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INSIGHTS from Housing Policy Research

Rental Housing Affordability —
A Review of Current Research

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In the wake of the mortgage foreclosure crisis, calls have grown for a national housing policy that more evenly balances homeownership and rental housing. As America "rediscovers" the rental option, one could easily forget that for at least the past several decades one in three U.S. households — or more than 37 million households in 2008 — have been renters.[1] While often overlooked, rental housing makes up a critical segment of the nation's housing stock, providing a home for families and individuals unable to afford the cost of ownership or whose life circumstances simply make renting a better option.

This brief looks at recent trends among renters and in the rental market, drawing from research conducted with support from the John D. and Catherine T. MacArthur Foundation by the Center for Housing Policy, the Joint Center for Housing Studies of Harvard University, and the National Low Income Housing Coalition. Findings from the U.S. Department of Housing and Urban Development's report on "worst-case needs" households are also discussed. Although each source uses a somewhat different methodology and focuses on a unique segment of the renter population, together they paint a comprehensive picture of the housing challenges faced by America's renters.

Key Findings

- For every three units added to the rental stock between 1995 and 2005, two units were demolished or permanently removed from the inventory. Many of these new units target the higher end of the market and are unaffordable to lower-income renters.
- Only one in three poor renters benefits from housing assistance; as a result, nearly half of all renters pay more than 30 percent of their income for housing.
- For every 100 extremely low-income renter households, only 44 units were affordable to and occupied by such households (or vacant) in 2007.
- By 2013, more than one million subsidized units will reach the end of their use restrictions, giving property owners the opportunity to "opt out" of their contracts and threatening the loss of critically-needed affordable rentals.

Photo courtesy of Washington State Housing Finance Commission, credit: Patrick Barta

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A Note on Immigrants

In 2005, the Center for Housing Policy published *The Housing Landscape for America's Working Families*, a report highlighting the housing affordability challenges facing immigrants as well as U.S.-born households. Focused on "working families," the subset of households that earn between minimum wage and 120 percent of the median income in their area, the report uncovered important differences in the housing challenges faced by the two groups.

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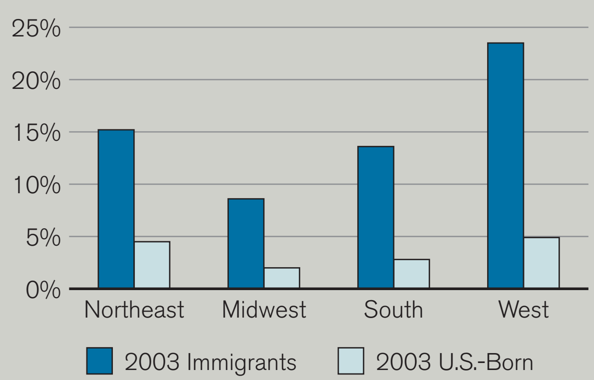
Researchers found that low- to moderate-income working families headed by immigrants were much more likely than U.S.-born working families to spend more than half of their income on housing (15.4 percent of immigrants faced a severe housing cost burden, compared with 8.8 percent of U.S.-born working families). This may be, in part, because immigrants tend to settle in markets with higher than average housing costs. A slim majority (52.4 percent) of immigrant households with a severe housing cost burden and/or living in severely substandard conditions were renters, while 47.6 percent owned their homes. In contrast, U.S.-born households with such critical housing needs were more likely to be homeowners (57.7 percent).

Immigrant working family renters also had a much higher incidence of crowding:[8] According to the report, 17.5 percent of immigrant working family renters (633,000 households) lived in crowded conditions, as compared with only 3.4 percent of working family renters born in the U.S. (501,000 households). Crowding levels vary substantially in different parts of the country (see **Figure 1**). Although rates are highest in the West, in all regions working families headed by immigrants are much more likely than U.S.-born working families to lack adequate living space. (**See page 8** for a discussion of crowding as a response to high housing costs.)

FIGURE 1. Percent Crowded, Working Family Renters by Region



Based on data from Lipman, Barbara J. 2005. *The Housing Landscape for America's Working Families.* Washington, DC: Center for Housing Policy, p. 52.

Photo courtesy of the California Housing Consortium

What Do We Know About the Demand for Rental Housing?

After remaining relatively steady for the previous decade, between 2004 and 2007 the number of renter households increased by 2.13 million.[2] This acceleration coincided with rising numbers of mortgage delinquencies, particularly among borrowers with unsustainable subprime and adjustable rate loans. Growth in new renter households was particularly pronounced in areas hit with large numbers of foreclosures, such as the Midwest, which experienced a 10.4-percent increase in renter households from 2004 to 2007 — a pace nearly twice as fast as the nation overall during this period.[3]

In the decade leading up to the mortgage foreclosure crisis, immigrant and minority households drove the growth in renter households, starting a trend that experts expect to continue. Between 1994 and 2004, increases in the number of foreign-born renters were great enough to offset a two-million-household decline in U.S.-born renters.[4] Strong growth in the number of Hispanic renters during roughly the same period provided a counterbalance to the net loss of 433,000 white renter households.[5] Projections suggest that by 2020, minority households will account for 54.7 percent of renters, as compared with 40.8 percent in 2000.[6] The shifting demographics of demand can be explained, in part, by the transition of high earning, primarily white renters to homeownership during the mid-1990s and early 2000s. More than one in three renters in the top income quartile in 2003 had purchased a home by 2005.[7]

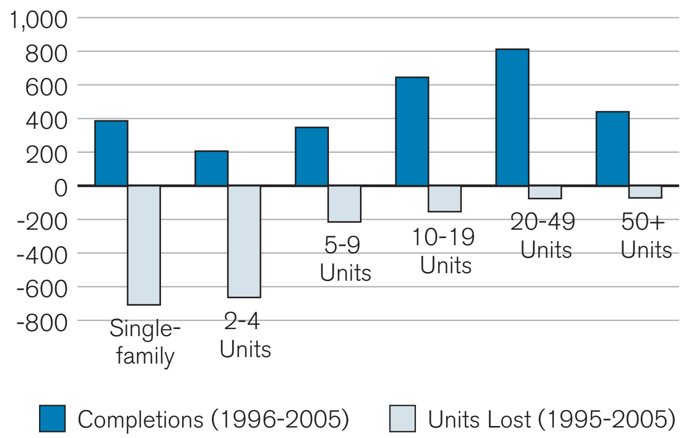
As the foreclosure and credit crises continue to unfold, the demand for rental housing will likely accelerate as owners who lose their homes to foreclosure move back into the rental market and would-be homebuyers — facing tighter credit and downpayment standards than before and an unemployment rate above 9 percent — hold off on new purchases. If this increased demand is not met with a corresponding increase in supply, rental prices will rise, leading to declines in affordability.

What Do We Know About the Supply of Rental Housing?

Between 1995 and 2005, for every three units added to the rental stock, two were demolished or permanently removed from the inventory. Losses over the 10-year period were most concentrated in buildings with one- to four units — as shown in **Figure 2**, losses greatly outpaced completions of new rental housing in buildings of this size. Overall, many of the units lost over the last decade (approximately 200,000) had received project-based federal assistance that helped to keep rents low until the owners chose not to continue their participation.[9] Losses were particularly high in older, lower-quality (and generally more affordable) buildings in distressed neighborhoods.[10]

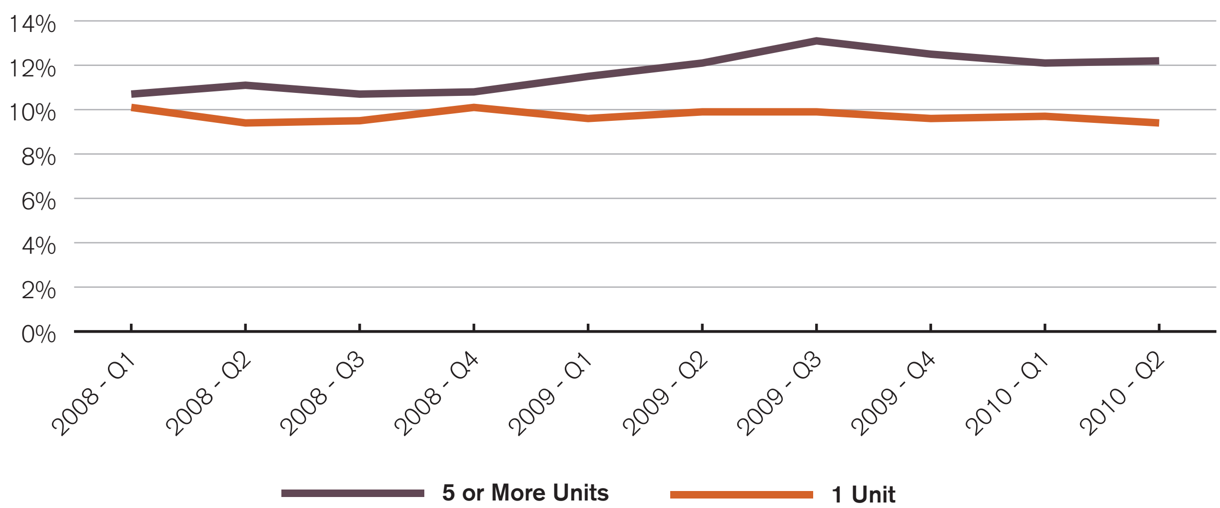
Due to increases in construction costs and the soaring price of residential land before the housing crisis, developers of new rental housing often focused on the high end of the market rather than replacing the low-cost units leaving the stock. Apart from housing financed through the low-income housing tax credit, most of the new multifamily housing supply tended to be in large apartment buildings marketed to higher-income renters seeking bigger units and more amenities.[11] Rent levels for newly built units in buildings with five or more apartments reached a record median asking rent of $1,057 in 2006, although rising vacancy rates may lead to a softening of rents in this component of the stock.[12] In contrast to trends among single-family rentals, vacancy rates for 5+ unit multifamily properties have climbed upwards recently (see **Figure 3**). Given the current economic crisis, rising vacancy rates in this stock may be attributable to higher

FIGURE 2. Rental Completions and Inventory Losses, 1995–2005 (in thousands)



Based on data from Joint Center for Housing Studies of Harvard University. 2008. *America's Rental Housing: The Key to a Balanced National Policy.* Cambridge, MA: Author, Table A-7.

FIGURE 3. Quarterly Vacancy Rates by Number of Units in Building



U.S. Census Bureau. *Current Population Survey/Housing Vacancy Survey*, Quarterly Rental Vacancy Rates by Units in Structure: 1968 to Present.
NOTE: Vacancy rates for properties with two-to-four units were not provided separately.

As conditions continue to evolve in response to the mortgage foreclosure and credit crises, experts agree on the difficulty of predicting the net effect on the rental market.

rents and the increasing tendency of households to "double-up" rather than form separate households.

The low-income housing tax credit historically has played a strong role in buoying the affordable rental supply and the supply of rental housing overall (construction of 75,000 low-income housing tax credit units accounted for more than 40 percent of multifamily production in 2006[13]).

Today, production levels for all types of multifamily rentals have fallen off markedly from levels reached in the early 2000s (see **Figure 4**). By 2007, there were only 169,000 multifamily rental completions — the lowest level in more than ten years,[14] and in 2009, housing starts for multifamily buildings (renter and owner) were less than one-third the peak level reached only four years earlier.[15] Insufficient in the best of years to keep pace with the loss of subsidized units and meet increasing demand, multifamily production using low-income housing tax credits has also fallen off dramatically. The value of the tax credits plummeted in 2008 and 2009 because fewer investors had the profits, and thus tax liability, that typically drive demand for the credits. Two programs included in the *American Recovery and Reinvestment Act of 2009* currently help to cover the equity shortfall of otherwise shovel-ready projects that no longer pencil-out at the lower tax credit prices, but production is unlikely to approach pre-crisis levels in the near-term. As a result of these trends, shortfalls of affordable rentals persist and may worsen in the near future.

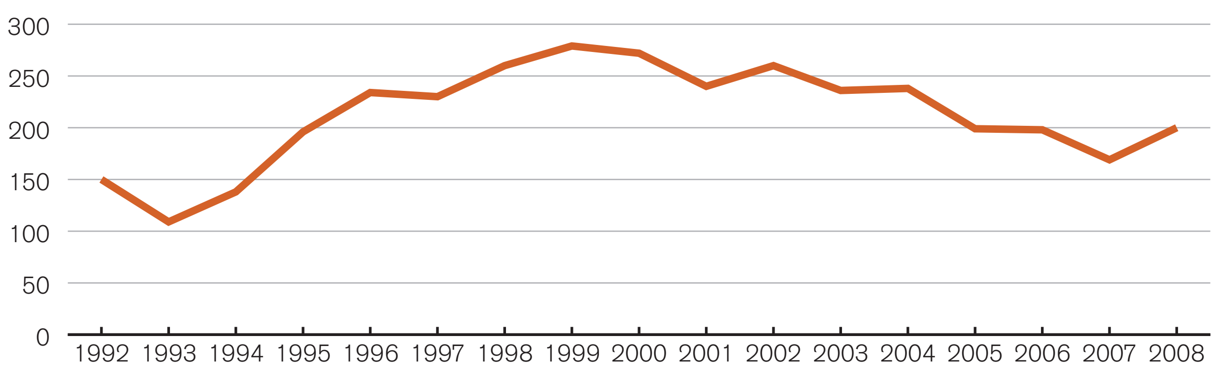
As conditions continue to evolve in response to the mortgage foreclosure and credit crises, experts agree on the difficulty of predicting the net effect on the rental market. According to researchers at the Joint Center for Housing Studies, the supply of high-end rentals may be bolstered by the slow housing market, which is causing some owners to rent out condominiums and single-family homes that they are unable to sell or reluctant to put on the market. Asking rents for these units, however, are typically out of reach of lower-income households. At the same time, dropping home prices may motivate qualified renters to become homeowners, easing pressure on the rental market and eventually resulting in rent reductions. Both processes are more likely to affect supply and demand for higher-cost rental units and have little or no impact on the persistent shortage of low-cost and subsidized rental options.

What Do We Know About Rental Housing Affordability?

Housing affordability may be measured in many ways, and rental payments that one household considers "affordable," another may find out of reach. The most common methodology for determining rental housing affordability involves making a comparison between monthly household income and rent to

See **AFFORDABILITY** *page 6*

FIGURE 4. Rental Housing Units Completed in Multifamily Buildings (in thousands, buildings with 2 or more units)



U.S. Census Bureau. *Manufacturing, Mining, and Construction Statistics.* Table Q-6. New Privately Owned Housing Units Completed in the United States, by Intent and Design.

Preserving Federally-Assisted Affordable Rentals

Across the country, federal subsidy programs — such as project-based Section 8, Section 236, and Section 221(d)(3) — help to keep more than 1.5 million rental homes available for low-income households. Property owners participating in these programs agree to rent some or all of their units to income-qualified households at rates they can afford, in exchange for financial incentives that include reduced mortgage interest rates, rent subsidies, and other benefits.

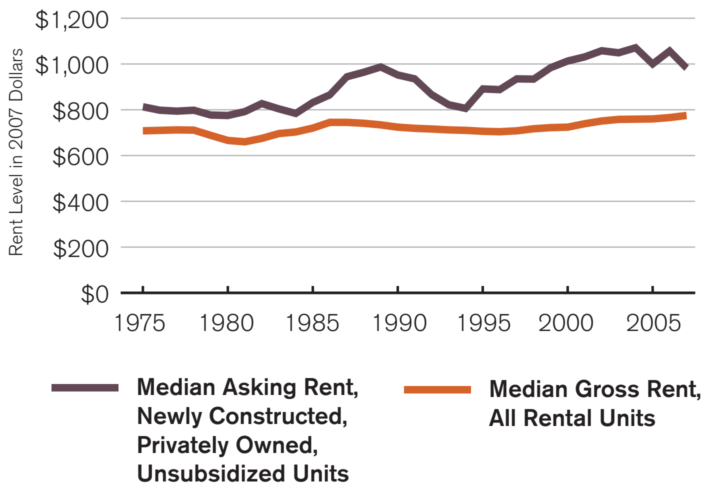
While small numbers of new affordable units continue to come online through some of these programs, the majority of contracts were initiated from the mid-1960s through the mid-1980s, when participation in federal assistance programs helped both mission-driven and profit-motivated companies lower their development costs and ensure a steady income stream to support affordable rental housing. (Until the current economic downturn, the low-income housing tax credit program has been a notable exception, helping to produce thousands of affordable units each year.) Recent estimates suggest that by 2013 more than one million subsidized units will reach the end of their use restrictions, giving property owners the opportunity to choose whether or not to renew their contracts.[16] Those that "opt out" are entitled to raise rents to market rates, convert their buildings to condos or other uses, or otherwise remove from the affordable rental stock units unlikely to be replaced.

Photo courtesy of the California Housing Consortium

Moreover, the supply of low-income housing tax credit units has been, and continues to be, threatened by a variety of factors. Some properties face demolition as they age and fall into disrepair, and others leave the affordable ranks as owners decide to discontinue participation when their affordability covenant expires. Fifteen-year use restrictions on the first properties financed with the tax credit began to expire in 2002. Passage of the *Revenue Reconciliation Act* in 1989 extended affordability restrictions to 30 years, and allows the owner to sell the property after the 14th year to qualified buyers who are obligated to preserve affordability; if such a buyer cannot be found, the owner can opt out of the second 15-year affordability period.

Today, demand for assisted properties remains strong: As the vacancy rate for all rentals hovered around 10 percent in the mid- to late 2000s, vacancies in project-based Section 8 properties dropped from five percent in 2006 to 4.3 percent by 2009.[17] Similarly, the vacancy rate for low-income housing tax credit units fell from 6.5 percent in 2006 to 5.4 percent in 2009.[18] Recognizing the risk posed by the loss of these units, officials at the local, state, and federal levels have taken actions ranging from creating preservation catalogs (databases that keep track of subsidized properties and help to facilitate the identification of high-risk units) to reducing property tax assessments for assisted properties to promote continued participation in subsidy programs. See the Insights brief, "Taking Stock: The Role of 'Preservation Inventories' in Preserving Affordable Rental Housing" for additional background on the development of rental housing preservation catalogs.

FIGURE 5. Rent Levels, Existing and New Rental Units



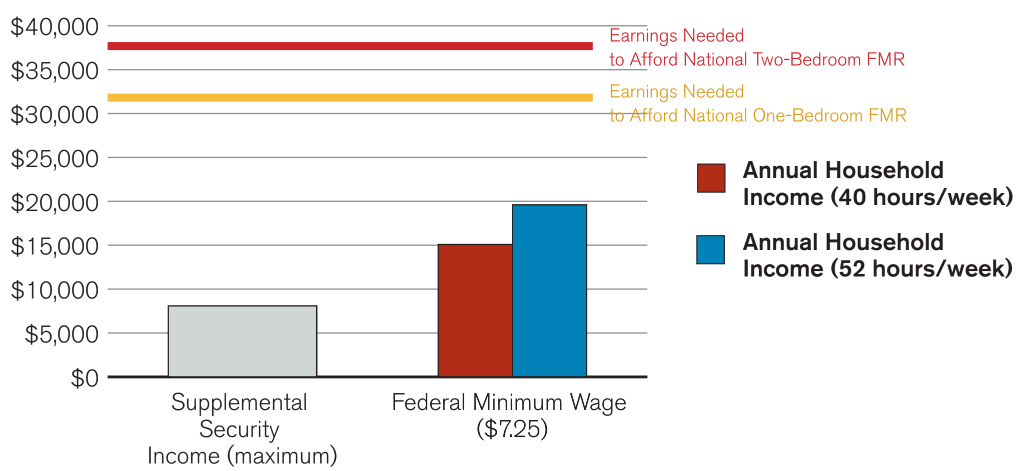
Based on data from Joint Center for Housing Studies of Harvard University. 2008. *America's Rental Housing: The Key to a Balanced National Policy*, Cambridge, MA: Author, Table A-2.

see if the ratio exceeds a specified level. As discussed later in this brief, while relatively simple to calculate, this method fails to account for a variety of other factors, including the tradeoffs that some families and individuals make to secure more costly, but higher-quality homes in safe neighborhoods or desirable school districts. Nevertheless, the interaction between rent and income provides a useful lens through which to examine the state of rental housing affordability.

The decade leading up to 2007 saw gross rents (the sum of the contract rent and charges for utilities) climb by 10 percent after adjusting for inflation, to a then-historic high of $775/month (see **Figure 5**).[19] As described above, this increase was driven both by the creation of new high-end units with unprecedented asking rents and the disproportionate loss of affordable units at the low end of the rent spectrum over the preceding decade. Compounding the affordability problem, renters' incomes have not kept pace with rent increases, particularly at the bottom of the income spectrum. Between 2001 and 2007, the median renter income dropped by 5.9 percent after adjusting for inflation.[20]

With only one in three poor renters benefiting from federal housing assistance,[21] by 2006, some 16.8 million renter households (46 percent of all renters) were paying more than 30 percent of their income for housing, a commonly cited measure of housing unaffordability. Of these, more than 8.3 million (23 percent of all renter households) faced severe housing cost burdens, spending more than 50 percent of income on housing costs.[22] Affordability problems hit minimum-wage earners particularly hard. According to the National Low Income Housing Coalition's 2010 *Out of Reach* report, even with recent increases in federal and state minimum wages, a full-time minimum wage earner could not affordably rent a typical one-bedroom apartment in any county in the country (excepting some parts of Puerto Rico). As calculated in this report, the national two-bedroom "housing wage" — the hourly wage that a full-time worker must earn in order to

FIGURE 6. Social Security Income and Federal Minimum Wage Earnings versus National Housing Wage



Based on data from National Low Income Housing Coalition. 2010. *Out of Reach* 2010. Washington, DC: Author.
NOTE: 52 is the average number of hours worked per week by renter households.

afford the rent for a standard quality unit — of $18.44 is roughly 2.5 times higher than the current minimum hourly wage of $7.25 (see **Figure 6**).[23]

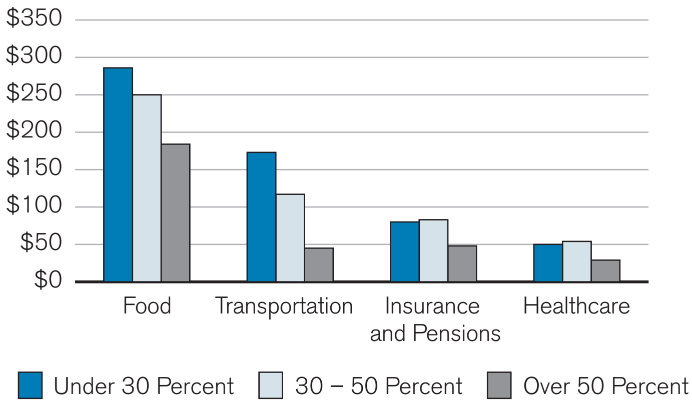
What Do We Know About How Individuals and Families Respond to Affordability Challenges?

Previous research shows that not all households remain burdened by their housing costs for an extended period of time. HUD's *Affordable Housing Needs 2005* found that about 55 percent of renter households with income below 50 percent of the area median and severe cost burdens overcame their cost burdens over a three-year period from 2001 to 2003.[27] Only 7.3 percent of these households had started to receive rent assistance; more commonly, households exited severe rent burdens by increasing their income (23.7 percent of households) or paying lower rent (10 percent of households).[28] However, housing assistance significantly mitigates the overall incidence of worst-case-housing needs; 2007 estimates show that without assistance programs, an additional 2.74 million households would have had worst-case needs.[29]

As rents continue to climb and income levels fail to keep pace, families and individuals have turned to a variety of strategies in order to stay afloat:

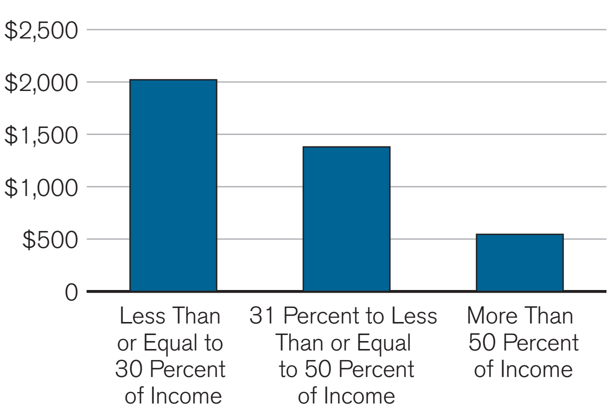
- **Reduced spending on other necessities —** With budgets stretched thin, households that spend a disproportionate share of income on housing often end up cutting back on other expenditures. As noted in *Something's Gotta Give*, a Center for Housing Policy report on the expenditure patterns of working families with and without housing cost burdens, "a typical pattern…is to pay their fixed costs first — primarily housing — and make compromises in other areas."[30] In 2005, among renter households with the lowest overall expenditures across all spending categories, those with severe housing cost burdens (more than 50 percent of income on housing) spent

FIGURE 7. Average Monthly Expenditures Among Households with the Lowest Overall Expenditures, by Share of Expenditures on Housing (2005)



Based on data from Joint Center for Housing Studies of Harvard University. 2008. *America's Rental Housing: The Key to a Balanced National Policy*, Cambridge, MA: Author, Table A-5.

FIGURE 8. Working Family Renters' Expenditures on Healthcare and Insurance, by Share of Expenditures Spent on Housing (2002)



Based on data from Lipman, Barbara J. 2005. *Something's Gotta Give*. Washington, DC: Center for Housing Policy, p. 19.

A Note on Worst-Case Housing Needs

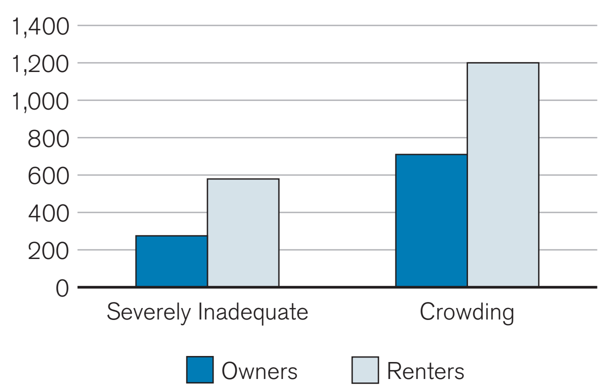
The U.S. Department of Housing and Urban Development regularly issues reports on "worst-case needs" households — renters who (1) earn less than 50 percent of area median income, (2) do not receive housing assistance, and (3) pay more than half of their income for housing and/or live in severely substandard housing. According to the department's calculations, the number of households with worst-case needs jumped 16 percent between 2001 and 2005 after more than a decade of relative stability, from 5.01 to 5.99 million households,[24] and then stayed basically level through 2007, at which point there were 5.91 million households with worst case needs.[25]

According to the report, the large number of households with worst-case needs is due at least in part to the low number of units renting at affordable rates and compounded by higher-income households occupying some of these low-rent units. For every 100 renter households earning between 30 and 50 percent of the area median income, only 74 affordable units were available for rent in 2007. ("Available" generally means that the units are affordable at 30 percent of income and have not been rented by higher-income households.) For extremely low-income households (earning less than 30 percent of AMI), which make up almost three-quarters of worst-case needs households, only 44 units were both affordable and available for every 100 renters.[26]

City of Austin/Neighborhood Housing and Community Development

35 percent less on food, 42 percent less on health care, and 40 percent less on personal insurance and pensions than renters spending less than 30 percent of their income on housing (see **Figures 7** and **8**).[31] Working families (renters and owners) that spent more than half of their income on housing in 2005 were also 23 percent more likely to have difficulty buying food than those spending less than 30 percent of their income on housing and 28 percent more likely to have a household member who lacks health insurance.[32]

FIGURE 9. Incidence of Housing Problems Among Working Families, 2005 (in thousands)



Based on data from Brennan, Maya and Barbara J. Lipman. 2007. *The Housing Landscape for America's Working Families.* Washington, DC: Center for Housing Policy, p. 13.

➤ Crowding/poor housing quality — Rather than taking on large housing cost burdens, or in some cases *despite* spending a disproportionate share of income on housing, thousands of families and individuals reduce their expenditures by living in crowded or poor quality housing. Some "double up" in a single unit in order to share expenses with additional household members; others squeeze into too-small units to keep costs down. Still others live in deteriorating or structurally inadequate buildings, which generally can be rented at lower costs. Renters are much more likely than homeowners to adapt in these ways: In 2005 nearly five percent of renters at all income levels lived in crowded conditions and almost 11 percent had structurally inadequate homes. In comparison, rates for homeowners were one percent and three percent, respectively.[33] This imbalance is also reflected among the subset of "working family" renters and owners — those earning between minimum wage and 120 percent of the median income in their area (see **Figure 9**). While this segment of the population enjoys a lower incidence of crowding and structural inadequacy than renters overall, "working family" renters still experience crowding at nearly double the rate of working family owners, and the likelihood of living in severely inadequate housing is nearly three times as high for renters as for owners.

More recent analysis has found that from March 2008 to March 2009, 11.9 percent of movers joined an existing household. This figure has increased steadily from 9.5 percent in March 2005,[34] which suggests that more

Households with extremely low incomes and members who require costly care (e.g., children, persons with disabilities) may spend less than 30 percent on housing and still be unable to meet their basic needs with what is left over.

households than in previous years may be doubling-up to better afford housing costs during the current economic downturn.

➤ Disadvantaged neighborhoods — While some households compromise on housing quality, others sacrifice neighborhood quality in search of affordable housing. In some cases this trade-off means living in high-crime areas where costs tend to be lower. In other cases, location-related trade-offs push low-income families and individuals to low-cost areas with few economic opportunities. According to researchers at the Joint Center for Housing Studies, currently, "less than one in 80 subsidized units is located in an area with strong job growth, and one in 20 is located in an area where employment is on the decline."[35] Often these areas are found close to the central business district. Even as job growth has moved outward toward the suburbs and exurbs, nearly two-thirds of poor renters in metropolitan areas continue to live in central cities, many of them in neighborhoods with high concentrations of poverty (at least 20 percent).[36] As nearly 60 percent of renters with the lowest incomes in central cities do not own a car, and public transit to outlying areas experiencing the greatest economic growth is frequently inadequate, these households may find opportunities for economic advancement hard to come by.[37]

In some cases this trade-off works in the opposite direction: Some families and individuals may sacrifice housing affordability to live in a high-performing school district, low-crime neighborhood, or in close proximity to a place of employment because affordable options often do not exist in such neighborhoods. These households face a different set of challenges, including decreased spending on other essentials or inadequate living conditions, described above.

Photo courtesy of Seattle Housing Authority

Approaches to Measuring Affordability

Despite employing a variety of methodologies and sources, the studies reviewed in this brief generally agree that, for a number of reasons, the supply of low-cost rental units is not sufficient to meet the demand. As a result, a significant number of households spend more than they can afford on housing costs. There is no consensus, however, on the most appropriate way to measure housing affordability.

➤ **Percent of income —** The most common method of measuring affordability, the "percent of income" or "housing-cost-to-income ratio" approach involves comparing a household's monthly housing costs (including utilities) to their pre-tax income to see if the ratio surpasses a threshold level. This threshold currently stands at 30 percent for the purposes of most federal housing programs, meaning that in order to be affordable, housing costs and utilities must not consume more than 30 percent of a household's monthly income. When housing expenditures consume more than 50 percent of income, households are considered to have a "severe" cost burden.

Many policymakers favor this approach — which has been built into household rent contribution calculations for many housing assistance programs — because of its simplicity: Calculating affordability is straightforward and uses readily available data. Critics of this measurement, however, note that the threshold is arbitrary and possibly outdated, dating back to the "birth of federal low income housing policy,"[38] and does not account for other tradeoffs made in choosing housing, including housing quality, neighborhood quality, and distance from work and other amenities. Additionally, implicit in the 30 percent rule is the assumption that 70 percent of a household's income is sufficient to cover the costs of non-housing

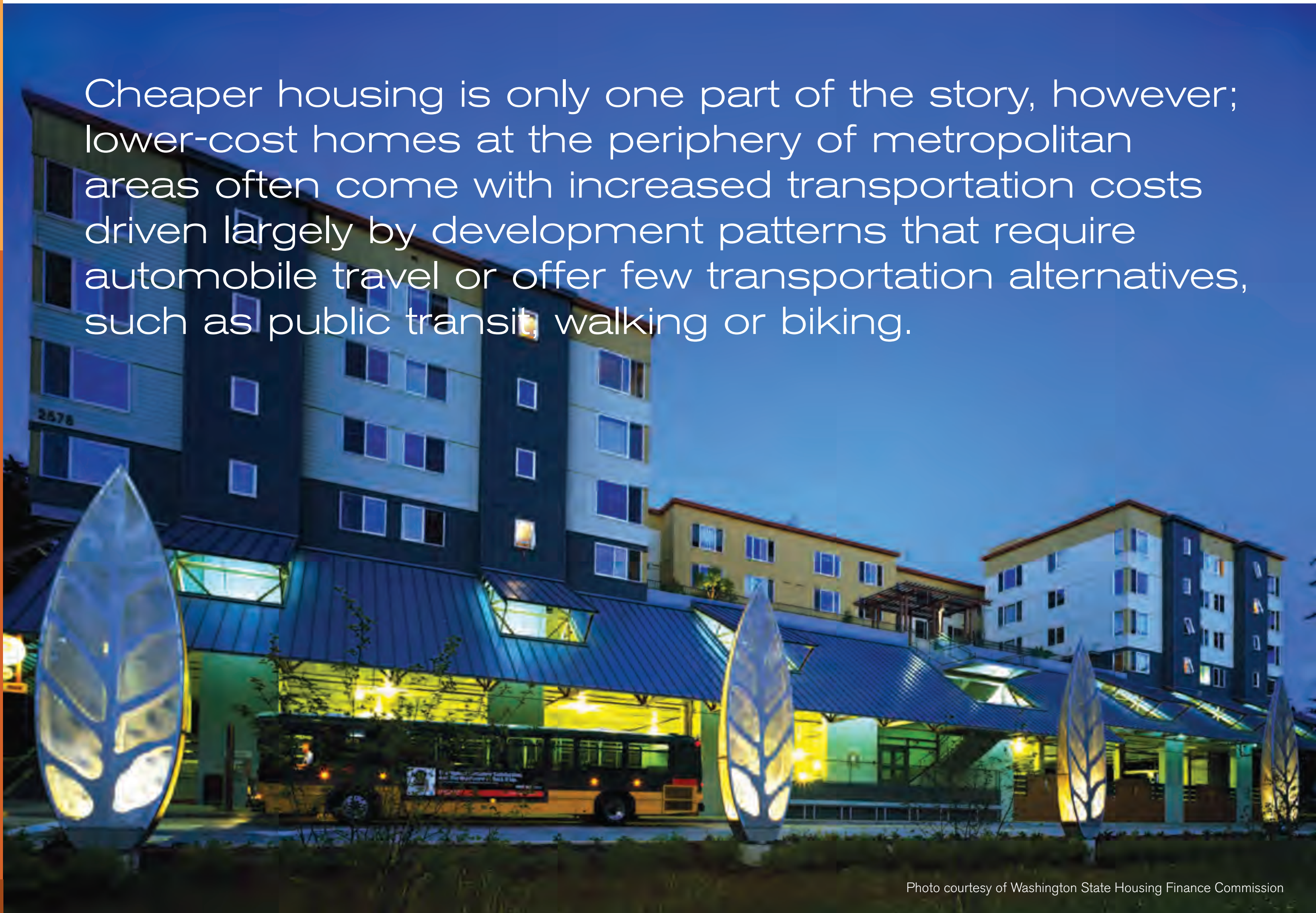


Photo courtesy of Washington State Housing Finance Commission

At distances of 12 to 15 miles from employment centers, increased transportation costs for low- and moderate-income households start to outweigh their savings on housing.

necessities. While true for some households with comparatively high incomes, households with extremely low incomes and members who require costly care (e.g., children, persons with disabilities) may spend less than 30 percent on housing and still be unable to meet their basic needs with what is left over.

➤ **Housing + transportation —** While traditional measures of housing affordability include only the direct expenses associated with owning or renting a home (rent or mortgage payments plus utility costs), a more comprehensive approach accounts for the full costs of place: housing, utilities, and the transportation costs incurred in getting to work and around town. This approach is based on research showing that working families with lower housing costs often incur higher transportation costs and vice-versa.[39] In many metropolitan areas, as distances from the central business district and employment centers grow, housing prices decline. Cheaper housing is only one part of the story, however; lower-cost homes at the periphery of metropolitan areas often come with increased transportation costs driven largely by development patterns that require automobile travel or offer few transportation alternatives, such as public transit, walking or biking.

The tradeoffs related to housing and transportation costs can be stark. For example, an analysis of the Consumer Expenditure Survey by the Joint Center for Housing Studies of Harvard University found that, among households in the lowest expenditure quartile, those paying less than 30 percent of their income on housing (generally considered "affordable") had monthly transportation costs that were $100 higher than households spending more than 50 percent of their income on housing. According to the Joint Center report, "that $100 is equal to one-tenth of the average [monthly] budget of these households."[40]

Additionally, a study by the Center for Housing Policy found that at distances of 12 to 15 miles from employment centers, increased transportation costs for low- and moderate-income households start to outweigh their savings on housing; as a result, "the share of household income required to meet these combined expenditures rises."[41] Proponents of the housing and transportation approach to measuring affordability suggest that because areas with low housing costs often have high transportation costs and vice-versa, measuring one without the other can be misleading.

One standard developed by the Center for Neighborhood Technology suggests that households should spend no more than 48 percent of household income on the combined cost of housing and transportation — 30 percent on housing plus 18 percent for transportation. However, this statistic is subject to the same critiques identified above — namely, that the threshold is arbitrary and fails to account for other factors, including housing and neighborhood quality. Similarly, this benchmark assumes that the balance of the budget — 52 percent of income — can adequately cover other household expenses, an assumption whose accuracy varies with income.

➤ **Residual income approach —** The residual income approach was pioneered by affordable housing advocate Cushing Dolbeare and further developed by Michael E. Stone, who called the approach "shelter poverty." This approach uses rent or mortgage payments as a starting point, and then evaluates the income left over after housing expenses have been paid to determine if the remaining funds are sufficient to afford other basic needs.

The residual income approach addresses many of the criticisms leveled at the methods discussed above. However, it is much more complicated to apply, requiring greater knowledge of individual household circumstances (i.e., how many children) and local costs for other necessities (e.g., variations in transportation costs) in order to accurately assess the adequacy of households' residual incomes. It also may underestimate the affordability problems of households with additional expenses (e.g., larger households or those with a member who has a chronic health condition).

MACARTHUR
The John D. and Catherine T. MacArthur Foundation

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CENTER FOR HOUSING POLICY

As the research affiliate of the National Housing Conference (NHC), the Center for Housing Policy specializes in developing solutions through research. In partnership with NHC and its members, the Center works to broaden understanding of the nation's housing challenges and to examine the impact of policies and programs developed to address these needs. Combining research and practical, real-world expertise, the Center helps to develop effective policy solutions at the national, state and local levels that increase the availability of affordable homes.

For more information, contact us at:
Center for Housing Policy
and National Housing Conference
chp-feedback@nhc.org
www.nhc.org

Resources

[1]U.S. Census Bureau. Profile of Demographic Characteristics: 2000 and 1990. Census 2000 and 1990 Summary File; U.S. Census Bureau, Population and Housing Narrative Profile: 2008. American Community Survey: 2008 1-Year Estimates.

[2]U.S. Census Bureau. Annual Estimates of the Housing Inventory: 1965 to Present. Housing Vacancies and Homeownership (CPS/HVS).

[3]Joint Center for Housing Studies of Harvard University. 2008. America's Rental Housing: The Key to a Balanced National Policy. Cambridge, MA: Author, p. 9.

[4]Joint Center for Housing Studies of Harvard University. 2006. America's Rental Housing: Homes for a Diverse Nation. Cambridge, MA: Author, p. 28. It is important to note that once immigrants have been in the country for 15 years or more, homeownership rates are nearly comparable to U.S.-born households of the same age. (Joint Center, The Key to a Balanced National Policy, p. 6).

[5]Joint Center, The Key to a Balanced National Policy, pp. 5-6.

[6]Joint Center, Homes for a Diverse Nation, p. 31.

[7]Joint Center, The Key to a Balanced National Policy, p. 8.

[8]Crowding is defined here as having more than one person per room per residence. Rooms in a residence include kitchens, offices/business rooms, and other furnished rooms, and exclude baths, half baths, laundry/utility rooms, storage rooms/pantries, and unfinished space.

[9]Joint Center, Homes for a Diverse Nation, p. 21, citing the National Low Income Housing Coalition.

[10]Joint Center, Homes for a Diverse Nation, p. 22.

[11]Joint Center, The Key to a Balanced National Policy, p. 12.

[12]Joint Center, The Key to a Balanced National Policy, p. 12.

[13]Joint Center, The Key to a Balanced National Policy, p. 11, citing the National Council of State Housing Agencies.

[14]Joint Center, The Key to a Balanced National Policy, p. 10. Completions rose to 200,000 in 2008 — still just three-quarters of the number of completions a decade earlier in 1998 (Collinson, Rob and Ben Winter. 2010. U.S. Rental Housing Characteristics: Supply, Vacancy, and Affordability. Washington, DC: U.S. Department of Housing and Urban Development Office of Policy Development and Research, p. 7).

[15]Based on data from Economics Department, National Association of Home Builders. Table 1 Housing Starts, U.S. and Regions. Washington, DC: Author.

[16]Joint Center, The Key to a Balanced National Policy, p. 20, citing the General Accountability Office.

[17]Collinson, Rob and Ben Winter, U.S. Rental Housing Characteristics, p. 12.

[18]Collinson, Rob and Ben Winter, U.S. Rental Housing Characteristics, p. 21.

[19]Joint Center, The Key to a Balanced National Policy, Table A-2.

[20]U.S. Census Bureau. Median Household Income the Past 12 Months by Tenure. 2001, 2007. American Community Survey.

[21]Joint Center, Homes for a Diverse Nation, p. 7.

[22]Joint Center, The Key to a Balanced National Policy, Table A-6.

[23]National Low Income Housing Coalition. 2010. Out of Reach 2010: Renters in the Great Recession, the Crisis Continues. Washington, DC: Author. NLIHC's Out of Reach reports evaluate rental housing affordability at the state and local levels by comparing the hourly wage needed to afford an apartment renting at the area's Fair Market Rent (FMR) — the "housing wage" — with the minimum wage.

[24]U.S. Department of Housing and Urban Development. 2007. Affordable Housing Needs 2005: Report to Congress. Washington, DC: Author, p. 1.

[25]U.S. Department of Housing and Urban Development. 2010. Worst Case Housing Needs 2007: A report to Congress. Washington, DC: Author, p. iiv. For most of these households (91 percent), housing affordability (rather than substandard conditions) presents the priority housing problem.

[26]U.S. Department of Housing and Urban Development. Worst Case Housing Needs 2007, p. 5.

[27]U.S. Department of Housing and Urban Development. Affordable Housing Needs 2005, p. 30.

[28]Ibid. Similar statistics are not included in the most recent worst-case needs report.

[29]U.S. Department of Housing and Urban Development. Worst Case Housing Needs 2007, p. 21.

[30]Lipman, Barbara J. 2005. Something's Gotta Give. Washington, DC: Center for Housing Policy, p. 28.

[31]Joint Center, The Key to a Balanced National Policy, Table A-5.

[32]Lipman, Barbara J., Something's Gotta Give, p. 8.

[33]Joint Center, The Key to a Balanced National Policy, p. 16.

[34]Collinson, Rob and Ben Winter, U.S. Rental Housing Characteristics, p. 14.

[35]Joint Center, Homes for a Diverse Nation, p. 15.

[36]Ibid.

[37]Ibid.

[38]Pelletiere, Danilo. 2008. Getting to the Heart of Housing's Fundamental Question: How Much Can a Family Afford? Washington, DC: National Low Income Housing Coalition, p. 1.

[39]Lipman, Barbara J. Something's Gotta Give.

[40]Belsky, Eric S., Jack Goodman, and Rachel Drew. 2005. Measuring the Nation's Rental Housing Affordability Problems. Cambridge, MA: Joint Center for Housing Studies of Harvard University, p. 9.

[41]Lipman, Barbara J. 2006. A Heavy Load: The Combined Housing and Transportation Burdens of Working Families. Washington, DC: Center for Housing Policy, p. 5. Note that this figure is for both renter and owner working families (i.e., those earning between minimum wage and 120 percent of the AMI).