

Renters' wage rates are not keeping up with housing costs

Hudson Valley Pattern for Progress and its Center for Housing Solutions have been analyzing rental housing and wage data for many years and providing statistics and trends to help communities, developers, builders and non-profit agencies plan and construct housing that is affordable in the Hudson Valley region. These latest statistics show further proof of the need for additional affordable housing in every county in the Hudson Valley. The National Low Income Housing Coalition (NLIHC) released its annual "Out of Reach" report on July 14, 2020. Based on this data, Pattern for Progress provides an analysis of the affordability of rental housing in every county in the Hudson Valley region.

The demand for rental units in the Hudson Valley is high, especially affordable rental units. The rental vacancy rate in a vast majority of market rate apartment complexes is under 5%, and affordable housing complexes all have waiting lists ranging from two years to as long as five years. The production of affordable rental housing has not kept pace with the demand.

According to the "Out of Reach" 2020 report, renter wage rates in Greene and Rockland counties are lower than in 2015. However, wages in seven out of nine counties have improved since 2015. Orange and Sullivan County show the largest increase in wage rates for renters at 21.3% and 21.1%. Greene County has shown a continual decline since 2015, while Orange, Sullivan, and Westchester show a continual increase.

Renter Hourly Wage Rate: 2015 - 2020

County	2015	2016	2017	2018	2019	2020	\$ change 2015 to 2020	% change 2015 to 2020
Columbia	\$10.48	\$10.19	\$10.27	\$10.33	\$11.08	\$10.68	\$0.20	1.9%
Dutchess	\$12.59	\$12.53	\$12.84	\$13.41	\$13.72	\$13.64	\$1.05	8.3%
Greene	\$9.70	\$9.68	\$9.06	\$8.80	\$8.70	\$8.66	(\$1.04)	-10.8%
Orange	\$9.55	\$9.65	\$10.22	\$10.53	\$11.10	\$11.58	\$2.03	21.3%
Putnam	\$9.35	\$8.67	\$10.17	\$11.19	\$12.37	\$12.45	\$3.10	33.2%
Rockland	\$12.02	\$11.47	\$11.90	\$11.13	\$10.98	\$11.53	(\$0.49)	-4.0%
Sullivan	\$9.59	\$10.02	\$10.42	\$10.45	\$11.30	\$11.61	\$2.02	21.1%
Ulster	\$9.54	\$9.26	\$9.41	\$9.64	\$10.35	\$10.81	\$1.27	13.3%
Westchester	\$17.57	\$17.81	\$18.25	\$18.38	\$19.01	\$19.27	\$1.70	9.7%

Source: NLIHC Out of Reach 2020; Special Note on Methodology: In the case where the renter wage rate is lower than the minimum wage it is likely due to the average number of hours worked per week is fewer than 40. The mean renter wage calculation assumes that weekly compensation is the product of a full-time week. For example, mistakenly assuming earnings from 20 hours of work were the product of a full-time workweek would underestimate the actual hourly wage by half, but it would still accurately reflect the true earnings.

Renter Hourly Wage Rate: 2019 - 2020

County	2019	2020	\$ change 2019 to 2020	% change 2019 to 2020
Columbia	\$11.08	\$10.68	(\$0.40)	-3.6%
Dutchess	\$13.72	\$13.64	(\$0.08)	-0.6%
Greene	\$8.70	\$8.66	(\$0.04)	-0.5%
Orange	\$11.10	\$11.58	\$0.48	4.4%
Putnam	\$12.37	\$12.45	\$0.08	0.7%
Rockland	\$10.98	\$11.53	\$0.55	5.0%
Sullivan	\$11.30	\$11.61	\$0.31	2.8%
Ulster	\$10.35	\$10.81	\$0.46	4.5%
Westchester	\$19.01	\$19.27	\$0.26	1.4%

In a year-over-year comparison from 2019 to 2020, renter hourly wage rates have declined in Columbia, Dutchess, and Greene County by 3.6%, .6%, and .5% respectively. All other counties show an increase in wage rates with Rockland, Ulster, and Orange County having the largest increases of 5%, 4.5%, and 4.4%, respectfully.

The rise in wage rates is welcome news for renters. However, as the following charts indicate, the gap in monthly housing costs for renters remains very high.

Two Bedroom Fair Market Rent: 2019 - 2020

The 2BR Fair Market Rent (FMR) from 2019 to 2020 has increased in every county throughout the Hudson Valley. Westchester County, once again, showed the largest jump year-over-year with an increase of \$200 per month, or 11.3%. When comparing renter wage rates against the FMR's, the data shows a decline in wage rates in Columbia, Dutchess, and Greene Counties, while the monthly rent increased by 3.1%, 3.8%, and 3.1%, respectively. The FMR's outpaced the renter wage rates in every county, except for Orange and Ulster County.

County	2BR FMR FY 2020	Hourly Wage to Afford 2BR FMR	Annual Wage to Afford 2BR FMR	Hourly Renter Wage Rate	# hrs/wk @ Renter Wage Rate needed to Afford 2BR FMR	Monthly Rent Affordable at Renter Wage Rate	Monthly Gap in Rent 2020
Columbia	\$965	\$18.56	\$38,600	\$10.68	70	\$555	-\$410
Dutchess	\$1,397	\$26.87	\$55,880	\$13.64	79	\$709	-\$688
Greene	\$968	\$18.62	\$38,720	\$8.66	86	\$450	-\$518
Orange	\$1,397	\$26.87	\$55,880	\$11.58	93	\$602	-\$795
Putnam	\$1,951	\$37.52	\$78,040	\$12.45	121	\$647	-\$1,304
Rockland	\$1,951	\$37.52	\$78,040	\$11.53	130	\$600	-\$1,351
Sullivan	\$1,000	\$19.23	\$40,000	\$11.61	66	\$604	-\$396
Ulster	\$1,215	\$23.37	\$48,600	\$10.81	86	\$562	-\$653
Westchester	\$1,975	\$37.98	\$79,000	\$19.27	79	\$1,002	-\$973

The "Out of Reach" data for 2020 continues to show tremendous disparity in rental costs in the Hudson Valley vs. the ability to pay. Rockland and Putnam County show the largest affordability gap per month, while Columbia and Sullivan have the smallest gap of \$410 and \$396 per month, respectively. The average monthly gap in the Hudson Valley is \$787 per month, which is a \$50 increase over 2019 average. A household in Rockland and Putnam County requires 3 full-time jobs at the renter wage rate to afford a 2BR apartment at the FMR. This data clearly points to the tremendous need for additional affordable rental housing for the workforce in the Hudson Valley. The counties of Westchester, Putnam, Dutchess, Orange, and Ulster are the 2nd, 3rd, 4th, and 5th most expensive areas in the state.

Change in the Monthly Rent Gap

County	Monthly Rent Gap 2019	Monthly Rent Gap 2020	\$ change 2019 to 2020	% change 2019 to 2020
Columbia	\$360	\$410	\$50	13.89%
Dutchess	\$632	\$688	\$56	8.86%
Greene	\$504	\$518	\$14	2.78%
Orange	\$769	\$795	\$26	3.38%
Putnam	\$1,188	\$1,304	\$116	9.76%
Rockland	\$1,260	\$1,351	\$91	7.22%
Sullivan	\$376	\$396	\$20	5.32%
Ulster	\$672	\$653	-\$19	-2.83%
Westchester	\$786	\$973	\$187	23.79%

The monthly rent gap continues to grow in every county in the Hudson Valley, except Ulster County, where the renters wage rate outpaced the increase in the FMR. Westchester shows the largest dollar and percentage increase.

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