The Rent Guidelines Board

1998 Income & Affordability Study

May 5, 1998

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Summary

Basic indicators of New York City's overall economy continue to improve since the recession of the early 1990s. Last year, the city's economy grew by 3.1%, the number of jobs increased by almost 54,000, and inflation stabilized at 2.3%. However, high rates of unemployment, wage stagnation, and large reductions in government expenditures for housing and welfare programs have reduced the affordability of housing in today's tight real estate market. As indicated by national studies, New Yorkers pay a larger portion of income on rent when compared to those living in other cities. With a 6% increase in real median rents and 1% decline in real household income for rent stabilized households from 1992 to 1995, any further decline in income will have a very detrimental effect on housing affordability, especially for those in low-income categories. While the impact of recent cuts in public assistance and housing subsidies is still inconclusive due to limited data, we do note that landlords initiated over 274,000 non-payment proceedings in Housing Court last year and homelessness is again on the rise, with over 7,000 single adults lodged in shelters on a given night.

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 other measures of housing affordability in its deliberations. To assist the Board in meeting this obligation, RGB research staff produce 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.

Economic Conditions

New York City's Gross City Product (GCP), which measures the total value of goods and services produced, grew by 3.1% in 1997. This is a significant increase compared to the 1.6% and 0.9% growth experienced in 1996 and 1995 respectively. Furthermore, this economic expansion occurred without triggering large-scale inflation—prices grew an average 2.3% from the previous year (this is the lowest rate of increase in the city since 1965). However, New York City's recovery from the recession of the early 1990s has been uneven and continues to lag behind the overall national economy, which grew by 3.8% in 1997. Structurally, New York City's current economic development is characterized by an eroding middle-class and a widening gap between higher-income workers in finance-related industries and those competing for lower-wage jobs in the construction, trade, and service sectors.

What's New

- ✔ New York City's economy grew by 3.1% last year—the highest rate since 1988. The U.S. Gross Domestic Product grew by 3.8%.
- ✔ Almost 54,000 jobs were added to the economy last year—the largest single-year increase since more than 50,000 jobs were created in 1987.
- ✔ Inflation averaged 2.3% in the metropolitan area last year—the lowest rate of increase in the Consumer Price Index for all urban workers since 1965.
- ✔ Unemployment averaged 9.4% in the city last year—far higher than the national unemployment rate of 5%.
- ✔ Real median wages for all workers in New York City increased by 3.6% in 1997.
- ✔ Real median wages declined in the industries that experienced a net increase in jobs in the past five years (construction, trade, and services).
- ✔ The number of jobs declined in industries where real median wages have increased in the past five years (manufacturing, FIRE, and government).
- ✔ While the revised "out-of-pocket" rent-to-income ratio is 23.7% for tenants of rent stabilized apartments, New Yorkers pay a larger proportion of their income for housing costs when compared to residents in other cities.
- ✔ Landlords initiated over 274,000 non-payment proceedings in Housing Court, a 1.4% decline from the previous year.
- ✔ Over 7,000 single adults are lodged in temporary housing on an average night in New York City. This is a 4% increase from the previous year.

Recent job growth statistics reflect the city's uneven economic recovery. In the recession of the early 1990s, New York City lost more than 300,000 jobs. From 1993 to 1997, this pattern reversed and there was a net increase of almost 130,000 jobs.[1] Over 41% of this recent job growth occurred in 1997, when almost 54,000 new jobs were added to the economy—the largest single-year increase since more than 50,000 new jobs were created in 1987. Much of this job growth was fueled by expansion in the construction, trade, and service industries, which increased by 2,600 (2.9%), 17,500 (3.1%), and 41,700 (3.4%) payroll jobs respectively. However, as we shall see, these were the very industries that experienced an erosion of inflation-adjusted annual wages.

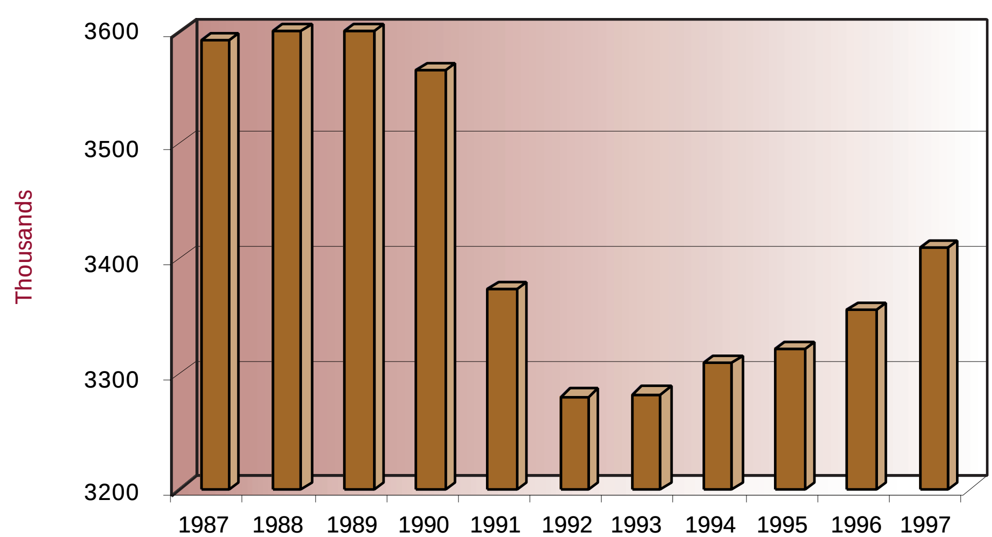
There were also a slight net decline in the number of payroll jobs in the manufacturing sector (-1,000) and the financial, insurance, and real estate (FIRE) industries (-9,000). The NYC Office of Management & Budget projects that the private sector will continue to grow by 43,000 jobs in 1998, with an additional 1,000 jobs in the government sector. The projected increase in government jobs in 1998 will be the first time in seven years that public sector employment experiences a net increase (over 59,000 jobs were lost between 1992 and 1997 in this sector).

While job growth accelerated in New York City, the unemployment rate actually rose from 8.6% in 1996 to 9.4% in 1997. This local trend diverged sharply from the current five-year decline in the nation's unemployment rate, which averaged 5% last year—the lowest rate in over a decade. The rise in the city's unemployment rate stems from mounting demand for employment. In other words, the number of people seeking employment has grown at a faster rate than the creation of new jobs: the civilian labor force increased by 84,000 (or 2.6%) in 1996 and 104,000 (or 3.2%) in 1997. Specifically, this higher demand has resulted from a heightened competition for lower-wage jobs among the working poor, former welfare recipients cut off from public benefits programs, and previously discouraged workers who are now resuming their efforts to find employment after giving up their search months or years before. Rising unemployment in the face of growing job prospects during the past three years points to the inability of New York City's economy to rapidly absorb thousands of potential workers who are chronically unemployed.

New York City's large pool of unemployed labor, and the resulting competition for low-wage jobs, may be a factor in the erosion of inflation-adjusted wages in the construction, trade, and service sectors. While real annual median wages rose from $34,942 to $36,193 (or

Employment Continues to Recover from the Recession of Early 1990s

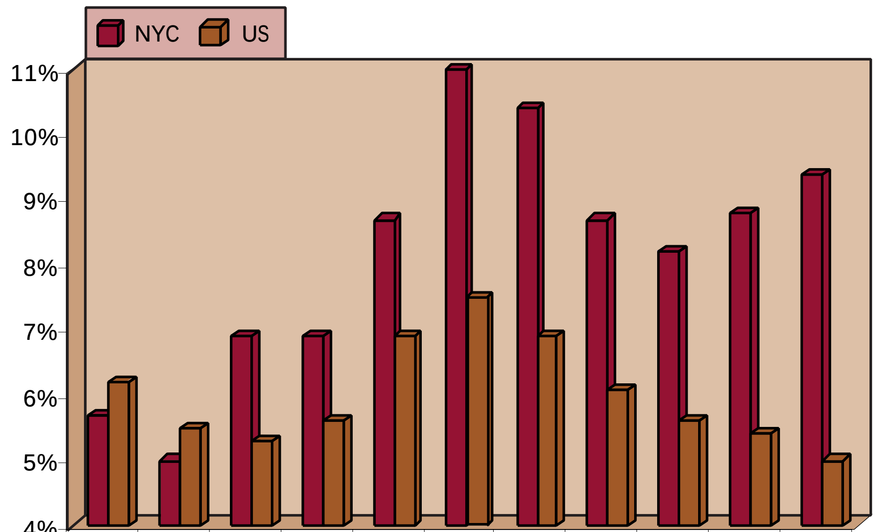
(Average Annual Payroll Employment 1987-1997)



Source: U.S. Bureau of Labor Statistics

Unemployment Rises in the City, While Declining Around the Nation

(Unemployment Rates, 1987-1997)



	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
NYC	5.7%	5.0%	6.9%	6.9%	8.7%	11.0%	10.4%	8.7%	8.2%	8.8%	9.4%
US	6.2%	5.5%	5.3%	5.6%	6.9%	7.5%	6.9%	6.1%	5.6%	5.4%	5.0%

Source: U.S Bureau of Labor Statistics; New York City Comptroller's Office

3.6%) for all workers in New York City, the industries that created the most jobs last year also paid their workers a declining level of income. In the past five years, construction wages have moved from about $34,861 to $34,166 (-2%), trade wages moved from $24,974 to $23,851 (-4.5%), and service wages decreased from $29,576 to $29,340 (-0.8%).

On the other hand, the financial sector posted the largest inflation adjusted growth in wages (16.2%) in the same period, moving from $63,917 to $74,258 in annual median wages. Manufacturing and government sector wages also increased by 7.9% and 7.7% respectively. However, as noted previously, these are the very industries that have experienced a net decrease in the number of jobs. Consequently, as a smaller number of workers earn more income and a much greater number compete for jobs that pay less income every year, New York City increasingly takes on some of the characteristics of a dual-wage economy. One of the characteristics of dual-wage economies is greater income inequality, which is an important factor when considering affordability in the context of a tight housing that favors higher-income households.

Incomes & Rents

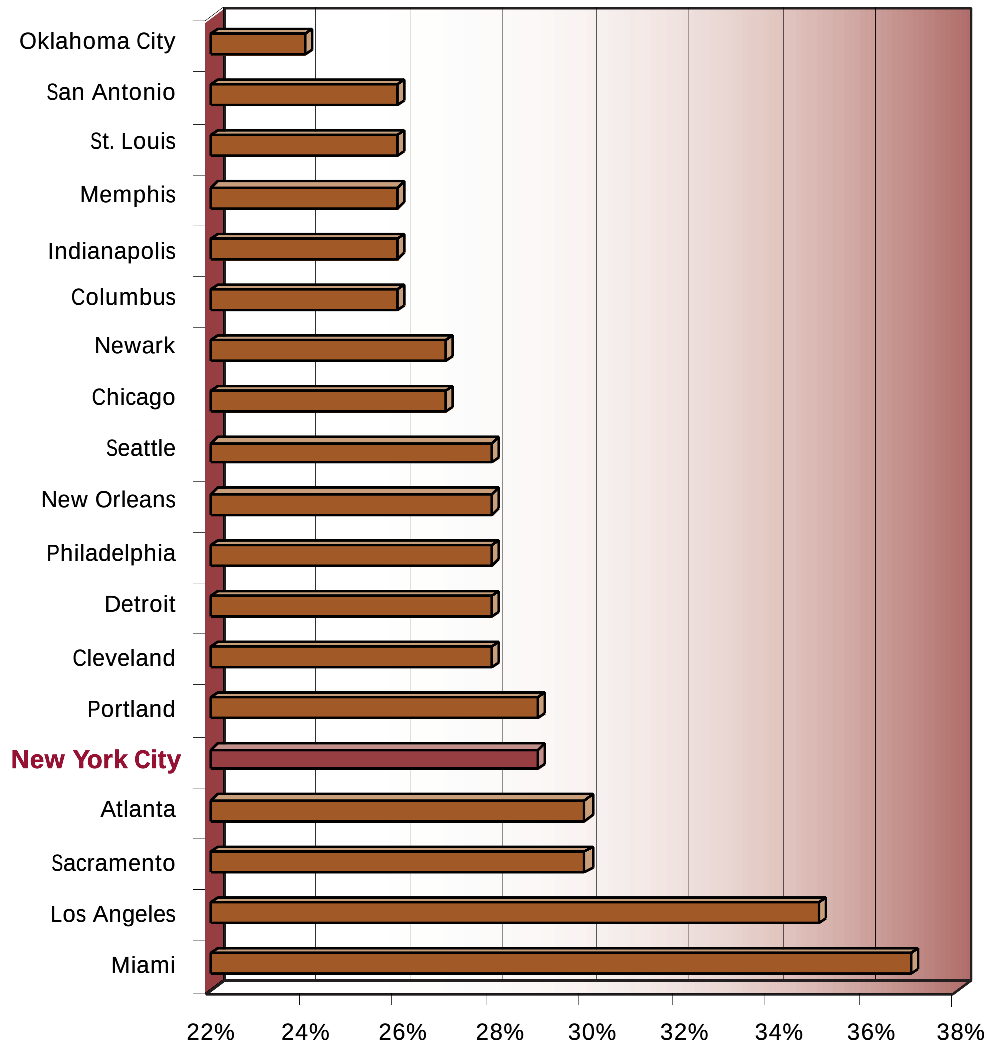
New York City

Since the late 1970s, the gap between higher-income and lower-income households has widened dramatically. Using data from the U.S. Census Bureau's Current Population Survey, the Center on Budget & Policy Priorities found that the bottom fifth of all families with children in New York State experienced a 36% decline in real average income from 1978 to 1996. By contrast, the average income of the top fifth increased by 46% over the same period.[2] In New York City, the number of middle class households declined by 38,415 households, while the number of lower income households expanded by over 170,000 between 1991 and 1996. According to a report by the City Council Finance Division, this trend may indicate "a fundamental change in the distribution of income rather than one that is related to the business cycle."[3]

This trend of increasing inequality is reflected in the changing demographics of New York City's rent-stabilized housing population. Using unimputed numbers from the Census Bureau's Housing & Vacancy

New Yorkers Pay a Larger Share of Income for Housing Costs

(Median Rent-to-Income Ratios, 1995-1996)



Source: American Housing Survey, U.S. Census Bureau, 1995-96

Survey, we found a noticeable upward shift in the distribution of household income between 1992 to 1995: the population of rent-stabilized tenants in income groups below $40,000 declined 7%, while there was a 12% increase of households with incomes at or above $40,000. Furthermore, nominal median income for rent-stabilized tenants increased (by 7% to $21,600 in 1995) at a slower rate than the 9% increase in nominal average wages for all New Yorkers reported by the U.S. Bureau of Labor Statistics. Rent stabilized tenants, therefore, lost about 1% of their household incomes during this period (when adjusting for inflation).

There was also a noticeable upward shift in rents. As reported in last year's Income & Affordability Study, rent increases for stabilized apartments from 1993 to 1996 were substantial enough to send many low-cost apartments above $400 for the first time. In 1993, nearly one-quarter (23%) of all rent-stabilized apartments rented for less than $400 per month; by 1996, only 13% of stabilized tenants were paying contract rents of less than $400. Rent increases were not confined to low-rent apartments, though. Units at all rent levels were pushed up to higher categories. While 20% of rent-stabilized tenants paid contract rents between $400 and $499 in 1993, that number declined to 16% in 1996. Conversely, only 28% of rent-stabilized apartments had contract rents between $600 and $999 in 1993, while 38% of stabilized apartments had such rents three years later. Some change also occurred in the proportion of stabilized apartments with contract rents of $1,000 or more. Twelve percent of stabilized apartments had rents of at least $1,000 in 1996 compared with 9% in 1993.

With median contract rents for rent-stabilized units jumping by 14%, from $525 in 1993 to $600 in 1996, it is increasingly difficult for those in the lowest income groups to afford housing without government subsidies. Our revised analysis of housing affordability, which used the more accurate "out-of-pocket" rent to calculate rent-to-income ratios, found that 18% of the renter population (302,656 households) received assistance to pay their rent (see Appendix A). While the revised median rent-to-income ratio of 23.7% indicates that rent-stabilized housing is affordable for the typical tenant, this situation exists in the context of the large amount of housing assistance currently used by many households to supplement their personal incomes. Changes in welfare and housing policy will, therefore, have a significant impact on housing affordability within New York City's rent-stabilized population.

Comparison with other Cities

Using cross sectional data from the U.S. Census Bureau's American Housing Survey (AHS) we found that New York City's median rent-to-income ratio was above average. The RGB staff selected individual central cities for which the Census Bureau completed a survey in 1995 or 1996 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 eighteen 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 used data from the AHS for all of New York City's variables in this comparison.

New York City's median housing cost of $632 is the highest compared with other central cities in our sample and is above the U.S. median housing cost of $523. In terms of median income, fourteen cities have lower median incomes than New York City, which has a relatively high median income of $22,902. Renters in Newark have the lowest income in our sample, with a median income of $11,077. Indianapolis has the wealthiest renters, earning a median income of $24,953 per year.

Most urban areas have lower relative housing costs than New York City. Using median rent-to-income ratios calculated in the AHS,[4] we found that New Yorkers pay approximately 29% of their income in housing costs each month. Most central cities had lower median rent-to-income ratios between 24% to 28%. Four cities, however, do have higher rent-to-income ratios: Miami (37%), Los Angeles (35%), Sacramento (30%), and Atlanta (30%).

A recent national study by the U.S. Department of Housing & Urban Development reinforces our findings. According to the study, New York City has one of the most serious affordable housing shortages in the country due to the very high number of low-income renters paying extremely high rents. About 360,000 households were found to have worst case housing needs (earn less than 50% of the area median income and either pay over half their incomes for rent, live in severly substandard housing, or both)—the highest among those cities surveyed. At the same time, over 381,000 housholds in New York City are on waiting lists for HUD housing assistance programs.[5]

Public Benefits

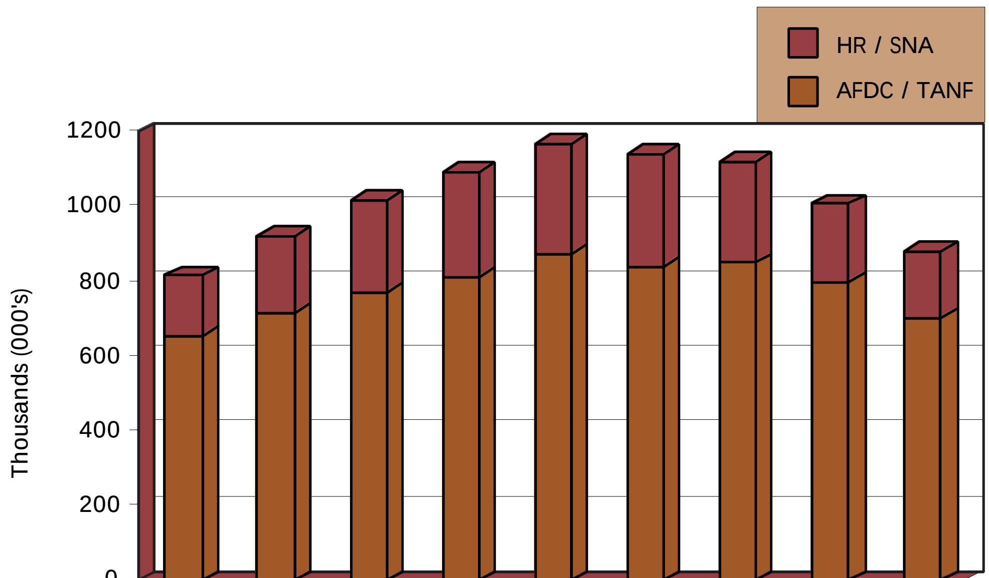
Welfare Reform

With the general contraction of the public sector, the priority of local, state, and federal governments has been to drastically reduce or even eliminate spending on social programs designed to assist lower-income households. Tenants who need help supplementing their incomes will find it increasingly difficult paying their rent. Reductions in government subsidies directly impact low-income households by reducing their total income from public assistance. These changes also have an indirect effect by diminishing payments that encourage landlords to provide housing for the poor, thereby decreasing their housing options.

New York City has reduced its welfare caseload by 260,000 in the last three years. In 1997 alone, there was a caseload reduction of almost 98,000 people (or 12.2%) in the Temporary Assistance to Needy Families (TANF) program, which was set up under the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and the New York State Welfare Reform Act of 1997. These laws eliminated the federal Aid to Families with Dependent Children (AFDC) and state Home Relief (HR) programs and

Public Assistance Caseloads Continue to Decline

(Temporary Assistance to Needy Families (TANF) and Safety Net Assistance (SNA), 1989-1997)



	1989	1990	1991	1992	1993	1994	1995	1996	1997
HR / SNA	159.9	207.7	245	281.3	296.8	299.8	268.7	209.9	179.7
AFDC / TANF	655.1	716.4	771.3	811.7	873.3	840.8	850.7	798.1	700.4

Source: Mayor's Management Reports, 1989-1997

replaced them with TANF and Safety Net Assistance (SNA) programs respectively. SNA caseloads were also reduced by 14.4% (over 30,000 people) last year. It is difficult to ascertain whether most of these reductions resulted from people leaving welfare under the new rubric of workfare and tighter eligibility criteria or because of new opportunities in the expanding economy.

Whatever the reason for the large caseload reductions in welfare, the success of the workfare program in raising household income is mixed. According to the Mayor's Management Report, there was a 37% and 60% job placement rate in 1996 and 1997 respectively for those welfare recipients participating in workfare. However, a preliminary analysis by the State Office of Temporary and Disability Assistance found that only 29%, on average, found full-time or part-time employment in the first several months after they left public assistance. Furthermore, workfare has been found to have a substantial negative effect on the broader labor market. It has been estimated that the effect of increasing the number of TANF participants in workfare to 105,000 would be "displacement of 58,000 workers, a wage reduction of 26%, or a combination between the two."[6]

Reductions in income, whether through loss of public benefits or decrease in real wages, have made it difficult for many tenants to pay for housing costs from their own pockets. Additionally, TANF block grants to states will remain the same until 2002, with no allowance for inflation or population growth. If New York State wants to maintain the same level of benefits for recipients above the federal limits, it will have to find the funding in its own budget. An ad hoc remedy that has been created to address the erosion of housing assistance benefits by inflation is the "Jiggets" program (named after the Legal Aid client who started a class-action suit against the state). Jiggets is a court-mandated state subsidy allowance that helps TANF-eligibile households avoid eviction (from 3,000 in 1992 to 26,000 today). However, the Jiggets case is still in litigation and the program remains in jeopardy.

Demographic Changes

As immigrants become a larger proportion of New York City's population, we should take note of their potential impact on housing affordability. While the city's total population increased from 7,306,000 in 1991 to 7,343,000 in 1997, more than a million New Yorkers moved out of the city during this period. New York City has maintained its population with an influx of 677,000 immigrants. Because the exodus of native-born New Yorkers continues to increase despite improvements in the economy, this population pattern may become a permanent characteristic of New York City's tenant population. According to the 1996 Housing & Vacancy Survey data, foreign-born residents now constitute about one-third of the rent-stabilized tenant population.

One cause for concern is the impact of restrictions on public benefit programs for immigrants. According to the Mayor's Office of Immigrant Rights, welfare reform will disproportionately affect New York City (where over 120,000 immigrants now receive government assistance) because more than 40% of the expected federal savings nationwide result from restrictions on benefits to immigrants. In 1998, the loss of benefits to immigrants in New York City will represent over 13% of federal Supplemental Security Income (SSI) and Food Stamp savings and 4% of Medicaid savings. Because new immigrants may require assistance establishing themselves and are also at risk for certain health conditions like tuberculosis,[7] the loss of public benefits will have potentially devastating consequences on their ability to find affordable housing.

Housing Policy

After years of budget cuts and Congressional threats to eliminate the U.S. Department of Housing and Urban Development (HUD), President Clinton recently submitted a proposed FY1998 Budget that included the first substantial increase ($1.15 billion) in HUD funds in the past five years. Since FY1995, when the overall HUD budget was slashed by 25%, the Department has faced a number of Congressional restrictions on public housing programs and Section 8 certificates and vouchers (subsidies relied on by many rent stabilized tenants to help pay the rent). These HUD budget cuts and program restrictions, and the suspension of one-to-one replacement of public housing units (that are demolished) has put further strain New York City's low-income housing. According to the New York City Housing Authority (NYCHA), the city's current pool of 174,000 public housing units—which has a waiting list of 132,000 people—is clearly inadequate in meeting the demand for low-income permanent housing.

The most severe impact on New York's low-income housing would come from reductions in tenant-based Section 8 certificates and vouchers and in public assistance benefit levels. NYCHA, the New York City Department of Housing Preservation & Development (HPD), and the New York State Division of Housing and Community Renewal (DHCR) assist approximately 102,000 families through the use of Section 8 vouchers and certificates. HPD and DHCR use Section 8 vouchers and certificates mostly to help house families in rehabilitated units and buildings *in rem*. According to the Mayor's Office, "over two-thirds of *in rem* building tenants live in poverty and many tenants come from the homeless shelter system; these tenants are unable to pay the operating expenses of a rehabilitated building without rental assistance."[8] A significant demand exists for this type of assistance: NYCHA reports that there are currently 220,000 households on the waiting list for its Section 8 certificate program.

The initial rescission of all FY 1995 Section 8 assistance, followed by the elimination of unrestricted incremental certificates and vouchers, has placed a tremendous strain on the City's housing program. Recently, however, the federal government has begun to reverse its reductions in funding for housing programs. The FY98 Budget proposal to Congress provides 100,000 new Section 8 certificates.

Evictions & Homelessness

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 having difficulties covering their rental payments, and 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 enter Housing Court to obtain rent from delinquent tenants. Landlords file non-payment petitions, which inform delinquent tenants that an action has been filed in Housing Court and that a response is due within five days. The typical lag time between when payment is due and when a landlord files non-payment petitions is approximately two to three months.

The number of non-payment proceedings initiated by landlords totaled 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, declining 10%. In 1996, 278,000 petitions for non-payment of rent were initiated, 4.5% more than in 1995. In 1997, petition filings declined slightly by 1.4% to 274,000.

Unlike non-payment petition filings, which remained steady during the recession, the number of cases making it to the trial stage (non-payment summary proceedings noticed for trial less restorations) increased steadily between 1987 and 1993, but declined slightly during the current economic recovery. This pattern mirrors the strengthening economy, with tenants better able to afford rents or resolve payment problems when they arise. The number of cases that went to trial in 1997 decreased by less than 1% from the previous year.

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 roughly 40% are scheduled for court appearances.

Of the 113,000 cases scheduled for trial in 1996, more than one-fifth (or 24,000) ended in evictions or possessions being warranted. Due to the unavailability of data from the Bureau of City Marshals, we were not able to provide a comprehensive analysis of evictions in 1997 for this report.

Homelessness & Emergency Assistance

Despite improvements in the economy, homelessness is on the rise in New York City: shelter populations have increased by 4% from the previous year, with over 7,000 single people lodged in temporary housing every night. While the number of households with children seeking temporary shelter has declined slightly from the previous year, over 5,300 people continue to spend an average of ten months in the family shelter system. Although the number of households with children placed in permanent housing has declined by 8.7% from the previous year, we do not know if this is due to a decline in demand or supply, or both. Other indicators of emergency assistance point to an inability among many households to make ends meet. For example, the City's Office of Emergency Food Assistance reported giving out 2.5 million pounds of food to low-income New Yorkers in the first four months of 1998, a 4.2% increase from the previous period last year. ❐

Endnotes

(1) The U.S. Bureau of Labor Statistics, "Annual Average Payroll Employment by Industry," 1988-1997 (not seasonally adjusted).

(2) "Pulling Apart: A State-by-State Analysis of Income Trends," Center on Budget & Policy Priorities, December 16, 1997.

(3) "Hollow in the Middle: The Rise & Fall of New York City's Middle Class," New York City Council Finance Division, December 1997. A "middle-class" household is defined as a family whose total income falls between 100% and 200% of the size-adjusted area median income.

(4) These rent-to-income ratios exclude housing subsidies and households with 100% or more in median rent-to-income ratios, no cash rent, and zero or negative income.

(5) "Rental Housing Assistance–The Crisis Continues: The 1997 Report to Congress on Worst Case Housing Needs," U.S. Department of Housing and Urban Development, April 1998.

(6) "Workfare's Impact on the New York City Labor Market: Low Wages and Worker Displacement," by Chris Tilly, University of Massachusetts at Lowell, March 1996. "Inequality at the Margins: The Effects of Welfare, the Minimum Wage, and Tax Credits on Low-Wage Labor Markets," Michael Hout, University of California at Berkeley, March 1997.

(7) "Despite recent progress, New York City's 1996 tuberculosis rate is still 3.5 times the national rate, and is higher than any other reporting jurisdiction. The city's rate remains far above the national goal established for tuberculosis control by the year 2000, of 3.5 cases per 100,000," according to the "1996 Information Summary" of the New York City Bureau of Tuberculosis Control. "Tuberculosis control in New York City will depend on increasing effective case finding and treatment of tuberculosis disease and infection among foreign born," who account for 18% of the current citywide caseload.

(8) "New York City 1998 Federal Program," NYC Mayor's Office, March 1998.

Appendix

A. How Much Do Tenants Actually Pay?

The U.S. Census Bureau's triennial Housing and Vacancy Survey (HVS) is the most comprehensive source of statistics regarding New York City's housing stock. HVS data allows us to measure housing affordability by calculating "rent-to-income ratios," which is the proportion of gross income used to pay rent by tenants. Rent has usually been determined by looking at the actual amount written in the lease or "contract" signed between the tenant and landlord.

In previous analyses of HVS rent-to-income ratios, we had no way of explaining how some tenants (about 9% of all renter occupied households) could be paying more in rent than they had in income. It was assumed that tenants were either not accurately reporting their income or they were receiving help from some outside source, such as government assistance. While government assistance programs have been around for a long time, we have only recently found a way to accurately determine their impact on housing affordability.

The 1996 HVS shows how much of the rent tenants are actually paying.

The 1996 HVS differentiates between "contract" and "out of-pocket" rent. While the contract rent is the dollar amount agreed upon by the landlord and tenant, the out of-pocket rent is the portion that is not paid by any federal, state, or city subsidy. Thus, out-of-pocket rent more accurately depicts what is directly paid by households from their own earnings.

According to the 1996 HVS, 18% of the renter population (303,000 households) received assistance to pay their rent. The most common housing subsidy is the Section 8 Certificate and Voucher program, where 102,000 tenants currently use 30% of their income for rent and the government makes up the difference; the Public Assistance Grant, which includes a basic grant and a shelter allowance for 141,000 tenants; and the Senior Citizens Rent Increase Exemption Program (SCRIE), in which 19,000 tenants pay a third of their income for rent and the city makes up the difference as the rent is increased. The 1996 HVS also reports over 6,000 households collecting other federal subsidies; 22,000 collecting other city or state aid; and, over 12,000 households collecting two or more subsidies.

Government subsidies to tenants have a large impact on housing affordability.

Using the more accurate out-of-pocket rent to measure housing affordability, we find that government subsidies have a very large impact on tenants' ability to pay rent. For example, the median out-of-pocket rent for all renters is $550. This means that government subsidies make up the $50 difference for the typical tenant (since median contract rent is $600).

To fully understand the impact subsidies have on the amount of rent a tenant pays, we compared out-of pocket and contract rent for recipients of each type of subsidy. The median contract rent is $553 for households that only collect Section 8. The median out-of pocket rent for these households is $134, which means that Section 8 makes up the $419 difference in rent collected.

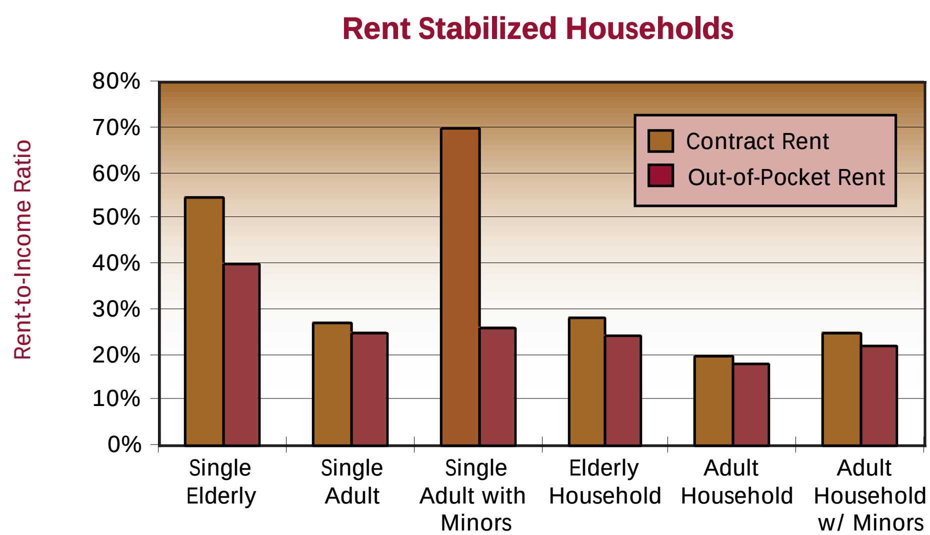
Among the boroughs, Bronx residents benefit most from subsidies. Bronx renters have the lowest median income, so it is not surprising that 34% of Bronx residents collects subsidies to help pay their rent. This group also has the largest gap between out-of-pocket and contract rents.

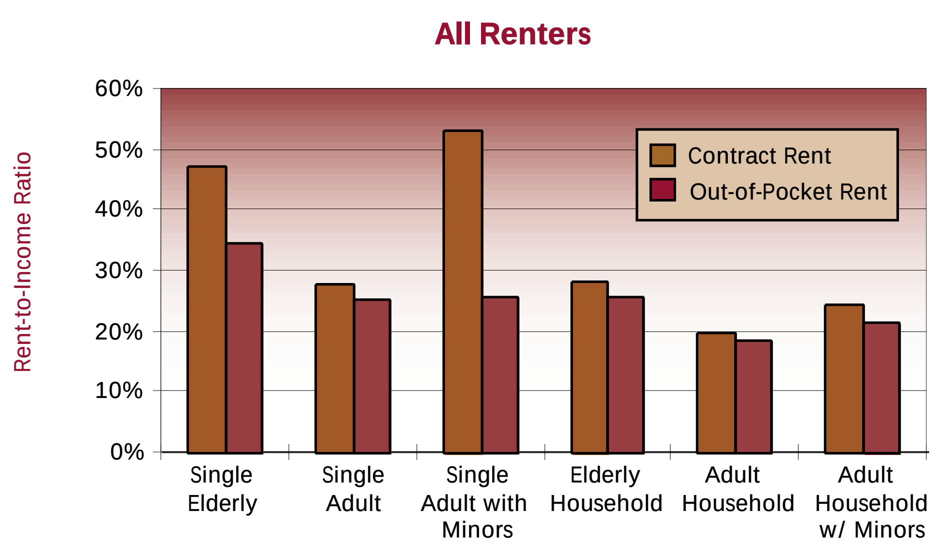
Without subsidies, housing would be less affordable for many low-income households.

If government subsidies were to be cut, many lower-income households would find themselves in a desperate situation. Of the 9% (170,140) of all renter occupied households that pay more in rent than they have in personal income, more than half receive subsidies. Elimination of subsidies may mean that almost 97,000 households would have difficulty finding a way to maintain rent payments. As the following analysis shows, subsidies allow tenants to have a lower rent-to-income ratio.

A rent-to-income ratio of 30% or less is the standard used to define whether housing is affordable. Many categories of people had rent-to-income ratios well over this threshold when we used contract rent. However, when using out-of-pocket rent (the amount of personal income used to pay rent) to calculate these statistics, the median rent-to-income ratio drops from 27.7% to 23.7%. In other words, the presence of subsidies allowed the median rent-to-income ratio to drop by 4 percentage points when using the more accurate out-of-pocket rent.

It is clear that the larger the gap between "contract" and "out of-pocket" rent-to-income ratios, the larger the impact of government subsidies. When looking at all households, 46% have a "contract" rent-to-income ratio of 30% or higher, while only 35% of households fall into this category when using out-of-pocket rent. However, more dramatic decreases are observed when looking at the different household types, most notably single elderly and single-parent households. Of the renters receiving subsidies, one third are single adult households with minors. This goes a long way in explaining the tremendous difference between their "contract" rent-to income ratio of 53.1% and their "out-of-pocket" rent-to income ratio of 25.8% (see bar graphs below).





Source: 1996 Housing and Vacancy Survey

B. Average Annual Employment Statistics by Area, 1988-97

Unemployment Rate	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Bronx	5.4%	7.0%	8.5%	10.4%	13.1%	12.2%	10.1%	9.6%	10.6%	11.6%
Brooklyn	5.5%	6.7%	7.9%	9.5%	12.0%	11.2%	9.7%	9.2%	10.0%	10.7%
Manhattan	4.3%	5.0%	5.8%	7.3%	9.0%	8.8%	7.6%	7.0%	7.4%	7.8%
Queens	4.0%	5.0%	6.0%	8.0%	10.5%	9.5%	8.2%	7.6%	8.1%	8.5%
Staten Island	4.0%	4.8%	6.4%	8.3%	10.4%	9.2%	7.8%	7.4%	7.8%	8.4%
NYC	**5.0%**	**5.8%**	**6.8%**	**8.6%**	**10.8%**	**10.1%**	**8.7%**	**8.2%**	**8.6%**	**9.4%**
U.S.	**5.5%**	**5.3%**	**5.6%**	**6.9%**	**7.5%**	**6.9%**	**6.1%**	**5.6%**	**5.4%**	**5.0%**
Participation Rate										
NYC	--	--	--	--	--	56.3%	55.9%	55.2%	56.7%	58.5%
U.S.	65.9%	66.5%	66.5%	66.2%	66.4%	66.3%	66.6%	66.6%	66.8%	67.1%
Gross City Product (NYC)										
(thousands, $1992)	270.1	268.5	269.7	260.5	266.1	271.1	276.1	279.2	283.8	291.3
% Change	4.0%	-0.6%	0.5%	-3.4%	2.1%	1.9%	2.0%	0.9%	1.6%	3.1%
Gross Domestic Product (U.S.)										
(thousands, $1992)	5,865.2	6,062.0	6,136.3	6,079.4	6,244.4	6,389.5	6,610.7	6,742.1	6,928.4	7,188.8
% Change	3.8%	-3.4%	1.3%	-1.0%	2.7%	2.2%	3.5%	2.1%	2.8%	3.8%

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.

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

C. Average Payroll Employment by Industry for NYC, 1988-97 (Thousands)

Industry Employment	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Construction	120.1	120.8	114.9	99.8	87.1	85.8	89.3	90.2	91.2	93.8
Manufacturing	370.1	359.5	337.5	307.8	292.8	288.8	280.4	273.5	264.5	264.4
Transportation	219.5	218.1	229.1	218.4	204.8	203.4	201.5	202.9	204.6	206.3
Trade	634.3	630.2	608.3	565.3	545.6	537.9	544.1	555.4	561.9	579.4
FIRE	542.4	530.6	519.6	493.6	473.5	471.6	480.3	473.4	472.3	471.4
Services	1,123.1	1,147.2	1,149.0	1,096.9	1,093.1	1,115.8	1,148.1	1,183.6	1,229.0	1270.7
Mining	0.5	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3
Total Private Sector	3,010.0	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
Government	595.7	601.5	607.6	592.6	584.1	579.7	566.6	543.6	533.8	525.0
New York City[Ω]	--	--	--	--	--	223.8	--	206.4	204.1	203.8
Total	**3,605.7**	**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**

[Ω] 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.

D. Average Real Wage Rates by Industry for NYC, 1990-96 (1989 dollars)

Industry	1990	1991	1992	1993	1994	1995	1996	1995-1996 % Change
Construction	$35,240	$34,832	$34,861	$34,305	$34,399	$34,023	$34,166	**0.4%**
Manufacturing	$30,303	$30,492	$32,137	$31,151	$31,837	$32,838	$34,678	**5.6%**
Transportation	$35,654	$34,737	$36,046	$34,945	$35,309	$35,733	$36,626	**2.5%**
Trade	$24,662	$24,382	$24,974	$24,234	$24,304	$24,031	$23,851	**-0.8%**
FIRE	$50,302	$51,225	$63,917	$63,290	$59,287	$65,902	$74,258	**12.7%**
Services	$29,044	$28,764	$29,576	$29,210	$29,106	$29,422	$29,340	**-0.3%**
Private Sector	$32,746	$32,769	$35,658	$34,981	$34,304	$35,533	$36,839	**3.7%**
Government	$30,745	$29,808	$29,843	$29,936	$30,691	$31,851	$32,144	**0.9%**
Total Industries	**$32,408**	**$32,239**	**$34,641**	**$34,107**	**$33,743**	**$34,942**	**$36,193**	**3.6%**

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.

E. Average Nominal Wage Rates by Industry for NYC, 1990-96

Industry	1990	1991	1992	1993	1994	1995	1996	1995-1996 % Change
Construction	$37,372	$38,619	$40,040	$40,583	$41,669	$42,255	$43,663	**3.3%**
Manufacturing	$32,137	$33,807	$36,911	$36,851	$38,567	$40,784	$44,317	**8.7%**
Transportation	$37,811	$38,514	$41,401	$41,340	$42,773	$44,379	$46,806	**5.5%**
Trade	$26,154	$27,033	$28,684	$28,669	$29,439	$29,846	$30,480	**2.1%**
FIRE	$53,345	$56,795	$73,412	$74,873	$71,820	$81,848	$94,898	**15.9%**
Services	$30,801	$31,891	$33,970	$34,556	$35,259	$36,541	$37,495	**2.6%**
Private Sector	$34,727	$36,332	$40,955	$41,383	$41,556	$44,130	$47,078	**6.7%**
Government	$32,605	$33,049	$34,267	$35,415	$37,179	$39,558	$41,078	**3.8%**
Total Industries	**$34,369**	**$35,744**	**$39,787**	**$40,349**	**$40,876**	**$43,397**	**$46,253**	**6.6%**

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.

F. Consumer Price Index for All Urban Consumers, New York-Northeastern New Jersey, 1988-98

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
March	121.5	128.9	136.6	143.4	149.1	154.1	157.9	160.9	166.5	170.7	173.0
June	123.1	130.5	137.1	144.6	149.5	154.2	157.8	162.2	166.5	170.3	
September	126.0	132.2	140.8	145.8	151.4	155.3	159.0	163.2	168.2	171.7	
December	126.0	133.3	141.6	146.6	151.9	155.6	159.9	163.7	168.5	171.9	
Quarterly Average	124.2	131.2	139.0	145.1	150.5	154.8	158.4	162.5	167.4	171.2	
Yearly Average	**123.7**	**130.6**	**138.5**	**144.8**	**150.0**	**154.5**	**158.2**	**162.2**	**166.9**	**170.8**	

12-month percentage change in the CPI

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
March	4.9%	6.1%	6.0%	5.0%	4.0%	3.4%	2.5%	1.9%	3.5%	2.5%	1.3%
June	4.5%	6.0%	5.1%	5.5%	3.4%	3.1%	2.3%	2.8%	2.7%	2.3%	
September	5.2%	4.9%	6.5%	3.6%	3.8%	2.6%	2.4%	2.6%	3.1%	2.1%	
December	4.5%	5.8%	6.2%	3.5%	3.6%	2.4%	2.8%	3.0%	2.9%	2.0%	
Quarterly Average	4.8%	5.7%	5.9%	4.4%	3.7%	2.9%	2.3%	2.6%	3.0%	2.2%	
Yearly Average	**4.8%**	**5.6%**	**6.0%**	**4.5%**	**3.6%**	**3.0%**	**2.4%**	**2.5%**	**2.9%**	**2.3%**	

Source: U.S. Bureau of Labor Statistics.

G. Housing and Vacancy Survey Data, Rent-Stabilized Apartments, 1993 and 1996

	1993 Unimputed		1996 Unimputed		1996 Imputed	
	Number	Percent	Number	Percent	Number	Percent
Household Income						
<$5,000/Loss/No Income	63,010	8.8%	57,605	8.3%	89,893	8.9%
$5,000 to $9,999	140,130	19.6%	130,121	18.7%	145,235	14.3%
$10,000 to $14,999	71,695	10.0%	65,079	9.3%	87,960	8.7%
$15,000 to $19,999	67,128	9.4%	60,777	8.7%	81,025	8.0%
$20,000 to $24,999	67,321	9.4%	59,715	8.6%	85,367	8.4%
$25,000 to $29,999	51,974	7.3%	50,912	7.3%	75,694	7.5%
$30,000 to $34,999	47,963	6.7%	49,269	7.1%	71,695	7.1%
$35,000 to $39,999	39,166	5.5%	37,061	5.3%	57,521	5.7%
$40,000 to $49,999	51,625	7.2%	57,229	8.2%	89,571	8.8%
$50,000 to $59,999	38,930	5.4%	35,951	5.2%	66,957	6.6%
$60,000 to $69,999	23,711	3.3%	28,940	4.2%	47,346	4.7%
$70,000 to $79,999	12,769	1.8%	16,090	2.3%	30,646	3.0%
$80,000 to $89,999	9,743	1.4%	10,659	1.5%	18,261	1.8%
$90,000 to $99,999	3,867	0.5%	7,627	1.1%	13,989	1.4%
$100,000 or More	26,036	3.6%	30,076	4.3%	53,590	5.3%
Not Reported	263,958	--	317,651	--	0	--
Median	$20,160	--	$21,600	--	$25,300	--
Mean	$29,042	--	§	--	$35,725	--
Contract Rent						
<$100	5,850	0.6%	3,235	0.3%	3,379	0.3%
$100 to $199	31,031	3.4%	19,998	2.1%	21,250	2.1%
$200 to $299	54,920	6.0%	29,907	3.2%	31,519	3.2%
$300 to $399	120,221	13.0%	72,177	7.7%	75,037	7.5%
$400 to $499	184,335	20.0%	148,495	15.8%	155,700	15.6%
$500 to $599	183,487	19.9%	196,185	20.8%	207,237	20.7%
$600 to $699	125,490	13.6%	165,009	17.5%	173,327	17.3%
$700 to $799	73,423	8.0%	97,644	10.4%	104,259	10.4%
$800 to $899	39,879	4.3%	62,020	6.6%	67,628	6.8%
$900 to $999	22,735	2.5%	35,792	3.8%	38,605	3.9%
$1,000 to $1,249	39,209	4.3%	47,141	5.0%	52,071	5.2%
$1,250 to $1,499	16,601	1.8%	20,777	2.2%	22,719	2.3%
$1,500 to $1,749	25,013	2.7%	17,999	1.9%	19,325	1.9%
$1,750 or More	∆	∆	24,810	2.6%	28,427	2.8%
No Cash Rent	14,528	--	14,267	--	14,267	--
Not Reported	42,303	--	59,294	--	0	--
Median	$525	--	$600	--	$600	--
Mean	$593	--	§	--	$680	--
Contract-Rent-to-Income Ratio						
<10%	44,301	6.5%	35,793	5.3%	78,604	8.1%
10% to 14%	83,327	12.2%	69,055	10.2%	117,880	12.2%
15% to 19%	84,908	12.5%	87,432	12.9%	131,084	13.6%
20% to 24%	84,132	12.4%	72,606	10.7%	105,155	10.9%
25% to 29%	61,957	9.1%	62,602	9.2%	85,350	8.8%
30% to 34%	50,287	7.4%	50,508	7.4%	72,353	7.5%
35% to 39%	33,677	5.0%	36,930	5.4%	49,192	5.1%
40% to 49%	53,951	7.9%	47,279	7.0%	66,939	6.9%
50% to 59%	40,912	6.0%	36,371	5.4%	46,767	4.8%
60% to 69%	30,628	4.5%	27,252	4.0%	36,189	3.7%
70% to 79%	112,762	16.6%	153,772	22.6%	32,787	3.4%
80% or More	ß	ß	ß	ß	145,282	15.0%
Not Computed	32,188	--	14,813	--	47,169	--
Not Reported	265,995	--	320,339	--	0	--
Median	28.2%	--	30.7%	--	27.6%	--
Mean	47.8%	--	§	--	38.8%	--

§ Mean averages are not available for all rent-stabilized tenants in the unimputed data.
∆ The highest household income category used by Census in the 1993 HVS was $1,500 or more.
ß The highest contract rent-to-income ratio category used by Census in the 1993 and in the unimputed 1996 HVS is 70% or more.

Source: 1993 and 1996 New York City Housing and Vacancy Survey, U.S. Bureau of the Census.

H. Housing Affordability: Renter-Occupied Dwellings in Central Cities

Central City	Median Household Income ß	Median Monthly Housing Cost ß	Median Rent-t Income Ratio
Miami	$19,654	$482	37%
Los Angeles	$21,126	$625	35%
Sacramento	$23,061	$568	30%
Atlanta	$20,013	$506	30%
New York City	**$22,902**	**$632**	**29%**
Portland	$23,239	$519	29%
Cleveland	$14,567	$402	28%
Detroit	$12,462	$397	28%
Philadelphia	$14,901	$488	28%
New Orleans	$15,451	$406	28%
Seattle	$23,741	$605	28%
Chicago	$21,833	$528	27%
Newark	$11,077	$550	27%
Columbus	$22,679	$485	26%
Indianapolis	$24,953	$497	26%
Memphis	$19,451	$442	26%
St. Louis	$14,945	$371	26%
San Antonio	$21,053	$467	26%
Oklahoma City	$21,461	$423	24%
U.S.	**$21,981**	**$523**	**28%**

ß 1995 dollars

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.

Source: U.S. Bureau of the Census, American Housing Survey, 1995-1996

I. Housing Court Actions, 1983-97

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	§

§ Numbers 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