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NYU Furman Center & Capital One Release Affordable Rental Housing Landscape Illustrating NYC Rental Housing Trends

Landscape provides insights into housing trends across five boroughs over 12-year span

NEW YORK, NY (April 24, 2014) – More than 1 million households in New York City are rent-burdened, which means they are paying 30 percent or more of household income on rent, and nearly 600,000 of those households are severely rent-burdened, or paying more than 50 percent of their income on rent, according to the newly released **NYU Furman Center/Capital One Affordable Rental Housing Landscape**.

The Landscape provides a detailed look into rental housing affordability trends in New York City from 2000 to 2012 and illustrates how trends in affordable rental housing affected New Yorkers as rents continued to increase, incomes stagnated, and the share of renters paying a high percentage of their income rose.

Since 2000, the percentage of renters paying large shares of their income on rents has grown. While median rent in New York City rose by 11 percent from 2005 to 2012, median household income of renters rose only 2 percent. By 2012, a majority of renter households were rent-burdened, and nearly a third of them were severely rent-burdened.

“The lack of affordable housing is a complex issue that is driven by multiple factors, including stagnant incomes, increasing demand for rental housing, and slow growth in the supply of affordable rental housing,” said Max Weselcouch, Director of the NYU Furman Center’s Moelis Institute for Affordable Housing Policy. “Finding affordable housing in New York City is challenging. Conditions have worsened in the last few years and have disproportionately affected the city’s poorest.”

According to commonly accepted housing guidelines, “affordable” rent should not exceed 30 percent of a

New York City Rental Facts at a Glance

Approximately two-thirds of New York City’s 3 million households rent.

More than half of New York City renters are rent-burdened (paying 30 percent or more of their household income on rent).

Almost 600,000 New York City renter households were severely rent-burdened (paying 50 percent or more of their income on rent) in 2012.

Since 2005, more than 80 percent of very low-income households earning less than \$37,350 per year have been rent-burdened.

From 2005 to 2012, the median rent increased in four out of the five boroughs. Manhattan saw the greatest increase, at nearly 19 percent.

The median rent in 2012 was \$1,216 – 11 percent higher than in 2005 after controlling for inflation.

The median household income of renters increased just 2 percent from 2005 to 2012, to approximately \$41,000.

household's income. This means that a very low-income three-person household (making \$37,350 a year or less in 2012 according to U.S. Department of Housing and Urban Development guidelines) should pay no more than \$934 a month in rent and utilities to avoid being rent burdened. However, only 16 percent of recently available units in 2012 rented for less than \$934 a month. In 2000, there was approximately one household under the very low-income threshold for every one unit of affordable housing. By 2012, there were three households under the very low-income threshold for every two rental units affordable to them.

"We know there is a great demand for, but short supply of, affordable housing. Essential members of our community, including teachers, police officers, nurses and firefighters, continue to be priced out of the city," said Laura Bailey, Managing Vice President, Community Development Finance, Capital One, one of the nation's top 10 affordable housing lenders. "That's why we continue to work with leading local housing developers to help expand access to quality, safe, affordable rental housing for more New Yorkers. We recognize that investing in affordable housing is about more than just financing construction – it's about expanding economic opportunity for individuals, families and communities."

Rental Rates Outpacing Earnings

For many New York City renters, rents have increased while income has decreased.

- Among renters, the median income grew faster than the median rent from 2005 to 2008. From 2008 to 2011, however, the median household income fell while rents continued to climb.
- Despite a small uptick in the median income of renter households from 2011 to 2012, the cost burden of renting a home remains far larger than it was pre-2009.
- Rents rose in four out of five boroughs. Manhattan experienced the greatest increase (+19 percent) and Staten Island was the only borough to see rents fall (-3 percent). The median rent in Queens rose 8 percent; the Bronx, 10 percent; and Brooklyn, 12 percent.
- The increasing rents in Manhattan outpaced the city-wide increase in rent, rising nearly twice as fast as in Queens, the Bronx and Brooklyn.

The Growing Burden of Rent

Since 2007, rent burdens in New York City intensified, and households at most income levels are feeling the effects.

- From 2007-2012, the number of rent-burdened households in New York City increased by 125,000. This includes almost 90,000 households who paid half or more of their monthly income on rent in 2012.
- Not surprisingly, lower-income residents are more severely rent-burdened. However, the increase in the share of residents who are rent-burdened has been driven almost entirely by moderate- and middle-income households (among three-person households in 2012, those who earned more than \$59,800 and up to \$149,400 per year).

Affordability Is a Complex Issue

The city's rental housing affordability problems run deeper than the recent recession. The affordable housing crisis is complex: population growth, a fixed supply of land, slow pace of new development, complicated land use regulations, and the loss of rent-regulated units all contribute to the issue.

- Most renters who moved in 2007 found fewer affordable rental units than in 2000, especially those earning lower incomes.
- Renters who recently moved are especially vulnerable to rising costs in the rental market and paid on average 20 percent higher rent than all renters combined over 2005 to 2012.
- Of the rental housing units affordable to a very low-income three-person household in 2012, almost 30 percent of them were occupied by households with higher incomes.

The Community Impact

More and more, New York City is becoming a place where many low- and moderate-income households, including those headed by public servants, are unable to afford to live. Homes entering the rental market are particularly unaffordable.

- As one example, a rookie firefighter married to a substitute teacher with one child in 2000* could have afforded more than 70 percent of available housing units. By 2007, however, that same family saw this share shrink to less than half, which remained unchanged in 2012.
- For a moderate-income household of three, the percentage of affordable and available 2+ bedroom housing units has declined by over 20 percentage points since 2000.

The complete Affordable Rental Housing Landscape and additional information are available online at www.capitaloneinvestingforgood.com and <http://furmancenter.org/NYCRentalLandscape>.

* Source: NYC.gov.

About the Affordable Rental Housing Landscape Research Study

The Affordable Rental Housing Landscape, commissioned by Capital One and conducted by the NYU Furman Center, analyzes rental housing affordability trends in New York City from 2000 to 2012 with a focus on changes since 2005. The Furman Center's past research has shown that over half of renter households in New York City are rent burdened, paying more than 30 percent of their gross income on rent and utilities. This study delves more deeply into recent trends in rent levels, rent burdens, affordable units, and the gap between the number of low-income households in need of affordable housing and the number of existing affordable units. This analysis is based on data from the U.S. Census Bureau, including data from the American Community Survey from 2005 through 2012.

About the NYU Furman Center

The NYU Furman Center advances research and debate on housing, neighborhoods, and urban policy. Established in 1995, it is a joint center of the New York University School of Law and the Robert F. Wagner Graduate School of Public Service. The Furman Center launched the Moelis Institute for Affordable Housing Policy to improve the effectiveness of affordable housing policies and programs by providing housing practitioners and policymakers with information about what is and is not working, and about promising new ideas and innovative practices. More information can be found at furmancenter.org and [@FurmanCenterNYU](https://twitter.com/FurmanCenterNYU).

About Capital One

Capital One Financial Corporation, headquartered in McLean, Virginia, is a Fortune 500 company with more than 900 branch locations primarily in New York, New Jersey, Texas, Louisiana, Maryland, Virginia, and the District of Columbia. Its subsidiaries, which include Capital One, N.A., and Capital One Bank (USA), N. A., offer a broad spectrum of financial products and services to consumers, small businesses and commercial clients. We apply the same principles of innovation, collaboration and empowerment in our commitment to our communities across the country that we do in our business. We recognize that helping to build strong and healthy communities – good places to work, good places to do business and good places to raise families – benefits us all and we are proud to support this and other community initiatives. Capital One recognizes that housing plays a crucial part in neighborhood revitalization and economic recovery and, in 2013 alone, provided \$1.47 billion in affordable housing loans and investments, which led to more than 15,000 safe, affordable places to live and 18,300 new jobs. To learn more, visit <http://www.capitaloneinvestingforgood.com/>.