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## Part I

How NYC's approach to measuring residential displacement risk fails communities

# ACKNOWLEDGEMENTS

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## ABOUT THIS REPORT

This report is an adaptation of the 2018 graduate thesis written by Renae Widdison and approved by Pratt Institute as part of her Master of Science in City and Regional Planning degree. Her thesis, *It Matters How We Count: Understanding the Methodology Used to Assess Indirect Residential Displacement in New York City's Environmental Quality Review Technical Manual*, highlighted the significant implications the Technical Manual's guidance for measuring displacement has on communities across the city, bringing much needed light to this obscure but impactful topic.

*Flawed Findings Part I*, which addresses residential displacement, is a companion report to *Flawed Findings Part II: How NYC dismisses business displacement and its impact on communities*.



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# 1 EXECUTIVE SUMMARY

Communities across the city are grappling with rising housing costs and justified fears that residents will no longer be able to afford to live in their neighborhoods. Developing a nuanced understanding of the issue and how the City calculates the risk of indirect residential displacement—the involuntary movement of residents due to changes in socioeconomic conditions, primarily rising housing costs—is critical to an effective policy response. This is particularly true when displacement pressure stems from City-initiated projects, such as the recent rezonings approved as part of the de Blasio Administration’s *Housing New York* policy in East New York, East Harlem, Jerome Avenue, Downtown Far Rockaway and Inwood.

Despite a growing recognition that displacement pressure exacerbates the city’s already segregated residential landscape, the City has yet to conduct a comprehensive, citywide displacement risk analysis. Instead the City’s sole vehicle to formally measure displacement risk is through the project-specific City Environmental Quality Review (CEQR) process and its associated CEQR Technical Manual. Every major land use action, including City-initiated rezonings, must go through CEQR and conduct an environmental analysis, most often in the form of an Environmental Impact Statement (EIS). Decision-makers in the City’s land use approval process, the Uniform Land Use Review Procedure (ULURP)—namely community boards, borough presidents, city planning commissioners, and city council members—as well as other stakeholders rely on the information presented in these environmental review documents when considering whether to approve a project. If the information is inaccurate, misleading, or simply insufficient, then ULURP decisions are questionable.

These documents, typically hundreds and hundreds of pages long, often appear as if an objective and robust evaluation was conducted. Yet a careful review of the CEQR Technical Manual’s guidance on how indirect residential displacement impacts are calculated reveals a distressing finding: the Technical Manual’s step-by-step methodology is based on a series of unjustified assumptions that easily lead to minimizing vulnerability and therefore, a finding of no significant adverse impact to the existing community.

# FINDINGS

The City's official environmental review of indirect residential displacement fails to adequately approximate the scale and extent of the potential threat through four major flaws:

## **1. The analysis dismisses the potential for inequitable impacts by race and ethnicity.**

An analysis of a project's impacts by race or ethnicity is not required or encouraged in the Technical Manual. In a city where access to housing, jobs, quality education, and other community assets is shaped by racial and ethnic discrimination and segregation, failing to understand how a project contributes to or exacerbates these inequalities is inexcusable.

## **2. Only low-income tenants living in 1-4 unit buildings are considered vulnerable to displacement, excluding residents in larger buildings from the analysis.**

The primary metric stemming from the Manual's guidance is the "population at risk"—the number of low-income residents that would not be able to afford to stay in their homes due to rising rents if the proposed project were implemented. This number is based on several troubling assumptions: tenants in regulated housing units are not subject to rapid rent increases; all tenants in buildings with six or more units are shielded from rapid rent increases and five unit buildings are ignored; and any displacement that occurs is by legal means. Consequently, only low-income tenants living in 1-4 unit buildings are considered part of the population at risk.

## **3. The potential for displacement in gentrifying neighborhoods is unequivocally dismissed.**

The Manual concludes that indirect residential displacement impact is not possible in the vast majority of neighborhoods. If a neighborhood is already experiencing widespread increased rents and market rate development, then further analysis is not necessary. If an area is not experiencing this trend, further analysis is also not necessary. It is only in the very narrow window where rents are rising near or in

a small part of the project area that a more detailed review is required, which could potentially lead to a finding of significant impact. The result is to effectively rule out most communities—an illogical approach, particularly at a time when real estate prices are rising across the city.

#### **4. EIS authors have wide discretion in determining a finding of significant impact, even if stated thresholds are exceeded, particularly for actions that include Mandatory Inclusionary Housing.**

The Manual includes a threshold for determining significance: if the identified vulnerable population exceeds five percent of the study area, a significant impact may occur. The use of the word “may” is important as it enables EIS analysts to subjectively state that displacement will not be significant even if this threshold is met. In the rezonings that have included Mandatory Inclusionary Housing (MIH) as part of the proposed action, EIS authors claim this program will eliminate the risk of indirect displacement for existing neighborhood residents, despite the fact that there has been no such measurement of the program’s efficacy.

# RECOMMENDATIONS

These flaws result in community after community having to unfairly bear the burden of undisclosed and unaddressed displacement pressure. As such, Pratt Center recommends the following:

## **1. NYC should conduct a citywide displacement risk analysis and use it to inform housing and development policy.**

Working with existing organizations, the City should conduct a citywide displacement risk analysis to gain a comprehensive understanding of displacement trends and inform overarching housing and development policy.

## **2. NYC should adopt a comprehensive anti-displacement policy agenda with a no net loss of affordable units as a key goal.**

Articulating and codifying its position on displacement, and adopting a clear goal of no net loss of affordable units, would enable the City to develop more detailed policy, strategically steer development, and support new programs to prevent displacement and the loss of affordable housing.

## **3. NYC should convene a Task Force of technical and community experts to revamp the CEQR Technical Manual's approach to evaluating residential displacement.**

At a minimum, the Task Force should address the definition and step-by-step calculations of vulnerable residents, the inclusion of race and ethnicity as impact metrics, and the availability of data required to make accurate assessments of regulated and unregulated housing.

The time is long overdue for a frank discussion of how the City calculates and addresses displacement. The current approach is unjust and woefully inadequate. If we strive for a truly equitable city where all people—regardless of race or income—have access to quality housing and sustainable communities, then it is imperative we begin this endeavor.

**FLAWED FINDINGS**  
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