

### WHO LIVES IN RENT STABILIZED HOUSING?

October 10, 1997

This brief provides an overview of New York City's one million rent-stabilized households and contrasts stabilized tenants with renters living in more than 175,000 unregulated dwellings citywide.<sup>1</sup> Data for this brief comes from the 1996 New York City Housing and Vacancy Survey (HVS) compiled by the U.S. Census Bureau. Please note that rent and household income data presented here should not be compared with 1993 HVS data because the Census Bureau employed different methodologies in these two surveys.<sup>2</sup>

The 1996 HVS, the tenth comprehensive survey of New York City's housing stock since 1965, queried a sample of the city's 2.9 million households from February to June of the survey year. More than 16,000 owners and renters provided detailed information about their family members and their dwellings.

#### **Rent-Stabilized households earn \$25,300 at the median.**

The median household income of New York City's stabilized tenants is just over \$25,000. This means that almost half of all stabilized occupants, or nearly half a million households, earn annual incomes of less than this amount.

Only a small segment of stabilized renters have high annual earnings. Six percent of stabilized tenants bring in \$100,000 or more per year, and about 1% earn a minimum of \$200,000. Even stabilized tenants in Manhattan - where the preponderance of affluent tenants live - secure

modest livings. One-half of Manhattan's stabilized households make less than \$35,000 per year. Though eight out of ten of the city's stabilized households earning \$100,000 or more live in this borough, fewer than one in eight stabilized Manhattan tenants collect six figures.

Despite the absence of means testing for stabilized housing (certification that tenants' incomes fall below a specified level), many stabilized renters have very low annual incomes. In fact, almost one-quarter (23%) earn less than \$10,000. This reflects the large number of stabilized households who are single elderly people or single parents whose earnings are typically less than half that of all stabilized tenants. (Refer to pie chart, next page.)

Given their low incomes, it is not unusual that so many stabilized renters have incomes below the poverty threshold. Almost one-quarter (24%) of stabilized families, totaling more than half a million people, are living in poverty. Moreover, the same percent of rent-stabilized households (24%) receive some form of public assistance.

#### **Unregulated renters have higher incomes than stabilized tenants.**

By comparison, tenants living in unregulated apartments in multifamily buildings earn \$33,000 per year, or nearly one-third more than stabilized tenants. Manhattan's unregulated renters, however, have signifi-

cantly higher incomes. With a median income of \$55,000, unregulated households in Manhattan earn two-thirds more than this borough's stabilized renters. In addition, a smaller percent of unregulated tenants throughout the city have incomes below the poverty level (17% compared with 24% in stabilized units).

Differences between tenants living in regulated and unregulated units are equally pronounced when viewing incomes by race and ethnicity and by household type. Except for single parents, unregulated tenants in every household division, whether viewing by race/ethnicity or by composition, earn more than their counterparts in stabilized apartments. In some cases, the income variation is substantial. Stabilized tenants from Puerto Rico make just \$16,600 at the median, or 28% less than Puerto Rican tenants living in unregulated buildings. Elderly households with two or more people in stabilized units likewise amass about one-quarter less than similar tenants in unregulated apartments.

Household groups earning above the median also have disparate incomes. In both sectors, adult households with no children bring in well over the median income, but those in stabilized apartments (\$41,080) make about one-fifth less income than their counterparts in unregulated rentals (\$50,000). The same is true for white, non-Hispanic households. Those in stabilized apartments (\$32,000) secure considerably less income than

corresponding households in unregulated apartments (\$40,000).

Due to their household composition, stabilized renters tend to be more vulnerable to economic changes. A greater percent of stabilized households are comprised of single elderly people who earn far less than the median income for all stabilized renters. (See graph below.) On the other hand, nearly one-third of unregulated apartments have two or more adults earning median incomes of \$50,000 per year. By comparison, one-quarter of stabilized tenants are composed of such family types. Having two potential, if not current, wage earners protects households from unexpected unemployment as well as from stagnant or declining wages.

**The majority of regulated tenants are non-white.**

Much like the racial makeup of New York City as a whole, the majority of rent-stabilized tenants are non-white. Forty-four percent of stabilized households are white, non-Hispanic; while 29% of stabilized renters are Hispanic, one-fifth are black, non-Hispanic, and 8% are Asian or “other”.

Unregulated units, conversely, have significantly fewer Hispanic residents than stabilized apartments, and proportionally more white, non-Hispanic as well as Asian tenants.

**Stabilized tenants pay \$600 per month for their apartments.**

The median contract rent for stabilized apartments is \$600 per month. Stabilized tenants in Manhattan pay substantially higher rents (\$750), because most of Manhattan’s regulated apartments are in high-rent neighborhoods. A large segment (36%) of such stabilized rentals, however, are located in the Lower East Side and Northern Manhattan where regulated rents average about \$500 per month.

Unregulated rents average \$700 city-wide, while unregulated housing in Manhattan (\$1,200) is significantly more pricey. Manhattan rents are costly, because the bulk of unregulated dwellings are concentrated in high-rent areas such as Greenwich Village, Stuyvesant Town, and the Upper East and West Sides. Only 16% of this borough’s unregulated apartments are located in lower rent neighborhoods.

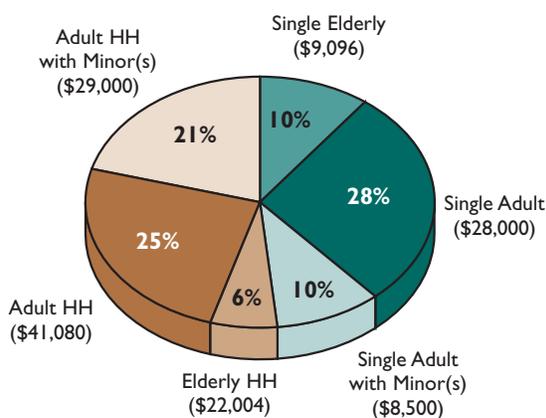
**Stabilized apartments in Manhattan are older and have more maintenance problems.**

The gap in stabilized and unregulated rents is only \$100 citywide, but swells to \$450 in Manhattan. Regulated apartments in Manhattan rent for less partly because of their location, their age and their condition. As mentioned above, more than one-third of stabilized units in Manhattan are in lower rent districts, compared with only one-sixth of unregulated apartments in similar areas.

While one-fifth of unregulated rentals in Manhattan have been built since 1980, only a small number (4%) of Manhattan’s stabilized apartments were built since then - these units fall under rent regulation because they are receiving tax exemptions.

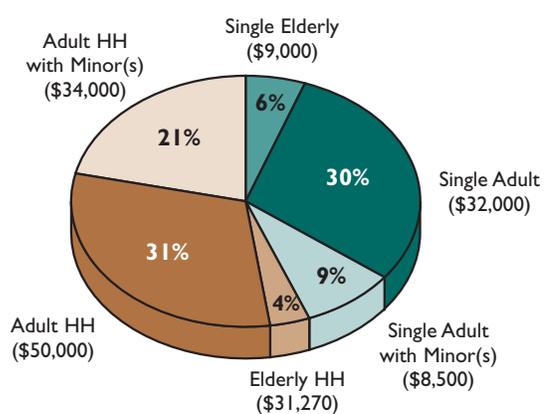
Given their age, it is not surprising that stabilized apartments were found to have more maintenance problems. Over forty percent of unregulated dwellings in Manhattan have no deficiencies, as opposed to about one-quarter of stabilized rentals. Twenty-eight percent of stabilized apartments have two or more

**Stabilized Households are More Often Elderly People, while...**



Rent-Stabilized Apartments (1,014,751)

**Many Unregulated Households are Adults without Children.**



Unregulated Rentals in Multifamily Buildings (178,197)

Note: Median household income is in parentheses.

Source: Occupied Rental Housing Units, 1996 New York City Housing and Vacancy Survey, U.S. Bureau of the Census.

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deficiencies, while fewer than one-fifth of unregulated apartments have this number.

**Stabilized tenants pay less than one-third of their income on housing costs.**

Contract rent comprises 28% of stabilized tenants' household income. When adding utilities and fuel expenses to contract rent (which equals the gross rent), stabilized tenants pay 30% of their annual earnings on housing. This is very similar to the rent-to-income ratio for public housing residents who, according to federal guidelines, contribute 30% of their household income towards rent. Both contract and gross rent-to-income ratios for unregulated tenants are two percentage points lower than for stabilized households.

Does this mean that, on the whole, stabilized tenants have more acute affordability problems? One measure shows that they do. A smaller percent of stabilized tenants have sufficient incomes to afford the median stabilized rent with no more than 30% of income. Specifically, with a median stabilized rent of

\$600, a family would have to earn at least \$24,000 to pay no more than 30% of income toward rent. About half of rent-stabilized households make this much. By comparison, nearly two-thirds of unregulated households earn at least \$28,000, the minimum amount required to pay no more than 30% of income on rent at the median rent level (\$700).<sup>3</sup>

The reverse is true in Manhattan. Slightly less than half of Manhattan's stabilized tenants collect enough to cover the median rent (\$750) with no more than 30% of income, while only one-third of Manhattan's unregulated tenants bring in enough to cover the median rent (\$1,200) with no more than 30% of their earnings. It appears that thousands of non-regulated tenants are willing to pay a premium on rent to live in Manhattan. □

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*For more information, please contact the Rent Guidelines Board at (212) 385-2934.*

*Note: additional HVS data tables are available on the Rent Guidelines Board's web site: [www.nycrgb.com](http://www.nycrgb.com).*

ENDNOTES:

1. This brief compares rent-stabilized apartments with 178,200 unregulated units in buildings with at least four dwellings. Unregulated rentals in one- to three-family buildings are not comparable to stabilized buildings which, for the most part, have a minimum of six units. There are fewer than 10,000 units in smaller buildings which are receiving tax abatements and/or exemptions and must adhere to rent regulations during the benefit period.

2. For the first time in 1996, the Census Bureau assigned values in cases where questions were left unanswered. This assignment process, known as imputation, is based on interviewees who did respond and who have similar characteristics to those not responding. In the past, nonrespondents were simply left out of summary statistics. Imputed variables used in this brief include household income, rent (contract and gross), and rent as a percent of income.

3. This analysis excludes rent subsidies. Thus, families receiving rent subsidies would be able to afford higher rents than indicated here.

## Occupants of Rent-Stabilized and Unregulated Rental Housing

	Rent-Stabilized Households		Unregulated Households	
Households by Borough	Number	Percent	Number	Percent
Bronx	184,152	18%	18,484	10%
Brooklyn	267,466	26%	56,782	31%
Manhattan	368,355	36%	50,429	28%
Queens	185,240	18%	46,855	26%
Staten Island	9,538	1%	5,646	3%
<i>Total</i>	<i>1,014,751</i>	<i>100%</i>	<i>178,197</i>	<i>100%</i>
<b>Household Type</b>				
Single Elderly	103,620	10%	9,821	6%
Single Adult	284,204	28%	53,030	30%
Single Adult with Minors	99,692	10%	15,488	9%
Elderly Household <sup>Ω</sup>	69,401	6%	6,959	4%
Adult Household	248,715	25%	54,788	31%
Adult Household with Minors	208,741	21%	38,110	21%
<b>Race / Ethnicity</b>				
White, non-Hispanic	445,250	44%	83,526	47%
Black, non-Hispanic	203,940	20%	33,785	19%
Puerto Rican	122,010	12%	16,914	10%
Non-Puerto Rican Hispanic	168,024	17%	22,440	12%
Asian	70,702	7%	20,051	11%
Other	4,825	1%	1,481	1%
<b>Total Household Income</b>				
Loss / No Income or <\$5,000	89,893	9%	12,723	7%
\$5,000-\$9,999	145,235	14%	16,892	10%
\$10,000-\$19,999	168,985	17%	23,396	13%
\$20,000-\$29,999	161,061	16%	25,461	14%
\$30,000-\$39,999	129,216	13%	25,979	14%
\$40,000-\$49,999	89,571	9%	18,973	11%
\$50,000-\$59,999	66,957	7%	14,199	8%
\$60,000-\$69,999	47,346	5%	10,597	6%
\$70,000-\$79,999	30,646	3%	5,525	3%
\$80,000-\$89,999	18,261	2%	7,601	4%
\$90,000-\$99,999	13,989	1%	2,766	2%
\$100,000-\$124,999	25,328	3%	5,534	3%
\$125,000-\$149,999	10,360	1%	2,783	2%
\$150,000-\$174,999	4,033	0%	346	0%
\$175,000-\$199,999	4,984	1%	385	0%
≥\$200,000	8,183	1%	5,035	3%
Not Reported	0	-	0	-
<b>Contract Rent</b>				
< \$100	3,379	0%	195	0%
\$100-\$199	21,250	2%	780	1%
\$200-\$299	31,519	3%	1,345	1%
\$300-\$399	75,037	8%	5,531	3%
\$400-\$499	155,700	16%	14,732	8%
\$500-\$599	207,237	20%	26,046	15%
\$600-\$699	173,327	17%	35,432	20%
\$700-\$799	104,259	10%	26,181	15%
\$800-\$899	67,628	7%	15,050	8%
\$900-\$999	38,605	4%	8,830	5%
\$1,000-\$1,249	52,071	5%	13,300	8%
\$1,250-\$1,499	22,719	2%	6,992	4%
\$1,500-\$1,749	19,325	2%	4,065	2%
\$1,750 or more	28,427	3%	14,903	8%
No Cash Rent	14,267	1%	4,818	3%
Not Reported	0	-	0	-
<b>Contract Rent-to-Income Ratio</b>				
< 10%	78,604	8%	7,684	5%
10%-14%	117,880	12%	20,093	13%
15%-19%	131,084	14%	24,385	15%
20%-24%	105,155	11%	21,407	14%
25%-29%	85,350	9%	17,956	11%
30%-34%	72,353	8%	10,370	7%
35%-39%	49,192	5%	10,323	7%
40%-49%	66,939	7%	7,839	5%
50%-59%	46,767	5%	7,593	5%
60%-69%	36,189	4%	5,288	3%
70%-79%	32,787	3%	2,036	1%
80% or more	145,282	15%	24,039	15%
Not Computed	47,169	-	14,366	-
Not Reported	0	-	4,818	-

## Occupants of Rent-Stabilized and Unregulated Rental Housing (Continued)

	Rent-Stabilized Households		Unregulated Households	
	Median	Mean	Median	Mean
<b>Household Income</b>	\$25,300	\$35,725	\$33,000	\$46,549
<b>Manhattan Household Income</b>	\$35,000	\$50,260	\$55,000	\$78,787
<b>Income by Household Type</b>				
Single Elderly	\$9,096	\$14,157	\$9,000	\$11,734
Single Adult	\$28,000	\$36,072	\$32,000	\$39,974
Single Adult with Minors	\$8,500	\$13,877	\$8,500	\$13,442
Elderly Household <sup>Ω</sup>	\$22,004	\$33,586	\$31,270	\$42,684
Adult Household	\$41,080	\$53,506	\$50,000	\$69,026
Adult Household with Minors	\$29,000	\$36,626	\$34,000	\$46,515
<b>Income by Race / Ethnicity</b>				
White, non-Hispanic	\$32,000	\$45,301	\$40,000	\$59,429
Black, non-Hispanic	\$24,000	\$29,242	\$24,600	\$35,178
Puerto Rican	\$16,600	\$22,588	\$22,900	\$28,286
Non-Puerto Rican Hispanic	\$21,400	\$27,625	\$26,000	\$33,494
Asian	\$30,000	\$38,674	\$36,600	\$43,481
Other	\$22,400	\$24,989	\$24,000	\$27,414
<b>Contract Rent by Household Type</b>				
Single Elderly	\$491	\$527	\$500	\$633
Single Adult	\$612	\$731	\$700	\$900
Single Adult with Minors	\$550	\$583	\$625	\$671
Elderly Household <sup>Ω</sup>	\$550	\$612	\$625	\$705
Adult Household	\$630	\$781	\$750	\$964
Adult Household with Minors	\$600	\$638	\$700	\$841
<b>Contract Rent by Race / Ethnicity</b>				
White, non-Hispanic	\$670	\$806	\$775	\$1,045
Black, non-Hispanic	\$544	\$565	\$631	\$703
Puerto Rican	\$513	\$526	\$600	\$604
Non-Puerto Rican Hispanic	\$560	\$570	\$619	\$655
Asian	\$650	\$762	\$750	\$849
Other	\$500	\$523	\$663	\$628
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<b>Households in Poverty</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
<b>Households Receiving Public Assistance</b>	239,584	24%	29,938	17%
	196,954	24%	21,510	14%
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	<b>Contract Rent</b>	<b>Gross Rent</b>	<b>Contract Rent</b>	<b>Gross Rent</b>
<b>Median Rent</b>	\$600	\$645	\$700	\$754
<b>Median Rent by Borough</b>				
Bronx	\$525	\$580	\$615	\$660
Brooklyn	\$550	\$610	\$600	\$660
Manhattan	\$750	\$790	\$1,200	\$1,280
Queens	\$613	\$660	\$690	\$735
Staten Island	\$575	\$647	\$650	\$700
<b>Median Rent-to-Income Ratio</b>	28%	30%	26%	28%
<b>Manhattan Median Rent-to-Income Ratio</b>	25%	27%	25%	26%
<b>Median Rent-to-Income Ratio by Household Type</b>				
Single Elderly	55%	61%	66% <sup>Δ</sup>	77% <sup>Δ</sup>
Single Adult	27%	30%	27%	29%
Single Adult with Minors	70% <sup>Δ</sup>	78% <sup>Δ</sup>	87% <sup>Δ</sup>	95% <sup>Δ</sup>
Elderly Household <sup>Ω</sup>	28%	32%	24%	25%
Adult Household	20%	21%	19%	21%
Adult Household with Minors	25%	28%	25%	27%
<b>Median Rent-to-Income Ratio by Race / Ethnicity</b>				
White, non-Hispanic	26%	28%	25%	27%
Black, non-Hispanic	27%	30%	28%	32%
Puerto Rican	37%	42%	27%	31%
Non-Puerto Rican Hispanic	31%	34%	28%	31%
Asian	26%	29%	26%	28%
Other	27%	31%	21%	23%

<sup>Δ</sup> Because more than one-quarter of households in this category report higher rent than income, caution must be used when interpreting this statistic. This analysis also excludes rent subsidies. Thus, households receiving rent subsidies have lower rent-to-income ratios than indicated here.

<sup>Ω</sup> May or may not have minor children present.

Totals may not add due to rounding.

Source: Occupied rental housing, 1996 New York City Housing and Vacancy Survey, U.S. Bureau of the Census.