

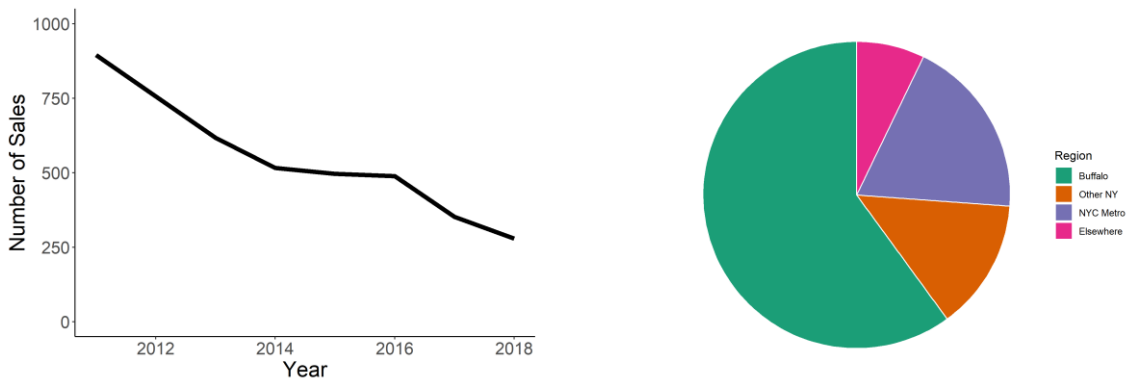
Analysis of City of Buffalo In-Rem Auction Sales Data (2011-2018)

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2021-05-01

On behalf of the Partnership for the Public Good Buffalo and the Buffalo Information Sharing Collective

Properties in Buffalo who are subject to tax foreclosure are sold off in annual Tax Foreclosure Auctions (i.e., In-Rem Auctions), where interested parties can purchase the lots at what is often a low price. This report lays out some of the basic details about the in-rem tax auctions from 2011 to 2018, focusing in particular on properties with residential uses (single-family, multi-family, and mixed-use). Note that we queried the mailing addresses of the purchasers; some buyers may live elsewhere but used local PO Boxes, UPS Store locations, or other mailing addresses. The dataset from 2012 is not available due to data limitations.

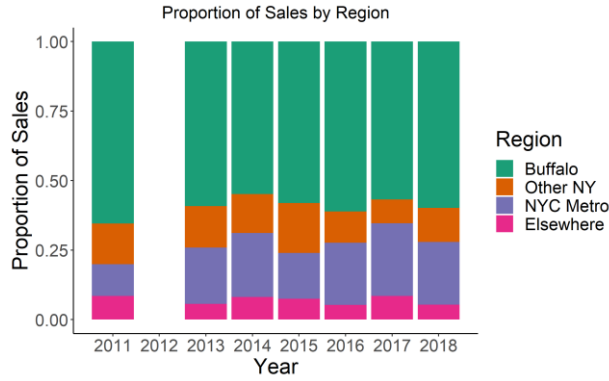
Basic Statistics



The number of residential properties sold in in-rem auctions decreased from 2011 to 2018. Peaking at 965 in 2011, the number of tax foreclosed residential properties sold at auction dropped to 279 by 2018. Most properties (58.9%) have been sold to individuals with a Buffalo mailing address. Of the remainder, 18.6% have been sold to individuals with a mailing address in the portions of the Metropolitan Statistical Area (MSA) including New York City within New York State (i.e., New York City and Westchester, Putnam, Rockland, Suffolk, and Nassau Counties), 15.4% have been sold to individuals elsewhere in New York State (mostly here in Erie County), and 7.0% have been sold to individuals outside of New York State (including some in Canada). As seen in the graph below, although the proportion of sales by Buffalo buyers has stayed relatively constant, buyers from NYC have come to make up a larger proportion of non-Buffalo buyers, increasing from 11% in 2011 to 23% in 2018.

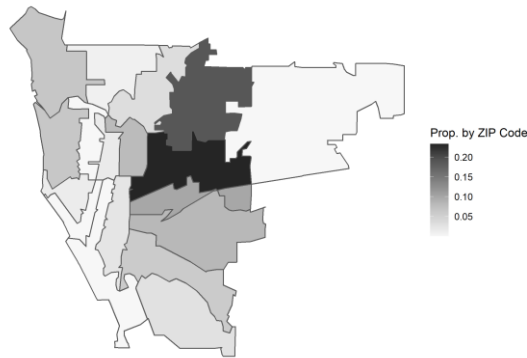
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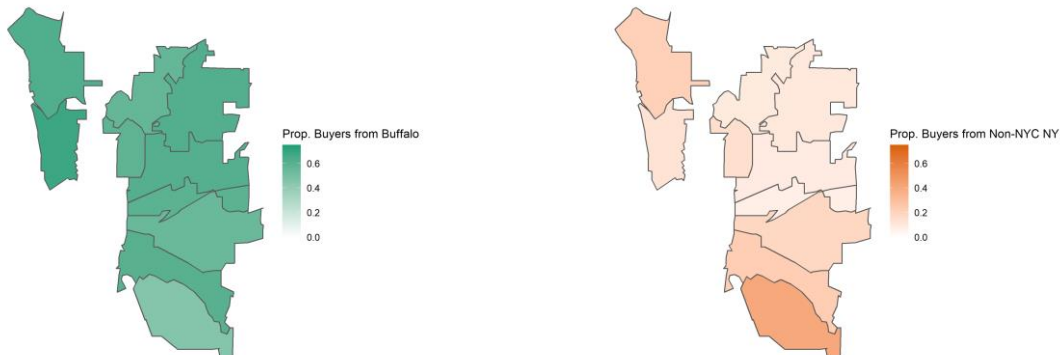


Sales by ZIP Code

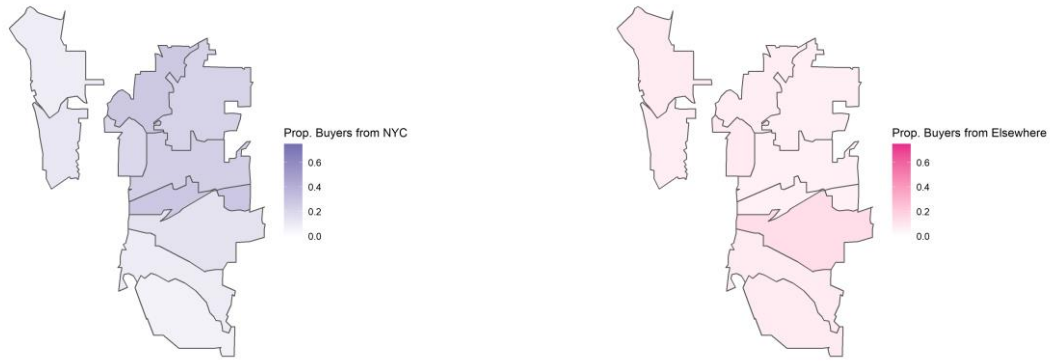
The map below shows the relative preponderance of In-Rem Auction properties by ZIP Code. Note that the map overlaps into suburban areas as there were some properties with ZIP codes that only barely dip into the City of Buffalo (e.g., 14218, 14225). Although the East Side and West Side had the largest proportion of in-rem properties, every ZIP code in Buffalo had at least one property that was subject to residential foreclosure, and 10 had at least 100. These proportions stayed relatively constant across the years studied.



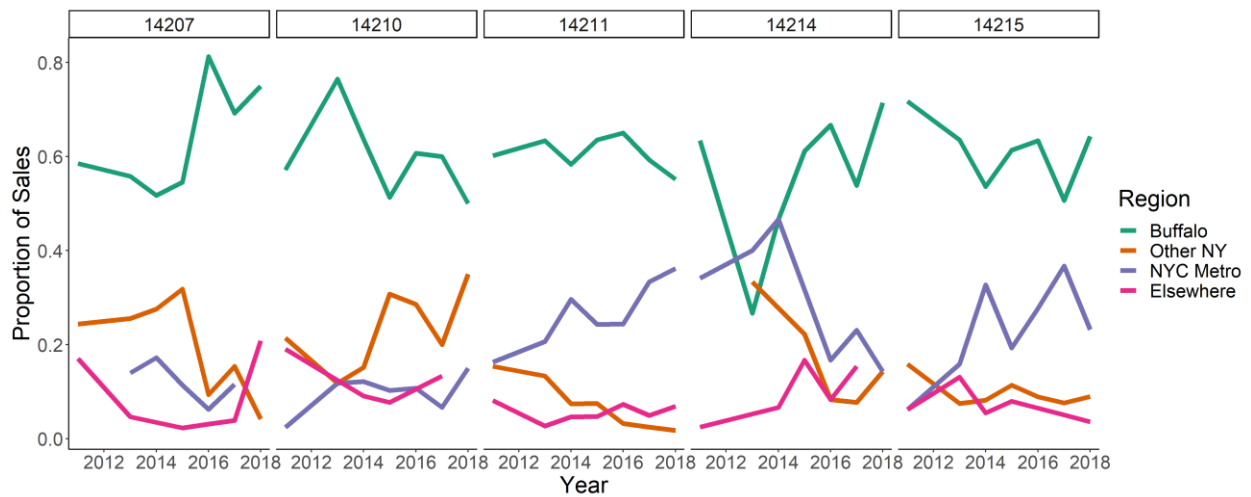
The proportion of buyers from each region changed considerably between the ZIP codes. Buyers from Buffalo were most common on the West Side. Buyers from New York City were more common on the East Side, as well as near the University at Buffalo's South Campus. Meanwhile, buyers from elsewhere in New York (again, generally in Erie County) were most attracted to South Buffalo and Riverside/Black Rock.



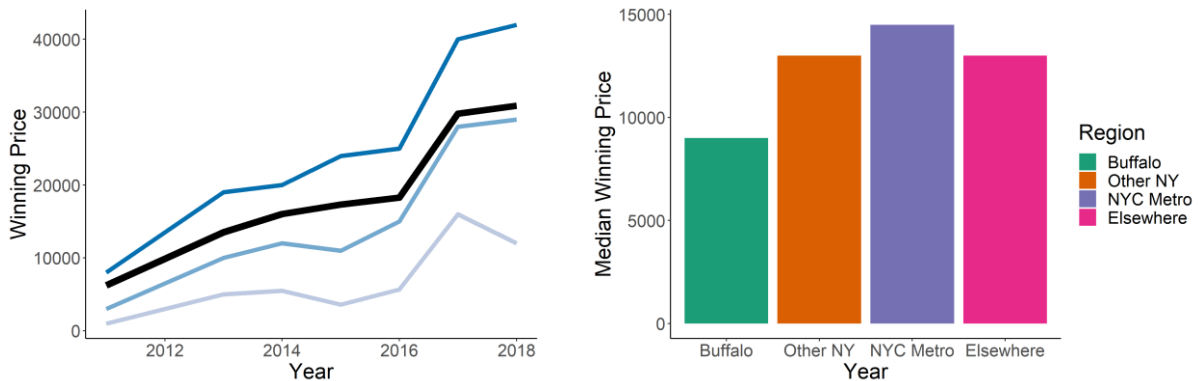
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For most ZIP codes, these proportions stayed constant across years. However, for a few, there were significant changes across the years. For instance, the 14207 and 14214 ZIP codes saw large increases in the proportion of buyers coming from within Buffalo, replacing buyers from elsewhere in New York (14207) and New York City (14214). However, for the 14210, 14211, and 14215 ZIP codes, the opposite pattern was true; buyers from elsewhere in New York (14210) and New York City (14211, 14215) seemed to bring the proportion of buyers from Buffalo down.



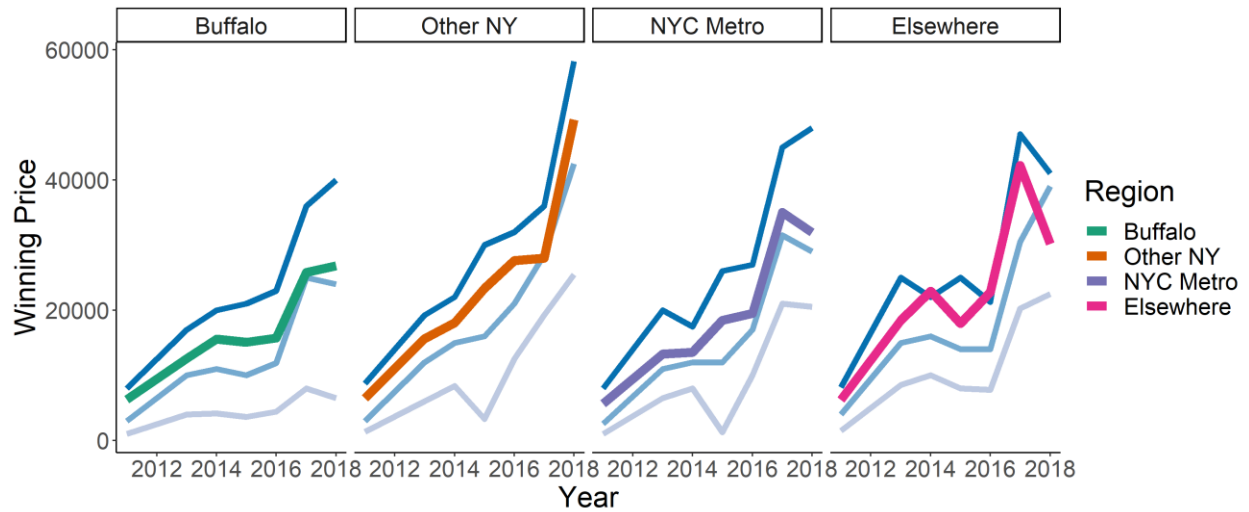
Sales Prices



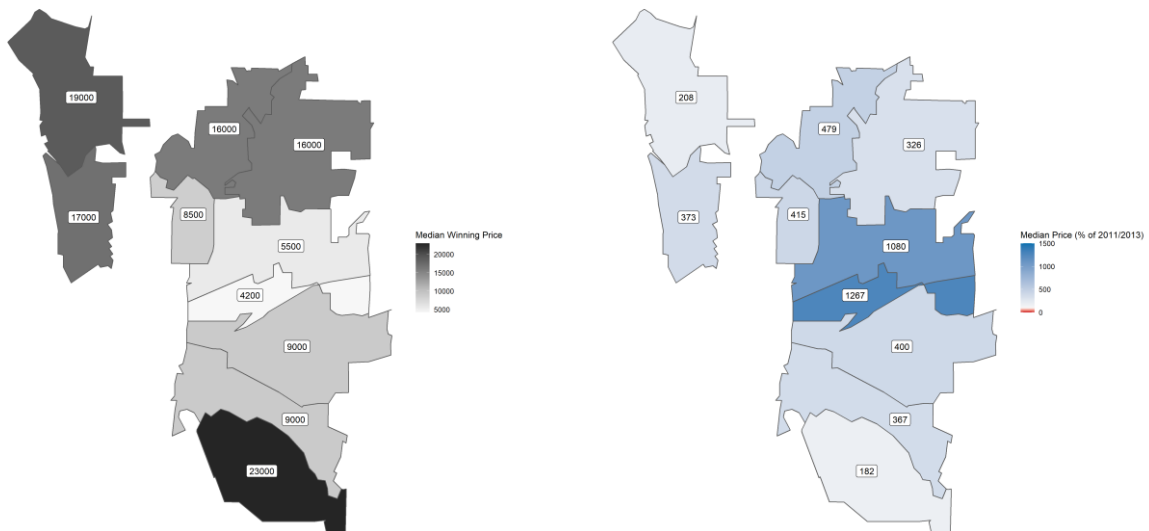
On average, sales prices have increased over time in the in-rem auctions. The graph above shows the average price over time (the thick black line) and the 25th percentile price

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(lightest blue line), the median price (moderate blue line), and 75th percentile price (darkest blue line). From the graph, it is clear that prices have increased over time, with a particularly large jump in 2017. This has been true at the lowest and highest ends of this market. In general, the median winning price has been higher for lots won by people with mailing addresses outside of Buffalo, rising from \$9000 for Buffalo mailing addresses to \$14500 to mailing addresses in the NYC metro.



Although prices are increasing for every type of buyer, they appear to be increasing most quickly for buyers outside of Buffalo. The graph above shows average winning bids for each region (the thicker lines, colored according to the region) and 25th/50th/75th percentile levels for each region considered independently. It is clear that prices are increasing most quickly at the lower and middle segments of the market for buyers outside of Buffalo.



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Sales prices can vary widely by ZIP code. For ZIP codes with a reasonable number (>100) of sales over the years, sale prices ranged from a median sale price of \$4200 in 14212 to \$23000 in 14220. The increases in sale prices have been unevenly distributed. Prices in 14220 and 14207 have only about doubled from 2011/2013 to 2017/2018, but they have increased more than ten times in ZIP codes 14211 and 14212.

Owner Occupation

One topic of particular interest, especially given increased attention to this idea in the Buffalo Common Council, is the extent to which properties purchased in the in-rem auction are purchased by people intending to occupy the property. To study this question, I used tax rolls from 2017 to assess that properties sold in in-rem auctions are owner-occupied before or after the auction in which they are transacted. A property was considered to be “owner-occupied” if the mailing address of the person paying property tax matched the property in question, which may overestimate the proportion of owner-occupiers (as some landlords may accept mail at secondary addresses or have set up mail forwarding).

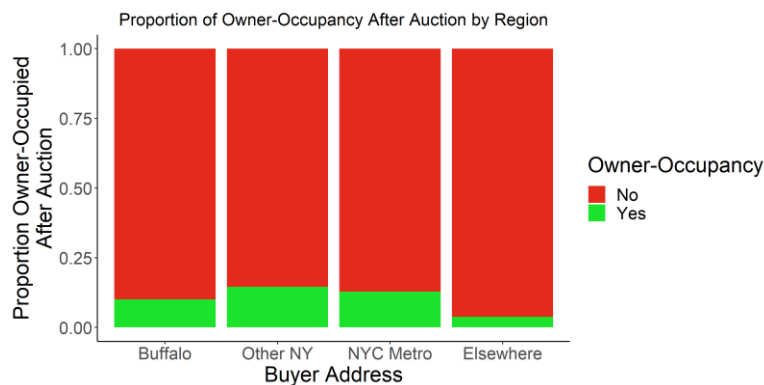


Before assessing the extent to which buyers are occupying the houses they’re buying at in-rem auctions, it seems helpful to get a baseline for how often those properties are owner-occupied before the auction. To do this, I examined the extent to which properties sold in the 2018 auction were owner-occupied in 2017, using the criteria outlined above for owner-occupancy. In total, **47.3%** of lots auctioned off as a part of the 2018 in-rem auction appeared to be owner-occupied in 2017. These rates differed substantially by ZIP code. Ignoring the 14220 ZIP code (which only had three properties auctioned in 2018), the highest rate of owner-occupancy for in-rem lots was 14212, with 61% of lots being owner-occupied. This compares to 30% for 14210. Still, it is clear that, in many cases, the owners of properties being seized at the in-rem auction are living on site about a year before the auction itself.

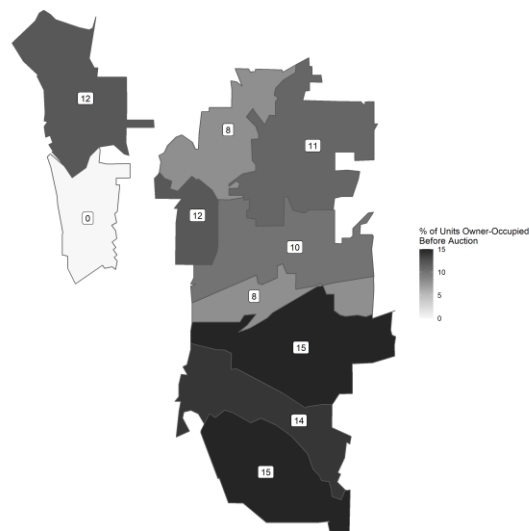
What is the comparable rate post-auction? Examining the extent to which units sold in the 2016 in-rem auction were owner-occupied in 2017 shows a substantial drop to just **10.9%** of owner-occupied units. Just because the units were owner-occupied in 2017 does not mean that the people who purchased them in 2016 moved in and started occupying the unit. They may

have made renovations and sold them to owner-occupiers the following year. 10.9% is likely an **overestimate** of owner-occupancy after the in-rem auction. The likelihood of owner-occupancy in buildings sold at in-rem auctions is reduced to between a quarter and a fifth after the auction.

What aspects of the lots being sold make it more likely for units to be owner-occupied after an in-rem action? Differences between regions of origin between buyers do not have a strong influence on whether the units are owner-occupied, with one exception. Purchases by buyers with Buffalo (10.1%), NYC metro (12.8%) or other New York (14.5%) mailing addresses are roughly equally likely to lead to an owner-occupied residence the year after a purchase. (To reiterate: these analyses do not necessarily indicate the people buying the properties in 2016 are the same as the people paying property taxes and having a mailing address there in 2017.) However, buyers with mailing addresses elsewhere in the country or in Canada were much less likely to be associated with a future owner-occupied property (3.9%).



Due in part to the low rates of owner-occupancy after auction in the first place, these rates did not differ strongly between ZIP codes. The ZIP codes with the highest levels of owner-occupancy tend to be in or close to South Buffalo, with 14210, 14206, and 14220 tending to have the highest levels (around 15%). The ZIP code with the lowest level of owner-occupancy after the in-rem auction was, by far, 14213. Not a single one of its 27 sold properties was owner-occupied the year after the 2016 auction.



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Units that end up being owner-occupied tend to be sold for more money than those that are not. Both average (\$23.2k vs. \$17.7k) and median (\$18k vs. \$14k) prices were higher for units that ended up being owner-occupied in 2018 after being sold at auction in 2017.