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ANNUAL NYU FURMAN CENTER STATE OF NEW YORK CITY'S HOUSING AND NEIGHBORHOODS FINDS INCREASING NUMBER OF MULTI-FAMILY RENTAL PROPERTIES AFFECTED BY THE FINANCIAL DOWNTURN

Small multi-family properties hard hit by foreclosure crisis; City struggles to hold on to social and economic gains of the 2000s

A report released today by NYU's Furman Center for Real Estate and Urban Policy finds that the housing crisis has taken a toll on New York City's multi-family rental properties. The report, the *State of New York City's Housing and Neighborhoods 2010*, also examines commuting patterns within the city, highlights new data on subsidized rental housing, and shows housing and demographic trends in each of the city's 59 community districts.

The report finds that multi-family rental properties, which house nearly half of New York City's residents, received more foreclosure notices in the last two years than any period since the early 1990s. In the past five years, more than 2,100 multi-family rental properties (5 or more units) received a foreclosure notice, potentially affecting more than 44,000 households. The study finds that smaller multi-family rental buildings (5-19 units) are most likely to receive a foreclosure notice among the multi-family properties, while the largest properties (100 or more units) have experienced the sharpest uptick in foreclosures in the recent years. The report also finds evidence that renters experience deteriorating living conditions when multi-family rental properties fall into financial distress and foreclosure.

"Discussion of the housing crisis usually focuses on single-family homeowners, or, in the older cities of the Northeast and Midwest, on the two-to-four family houses that make up much of the urban housing stock," said Vicki Been, faculty director of NYU's Furman Center for Real Estate and Urban Policy. "But households living in multi-family buildings are increasingly likely to see their buildings enter foreclosure."

Brooklyn, with the largest stock of small multi-family rental properties, has experienced the largest number multi-family foreclosures in the past five years, with 1,472 notices issued since 2006, potentially affecting 14,856 housing units. Seven of the ten community districts with the highest rate of multi-family foreclosures are in Brooklyn, and Bedford-Stuyvesant has consistently had the highest numbers. In 2010 alone, 373 multi-family rental foreclosures were initiated in Brooklyn, and Bedford-Stuyvesant made up 18 percent of those foreclosure notices.

"We've also found evidence that when multi-family buildings enter financial distress, it may affect the residents' quality of life," said Ingrid Gould Ellen, faculty co-director of the Furman Center. "Looking at housing code violations and foreclosure data over a five year period, we found that buildings entering foreclosure receive an average of 21 percent more violations during the quarter in which a *lis pendens* is filed, and 15 percent more violations during the two quarters before and after a foreclosure notice, compared to all other quarters in our records."

This year's report also includes a new chapter, *Getting to Work in New York City*, which presents an analysis of commuting patterns in New York City. While the report finds that Lower Manhattan continues to attract the

greatest number of workers every day, workers who travel to Downtown Brooklyn and Sunnyside/Woodside in Queens for jobs now outnumber the workers who live in each of those neighborhoods. The city's rich mix of commercial and residential real estate enables some New Yorkers to live and work in the same community district (11.5%), while 16.5 percent of employed New Yorkers work outside of the five boroughs entirely.

Another new section, *Public and Subsidized Rental Housing in New York City*, examines the city's stock of publicly-supported rental housing for low- and moderate-income households, which includes both traditional public housing and privately-owned, publicly-subsidized properties. The Furman Center finds that nearly one in five residential units (18.4%) in the city is publicly supported. The Bronx has the highest concentration of publicly-supported units (25.8%), while Manhattan has the most – over 120,000 units – of any borough.

A look at the trends in this year's *State of New York City's Housing and Neighborhoods* reveals that the state of New York City's housing market remains uncertain. After dramatic declines in housing prices in 2008 and 2009, the prices of condominiums and multi-family buildings began to bounce back in 2010, but the prices of single-family and 2-4 family homes continued to decline. In Manhattan, where the market avoided the sharp declines of the outer boroughs, housing prices appreciated in 2010, with condominium prices rising by 5.5 percent since 2009. Overall, Manhattan prices are down only 9.9 percent from their peak, compared to 27.8 percent citywide. Mortgage lending remained low in 2009, but the number of refinancing loan originations jumped as homeowners took advantage of historically low interest rates.

While the housing crisis has been felt across the city, it has had a disparate impact on different racial and ethnic groups. Homeownership grew more quickly among white and Asian families in the last decade, compared to Hispanic or black households, and declines in lending for home purchase loans have been most dramatic among black and Hispanic borrowers during the recession.

"The city is struggling to hold onto social and economic gains it enjoyed in the past decade," commented Sarah Gerecke, the Furman Center's executive director. "The good news is that the city is still healthier, safer and has less poverty than it did in 2000. Unfortunately, racial and ethnic disparities in quality of life indicators persist."

Median inflation-adjusted incomes increased about five percent between 2000 and 2009, despite a dip during the recession. Poverty declined citywide, falling from 21.2 percent in 2000 to 18.7 percent in 2009. The population has continued to grow, led by the Asian population, which increased by 32 percent between 2000 and 2010. Health and quality of life factors have improved since 2000, and the city has experienced overall reductions in asthma hospitalizations, infant mortality and crime.

The State of New York City's Housing and Neighborhoods report, which the Furman Center has released annually since 2001, features data on housing, demographics, and quality of life indicators for each borough and for the City's 59 community districts. The full report is available at: <http://www.furmancenter.org/research/sonychan>

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About the Furman Center for Real Estate and Urban Policy

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.org>