June 2022

DREAM DISRUPTED

Assessing the Economic Impacts of the COVID-19 Pandemic on Homeownership in Queens

chhaya
Community Development Corporation

Table of Contents

Background

About Chhaya CDC

Chhaya was founded to address the housing and economic needs for low-income South Asian and Indo-Caribbean New Yorkers. Core to our strategy is organizing and advocating for systemic changes that remove the barriers to well-being, housing stability, and economic mobility for our communities. For over 20 years, Chhaya has served tens of thousands of individuals and led the charge on key policy issues for immigrants, such as basement legalization, language access, tenants rights, and more.

Queens: The World's Borough

The borough of Queens has long been a bastion for the middle-class in New York City, with the "American Dream" typically reached through first-time homeownership among immigrants and communities of color, including the South Asian and Indo-Caribbean communities that Chhaya CDC has been serving for over 20 years. This dream, however, is being threatened by new market forces that are driving costs of housing out of reach for many households.

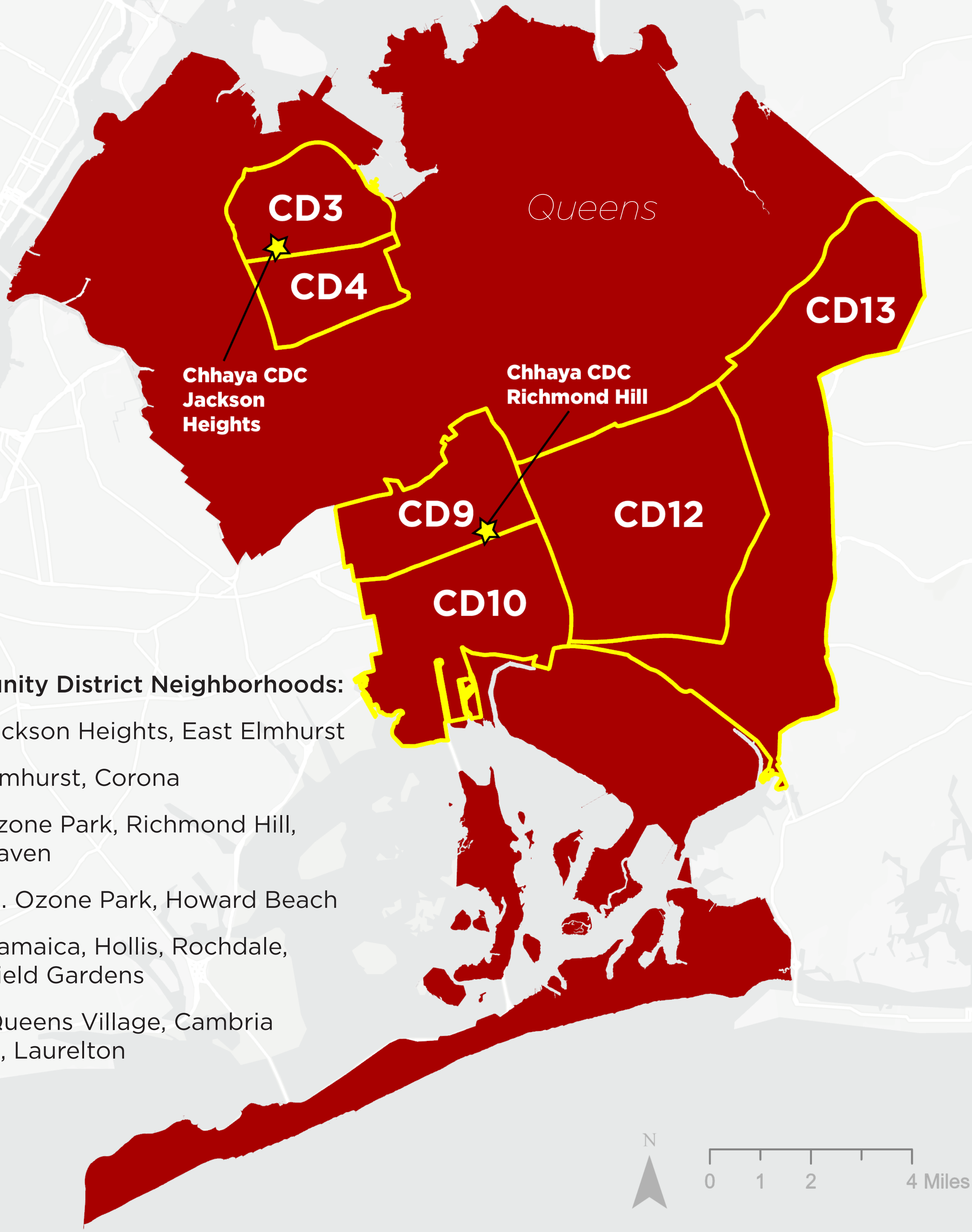
Terminology Key

CARES Act	Coronavirus Aid, Relief, and Economic Security Act of March 2020
HUD	U.S. Department of Housing and Urban Development
NYS HAF	New York State Homeowners Assistance Fund
CD	New York City Community District
AMI	Area Median Income as defined by HUD for the NYC Metropolitan Area
LMI Households	Low and moderate income households
Forbearance	Temporary pause on mortgage payments or other loans provided by the lender. Payments must continue after the end of forbearance
(Moderately) Cost-burdened	Spending greater than 30 percent of income on housing costs
Severely cost-burdened	Spending greater than 50 percent of income on housing costs

Report prepared by James Tschikov, ANHD Morgan Stanley Community Development Fellow at Chhaya CDC

Geographic Context

With two offices in Jackson Heights and Richmond Hill, Chhaya CDC aims to serve South Asian and Indo-Caribbean communities in Queens, NY (See Appendix A). This report highlights insights from the Queens Community Districts highlighted below, while also presenting national, citywide, and borough-wide trends.



Community District Neighborhoods:

CD3: Jackson Heights, East Elmhurst

CD4: Elmhurst, Corona

CD9: Ozone Park, Richmond Hill, Woodhaven

CD10: S. Ozone Park, Howard Beach

CD12: Jamaica, Hollis, Rochdale, Springfield Gardens

CD13: Queens Village, Cambria Heights, Laurelton

Introduction

When the COVID-19 pandemic hit New York City in March 2020, the communities that Chhaya serves in Queens were at the epicenter of the public health crisis. Our communities were also some of the first to experience the brunt of the economic impacts from the pandemic, including unemployment, small business closures, and mounting financial burdens for housing payments. In the same month, the United States Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which included mortgage forbearance that enabled homeowners to request a pause on their mortgage payments through June 2021. After the end of the mortgage forbearance, New York State announced the Homeowner Assistance Fund (NYS HAF) funded by the federal government to assist homeowners who were at risk of default, foreclosure, or displacement due to financial hardship presented by the pandemic. The program was distributed by the NYS Homes and Community Renewal agency and the official application period lasted through February 18, 2022, with an ongoing waitlist of applicants. Chhaya CDC was a key partner of the Sustainable Neighborhoods coalition to help conduct outreach across our communities and ensure that the funds reached the neediest.

While these programs provided key relief to Queens homeowners, they were insufficient and temporary. Homeowners still face concerns, exacerbated by the mounting costs over the last decade, such as property taxes, utility bills, insurance, and other housing-related fees. Meanwhile, investor activity to flip homes continues to rise targeting homeowners that are struggling to stay above water. Due to these intersecting issues, community members are significantly concerned about the long-term financial feasibility of homeownership, displacement, and overall costs of living in New York City.

This report aims to illuminate the scale of the financial impacts to homeowners caused by the COVID-19 pandemic, and examine the looming threats of real estate speculation that may cause a new wave of displacement across Queens. The findings of this report are a culmination of analysis of publicly available data sources; resources from housing justice coalition partners, such as the Association for Neighborhood and Community Development (ANHD) and the Center for New York City Neighborhoods (CNYC); and a client and community survey conducted by Chhaya of 105 Queens homeowners between December 2021 and March 2022.

01 The State of Homeowner Mortgages

Federal Mortgage Forbearance & Foreclosure Trends

The COVID-19 pandemic unleashed a wave of economic insecurity and uncertainty for homeowners with mortgage debt across the United States. In March 2020, the federal government provided relief to homeowners through the CARES Act Forbearance Programs, which enabled homeowners to pause payments to their mortgage debt for up to 18 months. The Consumer Financial Protection Bureau (CFPB) estimates that almost eight million homeowners have taken advantage of these programs.

The bill immediately protected homeowners by giving them a grace period where they were not legally obligated to make their mortgage payments on-time. Additionally, the foreclosure moratorium ensured that homeowners who were delinquent on mortgage payments and not in forbearance or also behind on other payments, such as property taxes, would not lose their homes (Goodman et al., 2021). The CARES Act provided critical stimulus payments and unemployment benefits that helped homeowners make their payments, and homeowners with lower payments were especially able to find this assistance useful to avoid mortgage delinquency (Goodman et. al, 2021). A report by the Urban Institute notes that: “Despite elevated unemployment and 90-or-more-day delinquency rates, institutional forbearance and the foreclosure moratorium have helped homeowners remain in their homes and reap the benefits of rising home prices” (Neal and Pang, 2021).

While most have exited these programs, a study by CFPB in March 2022 identified that a significant percentage of borrowers remain in forbearance, particularly among Black and Hispanic householders. “Black borrowers were 2.8 times more likely and Hispanic borrowers were 1.6 times more likely to be in forbearance compared to white borrowers” (Li and Ricks, p. 3, 2022). The analysis suggests that borrowers remaining in forbearance may have less financial capacity compared to the start of the pandemic to avoid delinquency on their mortgages, and may have additional difficulties avoiding foreclosure (Li and Ricks, 2022). With many Black and Hispanic homeowners in New York City, this nationwide analysis provides potential insight into which homeowners may be most affected by the sunsetting of these temporary assistance programs.

New York City Trends

New York City homeowners with mortgage debt were able to avoid foreclosure between 2020 and 2021 protected by forbearance programs and federal stimulus and enhanced unemployment payments provided economic security for months. Conversely, due to the decentralized nature of mortgage bills and tax collectors, real-time data on homeowner impact due to the pandemic is difficult to estimate (Dikanovic, 2021).

The Association for Neighborhood and Housing Development (ANHD) reported as early as October 2020 that foreclosure filings began to increase across New York City, approaching pre-pandemic levels, with the majority of foreclosures happening in buildings with 1-3 units (Block, 2020). Furthermore, a report by Center for NYC Neighborhoods in June 2021 estimated that approximately 75,000 New Yorkers were at risk for foreclosure following the effects of the pandemic, with the Queens, Brooklyn, and Bronx having the highest levels of mortgage forbearance and mortgages past 30 days due (2021). These foreclosure risks are worth considering in tandem with the other risk factors, such as rising home prices and non-bank home purchase loans, which ANHD compiles into its yearly Housing Risk Chart. Figure 1 displays the indicators for communities that Chhaya serves.

Figure 1: 2021 Housing Risk Chart (ANHD)

Neighborhoods	Foreclosure Filings	Pct. Change of Avg. Price per Sq. Ft. (2-Year Avg.)	Share of 1-4 Unit Non-Bank Home Purchase Loans (2019)
CD3: Jackson Heights/ East Elmhurst	108	-2.2%	24.4%
CD4: Elmhurst/Corona	56	13.2%	17.6%
CD9: Ozone Park/ Woodhaven	133	11.9%	46.9%
CD10: S. Ozone Park/ Howard Beach	145	10.2%	54.4%
CD12: Jamaica/Hollis	518	12.8%	73.8%
CD13: Queens Village	336	13.3%	57.9%

Community Impact in Queens

As the previous research indicates, the economic situation for homeowners regarding their mortgage payments since the start of the pandemic is a mixed bag. This is reflected among community members and Chhaya clients who responded to our **Queens Homeowner COVID-19 Impact Survey** (Appendix B), a majority of whom were of South Asian, Indo-Caribbean, African American, or Latino descent.

Survey Insights:

- Among all survey respondents with a mortgage, just over half were making on-time payments to their mortgage loans after the end of their forbearance (Figure 2).
- Conversely, 61 percent of respondents were provided with options from their lender, such as loan modification, deferment, or a repayment plan.
- Among low-income respondents, under 80% of AMI, first-time homebuyers (per HUD definition less than 3 years) were less likely to have missed payments or be in forbearance (40%), than those who have owned their home for over 6 years (87%) (Figure 3).
- Mortgage payments are high for low-income single-family homeowners (up to 80% of AMI). 41 percent reported monthly mortgage payments greater than $2,500.

Figure 2

Percentage of Respondents in Forbearance Making On-Time Payments after June 2021

Among respondents who were in CARES Act Mortgage Forbearance (50%)

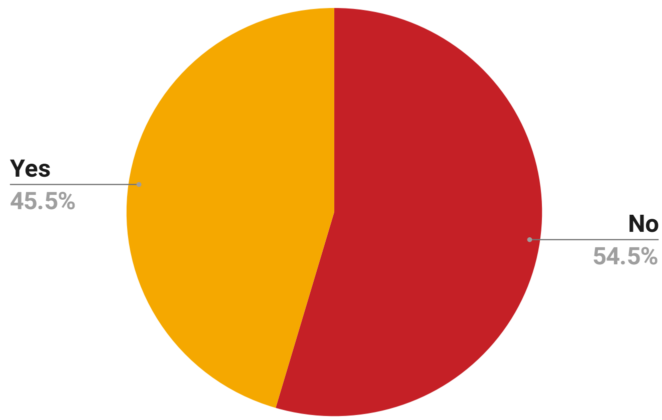
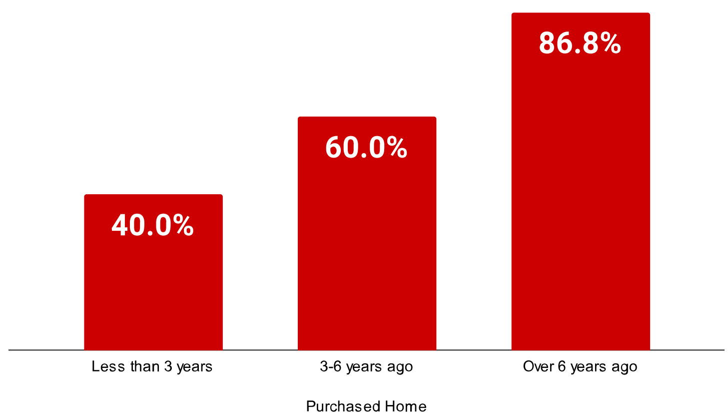


Figure 3

Percent of Low-Income Respondents that Missed Payments or Were in Forbearance in 2020 or 2021 by Year of Home Purchased

Low-Income Respondents: Below 80% of AMI



After the end of the mortgage forbearance, New York State launched the Homeowner Assistance Fund (NYS HAF) to assist homeowners at risk of default, foreclosure, or displacement. Eligible applicants must have had incomes at or below 100 percent of AMI and must be 30 days or greater delinquent on monthly housing payments. Assistance was provided as a five-year, non-interest, non-amortizing forgivable loan, which provided a favorable option to ensure community stability (NYS HCR, 2021). The program was distributed by the NYS Homes and Community Renewal (HCR) agency and the official application period lasted through February 18, 2022, with an ongoing waitlist of applicants. While the program was allocated $538 million, due to the ongoing nature, it is difficult to estimate the overall impact thus far. Chhaya worked in collaboration with Sustainable Neighborhoods to ensure accessibility to the program and has reached out to over 600 homeowners across NYC to help them gain access to the program.

02 Declining Affordability for Queens Homeowners

Home Values Rapidly Increasing

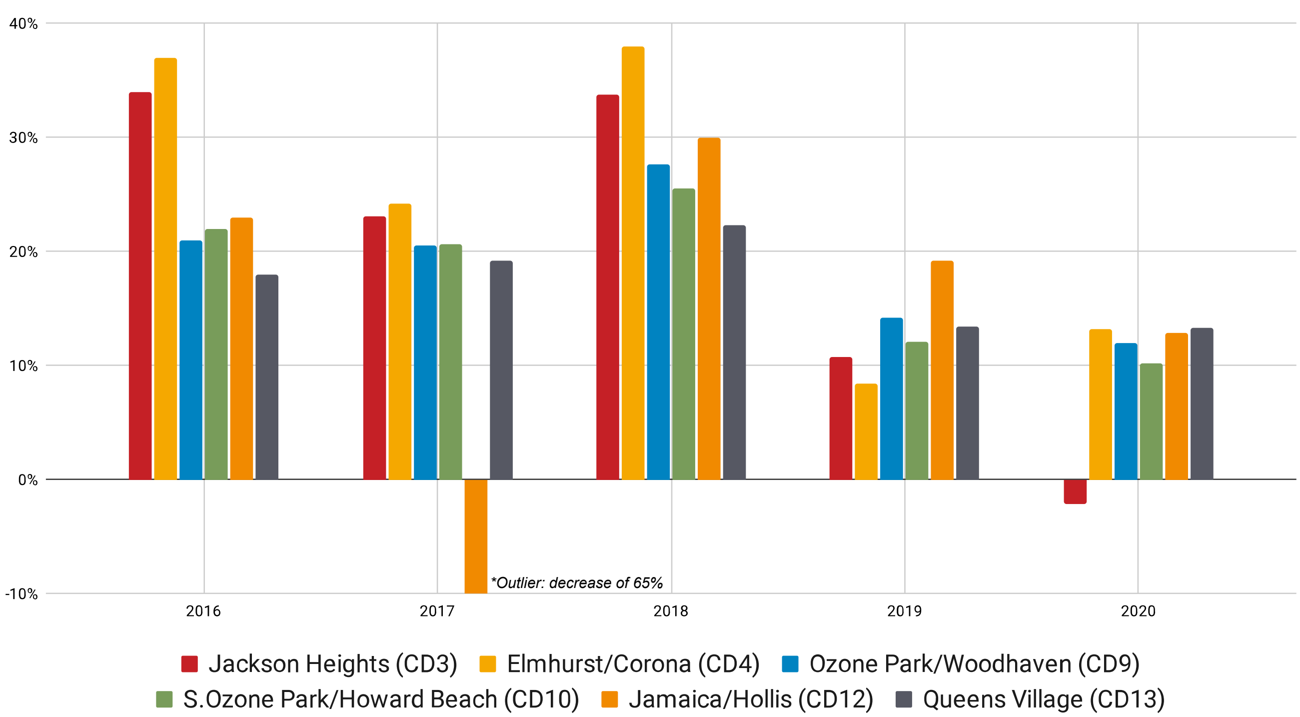
According to the U.S. Federal Housing Finance Agency (2022), the House Price Index rose faster in Queens County than the New York Metropolitan Area from the end of the previous recession in 2009 through 2021. The New York metro area continues to see a sharp rise in the home price index, with an 11.3 percent increase year-over-year in Q4 2021 (U.S. Federal Housing Finance Agency, 2022). According to PropertyShark, while Queens house median sales price was $580,000 in Q4 2021, with a 4 percent year-over-year increase; however, the median price per square foot has increased 13 percent year-over-year (2021). While the increase is less significant than the rest of the metro area, prices are expected to increase as inflation rises and the housing shortage in New York persists.

Considering the communities that Chhaya serves, ANHD's Housing Risk Chart indicates that two-year average values of residential sales per square foot were elevated prior to the pandemic. The highest rates of increase were in 2016 and 2018, and a slight cooldown in 2019. Jackson Heights was the only neighborhood that experienced a decrease in sales value in 2020. According to data retrieved from IPUMS USA, the median home value was approximately $600,000 among South Asian and Indo-Caribbean households in 2019, an increase of 33 percent since 2015, when the median value was $425,000 (Ruggles et. al, 2021). This reflects an acceleration of home prices in these communities, since compared to the period prior, home prices only rose 6 percent from 2010 to 2015 (Ruggles et. al, 2021).

Figure 4

Percent change of Avg. Price per Sq. ft in Residential Sales (2-Year Average)

Retrieved from 2021 ANHD Housing Risk Chart



Non-Mortgage Housing Costs on the Rise

A study of New Jersey's distribution of the Homeowner Assistance Fund in Newark found that there was a higher threat of foreclosure relative to the state average among households with lower-incomes, due to the higher cost-burden of real estate taxes, insurance payments, utilities, and other housing costs (Neal and Pang, 2021). The NYS HAF considered these additional costs and the program provides relief for homeowners delinquent on property taxes, water and sewage public utilities, and other eligible housing costs, such as condo and coop fees (2021).

While this program provided relief for homeowners to remain in their homes, data from the 2019 American Community Survey indicates that homeowners were struggling with all housing costs even before the pandemic. The insights below, and the map in Figure 7 shows the cost-burden placed on homeowners through property taxes, utility bills, insurance, and other fees.

Insights from the 2019 ACS:

- Nearly half of Queens homeowners with a mortgage were cost-burdened by housing costs exceeding 30 percent of income, over 35,000 households.
- Almost a quarter of households in Queens were severely cost-burdened, with costs exceeding 50 percent of income, nearly 17,000 households (Ruggles et. al, 2021).
- A majority of South Asian and Indo-Caribbean households (52.5%) in Queens, are cost-burdened, with nearly 29 percent of households severely cost-burdened (Ruggles et. al, 2021).

Figure 5

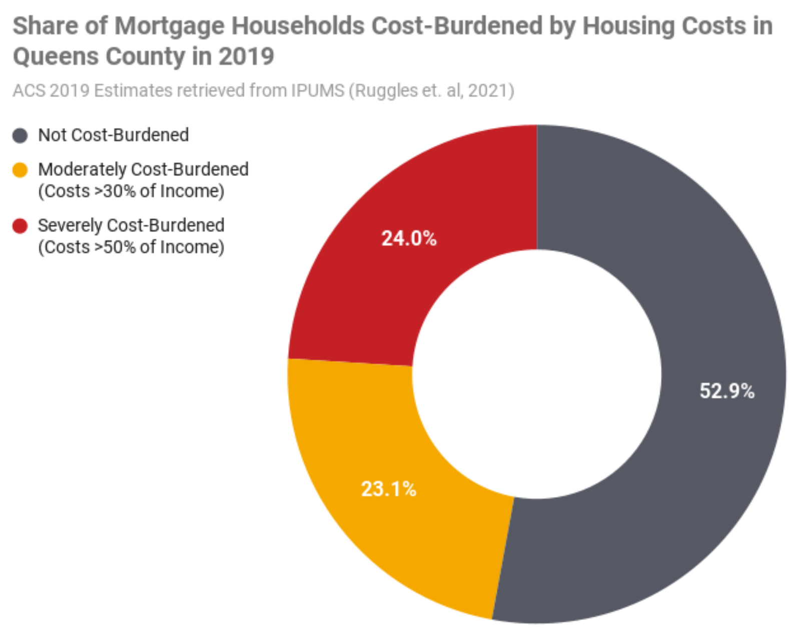
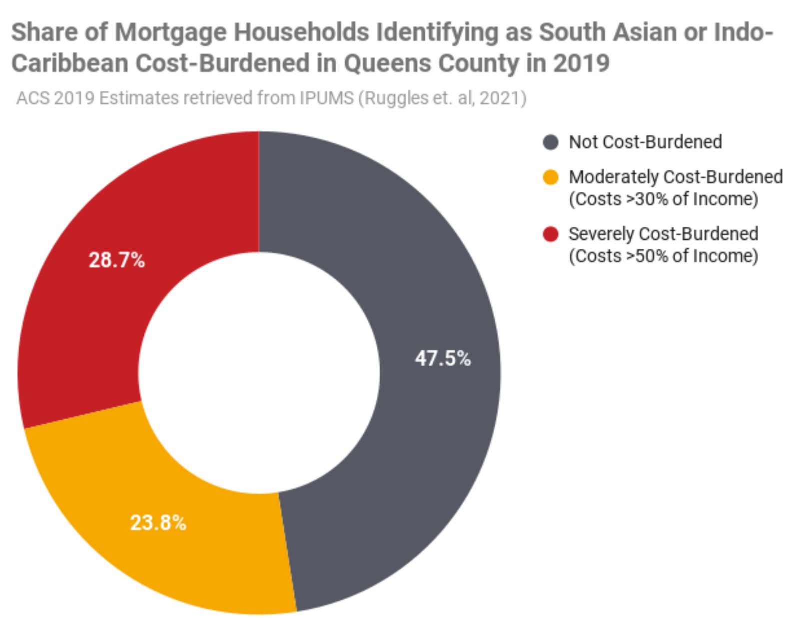


Figure 6



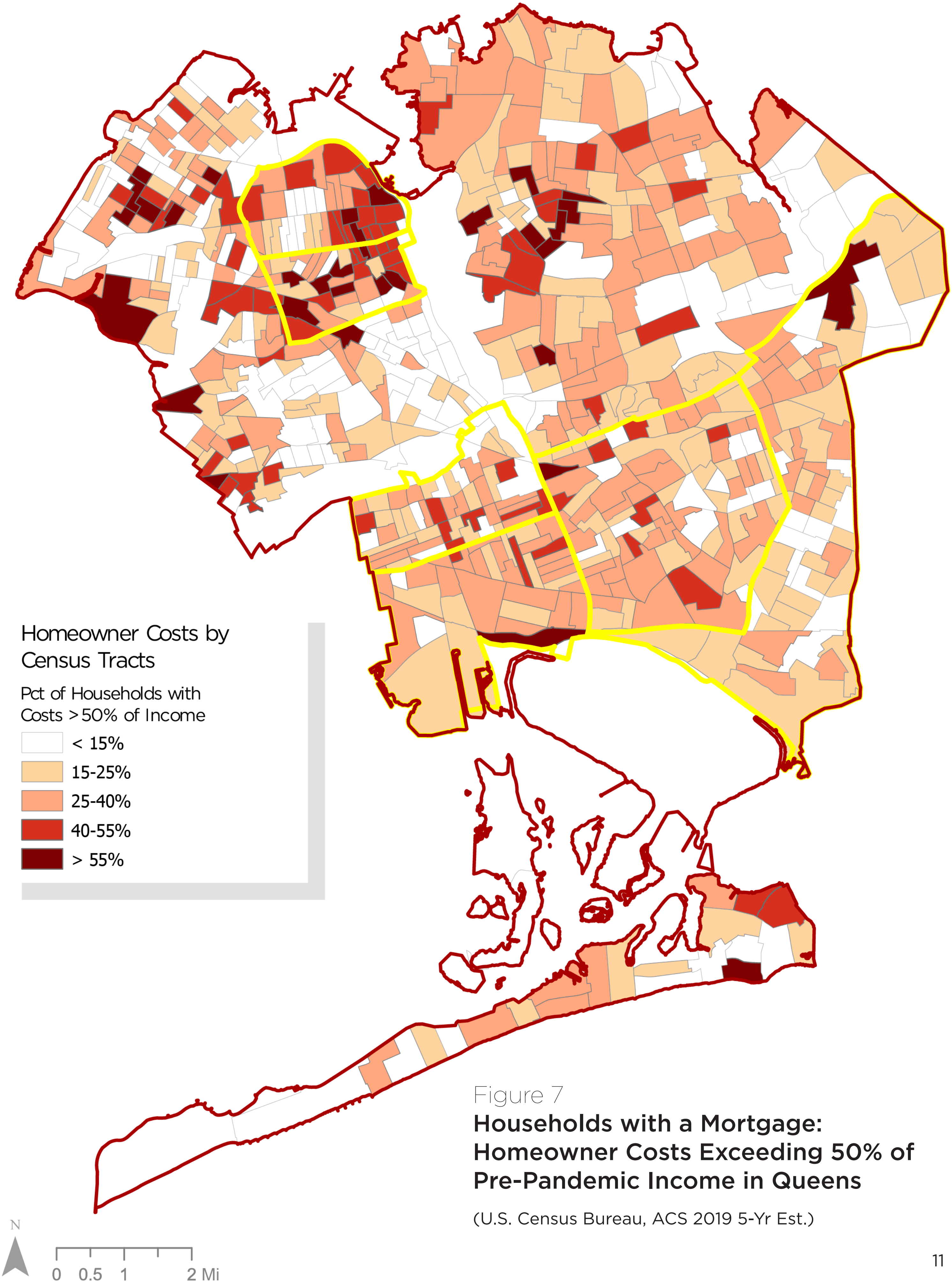


Figure 7

Households with a Mortgage: Homeowner Costs Exceeding 50% of Pre-Pandemic Income in Queens

(U.S. Census Bureau, ACS 2019 5-Yr Est.)

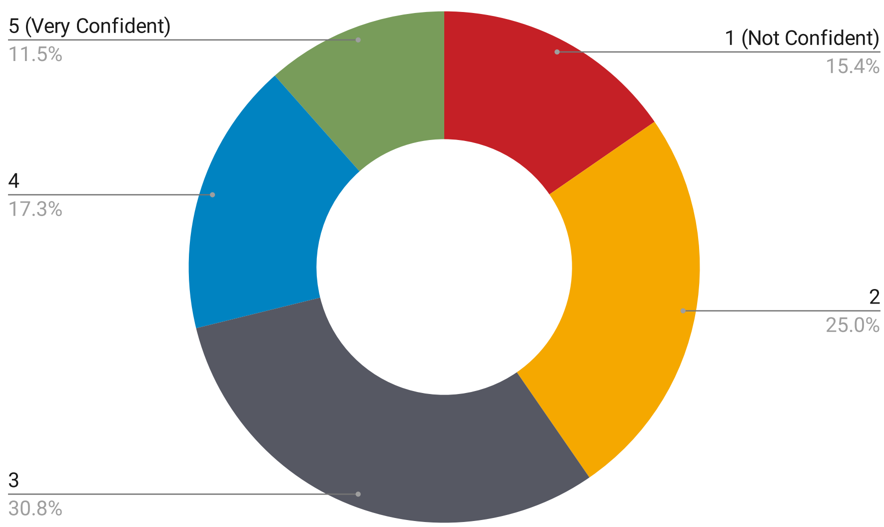
Non-Mortgage Housing Costs on the Rise (cont.)

The troubling increase in various homeowner costs was reflected among respondents in the Chhaya Queens Homeowner COVID-19 Impact community survey (Appendix B). Among respondents who were in mortgage forbearance or missed housing payments in 2020 or 2021, only 29 percent were moderately confident or very confident that they would be able to make all of their home payments in the next six months. Low-income respondents, under 80 percent of AMI, were most likely to report struggling with property taxes, utility bills, and insurance payments, with over half of moderate and high-income respondents also reporting struggling with utility bills.

Figure 8

On a Scale of 1 to 5: How confident do you feel that you will make all of your home payments on time in the next 6 months?

Respondents who were in forbearance or missed payments from Mar 2020 - June 2021

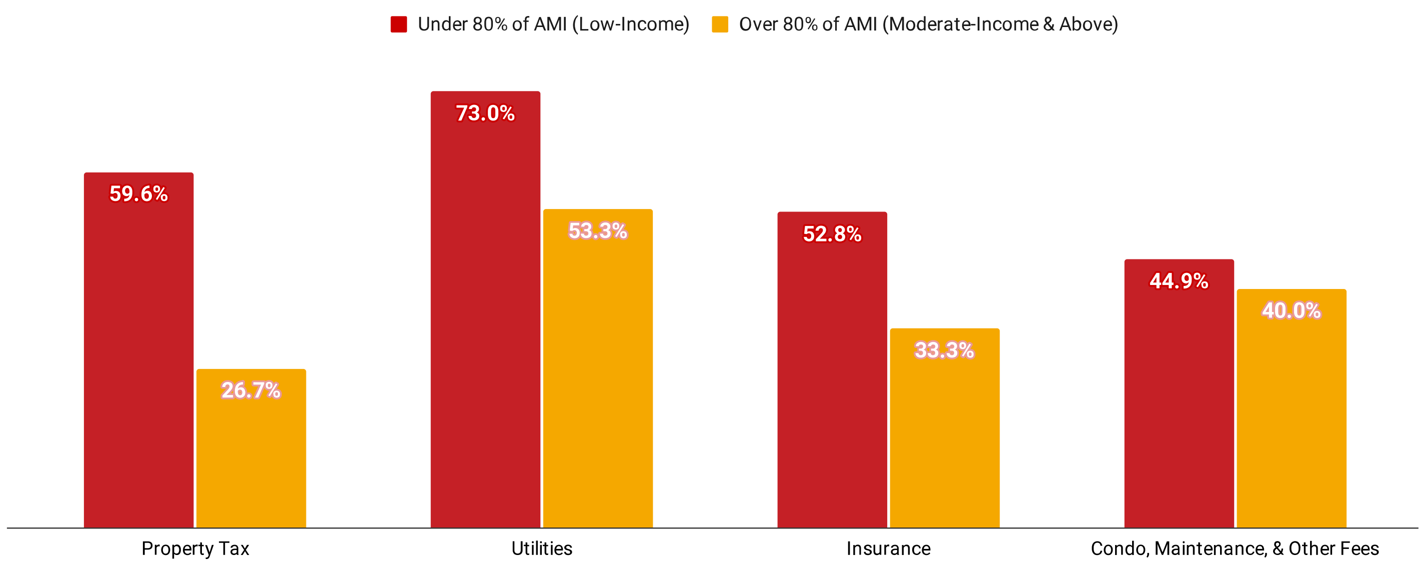


Among those behind on payments, 29% are confident they will regain ground in the next 6 months.

Over half of low-income homeowners are struggling with non-mortgage housing costs.

Figure 9

Percent of Respondents Reporting Financial Troubles with Other Housing Costs by Income Level



Informal Borrowing

Chhaya has observed that many immigrant and first-generation households borrow money to cover increasing housing costs, which belies their struggle and can hamper their ability to qualify for aid. Yangchen Chadotsang, former Associate Director of Homeownership Programs at Chhaya spoke to The City about how official data estimates "do not account for homeowners who have borrowed from friends and family or drained retirement or savings to cover their costs" (Dikanovic, 2021).

In Chhaya's community survey, respondents were asked to indicate whether they have borrowed from friends, family, or support networks to cover housing costs in the last two years. Over half (52.4 percent) indicated that they had borrowed through these informal channels. Twenty-two respondents provided more information about how much money they borrowed.

On average, respondents borrowed between $15,000 and $20,000.

The highest amount of informal money borrowed was $47,000.

Three respondents indicated they are borrowing $2,000 on a monthly basis.*

**Individuals did not indicate for how long.*

This presents an additional risk factor for South Asian, Indo-Caribbean, and other immigrant and low-income communities as they are susceptible to informal pressures to pay back loans, potential scams, and further debt. Moreover, homeowners who are borrowing from informal channels may still be making payments on time, therefore they become ineligible for government or other lender assistance, even though they still may be struggling to meet their needs. Due to these constraints, homeowners in these communities are often searching for non-traditional networks for borrowing that often come with unfavorable interest rates. Formalizing these channels through proper documentation could help provide proof of hardship when applying for government assistance and building credit with official lenders.

03 Threats of Real Estate Speculation in Queens

Investors on the Lookout

In 2019, Chhaya CDC released a report entitled *Investor Invasion: The Changing Landscape of Small Home Ownership in the Queens Housing Market* where we detailed the growing number of investors acquiring low-density, single-family homes since the 2008 financial crisis. These investors are competing with low and moderate income residents with the goal of flipping homes for speculative profits. According to the Housing Mortgage Disclosure Act data in 2019, the national share of non-owner-occupied mortgages for one to four-family homes has more than doubled in the last decade; however, this data may be underestimating as many investors, particularly corporate investors, are cash-buyers (Chhaya, 2019).

The Washington Post has investigated the rise in investor buyouts as a result of the COVID-19 pandemic, and have found an significant increase of investor activity, particularly in African American neighborhoods, in metropolitan areas across the country (Schaul and O'Connell, 2022). The report also provided Zip Code level data for investor shares of all homes purchased in 2021, which have been summarized for areas of interest in Queens.

At the Zip Code Level:

- **Astoria (11102)** had the highest rate of investor buyouts in Queens at 29 percent;
- **Corona (11368)** had the highest rate of investor buyouts in Central Queens within Community Districts 5 and 6 at 22 percent (Schaul and O'Connell, 2022).

At the Community District Level:

- **Southeastern Queens Districts 12, 13, and 14*** had the highest overall rate of investor buyouts in Queens, with roughly 20 percent of homes purchased by investors in 2021 (**excluding Queens Village, Glen Oaks, and Belle Harbor*);
- Within Community District 12, **Rochdale (11434)**, **Jamaica (11435)**, and **St. Albans (11412)** had the highest rates of investor buyouts between 22 and 25 percent;

The increase of investor buyouts tightens the supply of affordable homes, particularly in communities of color. A report by the Center for New York City Neighborhoods indicates that investors have been purchasing over one-third of the homes that sold at prices accessible to low- and middle-income families in New York City, which has decreased the supply of affordable homes (Goldberg and Baker, 2018). Since the goal of home flipping is rooted in speculative profits, prices of homes become inflated, making it difficult for prospective individual buyers, especially first-time homebuyers within immigrant and moderate income communities, to find affordable homes. The report provided an example of flipped homes in Jamaica that sell for over 33 percent greater than similar properties not purchased by investors (Goldberg and Baker, 2018).

Community Concerns of Displacement

Reflecting citywide trends of investor speculation and home flipping, we asked respondents in the Chhaya Queens Homeowner COVID-19 Impact survey (Appendix B) to indicate their concerns about gentrification, displacement, and home flipping in their communities throughout the pandemic.

Across Queens, respondents from Community Districts 12 and 13 (Jamaica/Hollis/Queens Village) were most likely to be concerned about gentrification, foreclosure, or eviction of their neighbors in their community, followed by Community District 5 (Ridgewood/Maspeth/Glendale).

Through additional survey questions, Chhaya was able to better understand the impacts of investor activity that lure homeowners with economic risk to selling their homes.

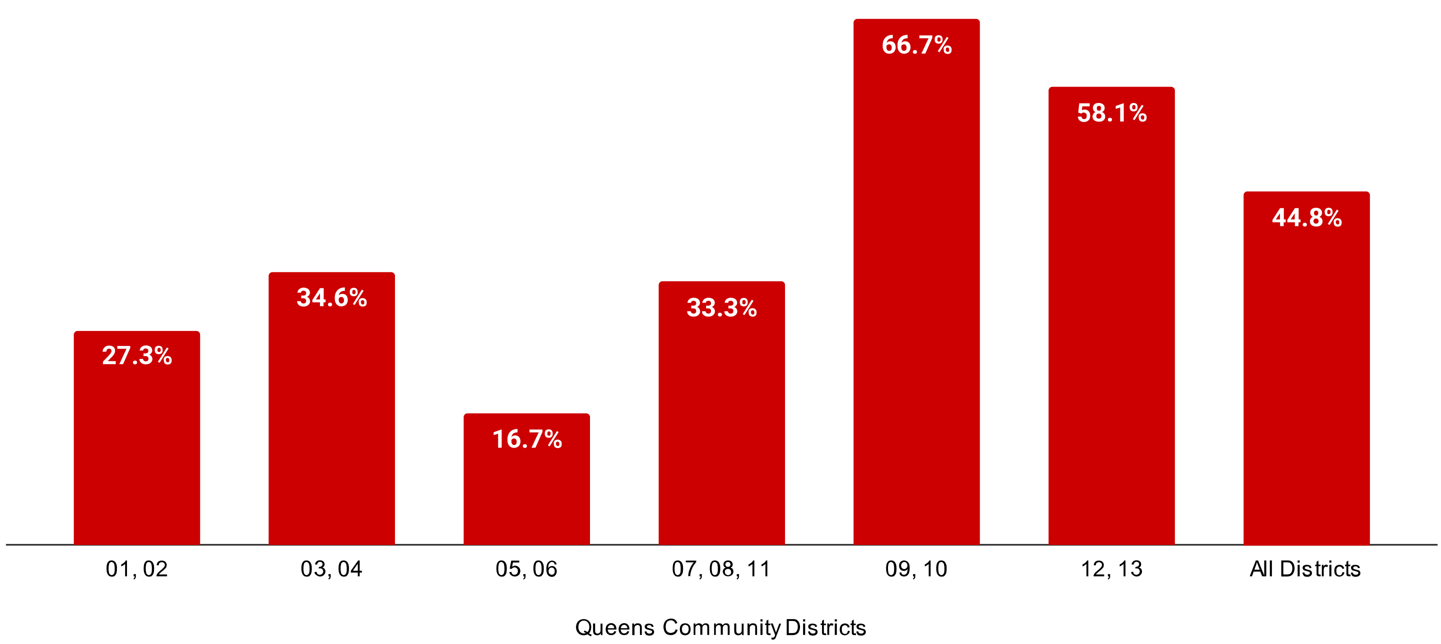
Survey Insights on Investor Activity:

- About 45 percent of survey respondents claimed they are receiving offers from investors (brokers, real estate agents, etc.) to buy out their homes.
- Geographically, two-thirds of survey respondents in Queens CD 9 and 10 (Richmond Hill/Woodhaven/Ozone Park) claimed they are receiving investor offers, followed by Queens CD 12 & 13 (Jamaica/Hollis/Queens Village/Cambria Heights) with 58 percent of respondents (Figure 10).
- Homeowners who identify as Black or African-American are receiving the highest number of investor offers (54%), which coincides with the demographics of the Eastern Queens communities, however, among all survey respondents, the numbers were over 39 percent across ethnic groups and backgrounds.

Figure 10

Percentage of Respondents Receiving Offers from Brokers, Real Estate Agents, and Cash Buyers to Buy Out Homes by Queens Community District*

*Only 1 response was received from Queens CD14, factored into the total.



Community Concerns of Displacement (cont.)

Survey Insights on Investor Activity (cont.)

- Multifamily and single-family homeowners are more likely to be harassed to sell their homes with 42 percent of multifamily homeowners receiving investor offers, and 48 percent of single-family homeowners. (See Figure 11)
- Among multifamily owners, nearly a third of respondents report receiving calls regularly, with 12 percent reporting house visits. Among single-family owners, most receive offers by mail (39%), while one-in-five report receiving calls regularly. (See Figure 12)

Figure 11

Percent of Respondents Receiving Offers from Brokers, Real Estate Agents, and Cash Buyers to Buy Out Homes by Type of Home

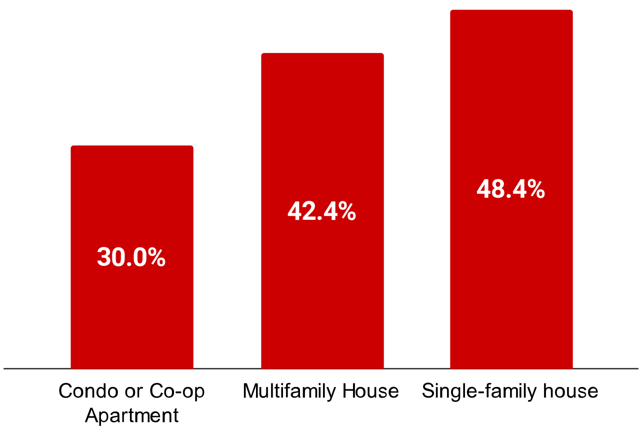
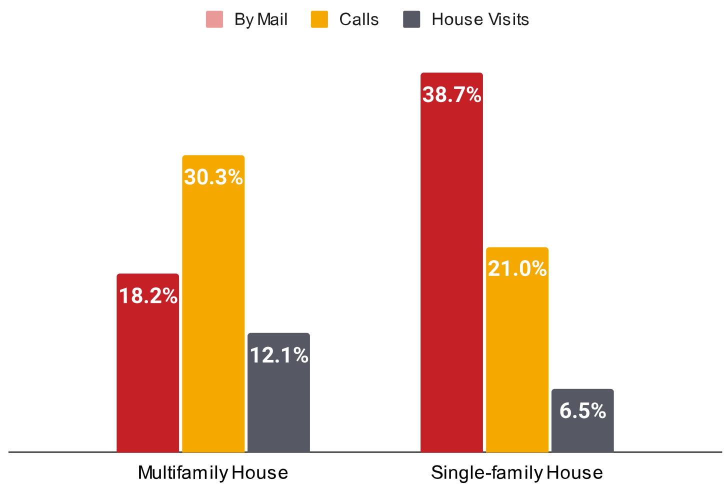


Figure 12

Percent of Homeowners (Respondents) Receiving Investor Offers by Type of Contact



For the *Investor Invasion* report, Chhaya executed a client-based survey in 2018 regarding threats to homeownership. Among those insights, 60 percent of client respondents shared that "leaving the cultural communities and economic opportunities of NYC would be too challenging and they would prefer to continue renting." This poses a double-edged sword as renters in investor-owned properties continue to see increases in rent, which increases risks of displacement, but some folks are willing to pay the premium.

Home-flipping investors benefit from the ideology that property values will continuously increase in a community. These inflated home prices may lead to an increase in property tax liabilities over time and attract further aggressive speculation, which incentivizes investors to solicit, harass, and in some cases, defraud homeowners to receive the titles of their properties. Renters are also affected by home-flipping as landlords would pass increased costs onto renters. As home-flipping becomes more prominent, communities become more susceptible to gentrification and less rooted in long-term stability.

04 Conclusion & Recommendations

Due to federal and state programs and protections, homeowners have seen their mortgage debt stabilized through the end of 2021. Despite this, LMI homeowners, particularly in communities of color, are more at-risk of becoming delinquent on their housing payments after the expiration of these protections. These risks are magnified due to the rise of non-mortgage housing costs, such as property taxes, utility bills, and other related fees. Respondents of the Chhaya Queens Homeowner COVID-19 Impact Survey indicated that their lenders have provided multiple options for restabilization, but they are also borrowing from friends, family, or networks to cover increasing overall housing costs. While the NYS Homeowner Assistance Fund was integral in stabilizing homeowners in Queens, the program was a one-time relief and not a long-term solution to rising homeownership costs.

With the rise of home prices across Queens and the potential future instability of LMI homeowners, investors are increasing home flipping in at-risk communities, particularly in communities that Chhaya serves. This is magnified by the economic challenges of the pandemic as homeowners seek to regain ground on their finances, but are tempted to sell due to the high value of their homes. Investor buyers tend to be larger corporate landlords, eroding community cohesion and trust among mom-and-pop landlords and tenants, and may lead to further displacement pressures. To help mitigate these challenges, Chhaya proposes the following policy recommendations:

Policy Recommendations

COVID-19 Community Protection Act of 2021

The rising costs of living and prevalence of home flipping are threatening displacement among the South Asian and Indo-Caribbean communities in Eastern Queens as well as in Black and Brown neighborhoods across New York City. Chhaya joins our partners in community development and housing justice to call for the passage of the COVID-19 Community Protection Act of 2021 (NYS Senate Bill S5376) to deter real estate speculation and cash buying by leveling the playing field with tax relief for working class families in New York City.

Flip Tax: Building on a previous proposal for a Flip Tax, the CPA would deter speculative home flipping by increasing taxes on properties sold within one or two years from the time purchase, through modification of the NYC Real Property Transfer Tax (RPTT), which applies to the profit margin of the sale. These changes would apply to one-to-four unit residential properties; however, the law would exempt properties conveyed to family members or following the death of a property owner; new housing; and those being transferred in lieu of foreclosure to satisfy mortgage debt. This bill can disincentivize real estate speculation, which has a compounding effect on the housing sector by artificially inflating prices that may lead to increased costs for surrounding property owners, which are ultimately passed onto renters.

Policy Recommendations (cont.)

Tax Relief: The CPA would bring tax relief for families borrowing to buy homes in New York City under $750,000 by exempting them from the Mortgage Recording Tax (MRT). By enacting this bill, NYS can preserve opportunities for working-class immigrant families and first-time homebuyers to be able to own homes in their communities.

Committing to the NYS Homeowners Assistance Fund

The NYS Homeowners Assistance Fund was created to relieve homeowners of accumulated cost burdens during the COVID-19 pandemic and was welcomed by elected officials, community organizations like Chhaya, and homeowners alike. Since the closing of the application on February 18, 2022 there has been an ongoing waitlist and many original applicants are still waiting on the disbursement of funds to alleviate mounting debts, while NYS HCR attempts to mediate the process with homeowner lenders. Chhaya urges NYS to stand by their commitments to help homeowners with direct funds to avoid additional accumulation of housing cost debts that may cause future community instability.

Permanently Abolish the Tax Lien Sale and Replace It with Community-Based Alternatives

When a homeowner is delinquent on property taxes, housing maintenance, or public utilities such as water and sewer bills, exceeding $5,000 after three years, New York City enforces a legal claim called a tax lien. Owners are notified that their properties will be subject to a tax lien sale, or a foreclosure. Through the tax lien sale, New York City sells these debts or foreclosed properties in bulk to an investor-backed trust. The tax lien sale was established in 1996 and has led to predatory practices that disproportionately affect communities of color by enabling investors to benefit from struggling homeowners. A majority of tax lien sales are for properties with no more than three units in neighborhoods with the highest number of residents of color (Brand, 2022). Moreover, the private financial firms use these debts and properties as an investment vehicle and are not invested in community stability or affordable housing.

In February 2022, the law authorizing the tax lien sale expired with its future temporarily halted (Brand, 2022). Chhaya joins the many voices in community-based organizations, non-profit developers, and housing advocacy organizations calling for the permanent abolition of the tax lien sale, which has a detrimental effect on homeowners and communities across Queens and NYC. Chhaya calls upon elected officials to consider alternatives to tax lien sale that would support affordable housing solutions, such as conveying properties to a Community Land Trust or to non-profit developers to preserve and build permanent new affordable housing.

Policy Recommendations (cont.)

Citywide Community Land Trust Plan and Funding to Nonprofits

As described in detail in our *Investor Invasion* report, a Community Land Trust (CLT) is an affordable housing solution that mitigates speculation by removing land value from the market. In this model, a non-profit organization would purchase and permanently own land that housing can be built on and it can sell or offer a ground lease for a new housing to LMI households. "By separating ownership of land from the house, the model effectively cuts the cost of housing in half, as 50% or more of the value of a property comes from the land it sits on, known as locational value" (Chhaya, 2019).

Through a comprehensive plan, one of the strategies that the City could pursue in lieu of a tax lien sale, is enabling homeowners to have their debts forgiven by transferring their land to a Community Land Trust, also known as a ground lease, while retaining the physical property. This guarantees that the land remains permanently affordable as it will be removed from the speculative real estate market and protect existing homeowners.

Chhaya has convened a working-group for the Queens CLT in the last two years to begin the process of community organizing, participatory planning, and identifying opportunities for how a Community Land Trust would operate in the communities that we serve. The CLT could be a valuable tool in preventing foreclosure or displacement by helping homeowners to refinance, buying out their mortgage, or establishing a ground lease that retains the homeowner while offering them board membership. A ground lease ensures permanent affordability as even if a homeowner passes away or wants to sell their home to someone else, the board determines the terms of the transaction.

Chhaya joins the NYC Community Land Trust Initiative in calling upon the City Council to approve adequate funding for CLTs to provide non-profit organizations the ability to purchase properties, remove them from the predatory foreclosure market, and secure permanent affordable housing in our communities. In addition to increased funding, the Community Opportunity to Purchase Act (COPA) could provide a mechanism to notify non-profits when buildings are being sold and allow the first opportunity to purchase them (Abraham, 2022).

LLC Buyer Transparency

Investor buyers of single and multi-family homes often hide behind an LLC that obscures the owner's identity (Badger, 2018). Though the efforts to uncover the people behind LLCs have focused on the use of luxury Manhattan high rises for various legal evasions, the prevalence of LLC buyers and concerns of community displacement is rising in Queens, as evidenced by research in this report. Chhaya CDC urges the NYS Legislature to consider the LLC Transparency Act, which would create a publicly accessible database to enable community-based organizations to research what type of buyers are entering our communities and ensure they can be held accountable.

Policy Recommendations (cont.)

Expanding Cease and Desist Zones in Queens

Cease and Desist Zones are designated by the NYS Department of State to protect homeowners from aggressive real estate solicitation from either brokers, agents, or other real estate speculators. Homeowners may register on a publicly available list through the Division of Licensing Services and violators may be fined or have their licenses revoked depending on the severity of the solicitation. Most recently in 2021, Governor Hochul signed a bill to assess whether Cease and Desist Zones should be established in all or parts of Brooklyn through public hearings (Edwards, 2021).

In Queens, the Cease and Desist Zones include much of Northeastern Queens; however, the research in this report indicates that speculation greatly occurs in Southeastern Queens districts and affects low and middle income homeowners of color. Chhaya calls on the NYS Department of State to hold public hearings to expand these zones to Southeastern Queens, such as Community District 12, which has seen increased development and real estate activity due to the ongoing revitalization plans of Downtown Jamaica.

Chhaya seeks to build upon decades of housing justice organizing to spur dialogue between homeowners, advocates, and elected officials to address the intersecting issues affecting low and moderate income homeowners in Queens. Real estate speculation and increased cost burdens threaten to undermine the stability of homeownership in a borough that has welcomed immigrants and provided opportunities for people of color to build generational wealth. Chhaya proposes these recommendations that look beyond temporary solutions to envision a future where housing justice is at the center of policy across New York State and ensures low and moderate income families can continue to call Queens home.

References

Abraham, R. (2022, April 21). NYC Is Fighting for More Community Land Trust Funding. Next City. https://nextcity.org/urbanist-news/nyc-is-fighting-for-more-community-land-trust-funding

Badger, E. (2018, April 30). Anonymous Owner, L.L.C.: Why It Has Become So Easy to Hide in the Housing Market. The New York Times. https://www.nytimes.com/2018/04/30/upshot/anonymous-owner-llc-why-it-has-become-so-easy-to-hide-in-the-housing-market.html

Block, L. (2020, October 21). Foreclosures on the Rise. Association for Neighborhood and Housing Development. https://anhd.org/report/foreclosures-rise

Block, L. (2021, May 27). How is Affordable Housing Threatened in Your Neighborhood? 2021. Association for Neighborhood and Housing Development. https://anhd.org/report/how-affordable-housing-threatened-your-neighborhood-2021

Brand, D. (2022, March 1). As NYC Considers Scrapping Tax Lien Sale, Land Trust Plan Gains Steam. City Limits. https://citylimits.org/2022/02/28/as-nyc-considers-scrapping-tax-lien-sale-land-trust-plan-gains-steam/

Center for New York City Neighborhoods. (2021, June 24). A snapshot of New York City mortgage distress. https://cnycn.org/a-snapshot-of-new-york-city-mortgage-distress/

CFPB. (2021a). Mortgages 30–89 days delinquent. Consumer Financial Protection Bureau. https://www.consumerfinance.gov/data-research/mortgage-performance-trends/mortgages-30-89-days-delinquent/

CFPB. (2021b). Mortgages 90 or more days delinquent. Consumer Financial Protection Bureau. https://www.consumerfinance.gov/data-research/mortgage-performance-trends/mortgages-90-or-more-days-delinquent/

Dikanovic, A. (2021, June 24). Homeowner Help Is Coming — But Not Until After the Foreclosure Moratorium Expires. THE CITY. https://www.thecity.nyc/2021/6/24/22548982/homeowner-help-is-coming-but-not-until-after-the-foreclosure-moratorium-expires

Edwards, J. (2021, November 9). BK Homeowners Might Get Protection From Pushy Real Estate Agents. BK Reader. https://bkreader.com/2021/11/08/brooklyn-property-real-estate-homeowners-prospectors-developers-cease-and-desist-zone-kathy-hochul-gentrification/

Goldberg, L., & Baker, J. (2018, April). House flipping in NYC: How real estate speculators are targeting New York City's most affordable neighborhoods. Center for New York City Neighborhoods. https://cnycn.org/wp-content/uploads/2018/04/Center-Flip-Report_April2018.pdf

Goodman, L., Ratcliffe, J., Parrott, J., Zhu, J., Kaul, K., Neal, M., Choi, J., Zhu, L., Walsh, J., Mattingly, P., Young, C., Pang, D., Rincon, A., Berger, G., & Luckfield, R. (2021, May). Housing finance at a glance: A monthly chartbook (May 2021). Urban Institute. https://www.urban.org/sites/default/files/publication/104284/may-chartbook-2021_1.pdf

Hu, L. (2019, March 19). Going, Going, Gone: New Tactic by Real Estate Investors Forcing Some New Yorkers from Their Homes. Spectrum News NY1. https://www.ny1.com/nyc/all-boroughs/news/2019/03/19/going--going--gone--new-tactic-by-real-estate-investors-forcing-some-new-yorkers-from-their-homes-ny1-investigation

Kavanagh, B. (2021, March 3). Forwarding: Half a million NYers in danger of displacement due to COVID-19--Coalition calls on lawmakers to permanently fund homeowner protection program. NY State Senate. https://www.nysenate.gov/newsroom/press-releases/brian-kavanagh/forwarding-half-million-nyers-danger-displacement-due-covid

Li, G., & Ricks, J. (2022, March). New Data on the Characteristics of Mortgage Borrowers During the COVID-19 Pandemic. Consumer Financial Protection Bureau. https://files.consumerfinance.gov/f/documents/cfpb_characteristics-of-mortgage-borrowers-during-covid-19-pandemic_report_2022-03.pdf

Neal, M., & Pang, D. (2021, September). How Newark, New Jersey, Provides a Template for Targeting the Homeowner Assistance Fund. Urban Institute. https://www.urban.org/sites/default/files/publication/104858/how-newark-new-jersey-provides-a-template-for-targeting-the-homeowner-assistance-fund.pdf

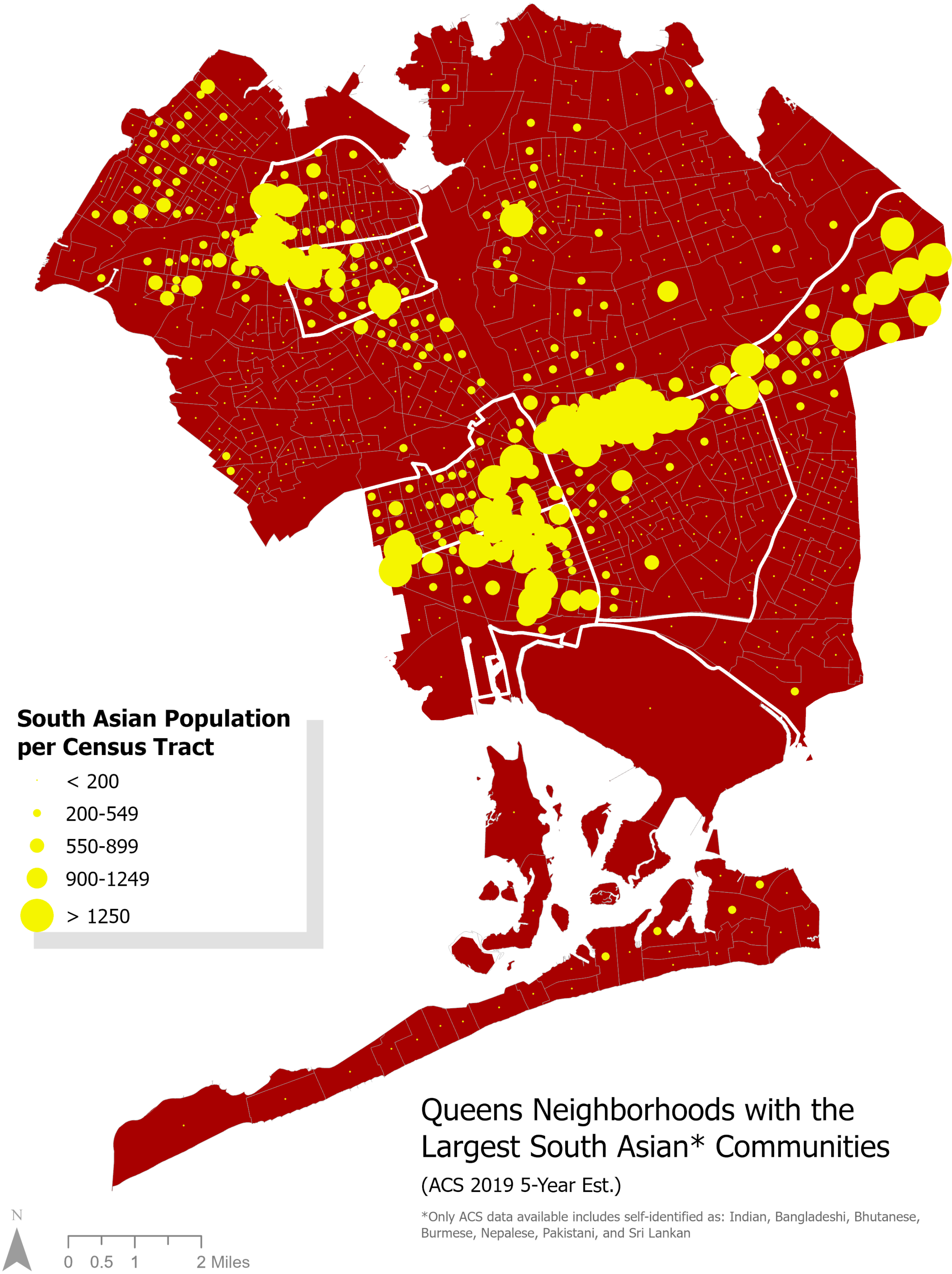
NYS DOS. (2022). Cease and Desist Zones. Department of State. https://dos.ny.gov/cease-and-desist-zones#:%7E:text=Cease%20and%20desist%20zones%20are,speculators%20that%20target%20private%20residences.

PropertyShark. (2021, October). 2021 Home Prices & Sales Trends | Queens, NY Real Estate Market. https://www.propertyshark.com/mason/market-trends/residential/nyc/queens

Schaul, K., & O'Connell, J. (2022, February 16). Investors bought up a record share of homes last year. The Washington Post. https://www.washingtonpost.com/business/interactive/2022/housing-market-investors/

Appendix A

Chhaya Community Districts of Focus Demographic Context



Queens Neighborhoods with the Largest South Asian* Communities

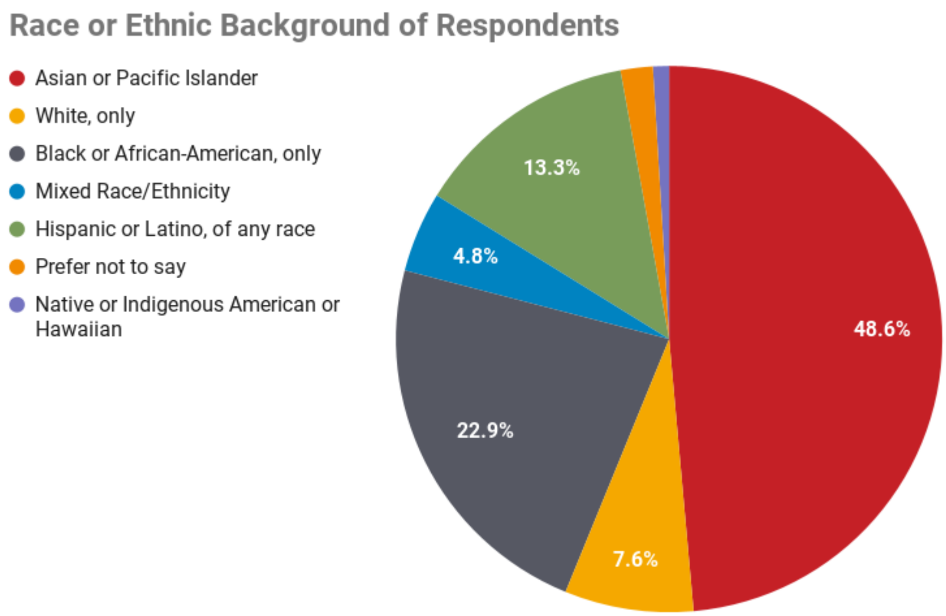
(ACS 2019 5-Year Est.)

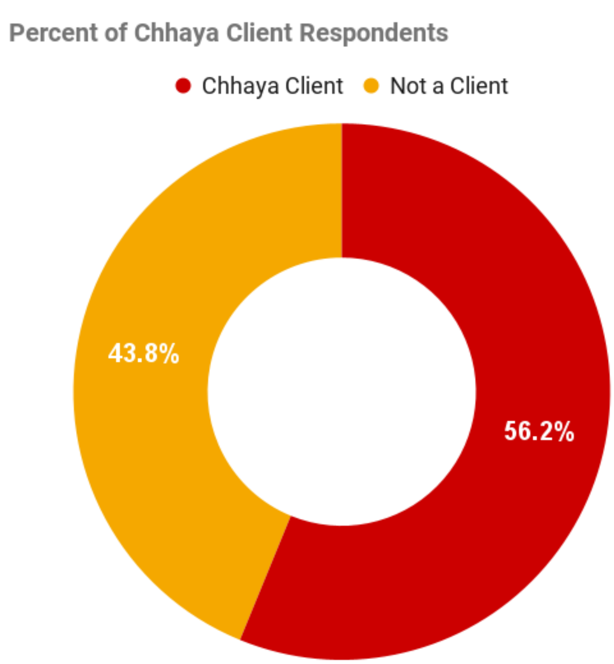
*Only ACS data available includes self-identified as: Indian, Bangladeshi, Bhutanese, Burmese, Nepalese, Pakistani, and Sri Lankan

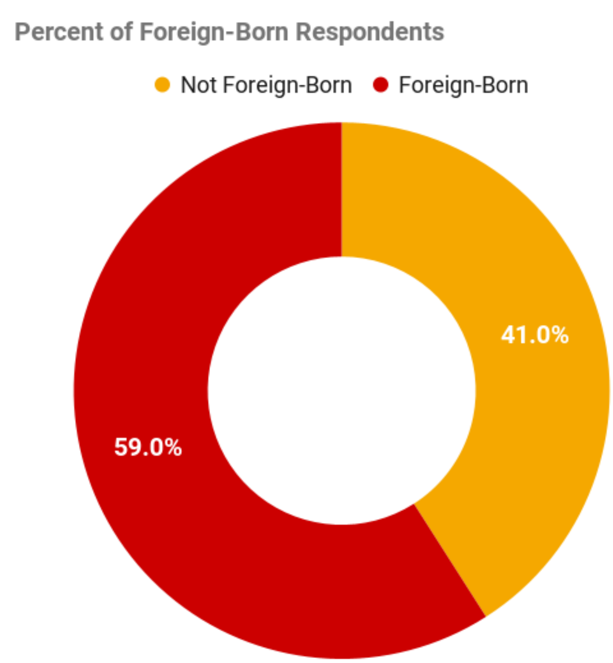
Appendix B

Summary of Demographics from Chhaya Queens Homeowner COVID-19 Impact Survey

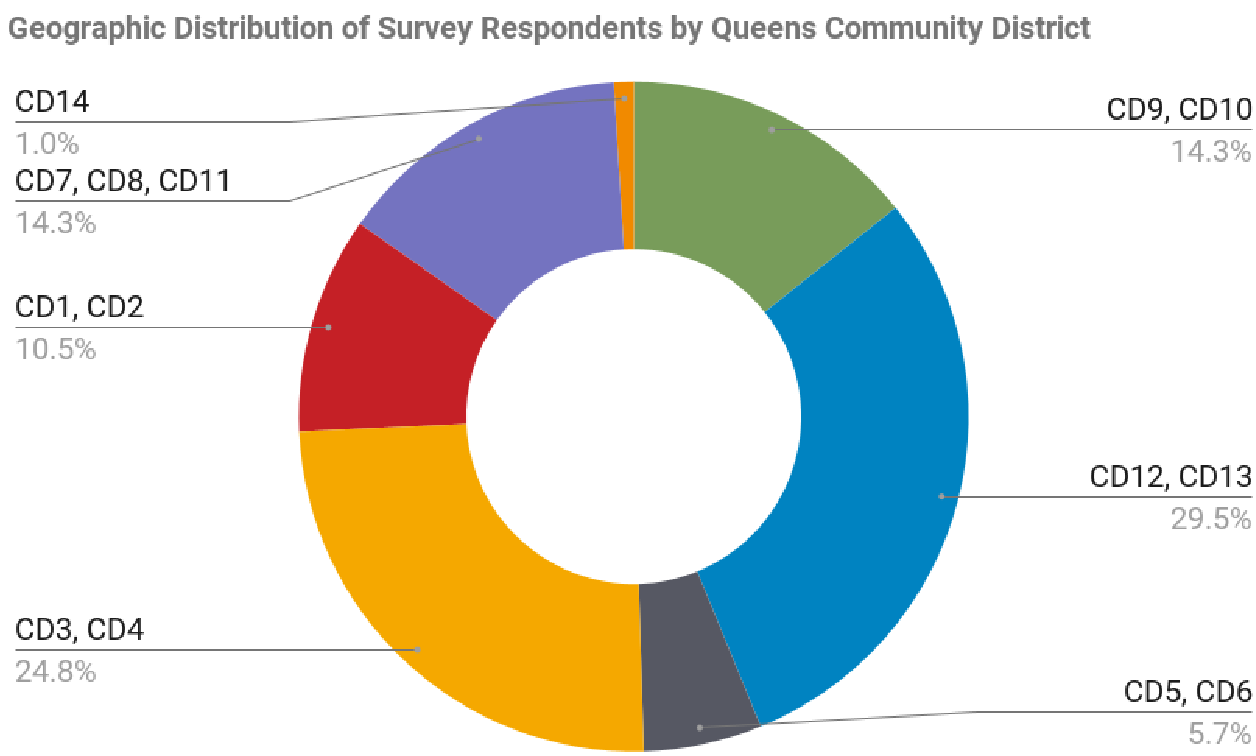
From December 2021 to March 2022, Chhaya conducted a survey of clients and community members to uncover the economic impacts of COVID-19 impact in our communities and to understand the broader implications for homeowners in Queens, NY. The survey was conducted online, anonymously through Google Forms and distributed via newsletters, ground outreach, calls, NYS HAF webinars, and community-based partners. We received 105 respondents of varying backgrounds, income levels, and neighborhoods in Queens. Chhaya recognizes that this survey does not represent all Queens homeowners; however, in tandem with policy research, we believe this community survey provides additional insight into how LMI homeowners are struggling to regain ground on their finances in the current economic recovery. In the following appendix, demographic information is provided to contextualize the analysis provided in this report.



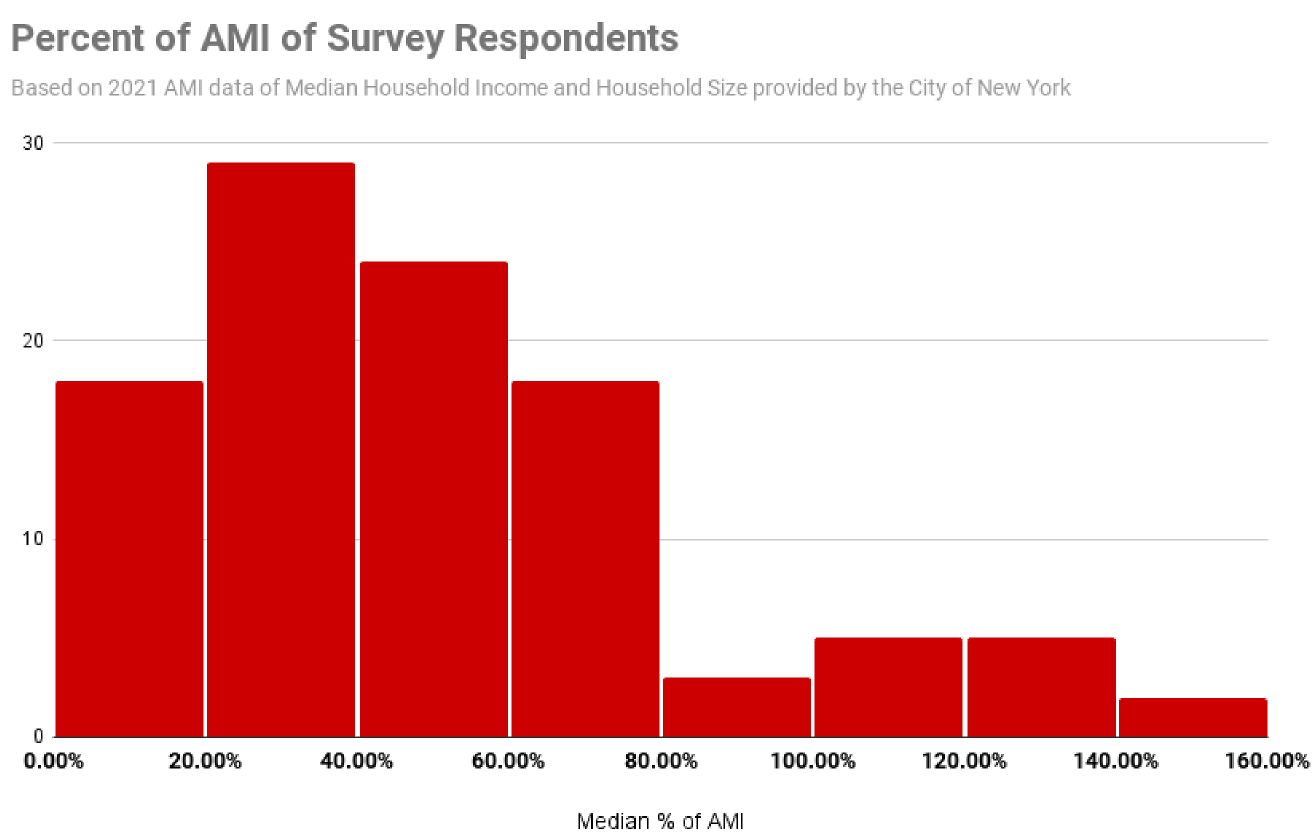




Appendix B

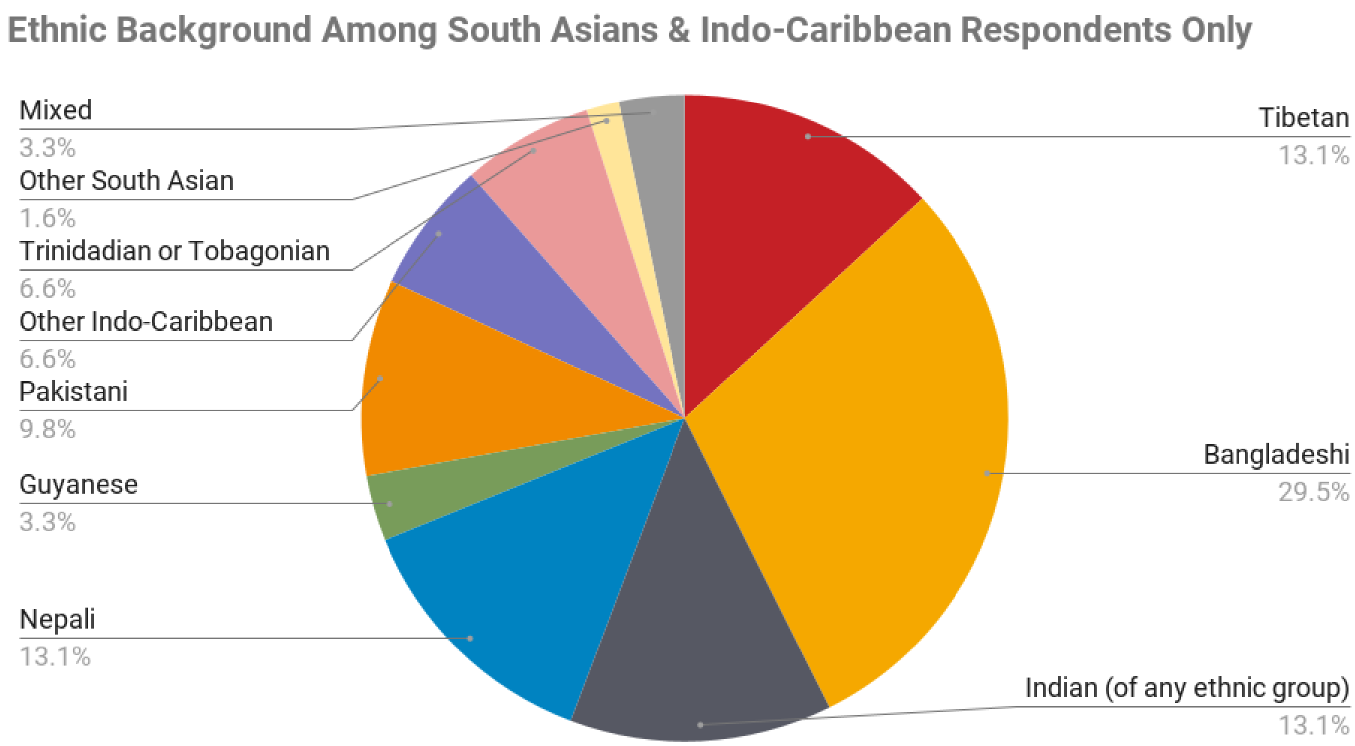


Geographic Distribution of Survey Respondents by Queens Community District
CD14
1.0%
CD7, CD8, CD11
14.3%
CD1, CD2
10.5%
CD3, CD4
24.8%
CD9, CD10
14.3%
CD12, CD13
29.5%
CD5, CD6
5.7%

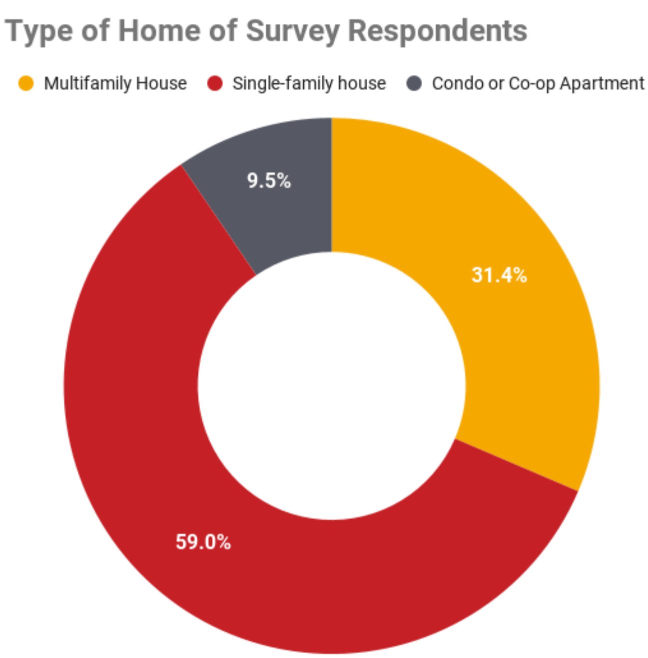


Percent of AMI of Survey Respondents
Based on 2021 AMI data of Median Household Income and Household Size provided by the City of New York
30
20
10
0
0.00%
20.00%
40.00%
60.00%
80.00%
100.00%
120.00%
140.00%
160.00%
Median % of AMI

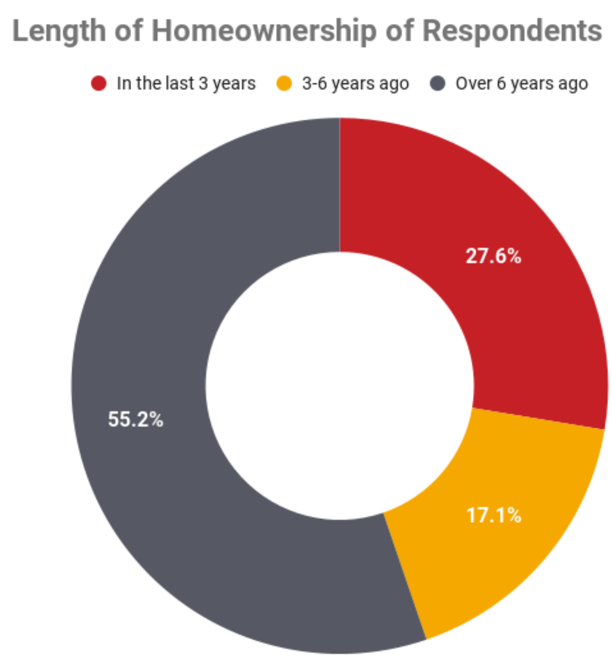
Appendix B



Ethnic Background Among South Asians & Indo-Caribbean Respondents Only
Mixed
3.3%
Other South Asian
1.6%
Trinidadian or Tobagonian
6.6%
Other Indo-Caribbean
6.6%
Pakistani
9.8%
Guyanese
3.3%
Nepali
13.1%
Tibetan
13.1%
Bangladeshi
29.5%
Indian (of any ethnic group)
13.1%



Type of Home of Survey Respondents
Multifamily House
Single-family house
Condo or Co-op Apartment
9.5%
31.4%
59.0%



Length of Homeownership of Respondents
In the last 3 years
3-6 years ago
Over 6 years ago
27.6%
17.1%
55.2%

chhaya

Community Development Corporation