

2006 Income and Affordability Study

April 7, 2006

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2006 Income and Affordability Study

what's new

- ✓ New York City's economy grew by 3.6% during the first three quarters of 2005, compared to a 2.4% increase for all of 2004.
- ✓ The City gained 49,100 jobs in 2005, a 1.4% increase from 2004 in total employment levels.
- ✓ The unemployment rate decreased to 5.8% last year, down from 7.0% in 2004.
- ✓ Inflation averaged 3.9% in the metro area in 2005, up from 3.5% in the prior year.
- ✓ Inflation-adjusted wages increased 3.7% in 2004, compared to a 1.5% decrease in 2003.
- ✓ In fiscal year 2005, 35,898 homeless people were staying in municipal shelters, down 5.9% from 2004.
- ✓ The average number of families temporarily sheltered each night decreased 5.3%, to 8,623 in fiscal year 2005, compared to a year earlier.
- ✓ The number of non-payment filings in Housing Court increased 0.1% in 2005, to 261,457.

Introduction

Section 26-510(b) of the Rent Stabilization Law requires the Rent Guidelines Board (RGB) to consider “relevant data from the current and projected cost of living indices” and permits consideration of other measures of housing affordability in its deliberations. To assist the Board in meeting this obligation, the RGB research staff produces an annual Income and Affordability Study, which reports on housing affordability 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 number of eviction proceedings and the impact of welfare reform and federal housing policies on rents and incomes.

Summary

For the second year in a row, New York City's economy continued to rise from recession, with declining unemployment rates, rising wages and employment levels, and Gross City Product growing steadily from the last quarter of 2003 through the third quarter of 2005 (fourth quarter data for 2005 was not yet released as of publication). Unemployment rates decreased for the second year in a row, falling 1.2 percentage points to 5.8%, the lowest citywide level since 2000. Total employment levels in the City increased 1.4%, and the City's Gross City Product increased by 3.6% during the first three quarters of 2005, with positive growth expected during the fourth quarter. Real wages also increased by 3.7% between 2003 and 2004 (the most recent year for which there are statistics). And after rising last year, public assistance cases fell by almost 5% between fiscal years 2004 and 2005.

However, there were indicators tracked in the *I&A Report* that showed a downward trend in the past year. Preliminary 2005 HVS data shows that household income for rent stabilized tenants declined in real terms by 8.6% between 2001 and 2004, remaining at a nominal \$32,000 for both years. And while real wages in most tracked sectors increased, there were significant decreases in both the Construction and Transportation sectors, falling 4.0% and 2.4% respectively. There was also a 7.7% decline in the number of homeless families moved to permanent housing, and a 9.5% increase in food stamp cases.

Economic Conditions

The City's economy in 2005 grew for the second straight year. New York City's Gross City Product (GCP), which measures the total value of goods and services

produced, increased by 3.6% during the first three quarters of 2005, after rising 2.4% for all of 2004.¹ Fourth quarter data has not yet been released, but because of positive job growth during the quarter, GCP is expected to rise in that quarter as well. For comparison, GCP increased at an annualized rate of 6.0% from 1994 through 2000. Following the recession of 2001-2003, quarterly GCP has increased in each of the following eight quarters, including a high of 4.5% growth in the fourth quarter of 2004.² The analogous national number, United States Gross Domestic Product (GDP), has increased annually since 1991, including a 3.8% increase for the first three quarters of 2005 (and 3.5% for all of 2005).

The Consumer Price Index (CPI), which measures the change in the cost of typical household goods, increased at a higher rate in 2005 (3.9%) than in 2004 (3.5%) in the NYC metropolitan area, signifying a more rapid rate of inflation.³ This was the fourth consecutive

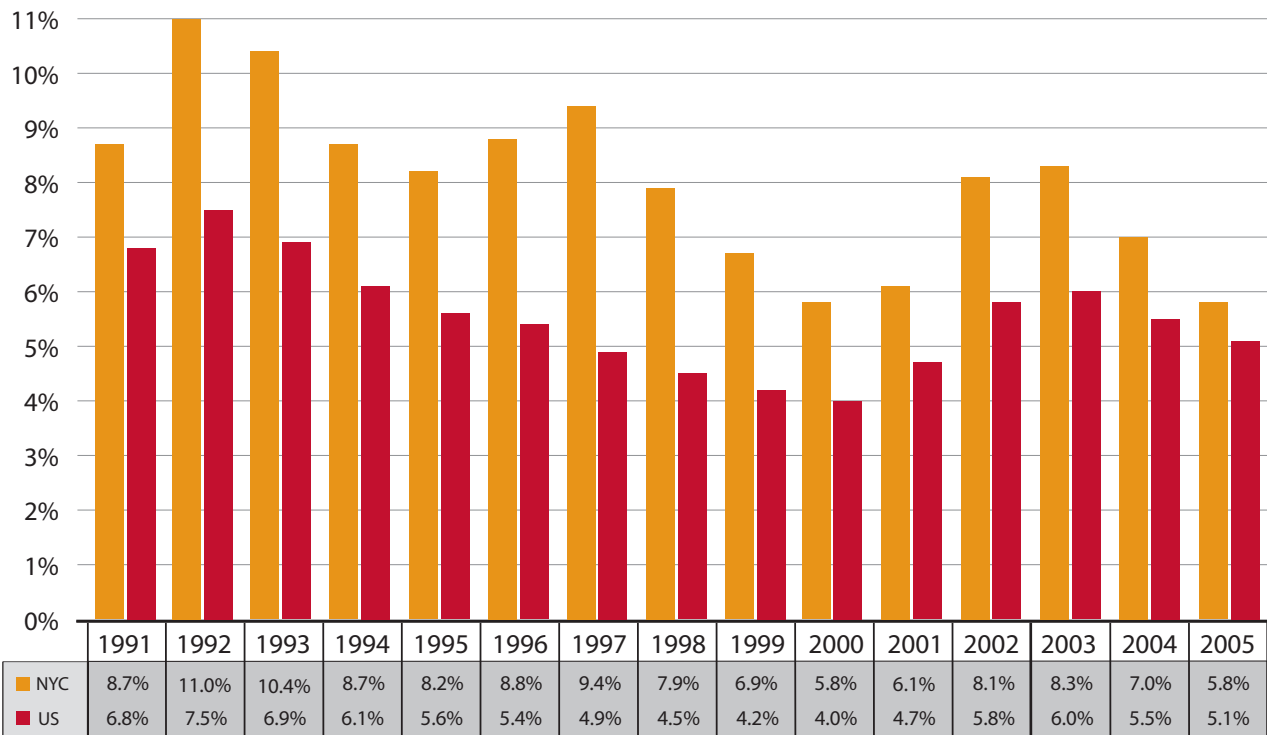
year of increasing inflation rates. The U.S. CPI for urban consumers also increased at a higher rate this year, up 3.4% in 2005 versus an increase of 2.7% in 2004. This is the fourth year in a row that inflation in the New York area was higher than in the United States as a whole, something which had not previously occurred since 1992.⁴

For the second year in a row, NYC's unemployment rate decreased, falling by 1.2 percentage points (17.1%), from 7.0% in 2004 to 5.8% in 2005.⁵ The U.S. unemployment rate also decreased over the past year, but at a slower rate, down 0.4 percentage points to 5.1% in 2005. The gap between the NYC and nationwide rates, which has been as high as 4.5 percentage points during the past 15 years, is now at its smallest level since 1988. (See graph below and Appendix 1)

During the early months of 2006, unemployment rates in NYC remained similar to average 2005 levels. The

NYC and U.S. Unemployment Rates, 1991-2005

NYC and U.S. Unemployment Rates Fall in 2005



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

City jobless rate stood at 5.9% in January 2006 and 5.6% in February, approximately the same as the 2005 average rate of 5.8%. Likewise, the national unemployment rate was 5.1% in both January and February of this year, identical to the 2005 average of 5.1%.

At the local level, unemployment rates dropped at least one percentage points in each of the five boroughs over the past year. Manhattan, Staten Island, and Queens all had virtually identical unemployment rates in 2005, at 5.2% for Queens and 5.1% for both Manhattan and Staten Island. Brooklyn had the second-highest unemployment rate, at 6.2%, while the Bronx once again had the highest rate of the boroughs, 7.5%. Unemployment rates in the Bronx dropped 1.6 percentage points over the past year, while Brooklyn dropped 1.4 percentage points, and Manhattan, Queens, and Staten Island all dropped by 1.1 percentage points. Unemployment rates are now at approximately 2000 levels, with rates in each borough within 0.3 percentage points of rates during that year.

Two other employment indices increased slightly in 2005. The NYC labor force participation rate — which

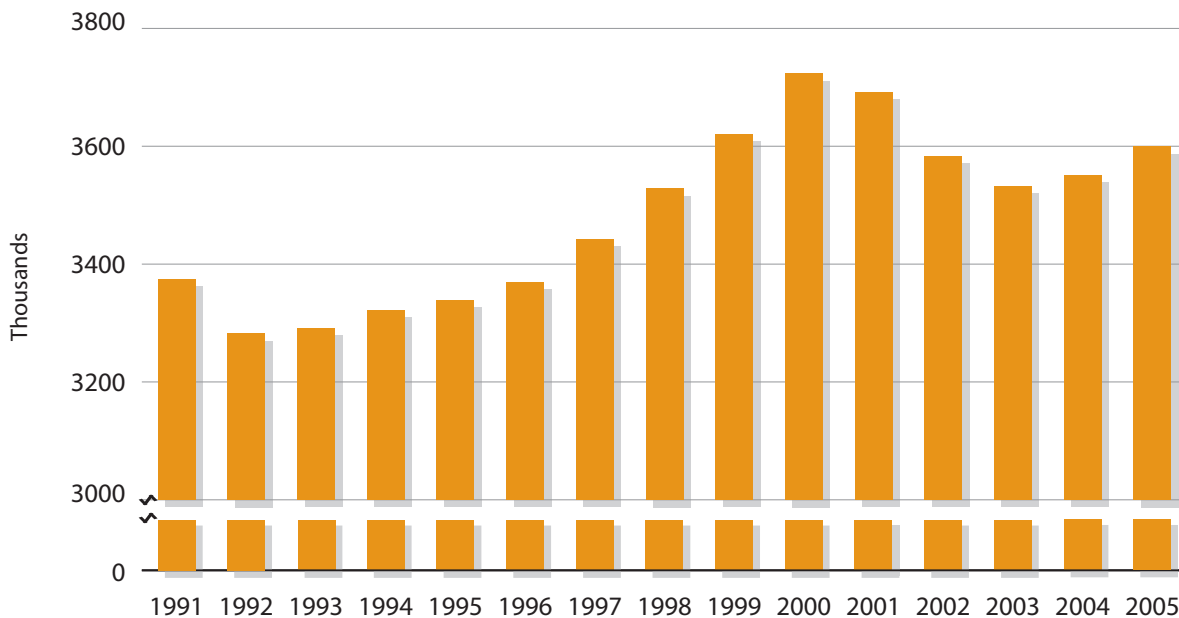
measures the proportion of all non-institutionalized people, aged 16 and over, who are employed or actively looking for work — increased slightly in 2005, to 59.0%, up from 58.6% in 2004.⁶ This remained lower than the U.S. rate, which stayed even at 66.0% over the past year, the eighth consecutive year the national rate either remained the same or decreased.

In addition, the NYC employment/population ratio, which measures the proportion of those who are actually employed as a ratio of all non-institutionalized people age 16 or over, also increased, to 55.6% in 2005, up 1.2 percentage points from 2004. The U.S. employment/population ratio increased from 62.3% in both 2003 and 2004 to 62.7% in 2005. The increase in both the City’s labor force participation rate as well as the City’s employment/population ratio, simultaneous to the decrease in the unemployment rate, suggests those people searching for work are having an easier time finding it than during the recession years of the early 2000s.

The decreasing rate of unemployment is also reflected in the increasing number of those employed in

Average Annual Payroll Employment, NYC, 1991-2005

NYC Employment Levels Rise for Second Consecutive Year



Source: U.S. Bureau of Labor Statistics.

New York City (see graph on previous page), the second consecutive yearly increase in employment rates. Overall, among both city residents as well as those commuting into the city, NYC gained 49,100 jobs in 2005, a 1.4% increase from 2004.⁷ These job gains follow job losses totaling almost 200,000 between 2001 and 2003.

Overall, most industries tracked in the *I&A Study* saw small increases in employment, while just a couple saw more significant 2-5% decreases.⁸ The manufacturing sector lost the highest proportion of jobs in 2005, down 5.4%, or 6,500 jobs (the eighth consecutive annual decrease in that sector), and the goods producing sector (which includes sub-sectors such as mining, construction, and manufacturing) dropped 2.3%, or 5,300 jobs, the sixth consecutive decrease in employment for that industry. Federal government jobs also saw a 500 person job loss, a decline of 0.9% over 2004 levels, and state government employment levels dropped by 0.6%, while local government employment levels increased by 0.2%.

Among the industries tracked, the two with the largest increases in employment between 2004 and 2005 were leisure and hospitality and financial activities. Leisure and hospitality increased by the greatest amount, a 2.5% rise to reach a record-high 276,800 persons, while financial activities rose 2.4%, to 446,200. The service producing sector also increased, rising 1.6%, and offsetting declines in the goods producing sector to generate the net positive increase seen in total employment levels this year. Most other industries saw increases in employment, but on a smaller scale. See Appendix 2 for a complete breakdown by industry.

This report also examines wage data of employees working in New York City (regardless of where they live), though the analysis is limited by the fact that there is a one-year lag in the reporting of income data. The most recent numbers, which cover the 2004 calendar year, reveal an increase in both real and nominal wages. After declines in real wages of 5.0% and 1.5% in the prior two years, real wages increased during 2004 by 3.7%, rising from \$62,501 (in 2004 dollars) to \$64,809.⁹ Nominal wages (wages in current dollars) increased by 7.4% over the same time period, the largest increase in both real and nominal wages since 2000.

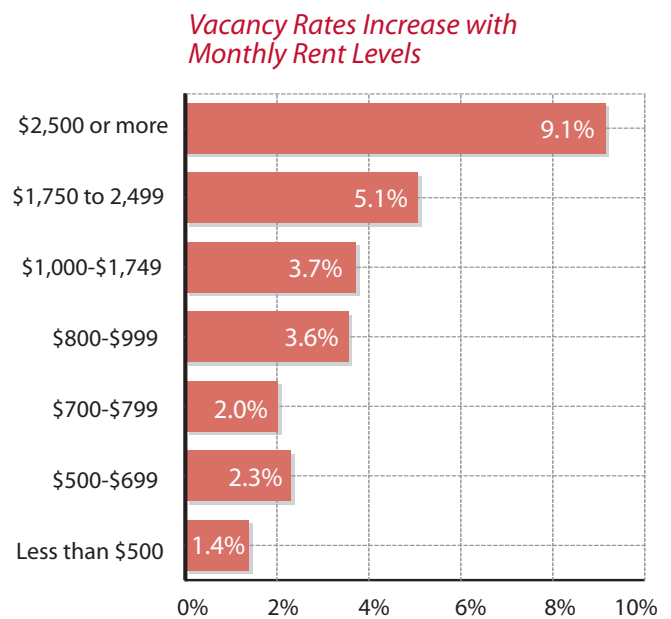
Of the sectors tracked in this report, most had increases in real wages during 2004, including FIRE (Finance, Insurance, and Real Estate), Information, and Management of Companies. The FIRE sector saw the largest increase in real wages, rising 12.1% from 2003 to 2004 to reach more than \$157,000. This increase follows significant decreases in the prior two years. Management of Companies rose 3.2% over the year to reach almost \$150,000, while the Information sector rose 2.1% to top \$89,000. Smaller increases were also seen in the Manufacturing, Services, and Government sectors. Decreases in real wages were seen in the Construction, Transportation, and Trade sectors, which decreased by 4.0%, 2.4%, and 0.6% respectively.

Poverty remains a problem in a City recovering from recession. After declining from 26.4% in the mid-nineties to 19.8% in 1999-2000, the poverty rate has begun to rise, up 1.1 percentage points in 2003-2004 (the most recent available data) from the previous year's rate, to 21.8%.¹⁰

New York City Renters

Preliminary results from the 2005 Housing and Vacancy Survey (HVS) were released in February of this year, and

Vacancy Rate by Monthly Rent Level, 2005



Source: 2005 NYC Housing and Vacancy Survey

they reveal the continuation of a very tight New York City housing market.¹¹ This triennial survey of the housing and demographic characteristics of the City's residents found that the citywide vacancy rate was 3.09% in 2005, well below the 5% threshold required for rent regulation to continue under state law. The Bronx had the lowest vacancy rate in the city, at 2.63%, translating into the availability of just 9,952 rentals in a borough with 378,400 rental apartments. Manhattan, by contrast, had the highest vacancy rate in 2005, at 3.79%. Of the remaining boroughs, Queens was 2.82%, Brooklyn was 2.78%, and the sample size in Staten Island made the rate too low to calculate.

The HVS found vacancy rates varying significantly among different asking rents. As might be expected, apartments renting for the least had the lowest vacancy rates, while those apartment renting at the high end had substantially higher vacancy rates. Apartments with an asking rent of less than \$500 had a vacancy rate of just 1.38%, while those renting for at least \$2,500 had a vacancy rate of 9.14%. (See graph on previous page for a further breakdown.)

Income

According to the 2005 HVS, which reflects household income for 2004, the median income for rental households was \$32,000 in 2004.¹² By contrast, owner households earned substantially higher income, which in 2004 was \$65,000, double the average income of renters.

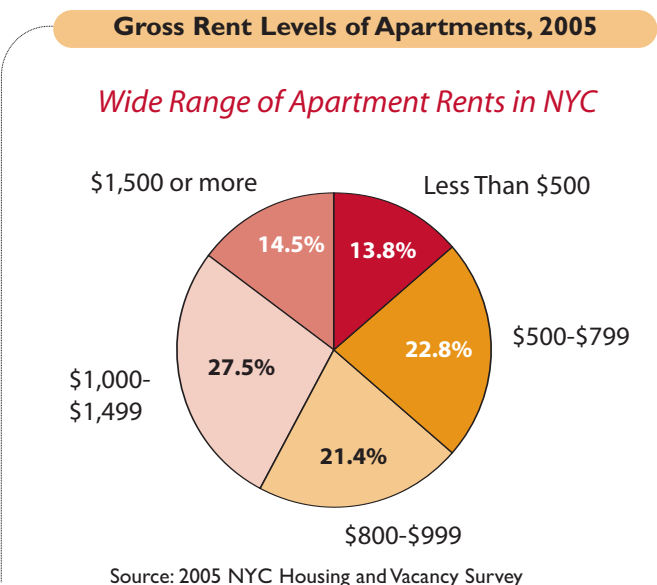
The 2005 HVS again found different income levels among those living in units that were rent controlled, pre-war stabilized and post-war stabilized. Rent controlled tenants continued to have the lowest average household income, earning a median of \$22,200 in 2004. Tenants living in stabilized buildings built prior to 1947 ("pre-war") had a median income of \$32,000, and post-46 ("post-war") tenants earned a median income level of \$34,800. Stabilized tenants on the whole also had median incomes of \$32,000. In constant dollars, income levels for all renters decreased by 5.6% from 2001 to 2004, including decreases of 8.6% for all rent stabilized tenants, 11.7% for post-war stabilized apartments and 5.6% for pre-war stabilized tenants. Poverty remains a problem for a large share of apartment dwellers in NYC, with 22.6% of renter

households earning poverty-level incomes in 2004, compared to only 6.8% of owner households.

Rent

The HVS also examines rent levels, and it revealed that in 2005, the median monthly contract rent, which excludes any additional tenant payments for fuel and utilities, for all rental units was \$850 (a 20% nominal increase from 2002), and that median gross rent, which includes fuel and utility payments, was \$920 (a 17% nominal increase). Rent stabilized tenants paid, on average, just slightly less than the typical rental tenant, with a median contract rent of \$844 in 2005. However, the median contract rent differs depending on whether the tenant lives in a pre-47 or post-46 building. Pre-47 stabilized tenants paid a median rent of \$810, while post-46 stabilized tenants paid a contract rent median of \$899. Rent controlled tenants paid the least in contract rent, a median of \$551, and tenants living in private nonregulated rentals paid \$1,000.¹³ In real terms, between 2002 and 2005 rents increased by 8.7% for all renters, 8.2% for all rent stabilized renters, 4.4% for tenants in pre-war rent stabilized buildings, and 6.8% for tenants in post-war rent stabilized buildings.

The HVS also breaks down the distribution of renter occupied housing by gross rent level. Of the 2.03 million rental units in NYC, 13.8% rent for less than \$500, while 42.0% rent for over \$1,000, including 14.5% that rent for



more than \$1,500. Almost half (44.2%) of all rental units rent for between \$500-\$999.¹⁴ (See graph on previous page for a further breakdown.)

Affordability of Rental Housing

Examining affordability of rental housing, the 2005 HVS reported that the median gross rent-to-income ratio for all renters was 31.2%, meaning that half of all households residing in rental housing pay more than 31.2% of their income in gross rent, and half pay less. Furthermore, more than a quarter (28.8%) of rental households pay more than 50% of their household income in gross rent. Generally, housing is considered affordable when a household pays no more than 30% of their income in rent.¹⁵ Both the overall gross rent-to-income ratio and the proportion of households paying more than 50% of income towards rent increased from the 2002 HVS, which reported proportions of 28.6% and 25.5% respectively.

Rent controlled tenants are the tenants facing the highest median gross rent-to-income ratio, with an average of 33.5%, meaning a majority of rent controlled tenants are not able to afford their apartments, based on the HUD benchmark for housing affordability. Rent stabilized tenants and those tenants in private, nonregulated units both had gross rent-to-income ratios of 31.9% in 2005, while tenants in pre-war rent stabilized buildings paid a median of 32.2% of their income towards rent and tenants in post-war rent stabilized buildings paid 30.5%.

Despite ongoing efforts by a number of government agencies and non-profit groups, housing affordability remains an issue in a city ranked 11th highest in a nationwide survey of monthly rental costs (\$856), but only 27th highest in median household income (\$41,509).¹⁶

A number of studies have chronicled the difficulty New Yorkers face in finding affordable housing, including an annual study by the National Low Income Housing Coalition that found NYC housing to be unaffordable to the poorest working New Yorkers. In order to afford a two-bedroom apartment at the City's Fair Market Rent (\$1,133 a month), as determined by the U.S. Department of Housing and Urban Development (HUD), a full-time worker must earn \$21.79 per hour, or

\$45,320 a year. Alternately, those who earn minimum wage would have to work the equivalent of 145 hours a week (or two people residing together would each have to work 72.5 hours a week) to be able to afford a two-bedroom unit priced at Fair Market Rent.¹⁷

An August 2005 report studied housing affordability nationwide for people with disabilities who receive federal Supplemental Security Income (SSI) benefits. The report examined income from SSI benefits as compared to HUD Fair Market Rents in metropolitan areas nationwide. The report found that 110 metropolitan areas had one-bedroom fair market rents that were higher than monthly SSI payments. Of these 110 areas, New York City ranked 5th highest, with rents for one-bedroom apartments exceeding SSI payments by more than 66%. This was an increase from the 43% that rent exceeded SSI payments by in 2002, when New York ranked 23rd highest. Rents for studio apartments ran 40% higher than monthly SSI payments, an increase from 29% in 2002.¹⁸

A report released in January 2006, "Pulling Apart in New York," documents income trends for both New York State and New York City from the early 1980s through the early 2000s.¹⁹ The study found that New York State has the widest income gap between rich and poor of all fifty states, and the gap grew over the past twenty years, with only income disparity in Arizona growing at a faster rate. While nationwide the income of the rich grew at three times the pace of the poor, in New York State it grew at five times the rate.

In constant 2002 dollars, the income of the bottom fifth quintile in New York City grew from \$11,865 in 1981 to \$13,152 in 2002, an increase of 10.8%, but the income of the top fifth quintile grew from \$72,239 to \$118,828, an increase of 64.5%. The top five percent of households increased their income by 84% over this same period. The top quintile in New York City now makes 9.0 times more than the lowest quintile, up from 6.1 in the early 1980s. There are also large disparities between the top quintile and the middle one, with an average income for the top quintile 3.1 times that of the middle quintile, an increase from 2.4 in the early 1980s. Thus, while incomes may rise on average, housing affordability for many has been stagnant or falling.

The Joint Center for Housing Studies of Harvard University recently published a nationwide study,

"America's Rental Housing," which analyzed 2003 American Housing Survey data in regards to income, rent levels, demographics, and a host of other factors.²⁰ The survey found, in part, that the median income of the lowest fifth quintile of renters is less than \$10,000 a year, while the top fifth quintile of renters make a median of over \$60,000. In contrast, the top fifth quintile of owner households make more than twice the amount of the top fifth quintile of renters. Seventy percent of the bottom quintile of renters pay more than 50% of their income towards rent, while the number of units renting for less than \$400 in inflation adjusted figures shrunk by 13% between 1993 and 2003. A review of inflation-adjusted incomes reveals that over the past 10 years the income of the top quintile of renters increased by 17%, while income levels of the bottom fifth remained stagnant over the same period. Comparing owners and renters, the gap in median income, in real terms, increased from \$22,500 in 1990 to \$26,700 in 2004.

Continuing to affect New Yorkers are reductions in federal funding to the Section 8 program. The program allows recipients to rent apartments in the private

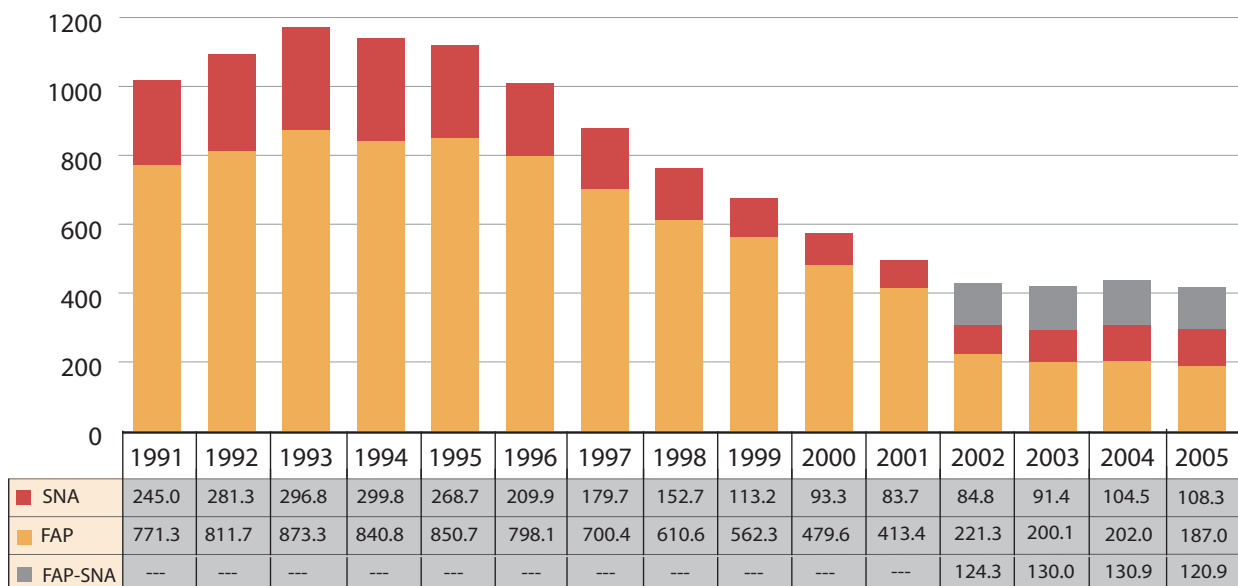
marketplace, generally paying 30% of their income towards rent while the program makes up the difference. The NYC Housing Authority, the primary agency managing the program, has closed their waiting list (which already has more than 126,000 persons on it) to anyone not a victim of domestic violence. Between the first four months of FY 2005 and 2006, placement through NYCHA in Section 8 housing fell from 2,549 to 437 persons, while total occupancy using Section 8 vouchers fell from 91,942 to 87,509.²¹ Because of budget cuts, as participants leave the program, new vouchers aren't being released to replace them. An independent think tank estimated last year that by 2010 the number of vouchers available citywide would be cut by approximately 20,000, and this year they estimate that New York City could lose up to 3,900 vouchers in this year alone if the House funding bill is passed.²²

Public Assistance Programs

Reversing increases in the previous fiscal year, between fiscal years 2004 and 2005 the total number of public

Family Assistance Program (FAP) and Safety Net Assistance (SNA), FY 1991-FY 2005

Public Assistance Caseloads Decrease Slightly



Note: FAP-SNA refers to welfare recipients who were converted from the Family Assistance Program to the Safety Net Assistance Program

Source: Mayor's Management Reports, FY's 1991 - FY 2005

assistance cases decreased by almost 5%. Public assistance rolls are made up of two main programs: the Family Assistance Program (FAP) and the Safety Net Assistance (SNA) program.²³ The Mayor's Management Report discloses that during Fiscal Year (FY) 2005, 416,200 persons were receiving public assistance through these two programs, a decrease of 4.9% (21,200 persons) from a year earlier (see graph on previous page).²⁴

In addition to the decrease in public assistance recipients during FY 2005, applications for public assistance also decreased from FY 2004 levels, declining by 5.7%. Over the last ten years the number of public assistance recipients has dropped significantly, falling 64.2% since March 1995, when the City's welfare reform initiative began and 1,161,000 recipients were on the rolls.

During the first four months of FY 2006, the most recent period for which data is available, public assistance caseloads are down 4.5%, or 19,800 cases from the same period the previous year. While the 417,900 cases are a decline from the same period the prior year, levels are 1,700 persons higher than July 2005 levels. Overall, there was a 3.1% decrease in the number of new public assistance applications during the first four months of FY 2006, the second consecutive year of decline.

The Mayor's Management Report also tracks the number of recipients of FAP that participate in work activities. In FY 2005, 36.6% of FAP families worked, an increase of 0.9 percentage points from the previous year. During the first four months of FY 2006, 34.5% of FAP families participated in work activities, down almost two percentage points from 36.3% last year. The number of reported job placements among public assistance recipients (excluding placements through the Workforce Investment Act) increased significantly between FY 2004 and FY 2005, rising 13.0% to 88,654 placements. Between July and October, placements are down 6.0% from the same period the prior year.

For the third straight year, the number of food stamp recipients increased, rising 9.5% between FY 2004 and FY 2005. Levels are now their highest in eight years — 1,086,200 persons — an increase of almost 100,000 persons over the prior fiscal year. That number remained steady during the beginning third of FY 2006, with a slight 0.4% decrease over FY 2005 levels, but an

increase of 3.8% over the equivalent period of the preceding year.

Housing Policy

New York City receives funding for a variety of housing programs from the U.S. Department of Housing and Urban Development (HUD). In the 2005 calendar year, New York City received \$872.6 million from federally funded programs. These programs included \$266.7 million in a Community Development Block Grant (CDBG), which funds housing and community development programs; \$124.2 million for the HOME Investment Partnership Program, which helps preserve existing housing stock; \$8.0 million for the Emergency Shelter Grant (ESG) program, which is used for homeless programs; and \$47.1 million for Housing Opportunities for Persons with AIDS (HOPWA). In 2006, the City expects to receive \$851.0 million for federally funded programs, which represents a 2.5% nominal decrease over 2005 levels, and a 5.9% decrease in inflation-adjusted dollars.²⁵

For the fourth Fiscal Year in a row, the City has received permission from the federal government to use more of its CDBG dollars (approximately \$20 million) for day care center services, a service that normally would not be funded in this way, thus reducing the amount of money actually allocated for housing.

Evictions & Homelessness

Homelessness & Emergency Assistance

Homelessness in the City, based on visits to City shelters, remained at high levels during Fiscal Year 2005. During FY 2005, an average of 35,898 persons stayed in City shelters, down 2,237 persons, or 5.9%, from a year earlier, but still up considerably from the average of 20,000-25,000 found in the 1990s. The number of single adults staying in City shelters rose slightly in FY 2005, with an average of 8,473 staying in shelters in FY 2005, 0.3% higher than during FY 2004, and approximately 30% higher than levels in the 1990s. However, the number of families in shelters decreased, down 5.3% over the year, falling to 8,623, although still more than 70% higher than 1990s levels. There was also a decrease of 9.5% in the

number of children staying in City shelters during FY 2005, falling to 14,849 from 16,404.²⁶

Homeless statistics continued to improve during the first four months of FY 2006, falling 11.7% among all individuals as compared to the same period the previous year and 9.8% over total FY 2005 averages, an average of 32,389 persons. Homeless children levels fell by an even greater amount as compared to the same period of the prior fiscal year, decreasing by 16.4% over the year to 12,876. Families in shelters also fell during the start of FY 2006, declining by 8.2% to an average of 8,101. The number of single adults utilizing shelters declined as well during the first third of FY 2006, decreasing by 7.1% to 7,842 persons.

The number of families relocated to permanent housing decreased in FY 2005, to a total of 6,545, 7.7% lower than during FY 2004, but still significantly higher than previous years. The average number of days spent in temporary housing inched up slightly over the same period, increasing by 3 days (0.9%) to reach an average of just over 49 weeks. However, the number of families found ineligible for temporary housing declined sharply between FY 2004 and FY 2005, decreasing 25.2% to 8,939.

During the first four months of FY 2006, the number of families relocated to permanent housing fell by 27.1% (to 1,775), while the average days in temporary housing rose 16 days, to 349. In addition, after almost doubling two years ago, the number of families found ineligible for temporary housing fell 20.8% during the first four months of FY 2006, decreasing to 3,691 families.

In December of 2004, the Department of Homeless Services implemented a new program aimed at moving the homeless population off of dwindling Section 8 vouchers and to a new rent subsidy called "Housing Stability Plus (HSP)." The Bloomberg Administration hopes that up to 6,500 homeless families a year can find permanent housing with these vouchers, which drop in value by 20% every year for five years until expiring completely. HSP vouchers, which are generally worth less than Section 8 vouchers, can be combined with public assistance shelter allowances to help bridge the gap between income and rent.²⁷

Through this initiative and a number of others, including expanded drop-in centers and housing court

initiatives, the administration hopes to cut the number of homeless people in shelters by 25,000 persons by 2009.²⁸ More than a year since the program began, not much information is available on the success or failure of the program. Approximately 6,000²⁹ or more families and single adults have been moved from shelters to apartments using the vouchers, but will face 20% annual increases in rent until the vouchers expire completely in five years. Additionally, program rules specify that recipients must be receiving some kind of welfare in order to continue to receive HSP vouchers, meaning most participants cannot work. Critics also charge that the City is not monitoring the quality of the housing secured through HSP vouchers. A recent survey analyzed violation data from 274 buildings that receive money through HSP, and 41% had more than three class B and C violations (the most serious violations) per unit.³⁰

In November of 2005, Mayor Bloomberg also announced the creation of 9,000 units of supportive housing aimed at the homeless population. The units, built with local, State, and federal funding, will provide permanent housing for the chronically homeless population, including families, single adults with mental illness, people with substance abuse problems, and individuals with HIV/AIDS, as well as youth aging out of foster care.³¹

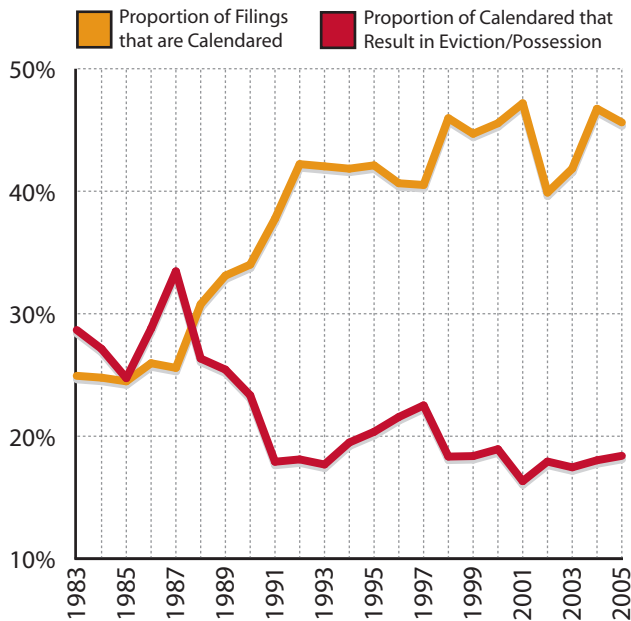
Housing Court

Another useful way to assess the impact of economic conditions on New York City's renters is to examine housing court data. Specifically, Housing Court actions are reviewed to determine the proportion of tenants who are unable to meet their rental payments. To measure the number of households experiencing the most severe affordability problems, evictions are also tracked.

After decreases during the past two years, the number of non-payment filings in Housing Court increased slightly, rising by 0.1% in 2005, to reach 261,457.³² While court filings increased in 2005, the proportion of cases resulting in an actual court appointment ("calendared") decreased more than one percentage point, down to 45.6% from 46.7% last year, one of the highest proportions the RGB has ever recorded (see graph on next page and Appendix 7).

Housing Court Statistics, 1983-2005

Over Time, Non-Payment Cases Heard Increase, but Proportion of Evictions Decrease



Source: Civil Court of NYC and NYC Dept. of Investigations

During the mid-to-late 1980s, an average of 27.1% of non-payment filings were calendared. That figure has climbed steadily since then, reaching a high of 47.2% in 2001. Of the 261,457 non-payment filings during 2005, 64,209 were filed against tenants of New York City Housing Authority buildings, with 20,307 of these filings resulting in a court appearance.³³

The proportion of non-payment proceedings Citywide that resulted in an eviction/possession ruling in 2005 increased slightly over the prior year, up from 18.0% in 2004 to 18.4% in 2005. This translates to 21,945 court decisions ruled for the tenant's eviction from a total of 119,265 non-payment proceedings.³⁴ This proportion remains lower than that found in the mid- to late-1980s, when typically a quarter to a third of cases reaching court resulted in an order of eviction or possession.

Conclusion

For the second consecutive year, New York City's economy rallied from an almost three-year-long recession, as reflected in increasing Gross City Product,

falling unemployment rates and public assistance cases, and increasing employment levels. The City's Gross City Product increased by 3.6% during the first three quarters of 2005, compared to 3.5% for the nation. Unemployment rates dropped significantly, falling 1.2 percentage points Citywide, from 7.0% to 5.8%. And total employment levels rose by almost 50,000 jobs, the second consecutive year of increase. Filings in housing court remained level, as did the proportion of tenants who are evicted. In addition, public assistance rolls declined by almost 5% and real wages increased.

But there were also negative indicators of economic health of NYC, including a significant increase in the number of food stamp recipients, and HVS data which showed falling real wages and escalating gross rent-to-income ratios. Inflation rates in the New York City area also rose for the fourth year in a row, hitting almost 4% during 2005. □

Endnotes

1. GCP figures are adjusted annually by the New York City Comptroller's Office. The figures in this report are the latest available estimate from that office, based on inflation adjusted 2000 chained dollars.
2. "NYC's economy grows for eighth quarter despite higher energy prices," Economic Notes, NYC Comptroller's Office, December 2005.
3. Bureau of Labor Statistics; <http://www.bls.gov>; Data accessed March 2006
4. While 2002 was the first time in 10 years that the NYC metro area CPI increase exceeded that of the U.S. rate for urban consumers, there were three years in which NYC and the U.S. had equal increases in the CPI.
5. New York State Dept. of Labor; <http://www.labor.state.ny.us>; Data accessed March 2006
6. The NYC labor force participation rate and employment/population ratio are derived from unpublished data from the U.S. Bureau of Labor Statistics. Note that prior years' data were recently revised, and differ from figures reported in prior years' *Income and Affordability Studies*.
7. New York State Dept. of Labor; <http://www.labor.state.ny.us>; Data accessed March 2006
8. The NYS Dept. of Labor and U.S. Bureau of Labor Statistics recently updated their employment classification system. The new system, called NAICS (North American Industry Classification System), is designed to more accurately reflect the nation's services-centered economy. NAICS replaces the prior system, called SIC (Standard Industrial Classification), which was developed in the 1930s, when the U.S. economy was manufacturing-dominated. Two new NAIC categories, which are discussed in this report, include "information" and "management of companies." Further information on the transition is available on the NYS Dept. of Labor website at http://www.labor.state.ny.us/labor_market/lmi_business/employ/naicsfaqs.htm.

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9. New York State Dept. of Labor; <http://www.labor.state.ny.us>; Data accessed March 2006
 10. "Poverty in New York City, 2004: Recovery?" Community Service Society (CSS) of New York, September, 2005. Based on study of U.S. Census Bureau data. Study averaged two consecutive years of census data in calculating poverty rates.
 11. The New York City Housing and Vacancy survey (HVS) is sponsored by the NYC Department of Housing Preservation and Development (HPD) and conducted by the U.S. Census Bureau. All HVS data reported herein is from "Selected Findings of the 2005 New York City Housing and Vacancy Survey," prepared by Dr. Moon Wha Lee of the New York City Dept. of Housing Preservation and Development. The full data set from the 2005 HVS was not released as of the time of publication of this report.
 12. Total household income in the HVS includes wages, salaries, and tips; self-employment income; interest dividends; pensions; and other transfers and in-kind payments.
 13. Private non-regulated units consist of units which were never rent controlled or rent stabilized, units which were decontrolled, and unregulated rentals in cooperatives or condominium buildings.
 14. The remaining 37,315 units did not report a cash rent.
 15. The HUD benchmark for housing affordability is a 30% rent-to-income ratio. Source: Basic Laws on Housing and Community Development, Subcommittee on Housing and Community Development of the Committee on Banking Finance and Urban Affairs, revised through December 31, 1994, Section 3.(a)(2).
 16. 2004 American Community Survey, U.S. Census Bureau. <http://www.census.gov/acs/www/index.html>
 17. National Low Income Housing Coalition report, "Out of Reach 2005."
 18. "Priced Out in 2004," Technical Assistance Collaborative, Inc. and Consortium for Citizens with Disabilities Housing Task Force. August, 2005.
 19. "Pulling Apart in New York: An Analysis of Income Trends in New York State," Fiscal Policy Institute. January 26, 2006
 20. "America's Rental Housing," Joint Center for Housing Studies of Harvard University, March, 2006
 21. Preliminary Mayor's Management Report, February 2006.
 22. Estimates from the Center on Budget and Policy Priorities. March 8, 2005 and August 24, 2005.
 23. In FY 2002, the City began shifting a large number of FAP recipients (federally funded by the Temporary Assistance to Needy Families (TANF) program) over to the SNA program after their federal benefits expired.
 24. *Mayor's Management Reports*, Fiscal Year 1995 - Preliminary Fiscal Year 2006.
 25. *Consolidated Plan 2005* and *Consolidated Plan 2006*, NYC Dept. of City Planning.
 26. Source: NYC Dept. of Homeless Services, shelter census reports.
 27. "Evaluating the Fiscal Impact of the Housing Stability Plus Program," New York City Independent Budget Office. March, 2005.
 28. "Bloomberg Sets Detailed Plan to Cut Number of Homeless," *The New York Times*, Leslie Kaufman. September 23, 2004.
 29. Via phone, March 24, 2006. Jay Bainbridge, NYC Department of Homeless Services Numbers updated from program inception through March 3, 2006.
 30. "Your Tax Dollars at Work: How NYC Subsidizes Slumlords," Housing Here and Now, October 2005
 31. "Mayor Bloomberg and Governor Pataki Announce Historic Pact to Create 9,000 Supportive Housing Units for Chronically Homeless Individuals and Families," Mayor's Office Press Release, November 7, 2005.
 32. Civil Court of the City of New York data.
 33. The New York City Housing Authority is required by law to begin non-payment proceedings 14 days after the rent due date.
 34. NYC Department of Investigation, Bureau of Auditors data.

Appendix: Income and Affordability Study

1. Average Annual Employment Statistics by Area, 1994-2005

Unemployment Rate	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Bronx	10.0%	9.6%	10.6%	11.6%	10.0%	8.1%	7.2%	7.4%	9.7%	10.4%	9.1%	7.5%
Brooklyn	9.7%	9.2%	10.0%	10.7%	9.4%	7.8%	6.4%	6.5%	8.7%	9.0%	7.6%	6.2%
Manhattan	7.6%	7.0%	7.4%	7.8%	6.8%	5.7%	5.1%	5.7%	7.7%	7.5%	6.2%	5.1%
Queens	8.2%	7.6%	8.1%	8.5%	7.0%	5.9%	5.3%	5.4%	7.2%	7.4%	6.3%	5.2%
Staten Island	7.8%	7.4%	7.8%	8.4%	6.9%	5.8%	5.1%	5.1%	6.9%	7.3%	6.2%	5.1%
NYC	8.7%	8.2%	8.8%	9.4%	7.9%	6.9%	5.8%	6.1%	8.1%	8.3%	7.0%	5.8%
U.S.	6.1%	5.6%	5.4%	4.9%	4.5%	4.2%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%
Labor Force Participation Rate												
NYC Δ	55.5%	55.5%	56.7%	58.6%	58.7%	59.0%	59.0%	58.6%	59.1%	58.8%	58.6%	59.0%
U.S.	66.6%	66.6%	66.8%	67.1%	67.1%	67.1%	67.1%	66.8%	66.6%	66.2%	66.0%	66.0%
Employment-Population Ratio												
NYC Δ	50.6%	50.9%	51.7%	53.1%	54.0%	54.9%	55.6%	55.1%	54.4%	53.9%	54.4%	55.6%
U.S.	62.5%	62.9%	63.2%	63.8%	64.1%	64.3%	64.4%	63.7%	62.7%	62.3%	62.3%	62.7%
Gross City Product (NYC)												
(billions, in 2000 \$)	322.1	334.5	351.5	370.3	394.7	415.3	437.8	431.8	415.4	405.3	415.1	Ω
% Change	2.38%	3.85%	5.08%	5.35%	6.59%	5.22%	5.42%	-1.37%	-3.80%	-2.43%	2.42%	Ω
Gross Domestic Product (U.S.)												
(billions, in 2000 \$)	7,835.5	8,031.7	8,328.9	8,703.5	9,066.9	9,470.3	9,817.0	9,890.7	10,048.8	10,320.6	10,755.7	11,131.1
% Change	4.02%	2.50%	3.70%	4.50%	4.17%	4.45%	3.66%	0.75%	1.60%	2.70%	4.22%	3.5%

Notes: The New York City Comptroller's Office revises the Gross City Product periodically. The GCP & GDP figures presented here may not be the same as those reported in prior years. Note that GCP and GDP figures are preliminary.

Sources: U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis, U.S. Department of Commerce; NYS Department of Labor; NYC Comptroller's Office.

Δ Unpublished data from the Bureau of Labor Statistics. These figures are revised periodically. Ω Statistic not yet available.

2. Average Payroll Employment by Industry for NYC, 1996-2005 (in thousands)

Industry Employment	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2004-2005 Change
Manufacturing	200.5	201.2	195.9	186.8	176.8	155.5	139.4	126.6	120.8	114.3	-5.4%
Construction, Natural Resources & Mining Δ	90.9	93.5	101.3	112.5	120.5	122.1	115.8	112.7	111.8	112.9	0.98%
Trade, Transport & Utilities	533.0	538.3	542.0	556.3	569.6	557.3	536.5	533.6	539.3	545.2	1.1%
Leisure & Hospitality	216.6	227.9	235.8	243.7	256.7	260.1	255.3	260.3	270.1	276.8	2.5%
Financial Activities	464.2	467.7	477.3	481.0	488.8	473.6	445.1	433.6	435.9	446.2	2.4%
Information	158.9	162.6	166.5	172.8	187.3	200.4	176.9	163.9	160.2	162.9	1.7%
Management of Companies	56.4	56.2	58.5	57.3	52.6	54.7	58.4	58.9	56.9	56.6	-0.5%
Professional & Business Svcs.	468.4	493.7	525.2	552.9	586.5	581.9	550.4	536.6	541.5	554.1	2.3%
Educational & Health Svcs.	565.5	576.2	588.7	605.7	620.1	627.1	646.0	658.2	665.3	678.6	2.0%
Other Services	125.2	129.3	133.9	141.5	147.4	148.7	149.7	149.1	150.5	153.3	1.9%
Total Private Sector	2,823.2	2,890.4	2,966.5	3,053.2	3,153.6	3,126.7	3,015.0	2,974.5	2,995.4	3,044.4	1.6%
Government α	546.0	551.5	561.5	567.5	569.5	565.4	568.6	557.2	555.0	554.9	0.0%
City of New York	429.9	438.4	448.1	453.3	451.8	450.8	456.2	448.3	447.9	448.7	0.2%
Total	3,369.2	3,441.9	3,528.0	3,620.7	3,723.1	3,692.1	3,583.5	3,531.7	3,550.3	3,599.4	1.4%

Notes: Totals may not add up due to rounding. Categories and figures have been revised from prior years due to new classification system used by the US Bureau of Labor Statistics and the NYS Department of Labor. Total excludes farm employment but includes unclassified jobs.

Δ Beginning in 2005, Construction and Natural Resources & Mining are no longer two separate employment sectors. Prior year figures reflect that change.

α Government includes federal, state, and local (City of New York) jobs located in New York City. Local government figures have been revised from prior years to include those employed by the City of New York as well as city-based public corporations such as the HHC (Health and Hospitals Corporation) and the MTA.

Source: NYS Department of Labor

3. Average Real Wage Rates by Industry for NYC, 1998-2004 (2004 dollars)

Industry	SIC CLASSIFICATION SYSTEM				NAICS CLASSIFICATION SYSTEM					2003-04 % Change
	1998	1999	2000	2001	2000	2001	2002	2003	2004	
Construction	\$54,511	\$55,694	\$55,955	\$58,001	\$58,366	\$60,596	\$59,855	\$59,632	\$57,262	-4.0%
Manufacturing	\$61,200	\$61,154	\$63,155	\$64,990	\$39,963	\$41,772	\$43,107	\$44,237	\$45,044	1.8%
Transportation	\$59,803	\$59,956	\$58,472	\$59,129	\$43,276	\$44,637	\$44,851	\$43,830	\$42,788	-2.4%
Trade	\$39,233	\$39,697	\$37,681	\$37,465	\$43,231	\$43,553	\$43,378	\$43,155	\$42,886	-0.6%
FIRE	\$136,488	\$141,302	\$159,020	\$161,388	\$159,773	\$162,732	\$144,498	\$140,063	\$157,019	12.1%
Services	\$49,040	\$50,332	\$50,268	\$50,000	\$48,009	\$47,875	\$46,973	\$47,161	\$47,629	1.0%
Information	Ω	Ω	Ω	Ω	\$84,117	\$86,101	\$83,566	\$87,301	\$89,152	2.1%
Management of Co.'s	Ω	Ω	Ω	Ω	\$166,364	\$161,690	\$167,949	\$144,786	\$149,418	3.2%
Private Sector	\$63,480	\$64,677	\$66,717	\$67,306	\$68,879	\$69,688	\$65,875	\$64,696	\$67,328	4.1%
Government	\$49,902	\$51,156	\$49,254	\$49,240	\$50,851	\$50,982	\$50,780	\$50,927	\$51,398	0.9%
Total Industries	\$61,353	\$62,578	\$63,458	\$66,821	\$66,135	\$66,820	\$63,458	\$62,501	\$64,809	3.7%

Note: The New York State Department of Labor revises the statistics annually. Real wages reflect 2004 dollars and differ from those found in this table in prior years.

Ω Statistic not available. These categories were created when the NYS Dept. of Labor began tracking wages with the NAICS Classification System in 2000.

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

4. Average Nominal Wage Rates by Industry for NYC, 1998-2004

Industry	SIC CLASSIFICATION SYSTEM				NAICS CLASSIFICATION SYSTEM					2003-04 % Change
	1998	1999	2000	2001	2000	2001	2002	2003	2004	
Construction	\$46,207	\$48,134	\$51,627	\$54,863	\$52,160	\$55,359	\$56,085	\$57,594	\$57,262	-0.6%
Manufacturing	\$51,876	\$52,853	\$58,270	\$61,474	\$35,714	\$38,162	\$40,392	\$42,725	\$45,044	5.4%
Transportation	\$50,693	\$51,817	\$53,949	\$55,930	\$38,675	\$40,779	\$42,026	\$42,332	\$42,788	1.1%
Trade	\$33,256	\$34,309	\$34,767	\$35,438	\$38,635	\$39,789	\$40,646	\$41,680	\$42,886	2.9%
FIRE	\$115,695	\$122,121	\$146,720	\$152,658	\$142,785	\$148,668	\$135,397	\$135,275	\$157,019	16.1%
Services	\$41,569	\$43,500	\$46,380	\$47,295	\$42,904	\$43,738	\$44,014	\$45,549	\$47,629	4.6%
Information	Ω	Ω	Ω	Ω	\$75,173	\$78,660	\$78,302	\$84,317	\$89,152	5.7%
Management of Co.'s	Ω	Ω	Ω	Ω	\$148,676	\$147,716	\$157,370	\$139,837	\$149,418	6.9%
Private Sector	\$53,810	\$55,898	\$61,556	\$63,665	\$61,556	\$63,665	\$61,726	\$62,485	\$67,328	7.8%
Government	\$42,300	\$44,212	\$45,444	\$46,576	\$45,444	\$46,576	\$47,581	\$49,186	\$51,398	4.5%
Total Industries	\$52,006	\$54,083	\$59,103	\$61,046	\$59,103	\$61,046	\$59,461	\$60,365	\$64,809	7.4%

Note: The New York State Department of Labor revises the statistics annually.

Ω Statistic not available. These categories were created when the NYS Dept. of Labor began tracking wages with the NAICS Classification System in 2000.

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

5. New York City Population Statistics, 1900-2005

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Citywide	Citywide Change from Prior Decade/Year
1900	200,507	1,166,582	1,850,093	152,999	67,021	3,437,202	--
1910	430,980	1,634,351	2,331,542	284,041	85,969	4,766,883	38.7%
1920	732,016	2,018,356	2,284,103	469,042	116,531	5,620,048	17.9%
1930	1,265,258	2,560,401	1,867,312	1,079,129	158,346	6,930,446	23.3%
1940	1,394,711	2,698,285	1,889,924	1,297,634	174,441	7,454,995	7.6%
1950	1,451,277	2,738,175	1,960,101	1,550,849	191,555	7,891,957	5.9%
1960	1,424,815	2,627,319	1,698,281	1,809,578	221,991	7,781,984	-1.4%
1970	1,471,701	2,602,012	1,539,233	1,986,473	295,443	7,894,862	1.5%
1980	1,168,972	2,230,936	1,428,285	1,891,325	352,121	7,071,639	-10.4%
1990	1,203,789	2,300,664	1,487,536	1,951,598	378,977	7,322,564	3.5%
2000	1,334,801	2,466,784	1,539,558	2,231,312	445,525	8,017,980	9.5%
2005	1,357,589	2,486,235	1,593,200	2,241,600	464,573	8,143,197	0.8%

Note: 1900-1990 figures as of April 1 of each year. 2000-2005 figures is of July 1 of that year. Percent population change between 1990 and 2000 has not been adjusted to take into account the increased number of households surveyed for the 2000 Census.

△ Percentage change is from 2000-2005. Source: U.S. Census Bureau, Population Division

6. Consumer Price Index for All Urban Consumers, NY-Northeastern NJ, 1995-2005

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
March	160.9	166.5	170.7	173.0	175.5	181.5	186.4	191.1	197.1	203.4	212.4
June	162.2	166.5	170.3	173.1	176.8	182.0	188.3	191.5	196.9	206.0	210.7
September	163.2	168.2	171.7	174.4	178.2	184.4	188.0	193.3	199.6	205.9	215.8
December	163.7	168.5	171.9	174.7	178.6	184.2	187.3	193.1	199.3	206.8	214.2
Quarterly Average	162.5	167.4	171.2	173.8	177.3	183.0	187.5	192.3	198.2	205.5	213.3
Yearly Average	162.2	166.9	170.8	173.6	177.0	182.5	187.1	191.9	197.8	204.8	212.7

12-month percentage change in the CPI

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
March	1.90%	3.48%	2.52%	1.35%	1.45%	3.42%	2.70%	2.52%	3.14%	3.20%	4.42%
June	2.79%	2.70%	2.28%	1.64%	2.14%	2.94%	3.46%	1.70%	2.82%	4.62%	2.28%
September	2.64%	3.06%	2.08%	1.57%	2.18%	3.48%	1.95%	2.82%	3.26%	3.16%	4.81%
December	3.02%	2.90%	2.02%	1.63%	2.23%	3.14%	1.68%	3.10%	3.21%	3.76%	3.58%
Quarterly Average	2.59%	3.03%	2.22%	1.55%	2.00%	3.24%	2.45%	2.53%	3.11%	3.68%	3.77%
Yearly Average	2.53%	2.90%	2.34%	1.64%	1.96%	3.11%	2.52%	2.57%	3.07%	3.54%	3.86%

Source: U.S. Bureau of Labor Statistics; Base Period: 1982-1984=100

7. Housing Court Actions, 1986-2005

Year	Filings	Calendared	Evictions & Possessions	Year	Filings	Calendared	Evictions & Possessions
1986	312,000	81,000	23,318	1996	278,000	113,000	24,370
1987	301,000	77,000	25,761	1997	274,000	111,000	24,995
1988	299,000	92,000	24,230	1998	278,156	127,851	23,454
1989	299,000	99,000	25,188	1999	276,142	123,399	22,676
1990	297,000	101,000	23,578	2000	276,159	125,787	23,830
1991	302,000	114,000	20,432	2001	277,440	130,897	21,369*
1992	289,000	122,000	22,098	2002	331,309	132,148	23,697
1993	295,000	124,000	21,937	2003	318,077	133,074	23,236
1994	294,000	123,000	23,970	2004	261,085	121,999	22,010
1995	266,000	112,000	22,806	2005	261,457	119,265	21,945

Note: "Filings" reflect non-payment proceedings initiated by rental property owners, while "Calendared" reflect those non-payment proceedings resulting in a court appearance. "Filings" and "Calendared" figures prior to 1998 were rounded to the nearest thousand. *Note: 2001 Evictions and Possessions data is incomplete as it excludes the work of one city marshal who died in May 2001 and whose statistics are unavailable.

Sources: NYC Civil Court, First Deputy Chief Clerk for Housing; NYC Department of Investigations, Bureau of City Marshals.