



Renters Are Disproportionately Cost-Burdened in Philadelphia's Bustleton, East Germantown Areas

State of the city's neighborhoods

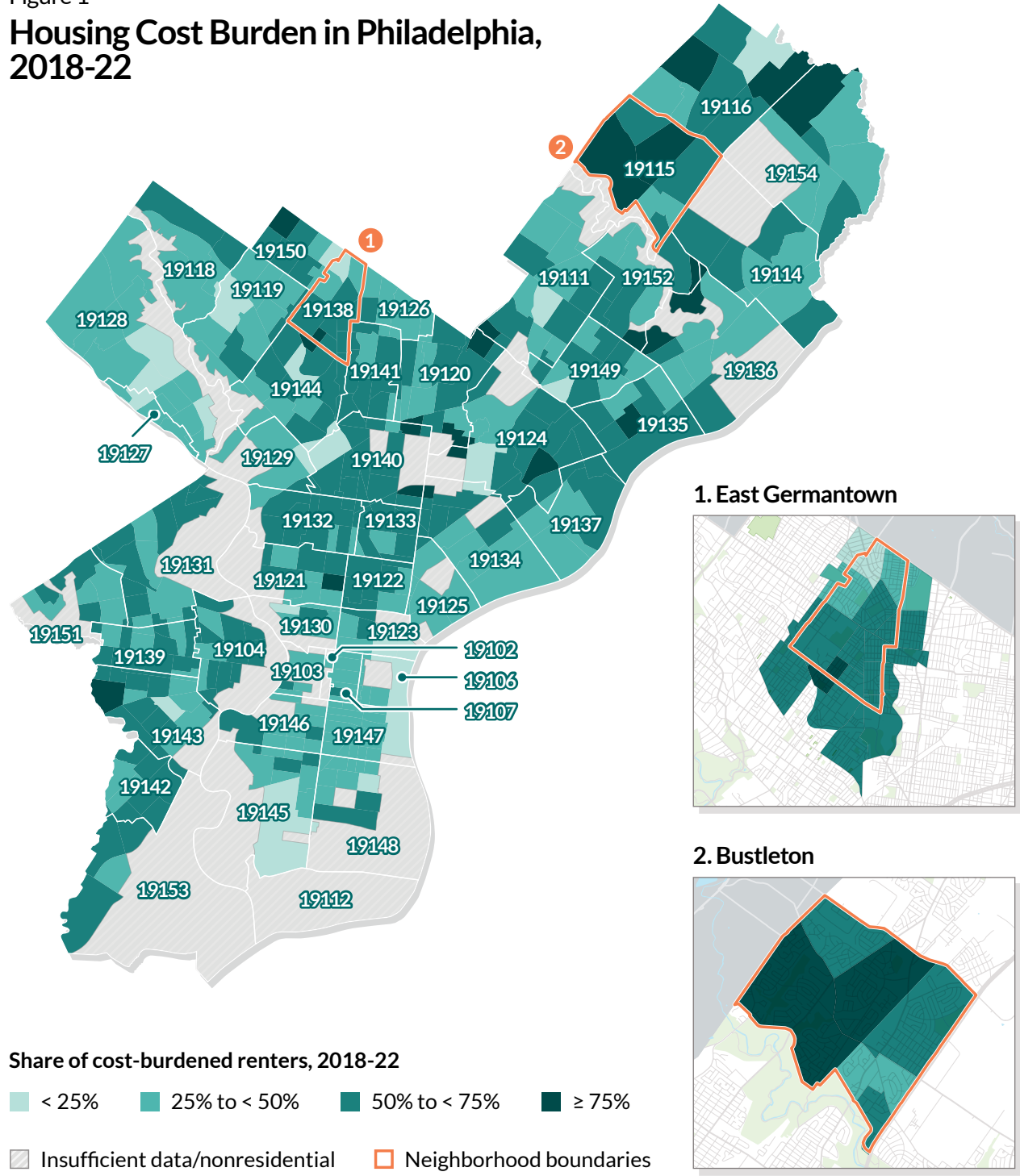
Although Philadelphia has often been called a “city of homeowners,” there are now nearly as many renters as homeowners throughout the area. From 2018 to 2022, some 48% of Philadelphia households rented their homes, according to The Pew Charitable Trusts’ analysis of the U.S. Census Bureau’s five-year American Community Survey data; and the total number of renters increased by 11% over the prior decade. But during this period, nearly half of renters (48.5%) were cost-burdened, meaning they spent 30% or more of their income on rent and utilities.

To better understand changes among cost-burdened renters in Philadelphia, Pew looked at census data at the ZIP code and tract level, discovering the highest concentrations of cost-burdened renters in North, West, and Northeast Philadelphia, and the lowest concentrations in Center City and parts of Northwest Philadelphia. (See Figure 1.)

Comparing census data from 2013-17 and 2018-22 shows that the share of cost-burdened renters declined throughout much of the city. But there were isolated pockets of increases along its borders, particularly in Northwest and Northeast Philadelphia.

To learn more about these patterns, Pew examined two neighborhoods: Bustleton in the Northeast and East Germantown in the Northwest, areas where cost burden changed significantly. In both communities, the percentage of cost-burdened renters in the 2018-22 period was higher than the citywide level of 48.5%: Bustleton at 58%, and East Germantown at 52%. Focusing on these two neighborhoods sheds light on some of the different experiences cost-burdened renters have in Philadelphia, showing the impact of income and rent. (See Table 1.)

Figure 1
Housing Cost Burden in Philadelphia, 2018-22



Source: U.S. Census Bureau, American Community Survey, five-year estimates, 2018-22, Table DP04 (Selected Housing Characteristics), <http://data.census.gov>

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Table 1

Cost-Burden Changes in Bustleton, East Germantown, and Philadelphia Overall

Neighborhood	Change in share of renters paying at least 30% of income in rent, 2013-17 to 2018-22	Percentage of renters	Gross rent, 2022	Household median income
Bustleton	34%	37%	\$1,172	\$67,050
East Germantown	-15%	36%	\$1,137	\$48,091
Philadelphia	-2%	48%	\$1,250	\$57,537

Sources: U.S. Census Bureau, American Community Survey, five-year estimates, 2013-17 to 2018-22, Table DP04 (Selected Housing Characteristics), <http://data.census.gov>; U.S. Census Bureau, American Community Survey, five-year estimates, 2018-22, Table S2503 (Financial Characteristics), <http://data.census.gov>

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Bustleton

Northeast Philadelphia's Bustleton neighborhood is a residential area whose boundaries coincide with those of the 19115 ZIP code. One of the major landmarks bordering the neighborhood is Pennypack Park, which runs along its western edge. To the south, on Roosevelt Boulevard, are shopping malls, distribution centers, small businesses, and several Russian and Ukrainian grocery stores catering to the growing population of foreign-born residents of those nationalities.

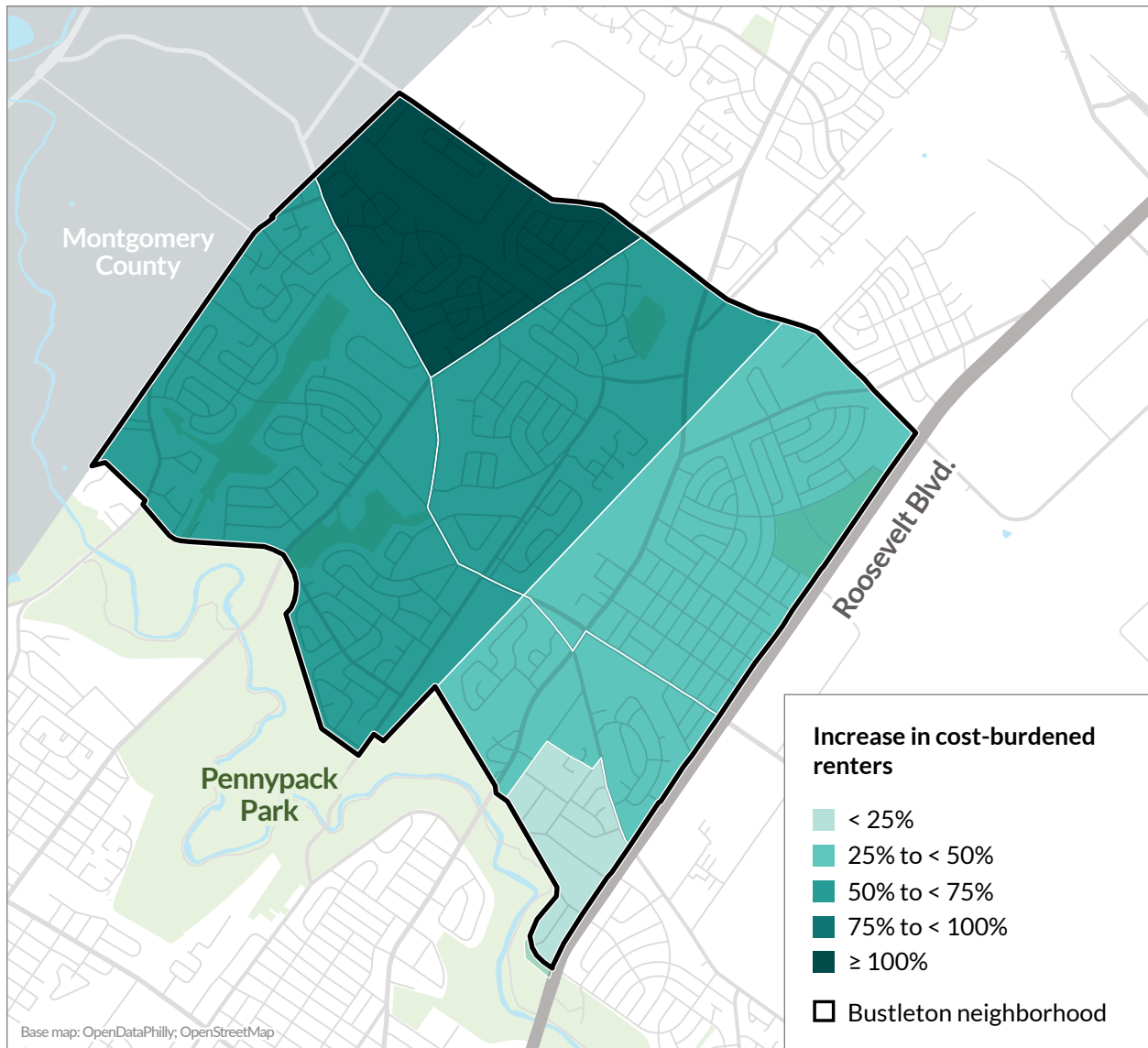
Much of the area has a suburban feel, with housing largely consisting of two-story duplexes rather than the row homes that typify many Philadelphia neighborhoods.

Bustleton's median household income is \$67,050—higher than the citywide median of \$57,537. Homeowners outnumber renters in nearly all parts of this community except for the southwest region adjacent to Roosevelt Boulevard. And renters account for 37% of all occupied residential units in the area.

Over the 2013-17 to 2018-22 period, the share of cost-burdened renters in the neighborhood increased from 43% to 58%, and the share of severely cost-burdened renters—those spending at least 50% of their income on housing—increased from 24% to 32%. Cost-burdened renters were concentrated in the areas bordering Pennypack Park as well as in Bustleton's northern section. (See Figure 2.) The area adjacent to Pennypack Park, by Valley Falls, also has experienced a big increase in the share of cost-burdened renters.

Figure 2

Increase in Bustleton's Share of Cost-Burdened Renters From 2013-17 to 2018-22



Source: U.S. Census Bureau, American Community Survey, five-year estimates, 2013-17 to 2018-22, Table DP04 (Selected Housing Characteristics), <http://data.census.gov>

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Throughout Bustleton, the median income is disproportionately lower for renters than for homeowners: \$41,783—slightly less than the citywide median of \$43,713—compared with \$100,085 for homeowners in the neighborhood.

East Germantown

East Germantown, in Northwest Philadelphia, is one of the city's oldest residential neighborhoods. Its boundaries coincide with those of the 19138 ZIP code. Landmarks include Awbury Arboretum, a public park and garden, and La Salle University. Its commercial activity—including restaurants, stores, other small businesses, and distribution centers—is concentrated along Germantown and East Cheltenham avenues. And its housing is a mix of row homes and detached single-family homes and duplexes.

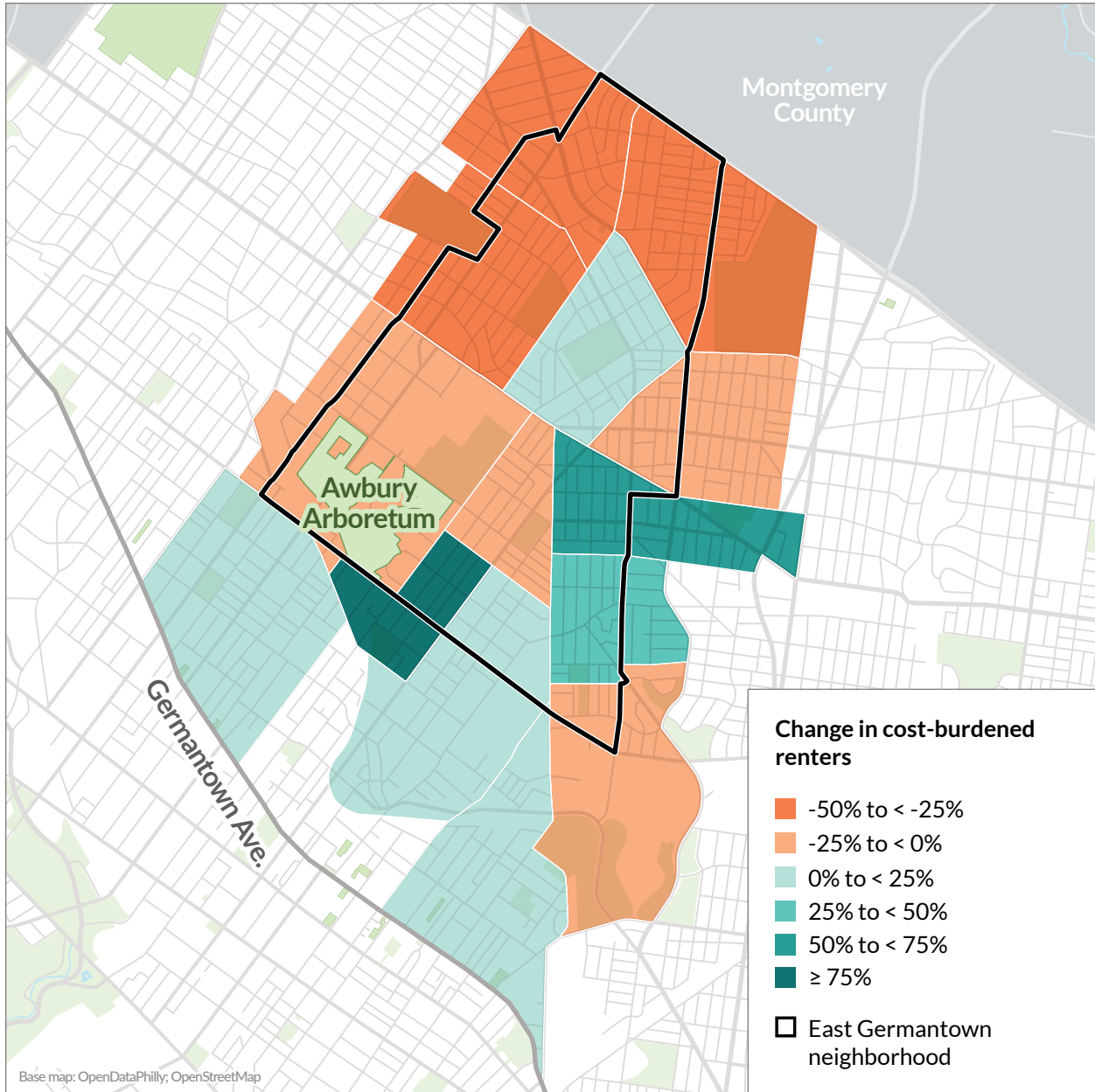
Germantown resident Nora Lichtash, executive director of the Women's Community Revitalization Project, described East Germantown as an area with "old, large Victorian homes that reminds people a little of sections of Powelton."

The neighborhood's median income is \$48,091—lower than the citywide median of \$57,537. Overall, the majority of East Germantown households are homeowners, with areas of limited rental concentration, including near the university. Renter-occupied units make up only 36% of all occupied residential units in the area.

According to the most recent data, 52% of East Germantown renters are cost-burdened, and 26% are severely cost-burdened. However, over the 2013-17 to 2018-22 period, the share of cost-burdened renters in the area decreased from 61% to 52% of residents, and the share of severely cost-burdened renters fell from 39% to 26%. During that same period, renters' median incomes grew by 16% and the median gross rent remained the same when controlled for inflation, contributing to the decrease in the share of cost-burdened renters.

Figure 3

Change in East Germantown's Share of Cost-Burdened Renters From 2013-17 to 2018-22



Source: U.S. Census Bureau, American Community Survey, five-year estimates, 2013-17 to 2018-22, Table DP04 (Selected Housing Characteristics), <http://data.census.gov>

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A potential reason behind the rent stabilization and the decrease in the number of cost-burdened renters in the neighborhood is the housing supply relative to demand. Kevin Moran, executive director of the Urban Land Institute's Philadelphia District Council, said a higher degree of rental supply theoretically lowers the share of cost burden, and he emphasized a need for higher-density housing to address affordability.

Conclusion

Pew's analysis of Bustleton and East Germantown highlights that rent affordability is tied not only to renters' financial means but also to the availability of rental units.

Median rents in Bustleton and East Germantown are lower than the citywide median; even so, the two neighborhoods have more cost-burdened rental households than the city as a whole, because renters' incomes are both lower than needed to make housing affordable and lower than the citywide median.

To address affordability issues, Philadelphia's City Council has passed programs such as the mixed-income housing zoning bonus, offering developers an incentive of higher-density developments (meaning that buildings can be taller, denser, and/or have more units) if they set aside 10% of the units for low- and moderate-income residents—or payments in lieu of the units. To determine low- and moderate-income eligibility, programs in the city use the area median income (AMI), the income eligibility limit for assisted housing programs set by the U.S. Department of Housing and Urban Development. Initiatives such as the bonus program use the AMI to mandate that for developers to qualify, they must charge rent that is affordable for residents earning 50% of the AMI for low-income residents (from \$40,150 for a one-person household to \$61,950 for a five-person household)—or 60% of the AMI for moderate-income residents (from \$48,180 for a one-person household to \$74,340 for a five-person household).¹

But while these programs aim to help, they remain out of reach for low-income residents. Lichtash said that most of the city's programs use HUD's AMI requirements, which unintentionally exclude the quarter of renters earning \$30,000 or less, as HUD's AMI is greater than the median incomes of renters in Philadelphia. This is because the AMI is based on the Philadelphia metropolitan area—11 counties, including Philadelphia. And of those 11 counties, Philadelphia has the lowest median income.²

Endnotes

- 1 City of Philadelphia Department of Planning and Development, "Mixed Income Housing Zoning Bonus," 2024, <https://www.phila.gov/media/20240517103910/2024-MIHB-Fact-Sheet.pdf>.
- 2 Ira Goldstein and Herbert Wetzel, "Why Many Philadelphians Cannot Afford Affordable Housing: Estimating an Alternative Area Median Income for the City/County of Philadelphia," 2024, <https://doi.org/10.13140/RG.2.2.17563.68640>.

For more information, please visit: [pewtrusts.org](https://www.pewtrusts.org)

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