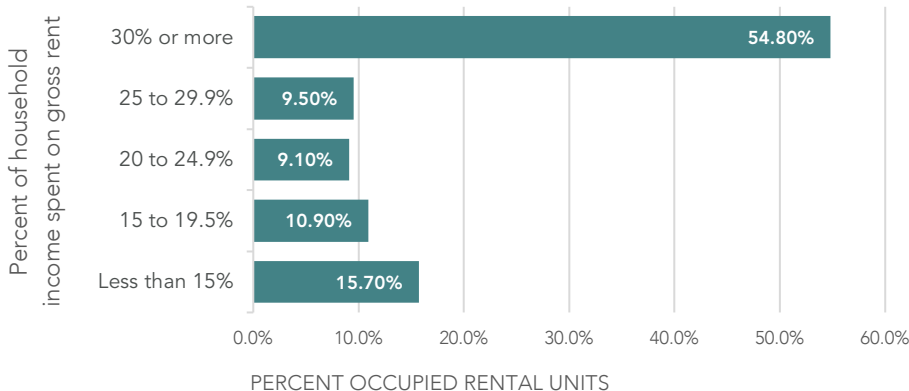# Rental Housing Costs in Buffalo

Sarah Wooton

Introduction

With the renewed popularity of urban living, along with substantial public and private investment in the city, the value of property throughout Buffalo is on the rise. Certain neighborhoods, including Downtown, Allentown, Hertel/Parkside and areas on the West and East sides, are becoming hot markets – with many homes worth double or triple what owners paid for them. As property values rise in cities, rents do too.

RENT AS A PERCENTAGE OF HOUSEHOLD INCOME IN THE CITY OF BUFFALO
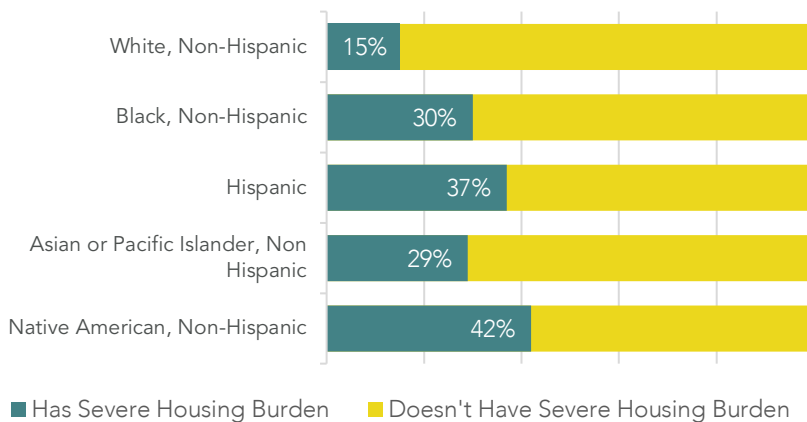*U.S. Census Bureau, American Community Survey, 5-year estimates 2012-2016*

Many Buffalo renters have reported seeing increased rents in their neighborhoods. This is concerning because housing costs for most renters in Buffalo are *already* unaffordable. Rental affordability is considered paying 30% or less of your household income on housing costs, including utilities. The majority of renter households in Buffalo pay more than this (see graph above). Worse yet, nearly one in every four Buffalo renter households pays at least *half* their household income on housing costs.[1] Households of color are disproportionately impacted by this problem (see graph below).[2]

This fact sheet was drafted by Sarah Wooton, Policy Analyst at Partnership for the Public Good. It summarizes the data currently available on the changing costs of rental housing in Buffalo, NY. It explores six data sources for rent figures and what each one can tell us about Buffalo's rental market. The sources include U.S. Census data, online rental listing sites, and housing organizations in Buffalo. It was prepared for the Open Buffalo Innovation Lab.

HOUSEHOLDS IN BUFFALO, NY WITH
SEVERE HOUSING BURDEN BY RACE/ETHNICITY GROUP

White, Non-Hispanic — 15%
Black, Non-Hispanic — 30%
Hispanic — 37%
Asian or Pacific Islander, Non Hispanic — 29%
Native American, Non-Hispanic — 42%

■ Has Severe Housing Burden   ■ Doesn't Have Severe Housing Burden

With tenants already straining to pay rent, even small rent increases can spell disaster. Tenants may be forced to skimp on necessities—like food or medicine—and may even be evicted. Eviction often causes extreme disruption in a person or family's life. It can result in emotional trauma, displacement from neighborhood and support systems, interruption of children's education, loss of possessions, and even job loss. Since affordable, good-quality housing is difficult to find, eviction can also lead to homelessness.

In a recent report, *Affordable Housing Strategies for the City of Buffalo*, PPG analyzed Buffalo's housing challenges and offered a detailed set of recommendations. In this fact sheet, we offer multiple sources of data on rental housing costs. We first document the experience of several rental housing placement organizations in Buffalo with first-hand experience of the issue. Then, we explore six data sources for rent figures and what each one can tell us about Buffalo's rental market. The data suggests small increases in most neighborhoods, with sharper increases in others. The most recent data, and the reports from the housing placement organizations, suggest that some of the data sources have not yet caught up to current conditions, and that future data sets may reflect steeper increases, particularly in certain neighborhoods.

Households of color face severe housing cost burdens at **twice the rate** of white households.

Buffalo Service Providers in the Rental Market

We reached out to organizations in Buffalo that help people find affordable housing. We asked them whether they'd seen changes in rents in recent years and how renters were dealing with any changes. We spoke with five organizations: Belmont Housing Resources for WNY, Catholic Charities, Housing Opportunities Made Equal (HOME), the International Institute of Buffalo, and Rental Assistance Corporation (RAC).

All five organizations said that rents in Buffalo have increased in recent years. One representative said that – in the past year alone – they've seen an average rent increase of $50 per month. Another representative said that while landlords used to increase rent by $5 or $10 at a time, rents were now exploding: between 2015 - 2017, in the Black Rock area, rent had increased approximately $100 per month, while rent had increased about $60 per month in the zip code 14209.[3] The RAC representative noted that increases were especially high in the following zip codes: 14213, 14209, and 14204.

For clients who are section 8 voucher holders, higher rents have meant that it is taking clients longer to find suitable affordable housing. If you receive a section 8 voucher, you have a certain period of time to secure housing before the voucher expires and you lose your housing assistance. In 2017, compared to past years, Belmont saw a higher percentage of clients lose their vouchers because they could not find affordable housing.

When clients are unable to find safe affordable housing, they become desperate and often rent substandard, unsafe apartments. Both the International Institute and HOME have witnessed this trend. The HOME representative told us, "[our clients] don't want to live in substandard conditions, but they're unable to get that nice apartment in North Buffalo that they're looking at. And now, they're forced to live in an area of concentrated poverty, of high levels of segregation according to income and skin color…. You have folks living in properties where walls are collapsing, the pipes have burst, the ceiling is collapsing on them, there's no heat in the winter, there's no water." Not only are clients living in conditions that threaten their health, but these apartments are in parts of city that lack job opportunity, access to fresh food, quality schools, and more.

One service provider told us that they'd seen an average rent increase of **$50 per month** in one year.

Mold and mildew in a tenant's basement. Photo: Judith Doyle

The International Institute has also noticed that some refugee families rent apartments that are too small for their families because they can not afford anything larger. For instance, a family with four adults and seven children might rent a two-bedroom, one-bathroom, 900 square foot apartment, even when the Institute recommends against it.[4] Overcrowding like this can cause significant physical and mental health problems.

In some cases, when clients can not find safe affordable housing in Buffalo, they leave the city. The International Institute has had to place some clients in surrounding suburbs like Amherst or Kenmore. Belmont has seen a trend in the number of voucher holders leaving Erie County altogether and moving to Niagara County, where rents are more affordable.

Data Source #1: U.S. Census, American Community Survey
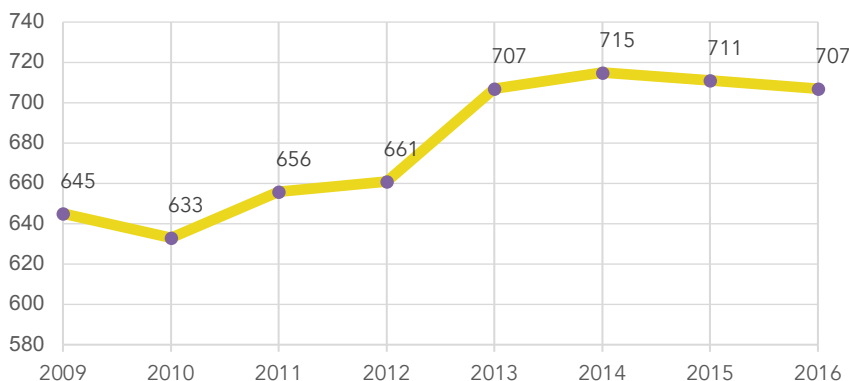
U.S. Census Bureau, American Community Survey 2009-2016 1-Year Estimates, Table B25064: Median Gross Rent (Dollars), https://factfinder.census.gov /bkmk/table/1.0/en/ACS/16_1YR/B25064/1600000US3611000.

SOURCE

In addition to conducting the Census every ten years, the U.S. Census Bureau polls people year-round with the American Community Survey (ACS). About one in every sixty households is surveyed in Erie County each year.[5]

ACS data shows about a **10% increase** in median rent between 2009 and 2016.

BENEFITS

Compared to other data sources, Census data is more representative because surveys are sent out to a random selection of households each year. The U.S. Census Bureau also provides a margin of error (represented as dark bars in the graph) for each data point, so we can see the limitations of each year's results.

DRAWBACKS

A drawback of ACS data is that it is less timely than other sources. This means that we are missing any recent changes in the rental market.

ACS data is also limited because it represents current rent; it does not show us what rent prices are for people who are moving. Oftentimes, landlords wait until tenants move out to increase rental costs, meaning that current listings for rentals are often higher than what individuals are currently paying for rent.

The ACS does not distinguish rental costs by unit size. Therefore, the ACS figures aren't directly comparable to the figures for two-bedroom apartments that we examine throughout this fact sheet.

WHAT IT CAN TELL US

ACS data depicts a trend of mildly increasing rents since 2009. One neighborhood that stands out for its steep increase is the Fruit Belt, where rents increased by 40%.

Fruit Belt neighborhood ACS average median rent 2006-2010: **$489.** 2012-2016: **$684** (40% increase)

Data Source #2: HUD Fair Market Rent
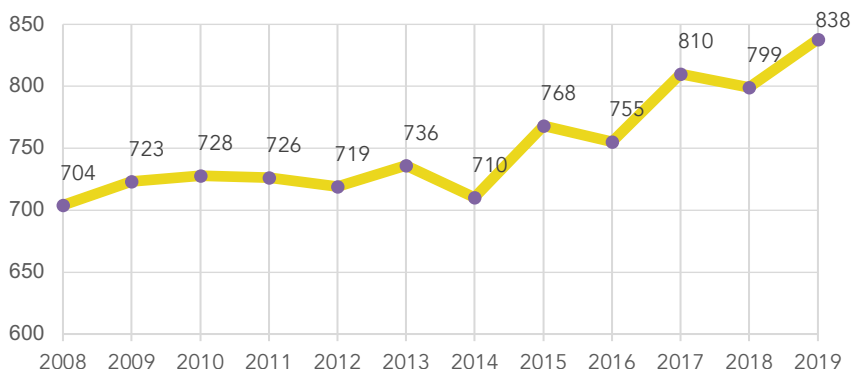
U.S. Department of Housing and Urban Development, Fair Market Rents, https://www.huduser.gov/portal/datasets/fmr.html.

SOURCE

The U.S. Department of Housing and Urban Development (HUD) administers a variety of housing assistance programs throughout the country. To determine standard payment amounts, HUD calculates Fair Market Rent (FMR) for each metropolitan statistical area across the U.S. each year. To calculate these figures, HUD starts with 5-year ACS figures from three years prior (for calculating the 2019 FMR, this is the 2012-2016 ACS), applies a recent-mover adjustment factor, then applies a Consumer Price Index adjustment factor, followed by HUD's own adjustment factor, which forecasts the national change in gross rents.

BENEFITS

Because they are derived from ACS data, HUD's fair market rents are broadly representative. They are also released early each year, so we see trends over time.

DRAWBACKS

FMRs are calculated at the metropolitan statistical area level, which for Buffalo includes all of Erie and Niagara counties, so they aren't representative of the City of Buffalo alone. Also, they use older ACS data (2012-2016) and apply national trend factors, so the figures may not be representative of recent rent trends at the local level.
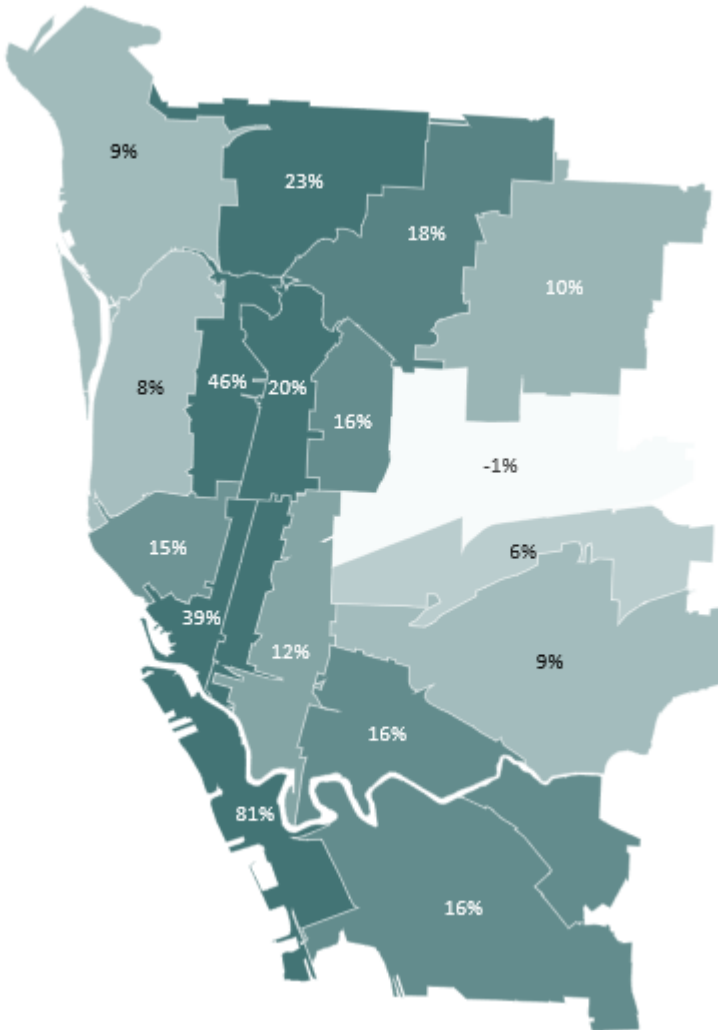
WHAT IT CAN TELL US

In the Buffalo MSA, rents have increased slowly but fairly steadily in the last ten years.

HUD's fair market rent for Buffalo MSA **increased 19%** between 2008 and 2019.

Data Source #3: HUD Small Area Fair Market Rent

PERCENT CHANGE IN SMALL AREA FMR FOR TWO-BEDROOM APARTMENTS BETWEEN 2012 AND 2019

ZIPCODE	% CHANGE
14201	15%
14202	39%
14203	81%
14204	12%
14205	13%
14206	9%
14207	9%
14208	16%
14209	20%
14210	16%
14211	-1%
14212	6%
14213	8%
14214	18%
14215	10%
14216	23%
14220	16%
14222	46%

Department of Housing and Urban Development, Small Area Fair Market Rents, https://www.huduser.gov/portal/datasets/fmr/smallarea/index.html#2019.

SOURCE

HUD developed Small Area FMRs to better tailor housing assistance voucher amounts to the needs of each specific zip code. First, HUD starts with ACS data for that specific zip code. This ACS data dates from 2009-2016 (for the 2012 and 2019 comparison of Small Area FMRs shown here). Then, HUD applies a recent-mover adjustment factor, a Consumer Price Index adjustment factor, and national rent trend forecast factor.

The median change in Buffalo small area FMRs from 2012-2019 is **15%**.

BENEFITS

Like HUD's FMRs for a metropolitan statistical area (discussed on page 6), small area FMRs are considered fairly reliable because they are based on ACS data. Also, zip code level data is helpful because we know that some neighborhoods are more popular than others. This data allows us to examine those differences.

DRAWBACKS

Small Area FMRs use relatively old ACS data. For 2019 calculations, the ACS data comes primarily from 2012-2014. HUD attempts to make up for the age of the data by using national trend factors. However, markets are shifting quickly in Buffalo and national trends may not reflect the local reality.
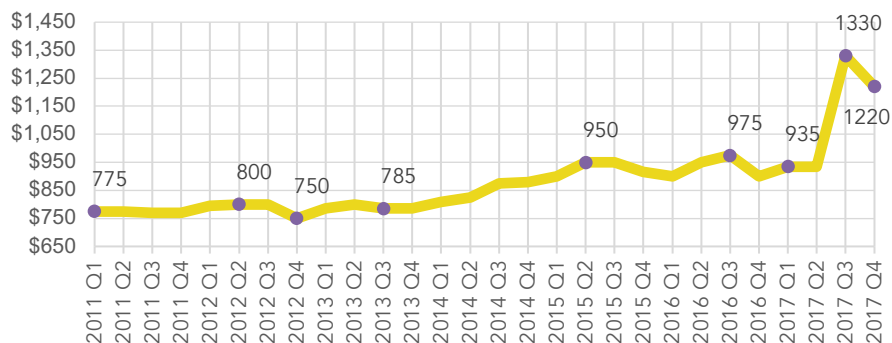
WHAT IT CAN TELL US

The downtown core and Elmwood have seen the highest percent increases in Buffalo, but all zip codes in Buffalo (except 14211) have seen higher small area FMRs between 2012 and 2019.

All zip codes in Buffalo except one have seen **higher** small area FMRs from 2012-2019.

Data Source #4: Rent Jungle

MEDIAN 2-BEDROOM RENT IN THE CITY OF BUFFALO 2011-2017

Rent Jungle Insights Data, interview with author, February 23, 2018.

SOURCE

Rent Jungle is an online search engine for rental housing. According to the site, it collects approximately 80% of all online listings in the United States.[6]

BENEFITS

Unlike ACS data, Rent Jungle provides nearly real-time updates. This means that we can see trends immediately as they occur in the rental market.

Since this data is based on rental listings, it also accounts for the increase in rent that current movers might encounter (versus existing renters).

DRAWBACKS

Like many online listing sites, Rent Jungle data is skewed toward higher-end apartments and large apartment complexes. It does not include any listings from Craigslist. Also, it extends only back to 2011, so we miss out on a longer, historical scope. Further, the website is phasing out its data reporting, so we could not obtain data for 2018.

WHAT IT CAN TELL US

While the absolute numbers we see here are not representative of rents in Buffalo as a whole (since these listings are skewed toward the higher end), the rental trends over time may be valuable. As we can see, there is an overall trend of increasing rent, with a notable jump between 2013 and 2015. In 2017, we see a steep increase due to a rise in the number of expensive rentals listed.[7]

Rent Jungle shows a **21% increase** in median rent between Q1 of 2011 and Q1 of 2017…

it also shows a **30% increase** in median rent between the beginning and end of 2017.

Data Source #5: Apartment List

MEDIAN 2-BEDROOM RENT IN THE CITY OF BUFFALO 2014-2018
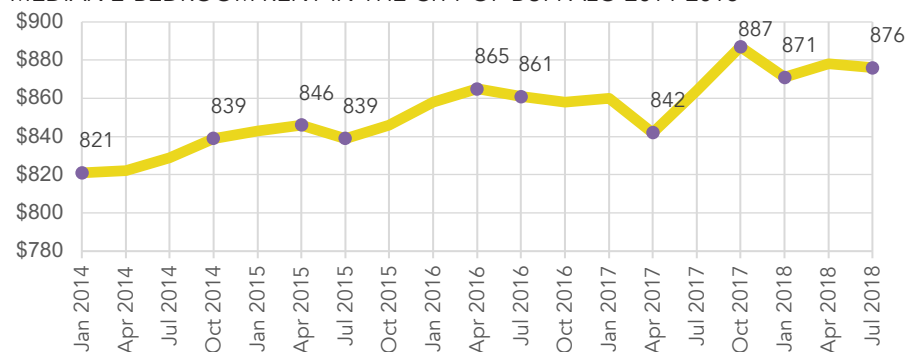
Apartment List, City-Level Historic Data (2014-Present), (September 1,2018), distributed by Apartment List Rentonomics, https://www.apartmentlist.com/rentonomics/rental-price-data/.

SOURCE

Like Rent Jungle, Apartment List aggregates private rent listings online. Unlike Rent Jungle, however, Apartment List calculates rent trends so that they are not skewed toward higher-end apartments. Apartment List starts out with ACS Census figures. Then, it uses its own listings to calculate the actual change in rents over time. Last, it applies that change factor to the original ACS Census figures to generate monthly median rent estimates.

BENEFITS

Since the estimates combine ACS data with a real-time change factor, they are both timely and relatively representative. This makes them ideal in understanding recent trends in rental costs.

DRAWBACKS

Unfortunately, Apartment List data only has data from 2014, so it does not provide insight on historical rent trends.
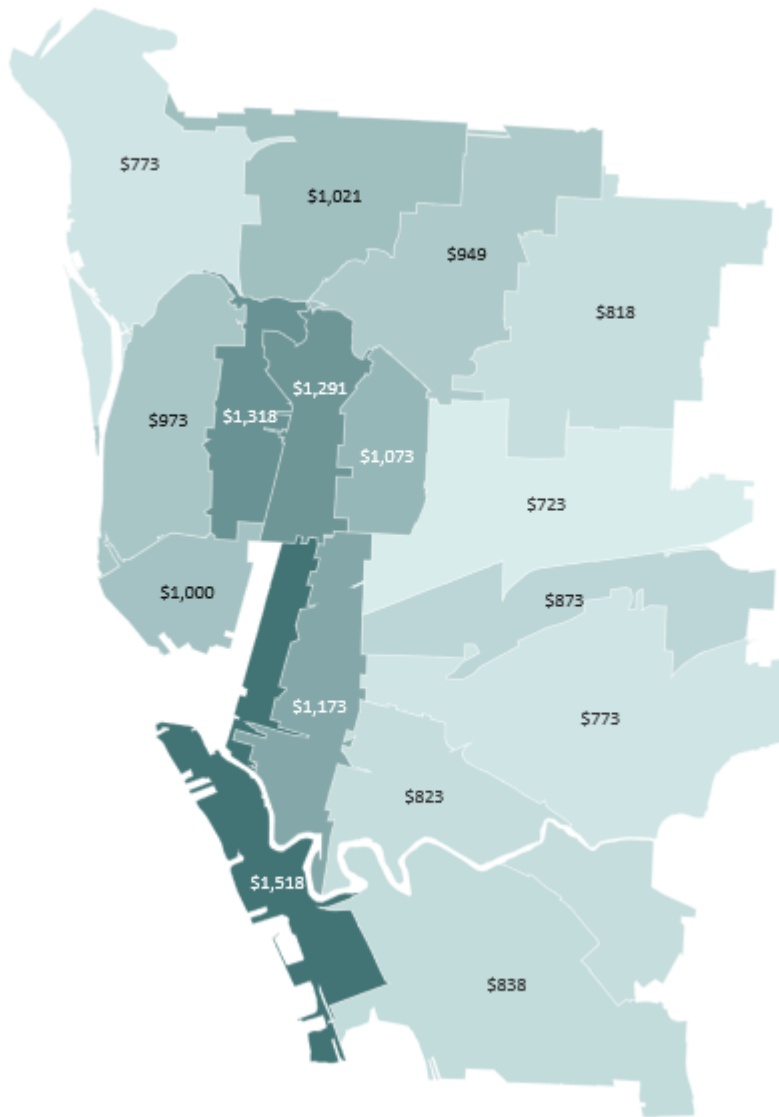
WHAT IT CAN TELL US

In the 2014 to 2018 period, rent costs tended to increase gradually.

Apartment List shows a **6% increase** in median rent between January 2014 and January 2018.

Data Source #6: Craigslist

Median Gross Rent for 2-Bedroom Craigslist Ads by Zip Code in 2018

craigslist

ZIPCODE	MEDIAN	
14201	$	1,000
14203	$	1,518
14204	$	1,173
14206	$	773
14207	$	773
14208	$	1,073
14209	$	1,291
14210	$	823
14211	$	723
14212	$	873
14213	$	973
14214	$	949
14215	$	818
14216	$	1,021
14220	$	838
14222	$	1,315

SOURCE

PPG collected its own data from Craigslist listings. This dataset includes nearly 1000 listings for two-bedroom apartments. These were collected on three separate days in four-month intervals—during the first week of February, May and August 2018. After gathering the listings, we added standard electric and gas costs if they were not included in the monthly rent.

BENEFITS

Craigslist is arguably the largest online rental housing exchange. As of today, it is the 17th most visited web site in the nation and has about 60 million users.[8] This makes it a fairly representative data source.

Also, since we are working with active listings on Craigslist, the figures are representative of the rent prices someone would see if they were looking to move (as opposed to oftentimes slightly lower *current* rent costs).

DRAWBACKS

Unfortunately, Craigslist does not have a data collection arm like other rental sites (e.g. Rent Jungle, Apartment List). This means that we must aggregate the data ourselves, which severely limits its scope.

For this collection, we were only able to collect the listings available on three separate days as opposed to collecting data continuously (like Rent Jungle or Apartment List). While the sample size is still significant, the time of year, month, or even day of week may be influencing our data. For example, rent tends to be cheaper in the winter season than in warmer seasons, so our data is likely skewed higher than it would be if we included future data in November 2018. This also means that we do not have historical records of past Craigslist data and cannot compare rental listings over time.

WHAT IT CAN TELL US

As we would expect, rentals downtown and in Elmwood have the highest median rental listings. Perhaps surprising, however, is that listings in Buffalo's west side zip codes (14201 – $1,000 and 14213 – $973) are on par with North Buffalo listings (14216 – $1,021 and 14214 – $949). We also see rents hovering around $1000 or more in 14209, 14208 and 14204.

Median rent for two-bedroom listings on Craigslist: **$973**

Conclusion

Unfortunately, none of these data sources perfectly capture what's going on in Buffalo's rental market. Some sources lack historical trends, while others are slow to be published, while yet others are skewed high or low for various reasons. Despite these challenges, we can draw general conclusions: at the city level, we see that rents have increased – mildly in some neighborhoods and more steeply in others.

In many neighborhoods, rent has not increased much more than inflation. However, this is still concerning because, for many people, wages have not kept pace with the rate of inflation. Between 2000 and 2014, the median hourly wage in Buffalo decreased from $18.40 to $18.00 (see graph right). For people of color, this decrease was especially severe—with median hourly wages dropping $1.30. When a person's wages are stagnant or falling, even a slight increase in rent can cause real harm.

In other neighborhoods, rents seem to be rising steeply. HUD Small Area FMR data (source #3), shows large increases in the Elmwood area, North Buffalo, downtown, and significant increases in zip codes immediately east of these areas. Yet, even this data source is derived from old ACS data and may not capture recent trends. We do not have any other data that shows us zip code level trends, but we can see this year's rental costs in our Craigslist data (source #6). Here, we see rents hovering around $1000 or more on the west side (14213 and 14201), 14209, 14208 and 14204. Three of these are the very zip codes one of our housing agency representatives cited as having quickly increasing rents.

In recent years, the population decline in the city of Buffalo and in the metropolitan region as a whole appears to have stopped, due in part to an influx of refugees. At the same time, state and local governments have poured substantial resources into redeveloping the waterfront, downtown, and the Medical campus, and generous tax incentives have fueled the redevelopment of older buildings and vacant lots into apartments and condominiums, mostly market-rate and luxury. As a result of these and other trends, the city's housing market has tightened and rents are up, particularly in the affluent corridor that stretches from the waterfront to North Buffalo,

MEDIAN HOURLY WAGE IN
BUFFALO 2000-2014
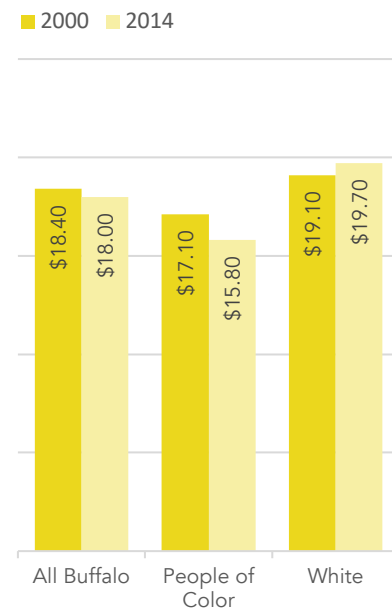
■ 2000 ■ 2014

All Buffalo: $18.40 / $18.00
People of Color: $17.10 / $15.80
White: $19.10 / $19.70

Integrated Public Use Microdata Series as cited in PolicyLink, PERE, "Advancing Health Equity and Inclusive Growth in Buffalo," Buffalo Commons, (2017)

centered roughly on Elmwood and Delaware Avenues. Recently, this trend has begun to extend to other neighborhoods, especially on the West Side but also including the Fruit Belt, Hamlin Park, and beyond. Reports from housing placement agencies show that these trends are starting to have negative impacts on people with lower incomes seeking housing.

Given the severe lack of quality affordable housing already plaguing Buffalo, these trends heighten the urgency of employing strategies such as community land trusts, tax foreclosure reform, inclusionary zoning, and tenant protections to prevent displacement and to safeguard and improve the quality of life and opportunity for all Buffalo residents.

To increase Buffalo's housing affordability and prevent displacement, **the city should implement:**
- Community Land Trusts
- Tax Foreclosure Reform
- Inclusionary Zoning
- Tenant Protections

Affordability Strategies

Community Land Trusts A community land trust (CLT) is a private, nonprofit corporation that acquires and retains ownership over plots of land, while letting others own buildings on that land. Land trusts market their housing to low and moderate income households and sell homes at below-market prices. To keep these homes affordable, purchasers must agree to resale restrictions. In other words, their sale price is capped at a certain level of profit, so that they can make a profit, but the house remains affordable for the next buyer.

Tax Foreclosure Reform The City should accept partial payments for unpaid tax balances, should not foreclose on owners who owe less than $500 and should establish a Taxpayer Hardship Assistance Program to provide financial assistance and counseling to residents who have faced a temporary loss of income.

Inclusionary Zoning The City should require that developers make 30% of all housing units affordable to people with incomes under 80% Area Median Income for all new housing projects in the City of Buffalo.

Tenant Protections The City should protect tenants against substandard housing by passing a law requiring landlords to cure any outstanding housing code violations before they can file to evict any tenants of that home. The City should more vigorously enforce its anti-discrimination housing law, and should dedicate additional funds to teaching tenants about their rights.

Sources

[1] U.S. Housing and Urban Development Department, Affirmatively Furthering Fair Housing Map Tool, Table 10 – *Demographics of Households with Severe Housing Cost Burden*, (September 2018), https://egis.hud.gov/affht/#.

[2] Ibid.

[3] Belmont Housing Services, interview with author, April 20, 2018.

[4] The International Institute representative made it clear that the organization does not encourage or support this kind of living: "I understand the reason they live like this because then they can share rent expenses, but that's not what we support, and it's not an adequate living arrangement…We can't place them in a situation like that, and we try to convince them not to live like that."

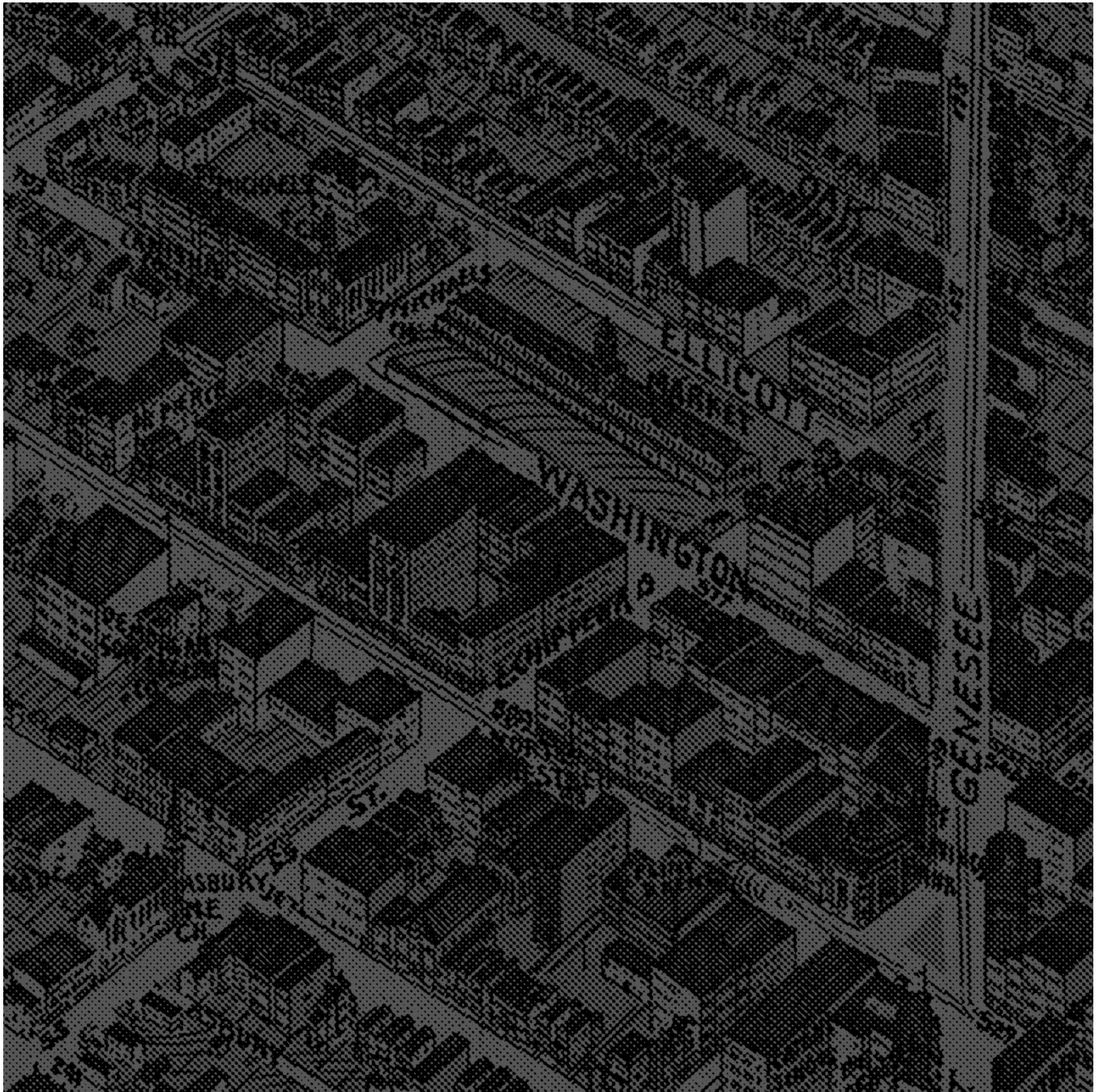[5] U.S. Census Bureau, 2007-2016 American Community Survey 1-Year Estimates, Table B98001: Unweighted Housing Unit Sample, https://factfinder.census.gov/bkmk/table/1.0/en/ACS/16_1YR/B98001/0500000US36029.

[6] "Intelligent Market Research with the Most comprehensive, Real-Time Rental Property Data," *Rent Jungle*, accessed August 29, 2018, www.rentjungle.com/about/data/.

[7] I confirmed with a Rent Jungle Data Analyst that this was the reason for the nearly $400 increase between 2017 Q2 and 2017 Q3.

[8] "Craigslist.org Traffic Statistics," *Alexa*, accessed August 29, 2018, www.alexa.com/siteinfo/craigslist.org.

[9] Integrated Public Use Microdata Series as cited in PolicyLink, PERE, "Advancing Health Equity and Inclusive Growth in Buffalo," *Buffalo Commons*, (2017), https://ppgbuffalo.org/files/documents/health/health_disparities/health-_advancing_health_equity_and_inclusive_growth_in_buffalo.pdf, 38.

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