

The Rent Guidelines Board 1997 Income and Affordability Study

May 1, 1997

Introduction

Each year, the Rent Guidelines Board research staff look at housing affordability by exploring economic conditions affecting New York City's tenant population. For instance, we review changes in the cost of rental housing as well as the proportion of income tenants' use to cover rental payments. This year's study benefits from newly released data compiled by the Census Bureau in its 1996 New York City Housing and Vacancy Survey (HVS), the tenth such survey since 1965. To complete the 1996 survey, Census interviewed approximately 17,000 renter and owner households requesting detailed information about their family members and dwelling unit. Of particular importance to the Income and Affordability Study is HVS data regarding household income and rental payments which allows us to estimate housing affordability.

The Census Bureau revised its HVS methodology in 1996 by imputing, or estimating, values for some questions left unanswered by respondents. In this report, the RGB primarily use unimputed HVS data. Although we would like to use imputed data, the estimated income data is still preliminary and no imputed data for the 1993 HVS are available. Thus, absent preliminary 1993 imputed data, we cannot make judgments about trends in key variables and are forced to use unimputed data to gauge changes. (For further discussion of this matter, see page 5.)

Apart from rents and incomes, RGB researchers review a broader context of market forces affecting renters by tracking New York City's overall economic conditions, including the state of the employment market, as well as housing court actions and changes occurring in the public assistance sphere.

Economic Conditions

New York City's economy has improved considerably since the recession of the early 1990s when it was beset by double-digit unemployment and declining gross city product (GCP), reflecting the total value of goods and services produced in New York City. Subsequently, the unemployment rate eased by more than two percentage points, though unemployment remains high relative to the rest of the country, and production has expanded steadily. The GCP grew by roughly two percent in four of the last five years and expanded 1.9% between 1995 and 1996. (See appendix, page 10.)

New York City's employment sector contracted by more than 300,000 jobs in the early 1990s before stabilizing in 1993. Since then, 76,000 jobs have returned, almost half of which (35,000) were gained between 1995 and 1996 alone. (See sidebar, next page.) This is the largest single-year increase since more than 50,000 new jobs were created in 1987. Though the government sector has cut its work-

WHAT'S NEW

- ✓ Employment increased by 35,000 positions in 1996, the largest increase since 50,000 jobs were added to New York City's employment base in 1987. The increase in jobs occurred despite the loss of 10,000 government positions.
- ✓ Wages of workers employed in New York City increased 9% between 1992 and 1995.
- ✓ New York City's renters earned \$20,000 in 1995, nearly \$1,000 more than in 1992. Rent-stabilized tenants earned \$21,600, a nominal increase of 7% since 1992.
- ✓ Tenants in rent-stabilized apartments built after 1946 earned a median income of \$30,000 in 1995, \$5,000 above their incomes in 1992. Pre-1947 occupants, on the other hand, gained only \$700 between 1992 and 1995.
- ✓ The median contract rent for all renter-occupied apartments jumped from \$501 to \$593, an 18% increase. Stabilized apartment rents rose 14% from \$525 to \$600.
- ✓ With increases in contract rent outstripping gains in income, renters are paying a larger portion of their household income towards rent. The median contract rent-to-income ratio for New York City renters climbed from 28.2% to 30.0%, while respective figures for stabilized renters are 28.2% and 30.7%, a jump of two and one-half percentage points.
- ✓ The improved economy, in addition to strict screening and work requirements, brought New York City's public assistance caseload below one million for the first time since 1990. Changes in Federal welfare laws could further reduce eligibility and benefit levels in the coming years.

force by 74,000 positions since 1990, expanding private sector employment in the last four years has more than made up for losses in government.

Not only are the number of employment positions increasing, but compensation has risen in the last couple years as well. Wages for all workers in New York City rose 6% between 1994 and 1995. Annual wage data for 1996 will not be available until the summer. Payroll data for all employees in New York City covered by uninsured law shows similar improvement in recent years. Payrolls reflect total compensation for individuals employed in New York City and include wages, commissions, overtime pay and bonuses. Payrolls showed impressive growth in the last two years, with 6% gains in both 1995 and the second quarter of 1996, significantly above the inflation rate which rose less than 3% during this period. Though workers in almost every private industry secured above-inflation increases in compensation, the financial (11%) and manufacturing (3%) industries posted the largest inflation-adjusted growth between 1994 and 1995. Even the government sector gained 4% in real terms. Workers in these industries continued to see rising compensation in mid-1996. (See appendix, page 11.)

According to the Bureau of Labor Statistics, New York City's unemployment rate rose slightly from 8.2% in 1995 to 8.6% in 1996 and remains more severe than that of the nation (5.4%). (See graph on the next page.) The rise in the city's unemployment rate stems from mounting demand for employment which is growing at a faster rate than new jobs. This higher demand could have a number of sources including a surge in the population of working-age people, heightened competition for jobs from those living outside of New York City, cuts in public assistance pushing more people into the workforce, or perhaps discouraged workers are resuming their efforts to find employment after giving up their search months or years before. Which of these has likely led to a rising unemployment rate at the same time that employment opportunities increased?

The answer lies, in part, in how unemployment statistics are calculated. Swelling employment opportunities and rising compensation have likely contributed to the expanding labor force which, in technical terms, consists of individuals who are employed (even if underemployed) as well as those who are currently not working but have searched for work in the previous six months. During a recession, it is common for people who are unsuccessfully searching for employment to become discouraged and stop looking for work altogether. As the economy improves and more jobs become available, those people who had left the labor market often resume their employment search, and are thereby, once again, included in the civilian labor force statistics.

Between 1995 and 1996, an additional 90,000 people entered the city's civilian labor force, representing a 2% jump. Though 35,000 new positions were created during this time, 55,000 new entrants or re-entrants into the labor sector did not find employment. The expanding civilian labor force, which inflated faster than the number of jobs, contributed to the four-tenths of a percentage point rise in the unemployment rate from 1995 to 1996.

The labor force participation rate, equal to the civilian labor force divided by the the noninstitutional population of working-age people, increased from

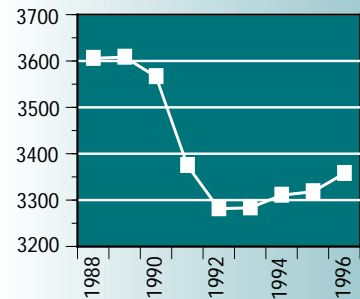
New York City's Employment Level (000s)

	1995	1996
Construction	90.2	91.2
Manufacturing	273.5	264.5
Transportation	202.9	204.6
Trade	555.4	561.9
Finance	473.4	472.3
Services	1,183.6	1,229.0
Mining	0.3	0.3
Total Private	2,779.3	2,823.7
Government	543.6	533.8
New York City ^Ω	206.4	204.1
Total	3,322.9	3,357.5
Change	+12.3	+34.6

^Ω Estimate from Mayor's Office of Management and Budget.

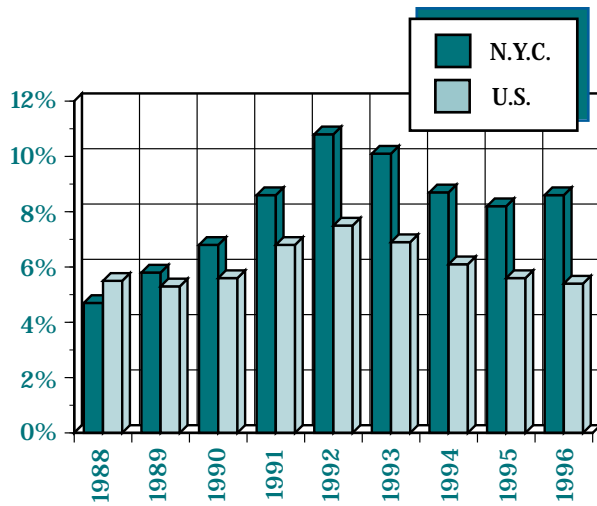
Source: U.S. Bureau of Labor Statistics.

Employment (000s) Inches Up



Source: U.S. Bureau of Labor Statistics.

New York City's Unemployment Rate Remains Well Above that of the Nation.



Source: U.S. Bureau of Labor Statistics.

55.2% in 1995 to 56.5% in 1996. The disproportionate growth in the labor force compared to the general population was probably caused by a lessening of the “discouraged worker syndrome”. Nonetheless, rising unemployment in the face of growing job prospects underscores that New York City’s employment sector is unable to rapidly absorb thousands of potential workers who are perhaps chronically unemployed.

New York City’s Renters

The data presented above provides a general picture of New York City’s economic conditions. However, employment and compensation statistics comprise all workers whether or not they live within the city’s boundaries. Though the state of the city’s economy obviously affects New York City’s residents, this report is more concerned with how the city’s renter population has fared in the last few years. Fortunately, more targeted data covering New York City’s renters, and rent-stabilized tenants in particular, are available from the 1996 New York City Housing and Vacancy Survey conducted by the U.S. Census Bureau. This survey provides details about households, such as the number of occupants and whether the family income is below the poverty

level, as well as in-depth information about their residences. As mentioned previously, all HVS figures are unimputed unless otherwise specified.

Income

Total household income in the HVS is comprised of several sources, including wages, salaries and tips; self-employment; interest dividends; pension; and other transfer and in-kind payments. According to the 1996 HVS, which reflects household income for 1995, renters earned a median income of \$20,000 per year, 5% above what tenants earned in 1992. By comparison, rent-stabilized tenants gained 7% between 1992 and 1995, with a median income of \$21,600 per stabilized household in 1996. This is somewhat lower than the 9% increase in nominal average wages for all workers in New York City reported by the Bureau of Labor Statistics. (See appendix, page 11.) Stabilized tenants lost close to 1% of their incomes during this period when adjusting for inflation.

The larger income growth for stabilized renters compared with all New York City’s renters was driven by the sizable gains in earnings achieved by stabilized tenants living in modern buildings. Stabilized tenants in post-World War II buildings earned \$10,000 more on average than stabilized tenants in pre-war buildings which comprise nearly three-quarters (72%) of all stabilized dwellings. Not only do they earn more, but these stabilized tenants also benefitted from substantially higher income growth. The median income for tenants in post-war stabilized buildings was \$30,000 in 1995, a 21% jump from 1992 when they earned \$24,700; while incomes of tenants in pre-war stabilized buildings increased only 4% during this period, from \$19,300 to \$20,000. When adjusting for inflation, post-war tenants’ household income grew by 12% though pre-war tenants lost 4% of their incomes.

Rent

Renters’ nominal household incomes increased 5% from 1992 to 1996, but have rising rents outstripped this income growth? For most tenants, the answer is

yes. Citywide, contract rents jumped from \$501 to \$593, an 18% increase. Stabilized tenants benefitted from the city’s regulation system as their rents rose slightly less. Renters in stabilized apartments pay \$600¹ in 1996, roughly 14% more than three years ago when they paid \$525.

Rent increases for stabilized apartments from 1993 to 1996 — spurred by the low-rent supplement allowed during the last three guideline seasons and larger vacancy allowances for low-rent apartments in two of these years — 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.

Affordability of Rental Housing

How have these spiraling rents affected New York City’s renter population? Tenants are now paying 30% of their incomes toward rental payments, nearly two percentage points higher than in 1993. Adding utilities and fuel expenses to contract rent, renter households pay 32% of their annual earnings on housing-related expenses, up from 30.7% three years ago.

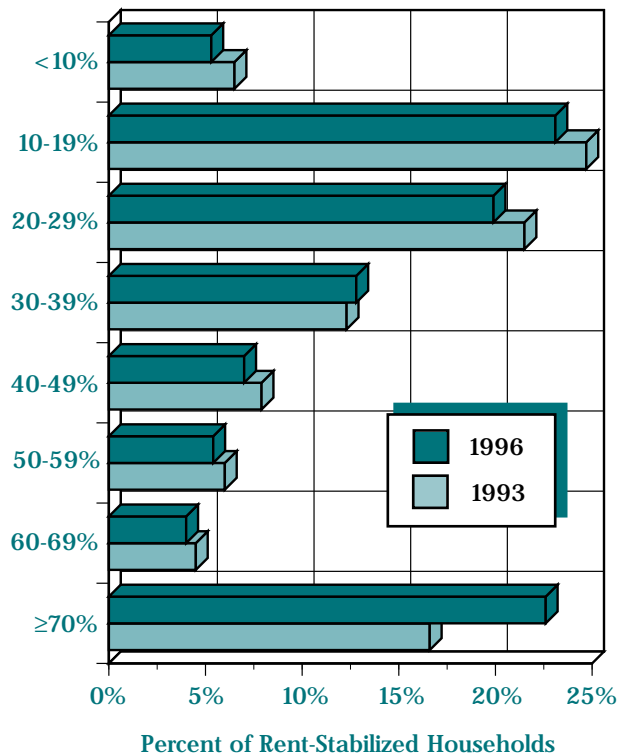
Stabilized tenants bore similar erosions in housing affordability. They now pay 30.7% of their household income towards rent, two and one-half percent-

age points above 1993 levels. The largest change in rent-to-income ratio categories was for those tenants paying more than 70% of their household earnings on monthly rent. As of the 1993 HVS, 17% of rent-stabilized households paid more than 70% of their income on rent, that proportion jumped to 23% in 1996. (See graph below.)

It is plausible that some households with high contract rent-to-income ratios are not strictly low-income families. These households could be students whose apartments are paid for by their parents, households where the main wage earner is temporarily not working, or families who currently earn very little annual income but are living off their accumulated wealth. In such cases, contract rent paid consumes most or even all of the household’s annual income. Obviously, these situations have vastly different implications than ones in which families have extremely low annual incomes, no accumulated sav-

More Tenants are Paying ≥70% of their Incomes Toward Rent.

(Percent of Rent-Stabilized Tenants in Rent-to-Income Ratio Categories.)



Source: 1993 and 1996 Housing and Vacancy Surveys.

¹ Median contract rents and contract rent-to-income ratios are interpolated from the distribution of households falling into rent and income categories — as recommended by the Census Bureau.

ings and pay the majority of their earnings on rent. Unfortunately, HVS data tables provide little insight into how many households are true hardship cases versus those with temporary or special circumstances.

Post-War Versus Pre-War Stabilized Tenants

Changes in rents and household incomes were not evenly distributed among renters of stabilized apartments in New York City. Though we speak of rent-stabilized tenants as a homogenous group, the stabilized sector is extremely varied. Apartments in pre-war buildings have lower rents probably stemming from both their location and their physical condition. Specifically, pre-war stabilized apartments have substantially more maintenance deficiencies and more often are located on streets with broken or boarded up windows according to HVS data. Further, half of all pre-war stabilized apartments are located in the Bronx (21%) or Brooklyn (29%) where average rents are lower, while one-third of post-war apartments are located in the Bronx (12%) or Brooklyn (20%). These factors, no doubt, contribute to the lower rents found in pre-war apartments.

In addition to lower rents, stabilized tenants in pre-war buildings earn one-third less income than tenants in post-war buildings. Also the two boroughs with the largest number of pre-war apartments have the highest portion of unemployed residents (respective unemployment rates in the Bronx and Brooklyn are 10.3% and 9.7%). Not surprisingly, families with higher incomes gravitate toward better quality housing in more desirable neighborhoods and, thus, pay more for their housing units.

Though post-war tenants in stabilized buildings also had larger increases in rent than income, the proportional increase in rent was far greater for stabilized tenants in pre-war buildings. Tenants in post-war buildings paid 28.4% of their current incomes on rent in 1996, compared with 27.1% three years earlier, while respective figures are 32.1% and 28.8% for tenants in pre-war buildings. Tenants in older buildings have proportionally less income remaining after housing costs partly because they are more likely to receive government assistance, the value of which has eroded over time. Furthermore, post-war occupants are much more likely to be married couples than single heads of households which enables families the option of having two wage-earners. This helps insulate households from income loss if one household member loses his job or has stagnant earnings.

HVS Imputed Data

In completing the HVS questionnaire, much like all surveys, many respondents fail to answer one or more questions. For the first time in 1996, the Census Bureau assigned values in cases where questions were left unanswered. This assignment process, known as imputation, is based on interviewees who did respond and who have similar characteristics to those not responding. In the past, nonrespondents were simply left out of summary statistics. The estimated and unimputed HVS techniques yield different results only if the distribution of

HVS IMPUTED DATA

The most accurate and uniform information concerning New York City's renters can be found in the New York City Housing and Vacancy Survey. The Rent Guidelines Board relies heavily on HVS rent and income data to make judgments about trends in housing affordability.

New in the 1996 HVS, the Census Bureau imputed data for several variables, including household income, rent, number of bedrooms and rent subsidies. The RGB, faced with the decision to use the imputed or unimputed methods in this report, chooses the latter. However, staff present imputed data to inform the Board that HVS results using the new methodology are significantly different from results derived from previous HVS techniques.

Why does the RGB continue to use unimputed data in this report?

- ✓ The Census Bureau presents the income imputations as preliminary only, stating that it will continue to "review the imputation procedures, programming, and results even after the release of these tables to the public." If this review yields potential improvements, Census will release revised income statistics this summer.
- ✓ The RGB does not have detailed information regarding the imputation methodology and cannot assess its reliability in the short time frame for preparing this report.
- ✓ This report is concerned with evaluating trends in housing affordability. Comparable imputation data is not yet available for the 1993 HVS data, making it impossible to say whether tenants are paying more or less of their income on rent.
- ✓ Though the imputed data found renter households pay less of their income toward rent, it is likely that the new methodology will nonetheless show similar increases in rent-to-income ratios between 1993 and 1996.

nonrespondents is significantly different from those supplying answers. Estimated variables used in this report include household income, contract rent, and contract rent-to-income ratio. The Census Bureau offers imputed household income as preliminary data, scheduled to be finalized this summer. Because the statistical procedures in the 1996 HVS are different from methodologies employed in previous surveys and because the imputation data is subject to revision by Census, the results of the 1996 HVS cannot be compared with prior HVSs and must be treated with caution.

Using imputed household income values, New York City's renters earned \$23,600 in 1995, nearly one-fifth higher than income reported under the traditional income computation (\$20,000). The imputation approach raises median income for stabilized renters from \$21,600 to \$25,300. The median is higher because about 50,000 additional stabilized households are assigned to income groupings above \$20,000 than would be assigned to this category by merely distributing the nonrespondents across categories based on the proportion of respondents falling into each section. One way to look at the two methods is that almost 45,000 families who were assumed to be in the \$5,000 to \$9,999 income category under the former method were assigned to categories above \$20,000 using the imputation technique. Half of these families were assigned to the \$50,000 to \$59,999 and \$100,000 or more income categories. In other words, of the stabilized households not reporting income data, most had above-average incomes according to provisional statistical procedures used by the Census Bureau.

Using similar imputation methods to compute contract rent, 7,500 families in rent-stabilized apartments assumed to cost less than \$700 per month in the former approach were placed in rent categories above \$700. The imputation method found that proportionally more stabilized households pay over \$1,750 for rent each month than under the former method.

Finally, imputed contract-rent-to-income ratio data places almost 45,000 stabilized tenants assumed to pay more than 20% of their incomes toward rent into categories of less than 20%, the majority of

whom spend less than 10% on contract rent. Thus, the median imputed contract rent-to-income ratio for rent-stabilized tenants was found to be 27.6% compared with 30.7% computed under the traditional method. Findings of the imputed data are significantly different from HVS data using traditional calculations. Without imputed data for the 1993 HVS, however, we cannot analyze trends in housing affordability. Final imputation data for both 1993 and 1996 is scheduled to be available this summer.

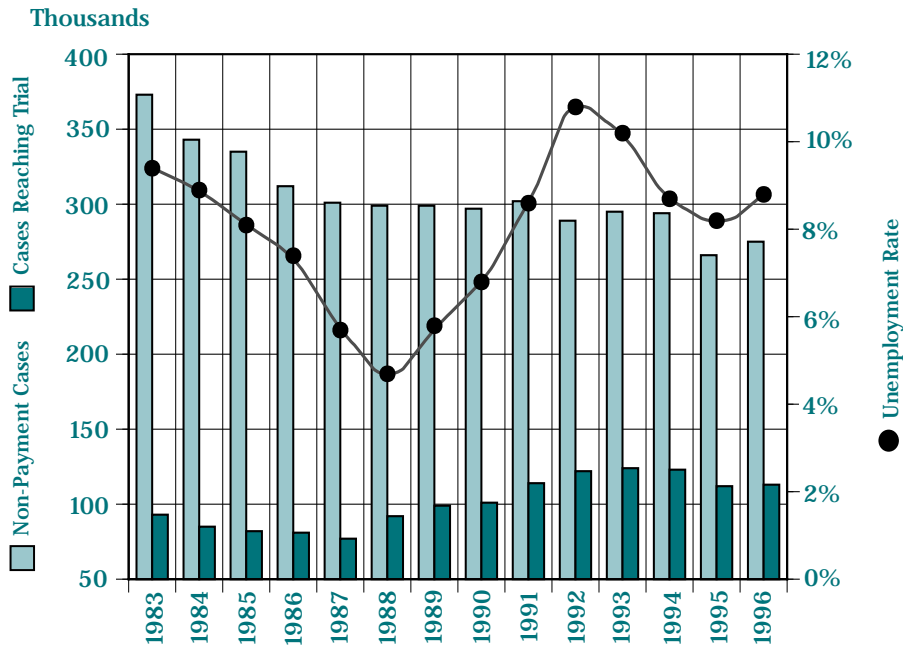
Housing Court Actions

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.

Both renters and owners utilize the Housing Part of New York City's Civil Court system, better known as Housing Court, to resolve their disputes. Tenants typically file cases because of housing code violations. Owners of rental properties call on the assistance of Housing Court for several reasons, the vast majority (92%) of which are to obtain rent from delinquent tenants. Property owners are eligible to file non-payment petitions in New York City's Housing Court when a tenant is late in paying rent — the typical lag between when payment is due and when non-payment petitions are filed is approximately two to three months. Petitions inform delinquent tenants that an action has been filed in Housing Court and that a response is due within five days.

There are, of course, several reasons a tenant may be late paying rent. Some tenants are withholding rent because of a dispute regarding warranty of habitability. Tenant actions tracked by the court administrator show that 9,800 cases were filed by tenants for housing code violations in 1996, slightly more than the 9,700 new cases filed a year earlier. In other cases, the tenant has mailed the rent but the payment was not recorded or there is a billing error. The bulk of remaining cases are likely due to the tenant's

Housing Court Actions Mirror the Unemployment Rate, though they are Less Erratic.



Source: New York City Civil Court, Deputy Chief Clerk; U.S. Bureau of Labor Statistics.

unwillingness or inability to pay rent. Unfortunately, no statistics are available for this category. Nonetheless, we track non-payment figures as a rough measure of the affordability of New York City's rental housing.

The number of non-payment proceedings filed 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, 275,000 petitions for non-payment of rent were initiated, 3.4% more than in 1995. (See graph above.) This increase may reflect that rents are rising faster than tenants' incomes, creating additional cases where tenants are having difficulty paying their rents.

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. However, non-payment proceedings noticed for trial increased slightly by almost one percent in 1996, perhaps indicating that the economic gains in the last year are not sufficient to help all tenants cover rising rents.

While court filings have declined over the long run, the proportion of cases reaching trial have 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. Why have fewer tenants been able to resolve non-payment actions prior to reaching court? Perhaps owners are now filing non-payment proceedings for only those cases where they are willing to go to trial.

Of the 113,000 cases scheduled for trial in 1996, more than one-fifth (22%) ended in evictions or possessions² being warranted. Presumably, some delinquent tenants leave voluntarily before being served with a notice of eviction or possession by a city marshal, while other evictions arise from problems apart from non-payment of rent. The number of evictions increased from a recent low of 20,400 in 1991 to almost 24,000 in 1994. Though evictions and possessions declined by 5% in 1995, the Bureau of City Marshals conducted 24,400 evictions in 1996, a 7% rise from 1995 and the highest number since 1989 when more than 25,000 evictions were carried out. (See appendix, page 14.)

Public Benefits

History shows that the performance of the economy, and more specifically the condition of the employment market, is the single largest determinant of the ebbing and flowing caseload of public assistance recipients in New York City. From 1990 to 1992, the city's economy lost more than 300,000 jobs, representing 9% of its workforce, which helped send the unemployment rate spiraling. Though the city pulled out of the recession in 1993 adding 2,000 new positions, an additional 77,000 individuals received public benefits.

Obviously, something other than the contracting employment market was forcing people to enter the public assistance rolls. Structural changes in the economy also affect the ability of low-skilled workers, in particular, to find employment. As RGB researchers found in the 1992 Income and Affordability Study

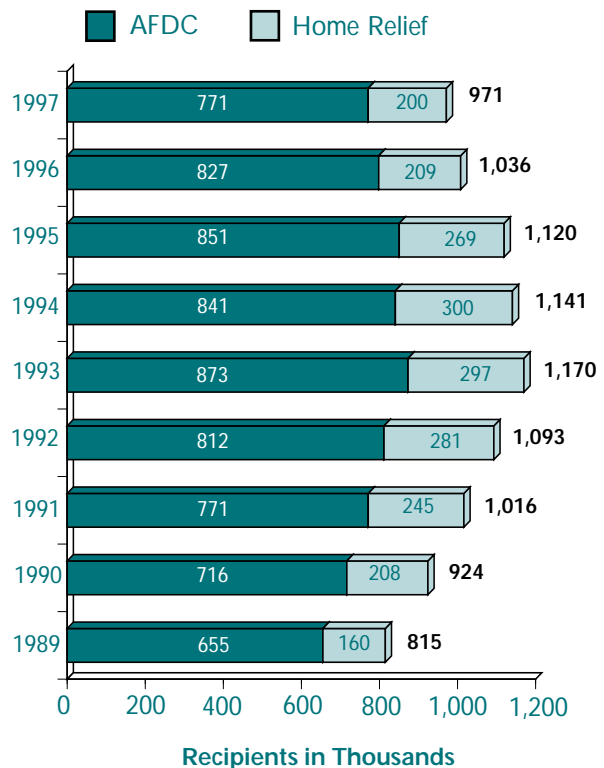
² In possessions, City Marshals change the apartment locks and provide keys to the owner who then negotiates with the tenant regarding delivery of apartment contents; in evictions, Marshals remove and store the apartment contents.

³ "Rent Stabilized Housing in New York City, A Summary of Rent Guidelines Board Research, 1992", page 68.

"[t]he forces of economic recession brought low-income households back into the public assistance sphere at a faster rate than they were taken out by economic prosperity."³ Perhaps a structural change has taken place in New York City's employment sector, one that demands more skills of its workers or involves improvements in productivity requiring fewer workers to maintain the same level of output.

With few job opportunities for its low-skill workers and burgeoning public assistance rolls, early in its tenure the Giuliani Administration devised a plan to introduce public assistance recipients into the workforce. At the same time, the new Administration aimed to eliminate abuse within the public assistance system, thereby relieving the overburdened government budget and paving the way for many current recipients to move into the employment market with improved job skills.

Public Benefits Cases Decline due to Strict Screening and Work Requirements as well as the Improved Economy.



Note: 1997 reflects the first four months of the fiscal year.

Source: Office of Operations, Mayor's Management Report.

In fiscal year 1995, New York City implemented a number of changes to its income support programs run by the city's Human Resources Administration. The department commenced its "finger imaging system" to detect Home Relief recipients receiving multiple payments. This identification system, combined with enhanced job requirements and improved economic conditions, led to a 10% reduction in the Home Relief caseload in 1995 from its peak of 300,000 cases a year earlier. The number of individuals receiving Home Relief continued to drop in successive years and reached 200,000 cases in 1997, no doubt caused by the continued anti-fraud measures, new employment requirements, and possibly new job opportunities in the expanding private sector.

Similar efforts to detect fraud and encourage employment were broadened to AFDC recipients, helping reduce the already declining AFDC caseload by 10% between 1995 and 1997. Currently, New York City is providing AFDC and Home Relief benefits to fewer than one million recipients, the lowest level since 1990. (See graph on the previous page.)

In slashing its caseload, the Human Resources Administration now rejects more than half of its applications for public assistance compared with a rejection rate of approximately one-quarter in prior years. Though these changes in benefit requirements, added to the economic recovery, have been effective in reducing public assistance rolls, there is little information about their impact on the poor. Available data does not tell us how many people who are eligible for benefits are discouraged from applying or how many have been denied benefits because they have not met workfare requirements.

Though the reduction in the city's caseload has been substantial, the most dramatic change in public benefits, yet to be realized, stems from the Personal Responsibility and Work Opportunity Reconciliation Act signed by President Clinton on August 22, 1996. This law replaces AFDC with block grants to states under the rubric of Temporary Assistance to Needy Families (TANF). True to its name, this Act provides *temporary* assistance barring families from receiving Federal assistance for longer than five years. The new law also denies food stamps and Social Security Insurance benefits to legal immigrants and imposes

work requirements on mothers who have children at least five years old. Immigrant eligibility for TANF and Medicaid are to be determined by individual states.

In the short run, New York City will receive more funds under the new block grant system than it would have under the former need-based system. However, the grant level remains the same until 2002 with no allowance for inflation or population growth.

Like most localities, New York City is grappling with how to follow Federal welfare rules and comply with the New York State Constitution — which requires the state and its cities to provide for its needy — without facing a severe budget crisis. As inflation erodes the Federal block grant and the city faces the possibility of reduced Federal funds should it not find suitable employment for large segments of its recipients, New York City will find it more and more difficult to support its poor. The 1996 HVS found that roughly one-quarter of all renter households in New York City (totaling 418,000 households) receive some form of public assistance including AFDC, Home Relief or Supplemental Security Income. Nearly half of these households (197,000) are stabilized.

In addition to monumental changes in welfare benefits, housing programs are once again facing lower funding, especially at the Federal level. The overall budget for the U.S. Department of Housing and Urban Development (HUD) was slashed nearly 25% by recisions in the Department's 1995 budget. HUD's FY 96 and 97 budgets have remained at this level and will probably not increase in FY 98. The continued reduction means further funding problems for local housing authorities, non-profit housing operators, and individual landlords relying on rental subsidies and funding for capital improvements.

A compounding problem with Section 8 certificates and vouchers is expiring contracts. Section 8 contracts that were funded for 20 years are now expiring and are being funded for one additional year only, partly because funding these commitments for longer terms requires increasing HUD's budget authority. HUD has not issued a clear policy regarding contracts which may expire in the future. Reduced rental subsidies also jeopardize rental payments to landlords — revenue used to maintain buildings in habitable conditions. □

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

	1988	1989	1990	1991	1992	1993	1994	1995	1996
Construction	120.1	120.8	114.9	99.8	87.1	85.8	89.3	90.2	91.2
Manufacturing	370.1	359.5	337.5	307.8	292.8	288.8	280.4	273.5	264.5
Transportation	219.5	218.1	229.1	218.4	204.8	203.4	201.5	202.9	204.6
Trade	634.3	630.2	608.3	565.3	545.6	537.9	544.1	555.4	561.9
FIRE	542.4	530.6	519.6	493.6	473.5	471.6	480.3	473.4	472.3
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
Mining	0.5	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3
Total Private	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
Government	595.7	601.5	607.6	592.6	584.1	579.7	566.6	543.6	533.8
New York City ^Ω	--	--	--	--	--	223.8	--	206.4	204.1
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

^Ω Estimate from Mayor's Office of Management and Budget.

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.

Source: U.S. Bureau of Labor Statistics; City of New York employment figures from the New York City Office of Management and Budget.

Average Annual Employment Statistics by Area, 1988-96

	1988	1989	1990	1991	1992	1993	1994	1995	1996
Bronx	5.5%	7.0%	8.2%	10.1%	12.5%	11.9%	10.0%	9.6%	10.3%
Brooklyn	5.5%	6.7%	7.9%	9.5%	12.0%	11.2%	9.7%	9.2%	9.7%
Manhattan	4.3%	5.0%	5.8%	7.3%	9.0%	8.8%	7.6%	7.0%	7.3%
Queens	4.0%	5.0%	6.0%	8.0%	10.5%	9.5%	8.2%	7.6%	8.0%
Staten Island	4.0%	4.8%	6.4%	8.3%	10.4%	9.2%	7.8%	7.4%	7.7%
NYC	4.7%	5.8%	6.8%	8.6%	10.8%	10.1%	8.7%	8.2%	8.6%
U.S.	5.5%	5.3%	5.6%	6.8%	7.5%	6.9%	6.1%	5.6%	5.4%
Participation Rate									
NYC	--	--	--	--	--	56.3%	55.9%	55.2%	56.5% ^β
U.S.	65.9%	66.5%	66.5%	66.2%	66.4%	66.3%	66.6%	66.6%	66.8%
Gross City Product (thousands, \$1987)	212.5	211.2	212.2	204.9	209.3	213.3	217.6	219.6	223.8
% Change	4.0%	-0.6%	0.5%	-3.4%	2.1%	1.9%	2.0%	0.9%	1.9%

^β Preliminary figure, final participation rate available this summer.

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

Average Real Wage Rates by Industry for NYC, 1989-95 (1989 dollars)

	1989	1990	1991	1992	1993	1994	1995	1992-1995 % Change
Construction	\$36,294	\$35,240	\$34,832	\$34,861	\$34,305	\$34,399	\$34,023	-2.4%
Manufacturing	\$29,697	\$30,303	\$30,492	\$32,137	\$31,151	\$31,837	\$32,838	2.2%
Transportation	\$36,319	\$35,654	\$34,737	\$36,046	\$34,945	\$35,309	\$35,733	-0.9%
Trade	\$24,968	\$24,662	\$24,382	\$24,974	\$24,234	\$24,304	\$24,031	-3.8%
FIRE	\$49,940	\$50,302	\$51,225	\$63,917	\$63,290	\$59,287	\$65,902	3.1%
Services	\$28,596	\$29,044	\$28,764	\$29,576	\$29,210	\$29,106	\$29,422	-0.5%
Total Private	\$32,559	\$32,746	\$32,769	\$35,658	\$34,981	\$34,304	\$35,533	-0.4%
Government	\$30,633	\$30,745	\$29,808	\$29,843	\$29,936	\$30,691	\$31,851	6.7%
Total	\$32,242	\$32,408	\$32,239	\$34,641	\$34,107	\$33,743	\$34,942	0.9%

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.

Average Nominal Wage Rates by Industry for NYC, 1989-95

	1989	1990	1991	1992	1993	1994	1995	1992-1995 % Change
Construction	\$36,294	\$37,372	\$38,619	\$40,040	\$40,583	\$41,669	\$42,255	5.5%
Manufacturing	\$29,697	\$32,137	\$33,807	\$36,911	\$36,851	\$38,567	\$40,784	10.5%
Transportation	\$36,319	\$37,811	\$38,514	\$41,401	\$41,340	\$42,773	\$44,379	7.2%
Trade	\$24,968	\$26,154	\$27,033	\$28,684	\$28,669	\$29,439	\$29,846	4.1%
FIRE	\$49,940	\$53,345	\$56,795	\$73,412	\$74,873	\$71,820	\$81,848	11.5%
Services	\$28,596	\$30,801	\$31,891	\$33,970	\$34,556	\$35,259	\$36,541	7.6%
Total Private	\$32,559	\$34,727	\$36,332	\$40,955	\$41,383	\$41,556	\$44,130	7.8%
Government	\$30,633	\$32,605	\$33,049	\$34,267	\$35,415	\$37,179	\$39,558	15.4%
Total	\$32,242	\$34,369	\$35,744	\$39,787	\$40,349	\$40,876	\$43,397	9.1%

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.

Total Payroll by Sector Adjusted for the Number of Employees in Each Category, 1994-1996.

	1994	Annual Average 1995	% Change	1995	Second Quarter 1996	% Change
Construction	\$41,679	\$42,352	1.6%	\$40,878	\$42,012	2.8%
Manufacturing	\$38,615	\$40,838	5.8%	\$38,826	\$44,426	14.4%
Durable	\$35,744	\$38,238	7.0%	\$38,877	\$56,562	45.5%
Nondurable	\$39,559	\$41,898	5.9%	\$38,998	\$40,442	3.7%
Transportation	\$42,920	\$44,576	3.9%	\$42,368	\$44,520	5.1%
Trade	\$29,449	\$29,868	1.4%	\$29,312	\$29,099	-0.7%
Wholesale	\$48,549	\$49,951	2.9%	\$46,295	\$48,361	4.5%
Retail	\$19,654	\$19,658	0.0%	\$19,404	\$19,731	1.7%
FIRE	\$71,859	\$81,861	13.9%	\$65,313	\$75,177	15.1%
Securities	\$115,617	\$131,923	14.1%	\$93,062	\$116,924	25.6%
Services	\$35,267	\$36,544	3.6%	\$35,186	\$35,817	1.8%
Total Private	\$41,633	\$44,141	6.0%	\$40,038	\$42,613	6.4%
Government	\$37,198	\$39,627	6.5%	\$39,457	\$41,369	4.8%
Total	\$40,887	\$43,405	6.2%	\$39,944	\$42,416	6.2%

Source: New York State Department of Labor, Research and Statistics Division.

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	Δ	Δ	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	β	β	β	β	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.

Δ The highest household income category used by Census in the 1993 HVS was \$1,500 or more.

β 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.

Housing and Vacancy Survey Data, Renter Apartments, 1993 and 1996

	<i>1993 Unimputed</i>	<i>1996 Unimputed</i>	<i>1996 Imputed</i>
All Renter Apartments			
Household Income	\$19,005	\$20,000	\$23,600
Contract Rent	\$501	\$593	\$600
Contract Rent-to-Income ratio	28.2%	30.0%	27.7%
All Rent-Stabilized Apartments			
Household Income	\$20,160	\$21,600	\$25,300
Contract Rent	\$525	\$600	\$600
Contract Rent-to-Income ratio	28.2%	30.7%	27.6%
Rent-Stabilized Apartments Built Before 1947			
Household Income	\$19,288	\$20,000	\$24,000
Contract Rent	\$500	\$572	\$572
Contract Rent-to-Income ratio	28.8%	32.1%	28.2%
Rent-Stabilized Apartments Built After 1946			
Household Income	\$24,700	\$30,000	\$30,500
Contract Rent	\$590	\$650	\$650
Contract Rent-to-Income ratio	27.1%	28.4%	26.4%

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

Consumer Price Index for All Urban Consumers, New York-Northern New Jersey, 1988-97

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

12-month percentage change in the CPI

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

Source: U.S. Bureau of Labor Statistics.

Housing Court Actions, 1983-96

<u>Year</u>	<u>Filings</u>	<u>Intakes</u>	<u>Evictions & Possessions</u>
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	275,000	113,000	24,370

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.