

## Report Reveals That a Growing Number of NYCHA Residents are Starting Businesses, But Finds That More City Support is Needed to Fully Tap the Entrepreneurial Potential of New Yorkers Living in Public Housing

*Study Finds that Helping More NYCHA Residents Succeed as Entrepreneurs Could Provide a Crucial Income Boost Amid a Challenging Employment Landscape*

### For Immediate Release:

**March 29, 2022** – A new report published today by the Center for an Urban Future calls on Mayor Adams to increase support for entrepreneurs living in public housing across New York City. The study finds that helping more NYCHA residents start businesses and turn side-hustles into larger businesses could provide a crucial income boost at a time when those living in public housing have been among the slowest to recover from pandemic-induced job losses.

The report, made possible with a grant from Deutsche Bank Americas Foundation, reveals that rates of formal business ownership among NYCHA residents have been rising: the number of NYCHA residents reporting business income increased by 472 percent over the past decade, from 286 residents in 2012 to 1,636 in January 2021. In addition, the study shows that thousands more NYCHA residents earn income from a side hustle or home-based venture—in fields such as catering, party planning, fashion design, childcare, music production, personal care services, and carpentry.

But the study concludes that there is considerable untapped potential to increase business formation among NYCHA residents and strengthen existing businesses. According to the report, even after the recent spike in formal entrepreneurship rates, fewer than 1 percent of New York City Housing Authority (NYCHA) residents report income from a business—just 1,636 people out of nearly 300,000 working-age residents living in public housing citywide.

“It’s time to make NYCHA part of the city’s efforts to grow its entrepreneurial economy,” said Jonathan Bowles, executive director of the Center for an Urban Future. “There is an entrepreneurial spirit running through every NYCHA building. Harnessing this energy and helping more residents succeed as business owners should be one element of the city’s strategy to help public housing residents bounce back from the steep economic toll of the pandemic.”

The report, titled “New York’s Untapped Entrepreneurship Opportunity,” finds that a challenging employment landscape for NYCHA residents—magnified by the pandemic—has made entrepreneurship an attractive alternative route to economic self-sufficiency for some individuals living in public housing. In 2019, only 42 percent of working-age NYCHA residents earned income from employment. The employment situation has only gotten worse in the pandemic: Nearly one-quarter of employed NYCHA residents worked in retail, hotels, and food—industries now lagging badly in the city’s economic recovery. Some experts estimate that the unemployment rate in NYCHA is as much as four times the citywide rate.

City leaders have done much to strengthen New York’s entrepreneurial ecosystem in recent years, but very little of this support has flowed to NYCHA entrepreneurs. For instance, while the report credits the de Blasio administration with launching NYCHA’s Business Pathways program, which supports aspiring entrepreneurs living in public housing, fewer than 400 residents have graduated from the program since 2015. Interest these programs far exceed their capacity—more than 800 residents have interviewed for the Food Business and Childcare Pathways programs, almost double the programs’ available seats—and

many NYCHA entrepreneurs, especially younger residents, seek support for business plans not covered by the program, including in creative industries like fashion, music, and media.

Additionally, just 496 NYCHA residents participated in all city-run small business assistance programs in 2019—out of nearly 270,000 adults living in NYCHA developments citywide. In five City Council districts with at least one NYCHA development, zero NYCHA residents used this service.

The report finds that the city is also missing out an opportunity to eliminate—or greatly reduce—one of the biggest obstacles that has prevented many NYCHA residents from starting a business. Right now, countless NYCHA residents fear being even a modestly successful entrepreneur will cause their NYCHA rent to increase—due to NYCHA rules (set forth by HUD) requiring the cash value of savings and checking accounts to be included in the calculation used to determine rent each year. The federal government’s Family Self Sufficiency (FSS) program is designed to address this problem, enabling public housing residents to save rent increases caused by rising income in an interest-bearing escrow account. But New York City has done too little to market this opportunity. Just 1,274 NYCHA Section 8 residents are actively enrolled in the program. Indeed, NYCHA Section 8 residents account for less than 2 percent of all FSS participants nationally, even though New York City is home to over 20 percent of the nation’s public housing and Section 8 residents.

The report urges Mayor Adams to make boosting entrepreneurship among NYCHA residents one component of his broader pandemic recovery plan—and to set a goal of sparking 2,500 new NYCHA entrepreneurs over the next five years. The study also includes several concrete recommendations for city policymakers, including:

- Launch new startup competitions in NYCHA developments to unleash the entrepreneurial spirit that runs through NYCHA and help support the most promising public housing entrepreneurs.
- Expand the Business Pathways Program and create a new Business Pathways Program for aspiring entrepreneurs in creative industries.
- Eliminate the disincentive for NYCHA residents to become entrepreneurs by greatly expanding enrolment in the Family Self Sufficiency Program (FSS).
- Create a NYCHA Business Credit Fund to make it easier for CDFI’s to provide microloans to NYCHA entrepreneurs.
- Establish new NYCHA worker cooperatives

Click [here](#) to view the report, titled: [New York’s Untapped Entrepreneurship Opportunity](#)

#### **About the Center for an Urban Future**

The Center for an Urban Future (CUF) is an independent think tank focused on creating a stronger and more equitable economy in New York City, and expanding economic opportunity for all New Yorkers. CUF has published a number of reports about the opportunity to boost support for low-income entrepreneurs, including its influential 2013 report “[Launching Low Income Entrepreneurs](#)”.

#### **About Deutsche Bank Americas Foundation**

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