

The Furman Center for Real Estate and Urban Policy is a joint center of the New York University's School of Law and its Robert F. Wagner Graduate School of Public Service. Since its founding in 1995, the Furman Center has become the leading academic research center in New York City devoted to the public policy aspects of land use, real estate, and urban affairs in the United States. The Furman Center's research is organized around four primary topics: Affordable Housing; Housing Finance & Foreclosure; Land Use Regulation; and Neighborhood Change. Below is a list of current research projects in each of these areas. For more information on these projects or to view our publications, please visit: www.furmancenter.org.

Affordable Housing

Understanding Opt-Outs from Subsidized Housing Programs

In partnership with federal, state and city housing agencies, the Furman Center created a database containing physical and financial information on the nearly 235,000 units of privately-owned, subsidized affordable rental housing in New York City developed with HUD financing, insurance, or project-based rental subsidies; New York City or State Mitchell-Lama financing; or the Low-Income Housing Tax Credit. We released a report on the *State of Subsidized Housing in New York City* in September 2011, and are examining current and historical data to explore why certain owners opted-out of the Mitchell-Lama program, while others decided to remain in. This research will help us begin to develop a system to predict which buildings are most likely to exit the Mitchell-Lama program going forward, and suggest when and how government should provide incentives for buildings to remain in the program. This project is the first in a series of research projects undertaken to better understand how to most effectively preserve the affordability of other subsidized housing portfolios, including HUD Assisted and Low-Income Housing Tax Credit developments.

Where do Tenants Move after Opt-Outs?

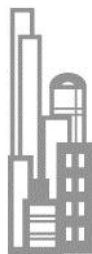
In New York City, more than 10 percent of the nearly 700 properties that received a HUD project-based rental subsidy have opted out of federal assistance. Further, within the next five years, over 50 percent of the remaining properties with a HUD project-based rental subsidy will reach a point where the owner can choose to opt out of the program. In partnership with HUD's Office of Policy Development and Research, we will match tenant voucher data to the Subsidized Housing Information Project database to examine tenants' voucher use and decisions about whether and where to move. The results of the study will help us assess the benefits of place-based preservation efforts and better understand tenants' mobility and housing decisions, especially in strong rental markets.

What is the Profile of the Residents in Low-Income Housing Tax Credit Buildings?

For policymakers to assess the efficacy of various housing programs, it is critical to understand the demographic characteristics of households helped by each program. This project uses never before available administrative data state housing finance agencies submitted to HUD in 2009 on nearly 400,000 households living in 5,900 properties in 26 states to examine income, race, and rent burden among these tenants. We also compare the demographics and income profiles of tax credit tenants to those in HUD tenant and project-based subsidy programs, and examine the crossover between the subsidy programs. This analysis is critical to understanding whether the tax credit program serves the lowest income households and the degree to which it fosters or undermines economic and racial integration, in comparison to other types of housing subsidies.

Utilities and Subsidized Housing: How Does Who Pays the Bills Affect Energy Conservation?

Incentives for energy conservation or consumption by landlords and tenants in rental housing vary depending on which party directly pays the utility bills. In subsidized housing, energy expenditures and incentives to conserve also vary based on program rules and federal reimbursement payments. The Furman Center is identifying the energy reimbursement rules and associated landlord and tenant incentives across a variety of federal housing subsidy programs. We also are using the American Housing Survey to examine differences in the residential energy expenditures of subsidized and unsubsidized low-income tenants who directly pay their utilities.



Housing Finance & Foreclosure

The Six Trillion Dollar Loss of Housing Wealth in the Great Recession: What Are the Long-Term Consequences?

Since the onset of the Great Recession, falling home values have destroyed more than six trillion dollars in household wealth. This project, which will produce a series of papers and policy briefs, studies the distribution of those equity losses, compares household perceptions of equity losses to actual measured losses, and estimates how both measured and perceived equity losses are affecting household behavior. Specifically, the project uses data from the American Housing Survey (AHS), the Health and Retirement Study (HRS), and the Federal Reserve Board of New York's Consumer Credit Panel to estimate changes in homeowner equity and how those changes influence household decisions about retirement, savings, investments in education, and household composition. By investigating in detail the impacts the housing crisis has had on the housing wealth of different populations and studying behavioral adjustments to those losses, this project will help inform ongoing debates about whether and how to help families affected by the housing crash.

Modifications of Distressed Mortgages

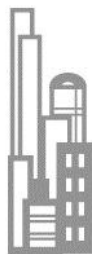
For policymakers as well as lenders, understanding the determinants of successful modifications – those that allow the homeowner to stay current over the long term – is crucial. Yet too little is known about basic questions: Which borrowers receive what kinds of modifications? What happens to borrowers following modification, and how is that affected by the nature of the modifications? What characteristics of a borrower best predict whether the borrower will stay current after a modification? Are certain loan provisions associated with the likelihood that the loan will be modified, or that the modification will be successful? Do characteristics of the property, or the neighborhood in which it is located, affect the propensity of loans to be modified, or the outcomes of modifications? How have Home Affordable Modification Program (HAMP) modifications performed compared to proprietary modifications? Our research, conducted with the U.S. Office of the Comptroller of the Currency, will shed new light on these issues using a unique combination of data on borrowers in New York City.

Seriously Delinquent Mortgage Borrower Outcomes: Pathways to and through Foreclosure

Once a borrower falls behind on payments, a variety of possible outcomes can occur. Some delinquent borrowers catch up with mortgage payments and remain in their homes, either on their own or through a loan modification. Others refinance or sell the home and repay the loan before foreclosure proceedings are completed. Some borrowers are unable to prevent the foreclosure process from progressing to an auction of the home. For policymakers, the likelihood that a borrower default will result in these various outcomes has important consequences, such as how long the property is likely to remain vacant, or whether foreclosure counseling results in better outcomes for the borrower. Building upon our research about which characteristics of the borrower, property, neighborhood, lender, or loan terms best predict which borrowers will become delinquent on their mortgages, this project combines datasets on foreclosure filings, loan terms, loan performance, initial borrower characteristics, and physical and neighborhood characteristics of distressed properties to examine how those characteristics are correlated with the pathways and eventual outcomes of distressed loans in New York City.

Impact of Foreclosures on School Mobility and Performance

Housing instability significantly disrupts the lives of children and families. The Furman Center and NYU's Institute for Education and Social Policy, along with researchers from the University of Connecticut, the Institute for Policy Research at Northwestern University, and the School of Public and Environmental Affairs at Indiana University, are studying how foreclosure and other housing disruptions affect children's school mobility and performance. The research will test whether and how housing instability affects students' educational outcomes, using longitudinal data that links foreclosures and other kinds of housing upheavals to individual public school student records in four major markets suffering from unusual housing instability—New York City, San Diego and Fresno Counties in California, and the state of Florida. This research builds on our earlier work documenting the scale and concentration of children whose homes have received a foreclosure notice and the associated impacts on student mobility.



The Impact of Foreclosures on Neighborhood Crime

As foreclosures continue to mount across the country, local leaders are concerned that foreclosures – and the abandonment they often precipitate – may lead to increases in crime. The Furman Center has assembled a unique dataset, which includes the location of every foreclosure and reported crime in New York City between 2004 and 2008, in order to measure the impact foreclosures on a city block have on criminal activity on that block. By providing empirical evidence on the impact of mortgage foreclosures on neighborhood crime, this research will help to guide local and national policymakers' responses to the foreclosure crisis. This research will also explore the relationship between foreclosures and crime in several cities around the country.

The Recent Resurgence of FHA Lending

During the peak of the housing boom, only a small share of homebuyers relied on loans insured by the Federal Housing Administration (FHA) in order to finance their purchases. Since the collapse of the subprime mortgage market in 2007, however, FHA lending has ballooned, both in absolute terms and as a share of all home purchase lending. As a result, there is new interest in how FHA works, its historical role, and how well its loans have performed. This project will help policymakers understand FHA's role in the mortgage market as pressure grows to reform or restrict the FHA in the coming years. As an early part of this project, we explored the possible impact of recent reductions in the maximum size of loans eligible for FHA insurance, along with reductions in the loan size eligible for backing by Fannie Mae and Freddie Mac, in a white paper released in early October.

Land Use Regulation

Soft Sites: Why Do Some Sites Remain Underdeveloped in Strong Markets?

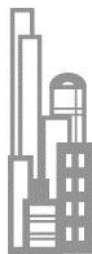
New York City's capacity to grow depends in part upon whether land that is currently underused can be developed to its full zoning capacity. It's unclear what causes some property owners to develop their land to the fullest Floor Area Ratio (FAR) permitted by the applicable zoning, while other owners continue a current use even though development to full FAR appears to make better economic sense. The Furman Center's preliminary analysis indicates that about 25 percent of the city's residentially zoned tax lots were built out at less than half of their maximum permitted FAR in 2003. Our researchers are now evaluating how under-development relates to the characteristics of the properties, their owners, and the neighborhoods in which they are located. Using information gleaned from data analysis, case studies, and interviews with owners and real estate professionals, we will construct a model to predict which lots will build out and which will not, and use that model to suggest policies that the city could adopt to encourage landowners to develop underused land.

What Teardowns Tell Us about Land Value

Understanding the value of land – apart from the value of buildings – is critical to land use policy. The most straightforward method for valuing land is through sales of vacant parcels. However, parcels that remain vacant for long periods of time may not be representative of a typical lot in a city, and therefore may not produce accurate measures of land values in a typical neighborhood. The Furman Center is using an innovative method to estimate land value in New York City by identifying “teardowns,” buildings that are immediately demolished to provide new building sites, as an alternative method for estimating land values. We have matched property sales data with demolition permit data to compile a list of teardowns in New York City in the past several years. We estimate land prices for more than 2,000 teardown properties in New York City and analyze the extent to which vacant land sales produce land value estimates that are similar to the teardowns method. After controlling for important neighborhood and parcel characteristics, we find strong evidence that teardowns provide superior estimates of land values, compared to vacant land sales.

Rezoning, Housing Capacity, and Neighborhood Characteristics

Since 2002, the New York City Department of City Planning (DCP) has initiated more than 100 neighborhood rezonings, affecting more than 25 percent of the city's land. In some cases, a rezoning was intended to protect a neighborhood's traditional character



CURRENT RESEARCH PROJECTS

FALL 2011

from “out-of-context” development, while in other cases, the focus was on creating new development opportunities near transit or adding new vitality to underused land or economically depressed neighborhoods. In our March 2010 policy brief, *How Have Recent Rezonings Affected the City’s Ability to Grow?*, we analyzed the rezonings that took place between 2003-2007 to determine their net impact on the city’s capacity for new development, finding that 86 percent of the rezoned lots citywide were either downzoned, explicitly reducing the amount of permitted development, or rezoned in a way that added or adjusted building requirements without changing the amount of permitted development. Although only 14 percent of rezoned lots were upzoned, we estimated that the cumulative effect of all of the rezonings in these years was a net gain of 100 million square feet of new residential capacity. We are updating the analysis to incorporate more recent rezonings. We also are trying to better understand the relationships between the rezonings and various lot and neighborhood characteristics, including proximity to existing public infrastructure (including transportation, parks, and schools), demographics, market trends, and political participation. Finally, we are assessing the impact the rezonings have on building activity, sales activity, and house prices in New York.

Transferable Development Rights in New York City

During New York City’s recent real estate boom, many construction projects depended on the transfer of unused development rights from lots with existing buildings that were smaller than the applicable zoning allowed. Because most of these transfers were made pursuant to an as-of-right administrative process, there is no centralized tracking of the transfers. In order to better understand where and how development rights have been used in New York City, the Furman Center is building a database to systematically track recent development right transfers. We will then use this database to analyze the way the market for transferable development rights currently works. We hope to use the information we glean about how transferable development rights are being used to evaluate whether and how development rights could facilitate the development of affordable housing, perhaps with modifications to existing transfer rules.

Minimum Parking Requirements: A Continuing Role in a Dense Metropolis?

New York City’s zoning code mandates that new residential construction in most neighborhoods be accompanied by a minimum number of new off-street parking spaces. The Furman Center is evaluating the merits and drawbacks of some of the city’s parking policies from two perspectives: how developers respond to minimum parking requirements in terms of the quantity and type of parking provided; and how residents respond in terms of their car ownership, mode choice, and vehicle miles traveled (VMT). We are addressing the following questions: do minimum parking rules require more parking spaces than developers would have provided independently? What economic value do residents place on parking availability? How does the supply of parking relate to a resident’s car ownership and modal choice decisions? Thus far, our examination of developer responses to parking requirements reveals that, by and large, developers tend to build only the minimum parking required, which suggests that the minimum parking requirements are either exactly what the market would demand or are higher than the market really wants.

The Effect of Historic District Designation on Property Values, Building Activity, and Neighborhood Demographics

In 1965, Mayor Robert F. Wagner established the Landmarks Preservation Commission. Since then, it has designated 100 historic districts across New York City, ranging in size from single blocks to enormous swaths of some of the city’s most iconic neighborhoods. The goal of designation is to protect the architectural and historical character of specific areas. Designation therefore restricts what can be built, renovated, and torn down within a district. While previous research has looked at the impact historic designations have on property values, it has not been able to separate the effect of designation from the effect of the historic features of the properties that may have motivated the designation. Additionally, little is known about other impacts historic district designation may have on local housing markets. For example, the designation of a historic district could shape the demographic characteristics of local communities, or limit development activity in particular neighborhoods. Using data on residential transactions and construction permits, the Furman Center is examining how historic designation affects property values, housing supply, and neighborhood demographics. We are conducting this research, in partnership with the Taubman Center for State and Local Governments at Harvard University, to help key stakeholders in the historic designation process better understand the costs and benefits of establishing historic districts in New York City.



Neighborhood Change

Urban ‘Pioneers’: When Do Higher-Income Households Choose Lower-Income Neighborhoods?

Neighborhood change research suggests that higher-income households moving into lower-income neighborhoods are key drivers of economic change, yet we know little about the conditions under which such moves are made. Our research aims to shed light on this important question. Specifically, which households are more likely to make these types of residential decisions and what motivates these ‘pioneering moves’? Are these moves more likely, for instance, in neighborhoods with historic housing stocks, less subsidized housing, or more stable demographics? Are such moves more likely in metropolitan areas with particularly hot housing markets or in cities with low levels of crime? And have the patterns of these moves changed over time? Understanding the conditions under which households are willing to make pioneering moves is critical for local policymakers who wish to promote neighborhood development. The Furman Center is using the internal, geo-coded version of the American Housing Survey, which follows a nationally representative sample of housing units (and the households who live in them) from 1985 through 2009 and identifies the census tract and metropolitan area in which housing units are located.

Affordable Housing and Crime in New York City

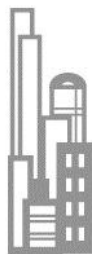
Place-based affordable housing is often opposed by local residents on the grounds that such housing will increase crime and decrease property values. These fears likely owe much to the reputation of large-scale public housing developments, which have long been thought of as dangerous properties inflicting blight on their surrounding neighborhoods. Given the mixed empirical evidence on this relationship, this reputation has not always been well-deserved. Moreover, government-subsidized housing production takes many forms, and it is likely that these different forms lead to different effects on surrounding neighborhoods. Using point-specific data on crime in New York City from 2004-2008, we are studying whether and how different types of subsidized housing investments affect crime in the immediately surrounding neighborhood.

American Murder Mystery Revisited: Do Housing Voucher Households Cause Crime?

Although potential neighbors often express concern that Housing Choice Voucher holders will heighten crime, no research systematically examines the link between the presence of voucher holders in a neighborhood and crime. Our research aims to do just this, using longitudinal, neighborhood-level crime and voucher utilization data in 10 large U.S. cities. We test whether the presence of additional voucher holders leads to elevated rates of crime, controlling for neighborhood fixed effects and broader trends in crime and neighborhood conditions. We also test for the reverse relationship – that is, whether proportion of residents with vouchers increases with rising crime, which would suggest that voucher holders move into neighborhoods where crime rates are increasing.

Are Voucher Households Reaching Safe Neighborhoods?

Since the early 1990s, HUD has emphasized the goal of helping Housing Choice Voucher recipients move to higher quality neighborhoods. Although prior analyses have described the poverty rate and demographic characteristics of the neighborhoods attained by voucher holders, no work has examined an equally salient aspect of the neighborhoods lived in by voucher holders: the levels of crime. To address this gap, we are comparing crime rates in the neighborhoods where voucher households are located in 91 cities in 2000 to the average neighborhood crime rates experienced by households receiving other forms of federally-assisted housing and by other poor and renter households in the same city. In addition, we are examining nine cities more carefully to learn whether voucher holders in those cities are living in safer neighborhoods today than they were in 1996, and whether levels of crime exposure vary with the race of the voucher recipient.



The Effects of Crime on Children's School Performance

In partnership with NYU's Institute for Education and Social Policy, the Furman Center is studying how exposure to violent crime affects children's academic achievement. Using five years of point-specific crime data and individual-level demographic, achievement, and residential address data for roughly 1.1 million students in 1,400 New York City public schools, we will estimate the impacts of exposure to violent crimes and study whether and how urban schools vary in their ability to moderate these impacts. We will explore whether variation in the impact of local violence is explained by specific organizational or institutional features of the school setting (school size, peer composition, support staff, extracurricular offerings, and location). The centerpiece of the research is a set of econometric models that are designed to identify causal estimates of the impact of crime on student outcomes and the moderating effects of schools.

Long-Term Outcomes of Neighborhood Gains: Can Low-Income Neighborhoods Become Stable, Integrated Communities?

While community development advocates celebrate improvements in the economic standing of low-income neighborhoods, some skeptics caution that observed gains may be fleeting. Others worry that short-run economic gains may trigger gentrification and wholesale displacement of low-income residents. This paper explores the sustainability of economic gains in lower income neighborhoods in metropolitan areas across the United States over multiple decades. The research explores neighborhood turnover, changes in poverty and changes in relative income, and we explore whether neighborhoods that experience racial as well as economic change are less stable. We also explore whether patterns differ in central city versus suburban neighborhoods, as an increasing share of low-income neighborhoods are located outside of urban centers.