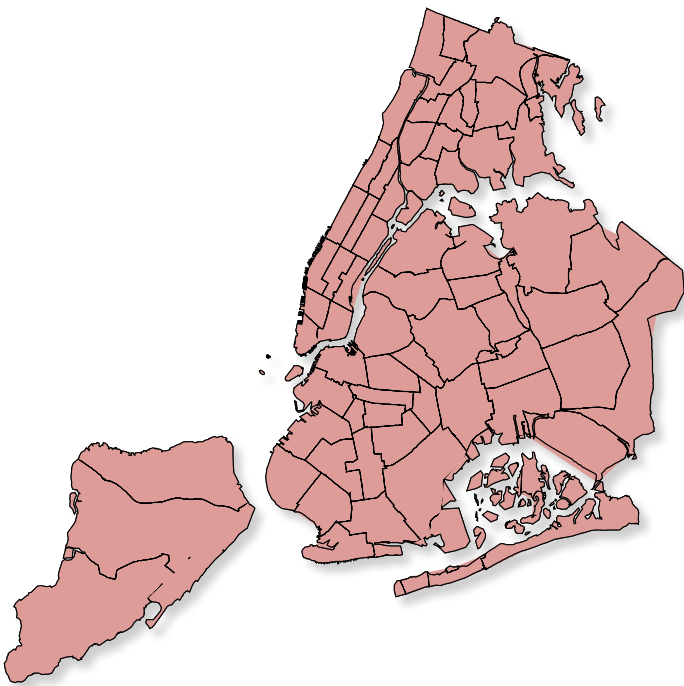


# NEW YORK CITY



**A**lthough the recession, and the accompanying real estate bust, arrived later in New York City than in most of the country, both have severely affected the City. After a prolonged boom, building activity in New York City dropped sharply in 2009. From 2008 to 2009, the number of certificates of occupancy issued declined 16.4%, and the number of units authorized by building permits fell by 89.4%. Now that the real estate boom has ended, this year's *State of the City* includes a broad, in-depth analysis of its impacts on the City in *Causes and Consequences of New York City's Residential*

	2008
Population	8,363,710
Population Density (1,000 persons per square mile)	27.6
Median Household Income	\$50,934
Income Diversity Ratio	6.1
Subsidized Rental Units (% of rental units)	14.6%
Rent-Regulated Units (% of rental units)	49.8%
Residential Units within 1/4 Mile of a Park	83.8%
Residential Units within 1/2 Mile of a Subway/Rail Entrance	70.3%
Residential Units in a Historic District	4.7%
Unused Capacity Rate (% of land area)	30.2%
Land Area Upzoned (% '03-'07)	2.7%
Land Area Downzoned (% '03-'07)	3.5%
Land Area Contextual-Only Rezoned (% '03-'07)	11.5%

*Building Boom* on page 9.

Housing prices began falling in 2007 in most of the City and continued to fall through 2008 and 2009. The declines over the past few years have brought prices down to 2004 levels, on average. Accompanying the price declines was an increasingly lethargic housing market: the volume of sales recorded in 2009 was the lowest quantity in 15 years and less than half the volume of sales in 2006. With falling prices, fewer home sales and turmoil in the mortgage industry, the rate of mortgage lending plummeted. The rate of home purchase lending decreased by 35.5% between 2007 and 2008. Refinance lending fell off even more steeply, declining by 54.5% between 2007 and 2008. We explore recent changes in mortgage lending more closely in *The State of New York City's Mortgage Lending* on page 22.

	2000	2007	2008	2009
<b>Housing Stock &amp; Land Use</b>				
Housing Units	3,200,912	3,325,902	3,350,926	-
Rental Vacancy Rate	3.2%	3.4%	3.7%	-
Certificates of Occupancy Issued	13,153	25,659	22,650	18,928
Units Authorized by New Residential Building Permits	15,544	25,189	30,947	3,275
Homeownership Rate	30.2%	33.6%	33.8%	-
<b>Housing Prices &amp; Affordability</b>				
Index of Housing Price Appreciation (condominium)	100.0	232.1	241.8	210.9
Index of Housing Price Appreciation (1 family building)	100.0	204.8	184.0	164.2
Index of Housing Price Appreciation (2-4 family building)	100.0	217.5	191.9	158.1
Index of Housing Price Appreciation (5+ family building)	100.0	260.6	254.7	217.5
Median Price per Unit (condominium)	\$335,136	\$708,929	\$722,421	\$650,000
Median Price per Unit (1 family building)	\$274,089	\$486,310	\$438,435	\$413,400
Median Price per Unit (2-4 family building)	\$148,741	\$279,111	\$249,110	\$222,500
Median Price per Unit (5+ family building)	\$49,066	\$105,312	\$99,644	\$72,727
Median Monthly Rent	-	\$898	\$935	-
Median Rent Burden	-	29.9%	30.1%	-

In addition to enduring falling home values, property owners in the City also fared poorly over the past two years in other ways. Tax delinquencies increased and foreclosure filings rose to the highest level yet seen in the

current mortgage crisis. In 2009, 20,102 homes in New York City went into foreclosure, an increase of 35.6% since 2008. The City also saw a significant increase in the number of foreclosures for condos and multi-family

	2000	2007	2008	2009
<b>Lending Indicators</b>				
Home Purchase Loan Rate (per 1,000 properties)	-	37.7	24.3	-
High Cost Home Purchase Loans (% of home purchase loans)	-	9.8%	3.3%	-
Refinance Loan Rate (per 1,000 properties)	-	29.9	13.6	-
High Cost Refinance Loans (% of refinance loans)	-	23.3%	8.4%	-
Notices of Foreclosure (all residential properties)	7,353	14,529	14,821	20,102
Notices of Foreclosure Rate (per 1,000 1-4 family properties)	10.0	20.3	20.4	26.7
Properties that Entered REO (1-4 family properties)	806	915	1,770	1,048
<b>Housing Quality</b>				
Serious Housing Code Violations (per 1,000 rental units)	51.8	52.5	53.8	-
Tax Delinquencies (% of residential properties delinquent ≥ 1 year)	5.4%	1.7%	1.9%	-
Severe Crowding Rate (% of renter households)	-	3.2%	4.7%	-
<b>Social, Demographic &amp; Income Indicators</b>				
Population	8,017,506	8,310,212	8,363,710	-
Population Density (1,000 persons per square mile)	26.4	27.4	27.6	-
Foreign-Born Population	35.9%	36.8%	36.4%	-
Born in New York State	49.5%	49.4%	49.6%	-
Percent White	35.0%	35.1%	35.0%	-
Percent Black	24.5%	23.5%	23.3%	-
Percent Hispanic	27.0%	27.4%	27.7%	-
Percent Asian	9.7%	11.7%	11.8%	-
Racial Diversity Index	0.74	0.73	0.73	-
Median Household Income	\$47,708	\$48,631	\$50,934	-
Income Diversity Ratio	5.7	5.7	6.1	-
Households with Children under 18 Years Old	34.0%	32.2%	31.6%	-
Population Aged 65 and Older	11.7%	12.2%	12.4%	-
Disabled Population	-	-	8.4%	-
Poverty Rate	21.2%	18.5%	18.2%	-
Poverty Rate: Population 65 and Older	17.8%	18.4%	18.6%	-
Poverty Rate: Population Under 18	30.3%	27.3%	26.5%	-
Unemployment Rate	9.6%	7.0%	7.2%	-
Public Transportation Rate	54.4%	56.7%	57.0%	-
Mean Travel Time to Work (minutes)	40.0	39.8	39.4	-
Felony Crime Rate (per 1,000 residents)	36.0	25.0	23.7	-
Adult Incarceration Rate (per 100,000 people aged 15 or older)	1,341.6	1,008.9	990.8	-
Students Performing at Grade Level in Reading	39.8%	50.8%	57.6%	68.8%
Students Performing at Grade Level in Math	33.7%	65.1%	74.3%	81.8%
Educational Attainment: No High School Diploma	27.7%	21.1%	21.7%	-
Educational Attainment: Bachelor's Degree and Higher	27.4%	32.9%	32.7%	-
<b>Health &amp; Environmental Indicators</b>				
Asthma Hospitalizations (per 1,000 residents)	3.3	3.1	3.2	-
Elevated Blood Lead Levels (incidence per 1,000 children)	17.8	5.7	4.5	-
Infant Mortality Rate (per 1,000 live births)	6.7	5.4	5.5	-
Low Birth Weight Rate (per 1,000 live births)	83	86	89	-
Median Life Span (years): Males	-	-	71	-
Median Life Span (years): Females	-	-	80	-
Net Waste After Recycling (pounds per capita)	-	2.4	2.4	2.3

**Figure 1: New York City Compared to the Principal Cities of the 10 Largest Metropolitan Areas**

	Population, 2008	Population Change, 2000–2008	Median Household Income, 2008	Change in Median Income 2007–2008	Poverty Rate, 2008	Unemployment Rate, Oct. 2009 (LAUS)	Homeownership Rate, 2008
Atlanta	453,038	8.8%	\$48,691	6.6%	22.4%	11.1	49.3%
Boston	613,411	4.1%	\$51,504	2.2%	18.7%	8.2	36.8%
Chicago	2,741,455	-5.3%	\$46,744	1.6%	20.6%	11.6	48.0%
Dallas	1,227,082	3.2%	\$40,651	-2.1%	22.6%	8.7	46.2%
Houston	2,023,601	3.6%	\$44,157	5.9%	19.5%	8	46.7%
Los Angeles	3,803,383	2.9%	\$48,708	1.7%	19.4%	13.9	38.6%
Miami	343,142	-5.3%	\$28,232	-2.6%	25.6%	12.5	38.4%
<b>New York City</b>	<b>8,363,710</b>	<b>4.3%</b>	<b>\$50,934</b>	<b>1.2%</b>	<b>18.2%</b>	<b>10.3</b>	<b>33.8%</b>
Philadelphia	1,447,395	-4.6%	\$36,844	2.4%	24.1%	11.1	56.2%
Washington D.C.	591,833	3.5%	\$57,730	6.9%	17.2%	12.1	43.4%
<b>United States</b>	<b>304,059,728</b>	<b>8.0%</b>	<b>\$51,844</b>	<b>-1.3%</b>	<b>13.2%</b>	<b>10.2</b>	<b>66.6%</b>

Source: U.S. Census (2000), American Community Survey (2008), Bureau of Labor Statistics

buildings in 2009. While 1–4 family homes still made up an overwhelming share of properties that enter foreclosure (84.9%), condos and large multi-family rental buildings (with at least 5 units) made up 12.3% of foreclosure filings in 2009, up from 7.3% in 2008. Foreclosure filings in the City remain highly concentrated, with the hardest-hit neighborhoods located in Southeast Queens, Central Brooklyn and the North Shore of Staten Island.

In contrast to the drop in sale prices, rents in the City rose slightly in 2008. While we do not yet have citywide data on 2009 rents, and we expect rental activity to vary by borough, figures provided by Miller Samuel Inc. show that rents in Manhattan (the only borough they surveyed) declined between 2008 and 2009.<sup>1</sup> Even so, two-thirds of New York City’s households are renters, and New York remains unaffordable to many of them. Indeed, more households were considered rent burdened (paying more than 30% of their income on rent) in 2008 than in 2007. The problem is exacerbated by the fact that the City lost 24,000 units of rent regulated housing between 2005 and 2008. There also is some modest evidence that renters may be witnessing reductions in quality, as financially stressed landlords cut back on maintenance. The rate of serious housing code violations increased slightly from 52.5 per 1,000 rental units in 2007 to 53.8 per 1,000 in 2008, the first increase in violations since 2005. Further, we see evidence that families may be doubling up with

relatives in order to get by: the rate of severe crowding in occupied rental housing increased from 3.2% in 2007 to 4.7% in 2008.

To help offer relief to renters and homeowners in New York City, the City continues to make progress in achieving the goals of its New Housing Marketplace Plan. The plan, announced in 2003, aims to increase the stock of affordable housing by preserving or constructing 165,000 affordable units. As of early-2010, according to the City’s Department of Housing Preservation and Development, the plan had financed the production or preservation of nearly 100,000 units of affordable housing. That leaves approximately 65,000 additional units to be completed by of the program’s target date of 2014.

Changes in socioeconomic indicators between 2007 and 2008 revealed a mixed picture for the City’s residents. The median income for New Yorkers was \$50,934 in 2008, a 1.2% increase from the previous year, after adjusting for inflation. While this was a more modest increase than enjoyed in recent years, it compared favorably to the 1.3% decrease in national median income over the same period (again, after adjusting for inflation). The share of households living below the poverty line declined slightly in the City from 2007 to 2008. Nonetheless, a startling 26.5% of the population under 18 still live in poverty.

As for labor market conditions, the American Community Survey reports a slight rise in the unemployment rate. More recent unemployment reports, based on the Local Area Unemployment Statistics, indicate that the

<sup>1</sup> <http://www.millersamuel.com/reports/pdf-reports/MRMO4Q09.pdf>

unemployment rate in New York City was 10.3% as of October 2009, which is in line with the national average and lower than the rate in six of the nine other cities to which we compared New York City indicators.<sup>2</sup>

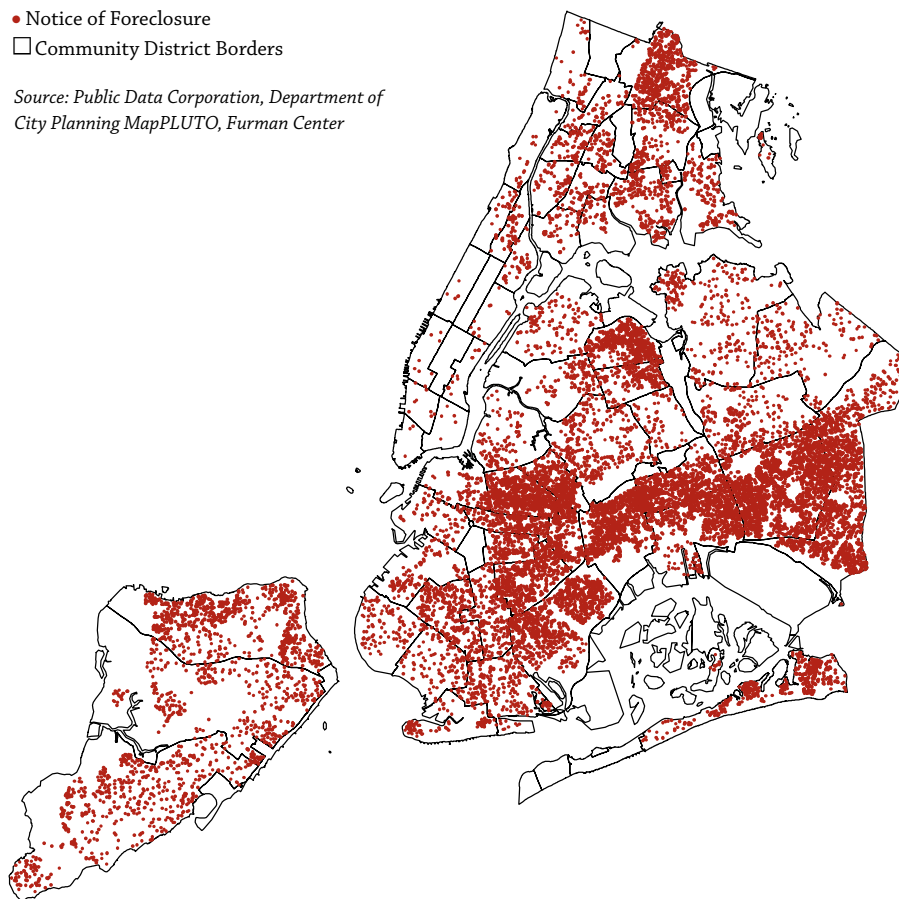
In 2008, New Yorkers continued to see improvements in various quality of life measures. Crime in New York City continued a decline begun in the 1990s, reaching historic lows. In 2008, the City recorded 23.7 felony crimes per 1,000 residents, down from a rate of 88.7 per 1,000 residents in 1990. The adult incarceration rate has decreased dramatically in recent years, from a rate of 1341.6 per 100,000 people in 2000 to a rate of 990.8 per 100,000 people in 2008. Children's performance in school, another critical measure of quality of life, also showed significant improvement during this period. The share of public school children performing at grade level in reading nearly doubled, and in math more than doubled between 2000 and 2008.

New York City's population continued to grow, in contrast with some other large cities across the nation. As Figure 1 shows, since 2000 New York City's population grew by 4.3%, which was smaller than Atlanta's 8.8% increase, but was robust compared to Chicago, Miami and Philadelphia, all of which lost residents. New York City's growing population remains highly diverse (see *State of New Yorkers* for further discussion). The share of residents that are foreign born grew to 36.4% in 2008. We take a closer look at the foreign-born population in *The State of Immigrant New York* on page 29. The population also became more educated: from 2000 to 2008, the percentage of New Yorkers with no high school diploma

**Figure 2: Properties that Entered Foreclosure, 2009**

- Notice of Foreclosure
- Community District Borders

Source: Public Data Corporation, Department of City Planning MapPLUTO, Furman Center



declined by 6.0 percentage points and the percentage of residents with a bachelor's degree or higher grew by 5.3 percentage points.

In sum, while the effects of the recession are still unfolding, the news thus far is mixed. Housing prices have declined, but relative to income, still remain very high for many residents. Prices could fall further, as many new units are coming on line or are waiting to be sold. Meanwhile, the tightening of credit markets makes it more difficult for potential buyers to obtain mortgages. On the other hand, demand for living in the City still appears to be strong. The City's population is growing at a time when other large cities are losing population and the City continues to be home to a thriving immigrant population.

<sup>2</sup> There are several different sources for unemployment data. See A Note About Unemployment on page 55 for more details about the differences among the sources.