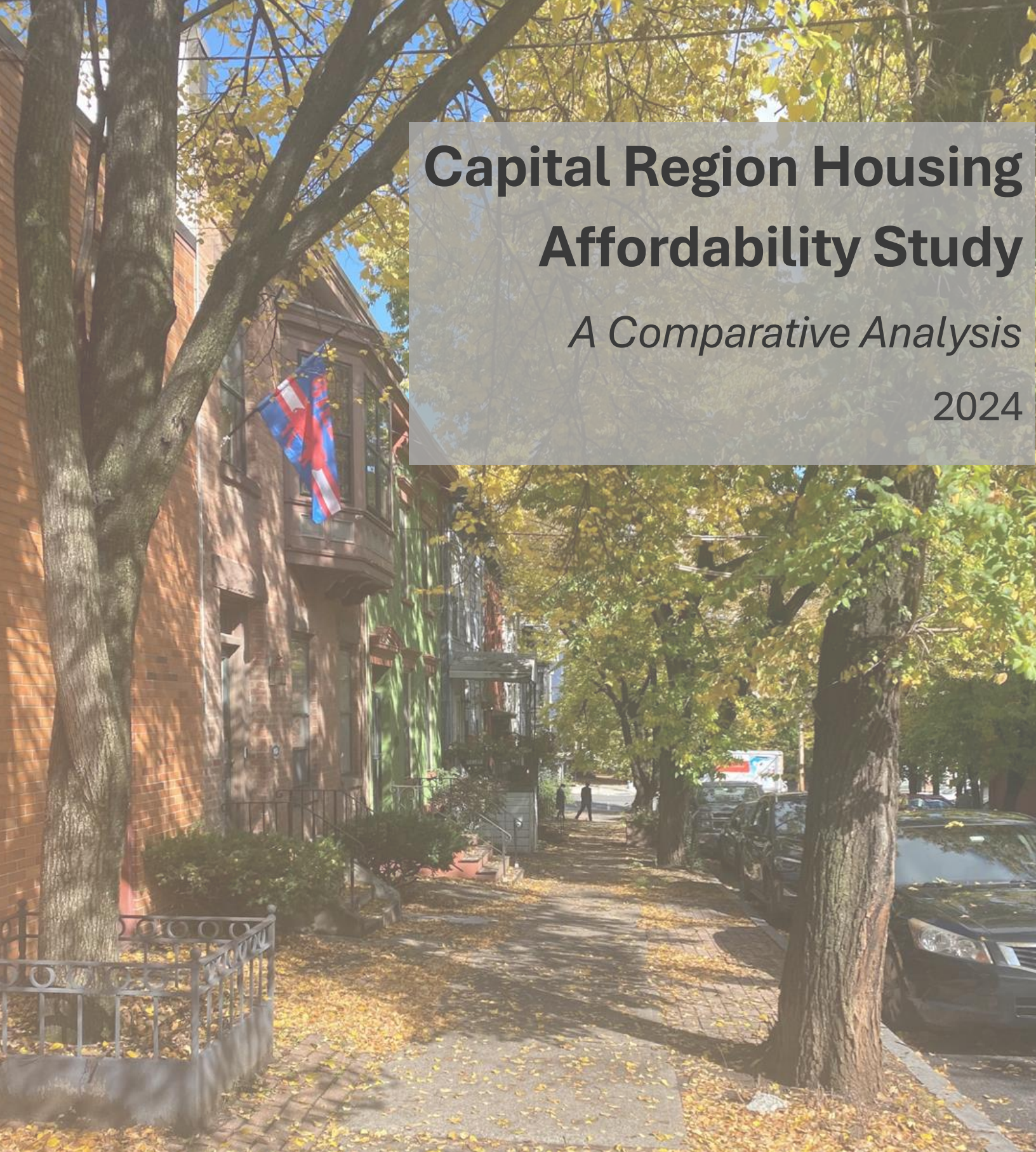


# Capital Region Housing Affordability Study

*A Comparative Analysis*

2024



CAPITAL DISTRICT  
**Regional  
Planning  
Commission**

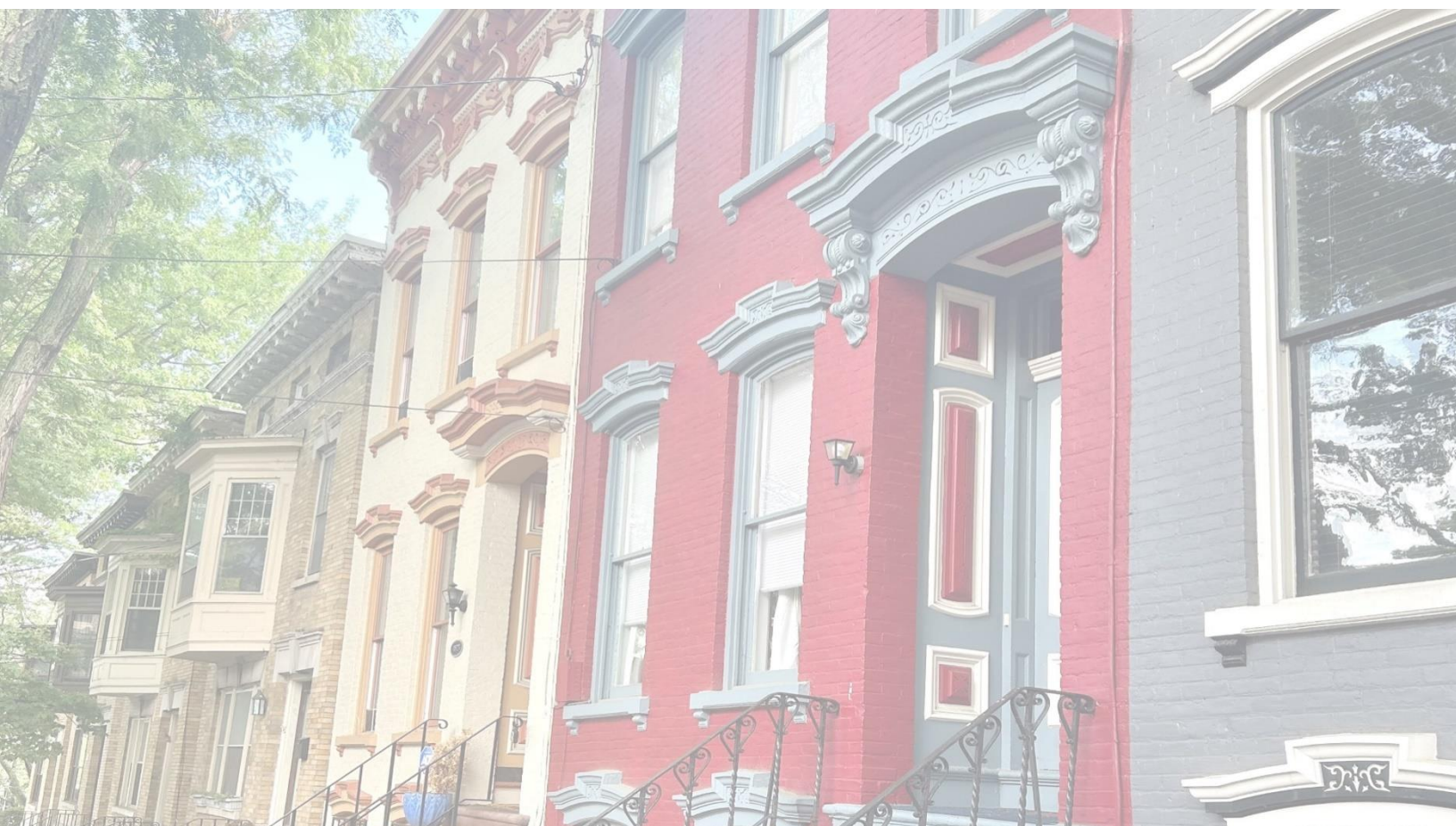
# About the Capital District Regional Planning Commission

## Our Mission

The Capital District Regional Planning Commission (CDRPC) is a regional planning and resource center serving Albany, Rensselaer, Saratoga, and Schenectady counties. CDRPC provides an objective analysis of data, trends, opportunities, and challenges relevant to the Region's economic development and planning communities. CDRPC serves the best interests of the public and private sectors by promoting intergovernmental cooperation; communicating, collaborating, and facilitating regional initiatives; and sharing information, and fostering dialogues on solutions to regional challenges.

## Our History

CDRPC was established as a regional planning board in 1967 by a cooperative agreement among the counties of Albany, Rensselaer, Saratoga, and Schenectady. Its original purpose was to perform and support comprehensive planning work, including surveys, planning services, technical services, and the formulation of plans and policies to promote sound and coordinated development of the entire Region. Over time, the mission of the Planning Commission evolved in response to changes in the Region's needs, funding sources, organizational structure, and information technology. While continuing to provide a wide variety of comprehensive planning services, CDRPC has also assumed the functions of Data and Information Center, Economic Development District, Foreign-Trade Zone Administrator, Clean Energy Communities Program Coordinator, and Water Quality Manager.



## Executive Summary

Millions of individuals and families struggle to secure stable housing or find themselves without a home altogether. With increasing rent prices and the rising cost of goods, lower income individuals, who are often renters, become more vulnerable to homelessness and financial insecurity. This trend is not just national but occurring in the Capital Region as well.

- Between 2017 and 2022, Schenectady County saw a 33.4% increase in renter-occupied housing units adding 5,778 units, outpacing Albany, Rensselaer, and Saratoga Counties.
- Albany County has the largest number of renters, with over 55,000 renter-occupied units in 2022.
- After adjusting for inflation, renters in Albany County earn \$22.10, followed by Saratoga County at \$20.81, Rensselaer County at \$19.00, and Schenectady County at \$17.42 in 2023.
- The fair market rent for a one-bedroom apartment in the Capital Region is \$1,079, and for a two-bedroom, it's \$1,313.
- In 2023, the average hourly wage needed to afford a one-bedroom apartment in the Capital Region was \$20.25, which is approximately 1.5 times more than the minimum wage in [upstate New York](#).
- In Rensselaer and Schenectady Counties, renters face a rent deficit, as their hourly wages are insufficient to cover housing costs for both one- and two-bedroom apartment types. Across all counties, fair market rent values for two-bedroom homes exceed the amount of rent the average working renter can afford.
- Renter wage from 2022 to 2023 has increased by an average of 3.3% (not accounting for inflation) while rent for both one bed and two bed apartments have increased by 8.8%. Renters' wages lag behind inflation rates, resulting in diminished purchasing power, impacting their ability to afford essential expenses.
- In the Capital Region, renter income ranges between 32% to 41% of Area Median Income (AMI).
- Individuals making the median income in Albany and Saratoga County do not make enough to afford a house at the median sale price.

To highlight these trends the Capital District Regional Planning Commission (CDRPC) has analyzed housing affordability for both renters and homeowners within the four counties served by CDRPC: Albany, Rensselaer, Saratoga, and Schenectady. Drawing inspiration from organizations such as Hudson Valley Pattern for Progress and the National Low Income Housing Coalition (NLIHC), this analysis delves into housing affordability with the intention of aiding stakeholders in formulating effective policies to promote housing equity.

## Methodology

**Renter's Hourly Wage:** This term refers to the compensation that a renter is anticipated to earn for an hour of work. This figure is calculated by dividing the average weekly earnings by 40 hours, under the assumption of a full-time workweek. The data utilized for this calculation is sourced from the [Bureau of Labor Statistics \(BLS\) Quarterly Census of Employment & Wages \(QCEW\)](#) for the year 2022. It's important to note that BLS data encompasses non-wage forms of compensation and is exclusively based on private (non-governmental) earnings.

The data provided by the BLS does not directly provide renters' wages, this needs to be calculated. The hourly wage from the BLS is multiplied by the ratio of mean renter household income (Table B25119) to median household income (Table B19013) from the five-year 2018-2022 US Census American Community Survey (ACS) for each county in the Capital Region. This produces the average renter's wage which is then adjusted for inflation.

Once the renter's wage is calculated it needs to be adjusted for inflation from 2022 to FY23, using an inflation factor of 1.033 (302.3/292.6). The inflation factor is obtained from the [Congressional Budget Office's \(CBO\)](#) July 2023 projection of the Consumer Price Index (CPI) for FY23 and the 2022 calendar year CPI. This adjustment yields the average 2023 renter's hourly wage.

**Fair Market Rent (FMR):** Fair Market Rent (FMR) represents the typical rent paid by the 40th percentile of renters who have relocated within the past two years. This differs from the average rent which reflects the 50<sup>th</sup> percentile of all rental amounts and therefore would have prices that are above the FMR. The FMR is determined annually by the Department of Housing and Urban Development (HUD) to inform the department's decisions regarding housing assistance allocations.

**Housing Wage:** Housing Wage is the hourly wage that renters need to earn to afford fair market rent without spending more than 30% of their gross income on housing. This measure assumes a 40-hour workweek.

**Wage Gap:** The Wage Gap is the difference between the housing wage and renter's hourly wage in the Capital Region.

**Annual Wage Gap:** This measure reflects the differences between the hourly renter wage multiplied by 2,080 annual hours, which is considered a full-time job, and the annual wage needed to afford fair market rent.

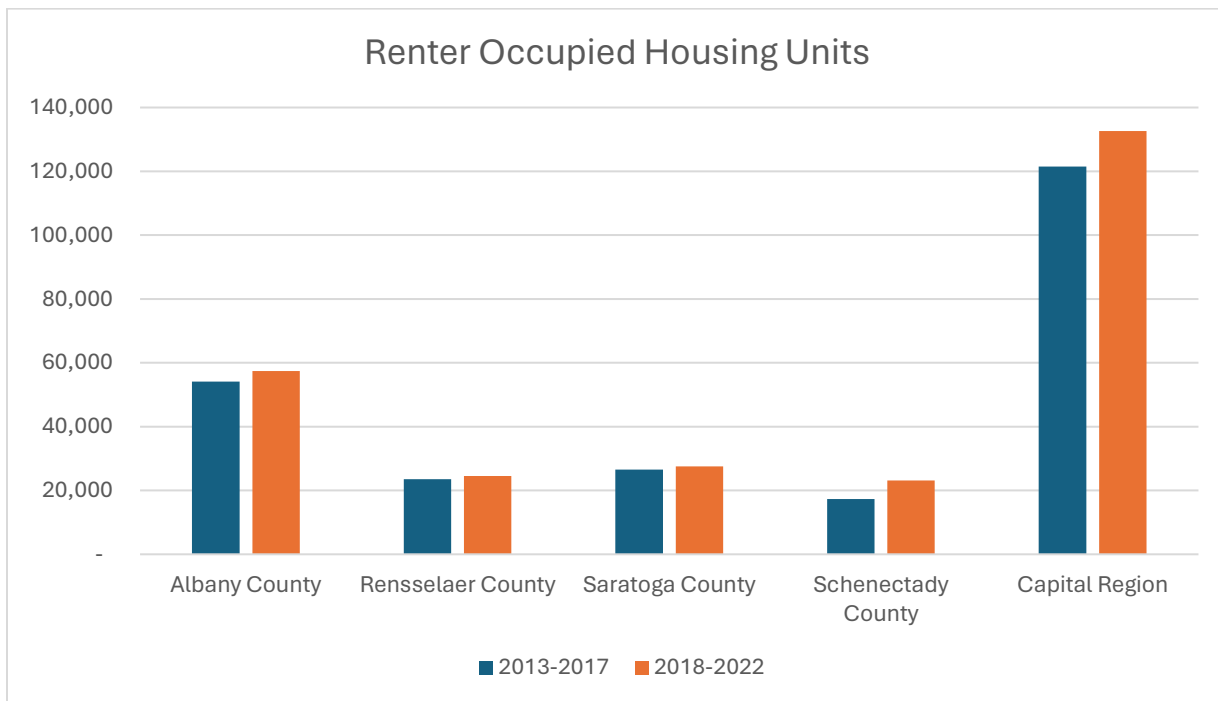
**Monthly Wage Gap:** This measure reflects the difference between the hourly renter wage multiplied by a typical 40-hour workweek, which is considered a full-time job, and the monthly wage needed to afford fair market rent.

**Mortgage Gap:** The difference between the mortgage an individual can afford based on their income and the income needed to afford the median house price.

# Renters in the Capital Region

## Number of Renters in the Capital Region

The Capital Region is home to a significant and growing number of renters, an integral demographic contributing to the region’s population. Based on the ACS 2018-22 5-year estimates, the Capital Region has a total of 132,633 renters living in occupied housing units. Compared to the ACS 2013-17 5-year estimates, the number of renters has increased by 11,142 renters or by 9.2%. This rise underscores the increasing importance of understanding the economic circumstances and housing needs of renters in the region.



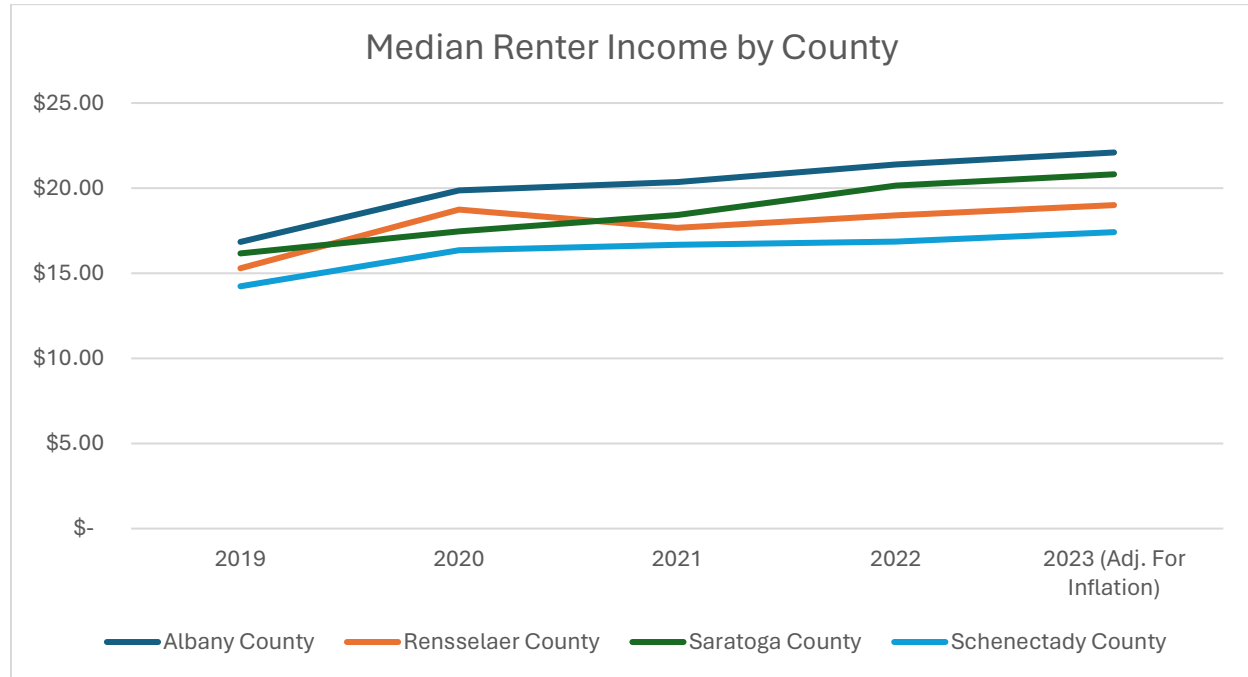
Renter Occupied Housing Units				
	2013-2017	2018-2022	# Change	% Change
Albany County	54,102	57,468	3,366	6.2%
Rensselaer County	23,578	24,581	1,003	4.3%
Saratoga County	26,505	27,500	995	3.8%
Schenectady County	17,306	23,084	5,778	33.4%
Capital Region	121,491	132,633	11,142	9.2%

Source: US Census, 5-Year Estimates 2013-17 & 2018-22

Between 2017 and 2022, Schenectady County experienced a surge in renter-occupied housing units, with a 33.4% increase, the largest increase out of all counties. Albany County saw a 6.2% rise, while Rensselaer and Saratoga Counties had more modest increases of 4.3% and 3.8%. Albany County has the largest base number of renters with approximately 30,000 more renters than Saratoga, Schenectady, and Rensselaer.

## Renter's Wage Trends (2019-2023)

Analyzing wage trends, especially for renters, is crucial as it sheds light on the economic circumstances of this demographic, revealing the challenges they may encounter in affording housing and sustaining their standard of living.



	2019	2020	2021	2022	2023 (Adj. For Inflation)
Albany County	\$16.84	\$19.87	\$20.35	\$21.39	\$22.10
Rensselaer County	\$15.29	\$18.74	\$17.67	\$18.39	\$19.00
Saratoga County	\$16.17	\$17.46	\$18.42	\$20.15	\$20.81
Schenectady County	\$14.24	\$16.35	\$16.68	\$16.86	\$17.42

Source: Bureau of Labor Statistics (BLS), Congressional Budget Office (CBO), and US Census

At first glance, it may seem that **renters' wages** are steadily increasing, but upon closer examination, these increments are minimal, with all counties experiencing increases of less than one dollar. Rensselaer County recorded the smallest wage increase, with only a \$0.56 cent rise, while Albany County saw the highest increase at \$0.71 cents. However, upon adjusting 2020 wages to 2023 values to assess any change, it becomes evident that renters are earning less in 2023 than they were in 2020, as shown in the table below.

**Renter's Hourly Wage:** This term refers to the compensation that a renter is anticipated to earn for an hour of work. This figure is calculated by dividing the average weekly earnings by 40 hours, under the assumption of a full-time workweek.

### Renters Median Wage Adjusted for Inflation

	2020 (In 2023 \$)	2023	\$ Change 2020-2023	% Change 2020-2023
Albany County	\$23.20	\$22.10	-\$1.11	-4.98%
Rensselaer County	\$21.88	\$19.00	-\$2.88	-13.16%
Saratoga County	\$20.39	\$20.81	\$0.42	2.10%
Schenectady County	\$19.09	\$17.42	-\$1.68	-8.75%

Source: Bureau of Labor Statistics (BLS), Congressional Budget Office (CPO), and US Census

This situation underscores a critical issue: when the rate of inflation surpasses the rate of wage increase, the purchasing power of renters' earnings diminishes. This places additional strain on renters' ability to afford basic necessities, such as utilities, groceries, and medical bills ultimately exacerbating financial insecurity and reducing their overall standard of living.

## Fair Market Rent (FMR)

Examining renters' wages is just one aspect of understanding the broader picture of housing affordability. Another crucial component is analyzing **fair market rent**, which is produced by the Department of Housing and Urban Development (HUD). Unlike renter's wage data, fair market rent is not broken down by county but by Metropolitan Statistical Area (MSA). The Capital Region's MSA encompasses Albany, Rensselaer, Saratoga, Schenectady, and Schoharie Counties. The fair market rent for a one-bedroom apartment in the Capital Region is \$1,079, and for a two-bedroom, it's \$1,313. Comparatively, fair market rent in the Capital Region is 50% lower than rent in New York City for a one-bedroom apartment, but 29% more expensive for a one-bedroom than in Sullivan County.

#### Fair Market Rent (FRM):

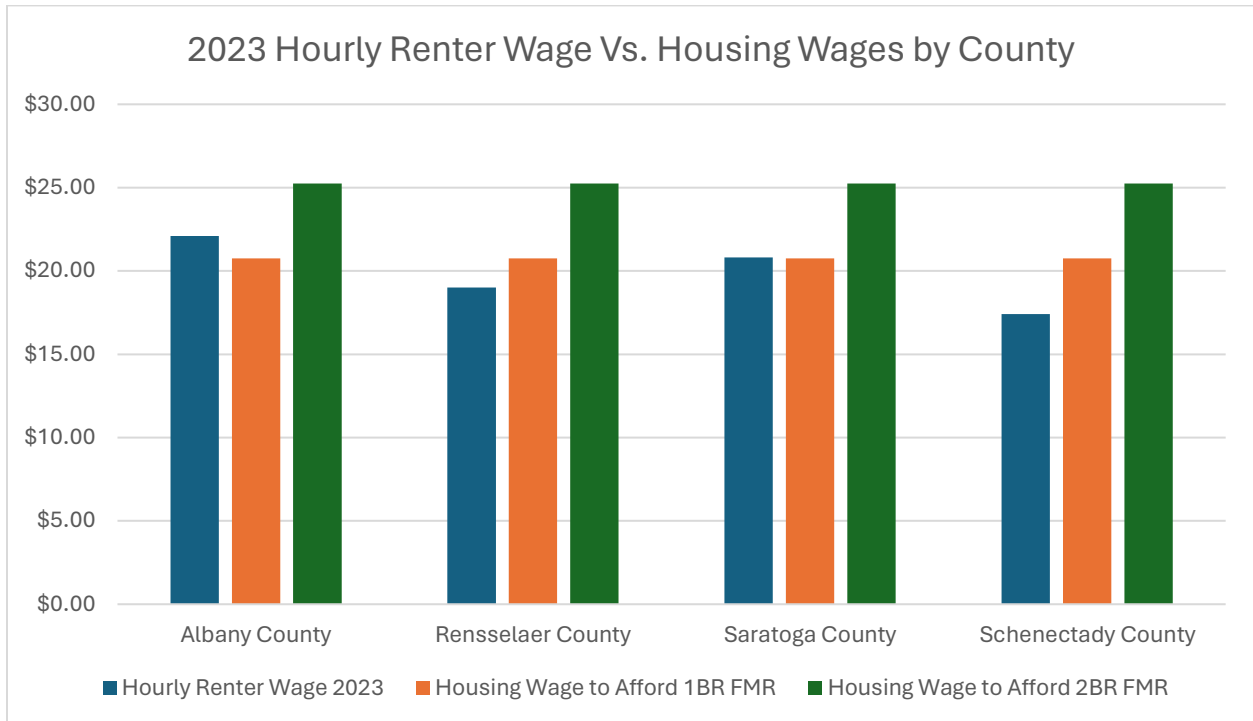
Represents the typical rent paid by the 40th percentile of renters who have relocated within the past two years.

	2023 Fair Market Rent (FMR)			
	1 BR FMR	2 BR FMR	% Difference 1 BR	% Difference 2 BR
Albany-Troy-Schenectady MSA	\$ 1,079	\$ 1,313		
Columbia	\$ 952	\$ 1,107	13%	19%
Poughkeepsie-Newburgh-Middletown MSA	\$ 1,233	\$ 1,583	-12%	-17%
Greene	\$ 931	\$ 1,123	16%	17%
New York-Newark-Jersey City, NY-NJ-PA MSA	\$ 2,170	\$ 2,451	-50%	-46%
Sullivan	\$ 838	\$ 1,008	29%	30%
Ulster	\$ 1,155	\$ 1,498	-7%	-12%
Westchester	\$ 1,669	\$ 2,029	-35%	-35%

Source: Department of Housing and Urban Development (HUD)

## The Wage Gap

Renter’s hourly wage can be compared to the [housing wage](#) to gain a clearer understanding of any financial shortcomings. The housing wage is the hourly wage that renters need to make to afford fair market rent without spending more than 30% of their gross income on housing and assumes a 40-hour workweek. It is clear when analyzing the wage gap for each county that average renter wages continue to lag behind the cost of living.



	Hourly Renter Wage	Housing Wage to Afford 1BR FMR	Housing Wage to Afford 2BR FMR	Wage Gap 1BR FMR	Wage Gap 2BR FMR
Albany County	\$22.10	\$20.75	\$25.25	\$1.35	-\$3.15
Rensselaer County	\$19.00	\$20.75	\$25.25	-\$1.75	-\$6.25
Saratoga County	\$20.81	\$20.75	\$25.25	\$0.06	-\$4.44
Schenectady County	\$17.42	\$20.75	\$25.25	-\$3.33	-\$7.83

Source: Bureau of Labor Statistics (BLS) and Department of Housing and Urban Development (HUD)

In Albany County, renters do not encounter a shortfall in wages for a one-bedroom apartment. Instead, renters’ wages surpass the housing wage for a one-bedroom apartment by approximately \$1.35. Although Albany County does fall short for a two-bedroom apartment, with a wage gap of \$3.15. Conversely, in Rensselaer and Schenectady Counties, renters confront a rent deficit, indicating that their hourly wages fail to cover the housing costs for both apartment types. Saratoga



County presents a relatively balanced scenario, with renters' hourly wages closely matching the housing wage for one-bedroom apartments but revealing a deficit for two-bedroom units. The most severe wage gap occurs in Schenectady County for both one- and two-bedroom apartments.

	Hours and Jobs Renters Need to Afford FMR			
	To Afford 1BR FMR		To Afford 2BR FMR	
	Hours per Week	Jobs Needed	Hours per Week	Jobs Needed
Albany County	40	1	46	1.1
Rensselaer County	44	1.1	53	1.3
Saratoga County	40	1	49	1.2
Schenectady County	48	1.2	58	1.4

Source: Bureau of Labor Statistics (BLS) and Department of Housing and Urban Development (HUD)

Renters across the Capital Region that are grappling with low wages may need to work far beyond the traditional 40-hour work week to be able to afford fair market rent. The absence of a legal limit on work hours means individuals frequently exceed this threshold to make ends meet.

This disparity is shown in the chart above, revealing the considerable time investment required for renters to afford fair market rent. Particularly in Schenectady County, renters face the highest demand in terms of both weekly hours worked and the number of jobs needed to cover housing costs. Conversely, Albany and Saratoga Counties present comparatively better affordability conditions, with renters typically requiring fewer hours and jobs to afford a one-bedroom apartment at fair market rent.

However, it is even more challenging for individuals or families seeking a two-bedroom apartment in the Capital Region. Affording such accommodation is very unaffordable across all counties, with individuals needing to work anywhere between 46 and 58 hours per week to meet fair market rent for a two-bedroom unit. This places a heavy burden on single earners within families, making it exceptionally challenging for them to secure adequate housing for their households.

## Annual Wage Gap

It is crucial to calculate the **Annual Wage Gap** to accurately assess a worker's capacity to meet basic living expenses. When a significant portion of a worker's income is allocated towards housing costs, it leaves less financial flexibility for other essential needs such as childcare, transportation, and groceries. This imbalance can create significant challenges for individuals and families striving to maintain a decent quality of life. Furthermore, unexpected financial burdens such as medical emergencies or car repairs can exacerbate the strain on vulnerable renters. These unforeseen expenses can quickly deplete any remaining discretionary income and may even push individuals or families into financial crisis.

**Annual Wage Gap:** This measure reflects the differences between the hourly renter wage multiplied by 2,080 annual hours, which is considered a full-time job, and the annual wage needed to afford fair market rent.

2023 Affordable Rent Vs. Fair Market Rents

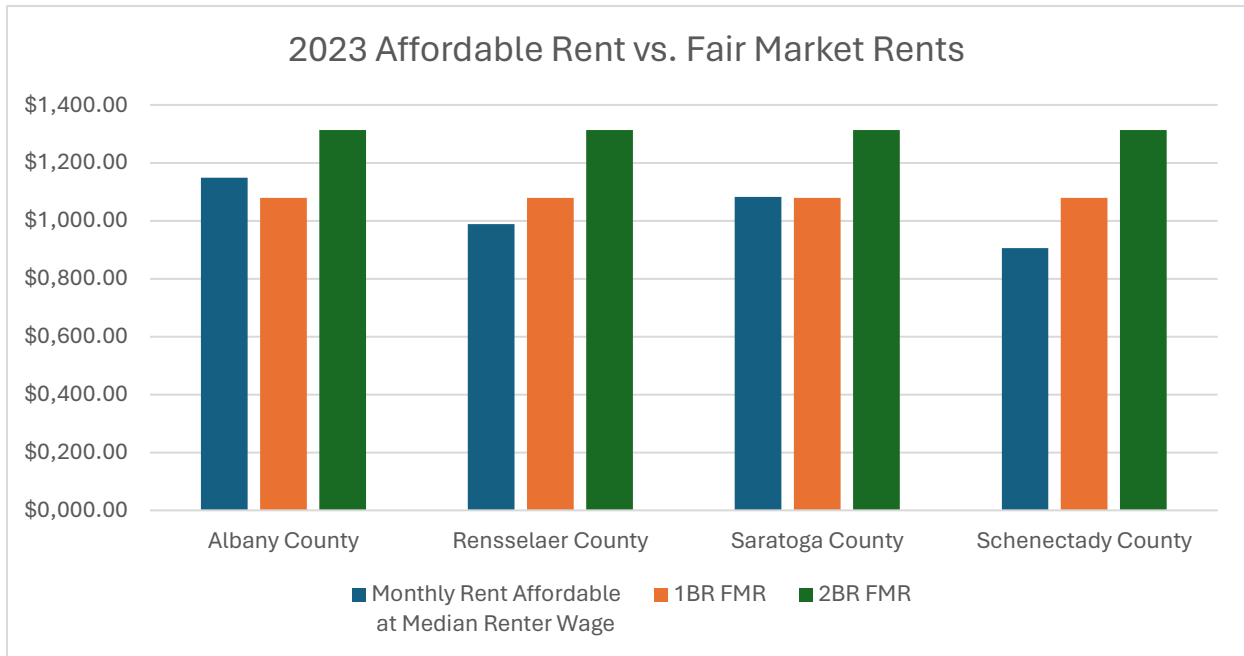
	Annual Renter Wage	Annual Salary To Afford 1BR FMR	Annual Salary To Afford 2BR FMR	1BR FMR Gap	2BR FMR Gap
Albany County	\$45,968	\$43,160	\$52,520	\$2,808	-\$6,552
Rensselaer County	\$39,520	\$43,160	\$52,520	-\$3,640	-\$13,000
Saratoga County	\$43,285	\$43,160	\$52,520	\$0,125	-\$9,235
Schenectady County	\$36,234	\$43,160	\$52,520	-\$6,926	-\$16,286

Source: Bureau of Labor Statistics (BLS) and Department of Housing and Urban Development (HUD)

## Monthly Wage Gap – Single Working Adult

The **monthly wage gap** serves as a critical indicator, revealing the disparity between fair market rent and the monthly rent that working renters can afford on average wages. This metric sheds light on the portion of housing costs that exceed affordability for these individuals. The accompanying chart below provides insight into the monthly wage gap for single working renters residing in both one-bedroom and two-bedroom homes, with affordability defined as no more than 30% of monthly income allotted to housing expenses. Across all counties, fair market rent values for two-bedroom homes surpass the amount of rent the average working renter can afford.

**Monthly Wage Gap:** This measure reflects the difference between the hourly renter wage multiplied by a typical 40-hour workweek, which is considered a full-time job, and the monthly wage needed to afford fair market rent.



### 2023 Affordable Rent Vs. Fair Market Rent

	Monthly Rent Affordable at Median Renter Wage	1BR FMR	2BR FMR	Monthly Wage Gap 1BR	Monthly Wage Gap 2BR
Albany County	\$1,149.00	\$1,079	\$1,313	\$70.00	-\$164.00
Rensselaer County	\$988.17	\$1,079	\$1,313	-\$90.83	-\$324.83
Saratoga County	\$1,082.30	\$1,079	\$1,313	\$3.30	-\$230.70
Schenectady County	\$905.59	\$1,079	\$1,313	-\$173.41	-\$407.41

Source: Bureau of Labor Statistics (BLS) and Department of Housing and Urban Development (HUD)

## Rents Outpacing Income Growth

Another way to analyze housing affordability is through the rate of change for renters' wages and fair market rent. The chart below illustrates the percent change between 2022 and 2023 in wages and rent across each county in the Capital Region. Renter wage from 2022 to 2023 has increased by an average of 3.3% (not accounting for inflation) while rent for both one bed and two bed apartments have increased by 8.8%. Therefore, there is still a substantial increase in wages needed for renters in Rensselaer and Schenectady Counties to be able to afford a one- and two-bedroom apartment at fair market rent.

	Change between 2022-2023				
	% Wage Increase	% Rent Increase 1BR	% Rent Increase 2BR	Additional Wage Increase Needed to Afford 1BR	Additional Wage Increase Needed to afford 2BR
Albany County	3.2%	8.8%	8.8%	0%	14.3%
Rensselaer County	3.3%	8.8%	8.8%	9.2%	32.9%
Saratoga County	3.3%	8.8%	8.8%	0%	21.3%
Schenectady County	3.3%	8.8%	8.8%	19.1%	44.9%

Source: Bureau of Labor Statistics (BLS) and Department of Housing and Urban Development (HUD)

## Monthly Wage Gap – Two Working Adults

Affording rent becomes considerably more manageable when shared between two working individuals, thereby enhancing housing affordability. Sharing living expenses, such as rent, utilities, and other household costs, allows for a more equitable distribution of financial burdens. With two incomes contributing to rent payments, the overall financial strain on each individual is significantly reduced. As shown in the chart below, rent for both one- and two-bedroom apartments in each

county within the Capital Region does not experience a deficiency in the wage gap when two individuals are splitting housing costs.

2023 Two Person Renter Salary Vs. Housing Wage by County				
	Annual Renter Salary	Annual Salary To Afford 2BR FMR	Annual Wage Gap (Per Person)	Monthly Wage Gap (Per Person)
Albany County	\$91,936.00	\$52,520.00	\$19,708.00	\$1,642.33
Rensselaer County	\$79,040.00	\$52,520.00	\$13,260.00	\$1,105.00
Saratoga County	\$86,570.00	\$52,520.00	\$17,025.00	\$1,418.75
Schenectady County	\$72,468.00	\$52,520.00	\$9,974.00	\$831.17

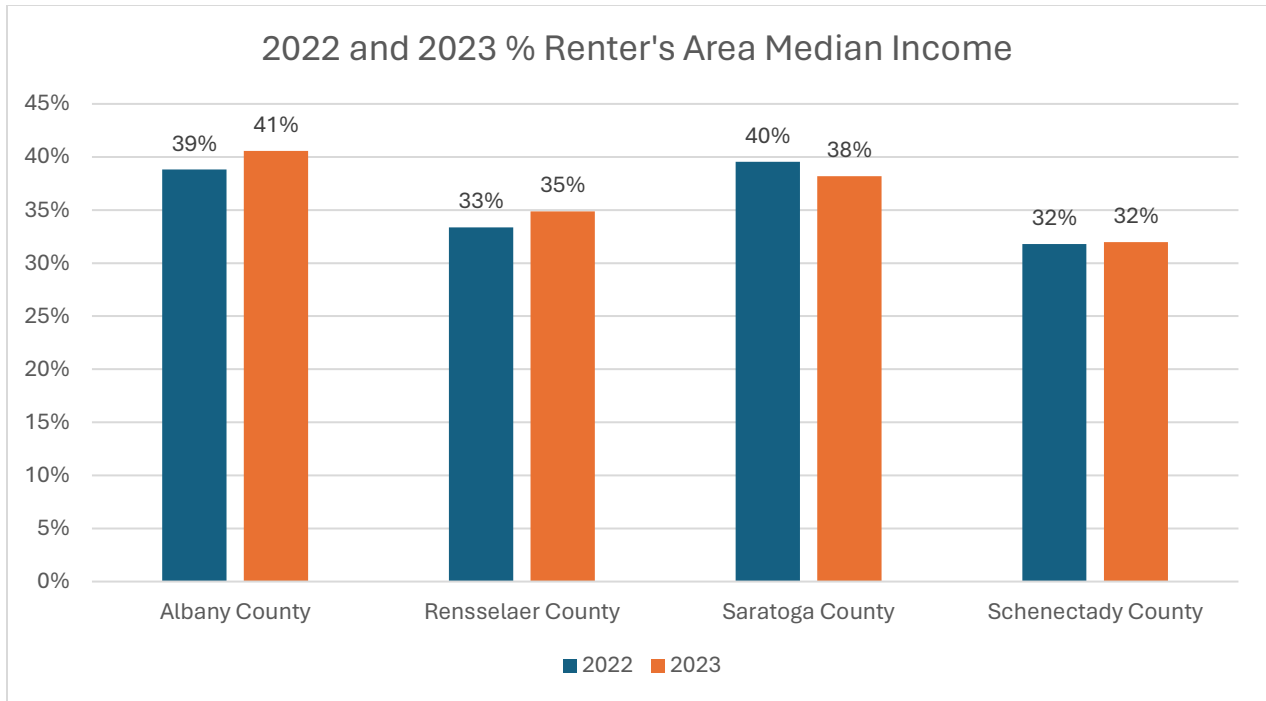
Source: Bureau of Labor Statistics (BLS) and Department of Housing and Urban Development (HUD)

## Renter’s Area Median Income (AMI)

Another key piece of data that is utilized for housing affordability is [Area Median Income \(AMI\)](#). AMI is produced by the Housing and Urban Development Bureau and is utilized to determine households that qualify for federal housing assistance programs. To determine low-income households the median income is obtained and then categorized into people who earn less than the median income and people who earn more than the median income, with 100% of AMI being the median income in a region. Tiers can be created from this basis and are as followed:

- Low income (at or below 80% of AMI)
- Very low income (at or below 50% AMI)
- Extremely low income (at or below 30% AMI)

AMI is traditionally calculated with both renter and homeowner income combined. However, given the financial differences between these two groups it is important to separate them to craft meaningful housing policies. It is important to separate these two groups because renters tend to make significantly less than homeowners and may require different or more support from housing policies than homeowners will.



Source: National Low Income Housing Coalition (NLIHC) and Department of Housing and Urban Development (HUD)

The chart above shows renter income as a percentage of AMI. In the Capital Region, renter income ranges between 32% to 41% of AMI in 2023. Renters in Albany and Rensselaer Counties have had their income levels increase, while renter income in Schenectady County has remained flat. Saratoga County has experienced a decrease in income levels from these two periods. The counties that have experienced growth in their AMI likely means that there is a growing number of renters with higher income, which contributes to the income gap between wealthy renters and low-income renters.

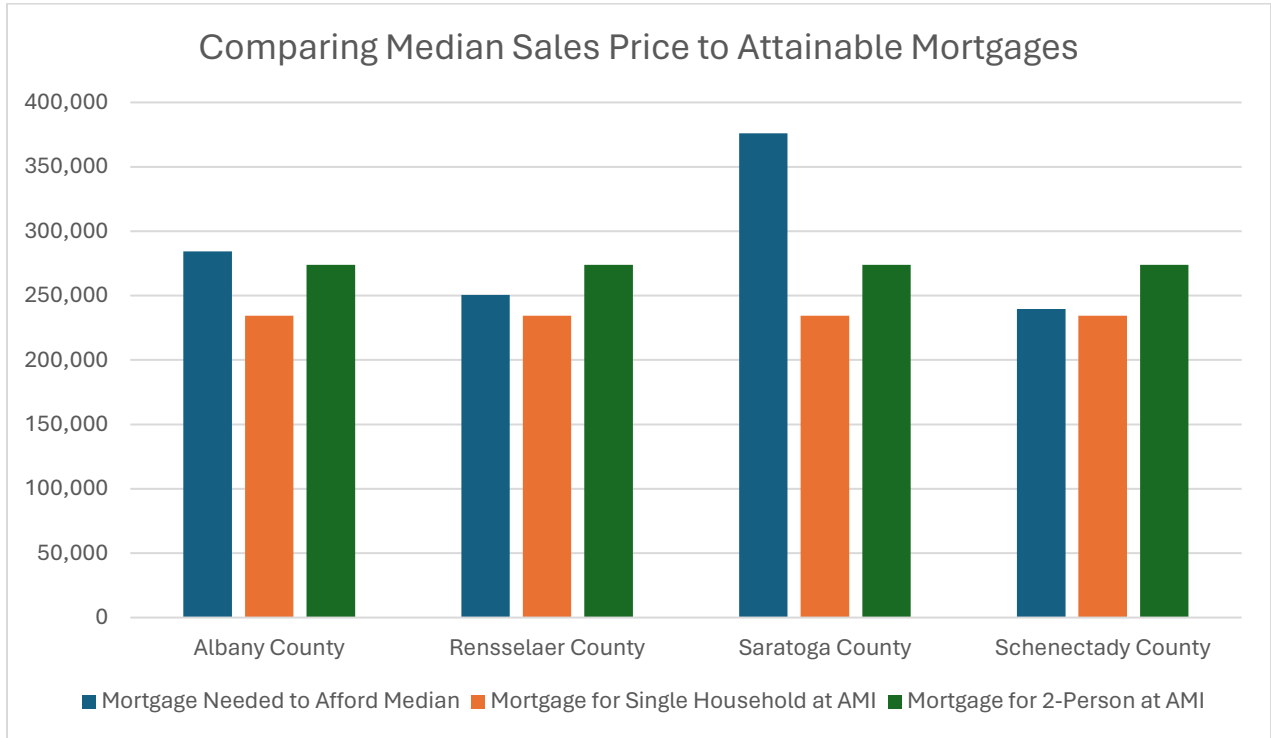
## Homeownership

Homeownership remains a challenge for many individuals struggling to make ends meet, as they face barriers to entry. There is a trend of older homeowners retaining their properties for longer periods of time due to longer lifespans, costs associated with aging care facilities, and a growing desire to age in place ([2023 State of the State](#)). However, this phenomenon contributes to the stagnation of available housing inventory, further intensifying the housing crisis for younger generations striving to attain homeownership.

To demonstrate the difficulty for homeownership, the **mortgage gap** was calculated for each county in the Capital Region. This mortgage gap is calculated by the estimated mortgage that a person making the AMI would qualify for. Single and two person AMI was calculated by taking 70% and 80% of the AMI respectively. The mortgage needed to afford the median sale price of a home is based on:

**Mortgage Gap:** The difference between the mortgage an individual can afford based on their income and the income needed to afford the median house price.

- \$199 dollars a month tax payment (Source: US Census, an average of all four counties).
- \$79 dollars a month insurance payment (Source: US Census, an average for all four counties).
- 5.34% interest payment on a 30-year loan term (Source: [FRED 2022 Annual Interest Rate Average](#)).



#### Affordable Mortgages based on Income

	1-person HH AMI	Mortgage for Single Household at AMI	2-person HH AMI	Mortgage for 2-Person Household at AMI
Albany-Troy Capital Region MSA	\$79,310	\$234,483	\$90,640	\$273,827

Source: Greater Capital Association of Realtors (GCAR) and Department of Housing and Urban Development (HUD)

### Comparing Median Sale Prices to Attainable Mortgages

	Median Sale Price	6% Down Payment	Mortgage Needed to Afford Median Home	Mortgage Gap	
				Single Household	2-Person Household
Albany County	\$302,500	\$18,150	\$284,350	-\$49,867	-\$10,523
Rensselaer County	\$266,500	\$15,990	\$250,510	-\$16,027	\$23,317
Saratoga County	\$399,950	\$23,997	\$375,953	-\$141,470	-\$102,126
Schenectady County	\$254,950	\$15,297	\$239,653	-\$5,170	\$34,174

Source: Greater Capital Association of Realtors (GCAR) and Department of Housing and Urban Development (HUD)

The chart and table above illustrate that most households in the Capital Region would find it financially unfeasible to purchase a home in 2023, especially as a single householder. Given the substantial disparity between household earnings and the cost of homeownership, it comes as no surprise that many individuals in the Capital Region continue to rent rather than transition to homeownership.

## Conclusion

Renters' wages are not keeping up with the cost of housing in the Capital Region, creating a wage gap between what renters can afford based on their income and what the fair market value of an apartment is. Fair market rent in the Capital Region for a one bedroom is \$1,079 and for a two bedroom is \$1,313, requiring renters to make \$20.75 an hour to afford for a one-bedroom and \$25.25 an hour to afford a two-bedroom apartment. However, the reality is renters in the Capital Region earn between \$17.42 and \$22.10 creating a wage gap for one-bedroom apartment in Rensselaer and Schenectady County of \$1.75 and \$0.06, respectively. For two-bedroom apartments all counties experience a wage gap, meaning a single renter's income is not enough to afford a two-bedroom apartment in the Capital Region. This issue is exacerbated by renters' wages not keeping up with the rising cost of rent. From 2022 to 2023, the price of rent has increased by 8.8%, while the increase in renters' wages has only increased by 3.3%. With rent outpacing wages in the Capital Region renters are faced with a decreased ability to afford basic necessities for themselves and families.

There is also a mortgage gap for homeowners, which is the difference between how much is needed to afford a median priced home versus the value of a house a person can afford based on their income. The mortgage gap is evident in all counties for single householders, with mortgage gaps ranging from \$5,170 and \$141,470. However, the combination of two people's income makes owning a home more affordable, especially in Rensselaer and Schenectady Counties. This analysis as it related to renters and homeowners highlights the need to address housing affordability challenges in the Capital Region.



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May 2024

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