

## The Shrinking Supply of Affordable Housing

One way to measure the affordable housing problem in the U.S. is to compare the number of renter households with incomes under a specified level with the number of rental housing units that are affordable and available<sup>1</sup> to them. This approach is called affordable housing “gap” analysis.

At a time when more people in the U.S. are poor than have been in decades and when unemployment remains high, it should come as no surprise that the affordable housing gap is growing. More people with less income are looking for homes to rent at the same time that rents are rising. The obvious outcome of this mismatch between supply and demand is that some people do not have homes at all – they become homeless. The existence of the gap is not a matter of debate.

In this issue of *Housing Spotlight*, NLIHC uses new data from the 2010 American Community Survey (ACS) Public Use Microdata Sample (PUMS) to examine the disparity between the current supply of homes for rent and the number of low income households who need rental homes they can afford.<sup>2</sup> NLIHC also reexamines 2009 data using a revised methodology in order to make comparisons between 2009 and 2010.

### LOWEST INCOME RENTERS FACE INADEQUATE SUPPLY OF AFFORDABLE HOUSING UNITS

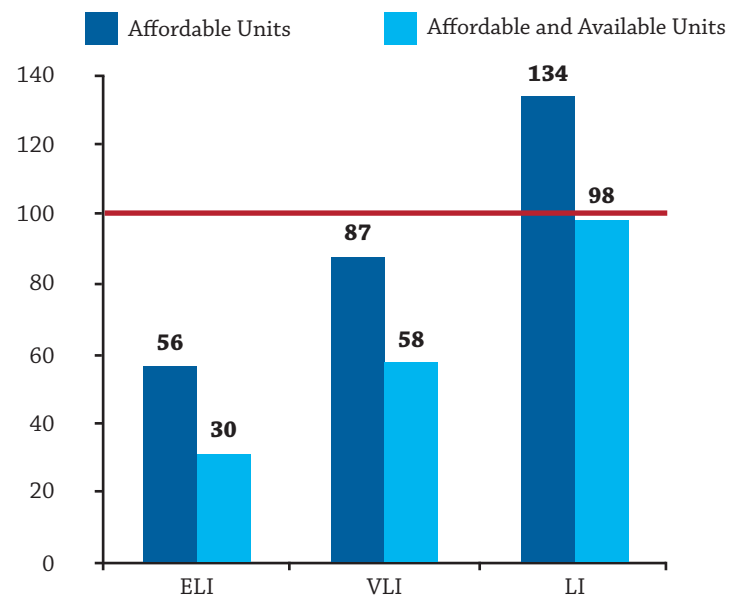
In 2010, there were approximately 40 million renter households in the United States. One in four, 9.8 million, had incomes that can be classified as extremely low (ELI) using HUD categories. (See Box 1 for definition of extremely low income and other HUD income categories). This is an increase of almost 200,000 ELI households between 2009 and 2010. However, the supply of rental units affordable to ELI households, which was already woefully inadequate to meet this need, decreased from 2009 to 2010 by over 200,000 units.

In 2010, there were 5.5 million rental units affordable to these 9.8 million ELI renters, producing an absolute deficit of 4.3 million affordable units. This is an increase in the shortage of 400,000 such units, which stood at 3.9 million in 2009. Another way of describing the gap is that for every 100 ELI renters in 2010, there were only 56 units they could potentially live in without spending more than 30% of their income on housing and utility costs (Chart 1). The comparable number in 2009 was 59.

ELI renter households are not the only ones facing a shortage of affordable units. Those below the very low income (VLI) threshold also experienced a shortage, with only 87 affordable units for every 100 VLI renter households in 2010. Their situation grew even more dire since 2009, when there were 94 affordable units per 100 VLI renter households.

It is important to note that a surplus of affordable units was found for households in the low income (LI) category in 2010. There were 134 units for every 100 renter households. In 2009, there were 137 units for every 100 LI renter households.

**Chart 1: Affordable, and Affordable and Available Units for Every 100 Renter Household at or Below Income Threshold (MMFI 2010)**



Source: NLIHC Tabulations of 2010 ACS PUMS Data

1 An affordable unit is one in which a household at the defined income threshold can rent without paying more than 30% of its income on housing and utility costs. A unit is affordable and available if that unit is both affordable and vacant, or is currently occupied by a household at the defined income threshold or below.

2 NLIHC also conducts a “gap” analysis using data from the biannual American Housing Survey done by the U.S. Census Bureau and HUD. Although the datasets produce somewhat different numbers, the finding that there is a large and growing gap between the number of ELI renter households and rental housing they can afford is consistent.

# AFFORDABLE DOES NOT MEAN AVAILABLE

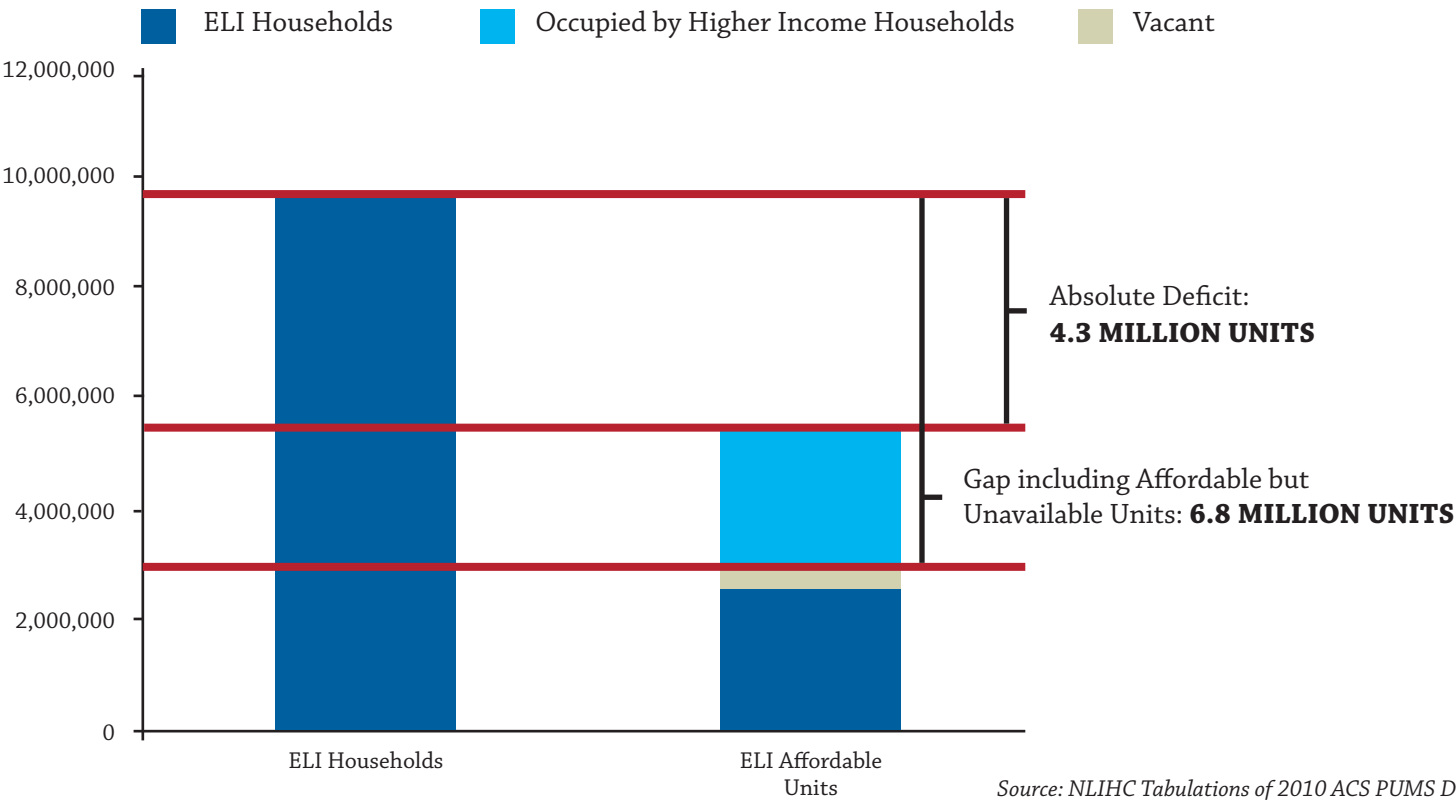
The gap analysis cannot stop at computing just the shortage of units that are affordable to ELI and VLI renters, because not all of the units that are affordable are available or appropriate for them to rent. First of all, many of those units are occupied by higher income renters, and thus are not available for rent by those most in need. Other reasons these affordable units may not be available are that some may be in poor condition, and others might be too far from jobs and public transportation. Finally, the range of affordable rents varies considerably within each income category, so that a unit affordable to someone with income at 29% of the area median, for example, is not likely to be affordable for someone with income at 15% of the area median.

FOR EVERY **100** ELI RENTER HOUSEHOLDS,  
THERE ARE ONLY **30** AFFORDABLE AND AVAILABLE UNITS.

With these data it is possible to take into account the fact that higher income renters are occupying the most affordable units. When the analysis accounts for which households in which income groups actually live in these units, the shortage of units for ELI renter households is much greater. The true deficit of rental units that were affordable and available for ELI households in 2010 was actually 6.8 million, much higher than the affordable-only deficit of 4.3 million. Thus, there were only 3 million units that were both affordable and available to the 9.8 million ELI renter households in the U.S. in 2010 (Chart 2). This equals just 30 affordable and available units per 100 ELI renter households. In 2009, the shortage of units affordable and available to ELI renter households was 6.4 million and there were 33 affordable and available units per 100 ELI renter households.

Yet again, it is not just ELI households who face this problem. Though the situation improves somewhat when the income threshold is increased, households at the VLI level still face a shortage, with just 58 affordable and available units per 100 renter households at the VLI threshold or below. There were 62 affordable and available units per 100 VLI renter households in 2009. Finally, while in 2009, there was a slight surplus of affordable and available units for renter households at or below the LI threshold (101 units), there was a slight deficit in 2010, with 98 affordable and available units per 100 LI renters.

Chart 2: Renters and Affordable Units, by Occupancy Status, At or Below the ELI Threshold (MMFI 2010)



# AFFORDABLE RENTAL SHORTAGE CREATES HEAVY BURDEN FOR ELI RENTERS

What are the consequences of this severe deficit of housing units that are both affordable and available to the lowest income renters? Some families must live in substandard housing, at the mercy of landlords who know their tenants have no other choice. Many must live long distances from their jobs, reducing family time. Others “double up” with other households, often resulting in crowded and stressful conditions.

But the most common result is that the vast majority of ELI households must spend excessive portions of their limited income on rent and utility costs. Some owner and renter households at all income levels face some level of housing cost burden, but it is ELI renters who experience the most severe cost burdens. If the standard for housing affordability is 30% or less of household income, anyone who pays more than that is said to have a housing cost burden. Paying more than half of one’s income for housing and utility costs is considered a severe housing cost burden.

In 2010, half (50%) of all renters had some level of housing cost burden and of those, 27% had a severe housing cost burden, compared to 29% of all homeowners living with a housing cost burden, and just 12% of those owners facing a severe housing cost burden. Of those renters paying more than half of their income on housing costs, 68.1% of them were ELI, 23.8% were VLI, 6.6% were LI, and just 1.4% earned 80% or more of AMI (Chart 3). Three-quarters (76%) of ELI renter households spent the majority of their income on rent and utilities, leaving them with little money left for other necessities such as food, medicine, transportation, and childcare. These are the households that are most vulnerable to becoming homeless if their incomes go down or they have unexpected expenses.

As might be expected, based on the loss of affordable and available rental units since 2009, more families were living with severe cost burden in 2010 than in 2009. The percentage of renter households paying more than half of their income on rent and utilities increased across all income groups, with ELI and VLI renters most affected. Seventy-six percent of ELI renters and 36% of VLI renters had a severe housing cost burden in 2010, compared with 74% and 34% respectively in 2009.

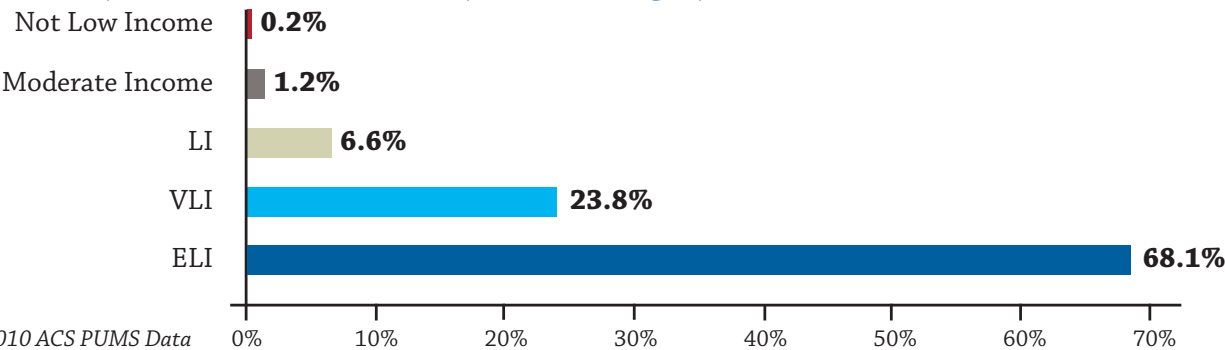
AFTER PAYING RENT AND  
UTILITIES, **3/4** OF ELI  
RENTER HOUSEHOLDS  
HAVE LESS THAN **50%**  
OF THEIR INCOME LEFT  
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CHILDCARE, AND OTHER  
ESSENTIAL COSTS.

## ELI RENTERS HURTING IN EVERY STATE

Examination of the gap numbers by state reveals considerable variability in the affordable rental housing shortage. Table 1 shows the number of affordable units per 100 renter households at various income thresholds, the number of affordable and available units per 100 renter households at the same income thresholds and the percent of renters in each income category who experience severe housing cost burdens by state. The absolute shortage of affordable units is greatest in the Western states of Nevada, California, Arizona and Oregon, while Alaska, North Dakota, Montana, and Wyoming, some of the least populous states, appear to have a sufficient supply of affordable units for their ELI households.

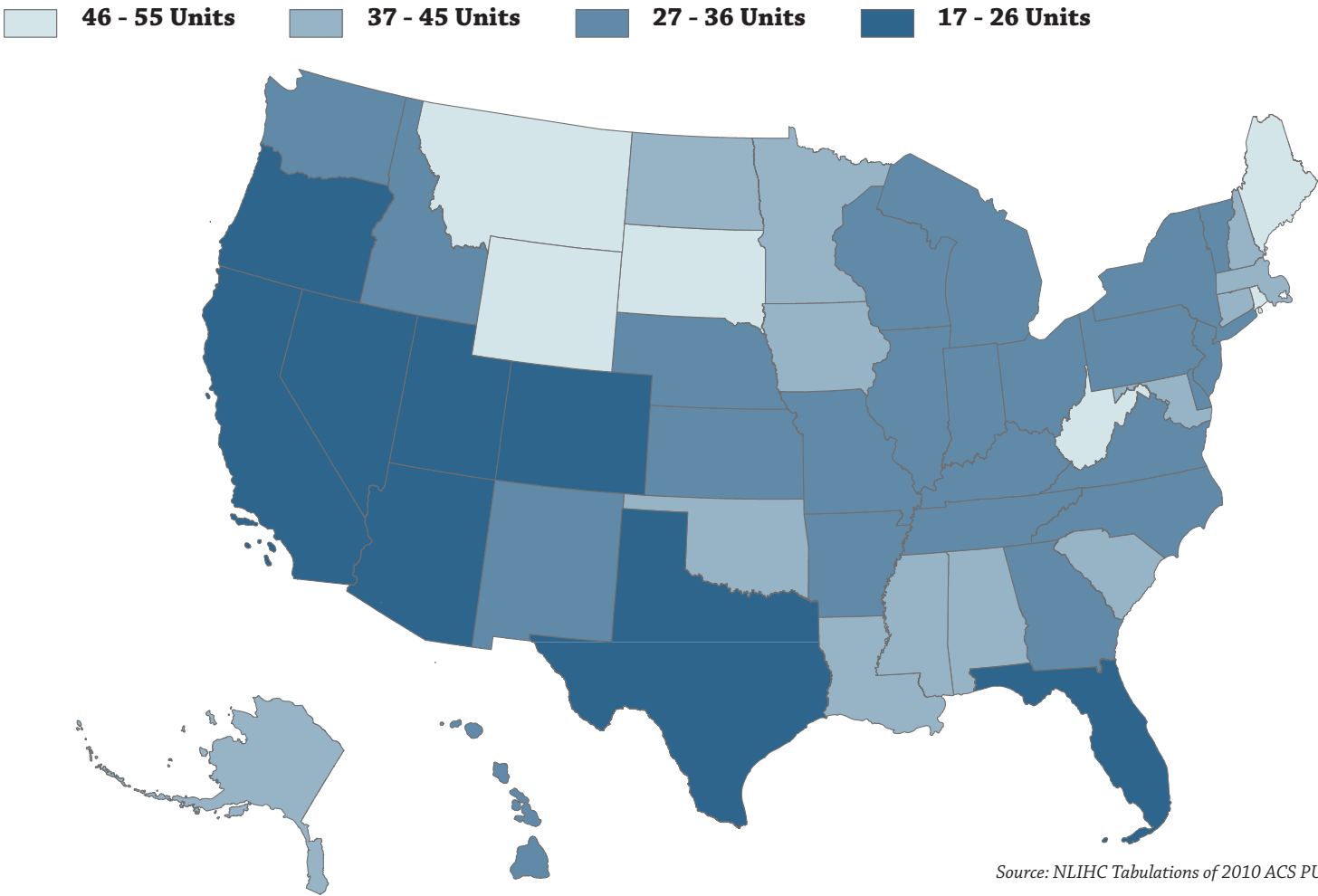
However, as Table 1 and Map 1 show, there is not a single state with enough units that are both affordable and available to house all ELI renters. The map illustrates that the lack of affordable and available units is most severe in the western states as well as in Texas and Florida. Wyoming, with just 55 affordable and available units per 100 ELI renter household, has the most units affordable and available to its poorest residents, but has a significant deficit nonetheless.

**Chart 3: Percentage of Severely Cost Burdened Renters, by Income Category, 2010**



Source: NLIHC Tabulations of 2010 ACS PUMS Data

Map 1: Affordable and Available Units per 100 ELI Renter Households, 2010



BOX 1: DEFINITIONS

	INCOME CATEGORY (for cost burden analysis)	INCOME THRESHOLD (for gap analysis)
Extremely Low Income (ELI)	0-30% of MMFI	Less than or equal to 30% MMFI
Very Low Income (VLI)	31-50% of MMFI	Less than or equal to 50% MMFI
Low Income (LI)	51-80% of MMFI	Less than or equal to 80% MMFI
Moderate Income	81-120% of MMFI	Less than or equal to 120% MMFI
Not Low Income	Greater than 120% of MMFI	Greater than 120% MMFI

**Metropolitan Area Median Family Income (MMFI)** The median family income in a metropolitan area

WHAT CAN BE DONE?

The data presented in this paper show the bleak circumstances of households who are struggling to make ends meet in these difficult times. The solution is not complicated. The supply of rental homes that the lowest income people can afford must be increased. A program is already in place that would provide for the production, rehabilitation and preservation of rental homes, 75% of which must be affordable to ELI households, with the rest serving VLI households. This program is the National Housing Trust Fund (NHTF), which was established in 2008 but has yet to be funded. Every year the NHTF goes unfunded is another year of worsening conditions for ELI and VLI renters. If the NHTF is funded in 2012, states and localities can begin to close the gap between the supply and demand for truly affordable housing.

**Table 1: State Comparisons**

Source: NLIHC Tabulations of 2010 ACS PUMS data.

States in **red** have less than the national level of affordable and available units per 100 households at or below the ELI threshold.

STATE	AFFORDABLE UNITS PER 100 HOUSEHOLDS AT OR BELOW THRESHOLD			AFFORDABLE AND AVAILABLE UNITS PER 100 HOUSEHOLDS AT OR BELOW THRESHOLD			% WITHIN EACH INCOME CATEGORY WITH SEVERE HOUSING COST BURDEN		
	ELI	VLI	LI	ELI	VLI	LI	ELI	VLI	LI
Alabama	73	107	147	38	70	109	74%	30%	6%
Alaska	100	113	148	39	63	98	67%	30%	5%
<b>Arizona</b>	<b>42</b>	<b>77</b>	<b>145</b>	<b>20</b>	<b>52</b>	<b>105</b>	<b>83%</b>	<b>40%</b>	<b>9%</b>
Arkansas	71	112	153	34	72	108	78%	33%	5%
<b>California</b>	<b>38</b>	<b>44</b>	<b>96</b>	<b>21</b>	<b>29</b>	<b>72</b>	<b>80%</b>	<b>52%</b>	<b>18%</b>
<b>Colorado</b>	<b>45</b>	<b>98</b>	<b>142</b>	<b>26</b>	<b>65</b>	<b>104</b>	<b>77%</b>	<b>29%</b>	<b>4%</b>
Connecticut	56	84	134	38	60	103	69%	29%	5%
Delaware	49	80	150	33	62	113	74%	31%	5%
District of Columbia	59	103	131	40	77	103	65%	29%	8%
<b>Florida</b>	<b>47</b>	<b>53</b>	<b>112</b>	<b>23</b>	<b>37</b>	<b>85</b>	<b>82%</b>	<b>60%</b>	<b>19%</b>
<b>Georgia</b>	<b>53</b>	<b>86</b>	<b>148</b>	<b>28</b>	<b>61</b>	<b>109</b>	<b>80%</b>	<b>39%</b>	<b>8%</b>
Hawaii	72	71	108	33	43	79	75%	48%	15%
Idaho	77	113	152	33	72	108	76%	30%	4%
<b>Illinois</b>	<b>49</b>	<b>87</b>	<b>137</b>	<b>28</b>	<b>59</b>	<b>102</b>	<b>77%</b>	<b>31%</b>	<b>6%</b>
Indiana	60	109	147	30	71	110	78%	23%	4%
Iowa	87	152	147	39	87	107	69%	15%	3%
Kansas	75	132	156	35	75	110	74%	22%	3%
Kentucky	70	118	149	35	76	109	71%	27%	5%
Louisiana	74	100	144	37	64	103	73%	33%	8%
Maine	89	106	145	51	70	109	53%	32%	3%
Maryland	60	90	139	37	64	104	70%	28%	6%
Massachusetts	63	86	128	42	61	96	63%	31%	8%
<b>Michigan</b>	<b>49</b>	<b>89</b>	<b>141</b>	<b>27</b>	<b>61</b>	<b>107</b>	<b>80%</b>	<b>35%</b>	<b>7%</b>
Minnesota	63	113	135	40	76	105	64%	23%	4%
Mississippi	77	98	143	37	66	105	77%	43%	9%
Missouri	63	121	149	35	78	109	72%	25%	4%
Montana	117	151	155	48	83	109	68%	26%	2%
Nebraska	75	151	154	34	85	109	69%	21%	2%
<b>Nevada</b>	<b>37</b>	<b>57</b>	<b>143</b>	<b>17</b>	<b>41</b>	<b>102</b>	<b>86%</b>	<b>49%</b>	<b>14%</b>
New Hampshire	63	91	138	37	61	101	69%	30%	7%
New Jersey	48	58	121	30	41	88	76%	45%	12%
New Mexico	70	97	146	30	63	102	75%	30%	7%
New York	53	77	116	32	52	86	74%	38%	10%
North Carolina	62	103	149	33	66	107	77%	34%	7%
North Dakota	104	181	157	45	99	110	63%	5%	1%
Ohio	55	113	149	31	77	111	76%	26%	4%
Oklahoma	83	124	157	38	75	111	76%	29%	4%
<b>Oregon</b>	<b>42</b>	<b>66</b>	<b>134</b>	<b>22</b>	<b>44</b>	<b>95</b>	<b>81%</b>	<b>38%</b>	<b>10%</b>
Pennsylvania	66	107	140	36	68	103	72%	28%	5%
Rhode Island	71	87	132	49	63	102	64%	35%	5%
South Carolina	74	103	148	43	69	110	77%	35%	6%
South Dakota	99	164	143	46	91	108	59%	27%	0%
Tennessee	67	98	150	34	67	110	76%	34%	5%
<b>Texas</b>	<b>52</b>	<b>89</b>	<b>151</b>	<b>26</b>	<b>61</b>	<b>108</b>	<b>78%</b>	<b>33%</b>	<b>6%</b>
<b>Utah</b>	<b>55</b>	<b>97</b>	<b>142</b>	<b>26</b>	<b>61</b>	<b>103</b>	<b>75%</b>	<b>27%</b>	<b>4%</b>
Vermont	72	81	142	35	55	104	72%	27%	5%
Virginia	63	91	146	32	57	104	76%	36%	6%
<b>Washington</b>	<b>50</b>	<b>81</b>	<b>141</b>	<b>28</b>	<b>52</b>	<b>100</b>	<b>73%</b>	<b>34%</b>	<b>6%</b>
West Virginia	95	129	152	46	81	108	67%	26%	1%
<b>Wisconsin</b>	<b>54</b>	<b>121</b>	<b>144</b>	<b>28</b>	<b>73</b>	<b>106</b>	<b>73%</b>	<b>24%</b>	<b>3%</b>
Wyoming	139	174	160	55	91	112	67%	22%	2%
<b>United States</b>	<b>56</b>	<b>87</b>	<b>134</b>	<b>30</b>	<b>58</b>	<b>98</b>	<b>76%</b>	<b>36%</b>	<b>9%</b>



## ABOUT THE AMERICAN COMMUNITY SURVEY PUMS DATA

The American Community Survey (ACS) is a nationwide survey of approximately three million households, conducted annually. It provides timely data on the social, economic, demographic and housing characteristics of the U.S. population. The ACS replaced the Census “long form” in 2010 and eliminated the long waiting period for new data between each decennial census.

Each year the Census Bureau makes Public Use Microdata Sample (PUMS) files available to the public to allow for deeper analysis of the ACS. The PUMS files contain records on a subsample of housing units and contain information from the completed ACS questionnaire. This enables users to aggregate and tabulate the data in whatever way is relevant to their research. In order to determine the Metropolitan Area Median Family Income, NLIHC used the Missouri Data Center’s MABLE/Geocorr2K online application (Version 1.3.3) to determine the geographic relationship between Core Based Statistical Areas and Public Use Microdata Sample Areas (PUMAs) and applied the median family income for a CBSA to the corresponding PUMA if at least 50% of the PUMA was in the CBSA. Otherwise, the PUMA was assigned the statewide nonmetropolitan median family income for the state the PUMA is in. NLIHC used this methodology on both the 2009 and 2010 ACS PUMS files in order to make the comparisons in this paper. However, this analysis should not be compared to previous analyses by NLIHC on the shortage of affordable housing units. As with any analysis based on a survey, all figures in this report are estimates and have associated margins of error.

## FOR MORE INFORMATION

If you are interested in looking more closely at the numbers from your state, have questions on the methodology used, or have any other comments or questions on this edition of NLIHC’s *Housing Spotlight*, please contact NLIHC’s Senior Research Analyst, Megan Bolton.

More information about the ACS PUMS files can be found on the U.S. Census Bureau’s webpage at <http://1.usa.gov/d7Rn8c>.

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**NLIHC Members,  
Our Research Team is  
Here to Help!**

*Housing Spotlight* is among the valuable reports produced by NLIHC. An increased supply of housing data in the past few years means it can be difficult to know what data to use and when. One of the benefits of being an NLIHC member is that our Research Team is here to help you understand the data and identify the statistics you really need to become a more effective advocate. This assistance is provided at no additional charge.

To take advantage of this great membership benefit, email Megan Bolton, Senior Research Analyst, at [megan@nlihc.org](mailto:megan@nlihc.org).

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*The National Low Income Housing Coalition is dedicated solely to achieving socially just public policy that assures people with the lowest incomes in the United States have affordable and decent homes.*