

In a City Known for Its Renters, a Record Number Now Own Their Homes

By [SAM ROBERTS](#)

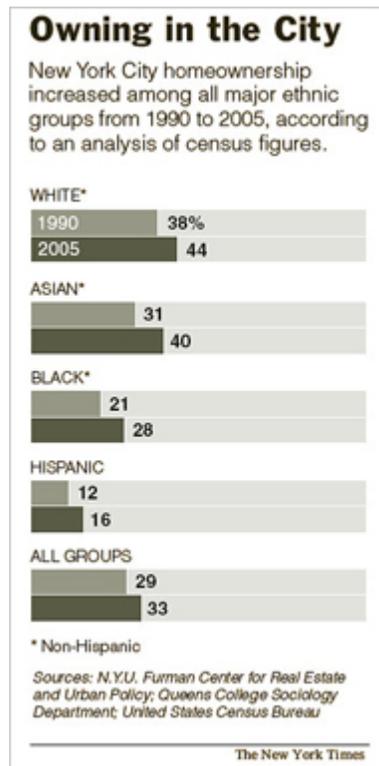
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New York, a city of renters since immigrants began jamming lodging houses and tenements early in the 19th century, has reached two milestones in homeownership:

One in three households now own their dwellings, according to a new analysis of census results. And the number of homes and apartments occupied by their owners has passed one million for the first time.

Propelled by a building boom, co-op and condominium conversions, the lifting of rent regulations and the availability of low-interest and risky subprime mortgages, the rate of homeownership in the city increased more from 2000 to 2005 than during all of the 1990s,

according to the analysis, conducted by [Queens College](#) demographers for The New York Times.



In 1990, 28.7 percent of New Yorkers owned their homes, according to the census figures. In 2000, 30.2 percent did, and five years later, according to the analysis of the [Census Bureau](#)'s 2005 American Community Survey, 33.2 percent were homeowners.

“It is my understanding that 33 percent is a record high for the city,” said Vicki Been, director of the Furman Center for Real Estate and Urban Policy at [New York University](#).

The increases spanned all major racial and ethnic groups in the city, and the steepest jumps occurred in some of the poorest neighborhoods: the South Bronx, Central Harlem, the Lower East Side, Washington Heights and Brownsville, Brooklyn. In each of those, the proportion of property owners had risen by more than 70 percent since 1990. In the South Bronx, for example, the Census Bureau found nearly 3,600 homeowners in 2005, up from 1,600 in 1990. Only one neighborhood, Bushwick, Brooklyn, registered a decline.

Sarah Plowden, a church administrator, lives with her grandson in a home she bought in East New York, Brooklyn, in 1992 for \$110,000 under the Nehemiah program, which has built low-

cost houses on land donated by the city. Today, she said, it is worth about two and a half times what she paid for it.

“I’ve had a chance, in owning a home, to have some equity for retirement if I decide to sell it,” she said.

The shift toward homeownership heralds broad implications for the city’s future.

“Homeownership,” says John H. Mollenkopf, executive director of the Center for Urban Research at the [City University of New York](#) Graduate Center, “is the strongest predictor of being likely to turn out in local politics and being a bit more conservative and antitax in your general outlook.”

Since 1990, the rate of homeownership among black New Yorkers has risen to 28 percent from 21 percent; among Hispanics, to 16 percent from 12 percent; among Asians, to 40 percent from 31 percent; and among non-Hispanic whites, to 44 percent from 38 percent.

The number of foreign-born owners is up, too. In 2005, 40 percent of New York’s homeowners were born outside the United States; in 1990, 30 percent of them were. “Everybody’s buying,” said Lourdes Cartagena, a broker with Foxtons real estate in the Bronx and Westchester County.

But the analysis also found an increase in the price that the homeownership imposes. Rent consumed a higher proportion of household income in 2005 than in 1990, but the increased costs for homeowners climbed even more steeply. In 1990, 15 percent of homeowners were spending 35 percent or more of their income on housing. By 2005, 32 percent of owners were.

Monthly housing costs for owner-occupied homes and apartments with a mortgage consumed about one-third of the median income in Brooklyn, the Bronx and Queens in 2005 — a higher percentage than in all but four counties in the country. Manhattan homeowners spent about one-fifth of their median income.

Since 2000, the median rent rose about 10 percent, to \$909 from \$823 a month. During the same period, median monthly mortgage costs for homeowners increased more than 15 percent, to \$2,062 from \$1,786. Those figures did not account for the tax advantages of homeownership, namely the income tax deduction for mortgage interest.

“Homeownership rates increased even as fewer and fewer New Yorkers were able to afford the city’s housing,” Professor Been said in an interview. “Less than 5 percent of home sales in 2005 were affordable to New Yorkers earning the median income, \$43,434, down from 10.7 percent in 2000, and less than 7 percent were affordable to those making 120 percent of the median income, down from 21.5 percent in 2000.” (Generally, “affordable” is defined as spending no more than 30 percent of income on housing and a purchase price that is roughly two and a half times the buyer’s annual income.)

Nationwide, the proportion of homeowners also increased, to about 68 percent — partly a result of the greater availability of mortgage loans with low initial interest rates or extended terms for first-time buyers with spotty credit.

“Some say that [New York City](#) homeownership rates may be less driven by subprime lending because co-ops often don’t allow much in the way of ‘creative’ financing and because homeowners are wealthier in the city than elsewhere,” Professor Been said. “But the rate of subprime home purchase loans tripled in New York City between 2002 and 2005, and that likely is accounting for some of the increase in homeownership rates.”

Shaun Donovan, the city’s housing commissioner, said officials had identified neighborhoods where subprime lending had grown sharply and where initial foreclosure filings, but not necessarily foreclosures, had increased. The Furman Center found that the highest percentage of subprime lending occurred in Brownsville; East New York; Jamaica, Queens; and Williamsbridge in the Bronx, which also were among the neighborhoods that recorded the largest increases in homeownership.

Last month, City Comptroller [William C. Thompson Jr.](#) cited estimates that the number of foreclosure filings in the city could reach 15,000 this year, more than double the total two years ago.

“Homeownership is not right for everyone,” said Sarah Gerecke, chief executive officer of Neighborhood Housing Services of New York City, which promotes affordable housing and advises prospective owners.

The desire to own a home can strain even those at higher incomes. David Kolker, a 37-year-old financial analyst and semiprofessional guitarist who has his own band, is moving in the fall from an apartment on East 27th Street in Manhattan, where the rent is rising to \$6,000 from \$3,100, to a condominium in a converted office building downtown on Greenwich Street. He bought the condo for \$1.4 million, and he estimates that it will cost him about \$6,500 a month, after his income tax deduction.

“At \$3,100, I can take my girlfriend out to dinner every night,” Mr. Kolker said. “At the new place, I’m buried. But my gamble is that my pay will increase, and the equity will, too.”

Mark K. Levitan, who is leaving his job as senior policy analyst for the Community Service Society, an advocacy group, to conduct research for Mayor [Michael R. Bloomberg](#)’s Center for Economic Opportunity, said that another incentive to buy has been rent deregulation, including the removal of rent controls on apartments that become vacant.

“Along with the supply-side factors — more co-ops and condos, greater access to credit — I would add another: the growing scarcity of affordable rental units,” Mr. Levitan said.

“On the demand side, I would guess that there are more people who want to settle in the city and want the security and equity that comes with ownership,” he said. This is assuming, he added,

that the prices reflect the value of the property and that owners have invested in neighborhoods that go up in value.

Women are responsible for much of the increase in homeownership. In 2005, they accounted for 47 percent of New York homeowners, up from 34 percent in 1990.

Beth Olarsch, a 40-year-old consultant for a financial services company, was renting a sublet in Chelsea and recently bought a one-bedroom apartment on the Upper East Side. Her monthly costs are similar.

“I could move out and continue paying rent elsewhere, and for about same amount of money,” she said. “Or I could pay my mortgage and maintenance and own something.”

New York’s rate of homeownership remains the lowest of any major American city. The figure is 36 percent in Boston, 40 percent in Los Angeles, 43 percent in Washington, 48 percent in Houston and 57 percent in Philadelphia.

The ownership rate in New York State is also the lowest in the country, although in 1990 the number of households that owned their homes surpassed the number of renters for the first time.

In the 1890 census, only about 6 percent of New York City residents reported owning a home. In 1900, even after the consolidated city absorbed residential tracts in Brooklyn and Queens, the overall homeownership rate was just 12 percent.

By 1950, with new housing being built for returning military veterans, the share of owners topped 19 percent. With the exception of the 1970s, when the city flirted with bankruptcy, the proportion has been inching up ever since.

But much earlier in the city’s history, in the 17th century, homeownership was more commonplace.

“A high percentage, probably the majority, of families in New Amsterdam owned their homes — the obvious exception being slaves,” said Russell Shorto, author of “The Island at the Center of the World.”

“Homeownership was necessary in order to be a burgher, and have a voice in city affairs,” he said.