



Affordable Housing in New York City

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Highlights

- In 2009, two-thirds of all households in New York City lived in rental housing.
- Among those living in rental housing in 2008, 64 percent lived in regulated housing (e.g., rent-stabilized, rent-controlled, Mitchell-Lama, or public housing).
- The number of rent-regulated apartments declined by a net of 10,052 units in 2009, as more apartments reached the \$2,000 monthly rent threshold required for deregulation.
- Demand for rental housing in New York City is high. The citywide vacancy rate remained below 4 percent in 2009, which puts upward pressure on rents.
- Rental affordability declined during the recession. Household incomes stagnated, and while the inflation-adjusted median rent fell in 2008, it rose sharply in 2009.
- The New York City Rent Guidelines Board authorized rent increases of 4 percent (or 4.5 percent if heat is provided at no charge to the tenant) for one-year lease renewals during the October 2008-September 2009 period.
- Median rent (adjusted for inflation, and excluding utilities) for regulated and unregulated rental units rose by 7.2 percent in 2009, to \$980 per month. Including utilities, median rent rose by 4.4 percent, to \$1,080.
- In 2009, 43.5 percent of New York City rental households devoted more than 30 percent of their incomes toward rent (excluding utilities), while nearly 24 percent of households paid more than 50 percent of their incomes to rent.
- When the cost of utilities was included, rental costs exceeded 30 percent of income for nearly half of renters, and exceeded 50 percent of income for more than one-quarter of renters.
- The Rent Guidelines Board authorized cumulative rent increases of about 5 percent for one-year lease renewals in the past two years. The board has proposed a rent increase of between 3 percent and 5.75 percent for renewals during the October 2011-September 2012 period, plus a 1 percent fuel surcharge when utilities are provided.

New York City has a serious lack of affordable housing. The New York State Comptroller issued a report on affordable housing in April 2009 that utilized data from the 2008 New York City Housing and Vacancy Survey (HVS), which is issued every three years. (The results from the next survey will not be available until 2012.)

Our 2009 report found that the number of apartments with monthly rents lower than \$1,000 was declining; median rents were rising; and a growing share of renters was devoting more than 30 percent of their incomes toward rent, which is considered the level at which rent becomes burdensome.

The report also found that although the total number of rental apartments in New York City grew slightly between 2002 and 2008, the percentage of regulated apartments declined. In 1991, regulated apartments accounted for 74 percent of all rental units in New York City, compared with 64 percent in 2008.

While we await the results of the next HVS, other data released since our 2009 report indicate a continued loss of regulated apartments and a further slip in affordability in New York City housing.

Regulated Apartments

According to a 2010 report by the New York City Rent Guidelines Board, the City had a net loss of 10,052 rent-stabilized units in 2009. This loss was considerably larger than the net loss of 8,267 units in 2008. In 2009, 13,557 units were deregulated due to “vacancy decontrol,” which allows a unit to be permanently removed from rent regulations when the rent rises to \$2,000 or more per month and the unit becomes vacant. Units can also be deregulated when household income exceeds \$175,000 for two consecutive years.

Household Income and Rent

The U.S. Census Bureau recently released the results of the American Community Survey for 2009 (ACS), which found that median rent (after being adjusted for inflation, and excluding utilities) in New York City rose by 7.2 percent in 2009, to \$980 per month. Median rent fell by 2.7 percent in 2008.

In 2009, median rent rose in every borough except the Bronx. Median rents ranged from \$800 per month in the Bronx to \$1,200 in Manhattan. Median rents in Queens and Manhattan grew faster than the citywide rate (by 9.5 percent and 8.6 percent, respectively).

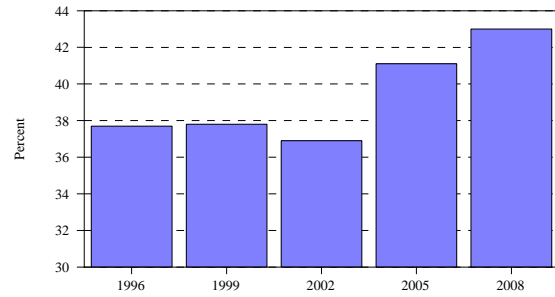
According to the ACS, New York City's median household income (before taxes and after being adjusted for inflation), which had risen sharply in 2007, showed no growth in 2008 and fell slightly in 2009 as households faced job losses and as take-home pay was reduced. While the median household income rose in Queens and Manhattan in 2008 and 2009, it declined in the other boroughs.

Affordability

Housing is generally considered affordable when it consumes 30 percent or less of household income. In the State Comptroller's April 2009 report, data from the HVS indicated that the percentage of rental households that paid more than 30 percent of their incomes toward rent (including government subsidies but excluding utilities) rose from 37 percent in 2002 to 43 percent in 2008 (see Figure 1).

While the ratios generated by the ACS (which exclude government subsidies) are not comparable to those generated from the HVS data, they yield a similar trend. In 2009, 43.5 percent of City renters devoted more than 30 percent of their incomes to rent—nearly one percentage point higher than in the 2008 ACS and 5.5 percentage points higher than in the 2000 U.S. Census. When utilities are included, the share of households that devoted more than 30 percent of their incomes to housing costs in 2009 rose to almost half.

Figure 1
Share of NYC Households That Devote More Than 30 Percent of Their Incomes to Rent

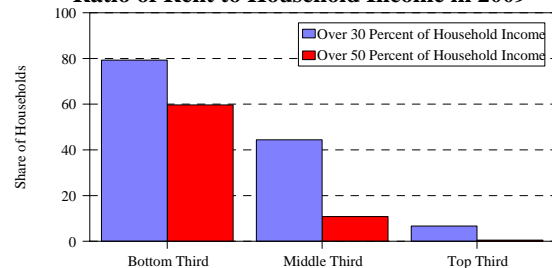


Note: Includes the benefit of government rent subsidies.
Sources: U.S. Census Bureau, NYC Housing and Vacancy Survey; OSDC analysis

The same study found that in 2009 nearly 24 percent of the renters in New York City paid more than 50 percent of their household incomes to rent—the level at which rent constitutes a severe burden. This was an increase of one percentage point from the share in 2008. When utilities are included, the share of renters facing a severe housing cost burden rose to 27.1 percent in 2009.

Not surprisingly, the rent burden is highest for lower-income residents (see Figure 2). Among households in the bottom third of the income distribution for renters (i.e., incomes less than \$24,200 in 2009), nearly 80 percent pay more than 30 percent of their incomes to rent, and nearly 60 percent pay more than 50 percent of their incomes. Rent burdens extend into the middle of the income distribution, with 44 percent of households in this segment paying more than 30 percent of their incomes to rent.

Figure 2
Share of Households With Rent Burdens
Ratio of Rent to Household Income in 2009



Note: Bottom Third includes households with incomes of less than \$24,200; Middle Third includes households with incomes between \$24,200 and \$60,600; Upper Third includes households with incomes in excess of \$60,600.
Sources: U.S. Census Bureau; OSC analysis