

Report shows minimum-wage workers cannot afford apartment anywhere in New York City

By Isaac Finn
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According to a recent report by the New York real estate web site StreetEasy, it is impossible for a worker making \$8.75 per hour, New York's minimum wage, to afford an apartment—defined as spending no more than 30 percent of monthly income—in any New York City neighborhood.

The financial and cultural capital of the US has become synonymous with immense economic inequality and the astronomical cost of living. Rental costs hit a record high in July, while the average sale price of a Manhattan apartment climbed to \$1.87 million, even as the city experiences epidemic levels of homelessness.

The StreetEasy report demonstrates that New Yorkers would need to earn an hourly wage of at least \$38.80, roughly four times the current minimum wage, in order to afford the city's 2015 median asking rent of \$2,690. In the borough of Manhattan, where median rent is the highest, the income needed would be \$44.60 an hour. The comparable number in Brooklyn would be \$35.87 an hour, in Queens \$29.67, in Staten Island \$26.21, and in the Bronx \$21.26.

Residents in Central Park South, Manhattan—one of the world's most expensive neighborhoods—must take in at least \$85.07 an hour, about nine times the current minimum wage, to meet the affordability standard. The report notes that a minimum-wage worker, even if he or she worked every hour of the day every day of the year, would be unable to afford rent in Central Park South, as well as in 46 other neighborhoods in New York City.

StreetEasy, in a separate report released last March, noted that rental prices grew at almost twice the rate of income between 2000 and 2013. Based on an estimation of median rent, a new resident of Brooklyn will spend roughly 60 percent of his or her annual

income on rent in 2015, while a new resident of the Bronx, the poorest borough, would spend 52 percent. The corresponding figures for Manhattan are 48.8 percent, for Queens 41.4 percent, and for Staten Island 30.1 percent. The result is that this year no borough in New York City will have an “affordable” median rent.

The high rent-to-income ratio is particularly devastating to the one-third of New York's almost 3.7 million private sector workers who are currently earning \$11.75 an hour or less. These workers include recent college graduates, among whom there are many who still have to pay off student loans.

New York Governor Andrew Cuomo has won headlines for proposing a statewide minimum wage of \$15 an hour, but even if this were enacted and became applicable immediately, minimum wage workers would still be unable to afford most apartments in the city. In only one New York neighborhood, Throgs Neck in the Bronx, would a worker making \$15 an hour be able to keep housing costs at or below 30 percent of monthly income.

Overall, a raise in the minimum wage to \$15 in New York City would not carry the same weight as it does in other regions of the country because of the high cost of living. A recent study by the Pew Research Center calculated that a \$15 wage in New York City has the purchasing power equivalent to only \$12.26 nationally due to the higher costs of health care, groceries and transportation.

The StreetEasy report explains that rental costs force low-wage workers to either find “several roommates to lower their personal rent burden, take on more than one job, or move out of New York City,” which would force them to incur further transportation costs—such as \$300 for a monthly pass to take the Metro-North commuter railroad from Valhalla, New York, where

housing costs are somewhat lower. The monthly rail ticket would not include the additional \$116.50 cost of a monthly subway card. Many workers would not be able to put down these large lump sum amounts, and as a result would end up paying even higher ticket costs on a per diem basis.

Even where low-wage workers can find subsidized housing, many of these programs can choose to opt out of affordability rent restrictions after 10 years. By 2024 more than 58,000 units in the city—financed through the Department of Housing and Urban Development (HUD), HUD project-based rental assistance, or by the Low-Income Housing Tax Credit—will be eligible to opt out of rent restrictions.

At the same time, what New York mayor Bill de Blasio calls “affordable” rent remains out of a minimum wage earner’s price range. The mayor has called for developers to set aside 30 percent of their units for those making as much as 130 percent of the median income, or about \$2,800 per month for a family of four.

The SteetEasy figures make a mockery of de Blasio’s claim that the construction of 200,000 affordable units in the city over the next ten years will make a huge difference in living conditions.

The unaffordable housing costs reflect the immense economic and social polarization that characterizes contemporary capitalism, nowhere more intensely than in New York City. While the upper-middle class and the super-rich currently drive the demand for “market rate” and luxury housing, the great majority of the population struggles to meet monthly rent and the costs of other basic necessities.

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