

CAPITAL DISTRICT DATA

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Trends in Homeownership and Renting Is the Model Shifting in the Capital Region?

Housing options and affordability are key components to a successful and diverse community. Homeownership has been the bedrock of the "American Dream" since the Post-War Boom of the 1950s, while renting has been considered less desirable and something to out-grow. But recent trends and news articles about a move away from the homeownership model, to increasingly a renting model, grabbed CDRPC's attention. What is the housing situation like in the Capital Region? Are there emerging trends that need to be discussed? Are people increasingly, or decreasingly, burdened by the cost of their housing? These questions, and more, opened the floodgates of data to be sifted through and the findings were very mixed. Region-wide, forces seem to be pulling homeownership and renting in opposite directions. Homeownership rates are slightly down, renting is up; everyone is paying more for their housing but renters saw their costs go up more, fewer homeowners are burdened by their housing costs while more renters are burdened; homeownership for young people was down, but has been in decline for the last two decades. And then, to round it all off, more households saw their annual income jump into the top income brackets than in previous years, but 2 out of 5 households still earn less than \$50,000 annually.

In this issue of Capital District Data, we examine the issues of:

1. Households (homeowners or renters) spending 30% or more on housing;
2. Median monthly housing costs for homeowners and renters;
3. Household Tenure;
4. Household Tenure by Age Cohort (15-34 years of age); and
5. Household Income Distribution;

Data for this issue is primarily drawn from the American Community Survey (ACS), specifically the 2005-09 and 2010-14 surveys. Data for Household Tenure by Age Cohort utilized data from the 1990, 2000, and 2010 decennial census' as well as the 2010-14 ACS.

Data Overview

 Improving Situation  Deteriorating Situation  Mixed Situation



Homeowners Region-wide spending 30% or more on housing costs fell from 30.4% to 28.5%



The % of Saratoga County homeowners burdened by housing costs fell from 30.1% to 27.4%, the largest decline in the Region



Region-wide, the percentage of renters burdened by the cost of their housing rose from 45.3% to 48.1%



The percentage of renters burdened by rent in Schenectady County rose from 47.3% to 54.6%, the largest increase in the Region



Housing costs for homeowners increased 6.6%, below the State's increase, and well above the National increase



Rensselaer County homeowners saw their monthly housing costs increase the most, \$132 (8.9%)



The Region's median gross rent increased below the State and National rates



Gross rent in Saratoga County remained the highest in the Region, and is now approaching \$1,000



The Region has a higher % of homeowners than either the State or Nation, but saw the % dip from 2005-09

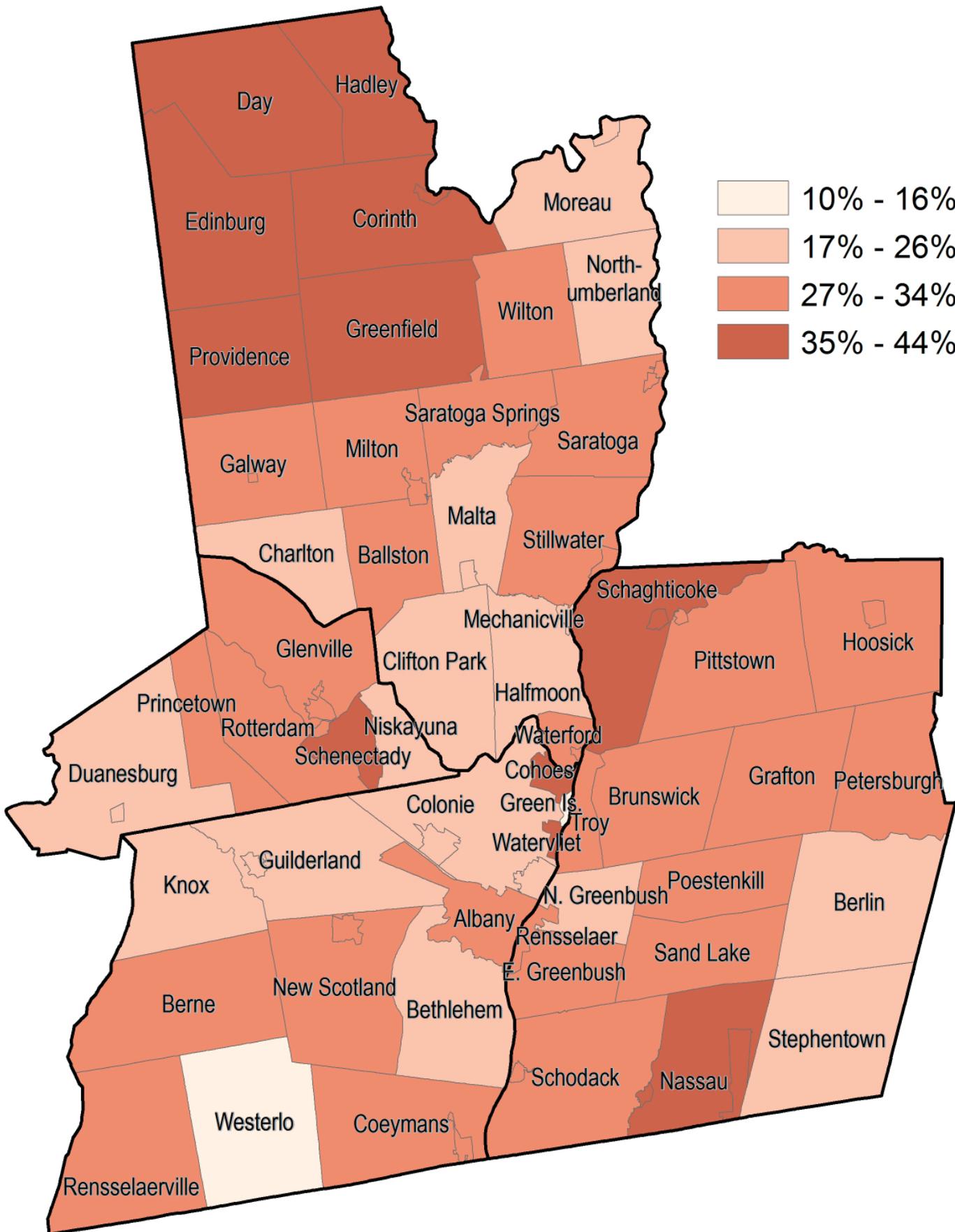


Fewer households fell into the lowest income brackets, and more fell into the highest.



49 YEARS SERVICE TO ALBANY, RENSSELAER, SARATOGA, & SCHENECTADY COUNTIES

Homeowners Spending 30% or more of Income on monthly Housing Costs



Households Burdened by the Cost of Their Housing

Households which spend 30% or more of their income on housing costs (mortgages or gross rent) are considered economically burdened by their housing expenses. The data used for this report examines the Monthly Owner Cost of homeowners with a mortgage, and the Monthly Gross Rent Cost for those who rent.

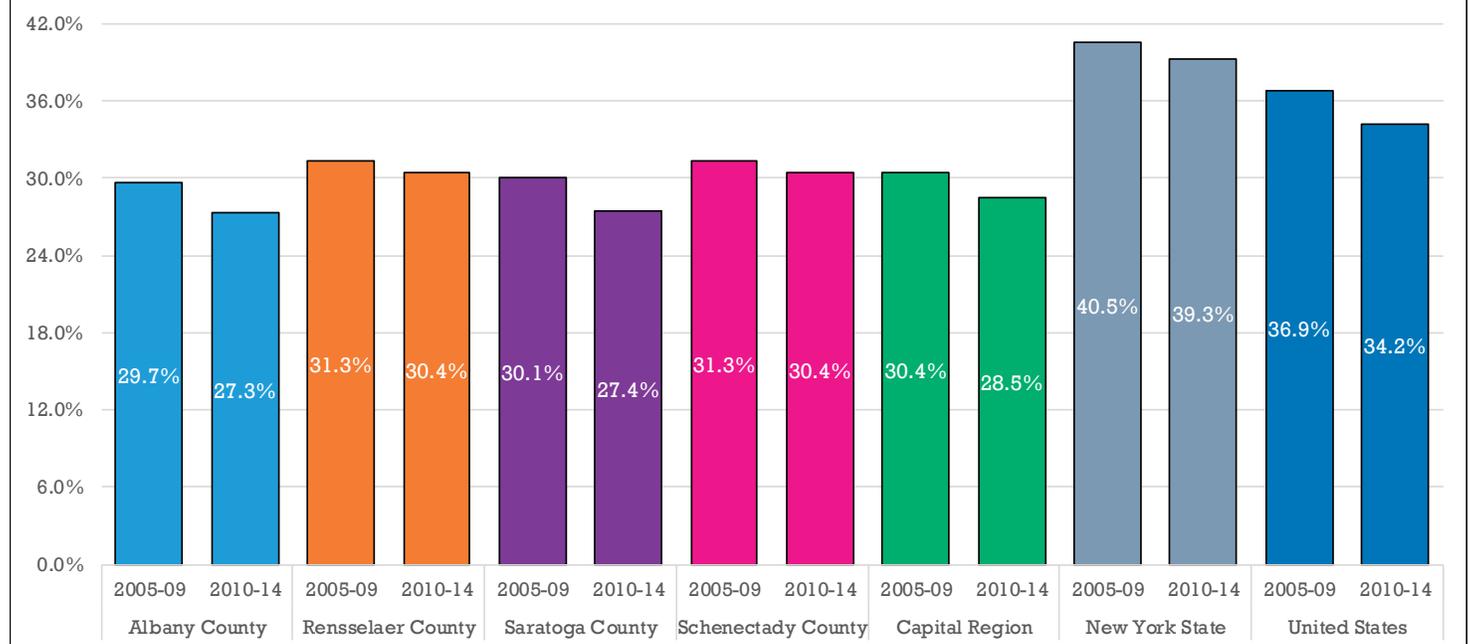
The map on page two provides a geographic overview of the Region and the percentage of burdened homeowners by municipality (villages are included in the Town totals).

The greatest concentration of burdened homeowners are in the Northwestern area of Saratoga County. There, the towns

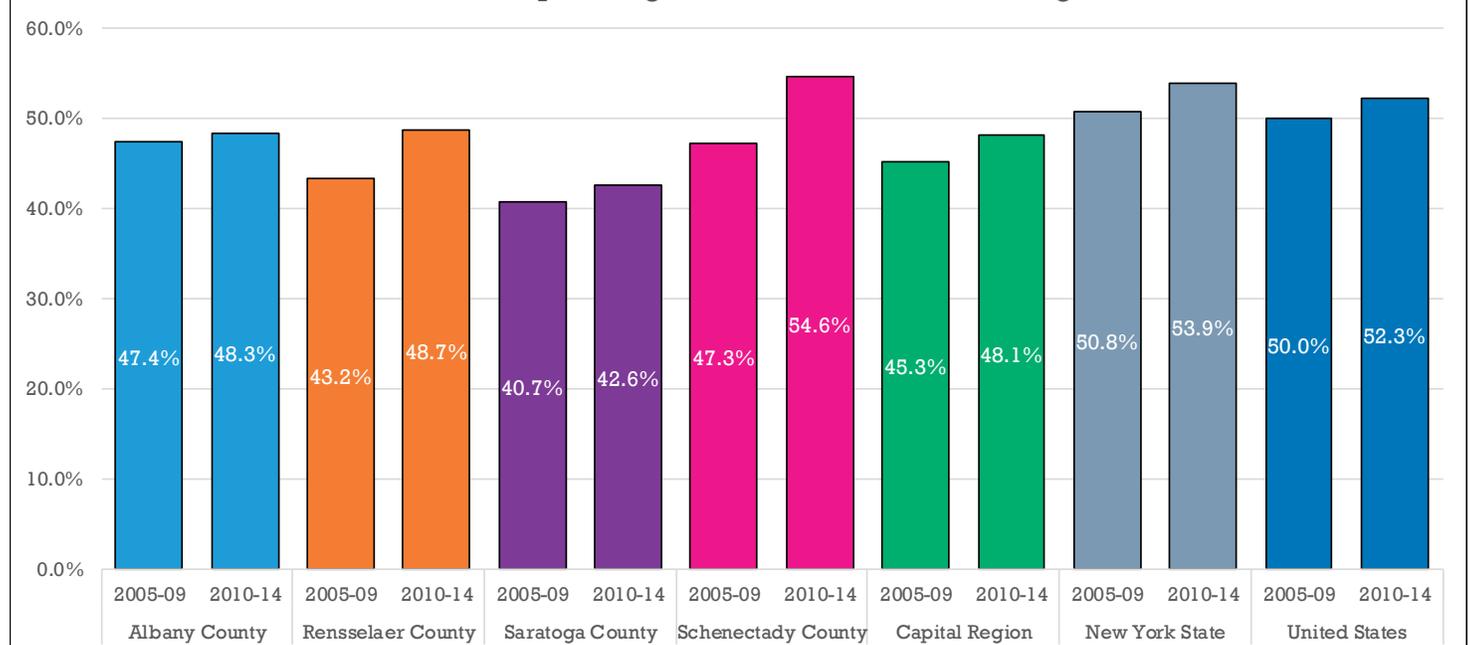
of Day, Hadley, Edinburg, Corinth, Providence, and Greenfield all had between 35%-44% of their homeowners burdened by their housing costs. Conversely, only the towns of Westerlo and Green Island recorded percentages between 10% and 16%, the lowest bracket available. Outside of those two municipalities, the Northway Corridor from the Town of Colonie to the Town of Malta saw municipalities fall into the 2nd bracket (17%-26%). Overall, the municipalities with the lower percentages of burdened homeowners were mostly concentrated around the City of Albany with generally higher rates of burdened homeowners on the periphery of the Region.

Of the Region's four core cities, the City of Schenectady was the only one to be placed within the fourth bracket (35%-

Homeowners Spending >30% of Income on Housing



Renters Spending >30% of Income on Housing



44%). The cities of Albany, Saratoga Springs, and Troy all fell into the third bracket (27%-34%). The City of Mechanicville was the only city in the Region which fell into the second bracket.

In general, homeowners in the Region have fared well between the two surveys. Region-wide, the percentage of burdened homeowners declined from 30.4% to 28.5%, a decline of 6.2% (not to be confused with 1.9 percentage points). The Region is markedly better in this category than either the State or National percentages of homeowners economically burdened. New York State saw declines of only 3.1%, leaving 39.3% of homeowners economically burdened. The National figures were slightly better, declining 7.2% to 34.2%.

Each of the counties recorded declines in the percentages of burdened homeowners. Saratoga County led the way, declining from 30.1% to 27.4%, a decline of 8.9%. This was closely followed by Albany County with an 8.0% decline to 27.3%. Rensselaer and Schenectady counties saw more modest declines, but still managed 2.8% declines to 30.4%

Region, it also contains the highest concentration of renters burdened by their housing costs. Albany County contains 43.4% of the Region's cost burdened renters, more than double the contribution of any of the other three counties.

Median Monthly Housing Costs

With the apparent decrease in the percentage of homeowners burdened by the cost of their housing, and the increase in the percentage of renters burdened by their housing, it is an appropriate opportunity to examine the changes in the actual monthly housing costs for both homeowners and renters.

The median monthly housing cost for homeowners, with a mortgage, in 2010-14 was \$1,797; an increase of \$111 (6.6%) from 2005-09. This increase was below the State's which saw costs increase \$144 (7.6%) to \$2,042, but well above the Nation which saw the costs increase a statistically insignificant amount, from \$1,468 to \$1,522 (2.4%).

Median Monthly Housing Cost														
	Albany County		Rensselaer County		Saratoga County		Schenectady County		Capital Region		New York State		United States	
	2005-09	2010-14	2005-09	2010-14	2005-09	2010-14	2005-09	2010-14	2005-09	2010-14	2005-09	2010-14	2005-09	2010-14
	\$1,570	\$1,684	\$1,475	\$1,607	\$1,600	\$1,715	\$1,450	\$1,562	\$1,685	\$1,797	\$1,898	\$2,042	\$1,486	\$1,522
Actual Change	\$114		\$132		\$115		\$112		\$111		\$144		\$36	
% Change	7.3%		8.9%		7.2%		7.7%		6.6%		7.6%		2.4%	

Median Gross Rent														
	Albany County		Rensselaer County		Saratoga County		Schenectady County		Capital Region		New York State		United States	
	2005-09	2010-14	2005-09	2010-14	2005-09	2010-14	2005-09	2010-14	2005-09	2010-14	2005-09	2010-14	2005-09	2010-14
	\$830	\$918	\$756	\$871	\$855	\$978	\$761	\$849	\$848	\$949	\$945	\$1,117	\$817	\$920
Actual Change	\$88		\$115		\$123		\$88		\$101		\$172		\$103	
% Change	10.6%		15.2%		14.4%		11.6%		11.9%		18.2%		12.6%	

apiece.

The Region saw the percentage of renters burdened by their gross rent increased from 45.3% to 48.1%, an increase of 6.2%. This percentage increase was in line with increases for the State, and slightly more than increases for the Nation. The actual percentage of renters burdened in the Region, however, is well below that of the State and Nation. While 48.1% of the Region's renters are burdened, percentages at the State and National levels are 53.9% and 52.3% respectively.

All four counties saw the percentage of renters burdened by their rent increase. Schenectady County led the way with a 15.4% increase, leaving more than half of their renters, 54.6%, burdened by their housing expenses. Rensselaer County was close behind with a 12.6% increase to 48.7%. Saratoga County came next, with a 4.8% increase, but remained substantially below the remaining three counties with 42.6% of its renters burdened by their housing expenses. Albany County saw the percentage of burdened renters increase the least at 1.8%, leaving 48.3% of its renters economically burdened. However, due to the fact that Albany County accounts for the largest population of renters in the

Three of the four counties within the Region saw their median homeowner costs increase at similar rates. Albany, Saratoga, and Schenectady counties all saw the median monthly housing costs increase 7.3%, 7.2%, and 7.7% respectively. The outlier was Rensselaer County which saw housing costs for homeowners increase \$132 (8.9%) to \$1,607. Of the four counties, Schenectady County continues to be the most affordable for homeowners with a median monthly housing cost of \$1,562, while Saratoga County continues to be the most expensive at \$1,715.

While the counties and the Region did record increases in the cost to homeowners, these increases are not necessarily in contradiction to the overall decline in the percentages of homeowners who are cost burdened. What we see is that, while the cost of maintaining a house has increased, the counties have experienced a decline in the percentage of low income homeowner households (<\$35,000 annually) with a mortgage. As the table shows, Albany County had the greatest declines. In 2005-09, 10.0% of all homeowners with a mortgage had a household income of less than \$35,000, this declined to 8.2% in 2010-14. Declines in this specific subset of homeowners helps explain, in part how, despite increases in the cost of homeownership, the coun-

Low Income Homeowners (<\$35,000 Household Income) w/a Mortgage as a % of Total Homeowners w/a Mortgage														
Albany County	Rensselaer County		Saratoga County		Schenectady County		Capital Region		New York State		United States			
	2005-09	2010-14	2005-09	2010-14	2005-09	2010-14	2005-09	2010-14	2005-09	2010-14	2005-09	2010-14		
10.0%	8.2%	11.6%	9.8%	9.1%	8.1%	11.8%	11.3%	10.4%	9.0%	11.4%	10.9%	15.3%	14.6%	

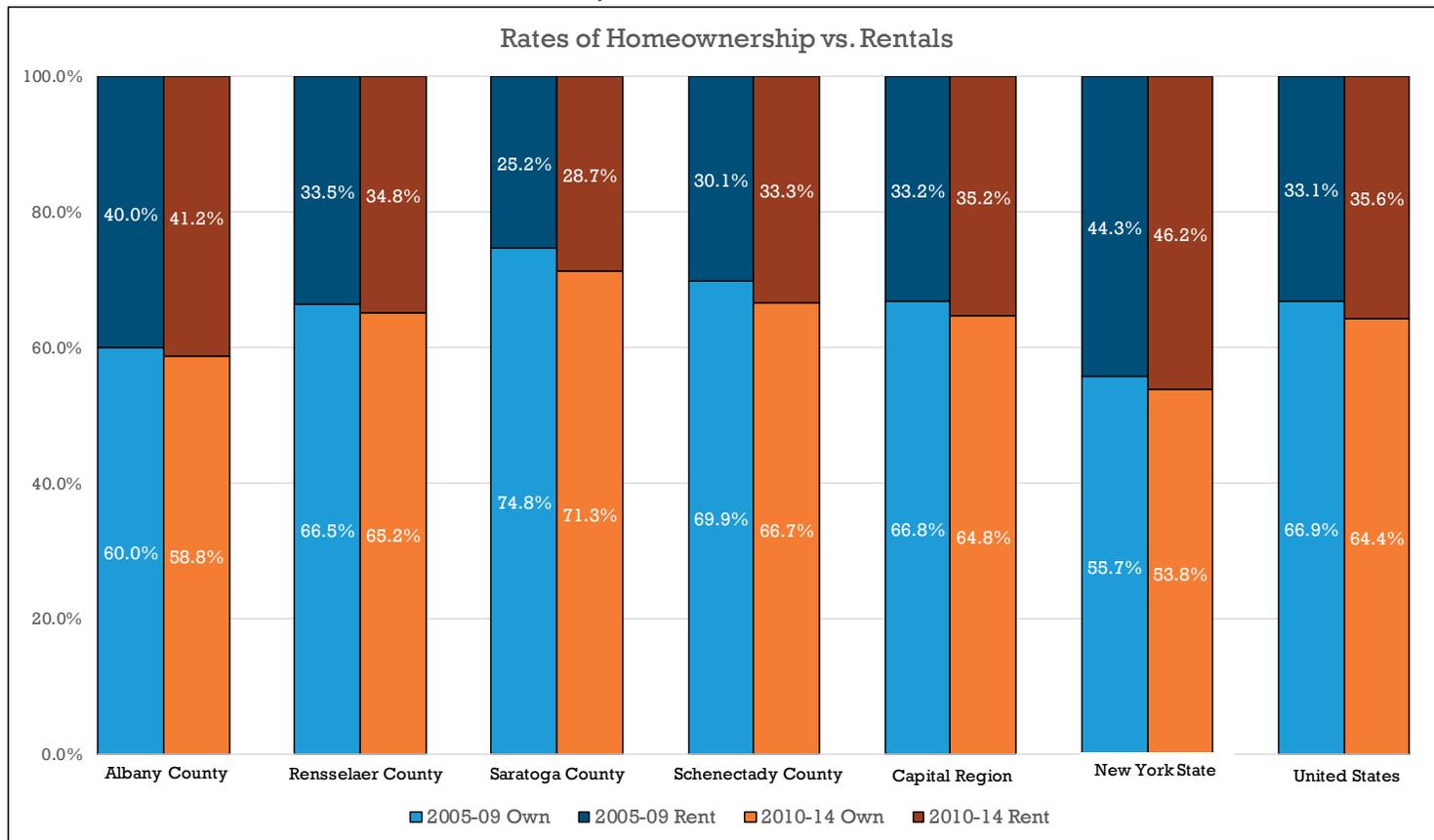
ties have experienced an overall decline in the percentage of homeowners burdened by housing costs.

While homeowner housing costs did not experience significant change from 2005-09 to 2010-14, there was more movement for the housing costs for renters. As was stated earlier, renters spending 30% or more of their income on housing rose across the board, and this trend is reflected in the median monthly gross rent. The Region saw median gross rents increase \$101 (11.9%) to \$949 in 2010-14. While this was on par with the National increase of \$103 (12.6%) to \$920, it was well below the State's increase of a whopping \$172 (18.2%) to \$1,117. Clearly, New York City puts an enormous weight on rental costs and can explain some of the State's large increase in rent. But the National trend of increasing rents is unmistakable.

The four counties saw their median rents increase by double

itself in the cost of renting.

Nowhere is this expected phenomena more evident than in the City of Troy. While the cost of renting increased in Troy just slightly less than Saratoga Springs (15.9% versus 16.1%), Troy has recently been in the spotlight for reinvigorating its downtown. In 2005-09, the city's median rent was the Region's lowest at \$718, by 2010-14 it had increased to \$832 and surpassed the City of Schenectady and is within close proximity to the City of Albany. This seems to reinforce antidotal evidence that demand for rental units is increasing in Troy, driving the costs up. At this rate it is very possible that median rents in Troy could overtake those in Albany in the near future. It is important to note, however, that the increases in rent in Troy are likely being influenced by the rental market in the downtown core area.



digit percentages. Rensselaer County lead the way with rents increasing \$115 (15.2%) to \$871 a month. While this was enough to move the County into third place, ahead of Schenectady County, its rents are still more affordable than either Albany, or Saratoga counties. Saratoga County's rent increased \$123 (14.4%) to \$978. Saratoga County's median monthly rent is now approaching \$1,000, by far the highest of the four counties.

Exploring the median housing cost of rentals helps to illuminate the developing demographic changes in the Region's cities. As we saw from the 2000 to 2010 Census, populations in the cities increased for the first time in fifty years. This increase, in part, has been driven by Millennials who have expressed an interest in urban living in exchange for the suburban life that attracted previous generations. If this trend continues, we would expect to see it manifest

Rates of Homeownership and Rentals

Much has been made recently about a drop in homeownership rates. Anyone who has watched a sporting event on television, or the evening news, has almost certainly seen an influx of advertisements from mortgage lenders promoting homeownership and their particular brand of mortgage options. But what is the situation in the Capital Region, are we following the national trend and spurning homeownership, or are we bucking the national trend and buying?

The short answer is; the Region is lock step in line with the National trend. In 2005-09, homeowners accounted for 66.8% of the occupied units, with the remaining 33.2% being rental units. The percentage of homeowners in the Region was significantly stronger than the State's where only 55.7%

of units were occupied by homeowners in 2005-09. Concurrently, the Region was on par with the Nation at 66.9%.

By 2010-14 the percentage of homeowners had declined across the board. The Region declined from 66.8% to 64.8%, the State from 55.7% to 53.8%, and the Nation from 66.9% to 64.4%. This overall trend was repeated within the counties. In both surveys, Saratoga County lead the Region in the percentage of homeowners, but was not immune to declines- falling from 74.8% to 71.3%. Albany County was a distant fourth in terms of homeowners in both surveys. In 2005-09 homeowners accounted for 60.0% of all occupied units; this declined to 58.8% in 2010-14. The presence of a number of universities and colleges, in the County undoubtedly contributes significantly to Albany County's high level of rentals.

Where did this decline in homeownership come from; who's not buying homes? The notion of a rejection of homeownership has become closely associated with Millennials- are they rejecting the "ownership" economy? Is their idea of the "American Dream" fundamentally different than the generations that came before? Reams of paper could be spent exploring the psyche of Millennials to determine their desires, but for our purposes it is worth exploring how homeownership rates of those under the age of 35 have changed since 1990.

We see a consistent trend in the percentage of homeowners under 35 when we compare the Region's rates to both the State and National rates- declines. Across the board, in the three decennial Census', and the 2010-14 ACS, all three geographies showed declines in every survey. Regionally, in 1990, 15.8% of homeowners were under the age of 35, this declined sharply in 2000 to 10.7% and has continued to decline to 8.9% based on the 2010-14 ACS. This is in line with State and National percentages that saw rates of homeownership at 15.0% and 16.7% respectively in 1990, and are now

at 8.0% and 10.2% respectively.

This is not just a case of an aging population skewing the percentages, the actual number of people under the age of 35 who own a home has fallen dramatically in the Region. As a raw number, the total number of homes owned by people under 35 in the Region has fallen from just under 30,000 in 1990 to just over 19,000 in 2010-14 (36.7%). And while it is true that the population in this age cohort has declined, both as a percentage of the total population and in real numbers, that alone does not fully explain the extent of the decline in homeownership. In 1990, the population under 35 was 254,390 in the Region. Of this population, 29,975 (11.8%) were identified as householders. By 2010,

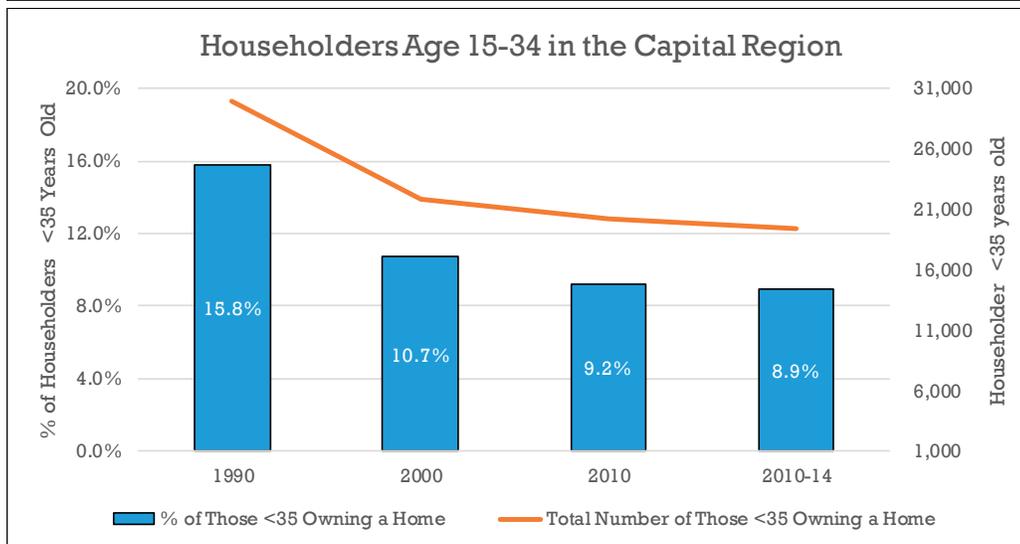
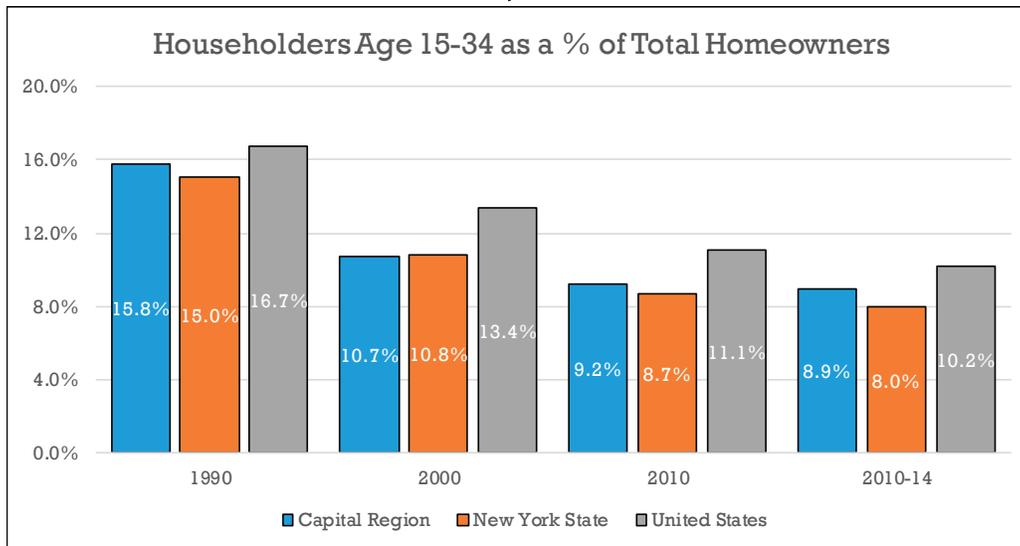
the cohort's population had declined to 226,299, while the number of householders in the cohort declined to 20,241 (8.9%).

The only caveat to all of this is that this trend cannot be solely blamed on Millennials. This trend has been developing for much of the last two and a half decades, with the biggest declines coming between 1990 and 2000, long before Millennials were in positions to buy homes. Any notion of the Millennials "rejecting" homeownership as part of a new trend that is unique to

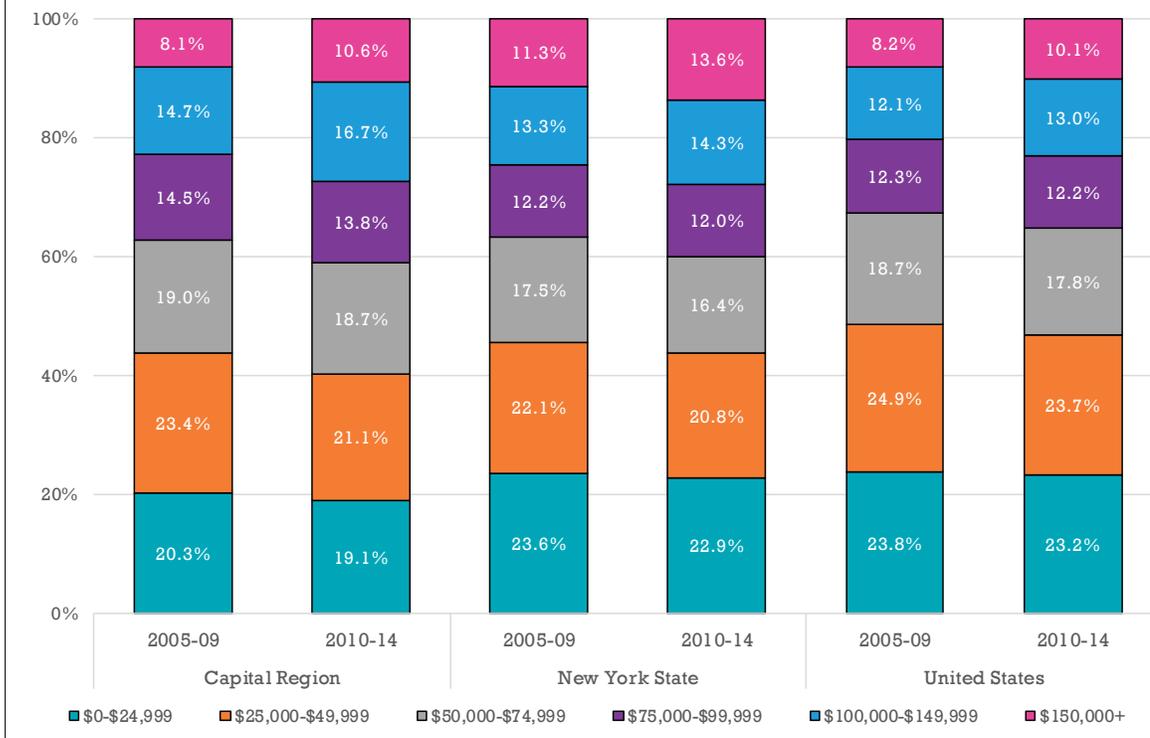
them is missing the larger point- for 20+ years society has been moving away from the idea of young people owning a home. Whether this is for economic, social, or personal, reasons is a debate for another time and place. All that we can say for sure is that today, by all measures, fewer young people own their own home.

Household Income Distribution

All of this discussion about economically burdened households, housing costs, and homeownership, does not address the evolving situation in household income distri-



Household Income Distribution



Household Income Distribution provides an overview of the percentage of households that fall into six income ranges. This allows us to compare the distribution of households in various income brackets across the two ACS'.

Region, State, and Nation-wide, the trend that has emerged is of continued concentration of incomes below \$50,000; as well as a growing concentration of incomes above \$100,000. While the percentage of households earning less than \$50,000 declined across the board, the Region still reports 40.2% of its households fall into this bracket in 2010-14. This is below the 43.7% for the State, and 46.9% for the Nation, but still represents 2 out of every 5 households in the Region.

Household Income Distribution- Counties



Region-wide, the percentages of households earning more than \$100,000 increased from 22.8% in 2005-09 to 27.3% in 2010-14. This was on par with the State's percentage of 27.9% in 2010-14. The Nation lagged behind in 2010-14 with 23.1% of its households falling into this income bracket.

Seeing stagnation, or even declines, was the middle. Region-wide, households with incomes between \$50,000 and \$99,999 fell slightly from 33.5% in 2005-09 to 32.5% in 2010-15. This trend was repeated at the State and National levels, with the State declining from 29.7% to 28.4%, and the Nation declining from 31% to 30%. The Region, therefore, out performs both the State and National rates for income distribution.

Of the Region's counties, in 2010-14 Saratoga County had the most equal distribution of household incomes of the four counties. 33.8% of its households earned less than \$50,000, 33.8% earned between \$50,000 and \$99,999 annually, and 32.3% earned

Employment, Unemployment, & Unemployment Rates

Employment	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16
Albany County	148.0	148.2	149.5	150.7	151.6	152.6	151.9	151.5	150.3	151.8	151.8	151.6	152.1
Rensselaer County	76.3	76.4	77.1	77.8	78.2	78.8	78.5	78.2	77.2	78.0	78.0	77.9	78.1
Saratoga County	108.9	109.1	110.1	111.2	111.8	112.7	112.0	111.8	110.8	112.0	112.0	111.8	112.2
Schenectady County	71.4	71.5	72.1	72.7	73.1	73.6	73.1	73.1	72.4	73.1	73.1	73.0	73.2
Capital Region	404.6	405.2	408.8	412.4	414.7	417.7	415.5	414.6	410.7	414.9	414.9	414.3	415.6
Unemployment	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16
Albany County	8.0	7.5	6.7	6.7	7.0	7.4	7.7	6.8	6.7	6.4	6.3	6.2	7.1
Rensselaer County	4.7	4.4	4.0	3.7	3.7	3.8	4.1	3.7	3.6	3.5	3.5	3.5	4.1
Saratoga County	5.7	5.6	5.1	4.8	4.8	4.8	5.0	4.5	4.6	4.5	4.5	4.5	5.2
Schenectady County	4.2	4.0	3.7	3.5	3.6	3.7	4.0	3.6	3.5	3.3	3.2	3.2	3.6
Capital Region	22.6	21.5	19.5	18.7	19.1	19.7	20.8	18.6	18.4	17.7	17.5	17.4	20.0
Unemployment Rates	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16
Albany County	5.2%	4.8%	4.3%	4.3%	4.4%	4.6%	4.8%	4.3%	4.4%	4.0%	4.0%	3.9%	4.4%
Rensselaer County	5.8%	5.5%	4.9%	4.5%	4.5%	4.6%	4.9%	4.5%	4.5%	4.2%	4.2%	4.3%	4.9%
Saratoga County	5.0%	4.9%	4.4%	4.1%	4.1%	4.1%	4.2%	3.9%	4.0%	3.8%	3.9%	3.9%	4.4%
Schenectady County	5.6%	5.3%	4.8%	4.6%	4.7%	4.8%	5.2%	4.7%	4.6%	4.3%	4.2%	4.2%	4.7%
Capital Region	5.3%	5.0%	4.6%	4.3%	4.4%	4.5%	4.8%	4.3%	4.3%	4.1%	4.0%	4.0%	4.6%
New York State	6.5%	6.4%	5.8%	5.5%	5.3%	5.3%	5.4%	5.0%	4.8%	4.7%	4.8%	4.7%	5.5%
United States	6.1%	5.8%	5.6%	5.1%	5.3%	5.5%	5.6%	5.2%	4.9%	4.8%	4.8%	4.8%	5.3%

Source: New York State Department of Labor, and the U.S. Department of Labor, Bureau of Labor Statistics

Figures in 1,000s



One Park Place, Suite 102, Albany, New York 12205

Phone: 518-453-0850

E-mail: cdrpc@cdrpc.org

Fax: 518-453-0856

Web Site: <http://cdrpc.org>

Lucille McKnight, Chair

Rocco A. Ferraro, AICP, Executive Director

Daniel M. Harp Jr., Editor

more than \$100,000 annually. Saratoga County was the only county in which households earning less than \$50,000 composed less than 40% of the total.

Overall, the income distribution improved in many aspects from 2005-09 and 2010-14. Unfortunately, there is still a long way to go when the data is viewed closely. In Albany, Rensselaer, and Schenectady counties, more than 1 in 5 households had income below \$25,000; Albany and Rensselaer saw slight improvements in this category, while Schenectady saw the percentage remain unchanged between the two surveys.

The best news was reserved for households at the top of the income distribution. These households saw the greatest amount of increases between the two surveys. This seems to indicate that, at all levels, the middle income brackets

are being squeezed as growth is concentrated in the top brackets, and declines concentrated in the lowest brackets. Declines in the lowest brackets are obviously good, as is growth in the upper brackets, but a healthy economy needs to maintain a strong middle and not concentrate incomes on the extremes.

Conclusion

Overall, the Region's homeowners and renters are experiencing very different realities. While it's too early to know if we are experiencing a fundamental shift in the ownership model, it is clear that, for the short term, tastes and desires have been altered. If a fundamental change is occurring, then the entire economic model that has been in place for 70 years may need to be reexamined.

Consumer Price Index

2014-15 Percent Change in CPI: 0.119%

Unadjusted CPI	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16
U.S. City Average	233.7	234.7	236.1	236.6	237.8	238.6	238.7	238.3	237.9	237.8	237.3	236.5	236.9
Northeast Urban Average	250.0	250.6	251.5	251.8	252.8	253.6	253.4	252.9	252.9	252.5	252.6	251.7	251.7
% Change From Same Month in Previous Year	Jan 14- Jan 15	Feb 14- Feb 15	Mar 14- Mar 15	Apr 14- Apr 15	May 14- May 15	Jun 14- Jun 15	Jul 14- Jul 15	Aug 14- Aug 15	Sept 14- Sept 15	Oct 14- Oct 15	Nov 14- Nov 15	Dec 14- Dec 15	Jan 15- Jan 16
U.S. City Average	-0.1%	0.0%	-0.1%	-0.2%	0.0%	0.1%	0.2%	0.2%	0.0%	0.2%	0.5%	0.7%	1.4%
Northeast Urban Average	-0.4%	-0.3%	-0.4%	-0.3%	-0.3%	0.0%	-0.2%	-0.1%	-0.1%	-0.1%	0.3%	0.5%	0.7%

Source: U.S. Department of Labor, Bureau of Labor Statistics

1982-84 = 100

Note: Data is NOT Seasonally Adjusted