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TRACKING THE MOVERS

More than most places, New York is a city of housing haves and have-nots. For many of its residents, long-term tenure in rent-regulated apartments provides a secure and affordable lifestyle, while for those who purchased their homes in a less expensive era, subsequent price appreciation has been a major generator of personal wealth. For young people, newcomers to the city, and others entering the housing market, however, the situation is much different. They face a marketplace that has changed radically over the past decade, and are confronted with housing choices that are far less favorable.

Data on current market conditions are hard to come by. Only a small portion of available apartments are listed in the classified sections of the major newspapers, and the city's realtors do not participate in a multiple listing service from which asking rents can be easily tabulated. Several private firms track market rents in prime districts of Manhattan, but those surveys are not representative of citywide market conditions. As a result, many public and private housing decisions are based on anecdotal market information.

Sticker Shock

CHPC used Housing and Vacancy Survey (HVS) data to provide a more representative analysis of the city's housing market. From the just-released 2002 survey of all city renters, we extracted a subsample of 1,784 households that had moved into their apartments between January 2001 and April 2002. This subsample of recent movers is large enough to reliably analyze citywide market conditions and the decisions different types of households make in response to them. Corresponding samples of recent movers were also extracted from the 1999, 1996 and 1993 surveys.

CHPC's tabulations show that recent movers during the 16-month period ending in April 2002 paid a median rent of $900 per month for private apartments, a figure significantly above the median for all renters in private apartments. More dramatically, the average rent paid by recent movers in private housing was $1,142 per month. In unregulated private housing, the median was $1,000 and the average was $1,342. The average rent paid for all private apartments has increased by about 5 percent annually since 1993.

Obviously, rents paid by recent movers are well above those paid by the city's renters at large. However, as might be expected, there is a wide variation in the rents paid by movers in the different boroughs. By 2001-02, the average new lease in Manhattan was for $1,791 per month, compared to $550 in the Bronx. The average rent for a 1-bedroom apartment in Manhattan community board districts 1 through 9 was approaching $2,000, and was over $850 in Brooklyn and Queens. Between 1992 and 2002, average rents paid by new tenants in private housing increased fastest in Manhattan (7 percent annually) and second-fastest in Brooklyn (4.6 percent annually). In Staten Island, average private rents increased by only 3.6 percent annually.

The HUD Fair Market Rents (FMR), used to determine subsidy levels in important federal programs, is set according to what HUD calculates to be the 40th percentile of rents paid by recent movers in an area. In 2001, the FMR for a 1-bedroom apartment in the New York Primary Metropolitan Statistical Area (which includes the five boroughs plus Putnam and Rockland counties) was $836, and for a 2-bedroom, $949. Our tabulations, however, indicate that the FMRs were above what recent movers at the 40th percentile actually paid in the city. The corresponding figures from our HVS sample were $750 and $875, respectively.

Between 1993 and 2002, rents for studios, 1- and 2-bedroom apartments increased at virtually the same rate, while rents for 3-bedroom and larger units increased slightly faster. The average number of residents declined for each apartment size except studios, indicating that tenants were not typically compensating for higher rents by crowding their families into fewer bedrooms. The number of apartments rented by non-related individuals increased, however, especially among renters under 30 years old. In 2001-02, nearly one-

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Albany Watch

Welfare Rents

For most public assistance families in New York City, paying the rent is the most daunting financial obligation facing them each month. One reason they struggle to make the rent is that for the past 15 years New York State's welfare shelter allowances have remained unchanged despite various court rulings pronouncing them inadequate and ordering a new rent schedule. Finally, last month, the New York State Office of Temporary and Disability Assistance (OTDA) promulgated a new shelter allowance schedule, which goes into effect on November 1, 2003. It raises the rent ceiling in the city by an average of 37 percent. While the higher allowances will provide some measure of relief to welfare recipients and housing providers, the new rent ceilings still do not bear a "reasonable relation" to the cost of housing in New York City.

Low Ceilings

In response to skyrocketing welfare caseloads and escalating rent payments, in 1969, New York's Department of Social Services (DSS, the predecessor of OTDA) established a separate grant to cover welfare recipients' housing costs. In 1975, DSS promulgated a new public assistance rent schedule that did not allow local agencies to waive or exempt a welfare family with special circumstances from the proscribed ceilings. Families paying rents in excess of the allowances would have to pay the difference out of the basic portion of their grants. Although housing advocates pressed for the shelter allowances to be indexed to rent stabilization or other regulatory rent increases, DSS did not include such mechanisms of adjustment.

The state subsequently increased shelter allowances twice, in 1984 by an average of 25 percent, and again in early 1988, by about 13 percent. Although housing and welfare analysts argued at the time that the state's new rent ceilings left an average rent gap of $130 per month, they were not raised again until last month. Since 1988, inflation has diminished the real value of the allowances by over 55 percent. Furthermore, data compiled by the city's Human Resources Administration (HRA) showed that the percentage of public assistance families in private housing that were paying the maximum shelter allowance or more rose steadily throughout the 1980s. By 1991, the city's Department of Housing Preservation and Development (HPD) reported that 70 percent of welfare recipients living in private housing paid rents above the maximum shelter allowance for a family of their size, with an average rent deficit of $190 per month.

The new schedule taking effect in November is being implemented in response to a court-ordered deadline stemming from 15 years of public interest litigation.

Legal Aid

Judicial involvement with the state's shelter allowances is the result of a lawsuit filed by The Legal Aid Society on behalf of Barbara Jiggetts in April 1987. The case documented what had long been known anecdotally—welfare shelter allowances do not cover the rent of most recipients. To avoid eviction, welfare parents commonly use the cash portion of the welfare grant, intended for food, clothing and other necessities, to cover the gap between the state's notion of a reasonable rent in New York City and the reality of the city's housing market.

In 1988, the Supreme Court of New York found in favor of the plaintiffs' claim regarding the inadequacy of the shelter allowances. The judge granted class action certification and a preliminary injunction, requiring that excess rent payments and arrears be made on behalf of participating families pending the outcome of the lawsuit. This ruling was overturned by the Appellate Division and reversed yet again by the New York Court of Appeals in 1990. This higher court remanded the case to the Supreme Court of New York for a determination of the adequacy of the schedule of maximum shelter allowances.

In 1997, the Supreme Court found that the State Commissioner of Social Services failed to comply with the statutory standard in Section 350 (1) (a) of the Social Services Law that reflects the Legislature's belief that families should stay together in a "home-type" setting. The judge concluded "the current shelter allowance does not bear a reasonable relation to the cost of housing in New York City." The State was ordered to continue to provide interim relief as begun in 1988 until a new shelter allowance schedule was promulgated that would enable children to be raised in homes. The

Appellate Division affirmed this determination in May 1999.

Interim Relief

Supplemental grants pursuant to the 1988 and 1997 court orders have come to be known as "Jiggetts payments." To qualify for a Jiggetts rent supplement, families must be on public assistance, have a minor in the household, and must be currently under eviction proceedings for rent arrears. For the majority of eligible families, Jiggetts payments cover the gap between the public assistance shelter allowance and their actual monthly rent. As a result of negotiations between the Legal Aid Society and OTDA during the early and mid-1990s, the state currently approves shelter allowances for up to $650 per month for a Jiggetts-eligible family of three. The average annual cost of the Jiggetts rent supplement per family is approximately $3,000, and the funding is shared by the City (25 percent), the State (25 percent), and the federal government (50 percent).

The Jiggetts program, though intended to be temporary, has been a mainstay of the welfare landscape for the last 15 years. Despite this, obtaining official data on the program is often difficult. Both the State Attorney General's office and OTDA denied CHPC's requests for information on the number of families receiving Jiggetts supplements as well as the annual cost of the remedy, citing the pending litigation status of the case.

According to estimates by the Legal Aid Society and others, the Jiggetts caseload grew dramatically from 3,000 families in 1992 to a peak of 27,000 in 1996. Since 1996, both the welfare and Jiggetts caseloads have declined dramatically, by 54 percent and 41 percent, respectively. Unfortunately, the proportion of public assistance families that received Jiggetts increased from 9.2 percent to 11.9 percent for the same years. In 2002, approximately 16,000 public assistance families in New York City relied on Jiggetts supplements to stave off eviction and homelessness, for a total program cost of about $50 million.

Continued Inadequacy

In response to the court-imposed deadline, OTDA proposed a new shelter schedule in August 2002. For recipients of Temporary Assistance to Needy Families (TANF) in New York City, the monthly shelter allowance would be raised by $62 for 3-person households and by $105 for 4-person households. In its regulatory impact statement, OTDA explained that the new allowances were based on the estimates by two experts of the amount necessary to rent housing that met the quality standards used in the Section 8 program. OTDA declared their intention that the allowances be sufficient to rent adequate housing but of a quality modest enough to preserve incentives to work and to upgrade their housing circumstances. During the comment period, CHPC and many others welcomed the first proposed increase in 15 years, but challenged the conclusions of the OTDA housing experts and argued that the proposed schedule was still inadequate to rent housing in New York City's private market.

Shelter Allowances and Average Rents

	Size of Family		
	2-person	3-person	4-person
Current Shelter Allowance	$250	$286	$312
New Shelter Allowance	$283	$400	$450
Average Rent of Female-Headed Family in Private Housing:	$743	$726	$753
<$25,000 Income	$641	$688	$718
TANF Recipient	$613	$629	$733

As a result of the criticisms, OTDA revised its proposed increases in February 2003. The new schedule that takes effect on November 1 is slightly more generous than first proposed, increasing the shelter grant by $114 for 3-person households and by $138 for 4-person households. The new allowances will provide increased housing stability for more public assistance families and fewer cases of rent arrears for housing providers. The new regulations also codify what previously had been an informal agreement between OTDA and public housing authorities that restricts rent increases to 10 percent annually until the public housing rent reaches the new welfare ceiling. No such constraint applies to nonprofit housing providers.

In order to evaluate the adequacy of the state's new shelter allowances, one must examine the rents paid not only by current welfare families but also by low-income, female-headed households, as they historically constitute the population that is most likely to need public assistance at some point. According to the 2002 Housing and Vacancy Survey, the average rent paid by low-income single mothers is $702 and the average for female-headed TANF families is $700. The chart above shows a gap of $288 between the new shelter allowance and the average rent paid by a comparable family of three. The inadequacy of the new shelter schedule almost guarantees the continued need for Jiggetts or Jiggetts-type rent supplements.

Since 1975, CHPC has advocated for realistic welfare housing grants and repeatedly urged the state to adjust its shelter allowances. The Legal Aid Society is preparing a motion to challenge the newest allowance schedule and CHPC will file an affidavit in support of this effort. --*Elaine R. Toribio* third of apartments rented by people in their twenties included two or more non-relatives, compared to only 23 percent in 1992-93.

Howdy, Stranger

In 2001-02, movers with a white, non-Hispanic head of household paid, on average, $1,470 in rent, compared to $1,111 for Asian movers and about $800 per month for black and Hispanic movers. Moreover, during the previous nine years, rents paid by white movers increased by 73 percent, compared to about 50 percent for Asians and Hispanics and to 26 percent for blacks. Whites pay over $300 more in rent even when factors such as household income, age, employment status, size of family, education and place of birth are controlled for. Those widely varying rental costs reflect changing patterns of residential preferences that are a leading indicator of the city's spatial evolution.

Average Rents Paid by Recent Movers In New York City, 1992-2002

	1992-93	2001-02	%Change
by size & borough:	(dollars/month)		
1-bedroom:			
New York City	697	1,049	50.5
Bronx	519	638	22.9
Brooklyn	547	853	55.9
Manhattan	1,009	1,746	73.0
CBs 1-9	1,091	1,929	76.8
Queens	625	849	35.8
Staten Island	540 *	729 *	35.0
2-bedroom:			
New York City	773	1,180	52.7
Bronx	594 *	768 *	29.3
Brooklyn	640	949	48.3
Manhattan	1,172	2,047	74.7
CBs 1-9	1,316 *	2,371 *	80.2
Queens	719	1,079	50.1
Staten Island	666 *	902 *	35.4
by race/ethnicity:			
Black	634	799	26.0
White	851	1,470	72.7
Hispanic	616	822	33.4
Asian	729	1,111	52.4
by place of birth:			
New York City	825	1,002	21.5
Other US	1,143	1,480	29.5
Abroad	867	1,048	20.9

*sample size less than 100

One reason white renters paid so much more for their apartments than other groups is that whites rented disproportionately in Manhattan. Although non-Hispanic whites represented only 35 percent of the city's population in 2000, they accounted for two-thirds of Manhattan's new renters in 2001-02, a proportion that has been increasing. Indeed, more than half of all white renters chose apartments in Manhattan or in the three Brooklyn community board districts stretching from Greenpoint to Park Slope.

Another reason rents paid by whites were almost twice those paid by blacks and Hispanics is that the white population of the city is shifting towards higher income. For example, 35 percent of white movers had household incomes over $75,000 in 2001-02, compared to only 22 percent in 1992-93 (measured in 2001 dollars). Increasingly, the city's white population is comprised of high-income households and young people seeking particular amenities of urban living, rather than of city-born residents leasing apartments in familiar neighborhoods. In 2001-02, only about 27 percent of recent white renters were born in New York City. In contrast, 41 percent of recent black renters were born here.

The relatively low rate of increase in rents paid by blacks is due, in part, to a shift in their locational choices away from Manhattan and Queens, and towards Brooklyn and the Bronx, where rents are lower. Although African Americans represented one-fifth of Manhattan's population as recently as 1980, in 2001-02 they accounted for only 10 percent of recent Manhattan renters. In addition, the city's African American population may be shifting toward homeownership at a faster rate; in Queens, recent black movers are more likely to be homeowners than are white movers. That trend is positive, although it implies that the city risks losing much of its black middle class as it seeks more affordable homes.

About 70 percent of new renters in 2001-02 moved from another housing unit in the city. They paid, on average, $991 per month for their new apartments, compared to $1,516 for people moving from elsewhere in the United States and $1,201 for people moving from abroad. The large difference in rental rates might reflect income disparities, an information advantage for city residents who wish to move, or newcomers' different preferences for neighborhood and housing quality. A regression analysis controlling for various personal and household characteristics indicates that it is a little of each. Renters born elsewhere in the United States pay, on average, $324 per month more, and renters born abroad pay about $117 more than the comparable native New Yorker, but those differences entirely disappear if they have lived in the city for five years or more. Apparently, it takes some time for newcomers to learn the ropes of New York's intricate housing market. *--Frank Braconi*

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