCs can gain various kinds of
political leverage with city government that will allow them to influence legislation and policy to their benefit. This kind of political power will allow non-profit CDCs to fight back against, and even the playing field, with the deep-pocketed private developers who are currently out-competing CDCs in both the development and political arenas (Madden 2017).

JOE was conceptualized and created in response to the threat of predatory equity. The organization seeks to respond to predatory equity in numerous ways, across several different scales. The next section will detail a case study of an instance where JOE was able to take on and defeat a predatory equity firm. In addition to presenting a remarkable success story, this case study will demonstrate the power, capacity, and goals of the JOE organization in a less theoretical context that may help the reader better understand what JOE is and how it functions.
This figure shows how JOE operates in broad terms as an asset manager. Starting in the top left corner, member CDCs contribute projects to the JOE NYC portfolio. By achieving economies of scale, JOE is able to reduce the total expenses of the portfolio, and distribute these savings back to the member CDCs in the form of pro rata shares of JOE’s total cash flow.

**JOE Takes on Predatory Equity in Brooklyn**
JOE has been operational for only a little over a year, but has already scored some important victories against predatory equity. I asked Esther Sandrof (founding partner at Forsyth Street Advisors, the consulting agency tasked with conceptualizing and building JOE) to elaborate on one of these cases in order to give specific examples of the ways in which JOE is executing its mission of empowering non-profit CDCs against private money.
The case concerns Maria Rosado, an affordable housing owner in Brooklyn approaching retirement. Maria was one of the beneficiaries of an early Neighborhood Entrepreneurship Program in New York City. Basically, the program offered clusters of vacant, city owned buildings to women and minority developers during the era of white flight and economic stagnation of the 1960s and 1970s. The properties were given to developers like Maria Rosado provided they were used to provide affordable housing. For the past four decades Maria has cared for and grown her portfolio of affordable housing to encompass about 500 units of housing in Brooklyn.

As Maria began to approach retirement, her biggest concern was a succession strategy for her housing portfolio. Given the atmosphere of an incredibly competitive housing market in New York City and the rising prominence of predatory equity, Maria had been approached by private buyers for her affordable housing portfolio. She was able to quickly sell about half her properties (roughly 250 units of housing) to these private developers.

JOE heard of this sale, and began to make a pitch for the remaining half of the portfolio. Maria’s properties were financed (as is much NYC affordable housing) through LIHTC (Low Income Housing Tax Credit) deals with a pre-set term and expiration. As is often the case, Maria’s properties have an additional 15-year term of affordability, after which they can be transitioned to market rate. Private developers seek to buy portfolios that are reaching the end of their LIHTC terms, but still have another 15 years of affordability built in. Private developers are basically betting that the New York City housing market will continue to become more expensive, and that they will be able to
make a killing in another 15 years when they are legally allowed to transition the units out of affordability to market rate (Sandof 2017).

In a meeting I witnessed, Esther Sandof and Marc Jahr sat down with Maria Rosado and explained how JOE could offer an alternative to selling the units to a private developer. The essential part of this pitch was the idea that JOE would enable the units to remain affordable indefinitely. Maria shared concerns that the affordability of the units would be lost in a private sale, and that her tenants, many of whom are long term friends of hers, would be displaced in order for the developer to make a profit. She felt trapped by her impending retirement, and saw no alternative to selling to the developer, especially given the attractive price being offered her.

Maria gave JOE some time to come up with a competing offer for her remaining buildings. The consultants scrambled to come up with the financing for a bid. Some of the money came from the cash reserves of St. Nicks, a non-profit affordable housing developer that had already joined JOE (JOE NYC 2017)). The most important chunk of financing came from the attorney general’s office. The attorney general had received cash settlements from many of the big Wall Street banks as a result of lawsuits concerning the illicit banking activities that prompted the 2007/2008 financial crash, and ensuing recession which had a disproportionate impact on the housing market. JOE made the case that it was only fitting that the money made by defrauding homeowners in the lead-up to the housing crash be deployed to keep New York City housing affordable. After long weeks of negotiations, JOE received $2.9 million from the attorney general’s office, a sum that made up the bulk of the purchase price for Maria Rosado’s properties (Sandof 2017).
It is important to note that while JOE was able to pull together a competitive offer for Maria Rosado’s properties, it could not actually outbid the private developers. Instead of taking the slightly higher offer, Maria opted for a smaller payout from JOE in exchange for long term affordability for her tenant community. This is a crucial point, because it may reflect the attitudes of many of New York City’s affordable housing owners. They are deeply attached to the communities they maintain, and do not wish to see these communities displaced, but are left feeling that they have no choice but to sell to private developers. One of JOE’s primary goals is to give these owners an alternative.

**Challenges Ahead**

As of January 24th, 2017, one of JOE’s biggest challenges is actually transferring ownership of affordable housing units to the organization. Ten CDCs have committed all or part of their housing portfolios to the JOE, but the transfers themselves are complex mazes of financial and legal intricacies that must be sorted through one at a time by JOE and CDC personnel. The crucial step in the transfer process is getting the approval of the city. Non-profit affordable housing developers are closely supervised by HPD (Housing Preservation & Development), and transactions like this one must be “okayed” by the city before they go through. Therefore, one of JOE’s tasks is to essentially negotiate and persuade the city officials that JOE is a viable organization, and can be trusted with a large and growing portfolio of affordable housing (Madden 2017).

Another point of contention between JOE and the city are the regulations surrounding the operating and cash reserves of affordable housing CDCs. New York requires non-profit housing developers to keep high reserves of cash, which can only be used to make certain types of repairs, or to keep the organization afloat if it loses money
in a bad year. But the truth is that the required reserves for repairs are generally excessive, and the CDCs very rarely lose money. As a consequence, many of the CDCs that have joined JOE have very large pools of cash just sitting in bank accounts that basically never gets used. JOE would like to free up these reserves in order to make energy efficiency upgrades to lighting and heating systems, renovate existing units, and crucially, to finance bids on properties like Maria Rosado’s (citation - peter madden interview).

When the reserves of all the CDCs that have entered JOE so far are totaled, the sum is over $17 million dollars, not exactly small change (Sandrof 2017). Making these funds available for upgrades and acquisitions is an essential task for JOE’s administrators over the next year.

When I asked Esther Sandrof what dangers she sees ahead for JOE, she listed three important concerns which constitute JOE’s challenge for meeting the member CDCs expectations in the coming years: increased financial backing, achieving economies of scale in portfolio management, and concluding successful negotiations with the city around releasing the member CDCs’ operating reserves. Esther Sandrof and Marc Jahr (leader of the JOE consultant team) spent countless hours “pounding the pavement” and whipping up support for JOE from CDCs, banks, foundations, city agencies, and other actors in the New York City affordable housing world. Now that their ideas have become a reality, they must follow through on the promises they’ve made.

So far JOE is on track, but the negotiations with the city over the reserve funds, and the transfer process that will take place over the next few months will be crucial in determining whether JOE picks up momentum, or struggles to establish itself. These
steps are crucial because if they are successfully resolved, JOE will achieve two primary goals: first, once the transfers of property from the CDCs to JOE are complete, JOE will show impressive assets (in the hundreds of millions, and perhaps over a billion) which will allow JOE to access cheap credit through banks. Instead of scrambling to put together financing for deals like the one made with Maria Rosado, JOE could ask a bank for financing. Second, freeing up the reserves will allow JOE to immediately pursue further acquisitions and energy efficiency upgrades for the member CDCs. If concluded successfully, these negotiations should also leave JOE well connected and well regarded by policy makers in city government, giving the organization political leverage in the fight against predatory equity.

Overall, JOE is a game changer in the New York City affordable housing universe, and is already making a name for itself as a force to be reckoned with in terms of financial and political power. At its most fundamental, JOE represents the scaling-up of mission-driven CDCs. The organization recognizes the danger posed to New York City’s affordable housing by neoliberal deregulation and funding cuts, and advocates CDCs as the best way to fill the emerging housing gap. The Maria Rosado case study illustrates that JOE is capable of directly competing with, and defeating, private equity in terms of acquiring and developing new affordable housing projects. While JOE’s future looks bright, it is not without challenges. Negotiations with the city over reserve requirements and property transfers will continue to be difficult and complicated by slow-moving bureaucracy. Nonetheless, JOE is a new power player in the NYC affordable housing universe, and should be watched closely over the next few years.
Chapter Five: Scaling-Up and Compassionate Decision Making

JOE and CASA have clear differences in terms of their approach to reforming affordable housing in New York City, but both organizations fundamentally attempt to create new discourses around and concerning affordable housing in NYC. While previous chapters illustrate the different goals of CASA and JOE, and the tactics and strategies used by the organizations to pursue these goals, this chapter shows that the discourses and narratives behind the strategies and goals of JOE and CASA differ fundamentally from the dominant discourses of financialization that at present define affordable housing in New York City. Fields (2014) recommends creating new narratives around urban affordability as part of an effort to contest and subvert the hegemonic discourses of neoliberalism that currently dominate the affordable housing ideological landscape. Thus, JOE and CASA should be read as not only struggling to reshape the affordable housing landscape by introducing new approaches and new kinds of activism, but also by struggling to redefine the way people think about affordable housing problems.

As the past two chapters illustrate, JOE and CASA have fundamentally different approaches towards increasing tenant power, combating predatory equity, and creating and preserving affordable housing in New York City. A simple way to think about the differences between the two organizations is that JOE wants to beat predatory equity at its own game by increasing the financial and political power of CDCs and enabling these non-profit organizations to compete for financing and control over property with the wealthy predatory equity developers. CASA, on the other hand, seeks to change the rules by which the game is played through demonstrating, direct action, grassroots organizing, and applying political pressure to city and state governments.
An example of how JOE has successfully beaten predatory equity at its own game is the case study of Maria Rosado discussed in Chapter Four. Maria had owned and developed an affordable housing project in Brooklyn for decades, and was trying to sell her portfolio of housing in order to retire. For years, she had been pursued by predatory equity and private developers who had offering large sums to purchase her affordable housing portfolio. While Maria harbored concerns about what might happen to her tenants once their homes were sold to the private sector, she saw no other option, and sold roughly half the portfolio to predatory equity. JOE arrived on the scene and, by deploying financial strength generated by combining the balance sheets of JOE’s member non-profits, was able to submit a competitive bid for Maria’s remaining properties. While JOE’s final offer was less than the offer from the private developer, Maria ultimately sold to JOE because she knew JOE would take care of her tenants and community, while predatory equity would almost certainly displace them for the sake of profit. Thus, JOE was able to score its first tangible victory over predatory equity.

CASA’s housing court reform victory is an excellent example of how CASA rewrites the rules of the game itself. The housing court system is inherently skewed to the benefit of the landlord and detriment of the tenant in New York City. The court processes are confusing, difficult to navigate, and intimidating for many tenants. Many tenants are not sure why they are being sued, and are unaware of their legal rights with regard to housing. Additionally, landlords hire professional attorneys to represent their interests while the overwhelming majority of tenants in housing court cannot afford an attorney. Tenants with little to no knowledge of their rights or court procedures are easily and routinely bullied and exploited by landlords’ attorneys into signing deals that clearly
benefit the landlord at the expense of the tenant. Therefore, one of CASA’s primary goals in terms of housing court reform was the appointment of public attorneys to represent tenants in all housing court cases with potential for eviction. After a five-year struggle, Mayor Bill De Blasio signed the legislation into law in February 2017 (Abello 2017). By organizing, protesting, and applying political pressure to specific parts of city government and the housing bureaucracy, CASA was able to create lasting change that will not only shift the balance of power in housing court and drastically reduce evictions, but will actually save the city (and taxpayers) money by reducing the homeless shelter expenses that are inflated by increased rates of eviction.

JOE and CASA both describe themselves as scrappy underdogs in the fight against forces larger and more powerful than themselves, forces epitomized by predatory equity. What drives underdog organizations like CASA and JOE to upset victories against the entrenched interests of predatory equity? One characteristic the organizations share is a commitment to justice and human rights as the bedrock of their mission and philosophy. CASA and JOE both approach the struggle over affordable housing in New York City as fundamentally an issue of human rights. This focus on human rights is a remarkable departure from the market-logic of neoliberalism and predatory equity that frames most of the debate around affordable housing in New York City and across the United States.

While predatory equity funds and other neoliberal actors frame affordable housing in terms of profit and loss, both Sheila Garcia (deputy director of CASA) and Esther Sandrof (one of JOE’s founders) describe their respective organizations in human terms. Both women place their efforts within a context of abject injustice, whether it is
predatory equity’s attempts to profit from destroying the homes of low-income tenants, or the flagrant biases of the Bronx housing court in favor of often abusive landlords. Both organizations perceive themselves as “underdogs” fighting against vast and powerful systems. By beginning the fight for affordable housing and housing justice from a bedrock of human rights, CASA and JOE cultivate relationships based on mutual respect and community that become a major source of power for the respective organizations. By equating affordable housing with human rights, CASA and JOE appeal to the consciences and morality of the people they work with and encounter. Rather than making decisions based solely on profit and financial reasoning, JOE and CASA both provoke a new way of thinking about affordable housing through what I term ethical or compassionate decision-making.

A perfect example of the ways compassionate decision-making comes into play in affordable housing is Maria Rosado’s decision to sell her portfolio to JOE rather than predatory equity. While JOE’s offer to buy Maria out of her remaining affordable housing properties was competitive with the private developers, Maria’s ultimate decision to choose JOE over the developer hinged on the knowledge that the affordable housing – the homes of her friends and community – would be maintained and protected over the long term by JOE, and would very likely be lost (transitioned out of affordability) by the private developer. In fact, the sum that JOE offered Maria was less than the private developer’s offer, indicating that her decision to sell the properties to JOE was indeed influenced by JOE’s long term goal of keeping the units affordable. Thus, while money was an important factor for Maria as she weighed selling her affordable housing portfolio, her final decision was heavily influenced by ethics and
compassion – namely a desire to preserve and protect the homes of the people whose community she has shared for decades.

A compassion-based decision such as the one made by Maria Rosado runs contrary to the market-based logics of predatory equity and the financialized affordable housing environment. Market logic dictates that independent agents act to maximize their own financial benefit, yet Maria accepted a lower financial sum in exchange for preserving her community. The Rosado case study shows that while market logic is dominant, there are spaces of resistance to this kind of thinking that are accessible to affordable housing decision makers. In other words, the market-based model that is integral to neoliberal projects and advocated by predatory equity does not successfully predict outcomes in the real world in cases of affordable housing. The realities are simply more complicated than a profit-motive based decision making model accounts for, including the fact that CDCs like CASA can use political pressure to change the rules of the game.

CASA also demonstrates the power of ethical/compassionate decision-making and other methods of departing from and combatting the neoliberal logics of financialization and profit in the affordable housing space. CASA discovers the issues that are most important to its membership, and uses the ideas and feedback of the membership to develop concrete political goals and proposals. CASA then pursues these goals by mobilizing the membership in direct action protests, dialogues, and negotiations with city agencies and private developers/landlords. By constantly applying political pressure, and drawing attention to issues like housing court reform and participatory rezoning, CASA keeps its targets in the hot seat.
CASA’s strategy is grounded in a fundamentally political, rather than economic/financial, framework. The organization seeks to strike back against injustice by focusing on the rights of the citizen in a democracy – the rights of protest, representation, and inclusion in decision making. Ultimately, of course, the residents of affordable housing are voters, and politicians know that they need these votes to stay in office. By stressing the rights of the citizen, CASA is actively contesting capital’s access to political power in New York City. The city is corrupt if it prioritizes the interests of developers over the interests of its citizens. CASA is not only fighting for tenant rights and an end to exploitation and corruption, but to take back the terms of the affordable housing struggle. CASA pushes to the forefront a definition of affordable housing as fundamentally about human rights, and the rights of democratic citizens to take charge of producing the urban landscapes they reside in.

CASA’s focus on the political, rather than the financial, allows the organization to tap into compassionate decision-making in a few important ways. By mobilizing around, and drawing public attention to, the profound injustices of issues like re-zoning and the Bronx housing court, CASA ignites strong ethical and compassionate responses in people all across New York. Spreading the emotions of indignation, anger, and injustice felt by evicted and exploited low-income tenants to a rapidly widening community of people interested in these issues is crucial to CASA’s success. The organization excels at maintaining high energy, and high interest, on the issues it focuses on.

Carmen Vega-Rivera, a member of CASA’s leadership team said, “what keeps me going is what I believe is right. What keeps me going is that I want justice” (Abello 2017). It is this tireless drive for justice that ultimately resulted in the success of CASA’s
struggle for free, universal access to legal representation in housing court in February, 2017, after a bitter, 5 year-long struggle. To maintain high levels of pressure and political interest over such an extended period is no easy feat in an era where media is dominated by tweets and headlines, and public attention shifts by the hour. To keep housing court reform relevant in city politics was a massive undertaking that required huge amounts of emotional energy from CASA’s leaders and membership. Like JOE, CASA is a self-professed underdog taking on systems and actors that seem to have everything working in their favor. And just like JOE, CASA has achieved remarkable success.

CASA’s strategic approach to creating change embodies a narrative that fundamentally subverts the logic of neoliberal capitalism. While neoliberal actors place their faith in the ultimate efficiency of corporations and the unregulated market to create a better world and view government as more or less a nuisance, CASA insists that citizens, not capital, make the decisions about their homes and communities. CASA’s approach is grounded in human rights and an uncompromising struggle for justice.

CASA’s victory guaranteeing free legal representation to tenants facing eviction in housing court, against what often seemed like insurmountable odds, is truly remarkable. While CASA describes itself as an underdog, rag-tag group of activists and community members, the organization is achieving sweeping victories. How can we account for CASA’s victory over the entrenched interests of landlords and predatory equity in a profoundly biased and unjust housing court system?

When asked what drove the housing court victory, Carmen Vega-Rivera answered that it was the overpowering desire to do what is right, an irrepressible urge to fight for justice no matter what the odds, no matter what the costs. Her answer is an example of
CASA’s steel-hard resolve and unshakeable sense of moral indignation and justice. These are powerful emotions, that saw CASA’s leaders and membership through five years of bitter struggle to see the housing court reforms passed by City council and signed into law by Mayor Bill DeBlasio. This is precisely the kind of ethical decision-making that neoliberal logic will never be able to account for. There is no room for indignation, resolve, or justice in the market place. Capital is without compassion. Yet CASA has shown that resolve can break capital’s grip on the housing court, and in doing so demonstrated how tenuous predatory equity’s dominance truly is.

At this point, it is important to explore another implication of CASA’s housing court win. As mentioned in Chapter Three, housing court reform is not only a necessity of justice, but will actually save taxpayers money. This is because families evicted in housing court often end up on the street, and the city ends up spending significant taxpayer dollars on shelters, soup kitchens, and other projects associated with homelessness. It is important to identify whose interests are being served in this situation. By abusing the bureaucracy and biases of housing court to evict tenants and push them into homelessness, landlords and predatory equity are essentially forcing costs onto the city. The public sector has a bottom line too, and this example is just one example of how the private sector shifts costs onto the public. These situations demonstrate the failure of neoliberal policy by showing that frequently the profits of the private sector are intrinsically related to the institutions and policies of the government. Thus, slashing government spending and substituting private actors for public ones may actually increase costs for government as the private actors seek to push costs onto the city, state, and federal governments.
The rise of neoliberalism in regard to New York City’s affordable housing was not historically inevitable, it was driven by specific actors at a specific moment in time, and it can change just as quickly. It seems fitting that compassion based decision-making, among CASA’s members to continue pursuing their cause ferociously, should contribute to predatory equity’s defeat in the battle over housing court. Clearly, predatory equity is up against a potent enemy, an enemy it is incapable of understanding.

Affordable housing is ultimately about homes and communities. The bonds that people create when living as neighbors are undefinable in market terms. Despite the best efforts of predatory equity and other neoliberal agents, housing always means more than cash flow, profit, and investment return. These emotional connections are one of the most important resources in the fights against the neoliberal housing agenda, and form the basis of both JOE’s and CASA’s efforts. Maria Rosado’s decision to sell to JOE, and CASA’s victory in housing court reform proves that predatory equity’s grip on NYC’s affordable housing is not invincible. Given the right tools, neoliberal logic and financialization of NYC’s affordable housing can be rolled back and replaced with something else.

I do not want to grandiosely suggest that ethics and compassion alone are capable of creating systematic change in New York’s affordable housing. Rather, I want to make the case that people incorporate ethics and compassion into their decision making about affordable housing, because housing is intensely and inherently personal. Housing is the home, housing is the community. Because of these emotional connections, people do not act solely according to economic rationality and financial sense when making decisions about affordable housing. And the fact that decisions around affordable
housing are made not solely on an economic basis fundamentally undercuts predatory equity’s neoliberal narrative. Ethical input into decision making is something that market logic cannot account for, and thus discourses of resistance like CASA’s fundamentally subvert neoliberal ideology that posits all decision-making as rational, economic calculations. By proving the falsity of the neoliberal decision making model, CASA and JOE are starting to break the hegemony of neoliberal ideology in NYC’s affordable housing world.

Often when discussing structural issues like those discussed in this thesis, it is easy to be overwhelmed by the power and seemingly insurmountable advantages of the “bad guys”, in this case predatory equity’s vast political and financial resources. In these situations, it is important to remember that neoliberalism and financialization only rose to prominence over the past forty years or so. In other words, things can change pretty fast. The current situation was not historically inevitable, it was produced by various political, economic, and social factors. Similarly, what seems entrenched today can be toppled tomorrow if people are creative and adamant in the pursuit of change. Affordable housing in NYC is incredibly complex, confusing, and opaque to anyone from outside the affordable housing world trying to understand it. This opacity can add to the impression that current affordable housing policies and realities are impenetrable. JOE and CASA both demonstrate that there are chinks in the proverbial armor, and that creating a new affordable housing landscape is not only possible but within reach.

The differences between CASA and JOE illustrate the complex and multifaceted nature of the systems they seek to change. A system as bureaucratic, opaque, and interconnected as affordable housing in NYC demands a plurality of efforts for change,
operating within and across varying scales and utilizing differing strategies and tactics. Thus, CASA and JOE are examples of attempts to change the affordable housing landscape and produce new realities based in social justice and human rights rather than investment and profit. The differences between the organizations demonstrate the range of the difficult problems affordable housing activists face.

JOE and CASA demonstrate the flexibility and potential of the community development corporation in contemporary New York City. While these organizations have been largely written off by the financial sector and city government, the efforts mounted by JOE, CASA, and a wide range of others demonstrates the dynamism and power of the CDC to conceptualize and enact change.

JOE and CASA are both efforts created by and for community development corporations, and show that CDCs are capable of transforming themselves in the ways that they need to in order to address a constantly shifting range of threats and challenges. JOE is the result of a collective of CDCs with a common interest in preserving long-term affordable housing and protecting themselves against the onslaught of predatory equity. CASA is the grassroots activist arm of a CDC, capable of mobilizing around and generating political change in ways that a traditional CDC is unable to. It is important to remember that JOE and CASA are just two of the efforts being made by CDCs and activists to contest predatory equity’s dominance in New York City’s affordable housing. I chose these two organizations because I have had personal experience with each, and therefore felt inspired by and connected to them. I believe that while JOE and CASA may differ in methodology, the deeper motives and origins of the organizations originate from
a similar understanding of the human right to the city, of personal empowerment, and a bone-deep commitment to pursuing justice against tough odds.

Examined as side by side and intertwined in the complex landscape that is New York City’s affordable housing, JOE and CASA help illustrate the dimensions of the crisis that New York City, and so many other cities across the United States, face. Furthermore, CASA and JOE suggest new ways forward, new ways of thinking about affordable housing, new methods of “scaling-up”, and new paths towards action. Crucially, the emotional connections and compassionate decision-making that animate both organizations fundamentally subvert the market-logics of financialization and neoliberalism that have come to dominate the ways people think about affordable housing issues. Breaking the hegemony of the neoliberal discourse in regard housing is a critical step in the establishment of a truly just system of affordable housing.

Most of all, I believe that JOE and CASA should be read as beacons of hope amidst the quagmire of opacity, complexity, profit and exploitation that constitutes New York City’s affordable housing world. Of course, both organizations are imperfect, but they are constantly striving to better themselves and the situations of the people they serve. If there is one lesson to take from the stories of JOE and CASA, it is that we should never stop striving for change, it might be right around the corner.

One suggestion I have for further research is a qualitative study of predatory equity. While this thesis focused explicitly on JOE and CASA and the narratives and goals of these organizations, predatory equity also deserves its due in critical geography. All the literature I found discusses private equity as kind of faceless monster, an ultimate bad guy in the struggle for community power and affordable housing. I fully recognize
my thesis as complicit in this simplification of predatory equity, and I regret that I did not have enough time to include a qualitative study of a predatory equity fund or two in this thesis. With that being said, I think it is a mistake to oversimplify the methods, goals, and actions of predatory equity in New York City’s housing markets. Like JOE and CASA, predatory equity actors have their own stories, their own institutional personalities, and their own human narratives. Like JOE and CASA, they produce and are produced by sets of circumstances and political and economic factors. How does predatory equity perceive itself? What kinds of institutional gaps does it seek to fill? Who are the people that run these companies and how do they think about the world?

By suggesting qualitative research into predatory equity, I want to avoid detracting from what this thesis has (hopefully) shown are the catastrophic effects of allowing predatory equity to run rampant through New York City’s affordable housing landscape. I continue to view predatory equity as an adversary, but I also believe it is important to understand the other side - if only for the purpose of being able to better combat them.

It is also worth noting that predatory equity and organizations like JOE and CASA may have more common interest than one might expect. Take for example the Stuyvesant town example discussed in the introduction. After the complex was bought up by predatory equity tenants were displaced and harassed, and the equity funds did not even turn a profit and in fact ended up losing money. It is easy to construe predatory equity as the ubiquitous beneficiary of neoliberal housing policies and financialization, but the truth is rarely so straightforward. Certainly, there are many cases in which predatory equity’s encounter with NYC’s affordable housing turned out poorly for the
company as well as the tenants - are these cases anomalous outliers, or symptomatic of the financial industry’s involvement with affordable housing? What other interests are at play, who else is benefitting? These are some of the questions I believe a critical, qualitative study of predatory equity in NYC’s affordable housing landscape should try to answer.

In a similar vein, another question that must be explored are the potential conflicts of interest between capital actors in regard to housing. This thesis has joined a growing discussion around housing as a form of capital accumulation in the contemporary United States, but there are still some problems to be worked out with this line of reasoning. An important issue stems from the differing interests of various groups of capitalists. While much profit is derived from the production, sale, and financing of housing, it is important not to forget about the profits extracted more directly from labor that are dependent on keeping wages low. Is it possible that the companies profiting from displacement and housing production are harming the companies that rely on cheap labor? Capital’s interests are not monolithic, but complex. Perhaps by studying and exposing these differing capital interests, academics and housing rights activists can find new alliances in surprising places and pursue a “divide and conquer” approach.

Another obvious question is: by pushing government subsidy and non-profit action as potential solutions for the affordable housing crisis, are we supporting the desires of capitalists to pay their employees a less than living wage? That is, if capital is driving and profiting from the conditions that are making housing unaffordable to working class people in New York, why should we let capital off the hook for paying for affordable housing by advocating an increased government subsidy and greater non-profit
and public sector involvement? Such a question harkens back to Engels’ original analysis of the housing question, and his conclusion that struggle must continue to focus on the workplace, not the home. The work continues…
References


