Affordability and Availability of Rental Housing in Pennsylvania

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Federal Reserve Bank of Philadelphia

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The views expressed here are those of the presenter and do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.
Background

**Affordability and Availability of Rental Housing in the Third Federal Reserve District: 2015**

- Includes fact sheets for the Third District, Pennsylvania, New Jersey, Delaware, 14 metropolitan statistical areas (MSAs), and the city of Philadelphia.

- Now available on the CDS&E website: https://www.philadelphiafed.org/community-development/publications/cascade-focus/

- Join the conversation on Twitter: @PhilFedComDev
  #rentalaffordability

Source: U.S. Census Bureau TIGER/Line Shapefiles, ArcUSA, Esri
In the U.S. between 2000 and 2012, median gross rents increased by **10%**, while median renter income declined by **13%** (figures adjusted for inflation).

Methodology

Data and Analysis

U.S. Census Bureau, American Community Survey Public Use Microdata Sample (PUMS) housing files
- 1 year: 2007, 2012
- 5 year: 2008-2012

Analysis
- Households assigned relative income category
- Units assigned relative affordability category
- Both households and units are aggregated to produce District-, state-, and MSA-level estimates
Key Terms

**Extremely low income (ELI)** — households with incomes that are equal to or less than 30% of the median family income (MFI) in their region

**Very low income (VLI)** — households with incomes that are 31%–50% of the MFI in their region

**Low income (LI)** — households with incomes that are 51%–80% of the MFI in their region

**Gross rent** — sum of monthly housing and utility costs

**Affordable and available** — a unit considered affordable for a household in a given income category and either vacant or currently occupied by a household in the same income category

**Cost burden** — gross rent that exceeds 30% of monthly household income

**Severe cost burden** — gross rent that exceeds 50% of monthly household income
Key Findings

• Rental affordability challenges were largely concentrated among extremely and very low-income renters.

• Excessive housing costs were a significant financial burden for many lower-income renters.

• The supply of deeply affordable rental units has become increasingly exhausted.

• Trends suggest that affordability challenges are becoming more prevalent for households in the low-income category.
Key Findings

Rental affordability challenges were largely concentrated among extremely and very low-income renters.

Housing cost burden by renter income category, Pennsylvania

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extremely Low Income (ELI)</td>
<td>83%</td>
<td>84%</td>
</tr>
<tr>
<td>Very Low Income (VLI)</td>
<td>67%*</td>
<td>72%*</td>
</tr>
<tr>
<td>Low Income (LI)</td>
<td>69%</td>
<td>74%*</td>
</tr>
<tr>
<td><strong>Severe</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extremely Low Income (ELI)</td>
<td>21%</td>
<td>28%*</td>
</tr>
<tr>
<td>Very Low Income (VLI)</td>
<td>30%</td>
<td>37%*</td>
</tr>
<tr>
<td>Low Income (LI)</td>
<td>4%</td>
<td>5%</td>
</tr>
</tbody>
</table>

* Denotes statistically significant change at the 90% confidence level.

Source: Author’s calculations using U.S. Census Bureau 2007 and 2012 American Community Survey Public Use Microdata Sample files

ELI and VLI renter households constituted 47% of all renter households in 2012, but they accounted for 80% of those that were cost burdened.
Key Findings

Rental affordability challenges were largely concentrated among extremely and very low-income renters.

Number of affordable and available units per 100 renter households at income level in Pennsylvania, 2012

<table>
<thead>
<tr>
<th>Income Level</th>
<th>&lt;=30% MFI</th>
<th>&lt;=50% MFI</th>
<th>&lt;=80% MFI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>36</td>
<td>69</td>
<td>103</td>
</tr>
</tbody>
</table>

Total surplus/deficit

-272,045  

-225,897  

29,041

Source: Author’s calculations using U.S. Census Bureau 2012 American Community Survey Public Use Microdata Sample files
### Key Findings

**Rental affordability challenges were largely concentrated among extremely and very low-income renters.**

Number of affordable and available units per 100 renter households at income

<table>
<thead>
<tr>
<th>MSA</th>
<th>&lt;=30% MFI</th>
<th>&lt;=50% MFI</th>
<th>&lt;=80% MFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pittsburgh MSA**</td>
<td>43</td>
<td>80</td>
<td>104</td>
</tr>
<tr>
<td>(2012)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Harrisburg-Carlisle MSA</td>
<td>40</td>
<td>71</td>
<td>108</td>
</tr>
<tr>
<td>(2010–2012)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lebanon MSA</td>
<td>28</td>
<td>77</td>
<td>103</td>
</tr>
<tr>
<td>(2008–2012)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

** Includes Greene County, PA

Key Findings

Excessive housing costs were a significant financial burden for many lower-income renters.

<table>
<thead>
<tr>
<th>% of LI households that were cost burdened</th>
<th>Median gap between affordable and actual gross rent for cost-burdened LI households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pennsylvania (2012)</td>
<td>37%</td>
</tr>
<tr>
<td></td>
<td>$192</td>
</tr>
</tbody>
</table>

Source: Author’s calculations using U.S. Census Bureau 2012 American Community Survey Public Use Microdata Sample files
Key Findings

Excessive housing costs were a significant financial burden for many lower-income renters.

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<th>% of LI households that were cost burdened</th>
<th>Median gap between affordable and actual gross rent for cost-burdened LI households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pennsylvania (2012)</td>
<td>$192</td>
</tr>
<tr>
<td>Philadelphia-Camden-Wilmington MSA** (2012)</td>
<td>$245</td>
</tr>
<tr>
<td>East Stroudsburg MSA (2008-2012)</td>
<td>$245</td>
</tr>
</tbody>
</table>

** Excludes Cecil County, MD
Source: Author’s calculations using U.S. Census Bureau 2012 and 2008–2012 American Community Survey Public Use Microdata Sample files
Excessive housing costs were a significant financial burden for many lower-income renters.

<table>
<thead>
<tr>
<th>% of VLI households that were cost burdened</th>
<th>Median gap between affordable and actual gross rent for cost-burdened VLI households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pennsylvania (2012)</td>
<td>74%</td>
</tr>
</tbody>
</table>

Source: Author’s calculations using U.S. Census Bureau 2012 American Community Survey Public Use Microdata Sample files
Key Findings

Excessive housing costs were a significant financial burden for many lower-income renters.

<table>
<thead>
<tr>
<th>Region</th>
<th>% of VLI Households that were cost burdened</th>
<th>Median gap between affordable and actual gross rent for cost-burdened VLI households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pennsylvania (2012)</td>
<td>74%</td>
<td>$277</td>
</tr>
<tr>
<td>Philadelphia-Camden-Wilmington MSA** (2012)</td>
<td>76%</td>
<td>$350</td>
</tr>
<tr>
<td>East Stroudsburg MSA (2008-2012)</td>
<td>83%</td>
<td>$375</td>
</tr>
</tbody>
</table>

** Excludes Cecil County, MD
Source: Author’s calculations using U.S. Census Bureau 2012 and 2008–2012 American Community Survey Public Use Microdata Sample files
Key Findings

Excessive housing costs were a significant financial burden for many lower-income renters.

% of ELI households that were cost burdened

Pennsylvania (2012) 84%

Median gap between affordable and actual gross rent for cost-burdened ELI households

$475

Source: Author’s calculations using U.S. Census Bureau 2012 American Community Survey Public Use Microdata Sample files
### Key Findings

Excessive housing costs were a significant financial burden for many lower-income renters.

<table>
<thead>
<tr>
<th>Location</th>
<th>% of ELI househols that were cost burdened</th>
<th>Median gap between affordable and actual gross rent for cost-burdened ELI households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pennsylvania (2012)</td>
<td>84%</td>
<td>$475</td>
</tr>
<tr>
<td>Philadelphia-Camden-Wilmington MSA** (2012)</td>
<td>84%</td>
<td>$591 $1,930</td>
</tr>
<tr>
<td>East Stroudsburg MSA (2008-2012)</td>
<td>95%</td>
<td>$740 $1,670</td>
</tr>
</tbody>
</table>

** Excludes Cecil County, MD
Source: Author’s calculations using U.S. Census Bureau 2012 and 2008–2012 American Community Survey Public Use Microdata Sample files
The supply of deeply affordable rental units has become increasingly exhausted.

Number of affordable and available units per 100 renter households in income category, Pennsylvania, 2012

- <=30% MFI: 36, Down from 46 per 100 in 2007*
- <=50% MFI: 69, Down from 83 per 100 in 2007*

* Denotes statistically significant change at the 90% confidence level
Source: Author’s calculations using U.S. Census Bureau 2007 and 2012 American Community Survey Public Use Microdata Sample files
Key Findings

The supply of deeply affordable rental units has become increasingly exhausted.

Number of affordable and available units per 100 renter households in income category, Philadelphia-Camden-Wilmington MSA,** 2012

- <=30% MFI
  - 33
  - Down from 40 per 100 in 2007*

- <=50% MFI
  - 62
  - Down from 73 per 100 in 2007*

* Denotes statistically significant change at the 90% confidence level
** Excludes Cecil County, MD
Source: Author’s calculations using U.S. Census Bureau 2007 and 2012 American Community Survey Public Use Microdata Sample files
Key Findings

The supply of deeply affordable rental units has become increasingly exhausted.

Number of affordable and available units per 100 renter households in income category, **Pittsburgh MSA,** 2012

- **43** <=30% MFI  Down from **54 per 100** in 2007*
- **80** <=50% MFI  Down from **92 per 100** in 2007*

* Denotes statistically significant change at the 90% confidence level
** Includes Greene County, PA
Source: Author’s calculations using U.S. Census Bureau 2007 and 2012 American Community Survey Public Use Microdata Sample files
Key Findings

The supply of deeply affordable rental units has become increasingly exhausted.

Distribution of vacant rental units by affordability category

<table>
<thead>
<tr>
<th>Year</th>
<th>ELI</th>
<th>Not Low Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>12%*</td>
<td>12%*</td>
</tr>
<tr>
<td>2007</td>
<td>24%</td>
<td>5%</td>
</tr>
</tbody>
</table>

The proportion of vacant units affordable to ELI renters declined by:

8 percentage points* in the **Philadelphia- Camden- Wilmington MSA**
13 percentage points* in the **City of Philadelphia**
20 percentage points* in the **Pittsburgh MSA**

* Denotes statistically significant change at the 90% confidence level
** Excludes Cecil County, MD
*** Includes Greene County, PA

Source: Author’s calculations using U.S. Census Bureau 2007 and 2012 American Community Survey Public Use Microdata Sample files
Key Findings

Trends suggest affordability challenges are becoming more prevalent for households in the low-income category.

% of LI renter households that are cost burdened.

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>37%*</td>
<td>7% point increase</td>
</tr>
<tr>
<td>2007</td>
<td>37%</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>47%*</td>
<td>10% point increase</td>
</tr>
<tr>
<td>2007-2009</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>2010-2012</td>
<td>48%*</td>
<td>13% point increase</td>
</tr>
</tbody>
</table>

Pennsylvania  
Philadelphia-Camden-Wilmington MSA**  
Allentown-Bethlehem-Easton MSA

* Denotes statistically significant change at the 90% confidence level  
** Excludes Cecil County, MD

Key Findings

*Trends suggest affordability challenges are becoming more prevalent for households in the low-income category.*

Number of affordable and available units per 100 renter households with income <= 80% MFI

<table>
<thead>
<tr>
<th>MSA</th>
<th>(Year)</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lancaster MSA</td>
<td>(2010–2012)</td>
<td>96</td>
</tr>
<tr>
<td>State College MSA</td>
<td>(2008–2012)</td>
<td>97</td>
</tr>
</tbody>
</table>

Source: Author’s calculations using U.S. Census Bureau 2010–2012 and 2008–2012 American Community Survey Public Use Microdata Sample files
Concluding Thoughts

- Renter households with incomes <=50% of MFI faced the greatest difficulty accessing affordable units.

- As rental markets continue to tighten, affordability challenges may become increasingly prevalent for low-income households.

- Responding to rental affordability challenges will likely require coordination and collaboration at the regional, state, and national levels.
Additional Information

The full report includes detailed fact sheets for the following geographies:

- The Third Federal Reserve District
- Pennsylvania
  - Allentown-Bethlehem-Easton, PA-NJ MSA
  - City of Philadelphia
  - East Stroudsburg, PA MSA
  - Erie, PA MSA
  - Harrisburg-Carlisle, PA MSA
  - Lancaster, PA MSA
  - Lebanon, PA MSA
  - Philadelphia-Camden-Wilmington, PA-NJ-DE MSA
  - Pittsburgh, PA MSA
  - Reading, PA MSA
  - State College, PA MSA
  - York-Hanover, PA MSA
- New Jersey
  - Atlantic City-Hammonton, NJ MSA
  - Trenton, NJ MSA
- Delaware
  - Dover, DE MSA
Thank You

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