CENTER for NYC NEIGHBORHOODS

Pathways to Homeownership in NYC Today

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The Center for NYC Neighborhoods promotes and protects affordable homeownership in New York so middle- and working-class families can build strong, thriving communities. Through collaborations with dozens of statewide partners, the Center's work focuses on three major areas: advocating for systemic changes to create equitable housing policies; creating and administering programs that enable new affordable homeownership opportunities and housing preservation; and delivering catalytic capital to provide relief to financially stressed households while stimulating local economies. Since 2008, the Center has served nearly 378,000 homeowners across the state. Last year, the Center and its partners saved more than 1,700 homes from foreclosure and preserved $3.5 Billion in neighborhood property value.

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Executive Summary

This study examines New York City's affordable housing crisis over the past five years through the lens of interviews with 21 participants: renters, homeowners who participated in one of the City's "affordable" homeownership programs, and homeowners who followed a more "traditional" path to homeownership. Through these conversations, we identify the unique challenges and best practices for prospective homebuyers in New York City, and outline a handful of policy recommendations to help improve housing affordability in the City.

Overview of findings and recommendations

Our findings overall demonstrate that there are no major differences between the concerns of renters versus homeowners. In fact, both respondent groups expressed similar feelings and desires regarding housing in New York City today. Further, the results overwhelmingly indicate that New York City is no longer affordable for its “average” residents. As the housing market (for both rented and owned homes) has grown more prohibitively expensive, our respondents have adapted to this new reality by developing competitive strategies and accepting a certain amount of trade offs when securing housing. Under the existing conditions, it appears that only the wealthiest New Yorkers can become homeowners, with some exceptions including luck and family support. If conditions remain as they are, people will continue to leave New York City for more affordable places to live. New York City needs to increase its supply of affordable homes, coupled with lower prices that reflect New York City’s population, in order to both retain and support residents of all economic backgrounds.

TOPLINE FINDINGS

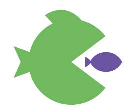
76%

of all respondents believe that New York City has rapidly declined in affordability over the past few years

76%

of all respondents said that high housing costs force them to make tradeoffs in their living situations and spending habits

When asked why they think New York City is so expensive today, respondents cited these top factors:



Demand/ Competitive Market

The 40x-rent Income Requirement

Broker Fees

Access To Public Transportation

54%

of respondents (renters and homeowners alike) reported that they received some type of family support when securing their housing

43%

of renters do not foresee homeownership in New York City as a possibility for themselves in the future

76%

of all respondents cited “luck,” “privilege,” or “extraordinary circumstances,” as the reason they were able to obtain their current housing situation, or described it as “finding a needle in a haystack”

76%

of all respondents (renters and homeowners alike) cited “landlord greed” as one of the major causes of the current affordability crisis

76%

of all respondents (renters and homeowners alike) reported that climate changes factors into their housing choices

SUMMARY OF POLICY RECOMMENDATIONS

1. **Streamline the financing for and improve the guidance on affordable-housing development**: State and local governments should introduce greater transparency into how affordable housing is financed and developed. This will empower the public to make informed choices around affordable housing and equip more M/WBE developers to enter into the field.

2. **Increase subsidies for building affordable housing and right size New York City's AMI to actual New York City incomes**: The subsidies the government provides developers to create affordable homes should be increased (on a per-unit basis) to incentivize developers to build more affordable units at lower price points. A New York City specific Area Median Income (AMI) should also be used for the City's affordable-housing programs to ensure that program requirements are not based on inflated estimates, and to peg resources to real City incomes. RFPs from local not-for-profit developers should also be prioritized. In total, these adjustments will ensure that subsidized rents (and purchase prices) are set at rates that are affordable to New York City residents.

3. **Expand legal protections to support new homeowners and slow speculation**: The City's housing market is marked by speculative activity and prohibitively high prices, which pressures many renters and prospective homebuyers to leave their neighborhoods in search of more affordable prices. Fortunately, local advocates have been working for years towards legislation to address some of these issues. Elected officials should pass legislation that is already in the pipeline that will support new homeowners, increase the local inventory of affordable housing, and slow speculation.

4. **Permanently increase support for future homebuyers**: New York City is urgently in need of increased funding for its first-time homebuyers and down-payment assistance programs. Unfortunately, the City's counseling programs and initiatives are largely funded through variable discretionary funding. A radical transformation of pre-purchase counseling with guaranteed public investment, in addition to increased funding for down-payment assistance, will ensure that these programs are designed for (and driven by) the people actually going through the process, and make certain homeowners have support post-purchase.

5. **The federal government must do more to be a part of the housing solution**: All of the above suggestions will require significant federal investment in housing in order to address the affordability crisis. Doing so will lead to more funding for state and local programs that can expand housing supports, preserve and improve existing affordable stock, and increase supply at the local level.

Introduction

Across the United States, a record-breaking number of households are struggling amidst today's affordable housing crisis.[1] Both the prices of rented and owned homes have soared in the years post-COVID-19.[2] Not only is there is a shortage of affordable homes,[3] but families of all income levels are experiencing high levels of housing cost burden.[4]

New York City, in particular, is one of the most expensive housing markets in the nation,[5] which is compounded by a historically low rental vacancy rate.[6] Consequently, the American Dream of homeownership may seem out of reach for New York City's low- to moderate-income (LMI) households. With this crisis in mind, we designed a study to investigate what "everyday" New Yorkers think about New York City's current housing market. We were especially interested in learning how people feel about the feasibility of homeownership in New York City, particularly via the City's affordable programs. At the heart of this study are the experiences of renters, some of whom are considering homeownership, and recent homeowners, as told in their own words. Our conversations with these individuals covered all aspects of navigating housing in New York City: everything from searching for rentals to dealing with the unexpected costs of being a homeowner. We were especially interested to hear from those who are LMI and/or from racial-ethnic backgrounds that have historically been locked out of the housing market.[6]

In the pages to come, we will review the literature on the benefits and challenges of homeownership, especially for LMI-, Black and brown homeowners. Next, we will provide a brief overview of New York City's existing affordable homeownership options. This is followed by the results of our interviews with 21 New Yorkers. Our sample included renters who are considering homeownership "someday," or who are currently pursuing homeownership, and homeowners who purchased their homes in the past five years, either through one of the City's affordable programs or at market rate. We conclude with a discussion of the results of the study; and, finally, our policy recommendations, which were informed by our conversations with the respondents.

Literature Review

Why homeownership?

The federal government has long touted homeownership as an important goal and means for families to generate wealth. Indeed, homeownership can serve as a vehicle for wealth accumulation and generational wealth, both through the appreciation in value of a home and through the forced savings associated with paying down an outstanding mortgage principal.

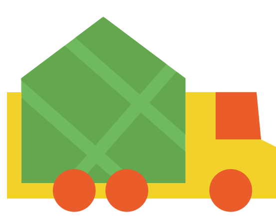
In the long term, homeownership has been shown to insulate owner-occupants from rapidly rising housing costs, especially if they have fixed-rate financing.[7] Furthermore, homeownership has been — and continues to be — incentivized by the government as a tax write-off.[8] Research also demonstrates that assets like homes can have a greater impact than higher pay in low and moderate-income (LMI) households' ability to transform their circumstances, or make it through financial obstacles.[9] Given these benefits, homeownership has the potential to address inequality by serving as a tool to generate and perpetuate intergenerational wealth.

Homeownership can provide social benefits as well. Studies show that homeowners report higher levels of contentment with their homes as compared to renters, as well as higher life satisfaction and physiological health.[10] Past research has also found that children who grow up in owned homes have better life outcomes,[11] which is attributed to the greater stability and privacy that homeownership can provide.[12] This finding is premised on a few important assumptions, however, including that homeowners are not financially stretched, are not buying into distressed neighborhoods, are able to keep up with the maintenance of their homes, and that their home's value will appreciate over time, which is not always guaranteed.

Variations in the homeownership experience

Although homeownership can be beneficial, the literature demonstrates that the experience for LMI and "minority"[13] households can vastly differ from the experiences of higher-income and white households. First, location has an important influence on a household's access to financial services and mortgage products,[14] and can even result in the steering of borrowers to low-quality, high-cost products, depending on their neighborhood.[15] LMI households also tend to have lower cash savings on hand for emergencies, lower wage work, more unstable employment, and lower average credit scores than high-income households.[16] This can limit their homeownership choices to cheaper, often distressed, minority-concentrated neighborhoods, all of which are tied to lower levels of appreciation.[17] In addition, 23.8 percent of low-income homebuyers purchase manufactured homes, which do not benefit from appreciation in land values at all.[18] Further, while limited research has been done on LMI/minority homeowners' experience in maintaining and repairing their homes over time, the existing literature finds that LMI/minority households are generally less likely to make improvements to their homes,[19] and when they do, the investments are smaller.[20] This is significant because home improvements are not only tied to appreciation rates,[21] but also may be necessary to ensure that a home is resilient in the face of climate change.[22] Below, we delve deeper into how financial products, income constraints, race and ethnicity, and climate change impact the homeownership experience.

23.8% of low-income homebuyers purchase manufactured homes and do not benefit from appreciation in land values at all.



23.8%

of low-income homebuyers

vs

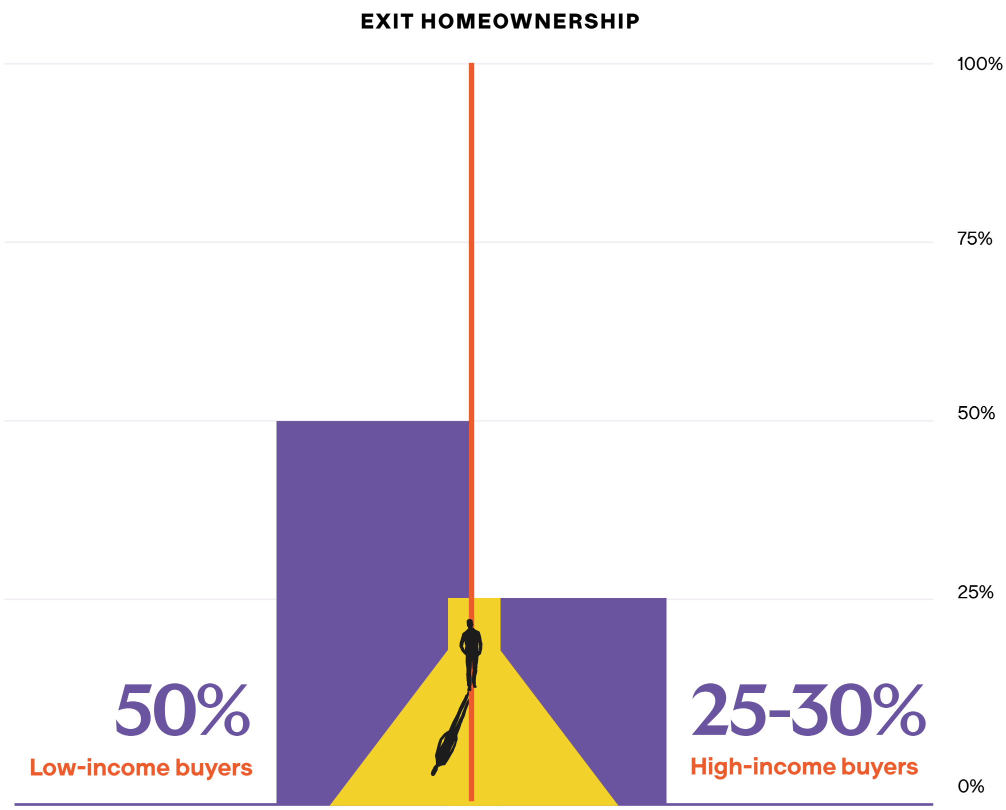
76.2%

of low-income homebuyers

Factors that can adversely affect homeownership

Research on the experience of LMI and minority homebuyers demonstrates that these groups face additional challenges and disparate outcomes compared to higher-income and white homebuyers. As mentioned above, LMI households tend to have lower amounts of a cash-savings cushion, lower wage work, more unstable employment, and lower average credit scores compared to high income households. Unfortunately, these factors are correlated with high-cost mortgage products and subprime loans.[23] Racially minoritized populations also tend to have, on average, lower levels of education, earnings, and credit scores compared to white homebuyers.[24] These realities, combined with the confounding factors of lower financial literacy, tighter household budgets, lack of liquidity, and non-mortgage debt borrowing constraints, significantly increase the vulnerability of LMI and minority households in the transition to homeownership.[25] As such, LMI and minority homeowners are more likely to have significant payment burdens and to be past due on payments, or to face foreclosure.[26]

50% of low-income buyers exit homeownership within 5 years of purchase compared to 25-30% of high income buyers. Unfortunately, the benefits of homeownership, like the accumulation of wealth, only accrue with time.



Even if LMI buyers are able to maintain their housing payments, they risk being stuck in poor quality housing, or being forced to devote an excessive percentage of their income to housing.[27] Triggering events such as job loss, divorce, or medical expenses also contribute to vulnerability. Without a cash savings cushion, such events can devastate households and make it unrealistic for homeowners to retain their homes. In fact, studies find that LMI and minority homeowners are much more likely to return to renting: 50% of low-income buyers exit homeownership within 5 years of purchase compared to 25-30% of high income buyers.[28] This is an alarming trend because the benefits of homeownership are typically only realized by those who are homeowners for longer periods of time.[29] Each of these points suggests that homeownership might not be the best way to generate wealth for all groups of people, and that affordable housing policy should consider additional opportunities for wealth building beyond homeownership.

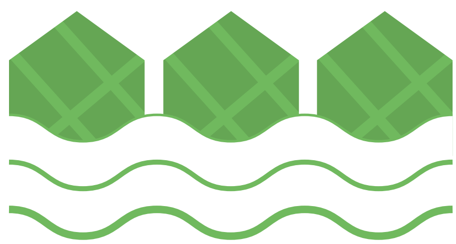
Across majority Black neighborhoods, owner-occupied homes are undervalued by $48,000 per home on average, amounting to $156 Billion in cumulative losses.

Undervalued by

$48K

Additionally, there is a growing body of evidence that a homeowner's race and ethnicity has an adverse effect on housing appreciation, and that racial-ethnic segregation can further depress the returns to minority-owned homes. Studies that have examined how a homeowner's racial-ethnic background impacts their home's appreciation have found, for example, that across all majority Black neighborhoods, owner-occupied homes are undervalued by $48,000 per home on average, amounting to $156 billion in cumulative losses.[30] Research has also shown that the lower appreciation of homes in minority-concentrated neighborhoods is also partly a function of the perceived standing of these communities.[31] Further, both racist and discriminatory behaviors (i.e. steering, white preference for majority-white neighborhoods) as well as the association with other conditions that affect desirability (such as crime and poverty rates, quality of schools, etc.) can work together to undermine the housing appreciation in minority-majority and integrated neighborhoods, and result in the lowering of demand and prices for homes in those areas.[32] Indeed, the housing market is instrumental in the reproduction of racial inequality and intergenerational poverty.[33]

Over 1.3M NYC residents live in, or next to, a 100 year-old floodplain. Over half of these residents are classified as low-income, and 56% identify as non-white.



Over

1.3M

New York City residents live in, or near to, the 100-year floodplain

Another important factor for LMI households to keep in mind in the transition to homeownership is how climate change impacts affordability. Climate-related extreme events are worsening around the world and putting low-income communities and homeowners in the direct line of physical danger and financial hardship.[34] For example, according to recent Census data, there are approximately 1.3 million residents living within, or directly adjacent to, the 100-year floodplain in the New York City metro area.[35] Of these residents, 56% identify as non-white, and over half have a median income of less than $75k, which is classified as low-income for a family of three in New York City.[36] When a climate-related catastrophe occurs, such as inland flooding or a hurricane, households need access to funds for evacuation, securing temporary housing, repairing damages, and addressing other urgent needs.[37] When homeowners do not have the financial resources easily available to cover these unexpected costs, they can be forced to make choices that are costly in the long-run, such as failing to pay other bills like utilities or mortgage payments.[38] As previously discussed, LMI households are more likely to have significant payment burdens and lower cash savings. This means that further financial burden caused by a climate-related event can be — and often is — disastrous for LMI homeowners.[39]

No guarantees when it comes to homeownership

As evidenced above, a successful homeownership experience depends on a range of cumulative factors. In summary, realization of the financial benefits of homeownership is contingent upon: the location and condition of the house, available mortgage products, the percentage of household income spent on housing, the timing of purchases and sales relative to housing price cycles, if and when homeowners refinance their mortgages or tap into home equity, the capacity to benefit from federal tax advantages, and how often the household moves.[40] Although homeownership has the potential to transform a household's financial circumstances and create an important pathway to intergenerational wealth, the literature on the subject is clear that benefits are only realized under certain conditions.[41] There is no guarantee that becoming a homeowner will generate wealth, especially for LMI and minority households, who face additional challenges.

Furthermore, while significant research has been conducted on homeownership and its benefits generally, there are fewer studies that focus on LMI and minority households specifically. Much of the research that has been done is at least 10 years old, and does not account for the subprime mortgage crisis, COVID-19, or the recent high-interest rate environment. Another limitation lies in the research designs that are featured in the literature: most of the existing studies utilize probability models rather than analyzing longitudinal data, which would capture the cumulative homeowner experience and outcomes. These studies are also more focused on household income and wealth constraints rather than credit risk, which is a key part of the equation as well.[42] In addition, the lack of a life-cycle perspective in studies thus far makes it difficult to evaluate the long-term effects of homeownership for LMI families specifically. To determine the benefits of homeownership for these groups, more research is needed on households' cumulative experiences rather than the time spent in a single home.[43] Ultimately, the different circumstances and challenges faced by LMI households underscore the need for strategies that combine both rental and ownership policies – and funding – as part of a larger affordable housing landscape. We will discuss this more at length in a later section.

New York City's housing supply and market dynamics

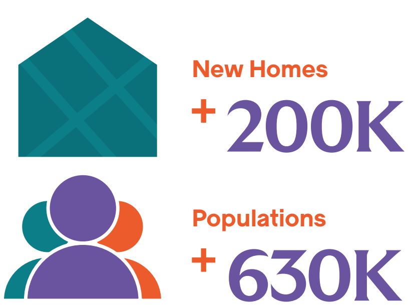
As mentioned, cities everywhere are facing an affordability crisis today.[44] New York City in particular has one of the most expensive housing markets in the nation.[45] The factors contributing to New York City's unaffordability include, but are not limited to: scarce availability, high cost of housing (both to build and to secure), and sizable wealth and income disparities between residents.[46]

> **Post-COVID, New York City's employment grew by 24%, but its housing stock increased by only 9%.**

Most recently, COVID-19, high interest rates, and a 40-year high inflation have compounded New York City's existing challenges. The proportion of adult-only households has also risen since COVID-19,[47] and household formation has increased substantially in the City.[48] Further, New York City's housing stock has not kept up with job growth: post-COVID employment grew by 24% while housing stock only grew by 9%.[49] A consequence of these factors is that New York City is experiencing its tightest housing market in 50 years.[50] In this section we will define what constitutes a housing market, outline the major debate over what is causing unaffordability, discuss the specifics of New York City's housing stock – including its current supply and demand trends – and illustrate how rented and owned homes of all income levels comprise the overall housing market continuum.

What is a housing market?

> **Between 2010 and 2020, New York City added 200,000 new homes while its population grew by 630,000.**



A housing market consists of the supply of and demand for housing units, both rented and owned. Put simply, the ratio of renters and homeowners does not affect the supply and demand for units because a household is a household, regardless of whether or not the unit is rented or owned.[51] Disagreement arises where affordability is concerned, especially over the source of the current affordable housing crisis and how to address it.

One perspective of the debate focuses on the supply side, which argues that the top priority should be to build more housing units so that supply keeps up with demand. Proponents of this view partially tie rent increases to increased household formation, which coincides with an existing supply shortage that is largely linked to zoning constraints.[52] (For context: New York City added around 200,000 new homes between 2010 and 2020, while its population increased by 630,000.)[53] Any increase in the supply of homes, supply proponents argue, will result in demand being met through the concept of "filtering." Filtering is a theory that housing vacancies are created through the movement of households across a housing market. The National Low Income Housing Coalition defines filtering as: "...the process by which housing comes to serve different residents and uses over time: in some contexts, housing can filter downwards as it ages and can become more affordable to lower-income households; in other contexts, housing can become more expensive as it filters upwards to higher-income households; in still other contexts, housing units might be converted for different uses or demolished. Downward filtering is thought to be the most significant source of low-cost housing in the private market."[54]

Is supply actually the solution to today's affordability crisis?

Supply skeptics maintain that there are issues with the supply-side argument, which studies support. For example, where filtering is concerned, the empirical evidence is mixed and reveals that it is contingent upon multiple factors to be successful. Research finds, for example, substantial variation of filtering's effect based on location.[55] In coastal cities like New York City, the prices on vacated homes have actually increased at faster rates, rather than producing more opportunities for low-income households.[56] Furthermore, the majority of new construction – particularly in New York City – tends to be aimed at the top of the market, such that it is only reasonably affordable to middle- to high-income earners.[57] Studies also show that new construction can actually increase rent and home prices in the short-term.[58] The amenities of new constructions can also work to drive a neighborhood's overall housing prices up,[59] rather than decrease them such that they become available to LMI households. The cumulative result is that the affordable supply of homes for LMI households remains low, which works to push this population out of city centers in search of affordable homes elsewhere, thereby stratifying the metro area's population by income.[60]

Research has also shown that when new construction is accompanied by a high amount of in-migration, home prices and rents can actually increase and trigger gentrification and displacement in surrounding neighborhoods.[61] Indeed, a recent analysis of the in-and-out migration of New Yorkers since the pandemic revealed that its largest loss of residents has been in the category of low-income families, while its greatest gains have been in the millionaire class.[62] Furthermore, filtering does not happen in a small window of time, but rather very slowly over time;[63] and, any potential moderation of rents through filtering has been shown to reach LMI households last and help them the least, compared to higher income households.[64] Each of these complications challenges the common belief that any kind of new housing construction will help mitigate the affordable housing crisis.

In actuality, the success of the filtering premise relies on the concurrent deregulation of the real-estate market, including eliminating local development approval processes, eliminating requirements on developers to contribute to infrastructure or affordable housing, and easing restrictions on demolitions of existing housing.[65] It is important to note that such deregulation results in even less affordable units being built because developers have no reason, from a profit standpoint, to build affordable housing unless the government provides them incentives to do so (or requires it). Therefore, even if all the ideal conditions to support filtering existed, the result would likely be that only high-priced units are built, which does not help the affordability crisis. Rather, the research is conclusive that filtering has the greatest potential of success when accompanied by policies that moderate housing cost hikes.[66]

Another concern of supply skeptics is that the existing housing supply is not being used efficiently. In cities like New York City, landlords have been found to be keeping apartments off the market (including rent-stabilized units) until they can raise the rents on them, a practice that is colloquially referred to as "warehousing."[67] Bringing warehoused, rent-stabilized units online would increase the overall supply of affordable rentals without requiring new construction. Vacancies, short-term rentals, and second homes are also examples of uses that impinge on the existing supply of housing units.[68] Although supply skeptics acknowledge that increasing supply matters, the research overwhelmingly demonstrates that other interventions are needed in tandem to address the affordability crisis, and that supply alone is not a viable solution.

New York City's current housing market

New York City's median rent has hit a record high of $3,500 per month, a 32% increase from 2010 to 2022, and 43% of New York City renters spend more than half of their income on rent, far exceeding the rent-burden threshold.

NYC Rent Hits All-Time High of

$3,500

per month

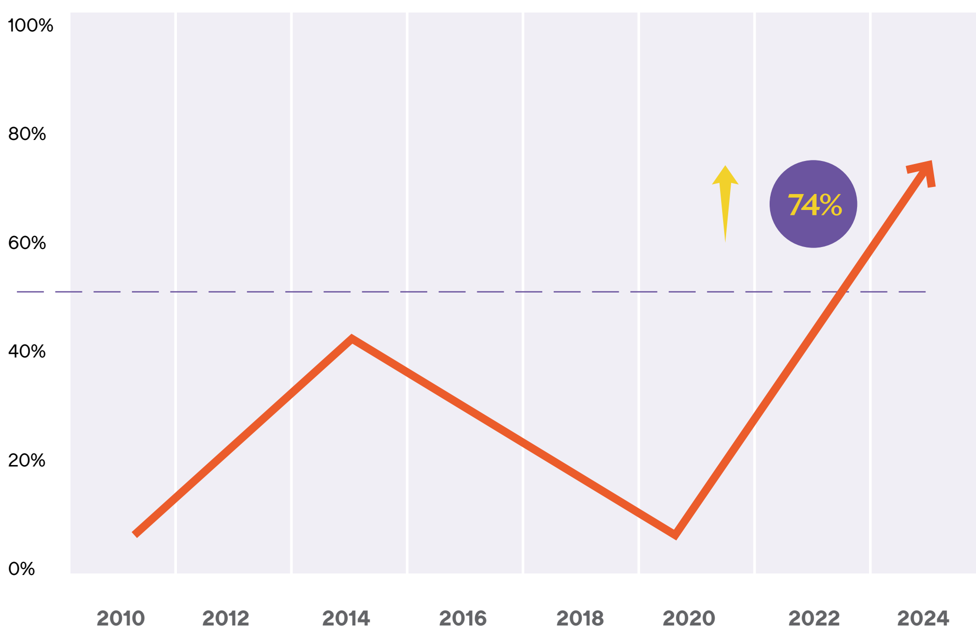
+32%

2010–2022

The median homeownership price in New York City increased by 74% from 2010 to 2022, reaching a record high of $785K in 2024. Moreover, more than 40% of homeowners with mortgages were cost-burdened in 2022.

New York City is largely a city of renters. As of 2024, 69% of New York City residents rent their homes, with roughly half of renters living in rent-regulated apartments.[69] Meanwhile, the median rent is at a record high of $3,500 per month citywide, and increased 32% from 2010 to 2022.[70] At this price, a household would need to earn $140,000 annually – nearly double the actual median income – in order to not be rent-burdened.[71] In fact, 43% of all New York City renters spend more than half of their income on rent. This is significant because cost burdens are the primary source of housing instability, and often force households to make difficult tradeoffs with other essentials such as food and healthcare.[72] Unsurprisingly, rent burden impacts LMI households the most: 40% of the city's median income range ($60-80K annually) are rent-burdened, while 50% of lower-income households (those who earn less than $30K) are severely rent-burdened.

Of those who are considered rent-burdened, Black renters experience the highest rate (47%), as compared to renters who are Hispanic (45%), Asian (42%), and White, Non-Hispanic (40%).[73] This is to say nothing of immigrant households, 46% of which were either severely or moderately rent-burdened in 2023.[74] Further complicating high rent prices is that the City's rental vacancy rate is also at a multi-decade low of 1.4% – and lower still for affordable apartments.[75] While vacancy rates were relatively stable between 2012 and 2021, they have declined significantly since, making it even more difficult for households to find an affordable place to live. Another alarming trend is that increases in rent are outpacing wage growth: in 2023, rents grew more than seven times faster than wages in New York City, which is the largest gap in the nation.[76] Further complicating this issue is the rise in the use of algorithm-based pricing software, such as RealPage's Yieldstar, that "helps" landlords set rent for their units at higher rates than when landlords manually set them. The software regularly produces a higher rate of return than other rental companies, even during economic downturns.[77] An antitrust suit was filed in federal court in August 2024 in an effort to protect renters from price gouging.[78]



$785K

Median home sale price in 2024

40%+

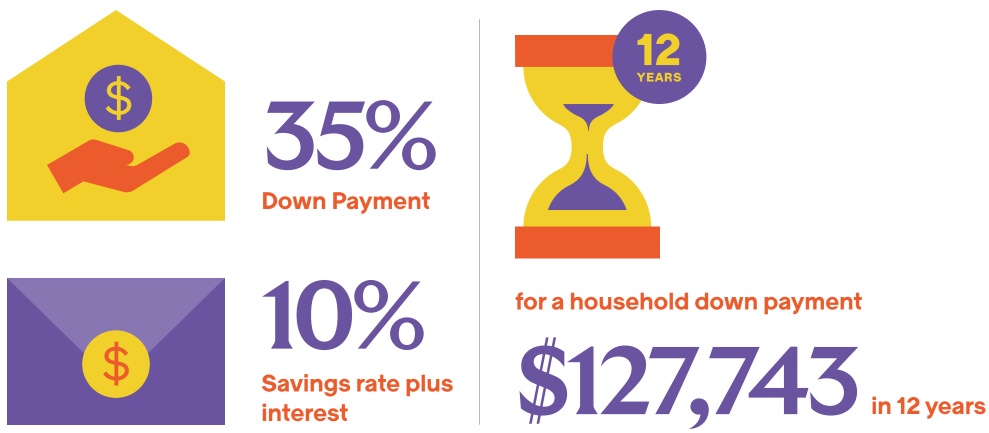
are cost burdened

Homeowners with mortgages

Currently, one third of New Yorkers own their homes, compared to the national homeownership rate of 66%. Homeownership rates in the City are highest for white, non-Hispanic (46%) and Asian households (23%), and lowest for Hispanic (14%) and Black households (16%).[79] While rental affordability has considerably worsened in recent years, price escalation is even worse in the homeownership arena. From 2010 to 2022, the median purchase price for a home in the City increased by 74% and, in 2024, hit a record high of $785K.[80] Although housing cost burdens for New York City homeowners have improved since peaking after the subprime mortgage crisis in 2011, the burden remains high, especially compared to the rest of the country. In fact, the share of owners spending 30-50% of their household income on housing was 20.5% in 2021 for households with a mortgage.[81] Moreover, more than 40% of homeowners with mortgages were cost-burdened in 2022, compared to 25% for those without mortgages.

Rather than the traditional American single-family home, there is a wide range of sizes and options for homeownership in New York City due to its size and density. The City's owned-housing stock is estimated to be 466K single-family homes, with 81% of those units owner-occupied; 225K two-family structures, 77K multifamily buildings, which are home to approximately 450K co-op apartment units and 318K condos.[82] The inventory of housing units for sale has declined rapidly in the past three years, and reached a seven-year low in January 2024.[83]

A median-income household would need to put 35% down to afford the payments on a typical U.S. home. Assuming a 10% savings rate plus interest, that household would likely have to save for 12 years to accumulate the $127,743 down payment.



Healthy housing markets must provide options

Compared to other cities in the United States, New York City is extremely densely populated and demographically diverse. The vast majority of residents rent their homes, and zoning and land-use restrictions limit where new construction can reasonably occur.[84] New Yorkers today are facing unprecedented cost burdens across all types of housing. In terms of home purchases, affordable options are extremely limited, which makes it even more challenging for anyone but the wealthiest to transition from renting to homeownership. Many households who would otherwise be able to afford homeownership in another less expensive location are actually financially better off by renting in New York City. (For a better idea of this, see this **interactive tool** from *the New York Times*. We recommend using the City's median home purchase price ($785K),[85] the current mortgage rate (7.25% for a 30-year fixed-rate mortgage),[86] and the median rent ($3,500)[87] for starting points. Bear in mind that analysts at Zillow recently found that a homebuyer earning the national median income of $82,156 would need a 35% downpayment in order to afford the mortgage for a typical U.S. home that costs around $360,500. Assuming a 10% savings rate plus interest, that homebuyer would likely have to save for 12 years to accumulate the $127,743 down payment.[88]) If most middle- and working-class New Yorkers have little incentive to pursue homeownership when renting is the more affordable option, local housing policy must then provide interventions for both rentals and homeownership to produce a healthy housing market.

New York City's existing affordable homeownership options and their complications

In spite of the City's challenging housing market, there are still middle- and working class New Yorkers who would like to pursue homeownership in the City. In a high-stakes environment such as this one, the most favorable options for this group of prospective buyers exist outside of the traditional housing market via "alternative" options, which achieve affordability either through subsidies, or because they fall under the umbrella of "shared-equity homeownership." Shared-equity models typically strike a balance between individual and community benefits, and can be achieved through various financial structures and resale formulas. However, there is no one-size-fits-all approach.

In this section we will discuss the primary pathways (although not an exhaustive list) to affordable homeownership in New York City today, as well as detail the limitations of these avenues. Unfortunately, each of the affordable pathways discussed below is limited in some way (e.g. because of availability, issues around scalability due to today's high construction costs and scarce vacant land, both of which hinder the creation of new buildings at the same scale that the City was able to achieve in the past,[89] and legal and financial complications) – all of which underscores why affordable rental options are also crucial to a healthy housing market. This is to say nothing of the subsidies that would be needed to ensure that new units coming online are affordable to working- and middle-class New Yorkers, and remain so in perpetuity.

Mitchell-Lama Housing

Initiated through New York State legislation in 1955 to provide affordable housing for middle-income residents, the Mitchell-Lama program resulted in the creation of 146K cooperative apartments (co-ops) across New York City by 1978.[90] (Many Mitchell Lama developments were built as new construction on vacant land that was secured through urban renewal.)[91] Mitchell Lama co-ops are a form of subsidized housing where shareholders (i.e., owner occupants and renters alike) reap the benefit of lower costs and maintenance fees because the Mitchell Lamas were built with deep mortgage subsidies (that financed up to 95 percent of total development costs),[92] and do not pay full real-estate taxes.[93] Although Mitchell-Lama developments were eligible to withdraw from the program after 20 years, upon repayment of their construction mortgages, the vast majority (90%) of the co-ops have maintained their affordability restrictions. In fact, today nearly 70K Mitchell-Lama units remain in service.[94] However, they are governed by **a long waiting list**, extremely competitive lottery, and an elaborate application process,[95] which makes them out of reach for most New Yorkers.

Housing Development Fund Corporations (HDFCs).

After acquiring financially-distressed, abandoned and burned-out residential buildings throughout the 1970s and 1980s, New York City's Department of Housing Preservation & Development (HPD) created an alternative housing program called Housing Development Fund Corporation (HDFC) cooperatives, or HDFC co-ops for short.[96] The City rehabilitated the buildings, including bringing them up to code, and gave existing tenants (if there were any) the opportunity to become shareholders within the co-ops by purchasing units at reduced rates. When someone buys a co-op, they do not actually own their apartment; instead, they purchase shares (certificates of stock) in a corporation that owns the building.[97] Buying shares allows the tenant to occupy the unit in the building, which is why, at closing, the buyer receives a proprietary lease (a written agreement between the co-op association and the tenant, which gives the tenant a leasehold interest on their unit, or the right to live in the unit).[98]

HPD designed the HDFC program specifically for low-income families.[99] As a result, unlike regular market-rate co-ops, HDFC co-ops limit the profit an apartment owner, or shareholder, can gain from selling their unit on the market to ensure the continued affordability of the unit to future low-income purchasers. (This is what makes HDFC co-ops "limited-equity.") Further, many apartments for sale in HDFC co-ops are subject to a flip tax, which, in this case, means that when a shareholder sells their apartment, the sale profits are divided between the selling shareholder and the HDFC.[100] Today, there are over 1,100 HDFC co-ops (with around 33,000 units) in New York City, making them a small but crucial part of the affordable housing landscape.[101] Almost no other program exists today that creates a similar type of homeownership opportunity.

While HDFC co-ops are a promising option for low-income homebuyers, they do have some notable complications. To begin, most HDFCs formed by the City benefit from a property-tax exemption called DMAP, which is set to expire in June 2029.[102] Depending on how that exemption gets renegotiated, the affordability of HDFCs could take a hit. Other issues facing HDFCs include high-priced sales, and poor management that can give way to weak financials and deferred maintenance problems.[103] Due to the low income limits that govern HDFCs, it can also be challenging for prospective buyers to secure reasonably sized mortgages for them since they often have high sale prices.[104] Further, most mortgage lenders adhere to the 43% debt-to-income ratio standard.[105] This means the low-income buyers of HDFCs often need a large down payment to secure a sensible mortgage on their co-op.[106]

Lenders can also be put off by an HDFC's inadequate reserves, or if the HDFC is operating at a loss, and can decline to lend to a prospective shareholder.[107] Also important to note is that many HDFCs are self-managed by their residents, who may not have the organization, time, and skills necessary to file the correct paperwork related to attorney and lender needs, or to coordinate the regular inspections and necessary repairs of the HDFC building.[108] Finally, because of HDFCs' low monthly maintenance fees (which, to an extent, contribute to their affordability), they may be unable to undertake significant capital improvement projects due to their limited budgets.[109] This can put HDFC shareholders at risk of incurring damages, and also make the building unappealing to the mortgage lenders of future buyers.

Cooperative (Co-op) Apartments

While HDFC co-ops are a relatively new phenomenon, co-ops have been in existence in New York City since 1881.[110] In fact, many units in multi-family buildings across the City that were built, or converted, prior to 1980 are co-ops.[111] (Recall, in co-ops, residents are shareholders in a corporation that holds title to the building, which is owned by the co-op.) Unlike HDFC co-ops, the number of shares a homebuyer receives when they purchase a unit depends on their unit's size, location, and features.[112] Compared to condominiums (condos), which have "common charges," co-op maintenance fees tend to be higher because all the co-op's monthly expenses are compiled into one bill, including gas and water charges, and property taxes.

Because co-ops are typically 15% to 20% cheaper than condos,[113] they can provide an affordable option for homeownership in the City. However, board policies and criteria about who can purchase a unit, which can help insulate the building from financial shocks and help residents to weather issues collectively, have resulted in co-op boards becoming **infamous** for their over-the-top criteria and stringent rules. This may include requiring prospective residents to provide referrals and pass rigorous background checks. Furthermore, co-op boards are not required to disclose why they approve or deny a prospective resident's application to live in the building — **often resulting in rampant discrimination.**

Section 8 Housing Choice Voucher (HCV) Home Ownership Program

The U.S. Department of Housing and Urban Development's (HUD) Housing Choice Voucher (HCV) Program, more commonly known as Section 8, has provided rental assistance to low-income households nationwide since its creation under the Homes and Community Development Act of 1974.[114] Some Section 8 programs, depending on the Public Housing Authority (PHA), also allow recipients to use their vouchers to purchase their first home under the HCV homeownership program.[115] In New York State, the Division of Homes and Community Renewal (DHCR, or HCR), the State's affordable housing agency, began its pilot HCV homeownership program in 2000.[116] The program is primarily designed for working families, although elderly and disabled households are also eligible to participate.[117] In New York City, HPD administers the local Section 8 Voucher Homeownership Program. To be eligible for the program, households must receive stable monthly income (requirements vary based on county), be a first-time homeowner, have been an HCR Section 8 participant for at least one year, and attend homebuyer education classes.

While the Section 8 Voucher Homeownership Program provides an important pathway to homeownership for LMI households who may not have been able to transition to homeownership on their own, the number of households served by the program is very low compared to the need. The low participation in the program may be partly due to the discrimination that housing voucher recipients typically face – illegally – when locating housing in the private market, as participants must be renters for a year prior to pursuing homeownership.[118] Additionally, the City's Section 8 waitlist was only recently reopened after having been closed for fifteen years. (Within hours, over 150,000 applications were submitted.[119]) Consequently, HCR has only managed to close on 526 homes statewide,[120] and on nineteen homes in New York City since 2015.[121]

Other Affordable Options Featured on New York City's Housing Connect

NYC Housing Connect is an online portal where New Yorkers can search for affordable apartments, or homes, to rent or buy. The portal features housing options from a number of different housing programs, some of which are no longer in production. Three programs with options that are frequently featured on Housing Connect are the Affordable Neighborhood Cooperative Program (ANCP), Open Door, and the Nehemiah project.

In 2012, the City created ANCP to replace its **Tenant Interim Lease Program (TIL)**,[122] which began in the 1970s and, at one point, gave renters in participating buildings the opportunity to purchase their units at extremely reduced prices after meeting specific conditions.[123] (At its peak, the TIL program included approximately 10,000 units.)[124] Today, ANCP selects qualified developers to rehabilitate TIL buildings as well as other distressed, city-owned, multi-family properties.[125] Upon completion of their construction loans, ANCP properties are transferred to Restoring Communities HDFC and conveyed to a newly formed HDFC upon cooperative conversion.[126]

Meanwhile, the Open Door program was created as a replacement for the **Affordable Cooperative Housing Program** (ACHP) from the **New York City Housing Development Corporation**, which produced fewer than 1,000 subsidized co-op units in the 2000s for households with incomes up to 175 percent of Area Median Income (AMI).[127] Currently, **Open Door** funds the new construction of co-ops and condos for moderate- and middle-income households.[128]

Since the Open Door program was created in 2017, only 10 projects have been financed, resulting in the creation of merely 451 units of affordable housing for rent or purchase.[129] Unfortunately, challenges in the financing behind the Open Door program have prevented it from achieving higher numbers. For example, the cost of building a new home through Open Door in 2023 was $410,000 per unit, which is nearly twice as much as what HPD typically invests in the construction of affordable rental units.[130]

Further, according to HPD, "higher interest rates and more restrictive lending practices" have impacted the interest in financing Open Door's homeownership opportunities, as well as diminished the ability of the program's target population (i.e., low- and moderate-income New Yorkers) to secure the financing they need to participate in the program.[131]

Similar to **HDFC co-ops**, the Nehemiah project[132] began as a community-led, grassroots movement to take back abandoned land.[133] Operating primarily out of East Brooklyn, community organizers from the East Brooklyn Congregations (EBC) and Industrial Areas Foundation (IAF) initiated the Nehemiah project's housing movement in the 1980s.[134] The project's guiding principle was to build affordable homes for working-class families, so they could generate intergenerational wealth through homeownership.[135] (As a result, thirty-four percent of the Nehemiah project's first 130 homeowners came from public housing, and had a median annual income of $26,000.)[136] Initially, the project was largely funded through donations from church members, and made affordable to buyers in part through $10,000 deferred-payment loans from the City of New York.[137] Over the next three decades, EBC oversaw the construction of 4,500 homes without a single foreclosure;[138] and, by 2017, Nehemiah was home to more than 12,500 working-class families. The latest, local iteration of the project,[139] **Nehemiah Spring Creek**, recently saw the creation of 56 single-family homes, 27 two-family homes, and 1,200 affordable rental units. The homes are intended for families between 80% and 130% of area median income, while the rental properties are designated for households with incomes between 60% and 125% of the area median income. As with the other affordable programs discussed, the Nehemiah project is limited by funding and construction constraints.

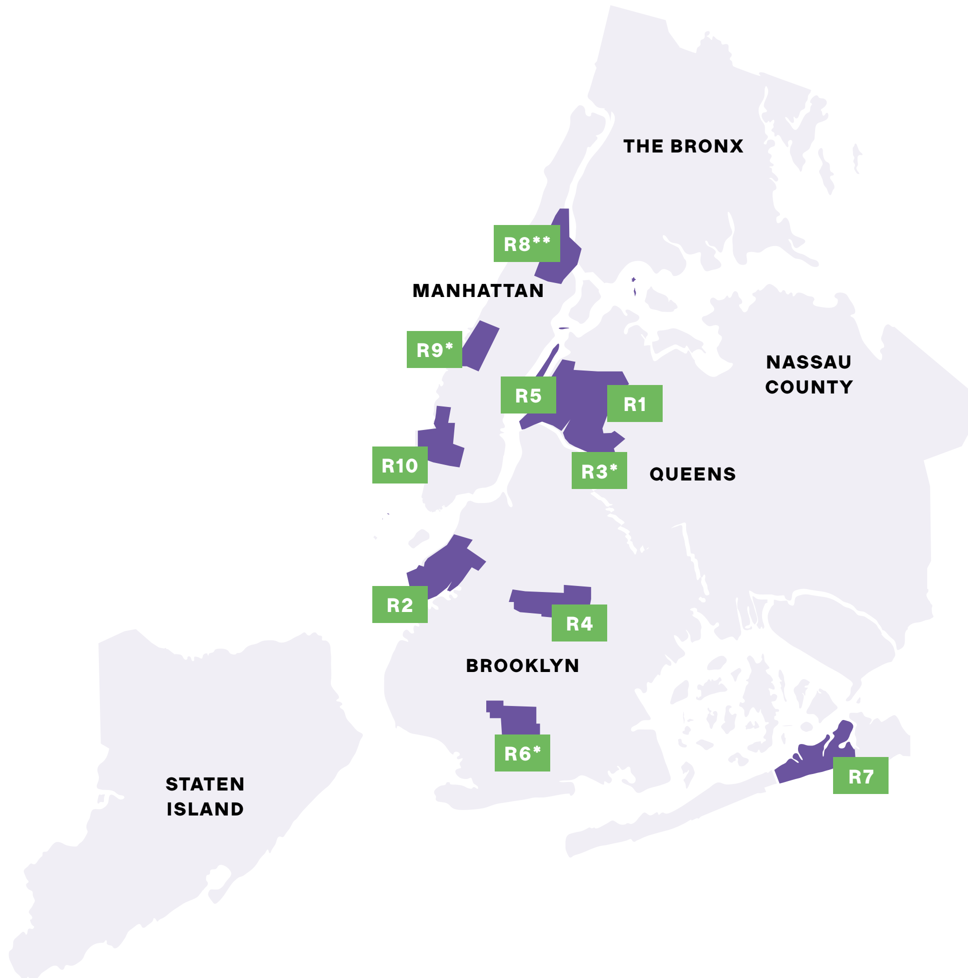
Data & Methods

Data for this paper come from 21 interviews (that took place in July and August of 2024) with New Yorkers who live in each borough of the City, as well as one village in Long Island. Our participants ranged in age from 27 to 62, and fell into one of three categories: ten are renters, six are homeowners who followed a "traditional" path to homeownership, and five are homeowners who participated in one of the City's affordable homeownership programs, or are currently pursuing one. We chose to focus on these three groups of housing market participants to better understand the range of experiences people have as they navigate the City's current housing market, particularly since the beginning of COVID-19, and to obtain a more detailed picture of how high costs influence people's beliefs and choices about housing and homeownership within New York City.

Our Renter Respondents

The purple areas represent the respondents' Neighborhood Tabulation Areas (NTAs).

*	Respondent's apartment is rent stabilized
**	Respondent rents a room in an apartment
R	Renter



RENTER

R1

Renter #1

Moved in
February 2023
Rent: $2,300

Household size: 2
Total household income: $176,000

R2

Renter #2

Moved in
September 2021
Rent: $3,700

Household size: 3
Total household income: $200,000+

R3

Renter #3

Moved in
October 2021
Rent: $2,350 *

Household size: 1
Total household income: $130,000

R4

Renter #4

Moved in
February 2023
Rent: $2,900

Household size: 1
Total household income: $86,000

R5

Renter #5

Moved in
March 2021
Rent: $3,450

Household size: 1
Total household income: $300,000

R6

Renter #6

Moved in
April 2024
Rent: $1,150 *

Household size: 1
Total household income: $58,000

R7

Renter #7

Moved in
July 2024
Rent: $3,100

Household size: 2
Total household income: $130,000

R8

Renter #8

Moved in
August 2023
Rent: $1,850 **

Household size: 1
Total household income: $70,000

R9

Renter #9

Moved in
October 2022
Rent: $2,143 *

Household size: 2
Total household income: $97,700

R10

Renter #10

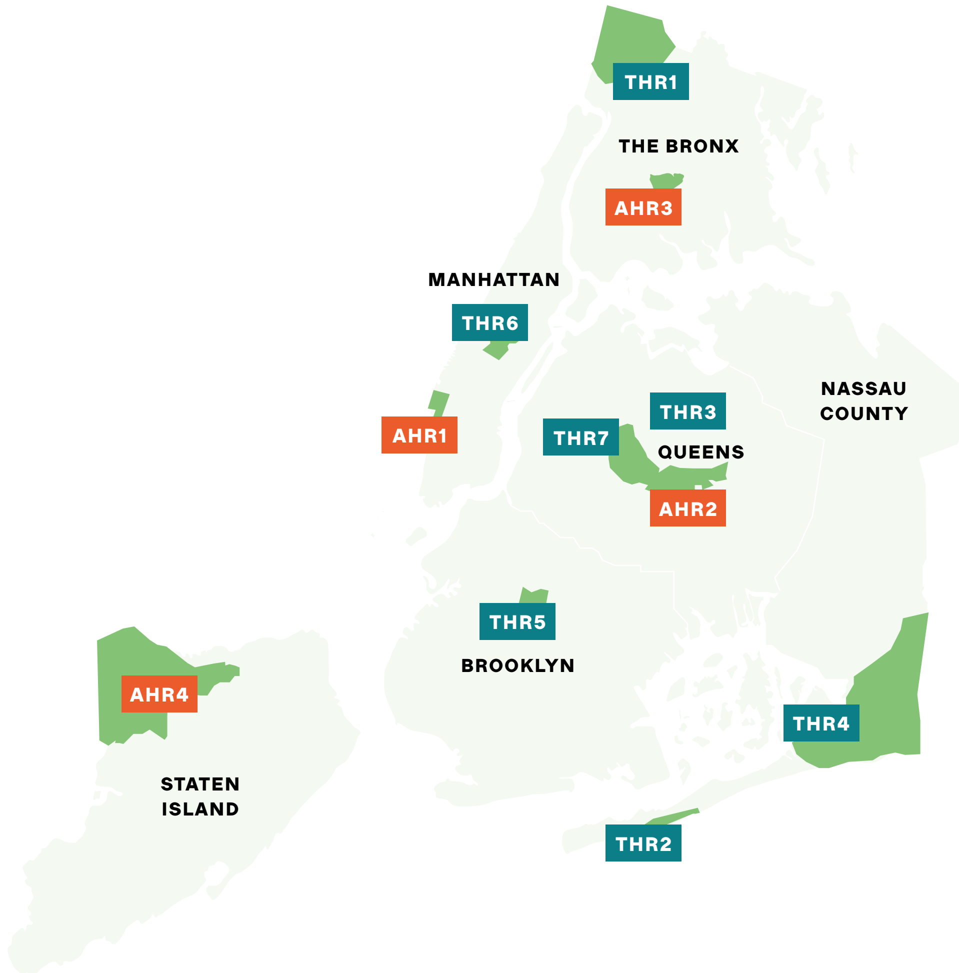
Moved in
November 2023
Rent: $6,000

Household size: 2
Total household income: $320,000

Our Homeowner Respondents

The teal areas represent the respondents' Neighborhood Tabulation Areas (NTAs), for those who live in the City's five boroughs, and the Public Use Microdata Area (PUMA) of the respondent who is located in Nassau County.

AHR Affordable Homeowner **THR** Traditional Homeowner



AFFORDABLE HOMEOWNER

AHR1

Affordable Homeowner #1

Purchased Limited-equity Co-op in February 2020, $138,000 w/ a 25% down payment

Household size: 4
Total household income: $165,000

AHR2

Affordable Homeowner #2

Purchased Co-op in August 2020, Used Long Island Housing Partnership's First Home Club, $275,000 w/ a 20% down payment

Household size: 1
Total household income: $70,000 - $80,000

AHR3

Affordable Homeowner #3

Purchased HDFC Co-op in January 2024, $90,000 all cash

Household size: 4
Total household income: $43,000

AHR4

Affordable Homeowner #4

Currently rents in Staten Island, house hunting across the City, Purchasing with Home-First Downpayment Assistance, $300,000-$350,000 w/ a likely down payment of $25,000

Household size: 3
Total household income: $107,000

TRADITIONAL HOMEOWNER

THR1

Traditional Homeowner #1

Purchased Co-op in February 2019, $170,000 w/ a 20% down payment

Household size: 1
Total household income: Currently unemployed

THR2

Traditional Homeowner #2

Purchased Co-op in May 2024, $350,000 all cash

Household size: 1
Total household income: $210,000 - $350,000

THR3

Traditional Homeowner #3

Purchased Co-op in January 2021, $410,000 w/ a 20% down payment

Household size: 2
Total household income: $200,000 - $250,000

THR4

Traditional Homeowner #4

Purchased Single- family home in March 2024, $950,000 w/ a 20% down payment

Household size: 3
Total household income: $240,000

THR5

Traditional Homeowner #5

Purchased Townhouse in January 2021, $2,884,000 all cash

Household size: 4
Total household income: $274,000

THR6

Traditional Homeowner #6

Closed on Condo in October 2024, $850,000 w/ a 20% down payment

Household size: 1
Total household income: $600,000

THR7

Traditional Homeowner #7

Purchased Co-op in April 2024, $295,000 w/ a 47% down payment

Household size: 1
Total household income: $89,000

Sample

Respondents were located using purposive sampling, which is a non-probability method for obtaining participants based on specific characteristics, or criteria, that are relevant to a study's goals.[140]

There are both advantages and disadvantages with purposive sampling. Put simply, participants were selected based on certain criteria. This method of sampling can provide researchers with information quickly, allowing them to hone in on the unique and valuable data of cases that meet their research question's objective while also not requiring a large sample size.[141] On the other hand, purposive sampling does not allow for the generalization of findings to the entire population.[142] Furthermore, results obtained via purposive sampling are likely to be biased in some way because the method does not use random selection to recruit participants.[143] Nevertheless, purposive sampling provided us with rich details of the real-life impacts of navigating New York City's housing market on our respondents, and allowed us to amplify the lived experiences of people who are living in New York City's increasingly expensive context.

To recruit participants, we posted information about the study and the type of participants we were looking for on Reddit, X (the social media platform formerly known as Twitter), and Craigslist. In some cases, we directly messaged users on Reddit and X who had a post history related to New York City real estate, affordable-homeownership options, and the trials and tribulations of homebuying within the City. All respondents were informed, at the outset, that they would be compensated for their participation with a $25 electronic (VISA) gift card that would be emailed to them after the interview. Financial incentive has been shown to significantly boost the participation levels and increase the recruitment of participants who are younger and/or racial-ethnic minorities.[144] We initially sought 30 respondents (10 from each housing-market category), but were only able to locate 21 participants. (See Tables 1 and 2 for the respondents' demographics.) There is debate over the number of interviews required to reach data saturation for themes in qualitative research, but studies find that 16 interviews are enough to identify common themes, and 20-40 interviews are enough to identify metathemes.[145]

Pathways to Homeownership in NYC Today

Table 1. Interview Participants' Demographics (All compared to Homeowners)

GENDER IDENTITY	ENTIRE SAMPLE (N=21)	HOMEOWNERS (N=10)
Men	8	3
Women	13	7

RACIAL-ETHNIC BACKGROUND	ENTIRE SAMPLE (N=21)	HOMEOWNERS (N=10)
Asian-Chinese	4	3
Asian-Indian	1	–
Asian-Korean	1	–
Asian-Mixed	1	–
Asian-Not Specified	1	–
Black-African American	1	–
Black-Not Specified	2	2
Hispanic or Latine-Salvadoran	1	1
White-Greek	1	1
White-Ukrainian	1	–
White-Not Specified	7	3

AGE RANGE	ENTIRE SAMPLE (N=21)	HOMEOWNERS (N=10)
20 to 30	1	–
30 to 40	16	6
40 to 50	2	2
50 to 60	1	1
60 plus	1	1

AGE RANGE	ENTIRE SAMPLE (N=21)	HOMEOWNERS (N=10)
Associate's degree	2	–
Bachelor's degree	12	6
Master's degree	6	3
Doctoral or Professional degree	1	1

Pathways to Homeownership in NYC Today

Table 2. Interview Participants' Professional Backgrounds (By Respondent Category)

RENTERS	AGE(S)
Business Operations for E-commerce	32
Carpenter for the City	33
Currently Unemployed (Works in Graphic Design)	30
Currently Unemployed (Works in Travel Industry, Sales)	39
Executive Assistant in the Film Industry	36
Works in Education	27, 35
Works in Finance	32
Works in Tech	32
Works in User Experience	37
HOMEOWNERS	**AGE(S)**
Copy Editor for a Major Publication	44
Currently Unemployed (Works in Travel Industry, Publishing)	62
Program Assistant	34
Works in Accounting	38, 44
Works in Commercial Real Estate	36
Works in Compliance for Financial Institutions	36
Works in Education	36
Works in Nonprofit Fundraising	36
Works in Politics	51
Works in Sales, Not specified	35

Pathways to Homeownership in NYC Today

Table 3. Interview Participants' AMI Levels, By Respondent Category

INCOME BAND	PERCENT OF AMI	RENTER RESPONDENTS	HOMEOWNER RESPONDENTS
Extremely Low-Income	0%-30%	0	1*
Very Low-Income	31%-50%	0	1
Low-Income	51%-80%	4	1
Moderate-Income	81%-120%	3	2
Middle-Income	121%-165%	2	0
High-Income	165%+	2	5
Total Respondents		**11**	**10**

* Respondent is currently unemployed. At the time of home purchase, however, the respondent qualified as moderate-income.

Interviews

We chose structured, in-depth interviews to learn about people's experiences, behaviors, feelings, and attitudes about housing in New York City.

We chose this method because we were interested in depth of understanding, as opposed to a breadth of understanding that more quantitative methods afford, such as surveys (depending on the type of questions that are asked).[146] Qualitative analysis of interviews allows us to generate theory from data in a flexible, open-ended way while simultaneously focusing on our research question and relevant topics.[147] As such, we crafted four different interview guides (see Appendix), depending on the category of respondent, or their stage in the home-buying process.

The guides were organized to draw out the respondents' own meanings, their experiences in their own terms, and to delve into the details of their choices and perceptions about the City's housing market. Consequently, we asked respondents about the factors they perceive to be driving housing prices in the City today, whether or not they believe homeownership is realistic for the average New Yorker, what homeownership means to them personally, what their monthly expenses are, and the experiences that lead up to them securing their current housing situation. For those respondents who achieved homeownership through an affordable program, or who are currently in the midst of one, we asked them to assess the quality of their program and the ways the program could be improved for both themselves and their peers.

The interviews took place over virtual platforms (Google Meets or Zoom), although one occurred in person at our office in downtown Manhattan, and ran thirty minutes to an hour in length, depending on the category of respondent. We used Otter.ai transcription software to transcribe the interviews, and then manually checked and edited the transcripts to ensure their accuracy. Dedoose, a cloud-based application, was then used to analyze the interview data for patterns and to code themes amongst the respondents, including by category. We utilized both deductive and inductive coding in our analysis. Deductive coding involves creating codes prior to data analysis in order to organize data into predetermined categories; inductive coding, on the other hand, involves identifying themes as they emerge while reading through the data.[148] We ultimately identified forty-nine codes, which were applied to 459 interview excerpts for a total of 769 code applications. Broadly speaking, the identified codes pertain to the realities of housing in the City, how prevalent "luck" and extraordinary circumstances are in people's search to secure affordable and stable housing, people's perceptions of the sources of New York City's unaffordability, and the benefits and challenges of homeownership here.

Finally, the interviews have been "pseudonymized:" each participant has been assigned a pseudonym (using a **random name generator**), and redactions applied when necessary to the transcript to protect respondents' identities. Whenever quotes or interview excerpts are featured below, the respondent's age and housing-market category are noted in a parenthetical: "AHR" signifies the respondent is/was an affordable-housing program participant, while "THR" indicates the respondent followed a "traditional" path toward homeownership.

Findings

Through the interviews, several major findings emerged as the most frequently discussed topics. Below is a broad snapshot of these findings. The data also demonstrate that there are no major differences between the concerns of our renters versus our homeowner respondents. In fact, both groups express similar feelings and desires regarding housing in New York City today.

76%

of all respondents believe that New York City has rapidly declined in affordability over the past few years

54%

of respondents (renters and homeowners alike) reported that they received some type of family support when securing their housing

76%

of all respondents cited "luck," "privilege," or "extraordinary circumstances," as the reason they were able to obtain their current housing situation, or described it as "finding a needle in a haystack"

76%

of all respondents said that high housing costs force them to make tradeoffs in their living situations and spending habits

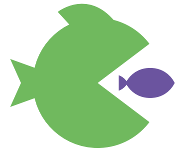
43%

of renters do not foresee homeownership in New York City as a possibility for themselves in the future

76%

of all respondents (renters and homeowners alike) cited "landlord greed" as one of the major causes of the current affordability crisis

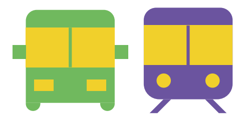
When asked why they think New York City is so expensive today, respondents cited these top factors:



Demand/ Competitive Market

The 40x-rent Income Requirement

Broker Fees



Access To Public Transportation

76%

of all respondents (renters and homeowners alike) reported that climate changes factors into their housing choices

Realities of New York City’s challenging housing market

As New York City’s housing market has grown increasingly expensive, our respondents indicated that they have adapted to the City’s new reality in a variety of ways. They describe accepting higher prices and fees, developing competitive strategies in their housing search process, making tradeoffs and sacrifices, and concerns about climate change and its impact on housing.

Extreme unaffordability

Respondent

Our respondents reported that housing has become extremely unaffordable, particularly in recent years. We found that this pressure is felt not only by our respondent households in lower- and middle-income brackets, but amongst our higher-income respondent households as well. **Corina (Renter, 37)** noted on the topic,

“I was able to find an apartment within my budget 11 years ago. I was making 50% of what I make now, and I could afford it. Now I’m making more but I feel like I’m crunched… this feels like a recent thing.”

In addition to soaring rent prices, our renter respondents mentioned that exorbitant broker’s fees and the 40x-income requirement were particularly burdensome for them. The 40x requirement is a common eligibility criterion in New York City and requires that rental applicants have an annual income that is at least equal to forty times the monthly rent amount.[149] Expanding upon her earlier observation, **Corina (Renter, 37)** revealed,

“To move into our apartment, we had to pay $2,300 first month’s rent, $2,300 broker fee, $2,300 security deposit. It was a lot of money. I’m fortunate that I could do that, many people cannot do that. So I just think affordability in New York has changed so much.”

One respondent, **Carey (Renter, 35)**, even reported seeing apartments that were given to whoever made the highest bid for the broker’s fee, resulting in the final rent going well beyond the initial stated requirement of the apartment. Although this is not a common practice for rental units, the competition in New York City has become so extreme in recent years that a number of our respondents mentioned this phenomenon, or revealed it to be clouding their perception of the City’s housing market. Per **Federica (THR, 35)**,

“The number of people at showings, like the competition to get a rental, people lining up out the door…I think it’s inelasticity mixed with the bureaucracy of prices. I have friends who are bidding on rental units. That’s insane. I thought that wasn’t a thing. And I have had friends who had to write letters about their higher bid than the market rate for them to get chosen. It’s crazy.”

In fact, many people resort to what we are labeling as “gamifying” the search process.

Gamifying as a workaround

Respondent

Because the demand for affordable units outweighs the supply, our respondents articulated feeling forced to come up with new strategies to find affordable places to live. Respondents from each category described dedicating a significant amount of time and resources to their searches for homes. “Gamifying” the process is how people try to put themselves ahead of the curve; this could include building credit and achieving a high credit score,[150] setting up search terms on housing websites to be instantly notified when a unit comes online, taking time off work in order to be one of the first people to view and/or apply for a unit, or making sure to carry copies of application documents at all times in order to be ready at a moment’s notice. Gamifying was not a phenomenon limited to our renter respondents: our homeowner respondents had their own gamification strategies, albeit their tactics were less overt than those employed by the renters. We surmise this is because our homeowner respondents overwhelmingly worked with brokers, or agents, during their search process, as compared to the renter respondents whose brokers (if they worked with one), typically did very little during the real-estate transaction.

When asked about her apartment search process, **Carey (Renter, 35)** shared with us:

> **“I had multiple saves on StreetEasy for anything in a variety of neighborhoods that were within my 40-times the rent requirement… I had every listing memorized, and I would email brokers and contact them the minute I saw something, and it got more aggressive as time went on… so I would walk into a viewing with a folder that I kept updated with a printout of my credit score, letter of employment, salary, and three months of bank statements ready to go… And then, if I got a broker’s phone number and I liked the unit, I would text them every other day. There was a woman I texted every other day because we bonded about cats. I sent her pictures of my cat every other day to be like, ‘Get me into this apartment!’”**

Carey’s (Renter, 35) strategy was not unlike Raul’s **(Renter, 32)**, who intimated,

> **“I had all the [housing] apps open, so StreetEasy, Apartment List, and, you know, would just scroll through. Instead of scrolling through Instagram, I’d be scrolling through apartments and whatnot.”**

Many of our respondents shared that the City’s increased competition places an additional burden on them, one that extends beyond financial pressure. As **Raymond (THR, 36)** put it:

> **“New York City is very competitive, cutthroat. Finding a place to live is almost a job in and of itself. Stuff comes up in the market, and you have a few hours to see it before somebody else comes and snags it. You typically will have to go look at it during work hours because no one’s gonna hold it off until the weekend to let you see it first. It’s basically “drop whatever and head over and take a look.” Depending on what you do – some people can do that – but it was always tough for me. So physically, just finding something in New York, I always found it to be like a fire drill.”**

Interviewer I
Carey (Renter, 35) C

I: How has your credit score impacted your ability to secure housing?

C: My credit score is well over 800. I am a very anxious person (giggles), and so I have had that shit on lock for a hot minute, and it has helped me…

Interviewer I
Donna (Renter, 36) D

I: How has your credit score impacted your ability to secure housing?

D: My credit score is actually really, really good. It's excellent and so I've had no trouble with that requirement – you know, because they do look at your credit score – that's always been great. It's just meeting the 40 times the rent was the issue. So thankfully, my credit score has had no impact.

Interviewer I
Esther (THR, 36) E

I: How has your credit score impacted your ability to secure housing?

E: From my understanding, and as my broker told us, our credit score definitely had a [positive] factor, or it helped us in terms of having lendability with other institutions. Since, when we went to the mortgage broker, they were able to reach out to other institutions that would give us the loans, and a lot of them indicated that our credit score did help, or was favorable with the interest rates we were getting.

Interviewer I
Leila (Renter, 30) L

I: Could you please describe your apartment search process for your current place?

L: I would say the majority of it was on StreetEasy, so looking on there every day, getting alerts, checking out different areas. Because, like I said, I lived in only one other apartment before this, so part of it was exploring different areas and going to open houses even if I wasn't totally sold on the place, and then putting in an application for pretty much anything that looks good, and seeing what happens.

I: Yeah, that sounds similar to my experience. How many viewings did you end up doing?

L: I would say at least a dozen.

I: And how long did it take you to find your current place from when you started looking?

L: Probably about a month.

Interviewer I
Jonny (Renter, 32) J

I: Interviewer: Could you please describe your apartment search process for your current place?

J: Yeah, so it's basically just StreetEasy, putting a maximum that I want to pay per month, and then just filtering through locations of neighborhoods in New York. And then, if I really want to get kind of specific with it, you know, adding in washer, dryer, dishwasher, elevator, all of that stuff. But that's not until…I don't get into those specifics unless I see too large of a search result for my first queue. And so, like I said, it's just going to be location and price are basically the two first things that I'm looking at.

I: Okay, and how many viewings did you do?

J: For this apartment, I think I did three different units before I signed at this apartment that I'm currently at.

Interviewer I
Leandra (THR, 36) L

I: What were you anticipating for the process of becoming a homeowner?

L: I knew I would have to get pre-qualified; I knew I'd have to talk to a lender, a broker. I wasn't sure about the order…I mean, the first thing I did, truthfully, was go on StreetEasy and just look at, I think I thought, "$300,000 sounds like a realistic amount of money, where it's not going to be a shithole but it's also something I can afford, in an area that I would like to live in." But just seeing what neighborhoods I could end up in…

Interviewer I
Raymond (THR, 36) R

I: Can you describe the process of buying your home?

R: Once my wife and I realized we wanted to start looking [for a home to buy], my first instinct was to reach out to a few people I know who are in the residential real-estate business, specifically in the markets I wanted to be looking in. I have a friend from college who is a residential real-estate broker on Long Island. I reached out to him. I reached out to a kid I grew up with, coincidentally, who I knew was a residential real-estate person, more specializing in the Eastern Queens areas, which is where we were living [at the time]. And then another resource that we used was my wife's very good friend who is a real-estate attorney. She works kind of all over New York. So those were our three main resources.

So our first thing was, "Let's reach out to the people that we know and trust and see what they have to say." We had initial cold conversations with them. Then we met up with them each individually, went and grabbed some coffee, or lunch, or something, and picked their brains.

Ultimately, we ended up choosing the broker out on Long Island after looking at the pricing in the City and realizing we weren't going to get what we wanted out of a house, even in eastern Queens. So once we had the broker and our attorney, that was like the quote, unquote Dream Team. Then, from there, we spoke to a broker and told him generally what we were looking for…Well, we told them pretty specifically, I guess, what we wanted in an ideal world – ideal price point, or max price point, etc. Once we had the parameters, he started sending his properties. My wife and I also set up Zillow alerts online, so every morning we would get a rundown of…or not even every morning, it was every time a house came available in the markets that we had outlined with the filters, when something would pop up, either my wife and I would pull it up and look at it, or the broker would get it and send it to us; and we would plan to go see houses and that was the general flow.

If something was incredibly interesting to us, we tried to see it ASAP. Going back to the demand part of the question: if it was, you know, from one ["a hard pass"] to 10 "interesting," if it was like seven or higher, we tried to see it within a day or two, or within three days at most. If it was generally interesting, the four to six range, we would try to line up a few houses and take a look at them on the weekend, so my wife and I weren't missing work. That was the general flow…

You asked about people writing letters and stuff, we asked our broker a similar question because we had heard of people doing that. He said, "Yeah, listen, in our experience, it's not worth it and rarely amounts to anything; and, if anything, can rub people the wrong way." He was like, "Ultimately, if it's something that you guys want to do for all houses, or for any one specific house or whatever the case may be, we're happy to submit it with your offer if and when you want to do that…," but [our real-estate representatives] generally advised against [writing **love letters to sellers**]."[151]

Tradeoffs and sacrifices abound

Respondent

Both our renter and homeowner respondents reported making tradeoffs and sacrifices in order to make living in New York City possible. Both groups described increasing their budgets; this often entailed giving up on saving for other things, or accepting the inevitability of credit-card debt.

Corina (Renter, 37), recounted that her search process

"…was long and arduous. I couldn't find anything in my budget, so I had to increase it. And I ran into concerns with the safety of the locations… and ran into shady brokers who took fees that they weren't legally supposed to take. I ran into super high demand, like lines out the door for really shitty apartments."

Some renters were even deterred from pursuing homeownership after realizing how many sacrifices they would have to make to be able to afford it. As **Huey (Renter, 39)** reasoned:

"I think you would have to make a lot of trade offs. I know that my family, we could probably buy a place, but our commutes would be crazy, or we'd be super far away from the very end of a subway line, or we'd be in a neighborhood where we weren't comfortable, or we'd be in a food desert, or it just feels like we'd have to sacrifice all the things we really like about New York for the end goal of owning a home. It just doesn't feel like it really balances out."

Another tradeoff our renters discussed was moving more frequently than they would like to due to rent increases. Homeowners, on the other hand, more frequently mentioned sacrificing location in order to make their homeownership a reality. For example, one prospective homeowner, **Amelia (AHR, 34)**, is currently renting an apartment in Staten Island and would happily purchase in the neighborhood where she is living, describing it as, "the best kept secret." She is aware that doing so is out of her price range, however, so she has extended her search to neighborhoods across the City, so long as they are on elevated ground, away from flooding hotspots.

Both categories of respondents recounted accepting a lesser quality of life in exchange for more affordable housing costs. This could look like diminished access to public transportation, less availability of local shops and markets, and limited access to other amenities such as green spaces. Another of our renter respondents, **Rebecca (27)**, who recently moved to New York City from out of state, also related how the last-minute nature of the housing market in New York City compounds the sacrifices one has to make in order to find an affordable place. Typically in New York City, apartments are not listed more than a month in advance of the lease start date, so planning ahead is not really an option, leaving the person who is looking for housing confined to what is available during a short period of time, which inherently limits options or requires people to make tradeoffs.

Homeowners are not immune from this either. For example, **Raymond (THR, 36)** explained that his journey to homeownership happened within an abbreviated timeframe, after he and his wife found out the condo they were renting was sold, which required them to move. He recounted that although they were interested in homeownership in the future, the unexpected circumstance, combined with having a young baby, spurred them to pursue homeownership sooner than they would have otherwise. Some of the tradeoffs they made to quicken the transition from renting to homeownership included accepting the high interest-rate environment, and going above their total budget to avoid having to undertake costly renovations down the road. Raymond plans to refinance when interest rates come down; and, in fact, could save at least 0.75% through a refinance, as of interest rates in late September 2024.[152]

Prejudice and discrimination still persist.

Respondent

Another persistent reality of housing in New York City is the prejudice and discrimination that our respondents of color reported to have faced when looking for a place to live. **Phoebe (THR, 51)** told us:

> **"I think there's housing discrimination still in the City, a lot of de facto segregation that still persists. We see that today with qualified Black buyers, and just a lot of issues where certain races are relegated in terms of where they can live…"**

Both renters and buyers observed this phenomenon. **Dara (AHR, 38)** provided some additional context:

> **"...[M]y parents' generation preferred condos over co-ops. I didn't know that was because of the legacy of discrimination historically within co-ops. Many people don't understand why co-ops came to pass, and the whole history of, for example, the HDFC movement."**

Indeed, our respondents were well attuned to historical and current inequalities within the City. Several respondents discussed how racism impacts housing in even more subtle ways. Later in our conversation, for example, **Dara (AHR, 38)** noted:

> **"I mean, you know, Parkchester [one of the largest privately owned affordable housing properties in the country, which is located in the Bronx] started as a white-only program. Its racist history is well known; it was started by an evil corporation…"**

The implications of historically overt segregation such as this have long-lasting effects on both residents and potential residents: it indirectly signals who "should" or "should not" have a pathway to affordable homeownership, and can stratify neighborhoods for future generations.[153]

Huey (Renter, 39) also alluded to structural advantages given to wealthy (read: predominately white, historically speaking) neighborhoods:

> **"[Property taxes] affect me a lot less as a renter, but I know, for example, that in Carroll Gardens, I know the property taxes are lower than Bay Ridge. I know there's a lot of weird enclaves [in the City] where it could be like, "Yeah, my $3 million brownstone is paying less in property taxes than, like, a two bedroom condo."**

Many of our respondents, including Phoebe, Huey, and Dara, when talking about the location and quality of housing throughout New York City, described a threshold for what they were willing to accept. However, affordability and housing quality are underpinned by larger urban processes such as urbanization, white flight, sustained government disinvestment, urban regeneration, and gentrification. In other words, cheap and dilapidated housing stock, the *de facto* segregation of neighborhoods, food and transit deserts, vulnerability to persistent flooding and extreme heat do not occur in a vacuum; these realities are catalyzed by policies tied to structural racism and are reinforced by the legacies those policies leave behind, both tangible and intangible.[154] Thus, our respondents discussed navigating an urban landscape rife with prejudice and discrimination when securing housing in the midst of New York City's most challenging housing market yet.

Climate change threats

Respondent

The majority of our respondents, both renters and homeowners alike, discussed concerns about climate change and its impact on housing. In fact, climate change was a major factor in their housing choices, particularly regarding location. For example, **Raymond (THR, 36)** mentioned, when discussing his home-search process,

> **"There were certain areas that I would rule out just based on potential weather and erosion issues."**

Amelia (AHR, 34) felt similarly:

> **Everywhere in New York, in the City anyway, there's the issue of flooding. So that is something…I rent an apartment now and so I've been paying attention to, 'oh, this area is prone to flooding.' I don't want to be in a flood zone. That's actually one of the reasons why I haven't really considered purchasing something in Brooklyn because, I assume, it's going to be underwater in 20 years, unfortunately. [Climate change] is definitely in my top five considerations – climate change and flooding is in the top five when choosing what neighborhood is good.**

Many of our respondents recalled Hurricane Sandy and its aftermath, which brought damage from flooding to the forefront of many New Yorkers' minds. In fact, Roderick **(Renter, 33)** cited Hurricane Sandy specifically as a crucial factor in his current and future housing choices:

"When I was living with my mom, we got hit by Hurricane Sandy; so, I want to live in a more elevated thing because I'm traumatized by flooding,"

Other respondents discussed how the impacts of climate change were forcing them to re-evaluate their distant-future choices as well. **Esther (THR, 36)**, a relatively recent homeowner, confided:

"[Climate change] was definitely something that we discussed before we decided to buy our co-op – would we want to stay in New York, especially with climate change? We had concerns about how feasible it is going to be, especially given these past few months alone, it's just been very hot, way hotter than it's been in past years. So we actually were thinking about potentially leaving New York due to those reasons alone, not just cost-wise."

Respondents also discerned that affordability is often tied up with climate change. **As Dara (AHR, 38)** observed, prior to the purchase of her HDFC co-op:

"[When I was living in Queens], I went to this area by the A train, and there were a lot of houses in a valley. (It was by the A train, around 111th Street, and I saw houses in [essentially] a dip.) When I searched Zillow and Realtor.com, I noticed a lot of those houses are more affordable because they are in a dip which is vulnerable to flooding."

On the other hand, **Donna (Renter, 36)** worries about whether her rent will go up if her landlord makes improvements to her unit to make it resilient to intense rainfall and flooding. While she is in favor of resilience measures being put in place, she worries about the financial ramifications of landlords passing the costs to do so onto tenants.

Meanwhile, some of our respondents reported that they would rather continue to rent than be responsible for climate-related damages to a home. For his part, **Jonny (Renter, 32)** admitted,

"Renting is cheaper and, honestly, safer for me in many ways, because if a big thing happens here again I can evacuate more readily. Sandy was really terrible; Sandy really messed up a lot of people's lives…[as a renter] it's somebody else's problem."

Cassandra (THR, 36) owns a townhouse with a basement, which has experienced some flooding since her purchase in 2021. The risk of continuous flooding is partly why Cassandra expressed that she is not interested in converting her basement into a legal dwelling unit in the future. She also shared that her climate-related concerns are not just financial:

"I think about weather events a great deal… like what out-of-pocket expenses are we going to have to pay for? And then also, not just for damages, which could be considerable, but also if we have to deal with it, who's going to take care of the kids while we deal with it? Etc."

Indeed, just a few inches of interior flooding can cost $25,000 in repairs,[155] and while individual assistance from the Federal Emergency Management Agency (FEMA) may become available after a "Disaster Declaration" is announced, these funds are often delayed by months, if not years, and are restricted in use. Additionally, if a storm is not severe enough to warrant a declaration, which is often the case, homeowners are on the hook to cover the full cost of their expenses.

Perceptions of the sources of New York City's unaffordability

Our interviewees overwhelmingly conveyed to us that the housing market, both for rented and owned homes, does not seem "affordable," and that affordability has significantly worsened since COVID-19. Interestingly, the respondents shared similar views on the sources of unaffordability in New York City.

Corporate/ Landlord greed

Respondent

Fourteen out of our twenty-one participants noted corporate/landlord greed when discussing unaffordable housing prices in New York City. The interviewees also acknowledged that New York City's population seems to be shifting, and that landlords are taking advantage of the influx of higher-income households post COVID. Many of the respondents discussed seeing new luxury units being built all over the city, as the supply of more affordable options seems to evaporate by the day. When asked what she believed to be driving New York City's unaffordability, **Cassandra (THR, 36)** grimly remarked:

"I think it's a trend for more wealthy people to live in the City, but they end up living in new buildings that have fewer units of housing than the previous building's footprint. So lack of housing and lack of affordable housing."

The majority of renter respondents also characterized the stress of waiting to see how much their rent would increase each year, and whether or not they would have to move in search of something more affordable. As **Huey (Renter, 39)** lamented:

"As a renter in a market-rate apartment, it really feels very precarious. I know that every 12 months, it's basically up to my landlord whether or not I'm going to have to say, "No, I'm not paying this big, crazy amount." And, you also have to factor in the cost of moving and all that stuff too. So it's like, "Do I suck up this $500 increase because I don't want to spend $1,500 moving, or…" It's a huge, huge impact."

I think it's mostly corporate greed. Developers, they don't want to build this type of [affordable] housing anymore. There's no incentive for them.”

JAIME (AHR, 44)

I think it's probably greed, greed from the landlords; and, I think there are a lot of wealthy people in New York City, and they're fine with paying whatever it is that they have to pay.”

DONNA (RENTER, 36)

Honey, there's not enough time to cover that. But you know, greed, taxes, the political climate, whichever way it's going.”

PAULETTE (THR, 62)

...[I]t's a big city, everybody wants to be here, right? And then on the other side, as far as affordability, I hate to use this word but the ‘real-estate mafia,’ that's how I would consider it.

AMELIA (AHR, 34)

I'm definitely more of the mindset that it's the evil, greedy landlords. It seems like everything is built to make life as easy as possible for them and as hard as possible for the renters.”

HUEY (RENTER, 39)

Demand outpacing supply

Respondent

An added complication, according to our respondents, is that large real-estate companies can afford to sit on empty rentals until someone agrees to pay for higher prices. **Dara (AHR, 38)** described this phenomenon as such:

"I have heard of landlords hoarding apartments so they could get a better price, and I feel that's very unethical. And I feel that the right wing tries to steer the conversation towards foreign oligarchs buying a condo or something, but that's a very small percentage of the total. What I actually hear is landlords being like, "I'm not going to rent out this apartment because I can't get $3,000."

Cassandra (THR, 36) expressed a similar view, explaining how this issue affects the already limited supply:

"In terms of rentals I think the fact that landlords take rentals off the market, and property rental companies won't rent units. This total number of units…there's not enough housing period."

Furthermore, **Corina (Renter, 37)** succinctly observed:

"I think that there are too many incentives for developers to build housing that doesn't fit the needs of the average New Yorker. It's really frustrating."

Perceived Effect on NYC's Housing Affordability

SUPPLY OF HOMES

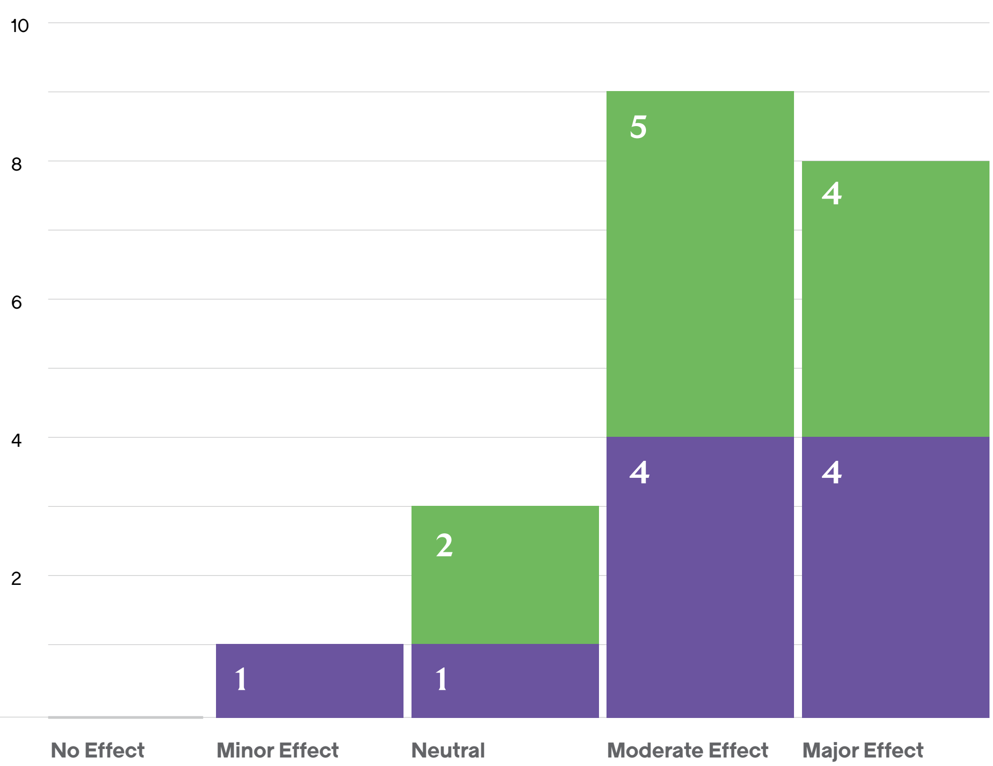
Respondent Category

Renter

Homeowner

Frequency of Response

Perceived Effect



Perceived Effect on NYC's Housing Affordability

Respondent Category

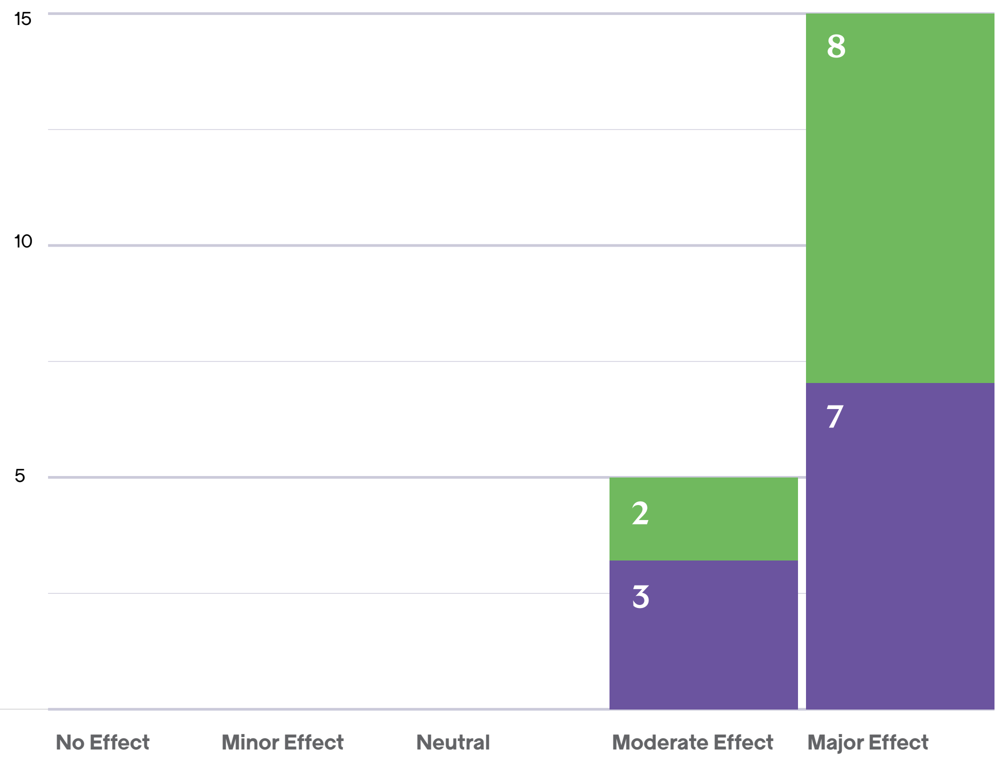
Renter

Homeowner

Frequency of Response

Perceived Effect

DEMAND FOR HOMES



Luck and Extraordinary Circumstances

Respondent

Another major theme that emerged from the interview data is the concept of luck, or extraordinary circumstances, being the primary reason that people attribute to their positive housing situations. This was particularly true for respondents in the affordable homeownership program category, who reported feeling "lucky" to have gotten off of waiting lists, which can average up to 15-years.[156] For example, **Jaime (AHR, 44)**, happened upon information about the limited-equity co-op that he ended up purchasing via a "random" Reddit post, and said that he would not have found out about its waiting list opening up otherwise. He further added,

"I don't think you can find an apartment for $150K anywhere in New York. I mean, I did but that was totally lucky lottery stuff."

Many of our traditional homeowner respondents also discussed how privilege contributed to their current housing situations, emphasizing how grateful they felt and aware they were that their experience is not the norm for most New Yorkers.

Our renter respondents also applied the qualifier of being "unusually lucky" to any successes they had in their home-search processes, or credited the privilege of having family support, because of how tough the New York City housing market is. Regarding luck, **Donna (Renter, 36)** shared:

"…It's a rent-stabilized unit, and, you know, those are so hard to come by. I just got lucky because I kept refreshing StreetEasy over and over again, and it popped up. And I was one of the first people to write in."

In response to being asked to describe the process of obtaining their current housing situation:

> "I'm a weird outlier."
>
> CASSANDRA (THR, 36)

> "This place is probably a little bit of an anomaly."
>
> EMANUEL (RENTER, 32)

> "This apartment just fell into our lap, but it was very much the right place, right time…"
>
> HUEY (RENTER, 39)

> "I feel like I really lucked out."
>
> DARA (AHR, 38)

Furthermore, several of our respondents were not aware that affordable homeownership programs and opportunities exist in New York City, and those who were conveyed a feeling that there was "no point" in signing up for the housing lotteries **due to the relatively low chance of having their number called**. We spoke to one respondent, **Amelia (AHR, 34)**, who entered and actually won the Mitchell-Lama housing lottery for a co-op when she moved to New York City from out of state in 2021. She decided not to purchase the unit because she was dismayed at how small and run-down it was, but recalled realizing the opportunity she had missed out on only after learning more about shared-equity housing.

This focus on luck underscores how dire the housing crisis has become in New York City, and how new levels of competition have affected how people think about housing. Our respondents' emphasis on feeling lucky and grateful for finding any housing situation that met their basic needs, and was affordable to them, demonstrates how the outlook on housing has changed. While homeownership has long been touted as an American Dream for people to work towards, our respondents realize that hard work is only part of the equation.

Our Homeowner Respondents' Financial Snapshots Prior To Homeownership

LE Limited-equity
SFH Single-family home
TH Townhouse

FEDERICA (35)
—
As a married couple, purchased another home using the couple's joint savings; and, from the division of assests from her separation, made her current purchase.

Household size: 1

Purchased **Co-op** in 2024
Paid all cash

CASSANDRA (36)
—
Knows she is "extraordinarily privileged" to have had family members, who live abroad, outright purchase her home for her, her husband and children. The home is routinely used by friends and family as a place to stay when visitng NYC.

Household size: 4

Purchased **TH*** in 2021
Paid all cash

DARA (38)
—
Inherited $20K from a family member, borrowed funds from her mother, and took on extreme living arrangements (living in a storage unit, crashing on a friend's couch) in order to save for her purchase.

Household size: 1

Purchased **HDFC Co-op** in 2024, Paid all cash

PHOEBE (51)
—
Works in a high-paying industry and was able to amass a sizable down payment on her own.

Household size: 1

Purchased **Condo** in Oct 2024 with a down payment of

$170,000
(or 20% down)

ESTHER (36)
—
And her husband rented from family members at a significantly reduced rent prior to purchase, which allowed the married couple to pool their savings into a sizable down paywment.

Household size: 2

Purchased **Co-op** in 2021 with a down payment of

$82,000
(or 20% down)

PAULETTE (62)
—
Used inheritance money to purchase a property in New York City previously; then, after subleasing her current unit for a number of years, used the proceeds from the sale of her previous home to purhcase her current one.

Household size: 1

Purchased **Co-op** in 2019 with a down payment of

$34,000
(or 20% down)

LEANDRA (36)
—
Initially planned to use HPD's HomeFirst Down Payment Assistance, but the program was paused mid- purchase, so she pivoted. Meanwhile, she lived with family to save for her purchase.

Household size: 1

Purchased **Co-op** in 2024 with a down payment of

$140,000
(or 47% down)

ALFONZO (44)
—
Started with his bank, back in 2015, which was a participant in LIHP's First Home Club. He saved for years and also tracked the prices, agent details, and pros and cons of all the homes he viewed in a spreadsheet.

Household size: 1

Purchased **Co-op** in 2020 with a down payment of

$55,000
(or 20% down)

JAIME (44)
—
Is married and lives in a dual-income household, which allowed the couple to pool their savings for a down payment prior to purchase. Additionally, the couple received a gift of $10K from Jaime's parents and some funds from his mother in-law ahead of their purchase.

Household size: 4

Purchased **LE* Co-op** in 2020 with a down payment of

$34,500
(or 25% down)

RAYMOND (36)
—
Is married and lives in a dual-income household, which allowed the couple to pool their savings into a sizable down payment, and provided two credit scores when securing their mortgage rate and loan.

Household size: 3

Purchased **SFH*** in 2024 with a down payment of

$190,000
(or 20% down)

Interviewer I
Phoebe (THR, 51) P

I: Do you want to tell me about your home-buying experience?

P: So I started looking last April. And…I said earlier in this conversation how, when you're a minority, when you're Black especially, there's always an anxiety that comes with these things because the industry is rife with discriminatory practices still and it's really difficult to prove that…

I: Yes.

P: So I've always had some fear and trepidation that I would be judged, right? So you overcompensate. So whereas a white person might go and look [at a place] in their T-shirt, I always felt like I had to make myself look very presentable. I mean, maybe not wear a business suit; but, I remember going to see [the place I'm about to close on], I wore this great suit and I felt pressure in appearances knowing full well that it's really other factors that they look at…People still discriminate based on appearance, right?

I: Yeah.

P: So there's always thinking about that. And I looked at places. I felt my agent, [REDACTED] — my first agent, so I changed agents — I felt, at times, that they didn't think I was… I was like the Pretty Woman, when she has all the bags and she's like "Surprise…"

I: *(Giggling)* Yes! "...BIG mistake!"

P: Yeah, "Big mistake, f-you, I'm Black and I happen to have a little money!" I felt like the agents, in the beginning, they were sending their B-team guy with me all the time.

I: Ugh…!

P: And that was made clear when I found a place on 112th between Adam Clayton Powell and St. Nicholas. My brother was in town. He's bought different homes and stuff, and he looked at [the unit] with me, and I said, "You know, I'd like to make an offer." And the kid basically was like, "Okay, well, I'll tell the agent," and I was like, "I'm not dealing with – you're not the agent?" Over the phone, my brother goes, "Wait a second, [Phoebe], they haven't even done comps! They haven't done any of this stuff."

And I'm like, "Comps, what's comps?" [My brother clarifies], "What are the comps, you know, what are the other similarly situated condos selling for? Like all of that…"

I: Yeah…?

P: And I was saddled with this kid who was nice but he just wasn't experienced enough, and he wasn't experienced enough with Harlem either. And I had just had a conversation with a Black agent, who I actually felt guilty because – I felt like I should have gone with her but didn't because she dropped the ball a few times. So I went with these guys and then I ended up dropping them. And then a friend of mine referred me to another agent who is Asian, and I started working with her. She is much better, much more knowledgeable; she writes a newsletter. But I felt, though, still that I was more proactive than all the agents in finding my own properties…

I: Wow!

P: All the time. The property that I'm about to buy, I found it! Now, [my agent's] strong suit, unlike the first person I was telling you about, is when it's time to negotiate, she's great. We're sitting on the virtual platform and she's got spreadsheets up, and she's like, "I'm going to ask them to throw in this." And I'm like, "No, don't do it. We're going to lose it!" *(laughing)* And she's like, "No, I'm going to do it; I'm going to get that storage thrown in for you."

I: Oh, I love that!

P: So she is great then, but [it hasn't all been] fine. The first place I came close to buying was last summer. It was a six-unit townhouse onto which they extended the building. [The prospective unit] was on the fifth; the elevator opened into the unit, big windows…

I: Ooooh, love it!

P: But I always say – my boyfriend laughs at me because my saying is, "Don't play a player…" *(laughs)* which is so not like me because I grew up in this very different setting…Because I know too what to do: so I hired an inspector, one of the best in the city, who sits on cases. (He's an expert witness on cases where the sponsor is getting sued.) (*Interviewer giggles*)

This is what they say to me, "Oh, you don't need to hire an inspector. No, you don't, most people don't." I was like, "Are you kidding me? Do you say this to everybody?" So [my inspector] came and he ripped the shit out of that place. He said, "First of all, there are all these roof problems, there's ponding; there's problems with the plumbing. It looks great, but they threw it up fast. And just think, you're gonna have to defray the cost of these problems among only six owners, right? So this is bad." He wrote up seven pages [of issues] and walked with me across town and asked, "Do you really like the place?" I'm like, "It's okay…" And he says, "Listen, if you were my daughter, I would tell you not to buy it."

I: Interviewer: *(Shocked)* Huh!

P: Yup, so I pulled out.

I: Good!

P: And then I saw so many bad places, and I gotta say – I feel like as much as I like the agent, if she did come up with something, or I saw something that…I feel like there is a little bit of – it's not the right word, "dumbing down," when you're a purchaser of color. Not "dumbing down" but settling…

I: *(Concerned)* Yeah?

P: Like pushing you to settle, so you come across as super picky. Like I know I can't buy a place on Park and 61st; but, it's always like, "Okay, you're going to have to deal with this…" and, "Oh, it's only going to take a little to fix up…" And you're like, "No…" So then I found a place again that I liked off Morningside Park. It was a **condop**.

I: It sounds beautiful.

P: And it was a one bedroom. Maybe on the small side, but I liked the way it was arranged. And this is where I felt discrimination… So with a condop, that means there's some commercial on the bottom floor (although I didn't see any), and you don't theoretically have to be interviewed by the condo board.

I: *(Intrigued)* Ohh!

P: But you do have to fill out a form, it's like a preliminary form, you know, reporting your assets and stuff. And I hate giving information before I'm really required to. The bank at that point had already – I had been pre-approved by two banks. (The reason why I was pre-approved by two or three [banks] is because some of the properties had preferred lenders.) So this guy, the owner, he says to my agent that he wants me to send him my financials. And I was like, "No way! We're not even that far in the process. You haven't even accepted an offer." (An offer would have barely been issued, I think, it was very nascent.) I was like, "No way. This is really weird." So my agent, who I still have, says to me one night, "[Phoebe], I just want you to know that…" (So I've been named to various [influential] lists…all kinds of things.) My agent took the liberty of sending that information, including my resume, to the owner.

I: *(Shocked)* Why?!

P: Because – to make me more palatable. But I told her, "Do not ever do that again!"

I: No, yeah, that feels so unfair and unnecessary. This is a business transaction!

P: It had my picture, a good picture, like he did not – that was just unacceptable. I mean, I could have been like [to my agent], "you know, let's part ways;" but, I think she thought she was doing the right thing. And I just felt it was really discriminatory and not even at the bank level at that point [in the sale process].

And so I said [to my agent], “Absolutely not. I will not move forward with this [property]. I do not care.” [My agent] was like, “Oh [Phoebe], you know, it’s not really out of the ordinary for this information to be requested. I said, “but it is by him, from him, so no.”

After that experience, I don’t think I looked for a while. Then this past March, I resumed February/March and I found places…Again, I looked at a place on Central Park West and 110th and it was…”You could do this work, that work…” And I know people are up for that sometimes, but I knew what I wanted. So eventually I found this pre-war building on [REDACTED] between [REDACTED] and [REDACTED], four or five blocks from [REDACTED]…So I found that and then worked to put in an offer, blah, blah, blah. But I do remember going and seeing the unit, and I remember thinking, “I’m so upset…I’m going to wear my St. John suit and a heel, and I’m going to go and be really dressed up.” And I felt like I had to do that.

So they did accept the offer, blah, blah, blah. The negotiation was hard nosed, but my lawyer is pretty good. He was, everyone I have [worked with throughout this experience] was recommended to me, which, I think, really helps to get recommendations. And so here we are; but, it’s been very stressful. And I think that there are a lot of ways people still try to get around laws against discrimination. And then you see that story from a month ago… Wendell Pierce, you know who he is?

I: The actor?

P: The actor who’s in Treme and The Wire, oh gosh a ton of things, right? He goes to Harlem and the woman wouldn’t sell…

I: What?!

P: Oh yeah! There’s a whole story. For the purposes of this [report] you should Google **this story**.

I: I will, yeah!

P: I just wish he’d called her out by name, though he did not…

I: …Because he has that card and he should have!

P: Yeah, I don’t know why…but there’s a whole story about it. It was either that he wanted to buy, or he wanted to rent a place for some relative. He was like, “Look, I’m going to put all cash down for the entire year...” So that’s still going on, and if Wendell [Pierce] and other people can have that happen, and also co-op boards…I think **Errol Lewis has put a spotlight** on [how co-op boards] practice discrimination; and, there was **a bill**, I don’t know if it passed in Albany, requiring [boards] to inform prospective buyers why they were rejected. But, if there’s no enforcement, they can still do it…I say all this because we always have to be so much more qualified, and still…

Possibility of homeownership in New York City?

Given New York City's changing and increasingly unaffordable housing market, many of our respondents reported choosing to remain renters, or shared their plans to move out of state in order to pursue homeownership.

Furthermore, several respondents articulated their thoughts on how "affordable" programs and pathways to homeownership in the City have been hollowed out, and are no longer serving their intended purpose. Overwhelmingly, both renter and homeowner respondents described homeownership not as a tool for generating wealth, but as a means to create stability and insulate themselves from the City's rising costs. Either way, both categories of respondents concede that homeownership looks different in New York City than the "American Dream" does elsewhere in the country. Even our respondents who successfully transitioned to homeownership cautioned that there are ongoing and unexpected costs associated with homeownership that also need to be considered in the affordability calculation.

Pivoting plans for the future

Respondent

The increasing unaffordability in New York City is causing some people to re-evaluate their options and change future plans. Many of our respondents would like to pursue homeownership in theory, but no longer believe this is a possibility in New York City. In fact, a number of our respondents expressed feeling "stuck," as they are bound by high housing costs that make it difficult to save money. Roderick **(Renter, 33)**, for example, does not feel homeownership in New York City is likely in his future, at least not in his near future:

> **"I feel like it's a revolving door with rentals, like everyone is paying so much money to get [them] and they can't afford to start saving up for a house. So I don't know – I would love to own a home, but I just don't really see it happening in the near future. Even if I do save up, the money I save up is going to be worth less by the time I have enough because of inflation. So I kind of feel like everyone's not stuck but, kind of, stuck renting."**

Some of our respondents told us that they were prepared to remain renters as long as they live in New York City, and would only pursue homeownership if they decided to move out of state. **Corina (Renter, 37)**, a native New Yorker shared that:

> **"...[A]s someone who makes six figures a year, that's a healthy salary in my mind, but I still can't afford to buy something in New York City, and that is out of whack. And, my peers and I talk a lot about leaving New York City..."**

In fact, many of our respondents talked about how renting was actually cheaper for them than purchasing a home would be, particularly for those in rent-controlled or rent-stabilized apartments. Even homeowners like **Cassandra (THR, 36)** noted:

> **"A few of my friends are in rent-controlled or rent-stabilized apartments, and I don't think they're going to pursue homeownership."**

Rather than looking to generate future wealth through homeownership, our respondents described pursuing savings through lower housing costs instead. **Emanuel (Renter, 32)** walked us through his personal reasoning when asked what about renting works for him and his lifestyle:

"I think in New York City, it's very hard to buy in the sense that if you're not trying to… Well, one, if you can't get a place for cheap, which most people missed out on in the last two decades, it's really hard to get a place if you do not have a trust fund. And, you know, you might be moving or upgrading in a couple years. What I mean by that, I can afford to buy a one-bed right now with my income and such; but then, let's just say I'm looking to get married and have kids maybe in a couple years, and then might have to upgrade to a two-bed. So then, you kind of go through this dance; and, I would say you get crushed on the closing costs alone because everything is so expensive in New York [and] that racks up. And then, two, just because of how expensive everything is, all of your capital, in terms of down payment or whatever, is locked up in this illiquid asset, you know, real estate. I've done the math a couple of times – you know, New York Times has a rent-versus-buy calculator and basically, short of me paying $6000 [in rent] or something, it doesn't make sense for me to buy just because I would be earning more on my investments. Frankly, we've had a great run in the stock market in the last like 10-ish years; so I think it doesn't make sense, from an asset appreciation perspective, to buy, especially when you know you're not going to stay in the unit for like 10, 20, 30 years."

Even with a relatively high income and outside support, the transition from renter to homeowner seems to feel like an impossible leap for many of our renter respondents. This underscores the importance of a robust and affordable rental market, as some people will never realistically be able to become homeowners, particularly in New York City. To this end, **Huey (Renter, 39)** acknowledged just how out of reach purchasing a home in New York City feels for him and his immediate family:

"I'm very fortunate to have money and savings, and to take home a lot of money. But, despite that, it still doesn't put us even close to where you really need to be in New York City."

These kinds of comments suggest that people see housing as more of a privilege than a human right.

Finally, our respondents were acutely aware of structural inequalities within the City, and did not believe that homeownership is a universally achievable goal. As **Cassandra (THR, 36)** conceded,

"I am in the extraordinarily privileged position of not having to consider the affordability because of family resources… Whether or not you're a future homeowner is genuinely determined at the moment of birth."

Indeed, many of the respondents agreed that a high income alone is not enough to purchase a home in New York City, and that some sort of outside support (through family or government grants) is necessary.

Our Renter Respondents' Feelings on Homeownership

* Rents a room in an apartment

CAREY (35)
—
Has not "actively considered" homeownership but is open to it if elements of her situation changed. A big factor for her is community, which is why she fantasizes about buying a few floors of an empty office building with friends and converting them into a communal living space.

Household size: 1

Total household income
$97,700

EMANUEL (32)
—
Sees himself becoming a homeowner in NYC in 5 to 10 years, but anticipates it will cost much of his savings and require a sizable mortgage. His preference is for Brooklyn or Queens, to avoid paying the "premium" of living in Manhattan and its "noise," and the promise of more space.

Household size: 1

Total household income
$300,000

LEILA (30)
—
Would like to become a homeowner in the future, valuing the security and control it would offer, particularly with design and renovations; however, she does not see it happening for her anytime soon, especially in NYC.

Household size: 1

Total household income
Currently unemployed (previously)
$86,000

RODERICK (33)
—
Would "definitely" like to become a homeowner, particularly of a two-family building so that he could rent out a unit for additional income and be a handyman. He is unsure if he can make this happen in NYC, however, unless he starts to save assiduously and makes other sacrifices.

Household size: 2

Total household income
$130,000

CORINA (37)
—
Would like to become a homeowner but feels it is nearly impossible to achieve in NYC despite years of saving. In fact, the City's competitive housing market has led her to believe homeownership is out of reach, not only for her but also her higher-paid peers.

Household size: 2

Total household income
$176,000

DONNA (36)
—
Sees herself becoming a homeowner in the next five years but of an apartment rather than a house. While she looks forward to having more space, she is unsure whether her future home will be in NYC, or on the West Coast, due to her industry and career aspirations.

Household size: 1

Total household income
$58,000

HUEY (39)
—
Sees the stability and security that homeownership offers, but does not see it as a realistic option in NYC because it would require sacrificing too much of what he enjoys about living in the City, or settling for an undesirable location.

Household size: 4

Total household income
$200,000+

RAUL (32)
—
Wants to become a homeowner for the stability and for the potential rental income it could provide down the line; however, he is skeptical about owning a home in NYC, believing it is out of reach for most people due to high costs and the need to compromise on location.

Household size: 1

Total household income
$130,000

JONNY (32)
—
Would like to become a homeowner but anticipates moving out of NYC to do so, both to be closer to family and because he would prefer to raise children outside of the City for preceived saftey concerns.

Household size: 2

Total household income
$320,000

REBECCA (27)
—
Thinks homeownership would be nice but is not a "realistic option" for her, especially in NYC. When asked when she thinks homeownership could be a possibility for her, she is dismayed by her first thought, which is after her parents pass away.

Household size: 1*

Total household income
$70,000

Hollowing out of options for low- and middle-income groups

Respondent

131 Norfolk Street #3B, $299,000

DAYS ON MARKET 18 Days	MONTHLY TAXES N/A
LAST PRICE CHANGE No Recorded Changes	MONTHLY MAINTENANCE $276
ESTIMATED PAYMENT $1,866	TAX ABATEMENT No Data Available

DESCRIPTION

"This HDFC coop features 1-bedroom, 1-bathroom...**Requires Cash Purchase**. **Income restrictions** for 1-2 people are 23,000 yearly."

698 Classon Avenue #2E, $385,000

DAYS ON MARKET 143 Days	MONTHLY TAXES N/A
LAST PRICE CHANGE ↓ $10,000 (2.5%)	MONTHLY MAINTENANCE $276
ESTIMATED PAYMENT $2,547	TAX ABATEMENT No Data Available

DESCRIPTION

"All cash transaction only, no mortgages will be accepted...Come take a look at this HDFC Cooperative unit for sale!...Note: There are **income restrictions**...Gifting is allowed."

Another prevalent theme from our conversations with respondents is the sense that housing options for low- and middle-income households have been hollowed out – this is the case for rental units as well – but particularly for traditionally "affordable" homeownership programs in the City. On top of an already limited number of units, there are confusing requirements for New York City's affordable housing programs, such as HDFC co-ops. These units require applicants to fall within a low- to middle-income threshold but often require a large down payment, leaving some of our respondents wondering who could realistically qualify. As **Esther (THR, 36)** reflected when asked about what drives, or contributes to, New York City's housing prices today:

"In my opinion, a lot of those homeownership programs are not really designed for lower-income families. I remember, we did look into some HDFC co-ps, for example. But, truth be told, I don't really know who they're designed for because no one can really make that money, but also have enough for a down-payment saved up. That's like the whole purpose of why you'd want a program like that, is that you don't have the means to [purchase] otherwise… When I was looking at it, in my opinion, it's not really designed for the lower-income people that you really want to truly help. So I think that is one of the biggest gaps in terms of home affordability, is that we need genuine programs that are meant for lower-income, or those who have large families but they're living paycheck to paycheck. I think that's a big contributing factor."

Dara (THR, 38) shared similar feelings, telling us how confusing it is to navigate affordable homeownership programs for the average person. She described it as a "Byzantine kind of situation." She also noted that the income limit for her HDFC co-op building is $165K a year, which she initially thought was surprisingly high, but believes "that really shows how out of control the affordability situation is."

The Mitchell-Lama program has similar eligibility criteria, requiring a large down payment with low salary caps. Several of our respondents surmised that only "trust fund kids" could be eligible for HDFC and Mitchell-Lama co-ops. **Jaime (THR, 44)** noted how few opportunities even exist to purchase a home through one of New York City's affordable programs. He won the lottery for his building and noticed, after moving in, that many of the residents were seniors. He also told us that residents can earn well above the income limit and remain in the building by paying an annual fee. He speculated that these two categories of residents contribute to low turnover of the units and long waiting lists.

Other challenges persist in these programs, despite being theoretically intended to help make the transition to homeownership easier. For example, **Leandra (THR, 36)** was participating in HPD's HomeFirst Down Payment Assistance Program when it was suspended in December 2023 in order to select new partners to operate the grant program.[157] She had just gone into contract on her home, and did not receive any information about how long the pause would be in effect. For households relying on down-payment grants like this, program suspensions can have disastrous effects. **Leandra (THR, 36)** was able to afford her home without HPD's down-payment assistance program (as advised by her broker), but was aware that this could have jeopardized her transaction, as was the case with **one woman who struggled to reclaim the funds** she put into an escrow account when the HomeFirst program went on pause temporarily. **Leandra (THR, 36)** also mentioned that the grant terms were not as favorable as she would have liked, given the high-interest rate environment. If she were to refinance when interest rates come down, for example, she would have to pay the grant back in full.

Interviewer I
Corina (Renter, 37) C

504 West 55th Street #2W, $470,000

DAYS ON MARKET 6 Days	**MONTHLY TAXES** N/A
LAST PRICE CHANGE No Recorded Changes	**MONTHLY MAINTENANCE** $376
ESTIMATED PAYMENT $2,875	**TAX ABATEMENT** No Data Available

DESCRIPTION

"Tucked away in a delightful pre-war HDFC cooperative...Financing of up to 80% of the purchase price is allowed... Parents gifting is allowed."

175 Claremont Avenue #3, $510,000

DAYS ON MARKET 27 Days	**MONTHLY TAXES** N/A
LAST PRICE CHANGE ↓ $10,000 (1.9%)	**MONTHLY MAINTENANCE** $698
ESTIMATED PAYMENT $3,410	**TAX ABATEMENT** No Data Available

DESCRIPTION

"HDFC coop with high maximum income over $220K...Pied a terre's and gifting permitted."

I(1): Are you aware of any homeownership assistance programs in New York City?

C: Yes, I feel like I've researched all of them. I've researched: the **HomeFirst Down Payment Assistance program** for first-time homebuyers in New York City, I've attended webinars about about down-payment assistance, and I've listened – all the participants asked these weird and very specific questions about specific scenarios so that they could get around rules for the down-payment assistance program. I know about the **Mitchell-Lama program**. Yeah, it's something that I like to look into from time to time, when I think, "Oh, maybe there's something out there," but then it feels like I make too much money, but I don't make enough money.

I(1): Do you have any other…?

C: Oh, oh – **HDFCs**, or whatever!

I(2): (Giggling) You're not alone by the way, same!

I(1): Would you ever participate in one of these programs?

C: Yeah, I would participate if I qualified (laughs), or if I found something that was eligible for these programs…

Homeownership, New York Style

Respondent

Our renter and homeowner respondents overwhelmingly named stability as the main benefit of homeownership and reason to pursue it, despite the challenges of New York City's housing market. As **Paulette (THR, 62)** noted,

"Stability is the whole reason that I decided to buy, instead of living and dying by what my landlord decided to do."

The cost of moving – both financial[158] and the emotional impact of it – came up frequently during our interviews as well. Respondents described their frustrations with living in a certain area for a period of time, having developed routines and community, only to be forced to move to another part of the city as soon as they were priced out of their rental. As **Cassandra (THR, 36)** succinctly quipped,

"Homeownership means not having to move."

Our respondents were also drawn to the control that homeownership allows:

"Not having to answer to a landlord or live at their whims… I like being in control of everything and having that stability,"

said **Leandra (THR, 36)**, in regards to her decision to pursue homeownership.

Rather than seeing homeownership as a vehicle for investing and generating intergenerational wealth, the majority of our respondents were actually more interested in homeownership as a way of insulating themselves from rising costs. After closing on her co-op in April of this year, according to **Leandra's (THR, 36)** calculations:

"It's mostly fixed housing costs at this point. I know that my maintenance is going to go up every year, but that's pretty predictable. Again, the stability, not having that anxiety like I did as a renter…I still dream of a single-family home… but for me right now, this is ideal."

Paulette (THR, 62) also shared with us that she was glad that she made the decision to purchase her co-op in 2019, as she lost her job during the pandemic, because it has provided her stability despite her unemployment.

One third of the total respondents described "a single-family home with a white picket fence," when asked what they imagine when they picture a home, but expressed a more realistic outlook when considering their options in New York City. Many of our renter respondents conveyed that they would be happy with a one-bedroom apartment, even if they do not live there long term, because the fixed costs are the primary benefit.

In fact, across the board, respondents indicated that they see homeownership as a single-shot chance to get out of an unstable rental cycle, and did not assume that they would be able to "trade up" in the future. This extended to both current and prospective homeowners as well, like **Carey (Renter, 35)**, who explained:

"I'm not against a starter home, but I also am paying attention to what's happening. And a lot of people who bought starter homes in the last few years, that's their forever home now. I think that the starter home mentality is kind of outdated in some ways. Like, your home is your home."

The housing market in New York City is more difficult than the rest of the country in many ways, and the responses we received from our participants demonstrate that the "American Dream" of homeownership necessarily looks different in New York City.

Unavoidable Hidden and Ongoing Costs of Homeownership

Respondent

Despite the resounding benefit of stability, each of our homeowner respondents emphasized the additional costs of homeownership that extend beyond their down payments and mortgages. This includes renovations upon moving in, ongoing maintenance costs, and unexpected issues.

Further, the majority of our homeowner respondents own co-ops, which have additional monthly fees, and also charge residents for building updates when they arise. As **Alfonzo (THR, 44)** explained, when asked if there was anything else that he wanted to say about housing affordability, or if he had other closing thoughts for us:

"So for me, and I say this because nonprofits and everything they kind of [act like] homeownership is going to be perfect…I'll use myself as an example, I bought a co-op on a top floor and I've had issues with leaking, this and that. So, even when I reached out to some of these nonprofits, everybody said, "go to housing court, whatever, whatever..." I feel like they do so much to get you to buy the home – And I told some of them that, I said "You should actually offer support for people after they bought the home…" Because the only thing NHS and all of them offer is foreclosure prevention,[159] or whatever. But, if you end up in foreclosure, at that point, things are really bad. I feel like that would be an improvement, and it would save [homeowners] so much time. For all the people they helped to become first-time homebuyers, track them for the first year, make sure that they still have the budget thing down, the affordability they need. If they got a home with the mindset of getting a tenant to help them, actually figure out how to source a tenant that is going to pay rent, or have good credit and stuff like that; and, see, how can you help people. I think a lot of the heavy lifting is to get you into homeownership, but it's not actually giving you the support that you need afterwards."

Interviewer I
Federica (THR, 35) F

I: How much do you spend on home repairs and maintenance per month, or over the course of your homeownership?

F: That's a good question. I would say, I don't know per month…I think the way I would think of those [costs] is more annualized because it tends to be big, it tends to be upfront things versus like, if we're just talking maintenance, like fixing things or changing things…I moved in this year, so granted that's like a big…

I: Sure, the first year…

F: This first year I've probably spent, it's hard to say, right? Are appliances counting that, who knows? I would say. [Long pause.] Yeah, it's hard for me to answer that; but I would honestly say, if you're annualizing it out, probably like $10,000 a year because there's some years where…For example, at the last place, we had to buy new windows because the person's apartment above us leaked. Like bizarre things that you're just like, "Okay, I guess that's on us." Which is the other thing, when it goes back to people buying apartments, you can get screwed so quickly; and no one thinks of that when they're doing the math of, "What can I afford?" It's like, you don't know what's going to happen…

I: Yeah, that's exactly what we were trying to capture with this question, these moments where you're like, "oh, I have to buy windows…?!"

F: Ohh, it's wild! I had no idea…Moving into this place – my dad is super handy, so he was so kind to come and help me with things – and I was changing all the electrical switches because I thought they were ugly. And then the last one, it somehow burnt out the electrical box, like it burned the breakers. This building was built in the 40s, so the electrical wiring is from the 40s. So I had to go on eBay and buy vintage switch things, which were 20 bucks or something. But then, when the super came to install them, he was like, "You know, at some point you're going to have to rewire this whole place." And I was like, "Huh?" And he was like, "Well, I assume you're gonna gut it at some point." (Laughing) I said, "[REDACTED (Building super's name)], I'm out of money! Like, "No!...What does it cost to rewire?" And he's like, "At some point you will have to, because, you just have to in these units: it's fire code and blah, blah, blah…" And he's like, "But you can get away with it for probably a good amount of time; or you can sell the place." And I'm, "Okay, I'm probably gonna ignore this…" But he's like, "It's probably $7,000."

I: Wow, so that goes back to what you were talking about before, the hidden fees [of homeownership]…?

F: Yup. And you don't know, no one tells you these things, right? I didn't know and no one told me that – and no one owed it to tell me that. It's just one of those things, when you're buying and, I think, it's not New York specific. It's like that for friends who buy in the Midwest. It's, like, you should be ready that something is going to go wrong in your home at least once every few years, so set aside some money.

Discussion & Recommendations

Our results overwhelmingly demonstrate that New York City is no longer affordable for its "average" residents, such as our respondents. As the housing market (for both rented and owned homes) has grown to be astronomically expensive, our respondents have adapted to this new reality by developing competitive strategies and accepting a certain amount of trade offs when securing housing. The overall undercurrent of this study reveals that people are cost-burdened, particularly around housing. Under the existing conditions, it seems only the wealthiest New Yorkers can become homeowners, with some exceptions including luck and family support. If conditions remain as they are, people will continue to leave New York City for more affordable places to live. New York City needs to increase its supply of affordable homes, coupled with lower prices that reflect New York City's population, in order to both retain and support residents of all economic backgrounds.

As with any research study, ours contains both strengths and weaknesses. The major strength of this study is the rich, detailed information we were able to collect about New Yorkers' experiences, particularly regarding their thoughts on affordability and the City's housing market. Our interviews allowed us to gain insight into the firsthand experiences New Yorkers regularly have with renting, purchasing a home, and participating in the City's affordable programs.

From this, we discovered: how oppressive New York City's bloated AMI bands are for people trying to access the City's affordable programs; how extensive and normalized "gamifying" the housing search has become for each of our respondent types, and how important climate change is to people when considering their housing options.

The primary weakness of this study lies in our small sample size and qualitative methodology, which means that our results cannot be generalized to the New York City population as a whole. Additionally, we were not able to interview as many LMI homeowners as we hoped, or anyone living in Mitchell Lama housing. While our open-ended interviews gave us insight into people's thoughts and experiences about the causes of the City's affordable-housing crisis, our respondents largely did not discuss what could be done to immediately increase the supply of affordable rentals or homeownership opportunities. As a result, our recommendations are extrapolated based on the issues discussed. Finally, we opted not to touch on zoning requirements/constraints, as this is a deeply complex issue and deserving of its own study dedicated to the sprawling subject.

Two of our findings, which are detailed on pages 27 - 50, stood out as noteworthy compared to the existing literature. The first of our surprising findings is tied to the factors driving unaffordability in the City, specifically around the supply and demand for homes here. Remarkably, our respondents were nearly unanimous in their views of the effect demand has on the affordability of housing. This is compared to their variability (across respondent category and rating) on the supply factor. In effect, our respondents were not convinced that New York City's housing crisis is due to a lack of supply. This aligns with recent empirical work from the Federal Reserve Board, which found within tight housing markets, such as New York City's, the supply of homes is only a minor contributing factor relative to increased demand; and, that home sale listings would have had to increase 30 percent to maintain the less drastic rate of price growth that characterized pre-pandemic housing markets.[160] It is worth noting, furthermore, that the Federal Reserve Board's study is not an outlier: other studies have similarly found that housing supply is negatively related **with factors that have been shown to impact the supply and prices of housing**.[161]

Our second unexpected finding arose from our respondents' reported credit scores. Despite research showing that low- to moderate-income households typically have lower credit scores compared to their higher-income peers,[162] which makes it difficult to secure housing,[163] 19 of our 21 respondents reported having "very good" to "high" credit scores. To be clear, not all of our respondents are "low-" to "moderate-income," particularly the homeowner respondents; however, the overwhelming majority of positive credit scores did serve as the basis of our "gamifying" finding, especially when coupled with our respondents' very specific strategies for securing housing. Beyond making them competitive within New York City's tight housing market, we surmise that our respondents' good credit could be linked to our sampling strategy, the study's timeframe (i.e. peak housing market), and the ages and socioeconomic backgrounds of our respondents.

The limitations of our study point to potential opportunities of future research. To begin, a much larger study that includes more participants of lower-income brackets would improve the results. Time, capacity, and financial limits prevented us from extending our sample. In order to answer our preliminary questions about whether or not homeownership is beneficial and/or transformational for LMI families in the long run, multi-year, longitudinal studies would need to be conducted with the same batch of respondents. This would allow researchers to measure how successful homeowners are over time (i.e. whether or not they are able to maintain homeownership), what kind of interventions are most helpful for homeowners in need of assistance, and whether or not families are able to generate intergenerational wealth. As previously mentioned, another significant limitation is that this study did not factor in how zoning constraints affect affordable housing development. Future studies should examine how changes to zoning laws could impact the status quo. Finally, future studies should look to public housing models in place in many European cities. We recommend looking into Vienna in particular, **where government-owned, mixed-use, mixed-income buildings maintain perpetual affordability**.

Recommendations

Based on our review of the literature, analysis of the City's existing affordable-housing programs, and interview findings, we propose the following recommendations to support New York City's prospective and existing homeowners. Our overarching recommendation is that the government at all levels needs to do more to create a housing landscape that matches the needs of everyday New Yorkers and is affordable to them.

1. Streamline the financing for and improve the guidance on affordable-housing development

Interviewer I | Corina (Renter, 37) C

I: Is there anything else that you'd like to say about housing affordability in general, or other closing thoughts you'd like to share with us?

C: I would like to see local, state, and federal governments do more about this issue. Like...a lot more. This is the number one issue that I care about and I don't see enough being done about it. I don't see enough ideas being implemented. I've seen a lot of [news outlets] reporting about inflation over the past few years, like the inflation of housing costs, but I don't see enough people digging into what the reasons are for it and who's profiting from it, and I think we need to know that in order to address it. But nobody is really talking about it. Like, when you ask me, "what are the things that are driving unaffordability?" I think we need to know that concretely.

While the affordable housing market is confusing and frustrating to navigate, New Yorkers are not deterred from having strong opinions – and wanting to learn more – about how to increase the City's supply of affordable homes. Looking at the figures below, you will notice that our respondents had competing impressions about the factors driving New York City's housing unaffordability. The variation in their responses appears to be dependent on whether they rent or own their homes. Overall, the differences in our respondents' ratings reflect the complexity of the issue, but also how out of alignment the public is with the government on how to address housing unaffordability. In fact, one of our respondents' biggest complaints was the feeling that the government is not doing enough to address the City's affordability crisis. One consequence of this is that New Yorkers have turned to "gamifying" their search processes in order to find affordable and stable housing.

Perceived Effect on NYC's Housing Affordability

Respondent Category

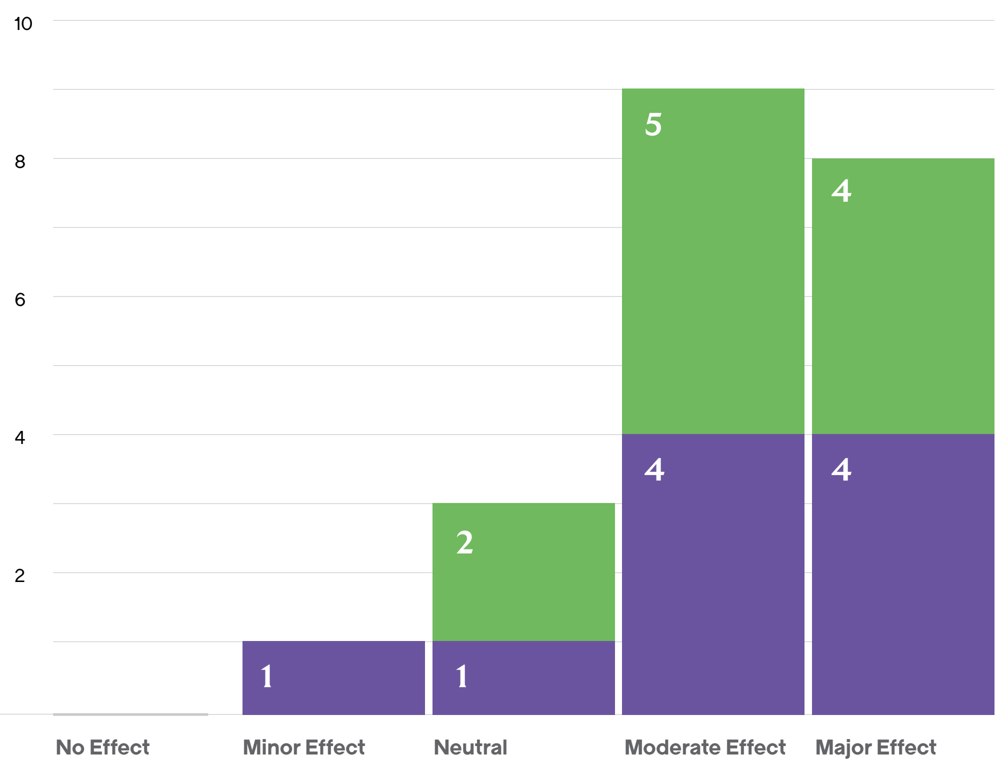
Renter

Homeowner

Frequency of Response

Perceived Effect

SUPPLY OF HOMES



Perceived Effect on NYC's Housing Affordability

Respondent Category

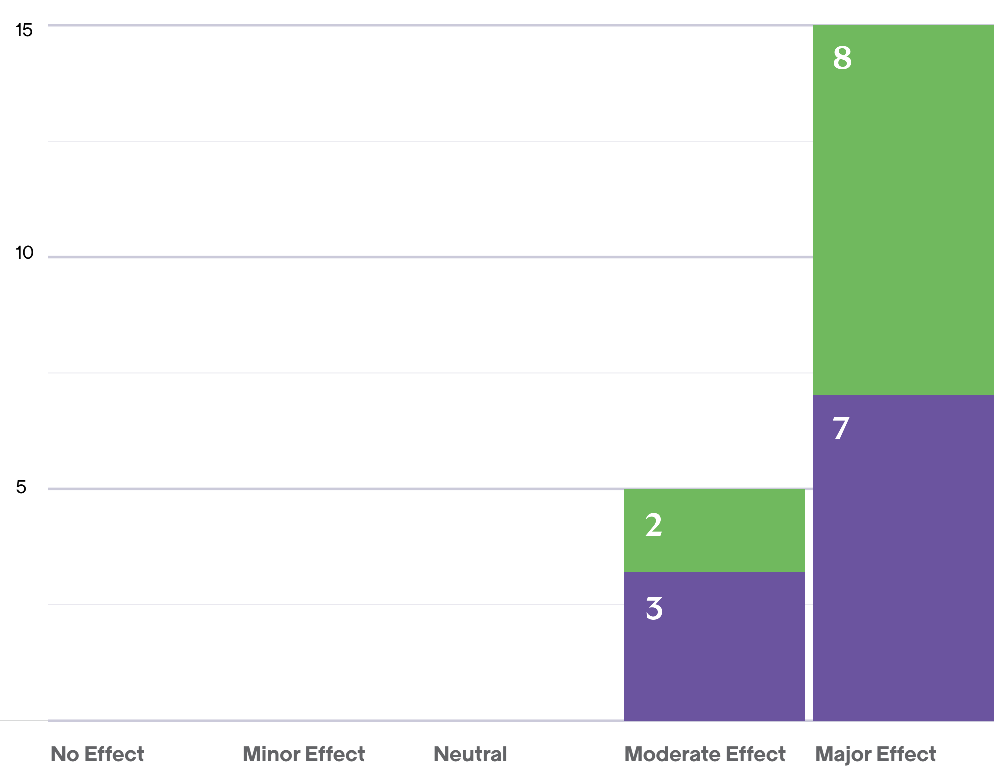
Renter

Homeowner

Frequency of Response

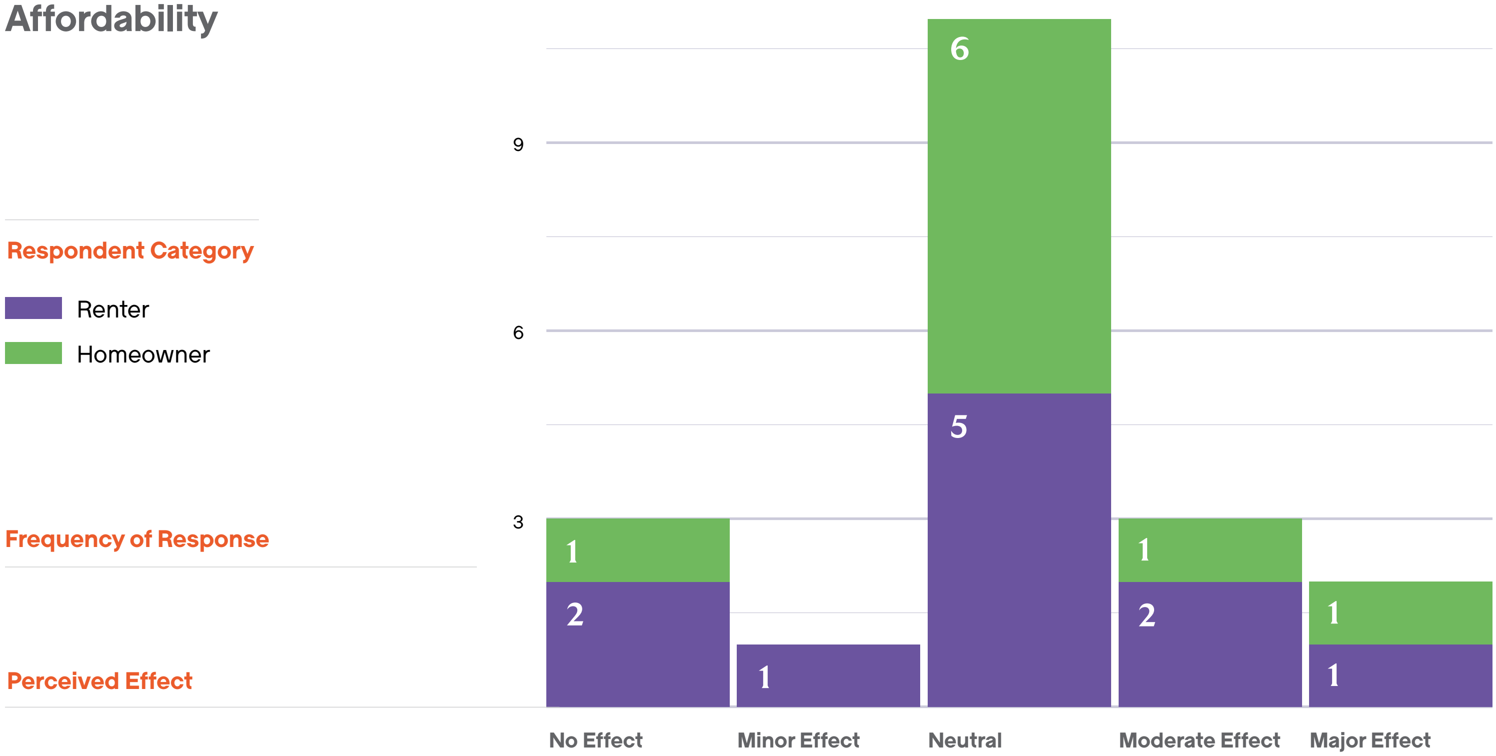
Perceived Effect

DEMAND FOR HOMES



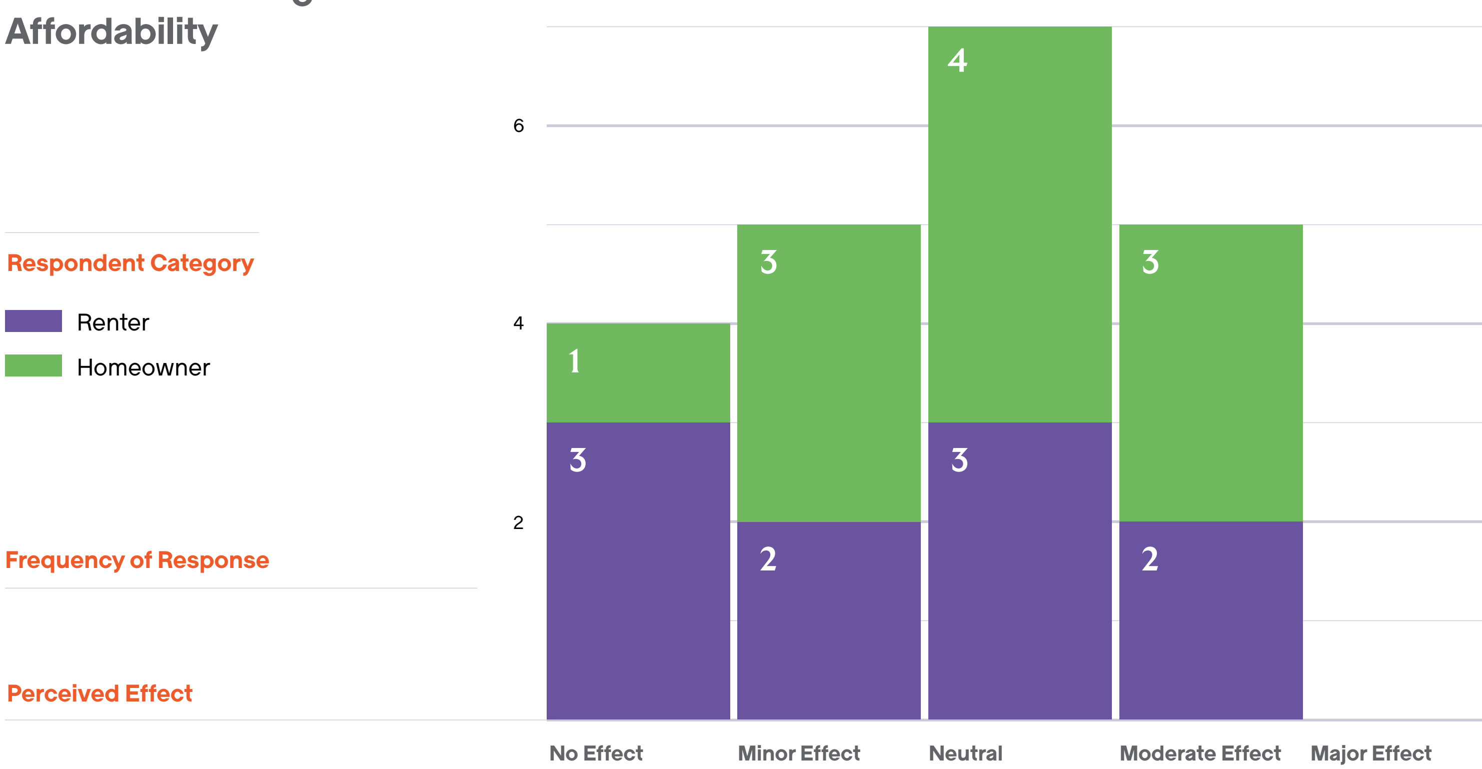
Perceived Effect on NYC's Housing Affordability

PROPERTY TAXES



Perceived Effect on NYC's Housing Affordability

COST OF BUILDING & HEATING OIL



Perceived Effect on NYC's Housing Affordability

OPEN-ENDED RESPONSES (RENTERS)

- **Corporate/ Landlord Greed**
  3 Responses
- **Speculation**
  3 Responses
- **Proximity to School, Transportation, and Amenities**
  1 Responses
- **Interest Rates**
  1 Responses
- **Wealth Disparities**
  1 Responses
- **Chose Not to Answer**
  1 Responses

Perceived Effect on NYC's Housing Affordability

OPEN-ENDED RESPONSES (HOMEOWNERS)

- **Corporate/ Landlord Greed**
  3 Responses
- **Speculation**
  1 Responses
- **Proximity to School, Transportation, and Amenities**
  3 Responses
- **Building Upkeep, Cost of Converting to Energy Efficiency**
  1 Responses
- **Real-Estate Costs, Taxes and Fees**
  1 Responses
- **Race and Discriminatory Practices**
  1 Responses

From our interviews, we discern that there is an appetite amongst the public for understanding the complexities around building affordable housing, particularly around why new units come to the market slowly. For affordable projects to be feasible, developers must layer many different programs or subsidies together. This is where much of the opacity arises: it is a complicated and lengthy process with many different requirements that developers must get right. Further, it requires a nearly exhaustive understanding of all the different funding options available at any given time, their corresponding pipelines, and developer liquidity in order to get an affordable project off the ground and online.

Both developers and the public could benefit from the government streamlining and producing guidance on the financing and processes for developing affordable housing. Doing so could provide **a much-needed inroad for minority- and women-owned (M/WBEs) real-estate developers** to scale their presence within the industry. Streamlining the process will also supply the public with a better understanding of what goes on behind the scenes. This way, the citizenry will be empowered to make informed decisions when propositions related to affordable housing come up for a vote in general and special elections, and when it comes time to elect to and/or support candidates in office on matters related to the production and stabilization of the City's affordable-housing supply.

There are many ways that state and local governments could publicize their efforts around affordable housing and involve the public. One example, which has been implemented in other localities, is to create a participatory, Web-based application centered on affordable-housing financing and development for public roll out.164 Coupled with hosting information sessions, town halls, and providing opportunities for public comment at legislative and committee hearings, the public would be knowledgeable on and have a say in policies that will have a tremendous impact on their communities.

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2. Increase subsidies for building affordable housing and right size New York City's AMI to actual New York City incomes.

> **"...There's a section of people who will always need help, social services and things like that, but [for] people in that 100% of the area [median] income – it's not middle class, because I don't consider myself middle class, since living here I consider myself as part of the working poor – so between 80 and 120 AMI, if that was targeted more for affordability, that would free up a bunch of housing for people who are lower income. And then the people who are a little bit higher income, then they would move on to purchasing something, and then there will be more of a cycle. I feel like now there's not a cycle. So where we are now, I've lived in the same apartment since I moved here. Unless we win the lottery we're [a family of three] not going to leave this one-bedroom apartment, because they only raise our rent 50 bucks every year that we've been here."**
>
> **A** **Amelia**
> **AHR, 34**

> **"I'm still subscribed to the Housing Connect website and see all the affordable rental lotteries. And it seems like there's a lot more coming on, but the AMI stuff just doesn't make sense. Like, there's affordable housing for people who make over $125,000. Theoretically, you should be able to find something that you can afford at that salary. I think that they need to be lowering the AMI, or doing it for different brackets for a lot of those lotteries.."**
>
> **L** **Leandra**
> **AHR, 36**

One of the main reasons affordable-housing development is confusing to people outside the industry is because funding is usually tied to an opaque metric called area-median income (AMI).

For context, government subsidies are what bring an affordable unit's total rent, or purchase price, up to an amount that is profitable for the developer. On the backend, the government pays the developer a predetermined dollar amount, which would be outlined in a program term sheet,165 for providing reduced, affordable rents (or purchase prices) to qualifying participants.

When a developer uses government subsidies to finance their affordable-housing projects, however, they must adhere to targets created around AMI,[166] specifically an income metric that the US Department of Housing and Urban Development (HUD) calculates for metropolitan areas using income data from the US Census Bureau. HUD determines the middle income value from the incomes for the locality, arranged from smallest to largest, which is equivalent to the 50th percentile of the area's income data. AMI, in other words, is the midpoint of a region's household income distribution, where half the population earns less and half earns more than the specified median.

With that said, many of our respondents expressed the feeling that there is a gap within affordable-housing programs, where subsidized units carry prices that still feel out of reach for prospective participants. This gap between New Yorkers' budgets and the options available to them is largely due to adjustments that HUD makes to New York City's AMI calculation,[167] although there are other factors at play (such as insufficient subsidies).

Along with the five boroughs' income data, HUD includes the wealthy suburban counties just outside New York City in its calculation. This inflates the City's AMI since these counties have higher median incomes than the five boroughs. (**See table 4** for an illustration of this.) HUD also applies a high-housing cost adjustment (HHCA) within their calculation, which further increases the metro area's income levels.[168] Once HUD establishes New York City's AMI for the time period, the local housing authority (HCR at the state level and HPD at the city level) calculates income bands around the HUD figure. These income bands are then used to calculate the maximum amount of rent, or purchase price, local developers can charge for units when using a government subsidy to finance their affordable-housing project. (**See tables 5 and 6** for the income bands and maximum rents.)

Pathways to Homeownership in NYC Today

Table 4. Comparing Median Household Incomes, By Source

2023	
US CENSUS BUREAU Median Household Income	**US DEPARTMENT OF HOUSING & URBAN DEVELOPMENT** Median Household Income
New York City (all five boroughs) $76,577	-
Bronx (The Bronx) County $46,838	$94,440
Kings (Brooklyn) County $76,912	
New York (Manhattan) County $101,078	
Queens County $81,929	
Richmond (Staten Island) County $95,543	
Putnam County $122,777	
Rockland County $106,589	
Westchester County $114,457	

Pathways to Homeownership in NYC Today

Table 5. HPD's 2024 New York City Area AMI

To use this chart, first find your family size on the top row. Then go down the column until you see how much your family earns per year. To the far left, you will see the % of AMI that is associated with (or closet to) your family income. Note: Incomes are not noted for the "Extremely Low-Income" AMI band.

	FAMILY SIZE	1	2	3	4	5
Extremely Low-Income	Up to 30% AMI	–	–	–	–	–
Very Low-Income (31% - 50% AMI)	30% AMI	$32,610	$37,290	$41,940	$46,590	$50,310
	40% AMI	$43,480	$49,720	$55,920	$62,120	$67,080
Low-Income (51% - 80% AMI)	50% AMI	$54,350	$62,150	$69,900	$77,650	$83,850
	60% AMI	$65,220	$74,580	$83,880	$93,180	$100,620
	70% AMI	$76,090	$87,010	$97,860	$108,710	$117,390
Moderate Income (81% - 120% AMI)	80% AMI	$86,960	$99,440	$111,840	$124,240	$134,160
	90% AMI	$97,830	$111,870	$125,820	$139,770	$150,930
	100% AMI	$108,700	$124,300	$139,800	$155,300	$167,700
	110% AMI	$119,570	$136,730	$153,780	$170,830	$184,470
Middle Income (121% - 165% AMI)	120% AMI	$130,440	$149,160	$167,760	$186,360	$201,240
	130% AMI	$141,310	$161,590	$181,740	$201,890	$218,010
	165% AMI	$179,355	$205,095	$230,670	$256,245	$276,705

Pathways to Homeownership in NYC Today

Table 6. Maximum Rents, By Unit Size and AMI

To use this chart, first find the size of your unit on the top row. Then go down the column until you arrive at the row of your family's AMI. Note: Maximum rents are not reported for the "Extremely Low-Income" AMI band.

		UNIT SIZE			
		STUDIO	1 BEDROOM	2 BEDROOM	3 BEDROOM
Extremely Low-Income	Up to 30% AMI	–	–	–	–
Very Low-Income (31% - 50% AMI)	30% AMI	$815	$873	$1,048	$1,211
	40% AMI	$1,087	$1,165	$1,398	$1,615
Low-Income (51% - 80% AMI)	50% AMI	$1,358	$1,456	$1,747	$2,018
	60% AMI	$1,630	$1,747	$2,097	$2,422
	70% AMI	$1,902	$2,038	$2,446	$2,826
Moderate Income (81% - 120% AMI)	80% AMI	$2,174	$2,330	$2,796	$3,230
	90% AMI	$2,445	$2,621	$3,145	$3,633
	100% AMI	$2,717	$2,912	$3,495	$4,037
	110% AMI	$2,989	$3,203	$3,844	$4,441
Middle Income (121% - 165% AMI)	120% AMI	$3,261	$3,495	$4,194	$4,845
	130% AMI	$3,532	$3,786	$4,543	$5,248
	165% AMI	$4,483	$4,805	$5,766	$6,661

While the HUD adjustments to New York City's AMI result in more people (with higher incomes) qualifying for affordable programs, their cumulative impact is an artificially inflated, or bloated, AMI for the local context. (For example, in 2023, HUD's AMI for New York City was **$94,400** compared to the US Census Bureau's figure of **$76,577.**) More importantly, it results in the City's affordable units being priced close to market value, providing little relief for participants.[169] This commonly leads to feelings of frustration such as, "I'm technically low- (or moderate-) income, but I can't afford these "affordable" rents (or purchase prices)!"

We can fix affordability issues caused by New York City's bloated AMI in two ways. The first is by **increasing subsidies (on a per-unit basis) that the government provides developers to make up the difference between what people can pay and the cost to develop affordable units**. Doing so would allow developers to create lower rents (or purchase prices) and/or to tailor the development of affordable units to the need, which would increase the supply of affordable housing for those in need. Second, although AMI is set at the federal level, **there is nothing stopping New York City from using the City's actual, unadjusted median income when creating income bands for its affordable-housing programs**, as long as they are below the HUD low-income housing tax limit.[170] This would bolster support for New York City's very-low, low- and moderate-income families, who often find that "affordable" options exceed their ability to pay.

Relatedly, research has shown that developers tend to build housing for higher income targets[171] (likely because they require less subsidy from the government for developers to make a profit). Mission-driven developers, on the other hand, have been shown to develop 100 percent of their project units for lower-income bands, and to rent to the floor of income-band requirements as well.[172] As such, the City should prioritize the Request for Proposals (RFPs)[173] for affordable-housing projects from community-driven, local not-for-profit developers.

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3. Expand legal protections to support new homeowners and slow speculation.

> **"…[D]on't forget co-op boards change every year. (We just had our election, so there's different people on the board.) So whatever process I went through [to get approval] – it's basically dependent on what they think – so now somebody else who is applying to live in my building, we can have the exact same financials, we can be on paper the same person…But, you know what? If Joe Blow on the board takes a disliking to you, or doesn't like an answer, there's no… Listen, so basically at my board interview (again, I was already renting here, usually they would go through the rules but since I lived here..) the guy, because I worked in publishing at the time – he was trying to publish a building newsletter, like a little social thing. He was talking to me, he was trying to get my professional opinion on the production values of his newsletter…Which, by the way, [weren't great]! But I didn't tell him that because then he liked me because I listened to him. So, with the co-op, it's a whole different ball game."**

Paulette
THR, 62

Advocates have been working for years to create legislation to address the City's affordability crisis. Currently there are three pieces of legislation that have been introduced at both city and state levels that can help ease affordability issues and bring some stability to New York City's housing market. Elected officials should come together to pass this legislation.

A **The City Council should make co-op transparency a requirement by passing Introduction (Int) 0407-2024 related to their sales**. A number of our respondents cited the disheartening nature of co-op approval processes. Currently, co-op boards do not need to disclose why an applicant is rejected, allowing discrimination based on race, sexual orientation and other characteristics to go unchecked. Int 0407-2024, which is the "latest in a decades-long series of similar, though unsuccessful measures,"[174] would help reduce discrimination by requiring boards in buildings with at least 10 units to provide the reasoning why they reject prospective purchasers. The bill would also impose fines up to $25,000 for boards' failure to comply.

B **City electeds should continue to support the City for All Housing Plan to ensure advancement of comprehensive housing solutions**. In late 2023, the New York City City Council passed the **Fair Housing Framework Act**, which requires City agencies to create a fair housing assessment and establish targeted housing production goals for each community district every five years. Meanwhile, the City for All Housing Plan strengthens targets set forth by the Fair Housing Framework Act through a series of budget measures. One of the plan's measures includes incentivizing the return of vacant units to the market, an issue voiced by a number of our respondents. The plan would do this by expediting the completion of a vacant-unit reporting and inspection system (essentially bolstering Local Law 1) with guaranteed funding.[175] (Local Law 1 was passed by City Council in 2023, and gives tenants the authority to report maintenance code issues to HPD via 311; it also requires city officials to inspect vacant units when they may pose a hazard to those in units nearby.[176]) It is paramount that funding for the vacant-unit reporting and inspection system remain intact each budget season to ensure that vacant affordable units can be reported and come back online in a timely manner. While this will not eliminate apartment warehousing completely, it is a step in the right direction..

C **The NYS Legislature should pass the Tenant Opportunity to Purchase Act (TOPA) (S221A/A3353)**. This legislative action would give tenants the first right, as well as various tools, to purchase their building if a landlord lists it on the market, or receives a credible offer from another buyer. The goal of this legislation is to deter speculative flipping and to keep buildings in the hands of the people who actually call them home. To ensure its success, this legislation was modeled off of a law that has been in effect in Washington, DC since 1980. It is also similar to a law that was passed in San Francisco in 2019.

If passed, TOPA would provide tenants options for the purchase of their building. They could turn it into a co-op, or assign their rights to a new landlord to keep it as a rental building. Tenants would also have up to nine months to: submit a statement of interest, form a tenants' association, propose an offer, and secure financing for the purchase of their building. During this time period the landlord would not be able to sell to any other party.

If New York state lawmakers can pass the TOPA legislation, many lives will be positively impacted. Lawmakers must keep in mind, however, that programs like TOPA require significant technical assistance and capital funding. An appropriate level of government investment is therefore crucial to ensure that tenants have the financial support necessary to purchase and improve distressed properties.

D

The NYS Legislature should disincentivize home-flipping with a "flip," or transaction tax. House flipping puts pressure on existing homeowners by inflating property taxes, as well as on future homeowners by inflating purchase prices. (For more information about the impacts of flipping on New York City's neighborhoods, we recommend the Center's **2018 report** and this **2024 report** from the Pratt Center for Community Development in collaboration with the Anti-Speculation Coalition.)[177] This problem is especially onerous for prospective homebuyers who are LMI, or anyone who is struggling to cobble together a downpayment and mortgage for the **City's astronomically-priced homes**.

The End Toxic Home Flipping Act (**S1569A/A1023**) would establish a 65% tax on the gains from a 1-3-unit home sold in New York City within the first year of ownership, and a 50% tax on sales made in the second year of ownership. The goal of these high taxes is not to generate revenue, but to halt the activity of house flipping entirely. In fact, the bill's two-year time period and high tax-rates are specifically designed to throw a wrench in the machine driving the house flipping industry: **short-term financing**. These loans are provided by a growing sector of hard-money lenders, not traditional banks, and have aggressively short terms (often 6-12 months) and high interest rates. **Thus, the flip tax would make it impractical for flippers to access financing**.

Importantly, the End Toxic Home Flipping Act includes exemptions for individual homeowners who are transferring their property to a family member, and those who can demonstrate financial hardship, to ensure that homeowners will not bear any unintended consequences. **For these reasons and more, NYS legislators should pass the End Toxic Home Flipping Act**.

4. Permanently increase support for future homebuyers.

"I think there should be a guide on applying for co-ops and the whole process. I think there should be a guide on: how to prepare personal financial statements (if you are not a business major and you don't know how to do that); how to put together your assets, your liabilities, your income and your expenses; and, how to prepare the balance sheet, the income statement, and "The Statement of Owner's Equity," for people who might find that opaque. The three-ring binder thing because there's a lot of hype about co-op applications."

D Dara
AHR, 38

"[I would like to see] more shepherds, someone guiding you through the program, a point person."

A Alfonzo
AHR, 44

E Esther
THR, 36

"I think New York, in general, could do a better job of highlighting homeowner resources, especially for those [who are] lower income like myself. I wasn't even aware of what existed outside of HDFCs and Mitchell Llamas, and it [wasn't until] I was going through the mortgage loan process that they brought up a few [other options]. But I think, in general, if they highlight what resources there are, it would just kind of prompt others to realize they have some funds available through those programs, enough to consider homeownership."

Interviewer I
Amelia (AHR, 34) A

I: Interviewer: Are there things that you think could make the HomeFirst program work better for other people?

A: Um, yes…So when I [first] contacted HPD, I went to several info sessions but I felt like they were giving me a lot of information, but I wasn't actually progressing into the program. It was kind of a little bit gimmicky in the sense that they're like, 'Oh, you have to go to this class…' which I understand, like, you gotta go to housing counseling; but, even with that, I felt like, 'Isn't there an application I should be filling out?' I felt like they were kind of slow walking [and] for somebody who was in a little bit of a different situation than me, it would have been really, really frustrating. Yeah, you know, I had the privilege to take my time, but I think if somebody was, if they felt – not desperate, but if they felt like they absolutely had to make a decision, then it would have been really frustrating for them.

New York City is in dire need of increased funding for its first-time homebuyers. This includes funding to expand pre-purchase counseling, as well as to extend grants for down-payment assistance programs. While these issues are separate, they are deeply intertwined.

Unfortunately, New York City does not have a consistent funding source for its pre-purchase counseling. Generally speaking, funding for pre-purchase counseling comes from HUD, banks, and community-development not-for-profit organizations, such as **NeighborWorks**. Due to the disparate nature of this funding stream, financing and support for these programs can be limited (and/or dependent on membership in selective groups), or contingent upon the production of a loan product (i.e. a mortgage generated with a specific bank). The result of this structure is that funding can be small and come with a massive administrative burden; funds might need to be split amongst multiple services; or there being an administrative incentive to work with ready buyers who can show quick results, rather than longer-term buyers who need more time-intensive counseling and support. In this environment there is no prioritization of long-term financial counseling to prepare non-ready buyers for homeownership. **If we radically transform how we approach pre-purchase counseling with guaranteed public investment, we can ensure that it is tailored to the needs of the people actually going through the process**.

A dramatic revamping of pre-purchase counseling could also result in other, more subtle improvements for prospective homebuyers. For example, our respondents expressed the desire for different "tracks" within pre-purchase counseling based on the level of guidance needed. Additional funding and government oversight could allow for this. **A revamping could also extend pre-purchase counseling to post-purchase activities, as ongoing challenges and costs that arise post-purchase can lead many people to exit homeownership**. More robust funding for counseling (pre- and post-purchase) can lead to longer, stronger relationships between counselors and homeowners, enabling problems to be identified earlier, with more possible options for resolution on the table. First-time homebuyers, LMI buyers in particular, need support after their purchase to help ensure that they can successfully maintain their homeownership. (Recall Alfonzo's experience trying to obtain assistance dealing with a leak in his ceiling.) Ideally, affordable homeownership programs could extend counseling for at least a year after purchase. Including recent homebuyers in the planning and development of such programming will ensure its effectiveness in helping create and sustain homeowner stability.

In the past, housing counselors have also reported that few homeowners are able to purchase because of the City's high prices. Pre-purchase counselors do their best to match homebuyers with as many grants as possible, but these attempts are often frustrated by limited funding for existing programs, varying eligibility and documentation requirements, and incompatible program mandates. Even if a homeowner manages to combine a certain mortgage (e.g., a product from **SONYMA**), with down-payment assistance, along with a bank grant, the amounts are often still inadequate for New York City's home prices.

Point blank, most buyers in New York City still require large amounts of their own savings to be realistic about buying within the City. Therefore, a more generous and reliable down-payment assistance **program for the City would allow more people to become first-time homebuyers**. If this recommendation was implemented alongside our second recommendation (to create a New York City specific AMI), more "moderate" income brackets would also be able to enter the homeownership market. This could potentially free up rentals, and/or produce less competition for renters of lower-income brackets, who are not yet interested in purchasing a home, or need more time to amass a downpayment.

5. The federal government must do more to be a part of the housing solution.

"I think we need more subsidized programs in the City to support people who are actually contributing, undeniably, to New York – not just business factors." – Carey (Renter, 35)

Carey
Renter, 35

"I would like to see – because I'm not sure what law it is, I always hear people say, 'Oh, de Blasio did that:' the law that when a new building goes up, a certain portion of it has to be affordable. I think the percentage is like 20%. If that's the case, I would like to see that [percentage] raised to 35%. Yeah… affordable housing for every new building that goes up. I think that's very achievable, you know, that's achievable for our elected officials to get to that."

Amelia
AHR, 34

Leandra
AHR, 36

"It's as if leadership doesn't realize that if they were to build affordable – not just luxury housing, you know – just a basic home for people to live in that still has laundry, amenities like that – not a swimming pool – that they would fill up immediately. There would never be any vacancies. It's crazy to me…You would keep a working class in the City."

Policies to address the affordable housing crisis have been underfunded and insufficient for decades, contributing to some of the worst affordability conditions across the US on record.[178] Rental assistance programs, for example, are only able to serve 1 in 4 eligible households because they are not a qualified "entitlement,"[179] meaning that eligibility does not necessarily translate to benefits received. **Those renters who are able to receive a voucher frequently face discrimination** by private-market landlords. Meanwhile, the country's public housing supply is aging and in steep decline,[180] and each year **affordability expires on LIHTC-funded subsidized housing**.[181] This bleak reality is compounded by stagnant wages, rising costs, and high interest rates – the confluence of which plague prospective homebuyers. Unfortunately, state and local entities do not have the resources to address the scale of the issue on their own.

A significant, comprehensive federal investment is needed to address the housing crisis by expanding housing supports, preserving and improving existing affordable stock, and increasing supply nationally. Historically, federal investments have helped to stabilize families in the US, particularly during COVID-19. Furthermore, Congress is capable of providing the necessary resources to achieve housing security today.

Although the new federal administration is likely to produce a challenging political climate, the breadth and depth of the housing affordability crisis is so urgent that localities must continue pushing for more support. In fact, it is more important now than ever to fight for positive change given how we know policies can shape communities and affect people for decades. Below are some suggestions toward making a significant federal investment in affordable housing a reality:

A

Support the Homes Act of 2024, a bill proposed by Representative Alexandria Ocasio-Cortez (Democrat-New York 14th District), that would create a new federal housing authority that would provide $30 billion in annual appropriations for funding and financing affordable homes across the US. It would also allow the federal government to acquire real estate for permanently affordable housing, and develop new, deeply subsidized housing stock. (For a more detailed description of the legislation, see **here**.)

B

The 119th Congress should reintroduce the Affordable Housing Credit Improvement Act of 2023. This bill seeks to address the nation's severe shortage of affordable housing by expanding and strengthening the Low Income Housing Tax Credit (LIHTC), such that it can finance an additional 1.94 million affordable rental units over 10 years. LIHTC, which was created out of the Tax Reform Act of 1986, and made permanent in the Omnibus Budget Reconciliation Act of 1993, is **the largest source of affordable housing financing in the US**.

C

Protect and expand the national Housing Trust Fund (HTF). Operating under HUD, HTF is the first federal resource in a generation that provides block grants to states to build, rehabilitate, or preserve affordable housing for extremely low- and very low-income households.[182]

D

Create and fund the measurement of a national housing loss rate: Similar to the need for and creation of the national unemployment rate in the 1920s, measuring the rate of housing loss would allow the federal government to drive action through funding and programs.[183] Although some localities currently measure housing loss rates, there is no comprehensive, standardized national measurement of housing lost through eviction, foreclosure, and natural disaster. Without a standardized national measurement, it is impossible to understand the scale of the issue, where it is occurring, and who is affected. Collecting accurate, real-time data would allow governments of all levels to develop specific, responsive housing policies and targeted assistance. Therefore, federal direction is necessary to help localities create housing-loss databases and set standards for them. Once created, a national housing loss rate can then be calculated, enabling a framework for policies to be created with clear, measurable goals that meet community needs.

Appendix: Guide for Becoming a Homeowner in NYC Today

This guide is meant to provide prospective homebuyers with an overview of the home-buying process in New York City, which can be stressful and time-consuming.

Below we have outlined some steps that will help you get through the process successfully, along with a list of what banks commonly require when they write mortgages. Among other things, be prepared to do some research, and also to gather and submit a significant amount of documentation. Documents you may need to provide at various points throughout the process include bank statements, employment records, information about existing debts, and so on. (Your housing counselor, see #2 below, can help you get things ready and start work on your package well in advance of your actual purchase.)

1

Look into programs and credits for first-time homebuyers if you are one, and learn about down-payment assistance programs that you might qualify for.

The Center for New York City Neighborhoods, Inc. built an online tool called the Down Payment Assistance Navigator to search down-payment programs in New York State. Six questions help the tool filter programs to ones that best fit your unique circumstances. **All data entered is anonymous and will not be stored for future use**.

By searching down-payment programs early in your home-buying journey, you are better equipped to know the programs and options that are available to you and whether or not the programs could help expand your budget, or get you to a sustainable one. Doing so can also help when you are budgeting for your home. Just be sure to familiarize yourself with the program restrictions, particularly around moving out of/selling your home, to ensure you are pursuing the right program for you.

Worth noting, some programs allow for non-recent purchasers to be counted as first-time home buyers, so do not count yourself out before reading the guidelines.

Otherwise, below are some popular down-payment programs that are available in New York State. Check their requirements to see if you qualify!

Here are a few first-time homebuyer and down-payment assistance programs to look into:

- HPD's **HomeFirst DownPayment Assistance program** is for lower-income buyers and provides up to $100K towards a down payment on a house up to a certain price range.
- There are also a range of **SONYMA Programs** for first-time homebuyers that are worth checking out – many have layers of requirements but the payoff is they often come with more generous terms or totals. See if any could be for you.
- **America's Home Grant** is a program from Bank of America (BoA) that offers a lender credit of up to $7,500 for non-recurring closing costs. Meanwhile, BoA's **Down Payment Grant** program provides qualified homebuyers $10,000 toward their down payment, or 3% of the purchase price, whichever is less.
- **Chase DreaMaker Mortgage** is a program that allows 3% down payments and is intended for those who meet program income limits, or live in an eligible census tract. Borrowers can also combine Chase's DeaMaker Mortgage with **Chase's Homebuyer Grant**, which is available in communities with majority Black, Hispanic, or Latine populations, and offers up to $7,500 for a down payment or closing costs.
- **Dream. Plan. Home.** is a program from Wells Fargo that offers a closing cost credit for borrowers with incomes at or below 80 percent of the area median income where the property is located. This closing cost credit may be combined with other Wells Fargo approved **down payment assistance programs**, and gift funds.
- **The Homebuyer Dream Program (HDP)** is a Homeownership Set-Aside program that is administered through participating Federal Home Loan Bank of New York (FHLBNY) members, and helps qualified residents of New York and New Jersey who are eligible first-time homebuyers to purchase a home through an approved community-based, member lender, like **M&T Bank**, by providing up to $19,500 towards down payment and closing cost assistance.
- **The Long Island Housing Partnership (LIHP) First Home Club** is a matched-savings grant program from the FHLBNY, which provides down payment and closing cost assistance to eligible first-time homebuyers who purchase a home through participating member lenders: **M&T Bank**, **HSBC**, **Valley National**. Homebuyers get matched $4 to $1 and $7,500 at closing from the bank where they opened their First Home Club savings account. Income limitations apply.
- The **Housing Development Fund (HDF)** is based in Connecticut but loans to first-time homebuyers in New York State too. HDF boasts first-time homebuyer education, down payment assistance, and a number of lending programs that can be combined by eligible borrowers.
- The **mortgage credit certificate program** is for first-time homebuyers with low to moderate incomes. The certificate allows you to claim a dollar–for–dollar tax credit for a portion of mortgage interest paid per year, up to $2,000.

2

Enroll in one-on-one pre-purchase counseling and/or take a first-time homebuyer's class, and obtain a certificate of completion.

As part of these, you will be assisted with creating a budget. Your certificate of completion may also help you qualify for a **first-time home buyer grant** from your lender – be sure to inquire with them.

The US Department of Housing and Urban Development (HUD) website has **a tool** where you can search an area based on a specific service. Filter for "buying a home" within New York State or City to obtain a list of HUD agencies that offer homebuyer-education courses based on your needs.

While you are at it, chat with your housing counselor, or read up on New York City's different property types (e.g., **co-op versus condo**) to see which is best suited for you and your budget.

3

Obtain a mortgage pre-approval.

You can work with or without a mortgage broker to obtain a pre-approval letter from one or more lenders. The lender will evaluate your finances to confirm that you are eligible for a mortgage loan before issuing the letter. As necessary for a competitive real-estate market, a pre-approval tells sellers that you are serious about and financially capable of purchasing a home.

Note: mortgage pre-approvals are not the same as mortgage pre-qualifications, which only provide a range for the amount for which you may qualify for a home loan, rather than an exact amount you are eligible to borrow.

4

Obtain an accountant

This step is by no means a requirement. However, accountants are helpful for talking through finances, budget, and the costs associated with making your purchase, and can help to ensure you know what you can afford.

5

Obtain a buyer's broker or agent, although this is also not a requirement.

Our respondents overwhelmingly recommended this step. Brokers/agents can help connect you to sellers of properties that you want to buy, and are especially important to have in a competitive market because they can help you to understand and navigate the homebuying process, will represent you on the sale, and can help to get your offer accepted.

If you cannot find a broker/agent through a referral, try meeting one at an open house. Choose someone who you have great rapport with and can trust. The costs for a buyer's broker/agent typically runs 1.5% - 3% of the purchase price and is paid for by the seller.

6

Obtain legal representation, or a real-estate attorney to represent you and your interests.

Real-estate attorneys know what to look for in real-estate records that the average person does not, and your lender may require you to have one present at the closing table. Real-estate attorneys typically cost about $1,000 - $2,000+ – a good attorney can save you tens of thousands of dollars in the long run.

It is ideal to get a referral from someone you trust for an attorney. Your broker, mortgage representative, or real-estate agent can be a good source of information for this – these individuals often have strong working relationships with a handful of trusted attorneys.

7

Create an exit plan for your current situation if you are renting.

Consider how and when you can exit your current living situation - Do you have a lease? If so, what are the terms? If not, what is your rental arrangement (month-to-month, etc)? How soon can you vacate your current rental without adverse financial or legal consequences? What will the consequences be if you vacate your rental residence before your lease expires?

If you have an attorney, they may be able to help you think through the above and advise you about your legal options. If that's not the case, contact the Homeowner Hub at the Center for NYC Neighborhoods (**646-786-0888**, or click **here**), and we can refer you to a legal partner who can assist you.

8

If you are purchasing a co-op or condo, be sure to ask for its financials, or a "disclosure packet."

Boards are required to provide this information upon request. If you have a lawyer, or an accountant, have them look over the financials. Be on the lookout for any major – or potential – expenses that have not yet been approved (e.g. replacement boiler, roof, elevator) and ask for details of any current financial obligations beyond maintenance, such as capital assessments. Dig into how the building was constructed and what insurances the building requires shareholders to have, or have your broker or representation do so, to ensure you are purchasing in a building that is well constructed and sound.

9

Make sure to get an inspection of the home you put an offer on from an outside inspector.

It is best to go with an inspector who is not represented by the seller! Inspections allow a prospective homebuyer and their lender the opportunity to identify issues with the home that may affect its value. Past research has shown that home inspections **save the average buyer around $14,000** on their home purchase, so be sure not to skip this step. Most mortgage lenders require an inspection before closing on a loan.

10

Be prepared for a lengthy process!

Closing on a home in New York City typically takes 3 months for a townhouse/single-family home if everything goes perfectly. Co-op and condo closings can take longer, in which case it is best to plan for 6+ months.

11

Check to see if you, or the property you are purchasing, qualify for any property-tax exemptions, including star.

Property-tax exemptions can save homeowners money. If you (or your property) do qualify for an exemption, once your purchase is complete, be sure to fill out the paperwork for the exemption and send it to the City's Department of Finance.

In addition to loaning you money for the purchase of your home, your lender will require you to have certain funds in hand, or to pay for certain precautions or supports. Some of these are one-time expenses while others are recurring. It is also important to be mindful of scammers, who try to take advantage of buyers, especially those who are new to the homebuying process. The best way to ensure you do not fall victim to a scam, is to have the entities we recommend above (i.e., an agent, a housing counselor, an attorney) help you navigate your home purchase. Additional funds you may be required to have in hand include the following:

1

Up to 20% of the purchase price for a down payment, or more if you're purchasing within a co-op.

While 20% is a standard down payment in New York City (see our homeowner respondents, for example), if you qualify for a first-time homebuyer program and/or certain types of loans, your lender may require a much smaller percentage as a down payment – typically 3%. Some co-ops only require 5-10%, while others have stricter requirements, like requiring a 25% down payment and only allowing 75% financing. Ultimately, your down payment will depend on a complex mix of your lender's requirements, which will depend on what your assets are, the home you are purchasing, your participation in a homebuyer program and any down payment assistance you might receive, and the type of loan product you secure. The down payment is due at closing.

2

Private Mortgage Insurance (PMI) if applicable

PMI is required when you make a down payment of less than 20% of the home's value when purchasing a home. PMI typically costs 1-2% of the amount financed, per year, and is included as part of your monthly payment after closing.

3

$5,000 to $20,000 for closing costs.

Closing costs include the cost of closing, the title to the home, and miscellaneous legal fees. They are typically equal to 3% to 6% of your total loan value when purchasing a home, and are higher for condos than for co-ops. Closing costs are due at closing.

See earlier note about using a Certificate of Completion or a First-time Homebuyer Education Course Certificate to defray these costs.

4

Homeowners insurance.

Your lender will require this. Homeowners insurance protects your investment should there be any events like an accident on your property, damage from certain climate events, etc. Homeowner's insurance is included in your monthly payment after closing, but you must arrange for it to start and show proof that you have it before you can get approved for a mortgage

5

$2,000 - $3,000 in miscellaneous fees, including application charges.

6

Cash/assets to cover monthly payments (mortgage, maintenance (for co-ops)/ common charges (for condos), property taxes).

Lenders and co-op boards will require you to have a certain number of monthly payments saved before lending to you to ensure that you will be able to make ongoing payments. (Some lenders require proof that you have as much as 12 months of monthly payments saved.) You may want to speak to a financial counselor about how to increase your savings to meet your lender's requirement, and explore whether it is also possible to pay down other debt to improve your credit score and debt-to-income ratio (DTI).

Unfortunately, if the median purchase price for a home in New York City continues to climb, prospective homebuyers will also need to be prepared to pay a mansion tax. This tax is triggered in New York City when a home's purchase price is over $1 million. The mansion tax is typically 1% to 3.9% of the purchase price and is usually due at closing, or shortly after.

Our homeowner respondents' stories about navigating the City's housing market were pivotal to the development of this guide. Jessi Penkoff, from the Center's Legal team, was also instrumental in helping to put pen to paper. Additionally, we consulted the following sources to ensure the guide's helpfulness:

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167 The HUD-calculated AMI for New York City is different from the Census Bureau's median-income calculation for three reasons. In addition to the City's five boroughs, the HUD-calculated AMI includes the incomes of households from wealthy suburbs located within Putnam, Rockland, and Westchester counties, just north of the City. HUD also applies a high-housing cost adjustment (HHCA) to their AMI calculation, which is a complicated formula that attempts to reconcile disproportionately high area housing prices with salaries that have not kept pace with the market. It does so, in effect, by artificially raising area incomes to align with "fair-market rents." Finally, the HUD calculation for New York City's AMI excludes single households (including households of non-related roommates), meaning its AMI is calculated using the incomes from households with two or more related individuals only. This is significant because family households typically have higher household incomes compared to single-person households. These three factors make HUD's calculations higher than the data reported by the Census Bureau.

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169 It creates another issue in that people with lower incomes end up competing with higher incomes for a limited number of affordable-unit opportunities. In fact, research has shown that affordable-housing lottery odds are the worst for those who can afford the least, with households qualifying as "extremely low-income" (those earning up to $30,720 for a family of three) facing the most competition for apartments. To learn more about this, see Ann Choi, Will Welch, and Rachel Holliday Smith. 2020. Affordable Housing Lottery Odds Worst for Those Who Can Afford the Least, The City. June 28, 2020. Available at: https://www.thecity.nyc/2020/06/28/affordable-housing-lottery-chances-worst-low-income/.

170 This recommendation has been offered by a number of New York City housing advocates. For further reading on this matter, see: New York Housing Conference (NYHC). 2022. New York's Rising Area Median Income: A Growing Concern for NYC's Lowest Income Renters. Available at: https://thenyhc.org/wp-content/uploads/2022/11/AMI-Policy-Brief-Final.pdf. See also Internicola and Block (of ANHD) 2022.

171 Stephanie Sosa-Kalter (of ANHD). 2017. The For-Profitization of Affordable Housing Development and the de Blasio Plan. Available at: https://anhd.org/report/profitization-affordable-housing-development-and-de-blasio-plan. See also ANHD. 2011. Real Affordability: An Analysis of the Bloomberg Housing Plan and Recommendations to Strengthen Affordable Housing Policy. Available at: https://anhd.org/wp-content/uploads/2011/07/Real-Affordability-Evaluation-of-the-Bloomberg-Housing-Program2.pdf

172 Data have shown that non-profits developers produce 100 percent of their units at the "Low-Income band" and below, as well as rent to the floor of AMI band requirements, while for-profit developers typically only reserve 85 percent of their units for lower incomes and rent to the ceiling of AMI-requirements in their affordable-housing projects. For more information, see Sosa-Kalter (of ANHD). 2017.

173 A "Request for Proposal" (RFP) is a formal document that a company, or organization, puts out for potential vendors, inviting them to submit proposals detailing how they would fulfill a specific project or service requirement. This allows the soliciting company (or organization) to compare bids from various vendors, and to select the best option to meet their needs.

174 For an up-to-date discussion on this topic see: David Brand. 2025. Many Manhattan councilmembers silent on bill requiring co-ops to explain rejections, The Gothamist. January 6, 2025. Available at: https://gothamist.com/news/many-manhattan-councilmembers-silent-on-bill-requiring-co-ops-to-explain-rejections.

175 Fair housing advocates argued that this law did not go far enough to address the current problems with empty rent-stabilized units because it did not come with additional funding. For more about this see: Sam Rabiyah. 2023. City Council Passes Bill Enabling Tenants to Report Vacant Apartments, The City. December 6, 2023. Available at: https://www.thecity.nyc/2023/12/06/warehousing-vacant-apartments-report-council/#:~:text=Skip%20to%20content-,City%20Council%20Passes%20Bill%20Enabling%20Tenants%20to%20Report%20Vacant%20Apartments,%2C%202023%2C%205:27%20p.m.

176 Rabiyah 2023.

177 The Anti-Speculation Coalition includes: Cypress Hills Local Development Corporation, Chhaya CDC, The Center for NYC Neighborhoods, Pratt Center for Community Development, as well as local residents, advocates, and lawyers.

178 Ashfaq Khan, Christian E. Weller, and Lily Roberts. 2022. The Rental Housing Crisis Is a Supply Problem That Needs Supply Solutions. The Center for American Progress, August 22, 2022. Available at: https://www.americanprogress.org/article/the-rental-housing-crisis-is-a-supply-problem-that-needs-supply-solutions/

179 An entitlement program is federally run and provides benefits to individuals, businesses, or government units that meet certain eligibility requirements. Some examples of entitlement programs include: Social Security, Medicare and Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and Social Security Insurance (SSI) for those who are living with disabilities.

180 Carlos Martín. 2023. Despite a Pandemic Remodeling Boom, Aging US Homes Require Additional Investment. JCHS, March 23, 2023. Available at: https://www.jchs.harvard.edu/blog/despite-pandemic-remodeling-boom-aging-us-homes-require-additional-investment

181 JCHS. 2024. America's Rental Housing. Available at: https://www.jchs.harvard.edu/americas-rental-housing-2024

182 US Department of Housing and Urban Development (HUD). 2024. Housing Trust Fund. Available at: https://www.hud.gov/program_offices/comm_planning/htf

183 Yuliya Panfil and Sabiha Zainulbhai. 2023. The First Step to Solving the Housing Crisis Might Be Simpler Than You Think. Politico, May 04, 2023. Available at: https://www.politico.com/news/magazine/2023/05/04/solving-the-housing-crisis-00095075

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