



FURMAN CENTER FACT SHEET

An Opportunity to Stabilize New York City's Neighborhoods: *A Fact Sheet on the Neighborhood Stabilization Program*

A core mission of the Furman Center is to provide essential data and analysis about New York City's housing and neighborhoods to those involved in land use, real estate development, community economic development, housing, research and urban policy. Towards this end, we present this fact sheet describing some of the ways that government agencies and other stakeholders can use data to target the use of funds made available to stabilize neighborhoods in the wake of the foreclosure crisis.

Overview of Neighborhood Stabilization Program (NSP)

Last summer, in response to the growing foreclosure crisis, the federal government enacted the Housing and Economic Recovery Act (HERA). Among other initiatives, HERA dedicated \$3.92 billion to fund a new Neighborhood Stabilization Program (NSP) that would support the acquisition, renovation, and disposition of abandoned and foreclosed properties. That funding was allocated to state, county and city governments based on a formula that took into account the levels of foreclosure activity and vacancy in each qualifying jurisdiction near the end of

last year and projections of future foreclosure activity. However, every state, regardless of the level of foreclosure activity, was guaranteed a minimum level of funding.

In February of this year, the federal government enacted a new round of neighborhood stabilization funding, again aimed at mitigating the neighborhood impacts of the foreclosure crisis. Dubbed NSP II, the new program differs in several important ways from the first round. First, non-profits as well as local governments will be eligible to apply for the funding. Second, and perhaps most importantly, the \$2 billion in new funds will be allocated through a competition, rather than a formula. The Department of Housing and Urban Development



(HUD) has put forward a set of program requirements and criteria they will use in reviewing applications. HUD will give priority to grantees with demonstrated capacity and experience in coordinating stabilization efforts, who “invest funds in programs and projects that will revitalize targeted neighborhood(s) and reconnect those targeted neighborhoods with the economy, housing market, and social networks of the community and metropolitan area as a whole,” and who best develop strategies that respond to the particular needs of their targeted area.¹ Specifically, applications will be ranked based on the following criteria (weighted as indicated):

- Need/Extent of the Problem (27% of total)
- Demonstrated Capacity of Applicant and Relevant Organization Staff (27%)
- Soundness of Approach (30%)
- Leveraging Other Funds or Removal of Substantial Negative Effects (7%)
- Energy Efficient Improvement and Sustainable Development (7%)
- Neighborhood Transformation and Economic Opportunity (3%)

¹ The complete Notice of Fund Availability is available here: http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/pdf/nsp2_nofa.pdf

Which Communities are Eligible for NSP II Funds?

In order to identify which areas would be eligible to apply for NSP II funds, HUD developed a formula to assess census tracts' risk of foreclosures and destabilization. The formula is based on two scoring systems: a foreclosure risk score and a vacancy risk score (both ranging from 1–20). The foreclosure risk score evaluates certain factors that could lead to high foreclosure rates, including the number of high cost loans or highly leveraged loans made in the census tract between 2004 and 2007, average unemployment for the Metropolitan Statistical Area (MSA), the change in unemployment between 2007 and 2008, and the decline in home values for the area (specifically, the percentage change in sale prices at the MSA level from the peak of sales prices to December 2008). Tracts with foreclosure risk scores higher than 10 were also given a vacancy risk score, which is based on a 90-day vacancy rate assessed by the United States Postal Service. Tracts with either a foreclosure risk score or a vacancy risk score of 18 or higher are considered “at-risk” and are eligible for NSP II funding. In addition, groups of two or more tracts with an average score of 17.5 or higher are also eligible.





Nationally, 29% of census tracts are considered at-risk and are eligible for NSP II funding. From city to city, there is an enormous range in how many tracts are eligible. In San Francisco, for example, less than 1% of the city's tracts are eligible, while in Cleveland, 67% of the city's tracts qualify for NSP II funding.




In New York City, 12% of the census tracts are eligible for funding. As seen in Map A and in Table A, the eligible tracts are located almost exclusively in Queens and Brooklyn, reflecting what we already know: foreclosures in New York City have been incredibly concentrated, hitting a few communities very hard, while most of the City's neighborhoods have seen relatively few foreclosures.

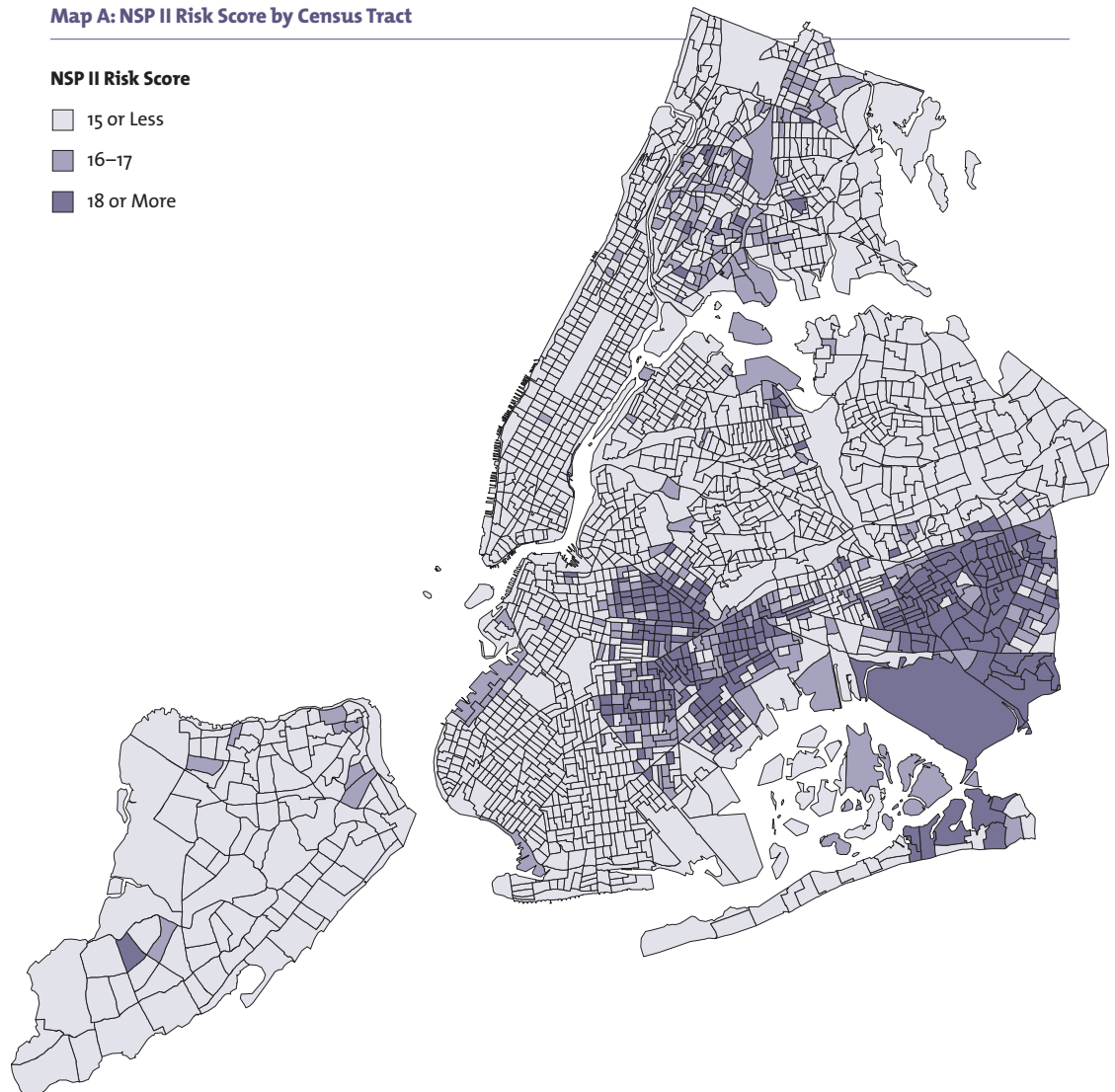
Table A: Share of Census Tracts Eligible for NSP II Funding

NYC	12.0%
Bronx	2.5%
Brooklyn	18.0%
Manhattan	0.0%
Queens	17.2%
Staten Island	0.9%
US	28.5%
Boston	20.4%
Chicago	42.7%
Cleveland	67.1%
Houston	32.9%
Los Angeles	28.4%
San Francisco	0.6%
Washington D.C.	8.5%

Map A: NSP II Risk Score by Census Tract

NSP II Risk Score

-  15 or Less
-  16-17
-  18 or More





What do NYC's Eligible Areas Look Like?

Fifteen of New York City's 59 community districts (CDs) have more than one at-risk census tract (Table B lists all fifteen). Among these CDs, the share of census tracts eligible for NSP funding ranges from 7% of Morrisania/Belmont's tracts to 77% of Jamaica's tracts. When we compare the characteristics of eligible tracts to the aver-

age New York City census tract, one thing in particular stands out: the at-risk neighborhoods are overwhelmingly neighborhoods of color. As seen in Table C, in 88% of the eligible tracts, more than 90% of the residents were non-white in 2000; by comparison, citywide, 38% of tracts were more than 90% non-white.²

² The most recent tract-level data available is from the 2000 census.

Table B: NYC's 15 Community Districts with the Greatest Share of At Risk Census Tracts

Community District	Borough	Total Number of Census Tracts	At Risk Census Tracts (score of 18–20)	Borderline Census Tracts (score of 16 or 17)	% of Tracts At Risk	% of Tracts At Risk or Borderline
Jamaica/Hollis	Queens	87	67	8	77.01%	86.21%
Brownsville	Brooklyn	37	22	11	59.46%	89.19%
East Flatbush	Brooklyn	45	26	14	57.78%	88.89%
East New York/Starrett City	Brooklyn	48	25	16	52.08%	85.42%
Bedford Stuyvesant	Brooklyn	38	19	8	50.00%	71.05%
Prospect Heights	Brooklyn	35	14	6	40.00%	57.14%
Queens Village	Queens	71	26	19	36.62%	63.38%
Bushwick	Brooklyn	36	13	7	36.11%	55.56%
Rockaway/Broad Channel	Queens	24	7	2	29.17%	37.50%
South Crown Heights	Brooklyn	26	6	4	23.08%	38.46%
S. Ozone Park	Queens	35	8	9	22.86%	48.57%
Flatlands/Canarsie	Brooklyn	83	15	21	18.07%	43.37%
Jackson Heights	Queens	37	3	6	8.11%	24.32%
Kew Gardens/Woodhaven	Queens	53	4	9	7.55%	24.53%
Morrisania/Belmont*	Bronx	44	3	15	6.82%	40.91%

* For easier comprehension, in this report we use Community District to refer to both the City's Community Districts and census-defined Sub Borough Areas (SBAs). In almost all cases, these boundaries are nearly identical. However, the Community Districts of Morrisania/Crotona and Belmont/East Tremont both fall within a single SBA.

Table C: Racial Composition of Tracts Eligible for NSP II Compared to All Tracts in NYC and the U.S.

% Non-white	All NYC Tracts	NSP Eligible Tracts (NYC)	All US Tracts	NSP Eligible Tracts (US)
< 10%	5.2%	0.4%	35.2%	19.9%
10%–20%	9.1%	0.4%	16.7%	13.0%
20%–30%	8.8%	0.0%	10.2%	10.4%
30%–40%	8.0%	0.0%	7.1%	8.1%
40%–50%	6.5%	0.4%	5.4%	6.7%
50%–60%	4.4%	0.4%	4.2%	6.1%
60%–70%	4.7%	0.4%	3.8%	5.9%
70%–80%	6.9%	2.6%	3.5%	5.7%
80%–90%	8.6%	7.9%	3.8%	6.7%
90%–100%	37.8%	87.6%	9.9%	17.6%



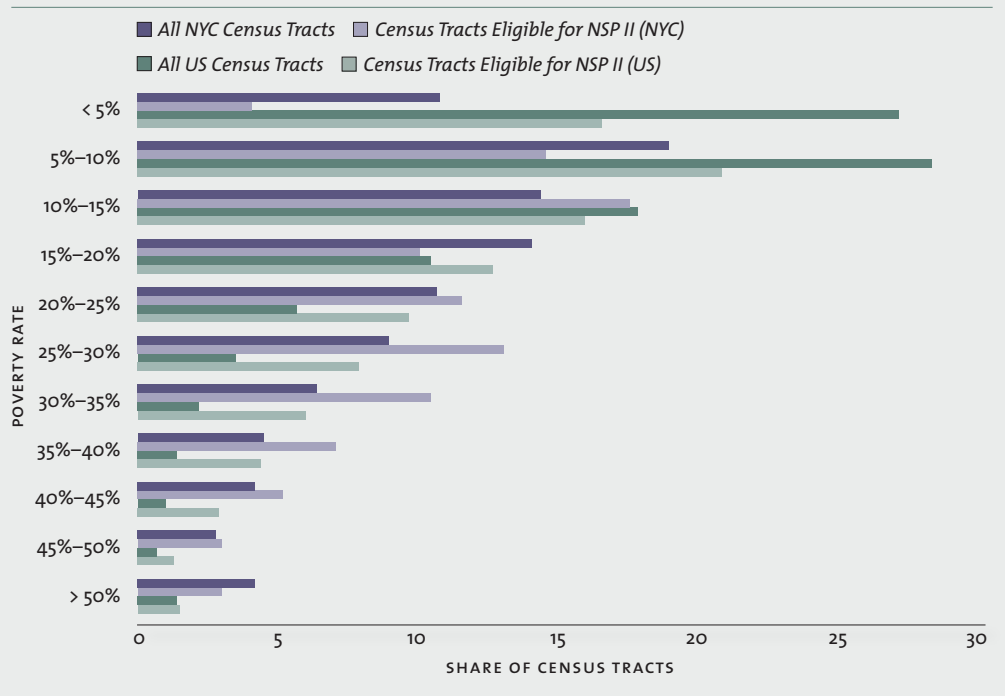
Eligible tracts in NYC were much more likely to be disproportionately non-white than were eligible tracts nation-wide: in New York City, 98% of at-risk tracts were more than 70% non-white, while nationally, just 30% of the at-risk tracts had populations that were more than 70% non-white as of 2000. Of course, this disparity is partly due to the fact that nationally, a much smaller share of tracts were predominantly non-white than in New York City (in New York City, 53% of tracts are more than 70% non-white, while nationally only 17% of tracts were more than 70% non-white). But even with this important caveat, the racial composition of eligible tracts in the City is still sobering. While the Furman Center and other research and advocacy groups have previously reported on the foreclosure crisis's disproportionate impact on communities of color, particularly black communities, the implications of these figures bear repeating. The New York City neighborhoods that are most at-risk of destabilization and that are most in need of these funds are almost all neighborhoods of color.

When it comes to poverty rates, on the other hand, New York City's eligible tracts look much more like the rest of the country. Table D compares the distribution of the City's eligible tracts by poverty rate to the distribution of all of tracts in the City. While at-risk tracts are slightly more likely to have high rates of poverty, many eligible tracts had rates of poverty at or below the City average in 2000. Specifically, 46% of the tracts eligible for NSP II had a poverty rate below 20% in 2000 (approximately the City average in 2000), compared to 58% of tracts citywide. Nationally, we see a similar trend; at-risk tracts are more likely to have high rates of poverty than tracts not eligible for NSP II funds, but the majority of at-risk tracts have poverty rates below 20%.

Targeting NSP II Funds:

To assess how to best support and stabilize eligible neighborhoods, it's important to consider what their particular assets or challenges may be. The money available for neighborhood stabilization efforts is not nearly enough to meet all of the need, so efforts will

Table D: Distribution of Poverty Across NSP II Eligible Census Tracts and All Census Tracts, in NYC and in the U.S.



Source: 2000 US Census



have to be targeted, both to neighborhoods where the funds can make the most difference, and to strategies that are appropriate for the particular neighborhoods. Federal guidelines also ask that applicants devise strategies that match the needs of their target areas. To appropriately match strategies to needs, local governments and non-profits considering applying for NSP II funds should take into account measures of quality of life and market demand for each eligible neighborhood, such as access to parks; access to subways; crime rates; the performance of local schools; poverty rates; new building activity; and recent price trends.³ These indicators measure both the opportunities provided to local residents, as well as the market demand for the neighborhood.

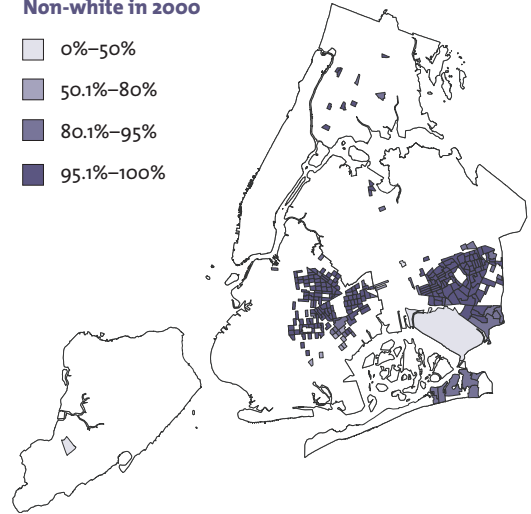
As Table E (page 6) and Maps B, C and D reveal, the City's at-risk neighborhoods, while fairly homogenous in their racial composition, actually look quite different when measured based on these indicators. For example, Queens Village is a neighborhood with low rates of poverty and crime and with schools that are performing above the City average, but the neighborhood is relatively isolated from public transportation. By comparison, Bushwick is plagued with high poverty and crime as well as underperforming schools, but has excellent access to parks and transportation. The tools and strategies required to stabilize these neighborhoods will differ, and as the City and local non-profits craft their proposals for how to stabilize and strengthen these diverse neighborhoods, their unique assets and challenges should be a part of that plan.

³ These variables are defined as follows: "access to parks" is measured by the percentage of residential units within a quarter mile of a park that is larger than one-quarter of an acre; "access to subways" is measured by the percentage of residential units within a half-mile walk of a subway station entrance; "crime rate" is measured by the number of felony crimes per 1,000 people in 2007; "school performance" is defined as the share of students performing at grade level in reading and math in 2007; "poverty rate" is the percentage of households whose income is below the poverty line in 2000; "new building activity" is measured by number of units authorized by new building permits in 2008; and "recent price trends" refer to median sales prices, sale price declines since the peak of the market, and changes in sales volume (see Table E). In each case, the most recent data available was used. More information on these data sources is available at: http://furmancenter.org/files/Indicator_Definitions_and_Rankings.pdf.

NSP II Eligible Tracts in New York City

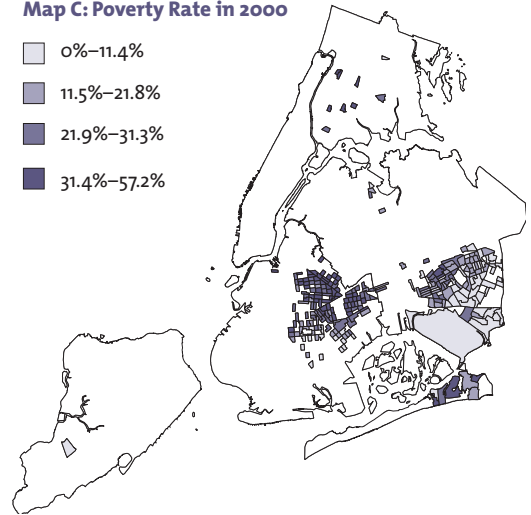
Map B: Share of Residents that are Non-white in 2000

- 0%–50%
- 50.1%–80%
- 80.1%–95%
- 95.1%–100%



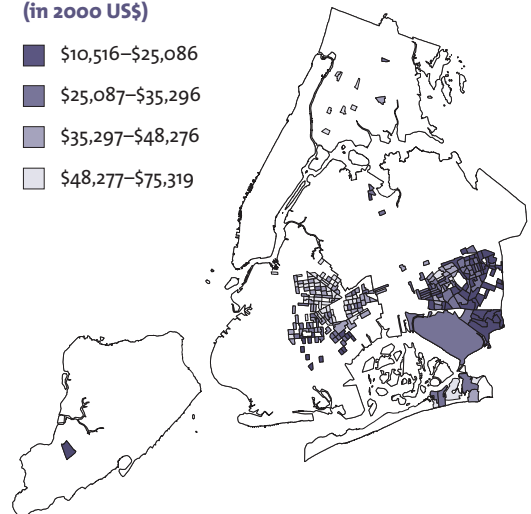
Map C: Poverty Rate in 2000

- 0%–11.4%
- 11.5%–21.8%
- 21.9%–31.3%
- 31.4%–57.2%



Map D: Median Household Income in 2000 (in 2000 US\$)

- \$10,516–\$25,086
- \$25,087–\$35,296
- \$35,297–\$48,276
- \$48,277–\$75,319



Source: NYU's Furman Center for Real Estate and Urban Policy, US Department of Housing and Development, 2000 US Census



Table E: Quality of Life and Market Demand Indicators for CDs with Largest Share of At Risk Tracts

Community District	Rank by % at Risk Tracts	Access to Parks	Access to Subways	Crime Rate	School Performance	Poverty	Median Sales Price Per Unit, 2-4 Family Homes (2008)	Housing Price Appreciation 2006-2008	Change in Sales Volume 2006-2008, 1-4 Family Homes
Jamaica/Hollis	1	77.9%	20.7%	30.2	62.4%	15.8%	\$240,000	-16.7%	-50.7%
Brownsville	2	98.3%	91.4%	35.7	48.4%	35.5%	\$209,680	-18.0%	-57.7%
East Flatbush	3	71.7%	57.4%	20.7	54.8%	13.4%	\$215,833	-13.0%	-64.2%
East New York/Starrett City	4	93.2%	75.4%	29.6	49.6%	27.5%	\$211,150	-15.3%	-69.3%
Bedford Stuyvesant	5	98.8%	87.6%	39.1	47.6%	36.9%	\$231,108	-16.2%	-56.8%
Prospect Heights	6	92.9%	97.5%	26.9	47.4%	26.4%	\$258,333	-11.5%	-52.5%
Queens Village	7	74.2%	0.0%	15.8	66.3%	4.9%	\$255,000	-18.0%	-46.5%
Bushwick	8	91.6%	97.6%	25.2	49.3%	32.0%	\$216,667	-14.6%	-69.6%
Rockaway/Broad Channel	9	90.4%	66.9%	16.7	63.3%	17.3%	\$217,838	-16.7%	-53.5%
South Crown Heights	10	96.0%	91.1%	26.2	47.0%	20.9%	\$259,000	2.5%	-54.5%
S. Ozone Park	11	52.9%	39.7%	20.2	63.5%	10.4%	\$251,204	-21.5%	-52.4%
Flatlands/Canarsie	12	90.6%	11.0%	21.3	60.8%	9.1%	\$260,000	-16.3%	-54.3%
Jackson Heights	13	83.1%	59.8%	17.8	64.8%	15.5%	\$283,333	-20.4%	-53.0%
Kew Gardens/Woodhaven	14	62.1%	86.8%	17.9	64.0%	11.9%	\$240,000	-23.3%	-57.4%
Morrisania/Crotona	15	100.0%	58.3%	41.2	42.4%	40.9%	\$179,634	-15.0%	-60.2%
Belmont/East Tremont	15	100.0%	37.5%	37.6	46.0%	40.9%	\$191,317	-18.7%	-61.4%
Brooklyn		86.7%	79.6%	24	57.4%	21.9%	\$267,500	-10.0%	-48.7%
Queens		81.5%	46.2%	18.9	67.0%	12.0%	\$270,000	-17.0%	-42.7%
NYC		88.5%	71.5%	25	58.0%	18.5%	\$258,500	-10.2%	-45.4%

Strategies that make it possible for low-income buyers to buy homes from the existing stock of foreclosed properties might be appropriate in neighborhoods that have features buyers are likely to seek out (e.g. good schools and low crime), but may not be appropriate in neighborhoods that are struggling to improve basic services. On the other hand, strategies to acquire and rehabilitate foreclosed properties might try to leverage these efforts by capitalizing on existing strengths and targeting clusters of properties with good access to parks or public transportation. Finally, efforts to stabilize neighborhoods with weaker services and amenities should not focus only on foreclosure mediation, which is unlikely to be sufficient to turn the neighborhood around. Instead, addressing the foreclosure crisis in these neighborhoods (through improved code enforcement and other efforts focused on removing blight) should be a part of a more comprehensive set of policies to address the underlying problems these neighborhoods face.

Similarly, strategies to stabilize these neighborhoods should pay attention to the local market conditions. In 2006, New York City's housing prices peaked, following a decade of very strong growth. In the years since, prices have fallen and we've seen less building activity. These trends have been most prominent in neighborhoods with high foreclosures, which both signal neighborhood decline and also may cause some disamenities like high resident turn-over and the presence of vacant properties. As Table E reveals, the CDs that are most at-risk have seen larger drops in prices and sales volume than the City or borough average. Still, there is some variation, and strategies for supporting these neighborhoods should be developed with the local market conditions in mind.

Local governments' use of the initial allocation of NSP funds has been criticized for spreading the funds too broadly to make a real difference in any one area. The political pressure to award some funds to every



eligible neighborhood is considerable, of course, because no elected or appointed official wants to have to tell a neighborhood that it won't receive funds. But hard choices have to be made to ensure that the funds are used effectively. As the tables and maps presented here demonstrate, there are clear differences among neighborhoods in New York City, just as there are in other jurisdiction across the country. Local governments and non-profits should be attentive to those differences in planning its neighborhood stabilization strategies, and in deciding how and where to propose to target NSP II funds. Neighborhoods and their elected and appointed officials also should use the data to ensure that the strategies proposed for their neighborhoods are the most cost-effective possible.

Several resources on the different kinds of tools that can be used to stabilize neighborhoods are available to help the City and community groups evaluate how best to tailor their strategies:

- [The Furman Center's Transforming Foreclosed Properties into Community Assets report](#)
- [Foreclosure-Response.org's Bring Foreclosed Properties Back Into Use resource page](#)
- [Neighborworks America's Stable Communities Initiative page"](#)
- [US Conference of Mayors' Vacant and Abandoned Properties Survey and Best Practices report](#)



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