



Dear Friends,

This February, the Furman Center brought together 200 leading policymakers, practitioners and housing and economic experts from around the country to reconsider the federal approach to housing policy. Our first national conference, [\*A Crisis is a Terrible Thing to Waste: Transforming America's Housing Policy\*](#), was made possible by generous support from the Rockefeller and MacArthur Foundations. The two days included a keynote address by HUD Secretary Shaun Donovan and a series of discussions evaluating all aspects of America's housing crisis, including how to reconstruct the mortgage finance system, bring new models for first-time homeownership to scale, link affordable rental housing with economic opportunities for families, and forge more effective connections between housing programs and transportation, environment and education policy. We are now hard at work on a white paper that will synthesize and expand the policy recommendations that were discussed at the conference.

Earlier this week, we released our annual *State of New York City's Housing and Neighborhoods* report. This year, in an effort to provide some historical context to the recent downturn, we examine more than thirty years of sale price data to better understand how individual neighborhoods fared in the past two upturns and downturns. This edition of the report features several new measures of environmental sustainability and historic preservation, including indicators that track waste and recycling data, bicycle and public transportation usage, proximity to major air pollutants, and access to parks.

Last fall, we released two policy briefs on Furman Center research. The [first](#) featured our research on the neighborhood impacts of supportive housing developments. Contrary to what many opponents of supportive housing claim, our research found that the value of properties closest to supportive housing do not drop when the development opens, and see steady increases in the years that follow. The report was featured in an editorial in the *New York Times*, and developers and community groups from across the country tell us that they have relied on the study to rebut opposition to supportive housing. The [second brief](#) featured our joint research with [NYU's Institute for Education and Social Policy](#) on the school performance of youth living in NYCHA housing. We found a troubling performance gap; children living in NYCHA public housing developments perform less well on standardized math and reading tests than other students, even after controlling for the characteristics of the individual students and the schools they attend. The report's findings were featured in the *New York Times* and resulted in a recent City Council hearing on the performance gap.

In our fall newsletter we reported that the Furman Center had been selected to work with HPD to develop a new database to track units at risk of expiring out of affordable housing programs in the City. We are pleased to announce that we have been awarded a generous grant from the MacArthur Foundation to pursue this crucial project. The Preservation Data Project will have three main components: 1) a database of affordable rental housing throughout New York City, including detailed information on the dates that restrictions on the housing's rents will expire; 2) an "early warning" system designed to identify especially vulnerable properties at risk of opting out or failing out of subsidy programs that impose affordability restrictions; and 3) new analytic tools for assessing the potential to preserve the properties as affordable housing after the restrictions expire. We have already dug in to the work that will be required to assemble and link the vast amount of information on the tens of thousand of affordable rental units at risk of expiring out of the Federal Low Income Housing Tax Credits (LIHTC), HUD, Mitchell-Lama and HPD-financed programs, and an initial database of projects will be online within a year.

Below we have included additional information on our new research initiatives and activities. As always, we look forward to your feedback.

Vicki Been & Ingrid Gould Ellen

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## **Highlights from Our Spring Research Agenda**

### ***Why Do Some Sites Remain Underdeveloped in Strong Markets?***

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 while others continue a current use even though 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 and with owners and real estate professionals, we will try to 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.

### ***Starbucks Comes to Harlem: Gentrification & Change in Retail Services***

During the prolonged economic expansion of the late 1990s and early 2000s, a number of formerly run-down central city neighborhoods in the largest U.S. metropolitan areas experienced significant gentrification. One such neighborhood that has received considerable attention is Harlem, which suffered from loss of population, high crime and general disinvestment for several decades. In the late 1990s, however, the neighborhood benefitted from several well-publicized positive investments. Most of the academic literature on gentrification has focused on changes in demographics and housing markets, but almost no academic research has examined whether and how gentrification alters the composition of commercial real estate, including retail stores, entertainment, and various household services. The Furman Center aims to fill this gap by examining the composition, entry, and exit of commercial outlets, and analyzing how changing commercial characteristics have interacted with shifting residential populations in the Harlem area over the past two decades. We will examine these changes in the context of local investments and incentive programs for commercial properties and businesses, such as Business Improvement Districts, Enterprise Zones, rezonings and the Industrial and Commercial Incentive Program.

### ***Foreclosure & School Performance***

Clearly, foreclosures are a major disruption for the families that may be up-rooted. The Furman Center is studying how this disruption impacts the mobility and school performance of children from families facing foreclosure. By linking data on student performance from the NYC Department of Education to our data on foreclosures, we can examine whether children who live in properties that enter foreclosure are more likely – after the foreclosure notice is issued – to switch schools, to attend school less frequently, and/or to perform worse on tests.

### ***Outcomes of Distressed Mortgage Borrowers***

Once a borrower falls behind on payments, a variety of possible outcomes can occur. Some delinquent borrowers catch up with mortgage payments and remain in their homes, either on their own or through a loan modification. Others refinance or sell the home and repay the loan before foreclosure proceedings are completed. And some borrowers are unable to prevent the foreclosure process from progressing to an auction of the home. For policymakers, the likelihood of these various outcomes have important consequences. Will the property remain vacant? Will a new owner maintain the building properly, and will tenure change from owner-occupied to renter-occupied? The probability of a distressed loan following each pathway likely will be correlated with observable and unobservable characteristics of the borrower, property, neighborhood, lender or loan terms. By combining datasets on foreclosure filings, loan terms, loan performance, initial borrower characteristics, as well as physical and neighborhood characteristics of distressed properties, we will examine which factors are correlated with the pathways and eventual outcomes of distressed loans in New York City.

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## 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 data, events or analysis over the past few months:

03/12/09 [Report Reveals Surprises in NYC Real Estate Trend](#) WNYC Radio  
03/12/09 [Risks, Rewards Found in Former 'It' Locales](#) Metro  
03/12/09 [Foreclosures Rose 7 Percent on Staten Island, Firm Says](#) Staten Island Advance  
03/12/09 [Long and Short of Gotham](#) New York Post  
03/11/09 [Past Indicates Little on Home Price Future](#) Crain's New York Business  
03/11/09 [Foreclosures and Minorities](#) Nevada Public Radio  
03/09/09 [Looking for Bottom in N.Y. Real Estate](#) New York Times  
02/18/09 [Will You Be Able to Keep Your Home?](#) GRIT TV  
02/17/09 [New HUD Chief: Simpler Loans, More Private Lending](#) Christian Science Monitor  
02/16/09 [New HUD Chief Calls for Transparency](#) GlobeSt.com  
02/13/09 [Donovan Outlines Vision for HUD](#) Affordable Housing Finance  
02/13/09 [HUD Secretary Unveils Plan to Respond to Housing Crisis](#) Builder  
02/13/09 [Housing Plan Will Accelerate Loan Modifications, HUD Says](#) Los Angeles Times  
02/13/09 [A Homecoming for HUD's New Secretary](#) New York Times  
02/13/09 [HUD Secretary Calls for Accelerated Loan Modifications](#) Wall Street Journal  
02/10/09 [Subsidizing Home Buying: Could Be Worse](#) New York Times  
02/09/09 [Working for a Safer Spring in Brownsville](#) City Limits  
02/03/09 [Luxe Affordability Marks Green Renewal in the Bronx](#) City Limits  
02/03/09 [Supportive Housing Faces Down Routine Opposition](#) City Limits  
02/01/09 [A Foreclosure Freeze Would Ease Their Fears](#) New York Daily News  
02/01/09 [A Month Free? Rents Are Falling Fast](#) New York Times  
01/19/09 [As Economy Stalls, Fewer New Yorkers Moving Out of State](#) New York Times  
01/19/09 [Fed Up & Fighting Foreclosure Angry Group Protests Home Auction](#) New York Daily News  
01/16/09 [Queens homeowners protest foreclosures](#) Crain's New York Business  
01/15/09 [To Avert Blight, City Will Repair and Resell Vacant Homes](#) New York Times  
01/15/09 [Tenants Face Evictions Amidst Foreclosure Crisis](#) NY1  
12/15/08 [Education Suffers in NY Projects](#) Planetizen  
11/23/08 [Children Who Live in Public Housing Suffer in School, Study Says](#) New York Times  
11/18/08 [Homeless Pledge a Real Challenge](#) The Globe and Mail  
11/14/08 [Home Run: Asian American Homeowners and the Subprime Mortgage Fallout](#) Asian Week  
11/09/08 [Election Gives Staten Island Housing Market a Jolt](#) Staten Island Advance  
11/07/08 [Editorial: Good Neighbors](#) The New York Times  
11/06/08 [Mortgages Plunge by 50% in Some Brooklyn Minority Communities](#) New York Daily News  
11/04/08 [Evictions Soar as Banks Foreclose on Landlords During Credit Crisis](#) New York Daily News  
11/01/08 [Could the early 1990s return?](#) The Real Deal  
10/28/08 [Study: Fewer Mortgages to Latinos, Blacks](#) NBC New York  
10/28/08 [New Report Finds Blacks, Latinos Hit Hard by Mortgage Crisis](#) NY1  
10/28/08 [Minorities Hit Hard in Mortgage Crunch](#) New York Daily News  
10/27/08 [NYC Minorities Receive Fewer Mortgages](#) WNYC Radio  
10/27/08 [Study Notes Fewer Loans to Hispanics and Blacks](#) New York Times  
10/23/08 [Expert Q&A: A Downturn for New York Real Estate?](#) New York Times  
10/18/08 [Door to Door, Foreclosure Knocks Here](#) New York Times  
10/15/08 [Your Neighbor's Troubles May Become Your Own](#) New York Times

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## Conference Presentations

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

- At the University of Irvine's symposium "Housing After the Fall: Reassessing the Future of the American Dream" we spoke about how to target neighborhood stabilization funds to promote more sustainable urban design.
- At the Urban Affairs Association 39<sup>th</sup> Annual Meeting we presented work on three projects: teardowns and land values in New York City; the low income housing tax credit and racial segregation; and the impact of racial segregation on high cost lending.
- At the American Education Finance Association's annual conference we will present our research on how students living in New York City Public Housing fare in school.
- At the Regional Plan Association's annual conference "America 2050: Building the Next Economy" we will participate in a panel on Housing Policy and the New Economy.

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## 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 authored by Furman Center staff.

- [The High Cost of Segregation: Exploring Racial Disparities in High Cost Lending](#). Vicki Been, Ingrid Gould Ellen and Josiah Madar. *Fordham Urban Law Journal*. forthcoming 2009.
- [Tenants: Innocent Victims of the Nation's Foreclosure Crisis](#). Vicki Been and Allegra Glashausser. *Albany Government Law Review*. February 2009.
- [Dynamics of School Demographic Change: Immigrant Students and New York City](#). Ingrid Gould Ellen, Dylan Conger and Katherine O'Regan. In *Education and Urban Society*. December 2008.
- [Neighbors and Neighborhoods](#). Ingrid Gould Ellen. In *The New Palgrave Dictionary of Economics*. December 2008.
- [Spillovers and Subsidized Housing: The Impact of Subsidized Rental Housing on Neighborhoods](#). Ingrid Gould Ellen. In *Revisiting Rental Housing* (Brookings Institution Press). December 2008.
- [Continuing Isolation: Segregation in America Today](#). Ingrid Gould Ellen. In *Segregation: The Rising Costs for America* (Routledge). December 2008.
- [Do Economically Integrated Neighborhoods Have Economically Integrated Schools?](#) Ingrid Gould Ellen, Amy Ellen Schwartz and Leanna Stiefel. In *Urban and Regional Policy and Its Effects* (Urban Institute Press). December 2008.
- [Neighborhood Effects of Concentrated Mortgage Foreclosures](#). Jenny Schuetz, Vicki Been and Ingrid Gould Ellen. *Journal of Housing Economics*. October 2008.
- [Transforming Foreclosed Properties into Community Assets](#). Josiah Madar, Vicki Been and Amy Armstrong. *Furman Center White Paper Series*. December 2008.

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## 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.org>.