



HOUSING SNAPSHOT

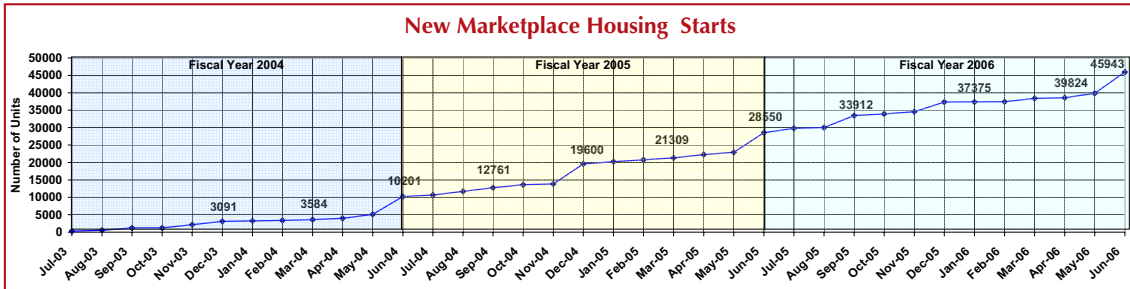
A Summary of New York City's Housing Market – September 2006

Housing Starts

- The 2005 NYC Housing and Vacancy Survey reported a 1.6% increase (52,000) in the number of housing units from 3,209,000 in 2002 to 3,261,000 in 2005. This is an annual increase of more than 17,000 units during each of the three years; the largest increase between two survey years since 1991.
- In the past two years, the number of HPD and Housing Development Corporation (HDC)-subsidized new construction housing starts has exceeded the numbers for any other two-year period since 1988.
- Since Mayor Bloomberg came to office in January 2002, HPD has started construction or rehabilitation of 64,500 units of affordable housing.

Spotlight

- In Fiscal Year 2006, HPD and HDC started new construction and rehabilitation of 17,400 units of affordable housing under the New Housing Marketplace Plan. This represents 115% of the projected plan for this fiscal year.
- The 2005 Housing Vacancy Survey reports that the homeownership rate for the city as a whole was 33.3%--an all time high for the 40-year period since 1965 when the first such survey was conducted.



Source: HPD Production Credit System

Housing Highlights

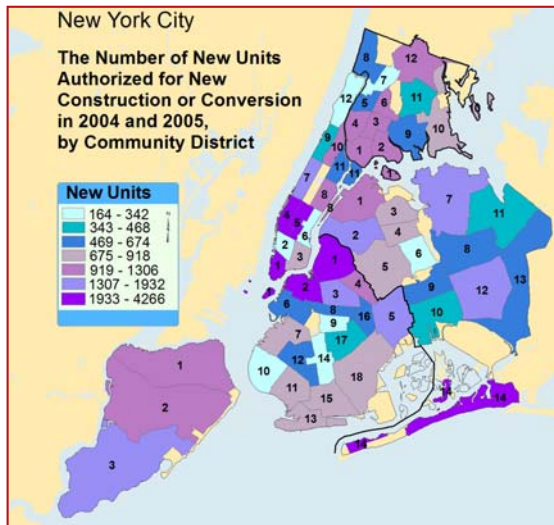
New Construction and Conversions

In order to better understand the dynamics of a vibrant market, HPD's Strategic Planning Unit has examined the number and rate of construction and conversion of new housing units in NYC's 59 community boards during calendar years 2004 and 2005. Data was drawn from the Department of City Planning's analysis of U.S. Census data on building permits, which City Planning then sorted by Community District. Additional but more limited information on conversions came from HPD's own J-51 tax incentive program and from the Alliance for Downtown New York.

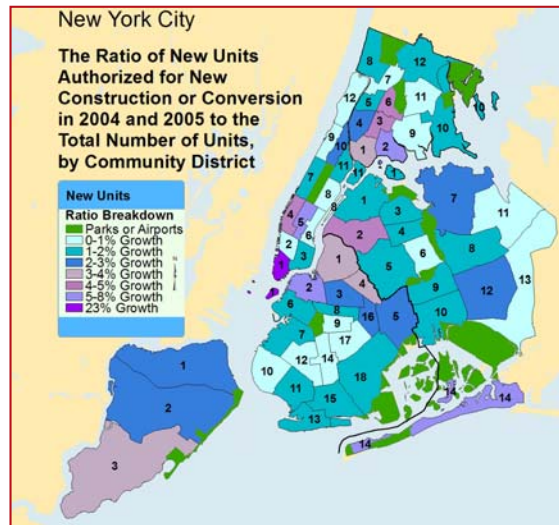
Map 1 indicates that the largest numbers of new units authorized for construction or conversion are in Manhattan's Community Districts 1, 4 and 5, or lower Manhattan, Midtown and Chelsea; in Brooklyn's Districts 1 and 2, coinciding with the popular areas of Greenpoint, Williamsburg, and Fort Greene; and in Queens's District 14, covering the Rockaways.

Strategic Planning also looked at the number of new units in relation to the number of existing units in a given district. Shown in **Map 2**, these numbers offer a slightly different picture. Lower Manhattan still led the districts with the highest ratio (a full 23%), while the next five districts with the highest ratios included three districts which also had the greatest quantity of units: District 14 in Queens (Rockaways), 5 in Manhattan (Midtown), and 2 in Brooklyn (Fort Green). However, in Districts 2 and 3 in the Bronx (Hunt's Point and Morrisania) there were significant ratios although the number of units constructed when compared with other Districts was unremarkable.

Map 1



Map 2



Soft Landing for the Housing Market?

Although most housing experts have noted that the Federal Reserve's continued interest rate hikes are reducing speculative demand, they anticipate that the housing market slowdown will remain moderate as long as the economy continues to create jobs. According to Eric Belsky, Executive Director of Harvard's Joint Center for Housing Studies, mortgage innovations such as low down payments, hybrid-adjustable, and interest-rate only loans have helped soften the downward trend, and strong household growth could increase housing investments to new levels over the next decade. The Center's "State of the Nation's Housing" report, released June 2006, predicts that sharp price drops are unlikely, absent severe oversupply or big job losses in major metropolitan areas. Still, Belsky warns that the U.S. economy's ongoing production of low-wage jobs, coupled with land use restrictions that increase housing costs, may intensify today's widespread affordability problems. (Released June 13, 2006; http://www.jchs.harvard.edu/publications/markets/son2006/son2006_bw.pdf.)

News and Accomplishments

Affordable Housing and Design Excellence

On September 14, 2006, HPD Commissioner Shaun Donovan and Mark Ginsberg, FAIA, former President of the New York Chapter of the American Institute of Architects (AIA), announced the five finalists of the first ever juried architect-developer design competition for affordable and sustainable housing in New York City. The New Housing New York (NHNY) Legacy Project competition seeks to encourage innovative design in the development of a mixed-use, mixed-income project on a 40,000-square-foot City-owned site located at the southeast corner of East 156th Street and Brook Avenue in the Bronxchester Urban Renewal Area in the South Bronx. The five teams were selected through a Request for Proposals (RFP) process and include Phipps Rose Dattner Grimshaw (Phipps Houses/Jonathan Rose Co./Dattner Architects/Nicholas Grimshaw & Partners); Legacy Collaborative (Magnusson Architecture and Planning/Kiss + Cathcart); WHEDCo/Durst Sunset LLC (Cook + Fox Architects, LLP); BRP Development Corporation (Rogers Marvel Architects); and SED+BEHNISCH+MDA (Behnisch Architekten/studio MDA Architects). For more information, visit www.aiany.org/NHNY

Housing Studies

The Decline of Middle-Income Neighborhoods? Data on Inflow and Outflow of NYC's Population

In June of this year the Metropolitan Policy Program of the Brookings Institution issued a report entitled "Where did They Go? The Decline of Middle-Income Neighborhoods in Metropolitan America." Analyzing data from the 1970 to 2000 census, the authors argued that middle-class neighborhoods have tipped towards higher- or lower-income status, resulting in greater economic disparities between remaining neighborhoods. The shifting distribution of family incomes in city neighborhoods has refocused public attention on creating retention efforts to stem the perceived middle-class "flight" to more affordable locales. In order to assess the need for such efforts, HPD's Strategic Planning Unit examined New York City's domestic immigration and out-migration data in comparison with other major American cities. We gathered 2000 U.S. Census data on county-level inflow and outflow (city-level data is not available) and then ranked counties by the proportion of the population that "out-migrated" or moved to other locations from 1995 to 2000.

- HPD found that NYC out-migration during these years was 12.4%, quite low compared to other major American cities. In fact, NYC had the second lowest proportion of outflow (ranked just after Las Vegas/Clark County) and had by far the lowest outflow among older cities in the Northeast.
- NYC had the lowest domestic in-migration rate—only 3.5%—of the twenty cities compared. The data suggests that NYC is retaining its current residents, but (although it remains a premier destination for international immigrants) it is having problems in attracting domestic immigrants.
- It should be noted that, since U.S. Census county-to-county migration data does not include income levels, we were unable to compare the migration of residents in particular income categories.

Outmigration and Immigration Comparisons by County, 1995-2000

City	County	2000 City Population			Outmigration 1995-2000		Immigration 1995-2000	
		2000 County Population	2000 City Population	Share of the City Population in the County Population	Outmigration Count	Share of Outmigration in the Population	Immigration Count	Share of Immigration in the Population
Las Vegas	Clark County	1,375,765	478,434	34.78%	157,703	11.46%	360,931	75.44%
New York	NYC 5 Boroughs	8,008,278	8,008,278	100.00%	994,239	12.42%	277,865	3.47%
Los Angeles	Los Angeles County	9,519,338	3,694,820	38.81%	1,184,219	12.44%	616,948	16.70%
Detroit	Wayne County	2,061,162	951,270	46.15%	265,371	12.87%	149,934	15.76%
Miami	Miami Dade County	2,253,362	362,470	16.09%	308,592	13.69%	148,878	41.07%
Chicago	Cook County	5,376,741	2,896,016	53.86%	749,553	13.94%	371,651	12.83%
Houston	Harris County	3,400,578	1,953,631	57.45%	487,061	14.32%	372,189	19.05%
San Antonio	Bexar County	1,392,931	1,144,646	82.18%	207,441	14.89%	192,886	16.89%
Philadelphia	Philadelphia County	1,517,550	1,517,550	100.00%	229,424	15.12%	135,266	8.91%
San Diego	San Diego County	2,813,833	1,223,400	43.48%	430,426	15.30%	424,318	34.68%
Indianapolis	Marion County	860,454	781,870	90.87%	155,488	18.07%	129,495	16.56%
Dallas	Dallas County	2,218,899	1,188,590	53.57%	402,317	18.13%	312,583	26.30%
Seattle	King County	1,737,034	963,374	32.43%	320,489	18.49%	269,190	51.33%
Boston	Suffolk County	689,807	589,141	85.41%	169,165	24.52%	135,739	23.04%
Baltimore	Baltimore City	651,154	651,154	100.00%	169,274	26.00%	152,411	23.41%
San Francisco	San Francisco County	776,733	776,733	100.00%	203,292	26.17%	145,095	18.68%
Washington, DC	District of Columbia	572,059	572,059	100.00%	158,360	27.68%	113,029	19.76%
Atlanta	Fulton County	816,006	416,474	51.04%	249,360	30.56%	219,347	52.67%
Denver	Denver County	554,636	554,636	100.00%	183,431	33.07%	136,559	24.62%
St. Louis	St. Louis City	348,189	348,189	100.00%	158,081	45.40%	187,714	53.91%

Source: HPD Strategic Planning

Vicki Been, Caroline K. Bhalla, Ingrid Gould Ellen, Solomon J. Greene, Andrew E. Schinzel and Ioan Voicu, *The State of New York City's Housing and Neighborhoods 2005*, New York: Furman Center For Real Estate and Urban Policy, 2006 (http://www.law.nyu.edu/realestatecenter/publications/documents/SOC2005_002.pdf)

The 2005 edition of this annual publication focuses on trends in the availability and affordability of housing in New York City. The authors note that, notwithstanding a robust increase in housing production, the affordability gap between real income and real rents has widened, a situation further exacerbated by the marked decrease in affordable rental stock in all sectors of the housing market (subsidized, rent-regulated, and market-rate). Of especial interest is a new measure developed by the authors to more accurately assess the housing gap, defined by them as the difference between housing demand and the existing total available housing stock. Even with the very real challenges facing housing policy, this new measure reveals the encouraging information that, due to the increased production of housing units in recent years, the housing shortage has reversed an earlier trend and since 2002 has been declining by over 9,000 units per year.

For more information regarding Housing Snapshot, please e-mail: snapshot@hpd.nyc.gov

New York City Department of Housing Preservation and Development