

# Uneven Outcomes:

*Millennials in NYC, from the Great Recession to Covid-19*

BY IRENE LEW & OKSANA MIRONOVA



## About the Authors

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**The Community Service Society of New York (CSS)** is an informed, independent, and unwavering voice for positive action representing low-income New Yorkers. CSS addresses the root causes of economic disparity through research, advocacy, and innovative program models that strengthen and benefit all New Yorkers.

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## Introduction

Millennials were already struggling to gain a foothold in the labor market in the aftermath of the Great Recession. With the novel coronavirus (COVID-19) pandemic, millennials are now entering their peak earning years with yet another blow to their future wage growth and stand to be worse off financially than their parents and grandparents.<sup>1</sup> They must navigate what many economists have said is now the worst economic downturn since the Great Depression, with more than 20.5 million jobs lost in April.<sup>2</sup> There are signs that younger workers are already bearing the brunt of the economic fallout from COVID-19. A recent Data for Progress poll found that 52 percent of respondents nationwide under the age of 45 said that they lost their job, were put on leave, or had their hours reduced due to the pandemic.

In New York City, the COVID-19 outbreak is also exposing the stubborn socioeconomic disparities among millennial residents that existed long before the crisis hit. Millennial workers in white-collar, higher-paying office jobs are able to work remotely from home or have fled to their parents' houses out of state to shelter in place.<sup>4</sup> On the other hand, millennials who work in low-wage hourly positions in grocery stores or in warehouses are putting their health, and the health of their families, at risk. Many others lost their jobs when non-essential retail, personal care services, and hotels and restaurants were mandated to close in order to slow the spread of COVID-19. While the high-paid jobs are more likely to be held by newcomers to the city who moved here from other states, lower-paid service jobs tend to be filled by locals born in New York State or abroad, many of whom live in low-income neighborhoods that have been hardest hit by the coronavirus.

This report provides an overview of the millennial cohort in New York City (defined as those born between 1981 and 1996 and were aged 22 to 37 in 2018). It highlights

the pre-pandemic gaps in educational attainment and labor market outcomes between two groups: local millennials (including both those born in New York State or abroad) and transplants (those born in other states who moved to New York). While our analysis looks at each group separately, for the purposes of discussion we group New York State-born and immigrant millennials together because labor, education and housing outcomes for these groups track closely, and differ from millennials born in other states.

**“Local millennials are more likely than transplants to be unemployed and less likely to participate in high income industries.”**

### **We aim to answer the following questions:**

- To what extent have local millennials benefited from the post-Great Recession economic recovery in New York City and how will they be impacted by the economic fallout of COVID-19?
- How do factors like educational attainment, earnings and access to high-paying jobs impact the housing choices that millennials make?
- Are New York-born and immigrant millennials disproportionately impacted by the city's housing affordability crisis?

We found wide disparities in labor market outcomes between millennial transplants and locals (whether born in New York State or abroad). Local millennials are more likely than transplants to be unemployed and less likely to participate in high income industries. Millennials, regardless of whether they are transplants or locals, also make up

43 percent of the city's workforce in low-wage service industries like retail, hospitality and food services that are at immediate risk of job loss during the pandemic. Local millennials, especially the foreign-born and those without a college degree, will be especially vulnerable to job loss in a COVID-19-related recession. These labor market outcomes are partially driven by differences in educational attainment: 80 percent of millennial transplants have a four-year college degree, compared to 43 percent of New York-born millennials. Although college attendance rates among local millennials have increased over the past decade, they are also more likely than their out-of-state counterparts to struggle with completing college. These factors have contributed to widening wage disparities between local and transplant millennials over the past decade—after adjusting for inflation, employed transplant millennials had median earnings that were \$23,000 to \$28,000 higher than New York-born and immigrant millennials in 2018, compared to a wage gap of \$11,700 to \$21,000 in 2008. Even among college graduates, local millennials are earning \$10,000 to \$14,000 less than their transplant counterparts.

These labor market and wage disparities make it much harder for young local New Yorkers to find and afford a place to live. Compared to millennials nationwide, locals in New York City are more likely to live with their parents. For locals who have left their parents' home and have formed their own households, they are more likely than their transplant counterparts to be rent burdened. Forty-five percent of New York-born and 49 percent of foreign-born millennial renters spend more than 30 percent of their income on housing, compared to just a third of transplant renter households. With better access to high-paying industries and higher incomes, transplants are over-represented in high-rent units.

Millennials overall are facing more uncertainty within the housing market than the older generations, because the

price of entry into both the rental and homeownership markets is exceedingly high. Millennial households are overrepresented in unregulated housing—the most unsecure form of tenure.

Beyond the pandemic, we need to ensure that any local economic recovery plan is focused on the needs of low-income immigrant and New York-born millennials who will bear the brunt of the economic fallout due to massive job losses in service sectors like the restaurant and hospitality industries which may be slow to recover. Many of these young workers will need retraining for new jobs or will seek postsecondary education.

Based on our findings, we recommend the following policy changes to make the city's labor and housing landscapes more equitable for millennials as a whole in the aftermath of the pandemic:

- Increase investment in CUNY to improve college affordability and college completion outcomes, including more funding for the ASAP program, which aims to boost on-time graduation rates among low-income students in CUNY associate degree programs and expansion of the ACE program to improve four-year graduation rates for those in bachelor's degree programs.
- Re-orient existing public high school and college systems to focus more effectively on career development.
- Create a training and re-employment program for displaced workers.
- Invest in a large-scale “green” infrastructure jobs program to upgrade public housing and transit systems.
- Reshape the NYC housing market by expanding down payment assistance tied to the development of shared equity tenure models, like limited equity cooperatives and community land trusts.
- Enact laws that protect unregulated tenants, including good cause eviction.

## Overview of the Millennial Cohort in New York City<sup>5</sup>

An estimated 2.2 million millennials call New York City home. While millennials (those aged 22 to 37 in 2018)<sup>6</sup> make up the largest share—26 percent—of New York City residents, the share is lower than in other major US cities like Seattle, Boston, and San Francisco, where the cohort makes up at least a third of the population.

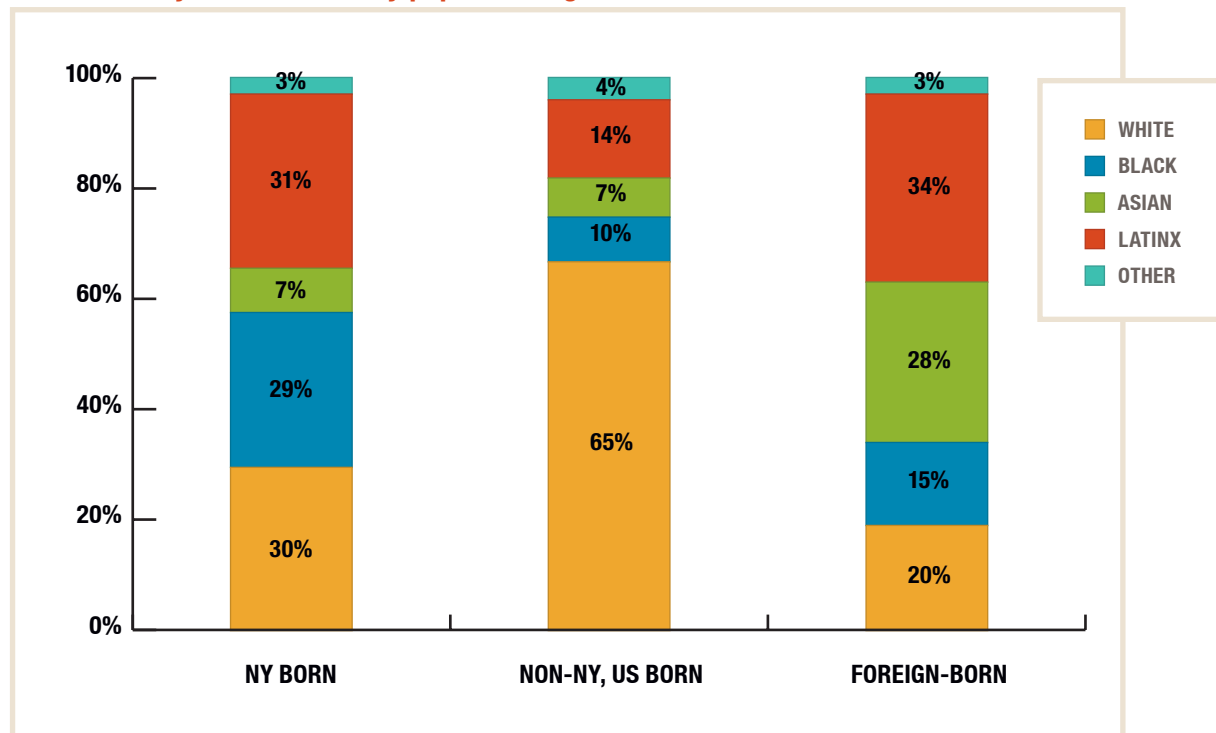
Forty-three percent of the city's millennial population was born in New York State. Immigrants make up the second largest share (37 percent) of the city's millennial population, but this population fell 4 percent over the past decade. Millennial transplants comprise the smallest share of the overall age cohort (20 percent) but their presence in the city is growing, up by 41 percent over the past decade.

### Composition of New York City residents aged 22 to 37

	2008		2018		Change in millennial population (2008-18)
	Number	Column Percent	Number	Column Percent	Percent
<b>Place of Birth</b>					
New York State	826,935	41%	958,475	43%	16%
Other states	313,596	16%	440,986	20%	41%
Foreign born	854,513	43%	823,747	37%	-4%
Total	1,995,044	100%	2,223,208	100%	
<b>Race/ethnicity</b>					
White	656,308	33%	746,520	34%	14%
Black	423,875	21%	441,411	20%	4%
Latinx	607,220	30%	633,442	28%	4%
Asian	259,032	13%	327,526	15%	26%
Other/Mixed race	48,609	2%	74,309	3%	53%
Total	1,995,044	100%	2,223,208	100%	

Millennials born in states outside of New York are less diverse than New York-born and immigrant millennial city residents. Nearly two-thirds of millennial transplants are white, compared to 30 percent of New York-born millennials and 20 percent of foreign-born millennials.

### Race/ethnicity of New York City population aged 22 to 37



Asians are the fastest growing racial/ethnic group among millennials in New York City, especially among the foreign-born. In 2018, they made up 28 percent of the foreign-born population aged 22 to 37, up from 24 percent in 2008. The influx of foreign-born Asians is driving the increase in the total number of Asian millennials in New York City, which rose 26 percent from between 2008 and 2018.

3

## Disparities in Employment Outcomes

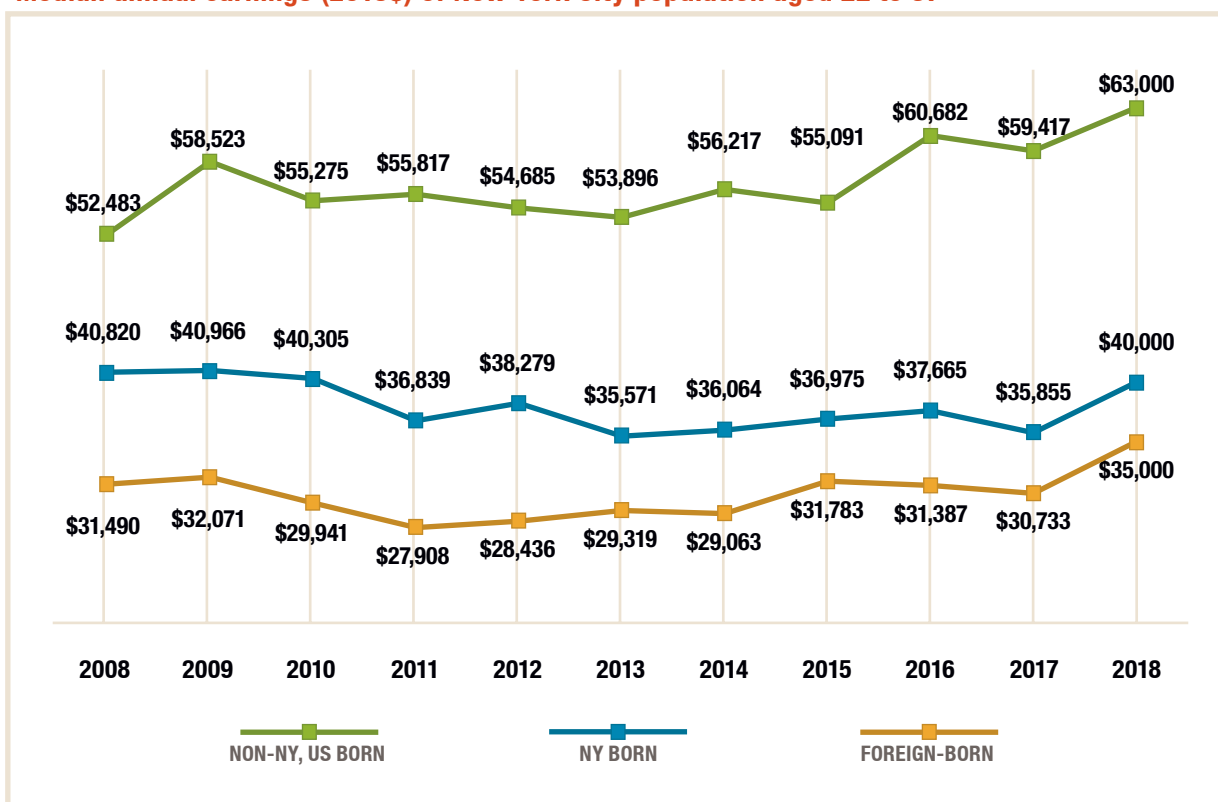
### UNEVEN GAINS

Before the pandemic hit, millennial transplants were much better off economically than local millennials: 61 percent of millennial transplants have high incomes (above 400 percent of the federal poverty level), compared to 45 percent of New York-born millennials and an even lower share (38 percent) of foreign-born millennials. Millennial transplants also have higher employment and labor force participation rates than local millennials. Eighty-eight percent of millennial transplants are employed, compared to 74 percent of New York-born and 76 percent of immigrant millennials. Only 9 percent of millennial transplants were not in the labor force, while the rate was more than double among New York-born and immigrant millennials.

Place of birth among population aged 22 to 37	Employment-to-population ratio (%)	Unemployment rate (%)	Not in Labor Force (%)
NY-born	74%	7%	20%
Non-NY, US born	88%	3%	9%
Foreign-born	76%	5%	20%
All NYC residents aged 22-37	77%	6%	18%

Stark wage gaps between local and transplant millennials also highlight the uneven post-Recession recovery among New Yorkers aged 22 to 37. Wage disparities between local and transplant millennials have widened considerably over the past decade. After adjusting for inflation, employed transplant millennials had median earnings that were \$23,000-\$28,000 higher than New York-born and immigrant millennials in 2018, compared to a smaller wage gap of \$11,700-\$21,000 in 2008. These large wage disparities reflect stagnant wage growth among local millennials since the Recession. In 2018, working New York-born millennials had median earnings of \$40,000, two percent below what New Yorkers in this age cohort earned a decade ago in inflation-adjusted terms. Meanwhile, employed transplant millennials had real median earnings that were 20 percent higher in 2018 than what transplants in this age group earned in 2008.

### Median annual earnings (2018\$) of New York City population aged 22 to 37

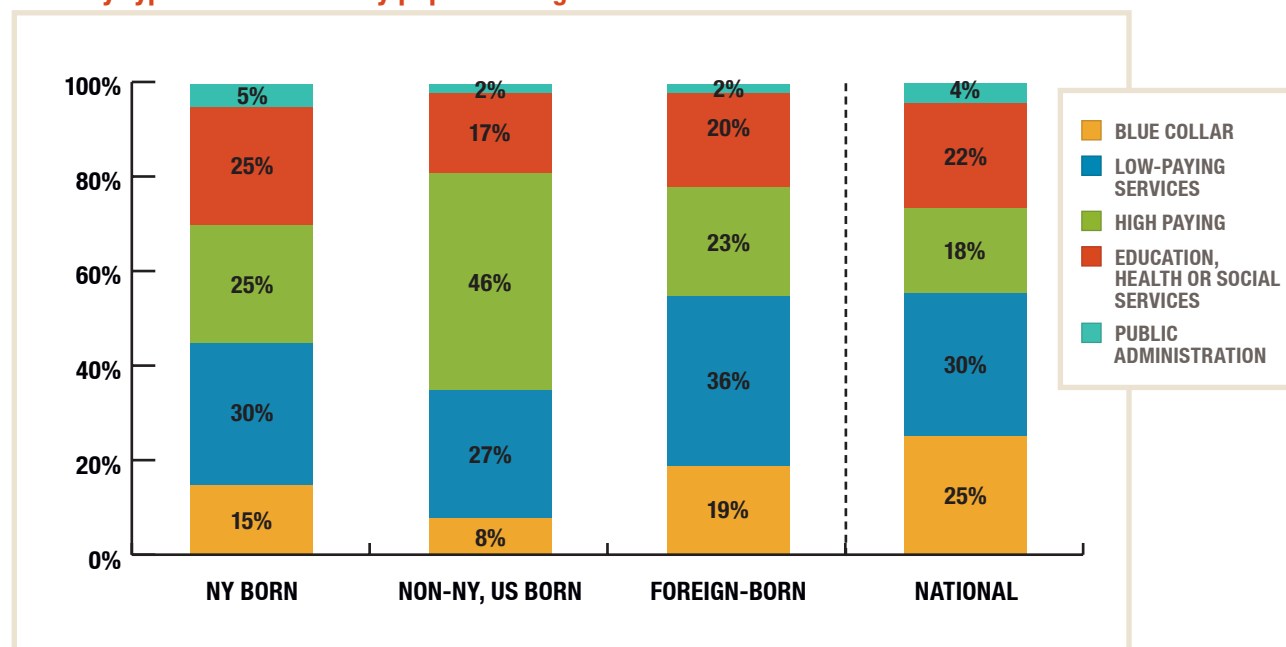


These earnings disparities are not unique to New York—San Francisco, a city where millennials account for a third of the population, has even larger age cohort wage gaps. In San Francisco, millennials born in California had median earnings of \$60,000, which is \$40,000 below earnings for those born in the US outside of the state. Part of these large wage gaps could be explained by the fact that transplants in these cities tend to have much higher education levels than the locals. However, these wage gaps also reflect the polarization of job growth<sup>7</sup> and the widening gap between the rich and poor in New York and San Francisco, which rank in the top three metro areas in the country with the highest levels of income inequality.<sup>8</sup> Meanwhile, in other cities with large millennial populations like Boston and Seattle, the wage gap between transplants and those born in state are much smaller than in New York and San Francisco (in the range of \$9,000).

## ACCESS TO HIGH-PAYING JOB SECTORS

Wage stagnation among local millennials since the end of the Recession also reflects their lack of representation in high-wage job sectors. Although pre-pandemic labor force participation rates had climbed since the Recession, millennial transplants are also more likely than locals to work in high-paying industries. Nearly half of newcomers from out of state are employed in high-paying industries like information technology, finance and real estate, compared to just 25 percent of New York-born and less than a quarter of immigrant millennials. Of the three groups, foreign-born millennials are the least likely to work in higher-paying industries—55 percent are employed in blue-collar or low-paying service sectors. Nationwide, millennials are less likely than millennial New Yorkers (regardless of birthplace) to find employment in high-paying sectors; they're most likely to work in blue-collar and low-paying service industries.

### Industry type of New York City population ages 22 to 37



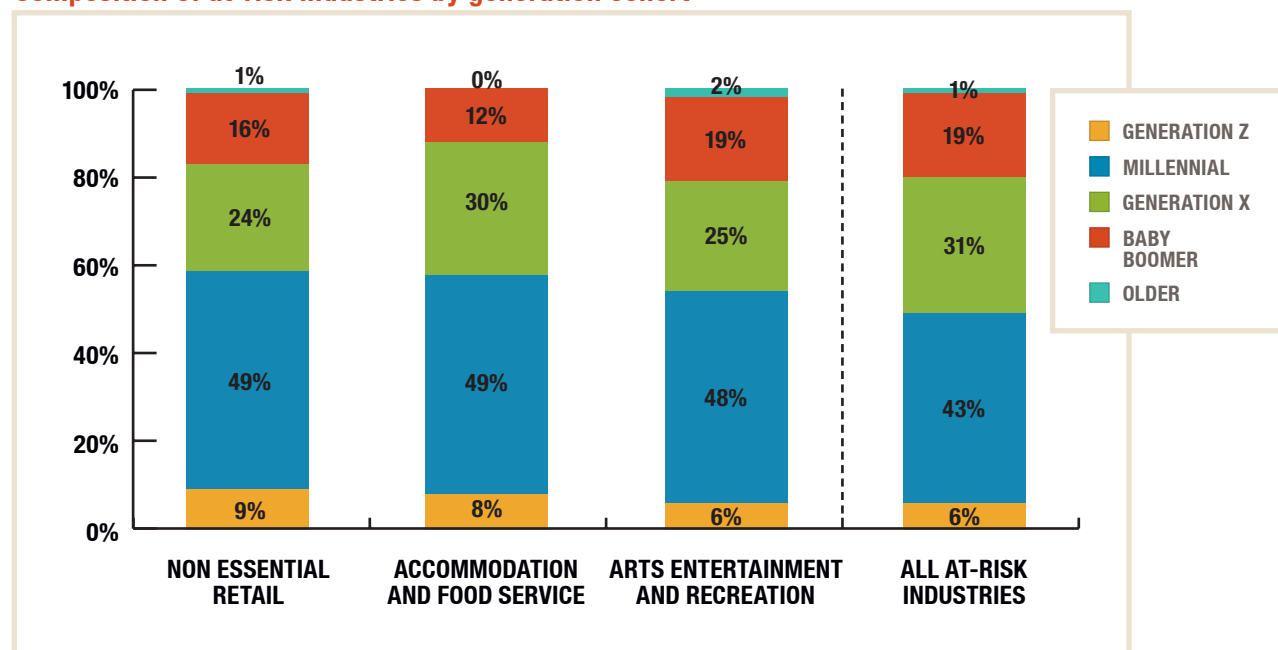


Furthermore, local millennials were still more likely to have been employed part time in low-wage service industries: 19 percent of New York-born millennials and 18 percent of foreign-born millennials were working part time, compared to just 12 percent of non-New York, US-born millennials.

## IMPACT OF JOB LOSS DUE TO COVID-19

Unlike the Great Recession, service industries will heavily suffer in a COVID-19-related downturn<sup>9</sup> due to mandatory widespread business closures. The Independent Budget Office projects that the city will lose 475,000 jobs between April 2020 through March 2021, with the majority of the losses concentrated in the retail, hotel, and restaurant industries. Millennials make up nearly half of those employed in “at-risk” service industries such as non-essential retail (excluding grocery stores and pharmacies), as well as in accommodation and food services, which includes hotels and restaurants.<sup>10</sup> An estimated 443,000 millennials living in New York City work in “at-risk” industries, accounting for more than four out of every 10 working New Yorkers who will be impacted by pandemic-related job loss.

### Composition of at-risk industries by generation cohort



Local millennials are much more likely than transplants to be employed in the sectors that were hit the hardest by widespread business closures. Thirty percent of foreign-born millennials work in “at-risk” industries, compared to 21 percent of out-of-state millennials. Immigrants make up 52 percent of millennials in the accommodation and food service industries, where the bulk of job losses have been concentrated (See page 8). They also account for nearly half of millennials in other at-risk service industries with widespread closures such as hair salons, barber shops, and child daycares. Meanwhile, New York-born millennials make

up half of those working in non-essential retail. Even as New York state proceeds with a phased re-opening, a large number of local millennials will be permanently, not temporarily displaced, from these jobs as many businesses will likely remain shuttered.

### Birthplace of employed New York City residents aged 22 to 37 by sector

	Birthplace	Non-essential retail	Accommodation and food service	Arts, entertainment and recreation	Transportation and travel	Other at-risk industries	All at-risk industries
Percent	NY-born	50%	32%	37%	37%	37%	39%
	Foreign-born	30%	52%	26%	56%	48%	43%
	Non-NY, US-born	20%	15%	37%	8%	16%	19%
	Total	100%	100%	100%	100%	100%	100%
Number	NY-born	58,880	51,075	20,805	20,570	19,857	171,187
	Foreign-born	35,017	83,104	14,836	31,213	25,828	189,998
	Non-NY, US-born	23,634	24,545	21,087	4,210	8,501	81,977
	Total	117,531	158,724	56,728	55,993	54,186	443,162

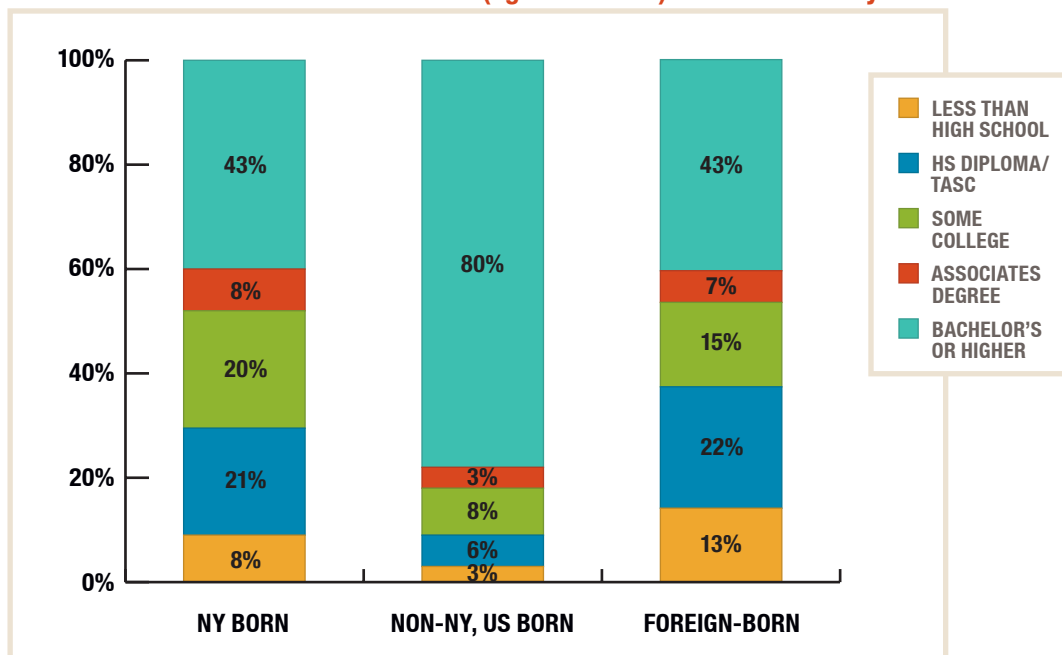
Less educated local millennials are especially vulnerable to layoffs during the pandemic, compared to their transplant counterparts, the majority (80 percent) of whom have at least a four-year college degree. More than a third (37 percent) of millennials without a bachelor's degree work in at-risk industries, compared to just 17 percent of millennials with a four-year degree. College-educated transplants were more likely to be in better-paying jobs where they were able to continue working remotely.

## Disparities in Educational Outcomes

Millennials are among the most highly educated cohorts living in New York City. Compared to a decade ago, the city's millennials are more likely to have a four-year college degree. In 2008, 41 percent of the city's population aged 22 to 37 had a bachelor's degree. By 2018, half of millennials had at least a bachelor's degree, in contrast to 38 percent of Gen-Xers and 31 percent of Baby Boomers. And their educational attainment exceeds that of millennials nationwide, 35 percent of whom have a four-year college degree.

However, local millennials lag behind transplants when it comes to postsecondary education, which is a requirement for entry to many higher-paying industries. Eight out of every 10 transplants aged 22 to 37 have at least a bachelor's degree, compared to just 43 percent of New York-born millennials and the same percentage of immigrant millennials. Of the three groups, foreign-born millennials have the lowest educational attainment levels: 35 percent have just a high school diploma or less.

### Educational attainment of Millennials (aged 22 to 37) in New York City



Even among low-income residents, just 19 percent of New York-born millennials have a bachelor's degree, compared to 24 percent of immigrant millennials and 54 percent of millennial transplants.

### COLLEGE NON-COMPLETION

In 2018, 14 percent of New York-born and 11 percent of immigrant millennials in New York City had some college but failed to obtain a degree, compared to five percent of millennials who moved to New York City from other states. New York-born college non-completers are primarily black and Latinx—combined, they make up 77 percent of New York-born residents with some college but no degree.

College completion rates at CUNY—the next stop for many New York-born and immigrant graduates of New York City’s public high schools who decide to enroll in college—remain low. Less than a third of incoming full-time first-time freshmen earn a bachelor’s degree in four years.<sup>11</sup> Lack of college readiness may be partly to blame—even though public high school graduates are increasingly enrolling in college, only 51 percent of public high school graduates are deemed “college ready.”<sup>12</sup> Low-income students struggle to navigate the transition from high school to college without adequate advisement in either high school or college.<sup>13</sup> Furthermore, the financial burdens associated with attending college—living expenses, books and computers, and the cost of a MetroCard—contribute to students dropping out.<sup>14</sup> Low-income college students are more likely than their higher-income counterparts to be working while enrolled, as well as work more hours per week, which means less time devoted to their studies.<sup>15</sup>

The COVID-19 pandemic could exacerbate the problem of college non-completion. Remote learning can be challenging for immigrant and low-income college students, who are more likely than those from affluent families to struggle with online coursework while living in overcrowded apartments with few divisions of physical space, one home computer shared by the household and lack of access to high-speed broadband internet.<sup>16</sup>

## **STUDENT DEBT BURDENS**

According to Community Service Society’s 2019 Unheard Third survey, 40 percent of respondents under the age of 40 with some college but no degree reported having student loans. Millennials saddled with student debt for a degree they never completed face limited earnings potential and are at higher risk for having debt in collections and defaulting on their student loans.<sup>17</sup> We found that young low-income New Yorkers with student debt are more likely than those without this debt to experience hardships.

Those struggling to pay down student debt may also have difficulties renting an apartment or paying for daily living expenses: 42 percent of low-income New Yorkers under the age of 40 with student debt said that making payments kept them from getting approved for a rental application or loan, and nearly half said that it kept them from affording basic expenses like rent or food.

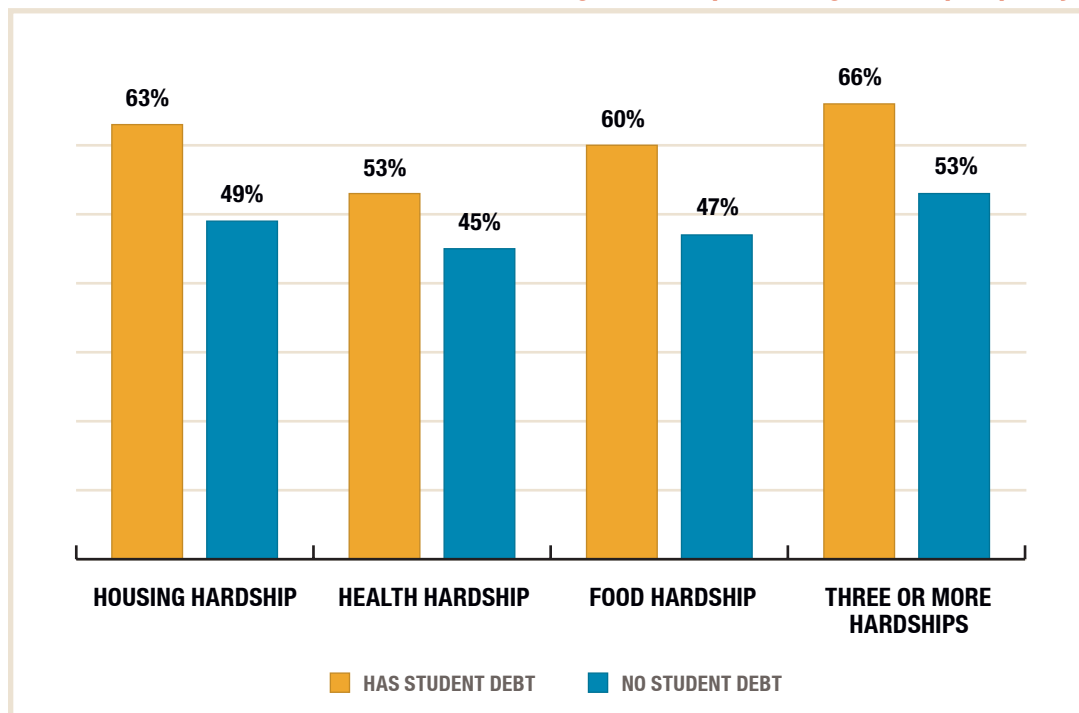
## **INEQUITABLE OUTCOMES AMONG COLLEGE GRADUATES**

For those able to finish college, higher education makes a difference in labor market outcomes. Among New York-born millennials, the unemployment rate for those with only a high school diploma is 25 percent, compared to an unemployment rate of just four percent for those with a bachelor’s degree.

New York-born millennials with a college degree may have more success in the job market than those without one, but completion of a four-year degree often doesn’t lead to jobs in high-paid industries for local millennials. Among college graduates, millennial transplants are more likely to find employment in



### Share of low-income New Yorkers under the age of 40 experiencing hardship in past year



high paying industries: over half of those born out of state are working in high-paying sectors compared to 38 percent of New York-born millennials and 40 percent of immigrant millennials with college degrees. Even among millennials with low incomes, transplants are still much more likely than locals to work in high-paying industries: 32 percent of low-income transplants are working in high-paying industries, compared to 25 percent of New York-born and 18 percent of foreign-born millennials.

A four-year college degree helps narrow the wage gap between locals and transplants but wage disparities persist. The typical college-educated New York-born resident aged 22 to 37 earned a median salary of \$56,000 in 2018, well below the \$70,000 earned by those born in states outside of New York and \$60,000 earned by foreign-born millennials.

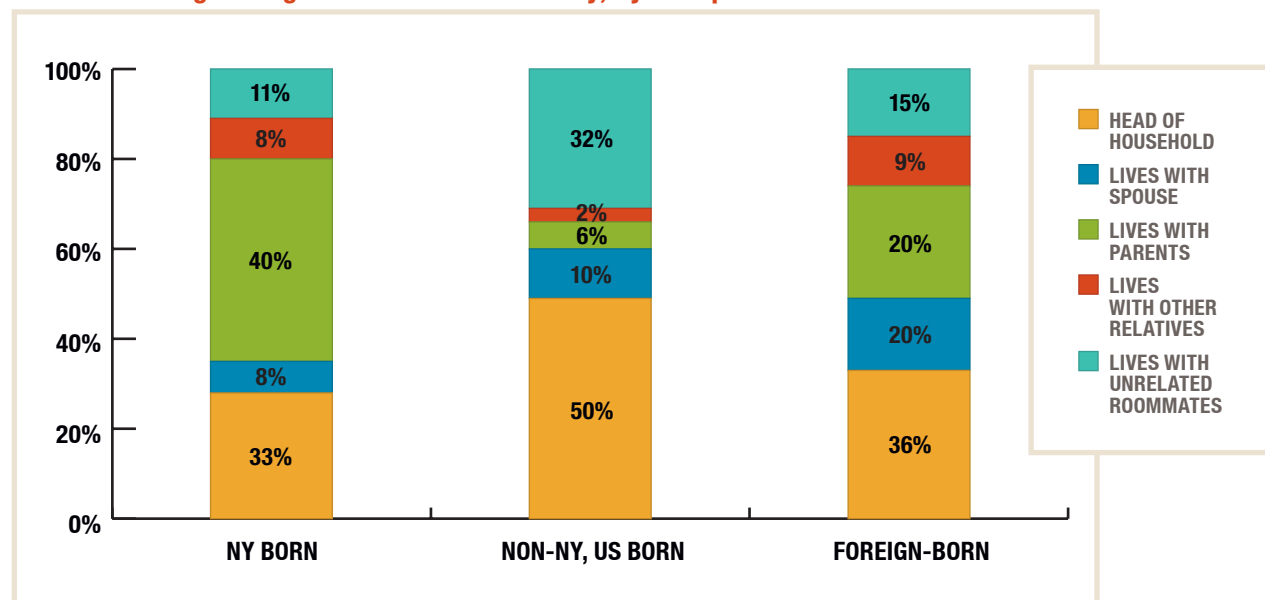
The coronavirus outbreak will only continue to exacerbate these earnings disparities between local and out-of-state millennials graduating into a bleak job market. Research<sup>18</sup> has found that people who enter the workforce during an economic downturn have lower earnings for up to 15 years compared with people who graduate during more prosperous times.

## Millennial Housing Patterns

Nationally, millennials are slower to form their own households and more likely to live with their parents than previous generations. The conditions that drive this broader trend, including housing unaffordability and economic insecurity, are exacerbated by New York City's housing market. Forty percent of millennials born in New York live with their parents, as compared to 24 percent nationally. Only 41 percent head their own households or live with a spouse, compared to 56 percent nationally.

Millennial transplants are more likely to live with unrelated roommates than their local counterparts: 32 percent do so, compared to only 11 percent of New York-born and 15 percent of foreign-born millennials. Living with unrelated roommates is even more common among transplants in other high-cost cities with large millennial populations – in San Francisco, 35 percent of millennials from outside of the state lived with unrelated roommates. Sharing housing with roommates is both an adaptation to an unaffordable housing market, and may be limiting the market and driving up rents for larger apartments for low income families.<sup>19</sup> For some millennials, one of the impacts of the pandemic has been sudden housing instability when their roommates left the city.<sup>20</sup>

### Millennial living arrangements in New York City, by birthplace

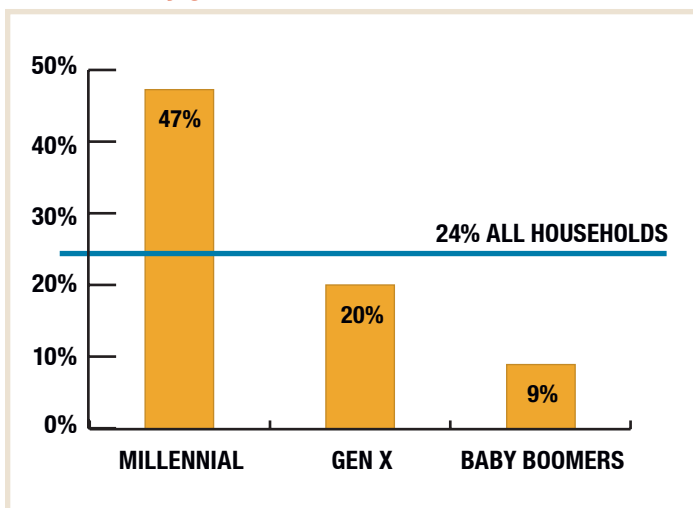


Among millennials who head their own households or live with a partner, about half (47 percent) have moved into their home after 2015, twice the share of Gen Xers and five times the share of Baby Boomers. While many households in the millennial cohort are likely experiencing life changes that precipitate the need to move, including expanding households and education or career changes, recent millennial movers are entering the housing market during an acute housing affordability crisis. The median asking rent for a vacant unit was \$1,875 in 2017, up by 30 percent above inflation from 2014. While asking rents have declined slightly during the pandemic,<sup>21</sup> it is too early to tell if these reductions in rents will be sustained over the long term.

Homeownership is even further out of reach. A 2018 Center for New York City Neighborhoods report has found millennial households shut out of homeownership due to rising prices, stagnant wages, and tight lending conditions. Millennial households are often unable to compete with all-cash investor purchasers, who have gained influence since the foreclosure crisis.<sup>22</sup>

The high cost of entry into the housing market constricts the types of neighborhoods where local millennials can live. In comparison to transplants, locals are much more likely to live in low-income communities of color in Queens and the Bronx that were the hardest hit by COVID-19. Queens, the borough which has the highest number of confirmed coronavirus cases, is home to a sizable share of the immigrant millennial population.<sup>23</sup> In Elmhurst/Corona, the epicenter of the pandemic in New York City, nearly three-quarters (73 percent) of the millennial population is foreign born, while transplants accounted for three percent of the neighborhood's population. Meanwhile, those born in New York State comprise more than half of millennials living in south Bronx neighborhoods like Mott Haven/Hunts Point and Brownsville in Brooklyn, all communities where more than 90 percent of the population is black and Latinx, and the median household income is below \$30,000 a year. In contrast, transplants make up nearly 40 percent or more of millennials living in the highest income neighborhoods in Manhattan and northern Brooklyn.

**Share of households that have moved into their home after 2015, by generation**



**Share of New York City residents aged 22 to 37**

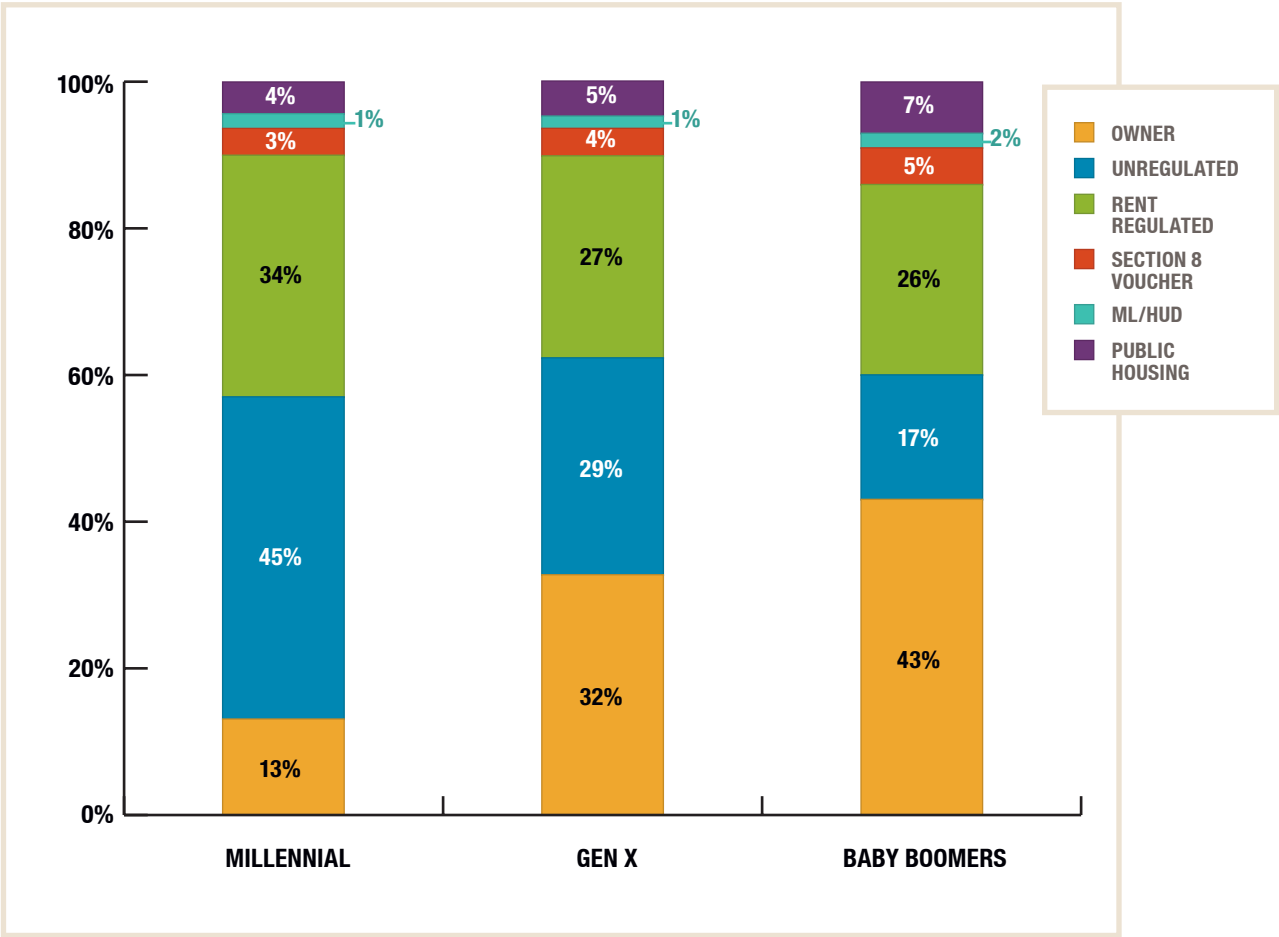
	Neighborhood	Median Household Income	Black and Latinx share of population	New York born share	Foreign-born share	Non-NY, US born share
Top 5 lowest-income neighborhoods	Mott Haven / Hunts Point (Bx)	\$24,200	96%	56%	37%	7%
	Morrisania / East Tremont (Bx)	\$25,286	94%	53%	40%	7%
	University Heights / Fordham (Bx)	\$26,780	96%	43%	51%	6%
	Brownsville / Ocean Hill (Bk)	\$28,279	94%	63%	28%	9%
	Highbridge / S. Concourse (Bx)	\$29,714	95%	43%	50%	7%
Top 5 highest-income neighborhoods	Upper West Side (M)	\$116,378	20%	35%	24%	40%
	Stuyvesant Town / Turtle Bay (M)	\$117,305	11%	33%	21%	47%
	Park Slope / Carroll Gardens (Bk)	\$119,400	24%	36%	18%	46%
	Upper East Side (M)	\$122,956	12%	33%	28%	39%
	Greenwich Village / Financial District (M)	\$135,600	9%	22%	28%	50%

Source: US Census Bureau, 2014-18 Five-year American Community Survey data.

Millennial households are overwhelmingly renters. Just 13 percent own their own homes, compared to 32 percent among Gen Xers and 43 percent among Baby Boomers (see below). In popular media discourse, this is often attributed to changing consumer preference, a framing that has even influenced policy, with cities like San Francisco and New York sponsoring the production of micro units.<sup>24</sup> However, the unaffordability of the market, wage stagnation that makes it difficult to save for a down payment, and other structural factors like ballooning student debt play a much greater role than consumer preference in shaping millennials' housing decisions. The wave of pandemic-related job losses is only exacerbating these existing issues.

More than a third (34 percent) of millennial households live in rent regulated apartments, which provide protections from unexpected rent increases and the right to a lease renewal. The plurality (45 percent) live in unregulated units, which are not covered by the same protections.

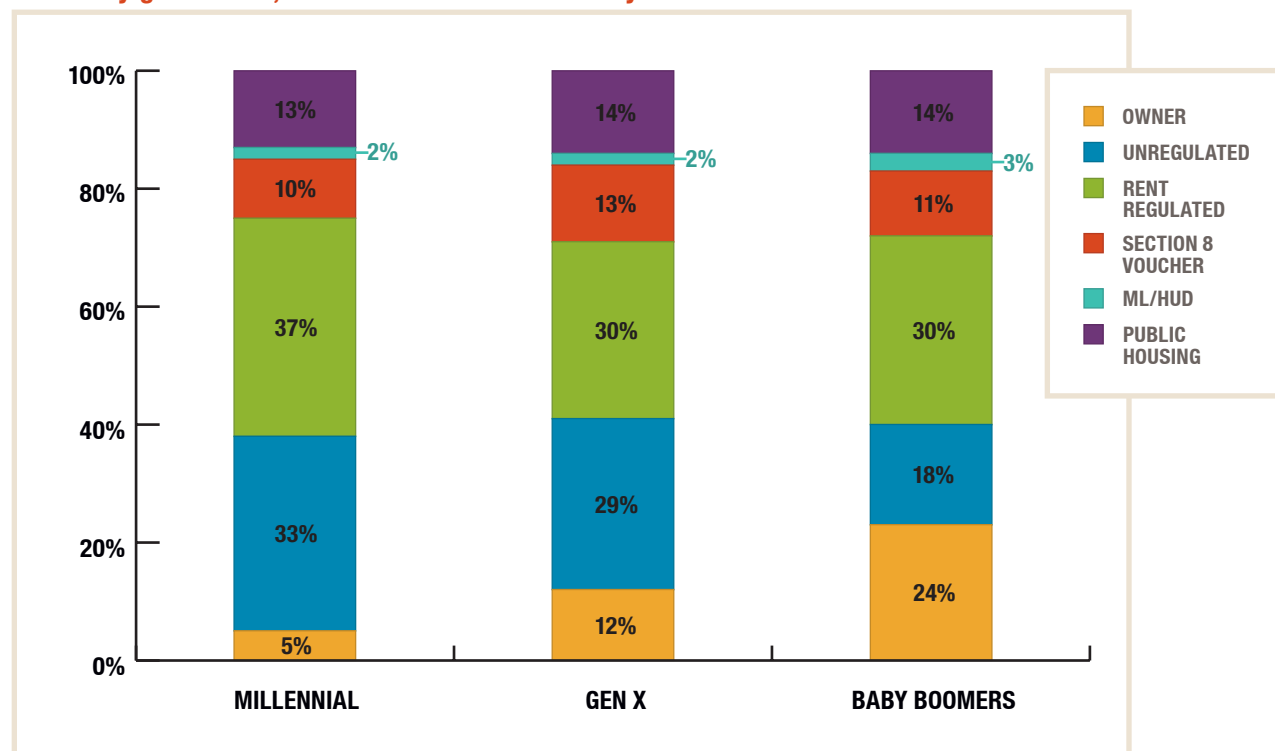
Household tenure by generation





The generational tenure divide is even further exaggerated among low-income households: 5 percent of low-income millennial households own their own homes, compared to 24 percent of Baby Boomers, a fivefold difference (see below).

### Tenure by generation, low income households only



Traditional housing subsidy programs like public housing, Section 8, and Mitchell-Lama/HUD-assisted housing are vital to low-income households, including low-income millennials in New York: one in four live in a subsidized home.

Transplant millennials earn, at the median, \$23,000-\$28,000 more than local millennials, and have access to a broader strata of the city's housing market as a result. Nearly half (47 percent) of transplant millennial households, with and without roommates, live in high-rent units (where the monthly rent was \$2,470 or higher in 2017), a substantially higher share than local millennials.<sup>25</sup> Meanwhile, about one out of five New York born millennial households live in low-rent units (where the monthly rent was \$990 or lower in 2017). Low-rent units are more likely to be in older buildings with physical deficiencies and in neighborhoods not well served by public transit, meaning that many local millennials are forced to trade housing quality and transit accessibility for affordability.

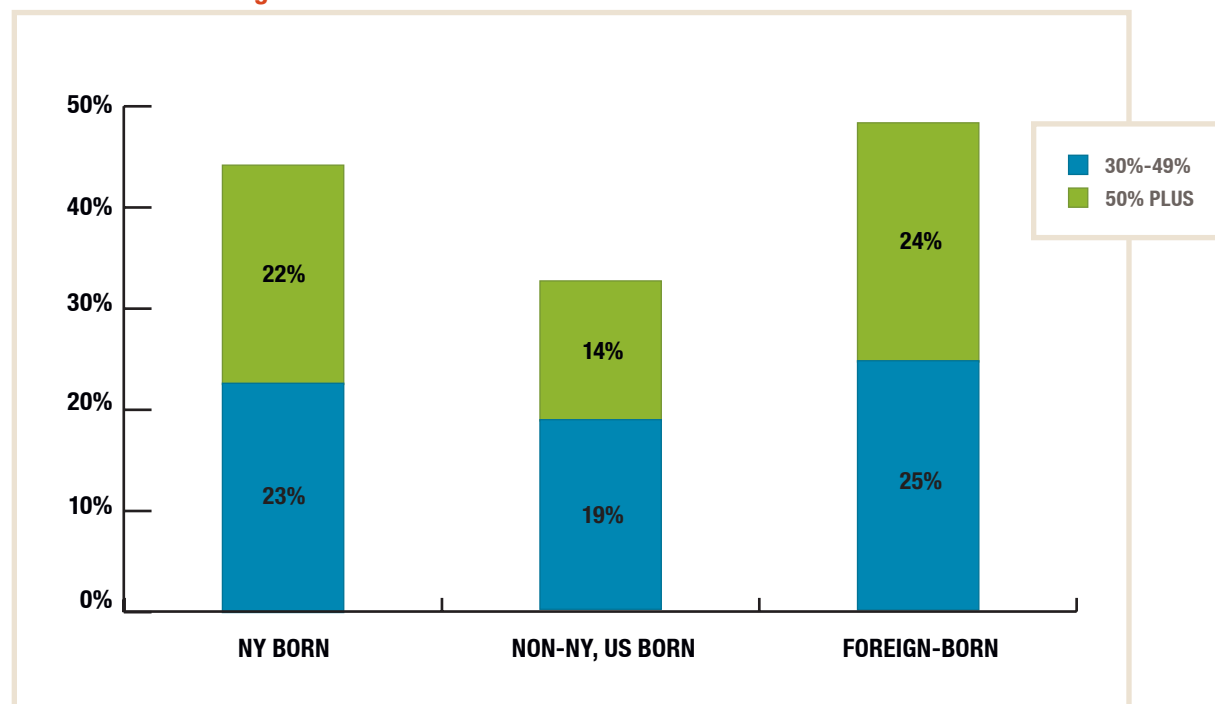
## Millennial households in high- and low-rent units

Share of Millennial households living in low-rent units			
NY BORN	OTHER STATES	FOREIGN BORN	TOTAL
22%	4%	13%	13%

Share of Millennial households living in high-rent units			
NY BORN	OTHER STATES	FOREIGN BORN	TOTAL
11%	47%	16%	24%

While local millennial households are more likely to live in low rent units, they are also more likely to struggle with their rent; 45 percent of New York born and 49 percent of foreign-born millennial renters spend more than 30 percent of their income on housing, compared to just a third (33 percent) of transplant renter households. With New York-born and immigrant millennials more likely to experience job loss due to the pandemic, these rent burdened households will be especially vulnerable to housing insecurity, including evictions, once the state and federal moratoriums are lifted..

## Rent Burdens among Millennials



## Recommendations

Looking beyond the immediate impacts of the pandemic, we need to ensure that an economic recovery prioritizes the needs of low-income immigrant and New York-born millennials, who will bear the disproportionate share of service industry job losses in sectors like the restaurant and hospitality industries. Many of these young workers will be permanently, not just temporarily, displaced from their jobs due to COVID-19 and will need retraining for new jobs, or will need financial support as they seek postsecondary education.

Earnings disparities will only continue to grow between local and out-of-state millennials in the aftermath of COVID-19. The college-to-career pipeline also looks bleak for those in Generation Z, graduating into a dismal job market. The findings in this paper highlight the need to develop a more robust pipeline to better-paying, in-demand jobs in the wake of this pandemic, and invest in our city's local millennial population who have been left out of the city's economic recovery after the Great Recession. There is a dire need to expand tenant protections and reshape the housing market to better serve local millennials.

### **INCREASE INVESTMENT IN CUNY'S ASAP AND ACE PROGRAMS TO IMPROVE COLLEGE AFFORDABILITY AND COLLEGE COMPLETION OUTCOMES**

CUNY is an engine of economic mobility, moving hundreds of thousands of low-income students into the middle and upper middle class.<sup>26</sup> Without continued investment, the survival of CUNY—and upward mobility prospects for our city's low-income young people—is in jeopardy. More than ever, low-income, first-generation CUNY college students need financial support that can cover both the tuition and non-tuition related costs of college attendance, as well as intensive, personalized counseling to ensure that they can complete their degree.

We already have a model that demonstrates this works. Evaluation of the CUNY ASAP (Accelerated Study in Associate Programs) program, which provides bundled supports such as tuition forgiveness, coverage of non-tuition expenses, and personal advising for low-income students in CUNY associate degree programs, found that the program has nearly doubled participating students' graduation rates.<sup>27</sup> Although the mayor's executive budget for FY 2021<sup>28</sup> had proposed slashing \$20 million in funding for CUNY ASAP, the final budget approved by the mayor and City Council maintained full funding for the program at \$34.3 million. In the wake of the Great Recession, enrollment at community colleges nationwide increased by 33 percent<sup>29</sup> and it is likely that a similar surge in enrollment will occur with a COVID-19 recession.

Longer-term, the city should also consider the expansion of the Accelerate, Complete, Engage (ACE) program for bachelor's degree programs modeled after CUNY ASAP. ACE was initially launched at John Jay College in 2015 and expanded to Lehman College in 2018. The ACE program's initial results are promising: nearly 60 percent of the first class of ACE students from John Jay graduated in four years, roughly twice the college's current graduation rate.<sup>30</sup>

## RE-ORIENT EXISTING PUBLIC HIGH SCHOOL AND COLLEGE SYSTEMS TO FOCUS MORE EFFECTIVELY ON CAREER DEVELOPMENT

A local economic recovery plan following the pandemic should include efforts to re-orient our city's public high school and college systems towards career development that can better prepare local millennials for higher-quality jobs and success in the labor market. This includes more career exposure, work-based learning and modern Career and Technical (CTE) programs in high school, which have been shown to increase graduation rates and enable students to make much more informed choices about college.<sup>31</sup>

For decades, the Summer Youth Employment Program (SYEP) has provided valuable income and work experience to young people during high school, which can raise a student's chances of attending college and help them make better choices about the types of degree programs that will lead to good careers. However, as part of pandemic-related cuts, the mayor's FY 2021 budget included the complete elimination of funding for SYEP, suspending the program for summer 2020 without offering an alternative plan to engage and support young people. While the final FY 2021 budget agreement between the mayor and the City Council restored 35,000 slots for SYEP, it falls far short of the 75,000 slots approved last summer. At a time when COVID-19 is exposing longstanding inequity across our city's neighborhoods, we need to do more to ensure that young people have the tools that they need for future success in their careers.

Looking ahead, investments in the city's public high schools and community colleges are also necessary so that they can create applied degree programs with more integrated work-based learning experiences such as internships and apprenticeships. One successful model for this is P-Tech, a "9-14" school that enables enrolled students to gain relevant work experience in a STEM field, as well as earn both a high school diploma and an associate's degree in six years.<sup>32</sup> Governor Cuomo has also expressed interest in expanding apprenticeships and early college high school training programs in New York state similar to the P-Tech model.

The city could also build upon existing public service program models such as CUNY Service Corps, which launched in 2013 to address neighborhood needs in the wake of Hurricane Sandy. The program provides CUNY students with paid work experience through jobs in community-based organizations and government agencies, and could be re-oriented with a focus on addressing COVID-19 recovery efforts in the city's hardest-hit communities. Despite increased need for many public and social services due to the pandemic, a recent Center for an Urban Future report found that nonprofit community-based health and human service

**An estimated 443,000 millennials living in New York City work in "at-risk" industries, accounting for more than four out of every 10 working New Yorkers who will be impacted by pandemic-related job loss.**



providers serving the most vulnerable New Yorkers are struggling to keep up with higher demand due to additional costs such as hazard pay, cleaning and new technology, as well as budget shortfalls related to delayed grant funding and uncertainty around contract payments from the city and state.<sup>33</sup> Expanding a program like CUNY Service Corps will not only provide students with the opportunity to gain valuable real-world work experience in their own communities, but it will also strengthen our city's nonprofit sector and help our hardest-hit neighborhoods in the aftermath of the pandemic.

### **CREATION OF A TRAINING AND RE-EMPLOYMENT PROGRAM FOR DISPLACED WORKERS**

As part of 2009 American Recovery and Reinvestment Act measures, the Obama administration had proposed a dislocated workers program that would have provided workers with access to re-employment services, a training reward and a stipend to help with child care costs, transportation and other expenses for up to 78 weeks.<sup>34</sup> Although this program was never passed, it could serve as a useful framework for a similar program that could be rolled out by the city to help young workers in the hardest-hit service industries train for higher-paying, higher quality jobs. This program should be paired with virtual training for new fields that will emerge in a post-pandemic labor market, address the lack of digital access among low-income New Yorkers and provide other supportive wraparound services such as a stipend to cover child care, transportation and other expenses. To implement the program, the city could partner with and provide financial support to community-based providers of employment and training services, who are grappling with reduced capacity, budget shortfalls, and lower fundraising revenue despite greater need for their services.<sup>35</sup>

### **INVESTMENT IN A LARGE-SCALE “GREEN” INFRASTRUCTURE JOBS PROGRAM TO UPGRADE PUBLIC HOUSING AND TRANSIT SYSTEMS**

As part of a more inclusive recovery in a post-pandemic landscape, the city should also consider other sources of high-quality, good-paying local jobs that could be available to millennials without a four-year degree, such as green infrastructure jobs. The creation of green infrastructure jobs on a large scale would address pressing needs such as mitigating climate change and providing urgently needed upgrades to our public housing and transit systems while putting the city's unemployed young people back to work. A recent Data for Progress report found that a green infrastructure jobs program with a NYCHA component could generate more than 11,000 good-paying jobs at union-rate prevailing wages in skilled construction and maintenance per year. In addition to addressing the backlog in capital repairs, a green infrastructure jobs program would involve retrofitting NYCHA buildings with solar panels, electric heat pumps and other energy-efficient improvements. State and federal workforce development grants could be used to fund the creation of a feasible recruitment and training pipeline to these jobs. This pipeline could involve working with CUNY community colleges and workforce development organizations to create affordable, remote online training on green technology where local residents can obtain preliminary skills in manufacturing, installation and implementation so that they are prepared to transition to these jobs once these projects begin.<sup>36</sup>

## **RESHAPE THE HOUSING MARKET BY EXPANDING DOWN PAYMENT ASSISTANCE THAT IS TIED TO ALTERNATIVE FORMS OF TENURE**

Traditional homeownership was already difficult to access for the majority of millennial households, before the pandemic began. The generational ownership gulf will only expand, impacting black and Latinx millennials the most. To help millennial households access the stability and economic security associated with homeownership while maximizing the collective benefit, the city should expand subsidy programs that lower the cost of entry into the housing market, tying them to a parallel expansion of alternative forms of tenure like community land trusts and limited equity cooperatives.

The city and state should expand down payment assistance programs, like HPD's HomeFirst, which support income qualifying first-time homebuyers. In 2019, the city aimed to provide 100 grants of \$40,000 each through HomeFirst. To better target the grants, the city could set aside a portion of the grants for first time homebuyers who have lived in the city for a certain number of years, particularly in neighborhoods marginalized by racist housing policies, like redlining and subprime lending.<sup>37</sup>

Down payment assistance should be paired with, and targeted to, a major expansion of the shared equity housing sector, which includes limited equity cooperatives and community land trusts. Both New York City and New York State have a long history of supporting the development of limited equity cooperatives through the Mitchell-Lama program, which produced 61,000 cooperative units across the state from 1955 to 1974. From the 1970s through the 1990s, New York City helped convert thousands of tax foreclosed buildings into limited equity cooperatives.<sup>38</sup> And, just this year, the Mayor's office committed to supporting the development of 3,000 units on community land trusts.<sup>39</sup>

Shared equity tenure models have a lower cost of entry than traditional models of homeownership and are resilient to market downturns because they exist outside the speculative housing market. For example, community land trusts have consistently shown to have lower rates of delinquency and foreclosure than homes with conventional mortgages.<sup>40</sup>

With the potential for a foreclosure crisis looming on the horizon, the city and state should expand its arsenal of tools that can be used to develop community land trusts and limited equity cooperatives. These include reforming local tax lien sales and the 7A program to convert all financially and physically distressed properties into shared equity housing; passing the Tenant Opportunity to Purchase (TOPA) legislation, to give tenants the opportunity to bid on buildings sold or foreclosed on during the economic downturn; and, bolstering funding mechanisms like the New York City Acquisition Fund to support the development of limited equity cooperatives and community land trusts.

## PROTECTIONS FOR UNREGULATED TENANTS

In New York City, millennials are more likely to live in unregulated rental apartments than other age cohorts. As unregulated tenants, they have minimal protections from arbitrary rent hikes and retaliatory evictions. The rental market will likely face a period of long-term turmoil because of the pandemic, and it is important to extend security of tenure and protections against vindictive and arbitrary evictions to unregulated tenants. New York State should pass a good cause eviction law, which would give tenants who are following their lease agreement the right to a lease renewal, and prevent landlords from raising the rent beyond an “unconscionable” threshold. A good cause law would provide renters with a level of housing stability, and an ability to plan beyond the end of their lease term. This is an antidote to the insecurity experienced by many low-income millennials.

# 6

## Conclusion

New York City’s recovery from the Great Recession was inequitable, leaving behind many local millennials while better-educated newcomers filled high-paying jobs and stiffened the already fierce competition for housing. A local recovery from the COVID-19 pandemic will continue to exacerbate these inequities unless we take deliberate action to ensure that the recovery includes all New Yorkers. Transplants are more likely to have the education and training necessary for jobs in high-paying industries, and to earn more annually. Other factors, including difficulties with college completion and burdensome student debt, are keeping locals from succeeding in the labor market. Paired with high housing costs, local millennials face major difficulties in renting or buying a home. In the aftermath of the pandemic, the city has an opportunity to address these disparities in education, labor market and housing outcomes.

Our analysis shows the need for a change in the way the city and state approach education, workforce development, and housing policy. While both city and state coffers will see a large dip in tax revenues due to the pandemic, we should be doing more to make public college affordable and to integrate career development into the city’s public education systems so that the age cohort following millennials, Generation Z, are prepared with the education and the skills they need to successfully compete for better jobs in higher-paying and emerging industries. Further, we should ensure that local millennials have the resources to access and maintain stable housing in the city where they grew up.

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