

# Local Government Snapshot



NEW YORK STATE OFFICE OF THE STATE COMPTROLLER

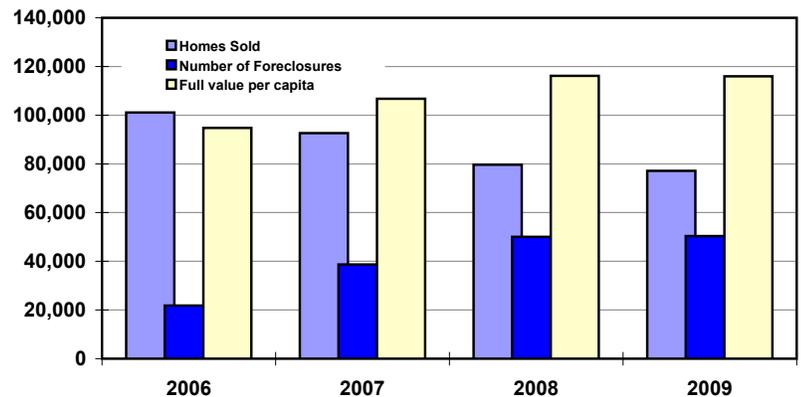
Thomas P. DiNapoli • State Comptroller

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## Upstate/Downstate: New York's Diverging Housing Market

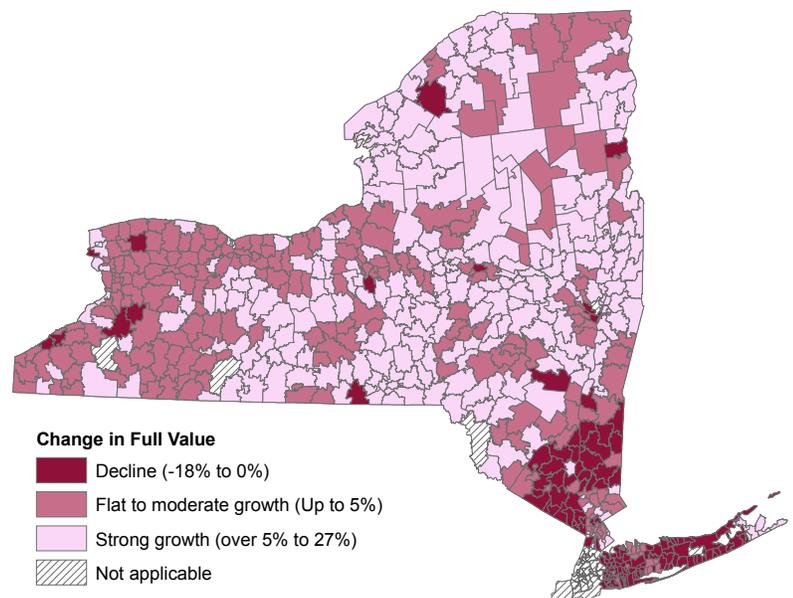
- The meltdown of the national housing market continues to threaten homeowners with foreclosures and reduced home values. Fortunately, New York had fewer subprime mortgages and has fared better than many other states.<sup>1</sup> Nonetheless, the decline in home sales and home values is being felt, particularly downstate.
- The decline in home sales and the increase in foreclosures in New York State both appear to have leveled off by the beginning of 2010. Despite these recent improvements, the housing market is still performing significantly below 2006 pre-crisis levels, with property values declining significantly in Long Island and the Hudson Valley regions.
- Many localities, including 23 percent of school districts, nearly 30 percent of cities and 16 percent of counties experienced a reduction in property value from 2008 to 2009, averaging losses of 3.5 percent in property wealth. Over 90 percent of the school districts with declining property values are located downstate.
- Higher foreclosure rates, fewer home sales and declining home values can impact local government finances in multiple ways. When property values decrease, local governments face a potential loss in property tax levy unless tax rates are increased—a difficult and unpopular decision. Rising home foreclosures and mortgage delinquencies can pose cash flow problems for local governments as property taxes go unpaid. Declining home sales impact mortgage recording taxes: revenues have fallen almost 40 percent, from a high of \$550 million in 2005 to \$333 million in 2008.

Housing Market Trends in New York State 2006-2009



Source: New York State Association of Realtors, RealtyTrac

New York School Districts Percentage Change in Property Value 2008 to 2009



<sup>1</sup> Abel, Jaison R., and Richard Dietz. *Bypassing the Bust: The Stability of Upstate New York's Housing Markets during the Recession*. [www.newyorkfed.org/research/current\\_issues/ci16-3.pdf](http://www.newyorkfed.org/research/current_issues/ci16-3.pdf).

## Foreclosures

■ In the first quarter of 2010, one in every 657 New York homes was in foreclosure, compared to one in every 138 nationally. Over 50,000 homeowners in New York State faced foreclosure in 2009.

■ The number of foreclosures decreased sharply at the end of 2008 as a result of legislation enacted in September 2008 that required banks to give homeowners 90 days notice before proceeding with the foreclosure process. In addition, Fannie Mae and Freddie Mac placed a moratorium on foreclosures during the 2008 holiday season.

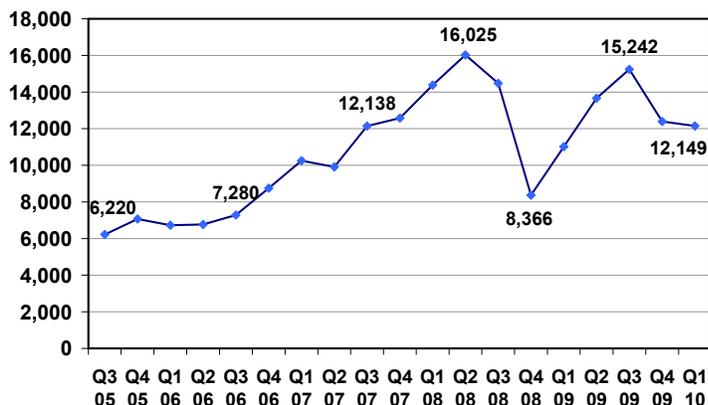
■ Unfortunately, the drop in foreclosures was short-lived. For most of 2009, foreclosures statewide continued to increase. In 2010, the number of foreclosures has leveled off to date but remains almost double pre-crisis levels.

■ Most of the foreclosure activity was downstate, but a few upstate counties also experienced higher-than-average foreclosure rates. Foreclosures were particularly concentrated in certain Long Island communities.<sup>2</sup>

■ The percentage of delinquent mortgages overdue by 90 days or more increased from 2.8 percent in the fourth quarter of 2008 to 5.0 percent in the fourth quarter of 2009. Counties with high rates of unemployment, higher home prices or located in the downstate area are more susceptible to mortgage delinquency and ultimately foreclosure.<sup>3</sup> Twenty counties fit this profile.

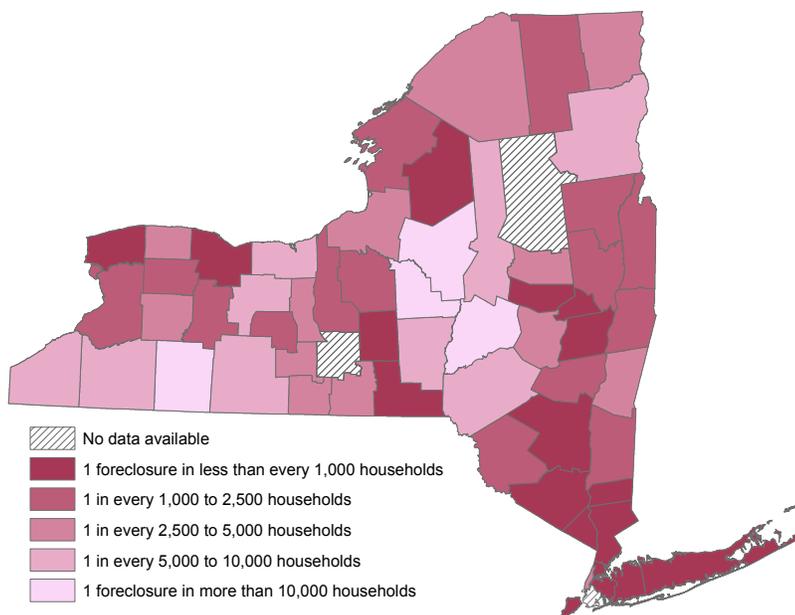
■ New York State and the federal government responded to the mortgage crisis with new programs and funding that will continue into 2010. The Federal Housing Administration continues to support mortgage modification programs,<sup>4</sup> and the New York State Division of Housing and Community Renewal recently announced the availability of grants totaling \$9.6 million to help homeowners avoid foreclosure.

### New York State Properties in Foreclosure 2005-2010



Source: RealtyTrac

### New York State Foreclosure Rates First Quarter 2010



<sup>2</sup> Long Island Mortgage Distress: Analysis at the Neighborhood Level. [www.newyorkfed.org/regional/2010\\_Facts\\_Trends\\_Vol\\_3\\_1.pdf](http://www.newyorkfed.org/regional/2010_Facts_Trends_Vol_3_1.pdf)

<sup>3</sup> Based on a county-level regression analysis using 2009 data. The dependent variable was percentage of total mortgages that were delinquent by 90 days or more, and the three variables listed account for 62 percent of the total variance.

<sup>4</sup> Programs include FHA Secure, Home Affordable Modification Programs, and assistance for Neighborhood Stabilization projects. See [www.treasury.gov/press/releases/tg614.htm](http://www.treasury.gov/press/releases/tg614.htm).

# Local Government Snapshot

## Home Sales and Price Changes

- Home sales plummeted at the beginning of 2009, but then increased as a result of new federal tax credits and lower prices in some areas. Even with this increase, the number of homes sold in 2009 is still only 81 percent of total 2007 sales. Home sales increased by nearly 18 percent in the first quarter of 2010 as compared to the first quarter of 2009.
- Sale prices statewide dropped more than 15 percent from 2007 to 2009, but the majority of the drop occurred in 2008. Regionally, the steepest declines in home values occurred in the mid-Hudson Valley (-17%), Long Island (-16%), New York City (-14%), and in the Finger Lakes region (-10%).

### Housing Market Indicators by Region

	Annual Foreclosures			Annual Home Sales		
	2007	2009	% Ch	2007	2009	% Ch
<b>Upstate Regions</b>	7,912	8,886	12.3%	53,836	43,770	-18.7%
Capital Region	1,100	1,452	32.0%	10,355	7,884	-23.9%
Central NY	439	723	64.7%	7,273	5,884	-19.1%
Finger Lakes	3,534	2,740	-22.5%	13,109	11,335	-13.5%
Mohawk Valley	173	173	0.0%	2,899	2,266	-21.8%
North Country	78	181	132.1%	3,221	2,638	-18.1%
Southern Tier	261	735	181.6%	5,490	4,404	-19.8%
Western NY	2,327	2,882	23.9%	11,489	9,359	-18.5%
<b>Downstate Regions</b>	30,776	41,483	34.8%	40,868	33,182	-18.8%
Long Island	9,659	13,646	41.3%	18,416	15,692	-14.8%
Mid-Hudson	3,751	7,609	102.9%	14,377	10,649	-25.9%
NYC	17,366	20,228	16.5%	8,075	6,841	-15.3%
<b>New York State</b>	<b>38,688</b>	<b>50,369</b>	<b>30.2%</b>	<b>94,884</b>	<b>77,176</b>	<b>-18.7%</b>

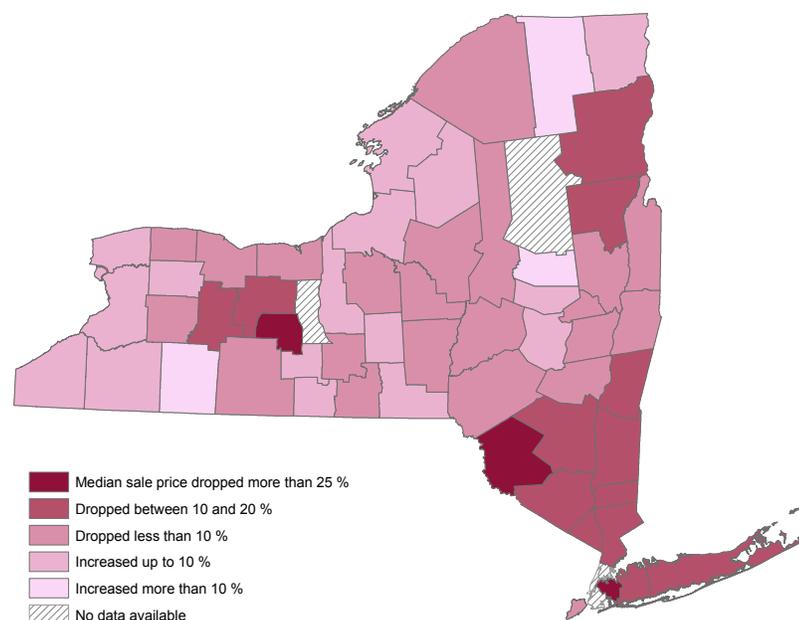
Source: RealtyTrac, NYS Association of Realtors

Note: Foreclosure data does not include Hamilton County; Hamilton, Bronx and New York Counties are not included in regional sales. They are included in the New York State total.

## The Downstate Story

- Foreclosures increased 35 percent between 2007 and 2009 downstate. With over 10,000 foreclosed homes in the first quarter of 2010 alone, downstate represents over 83 percent of all foreclosures in the State.
- Ironically, these areas have begun to experience a modest turnaround in home sales - over 30 percent more homes were sold in the first quarter of 2010 than in the first quarter of 2009. The recent increase in sales is likely due to first-time homeowners taking advantage of the federal homebuyer credit and lower prices.
- Sales are still significantly lower than in peak years: downstate home sales totaled nearly 41,000 in 2007 compared to just over 33,000 last year.
- The downstate median sale price dropped from \$428,000 in 2007 to \$359,000 by the end of 2009, almost a -8.4% annual reduction.
- Property values have declined 1.7 percent in Long Island and -2.4% in the Hudson Valley regions.

### Change in Median Sale Price by County 2007-2009



# Foreclosures, Home Sales, and Prices by County 2007-2009

County	Rank in Rate of Foreclosures	Percentage Change in Foreclosures			Percentage Change in Homes Sold			Percentage Change in Median Sales Price		
	2009	2007-2008	2008-2009	2007-2009	2007-2008	2008-2009	2007-2009	2007-2008	2008-2009	2007-2009
ALBANY	17	382%	-51%	136%	-16.3%	-9.8%	-24.5%	0.1%	-0.6%	-0.5%
ALLEGANY	60	95%	-90%	-80%	-20.6%	-14.2%	-31.9%	0.0%	12.5%	12.5%
BRONX	15	-4%	27%	22%	-	-	-	-	-	-
BROOME	12	291%	23%	381%	-15.3%	-9.1%	-23.0%	1.7%	5.0%	6.8%
CATTARAUGUS	37	179%	-57%	19%	-17.9%	-13.2%	-28.7%	0.0%	1.4%	1.4%
CAYUGA	28	100%	-1%	98%	-17.6%	5.3%	-13.2%	-5.9%	9.7%	3.2%
CHAUTAUQUA	56	145%	-63%	-10%	-16.7%	-8.6%	-23.9%	1.4%	-0.2%	1.1%
CHEMUNG	34	142%	2%	146%	-16.2%	-7.3%	-22.4%	6.3%	1.2%	7.5%
CHENANGO	52	250%	-29%	150%	-19.1%	-10.1%	-27.2%	-2.6%	1.1%	-1.6%
CLINTON	35	329%	-21%	241%	-10.8%	3.1%	-8.0%	5.2%	-2.5%	2.6%
COLUMBIA	38	91%	7%	104%	-20.3%	-17.7%	-34.4%	-7.3%	-10.1%	-16.7%
CORTLAND	14	65%	120%	261%	-18.4%	42.5%	16.2%	4.9%	-0.3%	4.5%
DELAWARE	50	171%	5%	186%	0.6%	6.9%	7.5%	-9.0%	0.7%	-8.3%
DUTCHESS	16	280%	-53%	79%	-15.4%	6.1%	-10.2%	-7.5%	-11.3%	-17.9%
ERIE	13	159%	-22%	103%	-8.6%	-5.6%	-13.7%	2.4%	3.5%	6.0%
ESSEX	58	825%	-68%	200%	-28.8%	6.2%	-24.5%	-9.9%	-4.5%	-14.0%
FRANKLIN	43	129%	63%	271%	-11.3%	5.0%	-6.9%	11.1%	0.0%	11.1%
FULTON	45	-2%	-48%	-49%	-24.4%	-5.7%	-28.7%	8.9%	2.1%	11.2%
GENESEE	27	141%	-69%	-25%	-2.8%	-0.5%	-3.2%	0.3%	0.8%	1.1%
GREENE	31	11%	-11%	-2%	-14.8%	0.3%	-14.6%	4.2%	-8.3%	-4.5%
HAMILTON	62	-	-	-	-	-	-	-	-	-
HERKIMER	54	113%	-44%	20%	1.4%	10.2%	11.7%	-2.5%	-1.5%	-4.0%
JEFFERSON	46	100%	72%	244%	-22.7%	-7.7%	-28.7%	6.5%	3.2%	9.8%
KINGS	11	-7%	7%	-0%	-12.5%	6.7%	-6.7%	-5.3%	-5.6%	-10.5%
LEWIS	61	600%	-86%	0%	13.6%	-2.5%	10.7%	-5.0%	5.3%	0.1%
LIVINGSTON	10	1788%	3%	1850%	-5.3%	-5.6%	-10.6%	-15.4%	2.0%	-13.7%
MADISON	49	0%	-5%	-5%	-13.8%	-16.0%	-27.5%	3.1%	-6.3%	-3.4%
MONROE	9	-7%	-28%	-34%	-13.8%	-0.8%	-14.5%	0.0%	0.0%	0.0%
MONTGOMERY	23	124%	-25%	68%	-25.2%	-15.2%	-36.5%	-5.2%	15.1%	9.1%
NASSAU	5	13%	48%	67%	-15.6%	4.0%	-12.2%	-7.1%	-8.8%	-15.3%
NEW YORK	40	8%	40%	51%	-	-	-	-	-	-
NIAGARA	18	-24%	-51%	-63%	-11.0%	-17.9%	-27.0%	6.2%	-0.3%	5.9%
ONEIDA	57	104%	-54%	-5%	-10.8%	-11.4%	-21.0%	-4.5%	-0.8%	-5.3%
ONONDAGA	30	226%	-30%	128%	-13.8%	-7.4%	-20.2%	-0.8%	-0.7%	-1.5%
ONTARIO	25	724%	-39%	400%	-7.6%	-5.9%	-13.0%	-6.7%	-4.3%	-10.7%
ORANGE	1	368%	9%	410%	-29.4%	5.3%	-25.6%	-9.9%	-10.3%	-19.3%
ORLEANS	19	135%	-57%	2%	-10.2%	-10.1%	-19.3%	-8.7%	-0.8%	-9.5%
OSWEGO	41	150%	-83%	-56%	-13.1%	-13.9%	-25.1%	4.9%	0.1%	4.9%
OTSEGO	53	383%	-41%	183%	-16.5%	-1.9%	-18.1%	2.0%	-3.5%	-1.5%
PUTNAM	3	7%	10%	17%	-19.6%	-11.9%	-29.2%	-6.8%	-10.2%	-16.3%
QUEENS	7	27%	-6%	19%	-19.1%	6.0%	-14.2%	-9.1%	-13.3%	-21.2%
RENSSELAER	22	78%	-19%	44%	-6.6%	-19.6%	-24.9%	1.4%	-4.5%	-3.1%
RICHMOND	4	36%	4%	42%	-22.7%	1.9%	-21.2%	-2.4%	-6.4%	-8.7%
ROCKLAND	6	17%	40%	64%	-21.4%	-0.4%	-21.8%	-9.1%	-6.7%	-15.2%
SARATOGA	36	138%	-68%	-25%	-15.3%	-12.4%	-25.8%	-0.5%	-4.8%	-5.2%
SCHENECTADY	21	18%	-43%	-33%	-16.6%	-7.6%	-22.9%	0.3%	-6.1%	-5.8%
SCHOHARIE	51	108%	-56%	-8%	-21.7%	-5.0%	-25.6%	1.6%	-1.1%	0.4%
SCHUYLER	42	650%	-33%	400%	-22.3%	25.9%	-2.2%	17.9%	-11.4%	4.5%
SENECA	47	117%	-8%	100%	-2.1%	-15.8%	-17.6%	-	-	-
ST LAWRENCE	55	69%	-48%	-13%	-13.6%	-1.5%	-15.0%	3.7%	-6.2%	-2.8%
STEUBEN	48	13%	-47%	-40%	-11.2%	-15.2%	-24.7%	-7.1%	5.5%	-2.0%
SUFFOLK	2	-2%	29%	26%	-19.6%	3.0%	-17.2%	-7.6%	-9.7%	-16.6%
SULLIVAN	32	329%	-57%	86%	-12.9%	-15.8%	-26.7%	-14.1%	-16.4%	-28.2%
TIOGA	44	32%	-24%	0%	-14.3%	9.8%	-5.9%	5.6%	-11.9%	-7.0%
TOMPKINS	59	68%	-78%	-63%	-8.0%	-8.4%	-15.8%	-1.6%	-7.0%	-8.5%
ULSTER	20	158%	-19%	108%	-22.6%	-0.8%	-23.3%	-5.9%	-12.9%	-18.0%
WARREN	33	225%	-30%	129%	-14.1%	-3.9%	-17.5%	-5.1%	-5.4%	-10.3%
WASHINGTON	26	150%	-22%	95%	-25.1%	21.1%	-9.3%	-4.0%	2.9%	-1.3%
WAYNE	29	549%	-70%	96%	-16.1%	0.1%	-16.0%	-5.4%	0.0%	-5.4%
WESTCHESTER	8	48%	22%	80%	-26.5%	-11.9%	-35.3%	-5.1%	-10.8%	-15.3%
WYOMING	24	81%	-17%	50%	-4.6%	-11.6%	-15.7%	-8.3%	7.9%	-1.1%
YATES	39	388%	-54%	125%	15.9%	2.2%	18.4%	-21.4%	-14.5%	-32.9%
<b>NY STATE TOTAL</b>		<b>29%</b>	<b>1%</b>	<b>30%</b>	<b>-16.0%</b>	<b>-3.2%</b>	<b>-18.7%</b>	<b>-9.4%</b>	<b>-6.6%</b>	<b>-15.3%</b>

Source: RealtyTrac, New York State Association of Realtors