

Affordability and Availability of Rental Housing in Pennsylvania

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Housing: The Key to Ending Homelessness

May 13, 2011



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Background: Rental Housing Characteristics in 2000

Rental Housing	U.S.	PA	Lehigh	Northampton
Median Year Built	1969	1955	1961	1951
% Small Structures (1 to 4 Units)	51%	62%	52%	67%
% Heads of Households Age 65 or Older	14%	20%	22%	21%

SOURCE: 2000 Census Data, American Factfinder



Background: Rental Housing Characteristics

	U.S.	PA	Lehigh	Northampton
Population Change 1990 – 2006	20%	4%	15%	17%
Total Housing Units Change 1990 – 2005-07	23%	10%	15%	21%
Renter-Occupied Housing Units Change 1990 – 2005-07	11%	4%	11%	11%

**2010 census data confirm that population and total housing unit growth in Lehigh Valley continue to outpace Pennsylvania*



Overview of Rental Housing Study

- Assess rental housing conditions and affordability and availability of rental housing
 - Pennsylvania - state, regional, and local levels
 - United States, Pennsylvania's neighboring states
- Three groups of lower-income renter households:
 - ELI = Incomes $\leq 30\%$ AMI
 - VLI = Incomes between 30.1% - 50.0% AMI
 - LI = Incomes between 50.1% - 80.0% AMI
- Two data sets used (2000 and 2005-06)

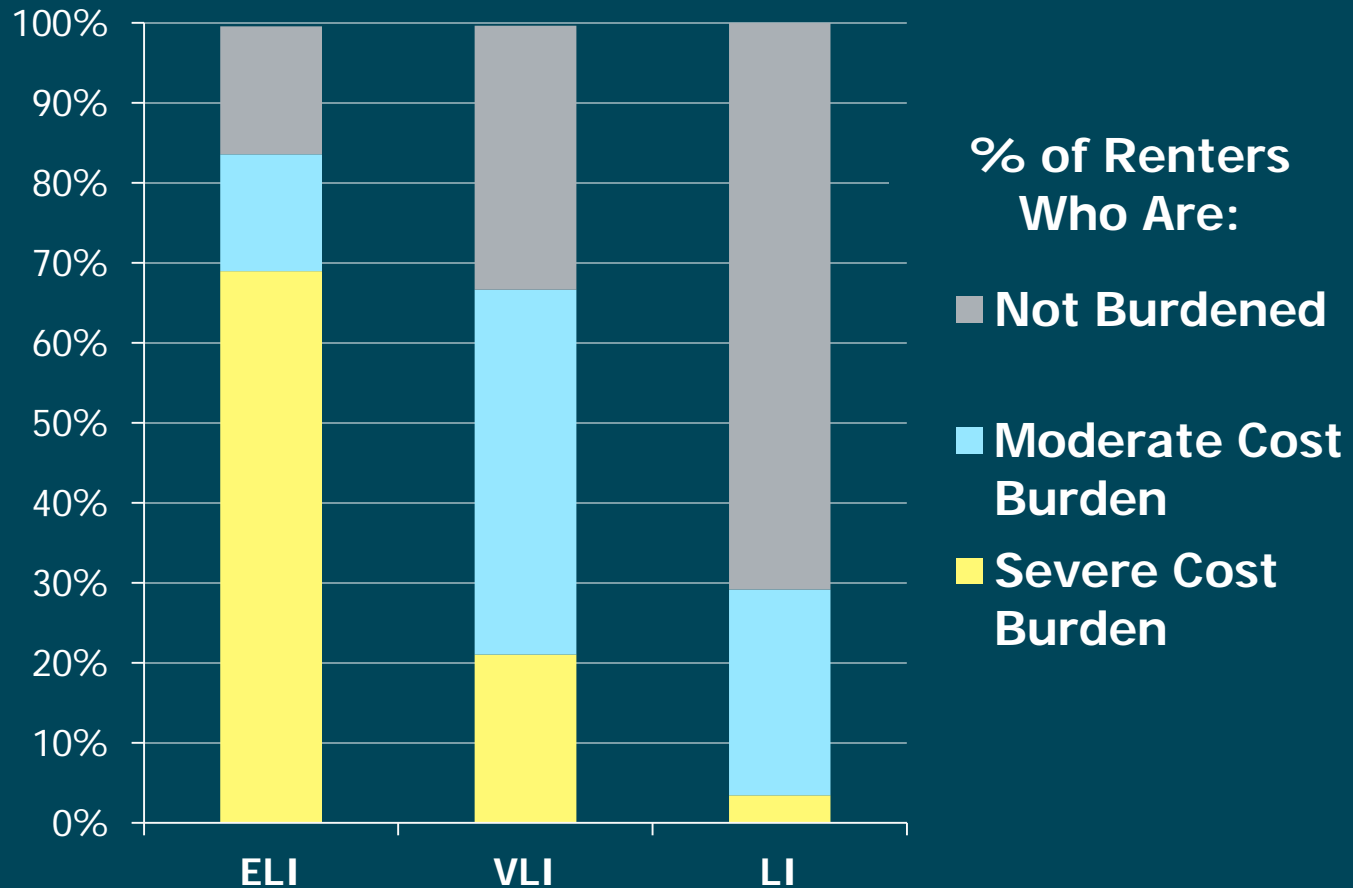


Key Finding 1: ELI Renters Have Greatest Needs in Pennsylvania

- ELI renters are most likely to have severe cost burdens and severe shortages of housing that is both affordable and available to them.



Nearly 70% of ELI Renters Have Severe Cost Burdens

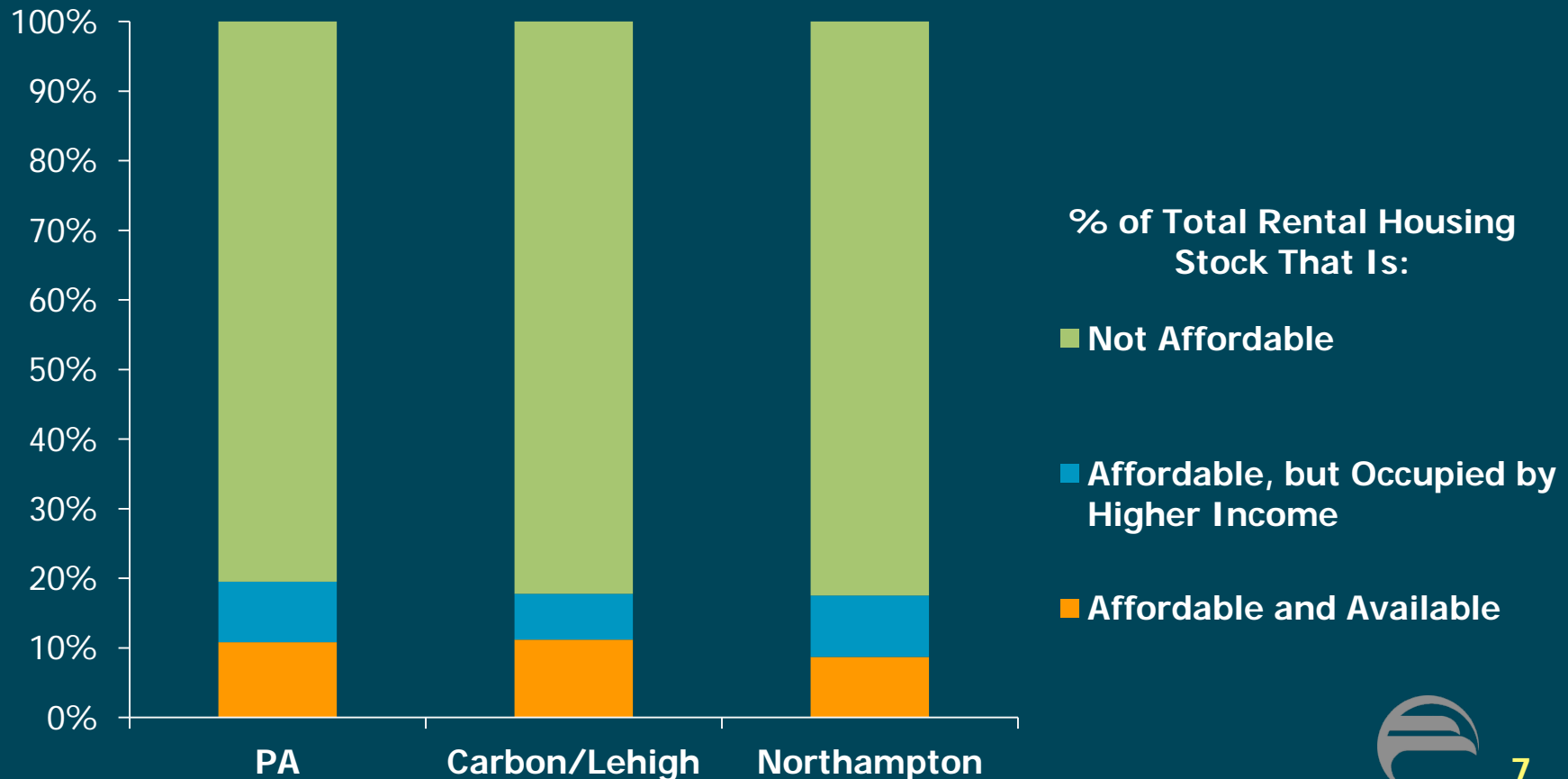


SOURCE: FRB Philadelphia calculations based on 2005 and 2006 ACS Data



What Rental Housing Is Affordable, and What Is Affordable and Available to ELI Renters?

Total Rental Housing Stock

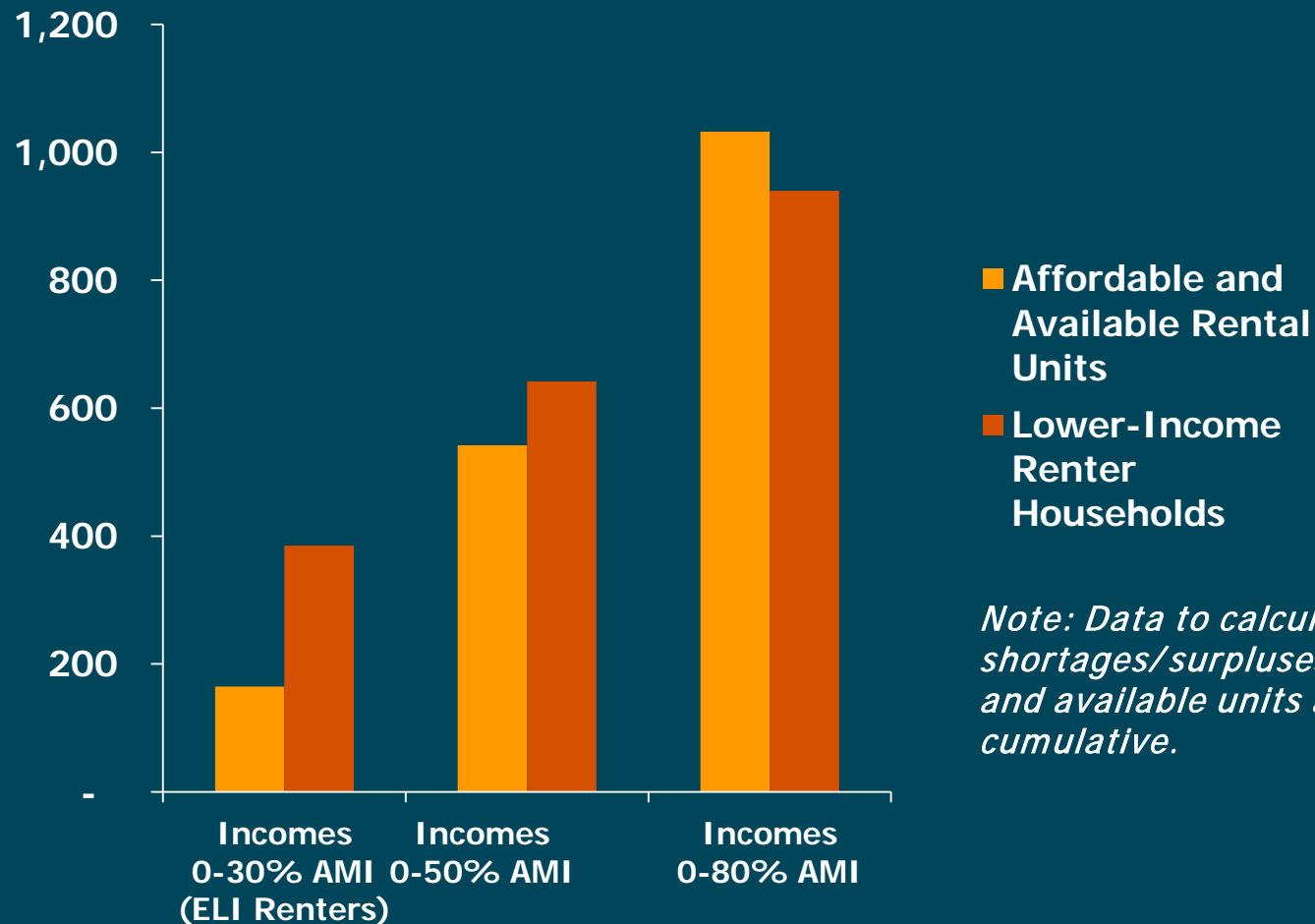


SOURCE: FRB Philadelphia calculations based on 2005 and 2006 ACS Data



ELI Renters Have the Greatest Shortage of Affordable and Available Rental Housing Units in Pennsylvania

In Thousands



Note: Data to calculate shortages/surpluses of affordable and available units are cumulative.

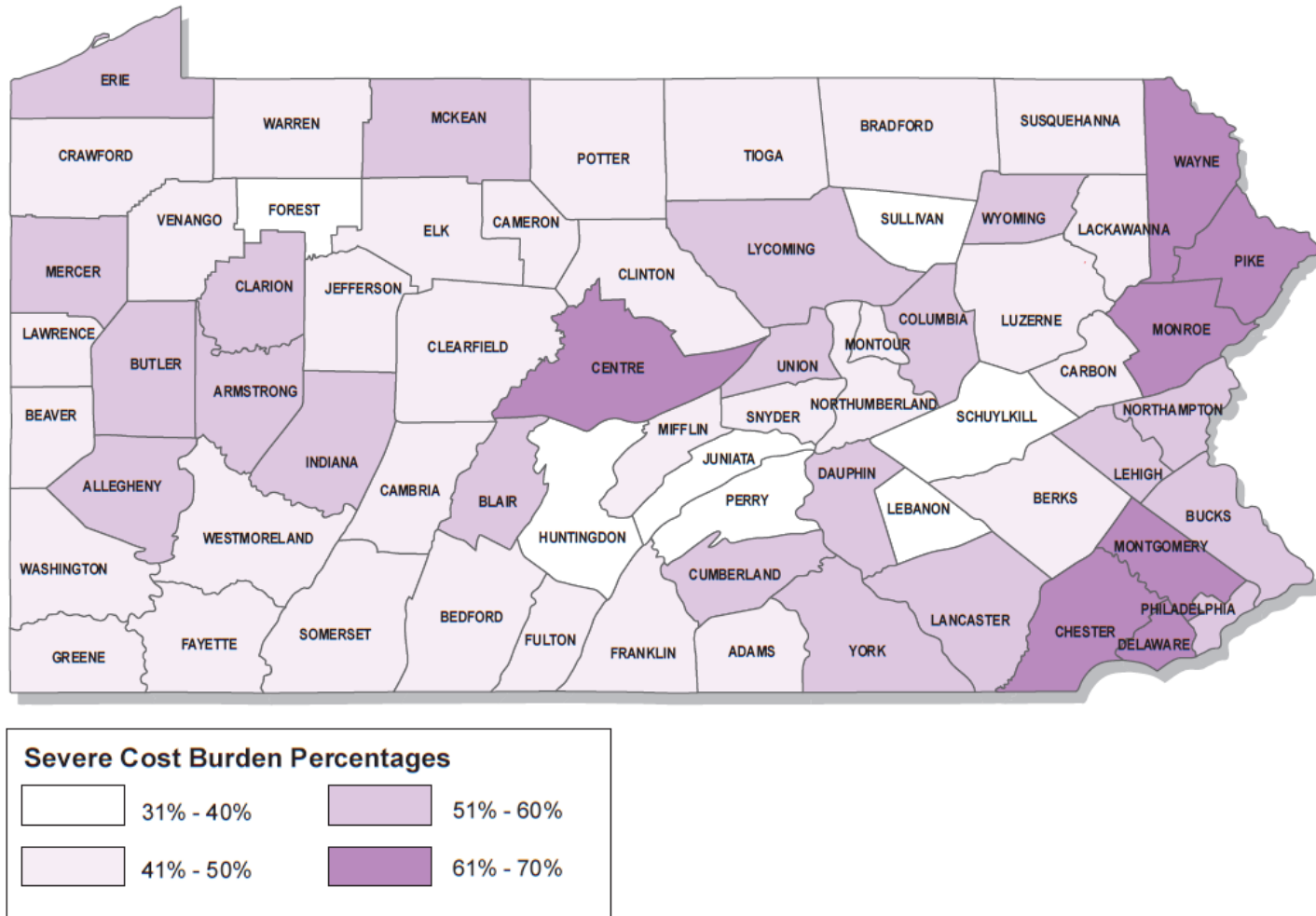


Key Finding 2: Conditions and Shortages Got Worse Mid-Decade

- In Pennsylvania, the shortage of rental housing that was both affordable and available to ELI renters increased significantly from 170,000 units to 220,000 between 2000 and 2005-06.



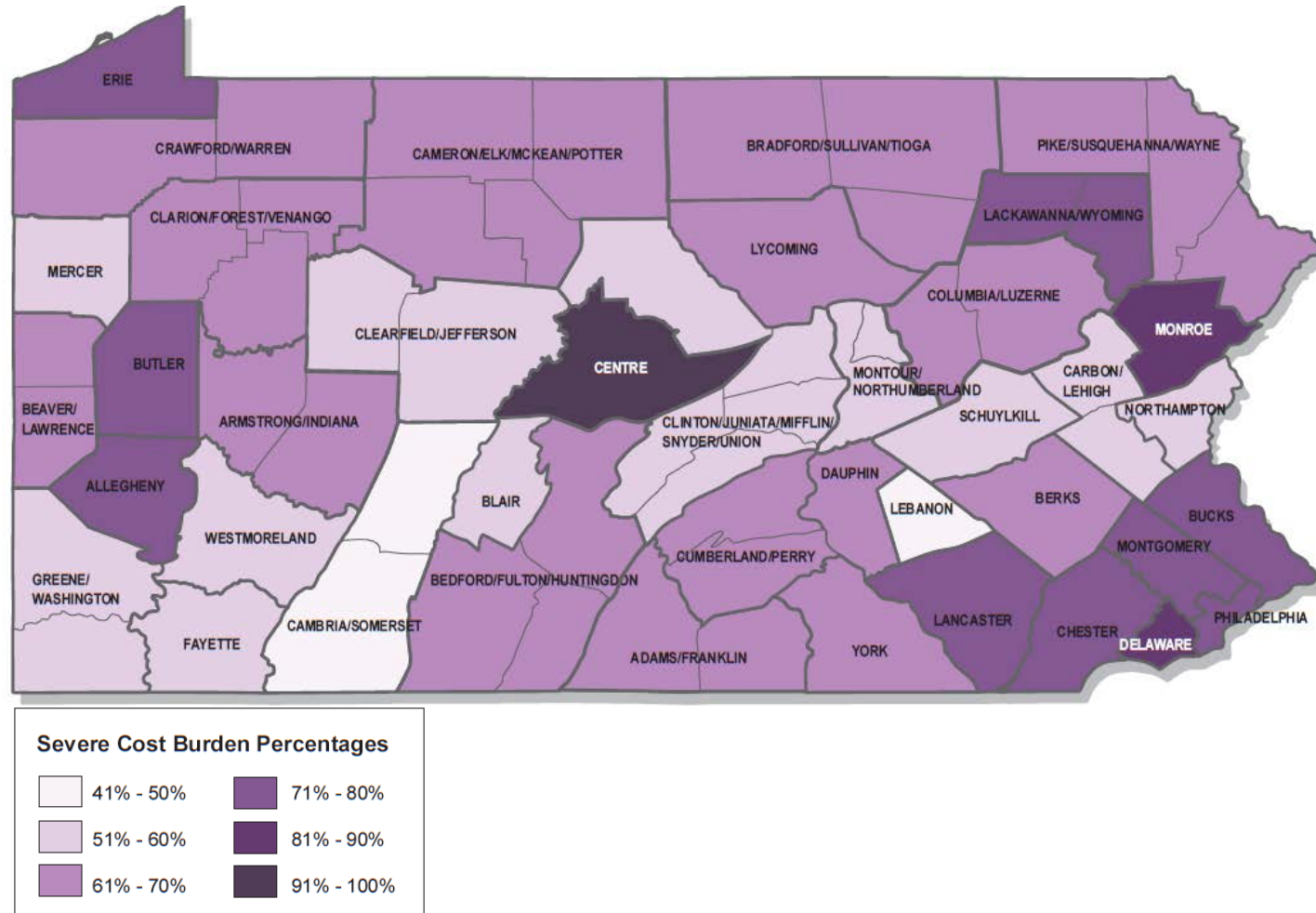
Severe Cost Burdens for ELI Renter Households in 2000



SOURCE: FRB Philadelphia calculations based on 2000 CHAS data, HUD User



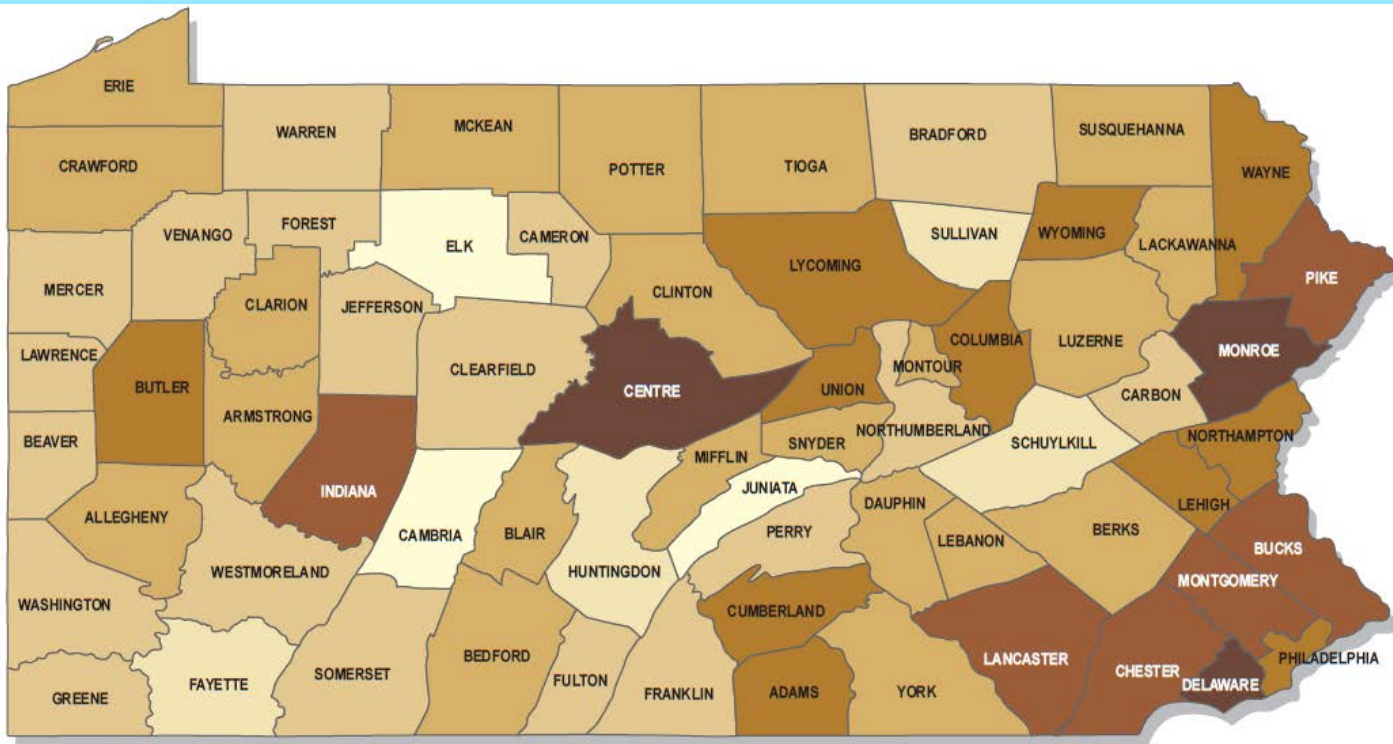
Severe Cost Burdens for ELI Renter Households in 2005-06



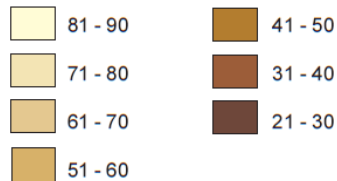
SOURCE: FRB Philadelphia calculations based on 2005 and 2006 ACS Data



Affordable and Available Housing Units Per 100 ELI Renter Households, 2000



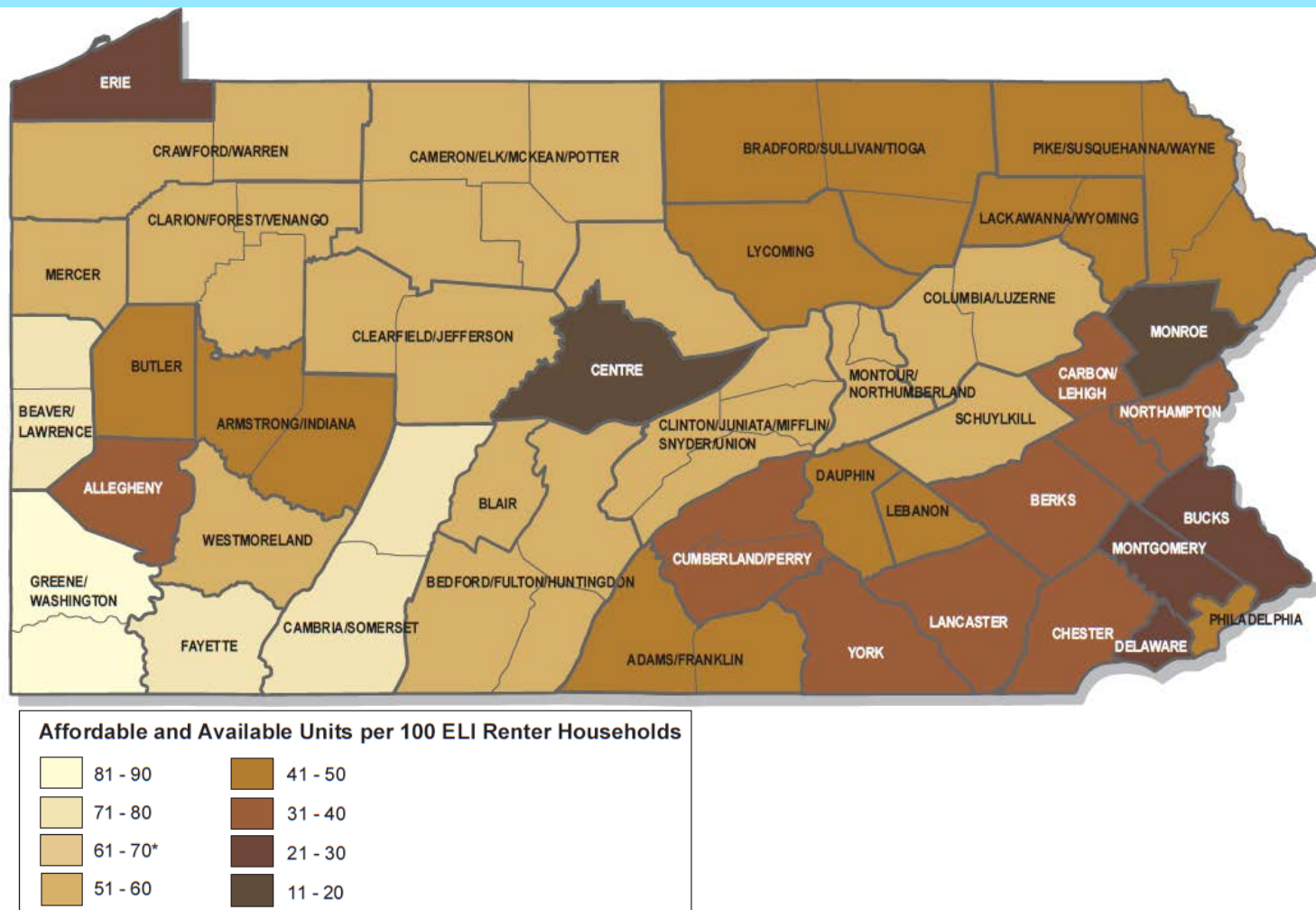
Affordable and Available Units per 100 ELI Renter Households



SOURCE: FRB Philadelphia calculations based on 2000 CHAS data, HUD User



Affordable and Available Housing Units Per 100 ELI Renter Households, 2005-06



SOURCE: FRB Philadelphia calculations based on 2005 and 2006 ACS Data



Key Finding 3: Nearly 60% of Pennsylvania's Shortage Occurred in Only Seven Areas

- In absolute terms, 59% of Pennsylvania's shortage of rental housing units for ELI households was attributable to seven areas at mid-decade:

Allegheny, Bucks, Delaware, Erie,
Lehigh/Carbon, Montgomery, and Philadelphia



New Data Analyzed

- Used HUD's CHAS tabulations of the 2005-07 ACS
- Analysis expanded to include both renters and homeowners
- Philadelphia Fed's website includes tables with the new data in a format similar to tables in the original report



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)
 - Lehigh: 69% renters vs. 32% owners
 - Northampton: 66% renters vs. 29% owners
- Renters are more likely to be ELI (27%) than are owners (7%)
 - Lehigh: 27% renters vs. 5% owners
 - Northampton: 23% renters vs. 5% owners



Key Findings of 2005-07 ACS Data

- Even though PA's ownership rate was high (72%), there were more ELI renters (376,000) than ELI owners (246,000)
 - Lehigh County: 70% ownership rate
10,400 ELI renters vs. 4,900 ELI owners
 - Northampton County: 76% ownership rate
6,100 ELI renters vs. 3,700 ELI owners



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 or a housing unit problem
 - Lehigh: 79% renters vs. 82% owners
 - Northampton: 77% renters vs. 88% owners
- Cost burdens, not housing unit problems, were by far the most common problem for owners and renters
 - Trend continues in Lehigh Valley



New Data Show Shortage Worsened Between 2000 and 2005-07 in PA

- 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*



Shortages for ELI Renters in Lehigh and Northampton Counties Also Considerable and Worsening

	Lehigh		Northampton	
	2000	2005-07	2000	2005-07
Absolute Shortage of Units for ELI Renters	4,800	6,400	3,400	3,800
Affordable and Available Units Per 100 ELI Renter Households	43	39	46	39

SOURCE: FRB Philadelphia calculations based on 2000 CHAS Data and 2005-07 CHAS data from ACS



Absolute Shortage of Units More Than Doubles When Owners Included

- 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)

	Absolute Shortage of Units Affordable & Available <50% AMI		
	Pennsylvania	Lehigh	Northampton
Renters Only	136,000	6,300	4,100
Owners and Renters	372,000	13,700	11,200



Other Factors to Consider

- How are mortgage foreclosures affecting the rental housing market?
- What other factors exist and drive the local housing market? (population, vacancy rates, locations of homes and jobs, etc.)
- Who are the ELI renters with the most severe problems, and what are their needs?
- What is the quality of the existing rental housing stock?





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The report is now available online:

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