

Michael H. Schill and Glynis Daniels

# STATE OF NEW YORK CITY'S HOUSING AND NEIGHBORHOODS: AN OVERVIEW OF RECENT TRENDS

## 1. INTRODUCTION

New York City is well-known for the special challenges it faces in providing the largest urban population in the United States with quality affordable housing. The city's housing problems are frequently the subject of intense debate. It is sometimes said that housing problems in New York City are exceptional and cannot be compared with those of other cities. In this paper, we provide this comparative perspective through an examination of certain housing indicators for New York City, the nation as a whole, and several comparison cities. Our results suggest that New York is not as exceptional as some might think.

Many housing and neighborhood indicators improved substantially in New York City over the late 1990s. Although a large number of New Yorkers live in poor-quality housing or pay extraordinarily high proportions of their incomes for rent, housing problems by and large either stabilized or, in some instances, moderated during the late 1990s. Nevertheless, significant housing problems remain and not all improvements were felt everywhere in the city.

Much of the information on New York City presented here is taken from our recent report, "State of New York City's Housing and Neighborhoods 2001."<sup>1</sup> In that report and in this presentation, we derive many indicators from the New York City Housing and Vacancy Survey (HVS). This survey, which is modeled on the Census Bureau's American Housing Survey

(AHS), is conducted every two to three years and is based on a sample of approximately 18,000 housing units—a substantially larger sample than the metropolitan area surveys of the AHS, which range from 1,300 to 3,500 housing units. Because the HVS is unique to New York City, AHS data for New York, the United States, and six comparison cities are also presented to place the city's housing situation in context.<sup>2</sup>

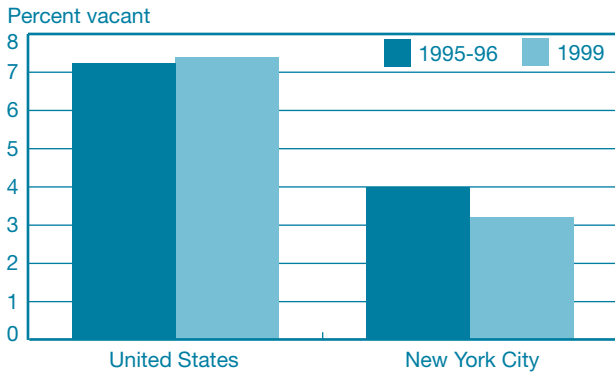
## 2. VACANCY RATES AND HOUSING CREATION

The scarcity of housing in New York City is well-known. As shown in Chart 1, rental vacancy rates in New York are consistently lower than rates for the United States as a whole, reflecting the fact that the city has one of the tightest housing markets in the nation. According to the HVS, from 1996 to 1999, rental vacancy rates in New York declined from 4.0 percent to 3.2 percent. This decline may be an indication of a reversal of the generally upward trend in the vacancy rate since 1984, when only 2 percent of rental units were vacant and available. The current vacancy rate is well below the 5 percent level that statutorily constitutes an official housing emergency in the city. As shown in the chart, the decline in New York City's vacancy rate contrasts with the change in the nation as a whole. According to the AHS, from 1995 to 1999, the

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CHART 1  
Rental Vacancy Rates

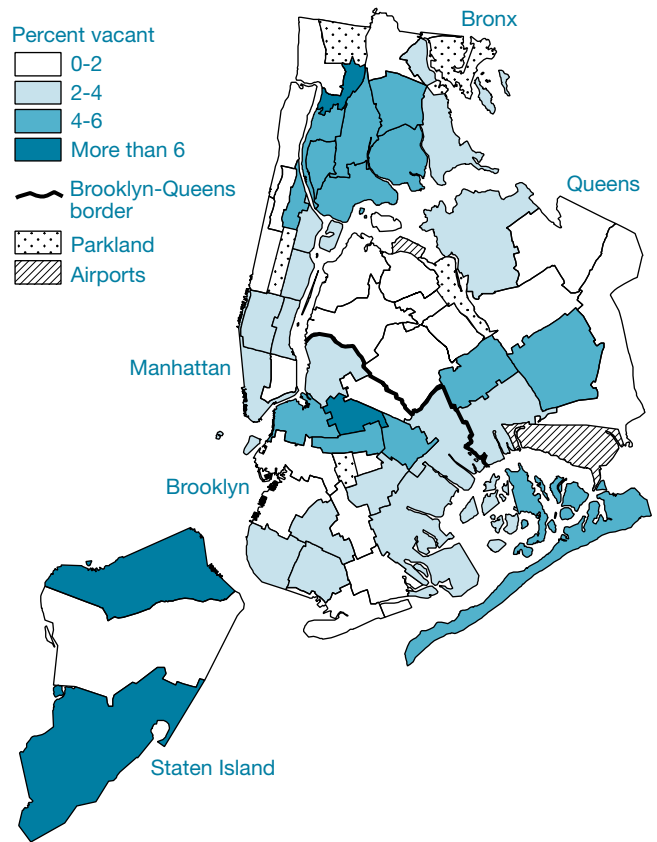


nationwide rental vacancy rate increased slightly, from 7.2 percent to 7.4 percent.

New York City's housing market is not the tightest in the nation, however (Table 1). According to the 2000 U.S. census, two other cities—San Francisco (2.5 percent) and Boston (3.0 percent)—had lower rental vacancy rates. Los Angeles also had a very low vacancy rate of 3.5 percent. At the other extreme are Philadelphia, which has experienced substantial population loss and has a relatively high vacancy rate of 7.0 percent, and Houston, an expanding city, which has the highest vacancy rate of the cities examined, 8.7 percent.

Within New York City, there is substantial variation in rental vacancy rates.<sup>3</sup> As Chart 2 indicates, the areas of

CHART 2  
Rental Vacancy Rate: New York City  
Sub-Borough Areas, 1999



Source: 1999 New York City Housing and Vacancy Survey.

TABLE 1  
Housing Units, Vacancies, and Crowding in the United States and Selected Cities

| Area          | Year | Persons <sup>a</sup> | Households  | Housing Units | Vacancy Rate (Percent) <sup>a</sup> | Severe Crowding (Percent) |
|---------------|------|----------------------|-------------|---------------|-------------------------------------|---------------------------|
| United States | 1999 | 281,421,906          | 102,803,000 | 112,292,000   | 7.4                                 | 0.4                       |
| New York City | 1999 | 8,008,278            | 2,868,415   | 3,038,796     | 3.2 <sup>b</sup>                    | 3.0 <sup>b</sup>          |
| Chicago       | 1999 | 2,896,016            | 1,061,928   | 1,152,868     | 5.7                                 | 1.5                       |
| Los Angeles   | 1999 | 3,694,820            | 1,099,000   | 1,337,706     | 3.5                                 | 4.0                       |
| Boston        | 1998 | 589,141              | 228,300     | 251,935       | 3.0                                 | 0.1                       |
| San Francisco | 1998 | 776,733              | 307,300     | 346,527       | 2.5                                 | 2.1                       |
| Philadelphia  | 1999 | 1,517,550            | 582,300     | 661,958       | 7.0                                 | 0.0                       |
| Houston       | 1998 | 1,953,631            | 642,800     | 782,009       | 8.7                                 | 1.6                       |

Source: American Housing Survey.

<sup>a</sup>Source: 2000 United States Census.

<sup>b</sup>Source: New York City Housing and Vacancy Survey.

New York that have the most vacancies are generally those neighborhoods with high populations of low- and moderate-income families, such as the South Bronx and Central Brooklyn. One exception is southern Staten Island, where land is more available and construction levels are relatively high.

Low vacancy rates can be thought of as reflecting strength or weakness. On the one hand, the extremely tight housing market indicates high demand for residence in the City of New York. People flocked to New York City during the 1990s, largely because of immigration and the attraction of a booming economy. According to the 2000 census, the city's population grew by 686,000 people over the 1990s. Roughly one-half of this increase was probably attributable to the efforts of the City Planning Commission to find people who were always there but had gone uncounted. Nevertheless, the city probably grew by about 300,000 people, or about 122,000 households, over the decade, resulting in a growth rate of between 4.1 percent (using an adjusted 1990 population) and 9.4 percent (using unadjusted data). New York City's population did not grow as fast as the nation's (13.2 percent growth over the decade), but the relatively strong growth in population confirmed a turnaround in the trends of population loss and decline in desirability of urban residential location that has plagued New York and other older cities since the 1950s.

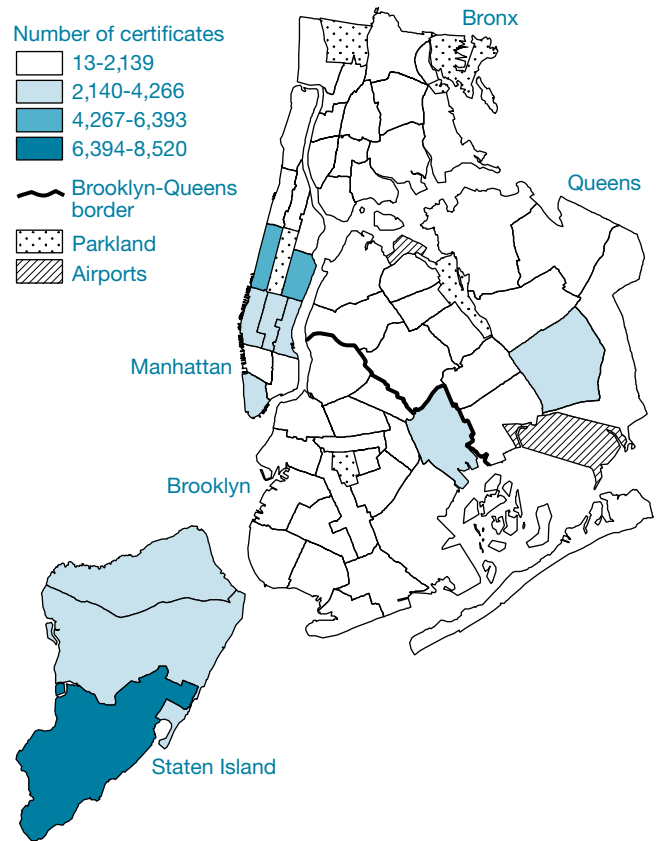
On the other hand, the less desirable implication of low vacancy rates is that housing supply did not keep up with the demand for residence in the city. Over the decade, the city issued certificates of occupancy for only 81,000 new units of housing. That total is less than half the average number of housing units built in the 1970s and only one-fifth the number completed in the 1960s.

As Chart 3 indicates, the bulk of the production in the city was in Manhattan south of Ninety-Sixth Street, Staten Island, Jamaica, and East New York. The development in Manhattan and Staten Island was primarily market-driven; the development in Jamaica and East New York, however, was largely subsidized.

One unique factor in New York City housing production is the large role that government has played in financing and supporting the creation of affordable housing, particularly through the city's capital programs. Since 1987, the city has produced nearly 28,000 new units of housing designated for low- and moderate-income residents. In addition, these programs have rehabilitated another 155,000 units of housing. Some distressed neighborhoods have been affected tremendously by these efforts (Chart 4). Neighborhoods in the South Bronx, for example, have had from 18 percent to 35 percent of their currently existing housing units created or rehabilitated through these programs.

CHART 3

New Housing Units Issued Certificates of Occupancy: New York City Community Districts, 1991-2000



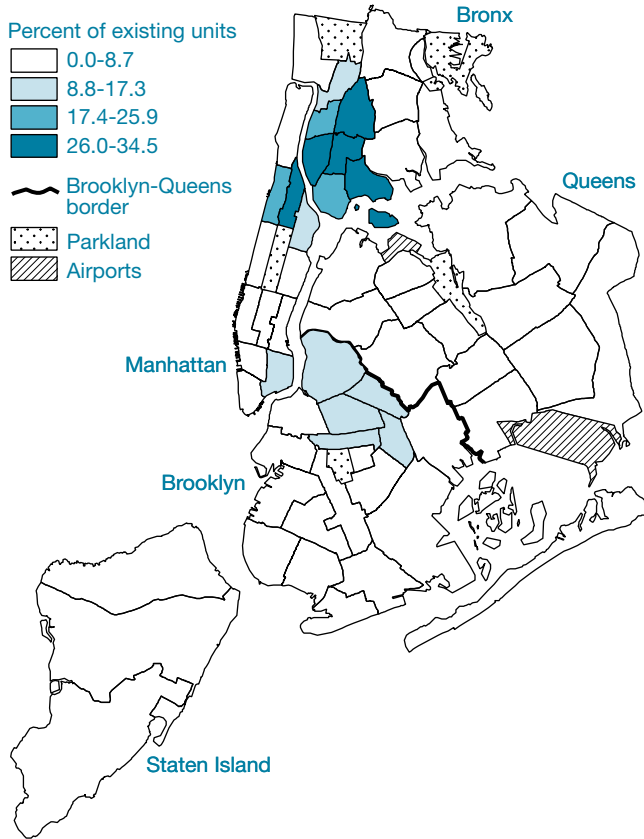
Source: New York City Department of City Planning.

One impact of the tight housing market is crowding. According to HVS data, severe crowding (1.5 persons or more per room) grew worse in New York City during the late 1990s, increasing from 2.7 percent of all households in 1996 to 3.0 percent in 1999. This is much higher than the nationwide incidence of severe crowding observed in the AHS data, which actually decreased from 0.5 percent in 1995 to 0.4 percent in 1999 (Chart 5). Among our six comparison cities, only Los Angeles (4.4 percent) had a higher rate of severe crowding than New York. San Francisco had about 2 percent of housing units with severe crowding, Chicago and Houston each had about 1.5 percent severe crowding, while Boston and Philadelphia had severe crowding rates of less than 1 percent.

Some crowded households are actually two households doubled up in one housing unit. According to estimates from

CHART 4

**Percent of Total Housing Units Assisted through New York City's Capital Programs: New York City Community Districts, 1987-2000**



Source: New York City Department of Housing Preservation and Development.

the 1999 HVS, there were 25,295 households in New York City that contained one or more persons who had doubled up with other households. Of these, 44 percent (11,177 households) doubled up specifically for affordability reasons. This is a decrease of about 5,000 households since 1996. Although the number of doubled-up households in New York is only a small percentage of total households (slightly less than 1 percent), the figure is troubling nonetheless because doubling up is an indicator that a household may be on the verge of homelessness.

### 3. HOUSING AFFORDABILITY

Housing affordability is a major concern in New York City. As Chart 6 indicates, median gross rent (out-of-pocket rent exclusive of subsidies) in New York is substantially higher than the national averages. According to the American Housing Survey, median gross rent grew by 8.7 percent from 1995 to 1999 in New York City. Over the same period, the national median rent grew at a faster rate, 10.9 percent, to reach \$580 per month, but it was still substantially lower than the median monthly rent of \$640 paid by New Yorkers.

Median rent varies widely across New York City neighborhoods. Chart 7 displays median contract rent data from the 1999 HVS. Three very desirable neighborhoods—the Upper East Side, Stuyvesant Town/Grammercy/Turtle Bay, and Greenwich Village/SoHo/Financial District—each had median contract rents above \$1,000 per month. Certain neighborhoods, including those in Central and East Harlem,

CHART 5

**Severe Crowding**

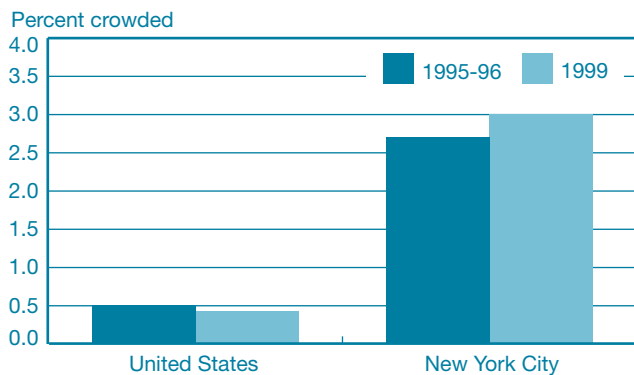


CHART 6

**Median Gross Rent**

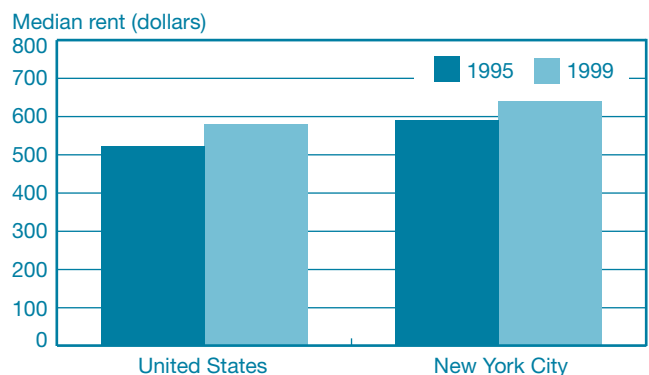
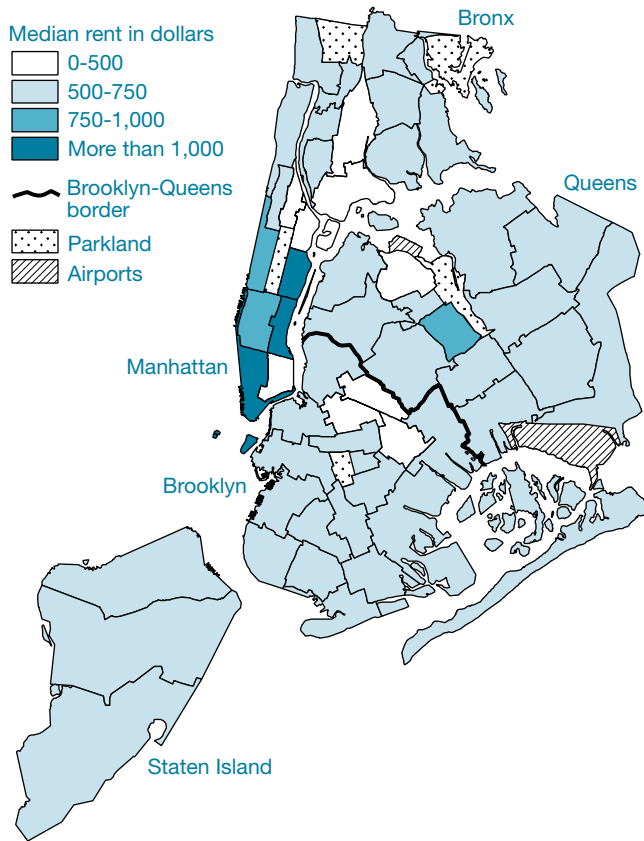


CHART 7

Median Monthly Rent: New York City Sub-Borough Areas, 1999



Source: 1999 New York City Housing and Vacancy Survey.

TABLE 2

Rents and Rent Burdens in the United States and Selected Cities

| Area          | Year | Median Rent (Dollars) | Severe Rent Burden (Percent) | Median Rent Burden (Percent) |
|---------------|------|-----------------------|------------------------------|------------------------------|
| United States | 1999 | 580                   | 21.4                         | 28                           |
| New York City | 1999 | 640                   | 22.4                         | 27                           |
| Chicago       | 1999 | 586                   | 26.1                         | 27                           |
| Los Angeles   | 1999 | 613                   | 29.2                         | 30                           |
| Boston        | 1998 | 750                   | 30.6                         | 30                           |
| San Francisco | 1998 | 839                   | 26.7                         | 28                           |
| Philadelphia  | 1999 | 559                   | 25.9                         | 27                           |
| Houston       | 1998 | 527                   | 20.5                         | 24                           |

Source: American Housing Survey.

the South Bronx, and Central Brooklyn (Bedford-Stuyvesant, Brownsville, and Bushwick) had median rents below \$500 per month.

Perhaps surprisingly, New York does not have the highest average rent among all the cities we examined (Table 2). San Francisco had the highest median gross rent (\$839) and Boston residents paid an average of \$750 per month for rental housing. Los Angeles (\$613), Chicago (\$586), Philadelphia (\$559), and Houston (\$527) each had lower average rents than New York.

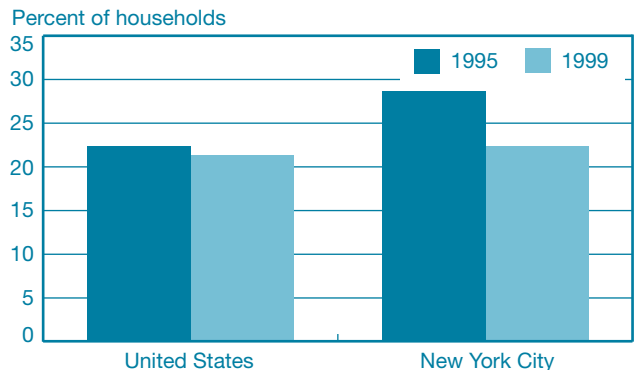
Despite rising housing costs, severe affordability problems declined in New York City in the late 1990s (Chart 8). According to the 1999 AHS, more than one in five New York renter households (22.4 percent) experienced a severe rent burden, defined as paying more than 50 percent of household income for rent and utilities.<sup>4</sup> This represents an improvement—it is more than 6 percent less than the proportion with severe rent burdens in 1996 (28.7 percent)—reflecting the fact that incomes rose faster than rents as a result of the economic expansion. However, it also means that more than 600,000 New Yorkers pay a staggering proportion of their income in rent.

This decline in severe rent burdens made the New York picture nearly comparable to the national picture. In 1999, 21.4 percent of renter households spent 50 percent or more of their income on rent nationwide, just 1 percent less than the figure for New York City. This national figure also represents a decrease of about 1 percent from the 1995 level of 22.3 percent.

Also surprisingly, all but one of the comparison cities had higher levels of severe rent burdens than New York. Houston,

CHART 8

Severe Rent Burdens



with 20.5 percent of households paying more than 50 percent of their income for rent, experienced lower levels than either New York City or the nation. The other comparison cities had greater proportions of households with severe rent burdens than New York. Boston had the highest level of severe rent burden (30.6 percent), followed by Los Angeles (30.0 percent), San Francisco (26.7 percent), Chicago (26.1 percent), and Philadelphia (25.9 percent).

According to the AHS data, the national median rent burden, defined as the median percentage of household income spent on rent and utilities, was 28 percent in 1999 (Table 2). Most of the cities we examined fall within 2 percent of this figure. The highest median percentage of income spent on rent is found in Boston and Los Angeles, where residents typically pay 30 percent of their income for rent. The median rent burden is substantially lower in Houston, only 24 percent; this may well be related to the low rents and high vacancy rates found in that city. In New York, the median rent burden was 27 percent.

High rent burdens mean different things to different households. A 50 percent rent-to-income ratio would be difficult for affluent families, but for them sufficient income would be available for essential expenses such as food, clothing, and medical care after paying for housing. In New York City, however, most households with severe rent burdens are not affluent. According to the 1999 HVS, about nine out of ten renters with severe rent burdens are low-income (80 percent of median) and 62 percent are below the poverty level.

The lower prevalence of severe rent burdens in New York City—compared with Boston, Chicago, Los Angeles, Philadelphia, and San Francisco—can be attributed, at least in part, to high levels of rent subsidies and rent regulation in the city. As shown in Table 3, data from the 1999 HVS and the New York City Housing Authority indicate that nearly three-quarters of all New York City renters either receive some form of rent subsidy or have their rents regulated.<sup>5</sup> This is more than three times the national rate of rent subsidy and/or regulation reported in the 1999 American Housing Survey. And it is the highest level of relief from market-rate rents found in any of the cities we examined. The only city that has similarly high rates of rent relief is San Francisco, where 67.6 percent of renters are protected from market rents through regulation or subsidy. In Boston and Los Angeles, about one-quarter of renters are protected from market rents. In Chicago, nearly one-fifth of renters receive protection or subsidy, and in Houston and Philadelphia, only about 13 percent of renters receive relief from market-rate rents.

TABLE 3  
Rent Regulation and Subsidies in the United States and Selected Cities

| Area                       | Year | Rent Regulation (Percent) | Public Housing (Percent) | Subsidized (Percent) | Total (Percent) |
|----------------------------|------|---------------------------|--------------------------|----------------------|-----------------|
| United States              | 1999 | 2.7                       | 5.6                      | 13.1                 | 21.4            |
| New York City <sup>a</sup> | 1999 | 55.4                      | 5.9                      | 10.3                 | 71.6            |
| Chicago                    | 1999 | 0.0                       | 7.5                      | 12.2                 | 19.8            |
| Los Angeles                | 1999 | 9.9                       | 2.5                      | 11.9                 | 24.3            |
| Boston                     | 1998 | 0.7                       | 13.0                     | 12.1                 | 25.8            |
| San Francisco              | 1998 | 54.3                      | 3.9                      | 9.4                  | 67.6            |
| Philadelphia               | 1999 | 0.0                       | 6.2                      | 6.7                  | 13.0            |
| Houston                    | 1998 | 0.0                       | 2.1                      | 11.0                 | 13.1            |

Source: American Housing Survey.

<sup>a</sup>Sources: New York City Housing and Vacancy Survey; New York City Housing Authority.

#### 4. HOUSING QUALITY

One of the nation's great achievements over the past century has been the improvement of housing quality. Housing quality improved so much that we actually had to change the previous definition of substandard housing used in 1940 (units lacking full plumbing) because virtually all housing now meets that standard. Data from the Housing and Vacancy Survey indicate that housing quality in New York City continued to improve between 1996 and 1999. According to the HVS, the proportion of units with severe maintenance deficiencies—defined as five or more of seven deficiency criteria—declined from 4.5 percent to 3.1 percent.<sup>6</sup> The pattern of housing-quality problems in New York City suggests that most of the units with multiple deficiencies are in low- and moderate-income neighborhoods. For example, Chart 9 shows that the proportion of units with five or more maintenance deficiencies is greatest in Harlem, the South Bronx, and Central Brooklyn. Similar patterns exist for serious housing code violations (Chart 10).

The American Housing Survey provides two other indicators of housing quality: the percent of units with a severe physical problem and the percent of units with a moderate physical problem. The specific physical deficiencies used to create the AHS measures vary somewhat from the HVS, but the



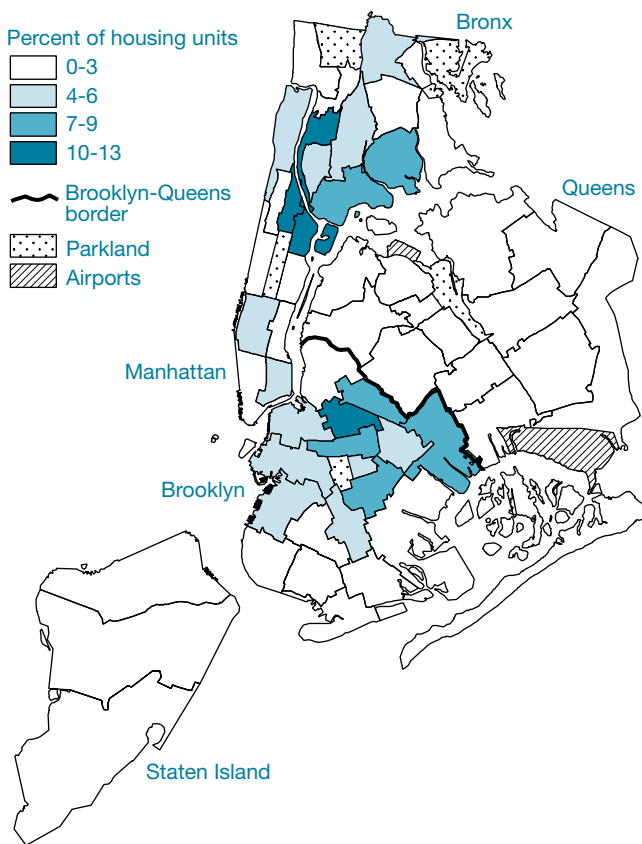
primary difference is that for the AHS indicators, housing units experiencing any of the criteria of physical problems are counted as having physical problems. The HVS maintenance deficiency measure we utilize requires that a unit have five or more problems simultaneously.

The AHS indicators of physical problems present a different picture of housing quality in New York City. As shown in Chart 11, the percent of housing units with serious physical problems actually increased from 6.1 percent in 1995 to

7.6 percent in 1999.<sup>7</sup> These figures are substantially higher than the incidence of severe physical problems nationwide, which decreased slightly from 2.1 percent in 1995 to 2.0 percent in 1999.

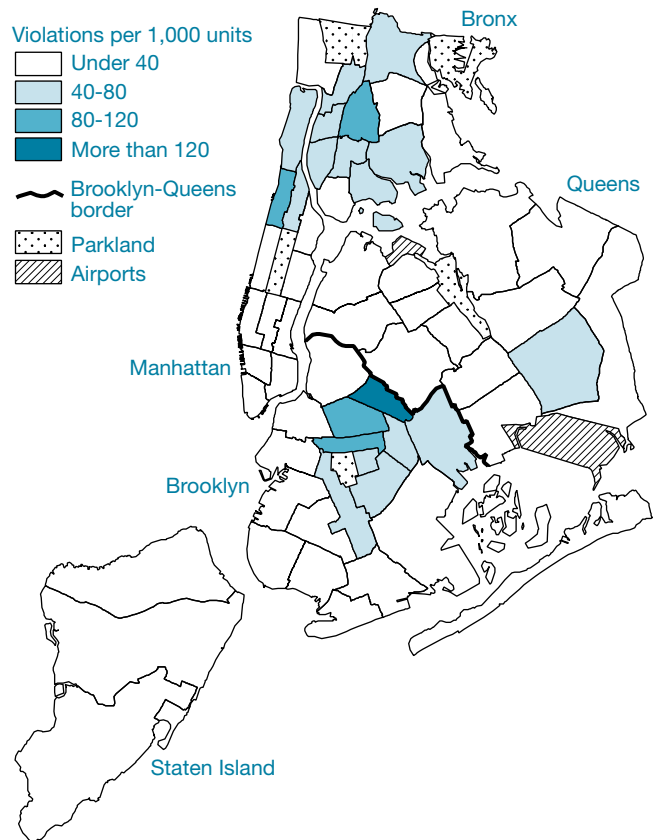
In fact, the AHS data indicate that New York City has the highest incidence of severe physical problems of the cities we examined (Table 4). San Francisco has the next highest rate, with 6.5 percent of units experiencing severe problems, followed by Los Angeles, with 5.0 percent. Houston has the

CHART 9  
Percent of Housing Units with Five or More Maintenance Deficiencies: New York City Sub-Borough Areas, 1999



Source: 1999 New York City Housing and Vacancy Survey.

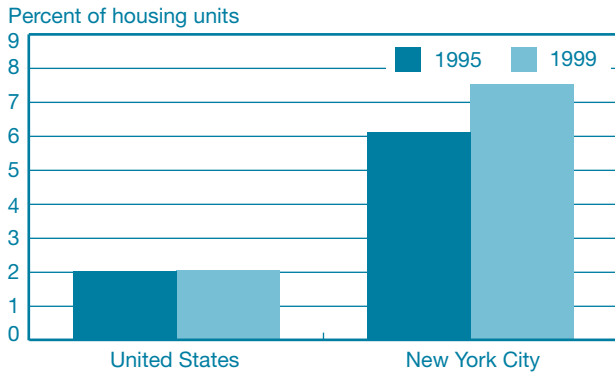
CHART 10  
Serious Housing Code Violations per 1,000 Rental Units: New York City Community Districts, 2000



Source: New York City Department of Housing Preservation and Development.

CHART 11

Severe Physical Problems



lowest rate, 1.9 percent. The picture is very different, however, when moderate physical problems are examined.<sup>8</sup> New York actually has the lowest incidence of moderate physical problems (6.2 percent) of the seven cities. The highest rate of moderate problems is found in Houston (12.1 percent), followed by San Francisco, with 9.4 percent. This suggests that although there is a substantial core of lower quality housing in New York City, housing deficiencies are largely limited to this group of substandard housing units and are not widespread throughout the housing stock.

TABLE 4

Physical Problems of Housing Units in the United States and Selected Cities

| Area          | Year | Severe Problems (Percent) | Moderate Problems (Percent) | Units Built before 1930 (Percent) |
|---------------|------|---------------------------|-----------------------------|-----------------------------------|
| United States | 1999 | 2.0                       | 4.7                         | 13.6                              |
| New York City | 1999 | 7.6                       | 6.2                         | 40.9                              |
| Chicago       | 1999 | 3.8                       | 7.6                         | 37.1                              |
| Los Angeles   | 1999 | 5.0                       | 7.1                         | 11.4                              |
| Boston        | 1998 | 2.5                       | 7.1                         | 52.0                              |
| San Francisco | 1998 | 6.5                       | 9.4                         | 39.0                              |
| Philadelphia  | 1999 | 3.2                       | 6.9                         | 44.3                              |
| Houston       | 1998 | 1.9                       | 12.1                        | 3.2                               |

Source: American Housing Survey.

The age of New York’s housing stock is certainly one factor contributing to its higher rates of physical problems. In 1999, about 41 percent of all units in the city were built before 1930. This means that two out of every five housing units were seventy years old or more. Nationwide, only 13.6 percent of housing units were built before 1930. Only Boston (52.0 percent) and Philadelphia (44.3 percent) had a greater proportion of their housing stock built before 1930. By contrast, in Los Angeles and Houston, the proportions are 11.4 percent and 3.2 percent, respectively.

Another factor impacting the quality of New York’s housing stock is the legacy of housing abandonment and disinvestment that plagued the city from the late 1960s through the 1970s. During this time of financial crisis and social unrest, many middle- and working-class households fled the city. From 1970 to 1980, the city lost more than 800,000 people—more than 10 percent of its population. Entire communities were devastated, and many landlords walked away from their buildings.

Over the past two decades, tremendous progress has been made in New York as a result of a strengthening economy combined with a variety of housing investment programs and anti-abandonment policies. The city took ownership of many abandoned buildings through *in rem* legal actions. A substantial proportion of these properties have been rehabilitated and returned to the private sector through the capital programs mentioned earlier. Many other properties that were never taken *in rem* have been rehabilitated or constructed. But a core of problem buildings in distressed neighborhoods still exists.

Two of the best indicators of fiscal distress and potential abandonment are long-term property tax delinquencies and high lien-to-value ratios. From 1996 to 2000, both the number and proportion of New York City properties with tax delinquencies persisting longer than one year fell substantially—from 9.5 percent to 3.5 percent (Chart 12). Similarly, tax delinquencies that constitute more than half of a property’s market value also declined from 4.2 percent of all properties to 3.8 percent. Among the reasons for these declines in tax delinquency are the program of tax lien sales instituted by the city in the mid-1990s, the city’s anti-abandonment policies, and the resurgence of the city’s economy.

Nevertheless, despite these improvements, some neighborhoods still have extremely high rates of tax delinquency. For example, Chart 13 shows the high rates of tax delinquencies of one year or more that exist in the northern portion of



CHART 12  
Property Tax Delinquencies in New York City

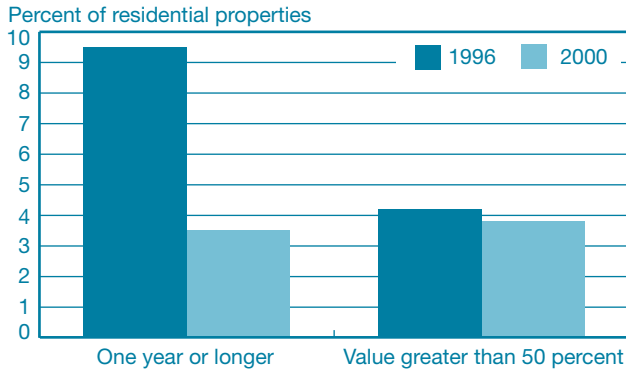
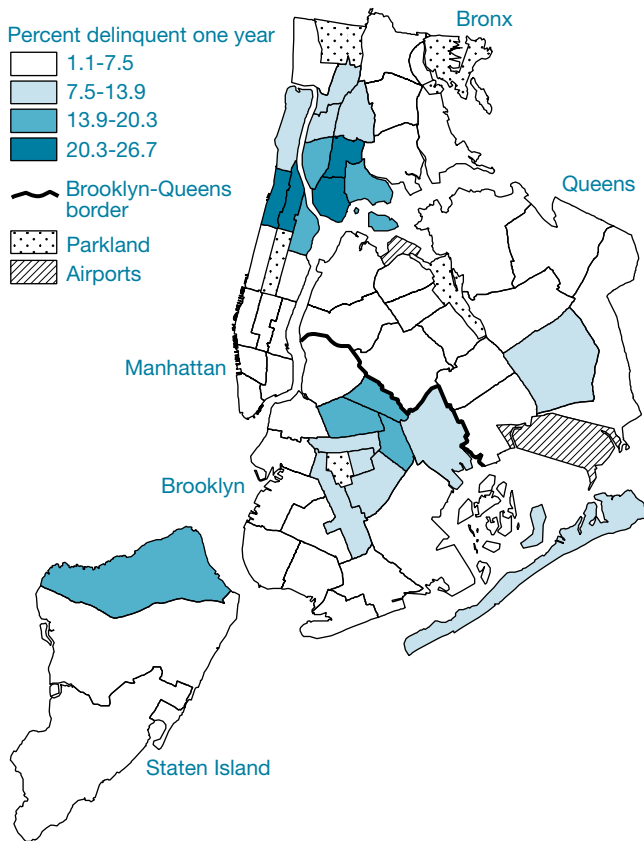


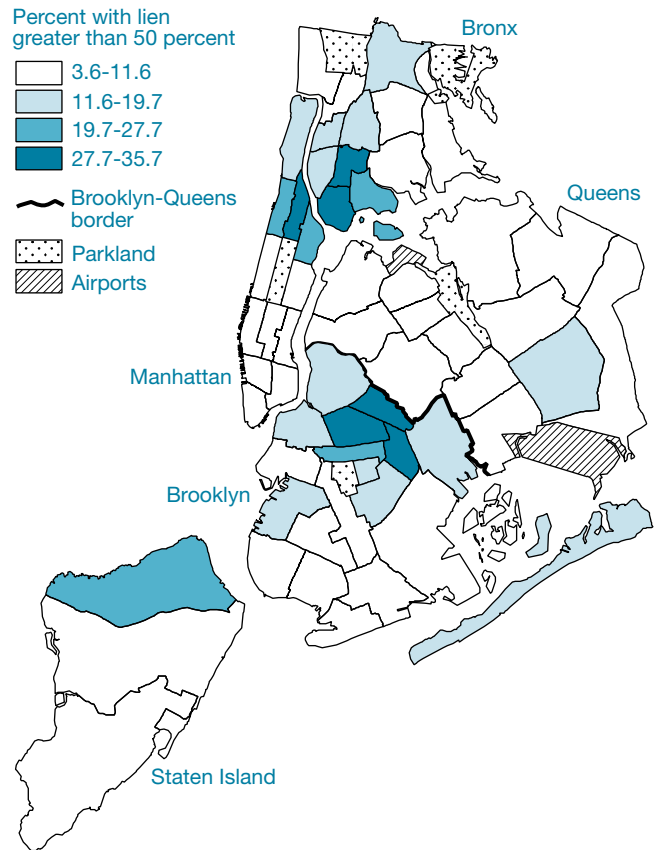
CHART 13  
Rental Properties with Tax Delinquencies of One Year or More: New York City Community Districts, 2000



Source: New York City Department of Finance.

Staten Island, the South Bronx, Harlem, Morningside Heights in Manhattan, and Central Brooklyn. Similar patterns exist for delinquencies in excess of 50 percent of property value (Chart 14). This is a similar, though not identical, geographic pattern as was seen in the map of severe maintenance deficiencies. One implication is that neighborhoods such as northern Staten Island and Manhattan's Morningside Heights might be at risk of further disinvestment if the current problems with the fiscal health of their housing stock are not reversed.

CHART 14  
Rental Properties with Tax Delinquency Amounts Greater Than 50 Percent of Property Value: New York City Community Districts, 2000



Source: New York City Department of Finance.

## 5. HOMEOWNERSHIP AND MORTGAGE FINANCE

According to the Housing and Vacancy Survey, homeownership rates edged up slightly in New York City, from 30.0 percent in 1996 to 31.9 percent in 1999.<sup>9</sup> As shown in Chart 15, national homeownership rates also increased slightly, from 65.0 percent in 1995 to 66.9 percent in 1999. New York’s homeownership rate remains less than half that of the nation as a whole, and New York has the lowest rate of homeownership among the cities we examined (Table 5). San Francisco (33.3 percent), Boston (33.7 percent), and Los Angeles (38.1 percent) also have low rates of homeownership; Chicago (45.4 percent) and Houston (46.3 percent) have somewhat

higher homeownership rates; and Philadelphia’s homeownership rate (61.9 percent) approaches that of the nation.

Nevertheless, housing investment, at least as reflected in home purchase loans, boomed in New York City in the second half of the 1990s. Between 1996 and 1999, the number of home purchase loan originations increased by 44 percent. This rise is much higher than the 4.9 percent increase in home purchase loans in the nation’s metropolitan areas identified in the Joint Center for Housing Studies’ “State of the Nation’s Housing” report over the same period. Each borough in New York enjoyed significant increases, with Staten Island leading the way, followed by Manhattan and the Bronx.

In terms of the dollar amount of home purchase lending in New York, the increase was even greater, 77 percent. As Chart 16 illustrates, the total dollar amount of home purchase

CHART 15  
Homeownership Rates

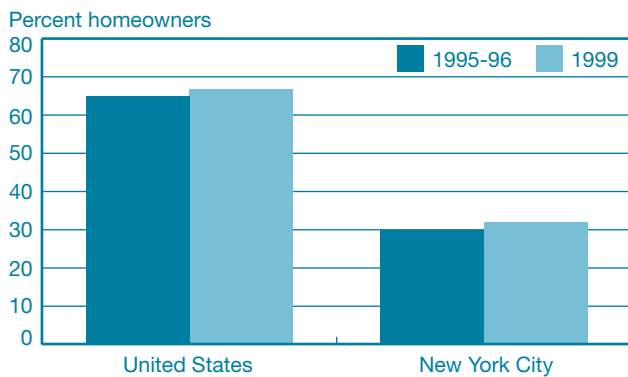


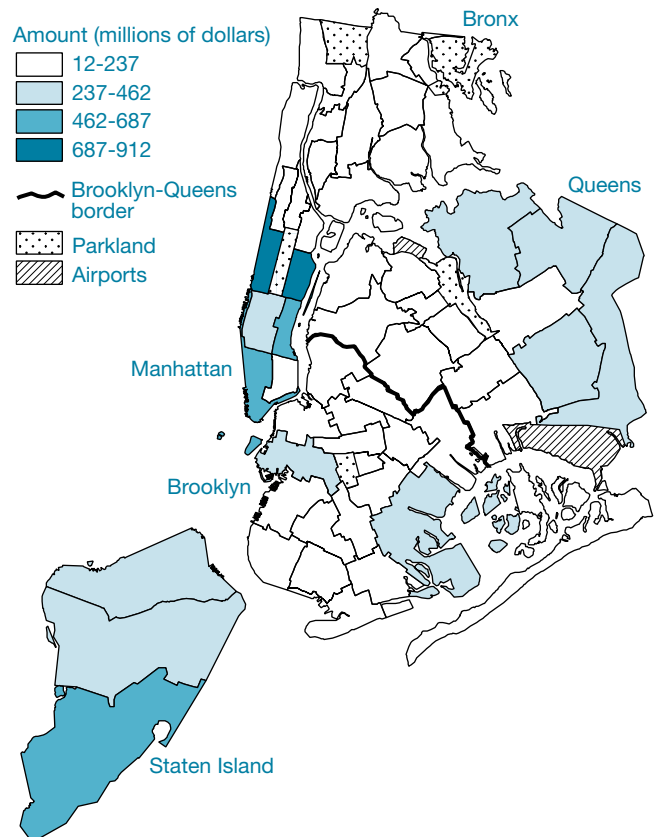
TABLE 5  
Homeownership Rates in the United States and Selected Cities

| Area                       | Year | Homeownership Rate (Percent) |
|----------------------------|------|------------------------------|
| United States              | 1999 | 66.9                         |
| New York City <sup>a</sup> | 1999 | 31.9                         |
| Chicago                    | 1999 | 45.4                         |
| Los Angeles                | 1999 | 38.1                         |
| Boston                     | 1998 | 33.7                         |
| San Francisco              | 1998 | 33.3                         |
| Philadelphia               | 1999 | 61.9                         |
| Houston                    | 1998 | 46.3                         |

Source: American Housing Survey.

<sup>a</sup>Source: New York City Housing and Vacancy Survey.

CHART 16  
Total Dollar Amount of Home Purchase Mortgage Loans: New York City Sub-Borough Areas, 1999



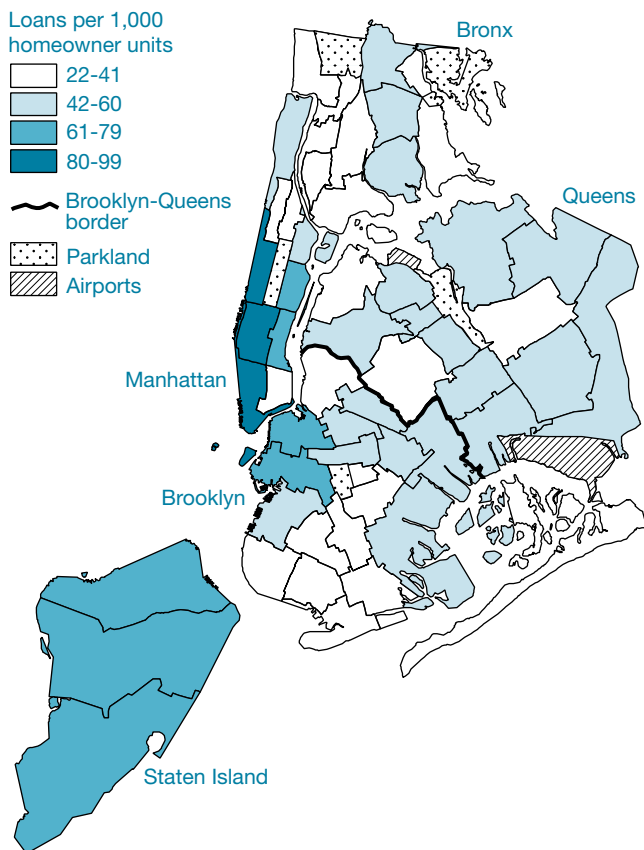
Source: Home Mortgage Disclosure Act.

mortgage loans was predictably greatest in Manhattan south of Ninety-Sixth Street, Staten Island, and parts of the more affluent sections of Queens and Brooklyn. Loan originations per 1,000 properties, however, were more evenly distributed across neighborhoods (Chart 17).

One possible problem area related to the increase in loan origination is predatory lending. Almost all of these loans are made by subprime lenders. Although the share of home purchase loans made by subprime lenders decreased from 1996 to 1999—from 7.2 percent to 3.8 percent—in some

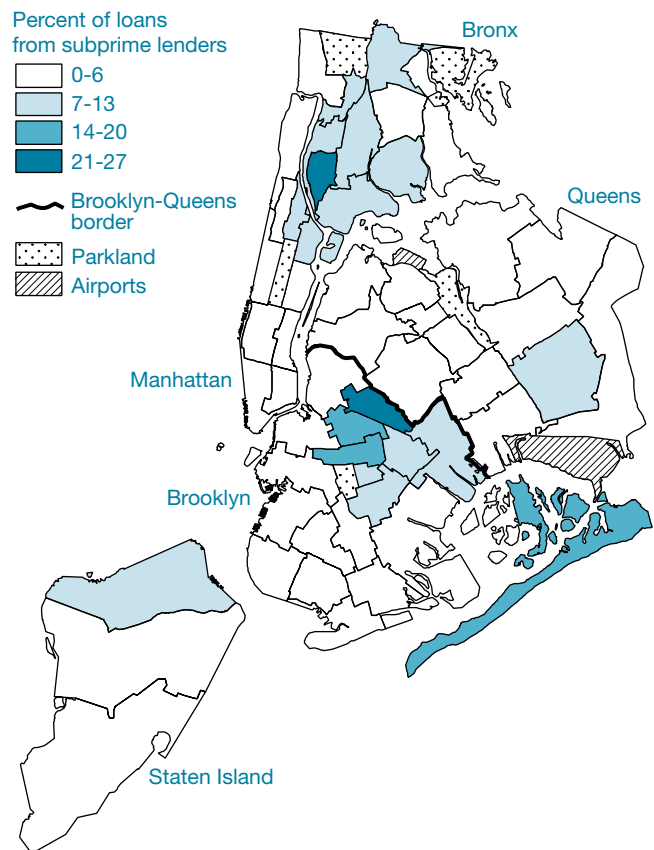
neighborhoods in the city, as much as 25 percent of home purchase loans were made by subprime lenders in 1999. Again predictably, Chart 18 shows that the proportion of home purchase loans made by subprime lenders is much higher in many of the city's poorest areas. Even more pronounced patterns exist for subprime refinance loans (Chart 19). It is important to underscore, however, that not all subprime lending is undesirable. In many instances, poor families would not be able to access the credit market without a subprime lender.

CHART 17  
Home Purchase Mortgage Loan Originations per 1,000 Homeowner Units: New York City Sub-Borough Areas, 1999



Source: Home Mortgage Disclosure Act.

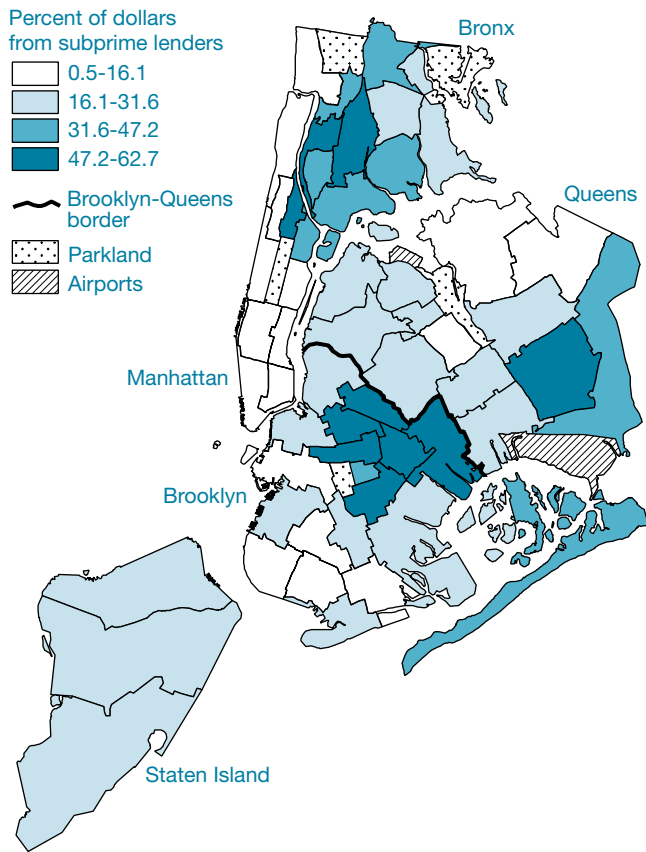
CHART 18  
Percent Subprime Home Purchase Mortgage Loan Originations: New York City Sub-Borough Areas, 1999



Source: Home Mortgage Disclosure Act.

CHART 19

**Percent Subprime Refinance Mortgage Loan Originations: New York City Sub-Borough Areas, 1999**



Source: Home Mortgage Disclosure Act.

## 6. CONCLUSION

Recent data suggest that although substantial numbers of New Yorkers experience rather severe housing problems, the intensity of these problems did not increase in the late 1990s. Indeed, over the last half of the 1990s, as the city's economy boomed and its massive investment in housing bore fruit, levels of severe housing cost burdens and substandard housing moderated slightly. Similarly, homeownership rates crept up, mortgage capital flowed more freely, and tax delinquency declined.

Somewhat surprisingly, data from the American Housing Survey indicate that the housing situation of New Yorkers is better in some respects than that of residents of several other large cities. Although substandard housing is more prevalent in New York, the rate of severe affordability problems is somewhat lower. At least part of the reason for New York's relatively favorable comparative performance on affordability is the fact that a large proportion of the housing stock is either rent-regulated or subsidized. Furthermore, even though rates of severe affordability problems among renters may be somewhat lower in New York City than in other large cities, these other cities typically have much higher rates of owner-occupancy. Therefore, the absolute number and proportion of all households in the city with affordability problems are likely to be as great or greater in New York than in these cities.

Most of the data examined in this paper were collected in 1999 or 2000. New York's financial picture is much different today. The national recession hit the New York area shortly before September 11. Since then, the city has lost jobs, businesses, and tax revenues. It will be a substantial challenge for New York City to maintain the gains of the 1990s. Things will be especially challenging for low-income New Yorkers, who are more dependent on government subsidies, are more likely to have lost jobs or wages after September 11, and may face a loss of income subsidies as a result of the five-year time limits enacted in the Welfare Reform Act of 1996. The strength and speed of the hoped-for economic recovery—combined with the ability of local, state, and federal governments to find ways to provide support to the neediest New Yorkers—will determine whether New York City is able to maintain its hard-won improvements, or whether it will reexperience a downward cycle of housing abandonment and neighborhood degradation.

## ENDNOTES

1. The report is available at <<http://www.law.nyu.edu/realestatecenter>>.

2. In some instances, HVS data for New York City are compared with indicators from the AHS. When these comparisons are made, care is taken to utilize similar computational methods so that the indicators are comparable.

3. Care should be taken when interpreting data from the HVS for sub-borough areas. For some indicators, small sample sizes render the estimates statistically unreliable.

4. Calculations from the HVS, as reported in our “State of New York City’s Housing and Neighborhoods 2001” report, resulted in a severe rent burden of 24.3 percent in 1999, down slightly from 25.3 percent in 1996. The differences between the HVS and AHS are due to differences in the measurement of rent used in the calculations (gross rent in the AHS and contract rent in the HVS) and differences in the measurement of income. When calculating rent burdens, the AHS uses family income as reported in a single question; the HVS uses household income derived from a series of income questions detailed by source.

5. Data from the American Housing Survey yield significantly lower numbers of rent-regulated housing units, 21.8 percent instead of the 55.4 percent reported in the HVS. The AHS probably underestimates the number of households whose rent is kept stable through regulation. This discrepancy may result from the fact that the AHS uses the wording “rent control” to describe rent-regulated apartments. In New York City, the term rent control refers to a strict form of rent regulation that was phased-out beginning in the 1970s and now covers about 3 percent of rental units. However, many New York apartments, 51.9 percent, are covered by the city’s rent stabilization law, under which allowable rent increases are determined annually by a rent guidelines board.

6. The seven criteria of maintenance deficiencies in the HVS are: heating equipment breakdowns; additional heat required; rodent

infestation; cracks/holes in walls, ceilings, or floors; broken plaster or peeling paint larger than 8 ½ by 11 inches; toilet breakdowns; or water leaking from outside the unit.

7. The indicators of severe physical problems in the AHS are: plumbing (lacking hot or cold piped water or lacking both bathtub and shower, all inside the structure); heating (having been uncomfortably cold last winter because the heating equipment broke down, and it broke down at least three times last winter for at least six hours each time); electric (having no electricity, or all of the following three problems: exposed wiring, a room with no working wall outlet, and three blown fuses or tripped circuit breakers in the last ninety days); hallways (having all of the following four problems in the public areas: no working light fixtures, loose or missing steps, loose or missing railings, and no working elevator); and upkeep (having any five of the following six problems: water leaks from the outside, leaks from inside the structure, holes in the floors, holes or open cracks in the walls or floors, more than 8 by 11 inches of peeling paint or broken plaster, or signs of rats in the last ninety days).

8. The AHS definition of moderate physical problems is having any of the following five problems, but none of the severe problems: plumbing (on at least one occasion during the last three months, all the flush toilets were broken down for at least six hours); heating (having unvented gas, oil, or kerosene heaters as the primary heating equipment); kitchen (lacking a kitchen sink, refrigerator, or cooking equipment inside the structure for the exclusive use of the unit); hallways (having any three of the four problems listed in endnote 7); and upkeep (having any three or four of the six problems listed in endnote 7).

9. AHS data for New York City indicate a slight decline in homeownership rates, from 29.8 percent in 1995 to 29.3 percent in 1999. There is no clear reason for the difference in HVS and AHS results. We rely on homeownership data from the HVS because of its substantially larger sample size.

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