Do Foreclosures Increase Crime After All?

ERIC JAFFE  9:25 AM ET  1 COMMENT

A few months ago our Emily Badger reported on a study that found no direct correlation between home foreclosures and crime. The researchers drew that conclusion from a thorough analysis of housing markets and crime statistics in 142 metro areas across the United States. "Moving forward, researchers should begin to think about why the foreclosure crisis is not directly linked to rates of violent and property crime," they wrote.

Before other scholars move forward too quickly, they might consider another study — this one set to appear in the Journal of Urban Economics — that reaches the opposite conclusion. The new work, led by Ingrid Gould Ellen of New York University, found that recent foreclosures in New York City led to a 1 percent increase in crime on the same block. The largest effects occurred when properties went all the way through the foreclosure process, either to auction or bank ownership.

Let’s start with a few more details about the work by Ellen and colleagues. The researchers first mapped the 96,000 some odd “blockfaces” throughout New York City (the term is just jargon for a street with houses on both sides; see figure below). Then with the help of the N.Y.P.D. they plotted the precise location of crimes reported by victims or bystanders between 2004 and 2008. Finally they mixed in foreclosures reported by the city during an overlapping time period (2003-2010).
Their analysis of this model was pretty straightforward. Ellen’s team compared changes in crime on blocks with increased foreclosures to changes in crime on blocks in the same neighborhood that didn’t experience foreclosures. The idea with this approach was to isolate foreclosures as the primary cause of any criminal acts — at least as much as statistically possible. (They also tried to limit interference by accounting for outside factors like the presence of bars or liquor stores, and the number of properties on a block.)

Their efforts produced a number of interesting findings. Crime did increase about one percent following a foreclosure, as mentioned above, but only after three or more foreclosure notices were issued to a particular block. In other words, home closures may lead to crime, but not until a block passes a threshold of housing stress. They also found that the effects of this closure-crime relationship were greater in neighborhoods with higher levels of crime in general.

Reconciling the two recent studies requires understanding their diverging scopes. National studies tend to track general trends and correlations, whereas close neighborhood studies do a better job discerning causes. While the New York research didn’t cite the recent national study, it did point out that other work done at the county level — let alone the national level — was too large to infer causality. The only other study to analyze a neighborhood in the same manner (this one in Pittsburgh; PDF) also found an increase in violent crimes near foreclosed property.

The two recent studies do agree on one thing: headlines claiming that criminals rush into foreclosed neighborhoods don’t have much evidence behind them. There is, however, some very logical theory behind the connection. Home owners facing foreclosure naturally let their property deteriorate to some extent, which creates an air of social disinterest that criminals find inviting. High turnover further reduces engagement in a community, as well as the ability to identify an outsider. Prolonged vacancies, in particular, can create safe havens.

Ellen and company believe their results will generalize to other cities around the country — in part because most of the foreclosures occurred in neighborhoods outside Manhattan characterized by single- and multi-family homes. That’s not to say cities suffering housing crises should all prepare for post-apocalyptic crime sprees. The researchers are quick to point out that they didn’t measure net crime in an area, only changes compelled by housing stress. Crime could go up near foreclosure while going down in other areas of a city. They conclude:

Thus, our results do not necessarily imply that cities reeling from the foreclosure crisis are at risk of increases in overall crime — but they do suggest that police and residents should closely monitor the blocks and neighborhoods that were disproportionately affected.

Top image: olivier/Shutterstock.com

Keywords: New York, Pittsburgh, Foreclosure, Housing Crisis, Crime, auction

Eric Jaffe is a contributing writer to The Atlantic Cities and the author of The King’s Best Highway: The Lost History of the Boston Post Road, the Route That Made America. He lives in New York. All posts »

Don’t miss the latest from Cities – subscribe to our daily email