

# WHOSE BURDEN IS IT ANYWAY?

## *Housing Affordability In New York City By Household Characteristics*

*By Rahul Jain*

In a series of policy briefs last year, CBC examined housing affordability across large U.S. cities to assess New York's situation in a broader context. Using federal data sources, CBC found that while many New Yorkers face high rents, and the share of households who are "rent burdened" (paying more than 30 percent of income toward rent) grew between 2000 and 2012, the city ranks near the middle among 22 large cities in the share of rent-burdened households. A second analysis revealed New York has the lowest transportation costs among the 22 cities studied due to the large proportion of residents who commute via mass transit. When housing and transportation costs are combined, the city rises from 13<sup>th</sup> to 3<sup>rd</sup> place in affordability. The average New York household pays 32 percent of its income towards housing and transportation costs, well within the U.S. Department of Housing and Urban Development's (HUD's) affordability guideline of 45 percent. CBC also examined how some "typical" households (as defined by HUD) fared in terms of housing and transportation costs in the same group of cities. In this analysis, low income households in New York also ranked relatively well despite facing serious rent burdens.



This report looks at New York City rent burdens in more detail, using an in-depth housing survey conducted by the U.S. Census Bureau to consider a variety of household characteristics. The use of a New York-specific survey precludes regional comparisons but the findings should be useful in helping the de Blasio administration shape its approach to housing affordability.

Key findings from the survey include:

- Forty-two percent of New York City’s renter households are “rent burdened;” that is, adjusting for actual rent paid by each household (“out-of-pocket contract rent” plus utility costs) and food stamp benefits, they pay more than 30 percent of income in rent.
- Half of rent burdened households are severely rent burdened, paying more than 50 percent of income in rent. Ninety-four percent of these severely rent-burdened households are low income.
- Low-income severely burdened households are disproportionately comprised of singles and seniors. They are also disproportionately households with children and located in the outer boroughs.

These findings show the affordability problem is severe among some portions of the population even though the city as a whole fares well in comparison to other cities.

## How Large Is the Rental Affordability Problem in New York City?

Housing affordability is defined as the ratio of housing costs to household income. The standard threshold for deeming a household “rent burdened” is when rent exceeds 30 percent of income. This standard is widely used for housing policy decisions at the federal, state, and local level.

Housing costs are generally measured as combined monthly contract rent and reported monthly utility costs, known as “gross rent.” Gross rent data are collected by the U.S. Census Bureau and are helpful for providing uniformity when comparing housing costs across the country. However, the data have important limitations.

The use of gross rent overstates the affordability problem because it does not account for subsidies and other support received by renters that reduce the actual amount of rent paid. For example, in cities like New York, where an array of subsidy programs exist to reduce the cost of housing, the difference between gross rent and the actual rent paid by tenants can be substantial. Thus a proper accounting of the rental affordability burden requires a more accurate measurement of the problem.

New York City contracts with the Census Bureau to conduct a separate housing survey every three years—the New York City Housing and Vacancy Survey (NYCHVS), last performed in 2014 and released in June 2015. The NYCHVS collects detailed data on household characteristics, including a figure for “out-of-pocket” rent. Out-of-pocket rent is the actual amount tenants report paying for housing costs on a monthly basis after receiving government subsidies and financial support from family or friends. This report uses out-of-pocket rent to calculate the housing affordability ratio because it is a more accurate indicator.<sup>1</sup>

More accurate measurement of the affordability ratio also requires adjusting household income for subsidies. Most forms of income support are already captured by the NYCHVS, but one source of income about which information is not collected is Supplemental Nutrition Assistance Program (SNAP) benefits, also known as “food stamps.”<sup>2</sup> This report adjusts household income to provide a conservative estimate of additional income received from SNAP.<sup>3</sup>

Table 1 presents the number of burdened households by severity of rent burden. The “Gross Rent” column shows the number of

**Table 1: Rent-Burdened Households by Rent-to-Income Income Measurement, 2014**

	<u>Gross Rent Measure</u>	<u>Adjusted Income Measure</u>
<b>Total Renter Households</b>	<b>2,108,838</b>	<b>2,108,838</b>
Rent-Burdened (30% and above)	1,140,580	891,037
Severely Rent-Burdened (50% and above)	660,497	456,487
Rent-Burdened, Share	54%	42%
Severely Rent-Burdened, Share	31%	22%

Note: Survey respondents that receive Housing Choice Vouchers, live in NYCHA-operated housing, or did not report gross rent, out of pocket rent, and/or income were removed from the household population analyzed prior to calculating Adjusted Income Measure.

Source: CBC staff analysis of data available from the U.S. Census Bureau, *New York City Housing and Vacancy Survey: 2014 Data Files*.

households that are burdened when using gross rent divided by reported household income to determine the affordability ratio. The “Adjusted Income” column uses out-of-pocket rent and divides it by adjusted household income. (See definition box below.) Rent-burdened households in the final column also exclude all households receiving Housing Choice Vouchers or living in public housing operated by the New York City Housing Authority. (These households are, by definition, limited to paying “affordable” portions of their income toward housing under the rules of federal public housing support.)

Finally, households that did not report income or rent are also excluded from the adjusted income column.<sup>4</sup>

The gross rent measure overstates the extent of the housing burden in New York City; under that measure, about 54 percent of households are burdened. The number of burdened households is substantially reduced after adjustments are made for out-of-pocket rent and income support, dropping from more than 1.1 million to 891,037, or 42 percent of households.

### Housing Affordability Ratios

Gross Rent Measure =

$$\frac{\text{Gross Rent Paid}}{\text{Household Income}}$$

Adjusted Income Measure =

$$\frac{\text{Gross Out of Pocket Rent}}{\text{Household Income} + \text{SNAP Benefits}}$$

### Income Level of Burdened Households

More than 1.2 million households, or 58 percent of renter households, do not face rent burdens. Of the 42 percent of households that are burdened, 13 percent face housing costs between 30 and 40 percent of income, 8 percent face a “heavy” burden of 40 to 50 percent, and about 22 percent face a “severe” burden of more than 50 percent of income.

This report groups burdened households into two categories: burdened households and low-income severely burdened households.<sup>5</sup> There are 738,132 low-income burdened households (about 35 percent of all renter

**Table 2: Number of Households by Burden Type and HUD Income Category, 2014**

<b>HUD Income Category</b> <i>(Income Range)</i>	<b>Affordable</b> <i>(Less than 30%)</i>	<b>Burdened</b> <i>(30 to 39%)</i>	<b>Heavily Burdened</b> <i>(40 to 49%)</i>	<b>Severely Burdened</b> <i>(50% and More)</i>
<b>Total Renter Households</b>	<b>1,217,801</b>	<b>268,391</b>	<b>166,159</b>	<b>456,488</b>
<i>Share of Total</i>	<i>58%</i>	<i>13%</i>	<i>8%</i>	<i>22%</i>
<b>Low-Income Households</b>	<b>504,034</b>	<b>172,613</b>	<b>137,125</b>	<b>428,394</b>
Extremely Low-Income <i>(\$0 - \$40,090)</i>	244,656	17,465	23,120	246,265
Very Low-Income <i>(\$17,651 - \$55,400)</i>	103,489	46,687	59,513	132,703
Low-Income <i>(\$29,400 - \$88,600)</i>	155,889	108,461	54,491	49,426
<b>All Other Households</b>	<b>713,767</b>	<b>95,777</b>	<b>29,034</b>	<b>28,094</b>
Moderate-Income <i>(\$47,001 - \$132,690)</i>	224,673	56,976	17,023	19,093
Middle-Income <i>(\$70,560 - \$178,199)</i>	156,766	20,284	7,251	5,522
Upper Middle-Income <i>(\$97,020 and higher)</i>	332,327	18,517	4,759	3,479

Note: Income ranges overlap due to differences in household size. See Appendix A for detailed information on area median incomes by household size.

Source: CBC staff analysis of data available from the U.S. Census Bureau, *New York City Housing and Vacancy Survey: 2014 Data Files*.

households) paying housing costs of more than 30 percent of income, of whom 428,394 are severely burdened. These low-income burdened households make up 94 percent of all households paying more than 50 percent of income for rent.

### **What Are the Characteristics of Low-Income Severely Burdened Households?**

Given that 94 percent of severely burdened households are low income, it is clear that the housing affordability problem is in large part an income problem, and it is important to understand who among the low-income is most likely to face severe rent burdens. This section focuses on the demographics of low-income households that are severely burdened (428,394 or 20 percent of all New York City renter households). These households are assessed based on household composition and age as well as by the extent of their rent burdens. (See Table 3a.)

Singles are the most numerous household type among the low-income severely burdened (183,938 or 43 percent of the total), and have the highest incidence of severe rent burden (25 percent), followed closely by single parents (24 percent). (See Table 3b for the share of household types in each category.) Looking at the age breakdown within these groups shows the group most severely burdened is single seniors, 32 percent of whom pay more than half of their income in rent.

Multi-adult households without children (109,948) are also a large group of the low-income severely burdened; 15 percent were severely burdened. Within that group, 21 percent of those over 60 years old were severely burdened.

There are almost as many severely burdened multi-adult households with children (99,041) as there are without children (109,948) and they are notably more likely to face the high burdens than their counterparts without children at home.

**Table 3a: Renter Households by Selected Household Characteristics and Burden Type, 2014**

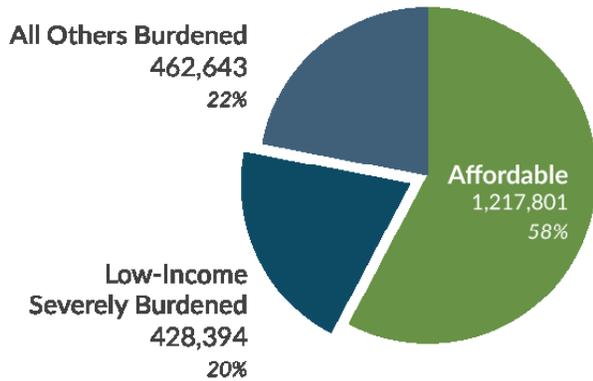
<u>Household Groups</u>	<u>Low-Income Severely Burdened</u>	<u>All Other Burdened</u>	<u>Not Burdened</u>	<u>Total</u>
<b>Total Households</b>	<b>428,394</b>	<b>462,643</b>	<b>1,217,801</b>	<b>2,108,838</b>
<b>Singles</b>	<b>183,938</b>	<b>171,074</b>	<b>382,437</b>	<b>737,449</b>
29 or younger	22,895	27,675	36,456	87,026
30 to 59	72,990	100,737	199,363	373,090
60 and older	88,053	42,662	146,617	277,332
<b>Multiple Adults Without Children</b>	<b>109,948</b>	<b>146,366</b>	<b>489,626</b>	<b>745,939</b>
29 or younger	20,889	41,549	106,061	168,499
30 to 59	51,180	71,508	273,296	395,983
60 and older	37,879	33,309	110,269	181,457
<b>Single Parent</b>	<b>35,467</b>	<b>27,759</b>	<b>83,550</b>	<b>146,775</b>
29 or younger	5,064	3,398	16,189	24,651
30 to 59	30,229	23,305	63,631	117,166
60 and older	174	1,055	3,730	4,959
<b>Multiple Adults With Children</b>	<b>99,041</b>	<b>117,445</b>	<b>262,189</b>	<b>478,675</b>
29 or younger	13,199	16,121	31,357	60,677
30 to 59	79,338	96,355	214,493	390,185
60 and older	6,504	4,970	16,339	27,813

**Table 3b: Share of Renter Households by Selected Household Characteristics and Burden Type, 2014**

<u>Low-Income Severely Burdened</u>	<u>All Other Burdened</u>	<u>Not Burdened</u>	<u>Total</u>
<b>20%</b>	<b>22%</b>	<b>58%</b>	<b>100%</b>
<b>25%</b>	<b>23%</b>	<b>52%</b>	<b>100%</b>
26%	32%	42%	100%
20%	27%	53%	100%
32%	15%	53%	100%
<b>15%</b>	<b>20%</b>	<b>66%</b>	<b>100%</b>
12%	25%	63%	100%
13%	18%	69%	100%
21%	18%	61%	100%
<b>24%</b>	<b>19%</b>	<b>57%</b>	<b>100%</b>
21%	14%	66%	100%
26%	20%	54%	100%
4%	21%	75%	100%
<b>21%</b>	<b>25%</b>	<b>55%</b>	<b>100%</b>
22%	27%	52%	100%
20%	25%	55%	100%
23%	18%	59%	100%

Source: CBC staff analysis of data available from the U.S. Census Bureau, *New York City Housing and Vacancy Survey: 2014 Data Files*.

**Figure 1: Housing Affordability for Renter Households**



Note: Based on Adjusted Income Measure.  
 Source: CBC staff analysis of data available from the U.S. Census Bureau, *New York City Housing and Vacancy Survey: 2014 Data Files*.

The household composition type with the fewest households among the severely burdened is single parents, with 35,467 households in the city. Collectively, they were 8 percent of the low-income severely burdened. Within that group, those ages 30 to 59 had the greatest share of severely burdened—26 percent. Only single seniors had a greater share (32 percent).

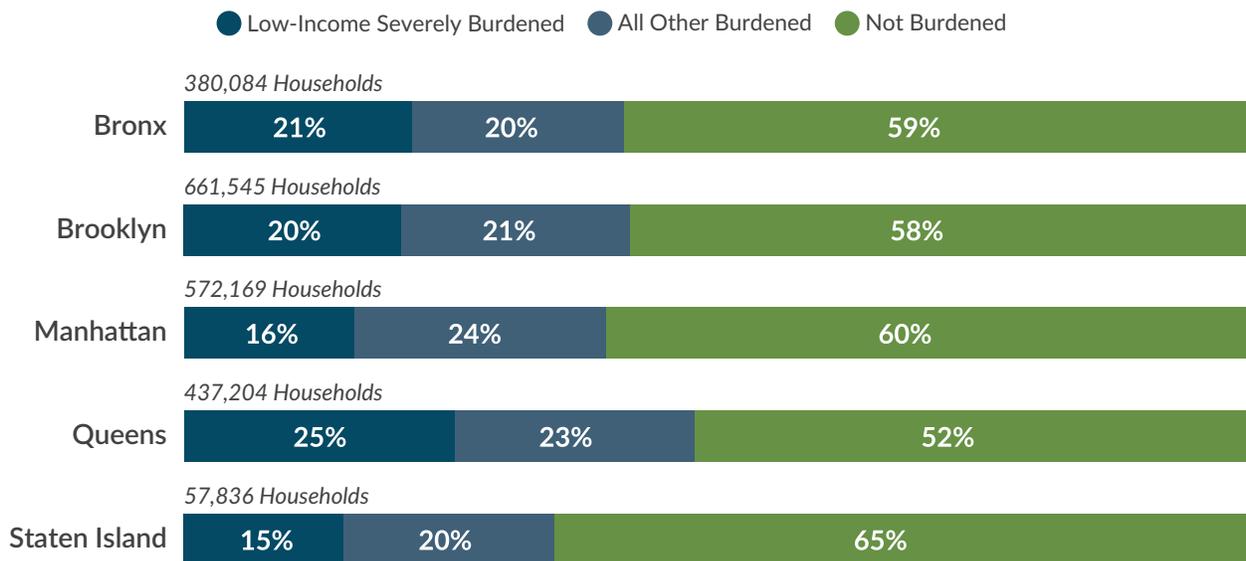
Housing costs also vary substantially based on

location. Figure 2 shows households in Queens, Brooklyn, and the Bronx shoulder a larger share of the burden relative to the renter population in Manhattan and Staten Island. A quarter of the tenant households in Queens were low-income severely burdened, the highest rate among all boroughs.

**Conclusion**

As the de Blasio administration implements its plan to preserve and enhance the supply of affordable housing in New York City, it is useful to have an understanding of which households tend to struggle the most to meet housing costs. This analysis identified and analyzed renter households that pay more than 30 percent (burdened) and 50 percent (severely burdened) of income for housing costs. In 2014, there were 891,037 households that were burdened and 456,488 households that were severely burdened. The vast majority of these households were low-income, suggesting that the problem stems as much from income shortfalls as from the housing market. Attention should be paid in particular to single seniors and single parents in targeting programs to address affordability.<sup>6</sup>

**Figure 2: Burden Type by Borough, 2014**



Source: CBC staff analysis of data available from the U.S. Census Bureau. *New York City Housing and Vacancy Survey: 2014 Data Files*.

## Appendix A

### U.S. Department of Housing and Development (HUD) Income Categories by Household Size, New York, NY HUD Metro Fair Market Rent Area, 2014

	Percent of Area Median Income	Number of Persons in Household							
		1	2	3	4	5	6	7	8+
<b>Extremely Low-Income</b>	0 - 29.99	\$0 - \$17,649	\$0 - \$20,149	\$0 - \$22,649	\$0 - \$25,149	\$0 - \$27,909	\$0 - \$31,969	\$0 - \$36,029	\$0 - \$40,089
<b>Very Low-Income</b>	30 - 49.99	\$17,650 - \$29,399	\$20,150 - \$33,599	\$22,650 - \$37,799	\$25,150 - \$41,949	\$27,910 - \$45,349	\$31,970 - \$48,699	\$36,030 - \$52,049	\$40,090 - \$55,399
<b>Low Income</b>	50 - 79.99	\$29,400 - \$46,999	\$33,600 - \$53,699	\$37,800 - \$60,399	\$41,950 - \$67,099	\$45,350 - \$72,499	\$48,700 - \$77,849	\$52,050 - \$83,249	\$55,400 - \$88,599
<b>Moderate Income</b>	80 - 119.99	\$47,000 - \$70,559	\$53,700 - \$80,639	\$60,400 - \$90,719	\$67,100 - \$100,679	\$72,500 - \$108,839	\$77,850 - \$116,879	\$83,250 - \$124,919	\$88,600 - \$132,959
<b>Middle Income</b>	120 - 164.99	\$70,560 - \$97,019	\$80,640 - \$110,879	\$90,720 - \$124,739	\$100,680 - \$138,434	\$108,840 - \$149,654	\$116,880 - \$160,709	\$124,920 - \$171,764	\$132,960 - \$182,819
<b>Upper Middle Income and Higher</b>	165 and higher	\$97,020 or higher	\$110,880 or higher	\$124,740 or higher	\$138,435 or higher	\$149,655 or higher	\$160,710 or higher	\$171,765 or higher	\$182,820 or higher

Source: U.S. Department of Housing and Urban Development, FY 2014 Income Limits Documentation System: FY 2014 Income Limits Summary, [www.huduser.org/portal/datasets/il/il2014/2014summary.odn](http://www.huduser.org/portal/datasets/il/il2014/2014summary.odn).

## Endnotes

<sup>1</sup> For this analysis, spending on utilities has been added to “out-of-pocket” rent to calculate a gross out-of-pocket rent figure in order to provide a fair comparison with gross rent. Definitions of out-of-pocket rent and electric, gas, water, and other fuel costs can be found at U.S. Census Bureau, *New York City Housing and Vacancy Survey: 2014 NYCHVS Glossary*, [www.census.gov/housing/nychvs/data/2014/gloss14.pdf](http://www.census.gov/housing/nychvs/data/2014/gloss14.pdf).

<sup>2</sup> Income sources included in reported income include wages and salary, net income from business ownership, capital gains, social security, retirement and disability pensions, veterans payments, unemployment compensation, child support, alimony, supplemental security income, temporary assistance for needy families, safety net assistance, and shelter allowance. The New York City Housing and Vacancy Survey does not include the Earned Income Tax Credit (EITC), and it is not calculated here because the amount received by any given household is not a direct function of income. The average federal EITC amount for households in New York State was \$2,309 in 2013. New York State credits a fixed rate of 30 percent of the federal EITC amount, while New York City credits a fixed rate of 5 percent of the federal credit. More than 901,000 filers received the tax credit from New York City in 2012, the latest year where data are available. Sources: Internal Revenue Source, *Statistics for Tax Returns with EITC* (January 2015), [www.eitc.irs.gov/EITC-Central/eitcstats](http://www.eitc.irs.gov/EITC-Central/eitcstats); and New York City Department of Finance, *Annual Report on Tax Expenditures: Fiscal Year 2015* (February 2015), [www1.nyc.gov/assets/finance/downloads/pdf/reports/reports-tax-expenditure/ter\\_2015\\_final.pdf](http://www1.nyc.gov/assets/finance/downloads/pdf/reports/reports-tax-expenditure/ter_2015_final.pdf).

<sup>3</sup> The income adjustment for SNAP benefits was made for households that were not headed by an immigrant and also earned less than 125 percent of the federal poverty level. The amount is adjusted for household size. This adjustment is based on a calculation of SNAP benefits from the Manhattan Institute for Policy Research, *Issue Brief No. 30: New York’s Rent-Burdened Households: Recalculating the Total, Finding a Better Solution* (August 2015), [www.manhattan-institute.org/pdf/ib\\_30.pdf](http://www.manhattan-institute.org/pdf/ib_30.pdf). The per person benefit is estimated at \$138.78 monthly from fiscal year 2014 estimates available from the U.S. Department of Agriculture, Supplemental Nutrition Assistance Program: Average Monthly Benefit per Person, [www.fns.usda.gov/sites/default/files/pd/18SNAPavg\\$PP.pdf](http://www.fns.usda.gov/sites/default/files/pd/18SNAPavg$PP.pdf).

<sup>4</sup> A total of 117,817 households did not report income, gross rent, and/or out of pocket rent.

<sup>5</sup> A detailed table on area median income based on household income adjusted for household size is available in the Appendix of this report.

<sup>6</sup> Recent efforts to update New York City’s zoning regulations, such as the attention to “micro units,” indicate the administration recognizes the concentration of burden among these households.

# WHOSE BURDEN IS IT ANYWAY?

Policy Brief ■ December 2015

*Housing, Affordable Housing, Rental Burden*

[www.cbcny.org](http://www.cbcny.org)

@cbcny

540 Broadway  
Fifth Floor  
Albany, NY 12207

Two Penn Plaza  
Fifth Floor  
New York, NY 10121  
212-279-2605