

Preliminary Findings: Evolution of Metropolitan Rental Housing Stocks, 1970 -2000

Presented by:

Denise DiPasquale, City Research
November 14, 2006

Evolution of Metropolitan Rental Housing Markets:

Preliminary Findings

by

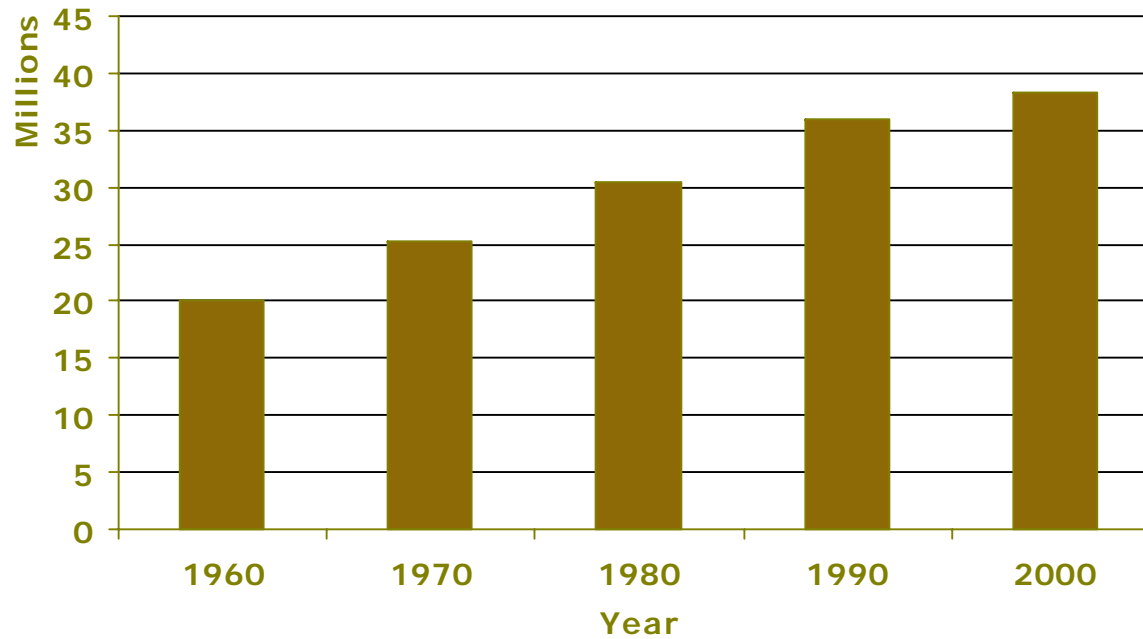
Denise DiPasquale and Michael Murray

Four Areas of Inquiry

- Changes in the Distributions of Rents and Units Over Time and Across Metros
- Changes in Affordability
- Determinants of Long-Term Trends in Rents
- Subsidized Construction's Net Contribution to the Rental Housing Stock

Changes in the Rental Housing Stock

National Rental Housing Stock

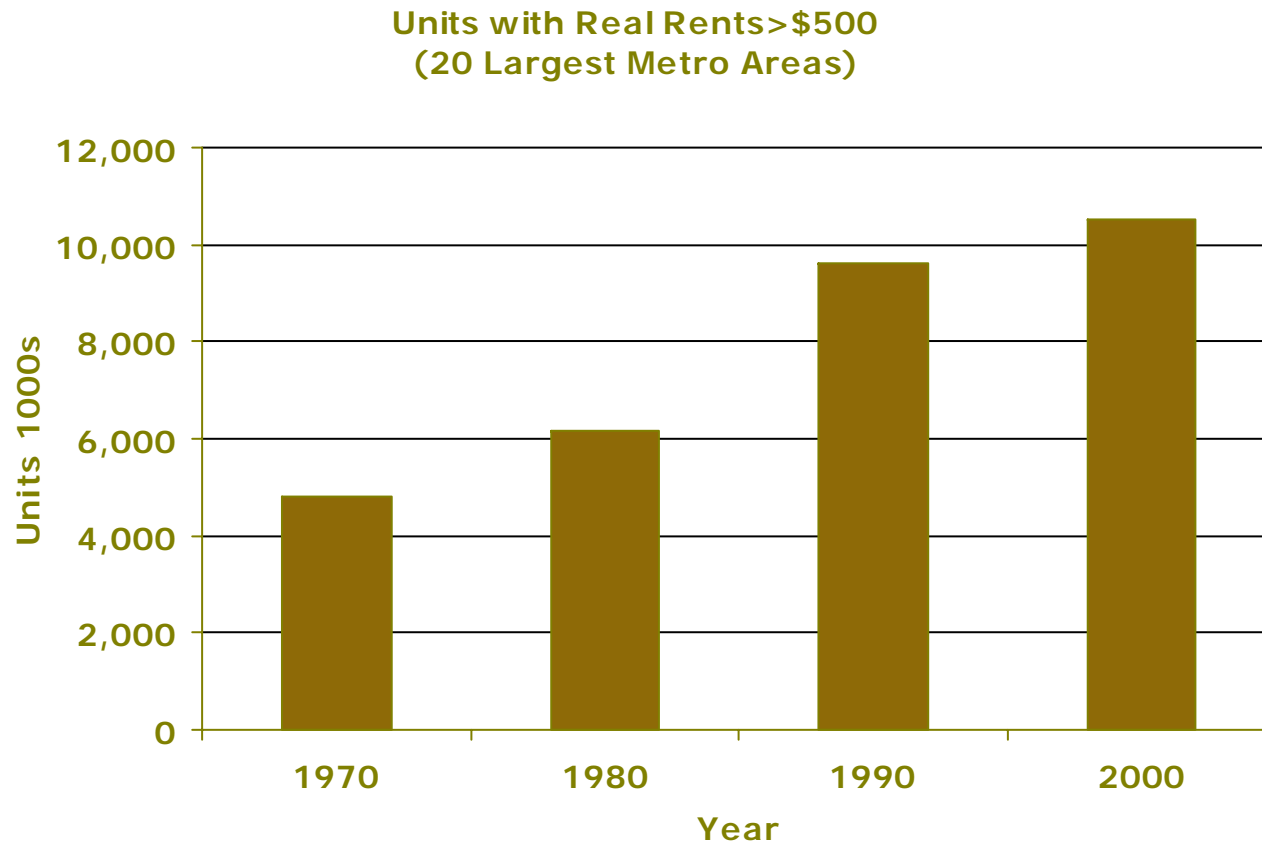


Housing Markets are Local

Housing Markets are Local

We Focus on the 20 Largest
Metropolitan Markets

Growth in High Rent Units

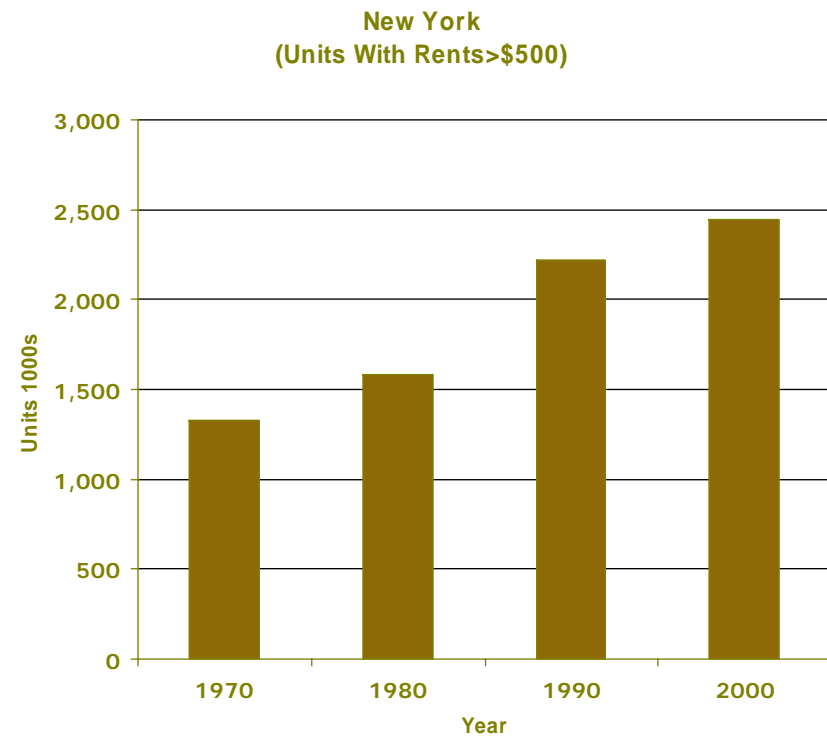
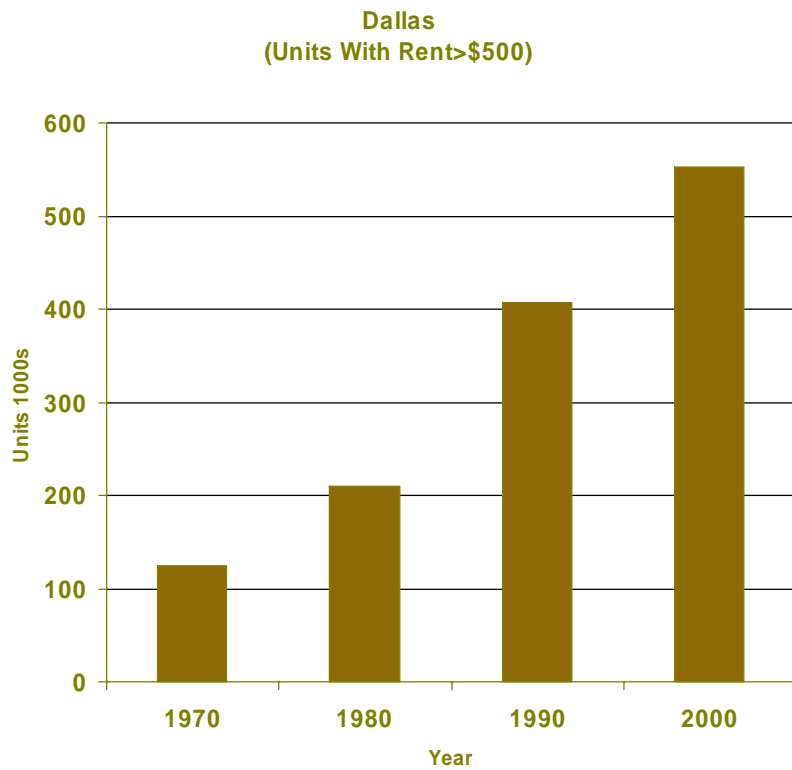


Growth in High Rent Units

- 17 of 20 metro have had steady growth in stock with rents above \$500

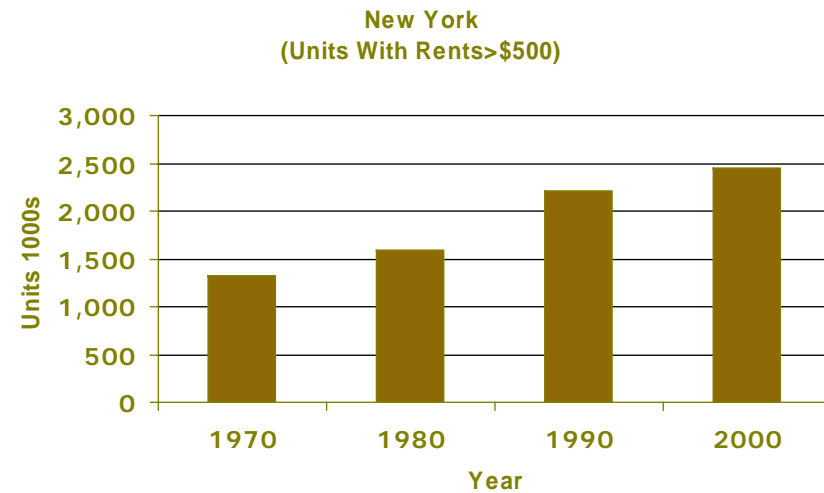
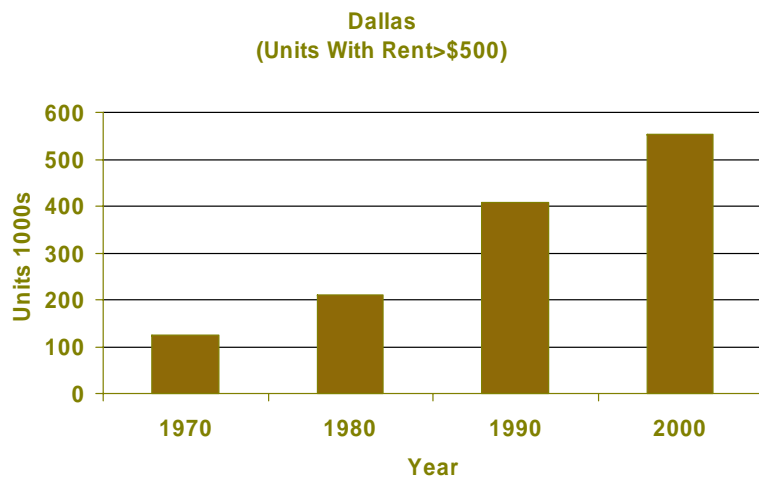
Growth in High Rent Units

Steady Growth Dallas and New York

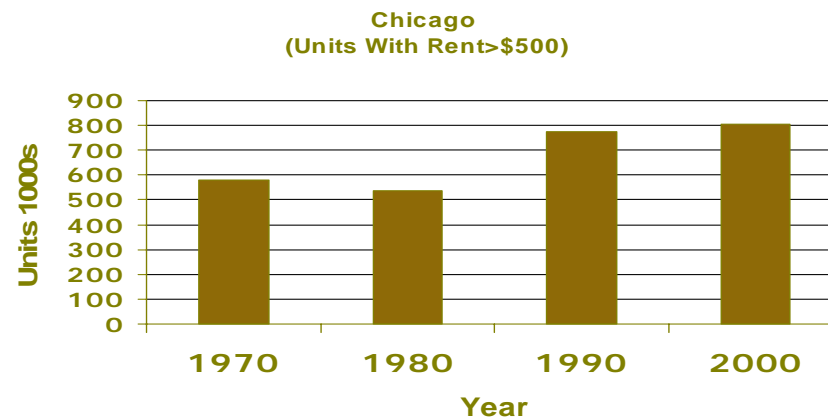


Growth in High Rent Units

Steady Growth Dallas and New York



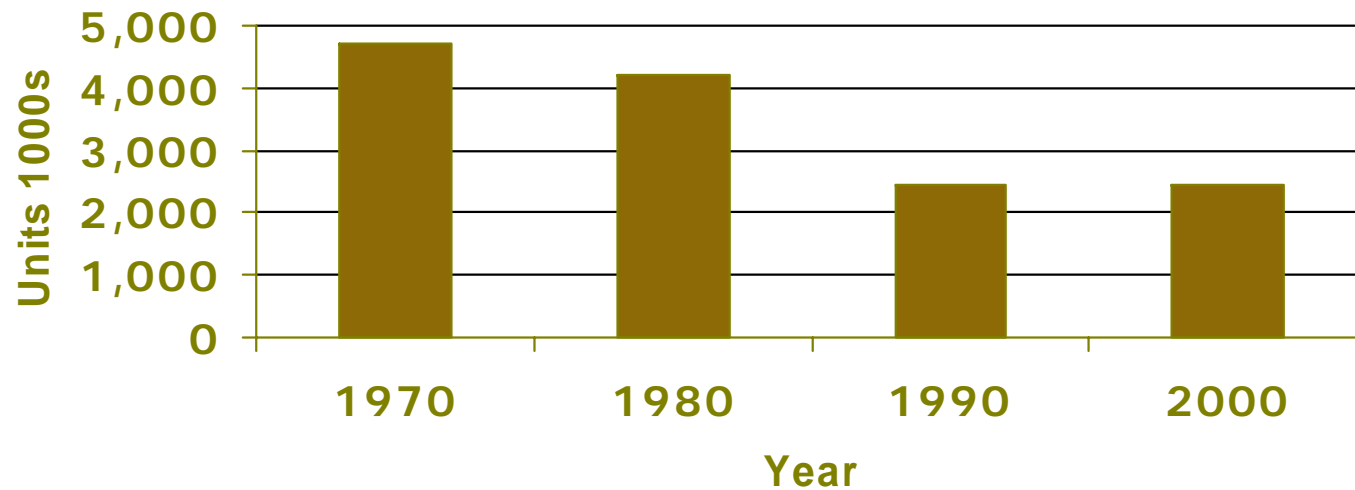
More Fluctuation in Chicago



Mid-range Rental Stock Tumbles

Mid-range Rental Stock Tumbles

Units with Real Rents from \$201-\$500
20 Largest Metro Areas

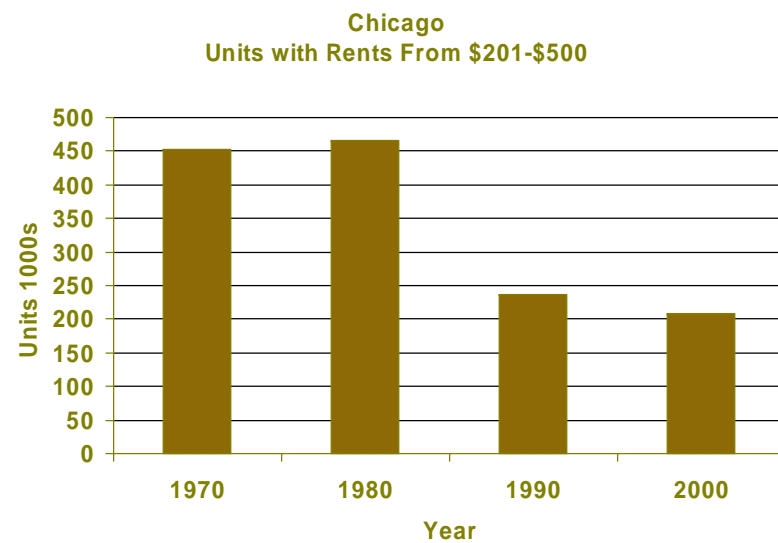
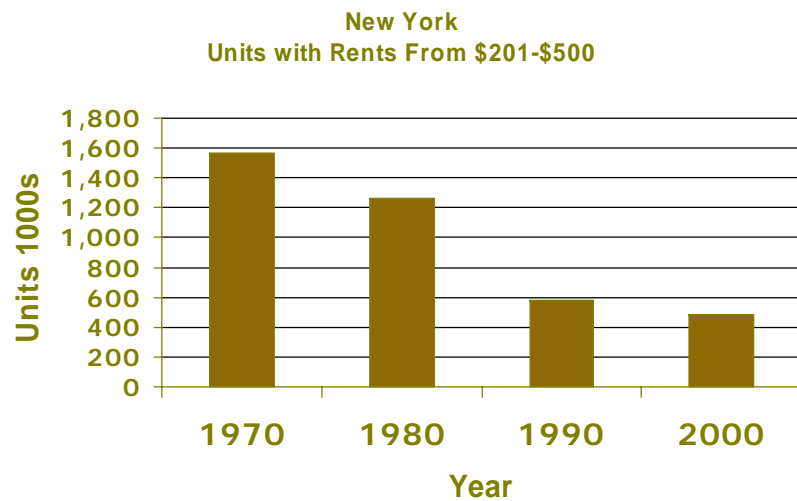


Mid-range Rental Stock Tumbles

- 14 of 20 metros end span with much smaller stocks with rents between \$201 & \$500

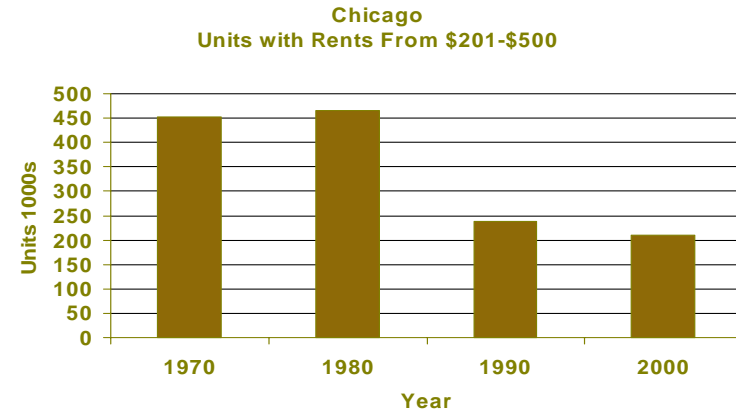
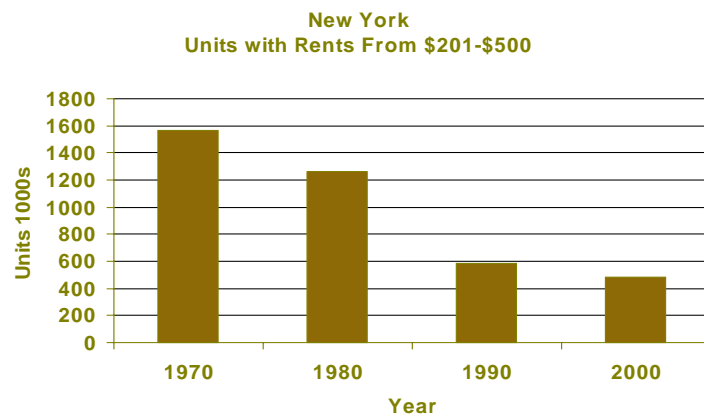
Mid-range Rental Stock Tumbles

Some Variation in the Timing of the Declines

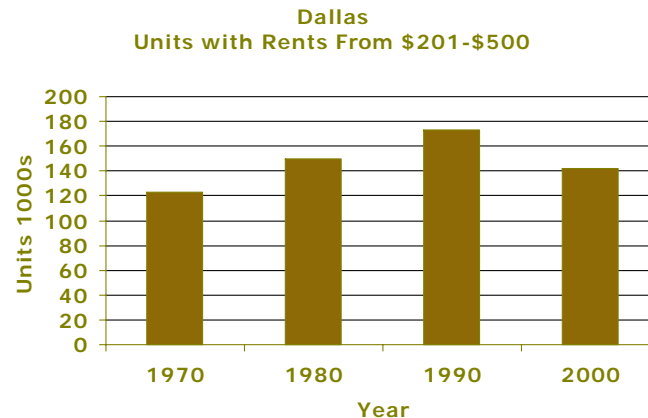


Mid-range Rental Stock Tumbles

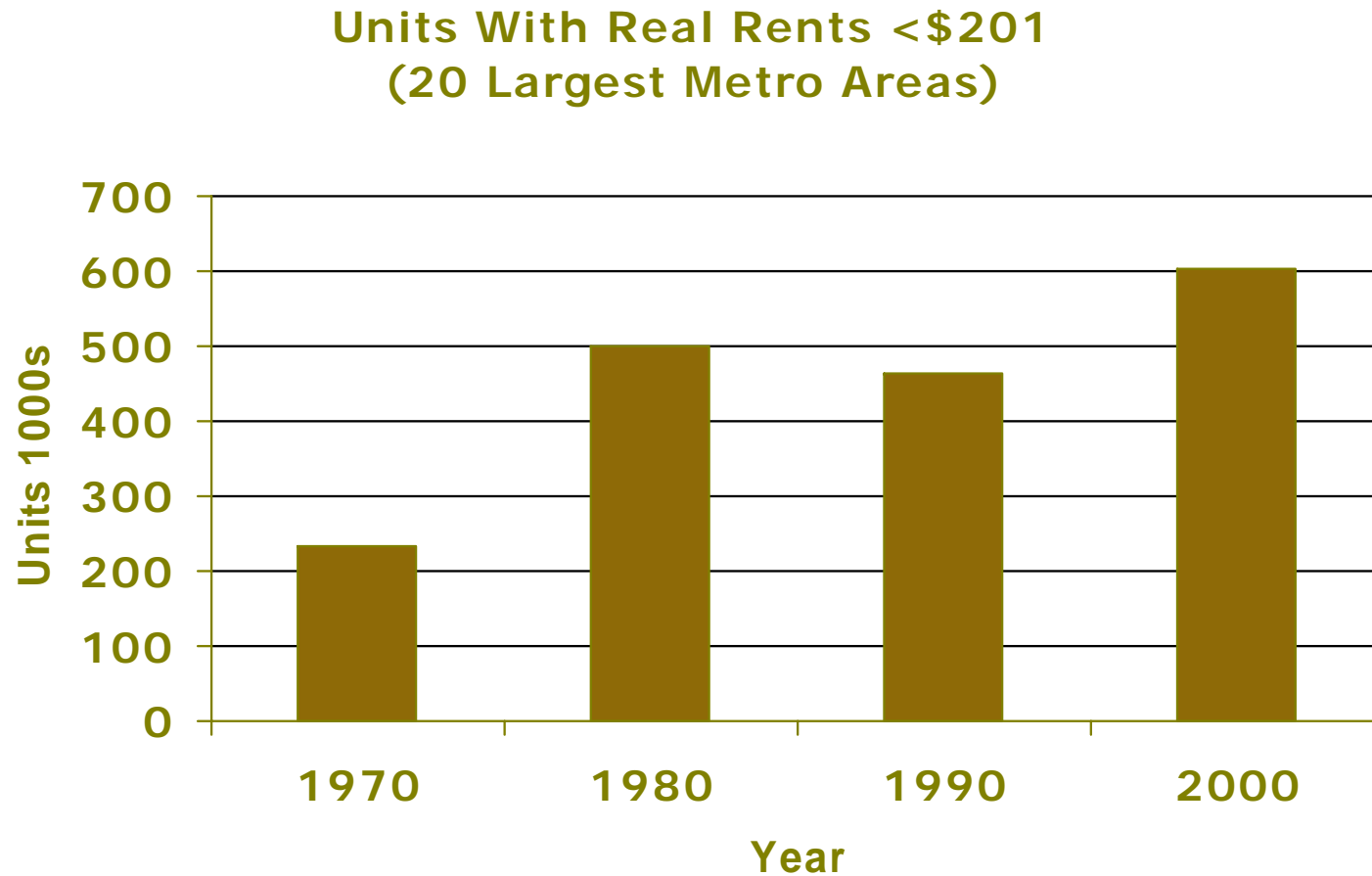
Some Variation in the Timing of the Declines



In a Few Metros, Mid-Range Stock Grew Over the Period



Surprising Growth In Lowest Rent Units



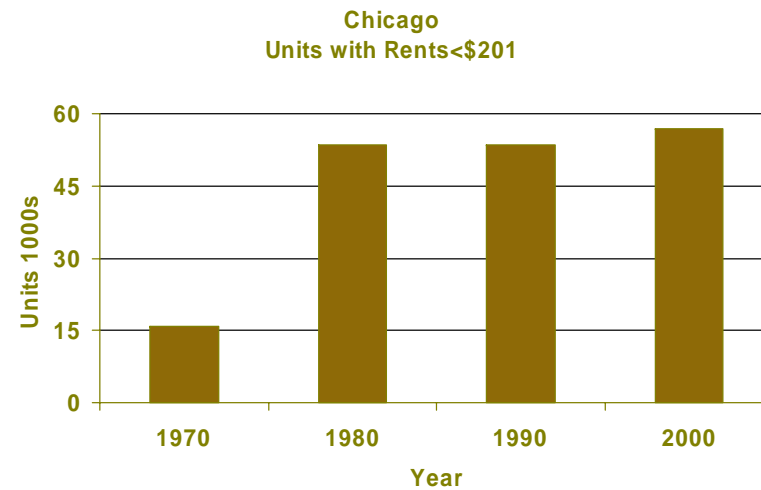
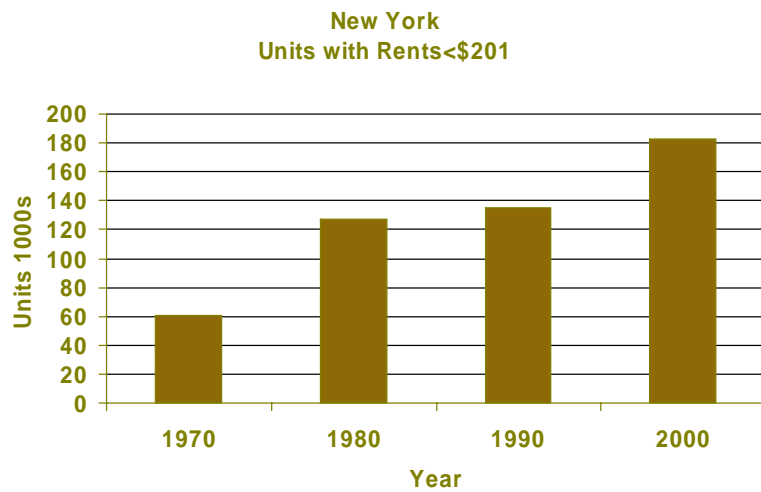
Surprising Growth In Lowest Rent Units

- 18 of 20 metros end span with notably larger stock with rents < \$201

Surprising Growth in Lowest Rent Units

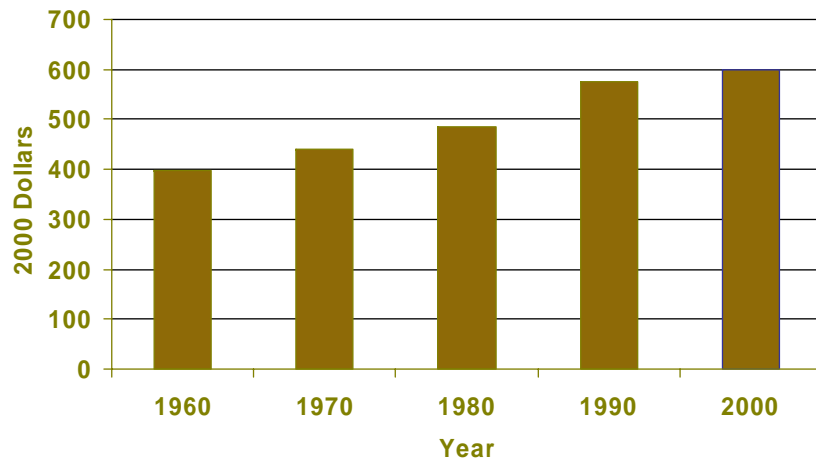
- 18 of 20 metros end span with notably larger stock with rents < \$201
- These increases are small relative to declines in mid-range rent units

Surprising Growth in Lowest Rent Units

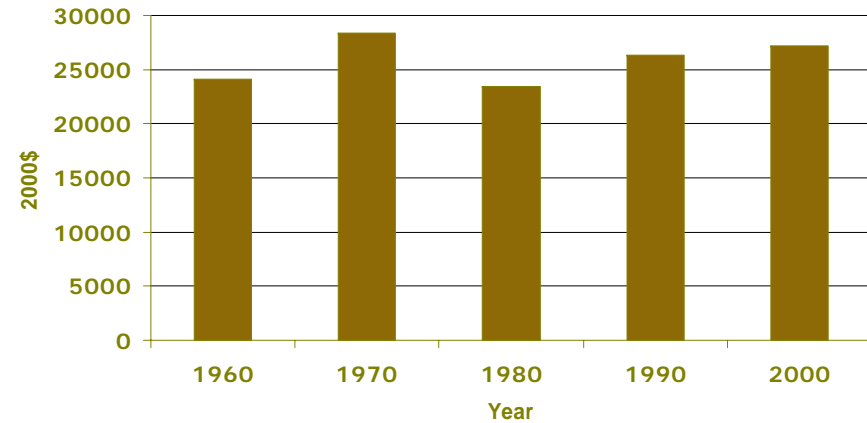


Rising Rents & Stagnant Incomes ➔ Affordability Problems

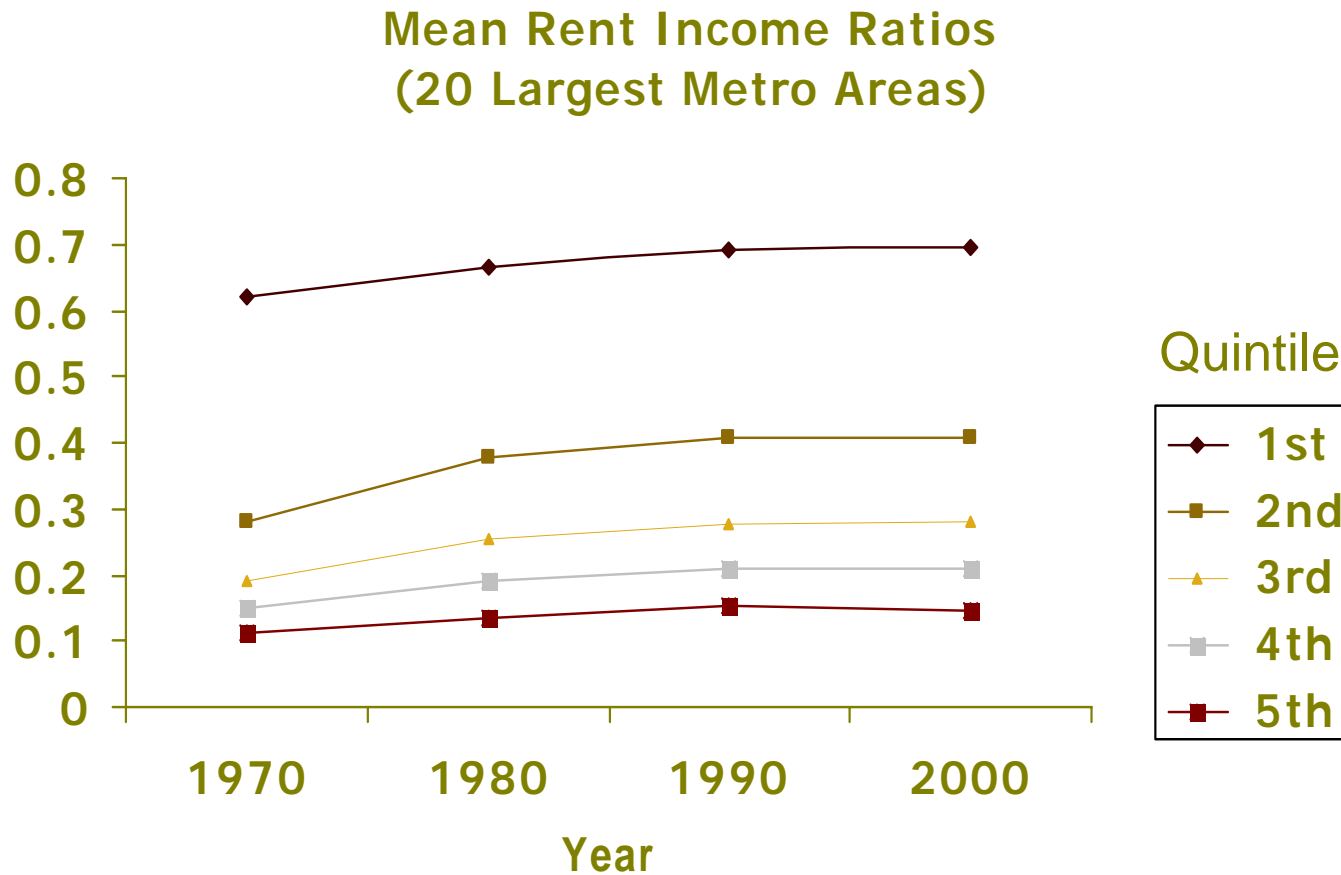
Median Monthly Real Rents



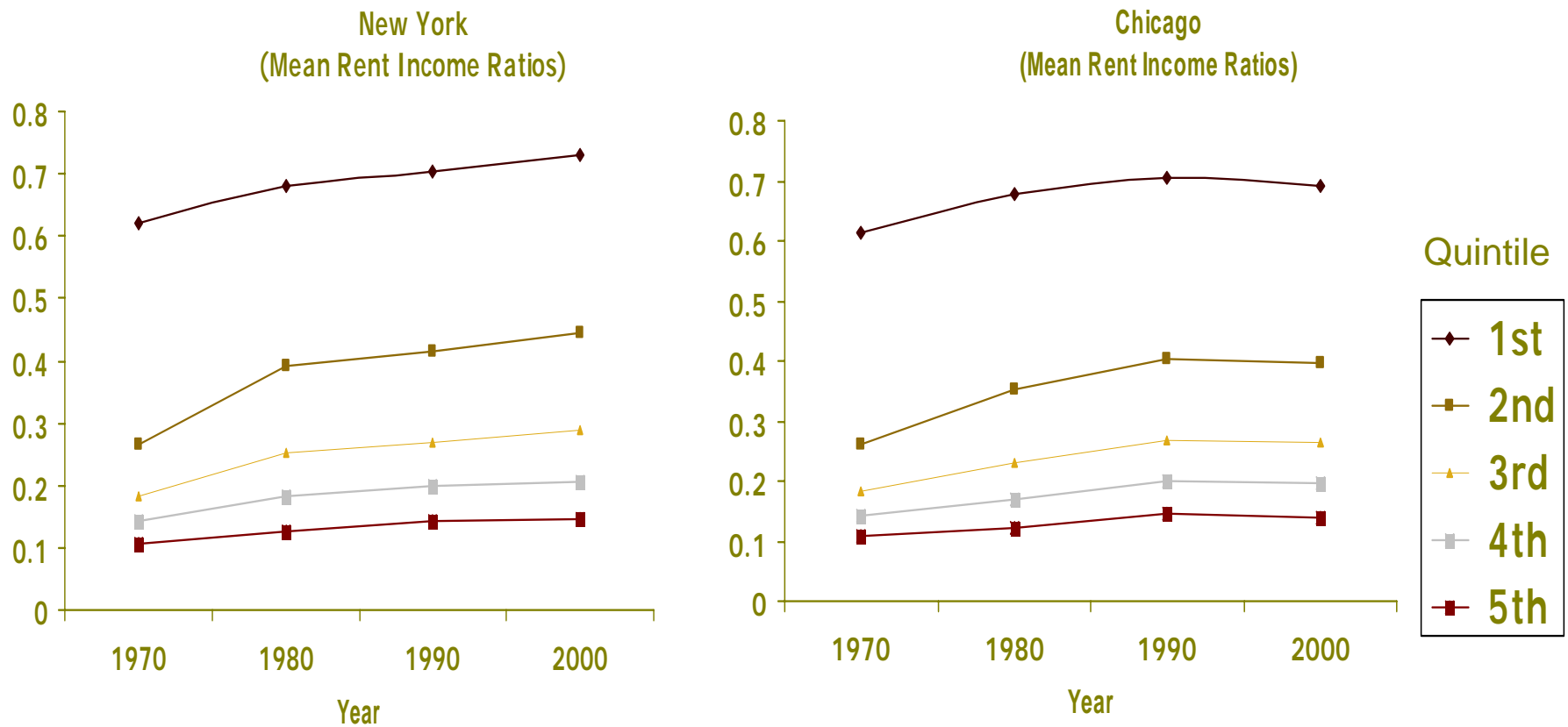
Median Renter Household Income



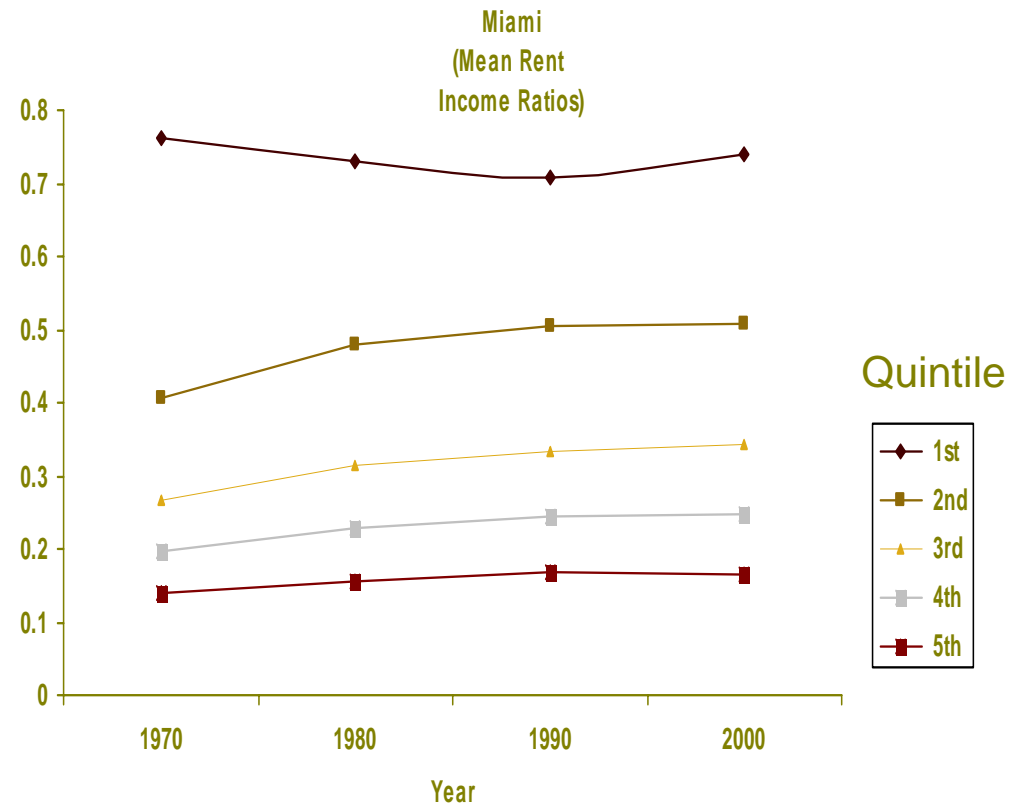
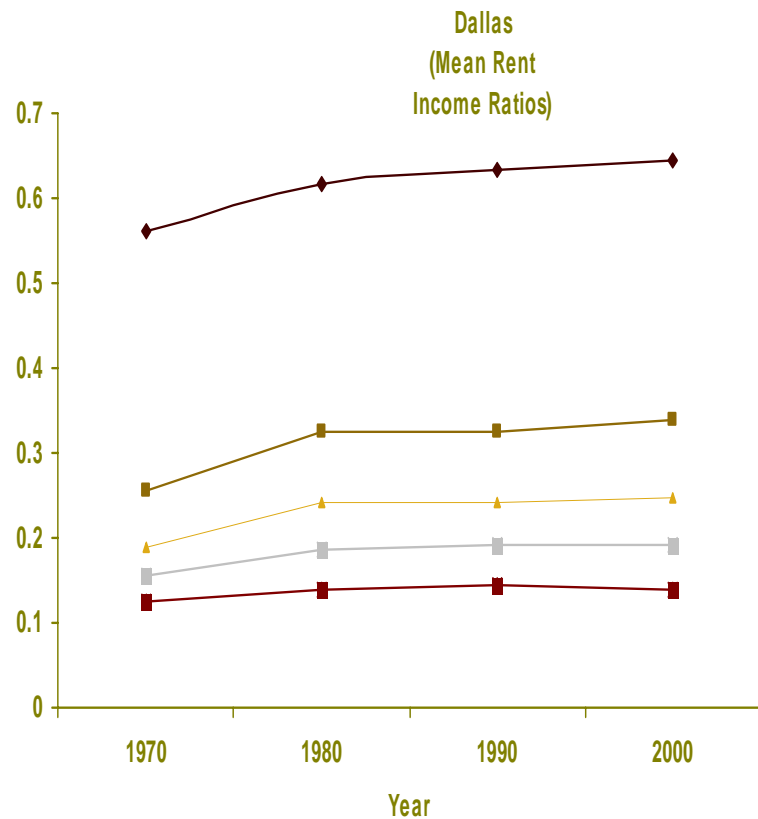
Rent Burdens Rise for Lower Income Quintiles



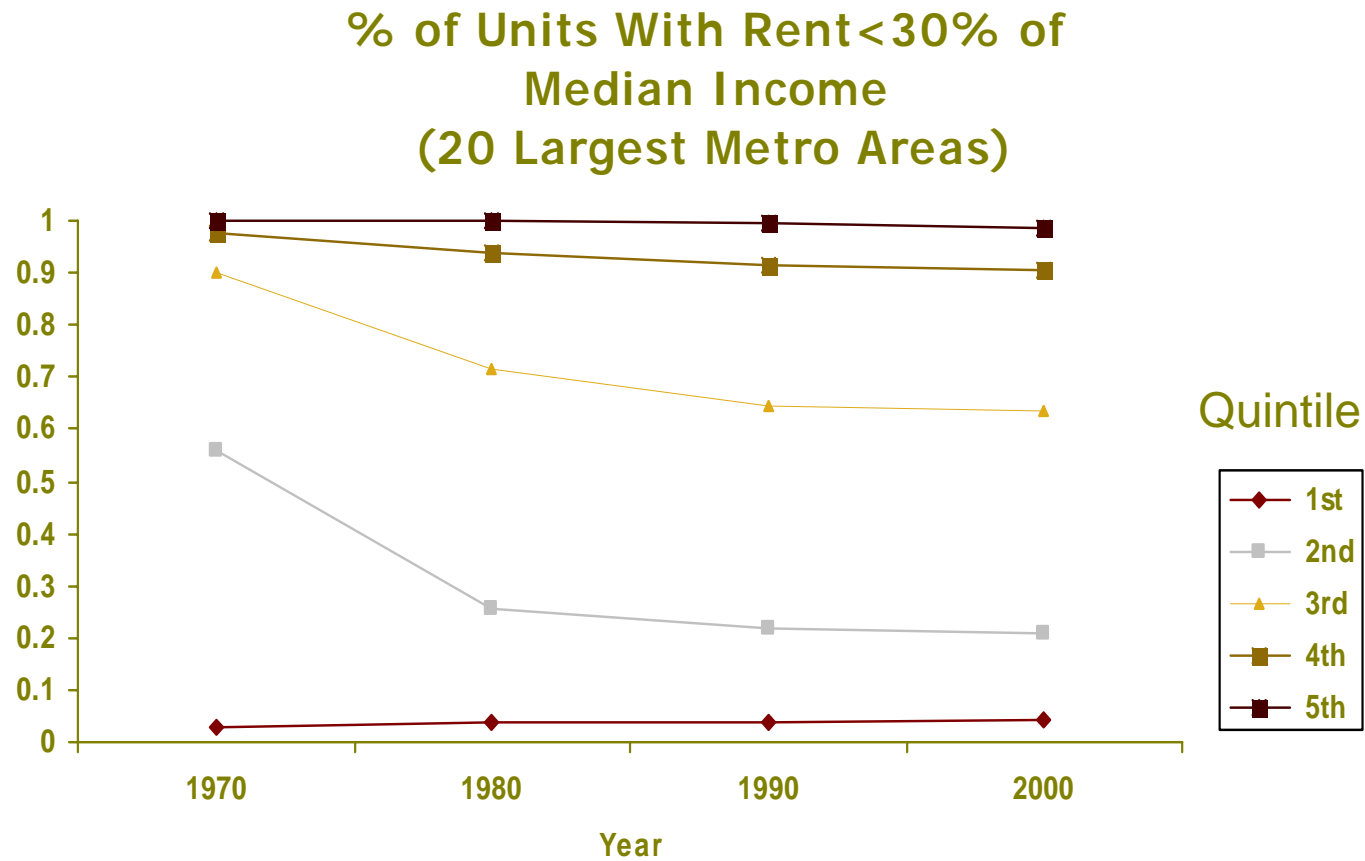
Rent Burdens Rise for Lower Income Quintiles



Rent Burdens Rise for Lower Income Quintiles

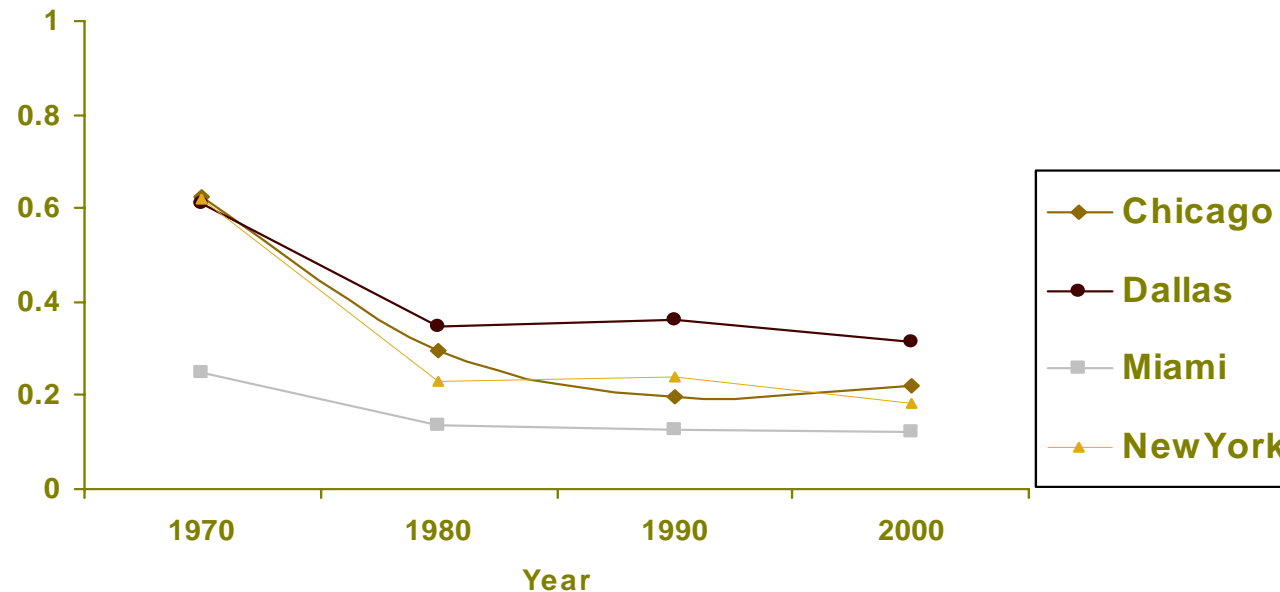


Stock Affordable by Median Renter Drops Sharply for 2nd & 3rd Quintiles



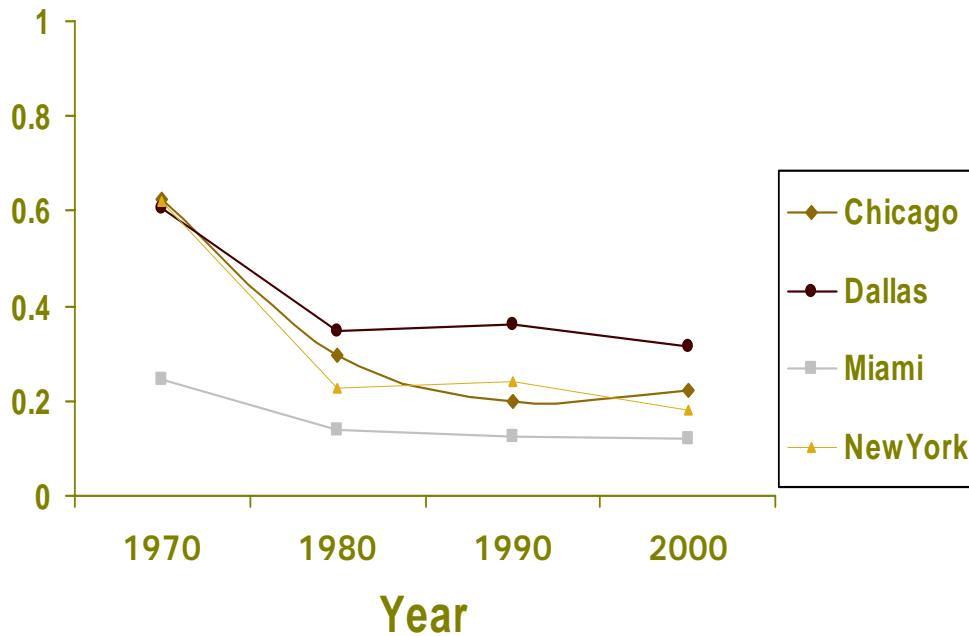
Stock Affordable by Median Renter Drops Sharply for 2nd & 3rd Quintiles

% of Units With Rent < 30% of Median Income (2nd Quintile)

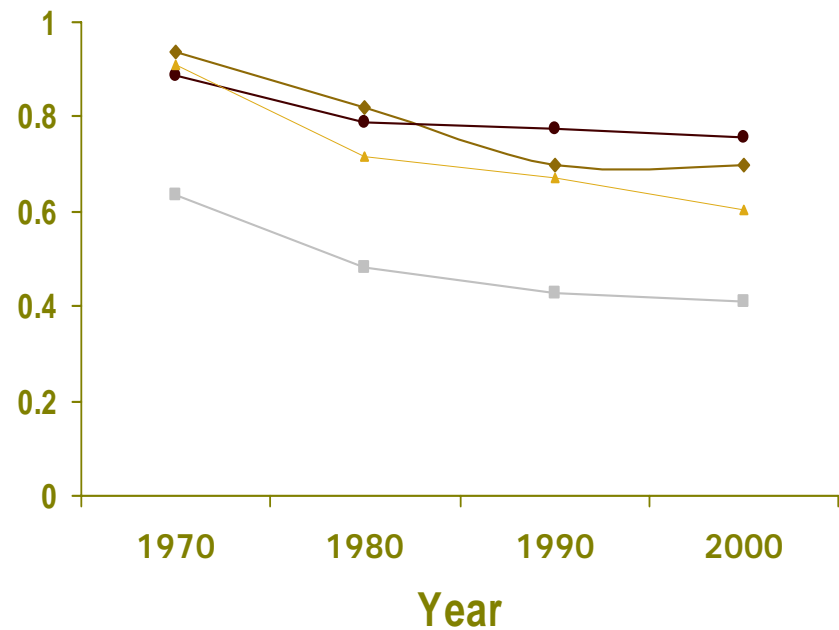


Stock Affordable by Median Renter Drops Sharply for 2nd & 3rd Quintiles

% of Units With Rent < 30% of Median Income
(2nd Quintile)



% of Units With Rent < 30% of Median Income
(3rd Quintile)



Income Declines Drove Affordability Declines in 70s

www.jchs.harvard.edu

Harvard University



JOINT CENTER FOR HOUSING STUDIES

Graduate School of Design | Kennedy School of Government Copyright 2006

Income Declines Drove Affordability Declines in 70s

Change in % of Units Affordable Due to:

	Quintile	Income Change	Rent Change
20 Metros	2	-0.24	-0.06
	3	-0.13	-0.05
Chicago	2	-0.34	0.02
	3	-0.14	0.02
Dallas	2	-0.16	-0.10
	3	-0.08	-0.02
New York	2	-0.33	-0.06
	3	-0.15	-0.04

Income Declines Drove Affordability Declines In 70s

Change in % of Units Affordable Due to:

	Quintile	Income Change	Rent	Total Change
Change 20 Metros	2	-0.24	0.06	-0.30
	3	-0.13	-0.05	
Chicago	2	-0.34	0.02	
	3	-0.14	0.02	
Dallas	2	-0.16	-0.10	
	3	-0.08	-0.02	
New York	2	-0.33	-0.06	
	3	-0.15	-0.04	



Income Declines Drove Affordability Declines in 70s

Change in % Of Units Affordable Due to:

	Quintile	Income Change	Rent
Change 20 Metros	2	-0.24	-0.06
	3	-0.13	-0.05
Chicago	2	-0.34	0.02
	3	-0.14	0.02
Dallas	2	-0.16	-0.10
	3	-0.08	-0.02
New York	2	-0.33	-0.06
	3	-0.15	-0.04



Rent Increases Drove Affordability Declines in 80s Dampened by Income Gains

Rent Increases Drove Affordability Declines in 80s Dampened by Income Gains

Change In % of Units Affordable Due to:

	Quintile	Income Change	Rent Change
20 Metros	2	0.16	-0.20
	3	0.14	-0.21
Chicago	2	0.07	-0.16
	3	0.06	-0.18
Dallas	2	0.11	-0.09
	3	0.09	-0.10
New York	2	0.23	-0.22
	3	0.18	-0.22



Affordability did not much change
during the 1990s

- Affordability did not much change during the 1990s.
- A corollary: Much of the problems facing renters in 2000 were the result of economic and market changes that took place in the 1970s and 1980s.

Next Steps

- Exploring the long-run determinants of rents using the BLS city rent indices for 1918 to the present
- Subsidized Construction's Net Contribution to the Rental Housing Stock