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ABSTRACT

New data issued by the U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development (HUD) show that most poor households in the Buffalo (New York) metropolitan area pay extremely large portions of their limited incomes for housing costs. Housing is considered affordable for a low-income household if it consumes no more than 30 percent of the household's income. Yet, nine out of every 10 poor renters and nearly half of all poor homeowners in Buffalo paid more than 30 percent of income for housing in 1984. The problems of finding affordable housing faced by the poor worsened appreciably from the mid-1970s to the mid-1980s in contrast to the housing burdens of more affluent households in the area. The poor were also more likely to live in substandard housing. The increase in the shortage of low-rent housing since 1976 can be attributed primarily to large declines in household incomes and modest increases in housing costs, particularly for black renters. Government assistance through subsidized housing programs is not available for most poor households, and benefit levels for cash assistance programs have declined sharply in New York State in recent years. Most national analyses forecast that the gap between the number of low-income households and the number of units affordable by these households will grow substantially larger in the years ahead. Statistical data are included on three tables and 13 graphs. An explanation of the market-basket standard of affordability used by HUD is appended. (FMW)

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## BUFFALO, NEW YORK



Center on Budget and Policy Priorities

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## THE CRISIS IN HOUSING FOR THE POOR

PAUL A. LEONARD

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Washington, D.C.

The **Center on Budget and Policy Priorities**, located in Washington, D.C., is a nonpartisan, nonprofit research organization that provides analyses of government spending, programs and public policy issues that have an impact on low and moderate income Americans. The Center is funded by grants from foundations.

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December 1988

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A PLACE TO CALL HOME:

The Crisis in Housing for the Poor

# BUFFALO, NEW YORK

## EXECUTIVE SUMMARY

New data issued in August 1988 by the U.S. Bureau of the Census and the U.S. Department of Housing and Urban Development (HUD) show that most poor households in the Buffalo metropolitan area pay extremely large portions of their limited incomes for housing costs. Under standards established by HUD, housing is considered affordable for a low income household if it consumes no more than 30 percent of the household's income. Yet nine of every 10 poor renter households in the Buffalo area paid more than 30 percent of income for housing in 1984. The new data show:

- Some 52 percent -- more than half -- of all poor renter households in the Buffalo metropolitan area paid at least 70 percent of income for housing costs (rent and utilities) in 1984.

- Three of every four poor renter households paid at least 50 percent of income for housing.

- A stunning 94 percent paid at least 30 percent of income for housing, or more than the amount considered affordable under the federal standards.

- The typical (or median) poor renter household in the Buffalo area had an income of less than $5,000 in 1984 (equivalent to about $5,700 in 1988) and spent more than 70 percent of its income on housing.

Poor homeowners in the Buffalo area are nearly as hard-pressed as poor renters.

- Nearly half of all poor homeowners -- 47 percent -- paid at least 70 percent of their incomes for housing in 1984.

- Seven out of 10 paid at least half of their incomes on housing, while 94 percent paid at least 30 percent of income on housing.

- Poor homeowners faced high costs for housing expenses other than their mortgage payments. The typical poor homeowner household paid 47 percent of its income just for fuels, other utilities, and real estate taxes.

- The typical poor homeowner household -- like the typical poor renter household -- had an income of less than $5,000 a year and paid 68 percent of its income for housing.

These extremely high housing costs represented a substantial burden for the 77,100 households in the Buffalo metropolitan area living below the poverty line in 1984.[1] More than half of these households -- some 44,100 -- lived in the city of Buffalo. However, a substantial number lived outside the city, with 20,900 elsewhere in Erie County, 5,500 in Niagara Falls, and 6,600 elsewhere in Niagara County.

About two-thirds of these poor households were renters, while about one-third were homeowners. Approximately three-fourths were white and about one-fourth were black.

It should be noted that the report does *not* include most of those households who are homeless. Had they been included, the conditions depicted by the data in the report would have been even more stark.

**Increases in Housing Burdens Since the 1970s**

The problems of finding affordable housing faced by poor Buffalo households worsened appreciably from the mid-1970s to the mid-1980s. In 1976, the number of rental units that rented for no more than 30 percent of the income of a household earning $10,000 a year (i.e., for no more than $250 a month) was approximately 5,000 greater than the number of renter households with incomes at or below this level.[2] In 1984, by contrast, nearly 11,000 fewer units were renting for no more than 30 percent of the income of households earning $10,000 than there were households with incomes at or below this level.

- Some 73,400 renter households in the Buffalo area in 1984 had incomes of $10,000 or less, but only 62,700 units rented for $250 a month or less. These data reflect a sharp change in Buffalo's low income housing market in just eight years.

- Moreover, the low income housing shortage was substantially more severe by 1984 than these numbers would indicate. First, some of the 62,700 units renting for $250 or less appear to have been uninhabitable in their current condition; some 10,000 of these units were vacant in 1984. Second, these low-rent units were not restricted to poor tenants -- and nearly half of the occupied low-rent units were occupied by renters who were not low income households.

The shortage of affordable housing was most severe for those who were the poorest: renter households with incomes below $5,000 a year.

- Some 37,600 renter households in the Buffalo area in 1984 -- one of every four area renters -- had incomes this low. For housing to have consumed no more than 30 percent of the incomes of these households, it would need to have rented for no more than $125 per month.

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1. The poverty line in 1984 was $8,277 for a family of three.

2. All figures for incomes and rents are measured in 1984 dollars.

- Yet while there were 37,600 households with incomes this low, only 12,000 of the area's 166,000 rental units charged monthly rents of $125 or less.

The high housing costs borne by poor households in Buffalo stand in sharp contrast to the housing burdens of more affluent households in the area.

- While 75 percent of poor renters paid more than half their income for housing, only six percent of non-poor renters paid that much. Similarly, while 71 percent of poor homeowners paid more than half of their income for housing, just three percent of non-poor homeowners did.

- The data show quite clearly that as income rises, the portion of income spent on housing declines. While the typical poor household in Buffalo with income of less than $5,000 paid at least 70 percent of its income for rent in 1984, the typical household with an income of $20,000 to $25,000 spent 17 to 19 percent of its income for housing, and the typical household in the $40,000 to $60,000 range spent between nine and 13 percent of income for housing.

**Substandard Housing**

Not only do the poor in Buffalo pay much higher proportions of income for housing than the non-poor, but they are also more likely to live in housing with moderate or severe physical problems.

- The data show that more than one of every six poor renters in the Buffalo area lived in housing that HUD classified as having physical deficiencies.

- By contrast, one in 20 non-poor renters lived in housing units with deficiencies.

- Similarly, while poor households constituted 17 percent of all householders in the Buffalo area, they occupied 53 percent of the units with signs of rats, 44 percent of those with holes in the floor, 38 percent of those with cracks in the walls, 36 percent of those with exposed wiring, and 34 percent of those with peeling paint.

**Factors Contributing to the Affordable Housing Squeeze**

The increase in the shortage of low-rent housing in Buffalo since 1976 can be attributed primarily to the occurrence of a sharp increase in the number of low income renters without a comparable increase in the number of low rent units in the housing stock. Between 1976 and 1984, the number of renters with incomes of less than $10,000 rose 36 percent, from 54,000 households in 1976 to 73,400 in 1984. During the same period, there was only a small increase of 4,000 to 5,000 units, or about eight percent, in the number of units renting for $250 or less (30 percent of a household's income at the $10,000 income level).

Large declines in household incomes and modest increases in housing costs have driven housing out of the affordable range for many Buffalo area residents. From 1976 to 1984, median income for Buffalo renter households plunged 23 percent, while median housing costs for area renters edged up between one and two percent.[3]

Similarly, median income for area homeowners fell 10 percent during the period, while median homeowner costs rose nine percent.

The squeeze was tightest on black renter households. Median housing costs for black renters climbed 11 percent from 1978 to 1984, while their median income fell 26 percent.

**Gaps in Government Assistance**

For most poor Buffalo households overburdened by high housing costs, government assistance through subsidized housing programs is not available. Only about one in every four poor renter households in the Buffalo area (26 percent) received any kind of federal, state or local rent subsidy or lived in public housing in 1984. As of August 1, 1988, there were 2,900 poor households on the waiting list for public or subsidized housing in Buffalo.

Several cash assistance programs provide basic income support that can help certain types of poor households meet the costs of basic necessities such as rent. The principal such assistance programs are the Aid to Families with Dependent Children Program (AFDC), the basic public assistance program for poor families with children, and the Supplemental Security Income (SSI) program, the basic assistance program for the elderly, blind, and disabled poor. However, benefit levels in both programs have declined sharply in New York State in recent years.

- Since 1970, maximum AFDC benefits in New York State have fallen 38 percent after adjustment for inflation.

- Since 1974, the year the SSI program began, SSI state supplements in New York State have fallen 49 percent, after adjustment for inflation.

The failure of New York State to keep benefits up with inflation is one of the factors behind the decline in the income of poor Buffalo households in recent years.

The state does provide "shelter and energy allowances" as part of its AFDC grant to help poor families defray their housing costs. These allowances are set by each county as part of the basic AFDC grant and are supposed to cover housing and fuel expenses. In 1984, however, the *maximum* AFDC shelter and energy allowance for a family of three in Erie County was $223 a month. Yet more than half of the poor households in Buffalo were paying at least $260 a month for housing costs.

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3. All figures are adjusted for inflation.

**Future Trends**

The outlook for the future must be considered ominous. Most national analyses forecast that the gap between the number of low income households and the number of units affordable by these households will grow substantially larger in the years ahead.

The Neighborhood Reinvestment Corporation, a nonpartisan, Congressionally-chartered institution, issued a report in early 1988 concluding that the low income housing shortage will burgeon in the years ahead. The report projected that between 1983 and 2003, the number of low rent units in the United States would fall by 3.5 million, while the number of low income renter households would grow by more than seven million. By 2003, the study estimated, the number of low income renter households would be nearly double the number of low rent units.

One of the reasons for the anticipated sharp growth in the shortage of low income housing is that many of the commitments under existing federal low income housing programs are scheduled to expire in the years ahead. Under one set of programs, the federal government has been providing mortgage subsidies to private developers who in turn agree to lease their units to low and moderate income tenants for 20 years. For many of these units, the 20-year period is now nearly up and they may then be converted to housing for people at higher income levels. A large number of the units in Buffalo that were subsidized under these programs are at risk of being removed from the inventory of low income housing in the next several years.

Under another set of federal housing programs, private owners enter into contracts with the federal government to make their units available to low income tenants for a specified time period (usually 15 or 20 years), with the federal government paying that portion of the rent that exceeds 30 percent of a poor household's income. In Buffalo, contracts covering 4,300 such rental units will expire in the next five years. The owners will then have the option of raising rents and converting the units to occupancy by a higher income clientele.

* * * * *

While Buffalo's economy has improved since 1984, the trends related to low income housing must be regarded as alarming. For most low income households in the Buffalo area, housing has become an increasingly unaffordable commodity. With more than half of all poor renters and nearly half of all poor homeowners paying more than 70 percent of income for housing, little money remains for other necessities.

These high housing cost burdens have serious implications. The severe low income housing shortage is likely to have contributed substantially to the growing problem of homelessness in Buffalo. As noted, this report does not include most of those households who were homeless in 1984. In addition, these housing cost burdens are likely to have intensified other problems such as the incidence of hunger. The likelihood that a poor household will be without adequate food for part of a month is considerably greater when the household's rent consumes so much of its income that too little money is left to buy food to last through the month. Unfortunately, the data on national trends and housing conditions suggest that just as the affordable housing problem worsened dramatically for low income households both in Buffalo and nationally from the mid-1970s to mid-1980s, so too is it likely to deteriorate further in the years ahead unless major changes are made in government policy or in the actions of the private sector.

## ACKNOWLEDGEMENTS

This report would not exist were it not for the efforts of many of my colleagues at the Center on Budget and Policy Priorities. Most critical were the efforts of the Center's director, Bob Greenstein, who provided sterling editorial and substantive guidance. Art Jaeger prepared a distinguished press release and coordinated the release of report. In addition, Ed Lazere, Keith McKeown, Isaac Shapiro made valuable contributions throughout the editorial process. Cathy Carr oversaw the production process. Finally, Leslie Zupan professionally edited and prepared the final document for publication. I thank all of these individuals for their assistance and support.

The preparation and publication of this report are supported by a grant from the Edna McConnell Clark Foundation.

## PREFACE

This report is one in a series to be issued by the Center on Budget and Policy Priorities on low income housing conditions in various metropolitan areas. The Center's reports are based on a series of new publications being released by the Bureau of the Census of the U.S. Department of Commerce and the Office of Policy Development and Research of the U.S. Department of Housing and Urban Development.

Each of these government publications is comprised of more than 100 pages of tables, providing a wealth of data on housing conditions in particular metropolitan areas. The publication about Buffalo, *Housing Characteristics for Selected Metropolitan Areas: Buffalo, New York Consolidated Metropolitan Statistical Area*, is the first of a series of 44 such publications to be issued by these two federal agencies over the next several years. Released by the Census Bureau in August 1988, it consists of 134 pages of tables of data on housing conditions in 1984 in the Buffalo metropolitan area (including all of Erie and Niagara Counties). Similar federal publications issued in earlier years provided data on housing conditions in the Buffalo metropolitan area in 1976 and 1979.

This report by the Center on Budget and Policy Priorities is based on an analysis of the new data and comparisons with the earlier data. The preparation and publication of this Center report are supported by a grant from the Edna McConnell Clark Foundation.

# Contents

# I. THE HOUSING BURDENS ON POOR HOUSEHOLDS

Under standards established by the U.S. Department of Housing and Urban Development, housing is considered affordable for a low income household if it consumes no more than 30 percent of the household's income.[1] By the HUD standard, nearly all -- 94 percent -- of poor households in the Buffalo metropolitan area are unable to find affordable housing.[2]

In 1984, some 77,100 households in the Buffalo metropolitan area lived below the poverty line. (The poverty line in 1984 was $8,277 for a family of three.) Some 44,100 of these poor households (or more than half) resided in the city of Buffalo; 20,700 poor

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1. Until 1981, housing was considered affordable by HUD if it consumed no more than 25 percent of household income. The standard was raised to 30 percent in conjunction with federal budget cuts enacted in 1981. (One of these reductions involved a provision requiring low income households in federally subsidized housing to pay 30 percent of income for rent, rather than 25 percent as in the past.)

2. The Census Bureau's American Housing Survey defines a "housing unit" as a "a house, an apartment, a group of rooms, or a single room occupied or intended for occupancy as separate living quarters." According to the survey, a household consists of all the people who occupy a housing unit and may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated people who share living arrangements.

households lived in Erie County outside the Buffalo city limits. The remaining 12,300 lived in Niagara County, with half in the city of Niagara Falls and half outside the city.[3]

Some 52,900 of these poor households -- or about two of every three -- were renters. The remaining 24,200 poor households were homeowners.

It should be noted that the Census Bureau survey does *not* include most of those households who are homeless. The number of poor households used throughout this report, then, is a conservative estimate of the number of households in Buffalo with substantial housing difficulties.

Moreover, some housing studies have found that after meeting other basic needs, many poor households cannot afford as much as 30 percent of income for housing. Thus, a number of housing experts believe HUD's 30 percent of income standard to be too high. An alternative concept of affordability is presented in the Appendix. For this reason also, the findings presented in this report are conservative in their portrayal of low income housing problems in Buffalo.

**Poor Renter Households**

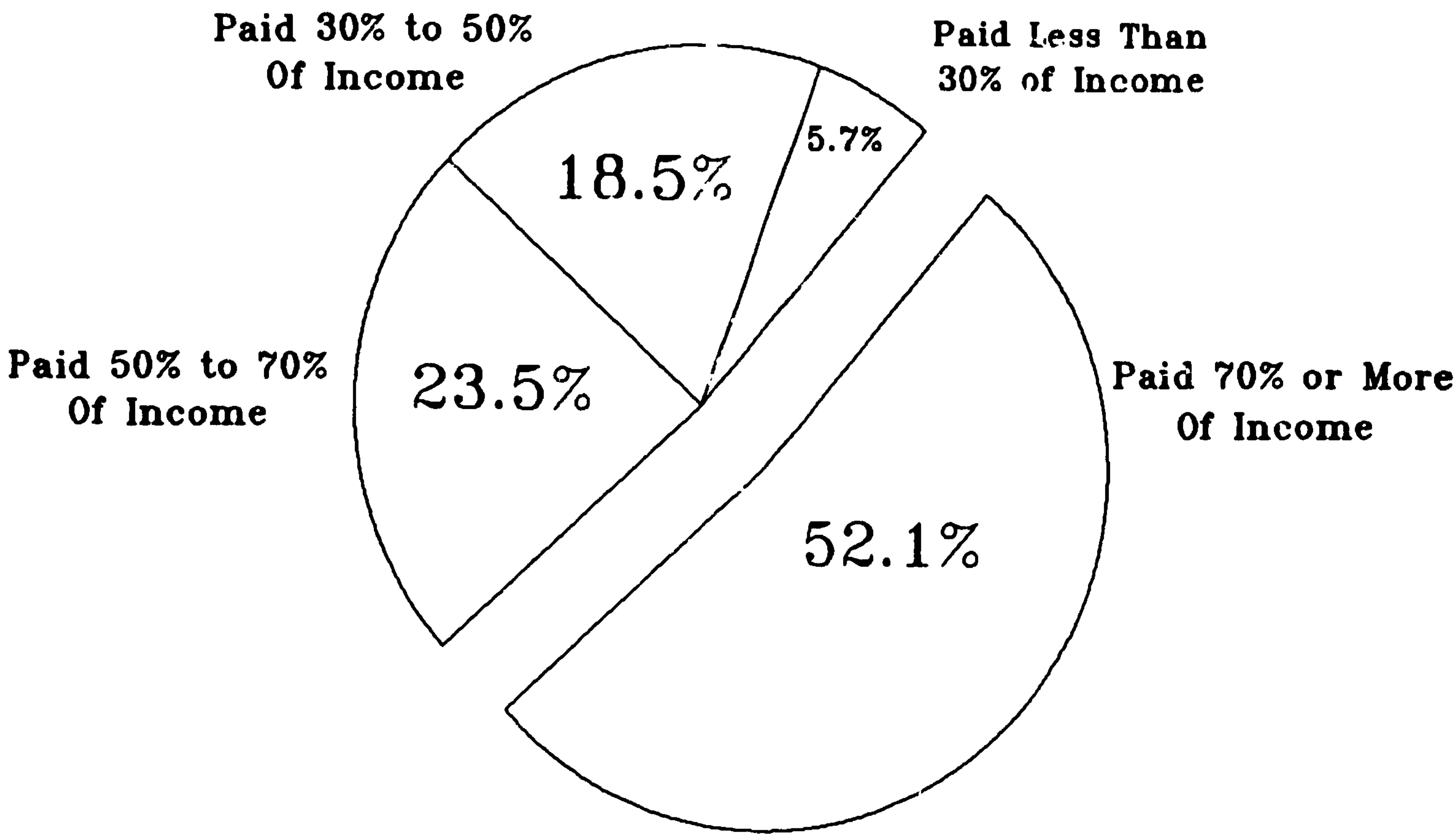
In 1984, some 52 percent of all poor renter households in the Buffalo metropolitan area paid at least 70 percent of their incomes for rent and utilities. Three-fourths paid at least 50 percent of their income for rent and utilities. A stunning *94 percent* paid at least 30 percent of their income for rent and utilities -- or more than the amount considered affordable for these households under the federal standards. (See Figure 1)

These extremely high rent burdens left poor renter households in Buffalo with little income for other living expenses. For example, a family of three with income at the poverty line ($8,277 in 1984) would have an income of $690 per month. If the

3. The process used by the Census Bureau for determining the number of poor households in the Buffalo metropolitan area is slightly different than the process used by the Census Bureau in the reports it issues each year on the number of poor people in the nation as a whole. The definition of poverty used in the reports on housing conditions in various urban areas reflects the number of *households* who are poor. A household is considered to be poor if the total income of all people occupying a residential unit is below the poverty line (for a household of that size). In its annual reports on the status of poverty in the United States, the Census Bureau counts the number of poor families and the number of poor "unrelated individuals." Under this approach, more than one family or more than one unrelated individual can live in a single residential unit. The poverty definition reflected in the Buffalo housing data (and in the housing data for other metropolitan areas) results in a slightly lower poverty count than would be found if the alternative Census Bureau approach to measuring poverty had been used.

Figure 1

# Percent of Income Spent on Housing By Poor Renters in Buffalo, 1984




Source: U.S. Census Bureau
American Housing Survey, 1984

family spent 70 percent of this income for rent and utilities, it would have only $207 a month left for food, clothing, and other expenses.[4]

Unfortunately, for most poor renter households in Buffalo, the situation was considerably more grim than this. The typical poor household did *not* have an income level equal to the poverty line, but rather well below it. The Census data show that the typical (or median) poor renter household in the Buffalo metropolitan area had an income of less than $5,000 in 1984.[5] (An income of $5,000 in 1984 was equivalent to an income of about $5,700 in 1988, after adjusting for inflation.[6]) If a household had an income of $5,000 and spent 70 percent of its income for rent and utilities, it would have only $125 per month left for all its other cash expenses. (See Figure 2)

As noted, affordable housing under the HUD standards, should consume no more than 30 percent of a poor household's income. Under this standard, the typical poor renter household in Buffalo (with its income of $5,000) could afford to spend no more than $125 a month ($1,500 a year) on rent and utilities. Yet the typical poor renter household actually spent much more than this on housing costs. The data show that the typical (or median) poor renter household in the Buffalo area incurred rent and utilities costs of $260 a month in 1984, *more than twice* the maximum "affordable" amount for this household. The typical poor renter household with an income of $5,000 had to spend 26 percent of its income ($108 per month) on gas and electricity costs alone.[7]

**Poor Homeowners**

The housing cost burdens of the 24,200 poor homeowners in the Buffalo metropolitan area were nearly as severe as the burdens borne by poor renters. Nearly half (47 percent) of all poor homeowners in the Buffalo area paid at least 70 percent of their incomes for housing costs in 1984. This figure is close to the 52 percent of all poor renters who paid at least 70 percent of their income for housing costs. (See Figure 3)

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4. As used here, household income includes cash income from all sources, including wages, welfare, unemployment insurance, and Social Security benefits. It does not include non-cash benefits.

5. The median renter household is the household whose income falls exactly in the middle of the income distribution of all renter households. Thus, half of all poor renter households have incomes below that of the median poor renter household, while the other half of poor renter households have incomes exceeding that of the median poor renter household.

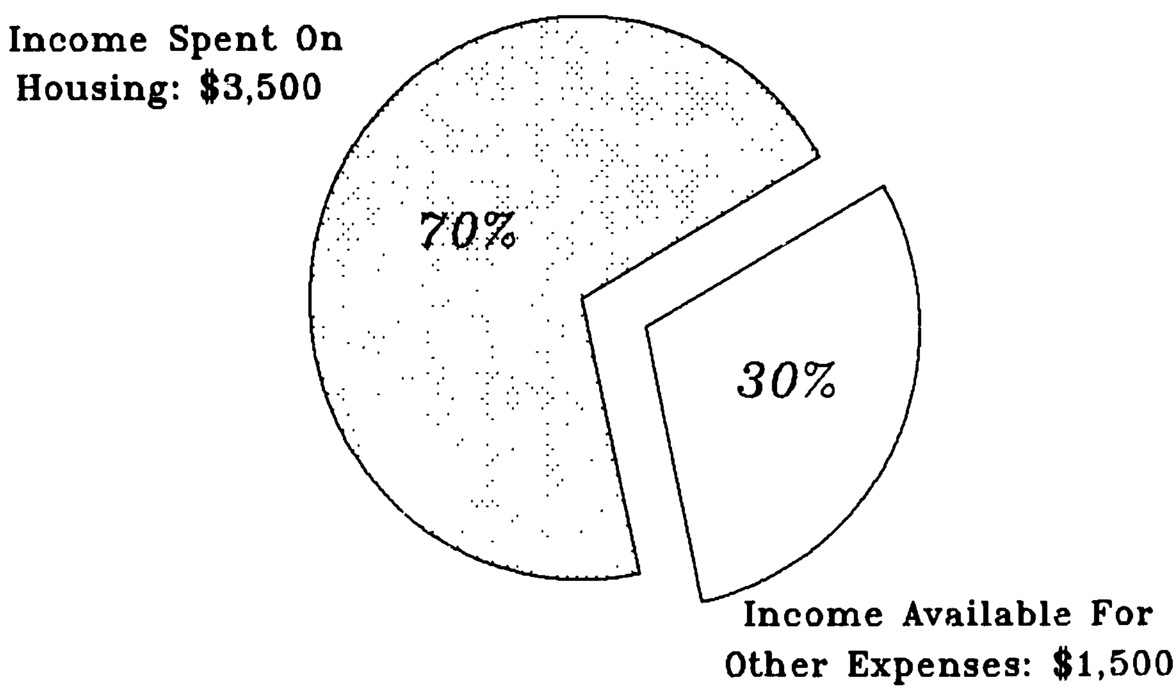
6. All adjustments for inflation use the Consumer Price Index for Urban wage earners in the Buffalo metropolitan area.

7. Estimates for electricity and gas costs are based only on those poor renters who paid separate charges for these utilities. Approximately four-fifths of all poor renters paid separately for electricity and more than two-thirds of poor renters paid separate gas bills.

Figure 2

Housing Costs for a Typical Poor Renter Household in Buffalo,1984

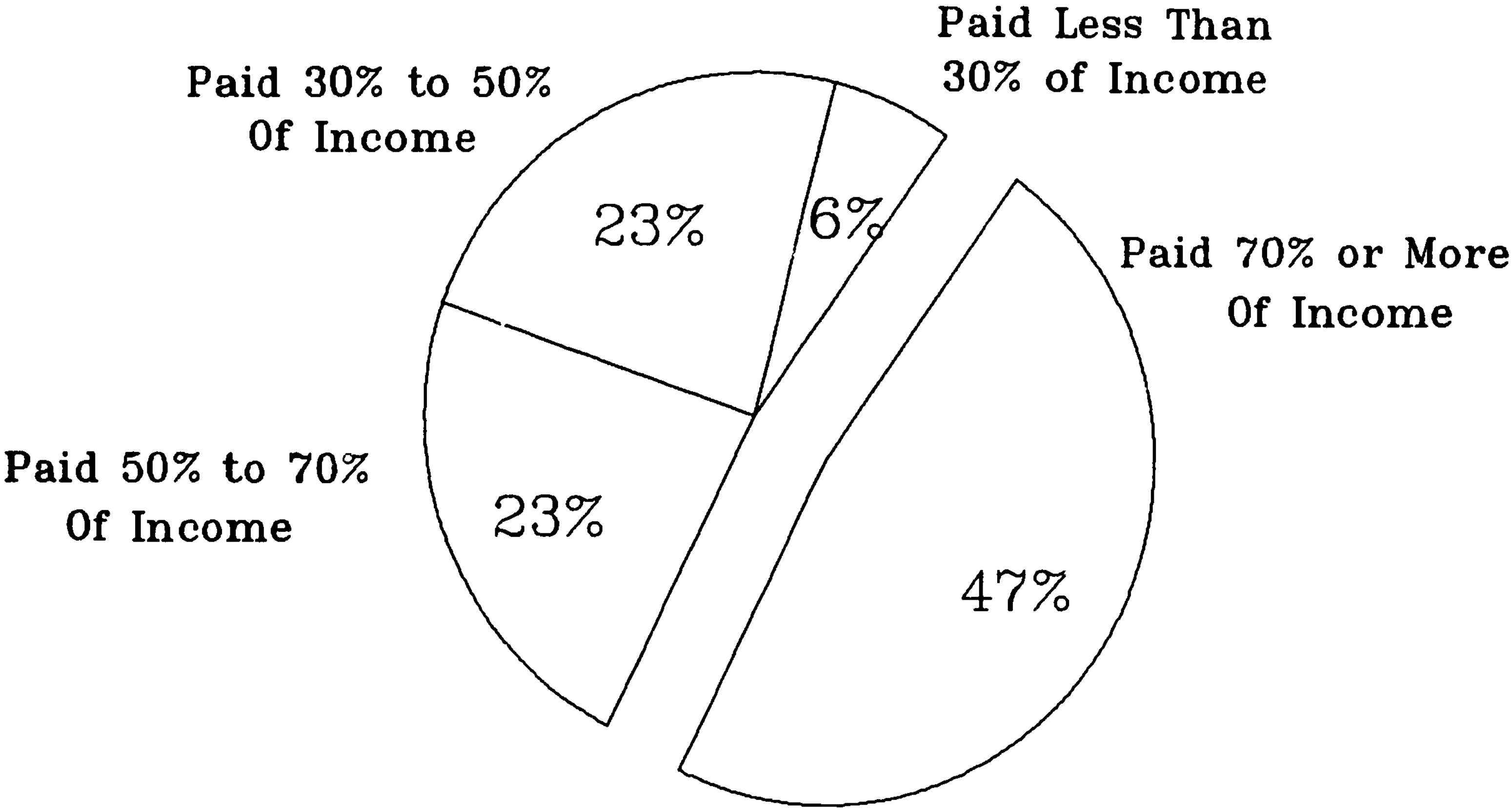
Median Poor Renter Income = $5,000




Source: U.S. Census Bureau
American Housing Survey, 1984

Figure 3

# Percent of Income Spent on Housing By Poor Homeowners in Buffalo, 1984




Source: U.S. Census Bureau
American Housing Survey, 1984

The typical (or median) poor homeowner household in Buffalo paid 68 percent of its income for housing in 1984. This is close to the percentage of income paid for housing by the typical poor renter household (which was at least 70 percent).

Poor homeowners, like poor renters, were very poor. The typical (or median) annual income level for both groups fell below $5,000 a year.

The Census data indicate that poor homeowners faced high costs for housing expenses other than their mortgages. The typical poor homeowner household paid 47 percent of its income just for fuels, other utilities, and real estate taxes. The percentage of income that the typical poor homeowner spent for housing costs *other than mortgage payments* exceeded the proportion of income spent on *all* housing costs, including mortgage payments, of more than 90 percent of those Buffalo area homeowners who were not poor.[8]

## Poor Black and White Households Both Affected

These high housing cost burdens affected poor black and white households alike. Table 1 below reveals that while 53 percent of poor black households in the Buffalo metropolitan area spent at least 70 percent of their incomes on housing costs, so did 50 percent of the poor households that were not black. Some 72 percent of poor black households spent at least half of their incomes on housing, but so did 74 percent of poor households who were not black. Housing costs exceeded 30 percent of income for more than nine out of 10 poor households in *both* groups.

**Table 1. Housing Burdens of Black and Non-Black Households**

| | Poor Black Households | Poor Non-Black Households |
|---|---|---|
| Paid 70 percent or more of income on housing | 53% | 50% |
| Paid 50 percent or more | 72 | 74 |
| Paid 30 percent or more | 91 | 95 |
| Poverty Rate | 46 | 14 |

8. Estimates for homeowners electric, gas and real estate taxes are based on those homeowners who paid such costs. All poor homeowners paid separate electricity bills, 95 percent paid real estate taxes and 90 percent paid gas charges.

While black households in the Buffalo area had far higher poverty rates than did white households, most of the poor households in the Buffalo area were not black, as shown in Figure 4 on the following page. Blacks comprised one-fourth, or 19,500 of the poor households in the Buffalo metropolitan area in 1984. Some 57,600 of the 77,100 poor households in the Buffalo metropolitan area were not black.

Those poor households that were black were much more likely to be renters than homeowners. Some 90 percent of all poor black households were renters. As a result, blacks comprised about one-third (32.7 percent) of the poor renter households and less than one-tenth (8.7 percent) of the poor homeowner households in the Buffalo area.[9]

**Low Income Housing Problems More Severe than in 1970s**

The problems faced by poor Buffalo households in finding affordable housing worsened appreciably from the mid-1970s to the mid-1980s. An examination both of the new Census data on housing conditions in Buffalo in 1984 and of data from earlier Census reports on housing conditions in Buffalo in 1976 and 1979 reveals a strong and disturbing trend.

As Figure 5 (following page) indicates, low rent housing shortages have become far more severe in Buffalo since the mid-1970s. The data show that in 1976, the number of low rent units in the metropolitan area exceeded the number of low income renter households. By 1984, the situation was reversed, with the number of low rent units falling well short of the need.

In 1976, the number of rental units that rented for no more than 30 percent of the income of a household earning $10,000 a year (i.e., that rented for no more than $250 a month) was approximately 5,000 greater than the number of renter households with incomes of $10,000 a year or less. (Incomes and rents are measured in 1984 dollars.)

In 1984, however, there were *nearly 11,000 fewer* such rental units that rented for no more than 30 percent of the income of households earning $10,000 than there were households with incomes at or below this $10,000 level. In 1984, some 73,400 renter households in the Buffalo metropolitan area had incomes of $10,000 or less, but only 62,700 units rented for $250 a month or less. These data reflect a sharp change in Buffalo's low income housing market in just eight years.

Moreover, by 1984 the low income housing shortage had grown considerably more severe than these numbers would indicate. The severity of the shortage was magnified in 1984 for two reasons. First, some 10,000 of the 62,700 units with rents of

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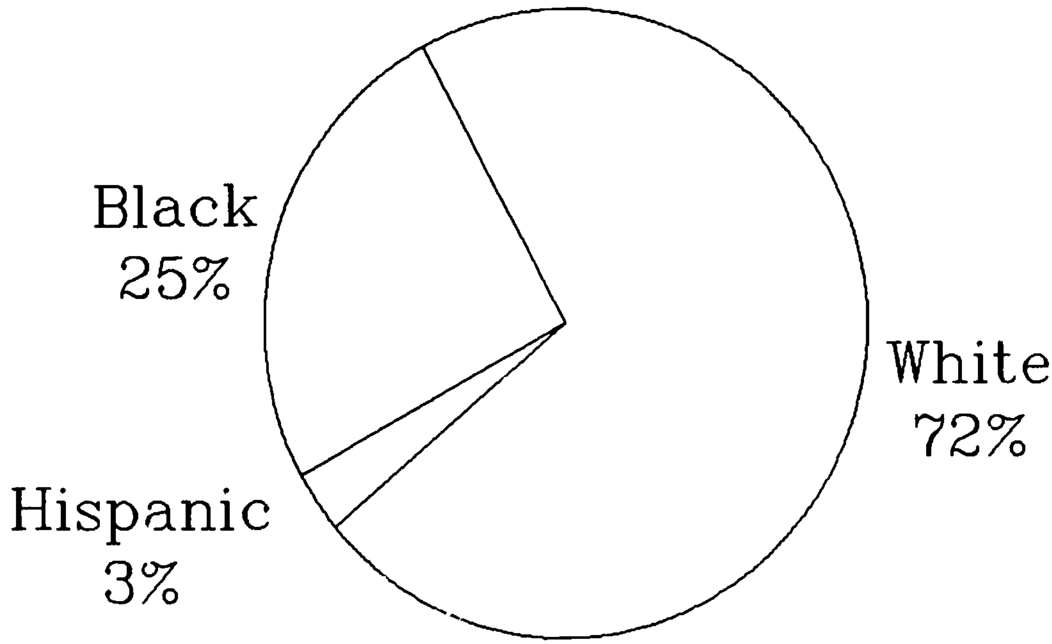
9. According to the Census Bureau survey, there were 4,700 households headed by a person of Hispanic origin. Some 2,500 of these Hispanic households -- or 53 percent of these households -- had incomes below the poverty line. However, a discussion of the housing burdens of Hispanics is not included here because the number of Hispanic households in the Census Bureau survey is too small to be considered statistically reliable.

Figure 4

# Poor Households by Race

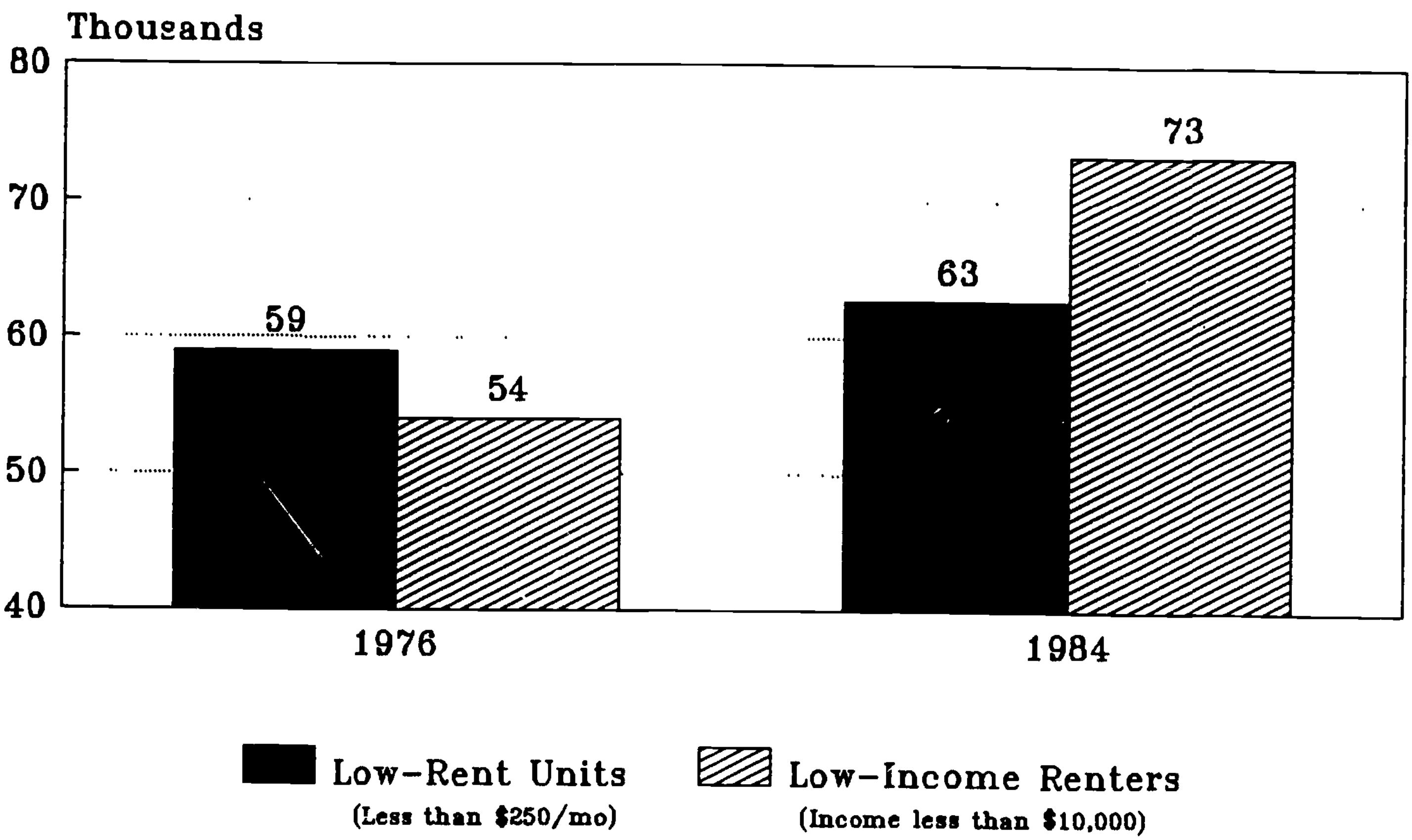
## Buffalo, 1984




Total Number of Poor Households: 77,100

**Source: U.S. Census Bureau**
**American Housing Survey, 1984**

Figure 5
Low-Income Renters and Low-Rent Units
Buffalo, 1976 and 1984




(All figures in constant 1984 dollars)

Source: U.S. Census Bureau
American Housing Survey, 1984

less than $250 were vacant in 1984. These units may have remained vacant despite their low cost because they may have had structural deficiencies.

Second, low rent units are not restricted to tenants with low incomes. In fact, many low rent units were occupied by renters who were *not* low income households. This further reduces the low rent housing supply that is available for those who do have limited incomes.

In fact, in 1984, only 35,700 of the 73,400 renter households with incomes below $10,000 a year -- fewer than half such households -- actually had housing costs of $250 a month or less.

The growth since 1976 in the shortage of low-rent housing can be attributed to the occurrence of a sharp increase in the number of low-income renters without a comparable increase in the number of low-rent units in the housing stock. In 1976, there were approximately 54,000 renters with incomes below $10,000 (as measured in 1984 dollars). By 1984, there were 73,400 such renters, an increase of 36 percent. During the same period, there was only a small increase of 4,000 to 5,000 units, or about eight percent, in the number of units which rented for $250 or less.

One final indication that low income housing problems in Buffalo have worsened since the 1970s is a decline in homeownership among young low-income families. In 1976, approximately one-fourth of all low-income families with children (with incomes up to $10,000) owned their homes. By 1984, fewer than one in five such families did.

**"Poorest of the Poor" Face Most Serious Shortage**

The shortage of affordable housing is most severe for those who might be classified as the "poorest of the poor": renter households with incomes of less than $5,000 a year

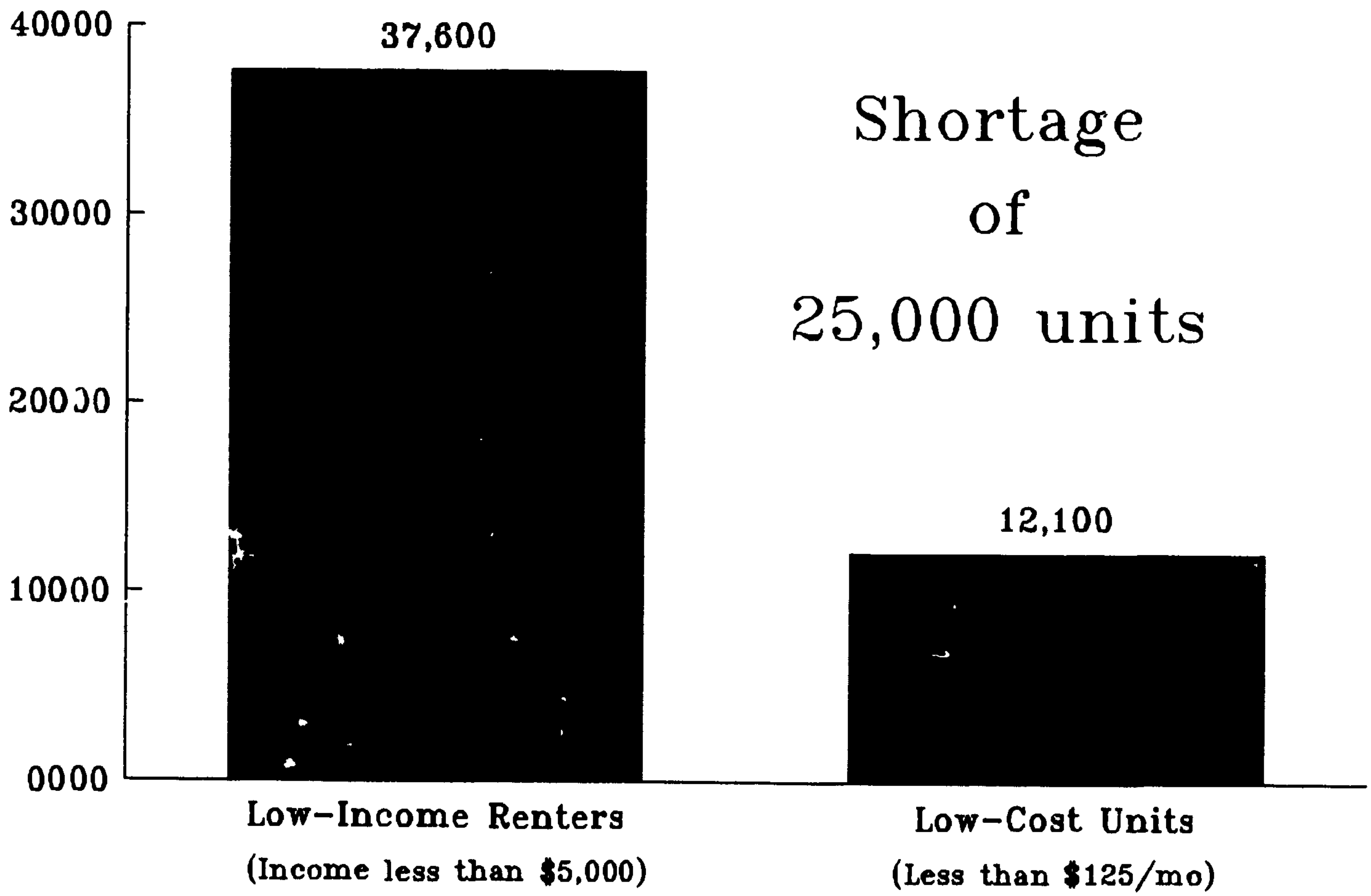
In 1984, some 37,600 renter households in Buffalo (one of every four renters in the Buffalo area) had incomes of less than $5,000. For housing to consume no more than 30 percent of the income of these "very low income" households, it would need to rent for no more than $125 per month ($1,500 per year).

Yet while there were nearly 37,600 households in Buffalo with incomes this low, approximately 12,000 of Buffalo's 166,000 rental units charged monthly rents of $125 or less. Even if every one of these units had been occupied by a very low income household (which was not the case), more than two of every three very poor renter households would have been unable to live in a unit renting for no more than 30 percent of income.[10] (See Figure 6)

10. Some very low income renter households with annual incomes below $5,000 may have savings that enable their disposable income to be somewhat higher. Nevertheless, the magnitude of the affordable housing gap for these households (fewer than one unit for every three households) strongly indicates that large numbers of very poor households are unable to find housing they can afford.

Figure 6

# Rental Housing Shortage for the Poorest of the Poor, 1984



These comparisons of the number of low-income renters and low-rent units document a large and growing shortage of affordable housing. Yet these data understate the magnitude of the housing problems with which low income households must contend. Not only do low income households pay much larger shares of their income for housing than do more affluent households, but the low income households are also much more likely to live in substandard or poor quality housing. (This issue is explored in more detail in Chapter II.) Low income households are also more likely to live in dangerous or run-down neighborhoods and in overcrowded conditions.

### Many Non-Poor Households Pay High Housing Costs

Although the affordable housing squeeze has been most severe for poor households, many Buffalo residents with incomes above the poverty line bear high housing costs as well. In 1984, more than one of every three (36 percent) *non-poor* renter households in the Buffalo metropolitan area had housing costs in excess of 30 percent of income. Nearly one in every six (16 percent) non-poor homeowner households bore housing costs exceeding 30 percent of income.

Despite these figures, however, poor households were much more likely to bear extremely high housing costs than non-poor households. Six percent of non-poor renter households had housing costs that exceeded half of their income, but more than 75 percent of poor renter households bore costs of this magnitude. Similarly, three percent of non-poor homeowners had housing costs that consumed more than half of their incomes, while 71 percent of poor homeowners bore such a burden.

### Wealthy Pay Smaller Portion of Income for Housing

While many non-poor households spend a large portion of their incomes for housing, the overall pattern is clear: as household income rises, the portion of household income that is spent on housing declines. As Figure 7 shows, for both renters and owners, the percentage of income devoted to housing fell sharply as household income increased.

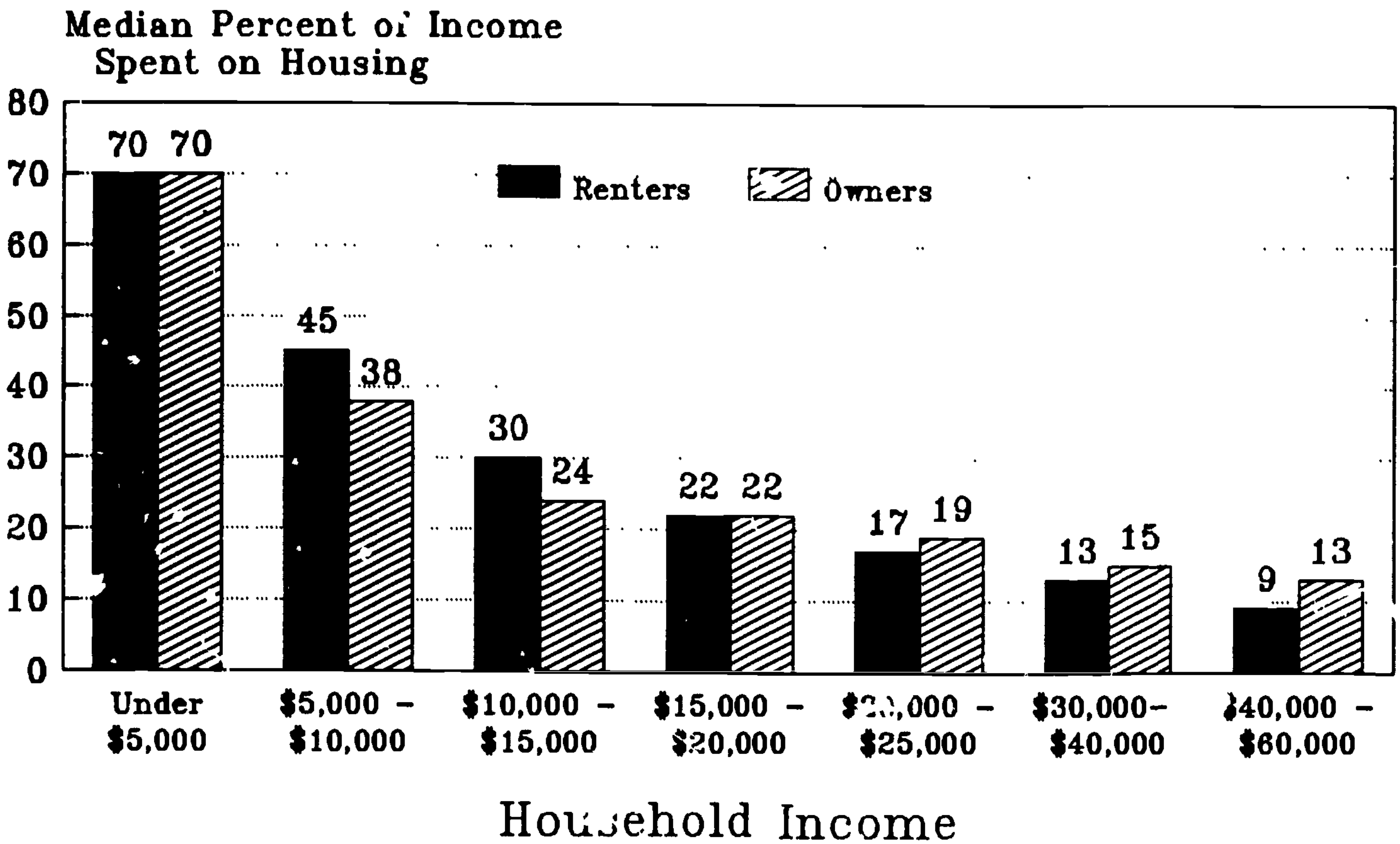
While the typical household with income under $5,000 paid at least 70 percent of its income for housing costs, the typical household with an income of $20,000 to $25,000 spent 17 to 19 percent of its income for housing. Households with incomes in the $40,000 to $60,000 range typically paid only nine to 13 percent of their incomes for housing.

### Trends in Buffalo Mirror National Trends

The trends in Buffalo -- a growing shortage of low income housing and a sharp increase in the proportion of poor households paying a large share of income for housing -- mirror national trends. From 1978 to 1985, for example, the number of poor

Figure 7

# Percent of Income Spent on Housing, By Income Class




Source: U.S. Census Bureau, American Housing Survey, 1984 renter households nationwide paying at least half of their income for rent and utility costs rose by 1.4 million households nationwide, an increase of nearly 50 percent.[11]

At the same time, the affordable housing squeeze appears more severe in Buffalo than in the nation as a whole. Nationwide, in 1985 some 45 percent of poor renter households paid at least 70 percent of their incomes for rent and utilities. However, in Buffalo in 1984, 52 percent of poor renter households paid at least 70 percent of their incomes for these costs.

In addition, poor homeowners in Buffalo are much more severely burdened than poor homeowners in the nation as a whole. In Buffalo, nearly half of all poor homeowners paid at least 70 percent of their income for housing. Nationally in 1985, fewer than one in three poor homeowners paid 70 percent or more of income for housing.

**Future Trends**

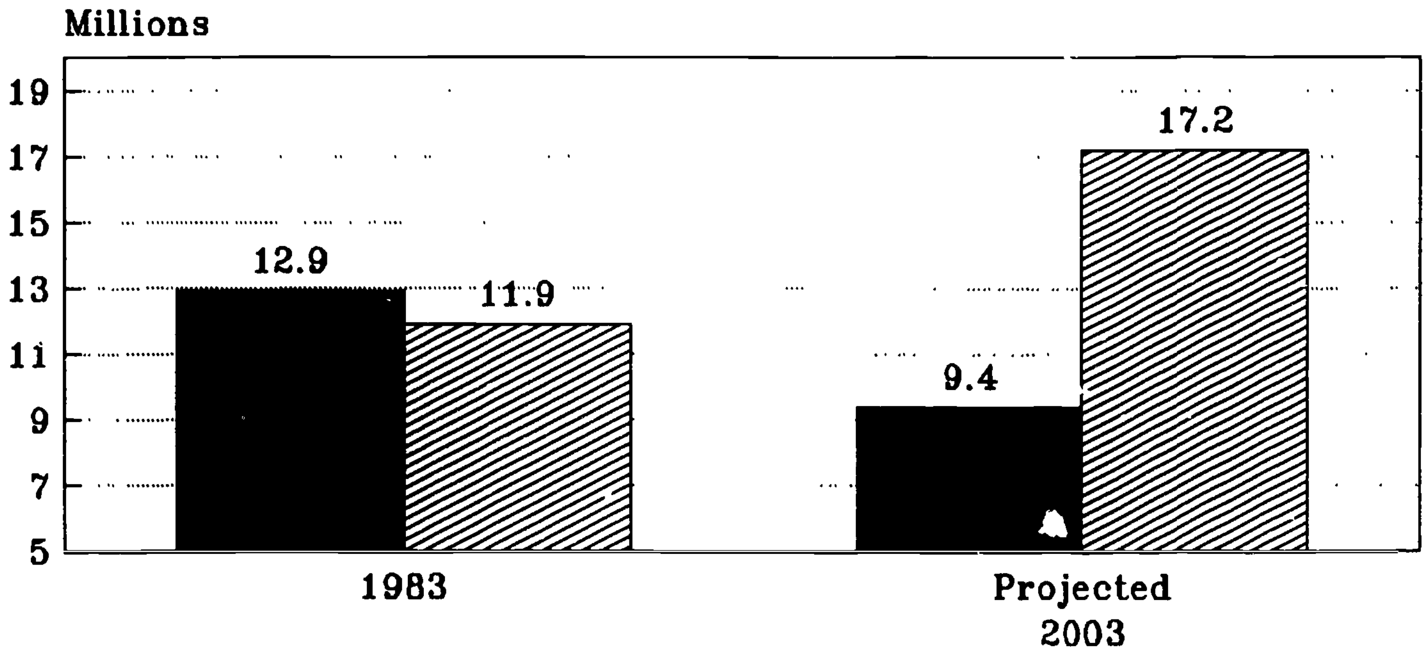
Unfortunately, there is strong national evidence to suggest that the affordable housing squeeze will continue to worsen in the years ahead, as it has since the mid-1970s. Most national analyses forecast that the gap between the number of low income households and the number of units affordable for these households will grow substantially in the years ahead, as it has over the past decade.

Earlier this year, the Neighborhood Reinvestment Corporation, a non-partisan, Congressionally-chartered institution, issued a report concluding that the gap between the number of low income renter households nationwide and the number of low income rental units is likely to grow sharply in the 20 years from 1983 to 2003. During this period, the total number of low-rent units is projected to fall from 12.9 million to 9.4 million, a loss of some of 3.5 million units. During the same period, the total number of households needing low-rent units is projected to increase from 11.9 million to 17.2 million households. (See Figure 8 on following page.)

The causes of the growth in this expected shortage include an expected increase in the number of low income families who need affordable housing, the expiration of many current federal low income housing contracts, and the enactment of the Tax Reform Act of 1986 which curtailed some tax benefits for the production of low income housing in the private market. (A more detailed discussion of this expected shortfall is found in Chapter VII.)

11. The 1978 national data used here come from the Census Bureau and HUD's unpublished *Annual Housing Survey* tables for 1978. Figures for 1985 come from the 1985 *American Housing Survey* to be published soon by HUD and the Census Bureau.

## Figure 8
## Low-income Renters and Low-Rent Units in the United States, 1983 and 2003




In constant 1974 dollars

Low-Rent Units (Less than $250/mo)

Low-Income Renters (Less than $10,000)

Source: Phillip Clay, At Risk of Loss
Neighborhood Reinvestment Corporation

# II. SUBSTANDARD HOUSING IN BUFFALO

Poor households are much more likely than non-poor households to live in substandard housing. Some 13.5 percent of the poor households in the Buffalo area -- nearly one in seven -- lived in housing with moderate or severe physical problems in 1984. (See box below for the definitions of moderate and severe problems.) Poor households were more than two and a half times as likely to live in housing with severe or moderate physical problems as were households who were not poor. Only five percent of non-poor households lived in housing with these problems.[12]

Poor renter households experienced the highest incidence of these deficiencies. More than one in every six units occupied by a poor renter household had moderate or severe physical problems. (See Figure 9.)

In addition to providing extensive information on income levels and housing costs, the tables issued by the Bureau of the Census and the U.S. Department of Housing and Urban Development also contain data classifying housing units according to whether the units have physical or structural deficiencies. A unit is classified as having "severe" physical problems if it has one or more of the following five deficiencies:

- it lacks, within the unit, hot or cold water or a flush toilet, or both a bathtub and a shower;
- The heating equipment broke down at least three times in the previous winter for periods of six hours or more, and this resulted in the unit being uncomfortably cold for 24 hours or more;

12. For both poor and non-poor households whose units had physical deficiencies, the deficiencies were more likely to be "moderate"than "severe."

- The unit has no electricity, or the unit has exposed wiring *and* has a room with no working wall outlet *and* also has had three blown fuses or tripped circuitbreakers in the last 90 days;

- The unit has, in public areas (such as hallways and staircases), no working light fixtures *and* loose or missing steps *and* loose or missing railings *and* no elevator;

- The unit has at least five basic maintenance problems such as water leaks, holes in the floors or ceilings, peeling paint or broken plaster, or evidence of rats or mice in the last 90 days.

A unit is classified as having "moderate physical problems" if it does not have any of the "severe problems," but has one or more of the following five deficiencies:

- On at least three occasions in the last three months, all flush toilets were broken down at the same time for at least six hours;

- The unit has unvented gas, oil, or kerosene heaters as its primary heating equipment;

- The unit lacks a sink, refrigerator, or either burners or an oven;

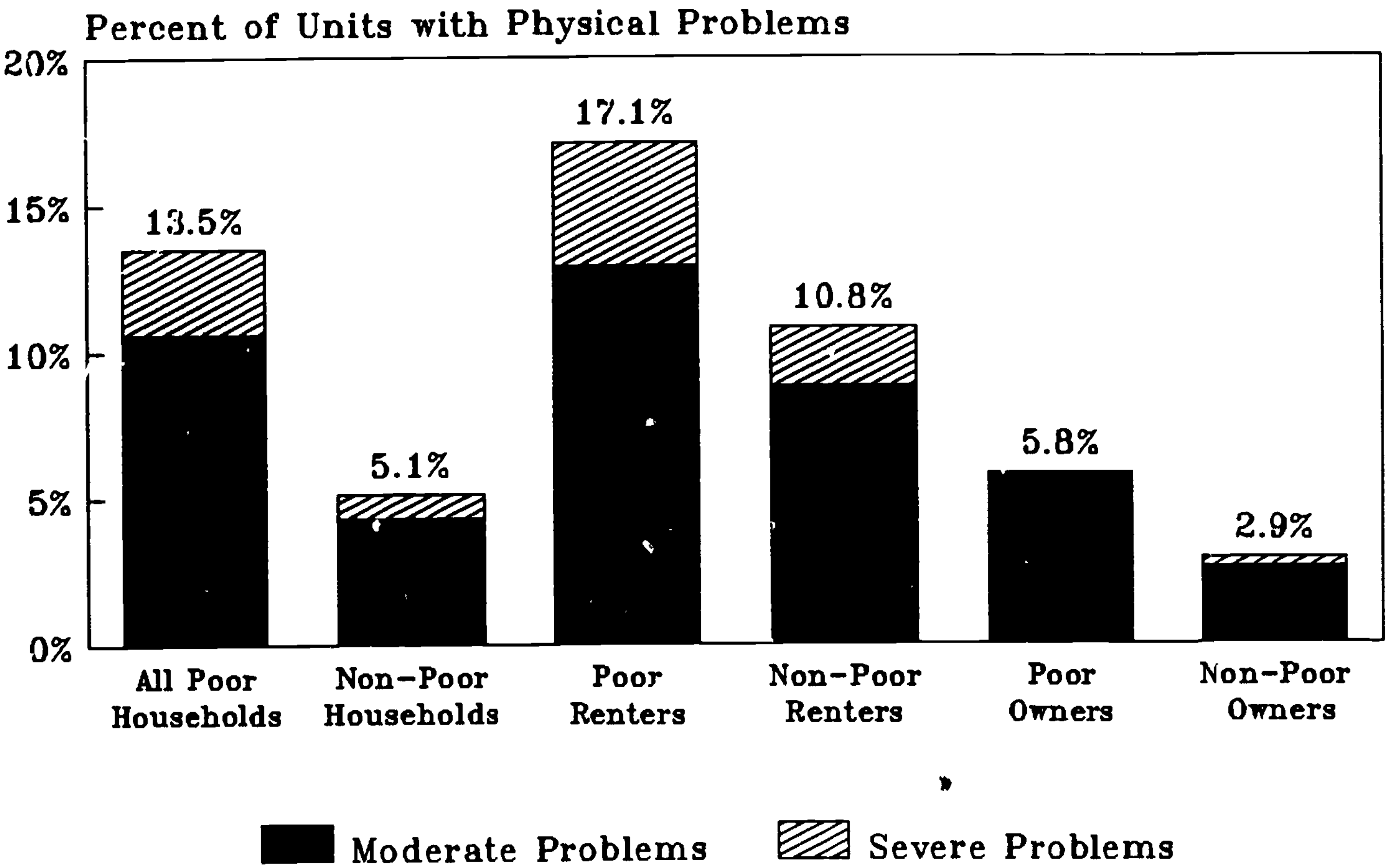
- The unit has three of the four hallway or staircase problems listed above; or

- The unit has at least three of the basic maintenance problems listed above.

By other measures as well, poor households made up a disproportionate share of the households whose units were afflicted with various problems. While poor households constituted 17 percent of all households in the Buffalo area, they occupied 53 percent of the units with evidence of rats, 44 percent of the units with holes in the floor, 38 percent of the units with cracks in the walls, 36 percent of the units with exposed wiring, and 34 percent of the units with peeling paint.

Figure 9

# Housing Quality in Buffalo, 1984




Source: U.S. Census Bureau
American Housing Survey, 1984

# III. CHARACTERISTICS OF POOR RENTER AND HOMEOWNER HOUSEHOLDS IN BUFFALO

Poor households in the Buffalo metropolitan area are likely to have extremely low incomes. Two-thirds of all the poor households in the Buffalo area had incomes of less than $5,000 in 1984 (equivalent to an income of less than $5,700 in 1988). Incomes were especially low among poor renters. In 1984, seven out of every 10 poor renter households had incomes below the $5,000 level. Nearly six of every 10 -- 57 percent -- of poor homeowner households had incomes of less than $5,000. (See Figure 10 on following page.)

## Household Composition

Most poor households were relatively small in size. Nearly four of every five poor households had three or fewer people. Two-fifths of all poor households consisted of people living alone. Only one of every 10 poor households had more than four people.

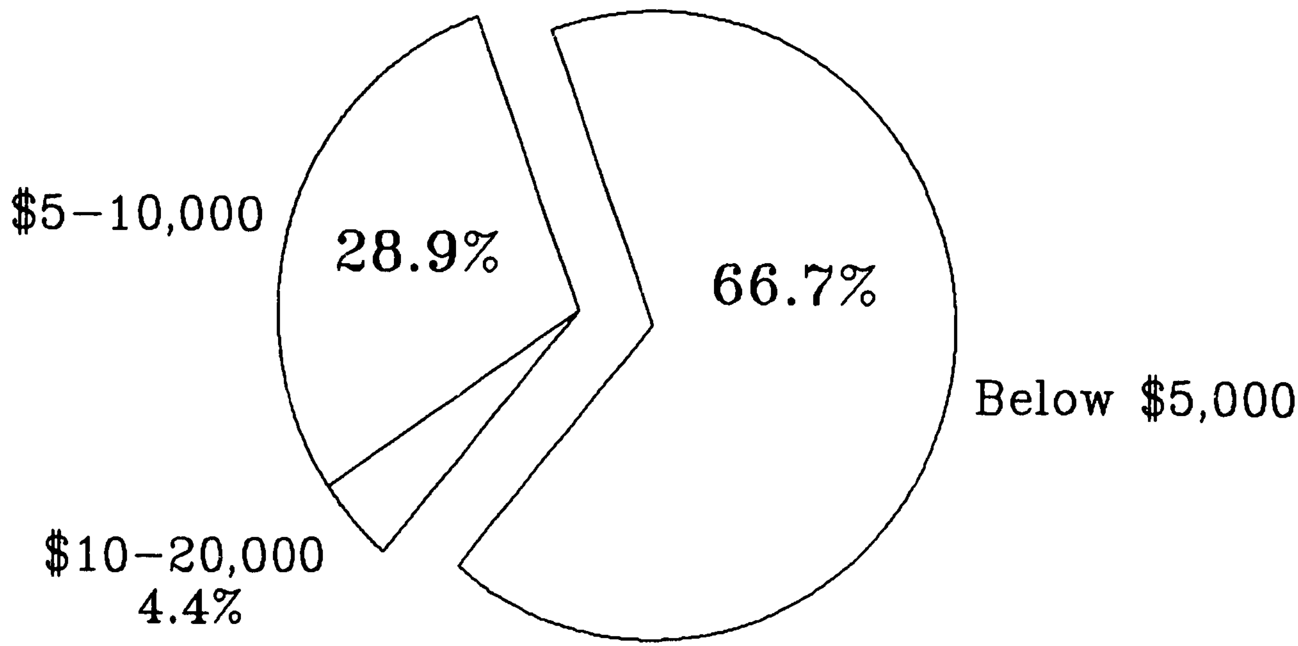
More than half of all poor households were headed by a woman. Of the households of two or more people, slightly more than half were female-headed households; of the poor households that consisted of people living alone, the large majority were women. Counting both single and multiple-person households, about three out of every five poor households was headed by a woman.

More than a fifth of the poor households were headed by an elderly person (age 65 and over). Two-fifths of the poor households had children.

Figure 10

# Income of Poor Households

## Buffalo, 1984




Number of Poor Households: 77,100

**Source: U.S. Census Bureau**
**American Housing Survey, 1984**

## Poor Renters and Homeowners

The characteristics of poor renters and poor homeowners differed in a number of ways. Poor homeowners were more likely to be headed by an elderly person, without children, and married. Poor renters were more likely to be younger and to have children and to be headed by a single female.

The typical head of a poor homeowner household was 61 years of age. By contrast, the typical head of a poor renter household was aged 36.

Two-fifths of all poor homeowner households were headed by an elderly person, while just one-fourth had children. By contrast, only about one seventh of poor renter households was headed by an elderly person. Nearly half of all poor renter households had children.

Poor homeowner and renter households also differed in their proportions of married-couple and female-headed families. Of the poor homeowner households that contained two or more people, 71 percent were comprised of married-couple families or male-headed families. Female-headed families were a small minority among this group. By contrast, among poor renter households of two or more people, a majority were female-headed families. (See Figure 11 on following page.)

Among both poor homeowner and poor renter households, a large majority of the single-person households consisted of women living alone.

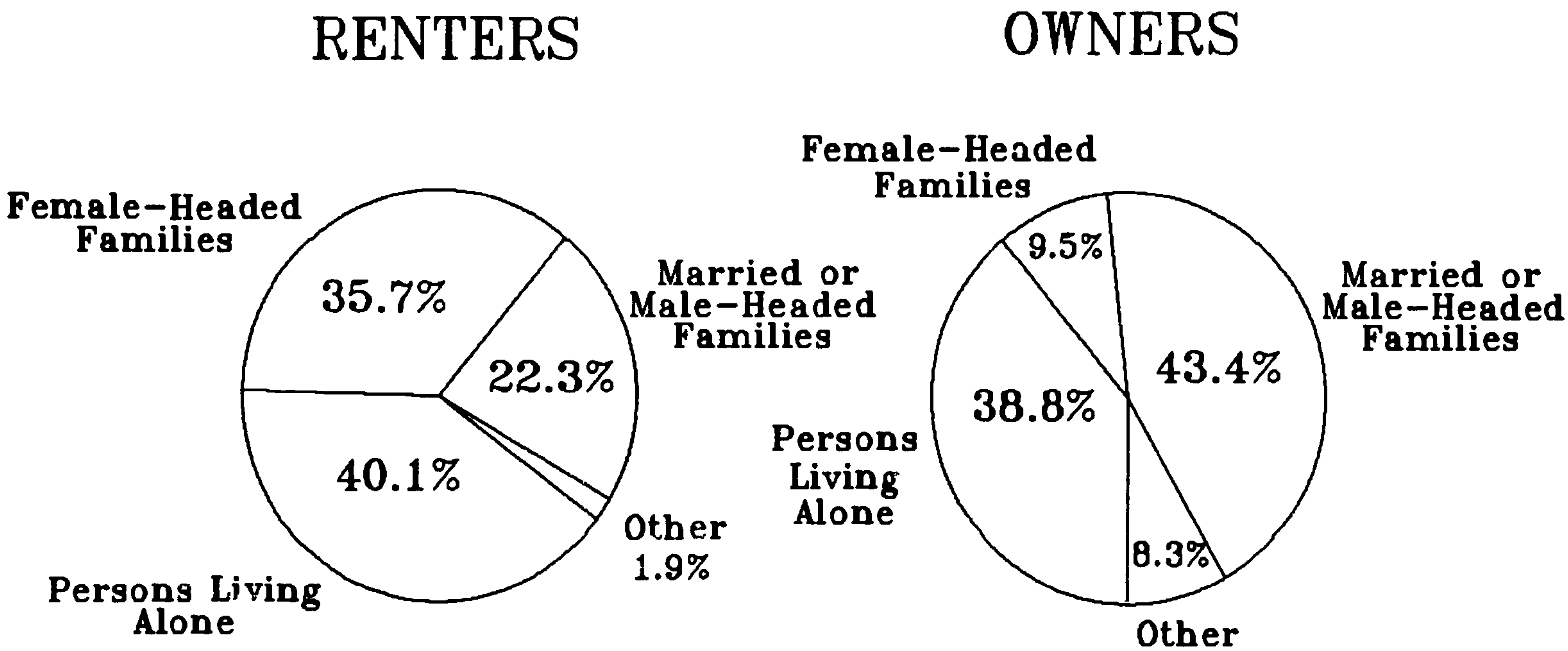
### Racial Composition of Poor Households

Poor households in Buffalo were also likely to be white, although blacks accounted for a disproportionate share of those households that were poor.

In 1984, blacks comprised 9.2 percent of all the households in the Buffalo metropolitan area, and 25.2 percent of the poor households. Nearly half of all black households in the Buffalo area -- 46.2 percent -- lived below the poverty line in 1984, compared to 14.2 percent of non-black households. Black households in Buffalo thus were more than three times as likely to be poor as white households were.

Despite this very high black poverty rate, however, the large majority of the poor households in the Buffalo area were white. Three of every four poor households in the Buffalo area in 1984 were white. Of the 77,100 poor households, some 55,600 were white. Among poor renter households, 63 percent were white. Among poor homeowner households, 91 percent were white.

## Figure 11
# Composition of Poor Households




Source: U.S. Census Bureau
American Housing Survey, 1984

# IV. HOUSING PROBLEMS OF BUFFALO'S BLACK HOUSEHOLDS

Buffalo's black population faces particularly serious housing problems. As noted in Chapter I, the housing cost burdens faced by poor white households appear to be as serious as the burdens faced by poor black households. However, because blacks are much more likely to be poor than whites, and because blacks that are *not* poor have higher housing cost burdens than do whites that are not poor, the housing cost burdens borne by Buffalo's black population far outstrip the housing cost burdens of its non-black population. In addition, blacks are more likely than non-blacks to live in housing with physical deficiencies.

Specifically, the typical (or median) black renter household in the Buffalo area paid 46 percent of its income in rent and utilities in 1984. By contrast, the typical non-black renter household paid slightly less than 30 percent of its income in rent.

The rent burdens of black households have escalated sharply in recent years, as Figure 12 (on following page) illustrates. In 1970, the typical black renter household in Buffalo paid 24 percent of its income for rent and utilities.[1] By 1984, the typical black renter household paid 46 percent of its income for these costs. In a 14-year period, the rent and utility burdens of the typical black renter household in Buffalo nearly doubled when measured as a percentage of income.

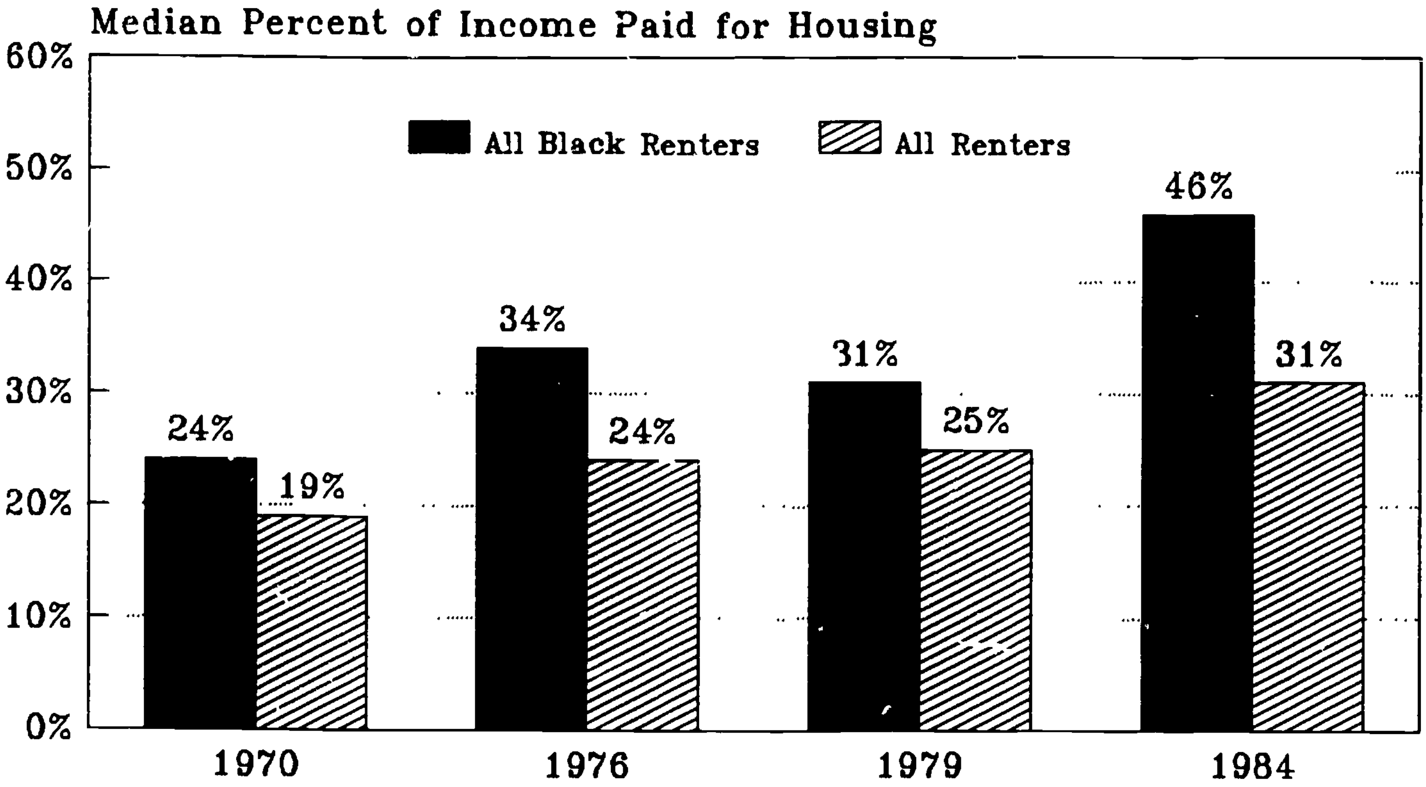
These rapid increases in the proportion of income that black renters had to spend on housing appear to stem from two developments: rental charges paid by black households rose, while the incomes of black renter households fell sharply.

From 1976 to 1984, the typical monthly housing costs paid by black renter households (other than those receiving rent subsidies) rose by 11 percent, after adjusting

1. Some data from the 1970 Census is included in the 1976 *American Housing Survey*.

Figure 12

# Median Housing Costs, 1970 - 1984
# Black Renters vs All Renters




(Includes rent and utilities)

Source: U.S. Census Bureau
American Housing Surveys

for inflation. At the same time, the income of the typical black renter household dropped 26 percent, falling from $8,800 in 1976 to $6,500 in 1984. (Incomes for both years are expressed in 1984 dollars.)

These increases in rent burdens had an especially pronounced impact in the black community because most blacks in Buffalo are renters. Two-thirds of all black households in the Buffalo metropolitan area rented their homes in 1984. By contrast, only one-third of non-black families rented their homes.

Black renters were also more likely to live in substandard housing. Nearly one of every five black renter households (18.9 percent) lived in a unit with moderate or severe physical problems in 1984. By contrast, 11.6 percent of non-black renters lived in a unit with such problems.

The problems facing black homeowners were less severe and pervasive than those facing black renters, but were more serious than the problems facing white homeowners. The typical black homeowner paid 22 percent of its income for housing costs in 1984, well below the 46 percent of income paid by the typical black renter. This largely reflects the fact that the income of the typical black homeowner ($21,201) was more than three times higher than the income of the typical black renter ($6,481).

Yet, in 1984, many black homeowners still paid large portions of their income for housing. One of every six black homeowners paid at least 60 percent of household income for housing costs and two in every five paid more than 30 percent. By comparison, only one of every 15 non-black homeowners paid at least 60 percent of income for housing costs, and only a little more than one in five paid more than 30 percent.

In addition, black-owned homes were typically of much lower value than white-owned homes. In 1984, the median value of a home in the Buffalo area owned by a black was $19,211. The median value of a white-owned home was $47,389, about two and one-half times as great. Even the median value of a home owned by a poor household of any race ($35,612) was nearly double the median value of a home owned by a black household. The vast majority of poor households who own their homes are white.

The housing problems faced by Buffalo's black population are primarily concentrated in the city of Buffalo. Nearly nine out of 10 black households in the Buffalo metropolitan area (87.4 percent) reside within the Buffalo city limits.

# V. THE HOUSING BURDENS OF THE ELDERLY AND YOUNG FAMILIES

The severity of housing problems differs for various types of households. The new Census Bureau data on housing conditions in Buffalo in 1984 provide extensive cost and homeownership information for elderly households. However, less information is available about those types of households that are likely to face the most severe housing difficulties, such as young families with children and particularly single-parent families with children.

**Elderly Households**

The data show that elderly renters bear high housing costs. In part, this reflects the fact that Buffalo's elderly renters are predominantly a low income group. More than one in every four (28 percent) of Buffalo's 28,500 elderly renters lived below the poverty line in 1984. Three of every four elderly renters were either poor or nearly poor, with incomes of less than twice the poverty line (less than $9,958 for an elderly individual living alone and $12,564 for an elderly couple in 1984.) The typical (or median) elderly renter household had an income of $7,679.

Two of every three elderly renters paid 30 percent or more of their income for rent and utilities, thereby exceeding the federal affordability standard. Three of every 10 paid at least half of their income for housing costs. The typical elderly renter household spent 37 percent of its income on housing.

Elderly homeowners were less likely to be poor or to bear high housing cost burdens. The typical elderly homeowner household had an income of $13,000 and paid 23 percent of its income for housing costs. Still, about one of every seven elderly homeowners (nearly 10,000 households) had incomes below the poverty line, and more than six of every 10 had incomes below twice the poverty line. Elderly homeowners tended to have low housing cost burdens despite these relatively low income levels because 90 percent of them owned their homes free and clear of any mortgages.

Still, nearly one-third (32.5 percent) of elderly homeowners paid more than 30 percent of their incomes for housing costs, while about one in eight (12.9 percent) paid at least half of their incomes for housing.

Overall, elderly households in Buffalo were much more likely to be homeowners than renters. Nearly three-fourths of the 108,000 elderly households residing in the Buffalo metropolitan area in 1984 owned their homes.

**Young Families**

Although the Census survey does not specifically address the problems of young families with children or of families headed by a single parent, other evidence -- covering the nation as a whole -- suggests that such families are likely to face the highest rent burdens.

According to a recent national study prepared by the Joint Center for Housing Studies of Harvard University, young single-parent families with children are the households most vulnerable to high rent burdens. The study found that in recent years, the increases in rent burdens borne by single-parent families where the parent is under 25 have been larger than the increases borne by any other group. In 1974, the study reported, the typical family in this group was paying 46.2 percent of its income for housing. By 1987, the study estimated, the typical young single-parent family paid *81.1 percent* of its income for housing. The study also estimated that the median rent burden for single-parent families with the parent aged 25 to 34 increased from 34.9 percent of family income in 1974 to 58.4 percent in 1987 for a unit of similar quality.[14] (See Figure 13 on following page.)

It should be noted that the housing burdens of these families are more severe than the housing burdens of the elderly for another reason as well. While most elderly households consist of one or two people, most families with children are somewhat larger. If two households both have the same level of income, the household with more people is likely to have greater non-housing expenses -- and thus is able to afford a smaller percentage of income for housing -- than is the household with fewer people.

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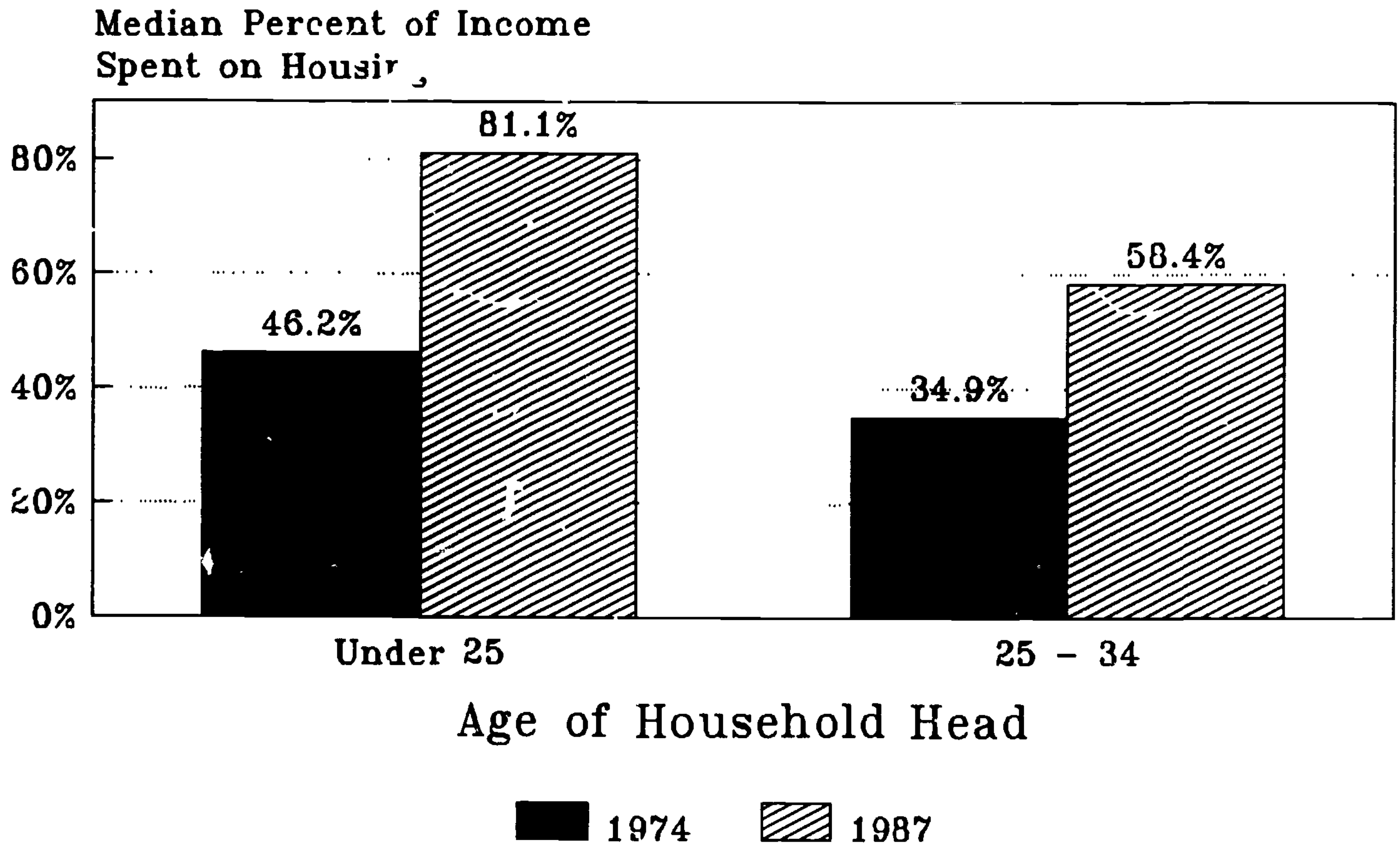
14. William C. Apgar, Jr. and H. James Brown, *The State of the Nation's Housing: 1988*, The Joint Center for Housing Studies of Harvard University, p. 27. The Harvard report calculated its 1987 estimates for housing cost burdens by using the median priced rental unit for a specific family type in 1977 as its standard of comparison. The figures for 1987, then, assume a unit of similar quality for the same sized family as in 1977, but reflect changes in rental housing costs since 1977 using a specially-designed inflation index.

Figure 13

# Rent Burdens of Young, Single-Parent Families With Children

## United States, 1974 and 1987




Source: Joint Center for Housing Studies
Harvard University

# VI. A COMPARISON OF HOUSING FOR THE POOR IN THE CITY OF BUFFALO, THE REMAINDER OF ERIE COUNTY AND THE CITY OF NIAGARA FALLS

Data from the Census Bureau are available on housing conditions in the city of Buffalo, the remainder of Erie County, and the city of Niagara Falls, as well as on the Buffalo metropolitan area as a whole (which includes all of Erie and Niagara Counties). The data indicate that tl metropolitan area's highest poverty rates and most severe shortages of low income housing are found in the city of Buffalo, although problems exist in the other jurisd'ctions as well.

For the metropolitan area as a whole, the household poverty rate was 17.2 percent in 1984 (i.e., 17.2 percent of all households had incomes below the poverty line). The poverty rate was highest in the city of Buffalo, where it was 31.5 percent, and next highest in Niagara Falls, where it was 19.9 percent.

Thus, nearly one of every three residents of the city of Buffalo and one of every five Niagara Falls residents lived below the poverty line. By contrast, the poverty rate was 9.1 percent in Erie County outside of Buffalo.

Poverty was disproportionately concentrated within the Buffalo city limits. While the city accounted for 31 percent of all the households in the metropolitan area, it included 57 percent of all the poor households. Still, nearly half of the poor households lived outside of the city of Buffalo, with more than one in every four poor households living elsewhere in Erie County. The remaining poor households lived in Niagara County.

Poverty rates were especially high among renters. Nearly one of every two (44.5 percent) renter households in the city of Buffalo lived below the poverty line, as did one of every three renter households in Niagara Falls and one of every five in the remainder of Erie County. (In all three jurisdictions, more than half of the renter households had low or moderate incomes, below twice the poverty line. Twice the poverty line was equal to $16,554 for a family of three in 1984.)

Not surprisingly, most of the poor renters in the metropolitan areas lived in the city. Nearly two-thirds of all poor renter households in the metropolitan area lived in the city of Buffalo.[15]

The renters residing in the city of Buffalo bore higher housing cost burdens. than renters elsewhere in the metropolitan area. Six of every 10 renters in the city (including the renters who were not poor) paid more than 30 percent of income for housing costs. More than one-third paid at least half of their income for housing.

**Table 2. Housing Costs and Incomes in the Buffalo Metropolitan Area**

| | Median Income | Median Monthly Housing Cost | Median Housing Cost Burden |
|---|---|---|---|
| RENTERS | | | |
| Buffalo | $ 8,383 | $265 | 35% |
| Rest of Erie County | 15,041 | 329 | 27 |
| Niagara Falls | 10,631 | 268 | 29 |
| OWNERS | | | |
| Buffalo | $19,736 | $272 | 20% |
| Rest of Erie County | 26,441 | 380 | 19 |
| Niagara Falls | 18,225 | 245 | 19 |

15. By contrast, only two-fifths of the poor homeowners in the metropolitan area lived in the City of Buffalo. The number of poor homeowners elsewhere in Erie County (10,100) was actually larger than the number of poor homeowners in the City of Buffalo (9,600).

By contrast, in the remainder of Erie County, about two of every five renters spent more than 30 percent of their incomes on housing costs. A little more than one-fifth spent at least half of their incomes for rent.

The housing burdens faced by renters in Niagara Falls were less severe than those faced by in Buffalo but more severe than those elsewhere in Erie County. Nearly half of all renters in Niagara Falls (46.7 percent) paid more than 30 percent of income for housing costs, while one out of four spent at least half of its income on housing.

The principal reason that rent burdens were so much higher (as a percentage of income) in the city of Buffalo than in the rest of the metropolitan area is *not* that rental charges were higher in the city. Rather, it is because renter households in the city were much poorer, on average, than in the other jurisdictions.

In Buffalo, the typical renter household paid $265 per month for rent and utilities, similar to the $268 paid by the typical renter in Niagara Falls. However, the typical Buffalo renter household had an income of only $8,383, while the typical renter household in Niagara Falls had an income of more than $10,600. As a result, Buffalo renters typically paid 35 percent of income for rent and utilities, while the typical (or median) percentage of income paid by renters in Niagara Falls was 29 percent. Similarly, the median rental charge was higher in the remainder of Erie county than in the city of Buffalo, but rent burdens were lower because the typical renter residing in the remainder of Erie County had an income of $15,401, well above the income of the typical renter in the city. (For a summary, see box on previous page.)

In addition to facing higher rent burdens, households in the city of Buffalo also faced a greater likelihood of living in physically deficient housing units. Much of the city's housing stock is old, with half of all homes built before or during 1924. The 140,000 housing units in Buffalo accounted for 31 percent of all the units in the metropolitan area in 1984, but they included 60 percent of all the units with moderate or severe physical problems. In addition, one of every six rental units in the city had moderate or severe physical problems in 1984.

# VII. FACTORS CONTRIBUTING TO THE AFFORDABLE HOUSING SQUEEZE: SAGGING INCOMES, RISING COSTS, AND INADEQUATE ASSISTANCE PROGRAMS

Declines in household incomes and increases in housing costs have been behind the growing shortage of affordable housing in Buffalo. The combination of sagging incomes and rising rent and mortgage costs has driven housing beyond the affordable range for many area residents.

From 1976 to 1984, median household income in the Buffalo metropolitan area fell sharply. Median income for renter households dropped 23 percent to $10,916. Median income for homeowners fell 10 percent to $24,219.

As a result, the number of low income households escalated substantially, while the number of low cost housing units did not. As noted in Chapter I, the number of renter households with incomes below $10,000 rose by more than one-third between 1976 and 1984, while the number of units these households could afford rose by less than one-tenth.

In addition, typical housing costs increased during this period. In 1976, median housing costs for homeowners with mortgages totalled $427 a month (in 1984 dollars). By 1984, median housing costs for homeowners with mortgages had risen nine percent to $464, after adjustment for inflation.

The increase in median housing costs for renters was more modest: an increase of 1.4 percent after adjustment for inflation, from $285 to $289 a month. Yet this increase occurred while median household income for renters was plunging 23 percent. (For a summary, see Table 3 on the following page.)

**Table 3. Income and Housing Costs in Buffalo, 1976 and 1984**

| | 1976 | 1984 | Change |
|---|---|---|---|
| RENTERS | | | |
| Median Annual Income | $14,186 | $10,916 | - 23% |
| Median Monthly Housing Cost | 285 | 289 | + 1.4 |
| OWNERS (WITH MORTGAGE) | | | |
| Median Annual Income | $26,814 | $24,219 | - 10% |
| Median Monthly Housing Cost | 427 | 464 | + 9 |

As noted in Chapter III, the squeeze was tightest on black renter households. Median housing costs for black renters climbed 11 percent from 1976 to 1984, while their median income fell 26 percent.

### Government Assistance

For most poor households overburdened by high housing costs, government assistance through subsidized housing programs is not available. Only about one in every four poor renter households in the Buffalo metropolitan area (26 percent) received any kind of federal, state, or local rental subsidy or lived in public housing in 1984. Nearly 39,000 poor renter households received no assistance. (No housing subsidies were provided to any of the 24,200 poor homeowner households, although they may have benefited indirectly from the deduction of mortgage interest from their income in paying federal income taxes.)

Recent data provided by the Buffalo Municipal Housing Authority (BMHA) provide further information concerning the shortage of public and subsidized housing in Buffalo. In 1987, the Housing Authority had just 5,200 units in its public housing stock, a small number considering the large number of poor renter households paying more than 30 percent of income for rent. As of August 1, 1988, some 2,900 low income households were on BMHA's waiting list.

It should be noted that despite the long waiting list, more than 900 of these units were vacant as of the end of 1987. According to BMHA, the vacancies existed alongside the lengthy waiting list, because some of the units were in disrepair and awaiting maintenance, while in other cases the characteristics of the vacant units (e.g., their size or location) did not match the needs of households on the waiting list.[16]

## Cash Assistance Programs

In addition to the subsidized housing programs, several cash assistance programs provide basic income support for certain categories of poor households and can help them relieve high rent burdens. The principal such programs are Aid to Families with Dependent Children (the basic public assistance program for poor families with children), and the Supplemental Security Income program (the basic assistance program for the elderly, blind, and disabled poor).

However, the benefit levels provided by both AFDC and SSI have declined sharply in New York State in recent years and leave poor households below the poverty line.

Since 1970, maximum AFDC benefits in New York State have fallen 38 percent, after adjustment for inflation. SSI state supplements have fallen 49 percent since 1974, after adjustment for inflation. (1974 was the year in which the SSI program began.) The failure of AFDC and SSI benefits in New York State (as in most other states) to keep pace with inflation is one of the factors behind the decline in the income of poor households in Buffalo in recent years.

The "shelter and energy allowances" provided to AFDC families in New York State to help defray their housing costs have also declined. These allowances are set by each county in New York as part of the basic AFDC grant and are intended to cover housing and fuel expenses. In 1984, the *maximum* AFDC shelter and energy allowance for AFDC families of three people in Buffalo and surrounding Erie County was $37 a month less than the *typical* monthly housing costs of poor households in the area. The maximum shelter and energy allowance for a family of three was $223 a month. Yet, more than half of the poor households in Buffalo paid at least $260 a month for housing costs.

Between 1976 and 1984, the combined maximum shelter and energy allowance benefit provided as part of the AFDC grant fell 19 percent, after adjusting for inflation. Since 1984, the shelter allowance has been restored to its 1976 level, after adjusting for inflation. (It is now 2.5 percent above its 1976 level.)

## Ominous Trends for Subsidized Housing

Finally, an ominous trend for subsidized housing in the years ahead should be noted: the supply of privately-owned but federally subsidized housing could be reduced substantially over the next 15 years.

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16. Figures and information provided by BMHA management and applications offices in telephone conversations, August 16, 1988.

Low income housing units built under two types of federal subsidy programs are at the greatest risk of being removed from the low income housing stock. The first and older set of programs provided federal mortgage subsidies to private developers who, in turn, were required to lease their units to low and moderate income tenants for 20 years.[17] Because many units are now reaching the end of their 20 year "use restrictions," the owners are becoming eligible to "prepay" the balance of their mortgage and then rent their units to higher income tenants or to convert the property to other uses.

A report recently issued by the National Low Income Housing Preservation Commission estimated that 81 percent of the subsidized housing provided under these mortgage subsidy programs could be lost over the next 15 years. The Commission's report projected that 523,000 of the 645,000 subsidized units examined in its study will cease to be subsidized low income units by the end of this 15-year period unless governmental action is taken to prevent this occurrence.[18]

A large number of the Buffalo units that are subsidized under these programs are at risk of being removed from the low income housing inventory due to expiring "use restrictions," although precise estimates are not available of the number of units that are in jeopardy.

Under the second type of subsidized housing programs -- the Section 8 New Construction and Substantial Rehabilitation programs -- the federal government enters into a contract with private owners, under which the government agrees to provide the owners with a guaranteed long-term "fair market rent" for units which the owners reserve for low and moderate income tenants. Under this program, low income tenants pay 30 percent of their incomes in rent, and the federal government pays the owner the difference between the "fair market rent" for a unit and the amount paid by the tenant occupying the unit. These subsidies cover designated rental units for time periods specified in the contracts -- usually 15 or 20 years -- with two 5-year renewal periods available at the election of the owners. When these subsidies expire, or if owners choose not to renew their contracts, these units can be removed from the low income housing stock.

Nationwide, more than 960,000 housing units are currently occupied by low income tenants using section 8 certificates; contracts on at least 636,000 of these units will expire by 1995.[19]

Many of the Section 8 subsidized units in Buffalo are at risk of disappearing from the low-income housing stock. In the next five years, owners of at least 4,300 units currently in the federal Section 8 subsidy program in Buffalo will have the option of converting their units to units that rent for whatever the private market will bear.

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17. These programs included the 221(d)3 Below Market Interest Rate program and the Section 236 program.

18. *Preventing the Disappearance of Low Income Housing*, The National Low Income Housing Preservation Commission, April 1988.

19. National Housing Preservation Task Force, (need title of report) February, 1988.

# VIII. CONCLUSION

For most low income households in the Buffalo metropolitan area, housing has become an increasingly unaffordable commodity. With more than half of all poor renters and nearly half of all poor homeowners paying more than 70 percent of their poverty level incomes for housing, little money is left for other necessities. As noted earlier, these figures are a conservative estimate of the rent burdens of the poor since they do not include most homeless households.

Unlike expenditures for food or clothing, rent or mortgage payments cannot readily be reduced. Most low income households cannot easily choose to buy less housing in a given month to free up funds for other basic expenses. Rather, a fixed rent or mortgage payment typically is paid in one lump sum at the beginning of each month.

The extremely high housing cost burdens faced by most poor Buffalo households have a number of serious implications. The severe shortage of housing affordable by poor households is likely to have contributed substantially to the growing problem of homelessness in Buffalo in the 1980s.

In addition, these extraordinary housing cost burdens are likely to have intensified related problems such as the incidence of hunger. The likelihood that a poor household will be without adequate food for part of a month is made considerably greater when the household's rent consumes so much of its income that the household has too little money left to buy enough food to last through the month.

High housing cost burdens also leave poor families especially vulnerable to unplanned economic disruption. A delay in a monthly welfare check or an unexpected medical expense can lead to a missed rent payment, an unpaid utility bill, or a shortage of groceries toward the end of the month. All of these events have consequences for poor households.

Behind the growing low income housing squeeze in the Buffalo metropolitan area lie increases in housing costs and declines in the incomes and purchasing power of Buffalo area residents. As noted, the median income for Buffalo area renters declined 23 percent from 1976 to 1984, after adjustment for inflation, and the number of low income renter households rose sharply without a corresponding increase in the supply of low rent housing to accommodate them.

The limited availability of subsidized housing is also an important factor in this equation, with only one in four poor Buffalo renter households receiving aid through a federal, state, or local public or subsidized housing program.

Further aggravating these problems is a decline in homeownership among low income families. As these families remain longer in available rental housing than in the past (because they cannot afford to buy a home), the imbalance between the number of low income renter households and the number of low rent units grows still greater. This enlarges the gap between the number of low income renters and the number of affordable low rent units.

While Buffalo's economy has improved since 1984, the trends related to affordable housing must be regarded as ominous. The available projections of national trends suggest that just as the affordable housing problem worsened dramatically for low income households both in Buffalo and nationally between the mid-1970s and the mid-1980s, so too is it likely to deteriorate further in the years ahead unless major changes are made in government policy or in the actions of the private sector.

## APPENDIX

## THE MARKET-BASKET STANDARD OF AFFORDABILITY

The "affordability" standard established by the U.S. Department of Housing and Urban Development -- that a low income household can afford to pay 30 percent of its income for housing -- has been criticized by a number of housing experts. The critics note that some very poor households are not likely to be able to afford as much as 30 percent of income for housing. They also point out that the HUD standard fails to differentiate among households by household size. A household for four will have greater expenses for non-housing costs than will a household of one with the same level of income, and as a result, the household of four will have less income left to spend on housing. Yet both of these households are assumed to be able to spend exactly the same amount on housing, under the HUD standard.

An alternative way to determine "affordability" is to estimate how much income a family would have left for housing costs after the household meets other basic necessities. This is sometimes called the "market basket" approach.

One way to use the market basket approach is to base it on expenditure data for various metropolitan areas that were formerly collected by the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor. Until 1982, the Bureau of Labor Statistics published annual "urban family budgets" for each of a large number of metropolitan areas. These budgets included BLS estimates of the costs of various basic necessities for households of different sizes. For each metropolitan area, BLS issued three sets of budgets: one for the costs of necessities for a family to obtain a "lower" standard of living, another for a family at an "intermediate" standard of living, and a third for a household at a "higher" standard of living.

After 1982, BLS ceased publishing these budgets. The last ones available are those published in 1982, which provide the BLS family budgets for the various metropolitan areas for 1981.

The budgets for 1981 for the Buffalo metropolitan area can be used to assess the affordability of housing for low income renters in Buffalo in 1984. This is done simply by taking the BLS estimates for Buffalo of the costs of all necessities other than housing under the "lower" standard of living budget for 1981, and adjusting these estimates for inflation between 1981 and 1984. When this is done, the BLS data show that in 1984 the following amounts needed to be spent on necessities other than housing for a household to reach the BLS "lower" standard of living.

| Family Size | Annual Costs for Non-Housing Need |
|---|---|
| 1 | $ 3,277 |
| 2 | 5,204 |
| 3 | 7,494 |
| 4 | 8,921 |
| 5 | 12,073 |

The difference between these costs and a family's income thus represents what the family would have left for housing after meeting the costs of other necessities.

These data indicate that the HUD standard, which assumes that low income households can pay 30 percent of their income for housing, may be unrealistic for many poor Buffalo area households. Under the HUD standard, for example, it is assumed that a family of two in Buffalo with an income of $6,000 in 1984 could afford to pay $1,800 a year for housing. But under the "market basket" approach based on the BLS figures, this family would have only $796 left for housing after meeting the costs of other necessities. Similarly, the HUD standards would suggest that a family of four in Buffalo with an income of $10,000 could pay $3,000 a year for housing, while the BLS data indicate that the household would have only $1,050 remaining (or 10.5 percent of income) after meeting other basic needs.