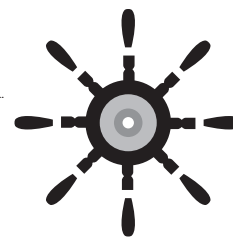


# The National Need for Housing



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The economic recession combined with demographic changes have contributed to a significant increase in the renter population. The number of renter households grew by nearly 9 million, to 43 million, between 2005 and 2015, representing the largest gain in any 10-year period.<sup>1</sup> The rental vacancy rate averaged 7.1% for the first three quarters of 2015, the lowest level in 30 years, and rents have risen faster than inflation and household incomes in recent years.<sup>2</sup> Furthermore, the production of new rental units has been concentrated at the higher-priced end of the market.<sup>3</sup>

Incomes have not kept paced with the rise in rents, especially among low wage workers. According to a study by the National Employment Law Project, real median wages across almost 800 occupations dropped by an average of 4% from 2009 to 2014, while the lowest paying 20% of occupations saw an average decline of 5.7%.<sup>4</sup> According to NLIHC's annual *Out of Reach* report, a worker needs to earn an hourly wage of \$19.35, over two and half times the federal minimum wage, in order to afford a two-bedroom rental home at the national average Fair Market Rent of \$1,006. The average wage of renters, nationwide, is \$15.16.

The United States faces a shortage of affordable housing, and the shortage is most severe for extremely low income (ELI) households. An ELI household, one with income at or below 30% of the area median income (AMI), can only afford rent of \$509 a month.<sup>5</sup> Based on NLIHC analysis of

the 2014 American Community Survey,<sup>6</sup> there are 10.4 million ELI renter households and only 5.8 million rental units affordable to them, using the standard affordability measure of spending no more than 30% of household income on housing costs. This leads to an absolute shortage of 4.6 million rental homes for these households nationwide.

The challenge for ELI renters is even greater than it appears, because many of the units affordable to ELI households are occupied by higher income households. Thus, on a nationwide basis, the shortage of affordable and available rental homes for ELI households is 7.2 million. Nationally, there are only 31 affordable and available rental homes for every 100 ELI renter households.

The most vulnerable ELI renters, including households relying on Supplemental Security Income (SSI) and minimum wage workers, face the greatest challenges when seeking affordable housing. According to the Technical Assistance Collaborative, one-bedroom rents exceeded 100% of monthly SSI income in 161 housing markets across 33 states in 2014.<sup>7</sup> And there are 3.4 million more deeply low income renter households, who earn 15% of AMI or less, than there are rental units available to them.

In light of the significant shortage of affordable and available housing, the lowest income renters continue to make sacrifices in order to make ends meet. Seventy-five percent of ELI renters spent more than half of their incomes on housing costs in 2014, leaving very little for other basic necessities such as food, health care, and transportation and putting families at risk of homelessness if they have a financial emergency. The negative impact of high housing cost burdens and potential housing instability on family members' mental and physical well-being is well documented, partially due to increased stress and fewer resources for food

1 Joint Center for Housing Studies of Harvard University. (2015). *America's Rental Housing: Expanding Options for Diverse and Growing Demand*. Cambridge, MA: Retrieved from: [http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/ctools/css/americas\\_rental\\_housing\\_2015\\_web.pdf](http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/ctools/css/americas_rental_housing_2015_web.pdf)

2 *Ibid.*

3 *Ibid.*

4 National Employment Law Project. (2015). *Occupational Wage Declines Since the Great Recession*. Washington, DC: Retrieved from: <http://www.nelp.org/content/uploads/Occupational-Wage-Declines-Since-the-Great-Recession.pdf>

5 NLIHC (2015). *Out of Reach 2015*. Washington, DC: Retrieved from: [http://nlihc.org/sites/default/files/oor/OOR\\_2015\\_FULL.pdf](http://nlihc.org/sites/default/files/oor/OOR_2015_FULL.pdf)

6 Unless otherwise cited, all data are based on NLIHC analysis of 2014 ACS data.

7 Technical Assistance Collaborative. (2015). *Priced Out in 2014*. Boston, MA: Retrieved from: <http://www.tacinc.org/media/52012/Priced%20Out%20in%202014.pdf>

and health care.<sup>8</sup> A study by the Joint Center for Housing Studies at Harvard found that severely cost-burdened households in the lowest income group spent on average 38% less money on food and 55% less on healthcare than similar households with affordable housing.<sup>9</sup> And new research shows cost burdens can lead to maternal stress and depressive symptoms and negatively impact children's cognitive development.<sup>10,11</sup> The need to meet our nation's housing shortage for ELI households is apparent. ■

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- 8 Maqbool, Nabihah, Janet Viveiros, and Mindy Ault. (2015). *The Impacts of Affordable Housing on Health: A Research Summary*. Washington, DC: Center for Housing Policy. Retrieved from <http://media.wix.com/ugd/19cfbed31c27e13a99486e984e2b6fa3002067.pdf>
  - 9 Joint Center for Housing Studies of Harvard University. (2015). *America's Rental Housing: Expanding Options for Diverse and Growing Demand*. Cambridge, MA: Retrieved from: [http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/ctools/css/americas\\_rental\\_housing\\_2015\\_web.pdf](http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/ctools/css/americas_rental_housing_2015_web.pdf)
  - 10 Warren, Emily. (2015). *Housing Affordability and Parental Well-Being: Do Different Measures of Affordability Matter?* Paper Presented at the Society for Social Work and Research, January 15, 2016,
  - 11 Newman, Sandra and C. Scott Holupka. (2015). *Housing Affordability and Child Well-Being*. *Housing Policy Debate* 25(1): 116-151. Retrieved from [http://nlihc.org/sites/default/files/Housing\\_Affordability\\_Child\\_Wellbeing.pdf](http://nlihc.org/sites/default/files/Housing_Affordability_Child_Wellbeing.pdf)