

The Rent Guidelines Board 2000 Income & Affordability Study

April 25, 2000

BOARD MEMBERS

Chairman

Edward S. Hochman

Public Members

Bartholomew D. Carmody

Justin K. Macedonia

Agustin Rivera

Edward A. Weinstein

Owner Members

Vincent S. Castellano

Harold A. Lubell

Tenant Members

Jeffrey R. Coleman

David D. Pagan

STAFF

Executive Director

Anita Visser

Research Associates

Andrew McLaughlin

Karen Destorel Brown

Brian Hoberman

Public Information

Cecille Latty

Office Manager

Leon Klein

NYC RENT GUIDELINES BOARD

51 CHAMBERS ST., SUITE 202 • NEW YORK, NY 10007

(212) 385-2934 • FAX: (212) 385-2554

EMAIL: QUESTIONS@HOUSINGNYC.COM

WEB ADDRESS: WWW.HOUSINGNYC.COM

The Rent Guidelines Board 2000 Income & Affordability Study

April 25, 2000

Introduction

Section 26-510(b) of the Rent Stabilization Law requires the Rent Guidelines Board to consider "relevant data from the current and projected cost of living indices" and permits consideration of other measures of housing affordability in its deliberations. To assist the Board in meeting this obligation, RGB research staff produces an annual Income & Affordability Study, which reports on housing costs and tenant income in New York City's rental market. The study highlights year-to-year changes in many of the major economic factors affecting New York City's tenant population and takes into consideration a broad range of market forces and public policies affecting housing affordability. Such factors include New York City's overall economic condition—unemployment rate, wages, consumer price index and gross city product—as well as the level of eviction proceedings and the impact of welfare reform and federal housing policies on rents and incomes.

This year's study benefits from newly released data compiled by the Census Bureau in its 1999 New York City Housing and Vacancy Survey (HVS), the eleventh such survey since 1965. To complete the 1999 survey, the Census Bureau interviewed approximately 18,000 renter and owner households requesting detailed information about the interviewee's family members and dwelling unit. Of particular importance to the Income and Affordability Study is HVS data regarding household income and rental payments which allows us to estimate housing affordability.

Summary

New York City's economy over the past year continued to mirror the strong performance of the nation. The City's improving economy is best exemplified by the growth in the Gross City Product (GCP), which increased by 5.3% in 1999, the highest recorded growth in the decade. The City also saw an increase in the number of jobs by 93,000, including 82,700 in the private sector, and a significant decrease in the unemployment rate. Inflation remained moderate last year, increasing by only 2.0%. However, while many sectors of the NYC economy have benefited, other sectors have not, including apartment-hunters and households at the low end of the wage scale.

Data from the recently released 1999 Housing and Vacancy Survey reflects the duality often found in NYC's economic indicators. While inflation-adjusted New York City renter income increased slightly from 1995 to 1998 (by 1.7%), real stabilized tenant income actually declined over the same period to \$27,000 (-0.5%). Overall housing affordability for stabilized tenants in 1999 showed slight improvement from 1996, with the contract rent-to-income ratio remaining under the 30% affordability level for the median household. However, the percentage

WHAT'S NEW

- ✓ New York City's renters earned \$26,000 in 1998, 1.7% more than in 1995, adjusting for inflation. However, rent-stabilized tenants earned \$27,000, an inflation-adjusted decrease of 1/2 of 1% since 1995.
- ✓ Tenants in rent-stabilized apartments built after 1946 earned a median income of \$30,400 in 1998, an inflation-adjusted 6.9% lower than their incomes in 1995. Pre-1947 occupants, on the other hand, after inflation, saw their income remain virtually unchanged, at \$25,600 in 1998.
- ✓ The median contract rent for all renter-occupied apartments rose from \$600 to \$648, an 8% increase. Stabilized rents rose similarly, from \$600 to \$650.
- ✓ Renters are paying a slightly smaller portion of their household income towards rent. The median contract rent-to-income ratio for all NYC renters fell from 27.7% to 27.2%, while respective figures for stabilized renters fell from 27.6% to 27.4%.
- ✓ New York City's economy grew by 5.3% last year.
- ✓ Employment increased by 93,000 jobs last year, including 82,700 private sector jobs.
- ✓ The unemployment rate fell to 6.7% last year, down from 8.0% in 1998. However, it remains substantially higher than the U.S. unemployment rate of 4.2%.
- ✓ Inflation averaged 2.0% in the metro area last year, up from last year's 1.6%.
- ✓ Average real wages for all N.Y.C. workers increased 4.4% in 1998.

of stabilized households paying 50% or more of their income on contract rent in 1996 (26.9%) was virtually the same three years later (26.8%).

The 1999 citywide vacancy rate of 3.19%, the lowest found since 1987, indicates that while owners are experiencing fewer vacancies, fewer apartments are available for tenants. Furthermore, the vacancy rate for stabilized apartments was even lower at 2.46% in 1999. The lack of housing availability in NYC is exacerbated by both increasing population and limited housing growth. The effects of low housing availability and income growth combine to hamper affordability for many stabilized households in NYC.

Economic Conditions

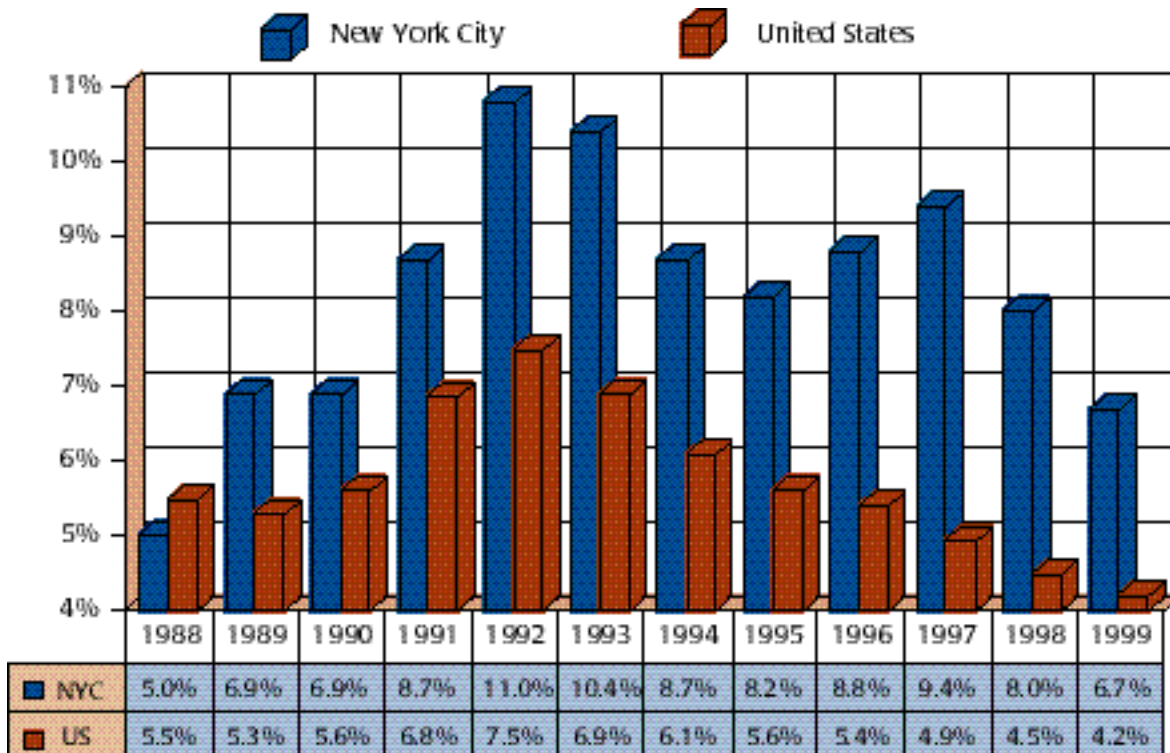
The City's economic health has, for the most part, continued to improve over the last year. New York City's Gross City Product (GCP), which measures the

total value of goods and services produced, grew by 5.3% in 1999, a significantly higher increase than that found in recent years. Over the previous three years, the GCP grew on average by just 3.9% per year. Moreover, the N.Y.C. GCP increase in 1999 outpaced the 4.2% increase in the U.S.GDP.¹

The consumer price index (CPI), which measures the change in cost of typical household goods, increased at a slightly higher rate in 1999 than in 1998 in the N.Y.C. metropolitan area, but at a lower rate than in the entire nation. The CPI increase of 2.0% in the metro area in 1999, versus 1.6% in 1998, was lower than the 2.2% increase in 1999 nationwide.

The employment situation has significantly improved over the last year. The N.Y.C. unemployment rate fell from 8.0% in 1998 to 6.7% in 1999. While still much higher than the U.S. unemployment rate, which was 4.2% in 1999, the

New York City Unemployment Declines to Lowest Rate Since 1988
(Unemployment Rates, 1988-1999)



Source: U.S. Bureau of Labor Statistics.

discrepancy between the two narrowed to the smallest difference since 1991. (See Appendix A)

The unemployment rate varies somewhat between each of the boroughs. In 1999, the lowest rate was found in Manhattan, at 5.7% in 1999, and the highest in the Bronx, at 8.1%. All boroughs saw a drop in the unemployment rate from 1998. It declined the most in the Bronx, where it fell from 10.0% to 8.1%. Meanwhile, in Brooklyn, it fell from 9.4% to 7.8%; in Queens, from 7.0% to 5.9%; in Staten Island, from 6.9% to 5.8%; and in Manhattan, from 6.8% to 5.7%.

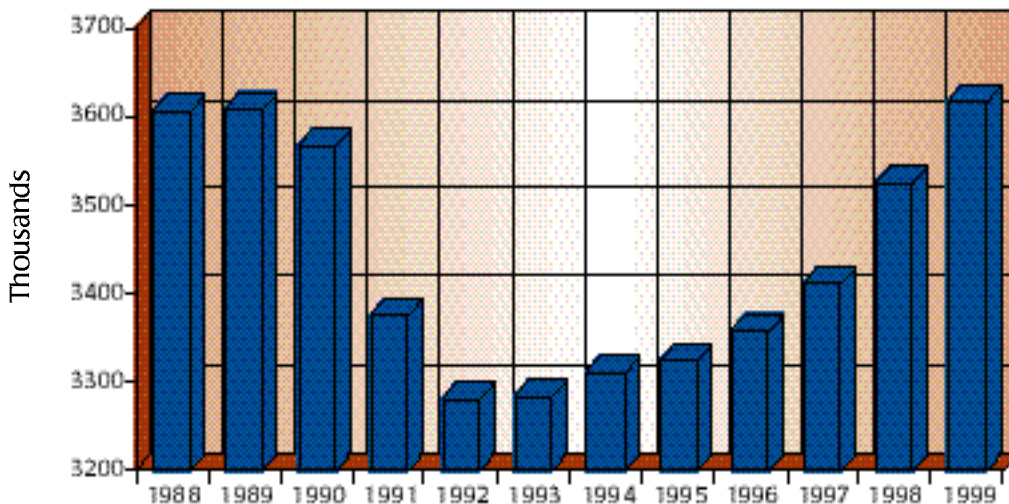
Two additional employment indices remained stable in 1999. The N.Y.C. labor force participation rate, which measures the number of people non-institutionalized, aged 16 and over who are employed or actively looking for work, decreased slightly in 1999, to 58.5%, down from 58.9% in 1998. This contrasts with the U.S. rate, which has held steady at 67.1% over the last three years. In addition, the N.Y.C. employment/population ratio, which measures the ratio of those actually employed among the aged 16 and over non-institutionalized population, increased to 54.6% in 1999, up slightly from 54.2% in 1998. The U.S. employment/population ratio, in contrast, was 64.3% in 1999, up from 64.1% in 1998. The

large gap between the N.Y.C. and U.S. employment/population ratios illustrates the higher unemployment rate in N.Y.C., which in 1999 was 2.5 percentage points, or 60% higher, than in the U.S. overall.

The employment situation in N.Y.C. continued to improve in 1999. N.Y.C. gained 93,000 new jobs, a 2.6% increase over 1998. Of these 93,000 new jobs, 82,700 were in the private sector. However, the number of new jobs in 1999 increased at a lower rate than in 1998, when 112,700 new jobs were added. Most of the job growth in 1999 occurred in the service sector, which grew by 53,700 jobs, or 4.1%. Other sectors gaining jobs in 1999 include trade, up 22,100, or 3.8%; construction, up 12,800, or 12.7%; and finance, insurance and real estate (FIRE) jobs, up 4,100, or just 0.8%. Government jobs overall increased by 10,300, or 1.9%. However, the manufacturing sector continued to shed jobs, decreasing by 9,800, or 3.7%, in 1999. The transportation and utilities sector also declined, by 200 jobs, or 0.1%, in 1999. (See Appendix B)

In another sign of an improved N.Y.C. economy, both nominal and real wages increased for N.Y.C. workers in 1998, the most recent year for which figures are available. In 1998, the average annual

Employment Gains Match Those Found During Late 1980s Boom Years (Average Annual Payroll Employment 1988-1999)



Source: U.S. Bureau of Labor Statistics.

nominal wage was \$52,006, an increase from \$48,996 in 1997. Adjusted for inflation, real wages increased 4.4% in 1998. Average real wages increased in all job sectors, with the notable exception of government employment, in which real wages declined 2.4% in 1998. The manufacturing sector saw the largest increase in real wages, increasing 9.9%. (See Appendix C)

While the manufacturing sector saw the largest increase in real wages, the financial services industry continued to maintain the highest salaries. The FIRE sector continues to pay the highest wages of all sectors, at an average of \$115,695, a real wage increase of 7.3% from 1997. By contrast, the lowest paid job sector remained trade, whose average wage was \$33,256 in 1998, a real wage increase of 2.7%. This is a continuation of a trend, where the highest levels in job growth are seen in industries that pay the least, and conversely see the smallest annual increases in wages. Similarly, the highest paid sectors of the N.Y.C. economy also add the fewest jobs. This is most notable when examining the manufacturing sector, which was one of only two sectors to lose jobs in recent years, but also saw the largest increase in real wages, suggesting that the remaining manufacturing jobs pay more than those jobs being eliminated. (See Appendix C & D)

Close examination of wage and job growth data by industry reveals a duality in the New York City economy. As a small number of workers earn more income, and the rest see their incomes increase very little (or, in the case of government workers, see a decline in real wages), this wage and income dichotomy is exacerbated. These effects contribute to the long-term trend in income inequality. According to one recent report, since the late 1970s, among New York State families, the gap between the richest and poorest families has grown significantly.² The poorest fifth of N.Y.S. families have seen an inflation-adjusted decline in income from the late 1970s to the late 1990s of \$2,900, or 21%. Meanwhile, the richest fifth have seen their income increase by \$45,480, or 43%, in the same time period. Furthermore, the richest 5% have seen an even larger 67% increase in income.

New York City Renters

Though the state of the City's economy offers broad indicators by which to measure the overall economic condition of New York City's residents, this report also measures more direct information about the City's rent stabilized tenants. The focal statistic from the 1999 Housing and Vacancy Survey (HVS) shows that housing was generally less available compared to three years ago. The Citywide vacancy rate in 1999 was 3.19%, down from 4.01% in 1996. This is the lowest vacancy rate since the 2.46% rate found in 1987. The number of vacant-for-rent units in the city has declined by 16,800 since 1996. The vacancy rate also fell in all boroughs, except Staten Island. It is the lowest in Queens, where it fell from 3.28% to just 2.11%. In Manhattan, it fell from 3.47% to 2.57%; in Brooklyn, from 4.20% to 3.26%; and in the Bronx, from 5.43% to 5.04%. In Staten Island, it increased from 4.17% to 5.82%.

Income

Total household income in the HVS includes wages, salaries, and tips; self-employment income; interest dividends; pensions; and other transfer and in-kind payments. According to the 1999 HVS, which reflects household income for 1998, the median nominal income for renter households in N.Y.C. increased by 10.2%, from \$23,600 in 1995 to \$26,000 in 1998. However, the inflation-adjusted median income for renter households increased by just 1.7%. By comparison, rent-stabilized tenants, after adjusting for inflation, saw their median household income decline slightly by 0.5%, falling to \$27,000. These figures are significantly different than for all (including renter and owner) N.Y.C. households combined, who instead saw an overall 11.5% increase in nominal average wages and a 4.2% increase in real average wages. In addition, an even greater increase in wages was found when examining data for all who work in N.Y.C. (but don't necessarily live in the City), who saw a 19.8% increase in nominal average wages and a 12.0% increase in real average wages, over the last three years. (See Appendices C & D)

The 1999 HVS found that for those living in post-1946 rent stabilized units, their inflation-adjusted incomes actually declined in the past three years. The median income of renter households in post-1946 rent stabilized units fell from \$32,644 in 1995 to \$30,400 in 1998, an inflation-adjusted decrease of 6.9%. By comparison, of those in pre-1947 stabilized units, their 1998 inflation-adjusted income remained substantially lower, but virtually the same, at \$25,600 (vs. \$25,687 in 1995). However, the study also found that the proportion of rent stabilized households with poverty-level incomes fell slightly, from 23.6% in 1995 to 23.0% in 1998.³

Rent

The rent and vacancy rate data found in the HVS reveal both the disappearance of lower-rent stabilized units, as well as a decline in inflation-adjusted stabilized tenant income. The 1999 HVS found that the median monthly contract rent, which excludes any additional tenant payments for fuel and utilities, after adjusting for inflation, increased by 1.9%, going from \$636 to \$648. For stabilized tenants, their median monthly contract rent increased similarly, after adjusting for inflation, going from \$636 to \$650, in April 1999 dollars. For all renters, the median monthly gross rent, which includes fuel and utility payments, increased at a greater rate than renter households' incomes: the increase was 3.1%, going from \$679 in 1996 to \$700 in 1999, in April 1999 dollars.

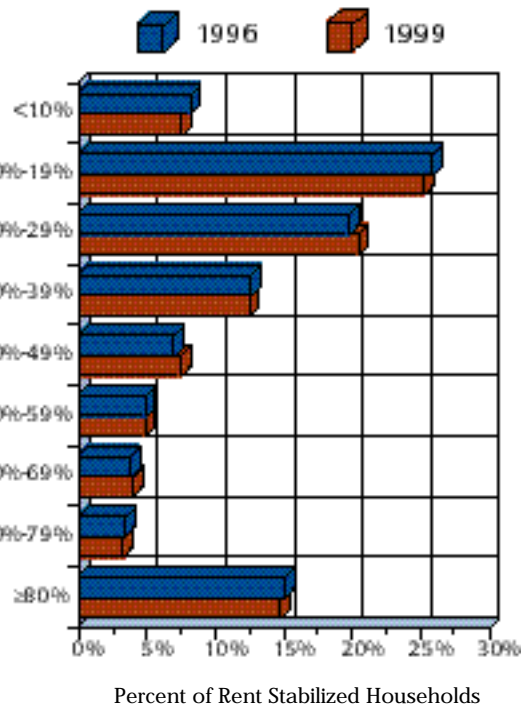
Apartments renting for less than \$600 were more scarce in 1999. The vacancy rate for the most affordable rental apartments fell dramatically: just 1.26% of units with asking rents of under \$400 were vacant, down from 3.21% in 1996, using inflation-adjusted asking rents (changing 1996 rents into April 1999 dollars). The vacancy rate for \$400-\$499 also fell, from 3.31% in 1996 to 2.53% in 1999. Also, the \$500-\$599 unit vacancy rate fell from 3.89% to 2.86%. The vacancy rate for all but the most expensive apartments fell similarly. However, the vacancy rate of higher-rent units increased noticeably: units renting for \$1,750 and up increased from 3.40% in 1996 to 5.70% in 1999.

Furthermore, the proportion of stabilized apartments renting for less than \$400 decreased substantially. In 1996, 13.1% of stabilized apartments rented for less than \$400; in 1999, only 8.7% did. The number of stabilized apartments renting for \$400-\$499 also dropped, from 15.6% to 11.7%. Meanwhile, the number of apartments renting for \$500-\$999 increased from 59.1% to 64.2%, and the proportion of \$1000 and up stabilized units increased from 12.2% to 15.3%.

Affordability of Rental Housing

Affordability, for the typical N.Y.C. renter household, improved slightly in 1999. Tenants in 1999 paid a median 29.2% of their incomes toward rental payments, down slightly from 30.0% in 1996. After excluding utility and fuel expenses, renters' median contract rent to income ratio was 27.2% in 1999, a slight drop from 27.7% in 1996.

After Three Years, 27% of Stabilized Households are Still Paying 50% of Their Income In Rent
(Percent of Rent-Stabilized Households in Contract Rent-to-Income Ratio Categories)



Source: 1996 and 1999 Housing and Vacancy Surveys.

Stabilized tenants also saw a similarly slight improvement in household affordability. In 1999, they paid 29.8% of their median gross income towards rent, slightly lower than three years earlier, when they paid 30.1%. Likewise, their median contract rent to income ratio improved, from 27.6% in 1996 to 27.4% in 1999. However, about the same number of stabilized tenants, 26.8%, in 1999 paid 50% or more of their household income for contract rent, similar to the 26.9% three years earlier.

During the past three years, rental housing affordability appears to have remained constant. The general lack of affordable rental housing affects more than the well being of the City's residents: it also impacts on its workforce and economic stability. As the N.Y.S. Comptroller H. Carl McCall reports in *No Room for Growth: Affordable Housing and Economic Development in N.Y.C.*, ". . . with an inadequate supply of quality housing affordable to middle income households, N.Y.C. is gradually losing [the] base of its workforce." The report further states that the lack of affordable rental housing threatens the city's economic stability. The Comptroller estimates that N.Y.C. has experienced a net loss of housing stock, losing 49,600 units between 1980 and 1994, and that the New York metropolitan area ranks at the bottom among major U.S. cities in providing an adequate new supply of housing.

Another recent report indicates that housing in many U.S. metro areas, including N.Y.C., is all but unaffordable to most.⁴ The report cites that a worker living in N.Y.C. would have to earn \$17.13 an hour in a 40-hour workweek, or 293% of the current federal minimum wage, to be able to afford, at the fair market rent, a 2-bedroom apartment, at 30% of income. The study also reports that 39% of renters could not afford a fair market rent one-bedroom apartment, based on the assumption that 30% of income is applied to housing costs. In fact, for a worker to afford a one-bedroom apartment in N.Y.C., one would have to earn \$15.10/hour in a 40-hour workweek. Or if two wage earners resided together and each worked a 40-hour week, each would have to earn at least \$7.55/hour, or 47% higher than the minimum wage, to be able to afford a one-bedroom apartment.

As rents have increased and availability declined, apartment crowding has risen, especially for stabilized tenants. In 1999, 11.0% of renter households were overcrowded (more than one person per room), a slight increase over 1996, when the crowding rate was 10.3%. But stabilized tenants faced an even larger increase in crowding: in 1999, 13.2% of stabilized households were too crowded, up from 11.8% in 1996.

Post-War Versus Pre-War Stabilized Tenants

Examining differences between stabilized tenants residing in post- and pre-war buildings reveals stark differences. Changes in rent and household incomes were not evenly distributed among renters of stabilized apartments in New York City. Though we frequently speak of rent-stabilized tenants as a homogenous group, the stabilized sector is extremely varied. Apartments in pre-war buildings tend to have lower rents probably stemming from both their location and their physical condition. Specifically, pre-war stabilized apartments have substantially more maintenance deficiencies and more often are located on streets with broken or boarded up windows, according to HVS data. Further, half of all pre-war stabilized apartments are located in the Bronx (21%) or Brooklyn (29%), while just 30% of post-war apartments are located in the Bronx (11%) or Brooklyn (19%). Since the rents in the Bronx and Brooklyn are lower than the citywide average, pre-war average rents are subsequently lower.

In addition to lower rents, stabilized tenants in pre-war buildings earn 16% less household income than tenants in post-war buildings earn. Also, the two boroughs with the largest number of pre-war apartments have the highest proportion of unemployed residents (Brooklyn and the Bronx). But while pre-war stabilized tenants' household incomes remained virtually unchanged, dropping 0.3% after accounting for inflation, post-war stabilized households saw their median income decline significantly, declining 6.9% after adjusting for inflation.

Furthermore, stabilized tenants in pre-war buildings saw the proportion of their income paid

towards contract rent decrease slightly over the last three years, from 28.2% to 27.7%, while those in post-war buildings paid a slightly higher share of income for rent, going from 26.4% to 26.9%. This is probably due to the fact that post-war buildings can command proportionally higher rents due to the greater demand for buildings in better condition and in better neighborhoods.

Demographic Changes

As the economic condition of the City starts to catch up to the progress made by the rest of the country, so too does its population growth. Growth in the City's population, to some extent, has an effect on the affordability of housing. As more people move into the City, especially those in need of affordable rental housing, a strain is put on the existing housing stock in an already tight rental market. New York City's population in 1999 grew 0.1% to 7.43 million. While this is not a large increase, it continues the trend started in the 1980's. In the 1970s, N.Y.C. lost 10.4% of its population, or over 800,000 people. By contrast, in the 1980's, N.Y.C.'s population grew by 3.5%, and in the 1990's, the City's population increased by 1.4%. (See Appendix E)

Immigrants played a large part in the City's growth as more than 230,000 people settled in N.Y.C. in 1995 and 1996, according to a N.Y.C. Department of City Planning report.⁵ While the number of immigrants entering the City each year helps to bolster population figures, these demographics have a profound effect on many facets of City life including the availability of housing. The recently released 1999 HVS reveals the main driving force behind the growth in the N.Y.C. population: immigration. The HVS reports that 38% of all householders in rental units in N.Y.C. are immigrants. Among rent stabilized householders, the proportion is even higher: 43% are immigrants, up from about one-third, according to the 1996 HVS. Furthermore, as new residents to the City, immigrants do not vacate an existing unit in their search for housing but rather add to the demand for the current housing stock.

Welfare Reform

The further implementation of welfare reform reduced public assistance caseloads in N.Y.C. last year. Continuing a trend, the number of persons receiving public assistance decreased to 622,000 by December 1999, the lowest level since May 1967 and a decline of 539,000 since March 1995. During the first four months of FY2000, 22,400 public assistance recipients found employment, 35% more than in the same four-month period in the prior year. An average of 675,500 residents received public assistance in fiscal year 1999 (covering the period July 1, 1998 to June 30, 1999), 12% less than in the previous year and 42% less than 1993's record high of 1,170,000.⁶

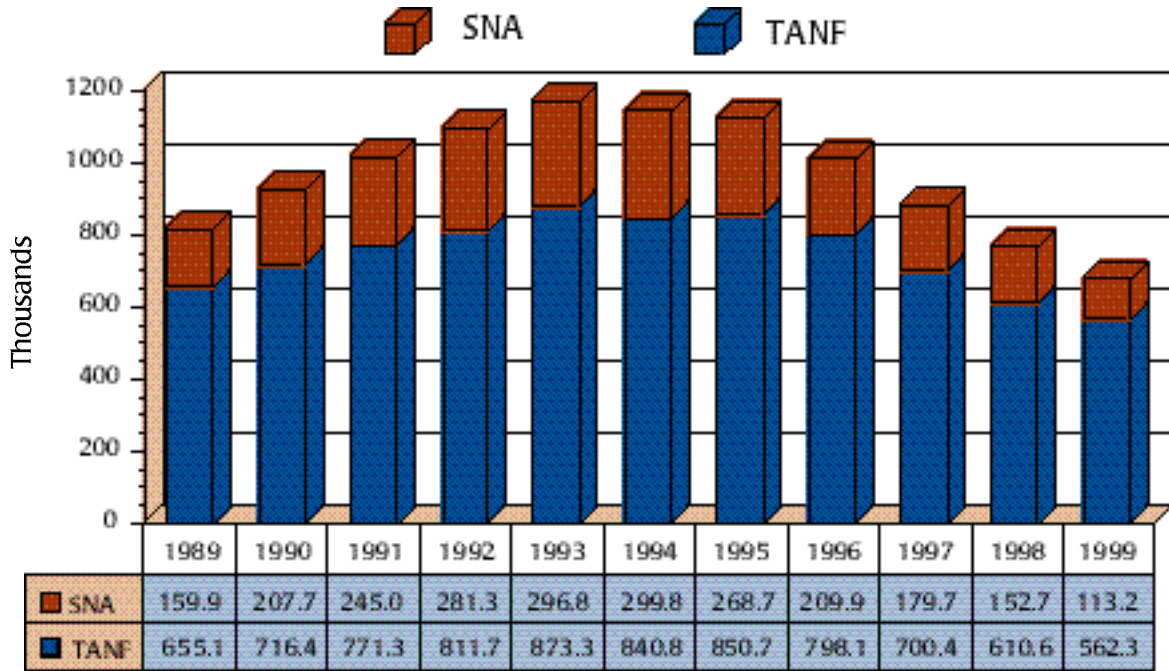
Furthermore, 1999 saw a caseload reduction of 48,300, or 8%, in the number of participants in the Temporary Assistance to Needy Families/Family Assistance Program (TANF/FAP). The Safety Net Assistance program (SNA) also saw a drop in its caseload, to 113,200 in FY1999, 26% less than the previous year and 37% less than in FY1997. In addition, there was also a slight decline in the number of new public assistance applications, with 3,000 fewer received this year, bringing the total number of new applications received to 197,200 in FY1999. (See graph on page 8)

Along with these reductions, the Mayor's Management Report also reports that 38% of TANF/FAP families participate in work activities, up from 29% the year before, which was an almost 30% increase in participation. Current and former welfare recipients have been able to obtain employment more easily due to the greater availability of jobs evidenced by the declining unemployment rate. This is an indication that the economy is now better able to absorb those welfare recipients seeking work than it had been able to in prior years, especially during the recession of the early 1990's.

Housing Policy

After years of budget reductions, the U.S. Department of Housing and Urban Development (HUD), has continued to gather strength and resources over the last couple of years. This year, President Clinton has proposed a \$32 billion HUD budget for FY2001, the

Public Assistance Caseload Continued to Decline in 1999
 (Temporary Assistance to Needy Families (TANF) and Safety Net Assistance (SNA), 1989-1999)



*Note: In 1997 TANF and SNA replaced AFDC and HR respectively.
 Source: Mayor's Management Reports, 1989-1999.

largest in more than 20 years. Included in the proposal is an nationwide of 60,000 new rental assistance vouchers, following the approval last year of 50,000 vouchers, after four years of no new vouchers. Also proposed are 120,000 new Incremental Housing Vouchers, of which about 1,700, at a value of \$14 million, would be available in N.Y.C., to address the need for affordable housing. In addition, an \$86 million increase in the Public Housing Capital Fund is proposed, bringing the total budget to \$2.955 billion, with similar increases proposed in other housing program budgets. Overall, the proposed HUD budget for FY2001 for N.Y.C. is \$1.2 billion, an increase of \$61 million over FY2000.⁷

Notwithstanding federal and other governmental assistance, New York State overall still suffers from a very low housing creation rate. The U.S. Census Bureau reported that N.Y.S. ranks 49th, just above West Virginia, in the number of housing units created between 1990 and 1998.⁸ During this period, N.Y.S. had only a 3.2% increase in housing units. The state

has spent an average of \$98 million a year statewide since 1990 (plus an additional \$18 million in 1998) on building affordable housing, according to the Assembly Housing Committee.⁹

Evictions & Homelessness

Homelessness & Emergency Assistance

Despite overall improvement in the City's economy, statistics reveal that homelessness remains a problem in New York City. While the average number of adults lodged in temporary housing declined slightly, from 6,996 in FY1998 to 6,775 in FY1999, the average number of families staying in temporary housing each night increased 6.5%, from 4,508 to 4,802. Furthermore, the number of families relocated to permanent housing declined by almost 15%, from 4,178 to 3,569. However, on the positive side, the average number of days that families spent in temporary housing dropped by 16%, from 306 to 257 days. In addition, the number of adults relocated to

permanent housing increased dramatically this year, from 1,236 to 1,847, close to a 50% increase over the prior year. Also, the number of people found ineligible for temporary housing fell by 18%, to 11,463. Overall, on an average night, 22,000 use the homeless shelter system and 80,000 different people use this service over the course of a year.¹⁰

The number of recipients in other areas of emergency assistance this year fell as well, following a similar decline seen the year before. There was a 4% drop in the number of persons receiving food stamps, dropping by almost 46,000, to 991,300 this year. The continued reduction in demand for many areas of emergency assistance is probably due to a combination of the improving area economy as well as tougher standards that have been implemented for receiving assistance.

While the Mayor's Management Report indicates mixed outcomes among homeless services, reports by homeless advocates paint a bleaker picture. One recent report on homelessness and welfare reform revealed that, since 1995, 84% of New York State shelter operators have seen an increase in the number of mentally ill people and 68% have seen an increase in the number of mothers and children requesting shelter.¹¹ They have also seen a 35% decrease in the number of people using the shelters who qualify for public assistance and a 55% drop in the number of people who qualify for certain types of emergency aid, such as money for food or clothing. According to the report, these statistics indicate that many of the indigent who are being removed from welfare rolls are still in need of assistance, but are not receiving it.

Nationwide, a recent study found that nearly two percent of the nation's children are likely to become homeless at some point in a given year. The study also found that about 65% more Americans had an episode of homelessness in 1996 than during 1987.¹² Furthermore, it found that most poor families are paying 60 to 70% of their income on rent, twice the figure from 25 years ago.

Housing Court

In addition to income and rents, the RGB gathers housing court data to assess the impact of changing

economic conditions on New York City's renters. Specifically, Housing Court actions are reviewed to determine the proportion of tenants who are unable to meet their rental payments. Similarly, evictions are tracked to measure the number of households experiencing the most severe affordability problems. The passage of the New York State Rent Regulation Reform Act of 1997, which included a mandatory rent deposit provision for tenants involved in summary proceedings before Housing Court, has not significantly changed the volume and process of eviction proceedings. Most landlords continue to go to Housing Court to obtain rent from delinquent tenants.

While court filings have declined over the long run, the proportion of cases reaching trial has steadily risen. In the mid-1980s, 300,000 to 350,000 non-payment proceedings were initiated against delinquent tenants each year, approximately one quarter of which went to trial. In recent years, however, fewer than 300,000 non-payment cases have been initiated, while about 45% are scheduled for court appearances.

The number of non-payment proceedings, or filings, initiated by landlords totaled an all time high of 373,000 in 1983, the first year for which the RGB has data. Proceedings declined steadily in subsequent years and hovered around 300,000 from 1987 to 1994. Non-payment actions dropped once again in 1995, by 10%. For the past several years the number of filings has fluctuated and in 1999, landlords initiated 276,000 proceedings. (See Appendix G)

Unlike non-payment petition filings, which remained steady during the recession, the number of cases, or intakes, making it to the court appearance stage increased steadily between 1987 and 1993, but has declined during the current economic recovery, with the exception of an increase in 1998. This pattern reflects the strengthening economy, with tenants presumably better able to afford rents or resolve payment problems when they arise. This year the number of cases noticed for trial was 123,000, a decrease of 3.5% over last year's figure of 128,000.

Another useful indicator of the impact of economic conditions on tenants is an examination of

the number of evictions. However, since residential evictions and possessions data for 1999 are not yet available, we examined 1998 data. Of the 128,000 cases scheduled for trial in 1998, 18% (or 23,500) ended in evictions or possessions being warranted, a decline of five percentage points, or 22.5%, from the year before.

Endnotes

1. GCP now using 1996 base, so percentage change over prior year differs from that reported previously; also note that these numbers are preliminary.
2. Economic Policy Institute report/Center on Budget and Policy Priorities report, "Low Unemployment, Rising Wages Fuel Poverty Decline," 10/1/99.
3. According to the U.S. Census Bureau, the poverty threshold for a four-person family including two children was \$15,976 in 1995 and \$17,088 in 1988.
4. National Low Income Housing Coalition report, "Out of Reach: The Gap between Housing Costs and Income of Poor People in the U.S.," September 1999.
5. N.Y.C. Dept. of City Planning report, "The Newest New Yorkers 1995-1996: An Update of Immigration to the City in the Mid 90's," 11/8/99.
6. All welfare reform section figures derived from the Mayor's Management Report, Preliminary Fiscal 2000.
7. HUD News Release, 2/7/00.
8. U.S. Dept. of Commerce - Census Bureau, News Release, 12/8/99.
9. "New York State Ranks 49th In Growth of Housing in 90's," New York Times, 12/9/99.
10. "Giuliani's New Policy on Work for the Homeless Leaves Many Unanswered Questions" by Nina Bernstein, New York Times, 10/27/99.
11. Coalition for the Homeless report, "Legacy of Neglect: The Impact of Welfare Reform on New York's Homeless," August 1999.
12. Urban Institute study news release, 2/1/00.

Appendix

A. Average Annual Employment Statistics by Area, 1988-99

Unemployment Rate	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Bronx	5.4%	7.0%	8.5%	10.4%	13.1%	12.2%	10.1%	9.6%	10.6%	11.6%	10.0%	8.1%
Brooklyn	5.5%	6.7%	7.9%	9.5%	12.0%	11.2%	9.7%	9.2%	10.0%	10.7%	9.4%	7.8%
Manhattan	4.3%	5.0%	5.8%	7.3%	9.0%	8.8%	7.6%	7.0%	7.4%	7.8%	6.8%	5.7%
Queens	4.0%	5.0%	6.0%	8.0%	10.5%	9.5%	8.2%	7.6%	8.1%	8.5%	7.0%	5.9%
Staten Island	4.0%	4.8%	6.4%	8.3%	10.4%	9.2%	7.8%	7.4%	7.8%	8.4%	6.9%	5.8%
NYC	5.0%	6.9%	6.9%	8.7%	11.0%	10.4%	8.7%	8.2%	8.8%	9.4%	8.0%	6.7%
U.S.	5.5%	5.3%	5.6%	6.8%	7.5%	6.9%	6.1%	5.6%	5.4%	4.9%	4.5%	4.2%
Labor Force Participation Rate												
NYC	55.0%	57.6%	57.1%	56.4%	56.4%	56.0%	55.5%	55.2%	56.7%	58.5%	58.9%	58.5%
U.S.	65.9%	66.5%	66.5%	66.2%	66.4%	66.3%	66.6%	66.6%	66.8%	67.1%	67.1%	67.1%
Employment-Population Ratio												
NYC	52.3%	53.6%	53.1%	51.5%	50.2%	50.2%	50.7%	50.7%	51.7%	53.0%	54.2%	54.6%
U.S.	62.3%	63.0%	62.8%	61.7%	61.5%	61.7%	62.5%	62.9%	63.2%	63.8%	64.1%	64.3%
Gross City Product (NYC) (thousands,\$1996)	\$259.3	268.6	272.7	267.5	270.3	276.2	276.8	282.2	292.7	304.8	316.2	333.1
% Change	--	3.6%	1.5%	-1.9%	1.0%	2.2%	0.2%	2.0%	3.7%	4.1%	3.7%	5.3%
Gross Domestic Product (U.S.) (thousands,\$1996)	\$6,368.4	6,591.8	6,707.9	6,676.4	6,880.0	7,062.6	7,347.7	7,543.8	7,813.2	8,144.8	8,495.7	8,848.2
% Change	--	3.5%	1.8%	-0.5%	3.0%	2.7%	4.0%	2.7%	3.6%	4.2%	4.3%	4.2%

Note: The New York City Comptroller's Office revises the Gross City Product periodically. The GCP figures presented here may not be the same as those reported in prior years. Note that GCP and GDP figures are preliminary.

Sources: U.S. Bureau of Labor Statistics; New York State Department of Labor; New York City Comptroller's Office.
Unpublished data from the Bureau of Labor Statistics

B. Average Payroll Employment by Industry for NYC, 1989-98 (in thousands)

Industry Employment	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	1998-1999 % Change
Construction	120.8	114.9	99.8	87.1	85.8	89.3	90.2	91.2	93.8	100.8	113.6	12.7%
Manufacturing	359.5	337.5	307.8	292.8	288.8	280.4	273.5	264.5	264.4	261.9	252.1	-3.7%
Transportation	218.1	229.1	218.4	204.8	203.4	201.5	202.9	204.6	206.3	206.9	206.7	-0.1%
Trade	630.2	608.3	565.3	545.6	537.9	544.1	555.4	561.9	579.4	588.0	610.1	3.8%
FIRE	530.6	519.6	493.6	473.5	471.6	480.3	473.4	472.3	471.4	484.0	488.1	0.8%
Services	1,147.2	1,149.0	1,096.9	1,093.1	1,115.8	1,148.1	1,183.6	1,229.0	1,270.7	1,325.8	1,379.5	4.1%
Mining	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.0%
Total Private Sector	3,006.7	2,958.7	2,782.1	2,697.3	2,703.6	2,744.0	2,779.3	2,823.7	2,886.3	2,967.7	3,050.4	2.8%
Government	601.5	607.6	592.6	584.1	579.7	566.6	543.6	533.8	525.0	556.3	566.6	1.9%
New York City	--	--	--	--	223.8	--	206.4	204.1	203.8	--	212.9	--
Total	3,608.2	3,566.3	3,374.7	3,281.4	3,283.3	3,310.6	3,322.9	3,357.5	3,411.3	3,524.0	3,617.0	2.6%

Estimate from Mayor's Office of Management and Budget.

Note: Totals may not add up due to rounding. The Bureau of Labor Statistics revises the statistics periodically. The employment figures reported here may not be the same as those reported in prior years.

Sources: U.S. Bureau of Labor Statistics; City of New York employment figures from the New York City Office of Management and Budget.

C. Average Real Wage Rates by Industry for NYC, 1991-99 (1989 dollars)

Industry	1991	1992	1993	1994	1995	1996	1997	1998	1997-1998 % Change
Construction	\$34,832	\$34,861	\$34,305	\$34,399	\$34,023	\$34,166	\$33,547	\$34,761	3.6%
Manufacturing	\$30,492	\$32,137	\$31,151	\$31,837	\$32,838	\$34,678	\$35,502	\$39,027	9.9%
Transportation	\$34,737	\$36,046	\$34,945	\$35,309	\$35,733	\$36,626	\$36,543	\$38,136	4.4%
Trade	\$24,382	\$24,974	\$24,234	\$24,304	\$24,031	\$23,851	\$24,359	\$25,019	2.7%
FIRE	\$51,225	\$63,917	\$63,290	\$59,287	\$65,902	\$74,258	\$81,100	\$87,038	7.3%
Services	\$28,764	\$29,576	\$29,210	\$29,106	\$29,422	\$29,340	\$29,873	\$31,272	4.7%
Private Sector	\$32,769	\$35,658	\$34,981	\$34,304	\$35,533	\$36,839	\$38,333	\$40,481	5.6%
Government	\$29,808	\$29,843	\$29,936	\$30,691	\$31,851	\$32,144	\$32,615	\$31,822	-2.4%
Total Industries	\$32,239	\$34,641	\$34,107	\$33,743	\$34,942	\$36,193	\$37,464	\$39,125	4.4%

Note: The New York State Department of Labor revises these statistics annually. The wage figures reported here may not be the same as those reported in prior years.

Source: New York State Department of Labor, Research and Statistics Division.

D. Average Nominal Wage Rates by Industry for NYC, 1991-98

Industry	1991	1992	1993	1994	1995	1996	1997	1998	1997-1998 % Change
Construction	\$38,619	\$40,040	\$40,583	\$41,669	\$42,255	\$43,663	\$43,873	\$46,207	5.3%
Manufacturing	\$33,807	\$36,911	\$36,851	\$38,567	\$40,784	\$44,317	\$46,430	\$51,876	11.7%
Transportation	\$38,514	\$41,401	\$41,340	\$42,773	\$44,379	\$46,806	\$47,779	\$50,693	6.1%
Trade	\$27,033	\$28,684	\$28,669	\$29,439	\$29,846	\$30,480	\$31,857	\$33,256	4.4%
FIRE	\$56,795	\$73,412	\$74,873	\$71,820	\$81,848	\$94,898	\$106,064	\$115,695	9.1%
Services	\$31,891	\$33,970	\$34,556	\$35,259	\$36,541	\$37,495	\$39,068	\$41,569	6.4%
Private Sector	\$36,332	\$40,955	\$41,383	\$41,556	\$44,130	\$47,078	\$50,132	\$53,810	7.3%
Government	\$33,049	\$34,267	\$35,415	\$37,179	\$39,558	\$41,078	\$42,654	\$42,300	-0.8%
Total Industries	\$35,744	\$39,787	\$40,349	\$40,876	\$43,397	\$46,253	\$48,996	\$52,006	6.1%

Note: The New York State Department of Labor revises the statistics annually. The wage figures reported here may not be the same as those reported in prior years.

Source: New York State Department of Labor, Research and Statistics Division.

E. New York City Population Statistics, 1900-1999

<u>Year</u>	<u>Bronx</u>	<u>Brooklyn</u>	<u>Manhattan</u>	<u>Queens</u>	<u>Staten Island</u>	<u>Citywide</u>	<u>Citywide Change from prior decade/yr. ear.</u>
1900	200,507	1,166,582	1,850,093	152,999	67,021	3,437,202	--
1910	430,980	1,634,351	2,331,542	284,041	85,969	4,766,883	38.7%
1920	732,016	2,018,356	2,284,103	469,042	116,531	5,620,048	17.9%
1930	1,265,258	2,560,401	1,867,312	1,079,129	158,346	6,930,446	23.3%
1940	1,394,711	2,698,285	1,889,924	1,297,634	174,441	7,454,995	7.6%
1950	1,451,277	2,738,175	1,960,101	1,550,849	191,555	7,891,957	5.9%
1960	1,424,815	2,627,319	1,698,281	1,809,578	221,991	7,781,984	-1.4%
1970	1,471,701	2,602,012	1,539,233	1,986,473	295,443	7,894,862	1.5%
1980	1,168,972	2,230,936	1,428,285	1,891,325	352,121	7,071,639	-10.4%
1990	1,203,789	2,300,664	1,487,536	1,951,598	378,977	7,322,564	3.5%
1991	1,198,547	2,288,212	1,483,531	1,948,627	384,455	7,303,372	-0.3%
1992	1,193,849	2,284,338	1,486,611	1,948,621	389,598	7,303,017	0.0%
1993	1,196,637	2,285,637	1,497,152	1,954,873	393,138	7,327,437	0.3%
1994	1,195,500	2,280,922	1,509,998	1,957,958	394,776	7,339,154	0.2%
1995	1,193,425	2,272,263	1,522,762	1,962,767	396,058	7,347,275	0.1%
1996	1,191,187	2,265,674	1,533,305	1,972,633	398,422	7,361,221	0.2%
1997	1,191,668	2,265,731	1,541,994	1,984,152	401,949	7,385,494	0.3%
1998	1,195,599	2,267,942	1,550,649	1,998,853	407,123	7,420,166	0.5%
1999	1,194,099	2,268,297	1,551,844	2,000,642	413,280	7,428,162	0.1%

Source: U.S. Census Bureau, Population Division

Note: Figures from 1991 through 1999 are estimates.

F. Consumer Price Index for All Urban Consumers, New York-Northeastern New Jersey, 1989-99

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
March	128.9	136.6	143.4	149.1	154.1	157.9	160.9	166.5	170.7	173.0	175.5
June	123.1	137.1	144.6	149.5	154.2	157.8	162.2	166.5	170.3	173.1	176.8
September	132.2	140.8	145.8	151.4	155.3	159.0	163.2	168.2	171.7	174.4	178.2
December	133.3	141.6	146.6	151.9	155.6	159.9	163.7	168.5	171.9	174.7	178.6
Quarterly Average	131.2	139.0	145.1	150.5	154.8	158.4	162.5	167.4	171.2	173.8	177.3
Yearly Average	130.6	138.5	144.8	150.0	154.5	158.2	162.2	166.9	170.8	173.6	177.0

12-month percentage change in the CPI

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
March	6.1%	6.0%	5.0%	4.0%	3.4%	2.5%	1.9%	3.5%	2.5%	1.3%	1.4%
June	6.0%	5.1%	5.5%	3.4%	3.1%	2.3%	2.8%	2.7%	2.3%	1.6%	2.1%
September	4.9%	6.5%	3.6%	3.8%	2.6%	2.4%	2.6%	3.1%	2.1%	1.6%	2.2%
December	5.8%	6.2%	3.5%	3.6%	2.4%	2.8%	3.0%	2.9%	2.0%	1.6%	2.2%
Quarterly Average	5.7%	5.9%	4.4%	3.7%	2.9%	2.3%	2.6%	3.0%	2.2%	1.5%	2.0%
Yearly Average	5.6%	6.0%	4.5%	3.6%	3.0%	2.4%	2.5%	2.9%	2.3%	1.6%	2.0%

Source: U.S. Bureau of Labor Statistics.

G. Housing Court Actions, 1983-99

Year	Filings	Intakes	Evictions & Possessions
1983	373,000	93,000	26,665
1984	343,000	85,000	23,058
1985	335,000	82,000	20,283
1986	312,000	81,000	23,318
1987	301,000	77,000	25,761
1988	299,000	92,000	24,230
1989	299,000	99,000	25,188
1990	297,000	101,000	23,578
1991	302,000	114,000	20,432
1992	289,000	122,000	22,098
1993	295,000	124,000	21,937
1994	294,000	123,000	23,970
1995	266,000	112,000	22,806
1996	278,000	113,000	24,370
1997	274,000	111,000	24,995
1998	278,156	127,851	23,454
1999	276,142	123,399	§

§ Number not available at time of report.

Note: "Filings" reflect non-payment proceedings initiated by rental property owners, while "Intakes" reflect those non-payment proceedings noticed for trial.

Sources: New York City Civil Court, Deputy Chief Clerk for Housing; New York City Department of Investigations, Bureau of City Marshals.

H. Housing and Vacancy Survey Data, Rent Stabilized Apartments, 1996 and 1999

	1996 ¹		1999 ²	
	Number	Percent	Number	Percent
Household Income				
<\$5,000/Loss/No Income	89,893	8.9%	87,972	8.6%
\$5,000 to \$9,999	145,235	14.3%	119,961	11.8%
\$10,000 to \$14,999	87,960	8.7%	96,096	9.4%
\$15,000 to \$19,999	81,025	8.0%	83,572	8.2%
\$20,000 to \$24,999	85,367	8.4%	83,382	8.2%
\$25,000 to \$29,999	75,694	7.5%	71,311	7.0%
\$30,000 to \$34,999	71,695	7.1%	62,402	6.1%
\$35,000 to \$39,999	57,521	5.7%	59,447	5.8%
\$40,000 to \$49,999	89,571	8.8%	95,306	9.3%
\$50,000 to \$59,999	66,957	6.6%	70,391	6.9%
\$60,000 to \$69,999	47,346	4.7%	51,800	5.1%
\$70,000 to \$79,999	30,646	3.0%	37,205	3.6%
\$80,000 to \$89,999	18,261	1.8%	25,748	2.5%
\$90,000 to \$99,999	13,989	1.4%	17,045	1.7%
\$100,000 to \$124,999	53,590	5.3%	28,932	2.8%
\$125,000 or More			30,017	2.9%
Not Reported	0	--	0	--
Median	\$25,300	--	\$27,000	--
Mean	\$35,725	--	\$36,968	--
Contract Rent				
<\$100	3,379	0.3%	1,693	0.2%
\$100 to \$199	21,250	2.1%	17,578	1.7%
\$200 to \$299	31,519	3.2%	23,600	2.3%
\$300 to \$399	75,037	7.5%	45,629	4.5%
\$400 to \$499	155,700	15.6%	117,972	11.7%
\$500 to \$599	207,237	20.7%	193,016	19.1%
\$600 to \$699	173,327	17.3%	187,148	18.5%
\$700 to \$799	104,259	10.4%	129,755	12.8%
\$800 to \$899	67,628	6.8%	84,499	8.4%
\$900 to \$999	38,605	3.9%	54,687	5.4%
\$1,000 to \$1,249	52,071	5.2%	72,136	7.1%
\$1,250 to \$1,499	22,719	2.3%	31,638	3.1%
\$1,500 to \$1,749	19,325	1.9%	26,570	2.6%
\$1,750 or More	28,427	2.8%	25,025	2.5%
No Cash Rent	14,267	--	9,642	--
Not Reported	0	--	0	--
Median	\$600	--	\$650	--
Mean	\$680	--	\$731	--
Contract-Rent-to-Income Ratio				
<10%	78,604	8.1%	73,845	7.6%
10% to 14%	117,880	12.2%	122,515	12.6%
15% to 19%	131,084	13.6%	123,446	12.7%
20% to 24%	105,155	10.9%	117,829	12.1%
25% to 29%	85,350	8.8%	81,645	8.4%
30% to 34%	72,353	7.5%	71,259	7.3%
35% to 39%	49,192	5.1%	49,937	5.1%
40% to 49%	66,939	6.9%	72,447	7.4%
50% to 59%	46,767	4.8%	47,285	4.9%
60% to 69%	36,189	3.7%	38,718	4.0%
70% to 79%	32,787	3.4%	31,010	3.2%
80% or More	145,282	15.0%	142,613	14.7%
Not Computed	47,169	--	48,039	--
Not Reported	0	--	0	--
Median	27.6%	--	27.4%	--
Mean	38.8%	--	37.0%	--

The highest household income category used by Census in the 1996 HVS was \$100,000 or more.

1. 1996 HVS reflects 1995 incomes.

2. 1999 HVS reflects 1998 incomes.

Source: 1996 and 1999 New York City Housing and Vacancy Survey, U.S. Bureau of the Census.

Note: 1996 and 1999 data values are imputed.