

2019 Income and Affordability Study

NEW YORK CITY RENT GUIDELINES BOARD

April 4, 2019

What is the I&A Study?

- 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

What is the I&A Study?

- The *I&A Study* reports on housing affordability and tenant income by examining economic factors, rent levels, and public policies
- Factors include:
 - Economic factors such as inflation and job growth
 - Household income and housing costs
 - Housing policies
 - Eviction proceedings, homelessness, usage of emergency assistance and other indicators

Income & Affordability Overview

- City's economy grows by “real” 3.0%
- City gains 86,600 jobs
- Less rapid rise in inflation, 1.9%
- 3.5% increase in “real” wages
- Unemployment rate falls to 4.1%
- 13.9% decrease in evictions
- Homeless levels rise 0.9%
- 2.8% decrease in cash assistance recipients
- 3.6% decrease in SNAP (food stamps) recipients

Economic Output

- NYC Gross City Product increases in 2018
 - Inflation-adjusted increase of 3.0% between 2017 and 2018
 - Positive growth in all but two quarters since the beginning of 2009, including a 2018 quarterly high of 3.9% in the fourth quarter
- U.S. GDP increases at slower rate than NYC
 - Increase of 2.9% in 2018
 - Positive growth in all but three quarters since the second quarter of 2009, including 2018 quarterly high of 4.2% in second quarter

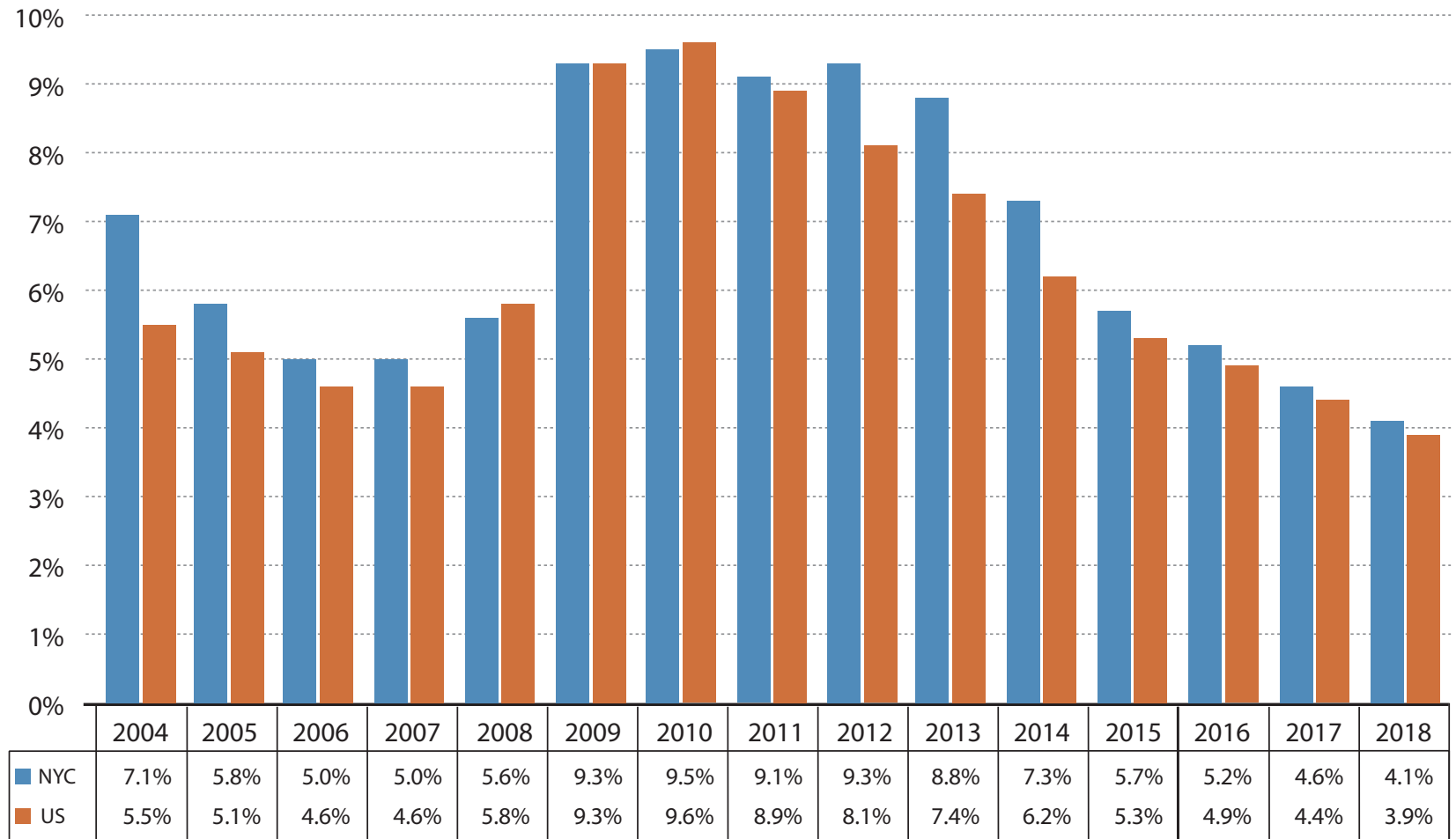
Consumer Prices

- Inflation rises
 - Prices in NYC rise by 1.9% in 2018
 - ✓ Follows increases of 2.0% in 2017, 1.1% in 2016, and 0.1% in 2015
 - Prices in U.S. urban areas increased 2.4% in 2018
 - ✓ 0.3 percentage points higher than the previous year

Unemployment Statistics

- Decrease in NYC unemployment rate: Down to 4.1% in 2018, a 0.5 percentage point decline
 - Queens has lowest rate: 3.6%
 - Manhattan: 3.7%
 - Staten Island : 4.2%
 - Brooklyn: 4.6%
 - Bronx: 5.7%
- NYC in 2019: January: 4.9%; February: 4.6%
- U.S. Rate falls: Down to 3.9% in 2018, a 0.5 percentage point decrease

Unemployment Statistics

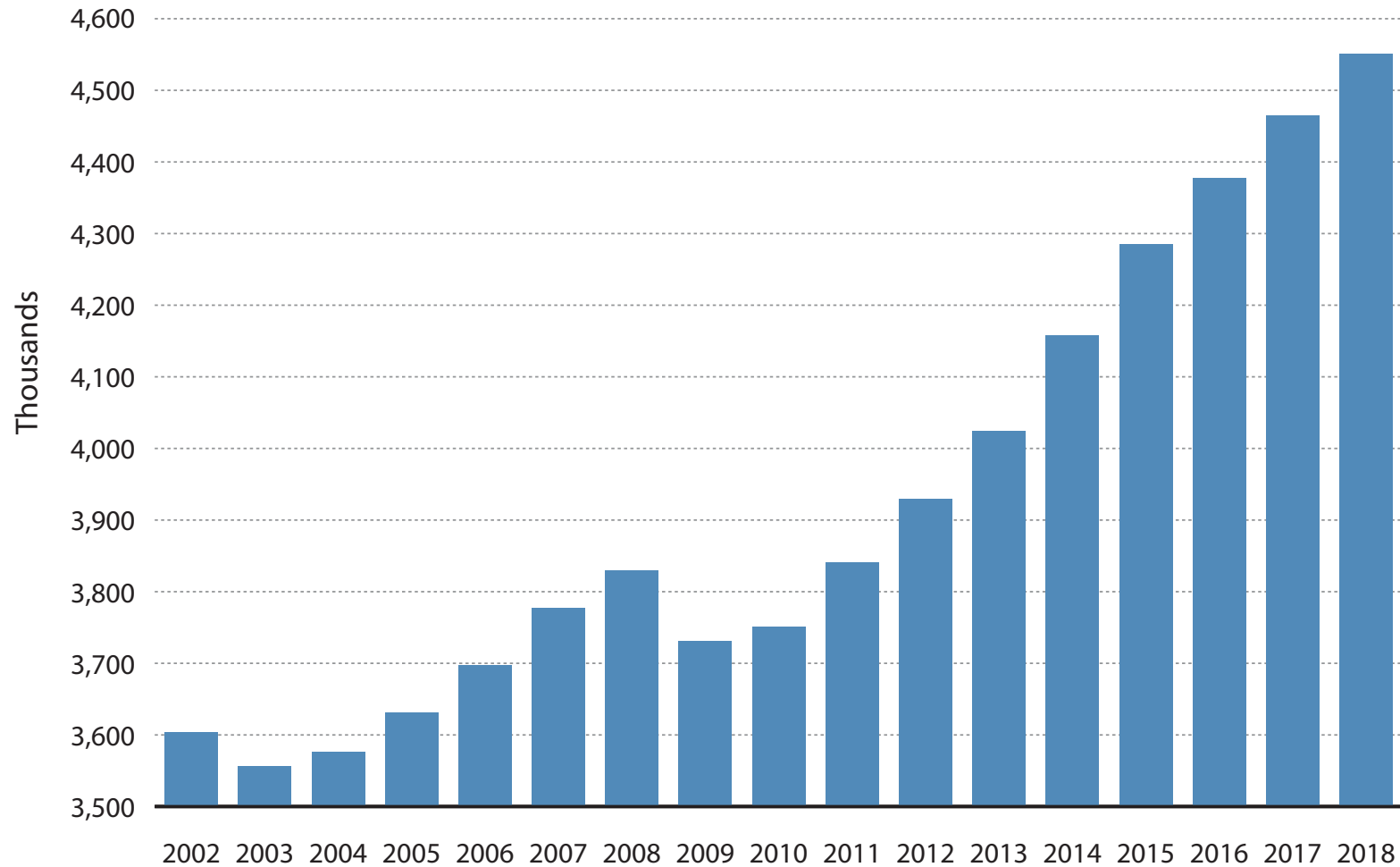


Source: NYS Department of Labor and U.S. Bureau of Labor Statistics

Employment Statistics

- NYC gained 86,600 jobs in 2018, a 1.9% rise
- Gains in most sectors
 - Educational & Health Services, up 4.6%
 - Construction, up 3.5%
 - Professional and Business Services, up 2.6%
- All other sectors that rose increased from between 0.6% and 1.9%
- Decline in Manufacturing, down 3.6%
- January & February 2019: Total employment up 2.1% and 1.7%, respectively

Employment Statistics

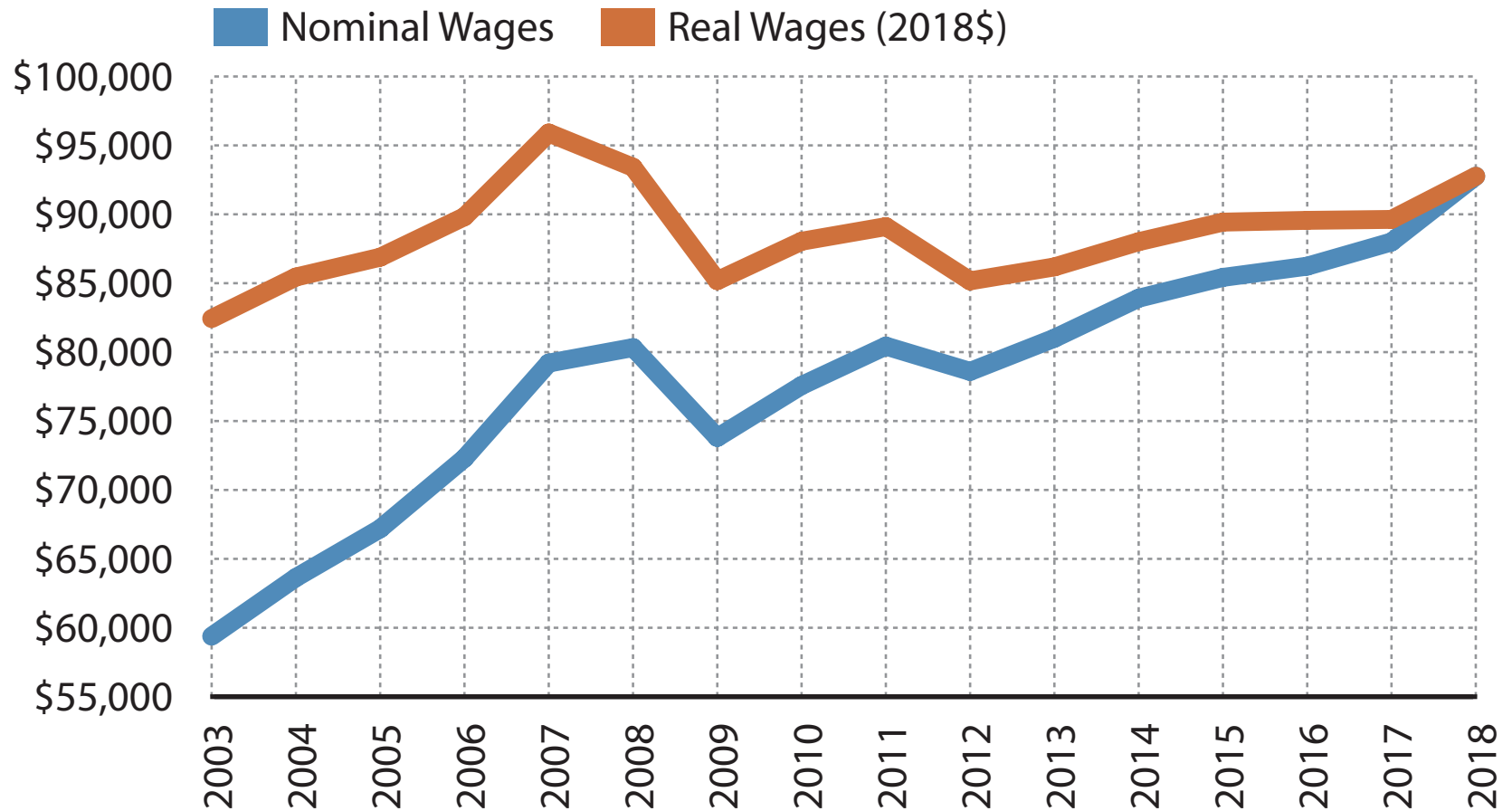


Source: NYS Department of Labor

Wage Data

- 2.5% increase in “real” wages from 2016 to 2017, 4.5% increase in nominal wages
- Most recent 12-month period: “Real” wages up 3.5%, nominal wages up 5.4%
 - ✓ 4.4% “real” increase in Finance and Insurance sector, which accounts for 26% of all wages
 - ✓ 2.2% increase in the Admin/Waste/Educational/Health Service sector (16% of all wages)
 - ✓ 2.1% increase in Professional & Tech Services (13% of all wages)
 - ✓ 10.9% rise for Government (11% of all wages)
- 2018 by quarter: “Real” wages up 1.6% in Q1, up 3.5% in Q2, and up 3.0% in Q3
- CES weekly wages show 2018 rise of 3.1% nominally, and 1.2% in “real” terms

Wage Data



Source: NYS Department of Labor

Poverty Statistics

- NYC poverty rate for all individuals: 18.0%
 - Staten Island: 11.8%
 - Queens: 12.1%
 - Manhattan: 16.2%
 - Brooklyn: 19.8%
 - Bronx: 28.0%
- NYC rates by age:
 - Under 18: 25.2%
 - 18-64: 15.6%
 - 65 and over: 18.0%
- U.S. poverty rate for all individuals: 13.4%

Poverty Statistics

- Rates for families:
 - All families: 14.7%
 - Families in renter-occupied housing: 21.3%
 - Families in owner-occupied housing: 4.2%
 - With related children under the age of 18: 21.2%
 - Married-couple families: 8.9%
 - Female-headed families: 27.3%
 - Male-headed families: 12.8%

Vacancy Rates (2017 HVS)

- Citywide vacancy rate was 3.63% in 2017
- Bronx had lowest vacancy rate: 2.71%, equal to 10,558 available rentals
- Manhattan had highest vacancy rate: 4.73%
- Queens: 3.50%
- Brooklyn: 3.28%

Affordability of Rental Housing (2017 HVS)

- Median gross rent-to-income ratios in 2017:
 - All rental households: 33.7%
 - Rent controlled: 43.1%
 - Stabilized: 36.0%
 - Pre-war: 36.8%; Post-war: 34.4%
 - Without Section 8: 33.5%
 - Out-of-Pocket: 31.5%
 - Private, non-regulated: 31.4%
 - “Other” regulated: 33.8%
- 32.4% of rental households pay more than 50% of their income in rent

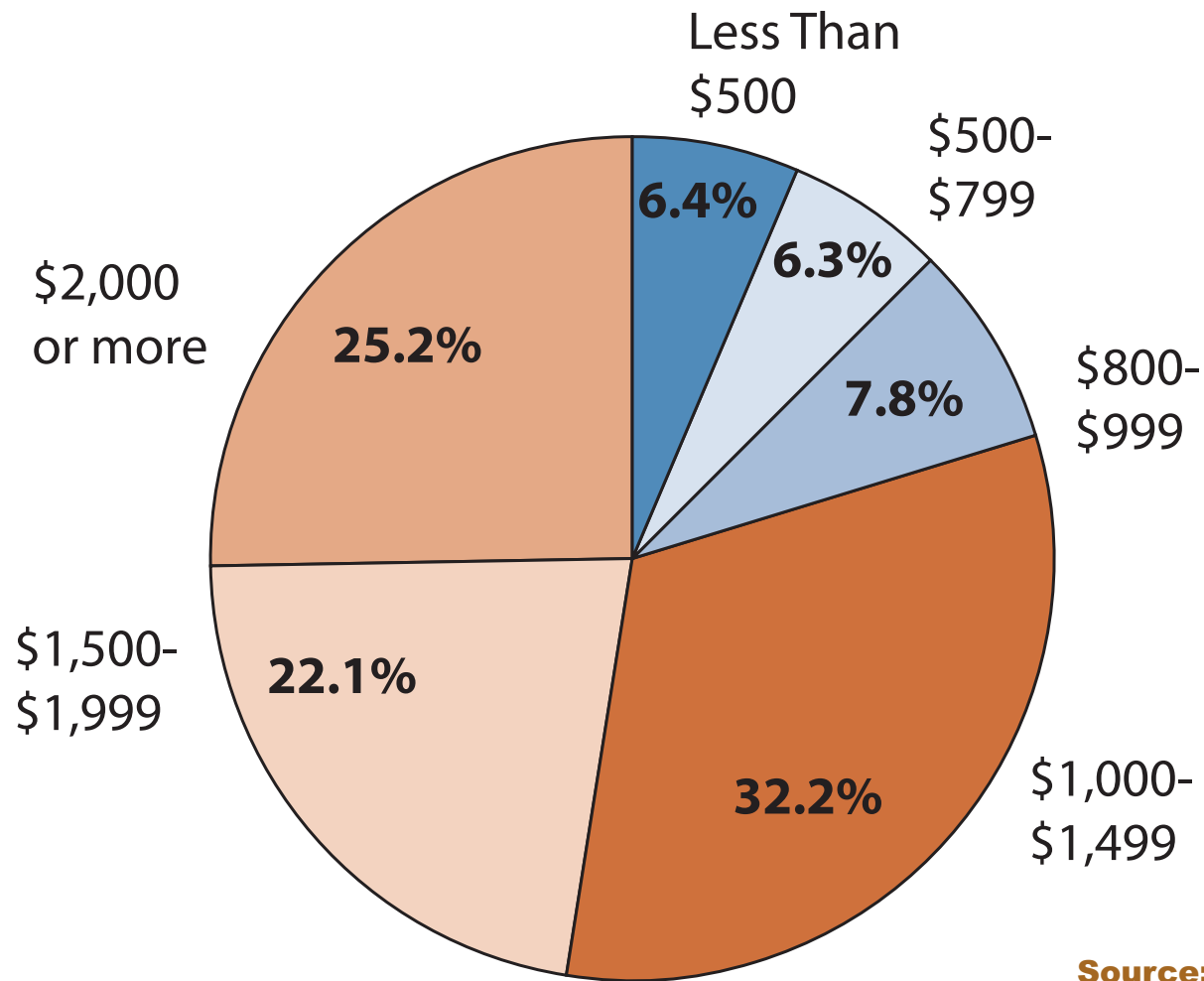
Household Income (2017 HVS)

- Median income for various households in 2016:
 - All Households: \$57,500
 - Rental households: \$47,200
 - Owner-occupied: \$87,000
 - Rent controlled: \$28,260
 - Rent stabilized: \$44,560
 - ✓ Pre-War: \$42,000
 - ✓ Post-War: \$50,000
 - Non-regulated units: \$67,000
 - “Other” Regulated units: \$18,792

Gross Rent (2017 HVS)

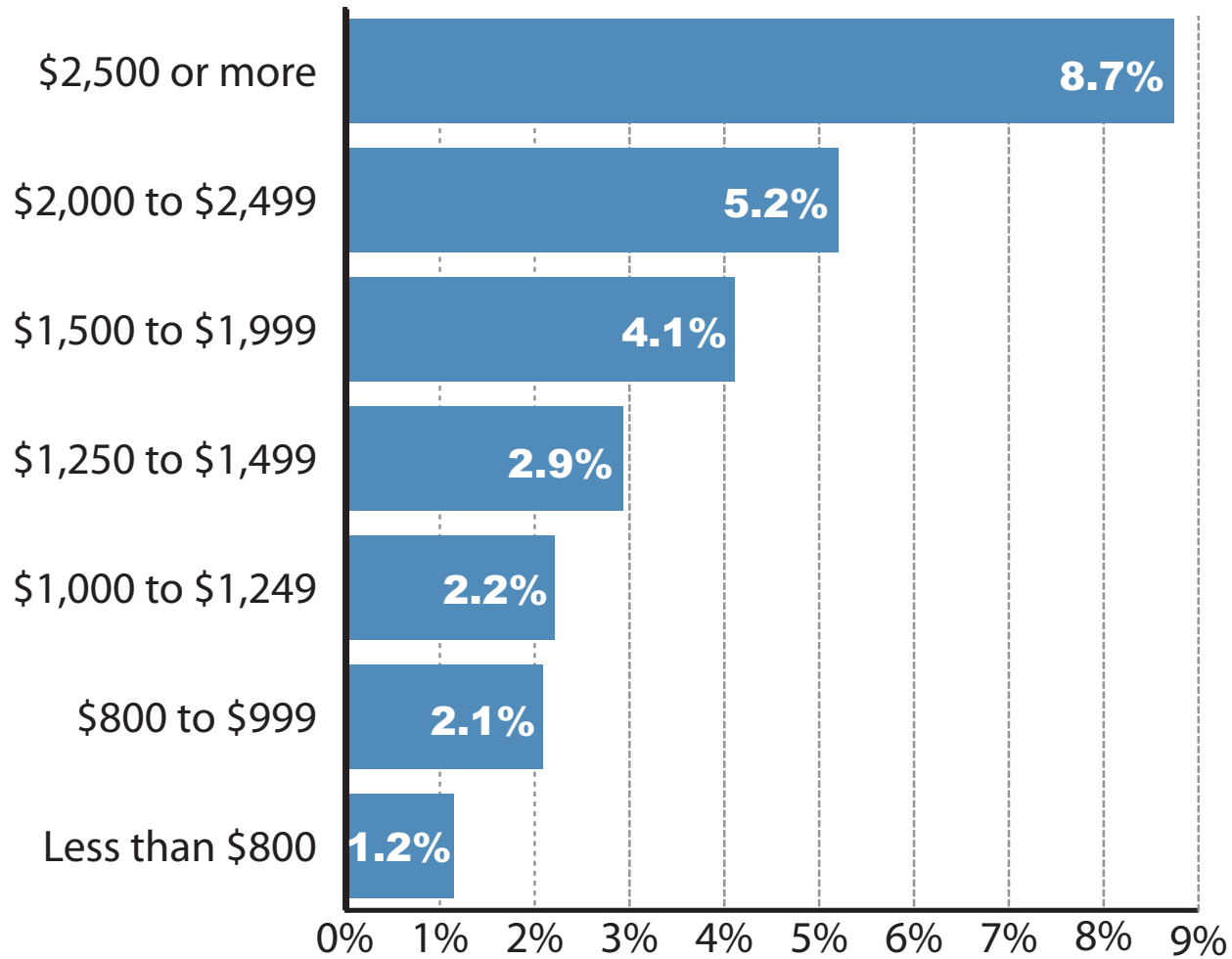
- Median monthly gross rent for various households in 2017:
 - All rental units: \$1,450
 - Rent stabilized: \$1,375
 - ✓ Pre-47: \$1,343
 - ✓ Post-46: \$1,485
 - Rent controlled: \$1,039
 - Private, non-regulated: \$1,830
 - “Other” regulated: \$649

Gross Rent (2017 HVS)



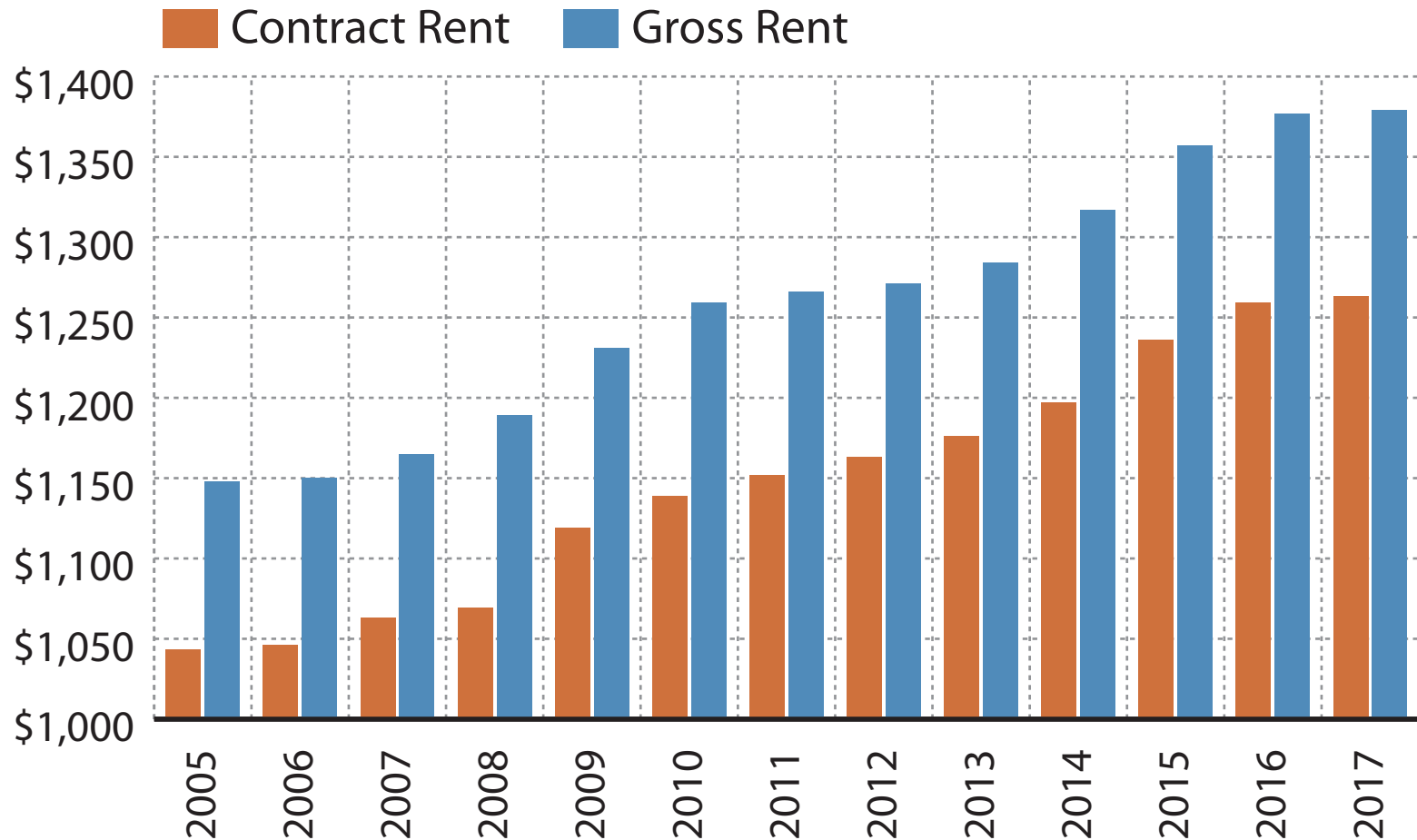
Source: 2017 Housing and Vacancy Survey

Vacancy Rates by Rent Level (HVS)



Source: 2017 Housing and Vacancy Survey

Monthly Rent in Real 2017 Dollars (ACS Survey)



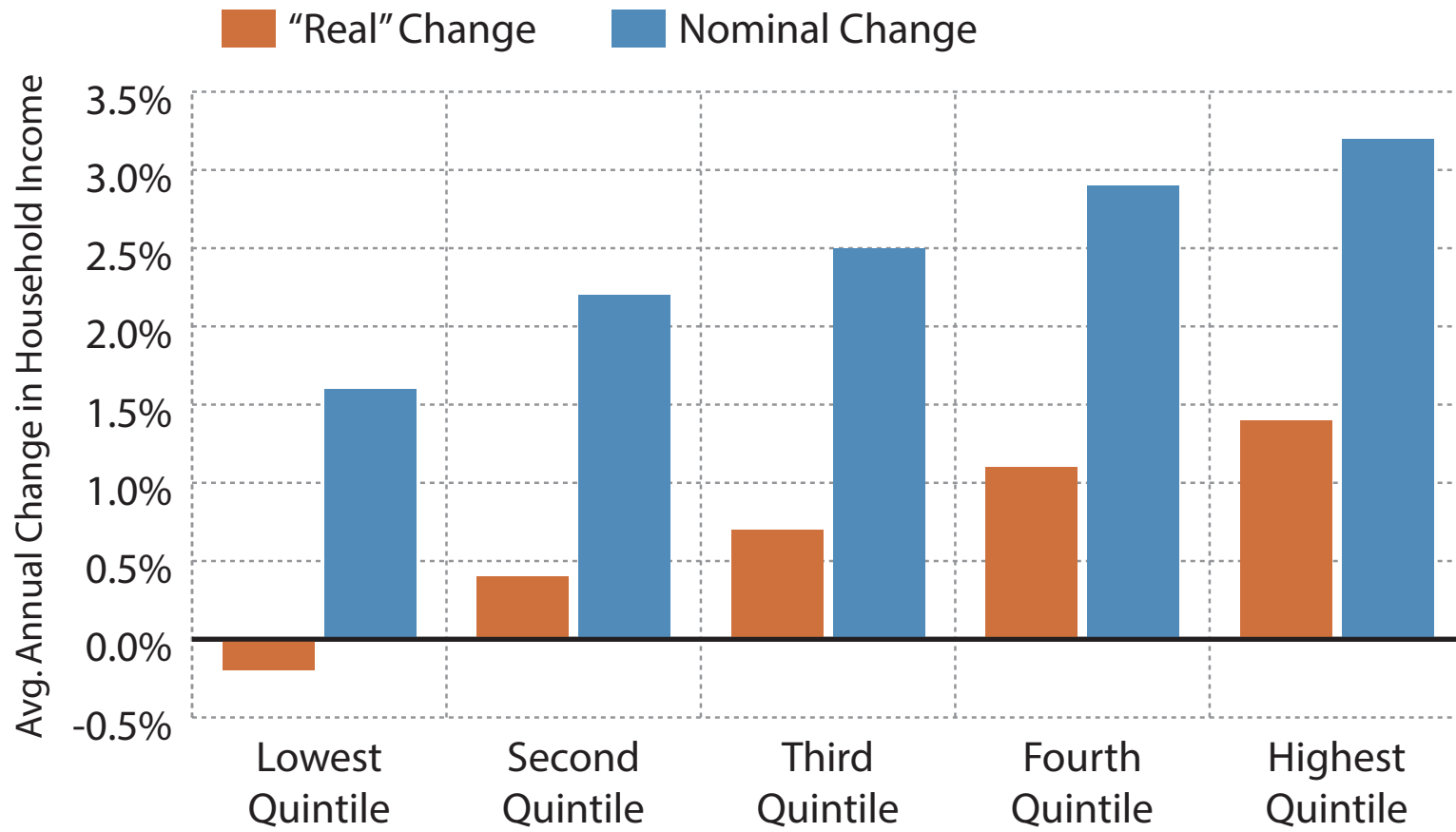
Source: 2005-2017 American Community Surveys

Median Gross Rent-to-Income Ratios (ACS Survey)



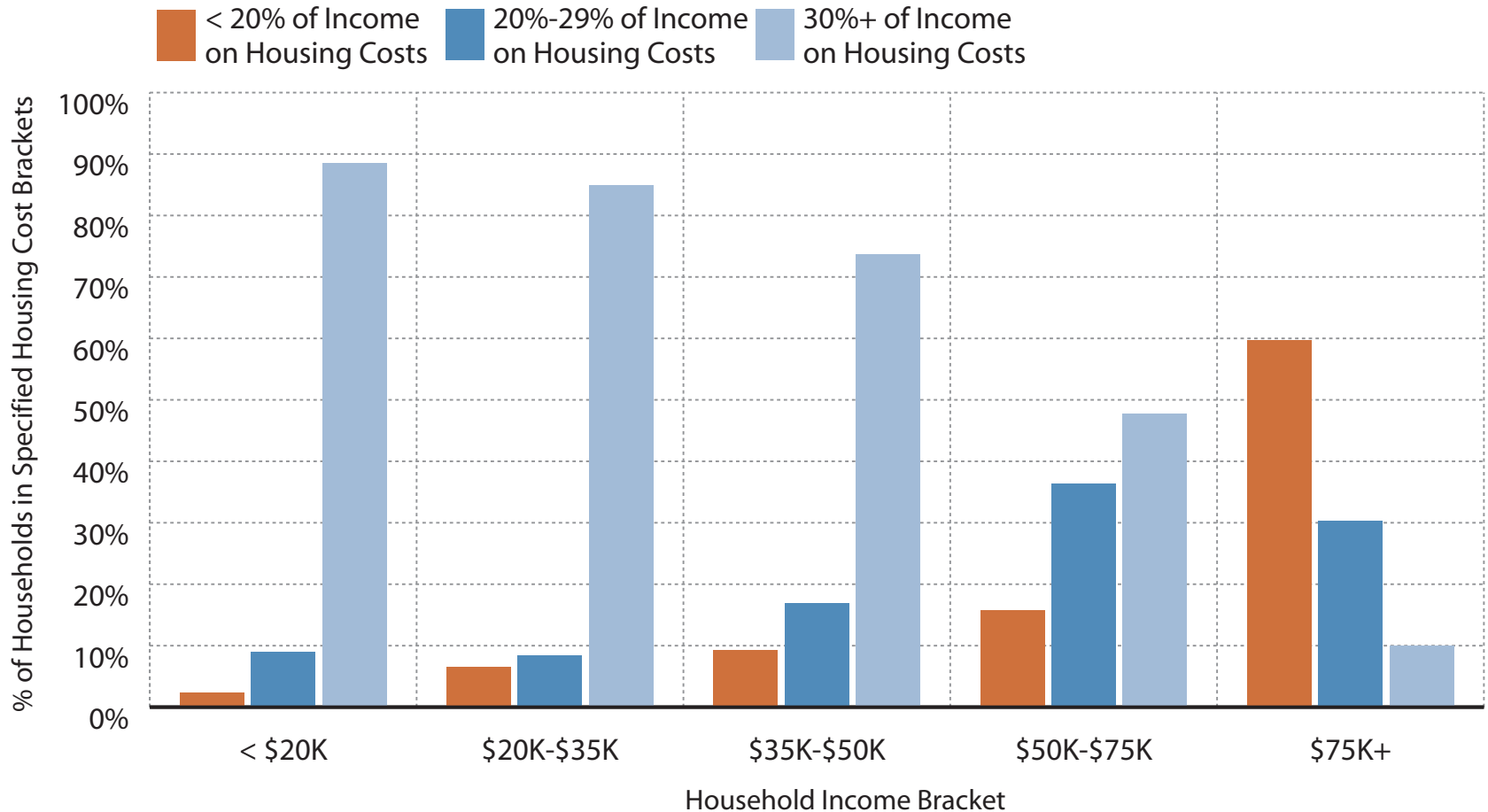
Source: 2005-2017 American Community Surveys

Household Income Changes by Quintile, 2006-2017 (ACS Survey)



Source: 2006-2017 American Community Survey

Renter Housing Costs as a % of Household Income (ACS Survey)



Source: 2017 American Community Survey

Rent CPI

- The “cost of rental housing” in the CPI increased 2.0% in 2018 in the NYC area
- U.S. CPI for rent increased 3.6% in 2018
- Seven cities selected for comparison:
 - Rent in NYC-area rises slower than all 7 cities
 - Rent rises more slowly than Philadelphia, San Francisco, Atlanta, Boston, Chicago, Washington, DC and Los Angeles
- Over 50-year period of rent stabilization, overall prices in NYC-area rose 658%, rent rose 819%; in U.S. (622% and 637%, respectively)

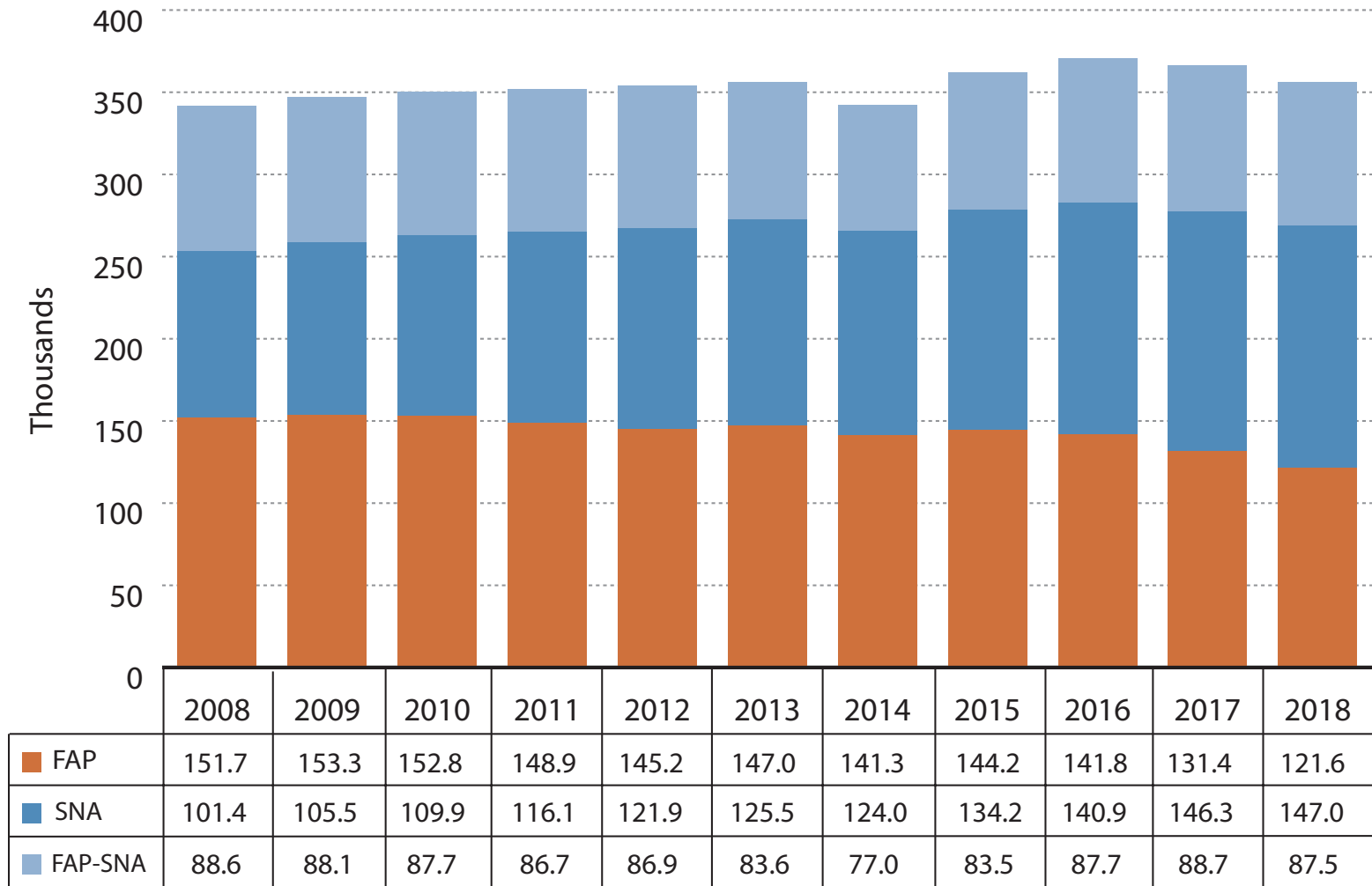
Real Property Tax Credit

- 5th Year of Tax Credit: Enhanced Real Property Tax Credit for Homeowners and Renters
- Maximum credit of \$500
- Household income maximum of \$200k a year
- Amount of credit depends on both your household income and your rent level
 - With a household income of \$50,000 a year, and rent of \$1,250 (**30%** of income towards rent), tax credit would be \$16.31
 - With a household income of \$50,000 a year, and rent of \$2,083 (**50%** of income towards rent), tax credit would be \$87.19
 - Higher income households (over \$100k a year) need a greater proportion of income spent on rent before eligible for tax credit

Cash Assistance and Benefit Programs

- Cash assistance caseload reduced by 70% since March 1995
- In 2018:
 - A 2.8% decrease in cash assistance recipients
 - New cash assistance applications decreased by 1.9%
 - A 0.9% increase in job placements
 - A 3.6% decrease in SNAP (food stamps) recipients
 - A 7.8% decrease in Medicaid enrollment

Cash Assistance Programs

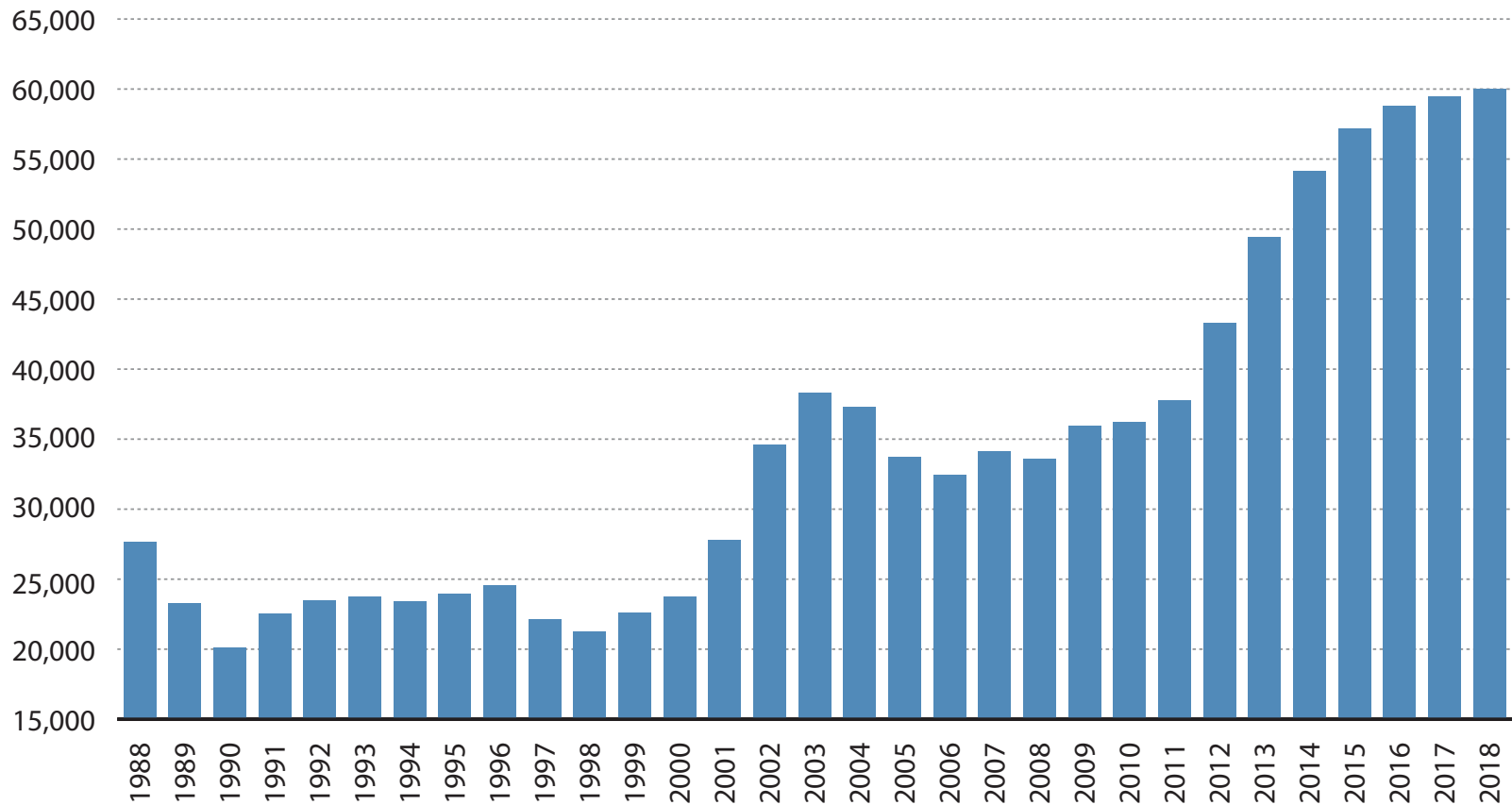


Source: NYC Human Resources Administration

Homelessness

- Homeless in shelters increases in 2018
 - Total homelessness up 0.9%
 - Families with children down 0.9%
 - ✓ Children down 1.9%
 - Adult families down 1.2%
 - Single adults up 9.9%
- 3.0% increase in number of families with children relocated to permanent housing
- Length of stay in temporary housing rises
 - Up 16 days for families with children (to 443 days)
 - Up 19 days for adult families (to 570 days)
 - Up 9 days for single adults (to 405 days)

Homelessness Levels

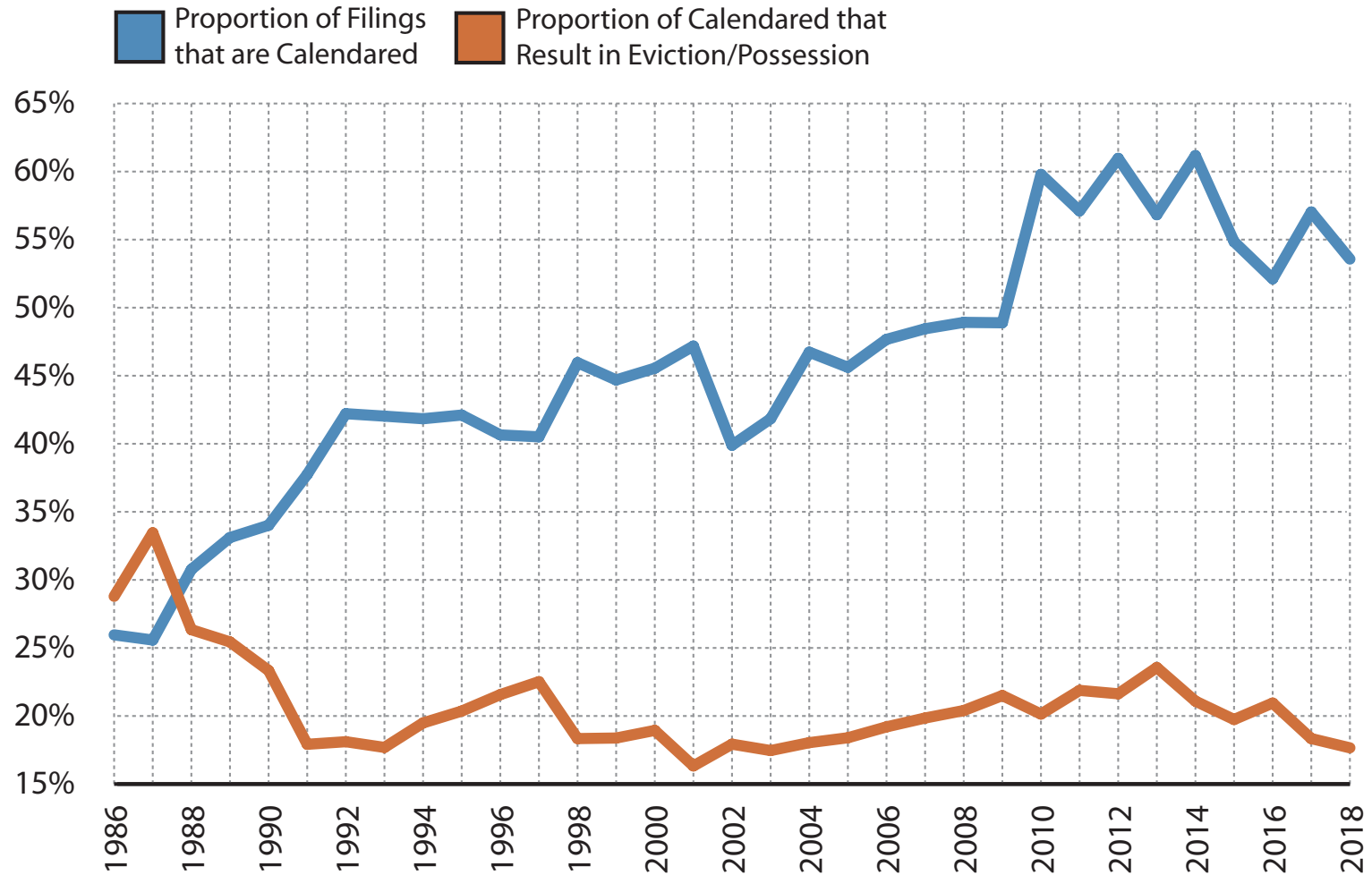


Source: NYC Department of Homeless Services

Housing Court

- Decrease in number of non-payment filings in 2018: 4.7%
- Decrease in non-payment filings resulting in court appearances (calendared cases): 10.5%
- Decreased proportion of filings that are calendared, 53.6%
- Proportion of cases going to trial and resulting in eviction/possession decreased, to 17.7%
- Evictions down 13.9%

Housing Court



Source: Civil Court of NYC and NYC Department of Investigations

Income & Affordability Summary

- GCP increases for ninth consecutive year
- Increase in employment levels
- Falling unemployment rate
- Increase in real wages in 2017, as well as the most recent 12-month period
- Decrease in cash assistance recipients
- Decrease in non-payment court filings, calendared cases and evictions
- Increase in number of homeless in city shelters