

2007 Income and Affordability Study

April 12, 2007

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2007 Income and Affordability Study

what's new

- ✓ New York City's economy grew by 3.7% between the fall of 2005 and 2006, compared to a 3.7% increase for all of 2005.
- ✓ The City gained 52,200 jobs in 2006, a 1.4% increase from 2005 in total employment levels.
- ✓ The unemployment rate decreased to 4.9% last year, down from 5.7% in 2005.
- ✓ Inflation averaged 3.8% in the metro area in 2006, down from 3.9% in the prior year.
- ✓ Inflation-adjusted wages increased 0.8% in 2005, compared to a 3.7% increase in 2004.
- ✓ In 2006, 32,430 homeless people were staying in municipal shelters, down 3.7% from 2005.
- ✓ The average number of families temporarily sheltered each night increased 1.8%, to 8,339 in 2006, compared to a year earlier.
- ✓ The number of non-payment filings in Housing Court decreased 1.8% in 2006, to 256,747.

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 third year in a row, New York City's economy generally improved as compared with the preceding year, 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 2006 (fourth quarter data for 2006 was not yet released as of publication). Unemployment rates decreased for the third year in a row, falling 0.8 percentage points to 4.9%, the lowest citywide level in at least the past 30 years (the RGB only has access to employment data dating from 1976). Total employment levels in the City increased 1.4%, and the City's Gross City Product increased by 3.7% during the four quarters from the fall of 2005 through the summer of 2006, with positive growth expected during the fourth quarter of 2006. Real wages also increased by 0.8% between 2004 and 2005 (the most recent year for which there are statistics). In addition, homelessness levels fell close to 4% between 2005 and 2006. And public assistance cases fell for the second year in a row, dropping more than 5% between fiscal years 2005 and 2006.

However, there were indicators tracked in the *I&A Study* that showed a downward trend during 2006. HVS data released last year showed 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 employment levels in most tracked sectors increased, there was a significant decline in the manufacturing sector, falling 6.6% from 2005 levels. In addition, evictions and possessions rose almost 8% in 2006, as well as an increase in the proportion of calendared cases that resulted in eviction, the highest level in nine years. There was also an 8.5% decline in the number of homeless families moved to permanent housing, and a 9.2% drop in public assistance job placements.

Economic Conditions

The City's economy in 2006 grew for the third straight year. New York City's Gross City Product (GCP), which measures the total value of goods and services produced, increased by 3.7% between the time period of October 1, 2005 through September 30, 2006 (the most recent dates for which there are statistics) as compared to the same time period during the preceding year.¹ Gross City Product also grew at 3.7% between all of 2004 and 2005. 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 twelve quarters, including a high of 4.2% growth in the first quarter of 2006.² The analogous national number, United States Gross Domestic Product (GDP), has increased annually since 1991, including a

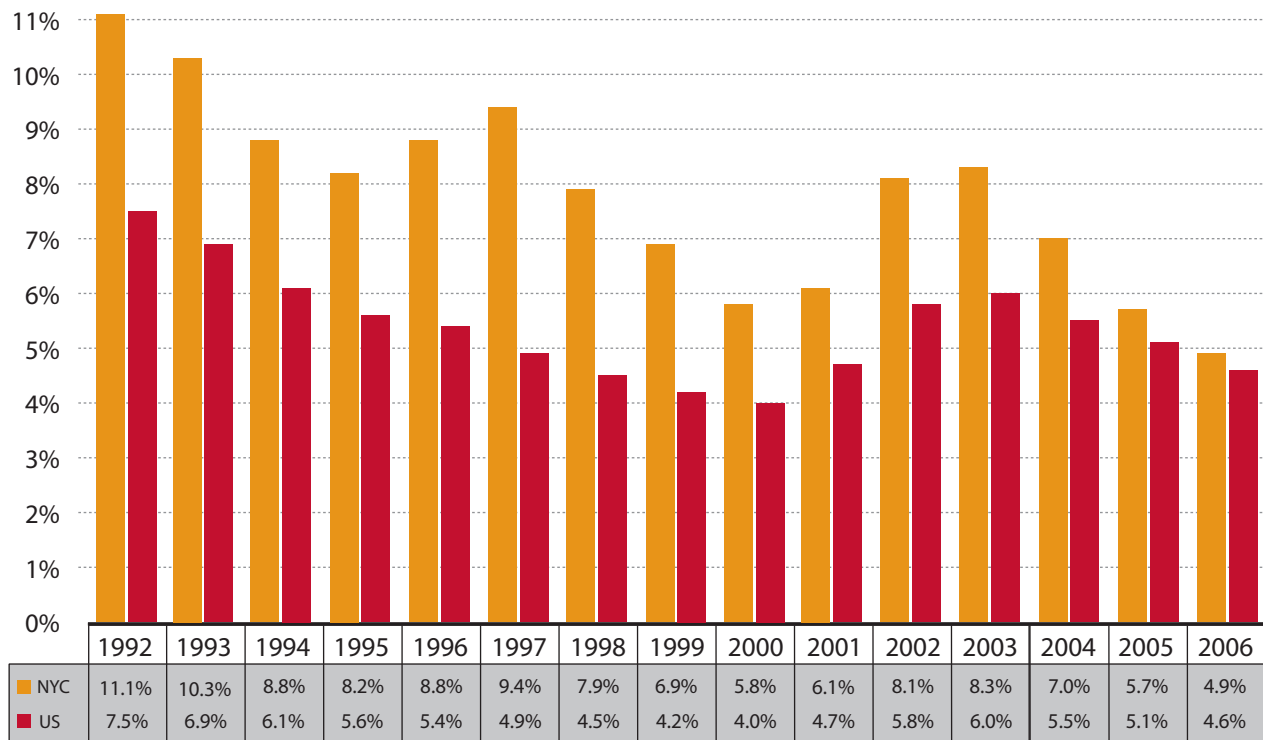
3.3% increase for the period of October 2005 through September 2006.³

The Consumer Price Index (CPI), which measures the change in the cost of typical household goods, increased 3.8% during 2006 versus 3.9% during 2005 in the NYC metropolitan area, signifying a slightly less rapid rise in the rate of inflation.⁴ While slight, this was the first year since 2001 that the annual inflation rate decreased. The U.S. CPI for urban consumers also increased at a slower rate between 2005 and 2006, down to 3.2% in 2006 versus an increase of 3.4% in 2005. This is the fifth year in a row that inflation in the New York area was higher than in the United States as a whole, something that had not previously occurred since 1992.⁵

For the third year in a row, NYC's unemployment rate decreased, falling by 0.8 percentage points (14.0%), from 5.7% in 2005 to 4.9% in 2006.⁶ The U.S. unemployment rate⁷ also decreased over the past year, but at a slower rate, down 0.5 percentage points to 4.6%

NYC and U.S. Unemployment Rates, 1992-2006

NYC and U.S. Unemployment Rates Fall in 2006



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

in 2006. The gap between the NYC and nationwide rates, which has been as high as 4.5 percentage points, is now at its smallest level since 1983 when the two rates were equal. (See graph on previous page and Appendix 1)

During the early months of 2007, unemployment rates in NYC were somewhat higher than average 2006 levels. The City jobless rate stood at 5.3% in January 2007 and 5.1% in February, slightly higher than the 2006 average rate of 4.9%. Likewise, the national unemployment rate was 5.0% in January and 4.9% in February of this year, higher than the 2006 national average of 4.6%.

At the local level, unemployment rates dropped approximately one percentage point in each of the five boroughs over the past year. Manhattan, Staten Island, and Queens all had virtually identical unemployment rates in 2006, at 4.2% for Manhattan and 4.4% for both Queens and Staten Island. Brooklyn had the second-highest unemployment rate, at 5.3%, while the Bronx once again had the highest rate of the boroughs, 6.5%. Unemployment rates in the Bronx dropped 1.0 percentage points over the past year, while Brooklyn

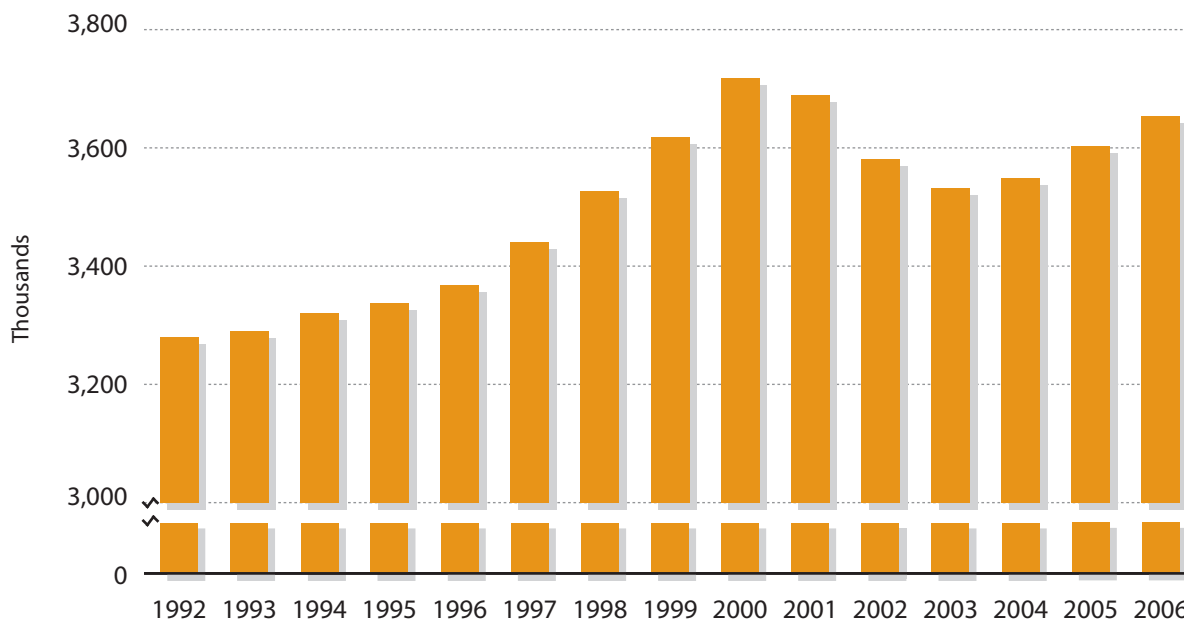
dropped 0.9 percentage points, and Manhattan, Queens, and Staten Island all dropped by 0.8 percentage points. Citywide unemployment rates are now at their lowest level in at least 30 years (the earliest period for which data is available) with rates in each borough at least 2.5 percentage points lower than 2002 levels and half the rate of the recession years of the early 1990s.

Two other employment indices increased slightly in 2006. 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 in 2006, to 59.2%, up from 58.7% in 2005.⁸ This remained lower than the U.S. rate, which increased to 66.2% over the past year from 66.0%, marking the first increase since 1997.

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 56.3% in 2006, up 0.9 percentage points from 2005. The U.S. employment/population ratio increased for the second year in a row, up from 62.7% in 2005 to 63.1% in 2006.

Average Annual Payroll Employment, NYC, 1992-2006

NYC Employment Levels Rise for Third Consecutive Year



Source: U.S. Bureau of Labor Statistics.

The decreasing rate of unemployment is also reflected in the increasing number of those employed in New York City (see graph on previous page), the third consecutive yearly increase in employment rates. Overall, among both city residents as well as those commuting into the city, NYC gained 52,200 jobs in 2006, a 1.4% increase from 2005.⁹ Job gains over the past three years have recovered two-thirds of the almost 200,000 person job loss between 2001 and 2003.

Overall, almost all industries tracked in the *I&A Study* saw increases in employment, while just a couple saw decreases in total employment levels. The manufacturing sector lost the highest proportion of jobs in 2006, down 6.6%, or 7,500 jobs. With the exception of 1997, manufacturing levels have decreased each year since at least 1990 (the first year for which data is available), dropping 159,000 jobs in the 16-year period, a decline of 60%. Federal government jobs also saw an 1,100-person job loss, a decline of 1.9% over 2005 levels, the sixth consecutive decrease.

Among the industries tracked, the largest increase in employment between 2005 and 2006 was in natural resources, mining and construction, which rose 4.4% to reach 118,300 persons. Financial activities also saw a significant gain, rising 3.0% and adding 13,300 jobs to reach a total of 458,400. Other industries also saw rises above two percent, including professional and business services, which rose 2.9%; leisure and hospitality, which rose 2.5% to reach a record-high 283,500 persons; and educational and health services, which rose 2.3% and added almost 16,000 persons. The service producing super-sector also increased, rising 1.9%, and offsetting declines in the goods producing super-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 2005 calendar year, reveal an increase in both real and nominal wages. Following a rise in real income of 3.7% during 2004, wages in 2005 rose again, but at a slower rate. Real wages

climbed 0.8% in 2005, rising from \$67,335 (in 2005 dollars) to \$67,858.¹⁰ Nominal wages (wages in current dollars) increased by 4.7% over the same time period.

Of the sectors tracked in this report, most had increases in real wages during 2005, although increases were generally smaller than in the previous year. Industries with significant increases included Manufacturing, FIRE (Finance, Insurance, and Real Estate), and Management of Companies. Despite decreases in employment levels, wages in the Manufacturing sector increased by the largest proportion between 2004 and 2005, rising by 7.2% in nominal terms and 3.2% in real terms. The FIRE sector saw the second-largest increase in real wages, rising 2.9% from 2004 to 2005 to reach almost \$168,000. This increase follows a more than 12% increase in real wages during the previous year. Management of Companies wages rose 1.4% in real terms over the year to reach more than \$157,000. Smaller increases were also seen in the Trade, Services, and Information sectors. Decreases in real wages were seen in the Transportation, Government, and Construction sectors, which decreased by 3.8%, 3.2%, and 1.8% respectively.

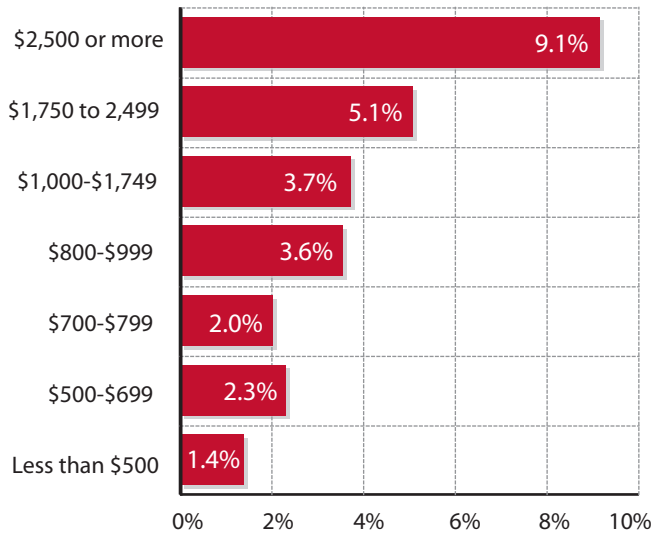
The most recently available poverty statistics (2004-2005) show New York City's poverty rate at 21.6%, just 0.2 percentage points lower than the previous year. Rates have been as high as 26.4% in the mid-nineties and as low as 19.8% in 1999-2000.¹¹

New York City Renters

Results from the 2005 Housing and Vacancy Survey (HVS) were released in February of last year, and they reveal the continuation of a very tight New York City housing market.¹² 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.

Vacancy Rate by Monthly Rent Level, 2005

Vacancy Rates Increase with Monthly Rent Levels



Source: 2005 NYC Housing and Vacancy Survey

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 above 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 2004.¹³ 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

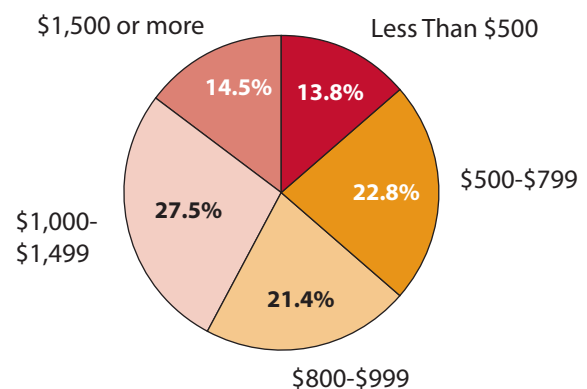
income level of \$34,800. Stabilized tenants on the whole also had median incomes of \$32,000. In constant dollars, income levels for all renters decreased by 5.6% from 2001 to 2004, including decreases of 8.6% for all rent stabilized tenants, 11.7% for post-war stabilized apartments and 5.6% for pre-war 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 rentals¹⁴ paid

Gross Rent Levels of Apartments, 2005

Wide Range of Apartment Rents in NYC



Source: 2005 NYC Housing and Vacancy Survey

\$1,000. 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-\$999.¹⁵ (See graph on bottom of 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.¹⁶ 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 9th highest in a nationwide survey of monthly rental costs (\$909), but only 26th highest in median household income (\$43,434).¹⁷

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 (\$1,189 a month), as determined by the U.S. Department of Housing and Urban Development (HUD), a full-time worker must earn \$22.87 per hour, or \$47,560 a year. Alternately, those who earn minimum wage would have to work the equivalent of 136 hours a week (or two people residing together would each have to work 68 hours a week) to be able to afford a two-bedroom unit priced at Fair Market Rent.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.

In April of this year, the Drum Major Institute released, "Saving Our Middle Class: A Survey of New York's Leaders," a survey of 101 New Yorkers that included representatives from academia; advocacy groups; business leaders from real estate and development companies; politicians; and civic leaders such as those working for labor unions or Community Boards. Among the findings, 92% of respondents say

it's harder for low-income New Yorkers to enter the middle class today than it was ten years ago, with more than half replying that it's "much harder." The respondents also felt that it took income levels much higher than current median levels for individuals and families to live a middle class lifestyle, with a majority citing a need for at least an additional \$20,000-\$25,000 a year. When asked about the top challenges facing the middle class, 66% of respondents put "affordable rent" among their top three concerns, along with affordable health insurance and being able to afford to buy their own home. In addition, 67% of respondents said that rent stabilization and control laws have a positive impact on the city's middle class, while 16% feel it has a negative impact. Mandatory inclusionary zoning laws were also seen very positively, with 83% of respondents in favor of the program.

Those surveyed were also asked to rate certain policies on a scale of one to ten for effectiveness in strengthening New York City's middle class. Respondents rated "Building more government-funded, permanent affordable housing," with an 8.97, ranking it the most effective strategy, while "Providing tax incentives to create more affordable housing," followed in fifth place, ranked at 8.24.²⁰

Other recent affordability issues making news include a proposal, currently awaiting State approval, by City Council Speaker Quinn to give a \$300 tax credit to income-eligible renters,²¹ a new inclusionary zoning plan for Woodside and Maspeth in Queens,²² and proposed legislation that would extend rent stabilization to all apartments leaving the Mitchell-Lama or Section 8 programs.²³ At the same time, there has been a backlash against proposed "affordable" housing for Long Island City, where 60% of the planned 5,000 units (which require household incomes between \$60,000 and \$145,000) may be unaffordable to present Queens residents.²⁴

Due to help New Yorkers in the coming months are changes to the Section 8 housing voucher program, which allows recipients to live in privately owned housing, paying 30% of their income towards rent. Because of funding cuts, New York City's Section 8 waiting list was closed in 1994 to everyone but homeless individuals and domestic violence survivors.²⁵ At that time 127,000 persons were on the waiting list. Due to

funding changes on the federal level, 12,000 new vouchers will be available this year and 10,000 more will be available the following year, in addition to present voucher levels of approximately 83,000. City officials opened up the application process for the first time in 12 years to new applicants and are trying to locate people already on the waiting list, who may have since moved.

Public Assistance Programs

For the second consecutive fiscal year, the total number of public assistance cases decreased, falling by more than 5% between June of 2005 and June of 2006. Public assistance rolls are made up of two main programs: the Family Assistance Program (FAP) and the Safety Net Assistance (SNA) program.²⁶ The Mayor's Management Report discloses that at the end of Fiscal Year (FY) 2006, 393,800 persons were receiving public assistance through these two programs, a decrease of 5.4% (22,400 persons) from a year earlier (see graph on following page).²⁷

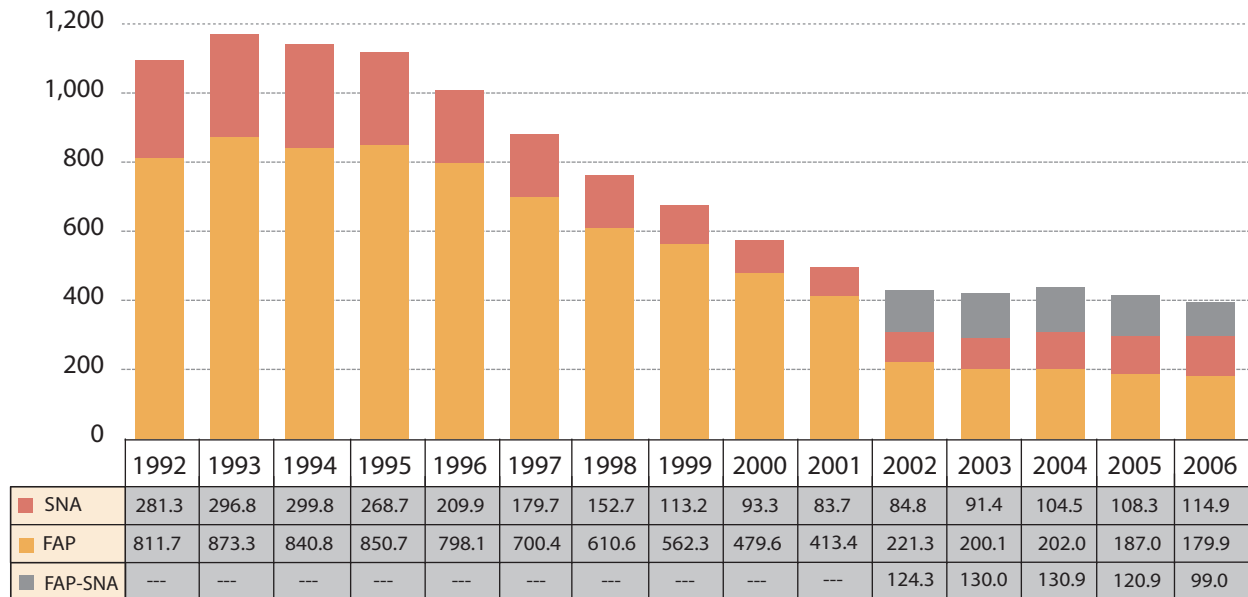
Applications for public assistance also decreased from FY 2005 levels, falling by 1.3%. Over the last 10 years the number of public assistance recipients has dropped significantly, dropping 66.1% since March 1995, when the City's welfare reform initiative began and 1,161,000 recipients were on the rolls.

As reported in the "Preliminary Fiscal 2007 Mayor's Management Report," as of October, 2006, public assistance caseloads are down 7.4%, or 30,900 cases from the same period the previous year to reach 387,000. However, there was a 6.2% increase in the number of new public assistance applications during the first four months of FY 2007, the first increase in three years.

The Mayor's Management Report also tracks the number of recipients of FAP that participate in work activities. In FY 2006, 41.0% of FAP families worked, an increase of 5.2 percentage points from the previous year. During the first four months of FY 2007, 41.9% of FAP families participated in work activities, up almost one percentage point from 41.0% last year. The number of reported job placements among public assistance recipients (excluding placements through the Workforce Investment Act) decreased significantly between FY 2005 and FY 2006, falling 9.2% to 80,478 placements. Between July and October, placements are down 6.0% from the same period the prior year.

Family Assistance Program (FAP) and Safety Net Assistance (SNA), FY 1992-FY 2006, in Thousands

Public Assistance Caseloads Decrease Slightly



Source: Mayor's Management Reports, FY's 1992 - FY 2006

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

For the fourth straight year, the number of food stamp recipients increased, rising 0.8% between June 2005 and June 2006. Levels are now their highest in nine years — 1,095,200 persons — an increase of 9,000 persons over the prior fiscal year. That number remained comparable during the beginning third of FY 2007, with a 1.3% decrease over June 2006 levels, and a slight 400-person decline 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 2006 calendar year, New York City received \$869.8 million from federally funded programs. These programs included \$260.9 million in a Community Development Block Grant (CDBG), which funds housing and community development programs; \$116.9 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 \$56.6 million for Housing Opportunities for Persons with AIDS (HOPWA). In 2007, the City expects to receive \$839.3 million for federally funded programs, which represents a 3.5% nominal decrease over 2006 levels, and a 6.4% decrease in inflation-adjusted dollars.²⁸

Evictions & Homelessness

Homelessness & Emergency Assistance

Homelessness in the City, based on visits to City shelters, decreased during 2006.²⁹ Each night, an average of 32,430 persons stayed in City shelters during 2006, down 1,257 persons, or 3.7%, from a year earlier, but still up considerably from the average of 20,000-25,000 found in the 1990s. The subcategory of number of single adults staying in City shelters also declined in 2006, with an average of 7,661 staying in shelters in 2006, 5.1% lower than during 2005. The number of families in shelters increased slightly, up 1.8% over the

year, rising to 8,339, and still significantly higher than 1980s and 1990s levels. There was also a decrease of 6.9% in the number of children staying in City shelters during 2006, falling to 12,597 from 13,534, while the number of adults in families rose by 1.6% over the year.

The number of families relocated to permanent housing decreased in 2006, to a total of 6,115, 8.5% lower than during 2005, but still significantly higher than previous years. However the number of single adults placed in permanent housing increased significantly, rising 27.5% during 2006 to 8,704. The average number of days spent in temporary housing declined from 2005 to 2006, falling from 50 weeks to 47. In addition, the number of individuals entering the Department of Homeless Services shelter system for the first time rose 7.0% between 2005 and 2006, to an annual total of 17,720 persons, or an average of almost 1,500 new persons per month.

While total homeless levels were down between 2005 and 2006, the later part of 2006 saw levels start to comparatively increase, especially among families. Comparing the fourth quarter of 2005 with the equivalent time period of 2006, the number of homeless families increased by 11.7%, while the number of adults in families increased by 11.9% and the number of children in families rose by 7.0%. There was also a decline of 18.9% in the number of families moved to permanent housing, although the average length of stay in temporary housing fell by 30 days. During the same time period, the number of single adults in the shelter system decreased by 6.4%, and 38.3% more single adults were placed in permanent housing as compared to the fourth quarter of 2005. Considering the decline in adult homelessness levels and the increase in families, total individuals in the shelter system rose by 7.0% in the fourth quarter of 2006 as compared with the last quarter of 2005.

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 initially hoped that up to 6,500 homeless families a year could find permanent housing with these vouchers, which drop in value by 20% every year for five years until expiring completely. Program rules also specify that recipients must be receiving some kind of welfare in order to

continue to receive HSP vouchers, meaning most participants cannot work. 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.³⁰ Since the program began, approximately 9,500 individuals and families have been moved to permanent housing with these vouchers, with nearly all recipients (95%) being families. Approximately 5,000 homeless families were placed in permanent housing through other programs during this period, such as Section 8 and public housing.³¹

Through this initiative and a number of others, including expanded drop-in centers and housing court initiatives, the Bloomberg administration hopes to cut the number of homeless people in shelters by 25,000 persons by 2009.³²

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.³³

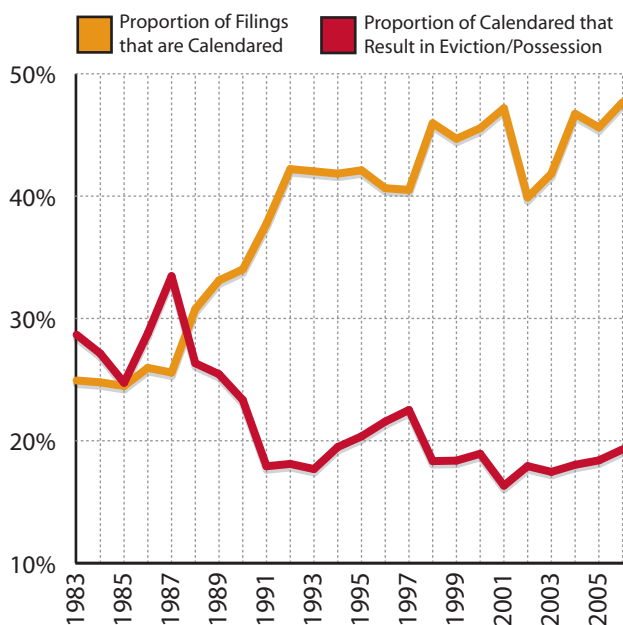
Housing Court

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.

For the third time in four years, the number of non-payment filings in Housing Court decreased, declining by 1.8% in 2006, to reach 256,747.³⁴ While court filings decreased in 2006, the proportion of cases resulting in an actual court appointment ("calendared") increased over two percentage points, up to 47.7% from 45.6% last year, the highest proportion the RGB has ever recorded (see graph on following page and Appendix 7). During the mid-to-late 1980s, an average of 27.1% of non-payment filings were calendared. Of the more than 250,000 non-payment filings during 2006, 60,550 were filed against

Housing Court Statistics, 1983-2006

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



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

tenants of New York City Housing Authority buildings, with 19,085 of these filings being calendared.³⁵

The proportion of non-payment proceedings citywide that resulted in an eviction/possession ruling in 2006 increased to its highest level in nine years, up from 18.4% in 2005 to 19.3% in 2006. This translates to 23,669 court decisions ruled for the tenant's eviction from a total of 122,379 non-payment proceedings calendared.³⁶ The increase was due to a 7.9% increase in the number of evictions/possessions in 2006, coupled with a smaller increase of 2.6% in the number of calendared cases. 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 third 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 3.7% from September of 2005 through August of 2006, compared to 3.3% for the nation. Unemployment rates dropped significantly, falling 0.8 percentage points Citywide, from 5.7% to 4.9%. And total employment levels rose by more than 50,000 jobs, the third consecutive year of increase. In addition, public assistance rolls declined more than 5% and real wages increased.

But there were also negative indicators of economic health of NYC, including an 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 remained greater than 3% for the fourth year in a row, hitting almost 4% during 2006. □

Endnotes

- 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.
- Quarterly data from the NYC Comptroller's Office as of March, 2007.
- Bureau of Economic Analysis. <http://www.bea.gov/national/index.htm#gdp>
- Bureau of Labor Statistics; <http://www.bls.gov/>; Data accessed March '07
- 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.
- New York State Dept. of Labor; <http://www.labor.state.ny.us/>; Data accessed March 2007.
- Bureau of Labor Statistics; <http://www.bls.gov/>; Data accessed March '07.
- 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*.
- New York State Dept. of Labor; <http://www.labor.state.ny.us/>; Data accessed March 2007
- New York State Dept. of Labor; <http://www.labor.state.ny.us/>; Data accessed March 2007.
- "Poverty in New York City, 2005: More Families Working, More Working Families Poor;" Community Service Society of New York, September, 2006. Based on study of U.S. Census Bureau data. Study averaged two consecutive years of census data in calculating poverty rates.
- 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. or from the published data at <http://www.census.gov/hhes/www/housing/nychvs/2005/nychvs05.html>.

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13. Total household income in the HVS includes wages, salaries, and tips; self-employment income; interest dividends; pensions; and other transfers and in-kind payments.
 14. Private non-regulated units consist of units which were never rent controlled or rent stabilized, units which were deregulated, and unregulated rentals in cooperatives or condominium buildings.
 15. The remaining 37,315 units did not report a cash rent.
 16. 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).
 17. 2005 American Community Survey, U.S. Census Bureau. <http://www.census.gov/acs/www/index.htm> (Based on places with a population of more than 250,000).
 18. National Low Income Housing Coalition report, "Out of Reach 2006."
 19. "Pulling Apart in New York: An Analysis of Income Trends in New York State," Fiscal Policy Institute. January 26, 2006.
 20. "Saving our Middle Class: A Survey of New York's Leaders by the Drum Major Institute for Public Policy." Drum Major Institute for Public Policy, April 2007.
 21. "Tax Credit for Renters," by Sewell Chan. *NY Times*. March 26, 2007
 22. Press Release, NYC Dept. of City Planning. "Departments of City Planning and Housing Preservation & Development Annouce First Queens Inclusionary Housing Program to Provide Affordable Housing in City's Maspeth-Woodside Rezoning," May 24, 2006.
 23. "Planned Legislation Would Boost Rent Regulation Eligibility," by Eliot Brown. *The New York Sun*. February 26, 2007.
 24. "Queens West Issue Brief," Pratt Center for Community Development. November 1, 2006.
 25. Press Release, Mayor's Office. "Mayor Bloomberg and NYCHA Chairman Hernandez Annouce that Section 8 Voucher List Will Open For First Time in Twelve Years," January 29, 2007.
 26. 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.
 27. *Mayor's Management Reports*, Fiscal Year 1995 - Preliminary Fiscal Year 2007.
 28. *Consolidated Plan 2006 and Consolidated Plan 2007*, NYC Dept. of City Planning.
 29. Source: NYC Dept. of Homeless Services, Critical Activity Reports. <http://www.nyc.gov/html/dhs/html/statistics/statistics.shtml>
 30. "Evaluating the Fiscal Impact of the Housing Stability Plus Program," New York City Independent Budget Office. March, 2005.
 31. Updated statistics from the Department of Homeless Services, Policy & Planning/MAE Unit as of March 2007. Data is preliminary and subject to revision.
 32. "Bloomberg Sets Detailed Plan to Cut Number of Homeless," *The New York Times*, Leslie Kaufman. September 23, 2004.
 33. "Mayor Bloomberg and Governor Pataki Annouce Historic Pact to Create 9,000 Supportive Housing Units for Chronically Homeless Individuals and Families," Mayor's Office Press Release, November 7, 2005.
 34. Civil Court of the City of New York data.
 35. The New York City Housing Authority is required by law to begin non-payment proceedings 14 days after the rent due date when rent goes unpaid.
 36. NYC Department of Investigation, Bureau of Auditors data.

Appendix: Income and Affordability Study

1. Average Annual Employment Statistics by Area, 1995-2006

Unemployment Rate	1995	1996	1997	1998	1999	2000 ^α	2001 ^α	2002 ^α	2003 ^α	2004 ^α	2005	2006
Bronx	9.7%	10.6%	11.7%	9.9%	8.2%	7.2%	7.4%	9.8%	10.5%	9.1%	7.5%	6.5%
Brooklyn	9.3%	10.0%	10.7%	9.3%	8.0%	6.4%	6.6%	8.7%	9.0%	7.6%	6.2%	5.3%
Manhattan	7.0%	7.4%	7.8%	6.7%	5.9%	5.1%	5.8%	7.7%	7.5%	6.2%	5.0%	4.2%
Queens	7.7%	8.1%	8.5%	6.9%	6.1%	5.3%	5.4%	7.2%	7.4%	6.3%	5.2%	4.4%
Staten Island	7.5%	7.8%	8.4%	6.9%	5.8%	5.1%	5.1%	6.9%	7.3%	6.2%	5.2%	4.4%
NYC	8.2%	8.8%	9.4%	7.9%	6.9%	5.8%	6.1%	8.1%	8.3%	7.0%	5.7%	4.9%
U.S.	5.6%	5.4%	4.9%	4.5%	4.2%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%
Labor Force Participation Rate												
NYC ∅	55.5%	56.7%	58.6%	58.7%	59.0%	59.0%	58.7%	59.2%	58.9%	58.6%	58.7%	59.2%
U.S.	66.6%	66.8%	67.1%	67.1%	67.1%	67.1%	66.8%	66.6%	66.2%	66.0%	66.0%	66.2%
Employment-Population Ratio												
NYC ∅	50.9%	51.7%	53.1%	54.0%	54.9%	55.6%	55.1%	54.5%	54.0%	54.5%	55.4%	56.3%
U.S.	62.9%	63.2%	63.8%	64.1%	64.3%	64.4%	63.7%	62.7%	62.3%	62.3%	62.7%	63.1%
Gross City Product (NYC)												
(billions, in 2000 \$)	334.5	351.5	370.3	394.7	415.3	437.8	431.8	415.4	405.3	415.9	431.3	Ω
% Change	3.85%	5.08%	5.35%	6.59%	5.22%	5.42%	-1.37%	-3.80%	-2.43%	2.62%	3.70%	Ω
Gross Domestic Product (U.S.)												
(billions, in 2000 \$)	8,031.7	8,328.9	8,703.5	9,066.9	9,470.3	9,817.0	9,890.7	10,048.8	10,301.0	10,703.5	11,048.6	11,413.6
% Change	2.50%	3.70%	4.50%	4.17%	4.45%	3.66%	0.75%	1.60%	2.51%	3.91%	3.2%	3.3%

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. Dept. of Commerce; NYS Dept. of Labor; NYC Comptroller's Office.

^α Unemployment data from 2000-2004 is currently being revised by the NYS Dept. of Labor and will be released through the Spring. Data presented here is current as of 2006.

∅ 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, 1997-2006 (in thousands)

Industry Employment	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2005-2006 Change
Manufacturing	201.2	195.9	186.8	176.8	155.5	139.4	126.6	120.8	113.9	106.4	-6.6%
Construction, Natural Resources & Mining ∅	93.5	101.3	112.5	120.5	122.1	115.8	112.7	111.8	113.3	118.3	4.4%
Trade, Transport & Utilities	537.3	542.0	556.3	569.6	557.4	536.5	533.6	539.3	547.5	556.8	1.7%
Leisure & Hospitality	227.9	235.8	243.7	256.7	260.1	255.3	260.3	270.1	276.7	283.5	2.5%
Financial Activities	467.7	477.3	481.0	488.8	473.6	445.1	433.6	435.5	445.1	458.4	3.0%
Information	162.6	166.5	172.8	187.3	200.4	176.9	163.9	160.2	162.8	165.2	1.5%
Management of Companies	56.2	58.5	57.3	52.6	54.7	58.4	58.9	56.9	57.6	58.2	1.0%
Professional & Business Svcs.	493.7	525.2	552.9	586.5	581.9	550.4	536.6	541.5	555.3	571.5	2.9%
Educational & Health Svcs.	576.2	588.7	604.4	615.2	627.1	646.0	658.2	665.3	678.8	694.7	2.3%
Other Services	129.3	133.9	141.5	147.4	148.7	149.7	149.1	150.5	153.2	154.2	0.7%
Total Private Sector	2,889.4	2,966.5	3,051.9	3,148.8	3,126.7	3,015.0	2,974.5	2,994.9	3,046.6	3,109.0	2.0%
Government ^α	550.5	560.4	567.0	568.9	562.4	566.2	556.6	554.4	555.6	555.4	0.0%
City of New York	438.4	448.1	453.3	451.8	450.8	456.2	448.3	447.9	449.8	450.7	0.2%
Total	3,439.8	3,526.9	3,618.8	3,717.7	3,689.1	3,581.1	3,531.1	3,549.3	3,602.2	3,654.4	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.

∅ 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, 1999-2005 (2005 dollars)

Industry	SIC CLASSIFICATION SYSTEM			NAICS CLASSIFICATION SYSTEM						2004-05 % Change
	1999	2000	2001	2000	2001	2002	2003	2004	2005	
Construction	\$57,843	\$55,955	\$58,001	\$60,791	\$62,934	\$62,164	\$61,932	\$59,399	\$58,314	-1.8%
Manufacturing	\$63,513	\$63,155	\$64,990	\$41,624	\$43,384	\$44,770	\$45,943	\$46,800	\$48,316	3.2%
Transportation	\$62,269	\$58,472	\$59,129	\$45,075	\$46,359	\$46,581	\$45,521	\$44,454	\$42,754	-3.8%
Trade	\$41,228	\$37,681	\$37,465	\$45,028	\$45,233	\$45,052	\$44,819	\$44,505	\$44,581	0.2%
FIRE	\$146,753	\$159,020	\$161,388	\$166,413	\$169,010	\$150,072	\$145,465	\$163,031	\$167,681	2.9%
Services	\$52,274	\$50,268	\$50,000	\$50,004	\$49,722	\$48,785	\$48,981	\$49,550	\$49,691	0.3%
Information	Ω	Ω	Ω	\$87,613	\$89,423	\$86,789	\$90,668	\$92,375	\$93,002	0.7%
Management of Co.'s	Ω	Ω	Ω	\$173,279	\$167,927	\$174,427	\$150,371	\$155,191	\$157,398	1.4%
Private Sector	\$67,172	\$66,717	\$67,306	\$71,742	\$72,376	\$68,416	\$67,192	\$69,944	\$70,834	1.3%
Government	\$53,129	\$49,254	\$49,240	\$52,964	\$52,949	\$52,738	\$52,891	\$53,432	\$51,730	-3.2%
Total Industries	\$64,991	\$63,458	\$69,399	\$68,883	\$69,397	\$65,906	\$64,912	\$67,335	\$67,858	0.8%

Note: The New York State Department of Labor revises the statistics annually. Real wages reflect 2005 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, 1999-2005

Industry	SIC CLASSIFICATION SYSTEM			NAICS CLASSIFICATION SYSTEM						2004-05 % Change
	1999	2000	2001	2000	2001	2002	2003	2004	2005	
Construction	\$48,134	\$51,627	\$54,863	\$52,160	\$55,359	\$56,085	\$57,594	\$57,193	\$58,314	2.0%
Manufacturing	\$52,853	\$58,270	\$61,474	\$35,714	\$38,162	\$40,392	\$42,725	\$45,062	\$48,316	7.2%
Transportation	\$51,817	\$53,949	\$55,930	\$38,675	\$40,779	\$42,026	\$42,332	\$42,803	\$42,754	-0.1%
Trade	\$34,309	\$34,767	\$35,438	\$38,635	\$39,789	\$40,646	\$41,680	\$42,852	\$44,581	4.0%
FIRE	\$122,121	\$146,720	\$152,658	\$142,785	\$148,668	\$135,397	\$135,275	\$156,975	\$167,681	6.8%
Services	\$43,500	\$46,380	\$47,295	\$42,904	\$43,738	\$44,014	\$45,549	\$47,710	\$49,691	4.2%
Information	Ω	Ω	Ω	\$75,173	\$78,660	\$78,302	\$84,317	\$88,944	\$93,002	4.6%
Management of Co.'s	Ω	Ω	Ω	\$148,676	\$147,716	\$157,370	\$139,837	\$149,427	\$157,398	5.3%
Private Sector	\$55,898	\$61,556	\$63,665	\$61,556	\$63,665	\$61,726	\$62,485	\$67,346	\$70,834	5.2%
Government	\$44,212	\$45,444	\$46,576	\$45,444	\$46,576	\$47,581	\$49,186	\$51,447	\$51,730	0.6%
Total Industries	\$54,083	\$59,103	\$61,046	\$59,103	\$61,045	\$59,461	\$60,365	\$64,834	\$67,858	4.7%

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, 1900-2006

Year	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Citywide	Citywide Change from Prior Decade
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	1,334,381	2,466,952	1,539,610	2,231,845	445,562	8,018,350	9.5%
2006	1,361,473	2,508,820	1,611,581	2,255,175	477,377	8,214,426	2.4% [∅]

Note: 1900-1990 figures as of April 1 of each year. 2000-2006 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 2000-2006. Source: U.S. Census Bureau, Population Division

6. Consumer Price Index for All Urban Consumers, NY-Northeastern NJ, 1996-2006

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
March	166.5	170.7	173.0	175.5	181.5	186.4	191.1	197.1	203.4	212.4	218.2
June	166.5	170.3	173.1	176.8	182.0	188.3	191.5	196.9	206.0	210.7	222.6
September	168.2	171.7	174.4	178.2	184.4	188.0	193.3	199.6	205.9	215.8	222.9
December	168.5	171.9	174.7	178.6	184.2	187.3	193.1	199.3	206.8	214.2	221.3
Quarterly Average	167.4	171.2	173.8	177.3	183.0	187.5	192.3	198.2	205.5	213.3	221.3
Yearly Average	166.9	170.8	173.6	177.0	182.5	187.1	191.9	197.8	204.8	212.7	220.7

12-month percentage change in the CPI

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
March	3.48%	2.52%	1.35%	1.45%	3.42%	2.70%	2.52%	3.14%	3.20%	4.42%	2.73%
June	2.70%	2.28%	1.64%	2.14%	2.94%	3.46%	1.70%	2.82%	4.62%	2.28%	5.65%
September	3.06%	2.08%	1.57%	2.18%	3.48%	1.95%	2.82%	3.26%	3.16%	4.81%	3.29%
December	2.90%	2.02%	1.63%	2.23%	3.14%	1.68%	3.10%	3.21%	3.76%	3.58%	3.31%
Quarterly Average	3.03%	2.22%	1.55%	2.00%	3.24%	2.45%	2.53%	3.11%	3.68%	3.77%	3.74%
Yearly Average	2.90%	2.34%	1.64%	1.96%	3.11%	2.52%	2.57%	3.07%	3.54%	3.86%	3.76%

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

7. Housing Court Actions, 1985-2006

Year	Filings	Calendared	Evictions & Possessions	Year	Filings	Calendared	Evictions & Possessions
1985	343,000	85,000	23,058	1996	278,000	113,000	24,370
1986	312,000	81,000	23,318	1997	274,000	111,000	24,995
1987	301,000	77,000	25,761	1998	278,156	127,851	23,454
1988	299,000	92,000	24,230	1999	276,142	123,399	22,676
1989	299,000	99,000	25,188	2000	276,159	125,787	23,830
1990	297,000	101,000	23,578	2001	277,440	130,897	21,369*
1991	302,000	114,000	20,432	2002	331,309	132,148	23,697
1992	289,000	122,000	22,098	2003	318,077	133,074	23,236
1993	295,000	124,000	21,937	2004	261,085	121,999	22,010
1994	294,000	123,000	23,970	2005	261,457	119,265	21,945
1995	266,000	112,000	22,806	2006	256,747	122,379	23,669

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.