



The Cost of Housing in Philadelphia—and Residents' Ability to Pay for It

Key takeaways from Pew's report on the state of housing affordability in the city

Overview

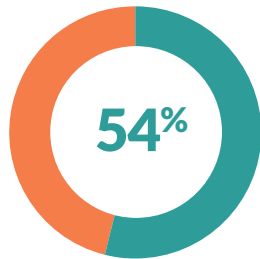
Many Philadelphia residents struggle to afford housing, even though the cost of owning a home in Philadelphia is the lowest among the nation's 10 largest cities and rental costs are among the lowest. And as Philadelphia grows, housing affordability is increasingly becoming a challenge.

To assess the situation, The Pew Charitable Trusts examined, in a September 2020 report, the price of housing in the city and people's ability to pay for it, comparing Philadelphia's data with that of other large cities. This fact sheet presents the report's key takeaways.

A common measure of housing affordability is cost burden, which occurs when a household spends 30% or more of its income on housing costs, including rent, mortgage payments, utilities, insurance, and property taxes. In 2018, 40% of Philadelphia households were cost-burdened and more than half of them were severely cost-burdened, spending at least half of their incomes on housing. And more renters than homeowners were affected, with 54% of rental households being cost-burdened, compared with 32% of homeowners with mortgages and 22% of those who owned their homes free and clear.

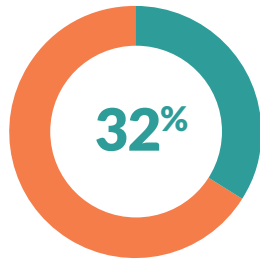
Figure 1

Cost Burden Is More of a Problem for Renters Than for Homeowners



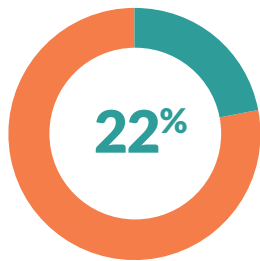
Renters

Renters have the highest cost burden rate among Philadelphians, at 54%, even though their housing costs are lower than those of homeowners with mortgages. Half of renters pay \$1,032 or less for all of their housing costs each month.



Homeowners with mortgages

Some 32% of households with mortgages are cost-burdened. They also pay the most for monthly housing expenses—a median of \$1,243.



Free and clear owners

Cost burden rates for homeowners with no mortgages are low compared with other households—22% of them are cost-burdened. They also have the lowest housing costs; half pay \$448 or less each month.

Source: Pew analysis of U.S. Census Bureau, “American Community Survey, Public Use Microdata Sample,” 2018 one-year estimates

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The percentage of Philadelphia households that qualified as cost-burdened was not atypical among the nation’s 10 most populous cities (New York, Los Angeles, Chicago, Houston, Phoenix, Philadelphia, San Antonio, San Diego, Dallas, and San Jose, California) nor among the 10 largest high-poverty cities (Detroit; Cleveland; Milwaukee; Memphis, Tennessee; Tucson, Arizona; Philadelphia; New Orleans; Houston; Fresno, California; and Miami). In some of those places—including New York and San Diego—high housing costs contribute significantly to cost burden. In Philadelphia, low household income is the primary factor.

Cost burden was high for Philadelphia households earning less than \$50,000 per year, much lower for those earning \$50,000 to \$99,999, and virtually nonexistent for those making more than \$100,000. (See Figure 2.)

Figure 2
Household Cost Burden by Income in Philadelphia

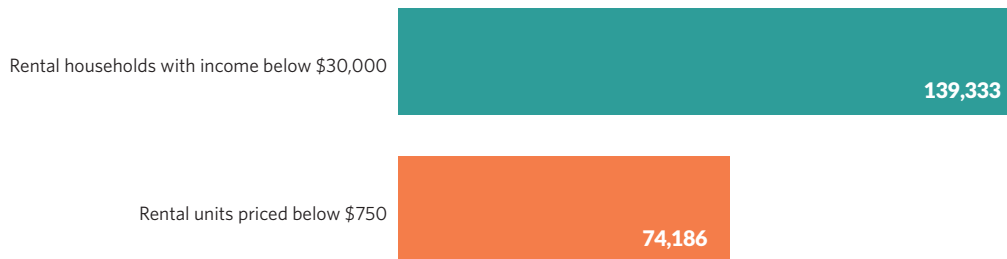


Source: Pew analysis of U.S. Census Bureau, “American Community Survey, Public Use Microdata Sample,” 2018 one-year estimates

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Low-income renters faced the greatest challenge in finding housing they can afford. To avoid being cost-burdened, households with annual incomes below \$30,000 need to spend less than \$750 per month on housing. There are nearly twice as many low-income renter households as housing units priced that low. (See Figure 3.) In Philadelphia, 88% of these households are cost-burdened and 68% are severely cost-burdened, meaning they spend at least half of their income on housing costs.

Figure 3
Disparity Between Number of Rental Households Needing Low-Cost Housing and Number of Low-Cost Units in Philadelphia



Source: Pew analysis of U.S. Census Bureau, “American Community Survey, Public Use Microdata Sample,” 2018 one-year estimates

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About 142,000 Philadelphia renters are cost-burdened, an increase of about 10% over the past decade. Interestingly, the number of cost-burdened renters with household incomes of \$50,000 to \$99,999 more than doubled—from 5,000 to 13,000—over the same period. Even so, the affordability problem in the rental market exists primarily at the low end of the income scale.

If Philadelphia continues to grow, it will be increasingly difficult for households to find housing sufficiently affordable to prevent them from becoming cost-burdened.

For further information, please visit:
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