



**FURMAN CENTER**  
FOR REAL ESTATE & URBAN POLICY  
**NEW YORK UNIVERSITY**  
SCHOOL OF LAW • WAGNER SCHOOL OF PUBLIC SERVICE



# The Residential Foreclosure Crisis: Where Do We Go From Here

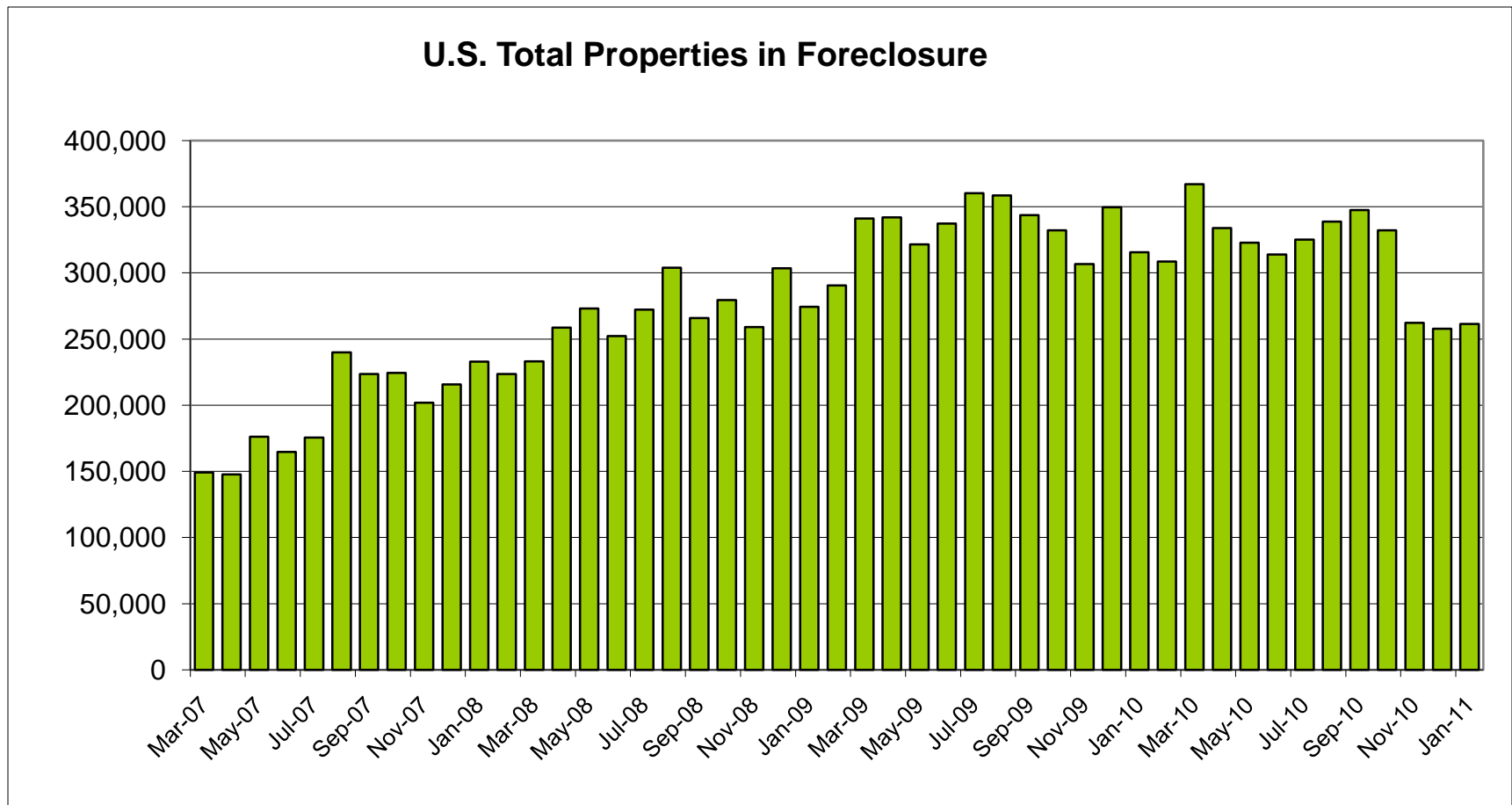
Presentation for  
The Association of the Bar of the City of New York

Sarah Gerecke

The Furman Center for Real Estate and Urban Policy  
& its Institute for Affordable Housing Policy

# National Foreclosure Trends

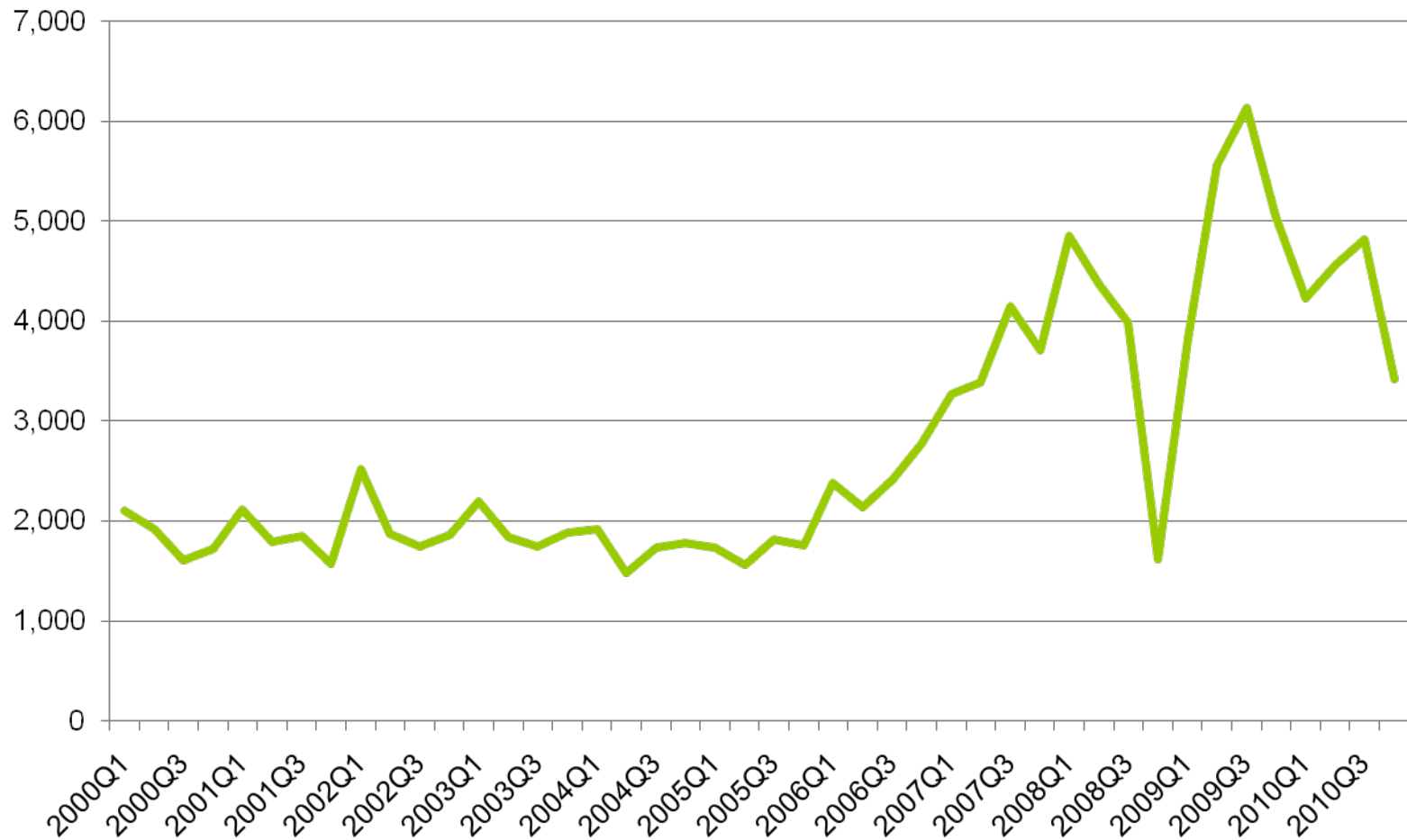
(March 2007 – January 2011)



Source: RealtyTrac

# NYC Foreclosure Trends

(2000Q1– 2010 Q4)



Source: Public Data Corporation, Furman Center

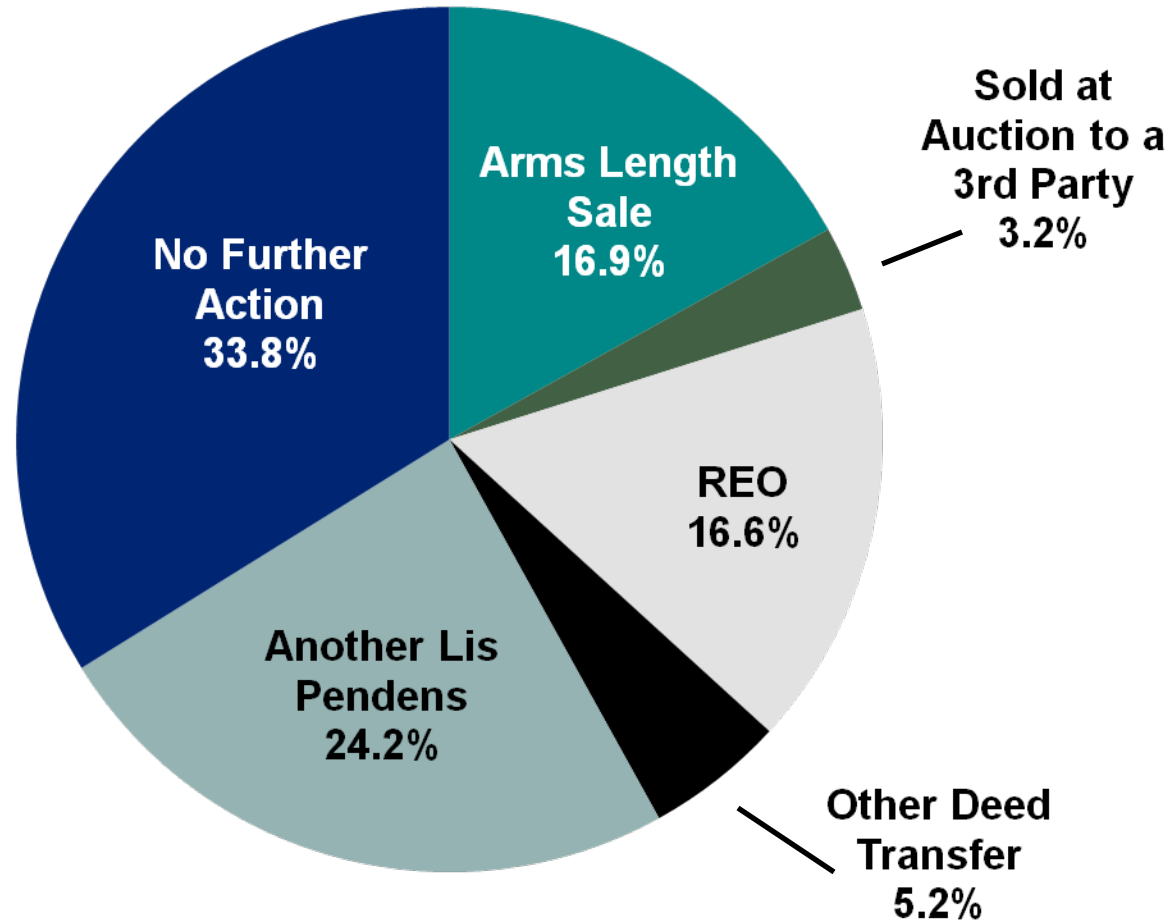
# Foreclosures in the US & NYC

## *Lis Pendens* Filings for All Residential Property Types

	2004	2005	2006	2007	2008	2009	2010
Bronx	934	829	1,254	1,660	1,628	1,962	1,974
Brooklyn	2,555	2,586	3,569	5,310	5,067	6,984	6,240
Manhattan	196	179	207	262	334	724	722
Queens	2,397	2,457	3,716	5,964	6,235	8,294	6,246
Staten Island	778	784	989	1,262	1,538	2,138	1,729
<b>New York City</b>	<b>6,860</b>	<b>6,835</b>	<b>9,735</b>	<b>14,458</b>	<b>14,802</b>	<b>20,102</b>	<b>16,911</b>
<b>U.S. (all foreclosures)</b>	<b>-</b>	<b>885,462</b>	<b>1,259,098</b>	<b>2,203,295</b>	<b>3,157,806</b>	<b>3,957,643</b>	<b>3,862,637</b>

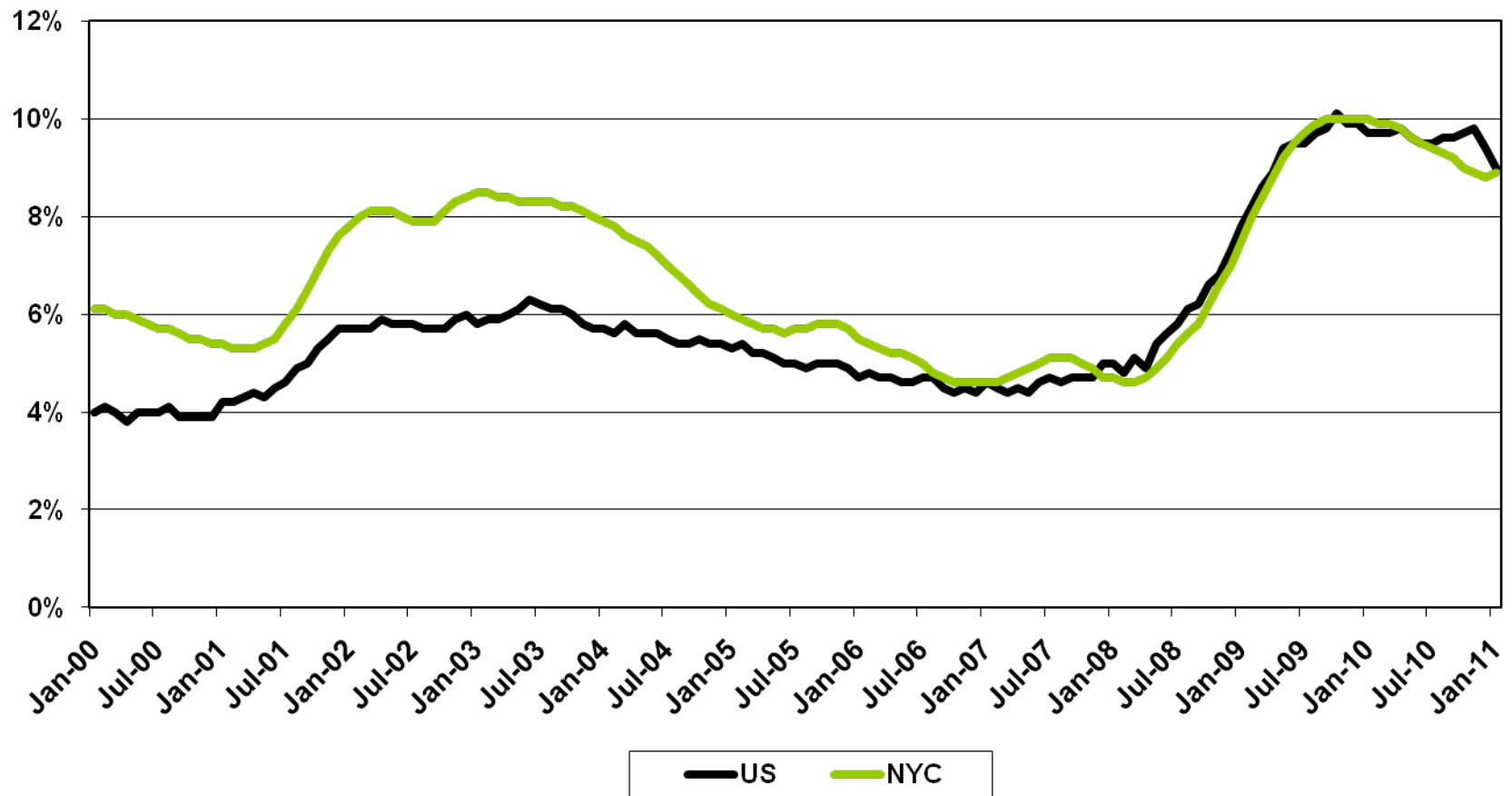
Source: Public Data Corporation and Realty Trac

# Outcomes of Properties that Received a Lis Pendens in 2007



# NYC & US Unemployment Rate

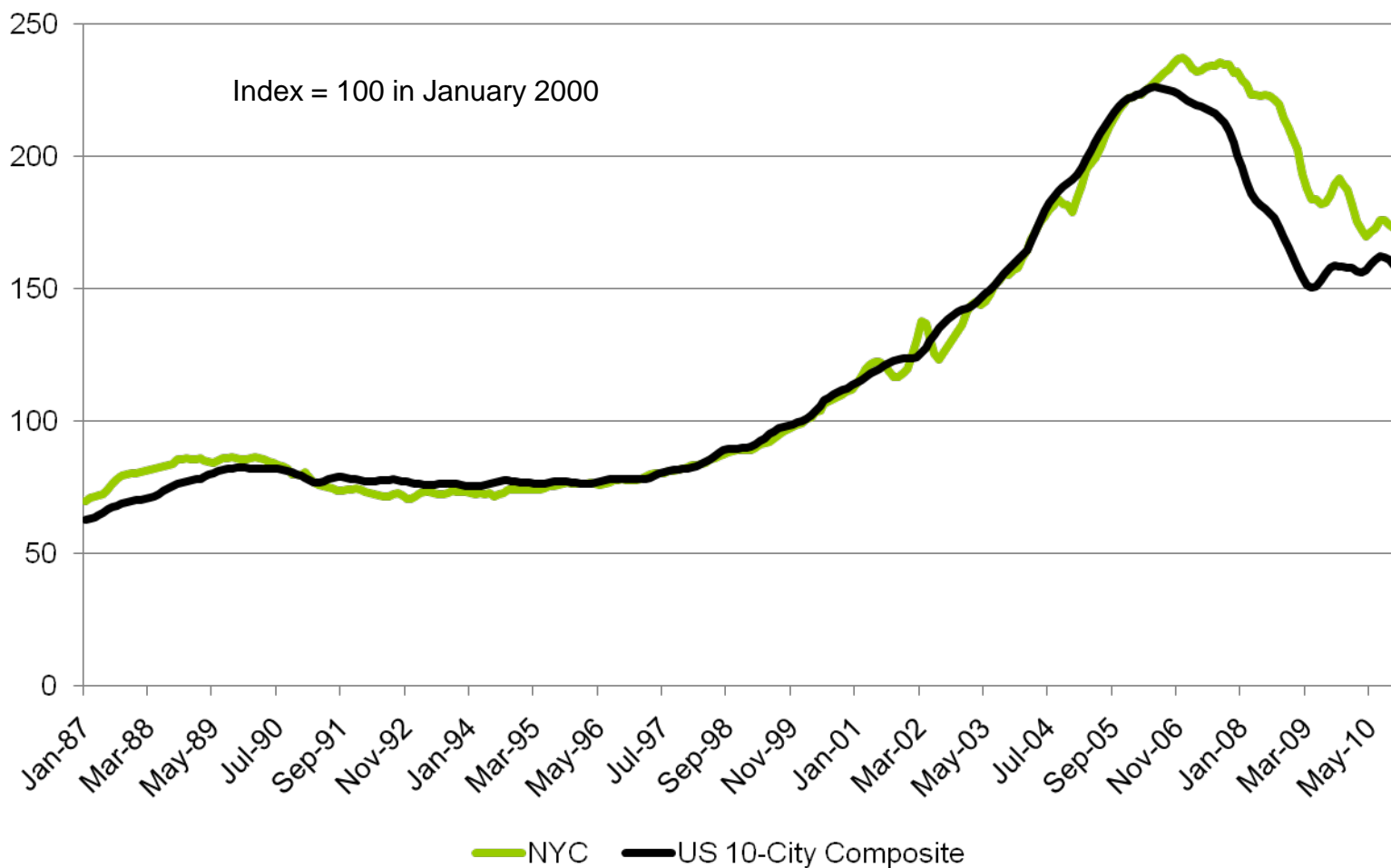
January 2000 – January 2011



Source: Current Population Survey, Local Area Unemployment Statistics

# NYC and US Housing Price Index

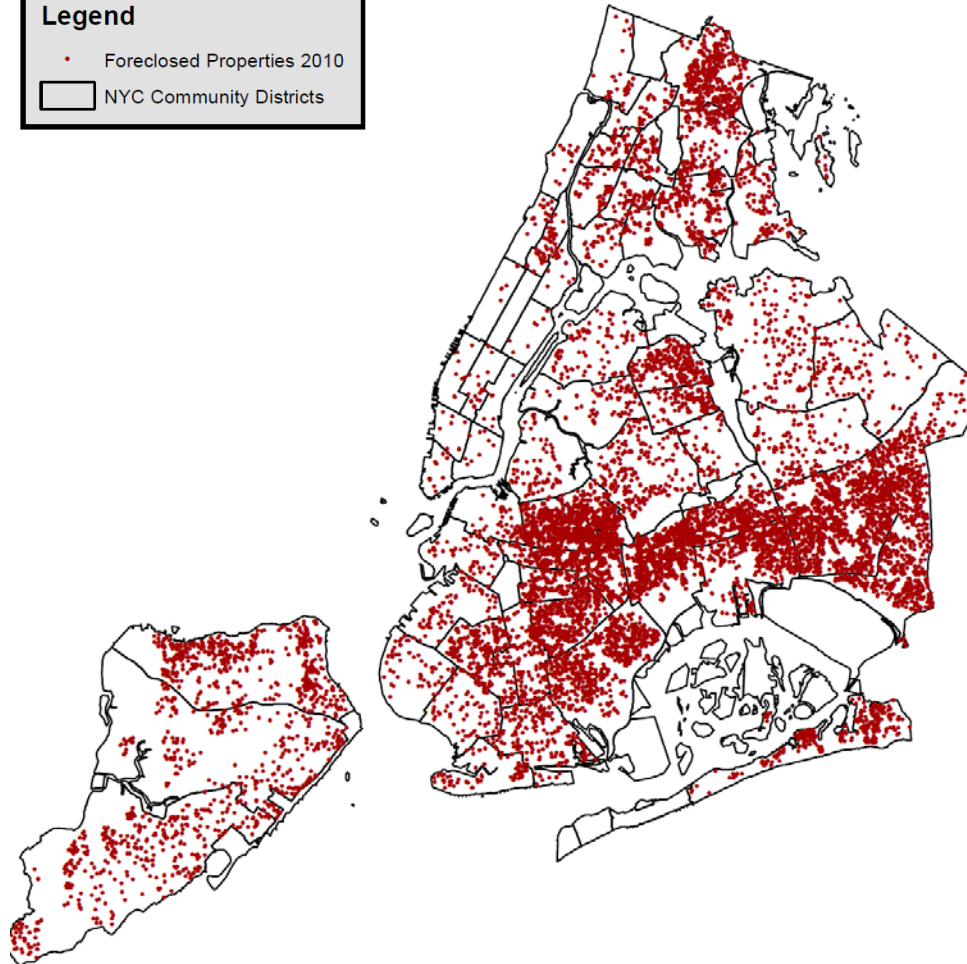
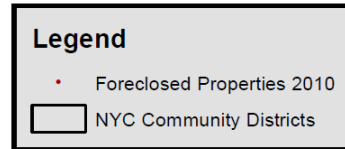
January 1987 – November 2010



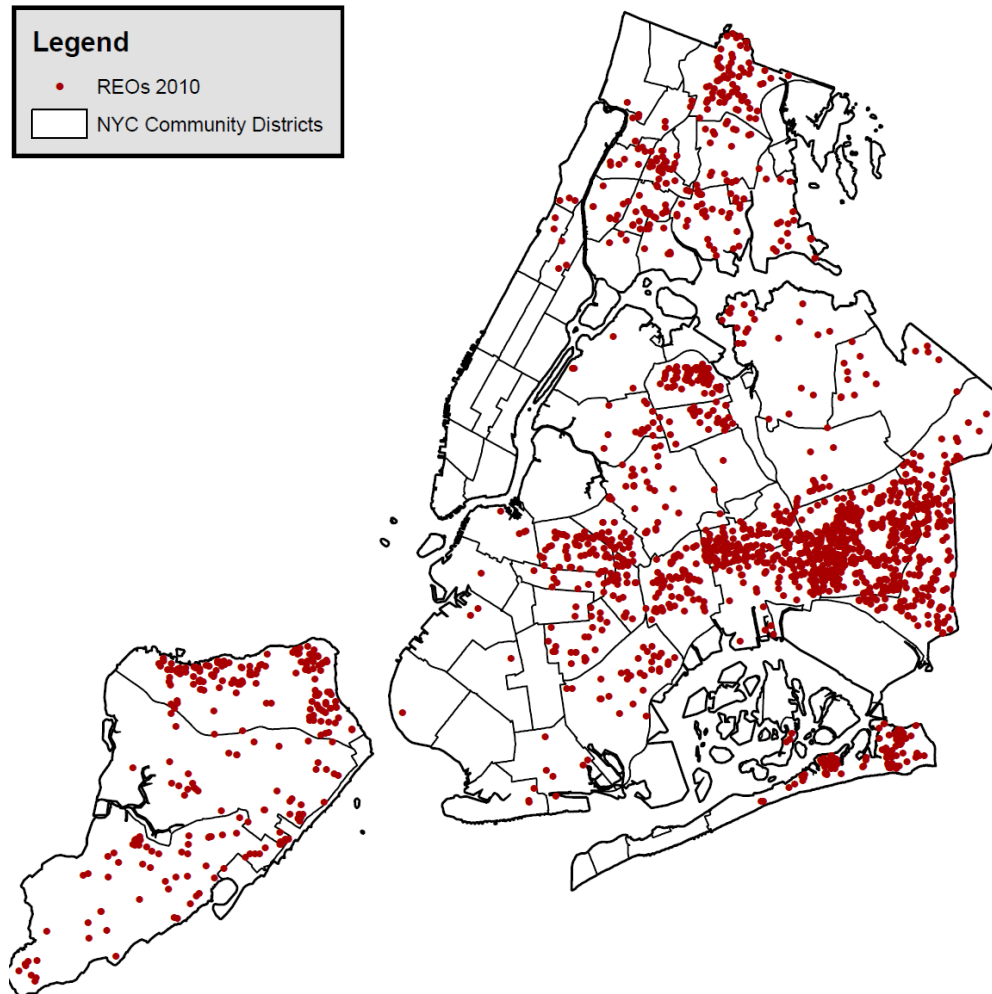
# Collateral Costs of Foreclosures

- Neighboring properties and communities
  - The value of neighboring properties may fall
  - Crime in the surrounding neighborhood may rise
- Renters
  - Renter households who had been living in properties entering foreclosure are dislocated
- Children
  - Children may suffer from moves to new schools and communities

# Properties that Entered Foreclosure, 2010



# Properties that Became Real Estate Owned, 2010



# Estimated Share of Households Living in Buildings Entering Foreclosure Who Are Renters

	2007	2008	2009	2010
<b>Bronx</b>	<b>59.4%</b>	<b>62.9%</b>	<b>69.3%</b>	<b>66.7%</b>
<b>Brooklyn</b>	<b>56.0%</b>	<b>57.4%</b>	<b>59.3%</b>	<b>61.0%</b>
<b>Manhattan</b>	<b>82.2%</b>	<b>87.4%</b>	<b>77.7%</b>	<b>96.0%</b>
<b>Queens</b>	<b>37.8%</b>	<b>40.0%</b>	<b>39.6%</b>	<b>41.6%</b>
<b>Staten Island</b>	<b>27.2%</b>	<b>27.1%</b>	<b>26.3%</b>	<b>25.9%</b>
<b>NYC</b>	<b>49.9%</b>	<b>52.6%</b>	<b>54.4%</b>	<b>66.5%</b>

# How Foreclosures Affect Children

- May be forced to move homes as owners sell to pay off mortgage debt or bank completes foreclosure
  - New housing situation may be less stable
  - May be forced to move to new neighborhood/school
- Mobility and stress from uncertainty/instability may lead to reduced performance in school
- Affected students may be concentrated in particular schools.

# Future Research on Consequences

- Continued analysis of impact of foreclosures on neighborhoods, including crime
- Analysis of foreclosures on children's academic performance
- Study of how the housing crash is affecting household savings, retirement and behavior