Introduction

Each year, the Rent Guidelines Board research staff reports on housing costs and tenant income in an effort to gauge housing affordability in New York City's rental market. This study, known as the Income and Affordability Study (I&A), tracks annual changes in wages and employment levels by industry, estimates the income of rent stabilized tenants, and summarizes the number of public assistance recipients. Additionally, the RGB tracks housing court actions to measure whether tenants are having difficulties paying their rents. Responding to requests by members of the Rent Guidelines Board, staff expanded the scope of the 1996 I&A to include comparisons of housing costs across cities and to outline changes in housing and welfare policies by the federal and local governments.

Household Income

Households derive income from several sources: wages, salaries, and tips; self-employment; interest and dividends; pensions; and other transfer and in-kind payments. Estimating trends in household income since 1993 (when the most recent Housing and Vacancy Survey was completed for New York City) is difficult but can be attempted by looking at changes in wages and in-kind benefits (which comprise the bulk of household incomes) and levels of employment. Wages and salaries are examined first; changes in employment, public assistance, and housing subsidies are outlined later in this report.

The New York State Labor Department calculates average wages and salaries for all payroll employees who work in New York City [1] as well as for employees in

Summary

Conditions in New York City's employment market have moderately improved since a year ago. Nominal annual wages in New York City, comprising the bulk of household income, rose to $40,876 in 1994, an increase of 1.3%. Payroll, which accounts for both employment levels and compensation, increased nearly 5% between the second quarters of 1994 and 1995. Other signs of expansion include a 0.5% reduction in New York's unemployment rate, an increase in the number of jobs available in the five boroughs, and fewer housing court actions. Clouding these statistics, average weekly unemployment claims rose by 7% and strict eligibility and work requirements have been imposed on welfare recipients along with reduced benefit levels.

Rents registered with the Division of Housing and Community Renewal increased about 3% from 1993 to 1994. With similar increases in rents from 1994 to 1995 and improved employment conditions, it is likely that most tenants experienced little change in housing affordability in 1995.

It is more difficult to say how low-income renters have fared, though. As the relatively high-wage, low-skill manufacturing sector continues to downsize, these positions are replaced by low-wage, low-skill service jobs. Worse, there are few positions available to service sector workers who are ready to climb to the next employment rung. At the same time, public assistance benefits are being scaled back, further reducing household income, when rental households with total median incomes of less than $20,000 already pay half of their earnings toward rent. Overall, recent changes will likely lead to a *slight* increase in rent-to-income ratios for New York City's poor renters.

A comparison of housing cost burdens of urban areas across the country, however, reveals that tenants in other central cities pay a higher proportion of their incomes toward housing costs than do New York's tenants. Three-quarters of cities with large renter populations have median rent-to-income ratios above New York's median of 28%, and half have median ratios of 31% or more.

specified industries from a sample of firms. Overall, nominal average wages [2] increased 1.3% from $40,349 in 1993 to $40,876 in 1994. When accounting for inflation (nominal wages and salaries divided by inflation factor), wages increased in four of the seven sectors (construction, manufacturing, transportation, and government) though real wages decreased about 1% for all employees. Real wages in the FIRE sector (finance, insurance, and real estate) are nearly twice as high as other industries but declined 7%, while those in the service and trade sectors, traditionally low paying jobs, remained virtually unchanged. Such inflation-adjusted figures should be treated with caution, though, because increases in the consumer price index, upon which nominal wages are adjusted, may be overstated.

Average wages and salaries presented above may not accurately reflect wages of New York City residents, because those who work in the City but reside in the suburbs are thought to earn higher wages and salaries than residents of the five boroughs. Comparing wages for all City residents and wages for employees working in New York City, however, does not show this pattern. Wages according to the 1993 HVS, which enumerates annual wages in 1992 for households living in the City's limits, average $40,497, while all New York City workers' wages averaged slightly less at $39,787 in 1992.

The difficulty in using City employment data to estimate incomes of New York City's renters, mostly stems from the discrepancy in household income for owners and renters. Renters earn only about half as much household income as owners and their real incomes eroded substantially more than owners' did between 1990 and 1992. It may be that their incomes did not recover as quickly as owners' in recent years. See endnote 1 for a more detailed discussion of the differences between renters' household income and wages and salaries for all workers in the City.

The Labor Department also collects payroll data, which is the aggregate compensation paid to employees in New York City covered by unemployment insurance. This data, based on the universe of insured employees rather than a sample, accounts for changes in both wages/salaries and employment levels, though it excludes self-employed people and some non-profit employees. Comparing total payroll for the second quarter of 1995 to that of 1994, compensation is up 5%, moderately higher (a difference of almost 3%) than inflation. Payroll in the first quarter of these two years increased substantially, about 14% in nominal terms, because of first-of-the-year increases awarded in unionized labor sectors as well as from bonuses paid in the first quarter for the previous calendar year. Employees in the securities industry saw a 40% jump in payroll due to such bonuses resulting from a banner year.

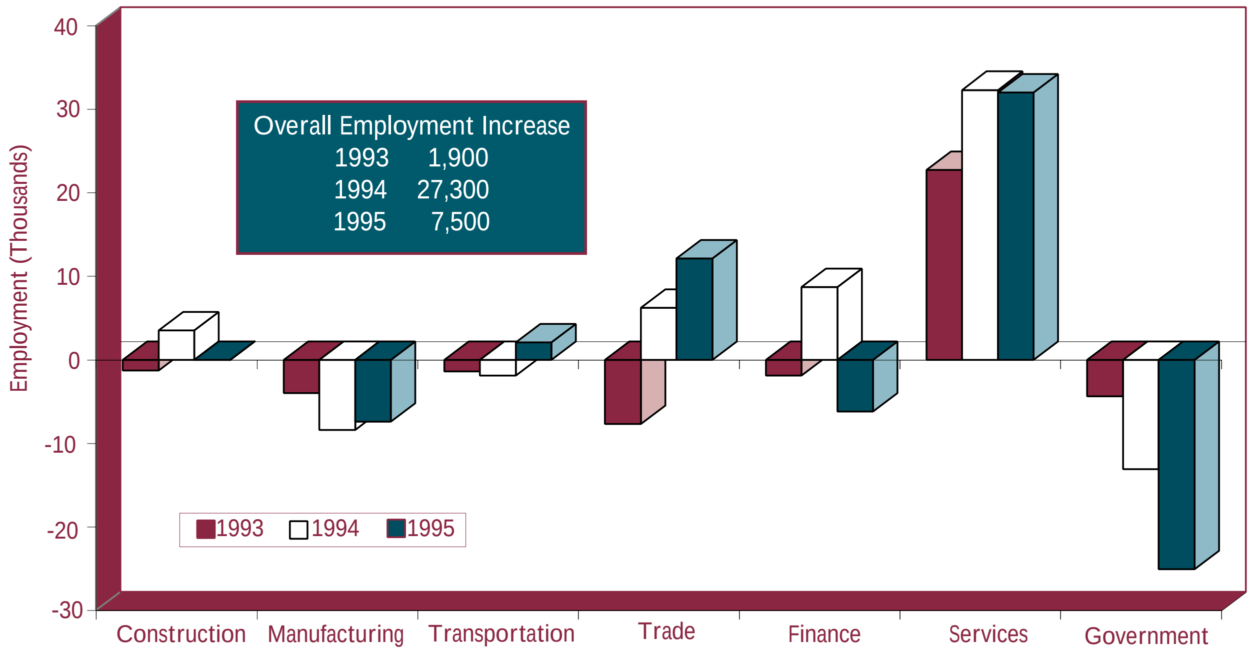
The New York City Office of Management and Budget (OMB) forecasts wage rates and employment levels for the next five years in devising its operating and capital budgets. Overall, annual wages in New York City are expected to increase nearly 7% from 1994 to 1995 with employees in the FIRE sector earning 12% more. Earnings in industries outside of FIRE are anticipated to increase 5% in 1995. These estimates are in line with the payroll data for the first two quarters of 1995 presented above. Annual earnings in the longer range forecast are predicted to grow 4.1% between 1996 and 2000 and are expected to rise faster than inflation.

Level of Employment

Because household income depends not only on wage and salary levels, but more fundamentally on the likelihood of being employed, we review changes in employment levels, rates of unemployment and labor force participation, and unemployment claims. Despite shaky reports on the health of the local and national economies, overall employment has risen in New York City during the past three years. Following New York City's strong employment recovery of 27,300 jobs between 1993 and 1994, the highest annual increase since nearly 50,000 jobs were added in expansionary 1987, growth in 1995 slowed substantially. About 7,500 additional jobs were added to New York City's employment sector. Data for the first two months of 1996 shows that overall employment levels are still on the rise, .3% higher (roughly 10,000 positions) than the first two months of 1995, though such monthly data is preliminary.

Private sector employment has led the way in New York City's employment recovery that began in 1993.

Employment in the Service Sector Has Increased Substantially, While Government Employment Has Fallen Sharply



Source: U.S. Bureau of Labor Statistics

The New York City OMB's economic outlook for 1996-2000 indicates that by 1995 the City's private sector had recovered nearly one-third of the jobs lost during New York's prolonged recession - 30,000 to 40,000 jobs were added to this sector in two consecutive years.

The performance of individual industries within the private sector in recent years has been mixed. Service sector employment has soared in the previous three years, gaining back more jobs than were lost during the economic downturn. This is partly because this industry was not hit hard during the recession. The FIRE industry lost proportionally more jobs, as did the trade and construction sectors. The struggling manufacturing industry has lost 100,000 jobs in the last ten years and now employs half as many people as it did in the late 1970s.

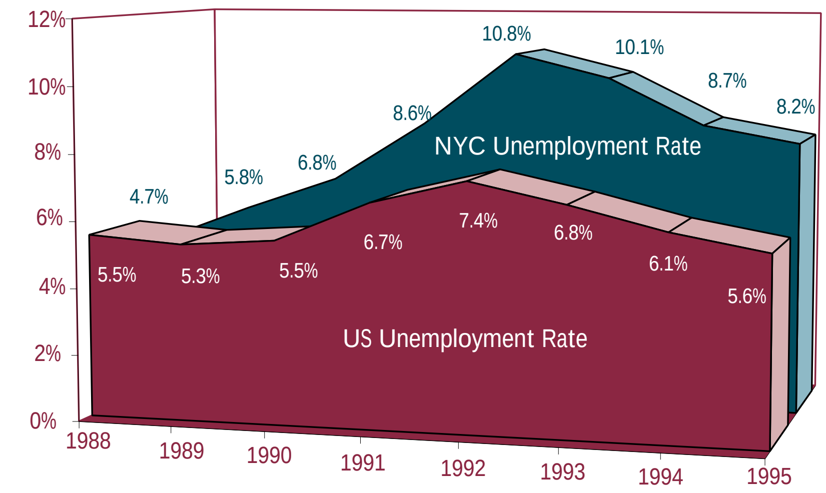
The government segment was hard hit, as well, during this recession. Nearly 70,000 government jobs have been eliminated since 1991, 25,000 of which were cut in 1995 alone as governments continue to downsize. City of New York workers, comprising more than one-third of all government employees in New York City, have not escaped such cuts in the last couple years. From 1993 to 1995, the Giuliani Administration reduced City employment by almost 17,500 employees, a reduction of more than 8%. An additional reduction of 12,000 positions is called for in the fiscal year 1997 budget which begins in July. Such reductions are accomplished through attrition, retirement packages, and hiring freezes. (See graph above and Appendix III for more details of employment by industry.)

OMB predicts employment levels will grow by 19,000 jobs in each of the next five years with increases in private employment gains outpacing continued losses in the public sector.

Unemployment

Unemployment figures in a labor market depend on two factors, the number of positions available (supply of jobs) and the number of people in the workforce (demand for jobs). Technically, the labor workforce is made of those people actively working or those of working ages who are unemployed but have

Unemployment Dropped for the Third Straight Year



Source: U.S. Bureau of Labor Statistics

looked for work within the last six months. Thus, unemployment rate statistics undercount the number of people who are out of work by ignoring people who continue to search for employment after six months. Also excluded are part time workers who would prefer to work full time or those who are otherwise underemployed.

Noting these definition problems, New York City's unemployment rate fell one-half of one percent to 8.2% in 1995 after reaching a high of 10.8% in 1992. The falling unemployment rate, evidence of New York's economic recovery which has lagged behind that of the nation, means that the supply of jobs outpaced the demand for employment. However, the gap that opened in 1990 between the unemployment rate in New York City versus U.S. levels remains sizable, though it has narrowed somewhat since 1992. (See graph above.)

Although payroll positions are rising and the unemployment rate has fallen, the labor force participation rate, which shows the proportion of employment-age people (ages 16 and older) who are working, fell three straight years to 55.1% in 1995. The U.S. participation rate (66.6%), by contrast, is much higher than New York's and has not declined in recent years. Along with falling participation rates, the weekly average of initial unemployment claims grew by 5,000 in 1995, a 7% increase which reverses the trend of falling claims that began in 1991 when, on average, more than 10,000 initial claims were filed per week. Such mixed employment results seem to indicate a stalled economy that could either continue its mild expansion or begin to decline depending on national economic trends.

Rents

The median contract rent for all rental units in New York City was $501 according to the 1993 HVS. With the next HVS due out at the end of 1996, more recent contract rent data is not available. However, the Division of Housing and Community Renewal (DHCR) calculates the percent change in rents registered with the Division which can be used as a proxy for overall changes in rent levels in the five boroughs since 1993. Such registered rents increased 3.1% from 1993 to 1994. With similar housing market conditions persisting through 1995, we can assume that the increases in rents were about the same for the 1994 to 1995 period. This leads to a median nominal contract rent of approximately $533 in 1995. When adjusting for inflation of about 2.5% in the last two years, increases in real rents are slight.

Rent-to-Income Ratios

New York City

For a measure of housing cost burdens on New York City's renters, we again look to the 1993 HVS which allows us to calculate the proportion of income renters spend on housing. The median contract rent-to-income ratio for all rental households as well as for stabilized tenants was 28.2% in 1993, an increase of nearly 2% for both categories since the 1991 HVS. Those earning less than $20,000 pay about half of their income towards housing costs. Without more recent HVS data, we cannot specify with certainty the rent-to-income ratio for 1995; however, it is probably little changed since 1993 levels given moderate increases in both nominal rents and incomes and higher employment levels in recent years.

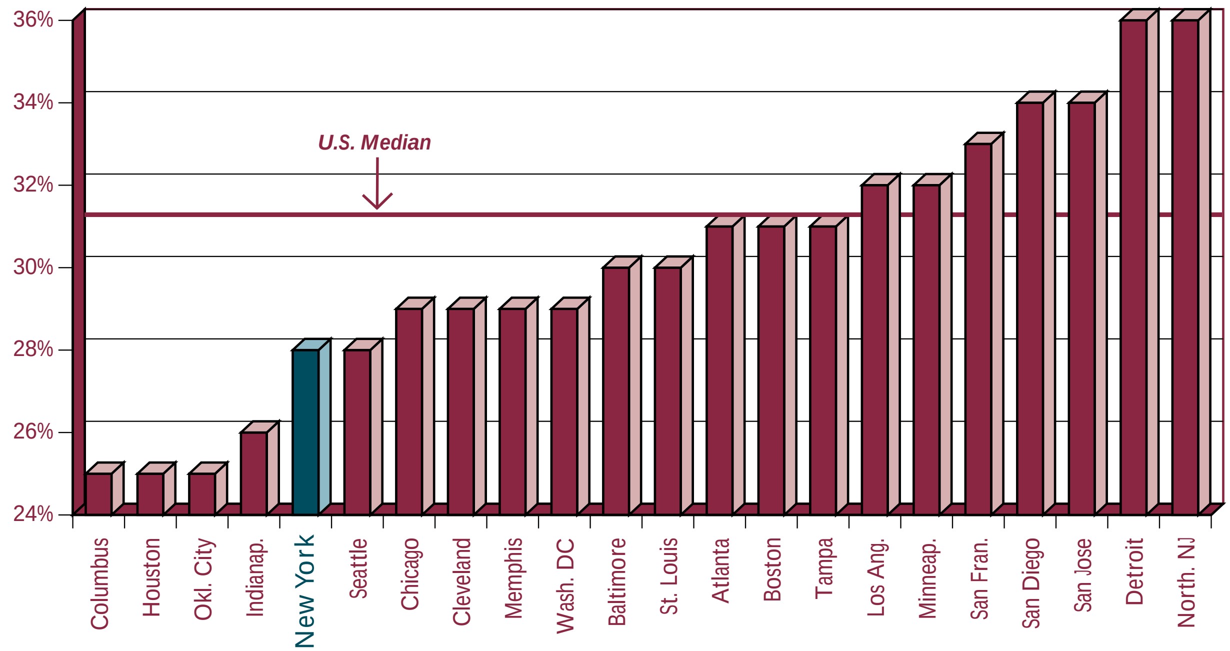
Comparison

RGB Board members requested that New York's rent-to-income ratio be compared with rental burdens experienced by tenants in major cities across the nation. Specifically, it was requested that we compare New York City with other urban areas, including ones with regulated housing, and to determine if the trend of increasing-rent-to-income ratios in New York City is also found elsewhere. For this analysis, we obtained cross sectional data from the U.S. Census Bureau's American Housing Survey (AHS). The AHS includes data on quality and costs of housing for the entire U.S. as well as for individual cities. More than forty metropolitan areas are surveyed, about twelve of which are completed each year. Budget cuts, however, prevent the Bureau from maintaining this schedule on a consistent basis. Because longitudinal data requires obtaining AHS tables back as many as ten years, during which time the Census Bureau changed its methodology for the AHS, longitudinal data appears to be of questionable reliability. Although we could not determine if rent burdens in other cities are increasing, the cross sectional data presented below adequately demonstrates that New York City's rental burdens are not unique.

The RGB staff selected individual central cities for which the Census Bureau completed a survey no earlier than 1991 (except Los Angeles which has not been surveyed since 1989) and that have at least 50,000 occupied rental units in their inventories. We narrowed the comparison to *central* cities to avoid comparability problems that arise when including suburbs with core urban areas. This selection criteria yielded twenty-one cities aside from New York City. Because of differences in how the Census Bureau defines variables in the New York City HVS versus the AHS, we use data from the AHS for all of New York City's variables. (Please see Appendix VI for a full treatment of cities and variables included in this analysis.)

Comparing median contract rents for apartments in central cities throughout the U.S. yields similar results to New York City's $551 median housing costs. [3] The median contract rent for all occupied rental dwellings in the U.S. is $483 and $502 for those in our sample of

New York City's Rent Burdens Are Lower Than Most Cities'



Median Rent-to-Income Ratios

Note: Cities with the same median rent-to-income ratios are listed alphabetically.
Source: U.S. Census Bureau, American Housing Survey

twenty-two cities. The range of housing costs in our sample is a low of $353 in Cleveland and a high of $810 in San Jose, CA. Six cities have higher contract rents than New York, most of which are in affluent areas of California. The six cities are San Jose ($810), San Francisco ($709), San Diego ($672), and Los Angeles ($647) in California, as well as Boston ($607) and Seattle ($564).

Though New York is home to many poor residents and probably has the most low-income people in sheer numbers, its residents are far from the poorest. Sixteen cities have lower median incomes than New York City, which has a relatively high median income. Renters in Detroit have the lowest income of the twenty-two cities in this comparison, with a median income of $11,905 in 1993 dollars. San Jose has the wealthiest renters earning a median of $31,689 per year.

To compare housing cost burdens among central cities, median rent-to-income ratios calculated in the AHS are used. While New Yorkers pay approximately 28% of their income in rent each month, three-quarters of cities in our study house renters who face proportionally higher rent burdens. Residents of Detroit and Newark/Jersey City pay 36% of their income in rent compared with a low of 25% in two midwestern cities, Columbus, Ohio and Oklahoma City and one southern city, Houston. Most cities' median rent-to-income ratios range from 29% to 31%, and average 30% in our sample. This provides evidence that most urban areas have higher relative housing costs than New York City. (See the graph on the previous page.)

Several cities we reviewed have a substantial portion of their rental housing covered by some form of rent regulation, namely northern New Jersey, Washington, D.C., three cities in California (excluding San Diego), and until recently Boston. All of these cities have higher rent-to-income ratios than New York City and four of these six have higher ratios than the U.S. median of 31%. Because the AHS does not distinguish rent and income levels by type of rental units, it is impossible to separate rent regulated dwellings from all rentals in other cities as is done for New York in the HVS. [4] Nor can we separate rent-to-income ratios for subsidized rental units, though the percent of the rental housing stock that is subsidized does not appear to be correlated with housing cost ratios. (See Appendix VI.)

Housing Court

In addition to income and rents, the RGB gathers housing court data to assess the impacts of changing economic conditions on New York City's tenants. Specifically, housing court actions are reviewed to determine the proportion of tenants having difficulties covering their rental payments, and evictions are tracked to measure the number of households experiencing the most severe affordability problems.

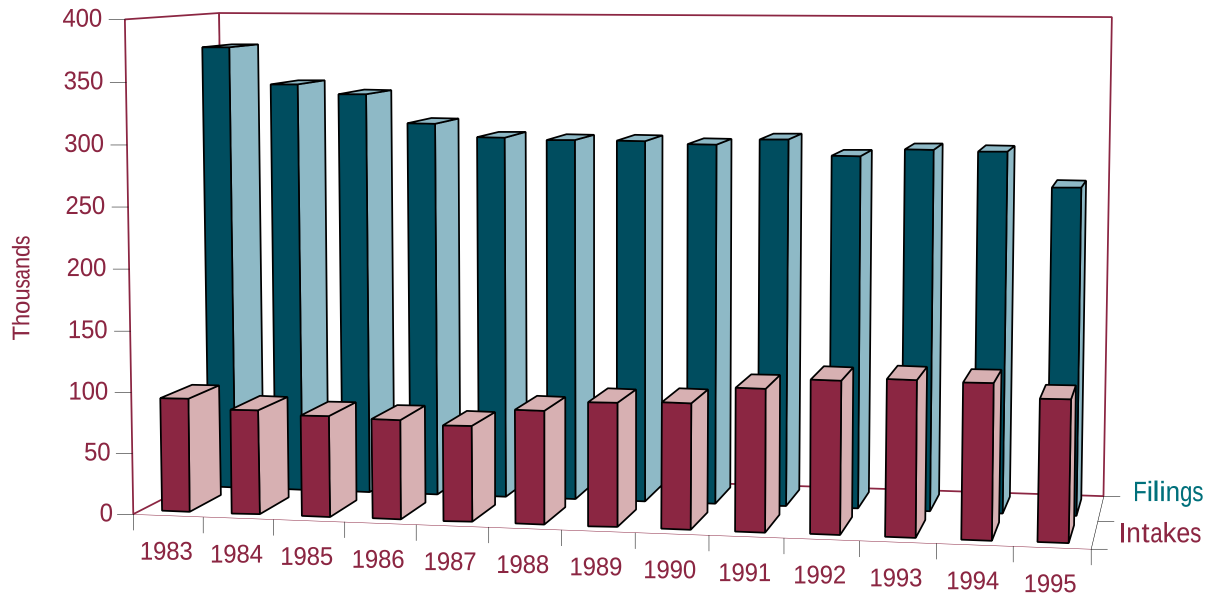
Owners are eligible to file non-payment petitions with the New York City Civil Court when a tenant is a day or more behind in paying rent, though the actual lag between when the payment is due and when non-payment petitions are filed varies considerably. Such filings did not change much between 1987 and 1994 before declining from 294,000 in 1994 to 266,000 in 1995, a decrease of about 10%.

The constant level of filings throughout the recessionary period seemingly contradicts the notion that tenants have more difficulty paying rent when the economy is sluggish. Perhaps the number of petitions filed, rather than a measure of delinquency, is a reflection of owners' willingness to resolve problems with current residents during soft real estate markets. Landlords may prefer not to embark on costly eviction proceedings only to have difficulty re-renting their apartments for the same or even lower rents.

Unlike petition filings which did not fluctuate during the recession, the number of case intakes (reflecting the non-payment summary proceedings noticed for trial less restorations) increased steadily between 1987 and 1993, but declined slightly since. Case intakes continued their descent in 1995, falling 9%. This pattern mirrors the strengthening employment market with tenants better able to afford rents or resolve payment problems when they arise. (See graph on the next page for changes in non-payment petition filings and case intakes since 1983.)

It seems odd that petition filings and case intakes have not moved in tandem, but they may measure two very different phenomena. Perhaps landlords file petitions as a means of encouraging payment, while case intakes show situations where owners are willing to go to court, a much more dramatic stance. Over the years, one-third to one-half of petitions filed make it to court.

Housing Court Non-Payment Filings and Case Intakes Declined in 1995



Source: New York City Civil Court, Administration Office

Of the total case intakes, roughly one-third result in evictions of the current tenant by city marshals. Presumably, some delinquent tenants leave voluntarily before served with a notice of possession by a city marshal, while other evictions arise from problems other than non-payment of rent. The number of evictions has steadily increased since 1991, reaching almost 24,000 in 1994. As of this report, the Bureau of City Marshals has not compiled possessions and evictions data for 1995, making further analysis impossible. This information will be forwarded to the Board as soon as it is available.

Public Benefits

The number of New York City residents receiving public assistance benefits depends on several factors such as the level of payments, eligibility requirements, and the performance of the economy. The total number of recipients in the Home Relief and AFDC programs declined 1.9% between 1994 and 1995. While AFDC recipients increased slightly, the number of people receiving Home Relief declined 10%, due to reduced unemployment and to welfare reform initiatives. Data from the third quarter of fiscal year 1996 shows there are fewer AFDC recipients and that the number of new Home Relief cases accepted dropped in half compared with the same quarter of FY 1995, no doubt caused by a rigorous screening process and by stringent workfare requirements targeted toward able-bodied recipients. (See graph on the next page.)

At the same time the number of public assistance recipients is declining, benefits are increasingly coming under fire. The political climate that was ushered in with the election in 1994 has lead to proposals to vastly reduce programs and subsidies for the poor. It is unclear, however, which policies will be enacted in the coming years. Many proposed cutbacks of federal and state programs have been successfully defeated, while others have already been implemented, if only temporarily. Information regarding specific proposals and enacted changes at the federal and state levels comes from an unpublished paper by Avis Vidal and Alex Schwartz presented at a housing conference at New York University in March. Analysis of this data is supplied by the RGB research staff.

Though federal housing programs are under severe scrutiny and many cutbacks have been suggested, including the elimination of the Department of Housing and Urban Development, few changes have been implemented on a permanent basis. A Continuing

Resolution that has allowed the Department to maintain its operations reduced the Department's funding by 20%, from $26 billion in FY 95 to $20.5 this fiscal year. The Continuing Resolution also contains several programmatic changes in public housing, tenant-based section 8, and Fair Market Rents. Specific changes are presented in the summary box on page 9.

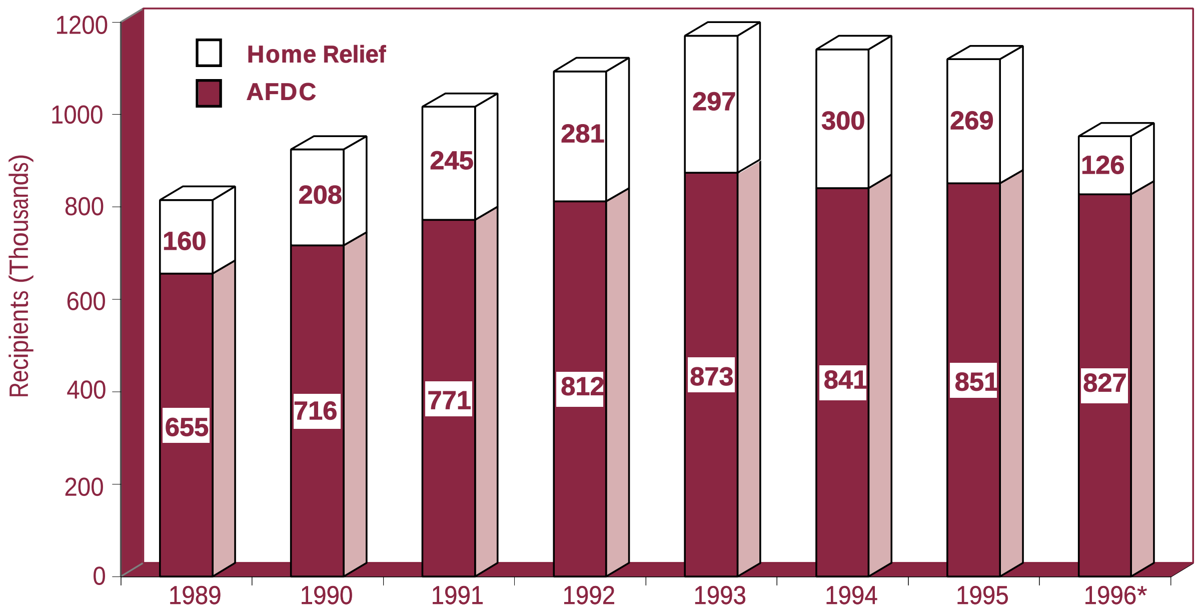
Briefly, the Resolution suspends the one-for-one replacement of public housing that is demolished and imposes minimum rents of $25 to $50 for residents of public and section 8 housing, but allows a maximum rent for public and section 8 tenants to encourage working families to remain in their dwellings as their incomes rise.

The Resolution's new rules concerning tenant-based section 8 certificates or vouchers, subsidies relied on by many rent stabilized tenants, impose a three-month delay in the reissuance of section 8 and contain no additional funding for certificates or vouchers. Further, HUD is now requesting that authorities use standard HUD forms when enrolling families on Section 8, forms that stipulate an expiration five years from issuance. HUD has previously renewed all certificates and vouchers. It is uncertain if the Department will continue to do so. Lastly, the Resolution reduces the Fair Market Rent from the 45th to the 40th percentile of median family income, decreasing the amount the federal government pays owners of federally assisted housing who rent to low income tenants. It remains unclear how many of the alterations included in the Continuing Resolution will become permanent Department policies. There are additional proposals coming out of Congress that would affect federal housing programs. These are also listed in the box on page 9.

In addition to changes in federal housing, proposals at the state level bode ill for low income households. Housing changes stemming from the state budget proposed by Governor Pataki are geared toward public assistance and mental health services which directly and indirectly impede tenants' ability to pay for housing. These proposals have not been addressed by either house of the state legislature, however.

Specific proposals include limiting Home Relief for single individuals and childless couples to 60 days;

Public Assistance Has Declined Due to Application Screening and Workfare Requirements



* First Quarter

Note: Because of a change in reporting method in the 1995 MMR, 68,000 recipients were erroneously classified under the AFDC program rather than Home Relief in 1994. The error was corrected in this year's report.

Source: Mayor's Management Report, Mayor's Office of Operations imposing a 5 year lifetime limit on Aid to Families with Dependent Children (AFDC); reducing the average welfare grant by about 25%, decreasing the typical welfare grant to a family of three to $424 from $577; and establishing a single welfare grant instead of separate grants for food, shelter, heating fuels, and special needs. On the other hand, the Governor has proposed allowing public assistance recipients to maintain their welfare benefits when their income from wages or other sources rise to $153 per month. Likewise, doubled-up families would no longer be treated as one household eligible for one set of welfare benefits. Each family would receive reduced benefits, though.

Along with reductions in welfare payments, the future of the supplemental shelter allowance, known as "Jiggets", is in question. The allowance is provided to households eligible for AFDC who are at risk of eviction, and has assisted about 22,000 households.

The proposed state budget for next fiscal year calls for a reduction in the state Office of Mental Health by 25%. This would undoubtedly reduce services for the homeless since many transitional and permanent housing programs for this population are funded through this office. These changes are also outlined in the summary box.

The most severe impact on New York's tenants stemming from the above proposals would come from reductions in tenant-based section 8 certificates and vouchers and in public assistance benefit levels. Of the 87,000 New York City residents holding tenant-based certificates and vouchers, most could not afford apartments with the lowest rents even if there were enough to house them. Reducing the number and level of subsidies also jeopardizes rental payments to landlords - revenue used to maintain buildings in habitable conditions.

Not only would the proposals force low income tenants to pay more of their housing costs from their own pockets, their incomes would decline as AFDC benefits are slated for cuts by the state. This comes as the dollar values of AFDC welfare grants have eroded over the last two decades, because benefits are not automatically adjusted with inflation. These changes, combined with the chronic decline in New York City's industrial base which is being replaced by lower paying service sector jobs, may place additional housing affordability hardships on New York's poor.

Welfare and Housing Policies: Federal and State Proposals

Federal Housing

HUD's Continuing Resolution:

- Suspends one-for-one replacement rule for Public Housing.
- Eliminates funding for additional tenant-based Section 8 subsidies.
- Reduces Fair Market Rents from 45th to 40th percentile.

Congressional Proposals:

- Eliminate Low Income Housing Tax Credits (LIHTC).
- Weaken Community Reinvestment Act (CRA) requirements.
- Grant public housing authorities more discretion.
- Eliminate funding for additional tenant-based section 8 certificates and vouchers.

New York State Public Assistance

Executive Proposals:

- Limit Home Relief for single adults and childless couples to 60 days.
- Impose a 5 year lifetime limit on AFDC.
- Reduce average welfare grant by about 25%.
- Consolidate separate grants for food, shelter, heating fuels, and special needs into one reduced grant.
- Allow recipients to maintain benefits when their income rises to $153 per month.
- Issue welfare benefits to each family that is doubled-up, but at lower benefit levels than if they did not share a unit.
- Reduce the budget of the Office of Mental Health by 25%.
- End supplemental rent payments known as "Jiggets".

Source: Alex Schwartz and Avis Vidal, Community Development Research Center, The New School for Social Research, unpublished paper presented at New York University, March 28, 1996.

End Notes

[1] Approximating current household income for New York City's rent stabilized tenants is very difficult given the absence of up-to-date HVS data. The primary source of income data, other than the New York City HVS, is average wages and salaries reported by the New York State Department of Labor (DOL) for all payroll employees in New York City. Wage and salary data is, of course, quite different from household income. Not all households earn income from this source, particularly those who have their own businesses, are retired, or receive public assistance, while other households earn income from wages/salaries as well as from other sources.

The second difference between HVS and DOL data is that not everyone who works in New York City resides in the five boroughs. Many commute from suburban New York, New Jersey, and Connecticut. The third and final deviation mentioned here is that households who rent their apartments earn far less income than owners of conventional homes and cooperative and condominium apartments. Mean income for all households is $35,400, while renters earn $28,000 compared with owners' income of $55,000. Renter occupied households have less income partly because government assisted rental housing requires tenants to meet certain low income standards, including public and Mitchell Lama housing. Separating out such rentals leads to a slightly higher average income ($29,000) for approximately 1 million rental dwellings that are not means tested.

Appendix V shows the breakdown of household income sources for both owners and renters from the 1993 HVS. Analysis of income for rent stabilized households yields similar results as for the overall renter population.

[2] Three important issues must be addressed regarding household income data. First, the distribution is "skewed" to the right meaning that there are a few households earning much higher incomes that pull the average to the right. The median is not affected by such skewing, because it is the midpoint of all the values in the distribution. When the distribution is bell shaped, or symmetric, the mean and median are interchangeable. Because median values are not available for all variables, averages are used in this report and caution is advised.

A second note on household income deserves mention. In many surveys requesting household income, including the 1993 HVS, as many as one-third of households sampled do not report their income. This is a problem only if those who do not report their income differ substantially from those who do.

Third, underreporting of income likely exists especially at lower income levels. Neither non-reporting nor under-reporting of incomes by HVS respondents, however, are likely to have a substantial effect on central values.

[3] In 1993 dollars, New York City's median contract rent was $551 according to the AHS, somewhat higher than the median contract rent of $501 calculated in the 1993 HVS. This discrepancy is due to the inclusion of utilities, fuels, garbage collection, etc. in the AHS if the tenant pays for these items. The HVS does not include these costs in the contract rent. Rather, they are included in the gross monthly rent which is almost identical to the median rent in the AHS (median of $550). The median rent-to-income ratio in New York City is 28% in both the HVS and the AHS.

[4] A study conducted by a private consulting firm for the Los Angeles equivalent of the Rent Guidelines Board reports that the median rent-to-income ratio was 1% higher for all renters than for stabilized tenants in 1990. This study also reports that rent burdens increased 6% between 1977 and 1990 from a gross rent-to-income ratio of 24% to 30% for all renters and 24% to 29% for all eligible stabilized renters. Both groups had ratios of 27% as of the 1980 Census of Population.

Data in this report for 1990 is from the Public Use Microdata Set (PUMS) which uses slightly different methodology from the AHS causing a discrepancy in housing cost ratios for all renters.

APPENDIX: 1996 RGB INCOME AND AFFORDABILITY STUDY

I. Average Real Wage Rates by Industry for NYC, 1989-94
(1989 dollars)

	1989	1990	1991	1992	1993	1994	1993-1994 % Change
Construction	$36,294	$35,240	$34,832	$34,861	$34,305	$34,398	0.3%
Manufacturing	$29,697	$30,303	$30,492	$32,137	$31,151	$31,837	2.2%
Transportation	$36,319	$35,654	$34,737	$36,046	$34,945	$35,309	1.0%
Trade	$24,968	$24,662	$24,382	$24,974	$24,234	$24,304	0.3%
FIRE	$49,940	$50,302	$51,225	$63,917	$63,290	$59,287	-6.3%
Services	$28,596	$29,044	$28,764	$29,576	$29,210	$29,106	-0.4%
Total Private	$32,559	$32,746	$32,769	$35,658	$34,981	$34,304	-1.9%
Government	$30,633	$30,745	$29,808	$29,843	$29,936	$30,691	2.5%
Total	**$32,242**	**$32,408**	**$32,239**	**$34,641**	**$34,107**	**$33,743**	**-1.1%**

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

II. Average Nominal Wage Rates by Industry for NYC, 1989-94

	1989	1990	1991	1992	1993	1994	1993-1994 % Change
Construction	$36,294	$37,372	$38,619	$40,040	$40,583	$41,669	2.7%
Manufacturing	$29,697	$32,137	$33,807	$36,911	$36,851	$38,567	4.7%
Transportation	$36,319	$37,811	$38,514	$41,401	$41,340	$42,773	3.5%
Trade	$24,968	$26,154	$27,033	$28,684	$28,669	$29,439	2.7%
FIRE	$49,940	$53,345	$56,795	$73,412	$74,873	$71,820	-4.1%
Services	$28,596	$30,801	$31,891	$33,970	$34,556	$35,259	2.0%
Total Private	$32,559	$34,727	$36,332	$40,955	$41,383	$41,556	0.4%
Government	$30,633	$32,605	$33,049	$34,267	$35,415	$37,179	5.0%
Total	**$32,242**	**$34,369**	**$35,744**	**$39,787**	**$40,349**	**$40,876**	**1.3%**

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

III. Average Payroll Employment by Industry for NYC, 1988-96 π
(Thousands)

	1988	1989	1990	1991	1992	1993	1994	1995	1996 π
Construction	120.1	120.8	114.9	99.8	87.1	85.8	89.3	89.3	-3.6%
Manufacturing	370.1	359.5	337.5	307.8	292.8	288.8	280.4	273.0	-2.2%
Transportation	219.5	218.1	229.1	218.4	204.8	203.4	201.5	203.6	1.2%
Trade	634.3	630.2	608.3	565.3	545.6	537.9	544.1	556.2	1.7%
FIRE	542.4	530.6	519.6	493.6	473.5	471.6	480.3	474.1	-2.1%
Services	1,123.1	1,147.2	1,149.0	1,096.9	1,093.1	1115.8	1148.1	1180.1	2.6%
Mining	0.5	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.0%
Total Private	3,010.0	3,006.7	2,958.7	2,782.1	2,697.3	2703.6	2744.0	2776.6	--
Government	595.7	601.5	607.6	592.6	584.1	579.7	566.6	541.5	-2.7%
City of New York						223.8		206.4	
Total	**3,605.7**	**3,608.2**	**3,566.3**	**3,374.7**	**3,281.4**	**3283.3**	**3310.6**	**3318.1**	**0.3%**

Note: Totals may not add 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.

π Percent change from first two months of 1995 to the first two months of 1996.

Source: U.S. Bureau of Labor Statistics; City of New York employment figures from the New York City Office of Management and Budget, Financial Plan Summary, 1996-2000.

IV. Average Annual Unemployment Rates by Area, 1988-95

	1988	1989	1990	1991	1992	1993	1994	1995
Bronx	5.5%	7.0%	8.2%	10.1%	12.5%	11.9%	10.0%	9.6%
Brooklyn	5.5%	6.7%	7.9%	9.5%	12.0%	11.2%	9.7%	9.2%
Manhattan	4.3%	5.0%	5.8%	7.3%	9.0%	8.8%	7.6%	7.0%
Queens	4.0%	5.0%	6.0%	8.0%	10.5%	9.5%	8.2%	7.6%
Staten Island	4.0%	4.8%	6.4%	8.3%	10.4%	9.2%	7.8%	7.4%
NYC	**4.7%**	**5.8%**	**6.8%**	**8.6%**	**10.8%**	**10.1%**	**8.7%**	**8.2%**
U.S.	**5.5%**	**5.3%**	**5.5%**	**6.7%**	**7.4%**	**6.8%**	**6.1%**	**5.6%**
Participation Rate								
NYC	--	--	--	--	--	56.3%	55.9%	55.1%
U.S.	--	--	--	--	--	66.3%	66.6%	66.6%
Gross City Product								
(thousands, $1987)	212.5	211.2	212.2	204.9	209.3	213.3	217.6	219.6
% Change	4.0%	-0.6%	0.5%	-3.4%	2.1%	1.9%	2.0%	0.9%

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.

Source: New York State Department of Labor; New York City Comptroller's Office

V. Sources of Income

A. All Renter Occupied Households in New York City

Income Source	Mean	Median	Percent Receiving	Percent Not Reported
Wages, Salaries	$33,857	$27,000	72%	27%
Business Proprietors	$27,695	$14,000	23%	19%
Interest, Dividends, Royalties	$3,524	$400	32%	21%
Social Security, Railroad Retirement	$7,706	$6,860	35%	20%
SSI, AFDC, Home Relief, other	$5,342	$5,328	37%	19%
Retirement, Survivor, Disability Pensions	$6,617	$4,296	24%	18%
VA, Unemployment, Child Support, Alimony	$5,119	$3,500	25%	18%
Total Income	**$28,192**	**$20,000**	**99%**	**28%**

B. All Owner Occupied Households in New York City

Income Source	Mean	Median	Percent Receiving	Percent Not Reported
Wages, Salaries	$56,593	$46,000	79%	32%
Business Proprietors	$48,840	$23,000	31%	24%
Interest, Dividends, Royalties	$8,358	$3,000	59%	30%
Social Security, Railroad Retirement	$9,485	$8,760	50%	26%
SSI, AFDC, Home Relief, other	$4,235	$3,636	24%	21%
Retirement, Survivor, Disability Pensions	$10,861	$7,000	38%	24%
VA, Unemployment, Child Support, Alimony	$5,081	$4,000	29%	22%
Total Income	**$54,796**	**$41,000**	**99%**	**34%**

Source: 1993 Housing and Vacancy Survey, U.S. Bureau of the Census

VI. Housing Affordability - Renter Occupied Dwellings in Central Cities

Central City	% of Stock Occupied By Renters	Median Year Stock Built	Median Household Income ß	Median Monthly Housing Cost ß	Median Rent-to-Income Ratio	Percent of Rentals With Subsidies	Subsidies Not Reported
Atlanta	56%	1962	$13,339	$418	31%	26%	2.5%
Baltimore	49%	1943	$17,363	$447	30%	20%	0.3%
Boston	70%	1933	$22,184	$607	31%	29%	0.5%
Chicago	58%	1939	$21,821	$484	29%	12%	1.7%
Cleveland	51%	1933	$13,323	$353	29%	17%	1.4%
Columbus	52%	1966	$22,562	$448	25%	14%	0.7%
Detroit	42%	1939	$11,905	$424	36%	14%	1.9%
Houston	33%	1974	$23,188	$445	25%	12%	0.9%
Indianapolis	39%	1965	$21,800	$450	26%	12%	1.3%
Los Angeles	60%	1956	$25,329	$647	32%	10%	1.6%
Minneapolis	47%	1942	$17,475	$443	32%	22%	1.6%
Memphis	43%	1960	$14,154	$375	29%	17%	0.8%
New York	**69%**	**1942**	**$25,145**	**$551**	**28%**	**22%**	**2.0%**
Northern NJ	77%	1944	$15,644	$499	36%	24%	3.0%
Oklahoma City	39%	1971	$17,865	$378	25%	7%	0.1%
Saint Louis	50%	1938	$15,207	$356	30%	11%	0.1%
San Diego	52%	1969	$27,114	$672	34%	9%	0.3%
San Francisco	67%	1934	$26,617	$709	33%	10%	1.2%
San Jose	39%	1969	$31,689	$810	34%	10%	0.5%
Seattle	50%	1956	$26,426	$564	28%	8%	1.4%
Tampa	46%	1967	$17,873	$437	31%	20%	1.4%
Wash, D.C.	61%	1946	$24,217	$537	29%	20%	0.9%
Sample Average	**57%**	**1943**	**$20,556**	**$502**	**30%**	**16%**	**1.2%**
U.S.	**51%**	**1958**	**$18,916**	**$483**	**31%**	**17.1%**	**0.8%**

Note: *Monthly Housing Costs* are gross housing payments which include contract rent plus the estimated average monthly cost for utilities and fuels; property insurance and garbage / trash collection are included if these items are paid directly by the renter. This amount reflects the portion paid by the household not the portion paid by the government if the household receives a subsidy. Costs of vacant-for-rent housing is the asked rent.

ß 1993 dollars

Source: American Housing Survey, U.S. Bureau of the Census