AFTERMATH: AFFORDABLE HOMEOWNERSHIP IN NEW YORK CITY

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10 years after the crisis

CENTER for NYC NEIGHBORHOODS

10 years after the crisis

Executive Summary

Ten years after the foreclosure crisis, homeownership in New York City is at a crossroads. Housing prices have rebounded but the state of working- and middle-class homeownership has become measurably more precarious: Today, most New Yorkers are shut out of homeownership due to rising prices, while many existing homeowners struggle to keep up with housing costs, taxes, and needed repairs. Meanwhile, real estate investors are increasingly outbidding working New Yorkers who are seeking to own. In spite of these threats, low- and middle-income homeownership must be preserved in a city confronting an affordable housing crisis where the racial wealth gap and income inequality have increased significantly over the past decade.

In the mid-2000s, a wave of subprime lending targeted neighborhoods across the country, including in New York City. With little regulatory oversight, lenders pushed unaffordable, poorly underwritten products to meet the growing demand for mortgage-backed securities. Black and Hispanic neighborhoods were especially targeted for these loans: in New York City, black families earning more than $68,000 a year were nearly five times as likely to hold subprime mortgages than whites of similar or even lower incomes in 2009.[1] Many borrowers who received subprime loans were existing homeowners seeking to refinance their mortgage.

What happened next is well-documented. The housing market, built on a rickety substructure of shady loans and fraudulent practices, collapsed and ushered in a global economic crisis. The Great Recession put tens of thousands of New York City families at risk of losing their homes, erased millions of dollars in home equity, and led to the loss of jobs, retirement savings, and incomes. The impact on the city's families has been long-lasting, and endures to this day.

This report examines the effects of the 2008 foreclosure crisis on homeownership that is both financially attainable and sustainable — what we refer to as "affordable homeownership." It is a key building block of a more inclusive and equitable New York City, and a tool for opportunity that cuts across economic, racial, and ethnic boundaries. Working- and middle-class communities depend on homeownership as an engine for asset-building and economic mobility. Homeownership offers a pathway to a secure future for New York families through stability, forced savings, and shelter from New York's rising rents. With economic inequality on the rise, affordable, accessible homeownership is more important than ever as a means to reduce disparities in opportunity and to narrow the racial wealth gap.

The relationship between homeownership and economic inequality is especially pronounced in a state and city with some of the highest levels of income inequality nationwide.[2] While New York City is home to 79 billionaires — the most in the world — 36 percent of New York City households live in asset poverty compared to

[1] Bank Accused of Pushing Mortgage Deals on Blacks, New York Times, June 6, 2009, available at: https://www.nytimes.com/2009/06/07/us/07baltimore.html
[2] Wealth Inequality has Widened Among Racial, Ethnic Lines Since End of Great Recession, Pew Research Center, Dec. 12, 2014, available at: http://www.pewresearch.org/fact-tank/2014/12/12/racial-wealth-gaps-great-recession/

26 percent nationwide.[3] Asset poverty is disproportionately found in non-white communities: 23 percent of New York City's white households are in asset poverty, compared to 45 percent of households of color. Equalizing homeownership rates and the returns on homeownership would significantly reduce the racial wealth gap.[4]

In the context of New York City's housing affordability crisis, homeownership can also serve as a powerful buffer against displacement: it provides families with stable housing costs and security of tenure and, for many homeowners, their monthly mortgage payment is significantly lower than market-rate rents in their neighborhood. This is especially important in gentrifying neighborhoods, where landlords have strong incentives to replace lower-paying, long-term renters with higher-paying ones, and investors consume an increasingly large portion of New York City's affordable housing stock.

Homeownership also yields dividends in increased educational attainment, leading to greater economic prosperity for owner households as well as for their communities. Since many New York City homes contain more than one unit, homeowner stability often supports tenant stability, as tenants in 2-4 family homes are generally displaced when a home is foreclosed or sold.

Our research shows that New York City families are only now starting to emerge from the shadow of the recession and the foreclosure crisis. Yet strong headwinds are threatening affordable homeownership.

Findings: Preserving and Creating Affordable Homeownership Opportunities

Growing numbers of senior homeowners

Homeowner demographics are shifting in ways that will have significant repercussions. Today, about a third of homeowners are ages 65 and over. Of these senior homeowners, three-quarters are low- to moderate-income; many are living on fixed incomes, many will need resources and services to support them as they age in place, as well as additional support to protect them from financial shocks.

RECOMMENDED SOLUTIONS:

- **Support seniors aging in place:** The increasing number of lower-income senior homeowners will require assistance obtaining affordable financing for home repairs and accessibility retrofits, resolving tax and water delinquencies, identifying and applying for senior tax exemptions, and handling thorny estate issues.
- **Support reverse mortgage borrowers and develop safer lending products:** As more homeowners become seniors, we can expect increased numbers of

[3] New York City has more than six dozen billionaires—and one just got a lot richer, Crain's New York, March 22, 2018. Available at: https://www.crainsnewyork.com/article/20180322/NEWS/180329953/new-york-is-billionaires-top-city-but-has-three-fewer-than-last-year-according-to-forbes. Original asset poverty data from Prosperity Now, which defines asset poverty as the percentage of households without sufficient net worth to subsist at the poverty level for three months in the absence of income. Available at: http://scorecard.prosperitynow.org/data-by-issue#finance/outcome/asset-poverty-rate

[4] The Racial Wealth Gap: Why Policy Matters, Demos, June 21, 2016. Available at: https://www.demos.org/publication/racial-wealth-gap-why-policy-matters

reverse mortgage borrowers and reverse mortgage defaults. In addition to assistance in averting reverse mortgage foreclosure, greater resources are needed to educate borrowers about the risks and responsibilities of this product.

Investor home purchases have doubled since the financial crisis

During the post-crisis recovery, investor-buyers are increasingly shaping the market for homes. The number of homes purchased by investors annually has doubled since the financial crisis, eating up a larger share of the market and denying the opportunity for stability and asset-building for a typical New Yorker.

RECOMMENDED SOLUTIONS:

- **Implement cease and desist zones:** Cease and desist zones allow residents in neighborhoods undergoing persistent real estate solicitation to opt into a "do not solicit" registry. These zones can provide an empowering tool for community members in neighborhoods experiencing an influx of real estate investment.

- **Implement a flip tax:** A New York City flip tax that would deter property speculation and flipping by creating an additional 15 percent tax on properties sold and resold within one year, and a 10 percent tax on properties sold and resold between one and two years.

- **Implement a pied-á-terre tax and use revenue to support new construction:** A tax on these secondary residences could serve as a revenue source to support new construction of affordable homeownership units.

Fewer young homeowners

The increase in senior homeowners is matched by a 34% decrease in the number of younger homeowners (35 and under) in New York City. Millennial New Yorkers, the oldest of whom are in their mid-30s as of 2018, have far fewer opportunities to become homeowners because of growing home prices, stagnant wages, competition with investors, and tight lending conditions.

Fewer affordable options

The challenges mentioned above not only impact millennials, but put homeownership out of reach for most New Yorkers: Our research shows that the typical New York City family was able to afford only 15 percent of all homes sold in 2017.

RECOMMENDED SOLUTIONS:

- **Promote community land trusts to ensure permanently affordable homeownership:** Community Land Trusts (CLTs) provide below-market rate homeownership opportunities for families unable to afford market rates by ensuring properties stay affordable over generations.

- **Expand down payment assistance and other resources for homebuyers:** A lack of savings to cover downpayments is a major barrier to homeownership, which is why the Center advocates for expanded resources for first-time homebuyers.
- **Strengthen local incomes and economic opportunity:** We recommend improving access to good jobs through neighborhood-targeted workforce

development, job access strategies, and living-wage policies.

Working- and middle-class homeowners are still at risk of foreclosure

While the foreclosure crisis may have faded from the daily headlines, tens of thousands of working- and middle-class New York City homeowners remain at risk of displacement due to foreclosure or related financial vulnerabilities. Additionally, reverse mortgage foreclosures are on the rise, putting seniors at risk of homelessness.

RECOMMENDED SOLUTIONS:

- **Fund foreclosure prevention assistance:** Thousands of New York families continue to rely on foreclosure prevention housing counseling and legal services, yet funding for these services face massive cuts in early 2019.

- **Ensure home repair resources work for New Yorkers:** Unaffordable home repairs are one of the biggest challenges for lower-income homeowners. Expanding home repair grants and loans is one of the most effective tools we have to prevent foreclosure and maintain affordability in a hot market.

More New Yorkers in harm's way due to climate change and increased flood risk

Rising sea levels and new flood maps for New York City pose growing housing affordability and safety challenges for New York City. With about 400,000 New Yorkers living in FEMA's proposed high-risk flood zone, we will need an array of resources, options, and ingenuity to ensure that homeowners are knowledgeable, prepared, and empowered to take steps to best meet this challenge.

RECOMMENDED SOLUTIONS:

- **Make resiliency options affordable for homeowners:** We can improve the safety and resiliency for New York City homeowners by providing low-cost financing and grants to homeowners so they can implement measures in their homes that reduce the risk of flooding as well as the cost of flood insurance.

- **Incorporate energy efficiency within resiliency**: We need a program that can rapidly upgrade New York City's 1-4 family—housing stock that is highly energy inefficient— with the urgency merited by the reality of impending climate change. This can be done applying a single package of retrofits to older homes, such as air sealing, weatherstripping, attic and roof insulation, and common health and safety fixes.

[5] Office of the New York State Comptroller, Foreclosures in New York City, March 2011. Available at: https://www.osc.state.ny.us/osdc/rpt13-2011.pdf
[6] Local Area Unemployment Statistics: New York City, US Department of Labor, Bureau of Labor Statistics. Available at: https://www.bls.gov/regions/new-york-new-jersey/data/xg-tables/ro2xglausnyc.htm
[7] Data on underwater mortgages from Zillow estimates of homes with negative equity. Accessible at: https://www.zillow.com/research/local-market-reports/
[8] Real Estate Market Report: New York City homes lost $261+ billion in value in past year, New York Daily News, May 6, 2009, available at: http://www.nydailynews.com/news/money/zillow-real-estate-market-report-new-york-city-homes-lost-261-billion-year-article-1.408813
[9] Center for NYC Neighborhoods analysis of 2008 and 2017 New York City Housing and Vacancy Surveys.

Impacts of the 2008 crisis across New York:

- Between 2006 and 2009, the number of foreclosure filings in New York City spiked: there were nearly 23,000 foreclosure filings in 2009 alone, with most in Queens (8,900) and Brooklyn (7,100).[5]

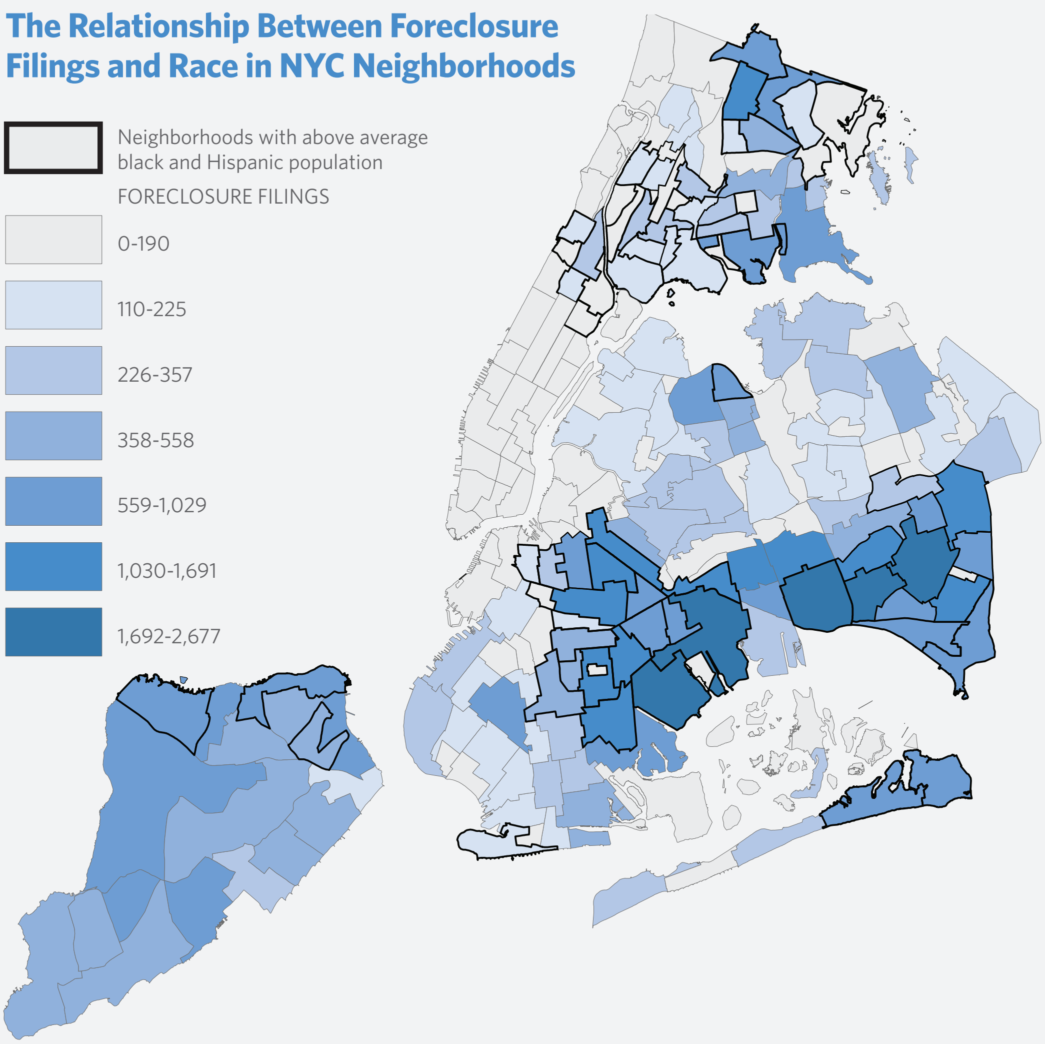
- 300,000 jobs were lost in New York State in 2008 and 2009, triggering a second wave of foreclosures when homeowners who suffered economic hardships as a result of the recession also defaulted on their mortgages.

- The unemployment rate in New York City skyrocketed, peaking at **10.2%** in October 2009, double the 5.1% rate in January 2008.[6] By 2011, nearly one in five homes in New York City were underwater on their mortgages, meaning they owed more on their mortgage than the home was worth.[7]

- Between 2008 and 2009, New York City homes lost **$261 billion** in value.[8]

- Some neighborhoods were especially hard-hit: Williamsbridge/Baychester, Bronx, has lost nearly 7,000 (40 percent) of its homeowners since 2008, and in Hillcrest/Fresh Meadows, Queens, there are now 7,600 fewer homeowners (a loss of 25 percent).[9]

The Relationship Between Foreclosure Filings and Race in NYC Neighborhoods



Source: U.S. Census 2016 5-Year American Community Survey, Property Shark Pre-Foreclosure Filings

Homeownership & the Racial Wealth Gap

A decade after the Great Recession, black and Hispanic families have accumulated significantly fewer financial assets than their white and Asian counterparts. This divide, known as the racial wealth gap, has existed for years and worsened significantly over the past decade. It is strongly correlated to the much lower homeownership rate of black and Hispanic families because home equity makes up the vast majority of net worth for American households. This is also true in New York City, where whites are disproportionately represented among homeowners compared to black and Hispanic families. Researchers have argued that equalizing homeownership rates would significantly reduce the racial wealth gap.[10]

Americans of color have long faced barriers to accessing mortgage credit markets, and thus the asset-building power of homeownership.

For decades, the Federal Housing Administration redlining policies, which classified mortgage loans to neighborhoods with non-white residents as high risk, systematically denied people of color opportunities to own homes. When families of color were able to buy, they often paid more than white families and also paid higher interest rates. Barred access to conventional mortgages, they were often forced to turn to "contracts for deed," a risky, predatory form of home purchase lending that frequently led to the loss of both the home and all equity put into it. The policies acted as a self-fulfilling prophecy that devalued homes owned by black families or in predominantly black neighborhoods.[11]

In the 1990's and early 2000's, the strategy of redlining was superseded by the "reverse redlining" of subprime lending, wherein black and Hispanic communities were specifically targeted by subprime lenders. Instead of being excluded from credit as they were during redlining, communities of color were flooded with bad loans that stripped equity from longtime homeowners and beset new buyers with deceptive, escalating mortgage terms. When the crisis hit, black and Hispanic family wealth, especially for those who had been targeted by unscrupulous lenders, took a significant financial hit: nationally, **half of the collective wealth** of black families was lost during the Great Recession, while Hispanic families lost **67 percent**. Although the majority of homeowners affected by the foreclosure crisis nationwide were white, homeowners of color were **twice as likely** to lose their homes as a result of the crisis, exacerbating the racial wealth gap nationally.[12]

The racial wealth gap broadened following the Great Recession: in 1984, white families had a median wealth 12 times that of black families and eight times that of Hispanic households. After the crash, it increased to **20 times** that of black families and **18 times** that of Hispanic ones.[13]

Reducing the racial gap is thus essential to creating new opportunities for socioeconomic growth in communities of color. Besides asset building, reducing the racial wealth gap through homeownership can have benefits for future generations. A report released by the Urban Institute early this year found that parental homeownership and wealth strongly affect a child's likelihood of owning a home.[14] Equalizing homeownership rates and the returns on homeownership could also significantly reduce the racial wealth gap by increasing the likelihood that parents have assets to pass onto their children. These intergenerational wealth transfers in turn play a pivotal role in whether or not families can pay for higher education.

Affordable homeownership, when supported by robust housing counseling and legal services, can play a key role in preserving and creating new opportunities for communities of color to generate assets and close the racial wealth gap. Innovative solutions like community land trusts can protect affordability over the long-term while generating shared equity, and tools like expanded down payment assistance can help families who have been priced out of the market to afford a new home. Meanwhile, policymakers must support ongoing foreclosure prevention so that no more families lose their homes and the equity they have built up as the market is revitalized.

[10] The Racial Wealth Gap: Why Policy Matters, Demos, June 21, 2016. Available at: https://www.demos.org/publication/racial-wealth-gap-why-policy-matters
[11] Mehrsa Baradaran, The Color of Money: Black Banks and the Racial Wealth Gap, 2017.
[12] The Roots of the Racial Wealth Gap: Explaining the Black-White Economic Divide, Institute on Assets and Social Policy, Feb. 2013. Available at: http://iasp.brandeis.edu/pdfs/Author/shapiro-thomas-m/racialwealthgapbrief.pdf
[13] Wealth Inequality has Widened Among Racial, Ethnic Lines Since End of Great Recession, Pew Research Center, Dec. 12, 2014, available at: http://www.pewresearch.org/fact-tank/2014/12/12/racial-wealth-gaps-great-recession/
[14] Millennial Homeownership: Why Is It So Low, and How Can We Increase It? Urban Institute, July 2018. Available at: https://www.urban.org/research/publication/millennial-homeownership

The Changing Face of Homeownership In NYC

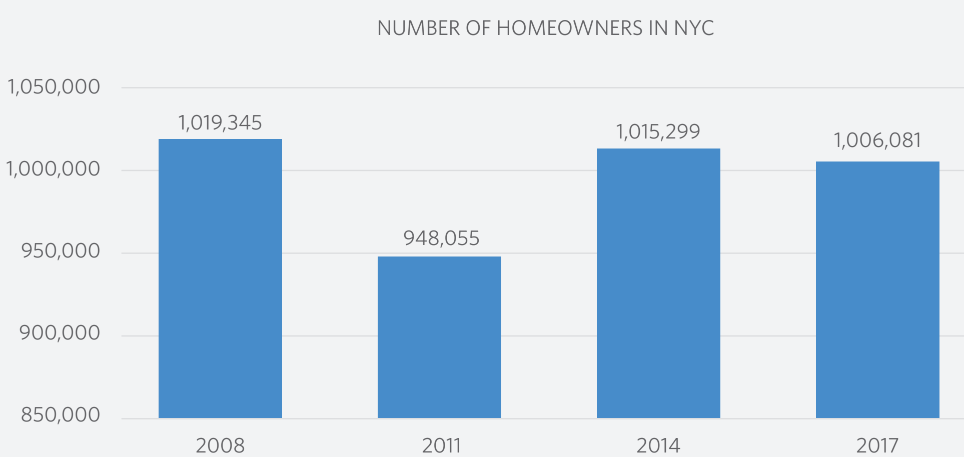
The demographics of New York City's homeowners have changed in the last decade. Compared to 2008, today's homeowners are older, with far fewer younger New Yorkers owning homes. Meanwhile, racial inequality in New York City homeownership rates continues. Finally, with the devastation caused by Hurricane Sandy in 2012, and the upcoming adoption of new flood insurance rate maps, more coastal New Yorkers are aware of their flood risk and face increased costs from storm recovery and flood insurance premiums.

Lower number of homeowners

One effect of the financial crisis can be seen in the decrease in the number of homeowners following 2008, with a loss of 35,000 homeowners between 2008 and 2011. Today, that number still has not reached 2008 levels, even though the population of New York City has grown by just over half a million in the intervening years.

However, New York City's homeownership rate has decreased significantly less than national homeownership rates: US homeownership decreased 3.3% from 67.2% to 63.9% over the past decade, while the city's homeownership rate decreased by only 1%, from 33.6% to 32.7%.[15] The lower decrease is likely due to the persistent domestic and international demand for New York City real estate, which has prevented homes from wallowing in bank ownership or abandonment, as has happened in much of the country.

Number of Homeowners in New York City 2008-2017



Source: Housing and Vacancy Survey for New York City, 2008, 2011, 2014, and 2017 surveys

[15] US Census Bureau, American Community Survey 1 year estimates, 2007 and 2017.

This decrease is not felt equally across New York's boroughs: homeownership rates in the Bronx and Manhattan stayed about the same, while Brooklyn saw slightly increased homeownership rates. Queens homeownership rates decreased by about 2 percent, while the homeownership rate in Staten Island—where Hurricane Sandy devastated neighborhoods and displaced homeowners—decreased by 6.4 percent.[16]

Homeownership Rate for each Borough in 2008 and 2017

	BRONX	BROOKLYN	MANHATTAN	QUEENS	STATEN ISLAND
2008	22.2%	28.3%	24%	45.7%	68.1%
2017	22.1%	29.2%	24.6%	43.8%	61.7%[17]

Source: 2008 and 2017 Housing and Vacancy Survey for New York City

Aging homeowners, missing millennials

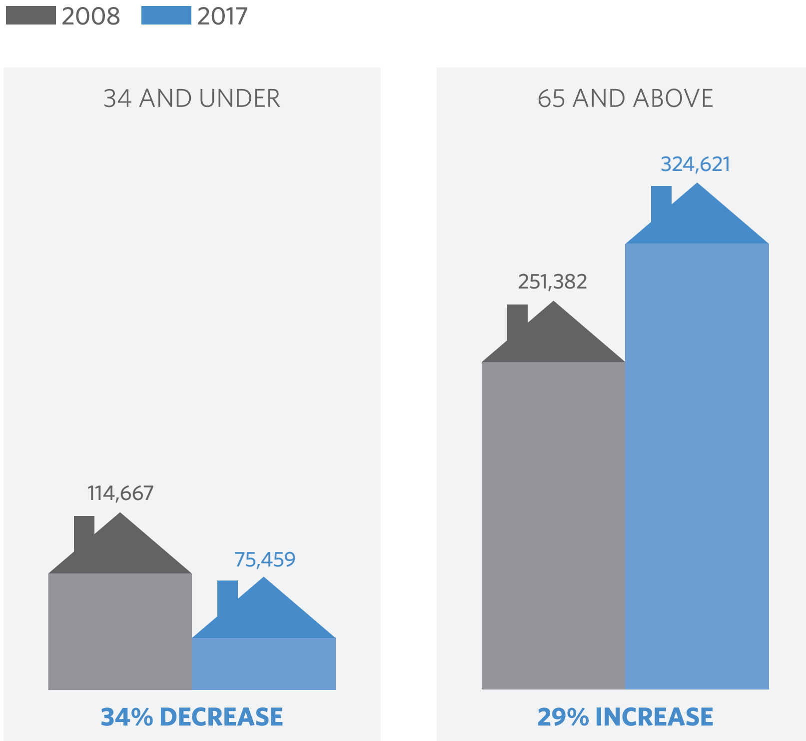
Relatively minor changes in the overall number of homeowners and homeowner rate belie major changes in the age-makeup of the city's homeowners: senior homeowners over the age of 65 increased by 73,000 (29 percent) between 2008 and 2017, while the number of non-senior homeowners decreased by 87,000 (11 percent) over the same period. Queens is home to the largest number of senior homeowners by far: 115,000.

For younger New Yorkers, the opposite has occurred: in 2017, there were 39,000 fewer homeowners under the age of 35 than there were in 2008, a 34 percent decrease. Today, millennials (born in 1983 and later) in New York City comprise only 7.5 percent of homeowners.

These numbers seem to confirm that the city is following the dual national trends of homeowners staying in their homes for longer and fewer millennials becoming homeowners. Possible reasons for homeowners staying put include the lingering impacts of the foreclosure crisis on homeowner finances and credit as well as rising home prices and interest rates.[18] Nationally, low millennial homeownership rates are attributed to heavy student loan debt and rent burdens, as well as delayed marriage and childbearing.[19]

[16] The homeownership rate for 2017 derived from the Housing and Vacancy Survey for that year is far lower than the reported rates in the American Community Survey 1-year estimate, which shows a homeownership rate of 70 percent for Staten Island in 2017. The Census' Housing and Vacancy Surveys between 2008 and 2017 show declining homeownership rates in Staten Island: in 2011, 67.5 percent of residents in Staten Island were homeowners, by 2014, the rate had dropped to 64.6%.
[17] See note above.
[18] Real Estate's New Normal: Homeowners Staying Put, NYTimes, May 14, 2017. Available at: https://www.nytimes.com/2017/05/14/business/economy/home-ownership-turnover.html
[19] Millennial Homeownership: Why Is It So Low, and How Can We Increase It? Urban Institute, July 2018. Available at: https://www.urban.org/research/publication/millennial-homeownership

Number of Homeowners by Age Group



Homeownership rates for ethnic and racial groups hold steady, but disparities remain

Although homeownership rates across the city show only modest decreases in the past decade, there have been substantial shifts in the racial composition of New York City homeowners. Following changes in the general population, the number of black homeowners decreased in New York City. In Queens, there are more than 20,000 fewer Black homeowner households in 2017 than there were in 2005. The number in Brooklyn decreased by 5,000 during the same period.

In New York City overall, white and Asian households are more likely to be homeowners, while black and Hispanics are underrepresented. Moreover, among homeowners, black and Hispanic households are more likely to enter foreclosure.[20]

Low homeownership rates for black and Hispanic families both reflect and perpetuate the persistent national racial wealth gap. Black and Hispanic New Yorkers are twice as likely as white New Yorkers to have zero net worth: 31.4 percent and 31 percent, respectively, compared with 16 percent of white New Yorkers.[21]

The decrease in black homeownership in Brooklyn and Queens can be attributed to forces making homeownership more difficult for existing homeowners and to barriers to homeownership for renters hoping to buy: existing black homeowners have been subject to a combination of high foreclosures rates and a scarcity of home repair or refinance lending (only 40% of black refinance applicants in Brooklyn and Queens received loans in 2017 compared to 52% of white applicants).[22]

[20] According to the Center for NYC Neighborhoods' data, 82% of the foreclosure clients served by the Center's legal services and housing counseling partners are black or Hispanic households.
[21] Prosperity Now Scorecard: New York, NY. Available at: https://scorecard.prosperitynow.org/data-by-location#city/3651000.
[22] Home Mortgage Disclosure Act data, originated first lien refinance loans for 1-4 unit homes for 2017.

Meanwhile, black buyers have faced soaring prices and a tight lending environment. The result: in 2017, there were only 720 and 881 home purchase loan originations to black households in Brooklyn and Queens respectively, compared with 2,023 and 1,742 in 2007.[23]

The Changing Face of Homeownership in NYC Today

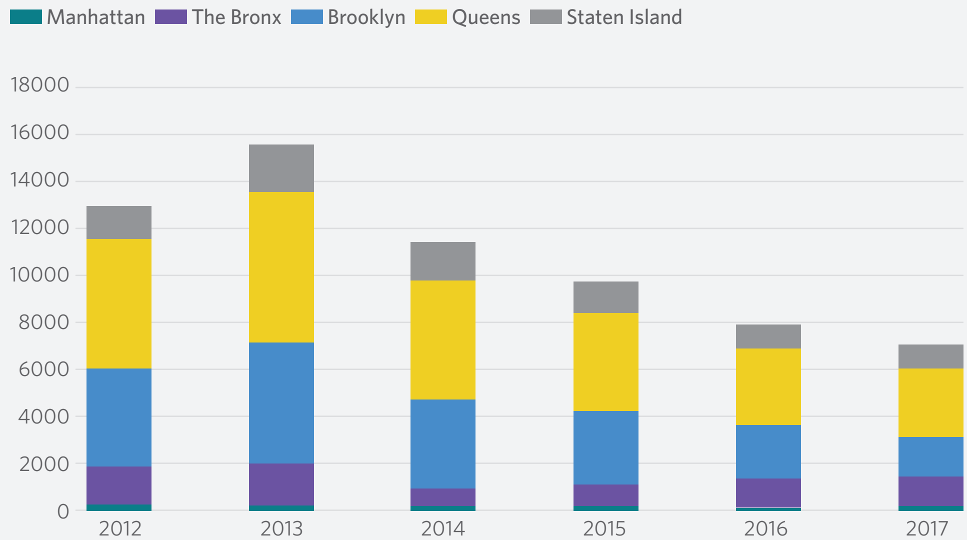
In Brooklyn, the number of white and Asian households has increased. The number of white homeowners has decreased modestly in every borough except Brooklyn, which added 17,000 white homeowner households. The number of Asian house-holds also increased in Brooklyn.

[23] Home Mortgage Disclosure Act data, originated first lien refinance loans for 1-4 unit homes for 2017.

New foreclosure filings are down, foreclosure auctions are up

Foreclosure filings have decreased since the peak of the crisis, yet thousands of New York families continue to navigate the foreclosure crisis. In 2009, at the peak of the foreclosure crisis, there were 22,900 foreclosure filings in New York City.[24] By 2017, new foreclosure filings had fallen to just over 7,000.[25] Despite the slowdown of new foreclosure cases, 16,900 foreclosure cases are still pending in New York City courts.[26]

NYC New Lis Pendens Filings 2012-2017



Meanwhile, foreclosure auctions have been steadily climbing since 2012, reaching a post-crisis high of 3,306 in 2017.[27] The increase in foreclosure auctions has two causes: the increased willingness of banks to foreclose due to rising property values, and the concerted efforts of the New York State Office of Court Administration to reduce the overall number of pending foreclosure cases by moving more quickly towards resolution.[28]

Large increase in homeowners with legal representation

One bright spot among New York City foreclosure trends is the large increase of homeowners with legal representation in their cases. Without an attorney, homeowners would find it extremely difficult to effectively represent themselves in their foreclosure cases. In 2011, only 33 percent of New York homeowners had legal representation in their foreclosure cases. By 2017, 62 had legal representation.[29] This increase is a testament to the persistence of foreclosure advocates and the large-scale dedication of public resources towards foreclosure prevention legal services.

[24] New York State Comptroller's Office, Foreclosures in New York City, March 2011. Available at: https://www.osc.state.ny.us/osdc/rpt13-2011.pdf
[25] Center analysis of foreclosure filing data provided by Property Shark.
[26] Data provided by the New York State Unified Court System, Office of Court Administration, December 2017.
[27] 2017 Annual Foreclosure Report, PropertyShark. Available at: https://www.propertyshark.com/Real-Estate-Reports/NYC-Foreclosure-Report-2017
[28] New Foreclosure Cases Dropped 4 Percent, But the Number of Auctions Grew in 2017, Report Says, AMNewYork, Jan. 9, 2018. Available at: https://www.amny.com/real-estate/foreclosure-auctions-rise-1.16037202
[29] 2017 Report of the Chief Administrator of the Courts on the Status of Foreclosures, State of New York Unified Court System. Available at: https://www.nycourts.gov/publications/pdfs/ForeclosureAnnualReport2017.pdf

Many New York City homeowners remain financially-vulnerable

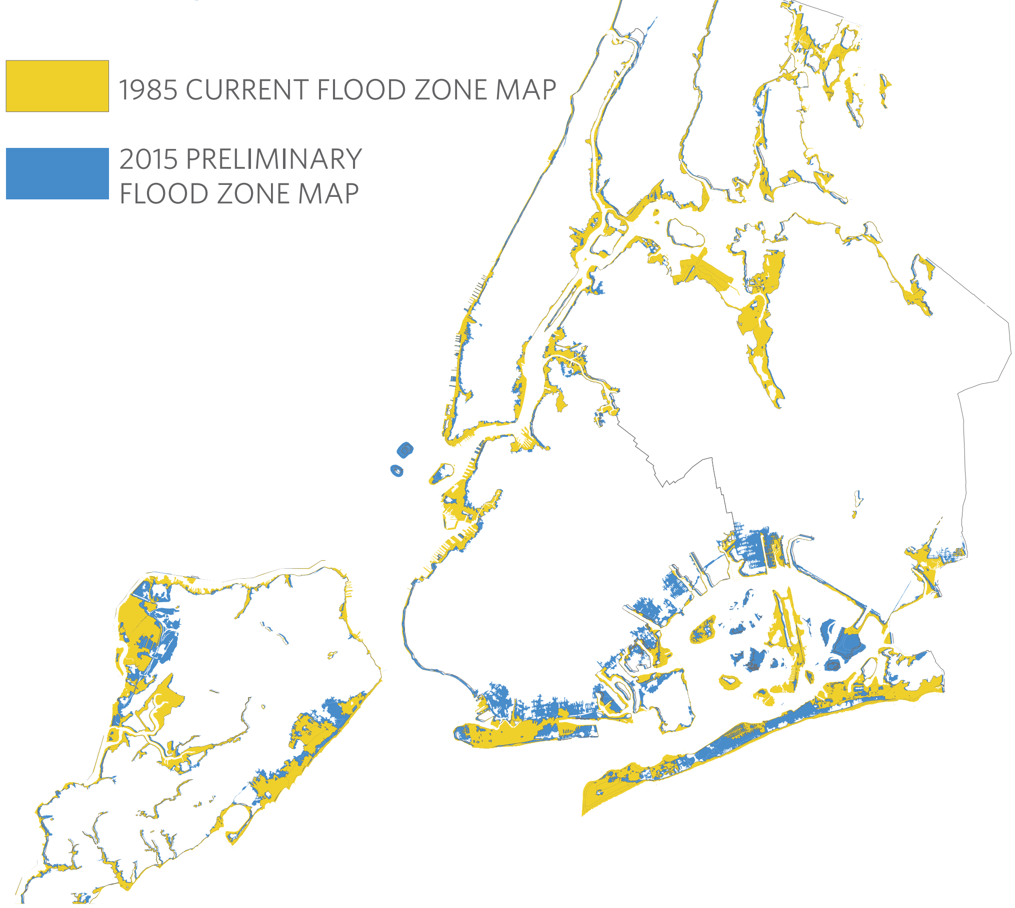
While foreclosures have decreased in recent years, significant numbers of New York City homeowners live in financially-precarious circumstances, possibly a hardship away from defaulting on their loan or taxes. More than 180,000 New York City homeowner households spend more than 50 percent of their income on their mortgage and related housing costs. For these families, one major crisis such as unexpected medical bills, a loss of hours, or a change in household size due to death or divorce could lead to default on their mortgage.

Greater number of New Yorkers in the flood zone

When Hurricane Sandy struck New York City, thousands of its hardest-hit victims were, in fact, living outside of New York City's designated highest-risk flood zones. Drawn in 1983, New York City's flood maps had not been substantively updated in the intervening years and were seriously out-of-date when Sandy struck. As a result, many homeowners affected by Sandy had not been required to purchase flood insurance and may have been unaware that they were at risk of flooding.

Fortunately, New York City and FEMA are in the process of updating New York City's flood maps. While the final map of New York City's high-risk flood zone is still subject to a lengthy negotiation process between the City and FEMA, we can use FEMA's 2015 proposed Flood Insurance Rate Map as an indicator of what is to come.[30]

New York City Flood Zones



[30] For more information from the New York City government about the technical appeal process, visit https://www1.nyc.gov/site/floodmaps/appeals/overview.page.

For homeowners who are newly mapped into the highest risk flood zone, these changes will mean that most will be required to purchase flood insurance for the first time. For homeowners already in the high-risk flood zone who are seeing their risk rating increase, they will face likely insurance premium increases. In addition to facing rising insurance costs, both cohorts of homeowners will also be required to make difficult decisions about what steps they can afford to take to protect their homes from flooding in the future.

Buying A House In New York City Today

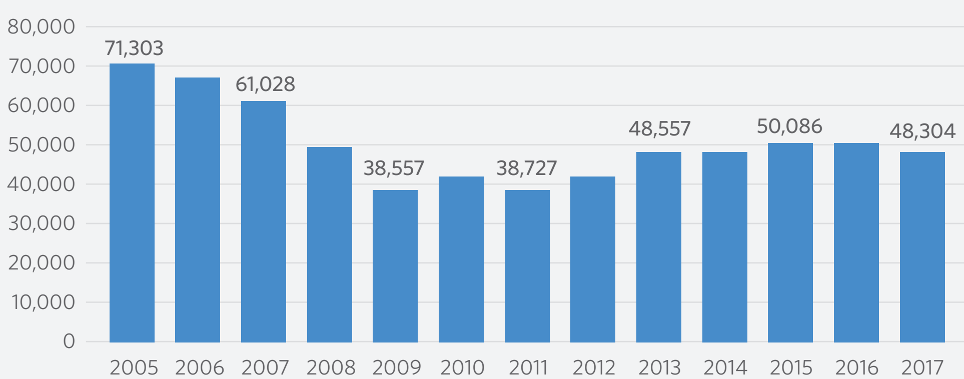
Unlike many parts of the country, home prices in New York City have not only recovered, but have surpassed pre-crisis levels. As a result, homes are currently priced at levels inaccessible to most New Yorkers who have seen only modest wage increases, if any, over the past decade. Combined with a rise in investor purchases and tight lending conditions, these trends are preventing many would-be homeowners from entering the market. Using information on condo, coop, and small home sales and household demographics going back to 2005, we are able to see how families earning the median New York City income have fared in the city's housing market.

Supply has shrunk significantly

The number of home sales per year has not surpassed its peak in the years leading up to the 2008 crash, with sales ranging between 40,000 and 50,000 a year, compared to 60,000-70,000 during 2005-2007.[31]

In 2017, nearly half of sales (48 percent) were of 1-4 unit homes, 29 percent were coops, and 21 percent were condos.[32] Most home sales were in Queens, Manhattan, and Brooklyn. Fewer home sales are partly a product of current homeowners being reluctant to sell. In 2005, the median New York City homeowner had lived in their home for 11 years. By 2017 the median homeowner had been in their home for 15 years, an immense difference, especially in comparison to renters, whose median

Residential Home Sales (Condos, Coops, and 1-4 Unit Homes)



Source: Center analysis of transactions in the Automated City Register Information System (ACRIS)

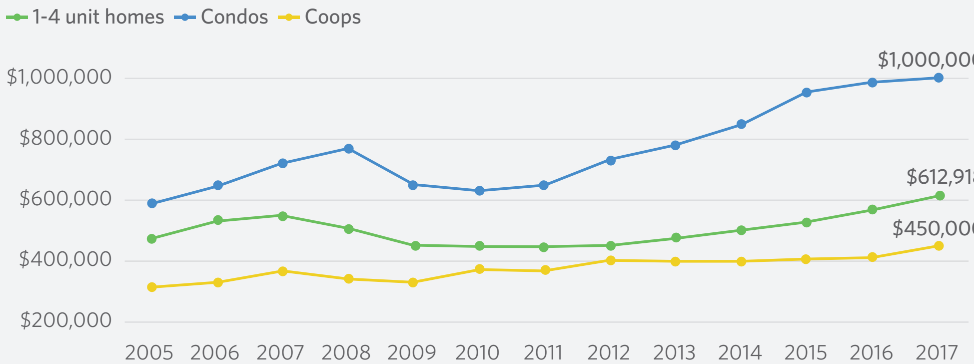
[31] Sales data are from the Center's analysis of the New York City Department of Finance Automated City Register Information System (ACRIS). This data includes sales of 1-4 unit homes, coops, and condos.
[32] This data includes arm's length sales only. An arm's length transaction is a sale that occurs via the market and not between actors who are related or otherwise inclined to carry out transactions at non-market prices; we excluded any sales below $100,000 or from a government agency. Sales include condominiums, co-ops, and 1-4 unit homes; all other property types are excluded.

length of tenure has remained steady at 6 years.[33] Longer tenures for New York City homeowners reflect national trends of homeowners staying put.[34] Ultimately, fewer homes on the market means higher prices and fewer options for prospective buyers.

Home prices are outpacing incomes

Overall, home prices have increased in New York City since 2012, while incomes have not kept pace. For New Yorkers earning incomes in the bottom 20 percent, real wages have decreased in the past 10 years, while higher earners have experienced small gains.[35]

Median Sale Prices for Residential Home Sales by Property Type, 2005-2017



Source: Center analysis of transactions in the Automated City Register Information System (ACRIS)

Investor home purchases have doubled since the financial crisis

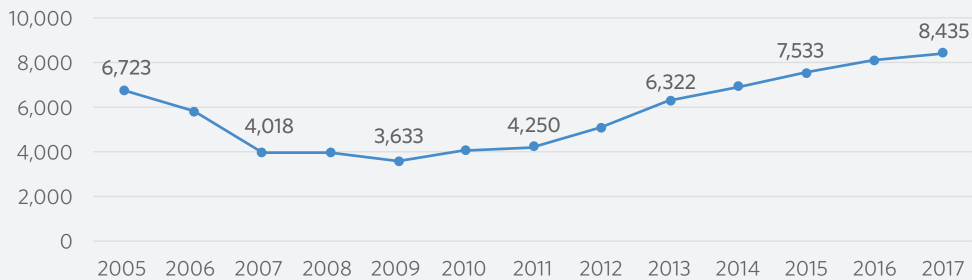
To better understand the home buying market in New York City, we divided home purchasers between owner-occupants and investors: owner-occupants buy homes for their families to live in, while investors are individuals or companies that buy homes to profit from them by flipping them, converting them into rentals, or holding them for the purpose of storing and building wealth through real estate appreciation.[36]

Why focus on investors? As discussed in the Center's 2017 report on flipping, investor purchases of homes drive prices up and reduce the supply of available homes for owner-occupants.[37] We found that investor purchases of 1-4 family homes, coop units, and condo units have increased since 2012. They reached a new high in 2017, when 18 percent of all home purchases were by investors, up from eight percent in 2008. The annual number of homes bought by investors has doubled since the financial crisis.

Investors are more active in the 1-4 family and condo markets and less so in the

[33] US Census Bureau, American Community Survey, 1 years estimates 2005-16
[34] Real Estate's New Normal: Homeowners Staying Put, New York Times, May 14, 2017. Available at: https://www.nytimes.com/2017/05/14/business/economy/home-ownership-turnover.html
[35] 2018 Income & Affordability Study, New York City Rent Guidelines Board. Available at: https://www1.nyc.gov/assets/rentguidelinesboard/pdf/ia18.pdf
[36] For the purposes of this analysis, we identified three kinds of investor-bought properties: properties purchased with "LLC", "Inc.", or "Corp." in their name; properties purchased by entities that bought more than four properties within a five-year period; and properties that were purchased and resold within a year. See methodology for more detail.
[37] House Flipping in NYC: How it Deprives New Yorkers of Affordable Homes, April 2018. Available at: https://cnycn.org/house-flipping-in-nyc-affordable-homes/

Number of Residential Properties (Condos, Coops, 1-4 Unit Homes) Purchased by Investors



Source: Center Analysis of transactions in the Automated City Register Information System (ACRIS)
**The number of investor purchases for 2017 includes projected figures for a small amount of incomplete data.*

coop market, likely due to the difficulties of investors passing the coop board approval process. In 2017, more than 20 percent of 1-4 family home sales were to investors, compared with 18 percent for condos and 2 percent for coops.
The impact of investors is even more stark at the bottom end of the market where many first-time homebuyers are searching for properties: in 2008, 9 percent of the sales affordable to a family with New York City's median income of $60,000 went to investors. In 2017, it was 20 percent.

The numbers are higher for 1-4 family homes, where investors focus their activity: for every year since 2009, the majority of affordable 1-4 family home sales have been bought by investors. Why are investors capturing more of the relatively affordable sales? The use of all cash is one factor: sellers often prefer selling to a cash buyer over a family qualified for a mortgage because the process is faster. Investors are also adept at working foreclosure auctions and purchasing homes in foreclosure where prices are often below market-rate and where your average buyer does not know how to engage.

In every borough, the percentage of properties bought by investors has increased, with the Bronx generally having the highest proportion of sales to investor purchasers. In 2017, 24 percent of residential properties (1-4 unit homes, condos, and coops) in the Bronx were purchased by investor buyers. In addition to the Bronx, investor activity is highest in Queens and Brooklyn, and lowest in Manhattan and Staten Island.

Credit remains tight, especially for lower income borrowers

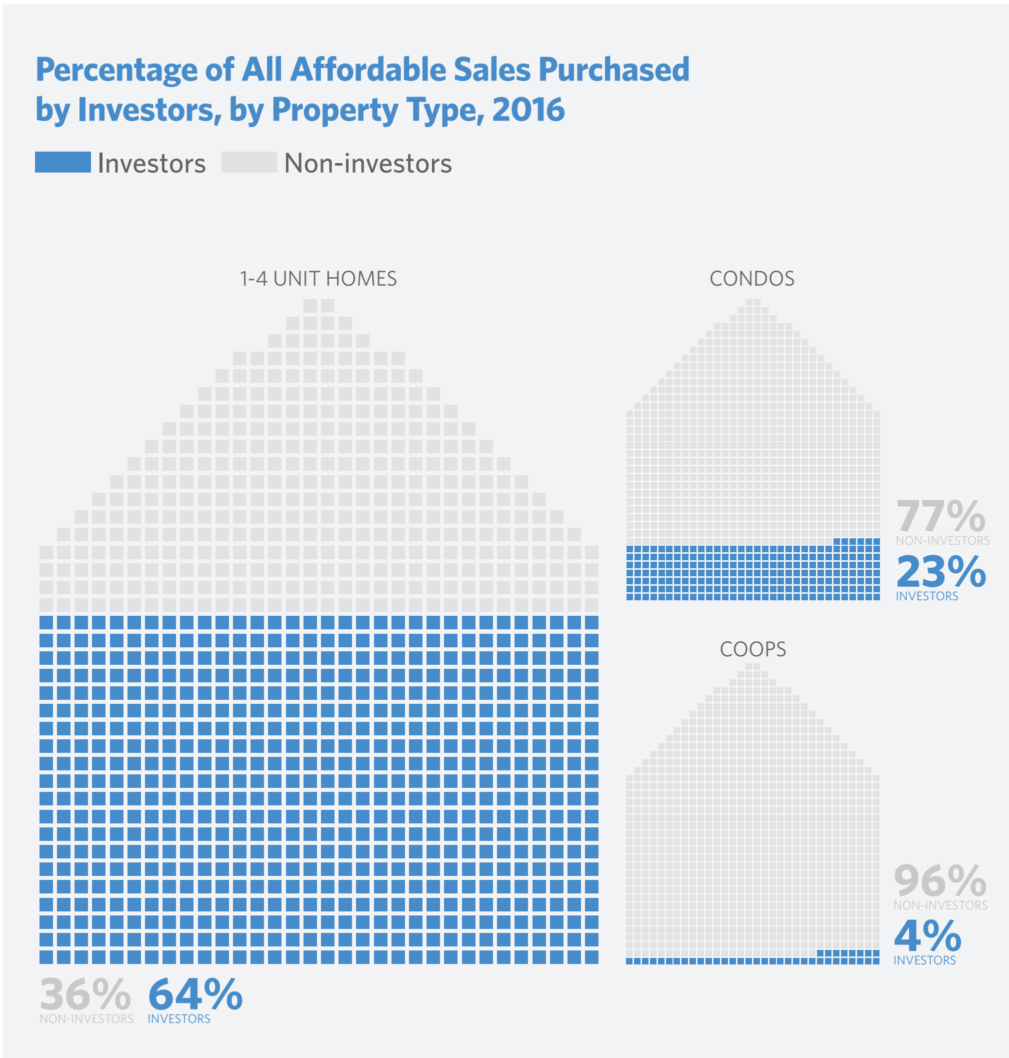
The high credit standards installed during the fallout of the housing market crash continue to be a barrier to low- and moderate-income (LMI) families. In 2017, families making the New York City median income of $60,000 received only 8% of home purchase loans.[38]

As home prices keep rising, low- and moderate-income families will likely face greater difficulties buying a home. The median income for originated loans has increased, mirroring the increase in home prices and indicating that homeownership is increasingly the domain of the well-off. In 2017, the median income for mortgage

[38] Center analysis of 2017 US Home Mortgage Disclosure Act (HMDA) data.

borrowers in New York City was $122,000, twice the New York City median income.[39] In Manhattan and Brooklyn, median borrower incomes were even higher, at $250,000 and $144,000, respectively.

These lending disparities are most stark for black and Hispanic families. They receive fewer loan originations and receive higher denial rates than white and Asian applicants. In 2016, only 8.6 of home purchase loans went to black borrowers, with another 8 percent going to Hispanic borrowers, while they made up 22 percent and 29 percent of the population, respectively.[40]



[39] The median and average incomes presented here are also for originated home purchase loans for owner-occupied 1-4 family homes reported to HMDA.
[40] Why is Non-Bank Lending Highest in Communities of Color?, Association for Neighborhood and Housing Development, Oct. 2017. Available at: https://anhd.org/wp-content/uploads/2017/10/Why-is-Non-Bank-Lending-Highest-in-Communities-of-Color_October-2016.pdf

Meet the Parks

To understand how changes in the housing market are affecting local families looking to buy, let's consider a typical New York family — the Parks.

A home health aide and a bus driver, the Parks have a family income equal to the city's median income (about $60,000 in 2017), which happens to be equivalent to the average income of aspiring homebuyers attending pre-purchase counseling classes in New York City.

The Parks are looking to buy a home because they fear that rising rents will eventually push them out of New York City. Purchasing a home would give them stability, allowing them to put down roots in a neighborhood, while also acting as a forced savings mechanism as they pay down their mortgage. Appreciation in the home's value would be an extra bonus.

The Parks have decent but not great credit and limited savings to put towards a downpayment and closing costs. Needing a low downpayment mortgage with flexible credit requirements, the Parks are most likely to pursue an FHA loan.

But, despite having two wage earners and qualifying for an affordable FHA mortgage, the Parks face unprecedented barriers to buying a home in New York City, where demand oustrips supply. Two barriers in particular loom large: high prices and investor buyers who swoop in with cash on hand to purchase homes to eventually flip them for a profit.

In 2017, only one in seven home sales were at a price affordable to the Parks.[41] If the Parks are hoping to land a single family home or a condo, they are probably out of luck: 64% of sales affordable to them were coops. Of those sales affordable to the Parks at their salary of $60,000, 20% went to investor buyers in 2017. Once the investors have plucked up some of the cheaper homes on the market, the pool of sales affordable to the Parks is further diminished. In 2017, only 5,800 out of the 48,304 total sales are within financial reach of the Parks and the half of New York City households who earn $60,000 or less.

Of those 5,800 sales, that vast majority (4,505) are coop units. However, most coops require at least a 20 percent downpayment, while the Parks only have savings for 5 percent. When the Parks send in applications to coop boards they will likely find that their income and modest savings are insufficient to qualify them for the coveted units.

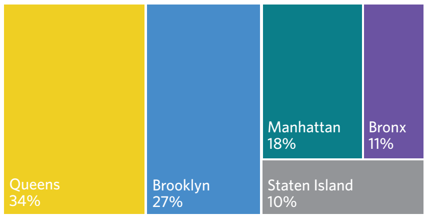
The Parks will have the best chance of buying primarily in neighborhoods of Queens, the northwest Bronx (Kingsbridge, Fieldston, Riverdale), and southeast Bronx (Soundview, Castle Hill, Parkchester). But while southeast Queens has the most affordable sales in the city, over half went to investors in 2017. That leaves a swath of central Queens surrounding Flushing Meadows Corona Park with the most sales that are both affordable (based on sales price) and accessible to families like the Parks (homes not bought up by investors).[42]

[41] We calculate affordability using a model that translates income into an affordable mortgage amount based on data for each year from 2005 through 2017 covering: interest rates, mortgage insurance rates, effective tax rates, homeowners' insurance, debt-to-income ratios, and median incomes.
[42] The area is made of up coop-rich areas in Queens Community Boards 6, 7, and 8, which include the neighborhoods of Forest Hills, Rego Park, Flushing, College Point, Whitestone, Queensboro Hill, Holliswood, Flushing South, Utopia, Kew Gardens Hills, and Briarwood. Higher downpayment requirements mean that while these coops may be affordable when measured by buyer income, buyers will also need significant savings to compete.

Who Are NYC Homeowners Today?

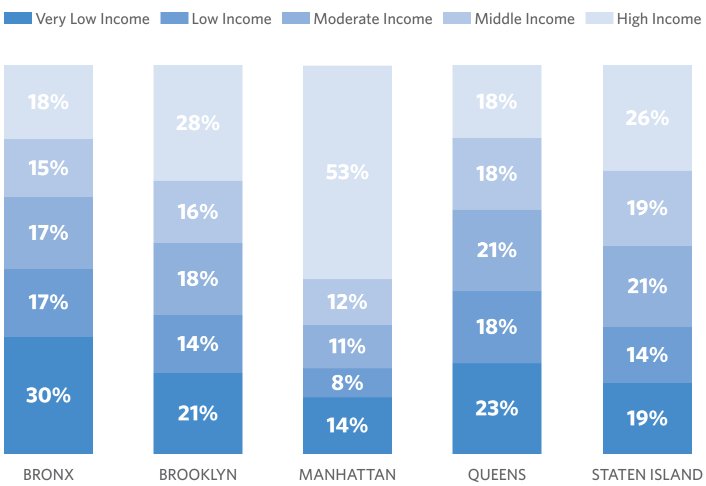
1/3

OF NEW YORK CITY HOUSEHOLDS OWN THEIR HOMES.



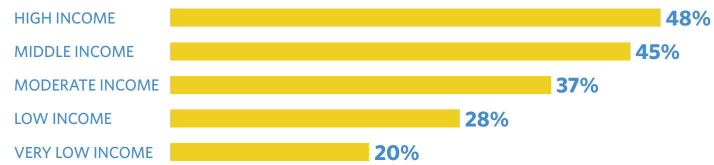
Most New York City homeowners (60%) live in Brooklyn and Queens.[43]

Homeowner Income Distribution in Each Borough, 2017



In the Bronx and Queens, homeownership is distributed more evenly across the income spectrum while in Manhattan (and to a lesser extent in Staten Island and Brooklyn), homeownership is much more the domain of middle- and upper-income households.

Homeownership Rate by Income Group[44]



Just over half of NYC homeowner households (**537,000**) are **low-to-moderate** income, (meaning they earn no more than $113,00 per year for a family of 3).

Housing Cost Burden

34%

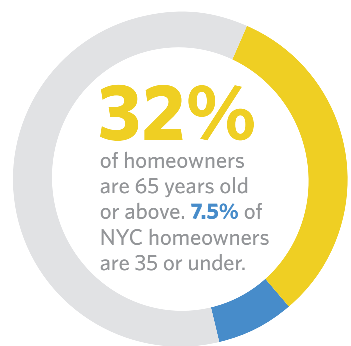
(349,000) of New York City homeowners are housing cost burdened, meaning that they spend more than 30% of their income on housing. **18% (182,000)** households are severely cost burdened (**over 50% of their income is spent on housing**).[45]

Age

Of the 325,000 senior home-owners in New York City in 2017,

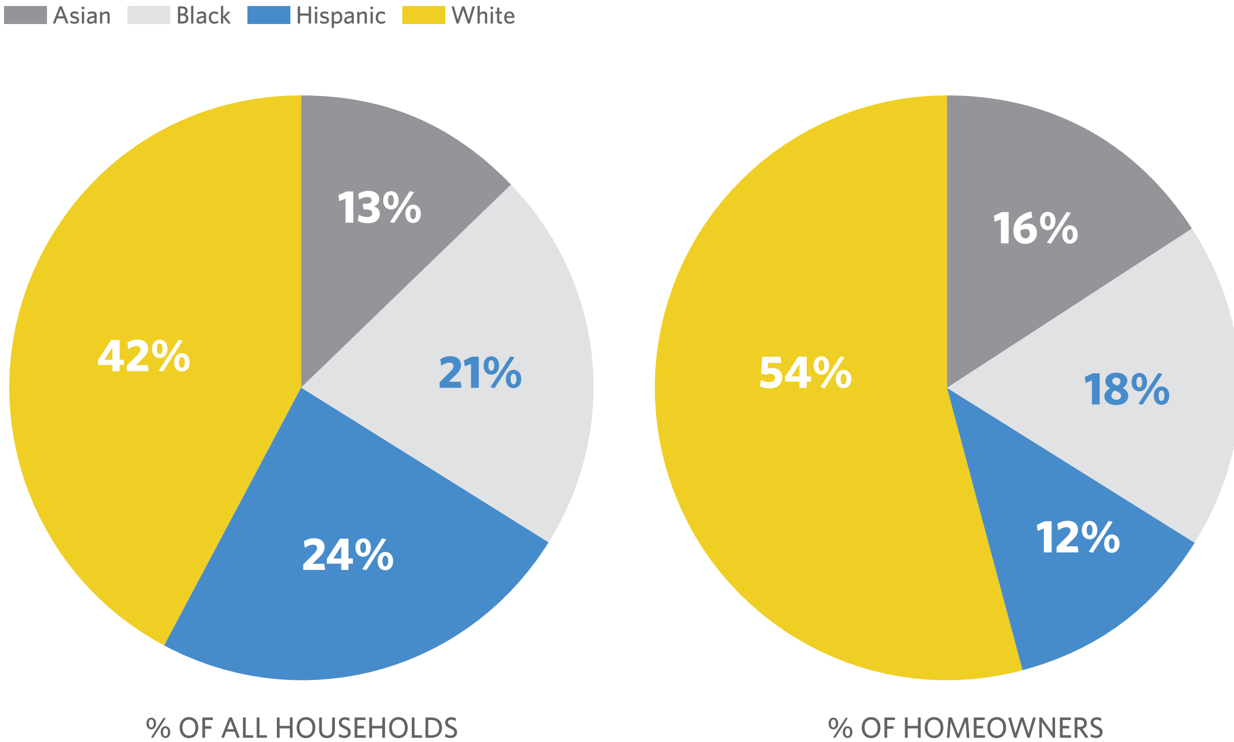
236,000

(**73%**) are **moderate- or lower-income**, meaning that their household income is at or below 120 percent of the Area Median Income ($113,000 for a family of 3).



[43] Unless otherwise indicated, information about households in New York City are from the US Census Housing and Vacancy Survey (HVS).
[44] Throughout this report, we reference five income categories, calculated using the HUD Area Median Income (AMI) limits for the referenced year and adjusted for family size. Very Low Income households include those earning 0-50 percent AMI, Low Income households earn 51-80 percent of AMI, Moderate Income households earn 81-120 percent of AMI, Middle Income households earn 121-165 percent of AMI, and High Income households earn more than 165 percent of AMI. These categories match those used by New York City's Department of Housing Preservation and Development, except that we have collapsed Extremely Low Income and Very Low Income into one category. The 2018 Area Median Income limits can be found here: https://www1.nyc.gov/site/hpd/renters/what-is-affordable-housing.page.
[45] Housing Cost Burden data is from the 2016 American Community Survey.

Percentage of New York City Households and Homeowners by Race/Ethnicity in 2017



WHITE HOUSEHOLDS MAKE UP THE MAJORITY OF NEW YORK CITY HOMEOWNERS AT

54%

THOUGH ONLY 42% OF ALL CITY HOUSEHOLDS ARE WHITE.

BLACK AND HISPANIC HOMEOWNERS ARE **UNDERREPRESENTED** COMPARED TO THEIR HOUSEHOLD POPULATION IN THE CITY: THEY MAKE UP 45% OF CITY HOUSE-HOLDS, BUT ONLY 30% OF HOMEOWNERS.

Conclusions and Solutions

Ten years after the onset of the foreclosure crisis, homeownership in New York City is at an inflection point. Tens of thousands of working- and middle-class New York City homeowners are struggling to avoid foreclosure. Meanwhile, rising prices and competition with investors is putting homeownership increasingly out of reach for most New Yorkers. Working- and middle-class New Yorkers are being squeezed from both sides.

In addition, New York's homeowners are aging, and large increases in lower-income senior homeowners will present additional challenges. Finally, New York City's increased flood risk, and the threat of major increases in flood insurance premiums, threatens thousands more coastal homeowners.

Rather than continuing along a path of continued inequality, displacement and rising prices, New Yorkers can and must rise to the challenge of ensuring a place in this city for working- and middle-class homeowners. This section outlines recommended solutions.

Finding: Growing Numbers of Senior Homeowners

Our research found that homeowner demographics are shifting in ways that will have significant repercussions. As New York City's senior homeowner population continues to grow, so will the need for services to support them. Ultimately, it is essential to keep as many lower-income senior homeowners in place as possible, given the lack of affordable rental options for seniors in New York City. Demand for subsidized senior rental housing far outpaces supply, with the waitlist extending as long as seven years.[46] Here's how we can better meet senior homeowner needs:

Support Seniors Aging in Place

Three-quarters of New York City's senior homeowners earn low or moderate incomes. The increasing number of seniors who age in place will require assistance obtaining affordable financing for home repairs and accessibility retrofits. Others may need help resolving tax and water delinquencies with the City, identifying and applying for senior tax exemptions, and handling thorny estate issues, which are common in communities with multigenerational households that cannot afford private legal services. Seniors are also especially vulnerable to persistent or harassing solicitationsfrom investors and/or real estate scammers, and education and legal assistance is needed in this area, too. These seniors will need ongoing access to housing counseling and legal services to navigate these issues, as well as low-cost resources to support needed repairs and retrofits.

Support Reverse Mortgage Borrowers and Develop Safer Lending Products

Reverse mortgages are heavily promoted to senior borrowers as a risk-free opportunity to tap into their home equity while continuing to live in their home. Unfortunately, reverse mortgage foreclosures have dramatically increased in recent years, threatening borrowers' housing stability over what usually amounts to a small amount of unpaid property taxes.[47] As more homeowners become seniors, we can expect increased numbers of reverse mortgage borrowers. In addition to helping

[46] Through the Roof: Waiting Lists for Senior Housing, LiveOn NY, Jan. 26, 2016. Available at: https://static1.squarespace.com/static/562a3197e4b0493d4ffd3105/t/5756cc54356fb02fbe7d3032/1465306196938/Through+the+Roof+Senior+Housing+Waitlist+List+Survey+Jan+2016+FINAL.pdf
[47] Center for NYC Neighborhoods, Protecting Senior Homeowners from Reverse Mortgage Foreclosure, August 2017. Available at: https://cnycn.org/wp-content/uploads/2017/08/Reverse-Mortgage-Policy-Brief-1.pdf

avoid reverse mortgage foreclosures, greater resources are needed to educate borrowers about the risks and responsibilities of this product before taking them on.

Finding: Fewer Young Homebuyers

Millenial New Yorkers (the oldest of whom turned 35 this year) have far fewer opportunities to become homeowners in the face of growing home prices, stagnant wages, competition with investors, and tight lending conditions.

Finding: Few Affordable Options

Our report found that most New Yorkers are shut out of homeownership in New York City due to rising prices. This impacts all homebuyers and can particularly be seen in the declining numbers of younger homeowners, who have the greatest chance of using their home purchase as a means of building and transferring intergenerational wealth. We recommend the following approaches:

Promote community land trusts to ensure permanently affordable homeownership

Community Land Trusts (CLTs) provide below-market rate homeownership opportunities for families by ensuring properties stay affordable over generations. The trust, a democratically governed non-profit, owns the land and dictates the conditions of development, ensuring truly affordable housing for communities. Through these mechanisms, homes will remain affordable over time.

Shared equity homeowners are able to build equity but must sell their homes at prices affordable to similar families, ensuring that public investment in affordable homeownership is preserved beyond the first purchaser. CLT homeowners also receive support services which translate into extremely low foreclosure rates and well-maintained properties.

The City should prioritize CLTs when disposing of City-owned land and buildings or tax foreclosed properties. Buildings with expiring regulatory agreements should also be guided to CLTs, which can ensure that they do not transition to market-rate housing and spur gentrification.

INTERBORO COMMUNITY LAND TRUST

The Interboro Community Land Trust, which the Center for NYC Neighborhoods has established along with MHANY Management, Inc., Habitat for Humanity NYC, and the Urban Homesteading Assistance Board (UHAB), is looking to develop permanently affordable homeownership opportunities in neighborhoods throughout New York City.[48] More CLTs are in development with the support of the New York City Community Land Initiative.

[48] The Interboro CLT receives support from Citi Community Development, its founding corporate partner, and Enterprise Community Partners.

Expand down payment assistance and other resources for homebuyers

For many would-be homeowners, a lack of savings to cover downpayments is a major barrier to homeownership. The Center advocated for an expansion of New York City's downpayment assistance to levels seen in other high-cost cities, and was pleased to see the City expand downpayment assistance to $40,000 for eligible homeowners this spring.[49] This is excellent progress towards making homeownership accessible to more New Yorkers. To expand assistance even further, New York could develop new downpayment resources with less rigid requirements than the current offerings, opening up homeownership to a broader population by helping first-time homebuyers compete with investors.[50]

Strengthen local incomes and economic opportunity

Housing instability for New York City families is not only a housing issue but also about economic opportunity. Families with sufficient incomes to cope with rising rents or afford a large downpayment on a new home are less likely to be priced out of their neighborhoods. However, most New York City families have seen stagnant incomes for years. While it is imperative to find innovative ways for lower-income households to navigate New York City's hot housing market, addressing the income side of the equation is also critical. We recommend improving access to good jobs through neighborhood-targeted workforce development, job access strategies, and living-wage policies. Tax policy matters, too. For example, many of the homeowners we serve at the Center do not earn enough to benefit from the Mortgage Interest Deduction, while others will be negatively affected by the new $10,000 State and Local Tax exemption cap.

Finding: Investor Home Purchases Have Doubled Since the Financial Crisis

During the post-crisis recovery, investor-buyers are increasingly shaping the market for homes. Homes that are affordable to working- and middle-class New Yorkers are increasingly purchased by investors, instead of by families seeking homes. In 2017, 62% of "affordable" one-to-four-family homes purchased in 2017 were purchased by investor-buyers who can out-compete families with all-cash offers.

Implement cease and desist zones, with resources for outreach and education

In New York State, cease and desist zones can be imposed in neighborhoods undergoing persistent real estate solicitation. Designed as a policy response to block-busting, the Secretary of State can declare a cease and desist zone when a neighborhood is experiencing "intense and repeated solicitation."[51] Once imposed, residents in the zone can opt-in to a "do not solicit" registry. Investors who violate the registry can face fines or lose their real estate licenses. Cease and desist zones can provide an empowering tool for community members in neighborhoods with heavy flipping activity. To be most effective, a cease and desist zone should be combined with resources for community outreach and education about the new zone, and services available for homeowners who may think they have no choice but to sell.

[49] HomeFirst Downpayment Assistance, New York City Housing Preservation and Development. Available at: https://www1.nyc.gov/site/hpd/owners/homeowner-downpayment-assistance.page
[50] The City of New York is currently dependent on federal HOME funds for its down payment assistance. HOME funds come with stringent restrictions on who can use them and on what properties.
[51] N.Y. Real Prop. Law Section 442-h(3).

Implement a flip tax

As documented in the Center's 2017 flip report, property flipping has negative impacts on neighborhood housing markets, inflating prices on properties once affordable to working-class families, and spurring unwanted and sometimes deceptive solicitation of neighborhood homeowners.[52] New York tax structure currently treats all buyers the same, whether they are a family seeking to purchase a home to live in or a nameless LLC seeking to turn a profit. New York City advocates have developed the concept of a flip tax that would deter property speculation and flipping by creating an additional 15 percent tax on properties sold and resold within one year, and a 10 percent tax on properties sold and resold between one and two years. The flip tax would include hardship exceptions for owner-occupiers who must sell their home due to hardship or unforeseen circumstances.

Implement a pied-á-terre tax and use revenue to support new construction

In 2017, there were nearly 75,000 properties in New York City held as non-primary residences, or pied-á-terre residences.[53] A tax on these secondary residences could serve as a revenue source to support new construction of affordable homeownership units. A pied-á-terre tax could have the secondary effects of increasing city revenue by incentivizing pied-a-terre owners to declare residency and pay New York City income tax, as well as help open up these residences to full-time occupation by New York City residents.[54] Similar taxes have been recently implemented in Vancouver and Paris.

Finding: Homeowners Still at Risk of Foreclosure

Our report found that, while the foreclosure crisis may have faded from the daily headlines, tens of thousands of working- and middle-class New York City homeowners remain at risk of displacement due to foreclosure or related financial vulnerabilities. Additionally, reverse mortgage foreclosures are on the rise, putting seniors at risk of homelessness. As New Yorkers, we must continue to confront the legacy of the foreclosure crisis and support the homeowners it impacted.

Continue to fund foreclosure prevention assistance:

Thousands of New York families continue to rely on foreclosure prevention housing counseling and legal services. The good news is that many of these families can avoid foreclosure by working with the Center and our partners to obtain a home-saving mortgage modification or a Mortgage Assistance Program loan. Unfortunately, foreclosure prevention services face massive cuts in early 2019. Funded by one-time settlements with financial institutions, the New York Attorney General's Homeowner Protection Program has served as the largest source of foreclosure prevention services funding statewide, providing $20 million in annual funding and serving about 20,000 New Yorkers each year.

While the Attorney General's program will end next March, continued public support of these vital services is essential, and foreclosure prevention advocates are gearing up for a campaign to ensure that continued funding is provided for in the upcoming state budget. Without continued funding, thousands of New Yorkers served by the program annually would not have anywhere to turn for free, high-quality

[52] House Flipping in NYC: How it Deprives New Yorkers of Affordable Homes, April 2018. Available at: https://cnycn.org/house-flipping-in-nyc-affordable-homes/

[53] Selected Findings of the 2017 New York City Housing Vacancy Survey. Available at: https://www1.nyc.gov/assets/hpd/downloads/pdf/about/2017-hvs-initial-findings.pdf

[54] NYC Hits New Pied-a-Tierre Peak Amidst Housing Crisis, Regional Plan Association, March 6, 2018. Available at: http://lab.rpa.org/nyc-hits-new-pied-tierre-peak-amidst-housing-crisis/

services, which would likely lead to an increase in foreclosures, homelessness, and vacant properties, for which localities and elected officials would have to create new solutions.

Ensure home repair resources work for New Yorkers:

Unaffordable home repairs are one of the biggest challenges for lower-income homeowners. When homeowners defer needed maintenance due to funding, deteriorating conditions put health and safety at risk, threaten income from rental units, and make repairs more expensive. Failure to keep a home in good repair is grounds for a reverse mortgage default, and the financial pressures it causes can lead to default on conventional mortgage payments. Fortunately, in 2017 the New York City Department of Housing Preservation and Development announced a new home repair program, HomeFix, that would expand and streamline the City's previously cumbersome home repair programs. The Center and our partners are eagerly awaiting further information about the program and how it will better serve lower-income New Yorkers, and especially seniors.

Finding: More New Yorkers in Harm's Way Due to Climate Change and Increased Flood Risk

Our report highlighted the growing housing affordability and safety challenges posed by rising sea levels and new flood maps for New York City. With about 400,000 New Yorkers living in FEMA's proposed high-risk flood zone, we will need an array of resources, options, and ingenuity to ensure that homeowners are knowledgeable, prepared, and empowered to take steps to best meet this challenge.

Develop affordable options for homeowners seeking resiliency

As homeowners began rebuilding post-Sandy, many sought to understand their future flood risk and options, along with what resources were available to prepare for future storms and flooding events. In response, the Center developed what we have found to be the most comprehensive home resiliency counseling and audit program in the country, where we assess homes and make recommendations for flood resiliency improvements. The audits and counseling sessions are necessary first steps for homeowners, but we have found that many homeowners lack the financial means to implement these measures. By providing low-cost financing and grants to homeowners, we can improve safety and resiliency for the city's homeowners. Moreover, current federal flood insurance policy must be realigned to incentivize homeowner investments in resiliency upgrades.

Incorporate energy efficiency within resiliency

New York City's aging 1-4 family homes are, on the whole, highly energy inefficient, resulting in unnecessarily high heating bills and energy costs for homeowners. New York City's small homes are also, unfortunately, a significant contributor to climate change, responsible for 19% of the city's total carbon emissions. Rather than being part of the problem, New York City's small homeowners, especially coastal homeowners who are on the front lines of climate change, can lead the way to a sustainable future. To do so, they need programs and financial resources that let them quickly and easily retrofit their homes. Existing programs help some homeowners, but aren't set up to function at scale. We need a program that can rapidly upgrade New York City's 1-4 family housing stock with the urgency merited by the reality of impending climate change by applying a single package of retrofits to older homes, such as air sealing, weatherstripping, attic and roof insulation, and common health and safety fixes.

The Center for NYC Neighborhoods at 10 Years

Leaders in City government, private finance and the nonprofit sector came together to create the Center for NYC Neighborhoods in response to the foreclosure crisis. In officially launching the Center in 2008, its founders shared a belief that the crisis could only be addressed through public-private partnership, and that by building a network of community-based organizations, the city could meet the complex and diverse needs of thousands of homeowners at scale. At the time, the Center was the largest, most comprehensive local initiative in the country devoted to helping families at risk of losing their homes. Its reach was supplemented by a network of 27 partner organizations in communities across the five boroughs.

In the decade since, the Center has evolved to take on additional challenges that have threatened to destabilize working- and middle-class families, from Superstorm Sandy to the affordability crisis that confronts us today. The Center has expanded its reach statewide through its New York State Mortgage Assistance Program, and has attracted national attention through its work on flood insurance, resiliency, lending, scam prevention, and financial capability. It also hosts an annual summit of thought leaders to address best practices and to share innovative solutions.

In taking on these new challenges facing homeowners and neighborhoods, the Center has expanded the scope of its mission from addressing the foreclosure crisis to preserving and protecting affordable homeownership. Today, as the Center marks a decade of helping homeowners, the organization is focusing on creating new opportunities for permanent affordability through a community land trust; developing new lending opportunities as Community Development Financial Institution; and supporting coastal communities facing rising tides and insurance costs due to climate change. The challenges that homeowners — and homebuyers — face in New York City will likely continue to shift and evolve over time, but the Center for NYC Neighborhoods will continue to support them with services, connections, and resources to solve problems and support healthy, thriving neighborhoods across New York City.

To learn more about the Center, visit cnycn.org

Appendix

For more on the methodology for this report, visit cnycn.org.

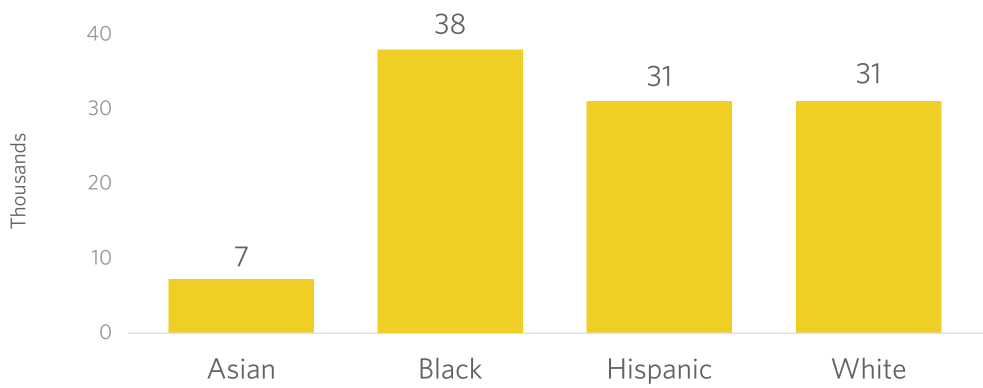
Homeownership Rate by Race/Ethnicity

	ASIAN	BLACK	HISPANIC	WHITE
2008	39.50%	27.12%	17.03%	42.71%
2017	39.22%	28.35%	16.76%	41.14%

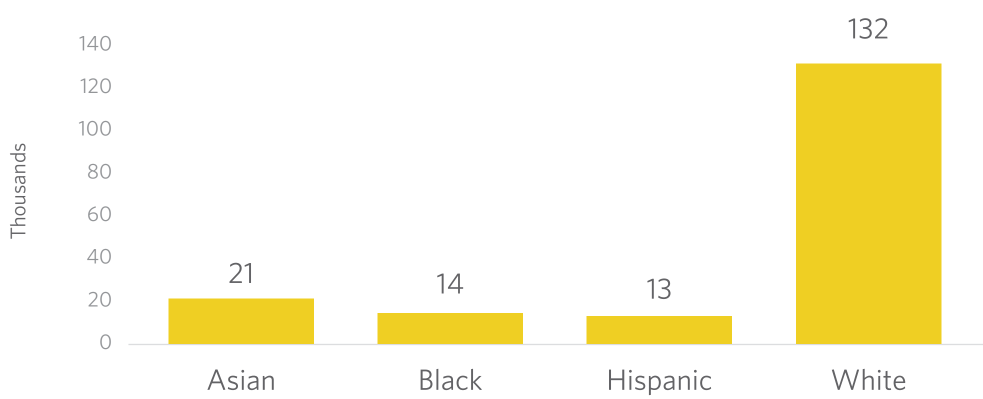
Source: 2008 and 2017 Housing and Vacancy Survey for New York City

Number of Homeowners by Race/Ethnicity in Each Borough in 2017

BRONX

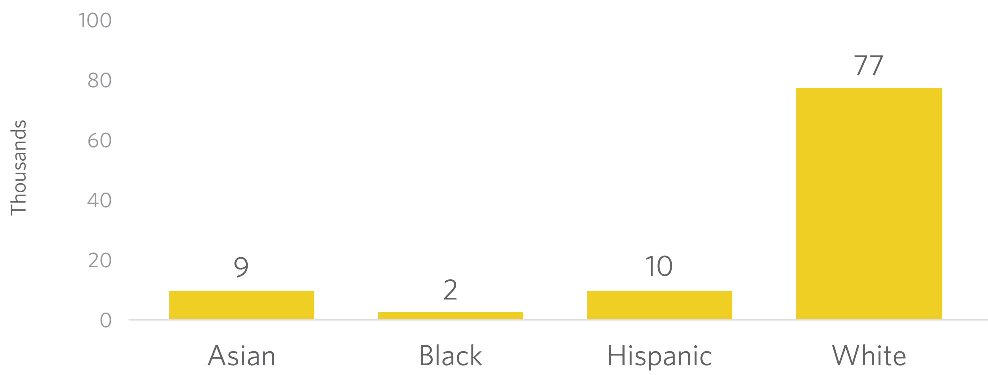


MANHATTAN

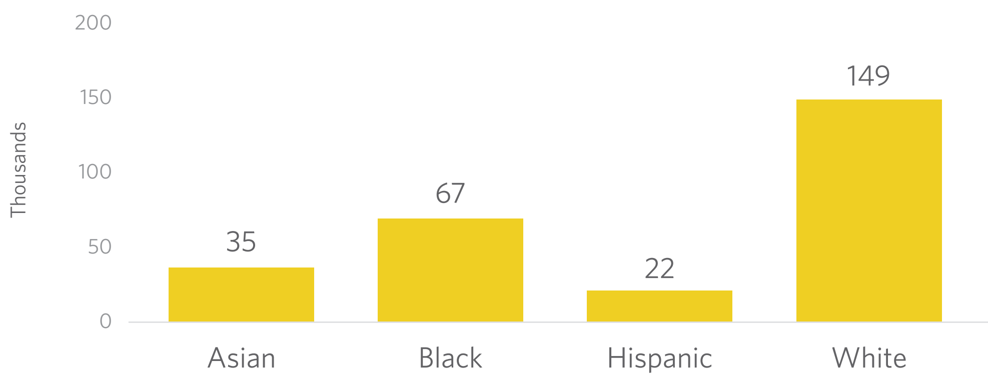


Source: 2017 Housing and Vacancy Survey for New York City

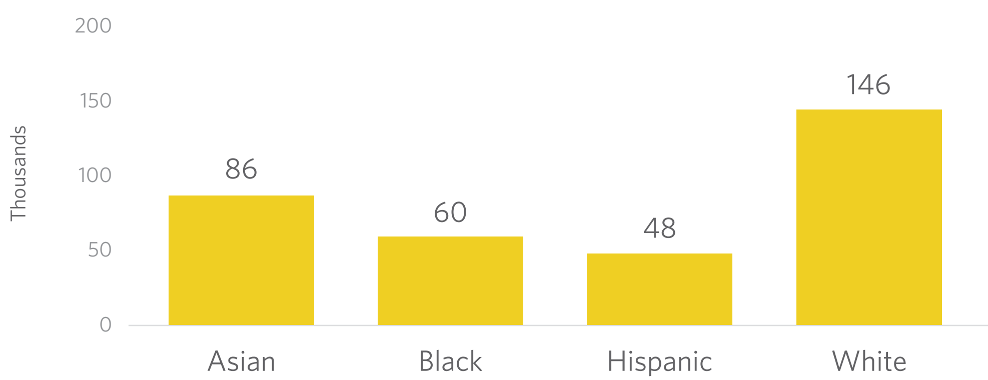
STATEN ISLAND



BROOKLYN



QUEENS



Source: 2017 Housing and Vacancy Survey for New York City

10

years
after
the
crisis

CENTER for NYC
NEIGHBORHOODS