



Dear Friends,

This fall, our project pipeline is overflowing. Our projects touch on many of the key policy questions facing New York and cities around the country—from the challenge of the increasing numbers of mortgage foreclosures to the causes and implications of neighborhood change, from the critical problem of how to stem large numbers of affordable housing units from expiring out of their subsidy programs to the complicated puzzle of how to build housing in cities with growing populations and a scarcity of land. Once a semester we like to share with you what we've been doing, and preview some of what is to come; we hope you enjoy this summary, and we look forward to hearing your suggestions and reactions.

In April, we released the 2007 edition of our annual *State of New York City's Housing and Neighborhoods* report. The report featured an in-depth analysis of mortgage lending trends over the past decade, revealed that citywide rates of subprime lending were much higher than the national average, and identified a troubling concentration of subprime and piggyback loans among black and Hispanic borrowers.

The *State of the City* report is just one of several projects the Furman Center has undertaken over the past few years to examine the patterns and impacts of risky lending and foreclosures in New York City neighborhoods. This fall, our mortgage research projects include assessing the role racial segregation may play in driving racial disparities in subprime lending, estimating the property value impacts of foreclosures on neighboring properties, and examining other spillovers of foreclosures, such as the displacement of renters. In May, we were asked to testify about our research before the Subcommittee on Domestic Policy of the House of Representative's Committee on Oversight and Government Reform. Our testimony was covered by the *Wall Street Journal* and other media.

Also in May, with support from the Ford Foundation, we convened leading researchers, policymakers, lenders and non-profits for a day-long roundtable to discuss how best to leverage public and private resources to put foreclosed properties to productive re-use. Later this month, we will release a white paper outlining the findings from the roundtable and identifying the key issues communities need to consider as they confront the challenge of rising numbers of foreclosed properties.

In the next few weeks, we will release a report assessing the impact supportive housing developments have on neighboring property values. Despite frequent claims from those who oppose supportive housing that these new developments will bring down neighborhood property values, there is little evidence about the actual impact supportive housing has had on host neighborhoods. Our analysis is the first large-scale empirical study of the impacts, and will be an important contribution to the controversy and public process that surrounds the approval of supportive housing facilities.

Turning to future work, this fall we will lay the groundwork for what will be a very exciting new long-term project at the Furman Center. In June, as part of its *New York City Proactive Preservation Initiative*, HPD issued an RFQ for the development of a new database to track the

tens of thousands of affordable rental units at risk of expiring out of the Federal Low Income Housing Tax Credit (LIHTC), HUD, Mitchell-Lama and HPD-financed programs. The Furman Center is honored to have been selected through a competitive process for that important task, and is now working with HPD to secure funding for the initiative from the MacArthur Foundation. If funded, the Preservation Data Project will be a critical tool to help the City to identify cost effective solutions to the grave problem of expiring uses in New York City.

We are extremely grateful to have recently received three significant gifts from our alumni that will help us build our staff, and attract and support more senior researchers and students. Herbert Gold, an alumnus from the School of Law's class of 1940, is generously sponsoring a new research fellowship at the Center. The Herbert Z. Gold Housing Research Fellow will lead much of the research coming out of the Preservation Data Project, and conduct systematic, rigorous research on housing affordability preservation efforts. We are humbled by Herb's lifelong commitment to creating and preserving affordable housing throughout the New York metro area and are honored to have a new fellowship in his honor.

We also are delighted to announce that Herbert Podell, of the School of Law's class of 1958, has sponsored a new student fellowship at the Center. The Herbert and Lorraine Podell Student Fellowship will fund two students per year to provide legal research and policy analysis to further the work of the Furman Center. Herbert Podell, a Senior Partner of Podell, Schwartz, Schechter, & Banfield, LLP, and his wife Lorraine have long been supporters of the Furman Center's work on housing and land use. The Furman Center's greatest resource is the enthusiasm and talent of the students of the School of Law, the Wagner School, and the rest of the University, and we are grateful that the Podell Fellowship will allow more students to participate in our research.

Finally, Jay Furman, an alumnus of the School of Law's class of 1971, made an extraordinary gift to the Center that will allow us to attract and support the work of additional senior researchers, visiting scholars and adjunct faculty. We have already begun to see the benefits of this gift – it has allowed us to bolster our research team with Jenny Schuetz as a Senior Research Affiliate and Sewin Chan as a Faculty Affiliate. We are grateful to Jay for this contribution, and for all the support and guidance he provides to the Center.

As always, we are eager to get your feedback and ideas on our work – don't hesitate to send us an email or give us a call.

Vicki Been & Ingrid Gould Ellen

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Highlights from Our Fall Research Agenda

The following research projects would not be possible without the generous support of the Annie E. Casey Foundation, Ford Foundation, Heron Foundation, the Lincoln Institute of Land Policy and many of our distinguished alumni.

Mortgage Lending and Foreclosures

Building on our previous work on mortgage lending and the impacts of foreclosures, we have embarked on a number of new projects intended to better understand the way foreclosures impact communities. Central to the call for government intervention is the claim that foreclosures not only hurt those who are losing their homes to foreclosure, but also harm many innocent victims. Our current research evaluates the impacts on two key groups of innocent victims: neighbors and renters. To look at how neighbors are affected, we have evaluated the extent to which foreclosures in New York City have driven down surrounding property values. Our research offers several methodological improvements over prior research and evaluates impacts over a longer period of time than earlier studies. Both of those advances should help shed light on the difficult which came first question: do foreclosures drive down surrounding property values or do neighborhoods with lower property values to begin with simply have more foreclosures. We have circulated a draft of our analysis to peer reviewers, and will release the results soon. Our research on renters expands upon previous work we've done describing the number of renter households living in multi-family buildings that entered foreclosure. We are examining more closely the impact these foreclosures are having on renters, assessing the rights renters have when their building goes into foreclosure, and exploring how the effects foreclosures have on tenants should shape public policy.

Inclusionary Zoning

Local inclusionary zoning (IZ) programs have become an increasingly popular trend in land use regulation over the past two decades, despite considerable debate over the effects of the policy. By 2007, 68 percent of jurisdictions in the San Francisco Bay Area had adopted some form of IZ. In previous work, we examined the impacts of IZ on the prices and production of market-rate housing. We now seek to better understand the widespread emergence of this particular tool and ask the question: why do some land use or housing policies become especially popular? We are testing the relative importance of various hypotheses that could explain the rapid diffusion of IZ in the Bay Area, using a unique dataset on the economic, demographic, political, institutional and spatial characteristics of 114 counties, cities and towns.

Schools and Housing

In cooperation with [NYU's Institute for Education and Social Policy](#), the Furman Center is assessing whether, and in what ways, publicly-financed housing investment, and investment in owner-occupied housing in particular, drives changes in local schools. The study analyzes whether the City's investments in new homeownership housing resulted in changes in the characteristics of students in the neighborhood schools, the characteristics of teachers, resource levels, and ultimately student performance, as measured by attendance and test scores.

Neighborhood Change

As part of a large research agenda to understand neighborhood change, we are looking at the urban comeback many cities experienced in the 1990s and evaluating whether reductions in crime affected residential decisions and helped to reverse, or at least abate, urban flight. Using national data, we are asking whether the cities that experienced the greatest reductions in crime during the 1990s experienced less flight and more rapid population growth than cities that were not able to make as much progress in fighting crime.

New York City Land Use

New York City's capacity to grow depends in part upon whether land that is now under-utilized can be developed to its full zoning capacity. We don't know enough about what causes some property owners to develop their land to the fullest FAR (floor area ratio) permitted by the applicable zoning, or about why some owners continue a current use when development to full FAR appears to make economic sense. We are gathering data and constructing models to identify which sites in the City currently are developed under the maximum permitted FAR, and to evaluate the characteristics of the properties, their owners, and the neighborhoods in which they are located. Using information gleaned from our data analysis, case studies and interviews with owners and real estate professionals, we will construct a model that can predict which lots will build out and which won't, and will suggest policies that the City could adopt to encourage landowners to develop under-used land. We also will use our data and models to analyze the many City-initiated rezonings that have occurred in the Bloomberg era to determine their net impact on the City's capacity for new building, and to evaluate the characteristics of the neighborhoods which have been rezoned to permit more building versus those where existing neighborhood character is being preserved.

Finally, in cities with very little vacant land, "teardowns" (acquisitions of existing buildings that are immediately demolished to provide new building sites) represent a unique opportunity to measure land values. The Furman Center is embarking on a new study to match property sales data with demolition permit data to compile a list of teardowns in New York City from the past several years. From these observations we will be able to replicate similar research conducted in other cities to calculate land prices and to construct a model that can predict where teardowns may occur.

Furman Center in the News

We value our role as an objective source of data and analysis for the public and hope our research helps inform the public conversation around housing and land use debates. Below is a sampling of articles that have featured Furman Center findings or analysis over the past few months:

- [*Does Seeing Green Lead to Seeing Greenbacks?*](#) *The New York Times* City Room Blog features commentary by Ingrid Gould Ellen and Furman Center research on the impacts of community gardens
- [*Foreclosures Mean Crises for H.I.V. Positive Renters*](#): this *New York Times* article features Furman Center data on foreclosure rates
- [*Hip-Hop Mortgage Help*](#): *Metro* cites Furman Center data on racial disparities in subprime lending
- [*Reshaping the City: Who's Being Heard -- and Why?*](#) the *Gotham Gazette* includes insights from Furman Center director, Vicki Been, on how some communities have responded to recent rezonings
- [*What You Need to Know Before You Rent*](#): *The New York Times* features commentary by Vicki Been on the stock of rent regulated apartments in the city
- [*Growing Pains Come and Go*](#): *The New York Times* looks at neighborhood change in Bedford Stuyvesant and features Furman Center data on foreclosures and building activity in the area
- [*Neighborhoods Bear the Brunt*](#): *The Washington Post* features Furman Center analysis of the neighborhood concentration of subprime lending
- [*Subprime Mortgages and Race: A Bit of Good News May Be Illusory*](#): *The Washington Post* cites Furman Center research on racial disparities in subprime lending

- [*In Confronting the Foreclosure Crisis, a Bill Strikes a Balance*](#): *The New York Times* cites Furman Center foreclosure data
- [*Fighting Foreclosures on Staten Island*](#): *The New York Times* relies on Furman Center sales data
- [*Not 'Fore' Us*](#): *The NY Post* features Furman Center research on the impacts of foreclosures
- [*Kucinich: Neighborhoods Are Blameless 'Victims' in Subprime Crisis*](#): *The Wall Street Journal* covers Vicki Been's testimony at a congressional hearing on the impacts of foreclosures
- [*Nabe Groups Battle to Save Affordable Apartments*](#): *amNY* cites Furman Center data on housing price appreciation in Chinatown
- [*Who Needs Money to Eat?*](#): *Metro* cites Furman Center analysis of the loss of affordable rental units in New York
- [*Is Inclusionary Zoning Providing Our Much Needed Affordable Housing?*](#): *The San Francisco Chronicle* features Furman Center research on the impacts of Inclusionary Zoning policies
- [*Home Foreclosures' Subprime Race Rise*](#): *Metro* newspaper features highlights from the Furman Center's State of the City report
- [*Renters Also Hurt by Mortgage Crisis*](#): WNYC explores the impact of foreclosures on NYC's renters
- [*NYC Renters Get Foreclosure Blues*](#): *Crain's New York Business* profiles Furman Center analysis on the number of renters living in buildings in foreclosure
- [*Even Renters Aren't Safe*](#): *The New York Times* uses Furman Center data on foreclosure filings and commentary from Vicki Been to better understand the dangers facing renters living in buildings that enter foreclosure
- [*Real Estate Slump Sets Brooklyn Back*](#): *Metro* uses Furman Center foreclosure data and analysis by Furman Center Co-Director, Ingrid Gould Ellen
- [*New York and the Subprime Mortgage Crisis*](#): *The New York Times City Room* features extensive comments by Vicki Been on subprime lending in NYC
- [*Rethinking Real Estate*](#): *The New York Times* covers the Furman Center's report on the impacts of Inclusionary Zoning
- [*Spitzer to Present a Plan to Reduce Foreclosures*](#): *The New York Times* features Vicki Been's commentary on various state proposals to deal with the foreclosure crisis
- [*Bill Would Set Foreclosure Moratorium*](#): *The New York Times* relies on Furman Center data on New York City foreclosure filings
- [*Real Estate Revelations: Churches Weigh Deals*](#): *City Limits* relies on Vicki Been's land use expertise in this story on strategies to use air rights for affordable housing development
- [*God's Row*](#): *The New York Times* features Ingrid Gould Ellen's comments on retail development strategies
- [*Subprime Mortgage Wasteland in the Bronx*](#): *The Village Voice* features Furman Center mortgage lending and homeownership data
- [*Options Are Studied Regarding Expected 'Tsunami of Default'*](#): *The New York Sun* features the Furman Center's analysis of racial disparities in subprime lending
- [*Helping to Keep Homelessness at Bay as Foreclosures Hit More Families*](#): *The New York Times* cites Furman Center analysis of foreclosures numbers

Furman Center Events

In the spring, our policy breakfast series looked at the fate of the middle-class in an increasingly unaffordable city, specifically evaluating the City and State's middle-income housing programs and unpacking the barriers to getting middle-income housing built. Featured panelists included: Priscilla Almodovar, President & CEO, New York State Housing Finance Agency and State of New York Mortgage Agency; Jonathan Bowles, Director, Center for an Urban Future; Robert Ezrapour, Vice President, Artimus Construction Inc.; and Richard Froehlich, Executive Vice President for Capital Markets and General Counsel, New York City Housing Development Corporation.

As a special feature of this series, in coordination with the Rockefeller Foundation and the Partnership for the City of New York, we also hosted the Brookings Institution to present their *Blueprint for American Prosperity*. We had an esteemed group of panelists react to the presentation, including: Shaun Donovan, Commissioner, New York City Housing Preservation and Development; Colvin W. Grannum, President, Bedford Stuyvesant Restoration Corporation; Janette Sadik-Khan, Commissioner, New York City Dept. of Transportation; Carl Weisbrod, President of the Real Estate Division, Trinity Church; and Kathy Wylde, President & CEO, Partnership for New York City.

This fall, our policy breakfast series will focus on the New York City Housing Authority. At the first breakfast, we will examine what we know about the impacts of public housing, specifically on the children and young people growing up in NYCHA housing, and we will highlight recent Furman Center research on how children and teens who live in NYCHA housing perform in schools and how schools attended by NYCHA residents differ from other schools. At the second breakfast we will look forward, and think through how NYCHA can best address the many challenges it faces, with specific attention to rethinking NYCHA's historic role as a provider not only of affordable housing but of human services as well. These breakfasts will be held on November 12 and December 10; look for more information soon.

Also this fall, with generous support from the Russell Sage Foundation, we are co-sponsoring a conference titled, "How to House the Homeless," with Columbia's [Center on Homelessness Prevention Studies](#). On November 21st, we will host leading experts on homelessness from around the country to discuss how our housing policies and programs could better serve homeless families and individuals.

Upcoming Conferences

We are honored to have been invited to present drafts of several of our research reports at academic conferences this fall:

- At the Association for Public Policy Analysis and Management, we will present our research on the diffusion of Inclusionary Zoning policies, the impact of IZ on housing prices and production, and the neighborhood impacts of foreclosure;
- At the Annals of the American Academy of Political and Social Sciences' *Shape of the New American City* conference, we will present our work on cities, crime and neighborhoods;
- At the American Real Estate and Urban Economics conference, we will present some of our work on what determines household exit from and entry into changing neighborhoods; and
- At the Annual North American Meetings of the Regional Science Association International, we will be presenting our work on the neighborhood effects of concentrated mortgage foreclosures.

Recent Publications

The Furman Center's work is regularly featured in the premier academic journals of our field. Below is a selection of recent articles and book chapters authored by Furman Center staff.

Journal articles

"The Effect of Community Gardens on Neighboring Property Values." Ioan Voicu and Vicki Been. *Real Estate Economics* 36:241, 2008.

"Reversal of Fortunes? Low Income Neighborhoods in the 1990s." Ingrid Gould Ellen and Katherine O'Regan. *Urban Studies* 45(4), 2008: 845-869.

"Guarding the Town Walls: Mechanisms and Motives for Restricting Multifamily Housing in Massachusetts." Jenny Schuetz. *Real Estate Economics* 36(3), 2008: 555-586.

"Are Mortgage Loans the New Toasters? The roles of housing demand and political patronage in Mexican housing finance." Jenny Schuetz. *International Real Estate Review*, forthcoming.

"Neighborhood Effects of Concentrated Mortgage Foreclosures." Jenny Schuetz, Vicki Been and Ingrid Ellen. 2008. *Journal of Housing Economics*, forthcoming.

"Dynamics of School Demographic Change: Immigrant Students and New York City." Dylan Conger, Ingrid Gould Ellen, and Katherine O'Regan. *Education and Urban Society*, forthcoming.

Book Chapters

"Do Economically Integrated Neighborhoods Have Economically Integrated Schools?" Ingrid Gould Ellen, Amy Ellen Schwartz and Leanna Stiefel. In Howard Wial, Hal Wolman, and Margery Austin Turner, Eds., *Urban and Regional Policy and Its Effects*. Washington, DC: Urban Institute Press, 2008.

"Understanding Segregation in the Year 2000." Ingrid Gould Ellen. In James H. Carr and Nandinee Kutty, editors, *Segregation: The Rising Costs for America*. Routledge, 2008, pp. 261-278.

"Spillovers and Subsidized Housing: The Impact of Subsidized Rental Housing on Neighborhoods." Ingrid Gould Ellen. In Eric Belsky and Nicolas Retsinas, Eds., *Revisiting Rental Housing*. Washington, DC: Brookings Institution Press, 2008, pp. 144-158.

"Lucas vs. The Green Machine." Vicki Been. In Gerald Korngold and Andrew P. Morriss, Eds. *Property Stories*. Foundation Press, forthcoming.

"Exploring Changes in Low-Income Neighborhoods in the 1990s." Ingrid Gould Ellen and Katherine O'Regan. In Eugenia Birch and Susan Wachter, Eds., *Reinventing Older Communities: Does Place Matter?* Philadelphia, PA, University of Pennsylvania Press, forthcoming.

"Siting, Spillovers, and Segregation: A Re-examination of the Low Income Housing Tax Credit Program." Ingrid Gould Ellen and Katherine O'Regan. In Edward Glaeser and John Quigley, Eds., *Housing Markets and the Economy: Risk, Regulation, Policy; Essays in Honor of Karl Case*. Cambridge, Mass: Lincoln Institute for Land Policy, forthcoming.

Students, Staff & Faculty

The Furman Center is grateful to have a talented, dynamic group of students, staff and affiliated faculty. We could not do what we do without the nearly 30 Law and Wagner students that work with us each semester. We are excited to announce the recipients of the 2008 – 2009 Future Leaders in Community Development Fellowships. Those fellowships were established last January at the Furman Center by the New York City Housing Partnership to honor eight of its founding developers on its 25th Anniversary. The students awarded the fellowships are:

- Caitlin Coslett (Law '10), *Hudson Companies Fellowship*
- Michael Gedal (Wagner Ph.D. candidate), *Seavey Organization/BlueSea Development Company Fellowship*
- Jim Long (Law '10), *L & M Equity Participants Fellowship*
- Orly Amir (Wagner '09), *Full Spectrum Fellowship*
- Rachel Meltzer (Wagner Ph.D. candidate), *Bluestone Organization Fellowship*
- Keren Mertens (Wagner Ph.D. candidate), *Procida Realty and Construction Corporation Fellowship*
- Ben Winter (Wagner '09), *Briarwood Organization Fellowship*

This fall, we are excited to welcome a new faculty affiliate, Sewin Chan. Sewin is an Associate Professor of Public Policy at Wagner and will be spending her sabbatical year at the New York Federal Reserve, where she will be working with us on several projects related to mortgage foreclosures.

We also are thrilled to announce a number of new members to the Center's full-time staff:

Allegra Glashausser joined us in August as a new Research Associate. She graduated with a B.A. in History and French from the University of Michigan in 2004, and received her J.D. with honors from New York University School of Law in 2008. While at NYU, she served as the co-chair of the Unemployment Action Center, a non-profit organization devoted to representing unemployment insurance claimants, and the Executive Editor of the NYU Journal of International Law and Politics. Allegra will spend a year at the Furman Center, working on the annual State of the City report and on our research on the impact of foreclosures; following her term at the Furman Center, she will serve as a law clerk to Judge Rosemary Pooler, United States Court of Appeals, Second Circuit.

Simon McDonnell, who also joined us in August, is a new Research Fellow. He holds a B.A. in Economics, an MSc in Environmental Economics and Policy and a Ph.D. in Transport and Environmental Economics and Policy from University College Dublin (UCD). His previous research has investigated the welfare impacts of bus rapid transit attributes for a bus priority scheme in Dublin, Ireland. Before joining the Furman Center, Simon spent a year as a visiting assistant professor with the Urban Planning Program and the Institute of Environmental Science and Policy (IESP) in the University of Illinois at Chicago.

Finally, we are very happy to bring on board Max Weselcouch, as our new Data Manager and Research Analyst. Prior to joining the Furman Center, Max was a research assistant at RESI of Towson University, a non-profit economics research group located in Baltimore, Maryland. While at RESI, she devoted most of her time to studying welfare and subsidized childcare expenses in Maryland. Max received a B.A. with honors in Mathematics and Dance from Goucher College in 2005. She also spent a year studying biostatistics at John Hopkins University as a mental health trainee sponsored by the National Institute on Mental Health.

While we welcome these new faces, we also are sad to say good bye to two members of the Furman Center team. Kitty Kay Chan, one of our Research Fellows, left the center in May to become the Director of Economics for New York State Attorney General Andrew Cuomo. Solomon Greene, who completed his research fellowship with us in March, has taken a position as Senior Program Officer at the Open Society Institute, where he directs their work on foreclosure prevention efforts. We miss Solomon's enthusiasm and intellect around the office, but are pleased to still have an opportunity to work with him in his position at OSI.

About the Furman Center

The Furman Center for Real Estate and Urban Policy is a joint center of the New York University School of Law and the Robert F. Wagner Graduate School of Public Service at NYU. Since its founding in 1995, the Furman Center has become the leading academic research center in New York City devoted to the public policy aspects of land use, real estate, and housing development. The Furman Center is dedicated to providing objective academic and empirical research on the legal and public policy issues involving land use, real estate, housing and urban affairs in the United States, with a particular focus on New York City. More information on the Furman Center can be found at: <http://furmancenter.nyu.edu>.