

## Easing Rent Burdens for Seniors and the Disabled

### *Revised Edition*

Two bills currently pending in Albany would extend the city's Senior Citizen Rent Increase Exemption (SCRIE) to assist some disabled New Yorkers with their rent burdens, and expand the program to serve higher-income seniors and disabled. An analysis by IBO finds that while this legislation would expand eligibility for rent subsidies, another approach based on lowering the share of rent paid by seniors or the disabled would enable more people to benefit—though at a higher cost to the city. IBO also finds that only one out of three households currently eligible for SCRIE is participating in the program.

IBO's analysis of the state proposals, using the 1999 Housing and Vacancy Survey (HVS), shows that extending current SCRIE benefits to the disabled would expand eligibility by some 36,000 households, and—assuming current rates of participation in SCRIE—would cost the city \$14.3 million annually in foregone property tax revenues by the fifth year of enactment. Raising the income cap to \$50,000 would have a modest fiscal impact—just over \$600,000 more per year—since relatively few qualified disabled households have incomes over the current limit of \$20,000. Raising the income ceiling for senior households would add less than \$3 million annually to the current cost of the program. The city would also incur \$1.5 million or more per year in administrative costs if both bills were approved.

In addition to the current proposal to raise the income ceiling, IBO considered another, possibly complementary, approach to expanding the number of senior and disabled households receiving rental assistance. By lowering the requirement that households pay at least one-third of their income in rent to 30 percent—the benchmark for federal housing programs—legislators could add more than twice as many households than by raising the income cap.

The relatively low current participation in SCRIE—only one-third of eligible households are benefiting—has been attributed to a lack of knowledge about the program or to the administrative burden of applying. One possible effect of the enactment of new legislation could be increased awareness of the program and higher participation rates. A participation rate of 50 percent among senior households eligible under current law would cost the city \$28.8 million per year in lost property taxes. Adding the disabled with an income cap of \$50,000 would cost \$22.3 million annually given a 50 percent participation rate. The administrative costs would rise also, by around \$2.5 million annually.

**SCRIE Today.** The current SCRIE program applies to rent-regulated apartments occupied by households headed by individuals who are at least 62 years old with a household income of no more than \$20,000. Households must also pay at least one-third of their monthly net income

*Technical details on this analysis are available on IBO's Web site. For more information, please contact Molly Wasow, budget and policy analyst, at (212) 676-9247, or by e-mail at [mollyw@ibo.nyc.ny.us](mailto:mollyw@ibo.nyc.ny.us)*

**New York City  
Independent Budget Office  
Ronnie Lowenstein, Director  
110 William St., 14th floor  
New York, NY 10038  
Tel. (212) 442-0632  
Fax (212) 442-0350  
e-mail: [ibo@ibo.nyc.ny.us](mailto:ibo@ibo.nyc.ny.us)  
<http://www.ibo.nyc.ny.us>**

in rent. Eligible households are exempt from rent increases. The property owner receives a property tax abatement to compensate for lost rental income.

According to Department of Finance statistics, 44,481 households were benefiting from SCRIE as of June 2000, at an annual cost to the city of \$63.5 million.

**Estimated Expansion Cost.** There are currently two proposals pending in Albany, one that would extend the existing benefit to disabled households (S.3956-B), and another that would raise the current income ceiling for both senior and disabled households (S.5257-B). Versions of both bills have passed the Assembly. IBO estimates that extending the program to the disabled, defined as persons who are certified to have a “physical or mental impairment ... which substantially limits one or more of the individual’s major life activities,” would increase the total number of eligible households by at least 36,000, at a cost in lost property taxes of \$2.4 million in the first year of enactment, rising to \$14.3 million after five years.

Raising the annual income ceiling to \$50,000 adds a relatively small number of eligible households—3,200 senior households and less than 1,000 disabled households. Raising the income ceiling to \$50,000 for disabled households would add about \$600,000 a year to the cost. Raising the income ceiling for senior households, which are more numerous, would cost \$2.7 million a year.

The city’s Department for the Aging (DFTA) is responsible for reviewing SCRIE applications, at a current annual cost of about \$5 million. If both expansion measures are approved in Albany, DFTA’s administrative costs would rise also, by roughly \$1.5 million.

**Lowering the Rent Threshold.** Under current law, households must spend at least one-third of their income on rent to qualify for SCRIE. Lowering the rent threshold would reach more households than raising the income ceiling (although the two are not mutually exclusive). Lowering the threshold to include seniors who pay 30 percent or more of their income in rent, but leaving the income cap at \$20,000 per year, would reach an additional 7,710 households—over twice the number added by raising the income ceiling and keeping the rent threshold at one-third of income. The number of disabled households added in this way would be

over 1,800—again, substantially more than would be added by raising the income ceiling, even to \$50,000.

<b>Cost of Expanding SCRIE Eligibility</b>					
<i>Additional households and cost of foregone property tax revenues, in millions of dollars</i>					
		Rent at least one-third of income		Rent at least 30 percent of income	
		Senior	Disabled	Senior	Disabled
Up to \$20,000	Cost	\$0	\$14.3	\$2.5	\$0.6
	Households	--	36,284	7,710	1,841
\$20,000 to \$50,000	Cost	\$2.7	\$0.6	\$1.6	\$0.0
	Households	3,218	934	2,923	0

SOURCE: IBO; 1999 Housing and Vacancy Survey.  
NOTE: Costs in fifth year of enactment. DFTA administrative costs not included.

This would of course increase not only the number of eligible households but also the cost to the city. The property tax loss from lowering the threshold for seniors to 30 percent would be an additional \$2.5 million annually (maintaining the income cap at \$20,000). The cost of including disabled households paying 30 to 33 percent of their income in rent would be similar to the cost of expanding the income ceiling—roughly \$600,000 annually.

On a per household basis, the cost of expanding SCRIE eligibility in this way would actually cost less than raising the income ceiling. The reason is that average rents among lower-income seniors with rents that are at least 30 percent of household income are lower than rents paid by higher-income households with higher rent burdens, as a percent of household income. Expanding the program in both ways— income and rent burden—for both seniors and disabled would of course cost the city more—an additional \$7.9 million annually in foregone property tax revenues.

**Participation Rate.** As of June 2000, 44,481 senior households were participating in the SCRIE program. If the HVS estimate of 133,388 eligible households is correct, only about one-third of eligible seniors are currently participating in SCRIE. Simply maintaining the existing income and rent-to-income ratio guidelines, while increasing the participation rate to 50 percent, would reach an additional 22,209 households. Clearly, changes in the participation rate would significantly raise program costs. A participation rate of 50 percent would increase the annual cost of raising the SCRIE income cap by \$30.1 million. Extending benefits to the disabled with a \$50,000 income cap would cost \$22.3 million if 50 percent of eligible households participated. Administrative costs for DFTA could rise by as much as \$2.5 million annually. **IBO**