

Delaware Valley Rental Housing Assessment

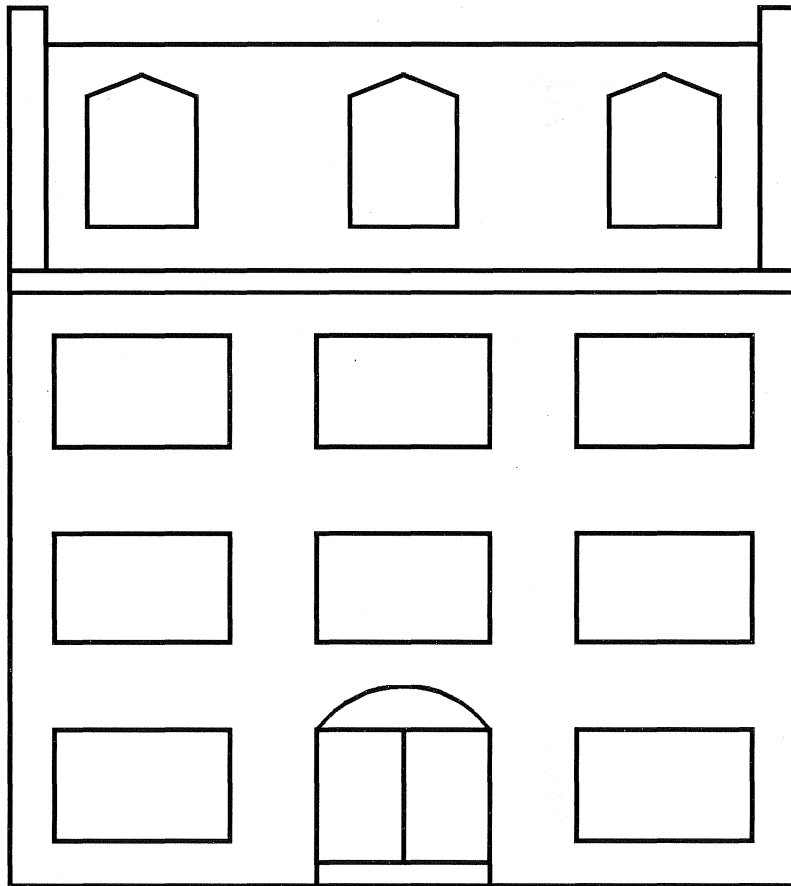


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A Region on the Rise



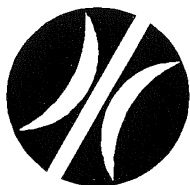
**Delaware
Valley
Rental
Housing
Assessment**



DELAWARE VALLEY REGIONAL PLANNING COMMISSION
September 1993

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Created in 1965, the Delaware Valley Regional Planning Commission (DVRPC) is an interstate, intercounty and intercity agency which provides continuing, comprehensive and coordinated planning for the orderly growth and development of the Delaware Valley region. The region includes Bucks, Chester, Delaware, and Montgomery counties as well as the City of Philadelphia in Pennsylvania and Burlington, Camden, Gloucester, and Mercer counties in New Jersey. The Commission is an advisory agency which divides its planning and service functions between the Office of the Executive Director, the Office of Public Affairs, and three line Divisions: Transportation Planning, Regional Information Services Center, which includes Regional Planning Office, and Finance and Administration. DVRPC's mission for the 1990s is to emphasize technical assistance and services and to conduct high priority studies for member state and local governments, while determining and meeting the needs of the private sector.



The DVRPC logo is adapted from the official seal of the Commission and is designed as a stylized image of the Delaware Valley. The outer ring symbolizes the region as a whole while the diagonal bar signifies the Delaware River flowing through it. The two adjoining crescents represent the Commonwealth of Pennsylvania and the State of New Jersey. The logo combines these elements to depict the areas served by DVRPC.

DELAWARE VALLEY REGIONAL PLANNING COMMISSION

Publication Abstract

<p style="text-align: center;">TITLE</p> <p>DELAWARE VALLEY RENTAL HOUSING ASSESSMENT</p>	<p>Date Published: September, 1993</p> <p>Publication No. 93032</p>
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Geographic Area Covered: The nine-county DVRPC region, including Bucks, Chester, Delaware, Montgomery and Philadelphia in Pennsylvania, and Burlington, Camden, Gloucester and Mercer in New Jersey.

Key Words: Rental housing, rental affordability, rental housing quality, mobility.

ABSTRACT

This report presents an assessment of the Delaware Valley's rental housing stock and its occupants. Characteristics of the region's renters are discussed, including income, age, race and household size. The quantity, location and quality of rental units are defined. Finally, the ability of renters to live in preferred locations in the Delaware Valley is considered.

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EXECUTIVE SUMMARY

This report presents an assessment of the Delaware Valley region's rental housing stock and its occupants. Previous Delaware Valley Regional Planning Commission (DVRPC) reports have documented a lack of affordable homeownership opportunities, discussed the impact of this trend on the region's social and economic health, and recommended strategies to increase the supply of affordable units for ownership. A shortage of affordable rental housing units can likewise hamper the ability of lower-income workers to find housing near their jobs, resulting in longer commutes, increased traffic congestion and reduced air quality. Several counties have identified a lack of affordable rental units as their most serious current housing problem.

Methodology

The report first profiles the region's renters, discussing characteristics such as race, age, income and household size. The quantity and distribution of the rental housing stock is then described and mapped. The quality of rental housing the region is discussed, considering indicators such as external condition, the relative age of rental units, the number of renter-occupied units that are overcrowded and the number of rental units that lack complete plumbing facilities.

The cost of rent plus utilities and the percentage of the occupants' income that must be spent for rent and utilities are discussed. Finally, the mobility of renters is evaluated, considering the ability of renters to choose a location where they either need or prefer to live. The location of rental units is compared to the location of the region's employment centers, and rental vacancy rates are discussed. Since cost is a major factor in determining where people will live, rental affordability is mapped and analyzed, considering the percentage of household income that would have to be spent to rent each municipality's median-cost rental unit.

Findings

Over 1.3 million people live in rental housing units in the nine-county DVRPC region, occupying approximately 579,000 units. The average head of rental households is between 25 and 34 years of age; earns approximately \$23,100 per year; and lives in a one or two-person household. Participating in the rental housing market, however, is a very diverse group of people having a broad range of needs. Many renters are moderate or median-income wage earners, some of whom could afford the monthly cost of homeownership but cannot accumulate down-payment and closing costs. Others are low-income families living on fixed incomes, including Social Security, disability or public assistance. A small percentage are large families of 5 or more people. A significant number of renters are elderly; over 109,000 rental households in this region are headed by persons over 64.

Forty percent of the region's rental housing stock is located within the City of Philadelphia; 35% is located in the four suburban Pennsylvania counties, and the remaining 25% is located in the four southern New Jersey counties. As expected, Philadelphia, Trenton and Camden City contain more rental units than any other individual municipalities. The region's rental housing stock consists mainly of one and two-bedroom units; a significant gap exists between the number of larger families in the region who cannot afford to own a housing unit and the number of rental units large enough to accommodate these families.

While only 8% of the region's rental housing units are considered overcrowded and less than 1% lack complete plumbing facilities, 30% of the region's rental housing units are over 50 years old. Although older units may not necessarily be in worse condition than newer units, age is generally accepted (particularly in the case of rental units) as an indication of deteriorating structural condition. While quality of rental units does not appear to be a significant problem region-wide, the condition of the rental stock may be the most significant problem facing certain areas, such as the region's older urban centers.

The average cost of rent and utilities in the region is \$520 per month. Approximately one-half of all renter-occupied households in the Delaware Valley pay more than 30% of their income for rent and utilities, considered a standard limit for assessing affordability. On average, lower-income households pay a significantly higher percentage of their income towards rent and utilities than do median income families, and older households pay a higher percentage than do younger households (almost 75% of elderly households in rental units pay over 30% of their income towards rent and utilities). While the majority of lower cost rental units are located in the City of Philadelphia and other cities and boroughs, many of the residents occupying these units are shelter-poor, paying over 30% of their income for rent and utilities.

In almost 40% of the region's municipalities, the region's average income renter could not afford a unit renting for the median rent for that municipality (with affordability again defined as paying 30% or less of their income for rent plus utilities). Many "unaffordable" municipalities are in areas closest to suburban employment centers and transit stations. Since 34% of all renter-occupied households have no automobile and an additional 43% have only one car, rental units should be located primarily in the vicinity of social or medical services and public transit and employment opportunities.

Low rental vacancy rates (of 2% or less) in many areas close to transit or employment may indicate that demand for units in these locations exceeds supply. The mobility of families living in rental units is apparently limited by the cost and supply of units closest to employment, services and transit. Workers forced to live long distances from their job sites are faced with long commutes, which decreases employee productivity; increases traffic congestion; and reduces air quality. Future DVRPC work will further consider problems facing the region's renters and begin to formulate regional policy recommendations which could positively affect the production and maintenance of sound, affordable rental units in preferred locations throughout the region.

I. WHO ARE THE REGION'S RENTERS?

This chapter profiles the region's renters, discussing socioeconomic characteristics such as race, age, household size and income distribution. As illustrated in Table I, almost 1.3 million people live in rental housing units in the Delaware Valley, occupying almost 580,000 rental units. This represents approximately 25% of the region's total population. Over one-half a million renters reside in the City of Philadelphia, which contains more renters than reside in all four New Jersey counties located within the DVRPC region.

As illustrated in Figure I, renters in the region are younger on average than are homeowners, with the majority of the heads of renter-occupied households being between 25 and 34 years of age, as compared to 35 to 44 years of age for homeowners. A significant number of renter-occupied households, however, are headed by the elderly; almost 110,000 heads of renter-occupied households (over 19%) are over the age of 64. Although more elderly heads of households are homeowners (25% of all homeowners are over 64 years), elderly low and moderate income householders are often renters struggling to meet increasing rent and utility costs while living on fixed incomes.

The majority of renters live in relatively small one or two person households, as indicated in Figure II. Forty-one percent of all renter-occupied households reside in single-person households, and an additional 27% live in two-person households. By comparison, only 18% of homeowners live alone, and 31.2% of all owner-occupied households contain only two people.

Despite the fact that a majority of rental households consist of only one or two people, a significant number are larger families (with five or more people). According to the 1990 census, over 46,000 renter-occupied households in the DVRPC contained five or more people. As is the case throughout many areas of the country, a discrepancy exists in the region between the number of larger rental units (with three or more bedrooms) and the number of larger families requiring larger units. In Gloucester County, for example, a 1990 survey of apartment complexes indicated that 96% of the units in surveyed complexes (with a total of over 5,400 units) were either one or two bedroom units. The greatest rent increase in Gloucester County between 1986 and 1990 was for three-bedroom units (29.5%), probably because of demand which exceeded the limited supply of these larger units. The few available larger rental units are also more likely to be single-family homes or conversions, rather than a part of a larger complex. These units are often more expensive than units located within traditional apartment complexes, particularly since the renter is usually responsible for most if not all of the utility costs.¹

¹Gloucester County Planning Department, "Housing Study, Gloucester County, New Jersey", December, 1990.

Figure III illustrates the breakdown of the region's renters by race. A larger percentage of owners are white as opposed to non-white, largely reflective of the continued lower average incomes earned by non-white households. While 79% of the region's population is white, almost 85% of all homeowners in the region are white and only 69% of all renters in the region are white.

As is the case nationally, renters living in the DVRPC region earn less on average than do homeowners. As indicated in Table II, the average renter-occupied household in the Delaware Valley region earns approximately \$23,100 annually, as compared to an overall regional median of \$35,911. Average earnings vary by county, ranging from a high of \$28,694 in Montgomery County to a low of \$18,201 in the City of Philadelphia. The largest disparity between an average renters' income and the average income of other county residents is in Chester County, where renters earn approximately \$17,300 less than the average county resident.

Not unexpectedly, a higher percentage of renter-occupied households earn below federally-defined poverty levels than of owner-occupied households. In 1989, 7% of all owner-occupied households nationally had earnings below federally-defined poverty guidelines, as opposed to 22.9% of all renter-occupied households². In 1988, 62% of Pennsylvania's renters had incomes at or below 80% of the Commonwealth's median income, compared to only 25% of homeowners³.

Summary

The region's resident rental population includes a diverse range of people with a correspondingly broad range of needs. While the majority of the region's renters are between the ages of 25 and 34, a significant number of elderly live in rental units. Although many renters are moderate to middle wage earners, others are low and moderate income households, earning minimal salaries or living on fixed incomes such as social security, disability or public assistance. Thus, while many renters would ideally like to be close to either their place of employment or have easy access to public transit, other renters need to live in close proximity to available social and medical services as well as basic necessities such as schools, shopping and recreation. Although many renters may eventually become homeowners, others will never own their home and instead continue to rent, either through necessity or by choice.

²Joint Center for Housing Studies of Harvard University, The State of The Nation's Housing, 1990, 1991.

³The Pennsylvania Housing Finance Agency, Pennsylvania Housing: An Assessment of Special Housing Needs in the Commonwealth, June, 1990.

Changing demographics and economics have affected the rental housing market in recent years. The primary rental-household age group, between the ages of 25 and 34, is shrinking as the baby-boomer generation ages. The number of single-person households, however, is increasing, as are single-parent families, increasing the demand for rental units. Many renters who would traditionally move up the housing ladder to eventual homeownership now find themselves trapped in the rental market, unable to save money towards the ever-increasing initial costs of buying a home. The cost of renting has increased as the demand for a limited supply of rental units increases, making it even more difficult for upper-end renters to save towards purchasing.

TABLE I
PEOPLE IN RENTAL HOUSING UNITS IN THE DELAWARE VALLEY, 1990

County	Number of Renters	% of the Resident Population	Number of Renter-Occupied Units	Average Rental Household Size	Overall Average Household Size
Bucks	101,529	18.8%	46,369	2.19	2.84
Chester	75,780	20.1%	33,924	2.23	2.83
Delaware	114,689	20.9%	55,093	2.08	2.72
Montgomery	140,881	20.8%	70,678	1.99	2.66
Philadelphia	515,426	32.5%	229,474	2.25	2.63
Pennsylvania Counties	948,305	25.4%	435,538	2.18	2.70
Burlington	80,865	20.5%	33,644	2.40	2.89
Camden	126,490	25.1%	54,047	2.34	2.81
Gloucester	39,799	17.3%	17,071	2.33	2.92
Mercer	90,591	27.8%	39,125	2.32	2.79
New Jersey Counties	337,745	23.2%	143,887	2.35	2.84
DVRPC REGION	1,286,050	24.8%	579,425	2.22	2.74

Source: U.S. Department of Commerce, 1990 Census of Population & Housing



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 September, 1993

Figure 1

Age of Householder, Delaware Valley 1990

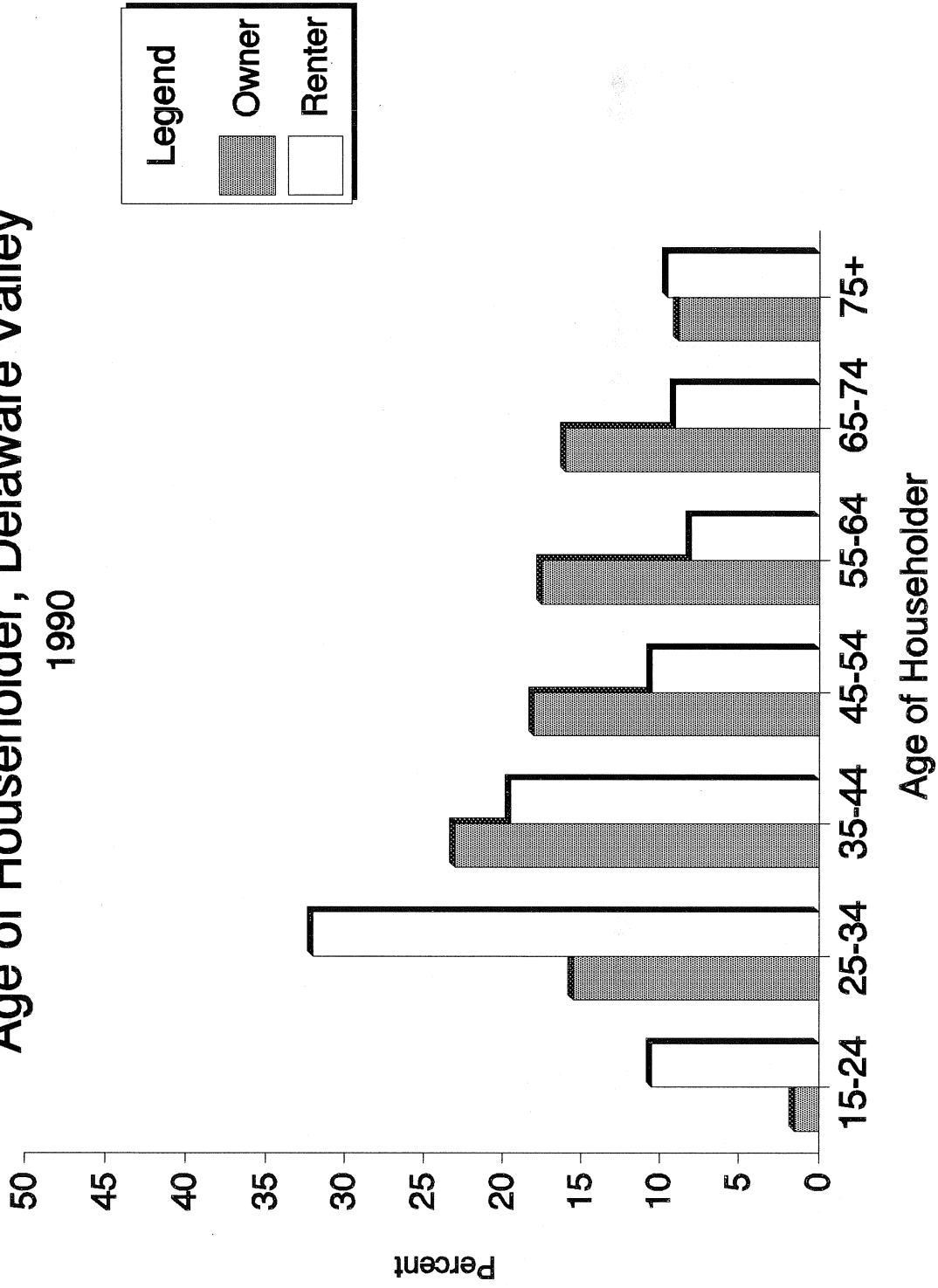


Figure II
Persons per Household, Delaware Valley
 1990

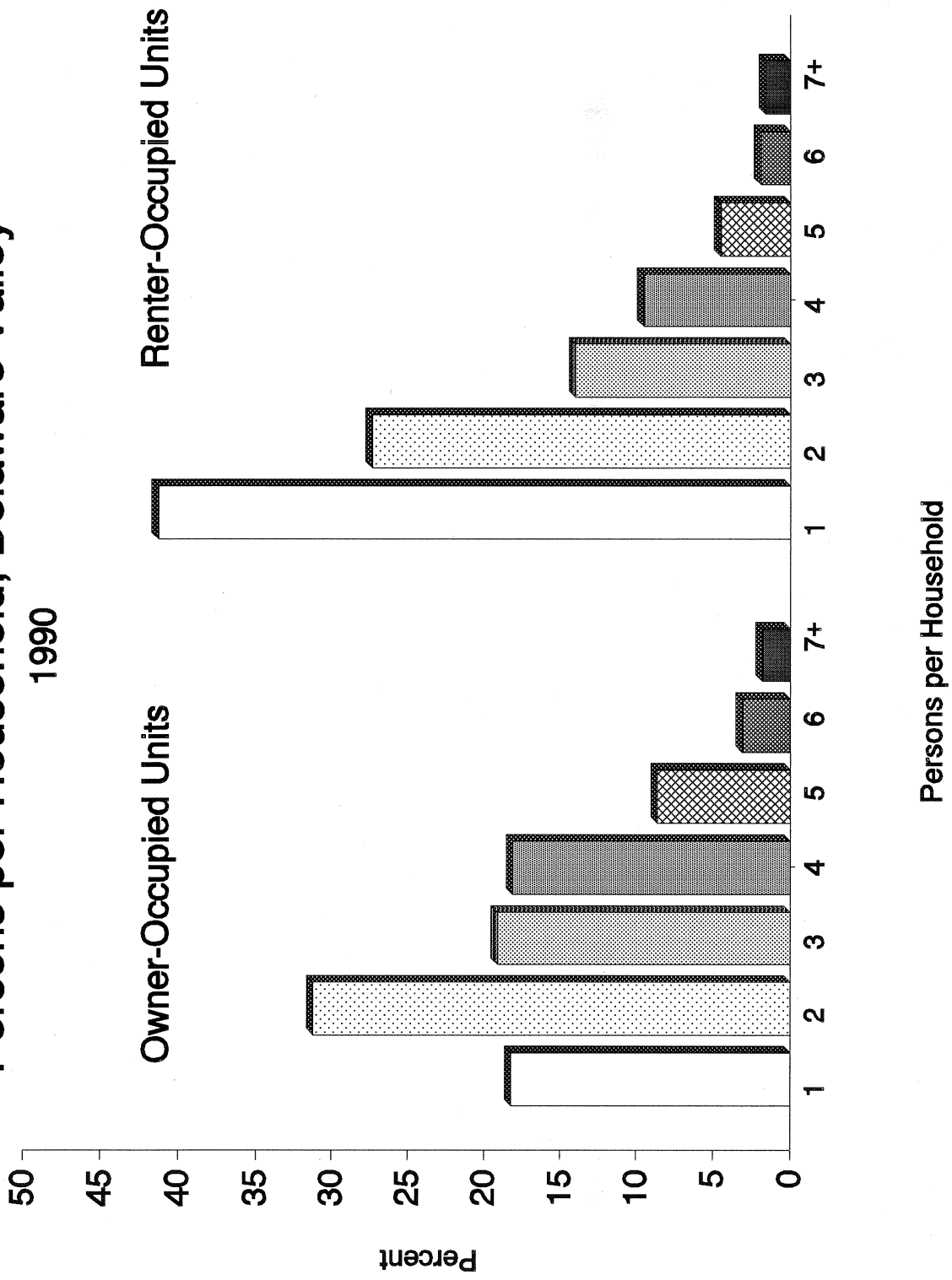
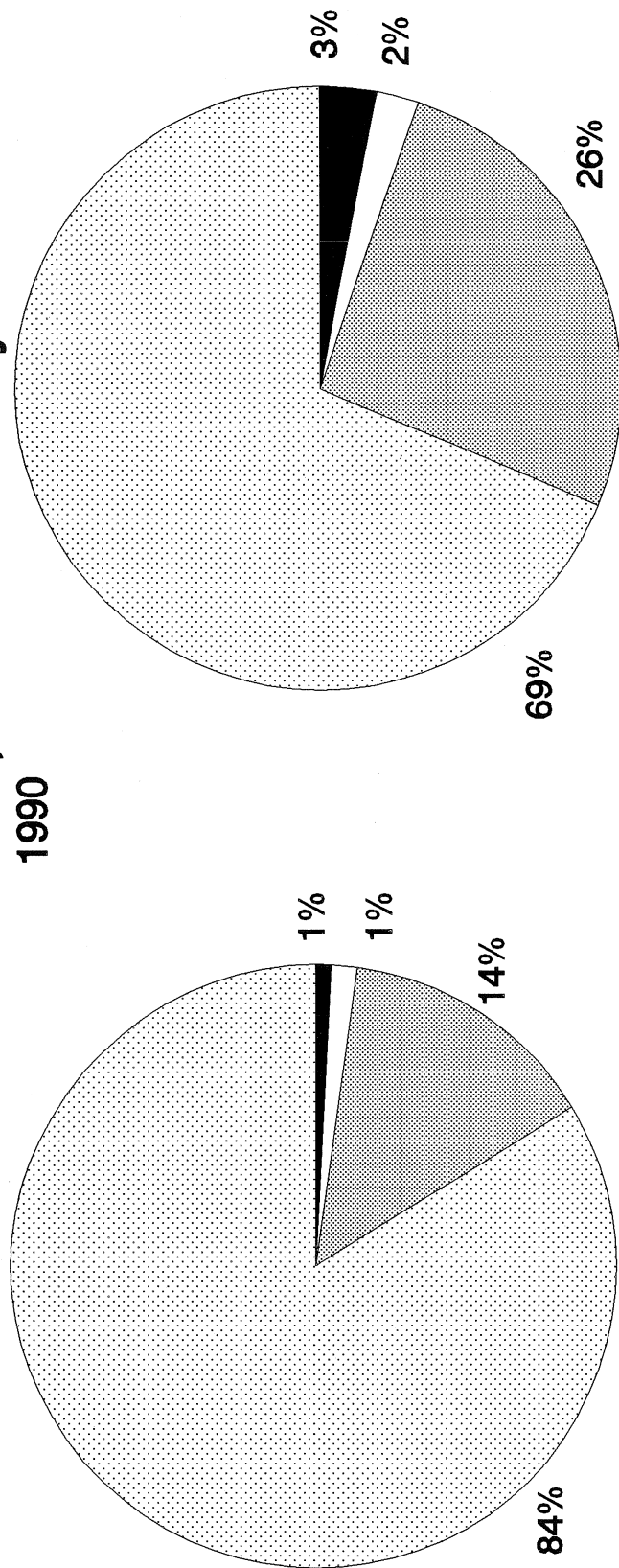


Figure III

Race of Householders, Delaware Valley 1990



Owner-Occupied

Renter-Occupied

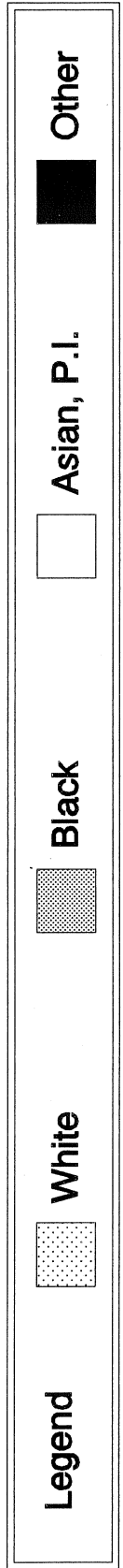


TABLE II
HOUSEHOLD INCOME IN THE DELAWARE VALLEY, 1989

County /Municipality	Average Renter-Occupied Household Income	Overall Median Household Income
Bucks	\$27,770	\$43,347
Bristol Borough	\$20,129	\$36,245
Chester	\$28,341	\$45,642
Coatesville Borough	\$18,577	\$24,887
Delaware	\$23,819	\$37,337
Chester City	\$16,055	\$20,864
Montgomery	\$28,694	\$43,720
Norristown Borough	\$21,447	\$28,643
Philadelphia	\$18,201	\$24,603
5-County Pennsylvania Region	\$22,423	\$34,590
Burlington	\$27,767	\$42,373
Camden	\$22,285	\$36,190
Camden City	\$15,286	\$17,386
Gloucester	\$23,682	\$39,387
Woodbury City	\$16,759	\$28,993
Mercer	\$26,615	\$41,227
Trenton City	\$20,119	\$25,719
4-County New Jersey Region	\$24,910	\$39,488
DVRPC REGION	\$23,100	\$35,911

Source: 1990 U.S. Census of Population & Housing. Average Rental Household Income and Regional Household Incomes estimated using available 1990 Census data.



Delaware Valley Regional Planning Commission
 September, 1993

II. WHERE DO THE REGION'S RENTERS LIVE?

This chapter presents an analysis of the quantity and location of the rental housing stock in the Delaware Valley region. The Delaware Valley region's rental housing stock consists of approximately 630,000 units; of these, 579,425 units were occupied in 1990 and 50,852 units were vacant but officially listed for rent. Figure IV illustrates the location of the region's rental units in 1990. As expected, the majority of rental housing units are concentrated in the City of Philadelphia; in the region's older small cities and boroughs; and along major transportation corridors such as Route 1 and Route 30. The distribution of rental units corresponds to early regional development patterns, with the largest percentage of the region's units having been built before 1970 and the decentralization into the outer suburbs that followed.

Since the rental housing market is largely dependent on the ability of developers to build high density developments in order to make rentals cost-effective, the distribution of rental units is indicative of which municipalities have the necessary infrastructure to support such development and have also allowed higher density complexes. Table III indicates the twenty municipalities in the DVRPC region which contain the most rental units. The City of Philadelphia, being the center of the region but also covering a larger geographic area with higher densities than other individual jurisdictions, is the largest single concentration of rental housing stock, followed by the cities of Trenton and Camden.

All nine counties except Gloucester are represented by at least one municipality within these top twenty, apparently indicating that concentrated pockets of rental housing exist within each county. In Burlington County, 28% of the county's housing stock is located in Maple Shade, Evesham or Pemberton Township; in Camden County, 25% of the rental units are located in Camden City and an additional 15% are located in Cherry Hill Township or Lindenwold. Other pockets of rental housing in New Jersey include Glassboro, Deptford, Woodbury and West Deptford Township in Gloucester County and Trenton, East Windsor and Ewing in Mercer County. In Pennsylvania, 28% of Bucks County's rental units are located in Bensalem or Bristol Township; 27% of Chester County's rental stock is located in West Chester, Tredyffrin or Phoenixville; 32% of Delaware County's rental stock is situated in Chester City or Upper Darby Township; and Montgomery County's rental housing is concentrated in Norristown, Lower Merion and Abington Township.

As indicated in Table IV, 40% of the region's rental housing stock is located in the City of Philadelphia, and an additional 35% is located in the four suburban Pennsylvania counties. The remaining 25% of the region's rental housing units are located in Burlington, Camden, Gloucester or Mercer counties. Figure V illustrates this breakdown by county.

Figure VI translates the number of rental housing units in each municipality in 1990 into a percent of the total municipal housing stock. This analysis presents a different picture of

the distribution of rental units throughout the region, since some municipalities which contain few rental units are largely undeveloped. For example, Audobon Park Borough in Camden County has less than 400 units of rental housing, but these units represent almost 80% of the total local housing stock. In Lindenwold, however, 4,410 rental housing units represent only 57% of the total housing stock. Of the municipalities with the largest absolute number of rental units, the City of Philadelphia's housing is 37% rental; Trenton's stock is 48% rental units; and the City of Camden's housing stock is 50% rental. The question remains as to what "ideal" percentage of the local stock should be rental units to serve the needs of residents, and if in fact the percentage should or can be the same in all locations.

Figure VII illustrates the distribution of rental housing units by census tract throughout the City of Philadelphia, with concentrations of units located in Center City and sections of West Philadelphia, North Philadelphia, the Northeast, and Germantown. The number of rental units throughout the city are displayed as percentages of the total housing stock in Figure VIII.

The Delaware Valley's rental housing stock had a net increase of 14,353 units between 1980 and 1990, as indicated in Table V, with an increase of 10,648 units in the four New Jersey counties and an increase of only 3,705 units in the five Pennsylvania counties. The smaller net increase in the Pennsylvania counties was due to a net loss of over 12,000 rental units in the City of Philadelphia, which off-set an increase of 15,915 rental units in the four suburban Pennsylvania counties of Bucks, Chester, Delaware and Montgomery. The net increase in the number of renter-occupied units by municipality is illustrated in Figure IX. The largest increases in the net number of renter-occupied units are evident in southern New Jersey (particularly in Winslow, Waterford, Cherry Hill and Gloucester Townships in Camden County and Monroe, Washington and Deptford Townships in Gloucester County); in Lower Bucks County; in and around the Willow Grove area; along the Route 30 Corridor in Chester County; and in Mercer County.

The number of rental units built during the 1980's declined drastically from previous levels. Table VI compares the number of units built during the 1980's with the number built during the 1970's; the number of rental units built during the 1980's was 38% lower than the number of units built during the 1970's. In contrast, the number of owner-occupied units built during the 1980's was 2% higher than the number built during the previous decade.

It has been assumed that one phenomenon adding to the depletion of the region's rental housing stock has been the large number of condominium conversions in recent years, particularly during the mid-to-late 1980's. Data seems to indicate, however, that many units converted to condominium status are actually occupied by renters rather than by new owners. The 1990 census indicates that 69,277 of the region's 75,261 condominiums (92%) are renter-occupied. Data from the American Housing Survey indicates that the number of rental housing units did not decrease drastically between 1975 and 1989, despite the fact that the number of condominiums realized a ten-fold increase. A report issued by the

Philadelphia Planning Commission in 1981 reached a similar conclusion, finding that condominium conversions did not significantly produce corresponding decreases in the city's rental housing stock⁴. In New Jersey, however, condominium conversions have affected the affordability of the rental stock in some locations, as units formally under local rent control ordinances as a part of a larger apartment complex may no longer be rent-controlled when owned and leased by an individual.

The decline in the number of rental units built in recent years will continue to affect the rental housing market, as demand for units increases as the population increases and the cost of the limited number of available rental units increases. In Montgomery County, for example, the number of rental units increased by only 4,900 between 1980 and 1990, while over 31,000 households moved into the county during the same time period⁵. Recognizing problems facing renters as a result of limited supply of rental units, the New Jersey Housing Mortgage Finance Agency's stated production goal for 1993 is to create 750 new rental units, compared to a cumulative total of 1,000 rental units during the previous five years⁶.

Future Multi-Family Residential Development

Nationally, production of multi-family residential development was weak between 1989 and 1992; Trammell-Crow Residential, one of the largest apartment developers in the country, saw a decrease in their annual production of new units, from an average of 10,000 new units per year during the mid-to-late-1980's to 1,700 units in 1991 and less than 2,500 units in 1992. To offset this trend and meet un-filled demand, the National Association of Homebuilders has forecast that multi-family housing starts will increase, peaking at 400,000 units in 1995 and averaging 272,000 units annually through the year 2000.

A 1990 survey of multifamily developers in Pennsylvania by the Pennsylvania Housing Finance Agency indicated that prospects for expanding the Commonwealth's stock of rental housing in the future were poor to non-existent⁷. However, a 1993 study of real estate value trends conducted by the Valuation Network and published in the Land Use Digest identified Philadelphia as the ninth best apartment investment market in the country in 1993, based on an analysis of vacancy rates, estimated years to market balance, population and household growth projections and forecast value changes. Syracuse was the top-ranked

⁴Philadelphia City Planning Commission, Condominium-Cooperative Conversion Housing Study: City of Philadelphia, June, 1981.

⁵Montgomery County Inter-Agency Task Force on Affordable Housing, Affordable Housing in Montgomery County: Obstacles and Opportunities, March 30, 1992, page 6.

⁶"Housing New Jersey: A Monthly Report on Affordable Housing", Volume 2, Issue 8.

⁷The Pennsylvania Housing Finance Agency, "Pennsylvania Housing: An Assessment of Special Housing Needs in the Commonwealth", June, 1990.

market, followed in order by San Antonio, Miami, Denver, Portland, San Francisco, St. Louis and West Palm Beach⁸.

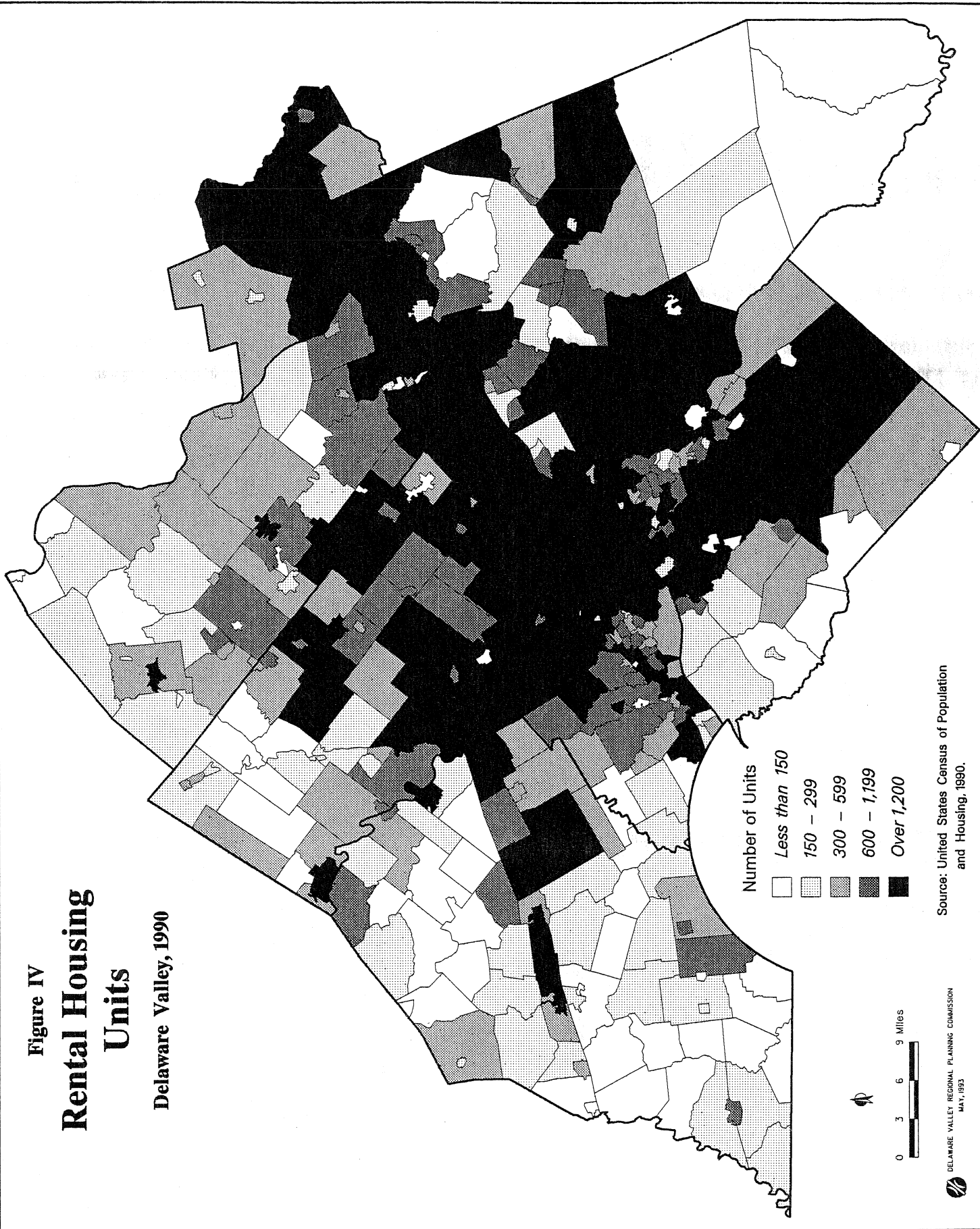
Some surveys have shown that more people are choosing to rent rather than own as a lifestyle choice rather than out of financial necessity, including pre-retirement couples, empty nesters, and young professionals who would rather be close to work than own a home in an outlying suburb or bedroom community. Amenities formerly associated with the homeownership market, including features such as garages, extra rooms, home offices, additional storage space and closets and landscaping, are now often included in multi-family rental housing units by developers. While apartment development may increase in future years, particularly at the upper end of the rental market, developers must be aware of the fact that if the cost of construction necessitates rents that are too high given existing markets, potential upscale renters may be lost to single-family housing alternatives. Development of upscale units also does nothing to alleviate the demand for affordable units for low or moderate income households living in rental units not necessarily by choice but out of necessity.

Housing officials recognize that the key to developing new multi-family housing is to find markets where the local and regional economy is expanding, and where sustained employment growth is therefore forecast. Multi-family housing, when developed, is now often built in conjunction with large industrial or business parks. Demand is also increasing for upscale apartments on in-fill sites close to central business districts and suburban employment centers. Many cities now encourage higher-density residential development close to transit centers by offering bonuses (usually higher permitted densities) at such sites. The feasibility of offering such incentives in the Delaware Valley as a means of spurring multi-family residential construction will be investigated in the second phase of this project.

⁸"Report Rates Syracuse Top Apartment Investment Market", Land Use Digest, Volume 26, Number 5.

Figure IV
Rental Housing
Units

Delaware Valley, 1990



Source: United States Census of Population and Housing, 1990.

DELAWARE VALLEY REGIONAL PLANNING COMMISSION
 MAY, 1993

TABLE III
MUNICIPALITIES WITH THE LARGEST NUMBER OF RENTAL UNITS
IN THE DELAWARE VALLEY, 1990

Township	County	Number of Rental Units
Philadelphia	Philadelphia	253,996
Trenton City	Mercer	16,150
Camden City	Camden	14,934
Upper Darby Township	Delaware	11,962
Bensalem Township	Bucks	9,663
Hamilton Township	Mercer	8,731
Chester City	Chester	7,727
Lower Merion Township	Montgomery	6,058
Norristown Borough	Montgomery	5,980
Gloucester Township	Camden	5,568
Abington Township	Montgomery	4,897
Bristol Township	Bucks	4,892
Cheltenham Township	Montgomery	4,847
Lindenwold Township	Camden	4,830
Maple Shade Township	Burlington	4,717
Cherry Hill Township	Camden	4,359
Pottstown Township	Montgomery	4,039
Radnor Township	Delaware	3,991
Upper Moreland Township	Montgomery	3,944
Middletown Township	Bucks	3,905
Total Rental Units in Top 20 Municipalities		385,190

Percent of Region's Rental Housing Stock	61.1%
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Source: U.S. Department of Commerce, 1990 Census of Population and Housing



Delaware Valley Regional Planning Commission
 September, 1993

TABLE IV
DISTRIBUTION OF RENTAL HOUSING UNITS IN THE
DELAWARE VALLEY 1990

County	Total Rental Units	% of the Total Housing Stock	% of the Total Regional Rental Housing Stock
Bucks	50,541	25%	8.0%
Chester	35,931	26%	5.7%
Delaware	59,420	28%	9.4%
Montgomery	75,413	28%	12.0%
Philadelphia	253,996	38%	40.3%
Pennsylvania Counties	457,301	31%	75.4%
Burlington	35,990	25%	5.7%
Camden	59,327	31%	9.4%
Gloucester	18,121	22%	2.9%
Mercer	41,536	34%	6.6%
New Jersey Counties	154,974	29%	24.6%
DVRPC REGION	630,275	31%	100.0%

Source: U.S. Department of Commerce, 1990 Census of Population and Housing



Delaware Valley Regional Planning Commission
 September, 1993

Distribution of Rental Housing Units in the Delaware Valley, 1990

Figure V

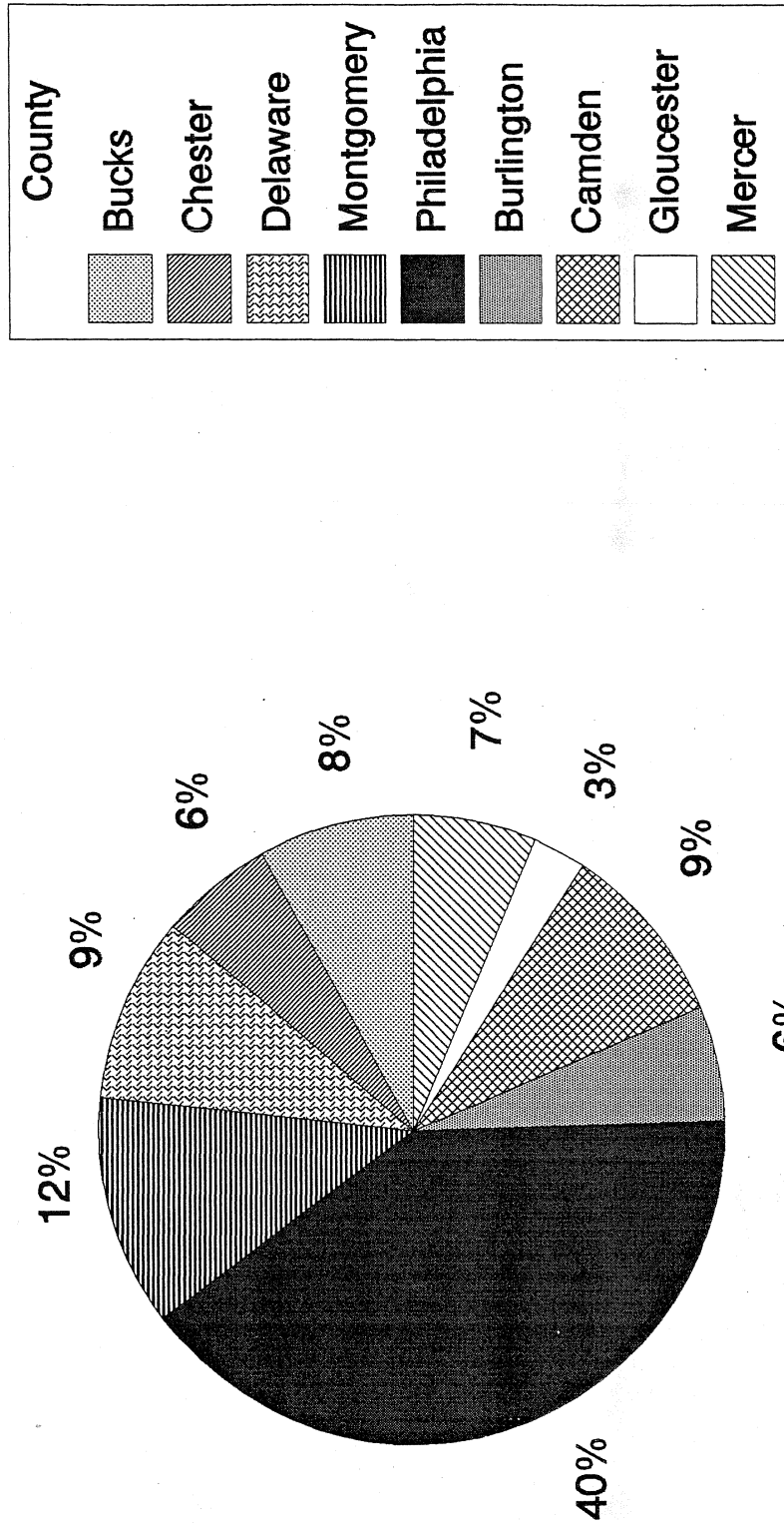
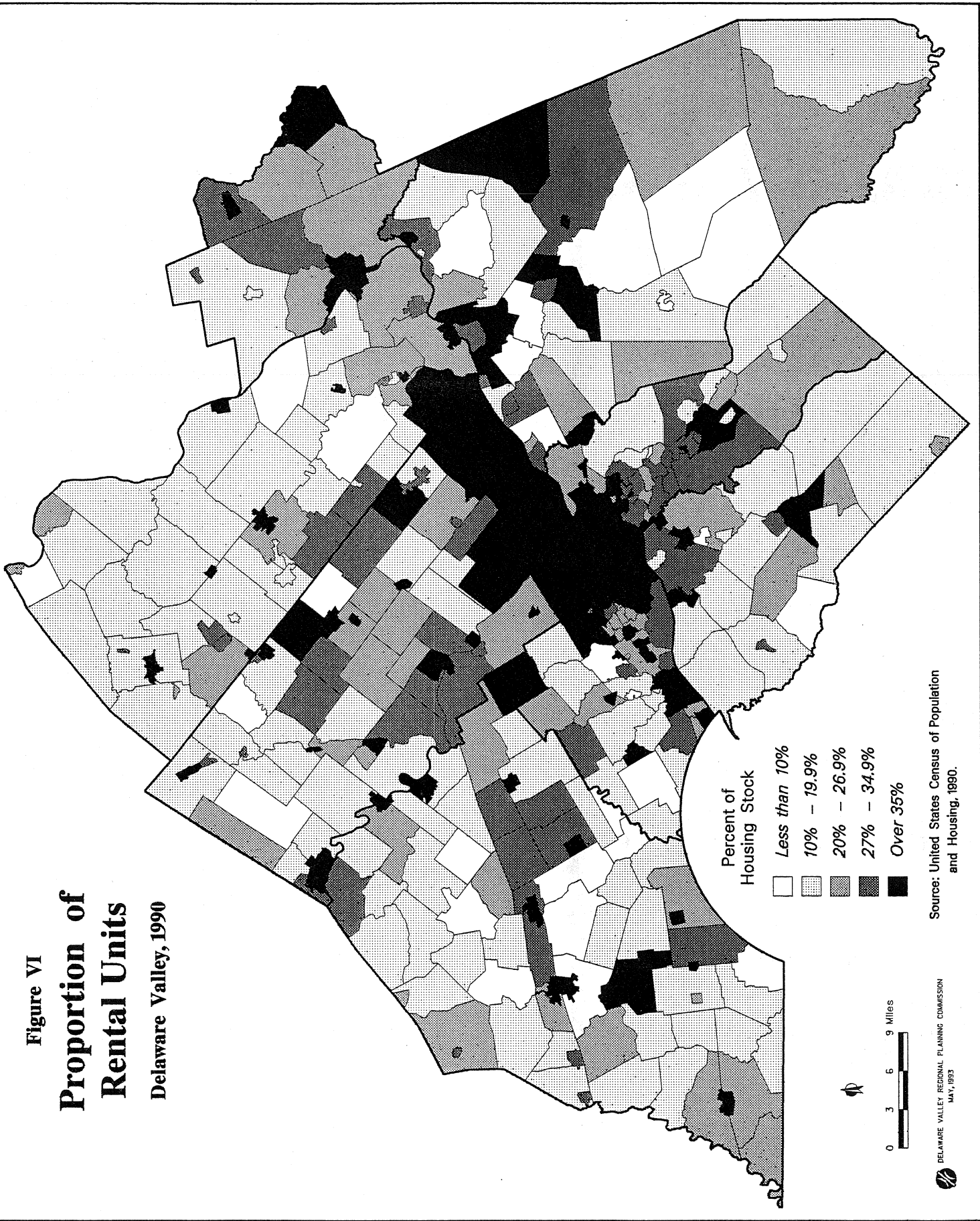


Figure VI
Proportion of
Rental Units

Delaware Valley, 1990



Percent of
Housing Stock

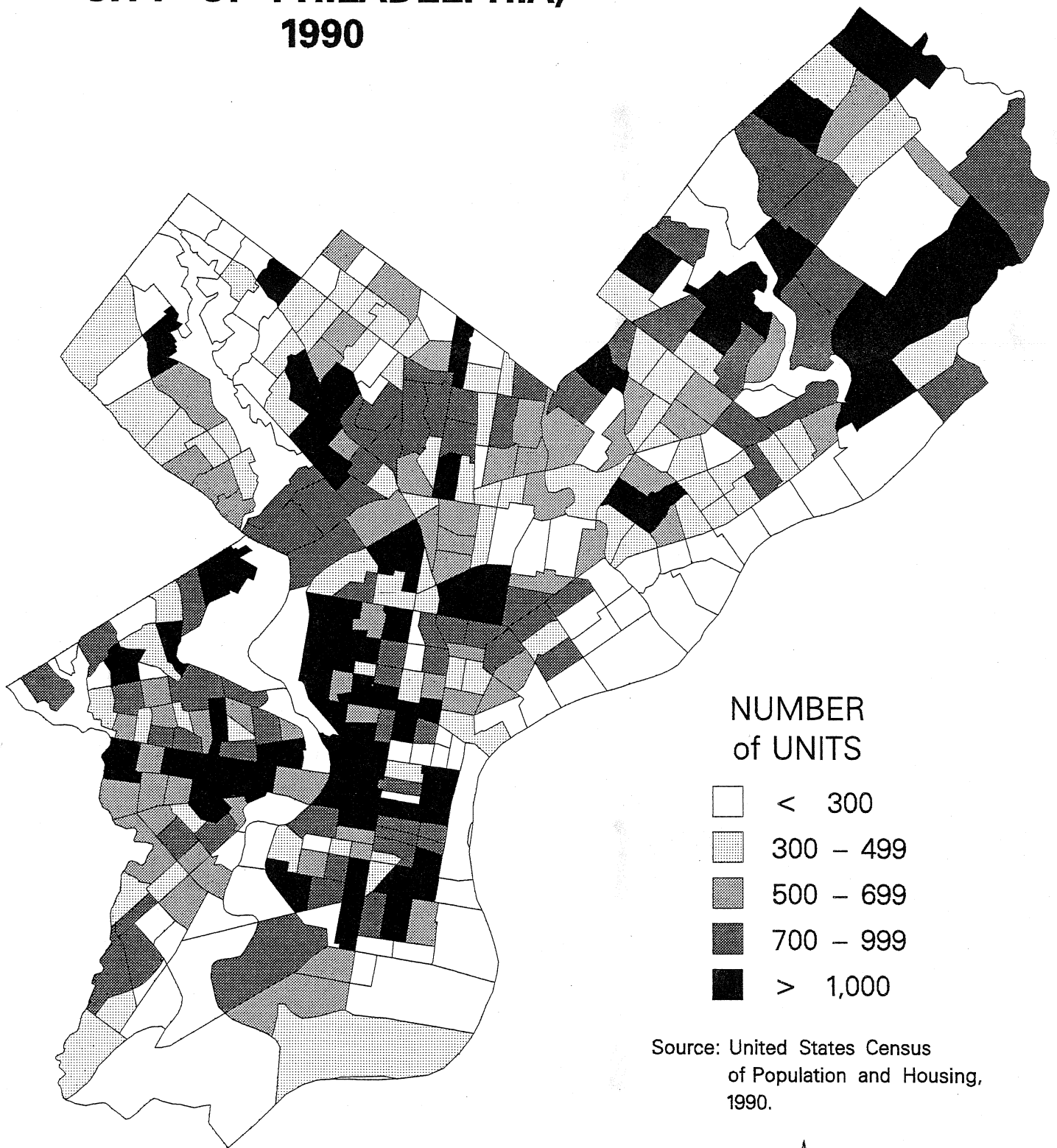
- Less than 10%
- 10% - 19.9%
- 20% - 26.9%
- 27% - 34.9%
- Over 35%

Source: United States Census of Population
and Housing, 1990.






DELAWARE VALLEY REGIONAL PLANNING COMMISSION
MAY, 1993

Figure VII

RENTAL HOUSING UNITS, CITY OF PHILADELPHIA, 1990



NUMBER of UNITS

-  < 300
-  300 - 499
-  500 - 699
-  700 - 999
-  > 1,000

Source: United States Census
of Population and Housing,
1990.

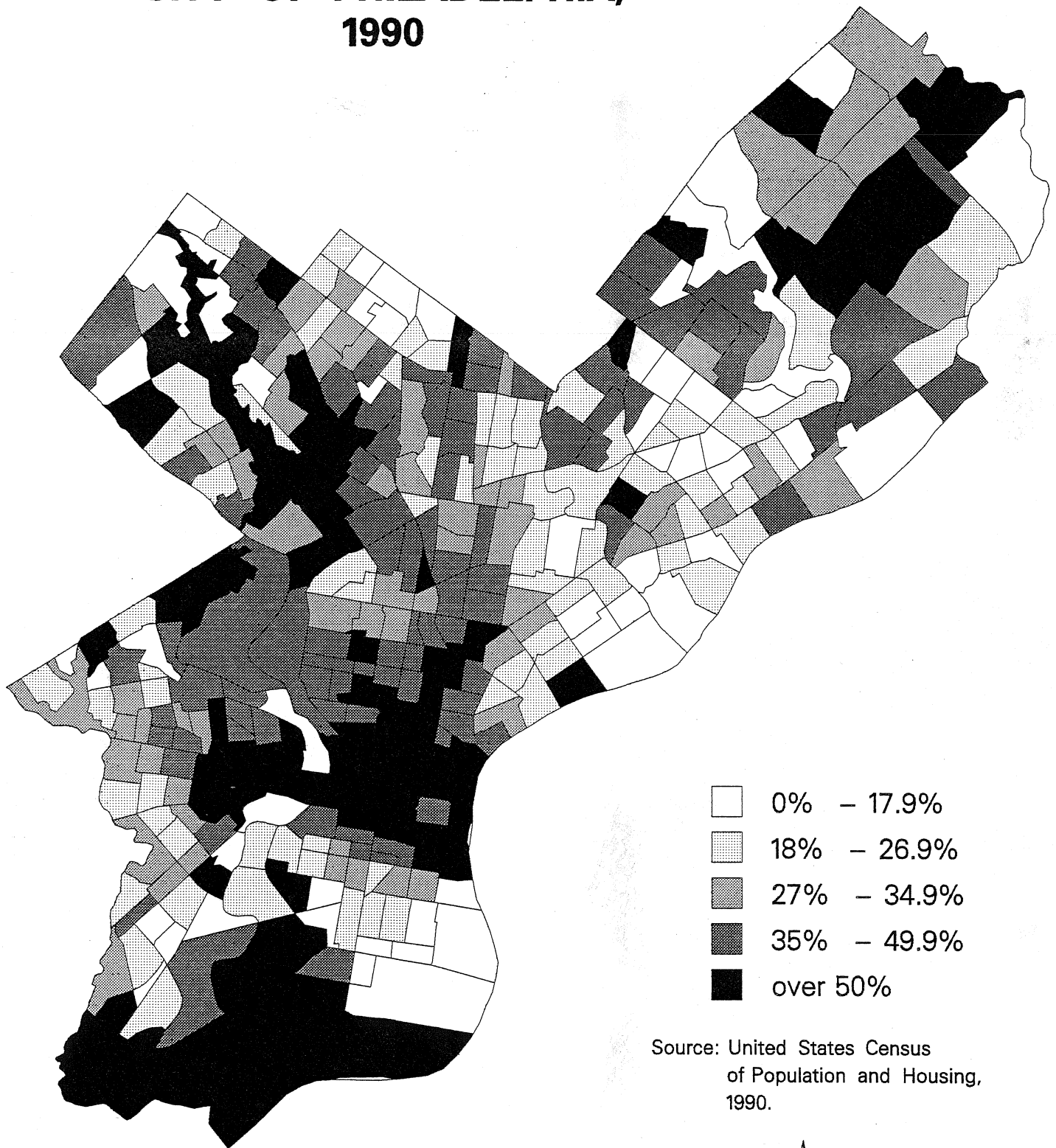


0 1 2 3 4 5 miles



Figure VIII

PROPORTION OF RENTAL UNITS, CITY OF PHILADELPHIA, 1990



Source: United States Census
of Population and Housing,
1990.



0 1 2 3 4 5 miles



TABLE V
NET CHANGE IN RENTAL HOUSING UNITS, DELAWARE VALLEY REGION
1980 -1990

County	Absolute Change in Units 1980-1990	Percent Change 1980-1990
Bucks	6,263	15.6%
Chester	3,266	10.7%
Delaware	1,484	2.8%
Montgomery	4,902	7.5%
Philadelphia	(12,210)	-5.1%
Pennsylvania Counties	3,705	0.9%
Burlington	3,309	10.9%
Camden	4,115	8.2%
Gloucester	1,778	11.6%
Mercer	1,446	3.8%
New Jersey Counties	10,648	8.0%
DVRPC REGION	14,353	2.5%

Source: U.S. Department of Commerce, 1980 and 1990 Census of Population & Housing



Delaware Valley Regional Planning Commission
 September, 1993

TABLE VI
HOUSING UNITS BUILT DURING THE 1970S AND 1980S

County	Owner-Occupied			Renter-Occupied		
	1970-1980	1980-1990	% Change	1970-1980	1980-1990	% Change
Bucks	28,857	29,185	1%	12,317	8,164	-34%
Chester	19,985	27,335	37%	8,625	5,684	-34%
Delaware	10,112	8,750	-13%	9,115	4,940	-46%
Montgomery	23,508	27,794	18%	15,839	9,174	-42%
Philadelphia	12,717	7,975	-37%	24,497	5,713	-36%
PA Total	95,179	101,039	6%	70,393	43,675	-38%
Burlington	22,985	20,402	-11%	7,731	4,949	-36%
Camden	19,816	16,536	-17%	11,991	6,218	-48%
Gloucester	12,330	13,295	8%	4,268	2,745	-36%
Mercer	9,290	10,785	16%	7,393	5,154	-30%
NJ Total	64,421	61,018	-5%	31,383	19,066	-39%
DVRPC REGION	159,600	162,057	2%	101,776	62,741	-38%

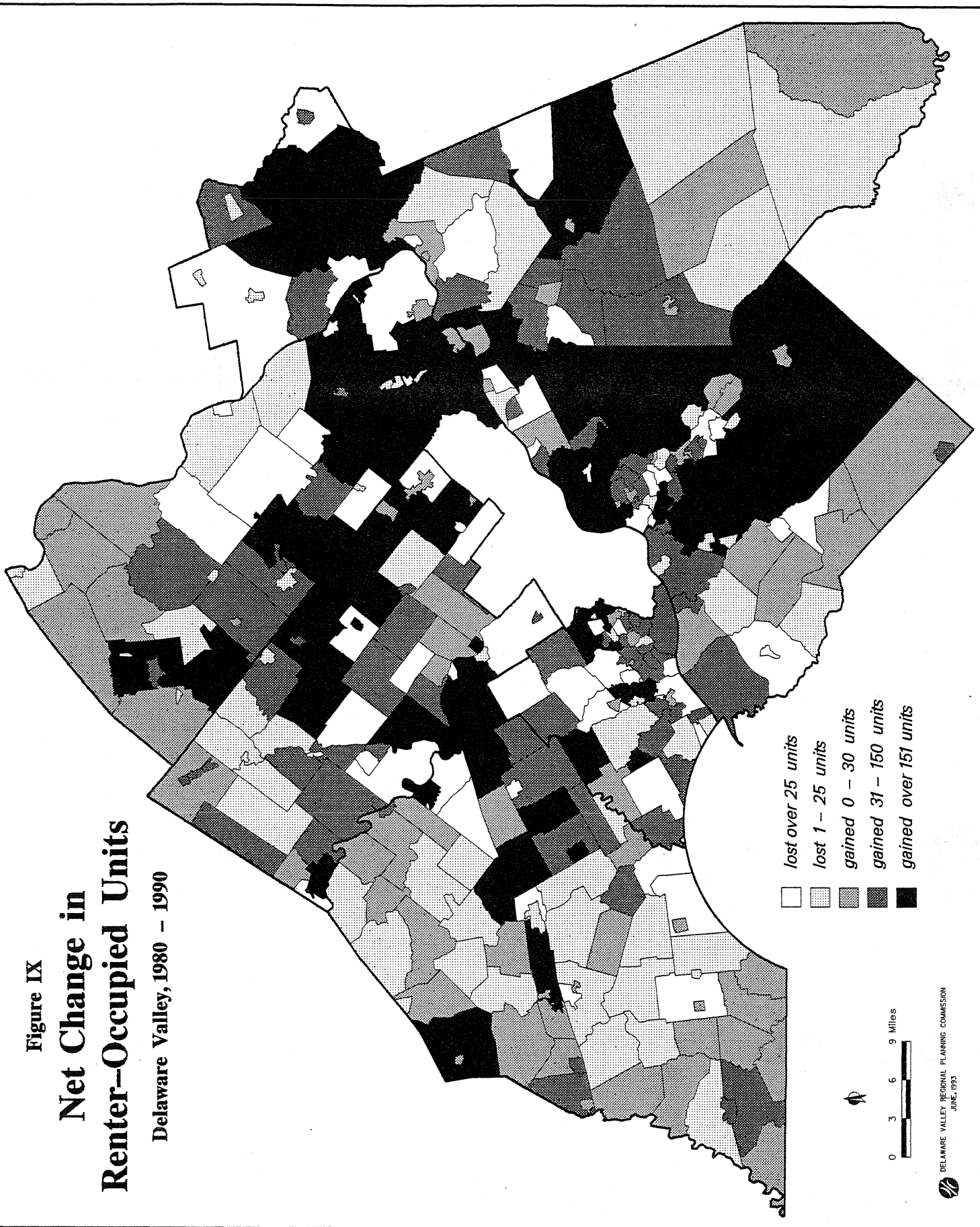
Source: U.S. Department of Commerce, 1990 Census of Population and Housing



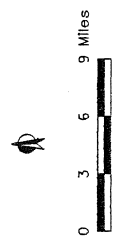
Delaware Valley Regional Planning Commission
September, 1993

Figure IX
Net Change in
Renter-Occupied Units

Delaware Valley, 1980 - 1990



- lost over 25 units
- lost 1 - 25 units
- gained 0 - 30 units
- gained 31 - 150 units
- gained over 151 units



III. HOW SOUND ARE THE REGION'S RENTAL UNITS?

This chapter discusses the condition of the region's rental housing stock, considering factors such as overcrowding, age of the units, presence or absence of certain facilities or amenities and external condition. It is difficult to assess the condition of the region's housing stock, particularly when limited to secondary sources of data such as the United States Census or the American Housing Survey (AHS). Ideally, an actual survey of housing would be conducted in order to reach an overall conclusion regarding the quality of an area's housing stock. Such an extensive survey, however, was neither cost effective nor time efficient, given the time constraints of this project and the size of the Delaware Valley region.

The Census of Population and Housing provides certain general indicators of housing quality, including overcrowding, age of housing and the percentage of units lacking complete plumbing facilities. Other housing quality indicators are available for the Philadelphia metropolitan area through the American Housing Survey, completed once every seven years for the Department of Housing and Urban Development. This report includes a discussion of the 1989 American Housing Survey of the Philadelphia region, which for the survey includes all counties included in the DVRPC region except Mercer County. The AHS discusses indicators such as an external condition survey, the renter's overall opinion of the condition of their dwelling unit, the main heating source and the existence of moderate or severe problems with the plumbing, heating or electrical systems.

The American Housing Survey (AHS), while including greater details on housing units and their surrounding neighborhoods than does the Department of the Commerce's Census of Population and Housing, is also less geographically specific, presenting responses for a total metropolitan area and two smaller subareas as compared to the expansive geography used by the Census. It projects metropolitan totals using a much smaller sample size (actually interviewing approximately 1,000 households in the Philadelphia region before projecting total responses, for example) and is much more dependent on subjective responses. Certain information presented in the survey is therefore generally not as accurate as that reported through the census; income, for example, is traditionally under-reported by the American Housing Survey. However, information presented regarding housing and neighborhood conditions is useful in defining general characteristics of neighborhoods and developing public community development and housing policy.

Census Housing Quality Indicators

The primary housing quality indicator used by most researchers is the age of housing units. While older units are not necessarily of reduced quality, older units are generally assumed to be in worse condition than newer units, particularly when the unit is occupied by a renter rather than the owner. As indicated in Figure X, 30% of the region's rental housing stock is over fifty years old, and may therefore be in varying states of disrepair. Over one-half of

these older rental units are located in the City of Philadelphia, where 42% of the city's rental stock was built before 1940. Overall, the rental housing stock in New Jersey is newer than that in Pennsylvania, with only 20% of New Jersey's rental units being 50 years old or more.

Other census variables commonly used when discussing housing quality include over-crowding, defined as units with more than 1.01 persons per room, and the number of units that lack a complete kitchen. According to the Census, 46,859 rental households in the Delaware Valley were living in over-crowded units in 1990. Most of these over-crowded units are located in Pennsylvania as opposed to New Jersey, because of the large number located in the City of Philadelphia. Overcrowded conditions are most often encountered in urban areas; the City of Philadelphia contained over 16,000 over-crowded rental units, and the cities of Trenton and Camden accounted for an additional 4,000 over-crowded rental units in 1990.

Few units in the Delaware Valley region lacked complete kitchen facilities in 1990. Of 3,722 rental units lacking such facilities, 60% were located in the City of Philadelphia, and an additional 12% were located in either Trenton or Camden City.

In general, 1990 census data indicates that the region's rental housing stock is in generally sound condition, with the age of some units posing the main threat to the continued good health of the rental stock. Reduced quality of the stock is concentrated in urban areas, and may indeed be the main problem facing urban renters.

American Housing Survey Housing Quality Indicators

The American Housing Survey for the Philadelphia region presents data such as external condition of the unit; the main heating source and heating fuel; and the occupant's overall opinion of the structure as indicators of housing quality. In general, more renter-occupied units were noted to have external conditions such as cracked foundations, broken or boarded windows, missing siding or shingles, or sagging or visibly damaged roofs than were owner-occupied units. However, the number of units having these conditions was relatively insignificant, never accounting for more than 2.5% of the total rental housing stock. The descriptions were also not mutually exclusive, meaning that one unit could potentially have all poor external conditions and be counted in every description.

It appears, therefore, that the vast majority of renter-occupied units in the region are in sound condition. Likewise, very few occupants of renter-occupied units in the region relied on unconventional sources of heat as their main heating source (such as portable heaters, kerosene heaters or wood fires).

In terms of overall opinion of their units, owners in general were found by the AHS to be more satisfied with their units than were renters. On a scale of one-to-ten (with 1 as the worst and 10 as the best), 43% of owners assigned the best possible ranking to their units,

as opposed to only 21% of renters. Over 16% of renters ranked their units at five or worse, compared to less than 6% of owners.

Conclusion

Based on an analysis of available data, the quality of the region's rental housing stock appears sound. A potential for deteriorating housing quality exists because of the age of the stock, indicating a need for continued maintenance and proactive property maintenance code enforcement.

The 1992 State of New Jersey Comprehensive Housing Affordability Strategy (CHAS) developed by the New Jersey Department of Community Affairs concluded that 625,000 low or moderate income households statewide are living in units that are over-crowded, physically substandard or unaffordable, including 298,000 households that pay 50% or more of their income for housing costs and 56,000 households living in overcrowded units. In 1986, the New Jersey Council on Affordable Housing estimated that 115,000 low or moderate income households were living in physically substandard units, but reduced this estimate to 56,000 households in 1993⁹.

The quality of the available rental housing stock is of much greater consequence than is the quantity of rental units in certain areas of the region, particularly in the City of Philadelphia and other urbanized areas containing older and often over-crowded rental housing. The supply of rental units in Philadelphia, for example, has actually increased over time while the population has decreased. However, a 1989 report suggests that the city's rental housing stock is in many cases unaffordable and deteriorating¹⁰.

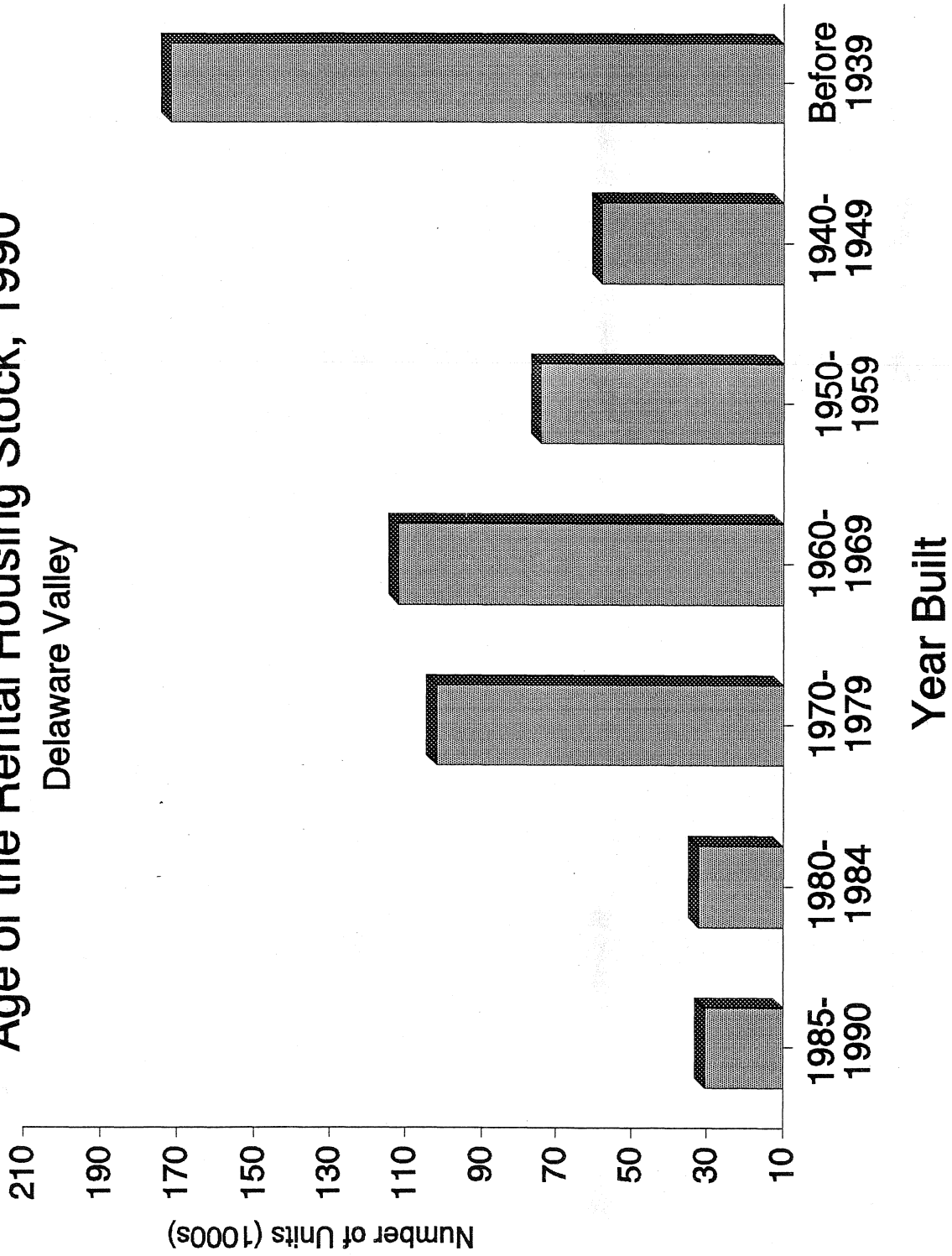
⁹"Housing New Jersey: A Monthly Report on Affordable Housing", Volume 2, Issue 9.

¹⁰Dolbeare, Cushing N., Housing in Philadelphia: Report for the Public Law Interest Center of Philadelphia, June, 1988.

Figure X

Age of the Rental Housing Stock, 1990

Delaware Valley



DELAWARE VALLEY REGIONAL PLANNING COMMISSION
SEPTEMBER 1993

IV. HOW MUCH DO THE REGION'S RENTERS PAY FOR HOUSING?

This chapter discusses the cost and affordability of residential rental units in the Delaware Valley, considering both the actual rental cost and the median percentage of income spent for housing within each of the region's municipalities. A standard definition of affordability assumes that rental units are affordable if their occupants pay 30% or less of their income for rent and utilities. A second definition of affordability discussed briefly in this chapter considers both household income and household size in defining "shelter-poor" households.

The Cost of Rental Housing

As indicated in Table VII, the average monthly cost of rent plus utilities in the DVRPC region in 1990 was \$520. The highest median cost was in Bucks County, where a median priced rental unit cost over \$600 per month, while the lowest cost rental units were located in Philadelphia. In general, rental units in the suburban New Jersey counties cost less per month than units in the suburban Pennsylvania counties, although fewer rental units are located in these areas. Figure XI illustrates the median monthly cost of rent plus utilities in each municipality in the Delaware Valley in 1989.

Table VII also lists the percent of households in each county paying 30% or more of their income for rent and utilities¹¹. The majority of renters living in the Delaware Valley region are living in affordable units, paying less than 30% of their income towards rent and utilities. Forty percent of the region's renters, however, pay more than 30% of their income towards housing costs. Higher housing costs make it difficult for renters to afford other necessities, including transportation, food, and medical and educational expenses. Households paying a higher percentage of their income towards rent and utilities may also find it difficult to save money towards eventual homeownership. Figure XII translates the monthly cost of renting into the median percentage of household income spent for rent and utilities by occupants of units in each municipality.

Figure XIII maps the median cost of rent and utilities by census tract in the City of Philadelphia, while Figure XIV translates these local costs into percentages of the household income of residents that is spent for rent and utilities in the City of Philadelphia. It should be noted that although the City of Philadelphia has the lowest median rent in the DVRPC region, 46% of its renter-occupied households pay 30% or more of their income for rent and utilities and are therefore living in "unaffordable" units.

¹¹A standard measurement of "affordability" assumes that renters can afford to pay up to 30% of their income towards the cost of rent plus utilities. Households paying 30% or more of their income towards these costs are therefore considered to be living in "unaffordable" units.

Impacts of High Rental Costs on the Elderly and the Poor

The cost of rental housing impacts differently on different population groups. The elderly generally pay higher percentages of their income for housing costs, as do the poor. Census data indicates that in 1990 over 60% of all elderly-headed renter households in the Delaware Valley paid 30% or more of their income towards housing costs, although only 40% of the general population paid similar percentages. The 1989 American Housing Survey (AHS) indicated that the number of elderly renters living in unaffordable units in the AHS-defined Philadelphia area (which includes all of the counties in the DVRPC region except Mercer) was even higher, estimating that over 75% of elderly-headed renter households in the region paid 30% or more of their income towards housing.

Lower income households typically pay a larger percentage of their income towards housing costs than do higher-income families. The 1990 census indicates that 70% of the region's renter-occupied households that pay 30% or more of their income towards housing costs also earn less than \$20,000 per year. According to the 1989 American Housing Survey, almost 135,000 households living in rental housing earned \$10,000 or less annually and could therefore afford to pay no more than \$250 per month for housing, but only 57,100 units in the Philadelphia region rented for that amount or less (including utilities). The number of households in need of lower-cost units therefore exceeded the number of affordable units available by almost 78,000 units. It is apparent that many lower-income families were living in unaffordable units, not by choice but because no other more affordable options existed.

In contrast, the number of units costing between \$250 and \$500 per month, which would be affordable to households earning between \$10,000 and \$20,000 annually, exceeded the number of such households by over 100,000. Likewise, the number of units that households earning between \$20,000 and \$40,000 could afford (costing between \$500 and \$1,000 per month) exceeded the number of these households by over 32,000. Interestingly, the number of renter-occupied households earning between \$40,000 and \$60,000 per year exceeded the number of units costing between \$1,000 and \$1,500 per month by over 49,000 units, and the number of households earning over \$60,000 per year exceeded the number of units costing over \$1,500 per month by over 31,000 units. Many higher-income households apparently occupy units that cost less than they could theoretically afford to pay, based on a standard definition of affordability.

Shelter Poverty

As noted previously, a standard determination of affordability maintains that if a household is paying 30% or less of their income towards housing costs, including rent and utilities, than that household is living in an "affordable" unit. A separate measure of affordability, maintains that affordability is relative to household income and household size. A report issued by the Economic Policy Institute in 1990 determined that there are many low-income households who are shelter-poor even though they may spend less than 30% of their income for housing, and, conversely, that many higher income households can afford to spend 30%,

40%, or even more of their income for housing while maintaining a very comfortable lifestyle.¹²

Shelter poverty is defined as a sliding measure of affordability based on household size and income, rather than strictly considering the percentage of income paid for housing costs. This approach is conservative; there were 27 million households considered shelter-poor in 1987, although there were 33 million households paying 25% or more of their income for housing and 28 million paying 30% or more. Rather than expanding the number of people paying too much for housing, this revised definition of affordability presents a different profile of who these people are. Based on this definition, 42% of all renters were shelter-poor in 1987, mainly with annual incomes of \$20,000 or less. Approximately one-third of these were married-couple families with low-wage jobs; one-third were single parent families; and the remainder were elderly and single person households earning less than \$10,000 annually.

The average household size of shelter-poor households is larger than the general population. Of larger renter households (those with six or more people), 75% are shelter-poor as opposed to only 30% of single-person renter households, even though the percentage of these households paying 25% or more of their income for rent and utilities does not vary significantly from other households. Although the majority of shelter-poor households are white, a disproportionate percentage of black and Hispanic households are shelter-poor; while 30% of all households are shelter-poor; 50% of black households and 50% of Hispanic households are shelter-poor.

Since 1970, renters' housing costs have increased at approximately the same average rate as homeowners' costs. The average income of renters, however, has consistently been lower than that of homeowners, and renters have also lagged behind homeowners in terms of income growth. This has resulted in a rental affordability problem that has worsened at a substantially higher rate than affordability for homeowners. Between 1970 and 1987, real median gross rent (which includes the cost of both rent and utilities) increased by 26%, while the real median income of renters decreased by 13%. Between 1970 and 1987, the number of shelter-poor renter-occupied households increased from 8.4 million to 13.9 million, an increase of 66%, while the number of shelter-poor homeowners increased by 37% between 1970 and 1983 and then decreased by 10% between 1983 and 1987¹³.

¹²Stone, Michael, One-Third of a Nation: A New Look at Housing Affordability in America, Economic Policy Institute, Washington, D.C., 1990.

¹³Stone, Michael E., One-Third of a Nation: A New Look at Housing Affordability in America, Economic Policy Institute, Washington, D.C., 1990.

TABLE VII
COST OF RENT PLUS UTILITIES IN THE DELAWARE
VALLEY, 1990

County	Median Monthly Cost of Rent and Utilities	Percent of Households Paying 30% or More of Income for Rent
Bucks	\$604	37%
Chester	\$581	32%
Delaware	\$526	40%
Montgomery	\$593	34%
Philadelphia	\$452	46%
Pennsylvania Counties	\$510	41%
Burlington	\$597	35%
Camden	\$507	41%
Gloucester	\$521	38%
Mercer	\$570	36%
New Jersey Counties	\$547	38%
DVRPC REGION	\$520	40%

Source: 1990 U.S. Census of Population and Housing



Delaware Valley Regional Planning Commission
 September, 1993

Figure XI
Median Monthly Cost
of Rent plus Utilities

Delaware Valley, 1990

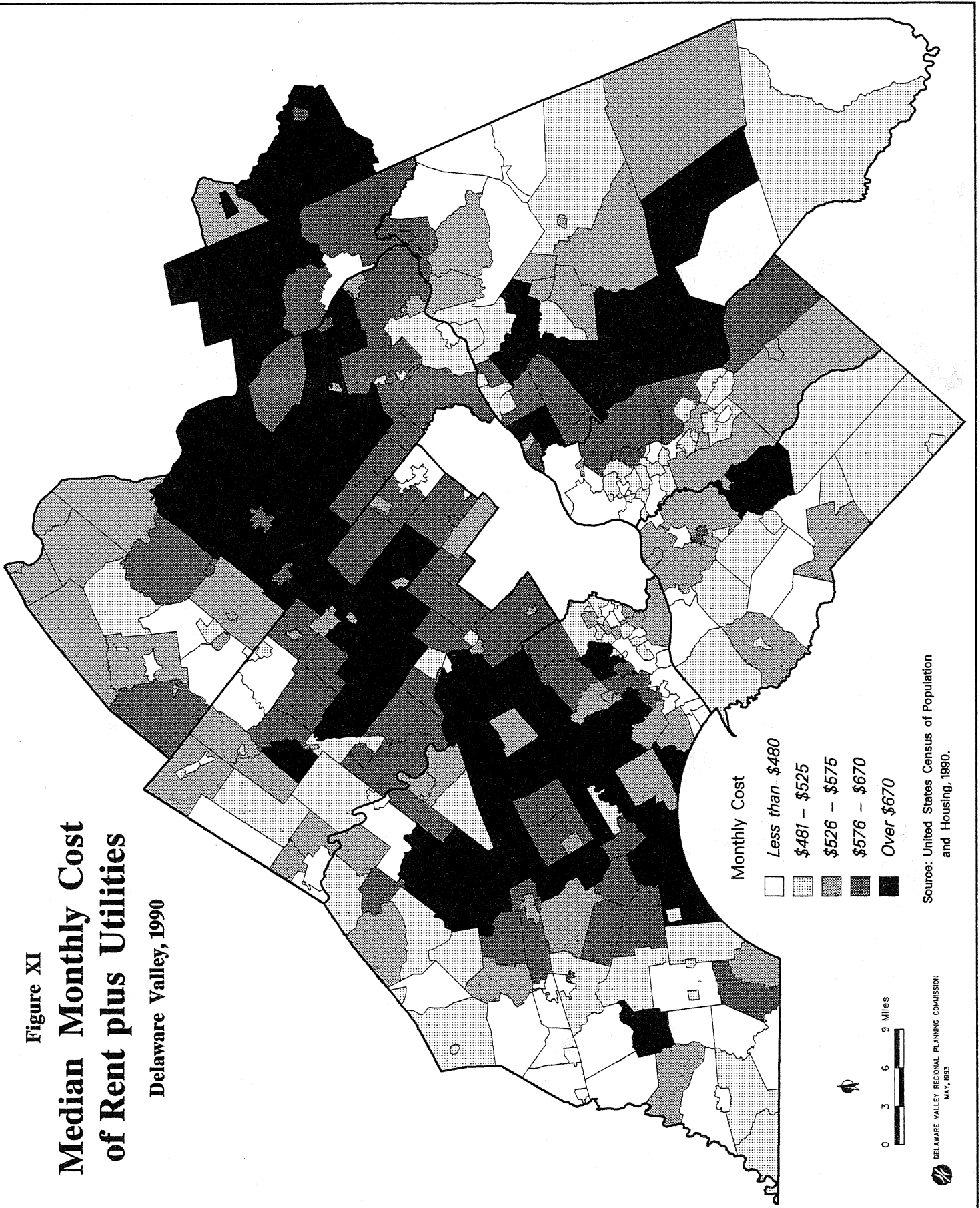
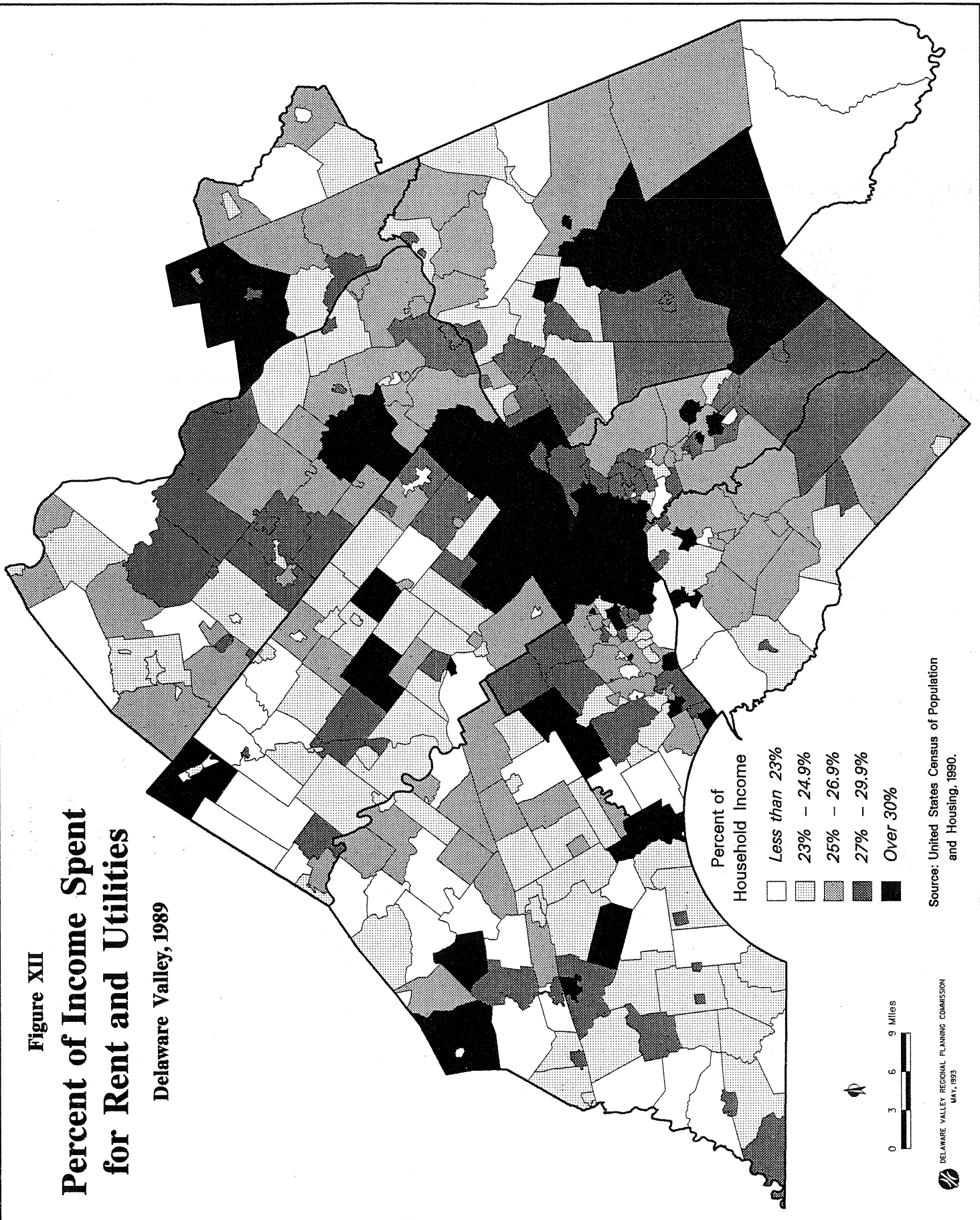


Figure XII
Percent of Income Spent
for Rent and Utilities

Delaware Valley, 1989

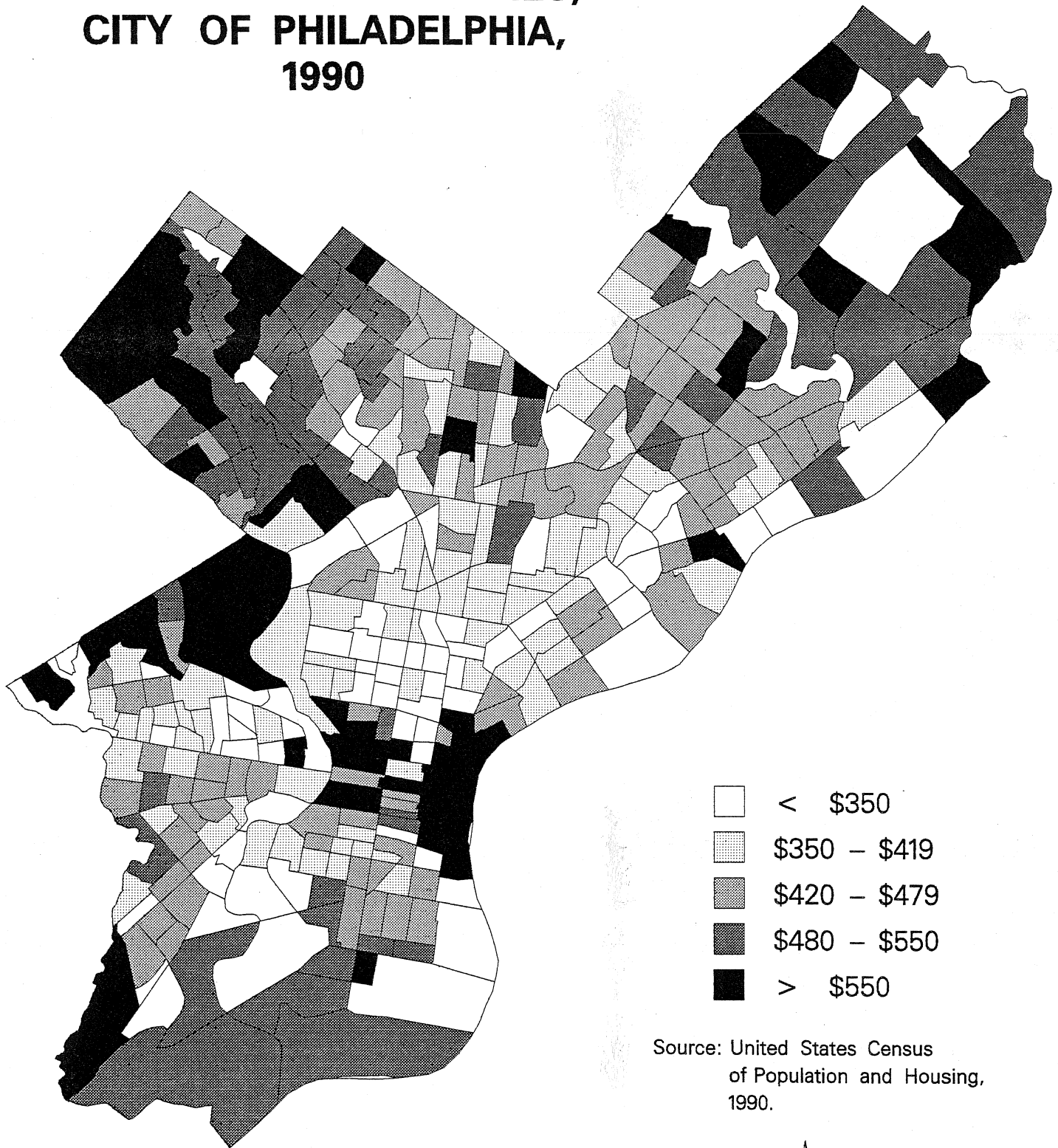


Source: United States Census of Population and Housing, 1990.

DELAWARE VALLEY REGIONAL PLANNING COMMISSION
 MAY, 1993

Figure XIII

MEDIAN MONTHLY COST OF RENT AND UTILITIES, CITY OF PHILADELPHIA, 1990



Source: United States Census
of Population and Housing,
1990.

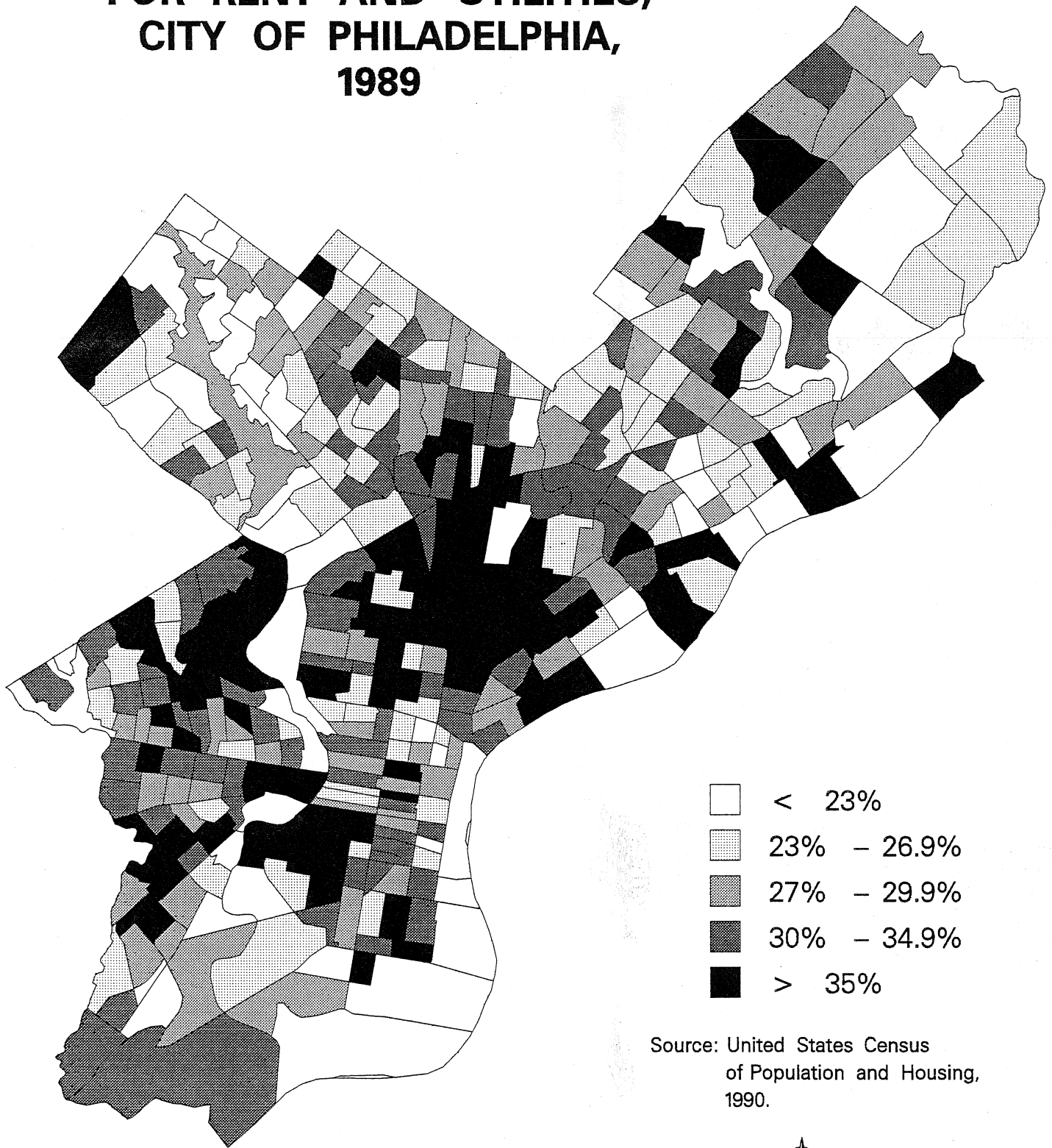







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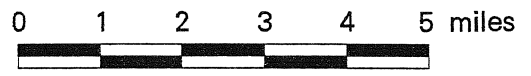
Figure XIV

PERCENT OF INCOME SPENT FOR RENT AND UTILITIES, CITY OF PHILADELPHIA, 1989



-  < 23%
-  23% – 26.9%
-  27% – 29.9%
-  30% – 34.9%
-  > 35%

Source: United States Census
of Population and Housing,
1990.



V. HOW MOBILE ARE THE REGION'S RENTERS?

Preceding chapters have presented an assessment of the region's rental housing stock and its occupants. This chapter considers limits on mobility imposed by the affordability, quantity and quality of the rental housing stock in specific locations. It first discusses affordability of the region's rental housing stock, since cost is a major determinant of where a household can live. The chapter then presents information on the number of vehicles available to renter-occupied households as opposed to owner-occupied households, as an indication of where renters would want or need to live. Finally, it considers rental vacancy rates in the region, in order to begin to evaluate locations in the region where demand may exceed the supply of available rentals.

Rental Affordability

The previous chapter discussed both the median cost of renting units and the median percentage of household income spent for housing costs by renters in each of the region's municipalities as an indication of affordability. A discussion of the percentage of income spent for housing costs by current occupants as an indication of affordability is misleading, however, because income of the current residents is largely reflective of the cost of the rental unit. Lower-income renters, for example, usually must rent in areas with concentrations of lower cost rental units, while higher-income renters have the ability to choose a location independent of cost.

In order to consider whether the regional rental housing stock is affordable to the average household that will be renting, the average income of renter-occupied households is estimated, utilizing 1990 census data. The percentage of this average income that a renter would have to pay to rent a median-cost unit in each municipality is then considered. This revised measurement of affordability is more indicative of the ability of the average renter to live anywhere within the region, based on factors such as job location, transportation or other service needs or personal preference.

The average renter-occupied household in the Delaware Valley region earns \$23,100 annually, and could afford to pay approximately \$575 per month for rent and utilities. As indicated in Table VIII, 217 of the region's 353 (61%) municipalities would be considered affordable to the region's average renter, while the median cost rental unit in 39% of the region's localities is unaffordable. Using this definition of affordability, the least affordable counties in the region are Mercer County, where the median rent in only 2 of the county's 15 municipalities is affordable to average renters, and Bucks County, where only 24 of the county's 54 municipalities are affordable.

Figure XV illustrates rental affordability in the Delaware Valley, identifying municipalities where the average renter-occupied household, earning \$23,100 annually, would pay 30% or

less of their income for rent and utilities. As indicated in Figure XV, the rental housing stock in many of the region's current and emerging suburban employment centers, including King of Prussia, the Route 422 Corridor, central Chester County, lower Bucks County, the Cherry Hill/Voorhees area and the Route 1 Corridor, is unaffordable to the region's average-income renter-occupied household. An exception is the City of Philadelphia, which represents the region's largest single concentration of employment and also contains affordable rental housing. In many areas of the city, however, quality of the stock and characteristics of the surrounding neighborhoods (such as high crime rates) are more significant deterrents to potential renters than affordability.

Areas with the most affordable rental housing tend to be located away from employment centers and public transit links, forcing entry-level and other lower-income employees dependent on the rental market to live a considerable distance from work. Detrimental effects of this situation include increased traffic congestion, decreased air quality, reduced employee productivity, and increased absenteeism and employee turnover rates.

Table IX identifies the average annual wage of selected occupations in the Delaware Valley, including essential workers such as clerical staff and computer operators; maintenance and janitorial workers; nurses and health care workers; and teachers. It then estimates the average monthly rent that each worker could afford, and identifies the number of localities in the region in which that worker could afford to rent the median-cost rental unit. Table illustrates the difficulties faced by many employees dependent upon the rental housing market in locating an affordable unit. Locating an affordable unit is even more difficult for low-income households living on fixed incomes, such as Social Security, AFDC or disability insurance.

The Availability of Motor Vehicles

It has been assumed that renters are generally more dependent on public transit, walking or bicycling than are homeowners, and need (and/or want) to be close to either work, services or public transit. Census data supports this assumption; the 1990 census indicated that 34% of all renter-occupied households living in the region had no vehicle available, and an additional 43% owned only one vehicle. This is in sharp contrast to owner-occupied households, 11% of which owned no vehicles and 31% of which owned only one car.

More renters living in the five-county Pennsylvania area have no vehicle available than renters living in the four New Jersey counties (with 38% of Pennsylvania renter-occupied households having no car as compared to only 22% of New Jersey renters). This is due in large part to the extensive public transit system available to Pennsylvania renters, particularly in and around the city of Philadelphia, and the relatively limited access to public transit available to residents of southern New Jersey. Lower vehicle ownership rates in Pennsylvania may also be attributable to higher population and employment densities found in many Pennsylvania communities and resulting concentrations of employment and services.

Rental Vacancy Rates

Figure XVI illustrates rental vacancy rates by municipality in the DVRPC region, and Figure XVII depicts rental vacancy rates at the census tract level for Philadelphia. While some variability in vacancy rates can be attributed to fluctuations in the market, economists generally agree that vacancy rates of 4% or less may indicate that demand in these locations exceeds the supply of available units. In the Delaware Valley region, 133 of a total 353 municipalities (33%) have vacancy rates of 4% or less. Some areas with very low rental vacancy rates have few available services and scarce employment opportunities, limiting demand for rental housing. In other municipalities, however, such as northern Burlington County, central Chester County and western Delaware County, rental vacancy rates appear to indicate that the demand for rental units may be exceeding the available supply in the vicinity of suburban employment opportunities and in areas with access to public transit.

Conclusion

Mobility of renters in the Delaware Valley is apparently limited by the affordability of the available stock in certain locations and by the number of rental units available. Given the dependence of many renters on public transit, walking or bicycling, the demand for lower-cost rental units is greatest in and around employment centers, due to the housing needs of entry-level and lower management-level employees, and in urban areas, where access to necessary services would be available to low and moderate income households. However, available rental units in many locations in and around suburban employment centers or close to public transit stations are limited, and often unaffordable to the average renter. Rental units located in urban areas are generally less expensive, but are often of lower quality and may still be unaffordable to low and moderate income households in need of social and medical services. The relationship between the location of sound affordable rental housing units, employment centers, services and public transit access will be further examined in the second phase of this study.

TABLE VIII

RENTAL AFFORDABILITY IN THE DELAWARE VALLEY, 1990

County	Total Number of Municipalities	Number of "Affordable Municipalities"	Percent of the Region's Municipalities
Bucks	54	24	44%
Chester	73	45	62%
Delaware	49	34	69%
Montgomery	62	34	55%
Philadelphia	1	1	100%
Pennsylvania Counties	239	138	58%
Burlington	40	23	58%
Camden	37	33	89%
Gloucester	24	22	92%
Mercer	13	2	15%
New Jersey Counties	114	80	70%

DVRPC REGION	353	217	61%
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Source: U.S. Department of Commerce, 1990 Census of Population and Housing

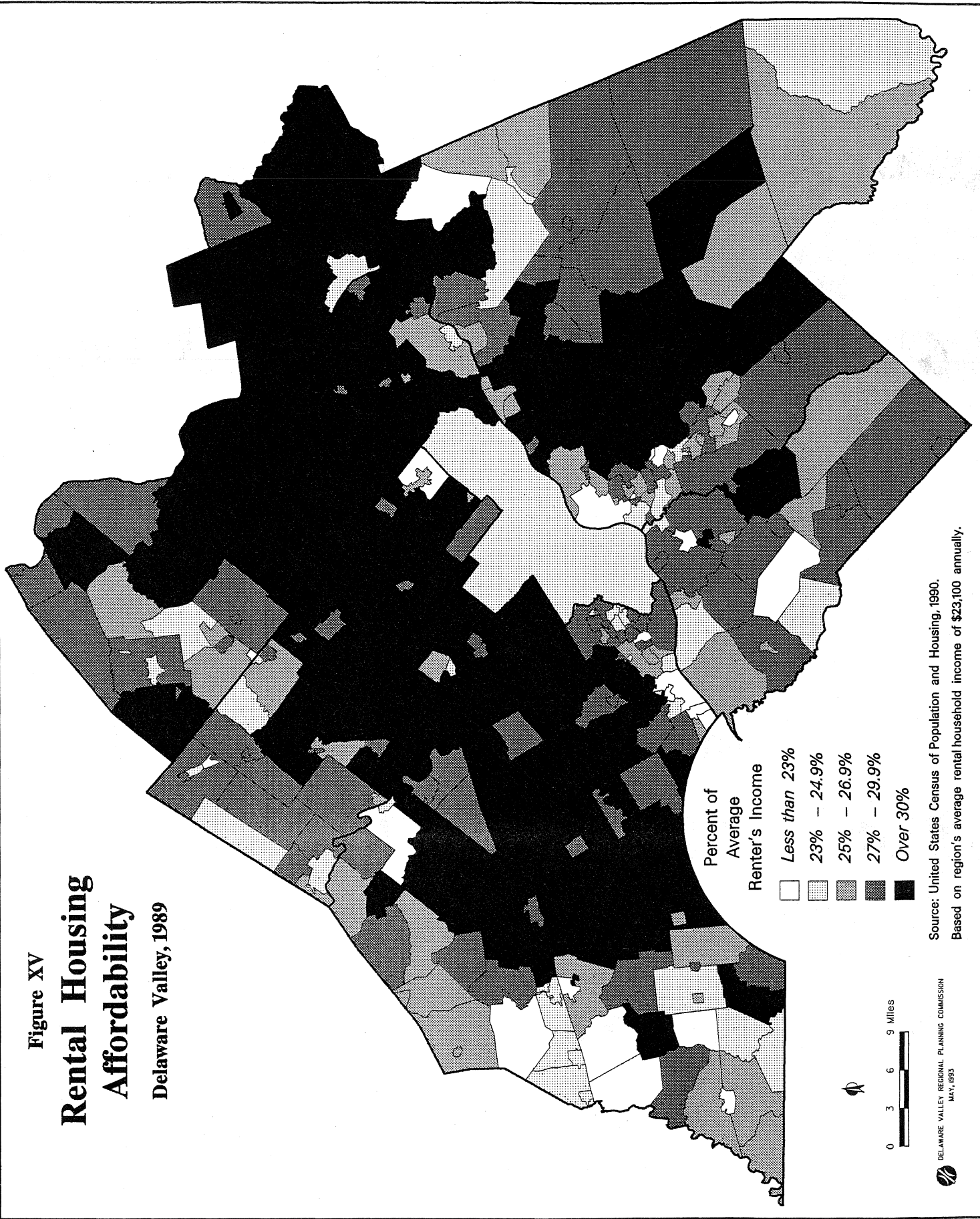
*An "affordable" municipality is one where a household occupying a rental unit earning the region's average annual income for renter-occupied households (\$23,100) would pay less than 30% of their income to rent a median-cost unit in that location, including utilities.



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Figure XV
Rental Housing
Affordability

Delaware Valley, 1989



Source: United States Census of Population and Housing, 1990.
 Based on region's average rental household income of \$23,100 annually.

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 MAY, 1993

TABLE IX
MOBILITY OF EMPLOYEES IN SELECTED OCCUPATIONS, 1990

Occupation	Average Annual Wage	Affordable Monthly Rent *	Number of Municipalities Affordable to These Workers **	% of the Region's Municipalities
File Clerk	\$11,908	\$298	3	1%
Security Guard	\$12,813	\$320	5	1%
Typist	\$14,924	\$373	6	2%
Retail Sales	\$15,600	\$390	9	2%
Accounting Clerk	\$15,782	\$395	12	3%
Janitor	\$16,058	\$400	13	4%
Nursing Aide	\$16,744	\$419	18	5%
Computer Operator	\$17,576	\$439	28	8%
Maintenance Worker	\$20,500	\$513	133	38%
Secretary	\$21,788	\$545	183	52%
Region's Average Renter	\$23,100	\$578	217	61%
Warehouse Worker	\$23,566	\$589	232	66%
Teacher	\$24,500	\$613	253	72%
LPN	\$24,544	\$614	253	72%
Computer Programmer	\$25,636	\$641	269	76%
Registered Nurse	\$30,966	\$774	323	92%

Source: New Jersey Department of Labor, "Compendium of New Jersey Wage Surveys", October, 1992; and Pennsylvania Department of Labor and Industry.

* "Affordable" defined as having rental costs including utilities not exceeding 30% of income.

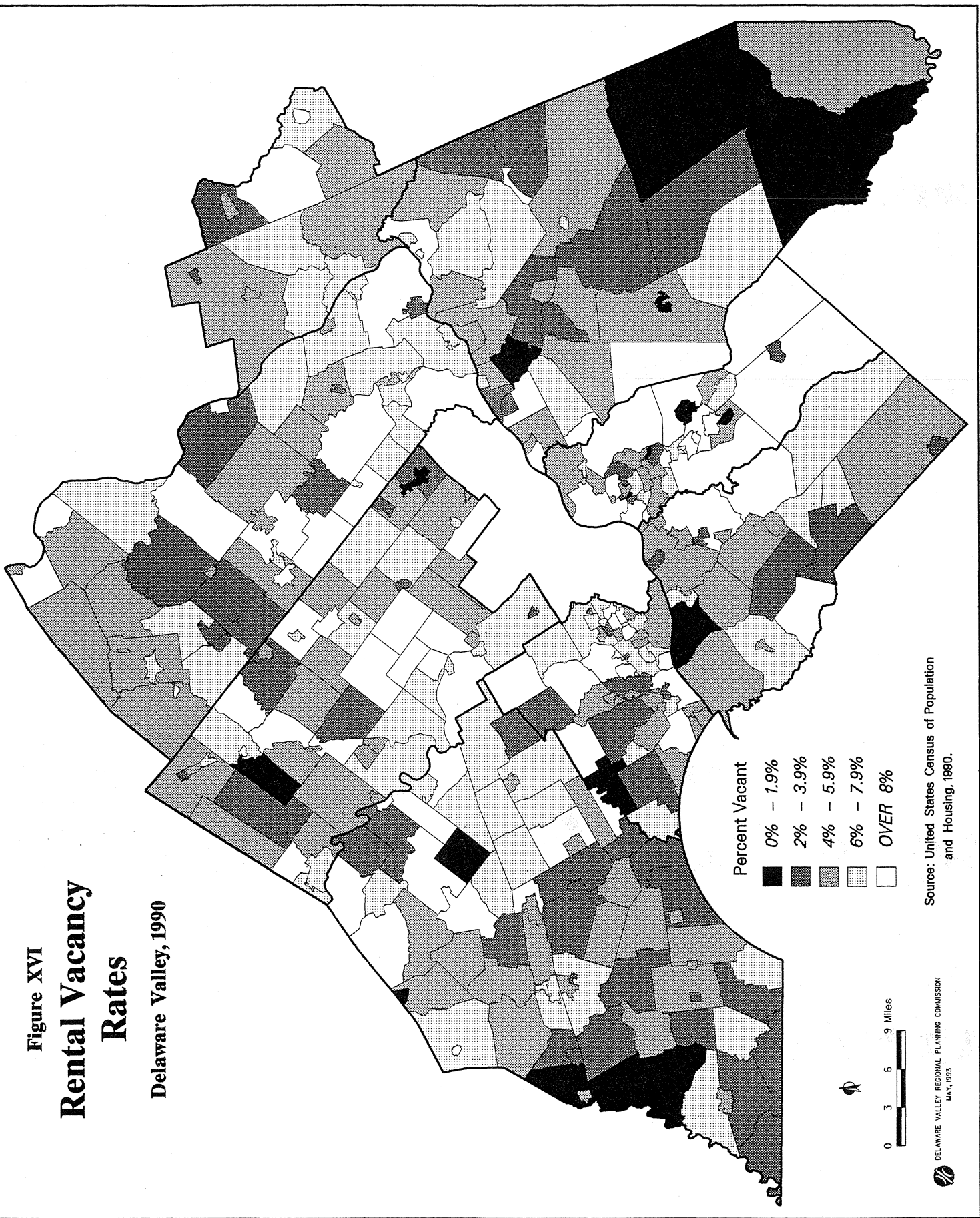
** "Affordable" municipalities have median gross rents equal to or lower than affordable rent.



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Figure XVI
Rental Vacancy
Rates

Delaware Valley, 1990



Percent Vacant
 0% - 1.9%
 2% - 3.9%
 4% - 5.9%
 6% - 7.9%
 OVER 8%

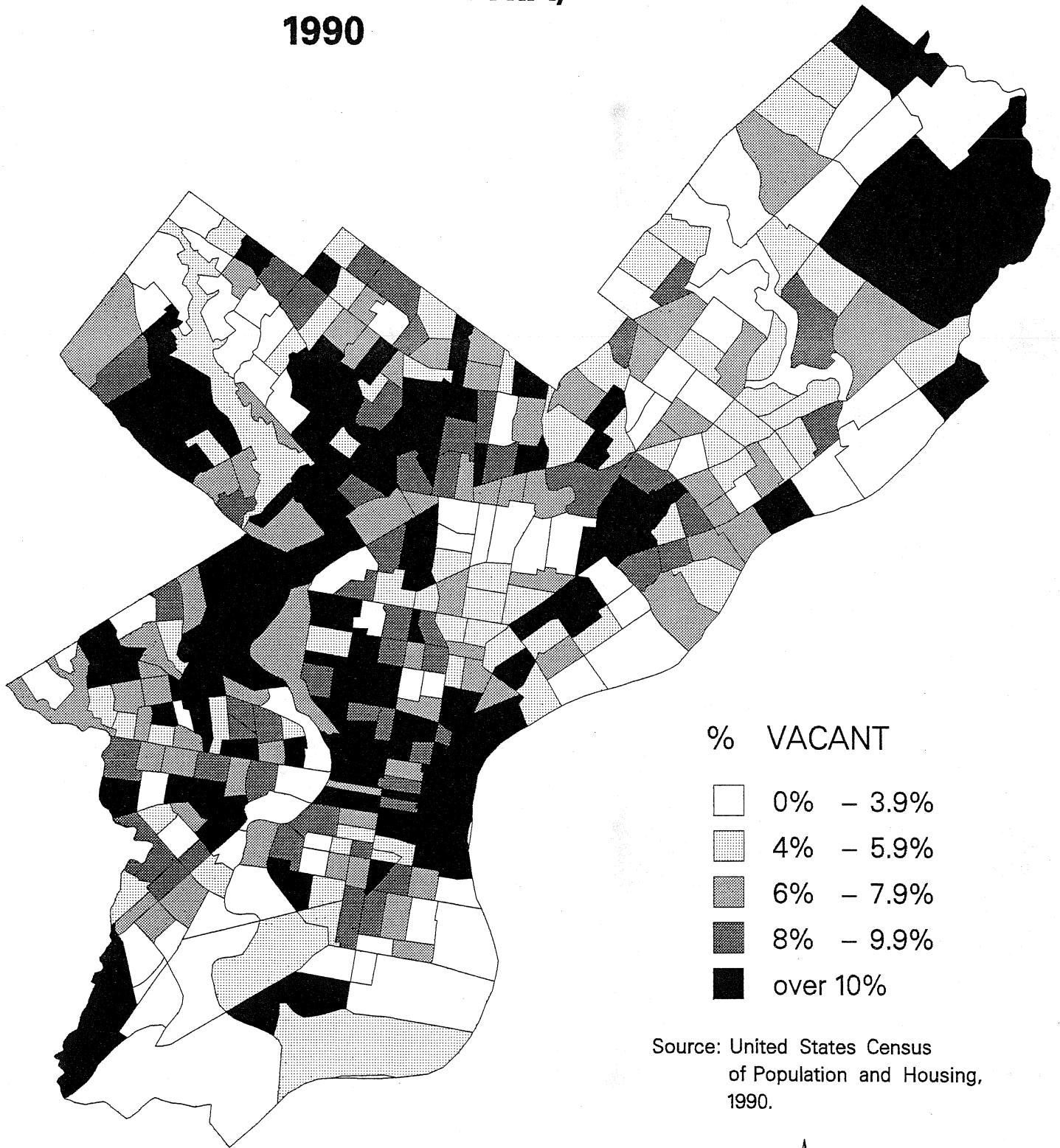
0 3 6 9 Miles

Source: United States Census of Population and Housing, 1990.






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Figure XVII

RENTAL VACANCY RATES, CITY OF PHILADELPHIA, 1990



% VACANT

-  0% - 3.9%
-  4% - 5.9%
-  6% - 7.9%
-  8% - 9.9%
-  over 10%

Source: United States Census
of Population and Housing,
1990.



0 1 2 3 4 5 miles



VI. SUMMARY AND CONCLUSIONS

This chapter summarizes the key findings of each of the preceding chapters, considering characteristics of renters; the location, quality and cost of the rental stock; and the mobility of the region's renters. It then discusses issues which will be addressed during the second phase of the Delaware Valley Regional Planning Commission's research on the region's rental housing, to be completed by June 30, 1994.

Characteristics of Renters

- The average renter in the Delaware Valley is between 25 and 34 years of age and earns significantly less than the average homeowner, with an average annual income of approximately \$23,100.
- A larger proportion of blacks rent as compared to whites, largely reflective of the overall lower annual income of blacks. In past years, it has also been more difficult for non-white households to enter the homeownership market because of factors such as steering of families into certain neighborhoods by real estate representatives and redlining of certain neighborhoods by some financial institutions.
- Renters generally live in small households, typically either individually or with one other person. A significant number of rental households, however, are occupied by larger low or moderate-income families that often live in overcrowded conditions due to a limited supply of three or four-bedroom rental units.
- The region's renters consist of a diverse group of people with a broad range of needs and desires. The challenge facing the rental housing market lies in meeting the needs of this diverse group.

Location of the Region's Rental Housing

- Forty percent of the Delaware Valley region's rental housing stock is located in the City of Philadelphia. Other municipalities with significant numbers of rental housing units include the cities of Trenton, Camden and Chester and other urban boroughs located throughout the region.
- Many of the region's newer suburban job centers do not contain significant numbers of rental housing units; new residential development in these suburban communities is typically lower density development not conducive to the rental market.

Quality of the Rental Housing Stock

- Census data and American Housing Survey data indicates that the region's rental housing stock is generally of sound quality. In certain locations, however, poor quality of their rental units may be the most significant problem facing local renters, particularly in older urbanized areas.
- According to the 1990 Census of Population and Housing, 30% of the region's housing stock is over fifty years old. While not all older housing units are necessarily deteriorated, age of the housing stock is considered to be an indication of deteriorated quality, particularly of rental units.

Cost of Rental Housing

- The average monthly rent paid in the Pennsylvania counties within the DVRPC region is lower than that in the four suburban New Jersey counties. Excluding the City of Philadelphia, however (where 40% of the region's rental housing stock is located), the average rent paid in the four suburban Pennsylvania counties of Bucks, Chester, Delaware and Montgomery is higher than that paid in New Jersey municipalities.
- While the majority of low cost rental housing units are located in the City of Philadelphia and other cities and boroughs, many of the residents occupying these units are lower-income and shelter-poor, paying over 30% of their income for rent and utilities.
- Lower income households are forced to pay a significantly higher percentage of their income towards rent and utilities than median or even moderate income households.
- Older households pay a higher percentage of their income towards their rent and utilities than do younger households. While only 40% of all renter-occupied households paid more than 30% of their income for rent and utilities in 1989, over 60% of elderly renter households paid more than this amount.

Mobility of the Region's Renters

- In almost 40% of the region's municipalities, average income renters could not afford to rent a unit with the median gross rent for that municipality (with affordability defined as paying 30% or less of their income for rent plus utilities), limiting the mobility of these families.

- Approximately one-half of the households occupying rental units in the region pay less than 30% of their income for rent and utilities. The freedom to live close to work or in other desirable locations is limited for these households, however, by the lack of affordable rental units in certain locations.
- The rental vacancy rate in 115 municipalities (33%) is less than 4%, implying that demand in these areas exceeds the supply of available rental units.
- The majority of renters in the region own either no cars or one vehicle, making them less mobile than the average homeowner. Renters typically, therefore, need to be within walking or biking distance of either their place of employment and necessary services or public transit. In this region, however, areas in the vicinity of employment centers or transit nodes do not typically contain a significant number of sound, affordable rental housing units.
- The high initial costs of homeownership, specifically downpayment and closing costs, has made it extremely difficult for many renters to save towards eventual homeownership, leaving many renters who would traditionally move on to homeownership stuck at the upper end of the rental market. This in turn limits the supply of units for other renters and increases the cost of rental units at desirable locations.

NEXT STEPS

This report has presented a brief assessment of the region's rental housing stock and its occupants. The picture presented in this document raises several questions regarding problems facing the region's renters and public policies which have helped to create the rental housing market as it exists today. For example, what are the most serious problems regarding the rental housing market? Potential responses to this question include the quantity of the rental housing stock; the location of rental units; or quality of the stock.

Are the needs of renters the same in all areas of the region, or do they differ based on location? In some locations, the most immediate problem facing renters may involve meeting the social service needs of the occupants of rental housing, given that many low and moderate income households are dependent on the rental market for shelter. In such cases an improved basic education, job training, day care, access to medical and social services or basic home management skills may be key to improving the lives of renters. In other more suburban locations, a lack of rental units may inhibit the ability of workers to live close to employment opportunities or transit, increasing commute times, traffic congestion and air quality while decreasing employee productivity.

Is there a minimum percentage of a municipality's housing stock that should be rental units in order to serve the municipality's population? Should all municipalities in the region

contain rental housing units to serve their populations, or should rental housing be concentrated in areas close to employment opportunities or accessible to services and public transit? How should public policy be developed or altered in order to sway private actions and address problems facing the occupants of the region's rental housing?

The current report presents the basic information required in order to begin to consider these issues, but does not attempt to resolve these questions. A second report, to be completed in the summer of 1994, will further consider the data and issues presented here and present recommendations designed to improve the lives of the region's renters.

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