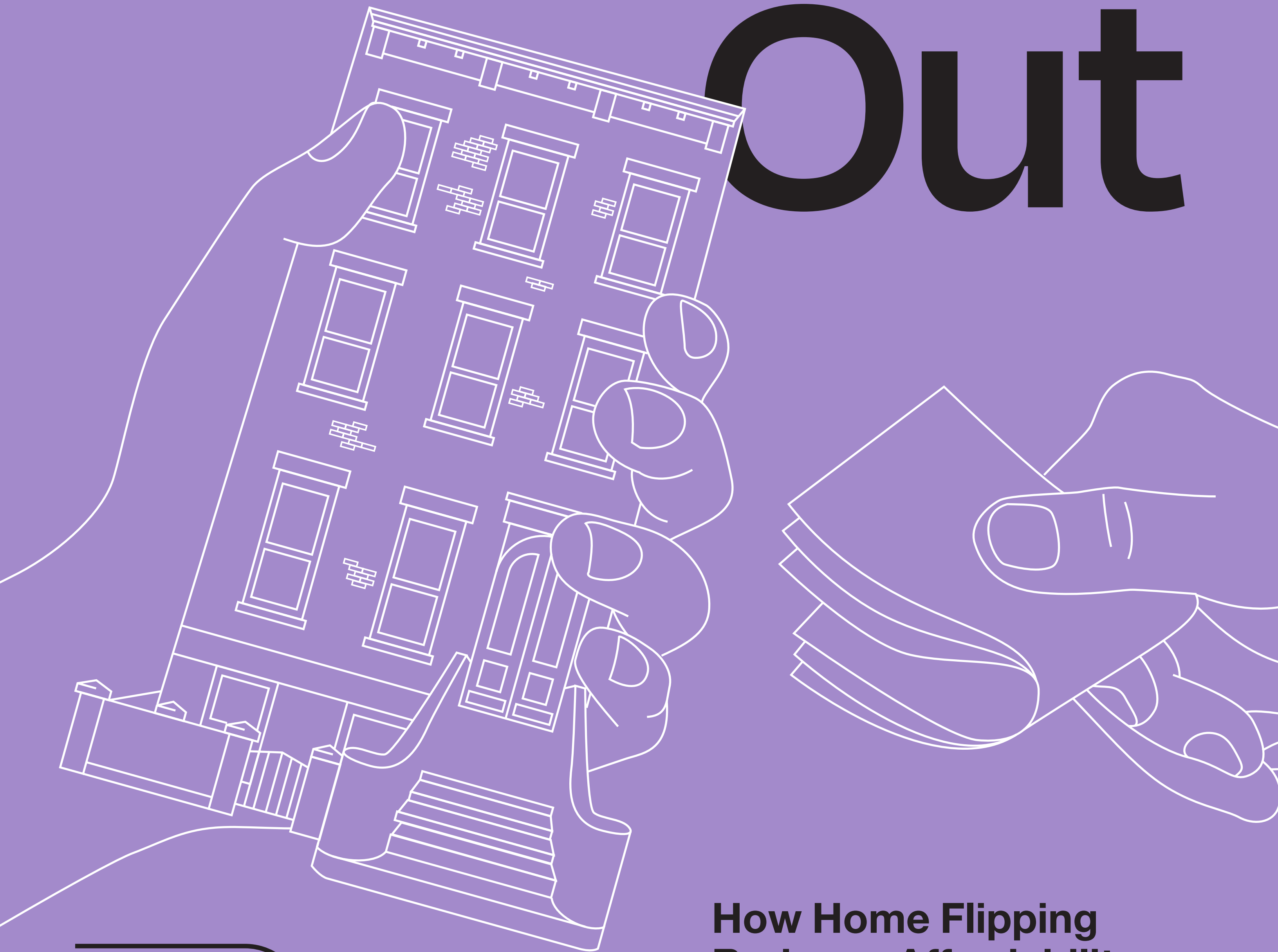
Flipping Out



How Home Flipping Reduces Affordability in NYC Neighborhoods of Color

PRATT CENTER FOR COMMUNITY DEVELOPMENT

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Acknowledgements

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Executive Summary

New York City's small homes are being bought up by professional investors, backed by private lenders, seeking to flip properties for quick profit. Using property and neighborhood data, we find that home flippers have the largest market presence in neighborhoods of color and target the scarce homes and neighborhoods affordable to low- and moderate-income residents. Our analysis shows that home flipping drives up housing prices and is correlated with displacement. Building on the work of local organizers and housing advocates, we identify policy recommendations to curb speculation, including a new tax on home flipping and reforms to protect low- and moderate income homeowners of color from predatory tactics by speculators.

Key Findings

1. Home flipping is most prevalent in communities of color.

From 2019-2023, 11,688 homes were flipped in New York City, concentrated in neighborhoods of color in Brooklyn, Queens, and The Bronx. The Community Districts with the top ten rates of home flipping citywide were more than 90% people of color. Black communities are particularly affected by home flipping: Community Districts with the highest rates of home flipping had larger percentages of residents who identified as Black than citywide, and more than half were majority-Black.

2. Flippers target scarce affordable homes and neighborhoods.

In New York City, as nationally, flippers tend to purchase homes below median prices. The median price paid by home flippers in 2021 was nearly 50% less than the citywide median home value. This also bears out at the neighborhood level: rates of home flipping are highest in Community Districts where median home value is lower than citywide. Flippers then drive up prices of these homes: from 2019-2023, the median price per square foot was consistently higher among flipped homes than non-flipped sales. As a result, property flipping has reduced the stock of homes affordable to middle-income New Yorkers. In 2021, for instance, 73% of homes purchased by professional flippers would have been affordable to a median income household, but among homes sold by flippers that same year just 44% were affordable to those households.

3. **Flipping is linked to housing precarity.**

We find that from 2019-2023, the eviction rate among flipped 1-3 unit houses, co-ops, and condos (3.36%) was 6 times higher than among homes that were not flipped during that time (0.56%). We also found that Community Districts with high rates of home flipping tend to have higher foreclosure rates.

Recommendations

1. **Disincentivize home flipping with a transaction tax.**

New York's **End Toxic Home Flipping Act** 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 of 50% on sales made in the second year of ownership. The goal of these high tax rates is not to generate revenue, but to throw a wrench in the industry of house flipping.

2. **Exempt low- and moderate-income homebuyers from mortgage recording taxes to level the playing field against speculators purchasing homes in cash.**

All-cash buyers do not pay the city or state Mortgage Recording Tax, effectively allowing them to pay less than homebuyers who require a mortgage.

3. **Protect homeowners from speculators' predatory tactics.**

Home flipping is associated with a number of aggressive and predatory tactics that can be curbed by City and State intervention, including: expanding Cease and Desist zones, regulating and enforcing against deed fraud and other deed schemes, increasing investment in foreclosure prevention programs such as the Homeowner Protection Program, permanently abolishing the Tax Lien Sale, strengthening LLC transparency laws by creating a public database to better identify corporate owners engaging in toxic home flipping and other predatory behavior, and expanding tenant protections in small homes.

4. **Invest in collective ownership models and deeply affordable home ownership programs.**

The City and State should enact policy and funding to expand collective ownership models like Community Land Trusts (CLTs), which help preserve land and housing for permanent affordability, curb land and housing speculation, and partner with struggling homeowners to preserve their homes.

Introduction

In New York City, as across the country, professional investors are increasingly speculating on small homes.[1] Some engage in property flipping, in which a speculator buys a home, makes superficial renovations, and resells it within a year or two for a quick profit.

Flippers are largely backed by high-interest, short-term loans from a growing sector of non-traditional private lenders, which enable them to crowd the market with all-cash offers.[2] Groups like the End Toxic Home Flipping Coalition and the East New York Coalition for Community Advancement, led by residents and housing advocates in historically low-income neighborhoods of color, have been sounding the alarm on what they call “toxic flipping”: growing, local concentrations of corporate speculators using aggressive and predatory tactics to buy homes for less-than market value from distressed homeowners.

This report uses property and neighborhood data to analyze which New York City neighborhoods and residents are most affected by the house flipping industry and its impact on housing costs. Our findings confirm residents' and organizers' reports: home flippers have the largest market presence in neighborhoods of color, and target some of the last homes and neighborhoods affordable to low- and moderate-income residents. These are the same neighborhoods and communities marked by a history of redlining and disinvestment, and that bore the brunt of the subprime lending and foreclosure crises of the 2000s. Our analysis shows that home flipping drives up housing prices and is correlated with displacement.

Building on the work of local organizers and housing advocates, we identify policy recommendations to curb speculation, including a new tax on home flipping and reforms to protect LMI homeowners of color from predatory tactics by speculators. Curbing corporate speculation on small homes is urgently needed to reduce housing precarity for low- and moderate-income tenants and homeowners of color. Small homes account for more than a quarter of the city's housing units, including both rental and owner-occupied housing.[3] These homes are an essential part of the city's affordable housing stock: among 1-2 family homes, for instance, 74% of rental units have monthly rents below $2,400, at a time when less than 1% of apartments at these rent levels are vacant.[4]

As the racial wealth gap persists in New York City and nationally, small homes in the outer boroughs are some of the last vestiges for homeownership for Black and Latino New Yorkers, who have significantly lower homeownership rates than their white neighbors, struggle to secure mortgages and face higher interest rates when they do, and are at greater risk for foreclosure.[5]

As New York City faces record-high housing costs, growing racialized wealth inequality, and loss of Black residents, it is more important than ever to address corporate speculation that is costing low- and moderate-income New Yorkers of color their homes.

Key Terms

Home flipping

Buying a residential property with the intention to quickly re-sell it for profit, often after making cosmetic renovations.

Flipped home, or a flip

A 1-3 unit house or cooperative/condominium apartment that was sold less than two years after it was purchased. A flipped home is defined by two transactions: first, the **flipper's purchase** of the property, and second, the **flipper's re-sale** of the home up to two years later. In this report, we date flips by this second transaction.

Small home

A 1-3 unit residential building. This could include a single-family home, an owner-occupied building where the homeowner rents out 1 or 2 apartments, or a rental whose landlord lives elsewhere. Most flipped properties in New York City, especially in neighborhoods and boroughs where flipping is more prevalent, are small homes rather than condos or co-ops.

Rate of home flipping, or flip rate

Percentage of all 1-3 unit home sales (small homes and cooperative and condominium apartments) that are flips.

Non-flip

A home that was sold more than two years after initial purchase.

Private loans

Private, non-traditional lenders increasingly provide financing for real estate and other business ventures that might be considered too risky by banks, including property-flipping. Private- money and hard-money loans are typically short-term, high-interest rate loans offered at larger amounts than traditional 30-year mortgages. Private lenders eschew traditional lending criteria like a borrower's credit history, income, and other factors to assess their ability to pay back a loan. The private lending industry, which is less regulated than banks and the traditional financial sector, is fast-growing amidst rising housing costs and speculation.

Characteristics and Impacts of Home Flipping

1. Home flipping is most prevalent in communities of color

Over the five years from 2019-2023, 11,688 homes[6] were flipped in New York City. This represents all 1-3 unit houses and co-op and condo apartments sold less than two years after last purchase. Flipped homes can be found citywide but are clustered in several neighborhoods in the outer boroughs (see Figure 1), where flips represent a larger percentage of home sales than in Manhattan. From Baychester in The Bronx to Jamaica, Queens to East New York, Brooklyn, neighborhoods with higher rates of home flipping are predominantly communities of color.

Examining the rates of property flipping at the neighborhood level provides even more insight into its racial characteristics and impacts. Prevalence of home flipping in the local housing market is strongly correlated with where people of color live. Among the Community Districts with the ten highest rates of home flipping, all are more than 90% people of color.[8] By comparison, citywide, people of color account for 69% of the population. (see Figure 2) Black communities may be particularly vulnerable to house flipping: all of the ten Community Districts with the highest rates of home flipping have larger percentages of residents who identify as Black than citywide, and more than half are majority-Black. (see Figure 3)

Fig. 1

Home flipping happens citywide, but is most concentrated in a few neighborhoods in The Bronx, Queens, and Brooklyn.

Concentrations of 1-3 unit homes sold within 2 years of initial purchase, 2019-2023.

Source: ACRIS, DOF Annualized Sales Reports, NYC PLUTO, DCP

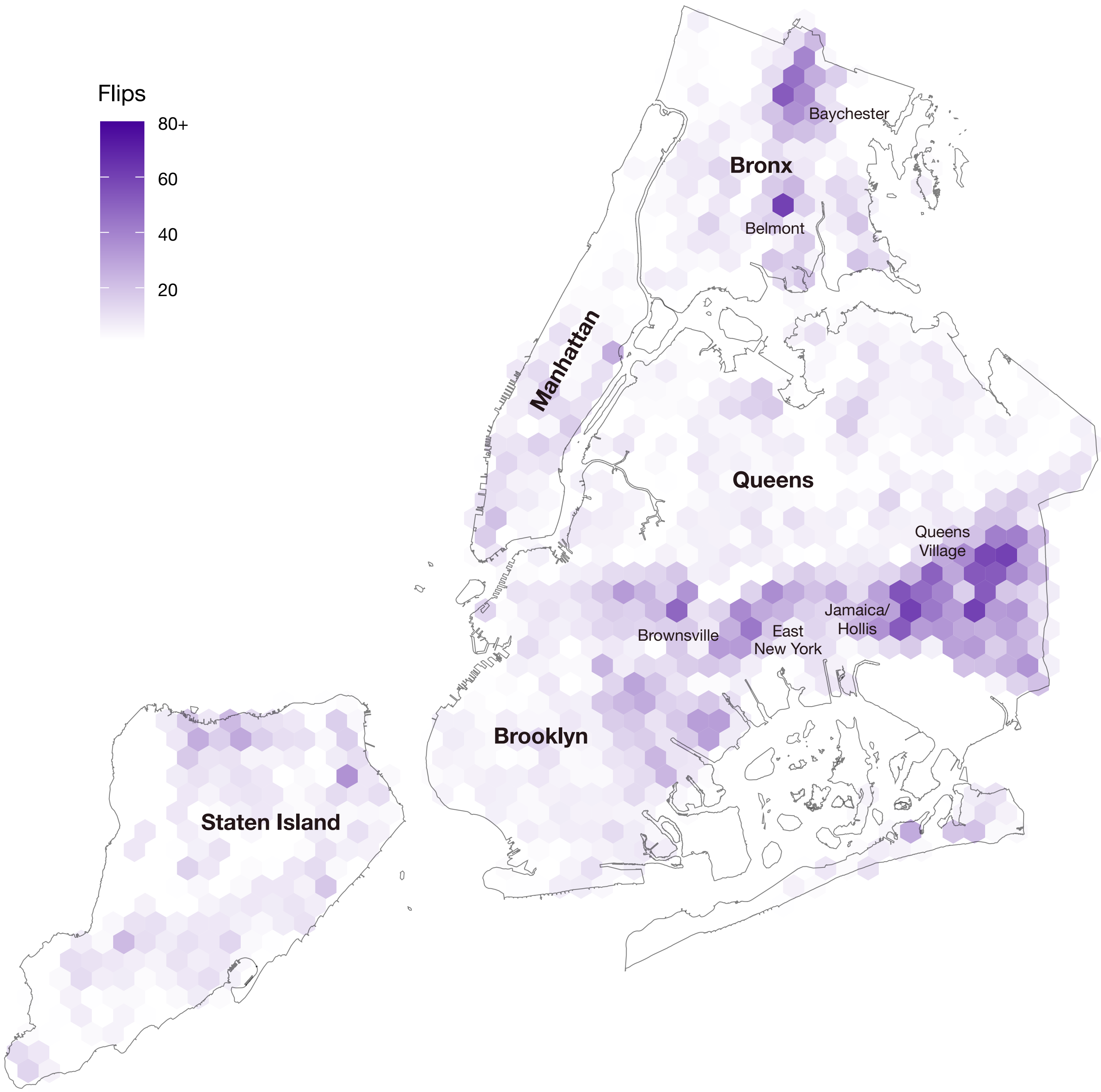


Fig. 2

Among Community Districts with the top ten rates of home flipping, all are more than 90% people of color, and more than half are majority-Black.

Community Districts with highest rates of property flipping: POC and Black population rates

Community District	Flips	Flip Rate	People of Color* Population	Black Population
QN 12 - Jamaica/Hollis	1,594	23%	97%	58%
BX 12 - Williamsbridge/Baychester	595	19%	94%	61%
BK 16 - Brownsville	171	18%	95%	70%
BK 05 - East New York/Cypress Hills	466	18%	97%	57%
QN 13 - Queens Village	1,080	17%	91%	53%
BX 06 - Belmont/East Tremont	69	15%	95%	34%
BK 17 - East Flatbush	307	15%	96%	82%
BX 05 - Fordham/University Heights	50	15%	98%	35%
BX 02 - Hunts Point/Longwood	26	14%	98%	29%
BX 09 - Parkchester/Soundview	328	12%	98%	32%
Citywide	11,688	7%	69%	23%

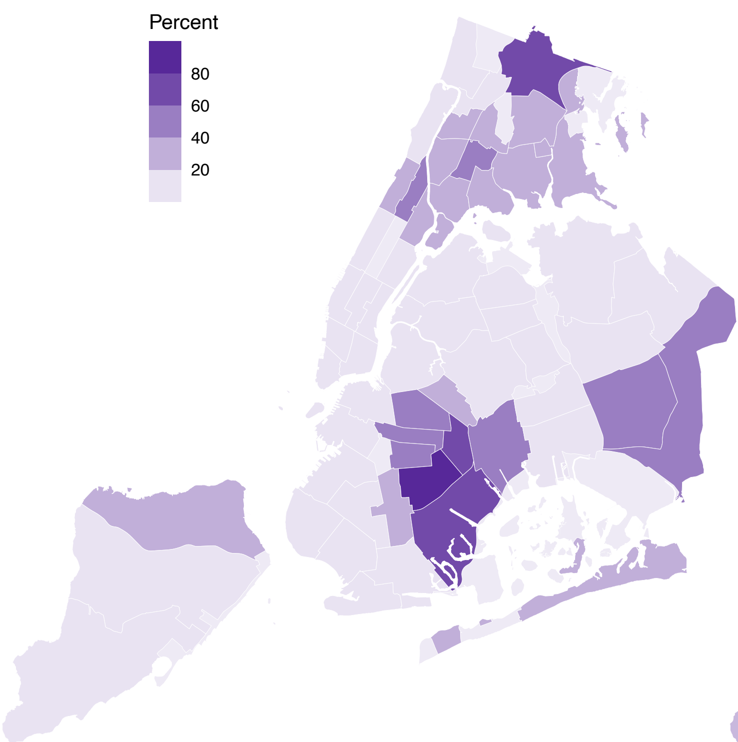
Source: ACS 2022

Percent of people identifying as races and ethnicities other than white non-Hispanic.

Fig. 3

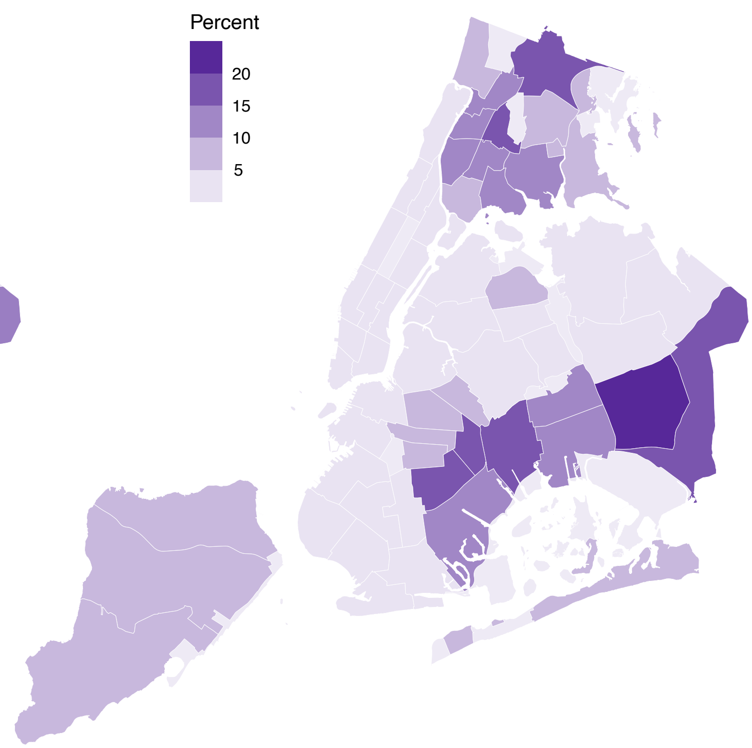
Many of the Community Districts with the highest rates of house flipping are majority-Black, and all have larger percentages of residents who identify as Black than citywide.

Black Population



Rates by Community District (percentage of population identifying as Black, 2022). Source: DCP, ACS 2018–2022

Flip Rates



Rates by Community District (flips as a percentage of all sales, 2019-2023). Source: ACRIS, DOF Annualized Sales Reports, NYC PLUTO, DCP

2. Flippers target scarce affordable homes and neighborhoods

The home flipper's business model follows the old investment adage of "buy low, sell high"— but as quickly as possible. Less than betting on a change in market conditions over time, flippers focus on buying property below today's "market price." This strategy is reflected in the neighborhoods where flipping is most prevalent: our analysis shows that flip rates are highest where home values are lower than citywide, but where the housing crisis is squeezing prices upward. (In other words, neighborhoods in earlier stages of gentrification.) This strategy can also be seen in flippers' purchase prices, which our analysis shows are lower than median home prices.

By targeting moderately-priced homes and neighborhoods, flippers contribute to displacement of both existing homeowners they buy out and middle-income prospective homeowners with whom they compete. New Yorkers looking for a home are competing with professional flippers, many of whom are making all-cash offers, for a dwindling supply of affordable homes. Once these homes are acquired by flippers, our analysis shows, most become unaffordable.

a. Flippers target moderately-priced homes and neighborhoods

In New York City, as nationally[9], flippers tend to purchase homes below median housing prices. The median price paid by home flippers in 2021, for instance, was $459,114, nearly 50% less than the citywide median home value of $765,000.

In order to purchase homes at "below-market" prices, flippers target homes with deferred maintenance that reduces property values, where the homeowner is struggling financially (with mortgage payments, fines from violations, or other issues)[10], where ownership is in dispute (for instance, when an owner dies without leaving clear title to the house), or some combination of those vulnerabilities. Flippers may also utilize aggressive and often predatory buying tactics, including relentless solicitations and making all-cash offers[11], including to various family members who have potential claims to the property. Tactics may also be more deceitful and fraudulent, such as deed schemes[12] or other misrepresentations.

Flippers' targeting of moderately-priced homes is also represented at the neighborhood-level. All Community Districts where the flip rate is higher than 10% have median home values below the citywide median home value. (See Figure 4) As discussed above, many of these more-affordable neighborhoods are also majority people of color.

Flippers typically buy homes that cost 50% less than the NYC median home value.

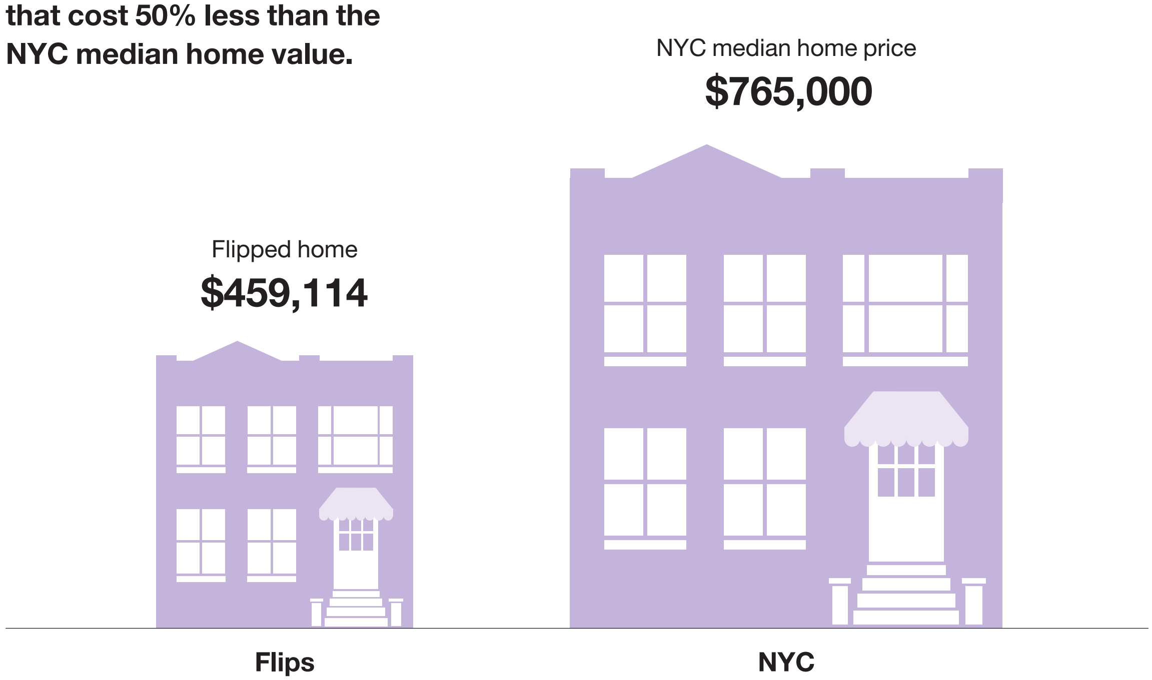
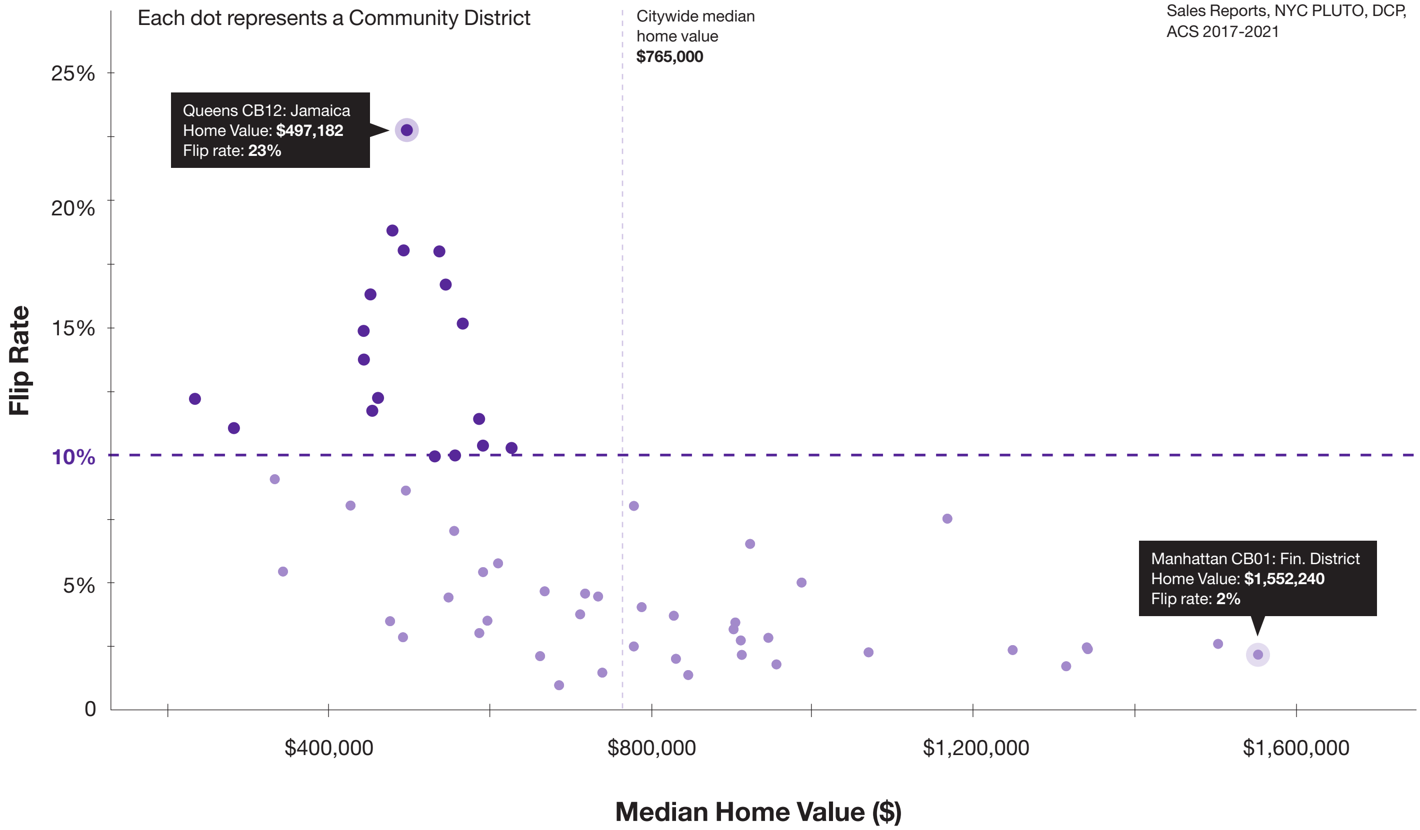


Fig. 4

Rates of house flipping are highest in Community Districts at the low end of the housing market.

Community Districts by median home value and flip rate.

Source: ACRIS, DOF Annualized Sales Reports, NYC PLUTO, DCP, ACS 2017-2021



b. Flippers raise home prices

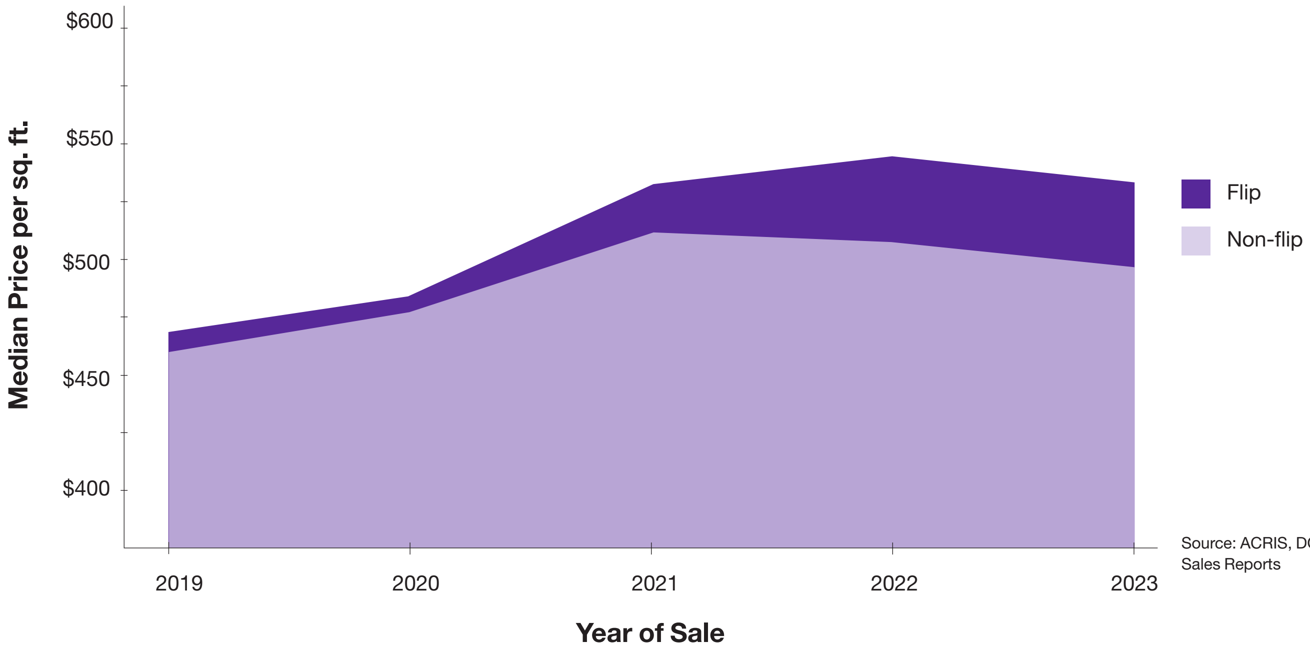
Flipped homes are more expensive than non-flipped homes. Among all small home sales across the city in 2019-2023, the median price per square foot was consistently higher among flipped homes than non-flipped home sales. The difference in median price per square foot between flipped and non-flipped homes has only increased since 2020, even as both dipped in 2023: in 2019, flips were 1.5% more expensive than non-flips, but in 2023 they were 7.5% more expensive. The median price per square foot of flipped homes grew 14% from 2019 to 2023, compared to 7.8% growth in non-flip prices. (See Figure 5)

Flippers see bigger gains in more gentrified neighborhoods.[4] The top 5 Community Districts where flips generated the biggest increases in price per square foot in 2019-2023 were all historically low-income, majority-POC parts of Brooklyn seeing rising housing costs, the majority of which have experienced significant gentrification. (See Figure 6) Most of these neighborhoods were not where flipping was most prevalent, as the housing stock has largely become too expensive for flippers and LMI homeowners alike, but flippers continue to target those vulnerable homeowners and scarce affordable homes that remain. In the more moderately-priced neighborhoods where flipping is concentrated, flippers contribute to gentrification in its earlier stages by buying out long-time residents and driving up home prices.

Fig. 5

The cost of flipped homes is consistently higher than that of comparable non-flipped homes, and that price difference has grown.

Median price per square foot of flips vs. non-flips in 2023 adjusted dollars

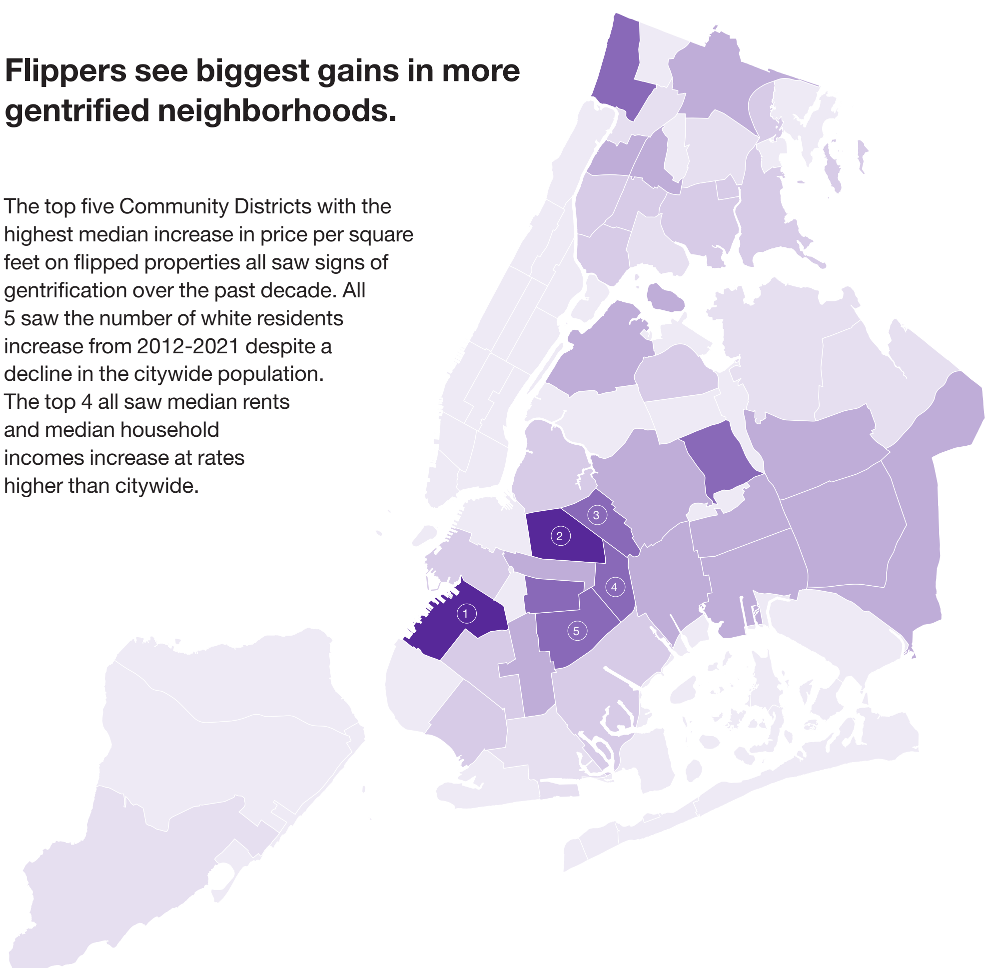


Source: ACRIS, DOF Annualized Sales Reports

Fig. 6

Flippers see biggest gains in more gentrified neighborhoods.

The top five Community Districts with the highest median increase in price per square feet on flipped properties all saw signs of gentrification over the past decade. All 5 saw the number of white residents increase from 2012-2021 despite a decline in the citywide population. The top 4 all saw median rents and median household incomes increase at rates higher than citywide.



Price increase of flipped homes by Community District.
Small homes only, in districts with 20 or more flips in 2019-2023.
Source: ACRIS, DOF Annualized Sales Reports, NYC PLUTO, DCP, US Bureau of Labor Statistics

2023 Inflation-Adjusted Dollars

$257
$200
$100
$50
$25

1. Sunset Park/Windsor Terrace
2. Bedford Stuyvesant
3. Bushwick
4. Ocean Hill/Brownsville
5. Prospect Lefferts Gardens

c. Property flipping has reduced the stock of homes affordable to middle-income New Yorkers

As outlined above, home flipping is concentrated among moderately-priced homes, and it increases home prices. Taken together, this reduces the affordable housing stock, both in more affordable neighborhoods and those that have been more gentrified where affordable housing is even more scarce.

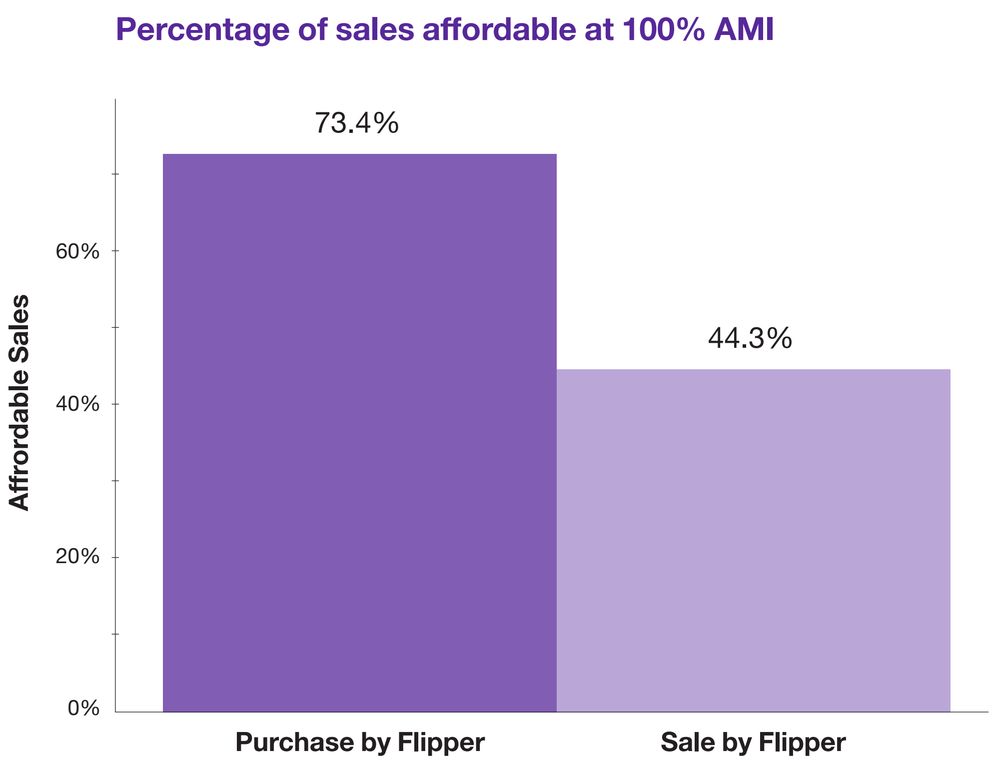
Our analysis shows that the majority of homes bought up by flippers could have been affordable to a middle-income family, and the majority of flipped homes are not. In 2021, for instance, 73% of homes purchased by professional flippers would have been affordable to a median income household.[16] Among homes sold by flippers that same year, however, just 44% were affordable to those households.[17]

This data points to multiple ways that flippers extract wealth from homeowners and communities: first, by lowballing existing homeowners, second, by raising prices for homebuyers such that they pay more to speculators, and third, by reducing LMI homeownership both through buyouts and by making housing less affordable.

Fig. 7

The majority of homes bought up by flippers could have been affordable to a middle-income family, and the majority of flipped homes are not.

Percentage of sales affordable at 100% AMI, 2021 (assuming a 30-year fixed rate mortgage with 5% down payment). Source: ACRIS, DOF Annualized Sales Reports, HUD, Freddie Mac



3. Home flipping is linked to higher eviction and foreclosure rates

Instability is inherent to home flipping, which increases the number of times homes change hands (and who lives there) in a short period of time.[18] To better understand the relationship between home flipping and housing precarity, we examine two key indicators of displacement: evictions and foreclosures.

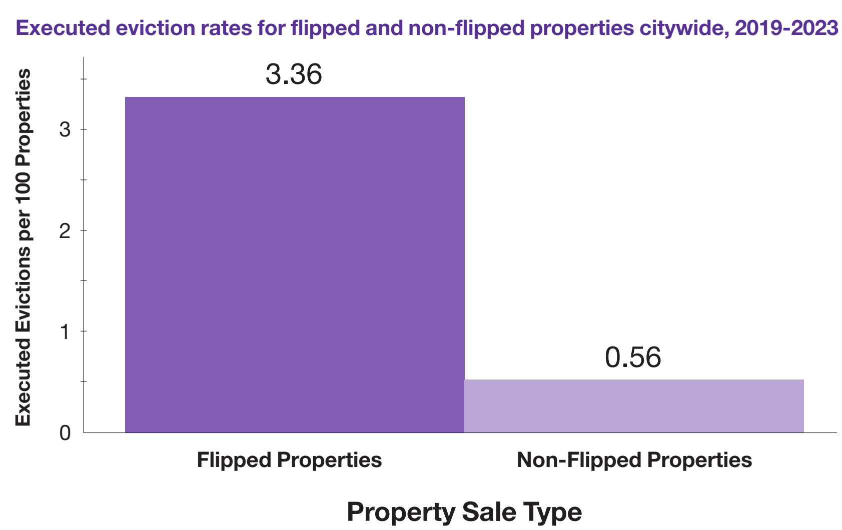
a. Flipped properties have higher eviction rates than comparable homes.

Using New York Courts data, we analyzed the number of evictions that took place during 2019-2023 at homes that were sold at least once during that same time period, and whether any of those sales was a flip.[19] We found that the eviction rate among flipped 1-3 unit houses, co-ops, and condos (3.36%) was 6 times higher than among non-flips (0.56%).

While our analysis does not distinguish between evictions made by homeowners or flippers in flipped properties nor establish a causal link between property-flipping and evictions, local reporters and housing groups have documented the role of evictions in corporate ownership and home-flipping. An investigation of a group of speculators known as the Ambalo brothers, who bought at least 119 homes mostly in Black and Latino neighborhoods in the outer boroughs, often through potentially fraudulent practices, found that their business model was to “find small, multi-family homes with minimal tenant protections, take over the properties by paying heirs low sums, then rush to evict the residents, clearing the path to flip the properties for many times what they paid."[20] Elsewhere, researchers have found that eviction rates are higher in small homes owned by corporate landlords.[21] This aligns with patterns in multi-family housing in New York City, which sees higher eviction rates in buildings with corporate landlords.[22]

Fig. 8

The eviction rate among flipped properties is six times that of non-flipped properties.



Source: ACRIS, DOF Annualized Sales Reports, NYC PLUTO, DCP, DOI

b. Community Districts with high rates of home flipping tend to have higher foreclosure rates.

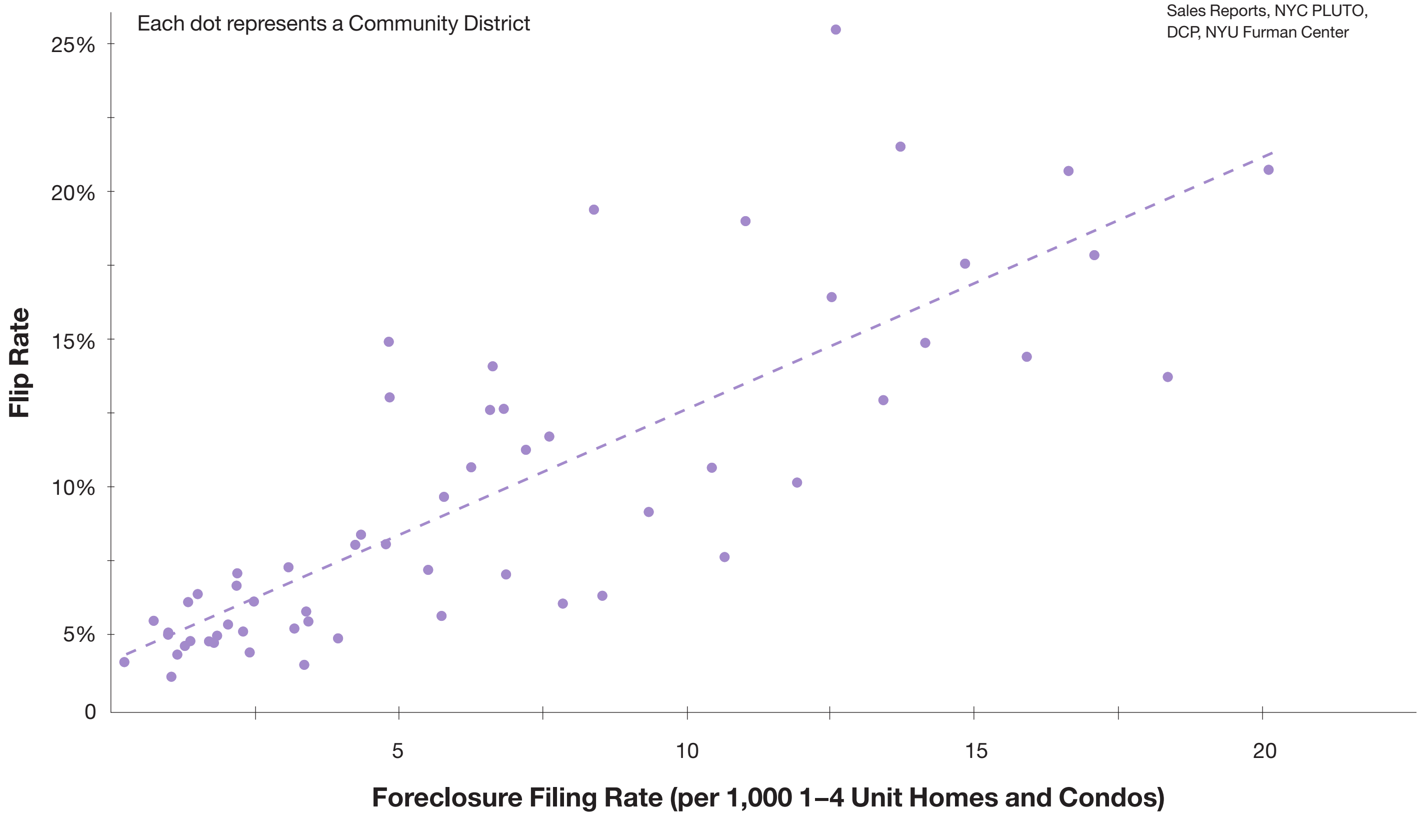
As shown in Figure 10, there is a positive correlation between foreclosure and flip rates. Foreclosure rates tend to be higher in neighborhoods with larger populations of people of color and lower incomes[23], as do flip rates. Yet the relationship may be stronger than this correlation: organizations and advocates who work with LMI homeowners have found that house flippers target homeowners at risk of foreclosure.[24]

Fig. 10

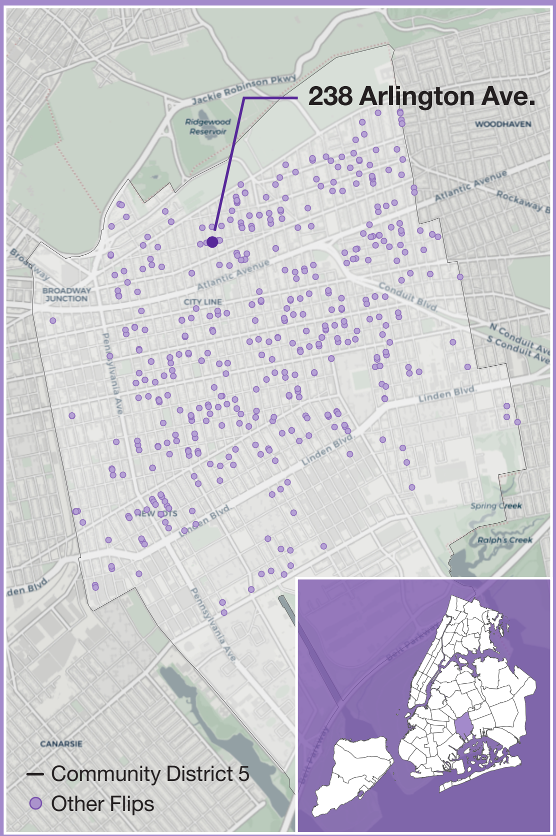
Community Districts with high rates of home flipping tend to have higher foreclosure rates.

Community Districts by foreclosure rate and flip rate.

Source: ACRIS, DOF Annualized Sales Reports, NYC PLUTO, DCP, NYU Furman Center



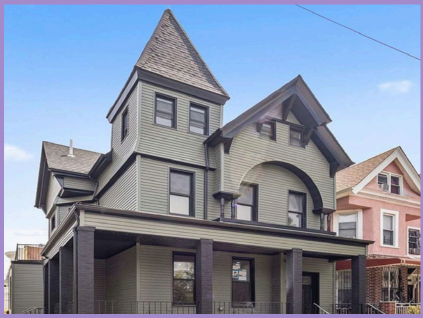
Case Study



238 Arlington Avenue in Cypress Hills

238 Arlington Avenue is a 2-unit house in Cypress Hills, Brooklyn that was flipped in October 2022 for $1.52M. The flipper purchased the home from a homeowner that had purchased the home in 1999 for an estimated $411,065 (in 2023 dollars). In December 2021, after 22 years of ownership, the homeowner sold to an LLC for $338,736 (in 2023 dollars). Just 10 months later, the flipper re-sold the home, after making renovations, for approximately $1.18M more than they paid for it.


2022, prior to flip (Google Street View)


2023, after purchase by flipper (Zillow)

Neighborhood Statistics, 2019-2023

(Brooklyn Community District 5)

Demographics

97 %
POC Population, 2022

57 %
Black Population, 2022

29%
Severely Mortgage Burdened Households, 2022

$537,518
Median Home Value 2021

Flip Statistics 2019-2023

466
Flips

18 %
Flip Rate

$499,800
Median Flipper Purchase

$869,100
Median Flipper Re-Sale Price

Property Statistics

238 Arlington Avenue

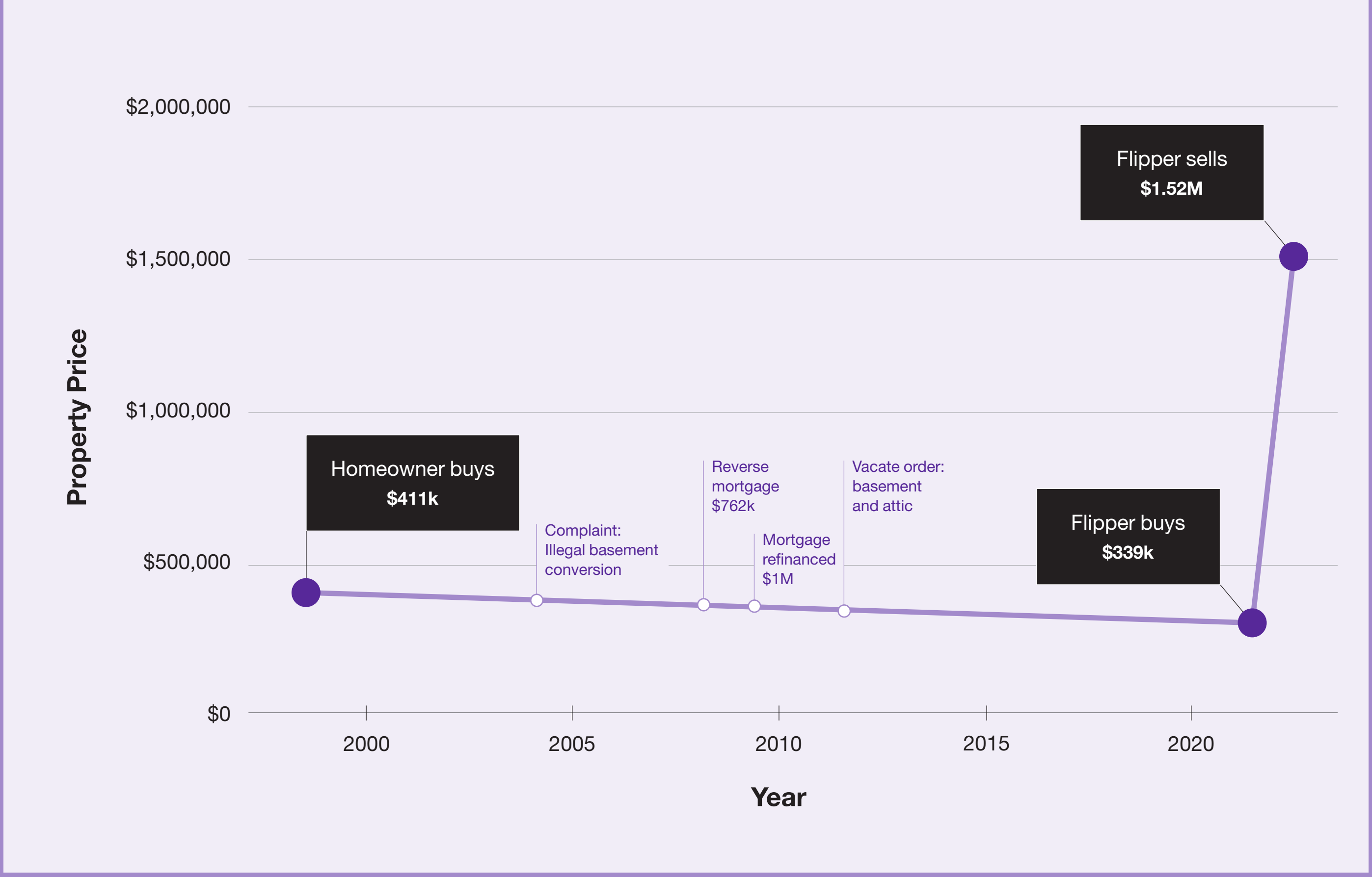
$411K
Homeowner purchase price

$339K
Flipper Purchase Price

$1.52M
Flipper Re-Sale Price

* Values adjusted to 2023 dollars

As shown in the below timeline, during 22 years of ownership, the homeowner experienced a number of issues, including complaints and violations for an illegal conversion of the basement over several years. Although our knowledge of this particular homeowner's story is limited to these public documents, we know that it is common in New York City's low-density areas, especially among Black homeowners, to rent out basement apartments to help cover mortgage and living expenses, or to house family, as a recent CHPC survey found.[27] The homeowner took out a reverse mortgage on the home and refinanced during the subprime lending crisis and recession, and their mortgages were later re-sold several times. These milestones, represented by public records, suggest that the homeowner may have been experiencing financial distress when the flipper purchased the home for below-market value in 2021.



Policy Recommendations

1. Disincentivize home flipping with a transaction tax

Although there is little local or national policy precedent for inhibiting corporate ownership of housing, regulations that reduce the profitability of speculators' underlying business models could be a deterrent. To curb home flipping, as one form of speculation, policymakers and advocates have proposed additional transaction taxes.

New York's **End Toxic Home Flipping Act (S1569A Salazar/A1023A Cruz)**[28] 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 of 50% on sales made in the second year of ownership. The goal of these high tax rates is not to generate revenue, but to halt the activity of house flipping entirely. To focus on professional property flippers, the law exempts individual homeowners transferring their property to a family member and those who can demonstrate financial hardship, among others.

The New York bill also aims to address potential unintended consequences of a transaction tax. One concern is that investors may hold onto a property until just after the taxation period,[29] or rent it out at high rates. The bill's two-year time period and high tax-rate is 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 private lenders, not traditional banks, and have aggressively short terms – often 6-12 months – and high interest rates.[30] The New York tax would make it impractical for flippers to access financing. Another risk of transaction taxes is that if the tax rate is not high enough, in a hot housing market it could be baked into business costs and have the adverse effect of driving up housing costs even more; the proposed New York rates of 50%-65% are designed to scare flippers off entirely.

Precedent for Flip Tax Advocacy

Proposals to tax corporate speculation and flipping of small homes are not new, nor limited to New York. The Right to the City Alliance's Homes for All Campaign spearheaded calls for local transaction taxes on home flipping to address rising housing costs ten years ago,[31] and **San Francisco**[32] and **Philadelphia**[33] anti-displacement groups led legislative campaigns for flip taxes. Since then, corporate ownership and house flipping has only increased nationally, and housing advocates are renewing efforts to utilize taxes as an anti-speculation strategy.

In **California**, recent proposed state legislation[34] would have imposed a 25% tax on the net gains of homes sold within three years[35] of initial purchase, with the tax gradually decreasing for each additional year of ownership until seven years. In **Hong Kong**, the Special Stamp Duty (SSD) Policy imposed a 20% tax on home sales made within three years of purchase; researchers found that the tax reduced the percentage of sales made by flippers from 23.2% the year prior to the tax policy's implementation to 0.9% three years later.[36] At the **federal level in the U.S.**, the Stop Wall Street Landlords Act of 2022 proposed a 100% transfer tax (doubling the sale price) on homes purchased by large investors, regardless of the duration of ownership.

2. Exempt LMI homebuyers from mortgage recording taxes to level the playing field against all-cash buyers

New York City and State both impose a Mortgage Recording Tax (MRT) based on the value of a mortgage used to purchase a home (in addition to other property transfer taxes). Tax rates vary but are often around 2% in New York City; the MRT on a $700,000 mortgage, for instance, can be estimated at $15,195 in 2024.[37] Buyers who make all-cash purchases do not pay this tax, effectively allowing them to pay less than homebuyers who require a mortgage. MRT exemptions for LMI homebuyers would reduce one of their many competitive disadvantages against professional investors, as has been proposed by the New York City Comptroller's Office[38] and in earlier versions of the End Toxic Home Flipping Act.

3. Protect LMI homeowners from speculators' predatory tactics

Home flipping is associated with a number of aggressive and predatory tactics used by investors to acquire small homes, including aggressive solicitations and harassment, deed schemes, and leveraging municipal fine and debt policies that disproportionately affect Black and brown homeowners. Over the past decade, several community-based campaigns have emerged to regulate speculators' tactics and reform the systems they exploit:

- **Expand Cease and Desist zones.** Advocacy calls for the State to utilize its power to establish Cease and Desist zones, which establish a geographic area in which speculators are prohibited from soliciting homeowners who opt-in to the Cease and Desist list, resulted in New York City's first zones in Brooklyn Community District 5 (East New York, Cypress Hills) in 2020 and Brooklyn Community District 17 (Flatbush) in 2023.[39] Both of these Cease and Desist zones are in Community Districts among the top 10 highest flip rates. The End Toxic Home Flipping Coalition and other community-based groups organizing against homeowner harassment have advocated to expand Cease and Desist zones citywide, rather than requiring neighborhood-level advocacy and approval. The State should, at minimum, establish Cease and Desist zones in Community Districts where home flipping represents 5% or more of all home sales, and invest in outreach and education to homeowners on their rights in these zones.

- **Regulate deed fraud and other deed schemes.** New York City has seen widespread reporting, advocacy, and some reforms[40] in response to deed theft and other deed schemes, through which investors buy ownership shares of properties with unclear title, and its disproportionate impact on Black low-income homeowners. While home flipping is distinct from deed schemes, many flippers may utilize this tactic. Expanding regulations and enforcement to curb deed schemes, as well as investing in legal and financial resources to help homeowners establish clear beneficiaries of their homes, will help protect homeowners against predatory speculators including flippers. New York State passed new laws that strengthen state power to prosecute deed theft, halt evictions in potential deed theft cases, and limit outside investors' ability to make "partition" actions to claim ownership of the property over heirs, among other reforms.[41] These are important reforms, but more protections are needed against speculators' tactics, including investments in enforcement and mediation systems.[42] Advocates have called for the City to establish a program modeled on Philadelphia's Tangled Title Fund, which covers legal and administrative costs to establish clear ownership of one's home.

- **Make policy and fund programs to prevent the dispossession and displacement of low-income homeowners.** New York should expand its foreclosure prevention programs, such as the Homeowner Protection Program (HOPP), which funds legal services and housing counseling. Expanding resources for estate planning would also help protect homeowners against predatory tactics, alongside largerscale systemic reforms to combat land and wealth extraction from low-income communities of color. One such policy is to permanently abolish New York City's tax lien sale, through which the City sells property tax debts to private companies who impose predatory fees on homeowners already at risk of foreclosure. The Abolish the Tax Lien Sale Coalition successfully advocated for City Council to let the policy expire in 2022, and to include reforms and resources to better protect homeowners as part of its reauthorization in 2024. The coalition continues to advocate for a more equitable system that will help residents stay housed and expand collective ownership, especially in communities of color disproportionately affected by the tax lien sale system.

- **Strengthen LLC Transparency Laws.** Many property owners, including house flippers, establish ownership under Limited Liability Companies (LLCs) and other corporations. LLCs offer tax benefits while also limiting personal liability and obscuring ownership information.[43] It is common for LLCs to be associated with only one property, functioning as shell companies. As a result, it is extremely difficult to identify frequent flippers or bad actors across properties.[44] After years of advocacy from housing and good governance groups, in 2023 New York enacted a new LLC Transparency Act, which makes new disclosure requirements for LLCs to local and state agencies (going into effect in 2024).[45] The enacted legislation excludes a component of the original legislation that is crucial for housing advocates and watchdog groups, however: a public database. To support identification of predatory speculators, The New York LLC Transparency Act must be amended to make ownership data public to residents, researchers, and policy advocates.

- **Strengthen tenant protections in small homes.** Tenants in 1-3 unit homes are, by and large, not covered by rent stabilization[46] or the recently enacted Good Cause tenant protections.[47] Strengthening and expanding rent regulations and anti-eviction measures would help protect tenants in the immediate term and help curb housing speculation.

4. Invest in collective ownership models and deeply affordable homeownership programs

Collective ownership models like Community Land Trusts (CLTs) help preserve land and housing for permanent affordability, curb land and housing speculation, and partner with struggling homeowners to preserve their homes through collective ownership. CLT advocates, particularly East New York CLT,[48] have actively organized against the displacement of homeowners and tenants through home flipping and other extractive practices, and called for reforms that would better enable communities to take collective ownership of distressed properties. In addition, the City and State should help level the playing field for struggling homebuyers by expanding affordable homeownership resources, through investments such as the Homes Now, Homes for Generations proposal to significantly increase funding for the City's Open Door homeownership program,[49] and in preservation and growth of affordable cooperatives and CLTs.

Conclusion

Home flipping is just one driver and indicator of New York City's housing affordability crisis, but one that is quickly eroding affordability and increasing displacement pressures in low-income communities of color. Homeowners, tenants, and housing advocates in New York City have organized for nearly a decade to demonstrate the problem of home flipping and propose a tax to curb these speculative transactions. In that time, vulnerable homeowners and tenants have continued to lose their homes, and the affordability of small homes has only decreased. Regulating corporate speculation on housing and expanding community ownership models is key to addressing the root of the housing affordability crisis, and must be at the forefront of housing policy in the years to come.

Appendices

a. Methodology

This report analyzes flipped homes from 2019-2023. Flipped homes are defined as sales of 1-3 family houses, cooperative apartments, and condominium apartments sold less than 2 years after they were purchased. This definition of home flipping is based on the definition outlined in the End Toxic Home Flipping Act bill (S1569/A1023). Sales data for Brooklyn, the Bronx, Manhattan, and Queens is from the NYC Department of Finance's land records database, ACRIS. Sales data for Staten Island is from the Richmond County Clerk office and was retrieved from the NYC Department of Finance's Annualized Sales Update. Flips are identified by the year the flipper re-sells the property. Data on 2023 flips, for instance, includes a home that was first purchased by a flipper nearly two years earlier in 2021, as well as a home first purchased by a flipper a month earlier in 2023. This report includes various analyses of prices of flippers' purchases (first transactions) and flippers' sales (second transactions). Sales values were adjusted to 2023 dollars using the U.S. Bureau of Labor Statistics's CPI Inflation Calculator. To restrict the data to arms-length sales, the analysis only includes transactions that were five or more days apart and of values of $100,000 or more. Data was extracted from ACRIS with support from Ariana Shirvani at Center for NYC Neighborhoods.

This report also includes comparative analysis to non-flipped homes, meaning all 1-3 unit home, co-op, and condo apartment sales during the 2019-2023 study period that were sold after two years or more of ownership. The sources for this data are also ACRIS and the Richmond County Clerk office.

Sales data for flipped and non-flipped properties were geocoded using the Department of City Planning Geoclient API. Additional data related to properties, such as building square footage, was joined from the Department of City Planning PLUTO and MapPLUTO. Jurisdictional boundaries are from the Community District shapefiles from NYC Open Data.

Demographic data is from the U.S. Census Bureau, including American Community Survey data. Median home value, median rent, and median household income figures for Community Districts were gathered from 2021 5-year ACS data aggregated by the NYC Department of City Planning.

b. Additional Data

Community Districts by Flip Rate, 2019-2023

With selected 2022 and 2021 demographic data

Source: ACS 2022

Community District	Flips	Flip Rate	Black Population 2022	People of Color Population*	Foreclosure Filing Rate (per 1k) 2022	Median Home Value 2021	Median Gross Rent 2021
QN 12 - Jamaica/Hollis	1,594	23%	58%	97%	13%	$497,182.00	$1,460.00
BX 12 - Williamsbridge/Baychester	595	19%	61%	94%	14%	$479,291.00	$1,447.00
BK 16 - Brownsville	171	18%	70%	95%	20%	$493,231.00	$955.00
BK 05 - East New York/Cypress Hills	466	18%	57%	97%	17%	$537,518.00	$1,327.00
QN 13 - Queens Village	1,080	17%	53%	91%	8%	$545,374.00	$1,763.00
BX 06 - Belmont/East Tremont	69	16%	34%	95%	11%	$452,042.00	$1,192.00
BK 17 - East Flatbush	307	15%	82%	96%	17%	$566,534.00	$1,445.00
BX 05 - Fordham/University Heights	50	15%	35%	98%	15%	$443,595.00	$1,303.00
BX 02 - Hunts Point/Longwood	26	14%	29%	98%	13%	$443,877.00	$1,130.00
BX 09 -Parkchester/Soundview	328	12%	32%	98%	5%	$461,438.00	$1,317.00
BX 07 - Kingsbridge Heights/Bedford	43	12%	20%	94%	14%	$234,313.00	$1,414.00
BX 03 - Morrisania/Crotona	41	12%	46%	98%	16%	$454,275.00	$1,058.00
QN 10 - South Ozone Park/Howard Beach	445	11%	14%	80%	7%	$586,821.00	$1,764.00
BX 04 - Highbridge/Concourse	29	11%	40%	96%	18%	$282,647.00	$1,255.00
QN 09 - Kew Gardens/Woodhaven	299	10%	8%	83%	5%	$591,621.00	$1,721.00
BK 18 - Flatlands/Canarsie	515	10%	61%	78%	13%	$627,082.00	$1,578.00
QN 14 - Rockaway/Broad Channel	244	10%	37%	66%	7%	$556,977.00	$1,344.00
BX 11 - Morris Park/Bronxdale	198	10%	25%	80%	7%	$531,849.00	$1,458.00
BX 01 - Mott Haven/Melrose	32	9%	34%	98%	8%	$333,332.00	$1,005.00
SI 01 - St. George/Stapleton	660	9%	23%	63%	7%	$495,928.00	$1,413.00
BX 10 - Throgs Neck/Co-op City	224	8%	27%	77%	6%	$427,337.00	$1,346.00
BK 04 - Bushwick	137	8%	21%	77%	10%	$778,845.00	$1,835.00
BK 03 - Bedford Stuyvesant	274	8%	48%	72%	12%	$1,167,753.00	$1,612.00
QN 03 - Jackson Heights	136	7%	7%	89%	6%	$555,912.00	$1,697.00
BK 09 - South Crown Heights/Lefferts Gardens	78	7%	55%	72%	9%	$923,032.00	$1,507.00
SI 03 - Tottenville/Great Kills	582	6%	1%	21%	4%	$610,362.00	$1,491.00

* populations other than white/non-Hispanic

Community District	Flips	Flip Rate	Black Population 2022	People of Color Population*	Foreclosure Filing Rate (per 1k) 2022	Median Home Value 2021	Median Gross Rent 2021
BX 08 - Riverdale/Fieldston	43	5%	15%	70%	5%	$343,533.00	$1,473.00
SI 02 - South Beach/Willowbrook	398	5%	4%	39%	4%	$591,746.00	$1,453.00
BK 08 - Crown Heights/Prospect Heights	88	5%	48%	70%	11%	$986,896.00	$1,566.00
QN 08 - Hillcrest/Fresh Meadows	142	5%	14%	71%	3%	$668,154.00	$1,629.00
BK 15 - Sheepshead Bay	168	5%	5%	39%	5%	$718,324.00	$1,512.00
QN 05 - Ridgewood/Maspeth	176	4%	3%	52%	2%	$734,460.00	$1,717.00
BK 13 - Coney Island	54	4%	13%	45%	7%	$548,900.00	$1,156.00
QN 11 - Bayside/Little Neck	167	4%	3%	64%	2%	$788,493.00	$2,076.00
QN 07 - Flushing/Whitestone	301	4%	2%	76%	1%	$712,185.00	$1,658.00
BK 14 - Flatbush/Midwood	75	4%	34%	63%	9%	$828,346.00	$1,552.00
QN 04 - Elmhurst/Corona	53	4%	6%	94%	2%	$597,132.00	$1,726.00
QN 06 - Rego Park/Forest Hills	64	3%	4%	57%	1%	$476,377.00	$1,864.00
BK 12 - Borough Park	104	3%	3%	37%	8%	$904,667.00	$1,568.00
BK 10 - Bay Ridge/Dyker Heights	78	3%	3%	48%	3%	$902,535.00	$1,629.00
MN 11 - East Harlem	15	3%	35%	86%	6%	$587,062.00	$1,051.00
MN 12 - Washington Heights/Inwood	9	3%	11%	81%	1%	$492,390.00	$1,466.00
BK 07 - Sunset Park	59	3%	4%	72%	3%	$945,634.00	$1,765.00
BK 11 - Bensonhurst	81	3%	1%	61%	2%	$911,453.00	$1,566.00
BK 06 - Park Slope/Carroll Gardens	88	3%	11%	38%	3%	$1,503,624.00	$2,389.00
QN 01 - Astoria	66	3%	8%	53%	2%	$778,761.00	$1,838.00
MN 02 - Greenwich Village/Soho	62	2%	3%	29%	1%	$1,340,703.00	$2,473.00
MN 08 - Upper East Side	96	2%	3%	26%	1%	$1,342,003.00	$2,454.00
MN 05 - Midtown	76	2%	7%	43%	2%	$1,248,773.00	$2,728.00
BK 01 - Greenpoint/Williamsburg	99	2%	8%	41%	4%	$1,070,022.00	$2,032.00
MN 01 - Financial District	90	2%	5%	38%	1%	$1,553,240.00	$3,500.00
MN 06 - Stuyvesant Town/Turtle Bay	69	2%	4%	34%	2%	$912,690.00	$2,668.00
QN 02 - Woodside/Sunnyside	70	2%	3%	71%	2%	$662,505.00	$1,858.00
MN 04 - Clinton/Chelsea	69	2%	6%	44%	1%	$830,990.00	$2,164.00
BK 02 - Fort Greene/Brooklyn Heights	78	2%	20%	51%	2%	$955,670.00	$2,481.00
MN 07 - Upper West Side	76	2%	7%	37%	1%	$1,315,162.00	$2,198.00
MN 03 - Lower East Side/Chinatown	26	1%	9%	66%	0%	$739,668.00	$1,187.00
MN 10 - Central Harlem	20	1%	55%	85%	3%	$846,263.00	$1,257.00
MN 09 - Morningside Heights/Hamilton	5	1%	25%	74%	1%	$686,050.00	$1,518.00

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1. Kevin Schaul and Jonathan O'Connell, "How the Housing Market Was Rocked by Investors," *The Washington Post*, February 16, 2022, https://www.washingtonpost.com/business/interactive/2022/housing-market-investors/.

2. Christopher Maloney, Adam Tempkin, and Shahien Nasiripour, "House-Flipping Lenders Are Throwing Cash at a Red-Hot U.S. Market," *Bloomberg*, March 19, 2021, https://www.bloomberg.com/news/articles/2021-03-19/house-flipping-is-suddenly-a-hot-market-for-america-s-lenders.

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3. Elyzabeth Gaumer, "Selected Initial Findings of the 2023 New York City Housing and Vacancy Survey," The New York City Department of Housing Preservation and Development, 2024, p. 4, https://www.nyc.gov/assets/hpd/downloads/pdfs/about/2023-nychvs-selected-initial-findings.pdf.

4. Elyzabeth Gaumer, "Selected Initial Findings of the 2023 New York City Housing and Vacancy Survey," The New York City Department of Housing Preservation and Development, 2024, p. 17, 21, https://www.nyc.gov/assets/hpd/downloads/pdfs/about/2023-nychvs-selected-initial-findings.pdf.

5. Office of the New York State Attorney General, "Racial Disparities in Homeownership," October 31, 2023, https://ag.ny.gov/sites/default/files/reports/oag-report-racial-disparities-in-homeownership.pdf.

6. This includes 1-3 unit residential buildings (or "small homes") and individual co-op and condo apartments.

7. According to our analysis, from 2019-2023, the rate of house flipping was consistently highest in the Bronx, where between 7.4% and 19.2% of all homes sold each year were flipped. Home flipping was second most prevalent in Queens, with flip rates between 6.4% and 13.1% each year. By comparison, during 2019-2023, property flipping never represented more than 2.7% of all sales of small homes, co-ops, or condos in Manhattan.

8. All populations other than non-Hispanic white.

9. Christopher Maloney, Adam Tempkin, and Shahien Nasiripour, "House-Flipping Lenders Are Throwing Cash at a Red-Hot U.S. Market," *Bloomberg*, March 19, 2021, https://www.bloomberg.com/news/articles/2021-03-19/house-flipping-is-suddenly-a-hot-market-for-america-s-lenders.

10. Many New York City homeowners are cost-burdened, with 44% of mortgaged homeowners and 25% of homeowners without a mortgage spending more than 30% of their income on housing costs in 2022.

    Jason Bram, Jonathan Siegel, Celeste Hornbach, Stephen Corson and Astha Dutta, "Spotlight: New York City's Homeowner Housing Market, 2022," Office of the New York City Comptroller, March 12, 2024, https://comptroller.nyc.gov/reports/spotlight-new-york-citys-homeowner-housing-market/#:~:text=The%20homeownership%20rate%20in%20New,and%20Hispanic%20(18%25)%20householders.

11. Allison Dikanovic, "Harried East New York Homeowners Seek Ban on House Flippers," *The City*, April 6, 2020, https://www.thecity.nyc/2020/03/02/harried-east-new-york-homeowners-seek-ban-on-house-flippers/.

    Stefanos Chen, "The Resilience of New York's Black Homeowners," *The New York Times*, Augus 17, 2021, https://www.nytimes.com/2021/08/17/realestate/new-york-black-homeowners.html.

12. George Joseph and Samantha Maldonado, "Little Oversight, Deals Signed in the Dark: How Speculators Cash In When NYC Homeowners Die Without Wills," *The City*, July 26, 2023, https://www.thecity.nyc/2023/07/26/speculators-oversight-deeds-policy-solutions/.

    Samantha Maldonado, "The Deed Finders," *The City*, https://www.thecity.nyc/category/in-depth/the-deed-finders/.

13. David Brand, "House Flippers Continue to Target East New York. Residents Blame the 2016 Rezoning," *City Limits*, January 3, 2022, https://citylimits.org/2022/01/03/house-flippers-continue-to-target-east-new-york-residents-blame-the-2016-rezoning/.

    HomeownerHelpNY, "Homeowner Scams Overview," https://homeownerhelpny.org/scams-explained.

14. While definitions and measures of gentrification and its impacts remain debated by researchers, commonly used methods include looking at changes in neighborhood population (e.g. median household income, race, and population with college degrees) and signs of increased capital (e.g. median rent, median home value) over time and in comparison to citywide. Commonly, an area can be identified as experiencing gentrification if it had lower incomes, lower housing costs, and fewer people from dominant racial and ethnic groups than citywide and is seeing those increase. In this report, we look at median rents, median home values, median incomes, and white populations together as indicators of gentrification.

    Serena Smith, Owais Gilani, Vanessa Massaro, Caroline McGann, Gavin Moore and Michael Kane, "Mapping Gentrification: A Methodology for Measuring Neighborhood Change," *Cityscape* 26(1), 2024, https://www.huduser.gov/portal/periodicals/cityscape/vol26num1/ch20.pdf.

    Mychal Cohen and Kathryn L.S. Pettit, "Guide to measuring neighborhood change to understand and prevent displacement," Urban Institute, April 2019, https://www.urban.org/sites/default/files/publication/100135/guide_to_measuring_neighborhood_change_to_understand_and_prevent_displacement.pdf.

15. Among the five Community Districts with the highest median increase

in price per square foot on flipped properties, all show at least one indicator of gentrification, and the top four districts demonstrate all indicators of gentrification analyzed here:

- All top five districts saw the number of white residents grow from 2012 to 2021, even as white population rates declined citywide. Four Community Districts saw increases of more than 60% (and as high as 255%) in their white non-Hispanic populations from 2012-2021. One district (Brooklyn CB 7 - Sunset Park/Windsor Terrace) saw a nominal increase of 842 white residents (2.4%). (We note that a high margin of error is reported for this data for CB 7 and CB 16.)

- All top five districts saw increases in median rents from 2012 to 2021. The top 4 districts saw median rents increase at rates higher than citywide (adjusted for inflation). In Brooklyn Community District 3 (Bedford Stuyvesant), for instance, median rent increased by $432, more than double the citywide increase of $203. Among these districts, only Brooklyn CB 16 (Ocean Hill/ Brownsville) saw rents increase more slowly than citywide (note: a high margin of error is reported for this data for this district).

- All saw increases in median household income and the percentage of the population with a college degree or higher from 2012-2021. The top four Community Districts saw median household incomes increase by rates higher than citywide. For example, Brooklyn Community District 7 (Sunset Park/Windsor Terrace), home to the highest median increase in price per square foot for flipped properties, saw median household income increase by $16,334, 179% higher than the $9,121 increase in the citywide median household income (all figures adjusted for inflation). In Brooklyn Community District 4 (Bushwick), median household income increased by $20,993, more than double the change citywide. Citywide, the population of people with a college degree or higher increased by 30% from 2012-2021; all top 5 districts saw this population increase at a higher rate than citywide.

These findings are the result of our internal analysis of Census Data accessed via the NYC Department of City Planning's Equitable Development Data Explorer: https://equitableexplorer.planning.nyc.gov/map/data/district

16. Median income for a three-person household in NYC was $107,500 in 2021. Assuming a 30-year fixed-rate mortgage at 2.65% (from Freddie Mac Primary Mortgage Market Survey for Jan 7, 2021) with a 5% down-payment, this household could potentially afford a home of up to $655,232. In practice, many factors affect a household's ability to get a loan at a reasonable interest rate, and many lenders or sellers may require a larger down payment. For the purposes of this analysis, however, we make the above assumptions.

17. This trend has held consistent: in 2020, 69% of flippers' purchases would have been affordable to a median earner versus 36% of flippers' sales, and in 2019, 63% of flippers' purchases but 23% of flippers' sales would have been affordable.

18. Some properties even get flipped repeatedly; 7% of homes flipped in 2019-2023 were flipped more than once during that five-year time period.

19. Methodology Note: We do not consider who owned the property at the time of the eviction; for flipped properties, an eviction could have been carried out by a homeowner who later sold to a flipper, by a flipper while they owned the home, or by a homeowner who purchased the property from a flipper. We do not analyze the temporal relationship between flip transactions and evictions (other than limiting the data to the same five-year window). This data could include a tenant who was evicted by a long-time homeowner years before they were approached by a property flipper, or someone who was evicted by a flipper in order to renovate or sell the home, or by a new owner evicting an existing or new tenant, or any of many other scenarios.

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    Elora L. Raymond, Richard Duckworth, Benjamin Miller, Michael Lucas and Shiraj Pokharel, "From Foreclosure to Eviction: Housing Insecurity in Corporate-Owned Single-Family Rentals," *Cityscape* 20(3), 159–88, 2018, https://www.jstor.org/stable/26524878

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23. Lizzie Lee and Lucy Block, "How is Affordable Housing Threatened in Your Neighborhood?" Association for Neighborhood and Housing Development, May 15, 2023, https://anhd.org/report/how-affordable-housing-threatened-your-neighborhood-2023.

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    Matthew Hall, Kyle Crowder and Amy Spring, "Neighborhood Foreclosures, Racial/Ethnic Transitions, and Residential Segregation," *American Sociological Review* 80(3), 526-549, June 2015, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4479290/#:~:text=The%20table%20shows%20substantial%20variation,and%206.2%20percent%2C%20respectively.

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24. William Spisak, "Investor Invasion," Chhaya Community Development Corporation, July 2019, https://chhayacdc.org/wp-content/uploads/2019/11/Chhaya_Investor-Invasion_July2019-4.pdf.

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26. The purchase of the home in September 1999 was made before the existence of ACRIS; today, the database contains mortgage value, but no record of the sale amount. The mortgage was $180,000 in 1999 dollars. Assuming a 20% downpayment, and adjusting for inflation, the estimated purchase in Dec 2023 dollars was $411,065.

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28. These are the bill numbers assigned in the 2023-2024 legislative term, which may change when the bill is re-introduced in a future session.

29. In Hong Kong, for instance, researchers found "bunching" of sales after the three-year taxation period.

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44. LLCs can sometimes be linked by shared business addresses, through meticulous research, but it is extremely difficult to identify associations among LLCs.

45. Eddie Small, "Hochul signs weakened LLC unmasking bill, removing public access," Crain's New York Business, December 23, 2023, https://www.crainsnewyork.com/politics-policy/kathy-hochul-signs-weakens-llc-transparency-bill-removing-public-access.

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46. Unless covered by another affordable housing program.

47. Good Cause protections, which increase tenants' rights against eviction including as a result of unreasonable rent hikes, apply in non-owner occupied buildings with 11 or more units and in buildings whose owners own 10 or more units across their portfolios (with additional exemptions depending on year built and current rent, among others). Tenants in 1-3 unit homes in New York City may be covered by Good Cause if the landlord owns a total of 10 or more housing units, and if their rents are below 245% of Fair Market Rent. Identifying portfolio size is notoriously difficult, however, and will be tested in implementation of the new Good Cause law. Improvements to the LLC Transparency Law would help address the challenge of identifying owners' portfolios.

    Tenants in co-ops and condos are excluded from Good Cause protections.

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FLIPPING OUT

How Home Flipping Reduces Affordability in NYC Neighborhoods of Color

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