

Critical Land Use and Housing Issues for New York State in 2023

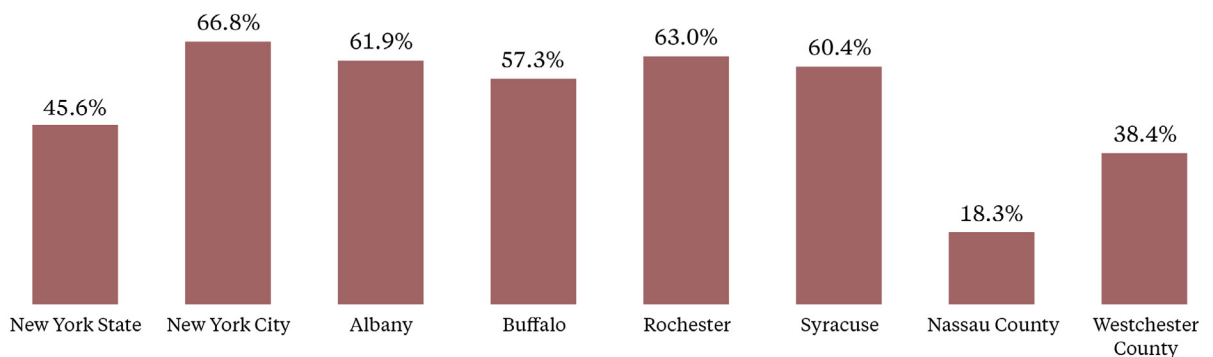
New York State is facing a housing affordability crisis after many decades in which the shortage of new homes and apartments worsened while incomes didn't keep pace with rising rents. While some of the state's local governments have worked to increase the supply of housing and assist families facing housing insecurity, many have lacked the resources or political will to respond. The housing shortage and resulting affordability crisis are affecting the state's desirability for both residents and businesses. Governor Kathy Hochul has made housing affordability a key priority, and New York lawmakers are poised to consider a slate of different housing issues in the upcoming budget and legislative session. Traditionally, New York State has left most land use decisions to its local governments, but as states across the country are responding to similar housing shortages by taking a more active role in land use matters, Governor Hochul, along with New York City Mayor Eric Adams and several other mayors, some state legislators, and many housing and land use experts and advocates have called for the state to intervene more directly to ensure that every city, town, and village across the state is contributing to meeting New York's housing needs.

To help policymakers, the media, and residents evaluate those proposals, the NYU Furman Center will release a series of policy briefs to rigorously examine key housing issues facing legislators and to explore evidence about the efficacy of different policy interventions under consideration.¹ This introductory brief will describe the burdens that housing costs are imposing on New York’s residents, the current gap in housing supply, and the role land use regulation and zoning have historically played in restricting supply, particularly in suburban areas just outside of New York City. Subsequent briefs will examine key proposals to address the housing shortage and help improve housing stability for New York’s households, especially its most vulnerable renters. Each brief will provide context, background, and data to inform the debate on one key issue.

A Majority of Renters Across New York Are Paying More for Rent Than They Can Afford

In this background brief, we focus on renters, who make up nearly half the households in New York State (46%, as shown in Figure 1). In the state’s largest metropolitan areas, almost three in five households are renter households, with the highest share of renters in New York City (67%). That share is much smaller in the state’s suburban areas, such as Nassau County, where only 18 percent of the population are renters.

Figure 1: Share of Households who Rent, 2017-2021



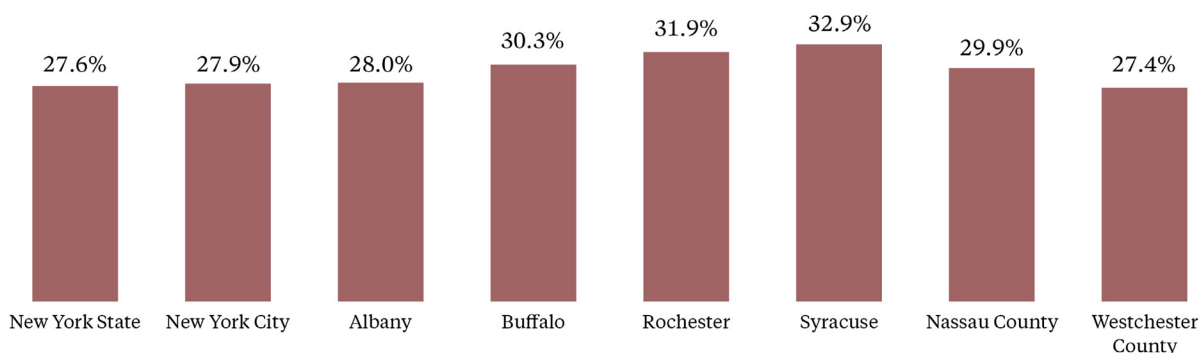
Sources: American Community Survey 5-year estimates (2017-2021), NYU Furman Center

1. The Furman Center, which seeks to foster frank and productive discussions about issues relating to housing and land use policy, sponsored a two-part virtual policy breakfast series, “[Learning From Other States: Reforming State Zoning for Affordability, Integration, and Growth](#),” in November, 2020. Those breakfasts explored a variety of efforts to reform land use regulation to secure more affordable housing in more inclusionary and diverse neighborhoods in New York and states across the country, and the transcripts serve as a good overview of the issues.

The share of renters across New York who are “rent burdened,” or spend more than 30 percent of their income on rent and utilities each month is distressingly high: a majority of residents in both New York City (54%) and New York State (53%) were rent burdened as of 2021.² Further, estimates from the American Community Survey (ACS) show that between 2010 and 2021 there was a slight increase in the share of New York households that were rent burdened, despite relatively substantial increases in incomes during that decade,³ and despite decreasing rent burdens in some of New York’s metropolitan areas such as Buffalo, Albany, and Rochester.

Figure 2 shows the share of renters across the state who face an even tougher time paying their rents—those who are “severely rent burdened” because they spend more than 50 percent of their income on rent and utilities each month. Places like Syracuse, Rochester, Buffalo, and even Nassau County had higher shares of severely rent burdened renters than New York City and the state as a whole in 2021.

Figure 2: Share of Renter Households that are Severely Rent Burdened, 2017-2021



Sources: American Community Survey 5-year estimates (2017-2021), NYU Furman Center

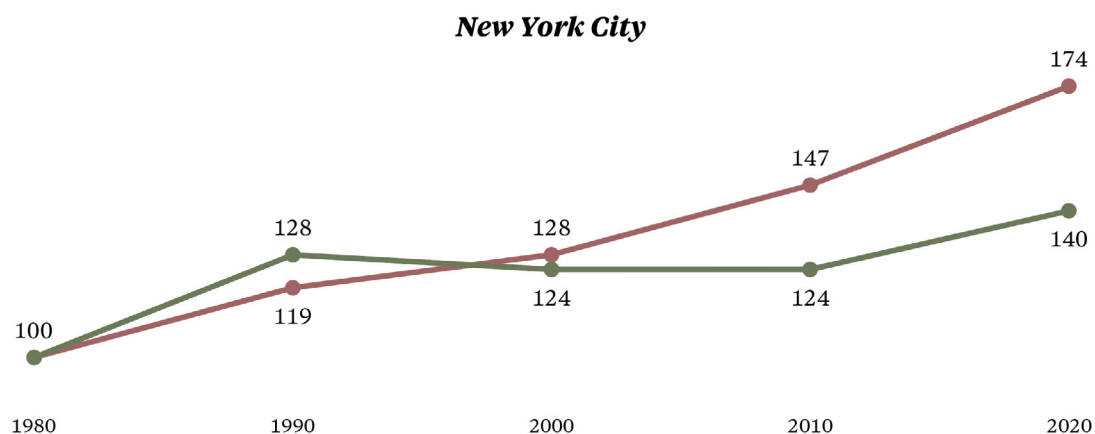
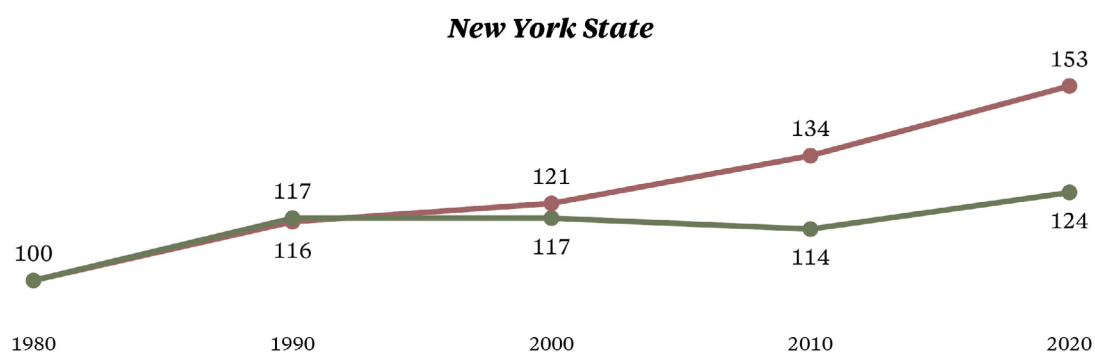
2. 2021 American Community Survey 1-Year Estimates. U.S. Census Bureau, 7 Sept. 2022, www.census.gov/programs-surveys/acs/technical-documentation/table-and-geography-changes/2021/1-year.html.

3. See Figure 3. Between 2010 and 2020, the median household income in New York State increased by 10 percent.

Housing costs that have outpaced increases in income over the last few decades have driven the high percentages of households who are rent burdened and severely rent burdened in New York State. While growing more in the past decade than ever since the 1980s, household earnings have not kept up with rents. Indexed to 1980 levels, median gross rents in New York State have risen by 19 percent since 2010, while median household incomes have grown by 10 percent. New York City increases drove much of that growth (Figure 3).

Figure 3: Index of Real Median Gross Rent and Real Median Household Income

● Median Gross Rent ● Median Household Income (Index = 100 in 1980)



Sources: Decennial Census Data (1980-2000), ACS Data (2010-2020), NYU Furman Center

Rents increased dramatically across the state and different housing stock segments between 2010 and 2021 (Table 1). New York City saw the highest rent increase, with a 19 percent increase in median gross rents, compared to a 4 percent and a 15 percent change outside of the City and statewide, respectively. Increasing rents affected households on both the lower and higher end of the rent spectrum: the 25th percentile of gross rents increased by 9 percent across the state—rising 14 percent in New York City and 5 percent outside of the City. Such increases reflect the increasing challenge renters face in finding affordable units.

Table 1: Change in Rents (2021\$), 2010 vs. 2021

\$2021	New York State	Outside New York City	New York City
	% Change 2010–2021	% Change 2010–2021	% Change 2010–2021
Gross Rent 25th Percentile	9%	5%	14%
Gross Rent Median	15%	4%	19%
Gross Rent 75th Percentile	16%	10%	16%

Sources: American Community Survey Microdata (2010 and 2021) via IPUMS USA, Bureau of Labor Statistics, NYU Furman Center

Housing costs play a pivotal role in families’ housing conditions, overall financial well-being, and physical and mental health.⁴ After paying rent, the average family in the lowest quintile of the income distribution has less than \$500 a month in residual income to afford other necessities like food, transportation, child or elder care, and healthcare.⁵ As rents rise and the rent burden increases, unexpected financial shocks may leave families unable to cover their monthly rent, putting them at risk of eviction.⁶

4. Elliott, Stacy, et al. “Rent Burden and Depression Among Mothers: An Analysis of Primary Caregiver Outcomes.” *Journal of Policy Practice and Research*, vol. 2, no. 4, Springer Science and Business Media LLC, Sept. 2021, pp. 285–300. <https://doi.org/10.1007/s42972-021-00040-3>; Meltzer, Rachel, and Alex Schwartz. “Housing Affordability and Health: Evidence From New York City.” *Housing Policy Debate*, vol. 26, no. 1, Informa UK Limited, Apr. 2015, pp. 80–104. <https://doi.org/10.1080/10511482.2015.1020321>.

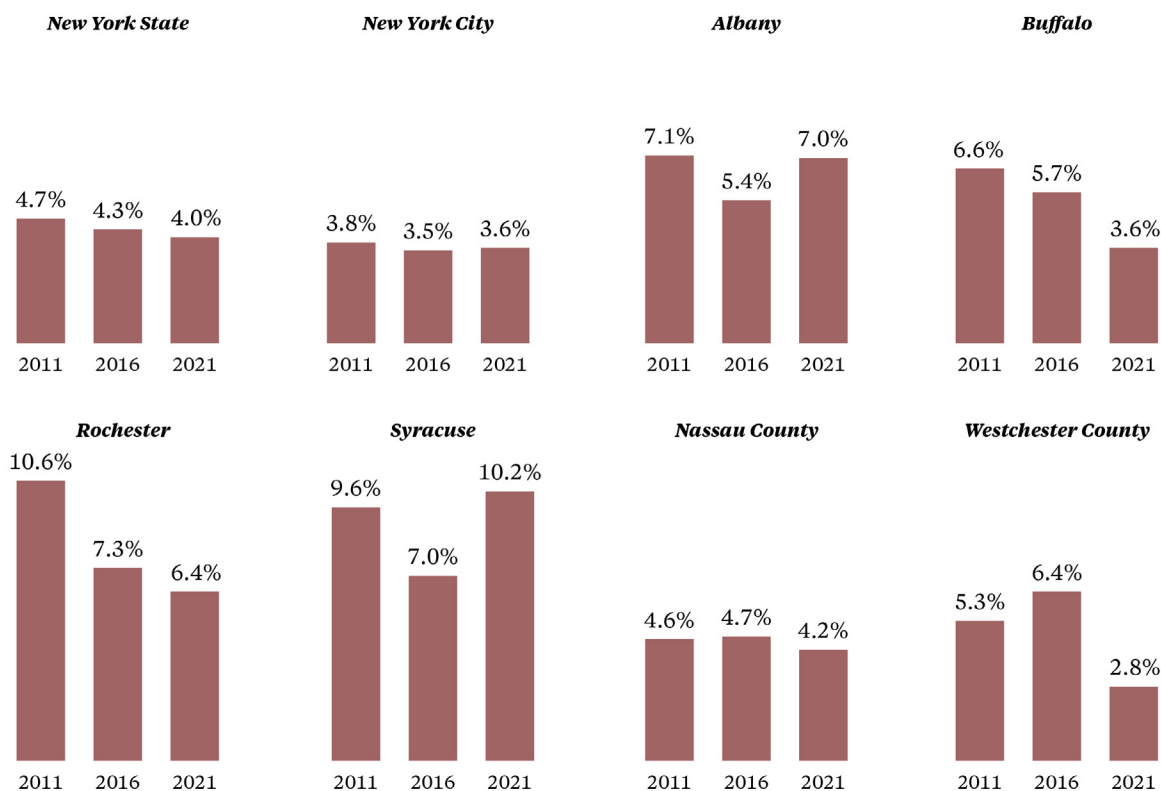
5. Larrimore, Jeff, and Jenny Schuetz. “Assessing the Severity of Rent Burden on Low-Income Families.” *Federal Reserve*, Dec. 2017, www.federalreserve.gov/econres/notes/feds-notes/assessing-the-severity-of-rent-burden-on-low-income-families-20171222.html.

6. Mironova, Oksana. “Addressing the Eviction Epidemic - Analysis of 2017 Data.” *Community Service Society of New York*, 12 Sept. 2018, www.cssny.org/news/entry/addressing-the-eviction-epidemic-2017-analysis.

The Housing Shortage is a Major Cause of Unsustainable Rents

The rapid rise in rents in New York State (and the resulting rent burdens New Yorkers face) are at least partially a result of a housing shortage when compared to growing demand. The gap in housing supply can be seen in the state's declining rental vacancy rate, which fell from close to 5 percent in 2011 to 4 percent in 2021 in many areas across the state, as Figure 4 shows. The state's vacancy rate falls below what is commonly considered "healthy" or a large enough vacancy rate to allow households to find new housing.⁷ When few apartments are vacant, and therefore available to rent, but many people search for housing, competition for the scarce units drives rents up.

Figure 4: Vacancy Rates in Rental Housing



Sources: American Community Survey 5-year estimates (2007-2011, 2012-2016, and 2017-2021), NYU Furman Center

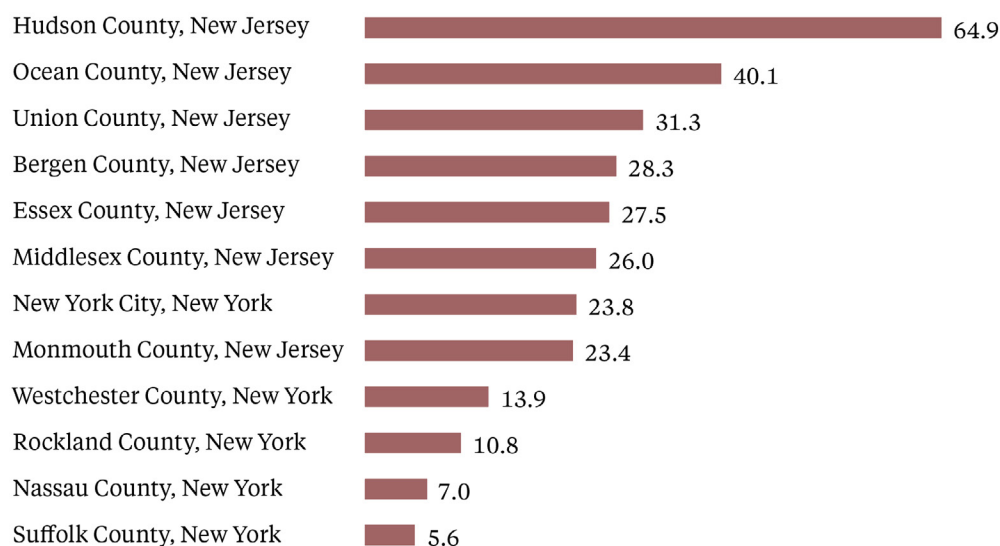
7. The definition of a "healthy" vacancy rate varies, but New York State law defines a rental vacancy rate below 5 percent in New York City as a "housing emergency" for the purposes of rent regulation. Waickman, Caitlin. "Rent Regulation in NYC." *NYC Department of Housing Preservation & Development*, NYC Department of Housing Preservation and Development, home3.nyc.gov/assets/hpd/downloads/pdfs/about/rent-regulation-in-nyc.pdf.

Housing Production Across New York State, Particularly in the Metro Area Suburbs, Simply Isn't Keeping Up With Demand

New York State as a whole is lagging behind in producing housing—permitting just 17.4 housing units per 1,000 people compared to a national permitting rate of 33.4.⁸ The metropolitan area suburbs, in particular, have failed to produce sufficient housing to meet the demand created by job growth in the tri-state metropolitan area. Several key indicators reveal the extent of the gap in housing production. First, between 2009 and 2018, only 0.5 units of housing were permitted per job added in the New York metropolitan region, down dramatically from the 2.2 units per job added between 2001 and 2008.⁹

Second, between 2014 and 2021, in many suburban counties, including Nassau, Suffolk, and Westchester Counties, the number of units permitted per 1,000 residents consistently fell far below the rate in New York City or the suburbs of New Jersey, as Figure 5 shows.

Figure 5: Housing Units Permitted (Per 1,000 Residents) in New York City and Suburban Counties, 2014-2021



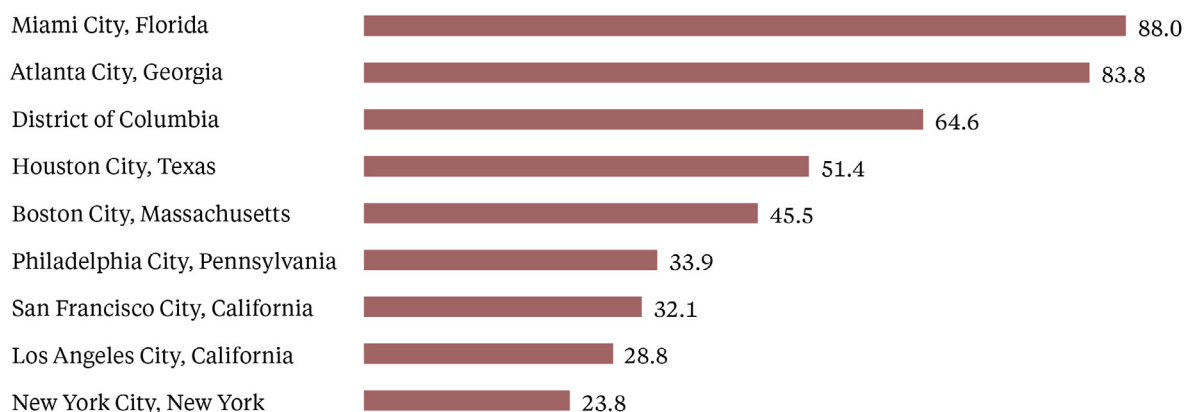
Sources: U.S. Census Bureau Building Permits Survey (2014-2021), American Community Survey (2014), NYU Furman Center

8. Furman Center analysis of U.S. Census Bureau Building Permits Survey (2014-2021) and American Community Survey (2014) data.

9. *The Geography of Jobs: NYC Metropolitan Region Economic Snapshot, Second Edition*. NYC Department of City Planning, Oct. 2019, p. 27 www1.nyc.gov/assets/planning/download/pdf/planning-level/housing-economy/nyc-geography-jobs2-1019.pdf.

That is particularly troubling because New York City *also* is falling below what is needed to keep up with the demand for housing. Between 2014 and 2021, the City permitted only 23.8 new units per capita, below other major cities like Los Angeles, San Francisco, Boston, Houston, Washington, Atlanta, and Miami (Figure 6).

Figure 6: Housing Units Permitted (Per 1,000 Residents) in Selected Cities, 2014-2021



Sources: U.S. Census Bureau Building Permits Survey (2014-2021), American Community Survey (2014), NYU Furman Center

The Consequences of Inadequate Supply

Inadequate housing supply has been linked to less affordable housing, as discussed earlier, but also to reduced economic productivity, lower income, racial inequalities, increased environmental harm, and limited housing choices for households at different stages of life.¹⁰ Research has demonstrated a relationship between restricted supply, higher rents, and housing prices.¹¹

Higher housing costs, in turn, can restrict productivity and economic growth. Many people are interested in moving to New York, with its highly productive economy, incredible culture, and other amenities. Those who are priced out of the metro area and the state instead may settle for lower-cost, less productive areas, limiting the nation's overall

10. Kazis, Noah. "Ending Exclusionary Zoning in New York City's Suburbs." *New York University Furman Center*, Nov. 2020, pp. 5–8. [furmancenter.org/files/Ending_Exclusionary_Zoning_in_New_York_City's_Suburbs.pdf](https://www.furmancenter.org/files/Ending_Exclusionary_Zoning_in_New_York_City's_Suburbs.pdf); see also Been, Vicki, et al. "Supply Skepticism: Housing Supply and Affordability." *Housing Policy Debate*, vol. 29, no. 1, Informa UK Limited, Dec. 2018, pp. 25–40. <https://doi.org/10.1080/10511482.2018.1476899>.

11. Gyourko, Joseph, and Raven Molloy. "Regulation and Housing Supply." *Handbook of Regional and Urban Economics*, Elsevier, 2015, pp. 1289–337. <https://doi.org/10.1016/b978-0-444-59531-7.00019-3>; Glaeser, Edward L., et al. "Why Have Housing Prices Gone Up?" *American Economic Review*, vol. 95, no. 2, American Economic Association, Apr. 2005, pp. 329–33. <https://doi.org/10.1257/000282805774669961>.

economic activity.¹² Indeed, between 2001 and 2018, many suburban counties across New York suffered declines in the number of labor force participants between the ages of 25 and 54 in their populations, with Long Island losing nearly 5 percent of these workers.¹³ The number of civilian labor force participants in Westchester, Nassau, and Suffolk counties declined between 2001 and 2021 by 4 percent, 6 percent, and 5 percent, respectively. Upstate areas saw a similar decline in their labor force, which fell by 5 percent in Rochester and 7 percent in Buffalo over the same period.¹⁴

When only high-wage workers can afford to move to New York and benefit from its employment opportunities, higher housing costs reinforce inequality. Inadequate supply due to restrictive zoning is associated with higher income levels and racial segregation because it buttresses residential patterns that often result from explicit and implicit discrimination in land use regulation.¹⁵ Conversely, land use approaches that promote density and housing production are associated with faster decreases in racial segregation.¹⁶

An inadequate housing supply also results in longer commutes from more affordable areas to areas of economic opportunity, which in turn can lead to increased environmental harm.¹⁷ Finally, an inadequate housing supply narrows the types of living arrangements available to people in different stages of life. Notably, communities that restrict higher density multifamily housing development limit options for families or individuals who prefer—or can only afford—to live in lower-maintenance, lower-cost apartment housing.

12. Hsieh, Chang-Tai, and Enrico Moretti. "Housing Constraints and Spatial Misallocation." *American Economic Journal: Macroeconomics*, vol. 11, no. 2, American Economic Association, Apr. 2019, pp. 1–39. <https://doi.org/10.1257/mac.20170388>.

13. Kazis, Noah. "Ending Exclusionary Zoning in New York City's Suburbs." *New York University Furman Center*, Nov. 2020, pp. 9–10, furmancenter.org/files/Ending_Exclusionary_Zoning_in_New_York_Citys_Suburbs.pdf.

14. U.S. Bureau of Labor Statistics. *Civilian Labor Force in Buffalo-Cheektowaga-Niagara Falls, NY (MSA) [BUFF336LF]*. FRED, Federal Reserve Bank of St. Louis, fred.stlouisfed.org/series/BUFF336LF, January 11, 2023; U.S. Bureau of Labor Statistics, *Civilian Labor Force in Rochester, NY (MSA) [LAUMT364038000000006A]*. FRED, Federal Reserve Bank of St. Louis, fred.stlouisfed.org/series/LAUMT364038000000006A, January 11, 2023; U.S. Bureau of Labor Statistics, *Civilian Labor Force in Westchester County, NY [LAUCN361190000000006A]*. FRED, Federal Reserve Bank of St. Louis, fred.stlouisfed.org/series/LAUCN361190000000006A, January 11, 2023; U.S. Bureau of Labor Statistics, *Civilian Labor Force in Suffolk County, NY [NYSUFFoLFN]*. FRED, Federal Reserve Bank of St. Louis, fred.stlouisfed.org/series/NYSUFFoLFN, January 11, 2023.

15. Trounstein, Jessica. *Segregation by Design: Local Politics and Inequality in American Cities*. Cambridge UP, 2018.; Rothwell, Jonathan T. "Racial Enclaves and Density Zoning: The Institutionalized Segregation of Racial Minorities in the United States." SSRN Electronic Journal, Elsevier BV, 2010, <https://doi.org/10.2139/ssrn.1161162>; Rothwell, Jonathan, and Douglas S. Massey. "The Effect of Density Zoning on Racial Segregation in U.S. Urban Areas." *Urban Affairs Review*, vol. 44, no. 6, SAGE Publications, Apr. 2009, pp. 779–806. <https://doi.org/10.1177/1078087409334163>.

16. Been, Vicki. "City NIMBYs." *Journal of Land Use & Environmental Law*, vol. 33, no. 2, 2018, p. 217, 231–34 (reviewing the evidence), furmancenter.org/files/City_NIMBYs_Vicki_Been_JLUELv33.2.pdf.

17. Chakraborty, Arnab, et al. "The Effects of High-density Zoning on Multifamily Housing Construction in the Suburbs of Six US Metropolitan Areas." *Urban Studies*, vol. 47, no. 2, SAGE Publications, Oct. 2009, pp. 437–51. <https://doi.org/10.1177/0042098009348325>. See also Pendall, R. "Do Land-use Controls Cause Sprawl?" *Environment and Planning B: Planning and Design*, vol. 26, no. 4, SAGE Publications, 1999, pp. 555–71. <https://doi.org/10.1068/b260555>; Paulsen, Kurt. "Geography, Policy or Market? New Evidence on the Measurement and Causes of Sprawl (and Infill) in US Metropolitan Regions." *Urban Studies*, vol. 51, no. 12, SAGE Publications, Dec. 2013, pp. 2629–45. <https://doi.org/10.1177/0042098013512874>.

What Is the State's Role?

Land use regulation is typically left primarily to local governments, who know best the challenges and needs of the land and people in the jurisdiction and are most directly accountable to the area's residents. But increasingly, even those who appreciate the virtues of local government argue that a statewide approach to the affordable housing crisis is necessary given the many decades over which local governments have allowed the problems of limited supply to accumulate. Further, it is increasingly clear that not all local governments are willing or able to tackle the problem.¹⁸ In suburban communities where the tax base is largely made up of residential property taxes, some local governments may block new housing out of fear that new residents of denser housing developments will drive up the cost of services (such as schools, utilities, and roads) but pay less in taxes and thereby reduce the local government's revenue per capita.¹⁹ Local land use decisions often favor current homeowners, who directly benefit from higher home prices driven by constrained supply, and fear the changes that new development might bring to familiar and beloved neighborhoods. Land use regulation at the local level typically involves project-by-project reviews, in which concerns about housing affordability, inequality, the legacy of segregation, and environmental harms are less salient because groups who represent those interests are rarely represented to the same degree as neighbors' concerns are. In short, the perceived or real negative effects of new housing development to current homeowners are overrepresented in local politics, while the benefits to the broader population are far less visible.

At the state level, civil rights groups and advocates, representatives of low-income families, renters, people with disabilities and others with particular housing needs, and environmental groups bring the harms of restricted supply to the debate. Statewide land use reforms typically involve generally applicable policies and do not specify sites or projects that cause backlash from the immediate surrounding community. State level debates, accordingly, tend to consider a broader range of interests.²⁰

18. See, for example, Ellickson, Robert C., *American's Frozen Neighborhoods: The Abuse of Zoning* (2022); Kazis, Noah. "Ending Exclusionary Zoning in New York City's Suburbs." *New York University Furman Center*, Nov. 2020, pp. 5-8, furmancenter.org/files/Ending_Exclusionary_Zoning_in_New_York_City's_Suburbs.pdf.

19. Trounstein, Jessica. *Segregation by Design: Local Politics and Inequality in American Cities*. Cambridge UP, 2018.; (citing Hamilton, Bruce W. "Zoning and Property Taxation in a System of Local Governments." *Urban Studies*, vol. 12, no. 2, SAGE Publications, June 1975, pp. 205-11. <https://doi.org/10.1080/00420987520080301>.)

20. Ellickson, Robert C., *American's Frozen Neighborhoods: The Abuse of Zoning* (2022); Fischel, William A. *The Homevoter Hypothesis: How Home Values Influence Local Government Taxation, School Finance, and Land-Use Policies* (2001).



Key Issues for New York State

In the coming weeks, the Furman Center will release a series of policy briefs exploring key housing issues for the state in 2023. In the series, we will examine some of the most pressing issues facing New York State policymakers, including land use and zoning, increasing housing supply, especially affordable housing, and expanding tenant protections and programs to provide rental assistance.

Conclusion

Addressing the housing affordability crisis confronting New Yorkers is a stated priority of the Governor and the Legislature. By carefully examining similar statewide efforts across the country and thoughtfully considering the tradeoffs, tensions, and potential collateral consequences of various policy options, New York can adopt an ambitious agenda to make the state more fair, environmentally friendly, economically productive, and affordable. This series intends to help raise the quality of the debate that is about to unfold about exactly how best to pursue those aims.

By Vicki Been, Jiaqi Dong, and Hayley Raetz

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