Sponsored by

Bank of America

Bank of New York

JPMorgan Chase

Advisory Committee

ANDREW BEVERIDGE
Office of Social Research, City University of New York

MARK CASTLE
Bank of New York

ARLO CHASE
New York State Housing Finance Agency/SONYMA/ AHC

LISA DANZIG
New York City Department of Housing Preservation and Development

MICHELLE DE LA UZ
Fifth Avenue Committee

DEBRA DEVINE
New York State Department of Housing & Community Renewal

STEVEN FLAX
M & T Bank

ELYZABETH GAUMER
New York City Department of Housing Preservation and Development

BERNELL GRIER
Neighborhood Housing Services of New York City

DAVID HANZEL
Association for Neighborhood and Housing Development, Inc.

RACHEL HYMAN
Habitat for Humanity

GREGORY JOST
University Neighborhood Housing Program

SAM MARKS
Deutsche Bank–Community Development Finance Group

MITCHELL MOSS
Robert F. Wagner Graduate School of Public Service, New York University

REBECCA SCHEER
Citizens' Committee for Children of New York

ISMENE SPELIOTIS
ACORN

BRENDA STONE
(Formerly) Washington Mutual–CEAD Northeast Region

THOMAS YU
Asian Americans for Equality

STATE OF NEW YORK CITY'S HOUSING AND NEIGHBORHOODS 2008

Authors
Amy Armstrong
Vicki Been
Caroline K. Bhalla
Ingrid Gould Ellen
Allegra Glashausser
Simon McDonnell
Mary Weselcouch
Benjamin Winter
Courtney Wolf

Project Director
Caroline K. Bhalla

Research Assistants
Andrew Breck
Brice Chaney
Michael Gedal
Jack Lienke
Christopher Narducci
Jennifer Perrone
Sally Smith

Special thanks to:
Hunter Goldman
Timea Hopp
Josiah Madar
Bethany O'Neill
Stephen Roberts

ACKNOWLEDGEMENTS

This report could not have been produced without the assistance and support of a number of people. The Furman Center would like to thank our generous sponsors for making this effort possible.

MARK CASTLE
Bank of New York

MAURICE COLEMAN
Bank of America

LELA WINGARD HUGHES
JPMorgan Chase

Photos provided by:
Furman Center staff and Laurent Renard

We would also like to thank **FRANK LOPRESTI** and **PAUL SPORACO** for their help in data management.

Any errors in this report are the sole responsibility of the Furman Center. Any views expressed herein belong entirely to the Furman Center, and not to our sponsors or those who kindly provided their assistance.

Many people in New York City's housing community also assisted us by providing data, information, and guidance. We would like to thank the following people for their help:

PETER W. CARLO
New York City Department of Parks & Recreation

JOE CHARMONTE
New York City Department of Transportation

SUE CLAY
Public Data Corporation

ELISABETH DE BOURBON
New York City Landmarks Preservation Commission

DIANA DEMARTINI
New York City Department of Health and Mental Hygiene

SHAUN DONOVAN
(Formerly) Commissioner, New York City Department of Housing Preservation and Development

NANCY FEINBERG
New York City Department of Finance

ANNE-MARIE FLATLEY
New York City Housing Authority

THOMAS GALLAGHER
Lepercq, Inc.

PETER GRACE
(Formerly) New York City Department of Housing Preservation and Development

MARC JAHR
New York City Housing Development Corporation

REBECCA KOEPNICK
(Formerly) New York City Department of Housing Preservation and Development

GERALD KOSZER
New York City Department of Finance

KIRAN KUTTY
New York City Department of Housing Preservation and Development

MOON WHA LEE
New York City Department of Housing Preservation and Development

ANNE LEO
New York City Police Department

SAM MILLER
New York City Department of Finance

CHANDRA MOHAN
New York City Department of Finance

DAN MOLITERNO
New York City Department of Housing Preservation and Development

JOHN PIDDOCK
State of New York Department of Health

JOE SALVO
New York City Department of City Planning

PAT SAMMUT
New York City Department of Finance

BILL SEARS
New York City Department of City Planning

BUCKLEY YUNG
New York City Department of Transportation

TABLE OF CONTENTS

Executive Summary

New York City and the country as a whole face an incredible set of new challenges. Nationwide, housing prices have fallen dramatically and housing starts are at the lowest point in more than a generation. While the housing crisis was slower to hit New York City, signs of a local housing downturn are now unmistakable. As we come to terms with the end of an era of rapid price appreciation, questions abound: how severe will the downturn be? How long will it last? How many foreclosures will result? How will the softening market affect our neighborhoods? Will the fiscal downturn lead to the unraveling of much of the social progress the City has made through reductions in City services or increases in crime?

In past years, the Furman Center's *State of New York City's Housing and Neighborhoods* (*State of the City*, for short) examined many of the trends that undoubtedly contributed to the housing downturn. In our 2006 report, we examined the growing affordability challenges faced by New York City homeowners. We found that less than 5% of homes were affordable to New Yorkers earning the City's median income, and reported stark racial disparities in homeownership rates. Building on these findings, in 2007 we took a closer look at how New Yorkers have purchased homes over the past decade—exploring the rise of subprime and piggyback lending and shifts in the demographics of home buyers in the City. This past year, the Furman Center further explored the implications of high-leverage, high-cost lending, documenting significant increases in the City's foreclosure rate and identifying the spillover costs of concentrated foreclosures on our communities.

TRENDS IN NEW YORK CITY HOUSING PRICE APPRECIATION

This year, we have taken a step back to investigate and describe the booms and busts of the City's housing market over the past four decades, and to look for any lessons those earlier times provide for today. Using our own Index of Housing Price Appreciation—a measure of average sales price changes dating from 1974 that adjusts for inflation and controls for variation in the quality of housing—we track how the City, its boroughs and its community districts fared during the last four housing price cycles. Specifically, we look at the last two upturns (1980–1989 and 1996–2006) and the last two downturns (1974–1980 and 1989–1996). Over the entire period, from 1974 to 2006, home prices in New York City grew by 250%. That breaks down as follows:

- Between 1974 and 1980, prices declined by 12.4% citywide.
- Between 1980 and 1989, prices increased by 152%.
- From 1989 to 1996, prices dropped by 29.3%.
- From 1996 to 2006, the City's latest boom, housing prices increased by 124%.

On average, despite very high price levels, housing prices in the City have not risen as much over the past two decades as they have around the country: in the most recent upturn, New York's impressive growth of 124% was dwarfed by growth of 189% nationwide. Of course, the City and national averages obscure a lot of variation. Take, for example, the tremendous growth in Upper Manhattan during this last period of prosperity: In East Harlem, prices grew by 500%; in Morningside Heights, prices grew by 399%; and in Washington Heights, prices grew by 333%. During the busts, some neighborhoods were hit much harder than the City average, while other areas defied the City trend and actually saw big gains: from 1974 to 1980, Highbridge/Concourse in the Bronx lost 30% of its value, while prices in the Upper East Side grew by 60%. In our analysis chapter, we explain in detail how individual boroughs and community districts fared during these cycles.