

For Immediate Release

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The Furman Center's Tenth Annual *State of New York City's Housing and Neighborhoods* Report Documents Extent To Which Property Tax Policies Favor Homeowners Over Renters

Report also examines changes in the racial composition of the city's neighborhoods, tracks lending and foreclosure trends, and compares the city's subsidized housing stock to that of other large cities

May 1, 2012—In its 10th annual edition of the *State of New York City's Housing and Neighborhoods*, released today, NYU's Furman Center for Real Estate and Urban Policy shows that owners of New York City's large rental apartment buildings are subject to a higher effective property tax rate than owners of one- to three-family homes, and bear a disproportionate share of the city's overall property tax burden.

The *State of New York City's Housing and Neighborhoods 2011*, which features data on housing, demographics, and quality of life indicators for each borough and for the city's 59 community districts, also finds that while the city remains highly segregated by race, more of its neighborhoods are racially integrated today than 20 years ago. In addition, this year's report analyzes mortgage finance trends in New York City, and finds that the volume of lending is increasing, the number of foreclosure notices issued has dropped from previous years, and the number of properties entering REO has decreased. The full report is available at <http://furmancenter.org/research/sonychan/>

According to the Furman Center's analysis, the effective property tax rate differs considerably across different property types. One- to three-family homes are taxed at the lowest effective tax rate. Other classes of properties, which include large rental buildings and commercial/industrial properties, are taxed at much higher rates: the effective tax rate for larger rental buildings is five times the rate for one- to three-family homes. Condominiums and cooperative apartments also are subject to much lower effective tax rates than rental properties with similar characteristics.

"As a result of the strong preference shown to homeowners at the expense of large rental properties, New York City imposes one of the highest tax burdens on apartment buildings of any large city in the country," said Vicki Been, director of the Furman Center. "Conversely, the tax on one- to three-family homes is one of the lowest in the country."

The socioeconomic characteristics of owner households differ from those of renter households. The 34.6 percent of New Yorkers who live in owner-occupied units have higher incomes on average, are much less likely to live in poverty, and are more likely to be white than renters. For children under 18, the disparity in poverty rates is even greater: children who live in rental units are five times more likely to live below the poverty line than children living in owner-occupied homes.

"Our analysis aims to clarify New York City's property tax structure and highlight how the current inequitable distribution of the property tax burden can affect residents," said Ingrid Gould Ellen, co-director of the Furman Center. "The higher tax burden placed on rental properties may be passed onto

tenants either through higher rents, or in cutbacks to maintenance or building improvements. In the wake of the recession and housing crisis, this is a critical time for policymakers to reconsider New York City's policies towards renters, including its practice of favoring homeowners through the property tax system."

The *State of New York City's Housing and Neighborhoods 2011* also finds that 28 percent of the city's census tracts were racially integrated in 2010, up from 22 percent of tracts in 1990. The percentage of neighborhoods that are mixed-minority also rose, from 17 percent of all tracts in 1990 to 24 percent in 2010. Nonetheless, nearly half of the city's neighborhoods remain dominated by a single racial or ethnic group.

Analyzing recent mortgage trends, the report finds that the number of properties that received notices of foreclosure in New York City declined by about 28 percent from 2010 to 2011. The number of properties entering bank ownership (also known as REOs) fell by 81 percent during the same period. Home purchase loans originated in 2010 increased 11 percent over 2009, interrupting what had been a steady downward trend in annual lending since 2005. Much of the rise is due to a 22 percent increase in the number of homebuyers taking out mortgages in low- and moderate-income neighborhoods. The number of loans issued to white, black, and Hispanic borrowers in New York City all increased in 2010, while lending to Asian borrowers decreased slightly.

The report also compares federally-subsidized housing programs across the nation's five most populous cities: New York City, Los Angeles, Chicago, Houston, and Philadelphia. New York City has the largest share of subsidized rental housing of the five cities, due mostly to its large stock of public housing. Over five percent of the city's housing units in 2008 (almost 180,000 units) were in public housing. In addition to subsidies, more than one million units—nearly half of the rental housing stock—are rent stabilized in New York City.

In February 2012, the Furman Center for Real Estate and Urban Policy was named a recipient of the MacArthur Award for Creative and Effective Institutions in recognition of the Furman Center's excellence in providing objective, policy-relevant research to address the challenges facing neighborhoods in New York City and across the nation.

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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 a leading academic research center 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>