

# The National Need for Affordable Housing

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Income among the poorest 10% of U.S. households grew by more than 7% in 2015, and the poverty rate declined from 14.8% to 13.5%.<sup>1</sup> Yet, significant economic challenges remain. Income for the poorest households is still nearly 10% lower today than in 1999, and more than 43 million people live in poverty,<sup>2</sup> many of whom struggle to find affordable housing.

Low wage employment does not pay enough for workers to afford housing and other necessities. According to NLIHC's *Out of Reach 2016*, a person working full-time every week of the year needs to earn an hourly wage of \$20.30, nearly three times the federal minimum wage, in order to afford a two-bedroom rental home at the national average Fair Market Rent of \$1,056.

In no state, metropolitan area, or county can a full-time worker earning the prevailing minimum wage afford a modest two-bedroom apartment. In only 12 counties and one metropolitan area can a full-time minimum wage worker afford a one-bedroom apartment.

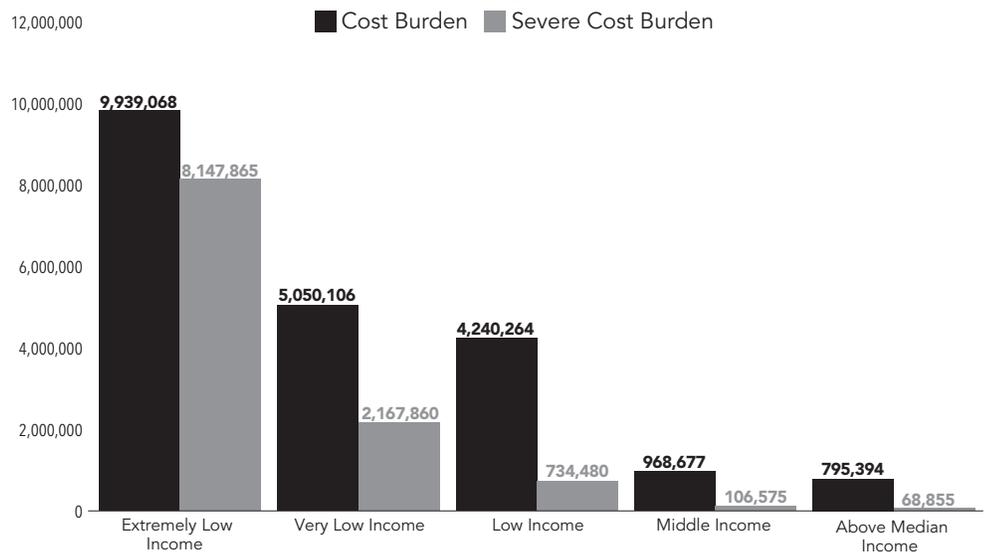
The United States faces a shortage of affordable rental housing. The shortage is most severe for extremely low income (ELI) households, those with incomes at or below 30% of the area median income (AMI) or the poverty guideline, whichever is higher. There are 11.4 million ELI renter households and only 7.5 million rental homes affordable to them, assuming

households should spend no more than 30% of their income on housing costs.<sup>3</sup> This means an absolute shortage of 3.9 million rental homes exists for these households.

Of the 7.5 million rental homes affordable to ELI households, 3.5 million are actually occupied by higher income households. As a result, the shortage of affordable and available rental homes for ELI households is 7.4 million. In other words, only 35 affordable and available rental homes exist for every 100 ELI renter households.

In light of the significant shortage of affordable and available housing, 87% of ELI renter households spend more than 30% of their income on housing, making them cost burdened; and 71% spend more than half of their income on housing, making them

FIGURE 1: RENTER HOUSEHOLDS WITH COST BURDEN BY INCOME GROUP, 2015



Source: NLIHC tabulations of 2015 ACS PUMS data.

severely cost burdened. The most vulnerable ELI renters, including those relying on Supplemental Security Income (SSI) and minimum wage workers, face the greatest burdens. One-bedroom rents exceeded 100% of monthly SSI income in 161 housing markets across 33 states in 2014.<sup>4</sup>

1 Proctor, B., Semega, J.L., & Kollar, M.A. (2016). *Income and poverty in the United States: 2015*. Washington, DC: U.S. Census Bureau. Retrieved from <http://www.census.gov/content/dam/Census/library/publications/2016/demo/p60-256.pdf>.

2 *Ibid.*

3 Unless otherwise noted, figures are based on NLIHC analysis of 2015 ACS PUMS data.

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

ELI households account for more cost burdened and severely cost burdened renter households than any other income group (Figure 1). The 8.1 million severely cost burdened ELI renter households account for nearly 73% of all severely cost burdened renter households in the U.S. In comparison, renter households of low income (51 - 80% AMI), middle income (81% - 100% AMI), and above median income account for approximately 910,000 or 8% of severely cost burdened renter households.

The negative impact of severe housing cost burdens on low income family members' mental and physical health is well documented, particularly due to increased stress from housing instability and fewer resources for food and health care.<sup>5</sup> Lower income households with a severe housing cost burden spend 41% less money on food and 74% less on healthcare compared to similar households without a severe cost burden.<sup>6</sup> Severely cost burdened ELI households are one financial emergency away from eviction. More than one

million ELI households missed at least one rental payment in 2013 and over 900,000 were under threat of eviction in that year.<sup>7</sup>

Many SSI recipients and seniors with mobility impairments need accessible housing with features like zero-step entrances, wider hallways and doorframes to accommodate wheelchairs, single-floor living, levered handles on doors and faucets, and electrical controls reachable for persons using wheelchairs. Only 1% of homes have all of these elements.<sup>8</sup> The growing population of seniors with disabilities will worsen the shortage of accessible housing in the coming years.

While recent income gains and a reduction in poverty are positive trends, households with the lowest incomes still face enormous barriers in obtaining affordable and accessible housing. The data clearly show that ELI households have the greatest housing needs relative to all other income groups. It is clear that addressing their needs should be the highest housing priority.

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5 Maqbool, N., Viveiros, J. and Ault, M. (2015). *The impacts of affordable housing on health: A research summary*. Washington, DC: Center for Housing Policy. Retrieved from [http://media.wix.com/ugd/19c1be\\_d31c27e13a99486e984e2b6fa3002067.pdf](http://media.wix.com/ugd/19c1be_d31c27e13a99486e984e2b6fa3002067.pdf).

6 Joint Center for Housing Studies of Harvard University. (2016). *The State of the Nation's Housing 2016*. Cambridge, MA: Author. Retrieved from [http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs\\_2016\\_state\\_of\\_the\\_nations\\_housing\\_lowres.pdf](http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs_2016_state_of_the_nations_housing_lowres.pdf)

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7 *Ibid.*

8 Joint Center for Housing Studies of Harvard University. (2016). *Projections and implications for housing a growing population: Older households 2015-2035*. Cambridge, MA: Author. Retrieved from [http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/harvard\\_jchs\\_housing\\_growing\\_population\\_execsum.pdf](http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/harvard_jchs_housing_growing_population_execsum.pdf)