



Further Out of Reach

Affordability in the Hudson Valley

The National Low Income Housing Coalition (NLIHC) released its annual Out of Reach report on May 25, 2016. The report provides valuable information in regard to the affordability of rental housing in every county throughout the United States. Hudson Valley Pattern for Progress has been tracking this data for many years and provides the statistics and trends to assist communities, developers, builders and non-profit agencies to plan and construct housing that is affordable in the Hudson Valley region.



Pattern has been reporting the shift from homeownership toward renting. This has been evidenced in past reports based upon analysis of the Home Mortgage Disclosure Act (HMDA) data. The data indicates fewer mortgages filed and a higher percentage of renters as compared to homeowners.

The demand for rental units in the Hudson Valley is high. The rental vacancy rate at a vast majority of market rate apartment complexes is under 5% and the affordable housing complexes all have waiting lists from 1 year to as long as 3 years.

Simultaneously, as evidenced in the Out of Reach 2016 report, the renter wage rates have declined over the past 5 years in all Hudson Valley counties except for Orange, Sullivan and Westchester. Renter wage rates in Sullivan County have increased by almost 13%, while Orange and Westchester show slight improvement.

Renter Hourly Wage Rate: 2012 - 2016							
County	2012	2013	2014	2015	2016	\$ change	% change
Columbia	\$10.48	\$10.90	\$10.67	\$10.48	\$10.19	-\$0.29	-2.77%
Dutchess	\$12.56	\$12.91	\$12.63	\$12.59	\$12.53	-\$0.03	-0.24%
Greene	\$10.45	\$10.15	\$10.03	\$9.70	\$9.68	-\$0.77	-7.37%
Orange	\$9.52	\$9.91	\$9.58	\$9.55	\$9.65	\$0.13	1.37%
Putnam	\$9.96	\$10.60	\$9.10	\$9.35	\$8.67	-\$1.29	-12.95%
Rockland	\$12.10	\$12.29	\$12.25	\$12.02	\$11.47	-\$0.63	-5.21%
Sullivan	\$8.87	\$10.12	\$9.21	\$9.59	\$10.02	\$1.15	12.97%
Ulster	\$9.90	\$9.82	\$9.20	\$9.54	\$9.26	-\$0.64	-6.46%
Westchester	\$17.68	\$17.60	\$17.29	\$17.57	\$17.81	\$0.13	0.74%

Source: NLIHC Out of Reach 2016

According to the Out of Reach 2016 report, wages are falling further and further behind the increasing Fair Market Rents in the Hudson Valley. The inventory of quality affordable housing is extremely limited in the Hudson Valley for the aging population, Millennials and families, especially large families.

The need for additional federal and state funds to offset the high cost of housing development in the Hudson Valley has never been more prevalent. Programs such as the Community Development Block Grant (CDBG), HOME, and the USDA Rural Development programs leveraged with the Low Income Housing Tax Credits have become even more critical for this population in the Hudson Valley. Local tax incentives offer additional financing mechanism to offset operating costs of multifamily complexes. Local municipalities may offer Payment In Lieu of Taxes (PILOT), incremental or phased-in taxes tied to cash flow from the rentals and myriad of other programs through the NYS Real Property Tax Laws.

The Out of Reach data for 2016 continues to show tremendous disparity in rental costs vs. ability to pay in the Hudson Valley. The gap between Fair Market Rent (FMR) and Affordable Rent at the Mean Renter's Wage Rate continues to grow. Regardless of declining unemployment rates, renters wage rates are simply not keeping up with the cost of rent. The monthly gap in Putnam County is now over \$1,100 and it is approaching \$1,000 in Rockland.

County	2BR FMR FY 2016	Annual Wage to Afford 2BR	Hourly Wage to Afford 2BR	Renter Wage Rate	Rent Affordable at Renter Wage Rate	Gap in Monthly Rent 2016
Columbia	\$923	\$36,920	\$17.75	\$10.19	\$530	-\$393
Dutchess	\$1,271	\$50,840	\$24.44	\$12.53	\$652	-\$619
Greene	\$882	\$35,280	\$16.96	\$9.68	\$504	-\$378
Orange	\$1,271	\$50,840	\$24.44	\$9.65	\$502	-\$769
Putnam	\$1,571	\$62,840	\$30.21	\$8.67	\$451	-\$1,120
Rockland	\$1,571	\$62,840	\$30.21	\$11.47	\$596	-\$975
Sullivan	\$898	\$35,920	\$17.27	\$10.02	\$521	-\$377
Ulster	\$1,146	\$45,840	\$22.04	\$9.26	\$482	-\$664
Westchester	\$1,510	\$60,400	\$29.04	\$17.81	\$926	-\$584

Source: NLIHC Out of Reach 2016; Annual Wage based on 2080 working hours

The monthly gap between the Fair Market Rent and the monthly rent affordable at the renter wage rate continues to grow with the exception of Greene and Westchester County. Greene County shows a negligible decrease (\$15) in the gap from 2015 to 2016. Westchester shows a somewhat greater decrease of \$94 year over year. However, the gap in Greene County is still \$378 on a monthly basis and \$584 per month in Westchester County. The gap in all of the other counties is growing with Putnam and Rockland County showing the largest increase of \$15 and \$119 per month.

County	Gap in Monthly Rent Fair Market Rent vs. Renter Wage Rate			
	Monthly Rent Gap 2015	Monthly Rent Gap 2016	\$ change 2015 to 2016	% change 2015 to 2016
Columbia	\$378	\$393	\$15	4.0%
Dutchess	\$533	\$619	\$86	16.1%
Greene	\$393	\$378	\$15	3.8%
Orange	\$691	\$769	\$78	11.3%
Putnam	\$995	\$1,120	\$125	12.6%
Rockland	\$856	\$975	\$119	13.9%
Sullivan	\$357	\$377	\$20	5.6%
Ulster	\$614	\$664	\$50	8.1%
Westchester	\$678	\$584	\$94	13.9%

Source: Pattern for Progress Analysis of 2015 and 2016 Out of Reach data