

# Part 2: City-Wide Analysis

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# Section 1:

## Land Use and the Built Environment

As the Bloomberg administration drew to a close, construction activity was showing signs of recovery from the recession and housing crash. The number of new construction projects, albeit still below pre-boom levels, increased for the second consecutive year, with new developments starting across all boroughs. Meanwhile, the experience of Superstorm Sandy in 2012 resulted in an increased focus on waterfront and resilience planning across New York City.

### 1.

#### **Housing construction activity increased, and newly planned buildings grew larger.**

Development activity continued on an upward trajectory in 2013. Figure 1.1 shows that 12,131 residential units were authorized by new building permits—an increase of 35 percent over the previous year—and 12,477 units were issued certificates of occupancy—an increase of 32 percent over the previous year. Despite these increases, housing construction still remained below levels seen before the housing boom, when over 15,000 new housing units were authorized by building permits each year.

Construction activity was greatest in Brooklyn and Queens. However, new development was also pronounced in the north and central sections of the Bronx (see Figure 1.2), where permits were issued for several large, subsidized housing developments. While permitting activity was distributed throughout all five boroughs, there were concentrations of activity in a few community districts: Greenpoint/Williamsburg (BK 01) and Fort Greene/Brooklyn Heights (BK 02) in Brooklyn; the Upper West Side (MN 07) in Manhattan; and Woodside/Sunnyside (QN 02, including Long Island City) in Queens.

As Figure 1.4 shows, planned construction activity in 2013 was dominated by medium and large projects. Of all the new units authorized by building permits issued in 2013, 72 percent were to be in buildings with 50 or more units, the highest share in the past 10 years.

### 2.

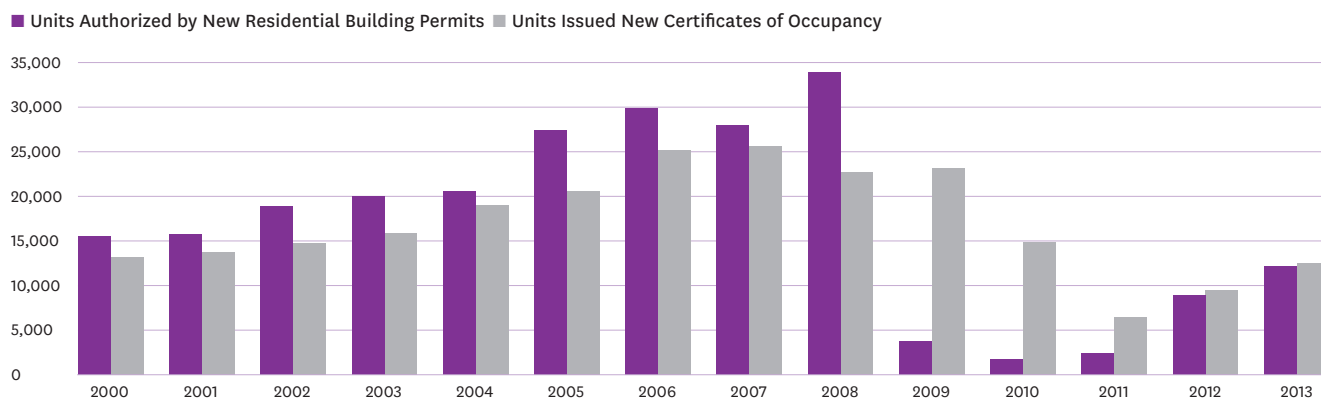
#### **Neighborhood rezonings affected hundreds of additional blocks.**

By the end of the Bloomberg administration, the Department of City Planning had initiated about 127 neighborhood zoning map changes that collectively rezoned large swaths of the city. Five of these rezonings, covering the areas shown in Figure 1.3, were adopted in 2013, the last year of the administration. As Figure 1.5 shows, these rezonings affected twice as many blocks as the relatively modest level of rezoning activity in 2012. The three largest actions in 2013 took place in Queens: Bellerose-Floral Park-Glen Oaks (QN 13, 411 blocks), East Elmhurst (QN 04, 127 blocks), and Ozone Park (QN 09 and QN 10, 530 blocks).

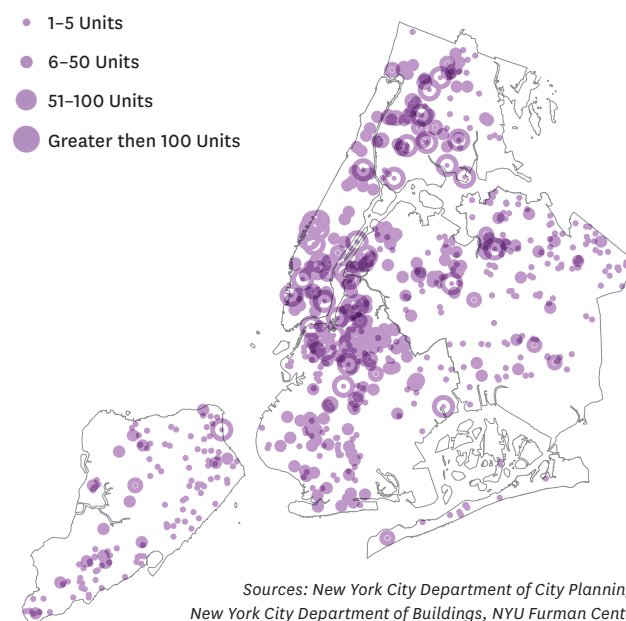
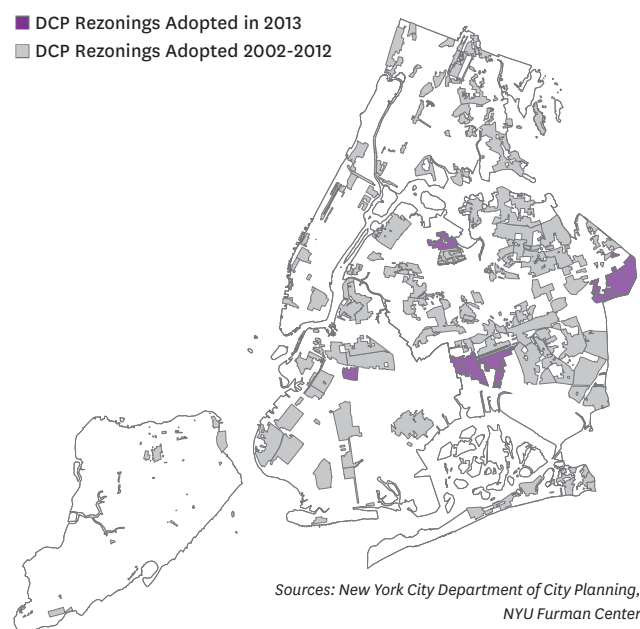
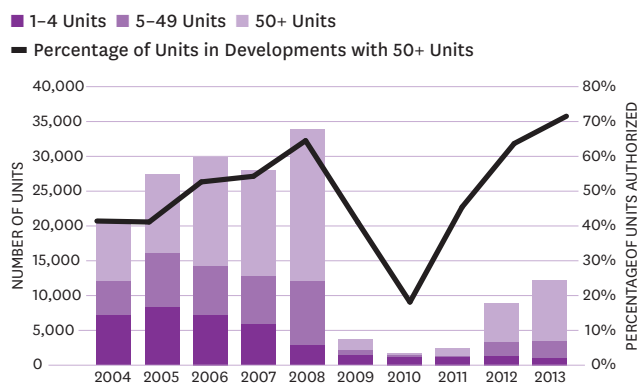
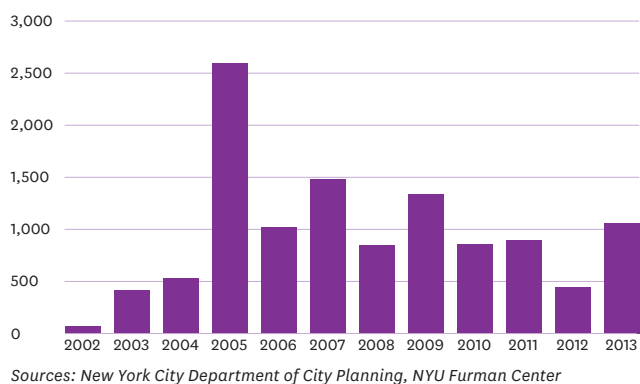
For all three of the Queens rezonings, the Department of City Planning cited preservation of “neighborhood character” as the motivation for the actions.<sup>1</sup> In each area, the new zoning requires new development on residential side streets that is consistent with the existing predominantly single-family or two-family housing stock and limits larger development and commercial uses to established mixed-use corridors.

The Department of City Planning also cited “neighborhood character” as a motivation for significant rezonings

1 For more information, see: 1. New York City Department of City Planning (24 June, 2013). Bellerose—Floral Park—Glen Oaks Rezoning—Overview. Retrieved from [http://www.nyc.gov/html/dcp/html/belle\\_floral/index.shtml](http://www.nyc.gov/html/dcp/html/belle_floral/index.shtml). 2. New York City Department of City Planning (30 October, 2013). East Elmhurst Rezoning—Overview. Retrieved from [http://www.nyc.gov/html/dcp/html/east\\_elmhurst/index.shtml](http://www.nyc.gov/html/dcp/html/east_elmhurst/index.shtml). 3. New York City Department of City Planning (10 December, 2013). Ozone Park Rezoning—Overview. Retrieved from [http://www.nyc.gov/html/dcp/html/ozone\\_park/index.shtml](http://www.nyc.gov/html/dcp/html/ozone_park/index.shtml).

**Figure 1.1: Residential Units Authorized by New Building Permits and Completed Units Issued Certificates of Occupancy, New York City**

Sources: New York City Department of Buildings, New York City Department of City Planning, NYU Furman Center

**Figure 1.2: Locations of Residential Units Authorized by New Building Permits, 2013****Figure 1.3: New York City Department of City Planning (DCP)-Initiated Rezonings, 2002-2013****Figure 1.4: Residential Units Authorized by New Building Permits by Property Size, New York City****Figure 1.5: Number of Blocks Rezoned by Year, New York City**

## Where Does New York City's Inclusionary Housing Program Apply?

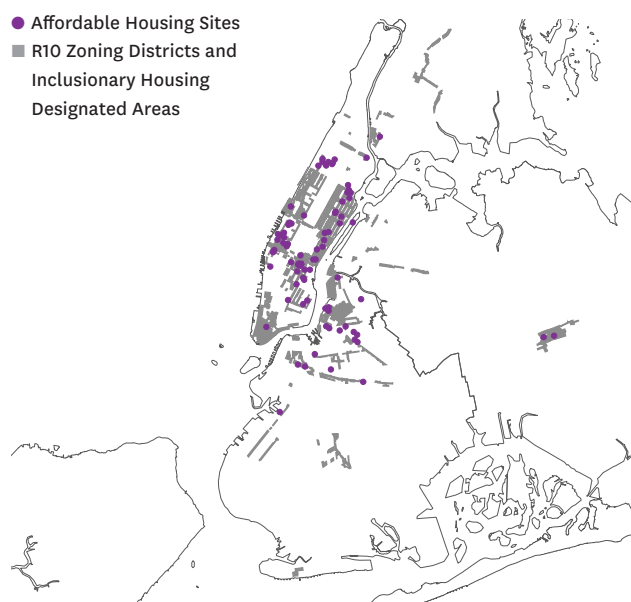
Since 1987, the city's zoning code has allowed developers in certain parts of the city to build larger projects than zoning otherwise permits in exchange for providing affordable housing. The policy applies in R10 zoning districts throughout the city (the highest density type of residential district, located primarily in Manhattan), as well as in several "Designated Areas" specified in the zoning code. To earn the density bonus for a project in these eligible areas, developers can build affordable housing as part of their primary project ("on-site") or build, rehabilitate, or preserve affordable housing elsewhere in the same community district or, if within a half mile of the project using the density bonus, in an adjacent community district ("off-site"). (Expanding this Inclusionary Housing Program was a much-discussed topic in the recent Mayoral campaign.) Figure 1.6 shows in which parts of the city the Inclusionary Housing Program currently applies and the locations of the roughly 100 affordable housing sites that have been developed at least in part through the program since its inception.

of parts of Crown Heights, Brooklyn (BK 08, 55 blocks) and the neighborhood surrounding East Fordham Road in the Bronx (BX 06, 12 blocks). However, these rezonings also designated portions of the affected neighborhoods to be eligible for the city's Inclusionary Housing Program (see sidebar *Where Does New York City's Inclusionary Housing Program Apply?*), permitting higher density development in exchange for affordable housing.<sup>2</sup>

Although there were no zoning map changes in Manhattan in 2013, the City Council adopted a noteworthy text amendment governing parking regulations and requirements for the Manhattan Core (defined as the area below 110th Street on the west side of Central Park and below 96th Street on the east side of Central Park; community districts MN 01-MN 08) to address changing travel and development patterns and promote more efficient use of the area's dwindling supply of parking spaces.

<sup>2</sup> For more information, see: 1. New York City Department of City Planning (24 September, 2013). Crown Heights West Rezoning—Overview. Retrieved from [http://www.nyc.gov/html/dcp/html/crown\\_heights\\_west/index.shtml](http://www.nyc.gov/html/dcp/html/crown_heights_west/index.shtml). 2. New York City Department of City Planning (9 October, 2013). Retrieved from [http://www.nyc.gov/html/dcp/html/east\\_fordham\\_road/index.shtml](http://www.nyc.gov/html/dcp/html/east_fordham_road/index.shtml).

**Figure 1.6: Affordable Housing Sites Developed or Preserved under the Inclusionary Housing Program, 1987-2013, and Inclusionary Housing-Eligible Areas, 2013**



Sources: New York City Department of Housing Preservation and Development, New York City Department of City Planning, NYU Furman Center

For example, to add greater flexibility to the existing parking supply, the new regulations allow operators of parking facilities that were originally built to accommodate residents of specific residential buildings to (legally) serve commuters and other city visitors, too. And in response to technological innovation in the parking industry, the text change created an alternative set of design standards for automated parking facilities, which rely on elevators and lifts to efficiently stack cars on trays, rather than human drivers and conventional ramps and parking spaces.<sup>3</sup>

## 3. The city designated more historic districts and landmarks.

In 2013, the Landmarks Preservation Commission (LPC) designated a new historic district in the South Village in Manhattan, extended the West End-Collegiate Historic District in Manhattan, and extended the Bedford-Stuyvesant Historic District in Brooklyn. Although there were only three historic district designation actions in 2013, they affected

<sup>3</sup> For more information, see: New York City Department of City Planning (8 May, 2013). Retrieved from [http://www.nyc.gov/html/dcp/html/mn\\_core/mn\\_core\\_text\\_amendment.shtml](http://www.nyc.gov/html/dcp/html/mn_core/mn_core_text_amendment.shtml).

a large number of lots as shown in Figure 1.7, consistent with the scale of designations in the two previous years.

Newly designated individual landmarks were located mainly in Manhattan and Brooklyn, but also included historic firehouses in the Bronx. LPC also designated two interiors: the Bronx General Post Office, and the Steinway & Sons showroom on West 57th Street in Manhattan. No landmarks were designated in Queens or Staten Island.

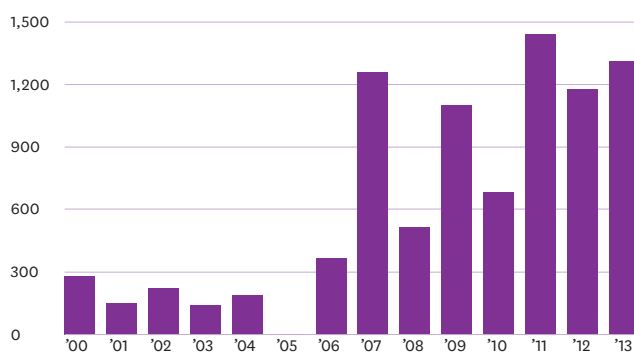
## 4.

### As recovery from Superstorm Sandy continued, New York City pursued new climate adaptation strategies.

Near the end of 2012, following the devastation of Superstorm Sandy, the Bloomberg administration implemented several emergency regulatory measures to allow the recovery process to begin. To plan its longer term response, the city established the Special Initiative for Rebuilding and Resiliency (SIRR), tasked with preparing for and protecting against the impacts of climate change. In June 2013, SIRR released a final report presenting recommendations both for rebuilding the communities affected by Sandy and increasing the resilience of infrastructure and buildings citywide.<sup>4</sup> Recommended measures included direct funding (up to \$1 billion) for the rebuilding of Sandy-damaged properties as well as the creation of new subsidy programs to encourage property owners to retrofit existing buildings to meet new flood insurance rate reduction criteria and promote resiliency. Many of the initiatives proposed by SIRR focused on the 67,700 buildings located within the map boundaries of the new preliminary 100-year floodplain (see Figure 1.8). The SIRR report charged the Mayor's Office of Long-Term Planning and Sustainability with implementing the measures recommended in the report.

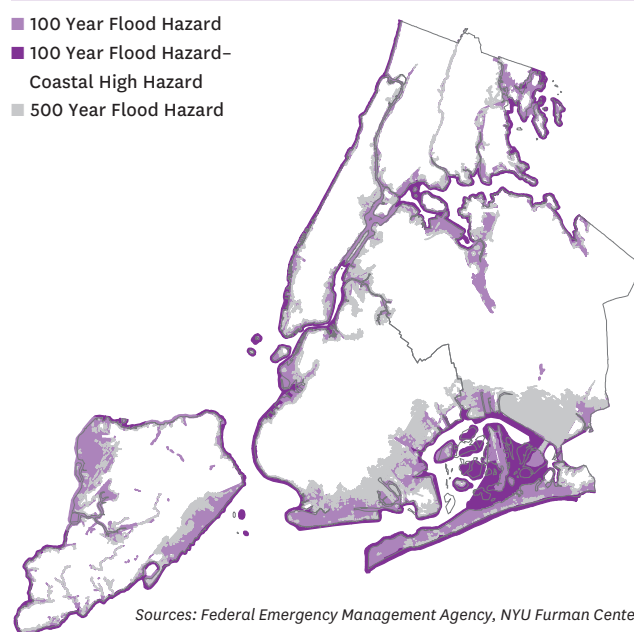
Another key element of the city's rebuilding and resiliency effort was the adoption of a significant zoning text amendment in 2013. Among other things, the amendment allows retrofit buildings and new construction in flood-prone areas greater design flexibility—with respect to building height, access from the exterior, and

Figure 1.7: Number of Lots Added to Historic Districts, New York City



Sources: New York City Landmarks Preservation Commission, NYU Furman Center

Figure 1.8: Preliminary Flood Hazard Areas, December 2013



Sources: Federal Emergency Management Agency, NYU Furman Center

location of parking and mechanical systems—to allow buildings to more easily meet local, state, and federal resiliency requirements.<sup>5</sup>

As the city continues to study its vulnerability to climate change, and as other new information becomes available (including new federal Flood Insurance Rate Maps anticipated in 2015), the city plans to adopt additional resiliency measures. For additional information about the challenges the city faces in becoming more resilient, see the forthcoming NYU Furman Center report about retrofitting existing buildings. ■

<sup>4</sup> The final SIRR report is available at: New York City Special Initiative for Rebuilding and Resiliency (11 June, 2013). Retrieved from <http://www.nyc.gov/html/sirr/html/report/report.shtml>.

<sup>5</sup> For additional information about the text amendment, see: New York City Department of City Planning (9 October, 2013). Retrieved from [http://www.nyc.gov/html/dcp/html/flood\\_resiliency/index.shtml](http://www.nyc.gov/html/dcp/html/flood_resiliency/index.shtml).

# Section 2:

## Homeowners and Their Homes

Nearly a third of New York City households own their own homes. This is a lower rate than throughout the U.S. where closer to two-thirds of households own the homes in which they live. In 2012, New York had the lowest homeownership rate (31.7%) of any city with over 300,000 residents (roughly the largest 60 cities in the U.S.) followed by Miami (32.3%), Boston (33.2%), and San Francisco (36.0%). The year 2013 was a bright one for homeowners in New York by most measures, with increasing property values across the city and fewer pre-foreclosure notices. However, the number of foreclosure filings inched up slightly and low levels of mortgage lending make clear that homeownership is still out of reach for many households, especially those with low and moderate incomes.

### 1.

#### **New York's homeownership rate has fallen slightly since 2007.**

From 2000 to 2007, the homeownership rate in New York City increased from 30.2 percent to 33.6 percent, though some of that was likely driven by unsustainable mortgage lending practices. In the wake of the foreclosure crisis, the homeownership rate receded somewhat between 2007 and 2012, but at 31.7 percent, it remained higher than in 2000.

Figure 2.1 shows that there is tremendous variation in the homeownership rate across the city's boroughs. In Staten Island, 67.3 percent of households owned their homes in 2012, while in the Bronx just 19.1 percent were owners. In all five boroughs, however, homeownership followed similar patterns, increasing between 2000 and 2007 and decreasing since 2007. Perhaps not surprisingly, there is also a wide gap in homeownership between households of different incomes: in 2012, just 20.2 percent of New York City households earning up to 80 percent of the metropolitan area's median household income owned their homes, compared to 49.2 percent of those earning more than 120 percent of area median income.<sup>1</sup>

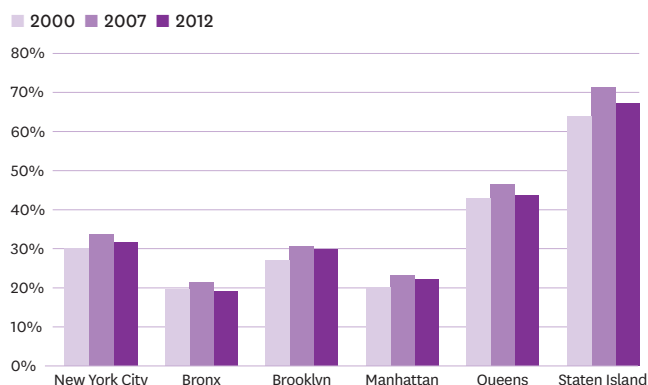
<sup>1</sup> For three-person households in 2012, 80 percent of the metropolitan area median income (AMI) was \$59,800 and 120 percent of AMI was \$89,650 in nominal terms. See Methods chapter for more information on area median income.

### 2.

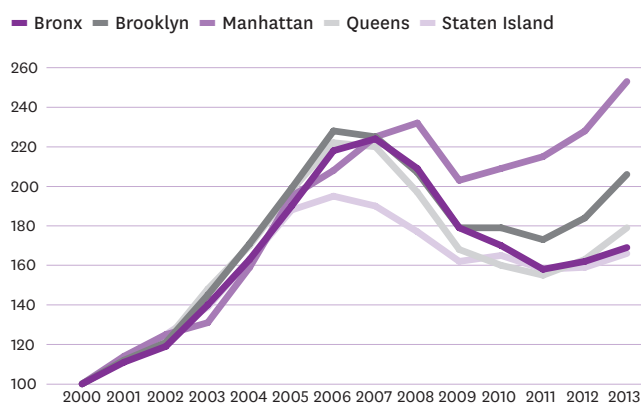
#### **Home prices increased in every borough in 2013.**

Across the city, residential property values increased by 9.3 percent from 2012 to 2013. For the second year in a row, home prices also increased in every borough. Figure 2.2 shows that in 2013, prices increased the most in Brooklyn (12.2%) followed by Manhattan (11.1%), Queens (10.1%), Staten Island (4.6%), and the Bronx (4.1%). Manhattan is the only borough where prices have surpassed their pre-recession peak. In 2013, residential property prices in Manhattan were on average 9.1 percent higher than they had been in 2009.

Prices also increased for each housing type for the second year in a row. Figure 2.3 shows that rental apartment buildings with at least five units and condominium units saw the biggest price increases from 2012 to 2013, 18.4 percent and 11.2 percent respectively. Both types of properties have appreciated to price levels above their pre-recession peak. Single-family and two- to four-family homes experienced more modest but still steady appreciation from 2012 to 2013, with prices increasing by 8.1 percent and 7.4 percent respectively.

**Figure 2.1: Homeownership Rate by Borough**

Sources: U.S. Census (2000), American Community Survey (2007, 2012), NYU Furman Center

**Figure 2.2: Index of Housing Price Appreciation for All Residential Property Types by Borough**

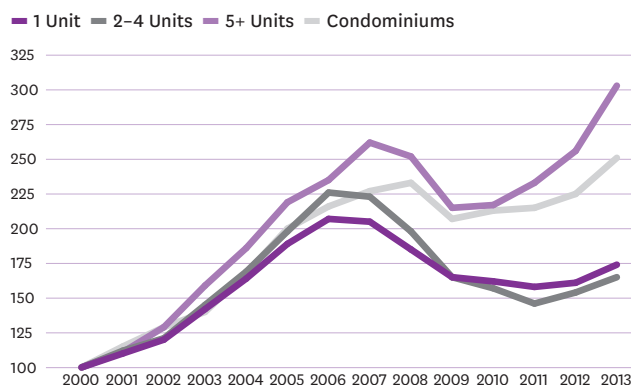
Sources: New York City Department of Finance, NYU Furman Center

### 3.

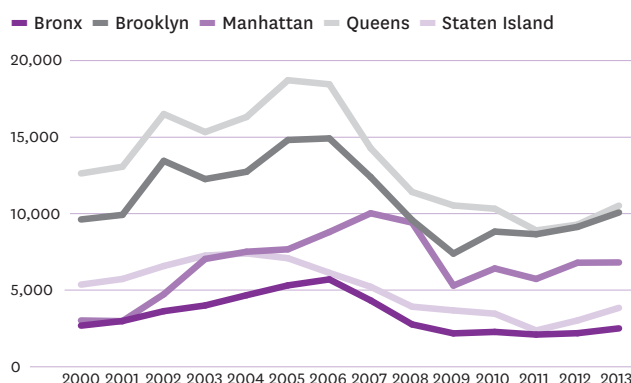
#### Volume of sales increased for second year in a row in 2013.

In 2013, over 37,000 properties were sold to new owners in arm's length transactions, nearly 4,000 more properties than in 2012. Overall, this was the greatest number of sales recorded since 2008. Figure 2.4 shows that each borough saw at least a modest increase in the number of property sales from 2012 to 2013. The biggest year-over-year change in sales volume was in Staten Island where the number of sales transactions increased by 27 percent to 3,405 sales. Still, every borough recorded just a fraction of the number of sales recorded during the height of the pre-recession real estate boom.

The number of sales transactions also increased for every property type between 2012 and 2013. Sales of single-

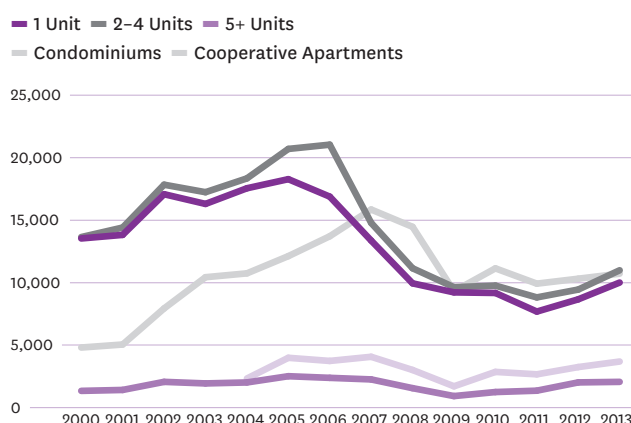
**Figure 2.3: Index of Housing Price Appreciation by Property Type**

Sources: New York City Department of Finance, NYU Furman Center

**Figure 2.4: Sales Volume by Borough\***

\*Borough totals do not include sales of cooperative apartments.

Sources: New York City Department of Finance, NYU Furman Center

**Figure 2.5: Sales Volume by Property Type\***

\*Deeds data recording sales of cooperative apartment units are not available prior to 2004.

Sources: New York City Department of Finance, NYU Furman Center

family and two- to four-family homes together accounted for over half of all property sales in the city in 2013, followed by condominium units (28.6%). This condominium sales

share was up substantially from the early 2000s, reflecting the fact that condominiums made up a large proportion of new construction activity in the past decade. In fact, the absolute number of condominium sales in 2013, though lower than the pre-recession peak, was nevertheless substantially higher than in the early 2000s, before the pre-recession real estate boom began.

## 4.

### Mortgage Lending

#### a. Home purchase lending remained low in 2012.

The number of home purchase mortgages originated in New York remained low in 2012, largely unchanged from each of the previous three years. Home purchase mortgage lending has not only remained far below the peak of the real estate boom in 2005 and 2006, but much lower even than in 2000, well before the boom. Figure 2.6, which indexes the annual number of mortgage loans to 2000 levels, shows that the ongoing slump in home purchase lending affected all five boroughs.

As Figure 2.7 shows, the drop in home purchase lending in New York City since the real estate boom has generally tracked the national trend. One reason that mortgage lending has declined so much in New York City and nationally is the significant tightening of underwriting standards by private lenders since the financial crisis and the collapse of the subprime lending industry. Likely as a result of these changes to the lending industry, the share of home purchase borrowers relying on mortgages backed by the Federal Housing Administration and Department of Veterans Affairs (FHA/VA) increased rapidly after 2007. These loans are more accessible to buyers with less wealth for down payments and lower credit scores than prime loans. As Figure 2.8 shows, FHA/VA lending maintained a relatively high market share in 2012 in both New York City and nationally, though it declined from 2011 in both. And while the FHA/VA share in New York City was higher in 2012 than during real estate boom years, it continued to be much lower than the share nationally.

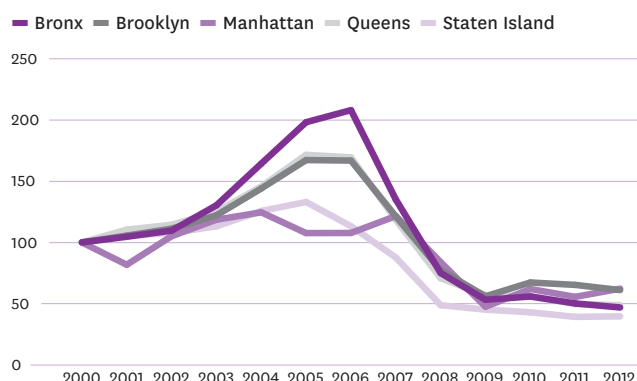
#### b. There is very little home purchase lending to low-income city neighborhoods.

Because of New York City's extremely high home values, homeownership is out of reach for a vast majority of low- and moderate-income (LMI) households. In 2012, New York City households earning up to 80 percent of the metropolitan area's median family income, our definition of LMI for this analysis, made up 52.2 percent of all households, but accounted for only 10 percent of the city's home purchase loans.<sup>2</sup> Nationally, LMI households accounted for 34 percent of all home purchase mortgages originated in 2012.

Figure 2.9 shows year-to-year changes in home purchase lending to LMI and non-LMI homebuyers, indexed to 2004 levels. Lending to LMI homebuyers in New York City declined rapidly between 2004 and 2007 as home prices rose, pushing many LMI households out of the market. However, in 2008, home purchase lending to LMI borrowers partially rebounded and has remained roughly stable since, though at a level about 40 percent lower than in 2004. Mortgage lending to non-LMI homebuyers (those with incomes higher than 80 percent of the metropolitan area median) began to decline slightly later, but by 2009 had dropped even further than lending to LMI borrowers. Since 2010, lending to non-LMI borrowers has been about 60 percent lower than in 2004. Because the decline in lending to non-LMI homebuyers was more severe, the percentage of all home purchase mortgages issued to LMI borrowers actually increased in the wake of the financial crisis, from only about four percent in 2006 and 2007, to roughly 10 percent during the period from 2009 and 2012.

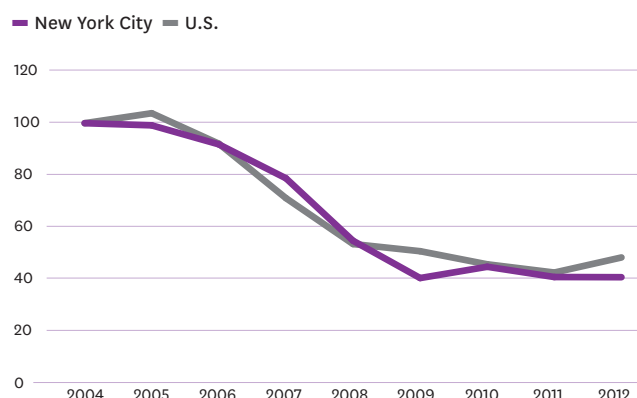
The trend in mortgage lending looks somewhat different if we look at the incomes of neighborhoods, rather than of borrowers. Many borrowers taking out mortgages to purchase homes in LMI neighborhoods do not themselves have a low or moderate income, and some LMI homebuyers

<sup>2</sup> Income limits in the Mortgage Lending subsection differ from those used elsewhere in the *State of New York City's Housing and Neighborhoods* in meaningful ways. In most indicators in this report, we define low-income households as those earning up to 80 percent of the metropolitan area median income, adjusted for many factors including household size, as determined for the U.S. Department of Housing and Urban Development's Section 8 and HOME programs. We also define moderate-income households as those earning more than 80 percent and up to 120 percent of area median income, also adjusted for factors including household size. The Home Mortgage Disclosure Act (HMDA) data used in this section of the report set metropolitan area median family income in 2012 based on the American Community Survey 2006-2010 estimates, and unlike HUD's Section 8 income guidelines, HMDA's 80 percent limit is applied directly to the area median family income and is not adjusted for household size. In 2012, 80 percent of area median family income in HMDA was \$54,640, while 80 percent of the area median income according to HUD's Section 8 guidelines was \$59,800 for a three-person household.

**Figure 2.6: Index of Home Purchase Loan Originations by Borough\***

\*First-lien home purchase loans issued to owner-occupants of one- to four-family homes, condominiums, and cooperative apartments.

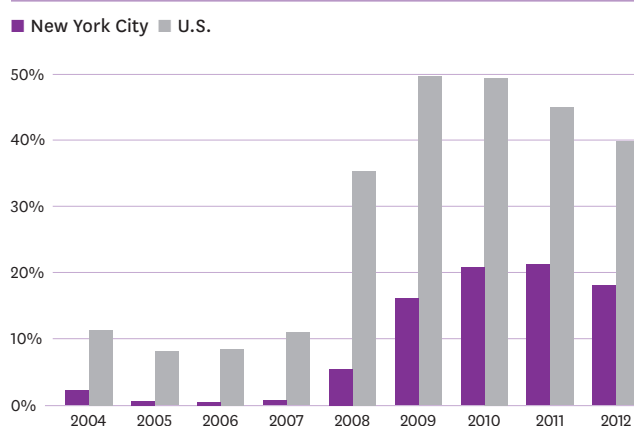
Sources: Home Mortgage Disclosure Act, NYU Furman Center

**Figure 2.7: Index of Home Purchase Loan Originations, U.S. and New York City\***

\*First-lien home purchase loans issued to owner-occupants of one- to four-family homes, condominiums, and cooperative apartments.

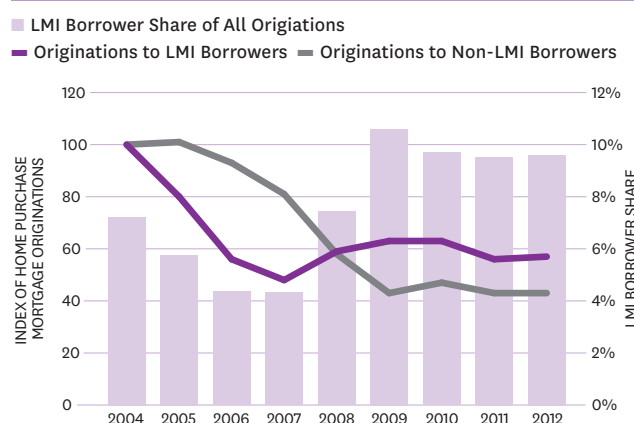
Sources: Home Mortgage Disclosure Act, NYU Furman Center

may be purchasing homes in non-LMI neighborhoods. Figure 2.10 shows the change in home purchase loan originations for properties located in LMI neighborhoods (those with median incomes up to 80 percent of the area median family income) and non-LMI neighborhoods between 2004 and 2012. Lending in both types of neighborhoods dropped dramatically after the height of the pre-recession real estate boom, especially between 2006 and 2009, and then remained

**Figure 2.8: FHA/VA Share of Home Purchase Mortgage Originations, U.S. and New York City\***

\*First-lien home purchase loans issued to owner-occupants of one- to four-family homes, condominiums, and cooperative apartments.

Sources: Home Mortgage Disclosure Act, NYU Furman Center

**Figure 2.9: Index of Home Purchase Mortgage Originations by Borrower Income Level and Low-Income Borrower Share, New York City\***

\*First-lien home purchase loans issued to owner-occupants of one- to four-family homes, condominiums, and cooperative apartments.

Sources: Home Mortgage Disclosure Act, NYU Furman Center

fairly steady between 2009 and 2012.<sup>3</sup> In 2012, lending to homebuyers in LMI neighborhoods was about 65 percent lower than it was in 2004; lending to homebuyers in other neighborhoods was down by about the same amount (about 60 percent since 2004). As Figure 2.9 also shows, the share of all home purchase mortgages that were originated in LMI neighborhoods peaked at 28 percent in 2006 but had dropped below 20 percent by 2012.

3 In HMDA data for years 2004 to 2011, the source of neighborhood income (at the tract level) was income reported in 1999 for the 2000 U.S. decennial Census. The source changed in HMDA data for 2012 to American Community Survey 2006-2010 estimates.

### c. The Manhattan refinance boom continued in 2012.

The number of mortgage refinancings in New York City jumped by 26 percent between 2011 and 2012 as interest rates continued to fall and housing values increased, lifting more borrowers “above water.” As Figure 2.11 shows, the recent refinancing boom was most dramatic in Manhattan, where housing values increased most in recent years and, given the particularly large mortgages, homeowners stood to save the most through lower interest rates. Refinancing activity also increased in each of the other four boroughs, but unlike Manhattan, it remained far below the levels between 2004 and 2006, the height of the pre-recession mortgage boom.

## 5.

### The affordability of homes available for purchase has increased substantially since 2007.

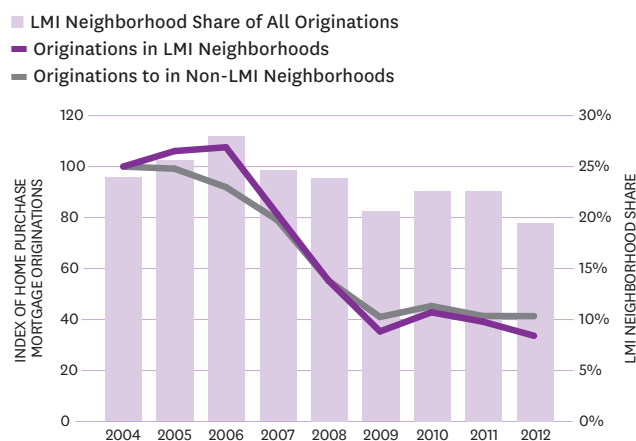
The affordability of an available house to most households depends in large part on their income, the sales price for the house, and interest rates, which help determine the purchaser’s monthly mortgage payment. Of course, many other factors are crucial to determining affordability as well (including the amount of savings a household has available for a down payment, the ability to qualify for a mortgage, and other demands on a household’s income), but focusing on changes to income levels, home prices, and interest rates offers a useful window into the shifting availability of homeownership to those able to qualify for a mortgage and save for a down payment. To track affordability based on these factors, we calculate the share of one- to four-family home and condominium sales in New York City each year that would result in an estimated mortgage payment (consisting of principal and interest only) equal to 25 percent or less of different income levels. We use 25 percent instead of the more typical 30 percent affordability threshold to account for the other costs of homeownership, including property taxes, property insurance, and maintenance. We estimate mortgage costs for both a fixed-rate conventional loan and a fixed-rate FHA loan, as we assume many households would not have the savings to afford the 20 percent down payment typically required for a conventional loan. We assume the FHA loan would allow for a relatively small down payment,

but would require monthly mortgage insurance payments and a higher interest rate as compared to a fixed-rate conventional loan. The Methods chapter has more information about the calculation of this indicator.

Figure 2.12 shows that virtually none of the homes sold in 2013 would have been affordable to purchasers earning 30 percent of the area median income (AMI) for a three-person household, regardless of the type of mortgage they might use. With a conventional mortgage, the share of homes affordable to a household earning 50 percent of AMI was slightly higher than 10 percent, but rises to 27 percent for households earning 80 percent of AMI, more than half for households earning 120 percent of AMI, and to more than 80 percent for households earning two and one-half times AMI. Because of the higher interest rate, mortgage insurance premiums, and larger mortgage principal (given the much smaller down payment we assume), a significantly smaller share of 2013 home sales were affordable to households at every income point if they used FHA mortgages.

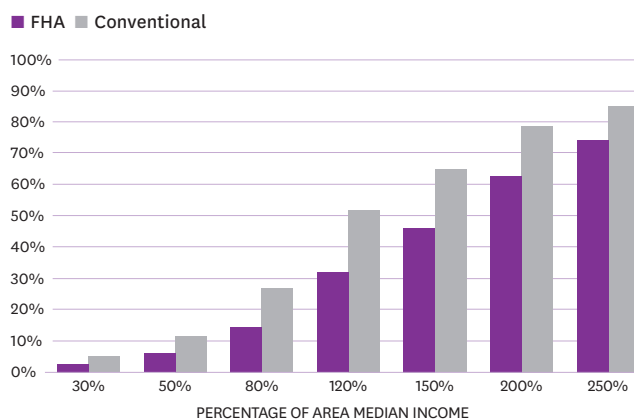
By our measure, affordability has increased significantly since the peak of the housing boom. Not only were the prices of homes sold in recent years lower, on average, than during the pre-recession boom, but, as shown in Figure 2.11, interest rates have dropped significantly as well. Figure 2.13 shows that the share of all one- to four-family home and condominium sales affordable to homeowners earning 80 percent of AMI using a conventional mortgage climbed from about five percent between 2004 and 2007, to almost 30 percent in 2012 and 2013. Similarly, the share of all home purchases affordable to those earning 200 percent of AMI jumped from about 50 percent to 80 percent between 2007 and 2012, and declined only slightly in 2013. The trend for affordability using FHA loans was similar, though the proportion of home sales affordable to households relying on an FHA loan was lower at every income level.<sup>4</sup> It is important to note, however, that the total number of home sales has dropped significantly since pre-recession highs, so the absolute number of home sales affordable to households at different incomes may not have changed.

<sup>4</sup> As shown in the prior subsection, most homebuyers use conventional mortgages in New York City, and this is true even for low and moderate income households. In 2009, for example, only 8% of all LMI homebuyers in New York City used an FHA mortgage. Furman Center, “Mortgage Lending to Vulnerable Communities: A Closer Look at HMDA 2009,” 2011. Available at <http://furmancenter.org/files/publications/MortgageLendingtoVulnerableCommunitiesUpdatedFinal.pdf>.

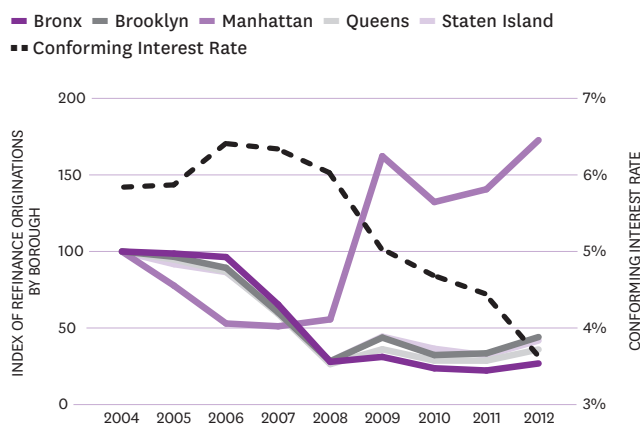
**Figure 2.10: Index of Home Purchase Mortgage Originations by Neighborhood Income Level and LMI Neighborhood Share, New York City\***

\*First-lien home purchase loans issued to owner-occupants of one- to four-family homes, condominiums, and cooperative apartments.

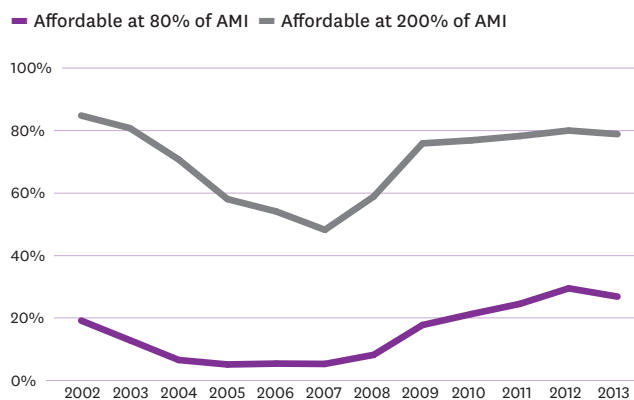
Sources: Home Mortgage Disclosure Act, NYU Furman Center

**Figure 2.12: Share of Home Sales Affordable to Three-Person Household in New York City with Conventional and FHA Mortgage, 2013**

Sources: New York City Department of Finance, Freddie Mac Primary Mortgage Market Survey, U.S. Department of Housing and Urban Development, NYU Furman Center

**Figure 2.11: Index of Refinance Originations by Borough**

Sources: Home Mortgage Disclosure Act, Freddie Mac Primary Mortgage Market Survey, NYU Furman Center

**Figure 2.13: Share of Home Sales Affordable to a Three-Person Household with Conventional Mortgage**

Sources: New York City Department of Finance, Freddie Mac Primary Mortgage Market Survey, U.S. Department of Housing and Urban Development, NYU Furman Center

# 6.

## Foreclosures

### a. Foreclosure starts rose significantly in 2013 but were still below peak levels.

Between 2012 and 2013, foreclosure filings for 1-4 family homes and condos jumped by 31 percent to almost 16,000. Although this was the second straight year of increases, the number of filings was still lower than the recent recession-era peak in 2009.

Figure 2.14 also shows the types of residential properties that entered foreclosure in each year. Reflecting the city's stock of residential properties that can be purchased with a residential mortgage, most of the foreclosure filings in 2013 and other recent years have been on 2-4 family properties. Single-family homes have also made up a significant share of New York's foreclosure filings, while condominium units have made up a much smaller proportion.

As Figure 2.15 shows, foreclosure filings increased in each borough between 2012 and 2013, but continued to be concentrated primarily in Brooklyn and Queens. Moreover, as Figure 2.16 shows, foreclosure filings continued to be heavily concentrated in certain neighborhoods within the boroughs, including parts of central and eastern Brooklyn and southern Queens.

### b. Many recent foreclosure filings were repeat filings.

New York State's foreclosure process is one of the longest in the country. On average, properties that enter foreclosure take more than three years to complete the process (if it is ever completed—often the process is interrupted by a modification, short sale, or other negotiated arrangement). However, the *lis pendens* that a lender publicly files in the

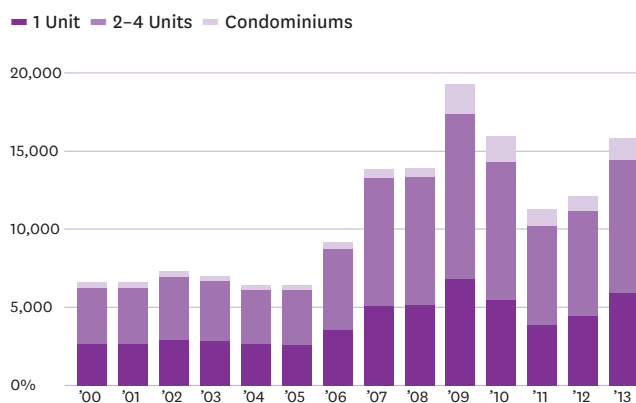
clerk's office, which we use to identify a foreclosure filing, is valid for only three years. Because the foreclosure process takes so long, some of the foreclosure filings we report may not really be new foreclosures at all, but may instead be a lender replacing an expiring *lis pendens* in connection with an ongoing foreclosure.

Figure 2.17 shows what proportion of each year's foreclosure filings have been *repeat filings*, which we define as a *lis pendens* filed against a property that had an earlier *lis pendens* within the previous six years (provided that the property did not change ownership in the intervening years). In some cases, a repeat filing may in fact, be a new episode of borrower distress and a new foreclosure, but we believe most such filings are simply replacing an expiring *lis pendens* and so are essentially a double counting of an earlier foreclosure filing. Since 2010, repeat filings have made up an ever larger share of the total number of foreclosure filings. In 2013, repeat filings accounted for 45 percent of all filings. If we look just at initial filings, the increase from 2012 to 2013 was still substantial, but the number of new filings in 2013 remained far lower than the levels seen between 2007 and 2010.

### c. Pre-foreclosure notices declined.

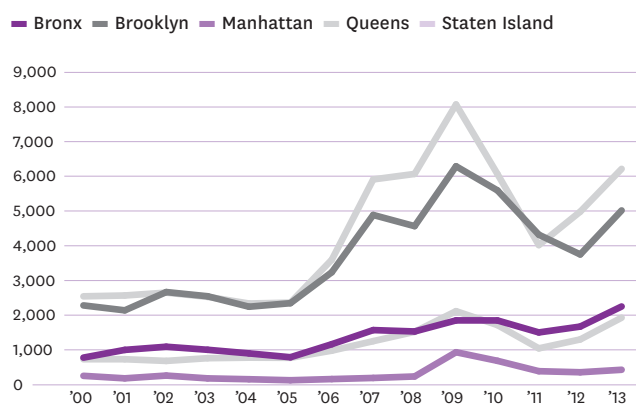
In contrast to the trend for foreclosure filings, pre-foreclosure notices (which lenders must send to delinquent borrowers at least 90 days before a foreclosure action can be commenced), decreased by 10 percent between 2012 and 2013. This decline suggests that the foreclosure crisis, while not over, may be waning. Figure 2.18 shows that the number of pre-foreclosure notices issued decreased in every individual borough as well. ■

**Figure 2.14: Number of Foreclosure Filings by Property Type (One- to Four-unit Buildings and Condominiums), New York City**



Sources: Public Data Corporation, New York City Department of Finance, NYU Furman Center

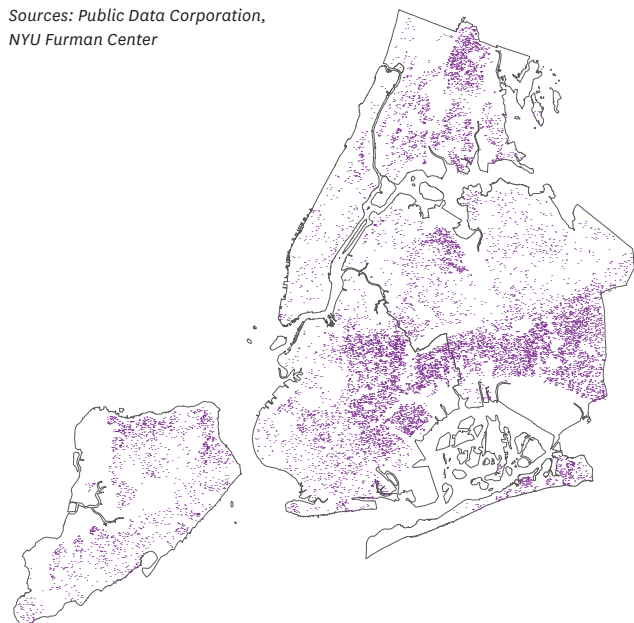
**Figure 2.15: Foreclosure Filings on One- to Four-unit Buildings and Condominiums by Borough**



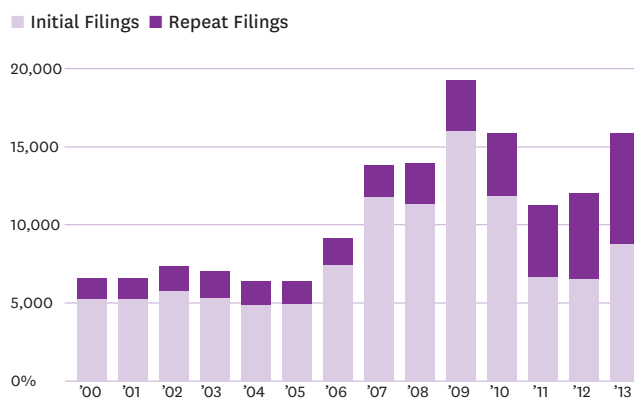
Sources: Public Data Corporation, New York City Department of Finance, NYU Furman Center

**Figure 2.16: Foreclosure Filings on One- to Four-unit Buildings and Condominiums, 2013**

Sources: Public Data Corporation, NYU Furman Center

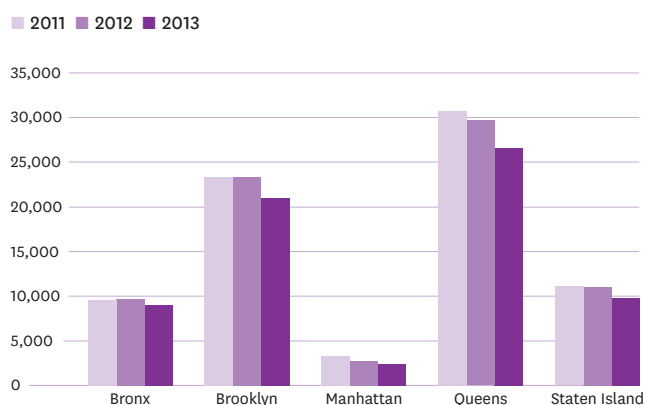


**Figure 2.17: Foreclosure Filings on One- to Four-unit Buildings and Condominiums by Repeat Status, New York City**



Sources: Public Data Corporation, New York City Department of Finance, NYU Furman Center

**Figure 2.18: Pre-foreclosure Notices for One- to Four-unit Buildings and Condominiums, 2011-2013**



Source: New York State Department of Financial Services, NYU Furman Center

# Section 3:

## Renters and Their Homes

Over two million New York City households—roughly two-thirds of all city households—rent their homes. Over the past decade rental housing has become less affordable to many New Yorkers. After adjusting for inflation, incomes have remained stagnant while rents have steadily increased. The typical renter is now paying a greater share of their income on rent. These trends have affected low-income renters the most.

### 1.

#### Rents are high and rising.

Living in New York City is an expensive pursuit. In 2012, the median monthly gross rent<sup>1</sup> throughout the five boroughs was \$1,216, about \$300 more than the median rent in the United States as a whole. Figure 3.1 shows that the median rent increased slightly from 2011 to 2012. Between 2005 and 2012, the median monthly rent citywide increased by 11 percent, after adjusting for inflation.

Of course, rent levels and increases are not distributed uniformly across the city. Figure 3.2 shows that rent levels were highest in Manhattan (\$1,474) and lowest in the Bronx (\$1,036) in 2012. Rent levels increased fastest in Manhattan, rising 19 percent since 2005, followed by an increase of 12 percent in Brooklyn and 10 percent in the Bronx. Between 2010 and 2012, the real median rent actually fell in Staten Island by about seven percent.

The median rent paid by households in occupied units may mask higher asking rents in vacant units. Even in market rate units not governed by any sort of rent regulations, landlords may offer lower rents to current tenants and then raise the rent substantially when a unit turns over. As Figure 3.3 shows, households who have recently moved pay substantially higher rents than those who have lived in current units longer. On average, in 2012, renters who lived in their unit for fewer than five years paid about \$225 more each month than renters overall.

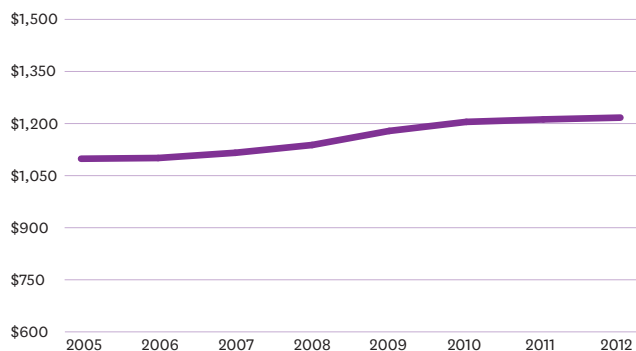
### 2.

#### Rent levels have increased faster than income.

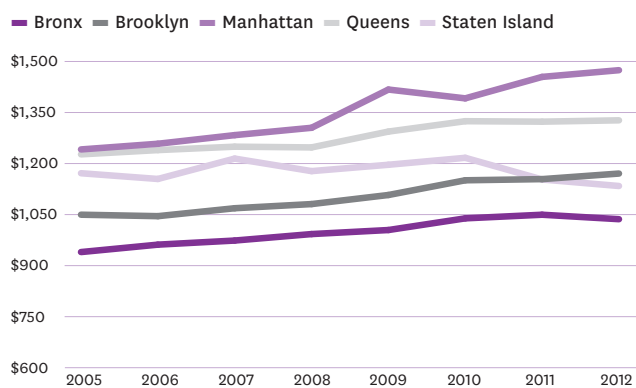
Over the past eight years, rent increases far surpassed increases in renters' incomes. If the incomes paid to renters had increased at a rate similar to rents, then the overall affordability of the city's rental units would be relatively constant. However, Figure 3.4 shows that since 2005, the median gross rent increased by almost 11 percent (after adjusting for inflation) while the median household income of renters rose by only two percent. This left more renters squeezed, or forced to pay a greater share of their income on rent, leaving less income left over to spend on other essentials like food, transportation, and medical expenses. In a somewhat promising turn, the median household income increased slightly between 2011 and 2012, the first year-to-year increase the city has seen since before the recession.

On average, renters spent 32 percent of their income on rent in 2012. For a household earning the median renter household income of about \$40,000 in 2012, this would translate into a monthly rent of approximately \$1,000. We consider households to be rent burdened if they pay 30 percent or more of their income on rent, and severely rent burdened if they pay 50 percent or more of their income on rent. In 2012, 54 percent of renter households in New York City were rent burdened. As Figure 3.5 illustrates, it has not always been this way. As recently as the year 2000, just 44 percent of renters were paying unaffordable rents, a level that had stayed relatively steady since 1980. Only over the last decade has this level increased so dramatically. Compared to the previous year, there was a small decline in the percentage of renters facing cost burdens in 2012, but rent burden levels remained very high by historical standards.

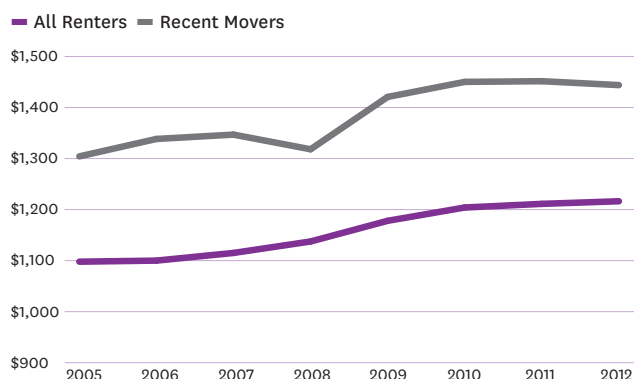
<sup>1</sup> Gross rent includes the rent charges specified on a lease as well as any additional utility payments. Unless otherwise specified, all references to rent in this report refer to gross rent. For more information, see the definition of median monthly rent in the Indicator Definitions and Rankings chapter.

**Figure 3.1: Median Gross Rent (2013\$) for All New York City Renters**

Sources: American Community Survey, NYU Furman Center

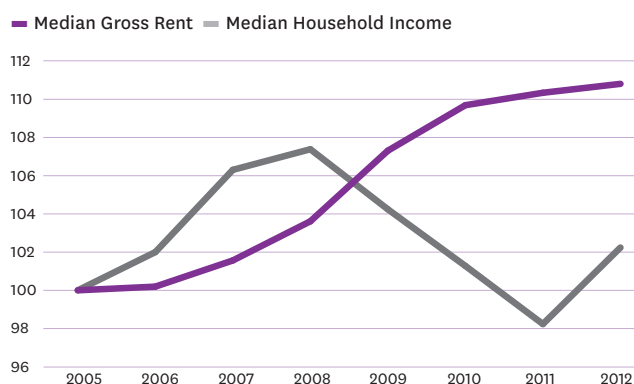
**Figure 3.2: Median Gross Rent (2013\$) by Borough**

Sources: American Community Survey, NYU Furman Center

**Figure 3.3: Median Gross Rent (2013\$) for All New York City Renters Versus Recent Movers\***

\*Renters who have lived in their current unit for fewer than five years.

Sources: American Community Survey, NYU Furman Center

**Figure 3.4: Index of Median Gross Rent and Median Renter Household Income (2013\$), New York City**

Sources: American Community Survey, NYU Furman Center

### 3.

#### **Low-income renters were much more likely to be rent burdened than moderate-, middle-, or high-income renters.**

Not all renter households in New York City are equally burdened by high rents. Low-income renters—those earning up to 80 percent of the area median income (AMI), or up to \$59,800 for a household with three people in 2012—are especially hard hit.<sup>2</sup> Figure 3.5 shows that in 2012, over three-quarters of low-income renters were rent burdened, with 47 percent spending over half of their income on rent. Smaller shares of moderate- and middle-income households were rent burdened, though the share rent burdened for those groups has increased since 2000. Between 2000 and 2012, the share rent burdened increased the most for moderate-income households (those with incomes between 81 and 120 percent of AMI), more than doubling from 14 percent of households in 2000 to 30 percent in 2012.

### 4.

#### **New York City continues to face a shortage of affordable rental housing.**

Another way to understand affordability challenges is to consider the number of rental units that became available on the rental market that were affordable to households at different income levels. Of rental units that were on the market in the last five years (which we define as being recently available), just 227,600 rental units with at least two bedrooms were affordable to a three-person household making 80 percent of AMI in 2012. This represented 49 percent of all recently available units with two or more bedrooms, a 22 percentage point decline to similarly situated households in 2000, as shown in Figure 3.6.

<sup>2</sup> The Furman Center uses the area median income as defined by the U.S. Department of Housing and Urban Development's Section 8 and HOME programs. For more information on income limits and category definitions, refer to the Methods section.

### 5.

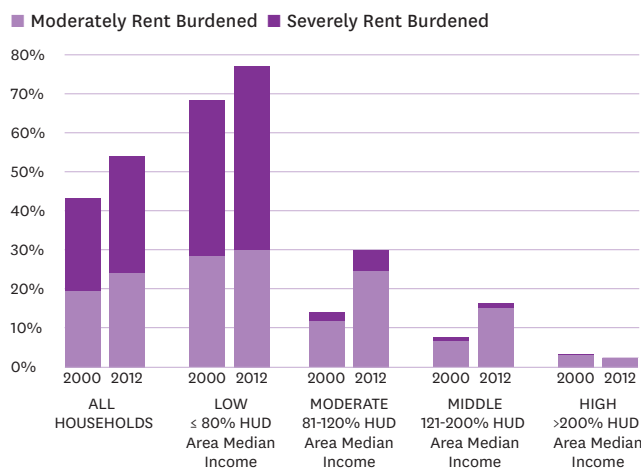
#### **New construction primarily targets a luxury market.**

From 2002 to 2012, New York City's rental stock increased by 5.8 percent, or by an additional 120,000 units. However, the majority of newly constructed units rented at levels well beyond the means of the average renter household in New York City. Rent levels were considerably higher in new buildings than in older buildings. Figure 3.7 shows that the median rent for units in buildings constructed since 2000 was about \$1,550 a month in 2012, several hundred dollars more than units in buildings built in earlier decades. Just 26 percent of units constructed since 2000 rented in 2012 for \$1,005 or less, a level affordable to the median New York City renter household. In comparison, nearly 37 percent of units built prior to 2000 were affordable in 2012 to the median renter household. Much of the difference in rents between new construction and older buildings is due to the fact that new units are generally not subject to rent stabilization.<sup>3</sup> About 33,000 newly constructed units voluntarily opted in to the rent-stabilization system in exchange for a property tax benefit from the city, most commonly 421-a or J-51. However, these units may still rent at levels far above the deregulation minimum of \$2,500—only the rent increases are regulated. In 2011, eight percent of rent stabilized units were voluntarily in the program in exchange for tax incentives. These voluntarily stabilized units will automatically exit the program when their tax incentive expires.

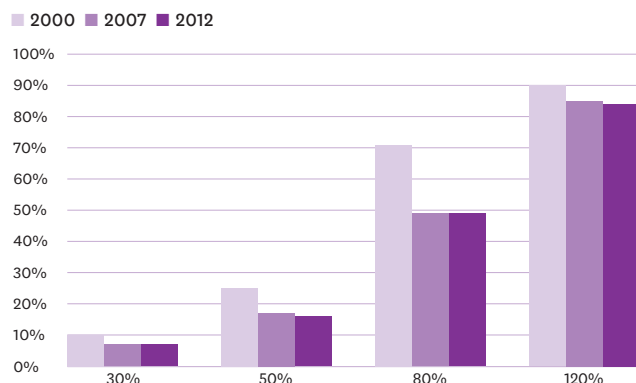
To address the rental housing affordability crisis, the city, state and federal governments have devoted substantial resources to growing the affordable housing stock over the last 10 years. Figure 3.8 shows that 45,000 new units of income-restricted subsidized housing<sup>4</sup> have come online since 2002 as a result of either new construction or substantial rehabilitation. Most of these units have

<sup>3</sup> For more information about rent stabilization, see the Furman Center's data brief, Rent Stabilization in New York City (available at [http://furmancenter.org/files/HVS\\_Rent\\_Stabilization\\_fact\\_sheet\\_FINAL\\_4.pdf](http://furmancenter.org/files/HVS_Rent_Stabilization_fact_sheet_FINAL_4.pdf)) and the Rent Guidelines Board's annual Changes to the Rent Stabilized Housing Stock in NYC report (available at <http://www.nycrgb.org/html/research/cresearch.html>)

<sup>4</sup> Throughout this report, income-restricted subsidized housing refers to rental housing financed through one of four large types of programs: HUD Financing and Insurance, HUD Project-Based Rental Assistance, the Mitchell-Lama Program, or the Low-Income Housing Tax Credit (LIHTC). It is possible that some properties have received financing through subsidy programs not included here and have affordability restrictions through those programs.

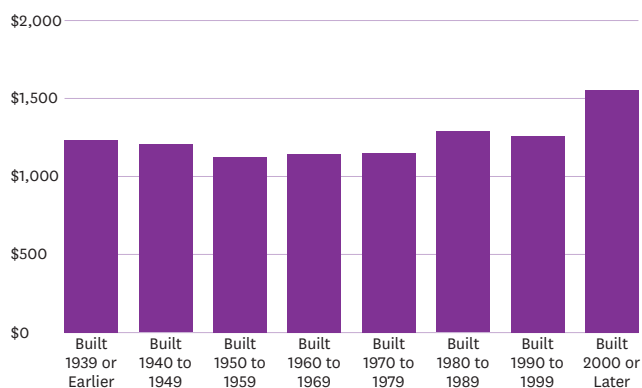
**Figure 3.5: Rent-Burdened Households by Income Group, New York City**

Sources: U.S. Census (2000), American Community Survey (2012), NYU Furman Center

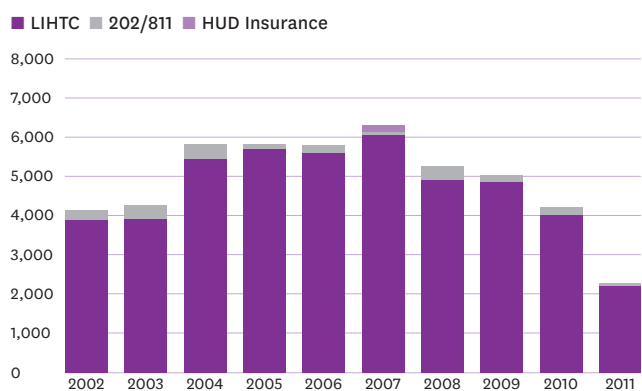
**Figure 3.6: Recently Available\* 2+ Bedroom Units Affordable to Three-Person Households, New York City**

\*We consider units with new occupants in the last five years to be recently available.

Sources: U.S. Census (2000), American Community Survey (2012), U.S. Department of Housing and Urban Development, NYU Furman Center

**Figure 3.7: Median Gross Rent (2013\$) by Year Built, New York City, 2012**

Sources: American Community Survey, NYU Furman Center

**Figure 3.8: Income-Restricted Subsidized Rental Units Financed and Completed in New York City by Subsidy Type, New York City**

Source: NYU Furman Center Subsidized Housing Information Project

received subsidies through the Low-Income Housing Tax Credit program. New subsidized housing production has slowed somewhat since 2007, consistent with trends in total construction.

However, over the same time period, about 25,000 income-restricted subsidized rental units converted to market-rate or rent stabilization after their subsidies expired and the owners opted out of any future affordability restrictions tied to tenant incomes. While Figure 3.9 shows that the rate of conversion has slowed since its peak in 2005, such conversions still remain a threat and are likely to pick back up when the economy improves. The number of subsidized rental housing units converting to market rate could have been over twice as high had the city not been able to preserve about 26,000 affordable units by offering a new infusion of subsidy. Taking into account the production, conversion, and preservation of income-restricted subsidized units, New York City had about 20,000 more income-restricted subsidized rental units in 2012 than it did in 2002.

Figure 3.10 shows how the distribution of rental units in New York City has changed between 2002 and 2012 for the privately owned-publicly subsidized stock, as well as for public housing, rent-stabilized units, and unregulated, market-rate units. While the income-restricted subsidized stock grew by about 12 percent, the market-rate stock grew by much more, increasing by 28 percent. That growth reflects the construction of about 75,000 market rate rental units as well as the conversion of over 100,000 rent stabilized units to market rate, primarily through vacancy decontrol. Other units entered the rent stabilization program after either opting out of a subsidy program or accepting a city tax incentive through the 421-a or J-51 programs. Thus, there was a net loss of about 88,000 stabilized units (8% of the stock) from 2002 to 2012.

## 6.

### **Vacancy rates remain low.**

Despite all of this new market rate and affordable construction, the rental vacancy rate remained low. Figure 3.11 shows that just 3.58 percent of New York City's rental units were vacant in 2012.

Some households respond to the lack of affordable housing by doubling up in the same unit with other households. Figure 3.12 shows that in 2012, about four percent of rental units in New York City were severely overcrowded (more than 1.5 people per room). For example, a two-bedroom apartment with a living room and a kitchen is considered severely overcrowded if seven or more people are living there. In a constrained housing market, we would usually expect severe crowding to rise. However, the rate in New York City has not changed significantly in recent years.

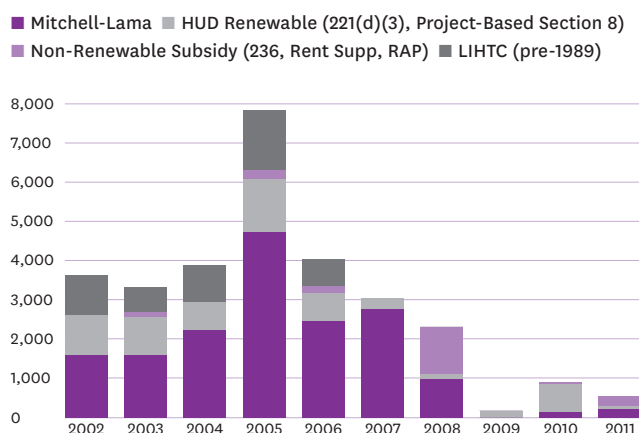
## 7.

### **Housing quality is improving.**

There is some encouraging evidence that housing quality may be slowly improving. Figure 3.13 shows that in 2013, the city issued 182 housing code violations per 1,000 rental housing units. This is the lowest rate recorded since 2004, the first full year during which the city's 311 hotline was fully operational.<sup>5</sup> ■

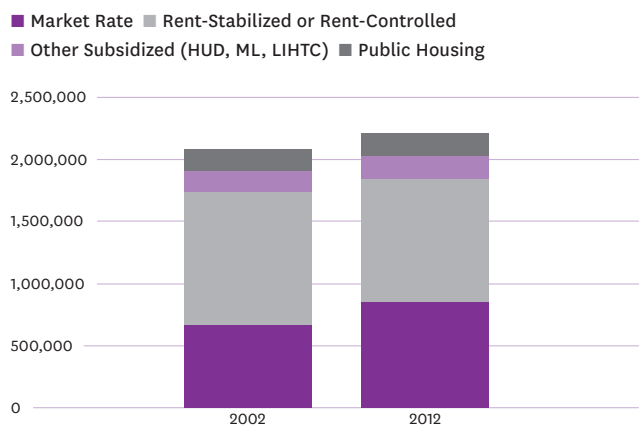
<sup>5</sup> The 311 system is the source of most complaints that lead to housing code violations.

**Figure 3.9: HUD Subsidized, Mitchell-Lama, and LIHTC Units in New York City No Longer Subject to Affordability Restrictions as Cataloged in the Subsidized Housing Information Project Database, by Exit Year**



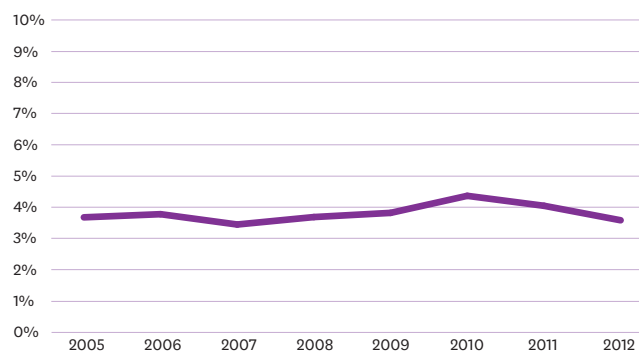
Source: NYU Furman Center Subsidized Housing Information Project

**Figure 3.10: Changes in the New York City Housing Stock**



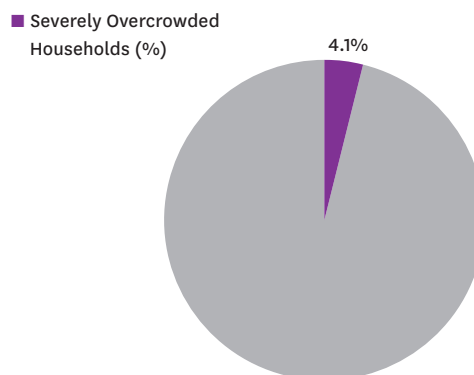
Source: NYU Furman Center Subsidized Housing Information Project

**Figure 3.11: Rental Vacancy Rate, New York City**



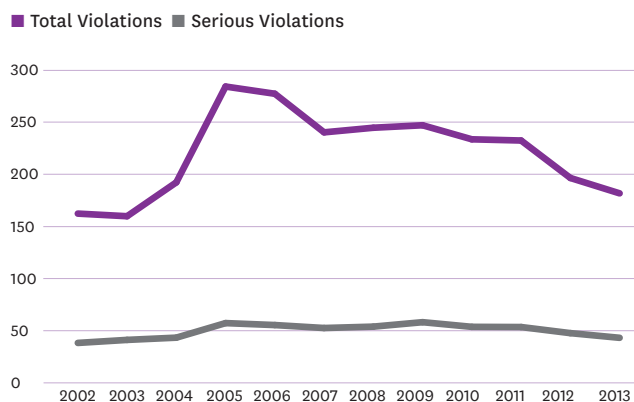
Sources: American Community Survey, NYU Furman Center

**Figure 3.12: Severe Crowding Rate, New York City, 2012**



Sources: American Community Survey, NYU Furman Center

**Figure 3.13: New Housing Code Violations (per 1,000 Rental Units), New York City**



Sources: New York City Department of Housing Preservation and Development, New York City Department of Finance, NYU Furman Center

# Section 4:

## Income and Workers

Between 2011 and 2012, New York City's median household income, workforce participation rate, and unemployment rate improved slightly, and the metropolitan area's gross domestic product continued to grow. However, despite overall growth in the metropolitan area's economy, not all of the city's residents have reaped the benefits. Poverty and unemployment rates have remained elevated, and income inequality has stayed quite high, after rising sharply between 1990 and 2005.

### 1.

#### **Income, Poverty, and Inequality**

##### **a. Median household income recovered slightly from 2011 to 2012.**

For the first time since the onset of the recession, New York City's real median household income increased slightly between 2011 and 2012. As shown in Figure 4.1, New York City's median household income grew modestly from \$51,281 in 2011 to \$51,750 in 2012. However, consistent with the experiences of the next four largest U.S. cities, New York City's median household income remained well below its pre-recession peak in 2008. Without accounting for differences in the costs of living, New York City's median household income also continued to rank highest of the five largest U.S. cities.

##### **b. Fewer households are receiving income from income-generating assets.**

The sources of income for New Yorkers have changed since the recession. As illustrated in the top panel of Figure 4.2, the percentage of New York City households receiving income from interest, dividends, real estate, and other income-generating assets decreased by nearly six percentage points since the onset of the recession in 2008. Over the same period, the share of households receiving retirement income also fell marginally by almost one percentage point, while the share of households with self-employment income remained unchanged.

<sup>1</sup> Data from the Bureau of Economic Analysis show that the real gross domestic product (GDP) of the New York-Newark-Jersey City, NY-NJ-PA metropolitan statistical area grew by 6.2 percent from 2009 to 2012, while the real GDP of U.S. metropolitan areas grew by 6.7 percent overall during the same period.

##### **c. More households depend on the Supplemental Nutrition Assistance Program.**

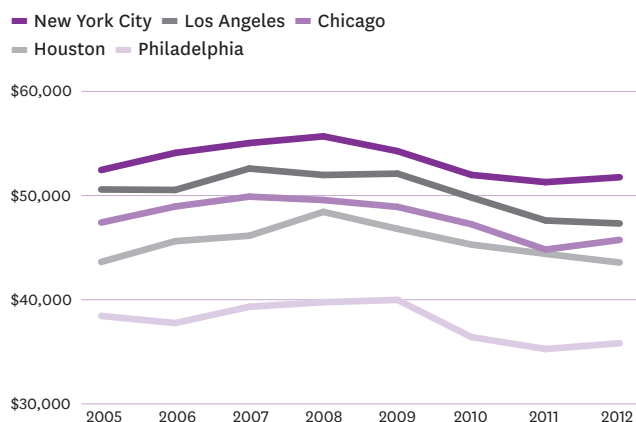
As shown in the bottom panel of Figure 4.2, the percentage of households receiving benefits from the Supplemental Nutrition Assistance Program (SNAP, previously called the Food Stamp Program) grew by seven percentage points between 2007 and 2011 and then remained steady between 2011 and 2012. The percentage of households receiving Supplemental Security Income (SSI) program benefits increased mildly from 2009 to 2010, and remained at nearly the same level through 2012. In contrast to increases in SNAP and SSI participation, the share of households receiving Social Security and Temporary Assistance for Needy Families or other cash public assistance payments has remained generally stable since 2006.

##### **d. New York City's poverty rate has stabilized at roughly 21 percent.**

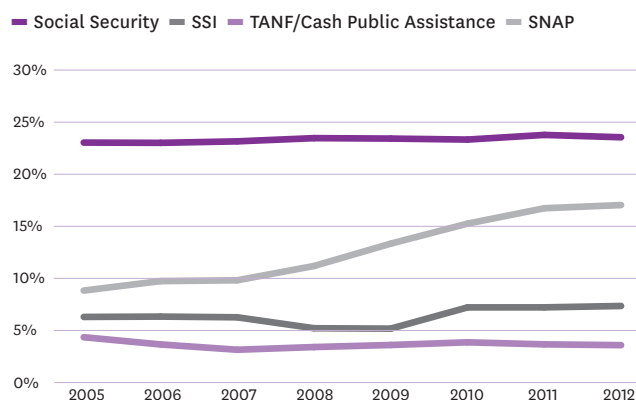
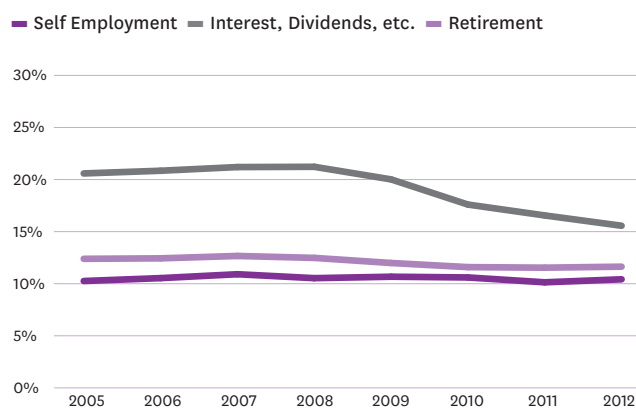
The poverty rate in New York City remained stable from 2011 to 2012 at roughly 21 percent, the lowest rate of the five largest U.S. cities in both years. In all five cities, as shown in Figure 4.3, the poverty rate increased after the beginning of the recession in 2008 and has remained elevated. From 2011 to 2012, only Philadelphia's poverty rate decreased meaningfully, by over one percentage point.

##### **e. In the past two decades, income inequality grew by the same amount in New York City as in other major U.S. cities.**

As discussed in Part 1: Focus on Income Inequality, income inequality has been higher in New York City than in the

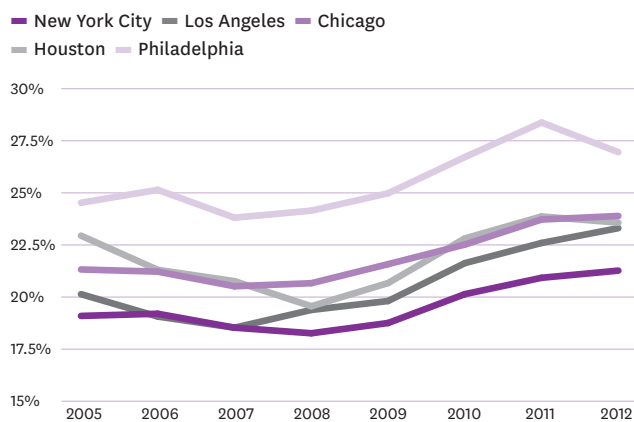
**Figure 4.1: Median Household Income (2013\$), Five Largest U.S. Cities**

Sources: American Community Survey, NYU Furman Center

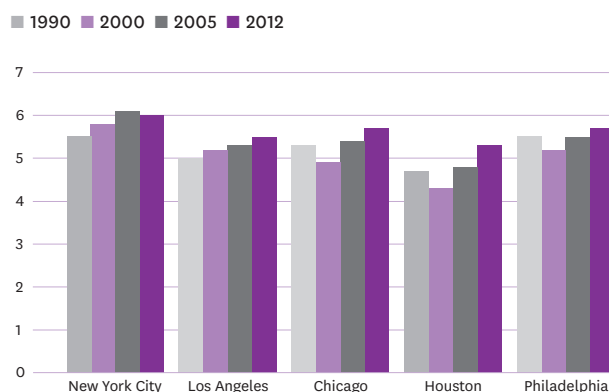
**Figure 4.2: Percentage of Households Receiving Non-wage Income Sources and Public Benefits, New York City\***

\*Sources of household income are not mutually exclusive. Some households might receive income from multiple sources. Some sources, including wages, are not shown. The TANF/Cash Public Assistance category corresponds with the American Community Survey's definition of public assistance income.

Sources: American Community Survey, NYU Furman Center

**Figure 4.3: Poverty Rate, Five Largest U.S. Cities**

Sources: American Community Survey, NYU Furman Center

**Figure 4.4: Income Diversity Ratio, Five Largest U.S. Cities**

Sources: U.S. Census (2000), American Community Survey (2005, 2012), NYU Furman Center

next four largest cities.<sup>2</sup> For example, Figure 4.4 shows that the income diversity ratio, which we discuss in the next section, suggests a widening of the gap between the highest and lowest household income quintiles from 1990 to 2012. Since 1990, the income diversity ratios of Los Angeles, Chicago, and Houston increased by roughly the same amount as New York City's, while Philadelphia's income diversity ratio increased somewhat less. By 2012, New York City's income diversity ratio had risen to 6.0, while the ratios of the other cities ranged from 5.3 (Houston) to 5.7 (Chicago and Philadelphia). Although the income diversity ratio does not measure inequality in the middle or extremes of the distribution, the story it tells of

<sup>2</sup> The income diversity ratio is defined as the 80th percentile of household income divided by the 20th percentile of household income. For example, in 2012, the household at the 80th percentile in New York City earned six times more income than the household at the 20th percentile. As the income distribution becomes more unequal, the ratio increases.

rising inequality is consistent with measures that describe the entire distribution, including the Gini coefficient, described in more detail in Part 1.

## 2.

### Labor Force

#### a. Labor force participation increased in New York City from 2010 to 2012.

The labor force participation rate is the percentage of civilian working age individuals who are either employed or unemployed but actively seeking a job. Since 2005, New York City's labor force participation rate has been lower than that in Los Angeles, Chicago, Houston, and the U.S. as a whole, but higher than that in Philadelphia. As Figure 4.5 shows, the labor force participation rate in the U.S. increased in the beginning of the recession from 2007 to 2008 and then decreased steadily from 2008 to 2012, falling by just over two percentage points. Labor force participation rates have changed much less in the five largest cities between 2008 and 2012. New York City's labor participation rate fell slightly between 2009 and 2010, but quickly recovered from 2010 to 2012 and returned to its 2008 level.

#### b. Leading into the recession, more women and older adults entered New York City's workforce.

Analyzing the labor force participation rate for key groups within New York City shows differences by age and gender. Figure 4.6 shows that labor force participation remained stable and high for men at roughly 69 to 70 percent from 2005 to 2012. It increased for women from 55 percent in 2005 to 58 percent in 2008, and stayed relatively constant through 2012. Similar to trends for women, older adults increased their labor force participation from 60 to 64 percent from 2005 to 2008, and remained as active in the labor force through 2012. Younger adults, aged 16 to 29, participated in the labor force at roughly the same rate from 2005 to 2012, at just over 60 percent.

#### c. New York City's unemployment rate continued its fall since 2010.

In line with the gradual recovery of the U.S. labor market from the Great Recession, the unemployment rate in New York City has fallen since 2010 but not as fast as the overall U.S. unemployment rate. Figure 4.7 compares annual unemployment rates of New York City and the U.S. as reported from the Bureau of Labor Statistics (BLS).<sup>3</sup> Unemployment rates in both New York City and the U.S. sharply increased from 2008 to 2010 and then declined after 2010. From 2010 to 2013, the U.S. unemployment rate fell by 2.2 percentage points, while New York City's unemployment rate dropped by nearly a percentage point.

Average annual unemployment rates in each of the next four largest cities also fell from 2010 to 2013 as shown in Figure 4.8. The unemployment rate fell the most in Los Angeles, though that city still had the highest rate of unemployment in 2013 among the five largest cities (10.8%). In 2013, New York City's unemployment rate was the second lowest of the five cities.

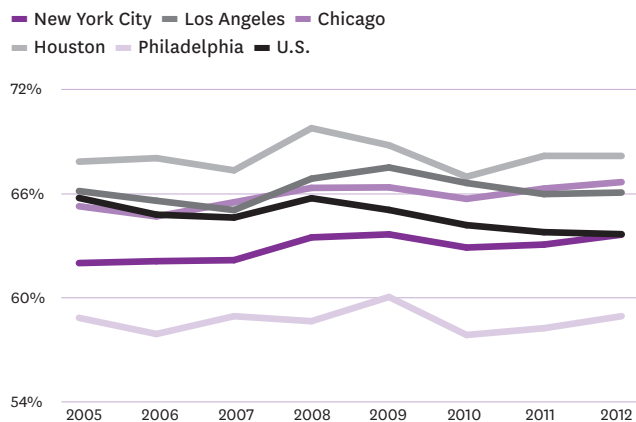
## 3.

### Education and Skills

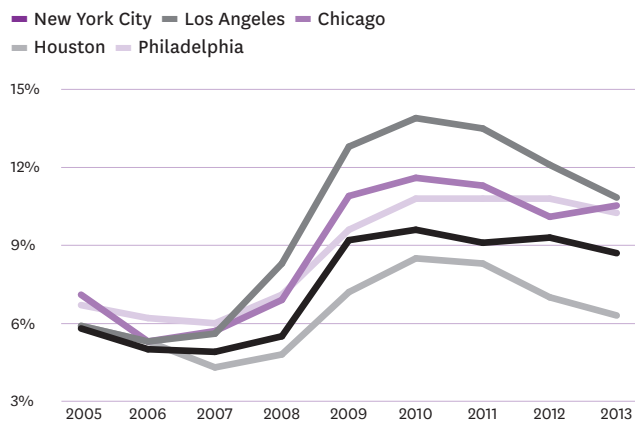
#### a. The proportion of New Yorkers with a college degree increased between 2005 and 2012, while the share without a high school diploma fell only slightly.

In 2012, the share of New York City's residents with a bachelor's degree or higher was 34.7 percent, the highest of the five major cities. While this proportion had increased by 2.4 percentage points between 2005 and 2012 in New York City, it increased by even more in each of the other large cities except for Houston, as shown in Figure 4.9. Meanwhile, each of the next four largest cities also saw a larger decline in the share of residents with less than a high school diploma.

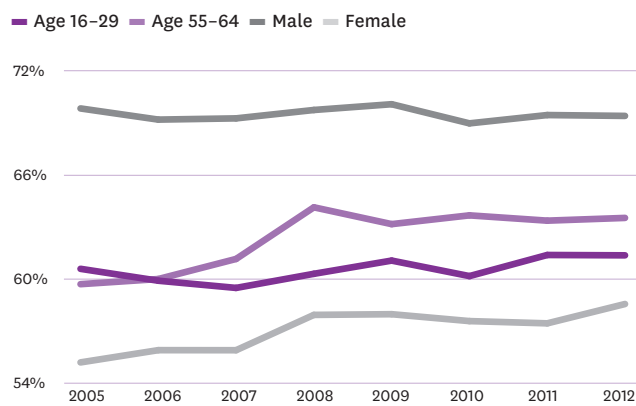
<sup>3</sup> This section reports unemployment data from the Bureau of Labor Statistics (BLS) instead of the American Community Survey (ACS) used throughout Part 3. The BLS makes more recent unemployment data available at the city and county level, but not for smaller geographies, while the ACS permits the calculation of an unemployment rate at the sub-borough area. In order to facilitate comparisons of the unemployment rate from sub-borough areas to larger geographic areas, we report the unemployment rate from only the ACS in Part 3. Because the BLS uses a different survey, the Current Population Survey, among other sources to generate its unemployment rate for local areas, we advise against comparing any BLS unemployment data reported in this section to any ACS unemployment rate data shown in Part 3.

**Figure 4.5: Labor Force Participation Rate, Five Largest U.S. Cities**

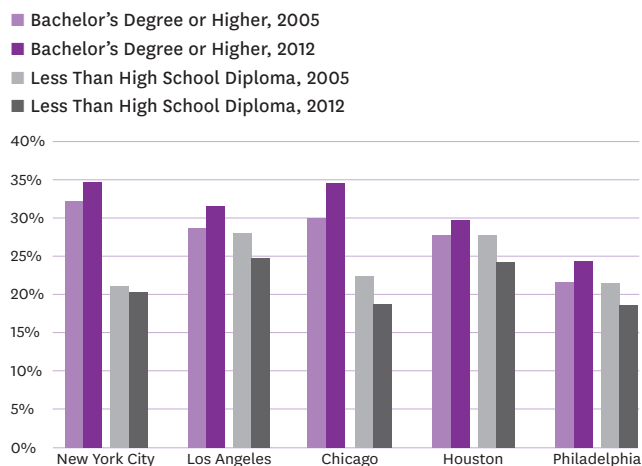
Sources: American Community Survey, NYU Furman Center

**Figure 4.8: Unemployment Rate, Five Largest U.S. Cities**

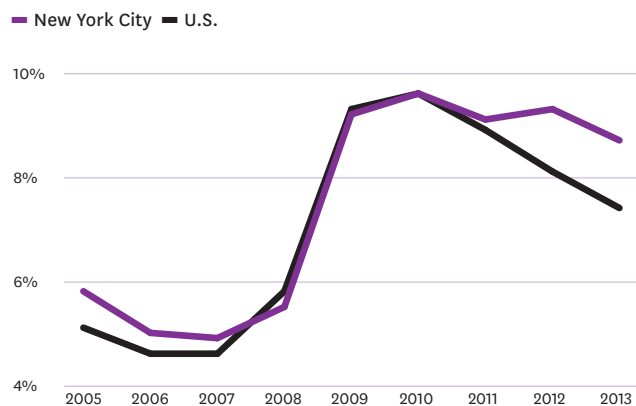
Sources: Bureau of Labor Statistics, NYU Furman Center

**Figure 4.6: Labor Force Participation Rate by Gender and Age, New York City**

Sources: American Community Survey, NYU Furman Center

**Figure 4.9: Educational Attainment, Five Largest U.S. Cities**

Sources: American Community Survey, NYU Furman Center

**Figure 4.7: Unemployment Rate, U.S. and New York City**

Sources: Bureau of Labor Statistics, NYU Furman Center

## **b. The skill levels of jobs held by New Yorkers became increasingly polarized.**

Over the past two decades, the occupations of New Yorkers shifted away from lower-medium-skill jobs and towards occupations at the low and high ends of the skills distribution. Figure 4.10 shows the skills distribution of jobs held by New Yorkers in 1990 and 2012.<sup>4</sup> In 2012, jobs demanding lower-medium skills (transportation, unskilled manufacturing, sales, and administrative support occupations) continued to be the most prevalent among New Yorkers, but the share of workers in these occupations declined substantially from 1990 to 2012, falling by over 10 percentage points. At the same time, the share of jobs demanding low skills increased by over six percentage points, while the share of occupations with high and upper-medium skills increased by about two percentage points each. Thus, the occupational distribution of New Yorkers has become more polarized over the past two decades.

## **c. Real wages declined for lower and medium-skill jobs between 1990 and 2012.**

As seen in Figure 4.11, from 1990 to 2012, the median real annual wage (without controlling for weeks or hours worked) fell in each skill category except for high-skill jobs. The decline was particularly large for low-skill jobs: the median annual wage for this skill group fell by just over 25 percent over this period, while median wages dropped for both lower-medium and upper-medium-skill jobs by about 15 percent. However, the median annual wage for high-skill jobs rose over the same period by about 10 percent. Trends in the median annual wage for upper-medium and high-skill jobs in New York City were generally consistent with those in the next four largest cities (results not shown). However, wage declines were more modest for lower-medium-skill and low-skill jobs in the other four cities. Wages for low-skill jobs fell by only 14 percent and 12 percent in Philadelphia

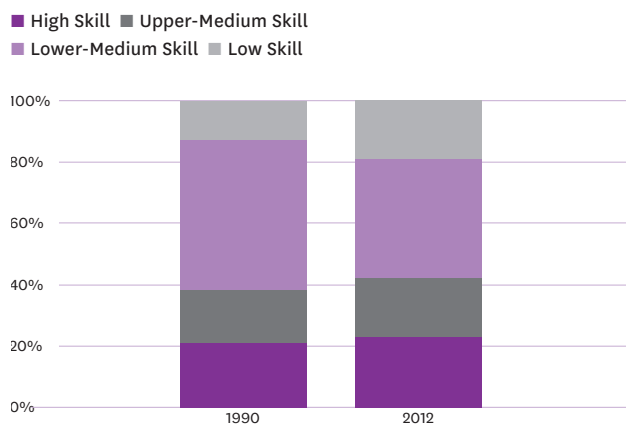
4 To proxy the skill levels of jobs, we adapt an approach used in a recent report by the Federal Reserve Bank of New York. Given that occupations that demand more skills should be associated with higher wages, that report assigns skill levels to workers' occupations based on their rankings of median wages in 2010 for major occupational categories. High-skill jobs include legal, financial, scientific, medical, and managerial occupations; upper-medium-skill jobs include skilled manufacturing, construction, teachers, arts/entertainment, and government occupations; lower-medium-skill jobs include transportation, unskilled manufacturing, sales, and administrative support occupations; and low-skill jobs include personal care, healthcare support, maintenance, and food services positions. Abel, J. R., & Deitz, R. (2012). Job Polarization and Rising Inequality in the Nation and New York-Northern New Jersey Region, Federal Reserve Bank of New York. Retrieved from [http://www.newyorkfed.org/research/current\\_issues/ci18-7.pdf](http://www.newyorkfed.org/research/current_issues/ci18-7.pdf).

## **Inequality in Commuting**

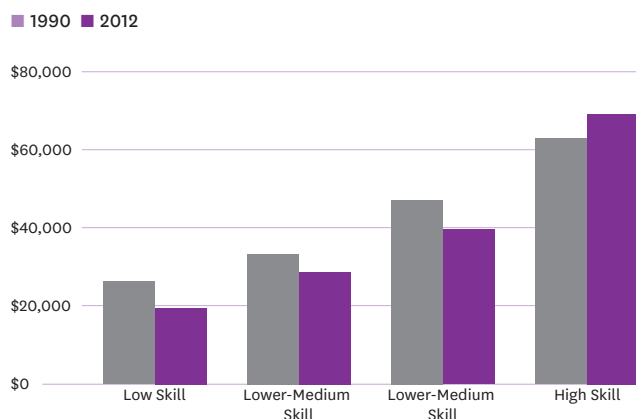
Since 1990, the average New Yorker's commute time has increased, but as Figure 4.12 shows, the trend varied widely between different income groups. In both 1990 and 2012, workers in the highest income households spent much less time commuting than other workers. Their travel times to work changed little over that period, holding steady at just over 32 minutes. In contrast, workers in all other income categories experienced an increase in commuting time between 1990 and 2012. Residents earning between \$40,000 and \$60,000 had the longest average travel time in 2012 at 40 minutes, while residents earning up to \$20,000 experienced the largest increase in commuting time (three minutes).

Over the same period, many New Yorkers changed their mode of transportation to work, mainly from driving alone to using public transportation. From 1990 to 2012, the share of workers commuting by car fell by six percentage points, while the share using public transportation (including buses, rail, and ferries) increased by the same amount. These changes were not uniform across income groups as shown in Figure 4.13. Workers in the highest income households were most likely to shift from driving alone to using public transportation, although they were the group least likely to use public transit in both years. The second highest-income and the lowest-income groups also showed major decreases in the share driving alone and increases in the share using public transportation. The shares of workers commuting by other means, including walking, cycling, and taxis, changed little over this period.

and Los Angeles, respectively, remained stable in Chicago, and increased by 5 percent in Houston. The diverging wages between high-skill and medium- to low-skill jobs held by New Yorkers contributed to increasing inequality in the distribution of income. ■

**Figure 4.10: Distribution of Job Skill Level of Employed New Yorkers**

Sources: U.S. Census (1990), American Community Survey (2012), Integrated Public Use Microdata Series, NYU Furman Center

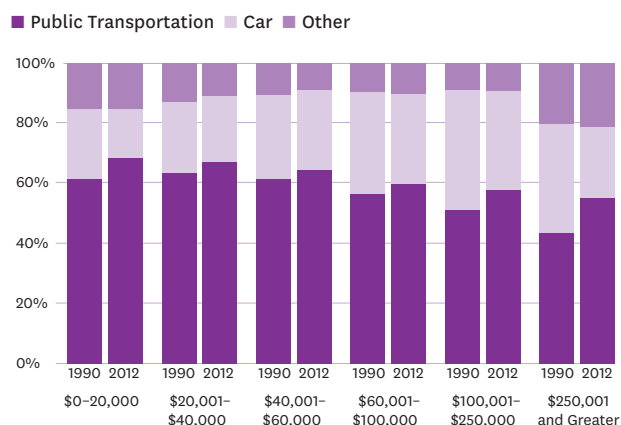
**Figure 4.11: Median Annual Wage (2013\$) by Job Skill Level, New York City**

Sources: U.S. Census (1990), American Community Survey (2012), Integrated Public Use Microdata Series, NYU Furman Center

**Figure 4.12: Mean Travel Time to Work (Minutes) by Household Income, New York City\***

\*Excludes workers in agriculture, mining, forestry, and manufacturing industries, and those who travel for less than 10 minutes or more than 90 minutes.

Sources: U.S. Census (1990), American Community Survey (2012), Integrated Public Use Microdata Series, NYU Furman Center

**Figure 4.13: Means of Transportation to Work by Household Income, New York City\***

\*Excludes workers in agriculture, mining, forestry, and manufacturing industries, and those who travel for less than 10 minutes or more than 90 minutes.

Sources: U.S. Census (1990), American Community Survey (2012), Integrated Public Use Microdata Series, NYU Furman Center

# Section 5:

## Neighborhood Services & Conditions

Indicators suggest that school performance, health, and public safety all continue to improve in New York City. However, these aggregate gains have not closed the significant gaps in environments between lower-income and higher-income New Yorkers. Overall, lower-income households continue to live in neighborhoods with higher crime rates and lower-performing schools than their higher-income counterparts.

### 1. Crime

#### **a. New York City's total crime rate has reached historically low levels.**

New York City's serious crime rate decreased significantly—by nearly 12 serious crimes per 1,000 residents—between 2000 and 2012, according to data reported to the Federal Bureau of Investigation's (FBI) Uniform Crime Reporting Program. Figure 5.1 depicts serious crime rates (excluding rape) that the five largest cities reported to the FBI.<sup>1</sup> During this period, each of the five largest cities also saw a decline in their total crime rate. Chicago experienced the largest decline of 21.3 crimes per 1,000 residents and Houston the smallest of 5.7 crimes per 1,000 residents. Despite the larger decline in crime in Chicago, New York City still had the lowest serious crime rate of the five largest cities in 2012, with a rate of 23.8 crimes per 1,000 people.<sup>2</sup>

#### **b. New York City's murder rate reached a historic low in 2012.**

From 2000 to 2012, New York City saw a decline of 0.03 murders per 1,000 residents citywide. New York City tied with Chicago for the second largest decline of the five largest cities. In 2012, there were 419 murders reported in New York City—fewer than in any year since 1963, the year

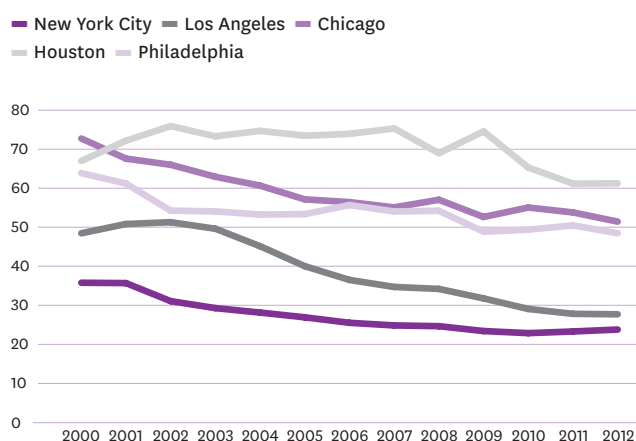
that the New York City Police Department first started collecting data. The decline was particularly steep from 2011 to 2012, when the number of murders in New York City declined 18.6 percent—from 515 in 2011 to 419 in 2012. As seen in Figure 5.2, four out of five of the largest cities saw a decline in their murder rate between 2000 and 2012. The decline in Los Angeles was particularly notable. Still, New York City's homicide rate was lower in 2012 than in any of the four other largest cities.

#### **c. New York City's overall incarceration rate declined between 2000 and 2012.**

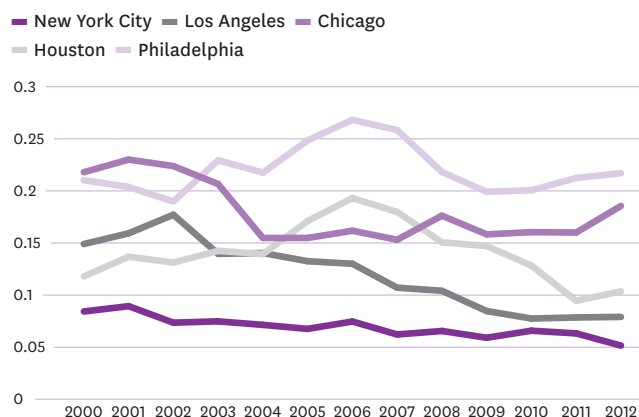
New York City's incarceration rate (the proportion of residents currently in prison) fell from 1,341 per 100,000 residents to 1,081 per 100,000 residents between 2000 and 2012—a decline of 260 incarcerated individuals per 100,000 residents. But not every borough experienced a decline. As seen in Figure 5.3, while the Bronx and Manhattan saw their incarceration rates drop significantly, Brooklyn and Staten Island both experienced increases. Of the five boroughs, the Bronx enjoyed the largest decline in its incarceration rate, falling by about 1,290 incarcerations per 100,000 residents from 2,232 incarcerations per 100,000 residents in 2000 to 942 incarcerations per 100,000 residents in 2012. Manhattan also experienced a notable decline of 791 incarcerations per 100,000 residents. Brooklyn saw the largest increase in its incarceration rate of 392 incarcerations per 100,000 residents.

<sup>1</sup> Because Chicago does not conform to the FBI's standard for reporting rape, rape is omitted from serious crime rates shown in Figure 5.1.

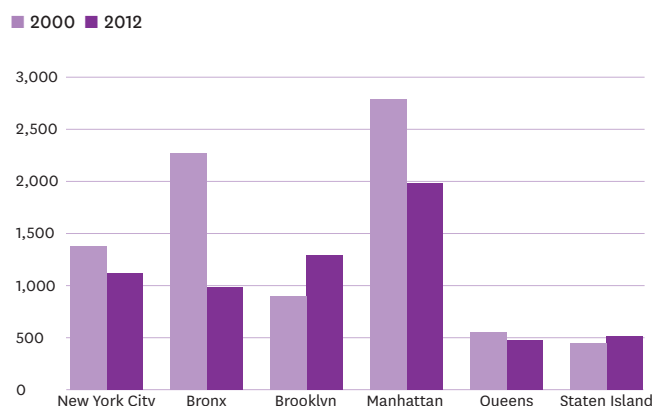
<sup>2</sup> The source of New York City's crime data in Figures 5.1 and 5.2, the Federal Bureau of Investigation Uniform Crime Reporting Program, differs from the source used in Figures 5.4, 5.5, 5.6; Table 5.1; and Part 3 of the report: the New York State Penal Code standard as reported by the New York City Police Department. Due to the differences in reporting standards between the sources, we advise against comparing crime data between sections.

**Figure 5.1: Total Serious Crime Rate (per 1,000 Residents, Excluding Rape), Five Largest U.S. Cities<sup>2</sup>**

Sources: Federal Bureau of Investigation Uniform Crime Reporting Program, NYU Furman Center

**Figure 5.2: Murder Rate (per 1,000 Residents), Five Largest U.S. Cities**

Sources: Federal Bureau of Investigation Uniform Crime Reporting Program, NYU Furman Center

**Figure 5.3: Adult Incarceration Rate (per 100,000 Residents) by Borough**

Sources: New York State Division of Criminal Justice Services, NYU Furman Center

## Comparing New York City's High- and Low-Crime Neighborhoods

Stark socioeconomic differences exist between New York City's neighborhoods with the highest and lowest crime rates. Table 5.1 shows that the top 25 percent of precincts with the highest rates of crime had nearly double the poverty rate of the quartile of precincts with the lowest crime rates (29% and 14%, respectively), and over three times the child poverty rate (79% and 26%, respectively) from 2008 to 2012. During the same period the city's highest crime neighborhoods had larger average shares of black (47%) and Hispanic (34%) residents, while an average of 54 percent of the residents in the city's lowest crime neighborhoods were white.

**Table 5.1: Weighted Average Neighborhood Socioeconomic Characteristics (2008-2012) by Neighborhood Serious Crime Rate (per 1,000 Residents) Quartile in 2012, New York City<sup>2,3</sup>**

|                                   | First Quartile (Lower Crime) | Second Quartile | Third Quartile | Fourth Quartile (Higher Crime) |
|-----------------------------------|------------------------------|-----------------|----------------|--------------------------------|
| Percent Asian                     | 20.5%                        | 13.7%           | 4.8%           | 4.4%                           |
| Percent Black                     | 4.5%                         | 22.3%           | 37.2%          | 47.0%                          |
| Percent Hispanic                  | 19.0%                        | 33.4%           | 36.8%          | 33.7%                          |
| Percent White                     | 54.1%                        | 27.3%           | 19.1%          | 12.3%                          |
| Unemployment Rate                 | 8.3%                         | 10.4%           | 12.5%          | 13.6%                          |
| Poverty Rate                      | 13.9%                        | 18.1%           | 25.9%          | 28.7%                          |
| Poverty Rate: Population Under 18 | 26.2%                        | 40.7%           | 63.9%          | 79.0%                          |
| Homeownership Rate                | 44.0%                        | 37.2%           | 20.2%          | 23.0%                          |
| Median Household Income (2013\$)  | \$73,185                     | \$54,926        | \$43,818       | \$43,267                       |
| Median Monthly Rent (2013\$)      | \$1,425                      | \$1,239         | \$1,093        | \$1,088                        |
| Educational Attainment:           |                              |                 |                |                                |
| No High School Diploma            | 16.9%                        | 22.7%           | 25.8%          | 27.2%                          |
| Educational Attainment:           |                              |                 |                |                                |
| Bachelor's Degree or Higher       | 39.4%                        | 26.8%           | 25.1%          | 21.9%                          |

Sources: American Community Survey (2008-2012), New York City Police Department (2012), NYU Furman Center

3 Table 5.1 presents weighted averages of socioeconomic characteristics of Census tracts from the American Community Survey's 2008-2012 estimates by quartile of total felony crime rates as of 2012. Indicators describing personal characteristics (race, unemployment, poverty, educational attainment) are weighted by that Census tract's total population, and indicators describing the conditions of households (homeownership rate, income, rent) are weighted by that tract's number of households. Precincts in Manhattan below 59th Street and Central Park are excluded. These precincts tend to have relatively higher crime rates because the daytime population of workers cannot be counted in the rate's denominator (for more information, see definition of serious crime rate in the Indicator Definitions and Rankings chapter).

## Average Neighborhood Crime Rates by Household Income

There exists an apparent association between household income and the safety of one's neighborhood in New York City. The New York City Police Department divides major felonies (described together previously as serious crimes) into two sub-categories: *violent crime* includes murder, rape, assault, and robbery, while *property crime* includes burglary, larceny, and grand larceny of a motor vehicle.

While New Yorkers of all income levels lived in safer neighborhoods in 2013 than they did in 2000, the city's lowest-income households (earning \$20,000 or less) experienced the largest reductions in crimes per 1,000 residents from 2000 to 2013. Figure 5.4 illustrates these trends. But despite these overall reductions, in both 2000 and 2013, the city's lowest-income households experienced the highest incidence of violent crime. In 2013, the average violent crime rate for the city's lowest-income households was two crimes per 1,000 residents higher than that of the city's highest-income households.

Household income is also closely associated with a neighborhood's murder rate. As shown in Figure 5.5, in 2013, the average household earning up to \$20,000 annually saw an average murder rate nearly twice as high as the average household earning over \$250,000 annually. Similar to trends in the incidence of violent crime faced by households of different income levels, the average murder rate fell the most for the city's poorest households, by 0.05 murders per 1,000 residents, from 2000 to 2013.

In 2013, higher-income households lived on average in neighborhoods with much higher rates of property crime than lower-income households, as depicted in Figure 5.6. For example, the highest-income households (those earning more than \$250,000 annually) faced an average of 12 property crimes per 1,000 residents, while the lowest-income households (those earning \$20,000 or less annually) saw an average of eight property crimes per 1,000 residents. An important limitation to note is that the city's highest-income households are more likely to reside in mixed-use neighborhoods with daytime populations that exceed the number of residents, or nighttime residents.

Because crime rates do not take into account the number of people in the neighborhood during the day, these rates may overstate the risk of crime in mixed-use neighborhoods. As for changes from 2000 to 2013, the average property crime rate fell the most for the city's highest-income households.

**Figure 5.4: Average Violent Crime Rate (per 1,000 Residents) by Household Income, New York City<sup>2</sup>**



Sources: New York City Police Department, U.S. Census (2000), American Community Survey (2012), NYU Furman Center

**Figure 5.5: Average Homicide Rate (per 1,000 Residents) by Household Income, New York City<sup>2</sup>**



Sources: New York City Police Department, U.S. Census (2000), American Community Survey (2012), NYU Furman Center

**Figure 5.6: Average Property Crime Rate (per 1,000 Residents) by Household Income, New York City<sup>2</sup>**



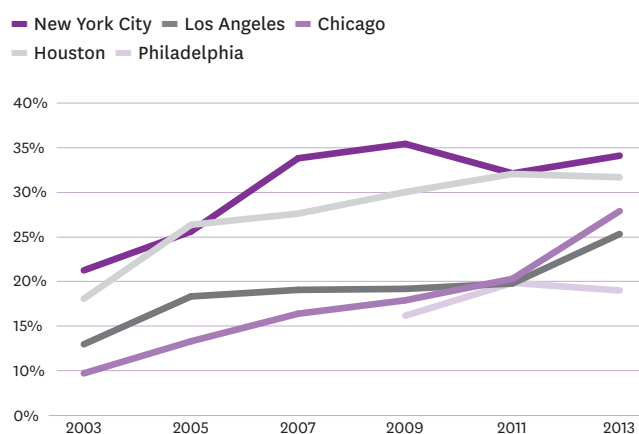
Sources: New York City Police Department, U.S. Census (2000), American Community Survey (2012), NYU Furman Center

## 2. Schools

### a. Citywide, student performance in math and reading continued to improve.

During the 2012-2013 school year, New York City fourth graders out-performed their peers in the other four largest U.S. cities in both math and reading, as seen in Figures 5.7 and 5.8. According to the National Assessment of Educational Progress (the Nation's Report Card), 34 percent of New York City fourth graders performed at or above a proficient level in math, a 13 percentage point increase since 2003. In reading, 28 percent of fourth graders performed at or above proficient, a six percentage point increase over 2003.

**Figure 5.7: Fourth Grade Students Performing at or Above “Proficient” in Math on National Assessment of Educational Progress, School Districts of Five Largest U.S. Cities**

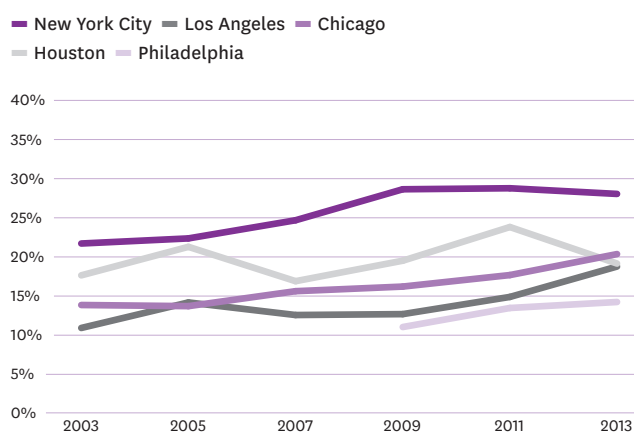


Sources: National Assessment of Educational Progress, NYU Furman Center

### b. Significant income disparities exist in New York City school performance.

While overall student achievement has improved in both reading and math, clear disparities persist in the academic performance of students attending different schools. Figures 5.9 and 5.10 show that in 2012, the average public school student from a household earning more than \$250,000 attended a local school with peers whose proficiency rates were 11 percentage points higher in math and 12 percentage points higher in reading than the rates in the average school attended by a student from a household earning less than \$20,000. In reading, the proficiency gap between the schools narrowed by less than a percentage point from 2000 to 2012, while the proficiency gap in math narrowed by two percentage points.

**Figure 5.8: Fourth Grade Students Performing at or Above “Proficient” in Reading on National Assessment of Educational Progress, School Districts of Five Largest U.S. Cities**



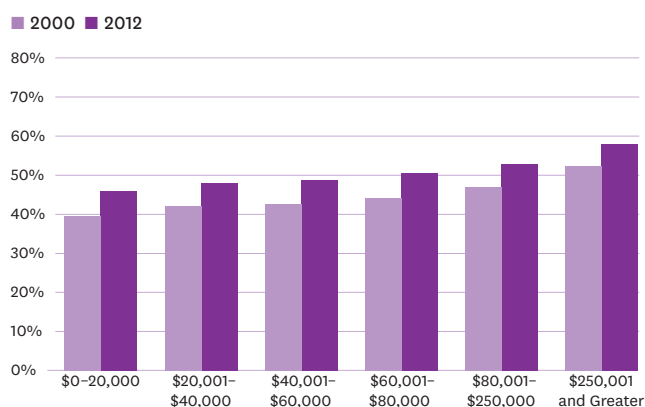
Sources: National Assessment of Educational Progress, NYU Furman Center

**Figure 5.9: Average Percentage of Students Performing at Grade Level in Math by Household Income, New York City**



Sources: New York City Department of Education, U.S. Census (2000), American Community Survey (2012), NYU Furman Center

**Figure 5.10: Average Percentage of Students Performing at Grade Level in Reading by Household Income, New York City**



Sources: New York City Department of Education, U.S. Census (2000), American Community Survey (2012), NYU Furman Center

### **c. New York City's high school graduation rate increased by 18.2 percentage points from 2005 to 2012.**

New York City's four-year high school graduation rate—defined as the share of students who entered high school four years earlier and graduated on time—was 64.7 percent in 2012; 18.2 percentage points higher than it was in 2005. As illustrated in Figure 5.11, New York City has outpaced the other four largest school districts in New York State (Buffalo, Rochester, Syracuse, and Yonkers) in improving its overall graduation rate, and has narrowed the gap with New York State as a whole from 19.3 percentage points in 2005 to 12 percentage points in 2012.

## **3. Health**

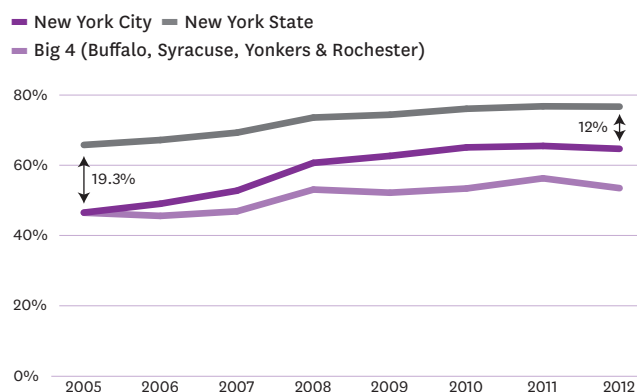
### **a. Infant mortality remains lower in New York City than the U.S. as a whole.**

New York City's infant mortality rate has been consistently lower than the U.S. average from 2000 to 2011, and the gap between the two has increased over time. Figure 5.12 shows that New York City's infant mortality rate declined fairly steadily and significantly from 2000 to 2011—falling from 6.7 deaths in the first year of life per 1,000 live births in 2000 to 4.7 in 2011—while the national infant mortality rate declined at a slower pace. New York City experienced 0.2 fewer infant deaths per 1,000 live births than the U.S. in 2000, but by 2011, the city had 1.4 fewer infant deaths per 1,000 live births than the U.S. In 2010 and 2011, New York City's infant mortality rate was also lower than that of Philadelphia, Chicago, and Houston.

### **b. Incidence of elevated blood lead levels has fallen steadily.**

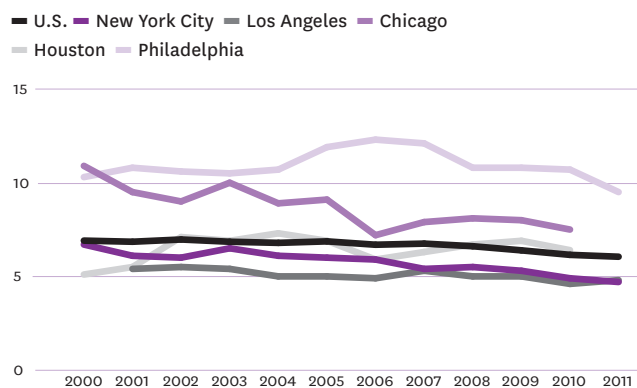
The incidence of elevated blood lead levels in New York City's children has consistently declined since 2000, falling from 21.1 cases per 1,000 children tested in 2000 to just 3.1 cases per 1,000 children tested in 2012. Lead-based paint—the primary cause of elevated blood lead levels—was banned in 1978, but it is still found in many older buildings. As awareness of the dangers of lead poisoning has increased, and city health departments have devoted more attention to the issue, the rate of lead poisoning has declined dramatically across the country and in all of the largest cities for which data are available. Despite New York City's older housing stock, its 2012 rate of elevated blood lead levels in children was lower than the rate for the United States as a whole, which was 6.2 cases per 1,000 children tested in that year. Figure 5.13 highlights these trends. ■

**Figure 5.11: Four-Year High School Graduation Rates, Five Largest New York State Districts and New York State**



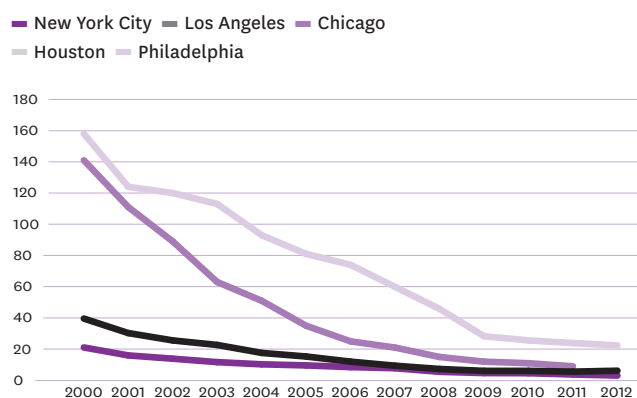
Sources: New York City Department of Education, New York State Education Department, NYU Furman Center

**Figure 5.12: Infant Mortality Rate (per 1,000 Live Births), U.S. and Five Largest U.S. Cities**



Sources: New York City Department of Health and Mental Hygiene Summary of Vital Statistics, NYU Furman Center

**Figure 5.13: Elevated Blood Lead Levels (Rate per 1,000 Children Tested), Five Largest U.S. Cities**



Sources: Center for Disease Control and Prevention, National Center for Environmental Health, Chicago Department of Public Health, Pennsylvania Department of Health, Public Citizens for Children and Youth, NYU Furman Center

## Socioeconomic Characteristics of Neighborhoods with Access to Green Space

Although lower-income New Yorkers tend to live in neighborhoods with higher crime rates and lower performing schools than the average New Yorker, such economic disparities do not apply when it comes to access to green space (specifically, parks of at least a quarter acre or Greenstreets). In fact, as shown in Figure 5.14, the proportion of housing units occupied by the city's highest-income households (those earning more than \$250,000 annually) that were within a quarter-mile of a park or Greenstreet was identical to the proportion of housing units occupied by the city's lowest-income households (those earning less than \$20,000 annually) that were within a quarter-mile of a park or Greenstreet. Housing units occupied by the city's middle-income groups were only slightly less likely to be located within a quarter-mile of a park or Greenstreet.

**Figure 5.14: Percent of New York City Households Living Within 1/4 Mile of a Park, 2012**



Sources: New York City Department of Parks and Recreation, American Community Survey, NYU Furman Center

