

An Update: Affordability and Availability of Rental Housing in Pennsylvania

Community Development Studies & Education

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FEDERAL RESERVE BANK
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Overview of Rental Housing Study

- In 2010, the department produced a study that assessed rental housing conditions and affordability and availability of rental housing in Pennsylvania
 - Data provided at state, regional, and local levels
 - Study focused on three groups of lower-income renter households:
 - Extremely Low Income (ELI) = Incomes \leq 30% AMI
 - Very Low Income (VLI) = Incomes 30.1% - 50.0% AMI
 - Low Income (LI) = Incomes 50.1% - 80.0% AMI
- Note: AMI = Area median income*



Overview of Rental Housing Study

- Two data sets used:
 - 2000 CHAS data, special tabulations of the decennial census
 - 2005 and 2006 ACS data
- Additional data provided on general housing characteristics of Pennsylvania and neighboring states



Key Findings of Original Study

- **Extremely Low-Income Renters Have Greatest Needs**
 - ELI renters are most likely to have severe cost burdens and a severe shortage of rental housing units that are both affordable and available to them.
- **Conditions and Shortages Got Worse at Mid-Decade**
 - The statewide shortage of rental housing units that were affordable and available to ELI renters increased significantly between 2000 and 2005-06.



Key Findings of Original Study (con't)

- **Extent of need varied across the state**
 - Three areas faced a particularly great challenge: the Northeast section of the state near New Jersey, Centre County, and Philadelphia suburban counties.
 - In absolute terms, 59% of Pennsylvania's shortage of rental housing units for ELI households was attributable to seven areas:
 - Allegheny, Bucks, Delaware, Erie, Lehigh/Carbon, Montgomery, and Philadelphia



New Data Analyzed by CDS&E

- Used HUD's CHAS tabulations of the 2005-07 ACS
 - Notes detail how and why these data differ from data in original study
- Expanded the analysis to include both renters **and** homeowners
- Philadelphia Fed's website includes tables with the new data in a format similar to the tables in the original report
- Refer to the glossary of the original study for definitions of all terms



New Data Analyzed by CDS&E

- County-level data are now available for 37 counties that were not available in the original report because they were grouped within public-use microdata area (PUMA) boundaries
- New data are not available for six small counties that together account for less than .5% of PA's households:
 - Cameron, Forest, Fulton, Montour, Potter, and Sullivan



Key Findings of 2005-07 ACS Data

- Renters tend to have much lower incomes than owners
 - Over 2/3 of renters fall into one of the lower-income groups eligible for HUD rental programs, whereas only 1/3 of owners had incomes this low (below 80% median)
- Renters were more likely to be ELI (27%) than were owners (7%)
- Even though PA's ownership rate was a high 72%, there were more ELI renters (376,000) than ELI owners (246,000)



Key Findings of 2005-07 ACS Data

- Owners were as likely to have housing problems as renters of equivalent income.
 - 3/4 of ELI renter households and 4/5 of ELI owners had some type of housing problem, either a cost burden (paying more than 30% of income for housing, including utilities) or a housing unit problem (crowding or incomplete plumbing or kitchen facilities)
- As in the original study, cost burdens, not housing unit problems, were by far the most common problem for owners and renters



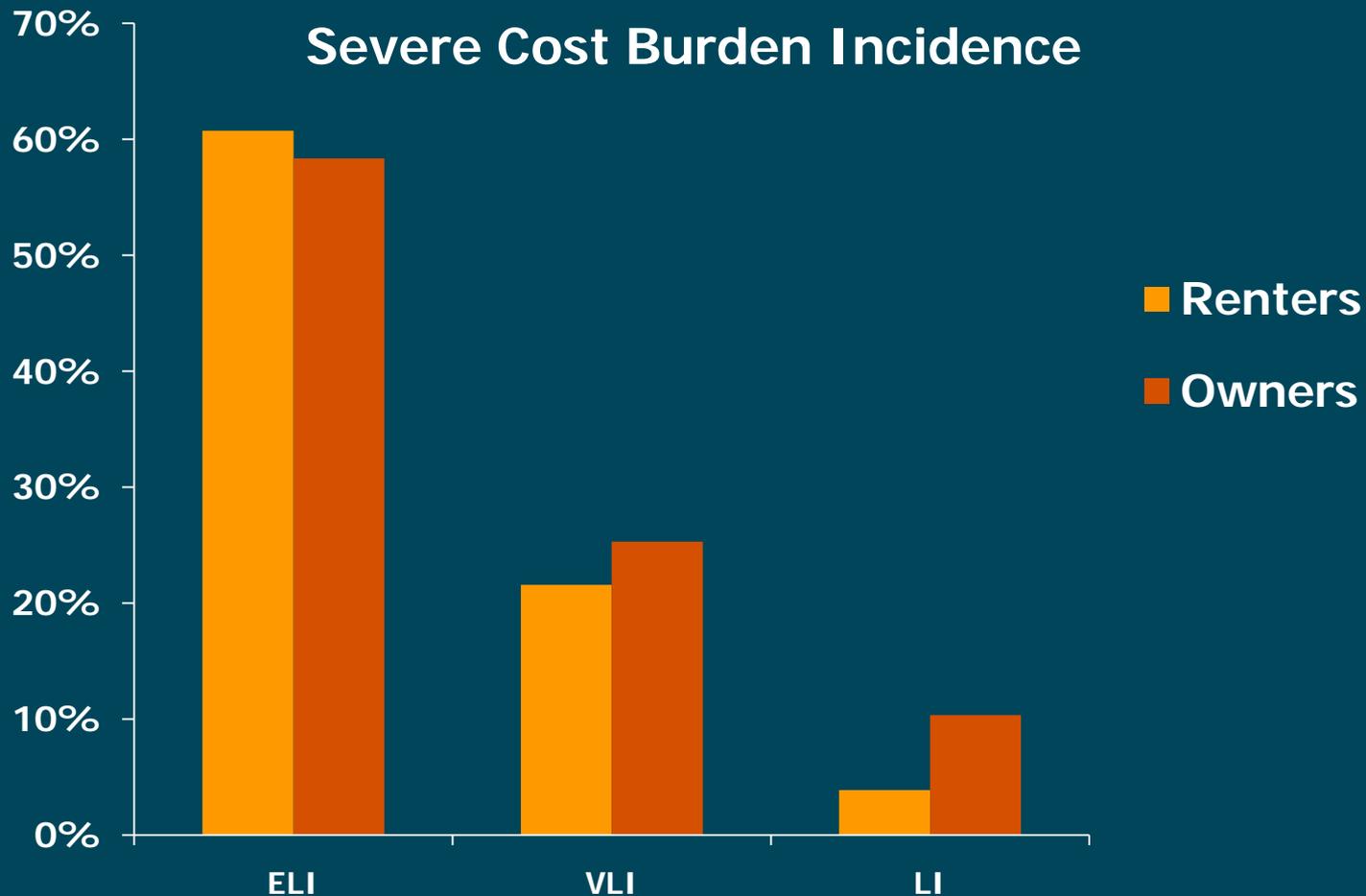
Key Findings of 2005-07 ACS Data

- Similar to the original study, severe cost burdens (paying more than 50% of income for housing) were more concentrated among ELI renters and owners than for those in higher income groups
 - Three of five ELI renters and owners faced severe burdens

Note: Because of procedural differences, estimates of cost burden in the original study were somewhat higher than in the new data. Refer to Notes section for additional details.



New Data Confirm That ELI Households Most Frequently Face Severe Cost Burden



New Data also Show Shortage Worsened Between 2000 and 2005-07

- The shortage of units affordable and available to ELI renters worsened between 2000 and 2005-07.

| | 2000 | 2005-06 | 2005-07 |
|--|---------|---------|---------|
| Absolute Shortage of Units for ELI renters | 170,000 | 220,000 | 223,000 |
| Affordable and Available Units Per 100 ELI Renter Households | 49 | 43 | 41 |

**Results also reinforce findings of original study*



Key Findings of 2005-07 ACS Data

- New analysis examines affordability and availability of units for owners and renters combined

(Note: Data are not available at 0-30% AMI threshold for this analysis)

- When both owners and renters with incomes below 50% AMI are compared with renters only, the absolute shortage of units more than doubles

| | Absolute Shortage Units Affordable & Available < 50% AMI |
|-----------------------|--|
| Renters Only | 136,000 |
| Owners and Renters | 372,000 |



Key Findings of 2005-07 ACS Data

- Ratios confirm the shortage is worse when both owners and renters and units affordable to them are counted
 - The 2005-07 data show that PA's shortage of owned or for-sale units that are both affordable and available to owners with income below 50% AMI is even worse than its shortage for renters at same threshold

| Affordable and Available Units Per 100 Households < 50% AMI | |
|---|----|
| Renters Only | 79 |
| Owners and Renters | 70 |





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