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NYU Furman Center and Capital One Release National Affordable Rental Housing Landscape Highlighting Rental Housing Trends in America's Largest Cities

Rents outpaced inflation in many major U.S. cities, leaving low- and moderate-income renters more burdened by housing costs

NEW YORK, NY (February 9, 2015) – The supply of affordable rental housing failed to keep pace with demand in the 11 largest U.S. cities while rents rose faster than household incomes in five of them, according to the just-released **NYU Furman Center/Capital One National Affordable Rental Housing Landscape.** The Landscape examines rental housing affordability trends in the central cities of the nation's largest metropolitan areas (New York, Los Angeles, Chicago, Houston, Philadelphia, Dallas, San Francisco, Washington, D.C., Boston, Atlanta and Miami) from 2006 to 2013 and illustrates how these trends affected renters as more households chose to rent amid rising rental costs.

Nine of the 11 largest U.S. cities have seen falling vacancy rates and rising rents, which are hurting lower- and middle-income renters. "Affordable" rent should comprise less than 30 percent of a household's income. With the exception of Dallas and Houston, the average renter in each metropolitan area could not afford the majority of recently available rental units in their city. The cities were even less affordable to low-income renters, who could afford no more than 11 percent of recently available units in the most affordable cities.

"Housing is a significant expense. So, when faced with rapidly rising rents, many households have less discretionary income for other necessities like food, utilities, and transportation," said Ingrid Gould Ellen, Faculty Director of the NYU Furman Center. "This study shows that in recent years, many low- and even moderate-income renters are finding a dwindling number of affordable homes in major U.S. cities."

Since 2006, there has been an increase in the share of low- and moderate-income renters who are severely rent-burdened— meaning they face rent and utility costs equal to at least half of their income. In 2013, over

U.S. Cities – Rental Facts at a Glance

In 2006, the majority of the population in just five of the largest 11 U.S. cities lived in rental housing; in 2013, that number increased to nine.

As demand for rental housing grew faster than available supply, rental vacancy rates declined in all but two of the 11 cities, making it harder to find units for rent.

Rents outpaced inflation in almost all of the 11 cities. Rents increased most in DC, with a 21 percent increase in inflation-adjusted median gross rent, and least in Houston, where rents were stable.

In all 11 cities, an overwhelming majority of low-income renters were severely rent-burdened, facing rents and utility costs equal to at least half of their income.

Even in the most affordable cities in the study, low-income renters could afford no more than 11 percent of recently available units.

In five major cities, including New York, Los Angeles, San Francisco, Boston and Miami, moderate-income renters could afford less than a third of recently available units in 2013.

a quarter of moderate-income renters were severely rent-burdened in seven of the cities in the study, while a significant majority of low-income renters in all 11 cities were severely rent-burdened. The percentage of low-income renters facing severe rent-burdens continued to rise in each of these cities and low-income renters are often most acutely impacted by the lack of affordable housing. The study also found that in five cities, the proportion of moderate-income renters experiencing severe rent burdens grew remarkably, while in other cities, the situation for moderate-income renters either changed little or even improved.

“A substantial majority of low-income renters in these cities face rents equal to half or more of their income,” said Ellen. “Our research shows that, in many cities, a growing share of moderate-income renters are severely rent-burdened as well.”

“The lack of affordable rental housing is a serious issue today. We know that addressing the challenge and getting ahead of the need requires more than just putting up new buildings, it requires a constant focus, innovative solutions, and deep public-private collaboration,” said Laura Bailey, head of Community Finance at Capital One, one of the nation’s top ten affordable rental housing lenders. “Working with the nation’s leading housing developers, our goal is to invest in quality developments that will both endure over time and also help address broader needs in the community. For us, our investment in affordable rental housing means more than just financing construction – it means expanding economic opportunity for individuals, families, and our communities.”

The number of renters is growing, but many struggle to find available units

In 2006, the majority of the population in just five of America’s 11 largest cities lived in rental housing. By 2013, that number increased to nine cities.

- The rental population is booming – nine out of 11 cities saw double-digit growth in the number of renters, and five of those cities saw growth exceeding 20 percent.
- As demand for rental housing grew faster than available supply, rental vacancy rates declined in all but two cities, making it harder to find units for rent.
    - The greatest drops were in cities with high vacancy rates in 2006: Philadelphia, Atlanta, and Dallas.
    - But even in cities where available rental units were already scarce in 2006, like Boston and San Francisco, units for rent became even scarcer by 2013.

Rents are rising, and incomes are not keeping up everywhere

Incomes lagged well behind rents in five cities, with America’s two largest rental markets—Los Angeles and New York City—faring the worst. However, in three cities—Chicago, Houston, and Boston—incomes grew faster than rents, with Boston in particular showing substantial gains.

- In Los Angeles and New York City, the median rent grew over 10 percent between 2006 and 2013 while the median renter's income remained stagnant or even declined.

For many, rent burden is on the rise

An overwhelming majority of low-income renters are severely rent-burdened—facing rent and utility costs equal to half their income or more—and that share grew between 2006 and 2013 in every city studied.

- In about half of the cities, the share of moderate-income renters who were severely rent-burdened grew even more between 2006 and 2013.
- By 2013, in seven of the 11 cities, more than one out of every four moderate-income renters were severely rent-burdened.

Affordable rental housing out of reach for many

In all but three cities, the number of rental units that are affordable to the typical renter fell between 2006 and 2013.

- In five cities, in 2013, moderate-income renters could afford **less than a third** of the recently available rental units.
- For low-income renters, the situation is more dire: in most cities, they could afford **less than a tenth** of recently available units in 2013.
- Even in the most affordable cities in the study, Boston and Washington, DC, low-income renters could afford no more than 11 percent of recently available units.

The complete NYU Furman Center and Capital One National Affordable Rental Housing Landscape and additional information are available online at www.CapitalOneInvestingforGood.com and www.furmancenter.org/NationalRentalLandscape.

About the NYU Furman/Capital One National Affordable Rental Housing Landscape Research Study
The study commissioned by Capital One and conducted by the NYU Furman Center, analyzes rental housing affordability trends in the central cities of the 11 largest metropolitan areas in the U.S. 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. Data analysis is based on data from the U.S. Census Bureau, including data from the American Community Survey from 2006 through 2013, and uses geographic information from the Missouri Census Data Center.

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. More information can be found at furmancenter.org and @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. To learn more, visit http://www.capitaloneinvestingforgood.com/.

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