

NEW YORK CITY

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Population:	8,143,197
Racial Diversity Index:	0.92
Median Household Income (2004 \$):	\$40,000
Income Diversity Ratio:	6.1
Median Monthly Rent:	\$900
Median Price/Unit (2-4 Fam., 2004 \$):	\$208,333
Median Price/Unit (Condo., 2004 \$):	\$430,000

New York City is an exceptionally diverse city, known for its many ethnic neighborhoods. It is one of the few cities in the United States in which no single ethnic group constitutes a majority of the population. Asians, blacks, Hispanics, and non-Hispanic whites all have a significant presence in the City, ranging between 10 and 44 percent of the City's total households.



	2002	2003	2004	2005
Housing Stock and Land Use				
Number of Housing Units	3,208,587	-	-	3,260,856
Rental Vacancy Rate	2.9%	-	-	3.1%
% Public Housing	8.5%	-	-	8.2%
% Rent-Regulated/Other subsidized	59.6%	-	-	58.5%
Certificates of Occupancy	15,267	13,712	16,981	16,201
Units Authorized by New Residential Building Permits	18,879	20,050	19,957	-
Homeownership Rate	32.7%	-	-	33.3%
% Vacant Land Area	-	7.5%	7.4%	6.8%
Housing Prices and Affordability				
Index of Housing Price Appreciation (2-4 family bldg.)	148.0	173.4	199.2	-
Median Monthly Rent (unsubsidized units, 2005 dollars)	\$831	-	-	\$900
Median Price Per Unit (2-4 fam. bldg., 2004 dollars)	\$155,944	\$183,254	\$208,333	-
Median Price Per Unit (Condominium, 2004 dollars)	\$383,260	\$378,925 ¹	\$430,000	-
Median Rent Burden - All renter households	28.6%	-	-	31.2%
Median Rent Burden - Unsubsidized low income renters	43.9%	-	-	50.4%
Housing Quality				
Serious Housing Code Violations (per 1,000 rentals)	38.1	44.2	41.1	-
% Tax Delinquencies (delinquent ≥ 1 year)	2.7%	1.8%	0.7%	-
% Severe Crowding - All renter households	3.9%	-	-	3.7%
% Severe Crowding - Unsubsidized low income renters	5.3%	-	-	4.8%

¹ The median condominium price in New York City dropped in 2003 due to the conversion of approximately 800 units sold at below-market prices in Ruppert Yorkville Towers, a former Mitchell Lama development in the Upper East Side. Excluding these units would result in a citywide median condominium price of \$390,120 in 2003.

Meanwhile, a full 32% of the City's households are foreign-born, immigrating from a remarkable range of countries. The City is economically diverse as well, with some of the highest earners in the country as well as some of the poorest.

The level of neither economic nor racial diversity changed much between 2002 and 2005, but there were some slight changes in the City's underlying racial and ethnic composition. Continuing the trends of the 1990s, the percentage of Asian and Hispanic households rose slightly, while the share of black and non-Hispanic white households modestly declined.

Our data suggest that the years between 2002 and 2005 were somewhat mixed ones for the New York City economy. The City's population continued to rise, but at a slower pace than it did during the 1990s. (The Census estimates reported here actually suggest a decline in population between 2004 and 2005, but the New York City Department of City Planning is contesting this estimate, and the final population estimate is likely to be higher.) Poverty rates fell between 2002 and 2005, but

inflation-adjusted, median household income in the City actually declined as well, from \$42,700 to \$40,000 (in 2004 dollars).

Residential construction activity in the City continued at a healthy pace, perhaps due to the more rapid income and population growth that occurred just prior to 2002. Between 2002 and 2004, for instance, the average annual number of housing units authorized by building permits was over 19,600, as compared to an annual average of just 7,020 permits during the 1990s. Similarly, the number of certificates of occupancy issued each year is considerably higher today than it was during the 1990s. Possibly as a result of this stepped-up construction activity, the rental vacancy rate in the City rose from 2.9 percent in 2002 to 3.1 percent in 2005.

Despite this new construction, housing prices continue to rise rapidly. The median price of condominiums sold in the City rose by 12 percent between 2002 and 2004, reaching \$430,000 in 2004. The median sales price per unit of 2 to 4 family homes meanwhile rose even more rapidly, increasing by 34 percent over this two-year

	2002	2003	2004	2005
Social, Demographic, and Income Indicators				
Population	8,107,428	8,129,996	8,164,706	8,143,197
Racial Diversity Index	0.91	-	-	0.92
% Immigrant Households	33.6%	-	-	32.0%
% Asian (inc. Hawaiian and Pacific Islander) Households	8.9%	-	-	9.5%
% Black (including Hispanic) Households	24.0%	-	-	23.0%
% Hispanic (non-Black) Households	22.2%	-	-	23.0%
% White (non-Hispanic) Households	44.6%	-	-	44.2%
% Native American Households	0.2%	-	-	0.3%
Median Household Income (in 2004 dollars)	\$42,700	-	-	\$40,000
Income Diversity Ratio	6.3	-	-	6.1
Poverty Rate	17.5%	-	-	17.3%
Unemployment Rate	8.7%	-	-	-
% Students Performing at Grade Level - Reading	39.3%	41.4%	41.6%	-
% Students Performing at Grade Level - Math	35.3%	42.4%	47.2%	-
Felony Crime Rate (per 1,000 residents)	31.0	29.2	28.3	-
Lending Indicators				
Home Purchase Loans (per 1,000 properties)	53.8	52.0	59.9	-
% Subprime Home Purchase Loans	6.5%	10.1%	14.9%	-
Home Purchase Loan Approval Rate	83.0%	82.5%	80.2%	-
Refinance Loan Rate (per 1,000 properties)	74.1	105.0	58.8	-
% Subprime Refinance Loans	17.1%	17.4%	31.2%	-
Notices of Foreclosure (per 1,000 1-4 family properties)	13.0	11.2	11.2	-

period. While existing homeowners have enjoyed healthy rates of appreciation, many prospective homebuyers are being priced out of the market. The small and declining share of vacant land in the City suggests that additional increases in residential construction will be ever more challenging, unless the City undertakes to allow higher density building in areas now zoned residential, or to allow residential development in areas now zoned for other uses.

Mortgage lending data similarly suggest robust levels of investment. The volume of both home purchase and refinance mortgage originations has risen since 2002, though the number of refinance loans fell sharply between 2003 and 2004, largely due to shifts in interest rates. A growing fraction of these mortgage loans, however, are subprime, with dramatic citywide increases in subprime shares of refinance lending between 2003 and 2004. While subprime lending may allow borrowers with imperfect credit records to gain access to financing, some subset of these subprime loans are predatory and force borrowers to pay unreasonably high interest rates, making them far more vulnerable to foreclosure risk. So far, there is little evidence that foreclosures have increased citywide; between 2002 and 2004, the rate of notices of foreclosure issued fell slightly. The percent of properties with tax delinquencies of more than one year dropped significantly in this two-year period.

On the rental side of the market, affordability pressures clearly grew. The median monthly contract rent increased from \$831 to \$900 (after adjusting for inflation), and the median share of income spent on rent by New York City renters (the median rent burden) rose from 28.6 percent in 2002 to 31.2 percent in 2005. These numbers suggest that rents represent a significant strain for many households, especially those at the low-end of the income spectrum who are not fortunate enough to live in subsidized housing. Among unsubsidized, low-income renters, the median share of income spent on rent rose to over 50 percent in 2005, up from 43.9 percent in 2002. Surprisingly, perhaps, the share of unsubsidized, low-income renter households that live in severely crowded housing actually fell during this period from 5.3 percent in 2002 to 4.8 percent in 2005.

In the analysis that accompanies this report, we explore affordability pressures further by examining and comparing recent trends in the housing demand and supply in the City. We also compare these recent patterns to those changes that took place during the 1990s.

While many New York City renters are paying more, and spending a greater share of their incomes, to live in their neighborhoods, conditions in those neighborhoods have improved in recent years. In particular, crime rates continued their steady and consistent decline, with the

total felony crime rate falling to 28.3 per 1,000 residents, its lowest rate since the 1960s. Local public schools also have done well during this period. Elementary school students in the City's public schools improved their average performance on standardized tests, achieving especially large gains on math tests.

Naturally, such average improvements may mask considerable variation across neighborhoods and individuals. Not every neighborhood fared quite so well, while some fared considerably better. The rest of this volume describes and compares changes in housing and neighborhood conditions across the City's five boroughs and its 59 community districts.