An Update: Affordability and Availability of Rental Housing in Pennsylvania

Community Development Studies & Education

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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
  – \textit{Notes} detail how and why these data differ from data in original study
• Expanded the analysis to include both renters \textit{and} homeowners
• Philadelphia Fed’s website includes tables with the \textit{new data} in a format similar to the tables in the original report
• Refer to the \textit{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

Severe Cost Burden Incidence

SOURCE: FRB Philadelphia calculations based on 2005-07 CHAS data from ACS
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.

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2005-06</th>
<th>2005-07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute Shortage of Units for ELI renters</td>
<td>170,000</td>
<td>220,000</td>
<td>223,000</td>
</tr>
<tr>
<td>Affordable and Available Units Per 100 ELI Renter Households</td>
<td>49</td>
<td>43</td>
<td>41</td>
</tr>
</tbody>
</table>

*Results also reinforce findings of original study*

SOURCE: FRB Philadelphia calculations based on 2005-07 CHAS data from ACS
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

<table>
<thead>
<tr>
<th>Absolute Shortage</th>
<th>Units Affordable &amp; Available</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt; 50% AMI</td>
</tr>
<tr>
<td>Renters Only</td>
<td>136,000</td>
</tr>
<tr>
<td>Owners and Renters</td>
<td>372,000</td>
</tr>
</tbody>
</table>

SOURCE: FRB Philadelphia calculations based on 2005-07 CHAS data from ACS
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

<table>
<thead>
<tr>
<th></th>
<th>Affordable and Available Units Per 100 Households &lt; 50% AMI</th>
</tr>
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<tbody>
<tr>
<td>Renters Only</td>
<td>79</td>
</tr>
<tr>
<td>Owners and Renters</td>
<td>70</td>
</tr>
</tbody>
</table>

SOURCE: FRB Philadelphia calculations based on 2005-07 CHAS data from ACS