Section 1: The Built Environment

As a result of the housing crash and recession, real estate development in New York City nearly ground to a halt in recent years. The number of new building permits issued by the city dropped to the lowest level in decades and, after the pipeline of existing projects dried up, the number of residential units being completed each year steadily declined. However, construction activity now appears to be recovering.

The first part of this section describes residential construction activity in the city since 2000, a period that includes the run-up to the peak of the real estate boom, the subsequent bust, and the beginnings of a recovery. Throughout this period, city officials continued to shape the city’s longer-term development trajectory by rezoning neighborhoods and designating more landmarks and districts for protection. The second and third parts of the section review those regulatory changes.

1. Housing Starts and Development

A. New housing construction is beginning to rebound.

The decline in property prices during the bust was milder in New York City than in other cities (as discussed in more detail in Section 2: Homeowners and Their Homes), and apartment rents remained high or even continued to rise (as discussed in Section 3: Renters and Rental Units). Nevertheless, new housing construction in the city plummeted following the housing market crash. The number of residential units authorized by new building permits indicates planned residential development. Figure 1.1 shows that between 2008 and 2009, this number dropped by almost 90 percent, from more than 33,000 to fewer than 3,600. In 2010 it dropped even further; developers obtained permits to build just 1,700 units, the lowest level in at least 20 years. Since 2010, however, the number of units authorized by new permits has rebounded modestly. From 2011 to 2012, the number of units authorized by new permits more than tripled, to almost 8,700. Although this number is low compared even to the years immediately before the recent boom, this growth in permitting activity could signal a return to more robust development. The recent increase in permits for the city overall was due to Manhattan, Brooklyn, and—perhaps surprisingly—the Bronx, each of which experienced more than a ninefold increase in units authorized by new permits between 2011 and 2012. Permitting activity in Staten Island and Queens, in contrast, barely changed from 2011 to 2012.

Figure 1.1: Residential Units Authorized by New Building Permits and Completed Units Issued Certificates of Occupancy in New York City, 2000–2012

<table>
<thead>
<tr>
<th>Year</th>
<th>Units Authorized by New Building Permits</th>
<th>Units Issued New Certificates of Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>33,000</td>
<td>30,000</td>
</tr>
<tr>
<td>2001</td>
<td>30,000</td>
<td>27,000</td>
</tr>
<tr>
<td>2002</td>
<td>27,000</td>
<td>24,000</td>
</tr>
<tr>
<td>2003</td>
<td>24,000</td>
<td>21,000</td>
</tr>
<tr>
<td>2004</td>
<td>21,000</td>
<td>18,000</td>
</tr>
<tr>
<td>2005</td>
<td>18,000</td>
<td>15,000</td>
</tr>
<tr>
<td>2006</td>
<td>15,000</td>
<td>12,000</td>
</tr>
<tr>
<td>2007</td>
<td>12,000</td>
<td>9,000</td>
</tr>
<tr>
<td>2008</td>
<td>9,000</td>
<td>6,000</td>
</tr>
<tr>
<td>2009</td>
<td>6,000</td>
<td>3,600</td>
</tr>
<tr>
<td>2010</td>
<td>3,600</td>
<td>1,700</td>
</tr>
<tr>
<td>2011</td>
<td>8,700</td>
<td>5,000</td>
</tr>
<tr>
<td>2012</td>
<td>11,000</td>
<td>7,000</td>
</tr>
</tbody>
</table>

Sources: New York City Department of City Planning, New York City Department of Buildings
While obtaining a building permit marks the early stages of a construction project, receiving a certificate of occupancy marks a project’s completion.1 Because development projects were already under way when the housing market crashed, the number of completed residential units receiving certificates of occupancy declined more gradually than permit filings. The number of completed units peaked at about 26,000 in 2007, and remained high through 2009. In 2010 and 2011, however, the development pipeline began to slow. The number of units completed fell to about 15,000 in 2010, then to just over 6,000 in 2011. In 2012, it rebounded slightly, to almost 9,500.

B. Many construction sites are still stalled.

In 2009, New York City’s Department of Buildings began tracking construction sites where work had “slowed significantly” or stopped completely, so that it could better monitor safety conditions at those sites and enforce code requirements.2 These sites include cleared land, partially completed new structures, and unfinished building renovations. The city identifies these “stalled sites” through inspections and complaints received from community boards, residents, and other members of the public. The city also established a voluntary program that allows developers to register stalled sites and submit plans for keeping the site safe in exchange for automatic renewals of construction permits that would otherwise expire. Through the end of 2012, the city had identified about 1,200 unique construction sites that were stalled at some point since it began its tracking in 2009. These sites not only signal distress in the development industry, but also can be significant nuisances to the communities where they are located, especially if not properly secured or maintained.

Table 1.1 shows that 648 of these sites were stalled as of the end of 2012. Although every community district except for BX 02 (Hunts Point/Longwood) had at least one construction site that was stalled as of the end of 2012, they were particularly concentrated in certain parts of the city, as Figure 1.2 illustrates. Table 1.1 shows that nearly half were in Brooklyn.

Community District BK 01 (Greenpoint/Williamsburg) led the city with 70 stalled sites at the end of 2012, while QN 14 (Rockaway/Broad Channel), BK 02 (Fort Greene/Brooklyn Heights), BK 12 (Borough Park), and QN 12 (Jamaica/Hollis) each had more than 25. In contrast, 25 community districts had five or fewer stalled sites at the end of 2012.

Table 1.1 also shows that the citywide number of construction sites that were stalled at the end of 2012, though lower than the peak in 2010, was eight percent higher than at the end of 2011. And despite the uptick in building activity suggested by recent permit filings, the number of newly identified stalled sites jumped from about 120 in 2011 to more than 200 in 2012.

On the other hand, construction appears to have resumed on many once-stalled sites. Of the 509 construction sites stalled at the end of 2009, construction had resumed on more than half by the end of 2012.

---

1 New (and substantially altered) buildings can be legally occupied once they receive a temporary certificate of occupancy, which is the measure we report. Developers are obligated, however, ultimately to obtain permanent certificates of occupancy by completing all construction activity in compliance with the city’s development regulations.

2 For more information from the Department of Buildings, see http://www.nyc.gov/html/doh/downloads/pdf/csw_stalled_sites_042610.pdf.

| Table 1.1: Number of Sites Stalled at Year End |
|-----------------|-------|-------|-------|-------|
|                | 2009  | 2010  | 2011  | 2012  |
| Bronx          | 22    | 27    | 27    | 28    |
| Brooklyn       | 232   | 325   | 281   | 307   |
| Manhattan      | 83    | 130   | 117   | 103   |
| Queens         | 138   | 162   | 127   | 163   |
| Staten Island  | 34    | 57    | 46    | 47    |
| New York City  | 509   | 701   | 598   | 648   |

Source: New York City Department of Buildings

<table>
<thead>
<tr>
<th>Figure 1.2: Stalled Construction Sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Stalled at End of 2012</td>
</tr>
<tr>
<td>• Previously Stalled (2009–2012), Construction Now Resumed or Completed</td>
</tr>
</tbody>
</table>

Source: New York City Department of Buildings
Decline in Development Rights Transfers

Before developers file for construction permits, they must first assemble their development site. For particularly large projects, this often includes purchasing development rights (known as transferable development rights or TDRs) from other lots. Indeed, a Furman Center analysis of recent development in Manhattan below Central Park reveals that about 22 percent of all projects with more than 10,000 square feet of floor area completed between 2003 and 2009 involved the purchase of TDRs. Because site assemblage precedes building permits, TDR transactions are an early indicator of future large-scale development.

During the recent real estate boom, as Figure 1.3 shows, the number of TDR transactions (including zoning lot mergers) peaked in 2007. That year, more than 1.5 million square feet of development rights changed hands, primarily in Manhattan community districts 1–6. The number of TDR transactions then declined precipitously in 2008 and 2009 following the real estate market crash. As of 2011, our most recent year of data, the number of TDR transactions, and the amount of square footage transferred, had not rebounded to any significant degree.

Figure 1.3: Number of “Arm’s Length” TDR Transactions in New York City, 2003–2011

Source: Furman Center analysis of documents in the New York City Department of Finance’s Automated City Register Information System

2. Neighborhood rezonings continue.

Starting in 2002, when Mayor Bloomberg took office, the city’s Department of City Planning (DCP) began an ambitious series of zoning changes, aiming to reshape development patterns in various neighborhoods. Through 2011, DCP had initiated about 118 such rezonings that together affected thousands of city blocks. In 2012, the city adopted four more neighborhood-sized zoning map changes (see Figure 1.4). About 140 blocks were rezoned in northern Bedford-Stuyvesant, Brooklyn. According to DCP, that rezoning was intended primarily to prevent development thought to be incompatible with the neighborhood’s historic character. Similarly, in Woodhaven/Richmond Hill, Queens (QN 09), about 230 blocks were rezoned to direct development away from low density residential areas and instead to major thoroughfares. In western portions of Harlem, about 90 blocks were rezoned to protect the existing built character of the neighborhood from out-of-context development, and provide new opportunities for development on existing corridors and in manufacturing areas. Finally, on the Upper West Side, new restrictions were adopted on commercial spaces to encourage “diverse retail and service opportunities,” and preserve the existing retail character of the neighborhood.

In addition to the four large-scale zoning map changes, the city also changed the zoning text in two noteworthy ways in 2012. First, minimum parking requirements were reduced in downtown Brooklyn (BK 02), allowing developers to build fewer new parking spaces per housing unit.9 As described in a recent Furman Center policy brief, many critics of the prior rules had argued that excessive minimum parking requirements unnecessarily increase construction costs and encourage car ownership, even in dense, transit-accessible neighborhoods.10 Second, the city approved a series of citywide “Zone Green” amendments intended to encourage more environmentally friendly construction and retrofits by changing restrictions on wall width, sun control screens, and rooftop amenities such as green roofs, greenhouses, and wind turbines.11

DCP also began the initial review process for a major rezoning it proposed for Midtown East (CDs MN 05 and MN 06) to create new opportunities for office development.12

### The city designated new landmarks and historic districts.

In 2012, the city’s Landmarks Preservation Commission (LPC) designated five new areas in Manhattan and Brooklyn as historic districts, including portions of the East Village and Lower East Side and various blocks of Park Slope, which were added to existing historic districts. The additions increased the number of historic districts citywide to 127. As Table 1.2 shows, historic districts now cover almost 26,000 city lots, making up about three percent of all of the city’s land area (excluding airports, parks, cemeteries, piers, beaches, public rights of way, and waterways). Historic districts now cover about 17 percent of Manhattan, by far the most of any borough. The number of lots protected by historic district designations has been growing especially rapidly in recent years. Figure 1.5 shows that in each year from 2000 to 2006, fewer than 400 lots were added to historic districts.

#### Table 1.2: Historic Districts as of December, 2012

<table>
<thead>
<tr>
<th>Borough</th>
<th># Lots</th>
<th>Share of Total Land Area*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bronx</td>
<td>830</td>
<td>1.9%</td>
</tr>
<tr>
<td>Brooklyn</td>
<td>11,477</td>
<td>3.6%</td>
</tr>
<tr>
<td>Manhattan</td>
<td>10,361</td>
<td>16.9%</td>
</tr>
<tr>
<td>Queens</td>
<td>2,721</td>
<td>4.4%</td>
</tr>
<tr>
<td>Staten Island</td>
<td>219</td>
<td>1.6%</td>
</tr>
<tr>
<td>New York City</td>
<td>25,608</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

*Excludes airports, parks, cemeteries, piers, beaches, public rights of way and waterways. Sources: New York City Landmarks Preservation Commission, New York City Department of City Planning

#### Figure 1.5: Number of Lots Added to Historic Districts in New York City, 2000–2012

Source: New York City Landmarks Preservation Commission

---

In four of the past six years, however (including 2012), more than 1,000 lots have been added. Figure 1.6 shows the location of all historic districts in the city.

The LPC also designated 20 new landmarks in 2012, two-thirds of which were in Manhattan. The designations included three firehouses, several historic homes, and the Rainbow Room at Rockefeller Center. Table 1.3 shows the number of designations in each borough in 2012 and the total number since the LPC was established in 1965. Figure 1.7 shows the location of all landmarks.

Table 1.3: New York City Landmark Designations

<table>
<thead>
<tr>
<th>Borough</th>
<th>2012 Designations</th>
<th>Total (as of Dec., 2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bronx</td>
<td>2</td>
<td>96</td>
</tr>
<tr>
<td>Brooklyn</td>
<td>2</td>
<td>182</td>
</tr>
<tr>
<td>Manhattan</td>
<td>14</td>
<td>896</td>
</tr>
<tr>
<td>Queens</td>
<td>2</td>
<td>70</td>
</tr>
<tr>
<td>Staten Island</td>
<td>–</td>
<td>133</td>
</tr>
<tr>
<td>New York City</td>
<td>20</td>
<td>1,377</td>
</tr>
</tbody>
</table>

Source: New York City Landmarks Preservation Commission

Newly designated landmarks in Community District MN02 (Greenwich Village/SoHo).
The Challenge of Reforming the City’s Land Use Regulations & Building Codes to Make the City More Resilient

Superstorm Sandy made disturbingly clear that a substantial portion of New York City is vulnerable to coastal flooding. A recent Furman Center fact brief found that the storm surge reached about one-sixth of the city’s land area containing nine percent of the city’s housing units.\(^\text{13}\) How to amend the city’s zoning and building codes and other regulations will be a crucial planning (and political) challenge in 2013 and beyond, as public officials debate how to better protect the city from future storms and the long-term risks of climate change.

The evacuation zones designated by the city illustrate the scale of the challenge. Prior to the most recent storm, the city had designated three evacuation zones, as Figure 1.8 shows: Zone A encompasses areas that have a high potential of flooding from any hurricane, Zone B covers areas that are likely to flood from a Category 2 or higher hurricane, and Zone C represents areas that would be susceptible to flooding if a Category 3 or 4 hurricane were to hit New York City. As Table 1.4 shows, 30 percent of the city’s total housing stock is located in one of these evacuation zones.

Section 2: Homeowners and Their Homes

In 2012, New York City continued its nascent recovery from the housing market crisis that has gripped the nation since 2006. Home prices were up from 2011 (though still well below their peak), but new foreclosure starts were also up in 2012.

The number of homeowners receiving pre-foreclosure notices, the number with underwater mortgages, and the concentration of these groups in the areas of the city that have seen the most foreclosures to date indicate that the challenges facing some neighborhoods are far from over. Thus, while indicators show that the city as a whole is recovering, homeowners and the housing market continue to struggle, particularly in the hardest hit areas.

1. The homeownership rate is down slightly from its peak.

New York City is a city of renters. Since the housing market bust in 2006 (and the attendant economic downturn and tightening of the mortgage market), the percentage of households in the city that rent has increased further. Although New York City has a much lower homeownership rate than the United States as a whole, the recent decline in its homeownership rate mirrors a similar decline nationwide over the past few years, as Figure 2.1 illustrates. But unlike the nation as a whole, which saw the rate drop by 1.6 percentage points since 2000, New York City’s homeownership rate was slightly higher in 2011 than it was in 2000 (+1.1 percentage points).

Figure 2.1 also shows the changing homeownership rate of the nation’s five largest cities. All five cities saw a decline in homeownership during the economic downturn between 2007 and 2011. New York City’s 2.3 percentage point decline from 2007 (the peak of the nation’s homeownership rate) was similar to the rate change experienced by Los Angeles (-2.8 percentage points) and Houston (-2.4 percentage points), but smaller than the declines in Philadelphia (-3.4 percentage points) and Chicago (-5.7 percentage points). Of these cities, however, only New York City and Chicago have experienced a net gain in their homeownership rates since 2000.

Homeownership rates vary significantly among New York City boroughs, as Figure 2.2 reveals. The overall patterns of change in homeownership rates between 2000 and 2011, however, were largely the same across the boroughs.

2. Home prices and sales volume are up but still well below peak levels.

In the past decade, home prices and sales volume in New York City generally followed a boom and bust pattern, with Manhattan serving as a notable exception. Figure 2.3 shows the change in house prices by borough since 2000. In all five boroughs except Staten Island, home prices in 2012 were up from 2011 levels. Nonetheless, prices remain well below their peak and close to 2004 levels in all boroughs but Manhattan. By contrast, Manhattan experienced a relatively modest and short-lived downturn, and prices have returned to their peak levels.

Figure 2.4 compares changes in the prices of single-family homes in the five largest metropolitan areas, based on the prices of properties purchased with conforming loans.1 Single-family homes in four of the five metro areas experienced a boom and then a downturn. In Houston, prices rose more slowly and never declined.

While the Furman Center’s Index of Housing Price Appreciation shows that housing prices have decreased 15.7 percent since 2007 in New York City, this decline has not been spread evenly across the city. The worst price declines have been concentrated in the northern Bronx, southeast Queens, and northeastern Brooklyn, as Figure 2.5 shows.

1 Conforming loans are loans that conform to guidelines created by the government-sponsored enterprises Fannie Mae and Freddie Mac. Subprime loans, among others, are nonconforming and, therefore, do not contribute to the data reflected in Figure 2.4.
Table 2.1 shows that the price of homes across the city also varies dramatically. In 2012, Manhattan had by far the highest median sales prices for all housing types for which data were available. Brooklyn had the second highest prices, followed by Queens, Staten Island, and finally the Bronx.

Figure 2.1: Homeownership Rate, United States and Five Largest Cities

![Homeownership Rate, United States and Five Largest Cities](image)


Figure 2.2: Homeownership Rate by Borough

![Homeownership Rate by Borough](image)


Figure 2.3: Index of Housing Price Appreciation by Borough, All Housing Types, 2000–2012

![Index of Housing Price Appreciation by Borough, All Housing Types, 2000–2012](image)

Sources: New York City Department of Finance, Furman Center

Table 2.1: Median Sales Price per Unit, 2012

<table>
<thead>
<tr>
<th></th>
<th>Bronx</th>
<th>Brooklyn</th>
<th>Manhattan</th>
<th>Queens</th>
<th>Staten Island</th>
<th>New York City</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Family</td>
<td>$335,000</td>
<td>$500,000</td>
<td>$—*</td>
<td>$415,000</td>
<td>$375,000</td>
<td>$405,000</td>
</tr>
<tr>
<td>2–4 Family</td>
<td>$163,417</td>
<td>$240,000</td>
<td>$897,500</td>
<td>$225,250</td>
<td>$225,000</td>
<td>$222,500</td>
</tr>
<tr>
<td>5+ Family</td>
<td>$78,290</td>
<td>$109,828</td>
<td>$212,500</td>
<td>$120,851</td>
<td>$—*</td>
<td>$117,500</td>
</tr>
<tr>
<td>Condominiums</td>
<td>$125,000</td>
<td>$545,000</td>
<td>$999,000</td>
<td>$380,250</td>
<td>$247,500</td>
<td>$700,000</td>
</tr>
</tbody>
</table>

* Insufficient data. Sources: New York City Department of Finance, Furman Center

Figure 2.4: House Price Index in Five Largest Metro Areas, Single-Family Homes, 2000–2012

![House Price Index in Five Largest Metro Areas, Single-Family Homes, 2000–2012](image)

Source: Federal Housing Finance Agency

Figure 2.5: Change in Residential Property Values, 2007–2012

![Change in Residential Property Values, 2007–2012](image)

Source: Federal Housing Finance Agency
The volume of property sales inched up slightly from 2011 to 2012, as Figure 2.6 illustrates. The number of sales of all residential property types declined dramatically during the housing bust, though at somewhat different times. Single-family and two- to four-family home sales peaked in 2005 and 2006, and each had declined by 58 percent by 2011. However, in 2012, sales volume rebounded slightly with 8,548 single-family home sales and 9,296 two- to four-family home sales. The sales of multi-family (five-plus units) rental buildings, which are far less frequent than transactions involving other building types, peaked in 2005 and declined by 64 percent by 2009 before rebounding in the past three years. In 2012, 1,973 multi-family buildings sold. Condominiums were the only property type that sold in notably greater quantities in 2012 than in 2000.

3. Lending

A. Home purchase lending declined slightly in 2011.

The 2000s saw a great deal of change in total home purchase lending activity, shown in Figure 2.7. Similar to home prices and sales volume, discussed above, home purchase lending in 2011 was well below peak levels. But while home prices and sales volume were higher in 2011 than in 2000, the home purchase lending rate in all five boroughs was lower in 2011 than it had been in 2000.

Figure 2.8 shows that a large share of the lending at the peak was in high-risk loans. Even during the housing boom, prime-rate lending declined in New York City and in the nation as a whole. However, a sharp increase in high-cost lending kept total loan numbers up during this period. Following the bust, high-cost lending all but disappeared due both to dramatic shifts in lending practices and significant tightening of New York’s banking laws governing subprime home loans.

Like lending nationwide, lending for home purchases in New York City has been at the same level roughly for the past three years, down from higher levels of lending seen in the middle of the last decade. From 2010 to 2011, all five cities and the nation as a whole saw a dip in first-lien lending, as shown in Figure 2.9. The dip corresponded with the end of the federal tax credit for first-time home buyers: 2011 was the first full year of the past four (2012 data are not yet available) during which federal tax credits were not available.

While total home purchase lending shrank during the housing bust, the subset of government-backed FHA/VA loans in the city has grown since 2007, both in absolute numbers and in the share of total loans made. In 2011, FHA/VA loans represented 21.3 percent of home purchase loans in New York City, a much larger share than during the housing boom, when such loans were almost nonexistent. While FHA/VA loans represent a smaller proportion of lending activity in New York City than they represent in the United States as a whole, these loans have become much more important both locally and nationally, as illustrated in Figure 2.10.

B. Lending to black and Hispanic borrowers has declined more than lending to white and Asian borrowers.

The overall decline in lending has affected all racial groups in New York City. However, as Figure 2.11 illustrates, lending to black and Hispanic borrowers has fallen the most. This is perhaps not surprising because a high share of mortgages issued to black and Hispanic borrowers during the boom were subprime loans that were securitized and not backed by government guarantees, and that segment of the mortgage market no longer exists.

2 For subprime loans consummated on or after September 1, 2008, New York Banking Law Section 6-m instituted a detailed ability to repay requirement and prohibited teaser interest rates, negative amortization, and prepayment penalties, among other lending practices. N.Y. Banking Law § 6-m (McKinney 2012).

Figure 2.6: Property Sales Volume by Property Type in New York City, 2000–2012

- 1 Family
- 2–4 Family
- 5+ Family
- Condominiums

Sources: New York City Department of Finance, Furman Center

Figure 2.7: Home Purchase Loan Originations* per 1,000 Mortgagable Properties in New York City, 2000–2011

- NYC
- Bronx
- Brooklyn
- Manhattan
- Queens
- Staten Island

Sources: Home Mortgage Disclosure Act, Furman Center

Figure 2.8: New York City One- to Four-Family Home Purchase Mortgages,* 2004–2011

- First Lien Higher-cost Loans
- First Lien Prime Rate Loans

Sources: Home Mortgage Disclosure Act, Furman Center

Figure 2.9: Home Purchase Loan Originations,* United States and Five Largest Cities, 2004–2011, Indexed to 2004

- New York
- Los Angeles
- Chicago
- Houston
- Philadelphia
- U.S.

Sources: Home Mortgage Disclosure Act, Furman Center

Figure 2.10: FHA/VA Share of Home Purchase Mortgage Originations in New York City, 2004–2011*

- U.S.
- NYC

Sources: Home Mortgage Disclosure Act, Furman Center

Figure 2.11: Index of New York City Home Purchase Mortgages* by Race or Ethnicity, 2005–2011

- White
- Black
- Hispanic
- Asian

Sources: Home Mortgage Disclosure Act, Furman Center
As Figure 2.12 shows, the rate of lending to black and Hispanic borrowers has consistently been far below their population shares. The gap between loan share and population share is the widest for Hispanics. In 2006, Hispanics made up 27.6 percent of the city’s population and only 16.4 percent of home purchase borrowers; and in 2011 Hispanics made up 28.8 percent of the population, but only accounted for 9.7 percent of purchase borrowers.

C. Refinance lending is high in Manhattan but well below peak levels in the other boroughs.

Despite low interest rates, refinance lending has dramatically decreased in the outer boroughs since 2006, likely driven by the fall in city home prices illustrated in Figure 2.3 above. Lending rates everywhere other than Manhattan fell by 70 percent between 2006 and 2008, and have remained at more or less the same levels since then. In 2011, citywide refinance originations ticked up slightly (1%) compared to 2010. As Figure 2.13 dramatically portrays, the pattern of refinance lending in Manhattan has been notably different. In Manhattan, the current refinance level significantly exceeds the refinance rates of the boom years, as homeowners with equity in their homes are taking advantage of historically low interest rates. As discussed in the Pre-foreclosure Notices and Underwater Loans subsection below, for many homeowners in the city who currently owe more than their homes are worth, refinancing is not an option. Unlike refinance lending, purchase lending has followed a much more uniform trend across all five boroughs.

4. Foreclosures

A. Foreclosure starts were up slightly in 2012 but remained below peak levels.

New York City just saw an unprecedented spike in foreclosures, like many other cities across the country. Like the other market indicators discussed above, foreclosures have both driven and been generated by changes in the housing market over the past decade.

In New York City, as in the rest of the country, the foreclosure crisis has primarily involved one- to four-family homes. Figure 2.14 shows the number of foreclosure notices (lis pendens) filed since 2000 by property type. Since the start of the foreclosure crisis, the vast majority (87%) of properties that have received a lis pendens in the city have been one- to four-family buildings.

In 2012, 12,850 lis pendens were issued in New York City, a 5.3 percent increase over the number issued in 2011. However, this level was still well below the 2009 peak of 20,542 lis pendens.

Compared to other states, New York State ranked fourteenth in the nation for new foreclosure filings in February 2013. However, given the length of its foreclosure process (discussed below), New York State ranks much higher in terms of its share of the nation’s foreclosure inventory (homes in the foreclosure process or bank owned). At the end of 2012, five percent of the nation’s foreclosure inventory was in New York State, making New York the fourth largest contributor (tied with Ohio).

B. Foreclosures are concentrated in particular neighborhoods.

The foreclosure crisis has not been felt uniformly across New York City. Figure 2.15 shows that more property owners in Queens and Brooklyn have received lis pendens than those in the other boroughs.

As Figure 2.16 reveals, in the Bronx, Brooklyn, and Queens, and to a lesser extent Staten Island, foreclosures are concentrated in certain areas. Not surprisingly, other indicators of mortgage and housing market distress discussed throughout this section are also concentrated in the same parts of the city, including price depreciation (Fig. 2.5), pre-foreclosure notices (Fig. 2.21), and underwater mortgages (Fig. 2.22).

Multiple studies have shown that concentrated foreclosures have significant, negative consequences for their neighbors and neighborhoods.

4 Realty Trac. (February 2013). National Real Estate Trends. On file with the Furman Center.

Figure 2.12: Share of Home Purchase Loans Originations* Versus Share of Population by Race/Ethnicity in New York City

*First-lien home purchase loans issued to owner-occupants of one- to four-family homes, condominiums, and cooperative apartments. Sources: Home Mortgage Disclosure Act, Furman Center, American Community Survey

Figure 2.13: Index of Refinance Originations by Borough

Sources: Home Mortgage Disclosure Act, Furman Center, Freddie Mac Primary Mortgage Market Survey

Figure 2.14: Number of Lis Pendens by Property Type in New York City, 2000–2012

Sources: Public Data Corporation, New York City Department of Finance, Furman Center

Figure 2.15: Total Lis Pendens for All Residential Property Types by Borough, 2000–2012

Sources: Public Data Corporation, New York City Department of Finance, Furman Center

Figure 2.16: Lis Pendens issued to All Residential Property Types in 2012

Sources: Public Data Corporation, Furman Center
The Collateral Effects of Concentrated Foreclosures

Foreclosures affect communities in ways that extend beyond the hardship experienced by homeowners facing the loss of their home. Since the start of the foreclosure crisis, the Furman Center has undertaken a number of research projects to better understand the varied effects foreclosures may have on children and neighborhoods.

Foreclosure and Crime: Concentrated foreclosures cause crime to increase.

To consider the relationship between foreclosures and crime, we analyzed detailed, point-specific data about foreclosures and crime in New York City between 2004 and 2008. We found that an additional foreclosure on a block led to an increase in total crime, violent crime, and public order crime; additional foreclosures had no effect on property crime. This effect occurs when foreclosures are concentrated at a level of three or more on a block.

Foreclosure and Property Values: Concentrated foreclosures decrease nearby property values.

In this 2008 study, we used data on property sales and foreclosure filings in New York City from 2000 to 2005 to compare sale prices of properties located near a foreclosure to prices of similar properties not located near a foreclosure. We found that properties located in close proximity to foreclosures sold at a lower price than comparable properties. Again, there appears to be a threshold effect, because differences emerged only when there were three or more foreclosure notices issued within 250 to 500 feet of the property.

Foreclosure and Kids: Children living in homes that are foreclosed are more likely to switch schools.

In a 2010 study, the Furman Center, in partnership with NYU’s Institute for Education and Social Policy, evaluated how children in New York City public schools have been affected by foreclosures by linking data on individual students’ academic performance to building-level foreclosure data, focusing on the 2003–2004 and 2006–2007 school years. We found that students living in homes that received foreclosure notices were more likely to change schools in the year following a foreclosure notice, but were less likely to leave the school system (to attend private or parochial schools or to leave the city altogether). Students who move to a new school from a home in foreclosure moved to lower performing schools on average, though that was also true for students who moved for reasons other than foreclosure.

To provide a basic description of the communities that have been hardest hit by foreclosures, Table 2.2 compares the average neighborhood characteristics of properties in foreclosure to New York City overall in 2012. Relative to the city overall, properties in foreclosure are in neighborhoods that on average have a higher share of black residents, a lower share of white residents, a slightly lower unemployment rate, lower poverty rate, and higher median household income.

Table 2.2: New York City Characteristics and Mean Neighborhood Characteristics of Properties with Lis Pendens, 2012

<table>
<thead>
<tr>
<th></th>
<th>Percent White</th>
<th>Percent Black</th>
<th>Percent Hispanic</th>
<th>Percent Asian</th>
<th>Unemployment Rate</th>
<th>Poverty Rate</th>
<th>Median Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neighborhoods with Lis Pendens</td>
<td>22.5%</td>
<td>40.4%</td>
<td>24.9%</td>
<td>9.1%</td>
<td>10.0%</td>
<td>17.5%</td>
<td>$57,354</td>
</tr>
<tr>
<td>New York City</td>
<td>33.1%</td>
<td>22.8%</td>
<td>28.8%</td>
<td>12.7%</td>
<td>11.2%</td>
<td>20.9%</td>
<td>$50,433</td>
</tr>
</tbody>
</table>

Sources: American Community Survey, Public Data Corporation

C. The number of properties in REO (Real Estate Owned) has declined.

Not every property that receives a notice of foreclosure will complete the foreclosure process, as Figure 2.17 illustrates.

If homeowners still have equity in their property, they may be able to avoid foreclosure by refinancing the loan or selling the property. Distressed homeowners who do not have equity left in their property have fewer options for avoiding
foreclosure, but may be able to obtain a loan modification, repay their arrears, or less commonly, sell their property for less than they owe with the bank’s approval or hand over their deed to the bank to avoid foreclosure.

Of the properties that entered foreclosure in 2009, by the end of 2012 just 2.6 percent had gone to auction—0.7 percent did not receive any bids acceptable to the lender and so became REO.\(^6\) Still, for 97.4 percent of the properties that began the foreclosure process in 2009, we have not been able to track a further action. Some of these properties may have received mortgage modifications, and it is possible that other homeowners were able to resolve their delinquencies on their own, but many others are likely lingering in the foreclosure process. New York State has the longest foreclosure process of any state in the country—and it is getting longer. For properties that went to auction in 2012, the average time between lis pendens and auction was three years. The national average in the fourth quarter of 2012 was 414 days.\(^7\)

Switching our focus to the properties that became REO in 2012 (but which may have received a lis pendens anytime between 2007 and 2011), Figure 2.18 shows that just 162 properties entered REO in 2012, down slightly from 2011 but decreased by more than tenfold since the peak in 2008. The stock of REO properties continued to decline in 2012 as fewer properties entered REO than were sold out of REO. Figure 2.19 shows that by the end of 2012, just 684 properties remained in REO—the lowest level since early 2007. For properties that sold out of REO in 2012, the average time spent in REO was 654 days. Not surprisingly, Figure 2.20 shows that REOs are concentrated in the neighborhoods that have the highest number of foreclosures.

---

\(^6\) REO stands for “Real Estate Owned,” and means that the lender repossesses the property and records it as an asset on the lender’s financial statements.

D. Pre-foreclosure notices and underwater loans indicate that the crisis is not over.

Pre-foreclosure notices provide some insight into what the city faces in the coming year, even though the vast majority of homeowners who receive pre-foreclosure notices become current on their loan or avoid a lis pendens through some other resolution. Table 2.3 shows the number of pre-foreclosure notices issued to one- to four-unit properties, condominiums, and cooperative apartments in each borough in 2011 and 2012. The city as a whole had two percent fewer notices issued in 2012 than in 2011. The Bronx was the only borough where the number of notices went up between 2011 and 2012, but only by one percent. The number of pre-foreclosure notices in Queens declined by four percent, but still exceeded 30,000 notices. In fact, more than 10 percent of all pre-foreclosure notices issued statewide were for properties located in Queens.

<table>
<thead>
<tr>
<th>Borough</th>
<th>2011</th>
<th>2012</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bronx</td>
<td>10,174</td>
<td>10,245</td>
<td>1%</td>
</tr>
<tr>
<td>Brooklyn</td>
<td>24,057</td>
<td>23,975</td>
<td>0%</td>
</tr>
<tr>
<td>Manhattan</td>
<td>4,470</td>
<td>3,773</td>
<td>-16%</td>
</tr>
<tr>
<td>Queens</td>
<td>31,954</td>
<td>30,827</td>
<td>-4%</td>
</tr>
<tr>
<td>Staten Island</td>
<td>11,127</td>
<td>11,020</td>
<td>-1%</td>
</tr>
<tr>
<td>New York City</td>
<td>81,782</td>
<td>79,840</td>
<td>-2%</td>
</tr>
</tbody>
</table>

Table 2.3: Pre-Foreclosure Notices Issued to One- to Four-Unit Properties, Condominiums, and Cooperative Apartments, 2011–2012

Source: New York State Department of Financial Services

New Indicator: Pre-Foreclosure Notices

Legal Requirement: New York State law requires banks to give homeowners who are behind on their mortgage payments 90 days’ notice before starting a foreclosure action. The requirement, instituted on September 1, 2008, for borrowers with high-cost, subprime, or non-traditional loans, was extended to all home loans (defined as loans secured by a one- to four-unit property or condominium that is owner occupied) and to foreclosures on co-ops on January 14, 2010.8

Notice Content: The law requires that the mailed notice inform borrowers of the number of days their loan has been in default, the amount necessary to cure the default, and the telephone number of the lender or mortgage servicer. The notice must also include a list of at least five government-approved housing counseling agencies in the homeowner’s region that provide free or low-cost counseling.9

Not All Notices Result in Foreclosures: Homeowners are often able to avoid foreclosure before a formal case is instituted by repaying their arrears, entering into a loan modification or repayment plan, selling their home, or transferring the deed for their home to their bank. There were ten times as many pre-foreclosure notices issued in 2012 as new foreclosure starts, and the same was true in 2011. While some of those notices likely resulted in foreclosure filings the following year, the majority of borrowers who receive pre-foreclosure notices appear to resolve their delinquencies before a foreclosure case is filed.

Comparison of Figure 2.16 above (2012 *lis pendens*) and Figure 2.21 below (2012 pre-foreclosure notices) shows that pre-foreclosure notices in 2012 were concentrated in the same areas of the city that have been hardest hit by the foreclosure crisis.

Another indication of mortgage distress and risk for future foreclosures is the number of properties with “underwater mortgages,” or mortgages with an outstanding balance that is greater than the value of the home. While the vast majority of people who are underwater remain current on their mortgages and do not receive pre-foreclosure notices or enter foreclosure, the underwater rate nevertheless provides insight into the health of the housing market and the vulnerability of homeowners to distress. A borrower who is underwater has fewer options for responding to a financial shock like a job loss or medical emergency because the borrower will not be able to draw on the home equity for financing. Further, without equity in their home, borrowers will be unable to sell or refinance without their lender’s permission. As a result of the price depreciation described above and the high loan-to-value mortgages made during the housing boom, data provided by Zillow shows that 15.4 percent of mortgaged, owner-occupied homes in New York City were underwater in 2012, although the rate ranged from 12 percent in Manhattan to 26 percent in the Bronx.

Owner-occupied underwater homes in 2012 (shown in Figure 2.22) were clustered in many of the same neighborhoods in which foreclosures and pre-foreclosure notices are concentrated.
Section 3: Renters and Rental Units

About two million New York City households—roughly two-thirds—rent their homes. Over the past decade rental housing has become less affordable to many New Yorkers. Given the downturn in the real estate market in New York City in recent years, renters in the city may have expected to see their rents finally decline after years of increases. In fact, the long-term trend of increasing rents (and stagnating incomes) has continued, and the share of renters paying a high percentage of their income toward rent has risen.

1. **Most renters live in subsidized and rent-regulated units.**

Many New York City tenants are at least partially shielded from rent increases because they live in public housing (8.2%), subsidized housing (8.4%), or private, unsubsidized rental units governed by rent stabilization or rent control (45.4%). Figure 3.1 shows that just 38 percent of renters live in unregulated, market-rate rental units.

![Figure 3.1: New York City Rental Housing Units by Rent Regulation and Subsidy Status, 2011](http://example.com/fig1)

**Sources:** New York City Housing and Vacancy Survey, New York City Housing Authority, Furman Center Subsidized Housing Information Project

2. **Rents are high and growing.**

Rental housing has become increasingly expensive in the city, and increasingly unaffordable to many tenants. The median contract rent (i.e., the amount agreed to in the lease, which may or may not include utilities) paid by New York City’s tenants rose steadily over the past decade and has continued to rise in recent years. Between 2007 and 2011, a period when house prices citywide fell by 20 percent, the median monthly rent citywide increased in real terms (in constant 2012 dollars) by 8.5 percent, from $999 to $1,084. Figure 3.2 shows that this increase was particularly steep in Manhattan at 13 percent, while in Staten Island the real median rent paid by tenant households actually decreased slightly between 2007 and 2011. Of course, the amount of rent a household pays varies across unit types. Figure 3.3 shows that there is wide variation in the median gross rent (the contract rent plus the estimated cost of any utilities not included in rent) paid by households living in each of these different types of rental units, ranging in 2011 from $489 per month for public housing to $1,540 for market-rate units. After controlling for inflation, median gross rent for each type rose significantly between 2008 and 2011, and in each of the previous periods since 2002.

---

1 In 2011, only about two percent of all rental units were rent controlled while 44 percent were rent stabilized.
2 The public housing category consists of the New York City Housing Authority’s stock of federally subsidized housing. The subsidized category consists of privately owned housing that receives financing or other subsidies from the U.S. Department of Housing and Urban Development, the New York City and New York State Mitchell-Lama programs, or the U.S. Department of Treasury’s Low Income Housing Tax Credit program, as documented by the Furman Center’s Subsidized Housing Information Project database (SHIP) (http://datasearch.furmancenter.org). The rent-regulated category consists of rent stabilized units other than those that are rent stabilized because they were developed with LIHTC and NYC property tax subsidies.

3 It is important to highlight that the citywide median understates the rents paid by tenants living in market-rate units, given that a large share of units included in the calculation of median rent are under some type of rent regulation.
Who lives in different kinds of rental housing?

Demographics of New York City Renter Households, 2011

<table>
<thead>
<tr>
<th>% of unit type occupied by:</th>
<th>Market Rate</th>
<th>Rent Regulated (rent stabilized and rent controlled)</th>
<th>Public Housing</th>
<th>Other Subsidized</th>
<th>All Households (both renters and owners)</th>
</tr>
</thead>
<tbody>
<tr>
<td>White householder</td>
<td>43%</td>
<td>35%</td>
<td>6%</td>
<td>26%</td>
<td>41%</td>
</tr>
<tr>
<td>Black householder</td>
<td>20%</td>
<td>22%</td>
<td>45%</td>
<td>32%</td>
<td>22%</td>
</tr>
<tr>
<td>Hispanic householder</td>
<td>23%</td>
<td>32%</td>
<td>44%</td>
<td>31%</td>
<td>24%</td>
</tr>
<tr>
<td>Asian householder</td>
<td>13%</td>
<td>9%</td>
<td>4%</td>
<td>9%</td>
<td>11%</td>
</tr>
<tr>
<td>Householder over 65</td>
<td>8%</td>
<td>17%</td>
<td>28%</td>
<td>37%</td>
<td>19%</td>
</tr>
<tr>
<td>Households with children under 18</td>
<td>34%</td>
<td>28%</td>
<td>40%</td>
<td>24%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Source: New York City Housing and Vacancy Survey

The table above shows that there is significant variation in the demographics of the households that occupy different types of rental units in New York City. For example, households headed by individuals over the age of 65 occupy only eight percent of market-rate rental units but occupy more than a quarter of public housing units and more than a third of units in other subsidized housing programs. Despite making up only 41 percent of all New York City households, those households headed by whites occupy only six percent of public housing units. Households headed by whites occupy a much higher percentage—more than a quarter—of other subsidized housing units.

“Other subsidized” includes rental housing that the Housing and Vacancy Survey describes as not subject to rent control or rent stabilization and may include a wide variety of local and federal subsidies or financing. This category includes some properties tracked in the Subsidized Housing Information Project (SHIP) but also includes properties that received subsidies through programs not catalogued in SHIP. Data from this category should not be directly compared to data on SHIP properties alone.

Furthermore, the rents paid by households in occupied units may mask the higher asking rents in vacant units. Even for market-rate units, landlords often raise rents more substantially when a unit turns over. As Figure 3.4 shows, households who have recently moved pay higher rents than those who have lived in their current units longer. In addition, the median gross rent paid by recent movers has increased more than the median rent paid by renters as a whole.
Despite the fact that only about 37 percent of New York City’s rental housing consists of unregulated, market-rate units, the city’s recent increase in median gross rent outpaced each of the four next largest cities. Figure 3.5 shows the change in median gross rent for each city, adjusted for inflation and indexed to 2007. New York City and Los Angeles experienced the largest increases in median gross rent between 2007 and 2011 at about nine and eight percent, respectively. Chicago and Philadelphia each experienced a sharp increase in 2009, but median rents declined slightly in real terms in the subsequent two years. In Houston, median gross rent was lower in 2011 than in 2007.

3.

Rent burdens are increasing.

Rent burden is the share of a renter’s income spent on gross rent (which, as explained above, includes not only the contract rent paid to the landlord, but also utility payments not included in the rent). Figure 3.6 shows that New York City’s median household income has not kept up with increases in rent levels since the onset of the Great Recession. Between 2005 and 2008 (the recession officially began in late 2007), the median gross rent in the city increased, but median household income rose at an even faster rate (in each case, in constant, inflation-adjusted dollars). Between 2008 and 2011, however, median gross rent continued to rise, but real household income dropped sharply. As a result, median gross rent increased 10 percent between 2005 and 2011, while median household income actually decreased.

As a result of the divergent trends in income and rent since the beginning of the recession, New Yorkers’ median rent burden increased from 29.9 percent in 2007 to 32.5 percent in 2011. According to the U.S. Department of Housing and Urban Development’s (HUD) definitions for rent burdens (which we use for this report), a moderate rent burden is defined as spending between 30 and 50 percent of household income on gross rent, and a severe rent burden is defined as spending 50 percent or more of household income on gross rent. Figure 3.7 shows that the share of New York City’s renters who were severely rent burdened jumped from 27 percent in 2007 to 31 percent in 2011, and the share that was moderately rent burdened increased from 23 to 24 percent.

The median rent burden increased in each of the four next largest cities as well, and like New York City, more than half of all renter households were moderately or severely rent burdened in each city in 2011. Figure 3.8 shows that 62 percent of all renter households in Los Angeles were severely or moderately rent burdened, the highest percentage of any of the five cities. However, Philadelphia had the highest share of severely rent burdened renters at 37 percent, which was six percentage points higher than the share in New York City. In Houston, only a quarter of all renters were severely rent burdened, the lowest share of the five cities, and its total rent-burdened share was the lowest as well.

The overall rent burden masks the tremendous rent burdens faced by low-income households. Table 3.1 shows the share of low-income households and non-low-income households who are moderately or severely rent burdened. For this calculation, we define low-income households as those earning 80 percent or less of the median income for all households in the city’s metropolitan area with the same number of household members, a definition commonly used by HUD. Not surprisingly, a much higher share of low-income renter households in each city had moderate or severe rent burdens than other renter households. In Los Angeles, 81 percent of all low-income renter households were rent burdened (the highest share of any of the five cities). In New York City, 78 percent of low-income renter households were rent burdened, the second highest share of the five cities.

4.

Vacancy rates remain very low.

One reason that rents are high in New York City and have continued to rise is that the rental vacancy rate has remained extremely low, even during the recession. In 2006, the year before the recession began, the rental vacancy rate was 4.5 percent. The overall rental vacancy rate in the city was 3.2 percent in 2011, down from 3.5 percent in 2005.

The median rent burden increased in each of the four next largest cities as well, and like New York City, more than half of all renter households were moderately or severely rent burdened in each city in 2011. Figure 3.8 shows that 62 percent of all renter households in Los Angeles were severely or moderately rent burdened, the highest percentage of any of the five cities. However, Philadelphia had the highest share of severely rent burdened renters at 37 percent, which was six percentage points higher than the share in New York City. In Houston, only a quarter of all renters were severely rent burdened, the lowest share of the five cities, and its total rent-burdened share was the lowest as well.

The overall rent burden masks the tremendous rent burdens faced by low-income households. Table 3.1 shows the share of low-income households and non-low-income households who are moderately or severely rent burdened. For this calculation, we define low-income households as those earning 80 percent or less of the median income for all households in the city’s metropolitan area with the same number of household members, a definition commonly used by HUD. Not surprisingly, a much higher share of low-income renter households in each city had moderate or severe rent burdens than other renter households. In Los Angeles, 81 percent of all low-income renter households were rent burdened (the highest share of any of the five cities). In New York City, 78 percent of low-income renter households were rent burdened, the second highest share of the five cities.

For example, in 2011, 80 percent of the median income for a four-person household in the New York-Northern New Jersey-Long Island metropolitan area was $65,450.

There are two different rental vacancy rates available to consumers of New York City data: The New York City Housing and Vacancy Survey (HVS) and the American Community Survey (ACS). While both surveys are conducted by the U.S. Census Bureau, the HVS is sponsored by the New York City Department of Housing Preservation and Development and is mandated by New York State rent-regulation laws. The ACS reports a citywide rental vacancy rate of 3.12 percent during the period between February and May 2011. Because the HVS is designed to capture the overall rate in the city it is less statistically reliable at smaller geographies. Additionally, the HVS is only performed every three years. For these reasons, the Furman Center uses ACS data, which are available every year and have a larger sample size.
3.8 percent. By 2010, it had increased only slightly to just over four percent and remained at that level in 2011. Figure 3.9 shows that New York City’s rental vacancy rate was lower than that in each of the four next largest cities in the country in each of the past few years. Los Angeles was the only other city with a rental vacancy rate of less than six percent; the vacancy rates in Philadelphia and Chicago were each near eight percent; and the rate in Houston was by far the highest at 13 percent. None of these cities has experienced a large increase in rental vacancy since the onset of the recession, likely because the foreclosure crisis and tightened mortgage lending requirements have shifted some households who might otherwise be homeowners into the rental market. This is consistent with the changes in homeownership rates in each of the cities shown in Figure 2.1.
5. More households are living in overcrowded conditions.

Households sometimes try to overcome the lack of affordable housing by doubling up with other households. About four percent of all rental households in New York City in 2011 were severely overcrowded (more than 1.5 occupants per room). As Figure 3.10 shows, the share of New York City’s renter households that are severely overcrowded is higher than in Houston, Philadelphia, and Chicago. Only Los Angeles has a greater share of severely overcrowded renter households—more than nine percent of its renter households were severely overcrowded in 2011.

6. The rental stock is growing and changing.

The distribution of types of rental units throughout the city changed significantly during the bubble and subsequent burst of New York City’s real estate market. Fueled by new construction and conversions from other uses, the net stock of rental units grew from 2.08 million in 2002 to 2.17 million in 2011, an increase of 4.2 percent. As Figure 3.11 shows, this was primarily driven by a net increase in market-rate units as new developments came online and previously rent-stabilized units became unregulated.

As the number of market-rate rental units has increased, New York City has also experienced a modest increase in the number of subsidized rental units. Our Subsidized Housing Information Project database tracks nearly 235,000 affordable units that have been financed since the 1970s through the programs of HUD, the Low-Income Housing Tax Credit program (LIHTC), and the New York City and New York State Mitchell-Lama program. As of 2011, 182,000 of those units remain subject to affordability restrictions under those programs. As Figure 3.12 shows, in the mid-2000s, a perfect storm of properties coming to the end of their required affordability periods and the overheated real estate market enticed many owners of HUD-subsidized and Mitchell-Lama properties to exit those programs at the end of their contracts or use restrictions. Since the mid-2000s fewer subsidized units have opted-out upon reaching the end of the period for which affordability restrictions were required.

Figure 3.13 shows that production of subsidized housing in the city under the programs included in the SHIP Database remained steady between 2007 and 2011. In total, nearly 50,000 units subsidized through the four programs tracked in SHIP were financed during those years, both for new construction and rehabilitation. Many programs that preserve affordable housing in New York City are not captured in the SHIP Database (such as 8a and the Participation Loan Program), so the 50,000 figure does not include all new subsidized units.

7. Most renters live in small- and medium-sized buildings; many accordingly have been affected by the foreclosure crisis.

Although the city is best known for its iconic towers, only about one-third of the city’s renter households live in buildings with more than 50 units, as Figure 3.14 shows, while more than a quarter live in single-family homes or two- to four-family buildings.

Because so many live in one- to four-family homes, many of New York City’s renters have been victims of the foreclosure crisis. Recent state and federal laws have provided tenants with increased protection from eviction if their landlord suffers foreclosure, but tenants are not always aware of their legal rights and are still vulnerable to utility cut-offs and deteriorating building conditions if landlords in foreclosure walk away from their property or are unable to maintain it. In 2009, the peak year for lis pendens filings,
properties entering foreclosure contained more than 25,000 rental units. This number has declined steeply since, in step with the city’s overall foreclosure trend, but foreclosure continues to threaten many tenants: an estimated 15,379 rental units were in buildings that received a *lis pendens* in 2012. This represents a little more than half of all units in properties receiving a *lis pendens* in 2012.

8. **Housing code violations remain steady.**

Despite the housing market crash and relatively high foreclosure activity even for large rental buildings, the number of serious housing code violations issued by the city has remained roughly steady over the past several years. In every year from 2005 to 2011, the city issued between 52 and 58 new serious housing code violations per 1,000 rental units. Figure 3.15 shows that the total number of violations, which includes less serious infractions, issued per 1,000 rental units has declined steadily since 2005.
Section 4: Demographics

The characteristics of New York City’s residents changed over the course of the decade between 2000 and 2010. The population’s median age increased, as did the number of households with a member older than 65, while the number of households with a member younger than 18 decreased. A greater share of the New York City population was foreign-born, college-educated, and living alone in 2010 than in 2000, and fewer households had children.

The share of the city’s Asian and Hispanic population increased, while the share of whites and blacks declined slightly. By 2010, fewer residents lived in racially homogeneous neighborhoods and more lived in racially integrated and minority-mixed neighborhoods. Poverty and unemployment rates increased between 2007 and 2011, but these increases were smaller than changes experienced by other large cities in the country. Private-sector employment and wages in New York City establishments fell during the recession, yet, while employment recovered to its prerecession level by 2011, wages in 2011 were still below their level in 2007.

1. Population.

The population of New York City increased by 166,855 people between 2000 and 2010, though this was not evenly distributed across the city’s five boroughs. Staten Island and the Bronx saw large population gains of 5.6 percent and 3.9 percent, respectively, while Queens experienced a meager rise of 0.1 percent. Of the country’s five largest cities, New York City experienced less growth than Houston and Los Angeles, but more than Philadelphia and Chicago.

A. New York City’s population is aging.

Keeping in line with national trends, the population of New York City has been, on average, growing older. Figure 4.2 shows that while the share of city residents older than 55 increased by 3.2 percentage points to 23.5 percent in 2011, it remains lower than the share in the United States as a whole at 25.5 percent. As Figure 4.2 illustrates, in both New York City and the United States, this shift was primarily driven by baby boomers between the ages of 55 and 59. The starkest
difference between the age distribution in New York City and that in the United States as a whole is the concentration of the city’s population that is between 20 and 39 years old. In 2011, 32.2 percent of New Yorkers were in their 20s and 30s, compared to just 26.7 percent nationwide.

**B. New York City’s foreign-born population has grown.**

Well over one-third of New Yorkers were born abroad, as Figure 4.3 reveals. Between 2007 and 2011, New York City experienced a 0.4 percentage point increase in the share of its population that was foreign born, while Los Angeles saw a reduction in its share of foreign-born residents. Of the five largest cities, New York City (37.2%) and Los Angeles (39.0%) were the only two cities with a share of foreign-born residents greater than a third of their total population in 2011.

The share of foreign-born population varies widely across boroughs. In Staten Island and Manhattan, 21 and 29 percent of the population was foreign born in 2011, respectively, while in Queens this share was nearly half (49%). Another indicator that underscores the uneven distribution of the foreign-born population across the city is the share of individuals who spoke only English at home. Figure 4.4 shows that this share was 43 percent in the Bronx and Queens in 2011, and much higher in Brooklyn (53%), Manhattan (59%) and Staten Island (71%).

**C. The share of New Yorkers with a college education has increased steadily**

In 2011, 34.1 percent of New York City’s adult population had a bachelor’s degree or higher—the highest share ever recorded in the city and the highest among the comparison cities. Between 2000 and 2007, New York City’s share of college-educated residents increased at a pace faster than the comparison cities and the United States as a whole. However, between 2007 and 2011, the rate of growth slowed relative to the other cities. Only Houston saw a lower rate of growth (1.1 percent) in the share of individuals with a bachelor’s degree between 2007 and 2011.

---

1 The share of individuals who speak only English at home is based on the population of five years and over.
D. Fewer New Yorkers are married.
In 2011, only 38.6 percent of adults in New York City were married, as Figure 4.6 reveals. This represents a 4.8 percentage point decline since 2000, compared with a 6.1 percentage point decrease for the nation as a whole. While the share of married New Yorkers measured 9.7 percentage points below the national rate in 2011, New York City’s rate was still higher than the average in the four comparison cities.

E. New Yorkers are more racially diverse and less likely to live in racially homogenous neighborhoods.
From 2000 to 2010, the population of New York City became less white and less black; both the white and black population shares declined by slightly less than two percentage points, while the Asian and Hispanic population shares grew by 2.9 and 1.6 percentage points, respectively. Of the nation’s five largest cities, New York City has the most evenly balanced shares of Asians, blacks, Hispanics, and whites, as Figure 4.7 indicates. In New York City, each of the four racial or ethnic categories made up at least 10 percent of the population, and none of them exceeded 35 percent in 2010. In contrast, Hispanics made up the predominant share of the population of Los Angeles (48.5%) and Houston (43.8%), while Philadelphia has the largest share (42.2%) of blacks, and the highest share (36.8%) of whites. In Chicago, no racial/ethnic group made up more than one-third of the population.

As New York City’s population has become more racially and ethnically diverse, its neighborhoods have become less racially homogeneous. We classify neighborhoods based on their racial composition into four categories: single-race majority or highly homogeneous, homogeneous, integrated, and minority-mixed. Figure 4.8 shows the share of each of these categories in the five major cities. The share of single-race majority neighborhoods (where the proportion of any particular racial group is greater than 90 percent) in New York City was the lowest of any of the five largest cities at 5.1 percent.

The share of homogenous neighborhoods (where the proportion of any racial group is greater than 50% but lower than 90%) in New York City was 44.2 percent, similar to Los Angeles and Houston. The sum of the share of integrated neighborhoods (those where the share of both whites and at least one other racial group is greater than 20%) and the share of minority-mixed neighborhoods (where the share of whites does not exceed 20% and at least two minority groups exceed 20%) accounts for 51 percent of New York City’s neighborhoods. Thus, one out of two residents in New York City lives in an integrated or minority-mixed neighborhood. The share is approximately the same in Los Angeles and Houston but it falls to one in three residents in Chicago and Philadelphia.

---

2 Marital status is based on the population of 15 years and over.
3 We count any individual who identifies as Hispanic as Hispanic. So other racial categories are actually non-Hispanic white, non-Hispanic black and non-Hispanic Asian.
2. Households.

Over the past decade, the composition of households in New York City and across the country shifted. The average household size nationwide was 2.58 members in 2010, similar to the average household size in New York City of 2.57 members. Between 2000 and 2010, the average household size in New York City declined very slightly from 2.59 to 2.57. Manhattan had the smallest average household size of all boroughs in 2010 with just 1.99 members per household.

A. The share of households consisting of a single adult in New York City increased between 2000 and 2011, while the share of households that were families with children declined.

The share of households consisting of a single adult in New York City increased between 2000 and 2011, and exceeded the national level in 2011 by five percentage points. Householders living alone account for approximately one-third of all households in the five largest cities, as Figure 4.9 indicates. This share rapidly increased between 2000 and 2007 across the largest cities and the country. Since the recession, though, New York City has seen a drop of one percentage point in the share of householders living alone, while in the other cities, the share increased by one percentage point.

Accompanying the growth in the share of single-person households, in 2011, large cities housed fewer families relative to the country as a whole. In the United States, the share of households made up of families with children declined 3.4 percentage points between 2000 and 2011 to 29.4 percent. The share also dropped in New York City, from 29.7 percent in 2000 to 27.2 percent in 2011. This reduction (2.5 percentage points) was less severe than the average decline seen in other large cities in the country (4.2 percentage points).
B. The share of households with a member under 18 years old declined, while the share with a member over 65 years old increased.

The share of households with members younger than 18 declined in the five major cities and in the United States as a whole. The share of households made up of childless families in New York City increased slightly, from 31.6 percent in 2000 to 32.8 percent in 2010. Of the five largest cities, New York City had the largest share of households with a member older than 65 in 2011, at 24.6 percent. Figure 4.10 indicates that number grew slightly between 2000 and 2011.

3. Economic Indicators.

A. New York City saw a smaller increase in its poverty rate than other major cities and the country as a whole.

Between 2000 and 2007, the poverty rate in New York City declined by 2.7 percentage points, as illustrated in Figure 4.11. Only Los Angeles experienced a steeper decline in its poverty rate (3.6 percentage points) in this period. By 2007, the two cities had poverty rates lower than the other large cities, but higher than the country as a whole. Between the beginning of the recession and 2011, the poverty rate escalated in all five major cities. In New York City, however, the increase was smaller, and in 2011, the city’s poverty rate still remained lower than it was in 2000.

B. The unemployment rate nearly doubled in New York City between 2000 and 2011, but this increase was smaller than that experienced in other major cities.

In 2000 all of the five largest cities had low levels of unemployment, ranging between 4.8 percent in Houston to 6.2 percent in Chicago. From 2000 to 2007, all cities saw small to moderate increases in their unemployment rates, which were mild for Los Angeles, New York City, and Houston, and more striking in Chicago and Philadelphia. This upsurge in unemployment across major cities has been more pronounced since the onset of the recession in 2007, as Figure 4.12 shows. New York City saw an increase in its unemployment rate of 4.1 percentage points between 2007 and 2011. At 11.2 percent in 2011, the unemployment rate nearly doubled that of 2000; however, this level of unemployment is relatively small compared to that seen in Los Angeles (12.8%), Chicago (14.1%) or Philadelphia (16.7%).

C. Private-sector employment declined during the recession in New York City but recovered to the prerecession level by 2011.

The number of workers in private establishments across all industries in all five of New York City’s boroughs increased between 2002 and 2008, as Figure 4.13 demonstrates. By 2008, the level of employment in all boroughs exceeded their levels in 2002 by 6.6 to 9.4 percent. In 2009, four boroughs experienced a decline in their level of employment, especially Manhattan, which suffered the largest drop of 5.2 percent. By 2011, the levels of employment in Manhattan, Queens, and Staten Island had recovered to 2008 levels, while the Bronx and Brooklyn continued to experience substantial growth in employment despite the recession. New York City’s private-sector employment over 2002 and 2011 closely follows that of Manhattan, given that this borough accounts for 60 percent of total private-sector employment.

D. The average annual wage for employees in private-sector establishments did not increase in New York City between 2001 and 2011.

The average annual wage (expressed in 2012 dollars) for employees in private-sector establishments in Queens and Staten Island followed a downward trend between 2001 and 2011. Figure 4.14 shows that annual wages in 2011 in these two boroughs were 8.5 percent lower than in 2001. Annual wages for employees in private establishments in the Bronx and Brooklyn remained fairly constant throughout the period. In Manhattan, annual wages in private-sector establishments followed a more cyclical pattern, as they fell between 2001 and 2003, grew until 2007, fell again until 2009, and slowly recovered by 2011. By 2011, average annual wages for employees in New York City were at the same level as in 2001.
E. Income inequality has increased since the beginning of the recession in 2007.

In 2011, the household at the 80th percentile of the income distribution in New York City earned 6.1 times more than the household at the 20th percentile. This ratio—referred to as the income diversity ratio—was 0.4 higher than it was in 2007, indicating growing income inequality in the city since the beginning of the recession. Figure 4.15 shows that in 2011, income inequality was higher in New York City than in any of the other five largest cities.
Section 5: Schools, Health, and Crime

Despite the past decade’s economic downturn, indicators of school quality, health, and crime have continued to improve in New York City. More high school seniors are graduating, infant mortality and asthma rates are down, life expectancy is up, and crime rates have declined. Yet, despite these positive changes, the experience of white New Yorkers remains markedly different from that of black and Hispanic New Yorkers. Substantial disparities along racial and ethnic lines continue to offset the otherwise impressive progress the city has made in these areas.

1. Student performance continues to improve, but racial and gender disparities persist.

Figure 5.1 shows that during the 2011–2012 school year, 60 percent of the students in grades three through eight performed at grade level in math and 46.9 percent performed at grade level in English language arts. This is a 2.7 percentage point increase in proficiency in math and a 3.0 percentage point increase in English over the last year.  

The four-year high school graduation rate—defined as the share of students who entered high school four years earlier and graduated on time—increased from 65.1 percent in 2010 to 65.5 percent in 2011 following a steady increase of 19 percentage points from 2005 to 2011. As Figure 5.2 illustrates, the Regents diploma rate (a subset of total graduation rate that has more rigorous criteria than the alternative “local,” or non-Regents, diploma) increased to 55.6 percent, up 25.6 percentage points since 2005. The year 2011 was the last during which a local diploma was available to graduates. In the future, all high school students will have to qualify for a Regents diploma in order to graduate.

Figure 5.3 illustrates that since 2005 New York City has outpaced the other four largest school districts in New York State (Buffalo, Rochester, Syracuse, and Yonkers) in improving its overall graduation rate and has narrowed the gap with New York State as a whole from 19.3 percentage points in 2005 to 11.3 percentage points in 2011.

While overall achievement is improving and proficiency rates have increased for all racial and ethnic groups in both English language arts and math, Figures 5.4 and 5.5 show that disparities in academic achievement by race, ethnicity, and gender persist. White and Asian students have higher scores than black and Hispanic students. Girls continue to achieve higher proficiency rates than boys.

High school graduation rates also differ markedly by race and ethnicity. Again, the graduation rates for all racial and ethnic groups improved between 2005 and 2011, but white and Asian students have much higher graduation rates than their black and Hispanic counterparts. Figure 5.6 shows that more than 76 percent of white and 79 percent of Asian students who began high school in 2007 graduated on time, compared to fewer than 60 percent of black and Hispanic students. As for gender, a higher percentage of female students completed high school than male students.

---

1 Starting in 2010, the New York State Education Department changed the scale score required to meet each of the proficiency levels, increasing the number of questions students needed to answer correctly to meet proficiency. Although proficiency levels from 2010 and later years cannot be directly compared to earlier years, proficiency levels also increased steadily from 2000 to 2010.
Figure 5.1: Share of Students in New York City Performing at Grade Level

- Math
- English Language Arts

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Math</td>
<td>54.0%</td>
<td>57.3%</td>
<td>60.0%</td>
</tr>
<tr>
<td>ELA</td>
<td>42.4%</td>
<td>34.9%</td>
<td>46.9%</td>
</tr>
</tbody>
</table>

Source: New York City Department of Education

Figure 5.2: Four-Year High School Graduation Rate in New York City (Measured in August)

- All
- Regents Diploma

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>58%</td>
<td>60%</td>
<td>62%</td>
<td>64%</td>
<td>66%</td>
<td>68%</td>
<td>70%</td>
</tr>
<tr>
<td>Regents Diploma</td>
<td>38%</td>
<td>40%</td>
<td>42%</td>
<td>44%</td>
<td>46%</td>
<td>48%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Source: New York City Department of Education

Figure 5.3 Four-Year High School Graduation Rate, New York City and New York State (Measured in August)

- New York City
- New York State
- Big Four (Buffalo, Rochester, Syracuse, and Yonkers)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York City</td>
<td>56%</td>
<td>58%</td>
<td>60%</td>
<td>62%</td>
<td>64%</td>
<td>66%</td>
<td>68%</td>
</tr>
<tr>
<td>New York State</td>
<td>42%</td>
<td>44%</td>
<td>46%</td>
<td>48%</td>
<td>50%</td>
<td>52%</td>
<td>54%</td>
</tr>
<tr>
<td>Big Four</td>
<td>57%</td>
<td>59%</td>
<td>61%</td>
<td>63%</td>
<td>65%</td>
<td>67%</td>
<td>69%</td>
</tr>
</tbody>
</table>

Source: New York City Department of Education, New York State Education Department

Figure 5.4: Students Performing at Grade Level in English Language Arts in New York City

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHITE</td>
<td>70%</td>
<td>72%</td>
</tr>
<tr>
<td>BLACK</td>
<td>55%</td>
<td>57%</td>
</tr>
<tr>
<td>HISPANIC</td>
<td>60%</td>
<td>62%</td>
</tr>
<tr>
<td>ASIAN</td>
<td>75%</td>
<td>77%</td>
</tr>
<tr>
<td>MALE</td>
<td>73%</td>
<td>75%</td>
</tr>
<tr>
<td>FEMALE</td>
<td>71%</td>
<td>73%</td>
</tr>
</tbody>
</table>

Source: New York City Department of Education

Figure 5.5: Students Performing at Grade Level in Math in New York City

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHITE</td>
<td>75%</td>
<td>77%</td>
</tr>
<tr>
<td>BLACK</td>
<td>60%</td>
<td>62%</td>
</tr>
<tr>
<td>HISPANIC</td>
<td>65%</td>
<td>67%</td>
</tr>
<tr>
<td>ASIAN</td>
<td>80%</td>
<td>82%</td>
</tr>
<tr>
<td>MALE</td>
<td>78%</td>
<td>80%</td>
</tr>
<tr>
<td>FEMALE</td>
<td>76%</td>
<td>78%</td>
</tr>
</tbody>
</table>

Source: New York City Department of Education

Figure 5.6: Four-Year High School Graduation Rate in New York City (Measured in August)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHITE</td>
<td>55%</td>
<td>57%</td>
</tr>
<tr>
<td>BLACK</td>
<td>40%</td>
<td>42%</td>
</tr>
<tr>
<td>HISPANIC</td>
<td>50%</td>
<td>52%</td>
</tr>
<tr>
<td>ASIAN</td>
<td>70%</td>
<td>72%</td>
</tr>
<tr>
<td>MALE</td>
<td>58%</td>
<td>60%</td>
</tr>
<tr>
<td>FEMALE</td>
<td>56%</td>
<td>58%</td>
</tr>
</tbody>
</table>

Source: New York City Department of Education
2. Health outcomes continue to gradually improve, but racial disparities persist.

New York City residents continue to experience gradual improvements in health. Over the past decade, infant mortality, asthma hospitalizations, and elevated blood lead levels have declined, while life expectancy has increased. As with educational indicators, however, distressing racial disparities in health outcomes persist.

A. Asthma hospitalization rate continues to decline.

The rate of asthma hospitalizations has gradually but steadily declined over the past decade from a high of 3.5 hospitalizations per 1,000 residents in 2003 to a low of 2.8 hospitalizations per 1,000 residents in 2011. As Figure 5.7 shows, the asthma hospitalizations rate is considerably higher in New York City than throughout the United States. In 2010 there were only 1.4 asthma hospitalizations per 1,000 U.S. residents, less than half the rate in New York City. Asthma is most prevalent in the Northeast Region of the United States and is more common in cities than in rural areas.

B. The infant mortality rate in New York City is lower than that for the U.S.

Unlike asthma rates, New York City residents enjoy consistently better birth outcomes than the U.S. population. Figure 5.8 shows that in 2010, the infant mortality rate in New York City was 4.9 deaths per 1,000 live births, lower than the national rate of 6.2 deaths and much lower than Philadelphia’s rate of 10.7 deaths. Throughout the economic boom and recession, this rate declined consistently in New York City.

C. The incidence of elevated blood lead levels has fallen steadily.

Figure 5.9 shows that the incidence of elevated blood lead levels in children in New York City has also consistently improved over the past decade, falling from 21.1 cases per 1,000 children tested in 2000 to just 3.8 cases per 1,000 children tested in 2011. Lead-based paint—the primary cause of elevated blood lead levels—was banned in 1978 but is still found in many older buildings. Despite the older housing stock in New York City, this rate is actually lower than the rate throughout the United States. As awareness of the dangers of lead poisoning has increased, and city health departments have devoted more attention to the issue, the rate of lead poisoning has declined dramatically in many places, including Chicago and Philadelphia.

D. Life expectancy of New York City residents is at an all-time high.

Over the past decade, New York City residents have seen extraordinary gains in life expectancy, adding over three years to the expected life span for both men and women. Figure 5.10 shows that New York residents have enjoyed a longer life expectancy than the average U.S. resident throughout the past decade. Further, the life expectancy for New Yorkers has increased faster than it has for U.S. residents. In 2010, the life expectancy for women in New York was 2.3 years longer, and for men in New York was 1.9 years longer, than for their gender in the U.S. as a whole.
Figure 5.7: Asthma Hospitalization Rate per 1,000 Residents

Figure 5.9: Elevated Blood Lead Levels per 1,000 Children Tested

Figure 5.8: Infant Mortality Rate per 1,000 Live Births

Figure 5.10: Life Expectancy at Birth

Sources: New York State Department of Health Statewide Planning and Research Cooperative System, Infoshare, Centers for Disease Control and Prevention National Center for Health Statistics, Chicago Department of Public Health, California Department of Public Health as cited on www.kidshealth.org

Sources: Centers for Disease Control and Prevention National Center for Environmental Health, Chicago Department of Public Health, Pennsylvania Department of Health, Public Citizens for Children and Youth


2 Asthma hospitalization rate data is not collected for individual municipalities on a national level. We were not able to find local sources for all of our comparison cities and so are only able to present a subset of comparison cities here.

3 Infant mortality rate data is not collected for individual municipalities on a national level. We were not able to find local sources for all of our comparison cities for all years and so are only able to present a subset of comparison cities and years here.

4 Elevated blood lead level data is not collected for individual municipalities on a national level. We were not able to find local sources for all of our comparison cities and so are only able to present a subset of comparison cities here. Data on New York City in this figure should not be compared to Elevated Blood Lead Levels data elsewhere in the report, because the sources differ.
E. Racial disparities in health outcomes continue.

While the health outcomes of New York City residents have improved over the past decade, persistent racial disparities remain. Figure 5.11 shows that in 2010, the asthma hospitalization rate was nearly five times higher for black New Yorkers than for white New Yorkers, and about three times higher for Hispanic New Yorkers than for white New Yorkers.

Figure 5.12 shows that the infant mortality rate improved for all racial and ethnic groups in New York City between 2001 and 2011; however, the rate remains stubbornly higher for the black and Hispanic population than for the white or Asian population.

Figure 5.13 shows that there are stark differences in the median life span across racial and ethnic groups and gender. For example, in 2010, white women lived 18 years longer on average than black men.
Crime has fallen to historically low levels.

In the 1990s, New York City experienced a precipitous drop in crime, with serious crime reports falling by more than 60 percent over the decade. Between 2000 and 2011, crime in the city continued to fall, although not as rapidly, declining by 35 percent. After the two decades of declines, crime in New York City has fallen to historically low levels. In 2011, there were 515 reported murders citywide—fewer than in any year since 1963—the first year for which there are reliable statistics available.

Between 2000 and 2011, violent crime fell in all of the city’s seventy-six police precincts but one. As Figure 5.14 shows, however, the magnitude of these drops varied across the city. Of the 10 precincts that experienced the largest declines (with a -58.3 percent drop in violent crime, weighted by precinct population), seven are in Manhattan, two are in Brooklyn, one is in Queens, and none are in the Bronx or Staten Island. Meanwhile, the 10 precincts that improved least during the same interval (experiencing a -11.1 percent drop in violent crime, weighted by precinct population) are more evenly distributed among the boroughs: with four in Queens, two in Brooklyn, two in the Bronx, one in Staten Island, and one in Manhattan.

Assuming police prioritize high-crime areas, we might expect to observe the largest declines in precincts that had comparatively high rates of violent crime in 2000. As Table 5.1 shows, however, the violent crime rate in the 10 most-improved precincts is below average, at just 7.8 reported offenses per 1,000 residents compared to a citywide rate of 9.5.

Moreover, the top four most improved precincts are all in Manhattan: the Financial District, the Garment District, and the Theater District, and all have large daytime populations that far exceed their residential populations. As a result, the violent crime rates in these precincts may not be directly comparable to most other precincts. If we exclude these four precincts, the 2000 violent crime rate of the 10 most-improved precincts was 7.4 offenses per 1,000 residents. As Table 5.1 shows, this rate is below the 2000 aggregate violent crime rate in the 10 least-improved precincts (8.1) and less than half the aggregate violent crime rate in the city’s 10 most violent precincts (20.0). Thus, while nearly every precinct in the

5 The FBI’s Uniform Crime Reporting (UCR) Program tracks eight serious felonies: murder/nonnegligent manslaughter, forcible rape, robbery, aggravated assault, burglary, larceny-theft, motor vehicle theft, and arson. Because arson statistics are not reliably reported to the FBI, they are excluded from this analysis.

6 The FBI considers murder/nonnegligent manslaughter, forcible rape, robbery, and aggravated assault violent crimes; the remaining tracked offenses are considered property crimes. We use this definition throughout this analysis.

7 The violent crime rate in 113th Precinct in Queens (South Jamaica/JFK Airport) rose 9.7 percent from 2000 to 2011.

8 Data for all tables and figures in this subsection are drawn from the FBI’s UCR data from 2000–2011. The Furman Center estimates precinct populations using decennial census data.

9 In 2000, precincts 22 (Central Park) and 14 (Garment District) had the highest violent crime rates in the city. For the reasons described above we exclude them from this calculation.

10 Central Park (estimated 2010 population: 25) is the most egregious case—it shows a violent crime rate of more than 1.5 offenses per resident, a rate that likely does not reflect the experience of the park’s 38 million annual visitors. http://www.central-parknyc.org/visit/general-info/faq/
city experienced a decrease in reported violent crime from 2000 to 2011, the largest improvements were in precincts with violent crime rates already below the citywide rate.

Other large cities around the nation also enjoyed significant declines in crime over the last decade. Table 5.2 shows the changes in crime rates across the five most populous cities in the country.

Los Angeles achieved the largest declines across all three categories. Indeed, the decline in violent crime in Los Angeles between 2000 and 2011 (-62.1%) rivals even the much-touted declines New York City experienced in the 1990s (-60.3%). As Figure 5.15 shows, Los Angeles’s violent crime rate actually dipped below New York City’s in 2010, and has remained lower through 2011.

Although violent crime rates in Chicago, Houston, and Philadelphia also fell from 2000 to 2011, they have remained well above those observed in Los Angeles and New York City.

With respect to murder rates alone, the picture is largely the same, as shown in Figure 5.16.

Although Philadelphia and Houston both saw violent crime fall between 2000 and 2011, both experienced significant spikes in their murder rates in 2005 and 2006. Subsequently, however, Houston’s murder rate has fallen rapidly (approaching that of New York City and Los Angeles), while Philadelphia’s has remained high—more than three times that of New York City.

<table>
<thead>
<tr>
<th>City</th>
<th>Violent Crime Rate</th>
<th>Property Crime Rate</th>
<th>Total Serious Crime Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York City</td>
<td>-33.8%</td>
<td>-35.6%</td>
<td>-35.3%</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>-62.1%</td>
<td>-36.2%</td>
<td>-40.3%</td>
</tr>
<tr>
<td>Chicago</td>
<td>-38.3%</td>
<td>-22.9%</td>
<td>-24.8%</td>
</tr>
<tr>
<td>Houston</td>
<td>-11.3%</td>
<td>-10.4%</td>
<td>-10.5%</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>-20.7%</td>
<td>-21.4%</td>
<td>-21.3%</td>
</tr>
</tbody>
</table>

Table 5.2: Changes in Crime Rates of U.S. Cities, 2000–2011

Source: Federal Bureau of Investigation Uniform Crime Reporting Program

11 Because Chicago does not conform to the FBI’s standard for reporting rapes, rape is omitted from our multicity violent crime rate calculations.