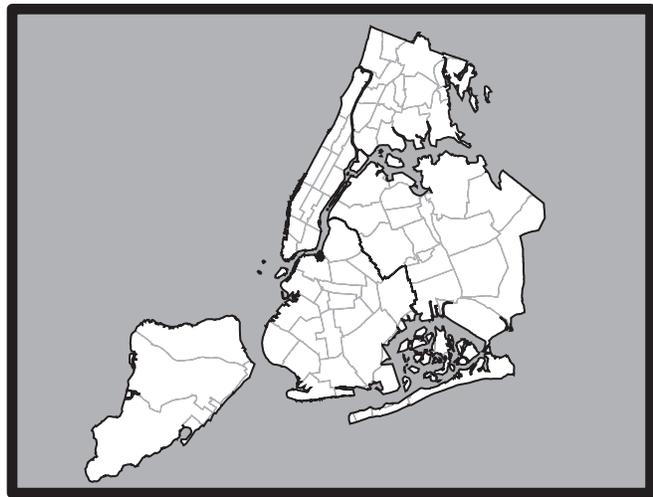


# NEW YORK CITY

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# New York

	<b>2005</b>
<b>Population</b>	8,213,839
<b>Population Density</b>	27.1
<b>Median Household Income</b>	\$40,000
<b>Median Monthly Rent</b>	\$900
<b>Median Price/Unit (2-4 fam.)</b>	\$238,500
<b>Racial Diversity Index</b>	0.92
<b>Income Diversity Ratio</b>	6.10



The latest Census estimates suggest that New York City continues to enjoy a healthy rate of population growth. Since 2002, the Census estimates that the City has gained over 100,000 people, for an annualized growth rate of more than 0.4%.

One reason behind New York's success at attracting and retaining population may be the vitality and diversity of its neighborhoods. New York is one of the few cities in the country in which no single ethnic group constitutes a majority of the population. Indeed, its level of racial diversity, as measured by a racial diversity

index that calculates the probability that two people randomly chosen in a city will belong to different racial groups, is the highest among the country's ten largest cities.<sup>1</sup> Historically, New York has been a magnet for immigrants from all over the world and this trend continues today. In 2005, 38.3% of the City's households were headed by someone born outside the U.S.

Moreover, in contrast to many other large cities in the country, the crime rate in New York City continues to fall. In 2005, the felony crime rate fell to 27.1 crimes per 100,000 people down from 31 in 2002 and

	2002	2003	2004	2005
<b>Housing Stock and Land Use</b>				
<b>Number of Housing Units</b>	3,208,587	-	-	3,260,856
<b>Rental Vacancy Rate</b>	2.9%	-	-	3.1%
<b>Percent of Rental Units that are Subsidized</b>	16.7%	-	-	14.8%
<b>Percent of Rental Units that are Rent-Regulated</b>	51.8%	-	-	52.2%
<b>Certificates of Occupancy</b>	15,813	13,712	16,981	16,201
<b>Units Authorized by New Residential Building Permits</b>	18,500	21,218	25,208	31,599
<b>Homeownership Rate</b>	32.7%	-	-	33.3%
<b>Percent Vacant Land Area</b>	-	7.5%	7.4%	6.8%
<b>Acres of Open Space per 1,000 Residents</b>	-	-	21.6	-
<b>Housing Prices and Affordability</b>				
<b>Index of Housing Price Appreciation (1 family building)</b>	139.8.3	163.2	185.9	203.9
<b>Median Monthly Rent (unsubsidized units, 2005 dollars)</b>	\$831	-	-	\$900
<b>Median Price per Unit (2 - 4 family building)</b>	\$161,228	\$189,462	\$215,392	\$238,500
<b>Median Price per Unit (single family)</b>	\$297,455	\$344,959	\$387,705	\$424,000
<b>Median Rent Burden (all renter households)</b>	28.6%	-	-	31.2%
<b>Median Rent Burden (unsubsidized low income renters)</b>	43.9%	-	-	50.4%
<b>Housing Quality</b>				
<b>Serious Housing Code Violations (per 1,000 rental units)</b>	38.1	41.1	44.2	57.8
<b>Percent Tax Delinquencies (delinquent ≥ 1 year)</b>	2.7%	1.8%	0.7%	1.2%
<b>Percent Severe Crowding (all renter households)</b>	3.9%	-	-	3.7%
<b>Percent Severe Crowding (unsubsidized low income renters)</b>	5.3%	-	-	4.8%
<b>Median Age of Housing Stock</b>	-	72	73	74

<sup>1</sup> Using person-level data from the 2000 Census data, we calculated the racial diversity index for the top ten largest cities in the United States. The racial diversity index for New York City was 0.92, the highest of all the ten cities and far higher than the average level of 0.86 for these large cities.

88.7 in 1990. Meanwhile the number of homicides in the City fell from 2,245 in 1990 to 539 in 2005. (See NYCHANIS website for these and other statistics on crime.) School performance has improved in recent years too. In 2005, 52.2% of 3<sup>rd</sup> through 8<sup>th</sup> graders scored at or above grade level on standardized tests in reading and 53.4% scored at or above grade level in math. While these numbers leave significant room for improvement, they are far above the 39.3% and 35.3% of students who scored at or above grade level in reading and math respectively in 2002.

Whatever the reason for New York City's continued population growth, residential construction activity has risen alongside this robust growth. In 2005, 31,599 units were authorized by new building permits. This is more than four times as many units as the average of 7,020 that were authorized by permits each year during the 1990s. In fact, the City issued more building permits over the past four years than

it has during any four-year period since the early 1970s.<sup>2</sup> The number of certificates of occupancy issued was similarly high, though it did not match the number of units authorized by permits. In 2005, the City issued over 16,000 certificates of occupancy, roughly double the average number of certificates of occupancy issued per year during the 1990s.

Still, as explained in our section, "Does Housing Supply Track Growth in New York City's Population," the pace of construction did not quite match the growth in the City's population and was not enough to suppress continued price appreciation. After controlling for inflation, the median price of a single-family house sold in the City rose by 42.5% between 2002 and 2005, reaching \$424,000 in 2005, while the median price of a condominium rose by 17.9% to \$467,200. And it was not simply that larger or more luxurious homes were sold in 2005. Our housing price indices suggest that when holding the quality and

	2002	2003	2004	2005
<b>Social, Demographic and Income Indicators</b>				
<b>Population</b>	8,107,428	8,115,135	8,168,338	8,213,839
<b>Racial Diversity Index</b>	0.91	-	-	0.92
<b>Percent Immigrant Households</b>	37.9%	-	-	38.3%
<b>Percent Asian Households</b>	8.9%	-	-	9.5%
<b>Percent Black Households</b>	24.0%	-	-	23.0%
<b>Percent Hispanic Households</b>	22.2%	-	-	23.0%
<b>Percent White (non-Hispanic) Households</b>	44.6%	-	-	44.2%
<b>Percent Other Race Households</b>	0.2%	-	-	0.3%
<b>Median Household Income (in 2004 dollars)</b>	\$42,700	-	-	\$40,000
<b>Income Diversity Ratio</b>	6.1	-	-	6.1
<b>Poverty Rate</b>	17.5%	-	-	17.3%
<b>Unemployment Rate</b>	8.7%	-	-	-
<b>Percent Students Performing at Grade Level - Reading</b>	39.3%	41.4%	41.6%	52.2%
<b>Percent Students Performing at Grade Level - Math</b>	35.3%	42.4%	47.2%	53.4%
<b>Felony Crime Rate (per 1,000 residents)</b>	31.0	29.2	28.3	27.1
<b>Health Indicators</b>				
<b>Asthma Hospitalizations (per 1,000 people)</b>	3.3	3.5	3.3	3.2
<b>Low Birth Weight (per 1,000 live births)</b>	84.4	85.7	88.6	88.9
<b>Infant Mortality (per 1,000 births)</b>	6.0	6.5	6.1	6.0
<b>Elevated Blood Lead Levels (per 1,000 children tested)</b>	12.9	11.0	9.6	-
<b>Lending Indicators</b>				
<b>Home Purchase Loans (per 1,000 properties)</b>	53.8	52.0	59.9	65.4
<b>Percent of Home Purchase Loans that are Subprime</b>	6.5%	10.1%	14.9%	22.9%
<b>Refinance Loan Rate (per 1,000 properties)</b>	74.1	105.0	58.8	54.0
<b>Percent of Refinance Loans that are Subprime</b>	17.1%	17.4%	31.2%	32.1%
<b>Notices of Foreclosure (per 1,000 1-4 family properties)</b>	13.0	13.3	13.3	10.1

<sup>2</sup>NYC Rent Guidelines Board, *Housing NYC: Rents, Markets, Trends '98 (1999)*, as cited in Furman Center's *Reducing the Cost of New Housing Construction in New York City*.

characteristics of transacting housing units constant (through a price index that focuses only on repeat sales of the same housing units), price increases were even higher. Our repeat sales index of housing appreciation suggests that the sales prices of 2-4 family homes rose by 50% over this three-year period and have more than doubled since 1994. As stressed in our State of the City's Housing and Neighborhoods 2005 report, rents have risen too. After controlling for inflation, the median rent rose by 8% between 2002 and 2005.

These price and rent increases, combined with relatively flat incomes, have led to growing affordability challenges. Rent burdens are increasing, with households forced to spend a greater share of their incomes on rent. The median rent burden for low-income, unsubsidized renters was 50.4% in 2005, indicating that half of the City's unsubsidized, low-income renters were paying more than half of their income on rent. On the homeownership side, while many existing homeowners have enjoyed robust rates of appreciation, the average New Yorker can now afford to buy a shrinking percentage of homes in the City.

Mortgage lending data suggest continued high demand for New York City's housing and neighborhoods, with the volume of home purchase loans rising since 2002. A growing share of these mortgages are subprime, however. The proportion of home purchase loans that were subprime rose to 22.9% in 2005, nearly four times the percentage in 2002. The share of refinance loans that were subprime meanwhile rose to 32%, up from 17.1% in 2002. While subprime lending may offer borrowers with imperfect credit records access to homeownership, the growing incidence of foreclosures around the country highlights the risks involved with these loans – both for borrowers and for lenders.

Another challenge for New York City's housing stock is its advanced age. The median age of the City's housing stock was 74 years in 2005. This is far older than the median housing unit in the country as a whole, which was just 32.1 years in 2005.<sup>3</sup> Even in cities around the country, which typically have older housing than suburban areas, the

<sup>3</sup>American Housing Survey: <http://www.census.gov/prod/2006pubs/h150-05.pdf>

median housing unit was 41 years old in 2005. Perhaps as a reflection of the City's aging stock, the number of serious housing code violations rose in 2005 to 57.8 per 1,000 rental units, up from 44.2 in 2004 and 38.1 in 2002. This increase may be due to several factors, including the enactment of Local Law 1 (in August 2004), which greatly increased public awareness of lead laws, and the implementation of Local Law 7 (in November 2004) which mandated carbon monoxide detectors. Additionally, the implementation of the 311 system (in March 2003) has greatly improved the public's ability to report housing quality concerns and complaints to government.

Relative to the rest of the country, New York City is densely populated and largely built out, but there is considerable variation in density and open space across neighborhoods. Not surprisingly, Manhattan is the most dense borough (70,100 people per square mile and about 10 acres of open space per 1,000 people), while Staten Island has only 8,100 people per square mile and nearly 80 acres of open space per 1,000 people. Interestingly, two of the five most dense neighborhoods are among the most affluent (Stuyvesant Town/ Turtle Bay and Upper East Side) while the other three (Lower East Side/ Chinatown, Morningside Heights/ Hamilton and Kingsbridge Heights/ Bedford Park) have median incomes well below the City's average.

So we are left with a mixed story. On the one hand, New Yorkers are paying more for housing today than they were just a few years ago, and a shrinking proportion of rental and owner-occupied units are affordable to the median earner in the City. On the other hand, crime is falling, school outcomes are improving, and the continued population growth suggests that demand for living in the City is robust.

Of course, these overall trends conceal a great deal of variation across the City's neighborhoods. In the rest of the report, we describe and compare changes in housing and neighborhood conditions across the City's five boroughs and its 59 community districts.