Data brief: we have the least housing where renters need it most

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Highlights

➡️ We have the lowest vacancy at the bottom of the rental market, where need is the greatest

➡️ We would need over seven times as many units renting for below $2,400 than above it to achieve 5% vacancy for each range.

➡️ While only 7% of available vacant units have a rent of less than $1,100 per month, 65% of rent-burdened tenants would need a unit at that rent in order to no longer be rent-burdened.

➡️ 703,628 households need rents lower than $1,100, but only 2,297 such units are vacant and available.

What does and doesn't our citywide vacancy rate tell us?

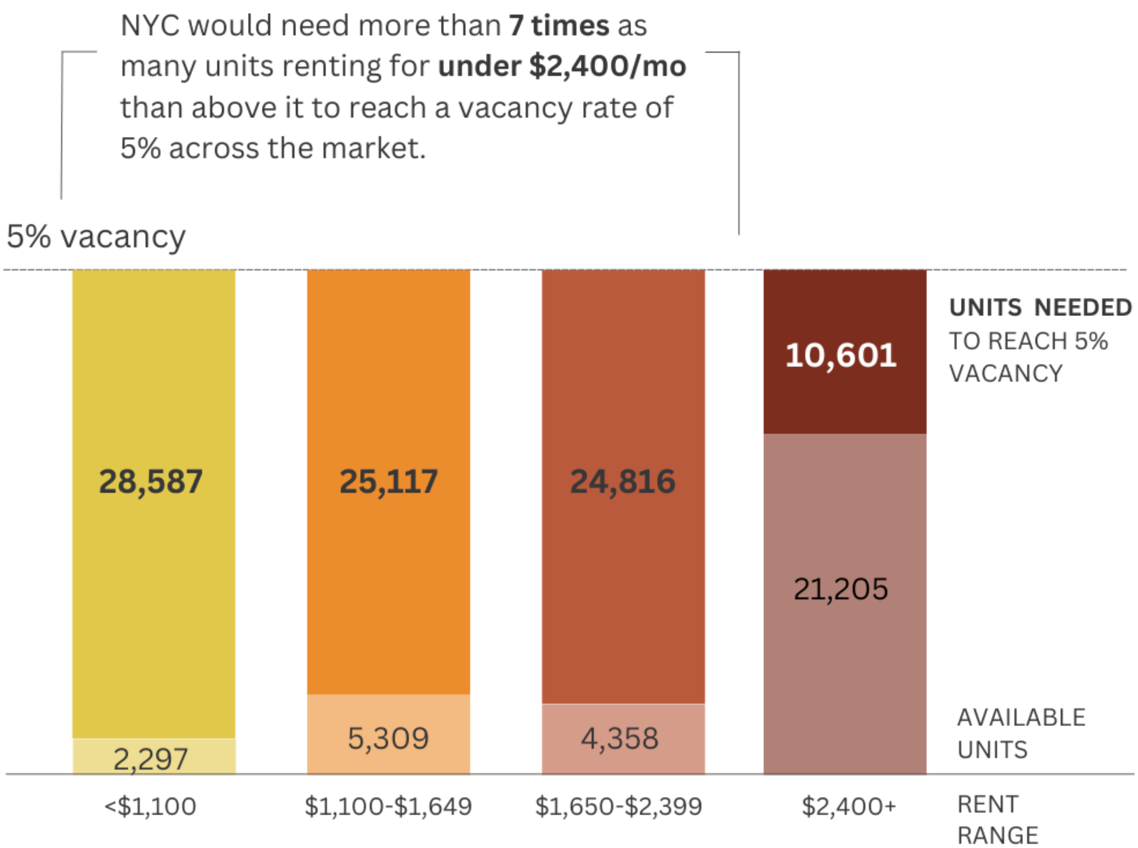
When the New York City Department of Housing Preservation and Development (HPD) released its 2023 Housing and Vacancy Survey (HVS) results earlier this year, alarm bells sounded across the city. Overall vacancy is 1.41% citywide, down from an atypical high of 4.54% in 2021. Yet even with a large overall drop in vacancy, it is concentrated at the top of the market. Meanwhile, **the greatest need for housing is at the bottom of the market, where we have the lowest vacancy.**

The recent deluge of articles on the new vacancy rate suggest that it single-handedly demonstrates the severity of our affordability crisis, implying that a vacancy rate over 5% would mean we were *not* in a crisis. The assertion stems from the legal definition of 5% vacancy as the threshold to determine whether New York City remains in a "housing emergency" and rent stabilization laws should continue, as well as a common assumption of 5% vacancy as an indicator of a healthy rental market.

Unfortunately, that assumption oversimplifies the picture. It is notable that the 2021 HVS found a citywide vacancy rate approaching 5%, at a time when an enormous number of tenants could not pay rent due to the economic impacts of the pandemic. Furthermore, the validity of 5% vacancy as a standard benchmark of a healthy housing market is [subject to debate](#).

Yet even on its face, the citywide vacancy rate is too simple of a metric to understand the nature of our housing crisis. While HPD calculates the citywide vacancy rate by dividing their estimates of the total number of vacant units that are available for rent (33,210) out of the total stock of occupied and available vacant units (2,357,000 units), the agency also breaks down vacancy rates for four approximately even segments of the rental market. This calculation produces vacancy estimates for each of four defined rent ranges.

The following graphic displays vacancy rates across four segments of the housing market in both 2021 and 2023.



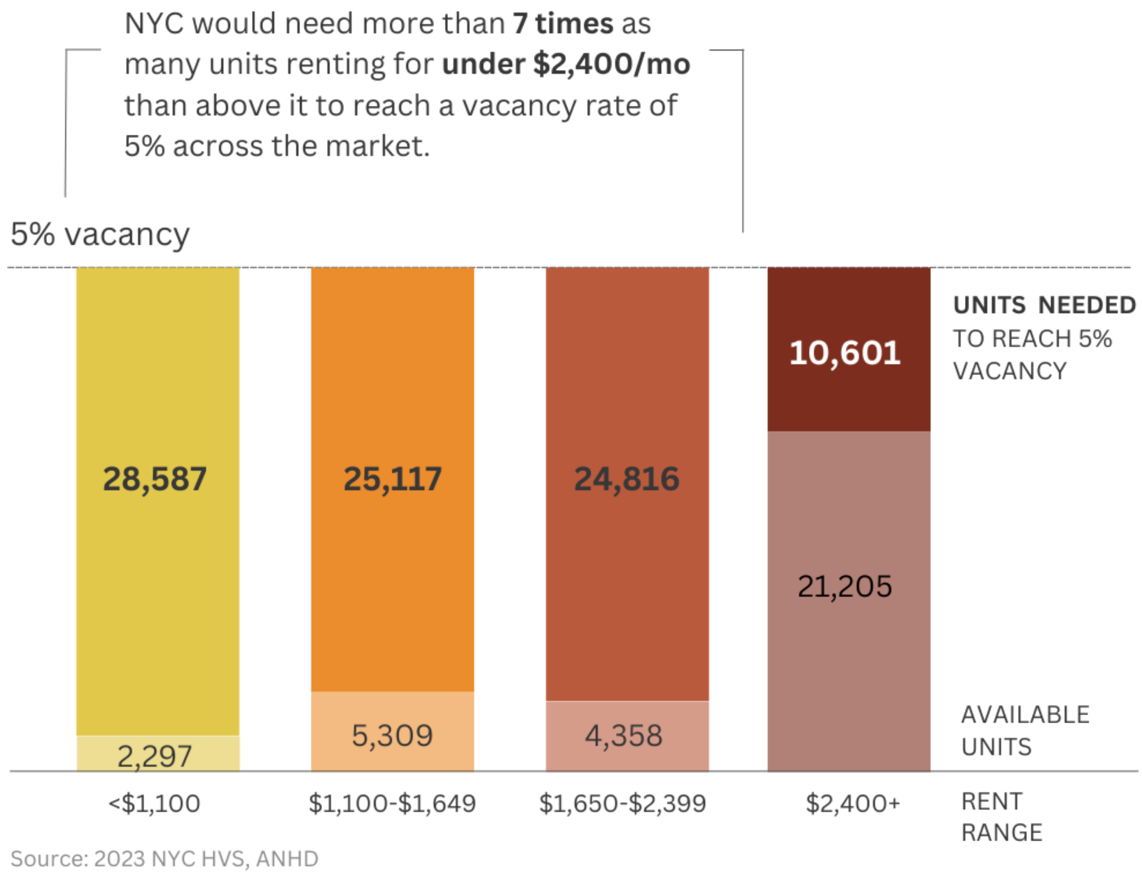
Source: 2023 NYC HVS, ANHD

Mirroring the large drop in overall citywide vacancy between 2021 and 2023, from 4.54% to 1.41%, a comparison of 2021 and 2023 vacancy rates across the rental market shows large decreases for all rent ranges except the second-lowest.

Vacancy was enormously and atypically high at the top of the market in 2021. These abnormally high numbers were in large part attributed to higher-income tenants, who lived in higher-rent apartments, departing New York City during the height of the pandemic. But even with the large overall decreases in vacancy across the market from 2021 to 2023, **vacancy remains extremely concentrated at the high end of the market compared to the bottom and middle.** Vacancy for apartments renting over $2,400 per month is 3.39%: over twice as high as the citywide rate.

In order to better understand what this means in real terms, ANHD used HPD's formula for calculating vacancy and the number of occupied units at each rent range to calculate the number of available vacant units at each rent range[1] as well as the number of units it would take to achieve a 5% vacancy rate for each range (as opposed to in New York City overall).

[1] To calculate the number of available rental units, we used the following formula for each rent range: $a = bc \div (1-c)$ where a = the number of available units, b = the number of occupied units, and c = the vacancy rate. [note about HPD doesn't include this]



The translation of vacancy rates into the number of available vacant units and "needed" units at rent ranges across the market makes abundantly clear that we have a severe shortage of units at the bottom and middle of the market (i.e., the bottom three quartiles). While it would require 10,601 units to achieve a 5% vacancy rate for units renting over $2,400/month, it would require between 24,760 to 28,587 to achieve 5% vacancy at other segments of the market. Added together, **we would need over seven times as many units renting for below $2,400 than above it to achieve 5% vacancy for each range**.

This finding highlights an intrinsic problem with 5% vacancy as a gauge of the health of our housing landscape: it does not account for the fact that vacancy is consistently much lower for lower-rent households.

Many have responded to the release of the new vacancy rate by doubling down on an assertion that the root cause of our city's housing crisis is simply a lack of supply, and the single most important way to solve the crisis is to make it easier to build new housing. Likewise, both Mayor Adams' and Governor Hochul's housing agendas have been laser-focused on incentivizing developers to "build, build, build." But the above chart shows that housing is truly needed at lower ends of the market - not at levels that most new supply is producing. In fact, most new units are much more expensive than $2,400: apartments on the market had a median rent of $3,500/month or higher throughout 2023 and the most recent versions of 421-a mostly produced units for households making up to 130% AMI.

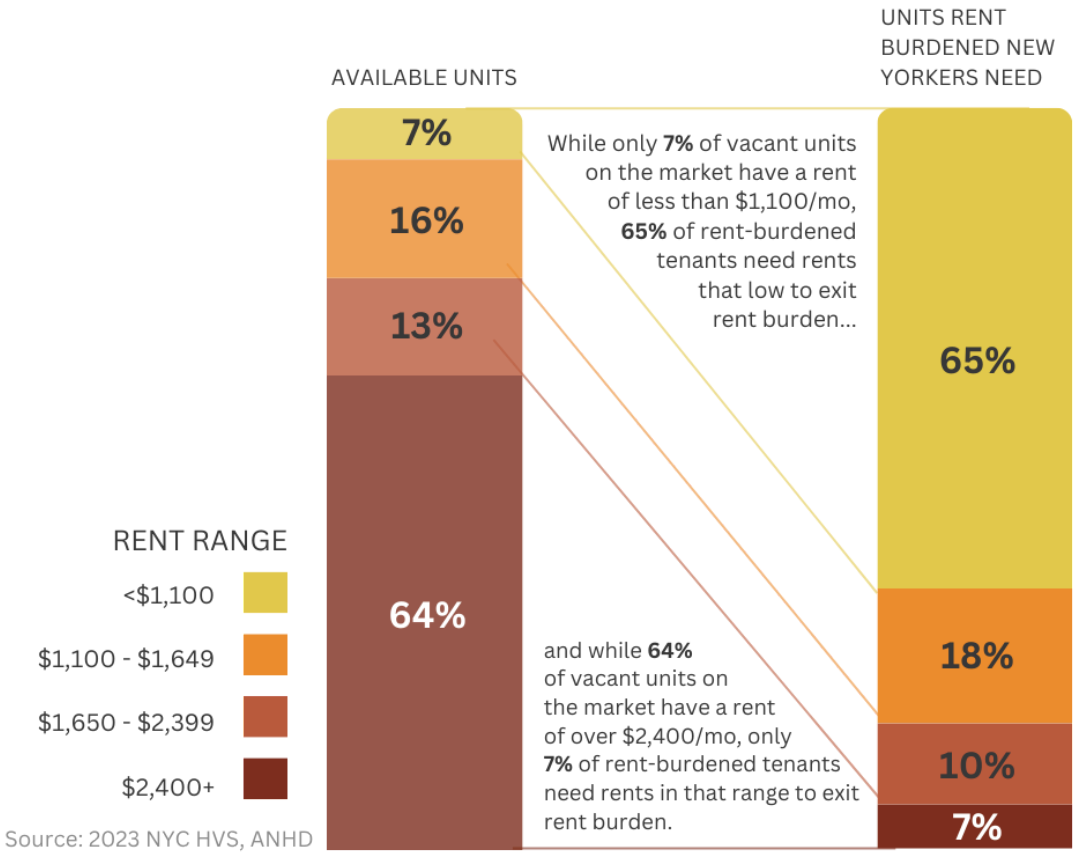
How many households need low-rent housing?

These numbers are stark and reveal flaws in our reliance on the citywide vacancy rate, but they still don't take into account **who actually needs affordable housing most**. To do that, we examine rent burden.

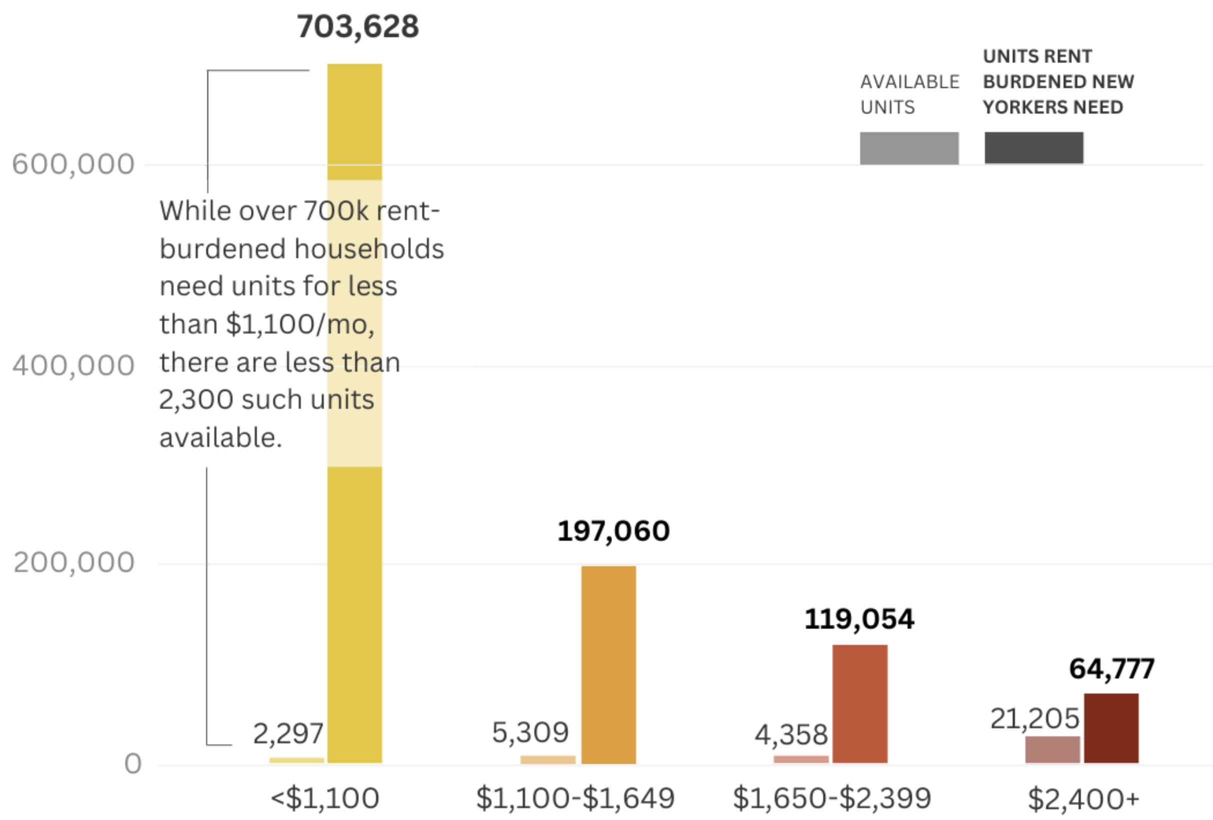
In the following graphic, we compared available vacant units at each of the HVS-defined rent ranges to the portion of the rent-burdened population that could afford each of those rent ranges (in order to pay no more than 30% of their income toward rent).[2]

While the numbers of apartments needed to produce 5% vacancy are relatively even across the bottom three quartiles of the market, the concentration of rent-burdened tenants who could afford those rents is not.

[2] Using Census PUMS 2022 1-year data, we defined income ranges for which each rent range would be affordable, (<$1,100 = <$44,000/yr; $1,100-$1,649 = $44,000-$65,999; $1,650-$2,399 = $66,000-$95,999; $2,400+ = $96,000+), then calculated how many rent-burdened households fall within each of those income ranges.



In fact, **there's a strong inverse relationship between the share of available vacant units and the units rent-burdened New Yorkers would need to no longer be rent-burdened.** While only 7% of available vacant units have a rent of less than $1,100 per month, 65% of rent-burdened tenants would need a unit at that rent in order to no longer be rent-burdened. At the same time, 64% of available vacant units have an asking rent of $2,400 or more, which would be affordable to just 7% of the city's rent-burdened population.



Source: 2023 NYC HVS, Census 2022 PUMS, ANHD

In raw numbers, the differences between households who currently pay more than 30% of their income towards rent and the available vacant units that they could move to are staggering. **While 703,628 households would need rents for less than $1,100 to no longer be rent-burdened, only 2,297 such units are vacant and available, i.e. 306 times as many households than units.** There are 37 times as many households needing rents from $1,100 to $1,649 to no longer be rent-burdened than available units, 27 times as many households needing rents between $1,650 to $2,399, and three times as many households needing rents over $2,400. At the same time, not all rent-burdened households need vacant units; they just need their rents lowered to an amount that is affordable (e.g. via vouchers).

ANHD wholeheartedly rejects claims that a “build, build, build” approach will solve our housing crisis. The picture is clear. **New York City does not need an influx of market-rate and luxury housing to solve our affordability crisis. We need our government dollars and policies to preserve deeply affordable housing, to create new deeply affordable housing for those who need it most, and to help tenants stay in their homes at rents that are affordable to them.**