

# Cure or Bandage?

## New York City's 80/20 Program

Joseph Jones

American society is fragmenting at an unprecedented rate. The dream of a pluralistic society in which groups can peacefully coexist is proving to be just that – a dream. Difference and diversity, along a range of attributes, have become hard and fast lines in the sand-- areas in which there can be no shared common ground but rather a constant struggle for dominance, control, and supremacy. This fragmented society is manifesting itself in space. Opposing terms such as red state/blue state, wealthy/poor neighborhood, city/ suburb, and ethnic enclave/ghetto have become part of our vocabulary, describing spatial manifestations of entrenched divides. Although much public attention has been focused on spatial racial divides – from the New York Times' Mapping America project, to formulations of the dissimilarity index, a statistical measure that estimates how many people of one racial group would have to move to a different neighborhood so that the city could have an even racial distribution – the more insidious threat of spatial socioeconomic division has been largely ignored outside of academic circles. For example, although the recent 'Occupy' movement has focused on financial inequality, the movement has largely ignored spatial manifestations of inequality.

Several theorists have formulated frameworks for understanding spatial injustice. One of the most influential comes from Henri Lefebvre's *Production of Space*<sup>1</sup>, which extrapolates that the organization of space is a meta-reflection of human social interactions; that is, how spaces are organized mirrors how society is organized. Following in Lefebvre's footsteps is Edward Soja, who in his recent book *Seeking Spatial Justice*<sup>2</sup> extends Lefebvre's arguments to point out how injustice is reproduced in space. He asserts that if society ever wants to achieve the elusive concept of "social justice," we must first achieve what he terms "spatial justice;" in other words, all residents of the city must have

equal "rights" to access, utilize, and reside in the city. Social justice can never be achieved as long as wealthy residents have access to the benefits of the city, while the poor are forced to endure its harms, based solely on their residential locations.

A key component of spatial justice, then, is the elimination of economic residential segregation. There have been numerous federal schemes to do this, ranging from HUD's CHOICE Neighborhood program – established to replace the controversial, though more commonly known HOPE VI program – to Bill Clinton's and George Bush's homeownership strategies, which some have tied to the housing bubble of 2008.<sup>3</sup> In addition to these federal programs, several municipalities have proposed their own schemes to decrease segregation. This paper will focus on New York City's 80/20 program – a mixed-income affordable housing incentive program. The 80/20 provides government incentives to new construction that dedicates at least 20% of its new units as affordable for people making less than 50% of the area median income. We will analyze the extent to which this program has been or can be successful at seeking Soja's spatial justice, and question whether it is possible that it has been co-opted and instead become a tool for the furtherance of spatial injustice.

### THEORETICAL FRAMEWORK

Spatial injustice is not a random by-product of a developed economy, but a deliberate result of particular policy choices and strategies which have been employed to disenfranchise the poor and to foster capitalism's extractive nature. This section will explore how spatial polarization is the by-product of a systematic agenda to dismantle the middle class and absorb resources up the economic ladder. It will also investigate how neoliberal philosophies have co-opted governmental processes and are intentionally destroying the state – which once stood as a buffer between the insatiable

1 Lefebvre 1992

2 Soja 2010

3 Coy 2008

appetites of the wealthy and the limited resources of the lower classes. It will then analyze this process through the lens of the German philosopher Jurgen Habermas and his theories on the life-world, the ideal speech situation, and communicative action.

Geopolitical shifts have contributed to the shrinking of the middle class in Western countries, particularly the United States and the United Kingdom. The focus on cheap production costs has vastly decreased the amount of manufacturing jobs available in these countries, or, in the U.S. example, in particular regions of these countries. The neoliberal agenda, which has been embraced ‘hook, line, and sinker’ by the global elite, is actively working against the middle class, dismantling the very institutions that worked to create and sustain them – institutions such as unions and the welfare state. The welfare state, provided by government, created not only benefits for a broad spectrum of the citizenry but also created many bureaucratic roles necessary to administer these benefits. Government jobs have always been seen as a reliable and safe path to the middle class, particularly for minorities, who so often were (and still are) discriminated against by the private sector.<sup>4</sup> The small government and anti-tax rhetoric, which has become so popular in American discourse is actively waging war against middle class citizens, blacks in particular. For example, of all the employees facing layoffs in Chicago, which has a large black middle class, two-thirds of the public employees facing layoffs are black.<sup>5</sup> That those who preach this selfish and individualistic dogma are in alignment with the wealthy corporate elite, who demand deregulated markets and decreased union protections, should come as no surprise.

There is little hope that these destructive trends are reversing any time soon. In fact, they seem to be accelerating.<sup>6</sup> Job growth portends a two-tiered economy: an elite sector of those who control global capital flows (executives, financiers, lawyers, consultants, etc) and a low-wage, low-skilled service sector designed to help them (cleaners, cooks, maintenance, non-unionized health care professionals, etc). Richard Florida’s Rise of the Creative Class documents how urban areas that have successfully attracted the members of the aforementioned upper tier

4 Williams 2011  
5 Ibid.  
6 Katz 2010

have captured the vast majority of the world’s economic growth and an even larger share of the world’s job growth.<sup>7</sup> This global elite is highly mobile, but for various reasons they tend to collect in large “global” cities: New York, Hong Kong, London, Paris, Los Angeles, Singapore, Sydney, Moscow, Chicago, San Francisco, and so on.<sup>8</sup> Members of this class jet between these various control nodes of the world economy, but rely on an underclass of service workers to enhance and facilitate their consumption of these urban spaces.

Because the members of the proletarian class are not as mobile as their bourgeois counterparts, each of these urban spaces has to develop a homogenous base which is easily and readily consumable by the elite class.<sup>9</sup> This can be done through the economic principle of supply and demand. The supply of non-elites is enormous compared to the size of this “creative class” of professionals.<sup>10</sup> The small size of the creative command and control class means that demand for the services provided by the lower class is minimal. Low demand plus large supply means that the price (or value) of service workers is kept very low. The low-worth poor become easily interchangeable cogs in the global machine of capitalism. It should be no surprise that the gap between workers’ wages and CEOs’ wages has been steadily increasing over the last few decades. In 1971 the gap was approximately 30% – or \$200,000 for the average CEO, compared to \$6,540 for the average worker – but in 2000 the gap was 557.6%, or \$13.9 million to \$25,000.<sup>11</sup>

The polarization of society is being accelerated by the capitalist project of wealth extraction. Total net wealth is no longer increasing; rather, it’s being leached away by the bourgeois capitalists from the other social classes, particularly the middle class. As the natural processes of globalization – augmented by political and legal mechanism that allow the free flow of goods and capital around the world – produce more integrated societies, this extractive class has a greater base from which to drain resources. Members of this growing elite class, which is increasingly globally-oriented, have leveraged their enormous private resources – garnered from the spoils of finance, trade, contracting, etc. – to produce fortified exclusive spaces in

7 Florida 2002  
8 Sassen 2001  
9 Weber 2002  
10 Florida 2002  
11 Moss 2011

which they can be separated from the rest of the ‘teeming masses of humanity.’ As their extraction of capital shifts from workers and the poor to members of middle class – once their allies in the capitalist endeavor – the wealthy have developed an aversion to living near the middle class as well. One recent article reports that the population of middle-class neighborhoods in large metros has shrunk from about 65% in 1970 to about 44% in 2007; a trend which was likely exacerbated by the subsequent recession.<sup>12</sup> At the same time, people living in either exclusively wealthy or exclusively poor neighborhoods increased from about 15% to 33% over the same period.<sup>13</sup> While the exclusivity of wealthy enclaves is a problem unto itself, the true problem is the inequality of “public” services between the wealthy enclaves and the poor (often minority) ghettos. The poor are left spatially isolated, with little political agency and even less economic mobility.

Despite their reliance on the poor, the wealthy often exclude their domestics – the transposable underclass that provides service work for the wealthy – from their neighborhoods and lives. This can be done subtly through price controls (when the median price of a house in a particular neighborhood far exceeds the buying capacity of the poor) or actively through exclusionary zoning mechanisms. Housing choice is expressed as exactly that – choice. People’s spatial location and residential choice is expressed as a market choice and any curtailment or intervention into that “choice” is negatively viewed as governmental restriction of personal liberty.<sup>14</sup> The same neoliberal philosophy that helps to create the overwhelming income disparity works to preserve it. The machine of capitalism reproduces itself spatially. In order for the system to continue in its exploitative capacity, it must isolate the classes and fragment the social fabric.

Jürgen Habermas was a German philosopher whose major scholarly contribution was his theory of communicative action, which can only be reached through what he terms communicative rationality. Capitalism’s reproduction is what Habermas would term a colonization of the lifeworld by the system of capitalism.<sup>15</sup> The lifeworld is the basic level of commonalities that societies share, which enable them to reach a state of communicative rationality – which in its

most simplistic form is discourse in which all participants are on the same level and equitable decisions can be made. Capitalism is one of many systems that Habermas identifies. Systems are antithetical to the notion of communicative action. A system, unlike communicative action, actively encourages those who participate in it to not be self-reflective; in other words, systems reward members who are mindless drones and do not question the basic tenets of the system. When the lifeworld becomes colonized or infiltrated by systems, societies no longer reflect critically on themselves. This allows entrenched power dynamics to go unchecked and continue to create injustice.

Another theory Habermas contributed to our understanding of spatial segregation was that of the ideal speech situation. The ideal speech situation allows people to critically reflect on societal privilege and engage in meaningful dialogue that mitigates the effects of differing levels of social power. Colonization removes shared areas of life experience from the purview of the ideal speech situation, preventing societies from ever reaching communicative rationality.<sup>16</sup> Capitalism is typical of a Habermasian system, because it prevents critical inquiry and allows people to move along in a fog, unaware of the external forces manipulating them.<sup>17</sup> The invasion of the lifeworld ethos is designed to further segment and weaken the collective “we,” allowing the system to perpetuate itself without repercussion or balance. For example, in America, anyone who even hints at the downsides of capitalism is labeled a socialist, or even worst a Marxist threatening the very ‘freedom of our country.’<sup>18</sup> Systems, and capitalism in particular, do not take kindly to criticism and social ostracism and political backlash are only a few of the ways it punishes those who dare to question it.

One of the principal ways in which people make sense of life is through absorbing their physical environments. To the extent that these environments are entirely distinct and un-relatable, they represent spaces in which members of the same society can simply not communicate – or achieve communicative rationality. When communication becomes impossible, the only way to resolve problems is through bullying, coercion, and domination.<sup>19</sup> Thus the fragmentation we discussed earlier reinforces itself

---

12 Tavernise 2011  
13 Ibid.  
14 Frug 1999  
15 Habermas 1984

---

16 Ibid.  
17 Ibid.  
18 Duke 2011  
19 Habermas 1996

in society's collective psyche, etching our diversity into hardened lines of difference.

The social contract designates government as the protector of the public interest.<sup>20</sup> Yet the government has shirked its duty as advocate for the collective public interest, assuming the economic positivist notion that the public interest is nothing more than a collection of utility-maximizing individuals' interests.<sup>21</sup> With no great societal vision or purpose, government, as part of the shared lifeworld of its citizens, has become susceptible to colonization by capitalism and the vast resources at the disposal of the wealthy elite. But this unholy cohabitation between politicians and business interests (who are often one and the same – there is a reason the U.S. Senate's nickname is the 'millionaires' club')<sup>22</sup> is only one part of government's failing. Capitalism's stealthy twin, neoliberalism, rears its head once more. These systems are not simply content co-opting the political machine as we know it (see the landmark Citizens United Supreme Court case)<sup>23</sup>, but turn their vitriol and hatred on the very same operation, demanding that governments be cut and shrunk, or if that plan of attack fails, they demand lower taxes to the point where government is starved and must, by necessity, wither and die. They justify the exploitative and harmful effects of their policies by appeals to the flawed economic principles of rational thinking, market orientation, and utility maximization.<sup>24</sup> Their rhetoric, often skimmed from Ayn Rand and her intellectual brethren, proclaim the wealthy as ubermensch, supermen, worthy of praise, adoration, and special protection lest they take their creative talents and flee, leaving the entire world less productive and poorer. Call it the 'rich man's burden'.<sup>25</sup> Today that rhetoric is employed in advocating for tax policy that is not just flat or equally distributed, but actually regressive instead of progressive, forcing the poor to pay more of their income than the wealthy.<sup>26</sup> Government becomes a tool not to break the cycle of polarization and inequality, but to actually perpetuate it, a total reversal of their socially contracted role.

In the face of this systemic failure of liberal democracy,

20 Baumol 2003  
21 Malloy 1991  
22 Alfano 2010  
23 Citizens United v. Federal Election Commission (2010)  
24 Turley 2011  
25 Rand 1957  
26 Thompson 2011

capitalism, and the laissez-faire market economics that Western nations have come to rely on, it becomes difficult to envision a path out of the segmented, isolated, and impoverished urban structure we have inherited. Furthermore it becomes seemingly impossible to imagine that any one municipality could create a policy that can mitigate these omnipresent forces. This is particularly true for urban areas, which bore the brunt of neoliberalism's destructive tendencies under the Reagan administration.<sup>27</sup> The American psyche has been anti-urban since perhaps the Industrial Revolution; yet as much as Americans despise cities, they also need them; both for the economic agglomeration benefits they provide and also for the amenities which can be consumed in them – shopping malls, museums, restaurants, sports venues, and the like.<sup>28</sup> This love-hate relationship is fueled by the notions of cities as bastions of poverty surrounded by affluent suburbs– the manifestation of the spatial injustice mentioned before. However, not all cities are equally impoverished. Some, like the aforementioned "global cities," have served as magnets for wealth and capital accumulation in the central city and not simply in the suburban parts of its metro region.<sup>29</sup> The remainder of this paper will talk about how New York City – perhaps the quintessential global city – has initiated a policy that, while clearly incapable of reversing the systemic failure that leads to spatial segregation, may perhaps mitigate it to a degree. To what extent does the 80/20 affordable housing problem provide a good model for governments elsewhere to combat the cycle of spatial isolation and socioeconomic polarization?

### WHY THE 80/20 PROGRAM?

The concept and mechanics behind the 80/20 program are not unique; there are many similar programs built into low-income tax credits and other government subsidies. Two things make 80/20 unique: its geographic location (New York City) and its ubiquity (all qualifying developers between 2008 and 2010 chose to use the program)<sup>30</sup>.

New York City has some of the worst income inequality in the developed world. As of the 2009 American Communities Survey, 21.7% of New Yorkers were living in poverty, 300,000 of whom became poor between 2005 and 2008, prior to the

27 Brenner and Theodore 2002  
28 Glaeser 2010  
29 Sassen 2001  
30 Santora 2011

Great Recession.<sup>31</sup> Additionally, New York state is constantly ranked among the worst states for income inequality, with a GINI coefficient around .5, meaning that the top 10% of income-earners have almost double the income of the bottom 10%. By comparison, the United States as a whole, which is the most unequal of all developed nations, has a GINI coefficient of .47.<sup>32</sup> Additionally, New York City has 59 billionaires (second only to Moscow) and approximately 667,200 millionaires.<sup>33</sup> In fact, although conservative billionaire David Koch remains the wealthiest permanent resident, many other billionaires have bought second or third homes there, helping to drive already sky-high real estate prices even higher – further evidence of the existence of a wealthy mobile elite class.<sup>34</sup> This wealth is contrasted with areas in New York City where the median income is less than \$8,900 a year.<sup>35</sup>

Besides its rampant inequality, New York also has some of the most expensive real estate in the country. In January 2011, an average apartment in Manhattan cost \$1.38 million, and the rest of the city is not much better-off, averaging around \$889,000.<sup>36</sup> The median household income for the city is about \$68,500, meaning that after taxes a typical salary is about one-sixth of what would be needed to make a monthly 30-year mortgage payment.<sup>37</sup> The high price of property ownership trickles down to inflate rental prices. Anecdotal evidence of four or six people sharing a two- or sometimes one-bedroom apartment are so common they've almost ceased to be interesting.<sup>38</sup> But costs are not just high for residents: developers also struggle to assemble land and build in the densely-packed and built-out environment. Because there are very few greenfield sites left in the city (none in the denser-packed boroughs of Manhattan and Brooklyn), all construction projects must allocate a large amount of money for environmental remediation.

The high price of real estate, both from the residents' and the developers' sides, is not a new phenomenon. In fact, the 80/20 program was initially developed in the 1970s to

provide capital to developers and defray their construction costs. At that time, New York already had rent stabilization laws in place which were already impacting developers' bottom line. Unable to raise rent enough to make their desired profits, developers threatened to leave the city altogether for Westchester County, Connecticut, and New Jersey. In order to prevent an exodus from the city's markets, the State Assembly created 80/20 in the hope that developer profits would be maximized and new real estate would be constructed.

## HOW DOES IT WORK?

The 80/20 program applies only to new construction projects on residential housing developments with minimum costs of around \$50,000,000.<sup>39</sup> The program is by three agencies: two city agencies, the Department of Housing Preservation and Development and the New York City Housing Authority, as well as the state's Housing Finance Agency. Developers of large properties apply and – if they meet the program's criteria – become eligible for a bundle of financing incentives. First, any bonds or debt they need to take out are given the same tax-exempt status as a government bond. Second, these bonds can be given "credit enhancement," which means that the private developers' debt will be treated as if it has the same credit rating as government debt. On top of that, developers using at least 50% debt to finance their deals (that is, taking out a loan for 50% of the development cost) are eligible for a 4% low-income tax credit.<sup>40</sup> In order to be eligible for these perks, developers must qualify. The requirements are rather loose; for example, developers must have at least 10% equity in the project, 2 - 4% of which must be cash. They are encouraged (though not required) to use green building codes and build in transit-accessible destinations.<sup>41</sup>

Obviously, however, the biggest requirement for developers is the affordable housing component from which the program draws its name. In order to qualify, developers must set aside 20% of their units for residents whose incomes are 50% or less of the area's median, which for New York City was set at \$62,800.<sup>42</sup> Alternatively, developers can choose to set aside 25% or more of their apartments for families making 60% of the AMI. These income restrictions will be

---

31 Roberts 2010  
32 United States. Bureau of the Census.  
33 Brennan 2011 and Huffington Post 2011  
34 Barbanel 2010  
35 Venugopal 2011  
36 The Real Deal Online 2011  
37 Bankrate.com and SurePayroll  
38 Santora 2012

---

39 New York State 2011  
40 Ibid.  
41 Ibid.  
42 New York City Housing Authority 2011

spelled out in a regulatory agreement. All 80/20 financing deals are governed by this legally binding document, including, but not limited to: low-income housing tax credit requirements, tenant certification requirements, lease-up procedures and benchmarks, restrictions on transfers, inspections, and financial reporting requirements. In addition, the income specifications are spelled out. These specifications include the exact number of apartments to be set aside, what income they are targeted to, and how long the housing must remain guaranteed low-income.<sup>43</sup>

### HOW DOES IT PLAY OUT IN REALITY?

The 80/20 program underwent a significant transformation in 2008 when the New York City Council closed two important loopholes in its administration. The first was a loophole in the previous language of the program which allowed developers to sequester away affordable housing units in a separate building, often on the very edges of one of the outer boroughs.<sup>44</sup> Often these new developments would be placed in already poor neighborhoods, reinforcing the cycle of concentrated poverty, with each new building perpetuating the spatial manifestation of a socially fragmenting society. The ills of poverty, including economic isolation, lack of political and social capital, and the potential for “chronic unemployment” – where being unemployed is the default condition – have been shown to be magnified and exacerbated by spatial concentration.<sup>45</sup>

What was so remarkable about this previous loophole was how it aligned itself so well with capitalism and neoliberalism. The older incarnation of 80/20 was the perfect wealth extraction vehicle. To clarify: an extremely wealthy developer, part of the global elite (e.g. Donald Trump), would propose a building in a wealthy part of the city (e.g., the Upper East Side). They would apply for 80/20’s financing mechanisms – that is, they would extract public sector resources from the average taxpayer (most of whom could never hope to live in the new building) by promising that they would provide a smaller building elsewhere, often in an already impoverished area (e.g., the South Bronx). The affordable buildings would generally be of significantly worse quality than the market-rate buildings that the developer built at the same time; though perhaps, by virtue of their newness, of higher quality than the buildings

around it in the impoverished areas. In one swoop, the capitalist bourgeois extracted resources in the form of tax revenues from the public sector and directed it back into the private sector, reinforcing the cycle of exclusion and social fragmentation and making handsome profits in the process. There was a second and even more nefarious undertone to these transactions. After gaming the system and extracting ever larger amounts of capital, these same elites cloaked themselves in the guise of neoliberal reformers, who would say affordable housing programs (like the one they had just exploited) were wastes of government resources that should be ended because they failed to provide adequate housing in the most unaffordable parts of the city. The tenor of their diatribes would never be to end the extractive capacity of the wealthy, but rather that the poor should seek market-rate housing and not depend on government handouts. This allowed them to then push ostensibly private sector policies (e.g. subprime mortgages) which continued to exacerbate the wealth divide and extract capital from the poor to the rich.<sup>46</sup>

The City Council’s 2008 program change prevented developers from building off-site housing; that is, if they want to qualify for the 80/20 program today, they must provide the 20% affordable units within their new development. The new changes also closed a second loophole, requiring the affordable and market-rate housing to look “substantially similar.” While both of these changes seem rather small in the grand scheme of things, they represent such a radical departure from the status quo that they are remarkable in and of themselves. The government that previously had abandoned its role as protector of the public interest (or at least the interest of the disadvantaged) has now reasserted itself as a check on the unmitigated exploitative nature of capitalism.

While spatial integration and social defragmentation should be seen as positive ends on their own, there is also a potentially added benefit that comes with mixed-income communities. William Julius Wilson, a sociologist whose work involving the harms of concentrated poverty was cited earlier, also talks about the benefits accrued through positive role-modeling. That is, when people see others working as the rule, rather than the exception (as is often times the case in the ghetto), they are more likely to

43 Ibid.

44 Santora 2011

45 Wilson 1997

46 Sassen 2009

understand the value of work and model themselves after it.<sup>47</sup> Similarly, Wilson's fellow sociologist Elijah Anderson identified additional benefits which come through the value of empathy and chance encounters. That is, when people of different social classes meet one another, even if they are consciously unaware of their differences, social learning takes place and both parties leave the encounter enriched and with more empathy for the other person.<sup>48</sup> This is true even if the encounter is as fleeting as a shared elevator ride. There are also the obvious benefits of improved public services for the poor in wealthier neighborhoods – better policing, schools, streets, and so on. In addition to improved services there is also a decrease in social problems, particularly a decrease in crime, in more affluent areas. In total, there seems to be an overall benefit to having people live in mixed-income neighborhoods.

## CHALLENGES

Despite these improvements, nothing in life is ever as succinct as it is in theory, and there are enormous drawbacks and disadvantages to the program. I will briefly mention four: two practical and two theoretical. The first practical drawback to the program is the extremely low numbers of people it houses; the 80/20 can only provide housing for part of the population that needs it. Waiting lists can be months, if not years long, effectively prohibiting anyone who is looking to move immediately. In addition, the program has only added a few thousand affordable units to the housing market since the change in 2008 (figures range from 2,000 to 8,000 units).<sup>49</sup> With such low numbers, it is reasonable to question the overall effectiveness of the program. For the lucky few who manage to get one of the apartments, it is excellent. But for every one lucky person, there are 10-15 unlucky people who remain marginalized. Part of the low numbers can be explained by the collapse of the real estate market from 2008 - 2010 (based on the latest data available).<sup>50</sup> It will be interesting to see as the real estate market rebounds how the numbers of apartments provided increases. Still, even with an increase in new construction, it is hard to imagine creating fully inclusive neighborhoods, let alone cities, with such a small portion of their housing stock comprised of affordable units.

47 Wilson 1997

48 Anderson 2004

49 See Santora 2011 and New York City Housing Authority 2011

50 New York City Housing Authority 2011

The second drawback is a compounded problem. Since the change in the law, the locations of 80/20 projects have shifted dramatically. Prior to the inclusivity requirements, developers in all parts of the city would apply for the benefits associated with the program. Today, only developers working in “borderline” neighborhoods seem to be applying for the program. We use the “borderline” to refer to areas that have a historic pattern of disinvestment, but are either on the border of wealthier neighborhoods, or are areas which themselves are on the rebound. Harlem, Manhattan; Williamsburg, Brooklyn; and Hunter’s Point, Queens have been the primary areas for new developments. These are places where developers feel that the property is cheap enough that they can buy it at a reasonable price, but are ‘marketable’ enough that those who can afford full-price housing would still be inclined to live there. However, because new buildings often create inflationary pressures on surrounding real estate, driving costs up, there is a fear among current residents of displacement. Although it is arguable that by providing low-income housing in an area, developers are ameliorating concerns about gentrification, there is no guarantee that a person who was displaced from their borderline neighborhood due to rising price pressures will be housed in the new building. Because developers do not believe that they can get maximum profits from developing in more traditionally wealthy neighborhoods (where gentrification concerns would be nonexistent), they become urban pioneers, carving out fortresses of wealth in borderline neighborhoods. This is a practice which may or may not lead to increased displacement, thereby negating the original purpose of the program.

The third problem is both theoretical and psychological. New York City has been one of the few American cities which have managed to retain an extremely wealthy core while other cities’ hollowed out; both poverty and opulence reside in the city’s borders, spatially segregated through housing. New York’s fortune in holding onto wealth could be seen as a direct result of the elite’s ability to spatially segregate themselves from the poor. They get unparalleled access to the amenities of the city and live free from the masses of poor minorities. Perhaps the current spatial balance represents equilibrium, a stasis which prevented the movement of even greater numbers of wealthy whites away from the city. Though this program has a small long-

term effect, does the general progressive policy direction enconced in it represent a shift away from the segregated balance? If so, what does that foretell about the future of New York's wealthy? Will New York's "limousine liberals" overcome a more basic primal human urge to segregate and flock into distinct packs?<sup>51</sup>

The last theoretical problem for the 80/20 program may be the most damaging. Although it is ostensibly designed to counter prevailing trends of polarization and segregation, it may actually be reinforcing them. Assuming that the program worked as intended – that is to say, if it integrated the very poor with the well-off, and brought them back into economic and political mobility in society –the middle-class would still be ignored and compressed. As outlined earlier, middle-class jobs are disappearing due to extractive capitalism. Additionally, their housing options are being severely curtailed – most middle-class families cannot afford to live in large swaths of New York City. To the extent that the government is attempting to do anything to combat the affordable living problem, it seems to be focusing on the poorest segment of the population. While this is a worthy goal, it simply perpetuates social bifurcation– imposing the mold of the two-tiered economy on the built environment. Middle-class families face the ultimate double-bind – they are not wealthy enough to buy and live like the wealthy, but neither are they poor enough to receive whatever limited benefits the government can provide.

## CONCLUSIONS

While the 80/20 program seems to represent a progressive step toward reasserting a genuine 'public interest,' its prescription seems to be too weak. If we want to reestablish the Habermasian lifeworld, we must recognize that 80/20 and programs like it will fail if implemented on their own. In the case of the 80/20 program, there are four key reasons for this: 1) The program remains incapable of housing the required number of people. 2) Although, the program facilitates Soja's "right to the city" for a small number of people, it has the potential to displace even more people than it helps, ultimately magnifying the spatial inequality it was designed to solve. 3) Despite the fact that sociological theory explains that integration and diversity are beneficial to society, psychology (and experience) shows that humans seem to prefer to live in homogeneous pockets. This means

that 80/20's economic integration might result in the financial equivalent of the 1970s' white flight. 4) The 80/20 program might work to reinforce a bifurcated economic system in which only the poor and rich are accounted for and the middle class is relegated to invisibility, required to fend for themselves if they want to survive. In other words, the 80/20 program may be simply another manifestation of the capitalist prerogative. Wealth is extracted back into the hands of the small global elite, while the rest of society becomes serfs on their proverbial feudal-estates. Does 80/20 move the bourgeois estates out of the 1500s into modern-day New York penthouses, and if so, what, if anything, can be done about it?

To the extent that its four critical problems remain unaddressed, the 80/20 program will actually worsen the problem. A radical transformation of our institutions and systems may be the only solution to a world being spatially and socially torn asunder.

## Works Cited

- Alfano, Sean (2010, Oct. 28) "Is the Senate a Millionaire's Club?" US News and World Report, October 28, 2010. <http://www.usnews.com/news/articles/2010/10/28/is-the-senate-a-millionaires-club>
- Anderson, Elijah (2004). "The Cosmopolitan Canopy." *The Annals of the American Academy of Political and Social Science* 596.1: 6-7.
- Bankrate.com. Mortgage Calculator. <http://www.bankrate.com/calculators/mortgages/mortgage-calculator.aspx>
- Barbanel, Josh (2010, July 28). "Carlos Slim Buy's Fifth Ave.'s Only Private Townhouse" *The Wall Street Journal*. <http://blogs.wsj.com/metropolis/2010/07/28/carlos-slim-takes-manhattan-townhouse-for-44-million/>
- Baumol, William J. (2003). "Welfare Economics and Theory of the State." *The Encyclopedia of Public Choice*. (2nd edn.) Rowley, Charles and Friederich Schneider eds.
- Brennan, Morgan (2011, May 24). "Cities with the Most Billionaires, 2011." Yahoo! Real Estate. <http://realestate.yahoo.com/promo/cities-with-the-most-billionaires-2011.html>
- Brenner, Neil and Nik Theodore (2002). "Cities and the Geographies of 'Actually Existing Neoliberalism.'" *Antipode* 34.3: 349–379.



- Citizens United v. Federal Election Commission 558 US 08-205 (2010). United States Supreme Court.
- Coy, Peter (2008, Feb. 27). "Bill Clinton's drive to increase homeownership went way too far" Bloomberg Businessweek. [http://www.businessweek.com/the\\_thread/hot-property/archives/2008/02/clintons\\_drive.html](http://www.businessweek.com/the_thread/hot-property/archives/2008/02/clintons_drive.html)
- Duke, Selwyn (2011, Dec. 9). "College Mate: Obama was an 'Ardent' Marxist-Leninist" The New American. <http://thenewamerican.com/opinion/selwyn-duke/10133-college-mate-obama-was-an-ardent-marxist-leninist>
- Florida, Richard (2002). *The Rise of the Creative Class*. New York: Basic Books.
- Frug, Gerald E. (1999). *City Making: Building Communities Without Building Walls*. Princeton, NJ: Princeton University.
- Glaeser, Edward L. (2010, Mar. 5) "Why the anti-urban bias?" The Boston Globe. [http://www.boston.com/bostonglobe/editorial\\_opinion/oped/articles/2010/03/05/why\\_the\\_anti\\_urban\\_bias/](http://www.boston.com/bostonglobe/editorial_opinion/oped/articles/2010/03/05/why_the_anti_urban_bias/)
- Habermas, Jurgen (1984). *A Theory of Communicative Action*. Boston: Beacon.
- Habermas, Jurgen (1996). *Between Facts and Norms: Contributions to a Discourse Theory of Law and Democracy*. Cambridge, MA: Mass. Institute of Technology.
- Hannerman, Robert A. "Spatial Dynamics of Human Populations: Some Basic Models." University of California Riverside, 2005. <http://faculty.ucr.edu/~hannerman/spatial/>
- Huffington Post (2011, May 25). "New York Has Most Millionaires In The Country." The Huffington Post. [http://www.huffingtonpost.com/2010/08/04/new-york-city-has-most-mi\\_n\\_670474.html#s122573&title=New\\_York\\_667200](http://www.huffingtonpost.com/2010/08/04/new-york-city-has-most-mi_n_670474.html#s122573&title=New_York_667200)
- Katz, Lawrence F. (2010, Apr. 29). "Long-Term Unemployment in the Great Recession." Testimony for the Joint Economic Committee of the United State Congress, Hearing on "Long-Term Unemployment: Causes, Consequences, and Solutions."
- Lefebvre, Henri (1992). *The Production of Space* (1st edn.) Malden, MA: Blackwell.
- Malloy, Robin Paul (1991). *Planning for Serfdom: Legal Economic Discourse and Downtown Development*. Philadelphia: University of Pennsylvania.
- Moss, J. Jennings (2011, Jan. 26) "Mind the Compensation Gap". Portfolio.com. <http://www.portfolio.com/views/blogs/daily-brief/2011/01/26/revisiting-income-inequities-and-the-ceo-employee-gap>
- New York City Housing Authority (2011). New York City Housing Authority (website). <http://www.nyc.gov/html/nycha/html/home/home.shtml>
- New York State (2011). Division of Homes and Community Renewal. New York State's Homes and Community Renewal's 80/20 Housing Program. <http://www.nyhomes.org/assets/documents/8020TermSheet.pdf>
- Rand, Ayn (1957) *Atlas Shrugged*. New York: New American Library, 1999 [Orig. 1957].
- The Real Deal Online (2011, Jan. 13). "Average Manhattan apartment price climbs." The Real Deal Online. Korangy Publishing. <http://therealdeal.com/newyork/articles/average-manhattan-apartment-price-climbs-10-percent-according-to-rebny-real-estate-board-of-new-york-and-steven-spinola>
- Roberts, Sam (2010, Mar. 2). "Calculating Poverty in New York: More by City Standards Less by Federal One." The New York Times. <http://www.nytimes.com/2010/03/03/nyregion/03poor.html>
- Santora, Marc (2011, Sept. 2). "Across the Hall, Diversity of Incomes." The New York Times. <http://www.nytimes.com/2011/09/04/realestate/across-the-hall-diversity-of-incomes.html>
- Santora, Marc (2012, Apr. 20). "The City of Sky-High Rents" The New York Times. <http://www.nytimes.com/2012/04/22/realestate/manhattan-the-city-of-sky-high-rent.html>
- Sassen, Saskia (2001). *The Global City: New York, London, Tokyo*. (2nd edn.) Princeton, NJ: Princeton University.
- Sassen, Saskia (2009). "Cities Today: A New Frontier for Major Developments." *The Annals of the American Academy of Political and Social Science* 626.1: 53-71.
- Soja, Edward (2010). *Seeking Spatial Justice*. Minneapolis, MN: University of Minnesota.
- SurePayroll. Salary Paycheck Calculator. [http://www.surepayroll.com/calculator/calc\\_paycheck\\_netpay.asp](http://www.surepayroll.com/calculator/calc_paycheck_netpay.asp)
- Tavernise, Sabrina. (2011, Nov. 16). "Middle-Class Areas Shrink as Income Gap Grows, New Report Finds." The New York Times. <http://www.nytimes.com/2011/11/16/us/middle-class-areas-shrink-as-income-gap-grows-report-finds.html>
- Thompson, Derek (2011, Dec. 15). "The Gingrich Tax Plan

Is a Disgrace, and It's Not Partisan To Say So." The Atlantic. <http://www.theatlantic.com/business/archive/2011/12/the-gingrich-tax-plan-is-a-disgrace-and-its-not-partisan-to-say-so/250067/>

Turley, Jonathan (2011, May 8) "Who's Shrugging Now?: A Post about Rep. Paul Ryan, Ayn Rand, and the GOP Path to Prosperity." [jonathanturley.org](http://jonathanturley.org). <http://jonathanturley.org/2011/05/08/whos-shrugging-now-a-post-about-rep-paul-ryan-ayn-rand-and-the-gop-path-to-prosperity/>

Venugopal, Arun (2011, Dec. 8). "Census Pinpoints City's Wealthiest, Poorest Neighborhoods." WNYC News Blog. New York Public Radio. <http://www.wnyc.org/blogs/wnyc-news-blog/2011/dec/08/census-locates-citys-wealthiest-and-poorest-neighborhoods/>

Weber, Rachel (2002). "Extracting Value from the City: Neoliberalism and Urban Redevelopment." *Antipode* 34.3 (2002): 519-540. Print.

Williams, Timothy (2011, Nov. 29). "As Public Sector Sheds Jobs, Blacks Are Hit Hardest." *The New York Times*. <http://www.nytimes.com/2011/11/29/us/as-public-sector-sheds-jobs-black-americans-are-hit-hard.html>

Wilson, William J. (1997) *When Work Disappears: The World of the New Urban Poor*. New York: Vintage Books.



*Greektown, Detroit. (Photo Credit: Oleksandra Topolnytska)*