



# The Continued Decline in Affordable Housing in New York City

Thomas P. DiNapoli  
New York State Comptroller

Kenneth B. Bleiwas  
Deputy Comptroller

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## Highlights

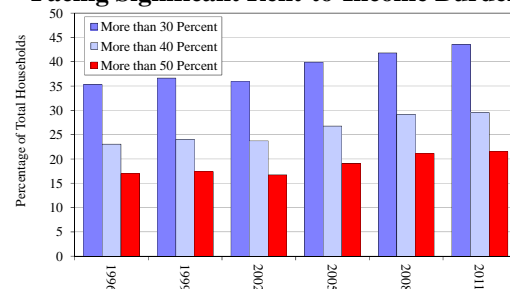
- The share of apartments with rents that were considered affordable for households earning the City’s median income declined from 58 percent in 2008 to 44 percent in 2011 (the latest year for which data are available).
- In 2011, slightly more than half of New York City’s households lived in apartments with rents that exceeded 30 percent of household income. Government housing subsidies reduced the share to 44 percent.
- Nearly 30 percent of City households faced a severe rent burden in 2011 (with rent exceeding half of household income). Even with government subsidies, one out of five households in New York City devoted more than half of household income to rent in 2011.
- Among the boroughs, housing is least affordable in the Bronx, where 38 percent of households lived in apartments with rents that were more than half of household income in 2011 (before consideration of government subsidies).
- One-fifth of the households in New York City earned less than \$15,000 annually, and nearly 80 percent of those lived in apartments with rents that were more than half of household income in 2011. Even with government subsidies, 56 percent of these households had a severe rent burden.
- The New York City Rent Guidelines Board recently proposed rent increases for one- and two-year lease renewals for rent-stabilized apartments: up to 6.25 percent and 9.5 percent, respectively, for the year beginning October 1, 2013.

This report is the third issued by the Office of the State Comptroller since 2009 concerning affordable housing in New York City. More than two-thirds of the City’s 3.1 million households lived in rental housing in 2011. For a growing share of rental households, housing is becoming increasingly unaffordable, and the burden falls most heavily on those with the lowest incomes. For these residents, a number of government housing subsidies are available to help ease the burden.

According to the U.S. Census Bureau, median rent and income in New York City grew at essentially the same rates from 1991 to 2008, but since 2008 rental costs have continued to grow while income stagnated as a result of the Great Recession. This divergence in growth rates has further exacerbated the housing burden in New York City.

Housing is generally considered affordable if rent consumes no more than 30 percent of household income. In 2011, slightly more than half of the City’s households had a rent burden that was considered unaffordable, and that share remained high at 44 percent even after government subsidies. Overall, affordability in the City has deteriorated over the past two decades, and the sharpest increase in the share of households that face a sizable rent burden has occurred since 2002 (see Figure 1).

Figure 1  
Share of New York City Households Facing Significant Rent-to-Income Burden



Note: Includes the effects of government subsidies. Subsidy data are not available before 1996. Sources: U.S. Census Bureau, New York City Housing and Vacancy Survey; OSC analysis

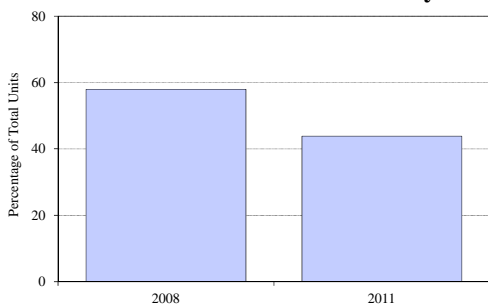
A rent burden is considered “severe” when rent consumes more than half of household income. As also shown in Figure 1, one in every five households in New York City in 2011 faced a severe rent burden (even after taking into account government subsidies), a share that has grown since 2002.

The composition of the City’s rental housing stock is also changing. Removal of some apartments from the rent-stabilization program, along with new construction of units primarily rented at market rates, has led to a decline in apartments subject to rent regulations. The share of rental units subject to some form of rent regulation fell from 74 percent in 1991 to 61 percent in 2011.

From 1991 to 2011, the median monthly rent for unregulated apartments rose at an average annual rate of 4.2 percent to reach \$1,367, while the median for rent-stabilized apartments (which constitute nearly half of all units) rose by 4 percent annually to \$1,050. (The New York City Rent Guidelines Board establishes rent adjustments for new and renewed leases for rent-stabilized units.) The pace of rent increases for both unregulated and rent-stabilized units picked up after 2002.

The two most recent housing surveys conducted by the U.S. Census Bureau (coinciding with the recession and the start of the recovery) found that the share of apartments with rents that were considered affordable for households in New York City earning the median income declined from 58 percent of all units in 2008 to 44 percent in 2011 (see Figure 2). The reduction in the share reflects stagnant median income (\$40,000 in both 2008 and 2011), a 16 percent increase in median rent and a decrease in rent-regulated units.

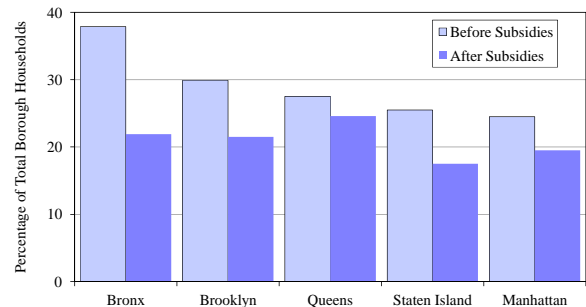
**Figure 2**  
**Affordable Units as Share of All City Units**



Sources: U.S. Census Bureau, New York City Housing and Vacancy Survey; OSC analysis

Among the five boroughs, housing is least affordable for residents of the Bronx. Even though median rents are the lowest in that borough, the Bronx also has the lowest median income. In the absence of government subsidies, 38 percent of Bronx households would have devoted more than half of their incomes to rent; with subsidies, that share declines to 22 percent (see Figure 3).

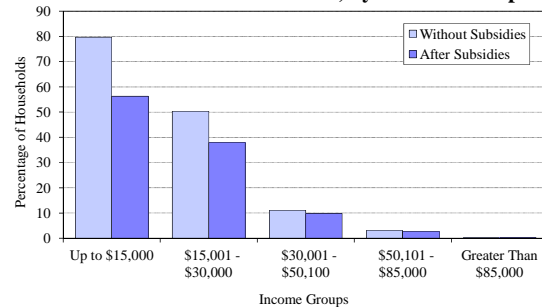
**Figure 3**  
**Share of Households Paying More Than Half of Incomes to Rent in 2011**



Sources: U.S. Census Bureau, New York City Housing and Vacancy Survey; OSC analysis

The housing burden is heaviest for low-income households. One-fifth of New York City’s households had incomes of \$15,000 or less in 2011. Nearly 80 percent of these households devoted more than half of their incomes to rent, a higher share than any other income group. Even after government subsidies are factored in, more than half (56 percent) of these households had a severe housing burden, a much higher share than any other income group (see Figure 4). For households with incomes of \$15,000 to \$30,000, nearly 40 percent devoted more than half of their incomes to rent in 2011.

**Figure 4**  
**Share of New York City Households Paying More Than Half of Incomes to Rent, by Income Group**



Note: Each income group contains 20 percent of all households in the City in 2011.  
Sources: U.S. Census Bureau, New York City Housing and Vacancy Survey; OSC analysis

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Office of the State Comptroller, New York City Public Information Office  
633 Third Avenue, New York, NY 10017  
(212) 681-4840