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ANALYSING THE LINK BETWEEN INCOME LEVELS AND HOUSING AFFORDABILITY IN THE METROPOLITAN RENTAL MARKET

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ABSTRACT:

This study examines demographic characteristics of citizens living in a metropolitan locality and identifies how income and rental rates are related to each other to assess the qualification to balance between income and housing affordability. We considered some variables such as age, gender, job, income, marital status, education level, location, and household size using descriptive statistics. Our data comprised of 250 valid responses. These findings demonstrate that the variation in these demographic variables is moderate and income and occupation were significantly diverse as among respondents. The Pearson correlation analysis was conducted to determine the relationship between income levels and the level of rental prices. The findings indicate a positive but medium relationship ($r = 0.441$, $p < 0.01$), meaning that an increase in income levels have a strong relationship with the prices of rent. On the basis of this statistically significant correlation, the research finds that income is a major contributor towards rent affordability. Thus, it is suggested that measures that are strategic in nature should be taken to deal with the disparities and so in the process the balanced urban development can be achieved through policies that are income sensitive and the availability of affordable housing.

Keywords: *Income Levels, Housing Affordability , Rental Price and Household*

INTRODUCTION:

Popularity of houses has become a greater issue in most urban areas since the cost of renting a house is increasing at a rate that exceeds the income of individuals. Such an imbalance may complicate the life of low and middle-income families, as they might not feel safe about their house, spend much more money, and decrease the quality of life. Urban planners, policymakers and housing authorities should be informed about the influence of income level on the price of a house to rent in order to develop the plans that will satisfy the residents. This study looks at the link between income levels and rental prices to see if rents are going up in line with residents' incomes.

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Objectives of the Study:

1. **To analyze the demographic characteristics** of individuals in the metropolitan area and understand how factors such as age, occupation, education, and income vary across the sample.
2. **To examine the relationship between income levels and rental prices** in the metropolitan area to determine whether income significantly influences housing affordability.

Need for the Study:

As concerns continue to increase over the affordability of living and the impact it has on the financial capacities of households, this paper seeks to determine the extent to which the prices of rental houses are elements of the income quality of individuals residing in those houses. It discusses the fact that there is an urgent need to consider the affordability of the housing especially given the presence of increasing cities and the widening divide between the rich and the poor. The findings can be used to make the housing policies and support systems more equitable.

Review of Literature:

Myers et al. (1996) studied how effective Urban Growth Boundaries (UGBs) are in the control of urban sprawl and in residential development within specific urban boundaries. The research used purposive sampling and statistical methods, such as t-tests and chi-square tests, to explore the role that Urban Growth Boundaries (UGBs) have in Portland and Eugene development patterns. The researchers assumed that UGBs would effectively reduce urban sprawl because they would help to concentrate residential development inside its boundaries, promote greater density projects, and preserve rural lands outside the boundaries of the UGBs. The study revealed that, UGBs played significant influence over residential development patterns. The UGB operated in Portland to promote growth by installing the urban space at a high level, preventing urban sprawling, and preserving the rural lands surrounding the town. However, UGB was not as effective with Eugene; further low-density developments occurred beyond the boundary indicating that the two cities did not abide by UGB regulations similarly.

Linneman and Megbolugbe (1992) examined the topic of Housing Affordability: Myth or Reality? the question of whether housing affordability was a myth or a reality through evaluations of whether Urban Growth Boundaries (UGBs) had a role in limiting urban sprawl and creating sustainable development. These designs used purposive sampling and regression analysis, as well as the use of spatial analysis techniques, such as the Geographic Information Systems (GIS). The authors hypothesized that Urban Growth Boundaries (UGBs) would effectively confine urban development to specified extents, leading to increase in size of urban areas, as well as protecting neighbouring rural lands. The findings revealed that UGBs significantly impacted urban development. The development density within UGBs and outside UGBs was greater in cities with enforced UGBs and lower in those with less stringent UGBs. However, the performance of UGBs varied depending on such factors as enforcement, the

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economy, and regional planning. UGBs also led to an increase in the value of property within the boundaries in certain instances since there was insufficient land to accommodate. This, in its turn, impacted affordability of housing.

Research Methodology:

- **Sampling Methodology :** Simple Random Sampling
- **Data Collection Method:** Primary data
- **Sample Size:** 250
- **Statistical Software:** IBM-SPSS
- **Tools Used:** Descriptive Statistics and Pearson Correlation Coefficient to measure the strength and direction of the relationship between income and rental price.
- **Significance Level:** 0.01 (2-tailed test)

Data Analysis:

Objective 1: To analyze the demographic characteristics of individuals in the metropolitan area and understand how factors such as age, occupation, education, and income vary across the sample.

Descriptive Statistics

	N	Mean	Std. Deviation
Age	250	2.63	1.216
Gender	250	1.58	.495
Occupation			
Income	250	2.49	1.166
Marital status	250	3.00	1.380
Educational Qualification			
Location			
Members	250	1.64	.480
Valid N	250	2.60	.718
	250	1.77	1.113
	250	2.08	.619
	250		

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INTERPRETATION

The descriptive statistics for the dataset, based on 250 valid responses, provide insights into the demographic characteristics of the sample. The average age of respondents is 2.63 with a standard deviation of 1.216, suggesting a moderately spread distribution. Gender has a mean of 1.58 and a low standard deviation (0.495), indicating a neareven split with a slight skew. Occupation (mean = 2.49, SD = 1.166) and income (mean = 3.00, SD = 1.380) reflect some diversity in professional and financial backgrounds. Marital status shows a mean of 1.64 (SD = 0.480), likely indicating a predominance of married individuals. The average educational qualification is 2.60 with relatively low variation (SD = 0.718), suggesting most respondents share a similar level of education. The location variable has a mean of 1.77 (SD = 1.113), pointing to some variability in residence type or area. Finally, household size, as indicated by the number of members, has a mean of 2.08 and a low standard deviation of 0.619, implying relatively consistent family sizes among respondents.

Objective 2:To examine the relationship between income levels and rental prices in the metropolitan area to determine whether income significantly influences housing affordability.

Null Hypothesis (H_0):

There is no significant relationship between income levels and rental prices in the metropolitan area.

Correlation

	Housing Affordability and Income Levels	**Rental Price**
Housing Affordability and Income Levels		
Pearson Correlation	1	.441
Sig.(2-tailed)		.000
N	250	250
Rental Price		
Pearson Correlation	.441	1
Sig.(2-tailed)	.000	
N	250	250

Correlation is significant at the 0.01 level (2-tailed).

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Interpretation of Results:

The Pearson correlation coefficient between income level and rental price is **0.441**, indicating a **moderate positive relationship**. This means that as income level increase, rental price tend to increase as well, but not strongly. The significance value (Sig. 2-tailed) is **0.000**, which is less than 0.01, indicating the correlation is **statistically significant**. Therefore, we can conclude that there is a meaningful relationship between income level and rental prices in the sample.

Suggestions:

1.**Introduce income-based housing policies-** The correlation between income and rental prices is statistically significant, so local governments and housing developers should take into consideration income-based rental, or subsidies, to increase affordability, particularly to low-income.

2.**Promote multifarious housing projects -** The policymakers need to employ the construction of rental residential units in different economic ranges, to accommodate different levels of income, thereby being inclusive and avoiding any form of socioeconomic segmentation in the metropolitan region.

CONCLUSION

The paper has shown the demographic profile, which includes income as well as occupation and family size and it is observed that the variables in the sample vary moderately. It indicates that there is moderate positive correlation and it is statistically significant ($r = 0.441$, $p < 0.01$) between income level and rental price reflecting that higher the income of a person, the higher the rent charge would be. This finding confirms that income is an important factor that influence rental affordability. Thus, the two key points in terms of balanced urban development to achieve a better residing situation in the metropolis are the strategic intervention that will close the income difference, as well as provide affordable housing subjects.

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