



The Furman Center for Real Estate and Urban Policy is a non-profit research center at New York University dedicated to providing objective academic and empirical research on the legal and public policy issues involving land use, real estate, housing and urban affairs in the United States, with a particular focus on New York City. The Furman Center's research is organized around four primary topics: Mortgage Finance & Foreclosures; Land Use Regulation; Affordable Housing; and Neighborhoods. Below is a list of current research projects in each of these areas. For more information on these, as well as summaries of previous Furman Center research, please visit www.furmancenter.org.

Mortgage Finance & Foreclosures

Outcomes of Distressed Mortgage Borrowers

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. And some borrowers are unable to prevent the foreclosure process from progressing to an auction of the home. For policymakers, the likelihood of these various outcomes have important consequences. Will the property remain vacant? Will a new owner maintain the building properly, and will tenure change from owner-occupied to renter-occupied? 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, as well as 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.

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? Our research, conducted with the 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.

The Role of Appraisals and the Housing Market

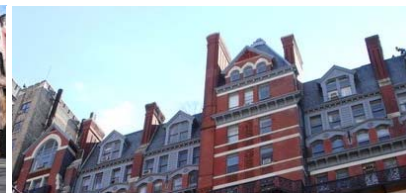
In the aftermath of the housing market collapse, appraisers have been blamed for inflating appraisal values because of pressure from interested parties. More recently, however, appraisers have drawn ire for low appraisals that many say are slowing economic recovery. This research will examine existing state, federal and industry efforts to assure that appraisers are sufficiently insulated from pressure by interested parties, and suggest how industry standards, the structure of incentives, and government regulation might be better targeted to safeguard the objectivity of appraisers and prevent fraud and bias.

The Impact of Foreclosures on School Mobility & Performance

Foreclosures significantly disrupt the lives of children and families. The Furman Center and NYU's Institute for Education and Social Policy are studying how this disruption impacts the school mobility of children from families who suffered foreclosure. By linking data from the NYC Department of Education to our data on foreclosures, we can examine whether children who live in properties that enter foreclosure are more likely – after the foreclosure notice is issued – to switch schools. For children who moved after a notice of foreclosure, we will look at the characteristics of the school they left, and the school to which they moved.

The Impact of Foreclosures on Neighborhood Crime

As foreclosures continue to mount across the country, there is a concern that the 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 of foreclosures on a city block on criminal activity on that block. By providing empirical evidence on the mechanisms by which foreclosures affect public safety, this research will help to guide local and national policymakers in their response to the foreclosure crisis, which threatens to undermine the safety and stability of communities around the country. This research will also explore the relationship between foreclosures and crime in four other cities around the country: Baltimore, Denver, Chicago and Washington D.C.



Affordable Housing

How to House the Homeless

Homelessness is one of the most troubling and persistent social problems in the United States, yet experts can neither agree on its root causes nor on how to eradicate it. Last fall, the Furman Center, in conjunction with the Columbia Center for Homelessness Prevention Studies, convened leading experts to debate such questions as whether homelessness is the result of individual life conditions, such as poverty, addiction, or mental illness, or whether there simply is not enough affordable housing? The papers generated by the conference will be published in a book that takes a new look at the link between homelessness and housing policy and exploring ways to rethink how housing markets operate and to develop more efficient interventions in existing service programs.

Understanding Mitchell-Lama Opt-Outs

The Mitchell-Lama program has facilitated the development of more than 150,000 units of middle-income housing for New York City residents. Over time, owners have had the opportunity to remain in the program or opt-out of the program requirements. The Furman Center, as part of its larger Preservation Data Project, is examining current and historical data to explore why certain owners opted-out of this program, while others decided to remain in the program. This research will help us begin to develop a system to predict which buildings are 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 to better understand owner behavior in other subsidized housing portfolios, including HUD Assisted and Low Income Housing Tax Credit developments.

Reconsidering Rental Housing Goals

The recent housing crisis has been a reminder that buying a home can be risky. For many households, renting may be a superior alternative, at least at certain times in their lives. Yet in the aftermath of the mortgage crisis, there has been surprisingly little discussion about rental housing. The Furman Center brought together key thinkers to consider the role of rental housing and address such key issues as the characteristics of a well-functioning rental housing market, the function of rental housing in housing markets and the overall economy, the need for, and appropriate types of, government intervention to support preservation or development of rental housing, the appropriate form of targeted rental assistance to lower income households, and changes that could be made to the rental market that would enable rental housing to confer some of the benefits of stability now linked to homeownership. The papers resulting from the exploration will be published in a journal or book later this year.

Land Use Regulation

Why Do Some Sites Remain Underdeveloped in Strong Markets?

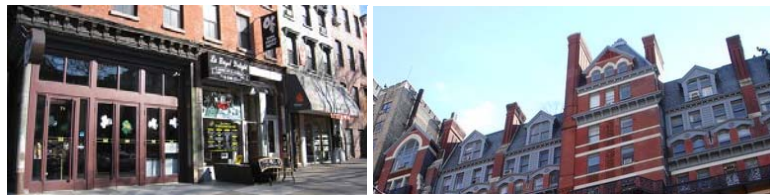
New York City's capacity to grow depends in part upon whether land that is now under-utilized can be developed to its full zoning capacity. We don't know enough about what causes some property owners to develop their land to the fullest FAR (floor area ratio) permitted by the applicable zoning, or about why some owners continue a current use when development to full FAR appears to make economic sense. We are gathering data and constructing models to identify which sites in the City currently are developed under the maximum permitted FAR, and to evaluate the characteristics of the properties, their owners, and the neighborhoods in which they are located. Using information gleaned from our data analysis, case studies and interviews with owners and real estate professionals, we will construct a model that can predict which lots will build out and which won't, and will suggest policies that the City could adopt to encourage landowners to develop under-used land.

What Teardowns Tell Us About Land Value

In cities with very little vacant land, "teardowns" (acquisitions of existing buildings that are immediately demolished to provide new building sites) represent a unique opportunity to measure land values. The Furman Center is matching property sales data with demolition permit data to compile a list of teardowns in New York City in the past several years. From these observations we will replicate similar research in other cities to estimate land prices and to construct a model that can predict where teardowns may occur.

Rezoning, Housing Capacity and Neighborhood Characteristics

Since 2002, the New York City Department of City Planning has initiated about 100 neighborhood rezonings, affecting about 20% of the City's land. These rezonings have increased the amount of permitted building density in neighborhoods the City deems underdeveloped, and



decreased the permitted building capacity in neighborhoods the City believes cannot support additional development or should not be developed further in order to protect the neighborhood's character. The Furman Center's previous research has analyzed these rezonings to determine their net impact on the City's capacity for new development. We are now engaged in additional research looking more closely at the characteristics of neighborhoods that gained and lost capacity and trying to better understand the relationships between the existing infrastructure and political activity of those neighborhoods, and their rezoning outcomes.

Transferable Development Rights in New York City

During New York City's recent real estate boom, countless new construction projects depended on the transfer of unused development rights from 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 them. In order to better understand where and how development rights have been transferred 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 transferrable development rights currently works and begin to think about how development rights transfer rules could be changed to facilitate the development of affordable housing.

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

New York City contains some of the most transit-rich neighborhoods in the country, and its residents are far less likely to own cars than their compatriots elsewhere. Despite this, the City's zoning code still mandates that new residential construction in most neighborhoods be accompanied by a minimum number of new off-street parking spaces. The Furman Center will evaluate the merits and drawbacks of some of the City's parking policies from two perspectives: how do developers respond to minimum parking requirements in terms of the quantity and type of parking provided? And how do residents respond in terms of their car ownership, mode choice, and vehicle miles traveled (VMT)? By modeling the behavioral responses of both developers and residents, this research will be able to answer the following questions: do minimum parking requirements supply parking spaces over what would have been provided independently by developers? What economic value do residents place on parking availability? How does the supply of parking correspond to a resident's car ownership and modal choice decisions?

Historic District Designation and Housing in New York City

In 1965, Mayor Robert F. Wagner, established the Landmarks Preservation Commission. Since then, it has designated 100 historic districts across the 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, and designation therefore restricts what can be built, renovated, and torn down within a district. Previous research has looked at the impact of historic designation on property values, but little is known about other impacts it may have on local housing markets. The Furman Center's research will examine both how historic designation affects property values in New York City, how it affects building, rehabilitation and conversion activity and consequently the supply of housing, and how it affects the characteristics of neighborhoods more generally. This research will help key stakeholders in the historic designation process better understand the costs and benefits of establishing historic in New York City.

Neighborhoods

Residential Moves and Redevelopment: Where Do Pioneering Households Move?

Neighborhood change research suggests that higher income homeowners moving into lower income neighborhoods are key drivers of economic change, yet we know little about the conditions under which such moves are made. Specifically, which neighborhood and city characteristics appear to attract such 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? While much has been written about the residential choices that contribute to the downward filtering of housing, very little quantitative work exists on the household movements that drive the reverse process. These conditions are critical for local policymakers who wish to promote neighborhood development. The Furman Center is engaged in research to better understand the dynamics at play.

Building Sustainable and Inclusive Communities

HUD's 2010 budget includes 'encouraging sustainable and inclusive communities' as one of its five core objectives. In collaboration with researchers at The Urban Institute, the Furman Center recently explored the intersection of the two potentially conflicting goals of encouraging sustainable communities and enhancing access to opportunity for lower-income people and people of color. In May 2010, we published a white paper providing an original empirical analysis of how these goals interact at the neighborhood and metropolitan area levels, using the Seattle and



CURRENT RESEARCH PROJECTS

SUMMER 2010

New York metropolitan areas as case studies. The paper finds that policies that use walkability and transit accessibility as their primary focus may disproportionately concentrate lower-income people in high-poverty and racially isolated neighborhoods with fewer educational and job opportunities. It recommends how HUD should target its policies to avoid the conflict and achieve access to both opportunity and environmental sustainability. Going forward, we will be replicating the analysis in additional case studies of several cities in weaker market regions.

Bodegas or Bagel Shops? Neighborhood Differences in Retail Services

During the prolonged economic expansion of the late 1990s and early 2000s, a number of formerly run-down central city neighborhoods experienced significant neighborhood change. New York City in particular, is home to a number of neighborhoods that have undergone considerable economic and demographic transitions. Most of the academic literature on neighborhood change has focused on changes in demographics and housing markets, but almost no academic research has examined whether and how it alters the composition of retail services. The Furman Center aims to fill this gap by examining the composition, entry, and exit of retail outlets, and analyzing how changing commercial characteristics have interacted with shifting residential populations in NYC neighborhoods over the past two decades. These changes will be examined in the context of local investments and incentive programs for commercial properties and businesses, such as Business Improvement Districts, Enterprise Zones, rezonings, and the Industrial and Commercial Incentive Program.