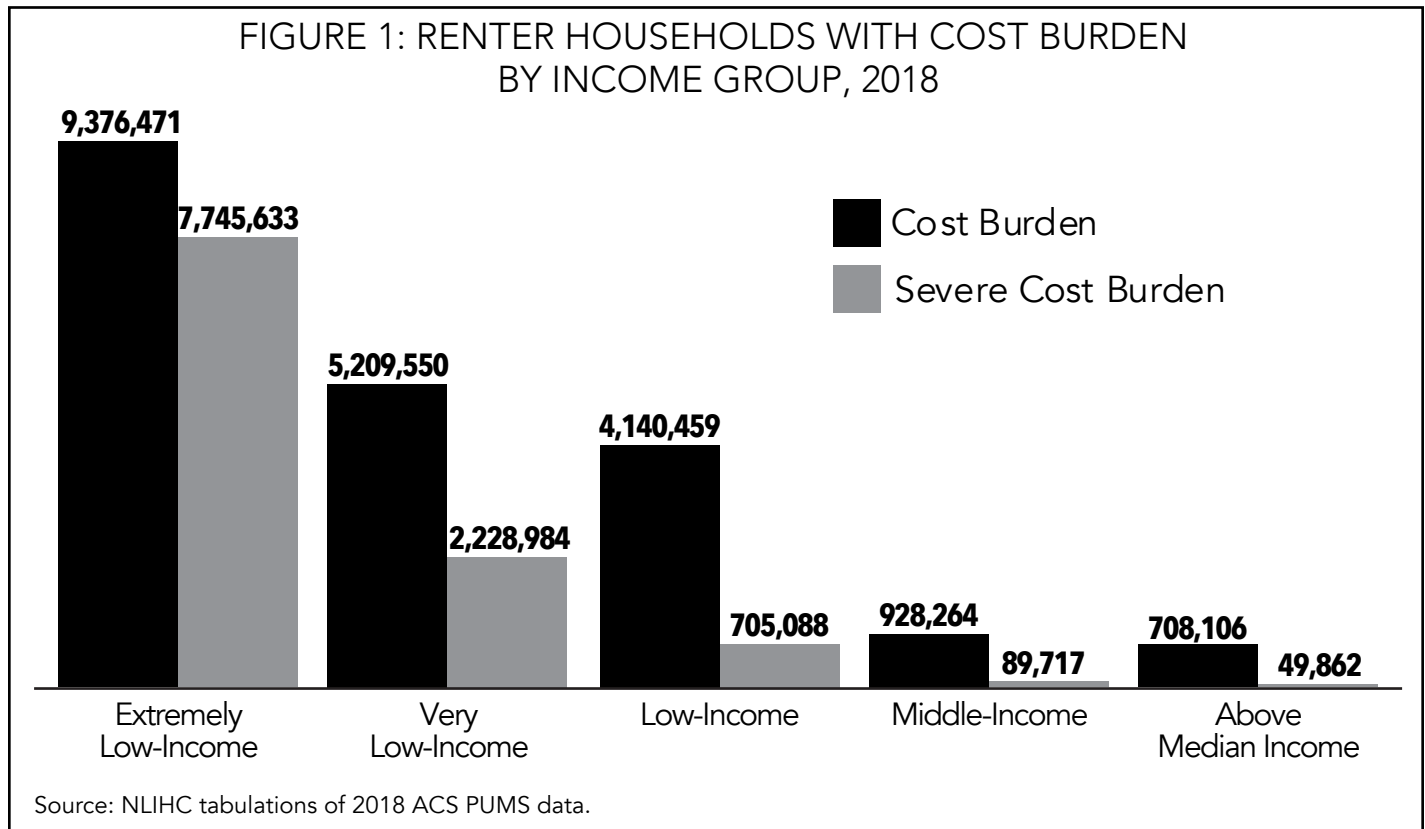


The National Need for Affordable Housing

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The United States is facing a shortage of affordable rental housing. The shortage is most severe for households with extremely low incomes at or below the poverty guideline or 30% of their area's median income (AMI), whichever is higher. Only 7.3 million affordable rental homes exist for the nation's 10.9 million extremely low-income (ELI) renter households, assuming they should spend no more than 30% of their income on housing costs [unless otherwise noted, figures are based on 2018 American Community Survey (ACS) Public Use Microdata Sample (PUMS) data]. Not all of the 7.3 million homes, however, are available. Approximately 3.3 million are occupied by higher income households. As a result, fewer than 4 million rental homes are affordable and available for ELI renters, leaving a shortage of nearly 7 million. In other words, only 36 affordable and available rental homes exist for every 100 ELI renter households.

The severe shortage of affordable homes for the lowest income renters is systemic, affecting every state and metropolitan area. Absent public subsidy, the private market is unable to produce new rental housing affordable to these households because the rents that the lowest-income households can afford to pay typically do not cover the development costs and operating expenses of such housing. New private rental housing, therefore, is largely targeted to the higher-price end of the market and the lowest-income renters must rely on older, private rental housing or subsidies.

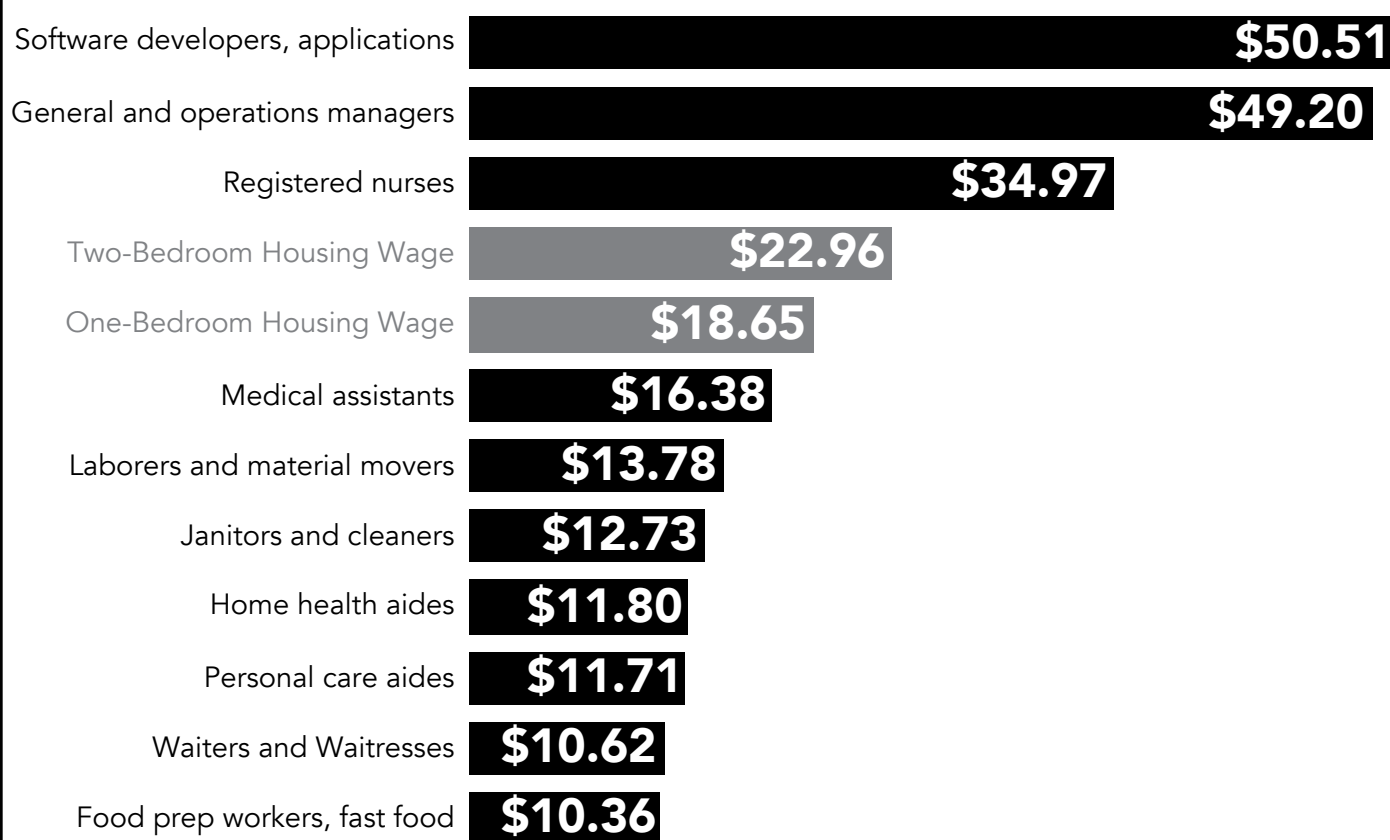


The private market, however, does not generate an adequate supply of older rental homes and subsidies are woefully inadequate. In strong markets, owners of older rental homes have an incentive to redevelop their properties to receive higher rents from higher-income households. In weak markets, owners of older rental homes have an incentive to abandon their rental properties or convert them to

other uses when rental income is too low to cover basic operating costs and maintenance. Adjusted for inflation, the share of rental homes renting for under \$600 per month declined from 46% of the rental stock in 1990 to just 25% in 2017 (Joint Center for Housing Studies (JCHS), 2019: *Documenting the Long-Run Decline in Low-Cost Rental Units in the US by State*). Meanwhile, just one in four households eligible for federal housing assistance get the help they need (Center on Budget and Policy Priorities, 2017: *Chart Book: Federal Housing Spending Is Poorly Matched to Need*).

As a result of these challenges, 86% of ELI renter households spend more than 30% of their income on housing and 71% spend more than half of their income on housing, making them severely cost burdened. ELI households account for more cost burdened and severely cost burdened renter households than any other income group (Figure 1). The 7.7 million severely cost burdened ELI renter households account for 72% of the 10.8 million severely cost burdened renter households in the U.S.

FIGURE 2: HOUSING WAGE AND MEDIAN WAGES FOR OCCUPATIONS WITH MOST PROJECTED GROWTH 2016-2026



Source: Housing wages based on HUD fair market rents. Employment projections from BLS Employment Projections Program. Occupational wages from May 2018 Occupational Employment Statistics, BLS, adjusted to 2019 dollars.

The most vulnerable ELI renters, such as people with disabilities relying on Supplemental Security Income (SSI) and minimum wage workers, typically face the greatest burdens. A 2017 study, for example, found that rents for modest one-bedroom homes exceeded 100% of an individual’s monthly SSI income in 220 housing markets across 40 states and the District of Columbia (Technical Assistance Collaborative, 2017: *Priced Out: The Housing Crisis for People with Disabilities*). In only 28 counties nationwide can a full-time worker at minimum wage afford a modest one-bedroom apartment at the fair market rent (NLIHC, 2019: *Out of Reach 2019: The High Cost of Housing*).

Low-wage employment often does not pay enough for workers to afford housing and other necessities. A person working full-time every week of the year needs to earn an hourly wage of \$22.96 in order to afford a modest two-bedroom rental home without spending more than 30% of his or her income on housing, or \$18.65 for a modest one-bedroom apartment. These wages are far higher than the federal minimum wage and higher than wages paid in many of the occupations projected to grow the most over the next decade (Figure 2).

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 (*Opportunity Starts at Home*, 2018: *Good Housing is Good Health*). The lowest-income cost burdened households are one financial emergency away from eviction. Among severely cost burdened renter households living in poverty in 2013, nearly 15% were unable to pay all or part of their rent in the previous three months and over 3% had been threatened with eviction due to their inability to pay rent in the past 12 months (NLIHC, 2018: *The Gap 2018: A Shortage of Affordable Rental Homes*). The poorest families with children who are severely cost burdened spend an average of \$700 less on non-housing expenses each month compared to similar households who are not cost burdened (JCHS, 2019: *The State of the Nation's Housing 2019*). As a result, the poorest cost burdened households often forego healthy food and delay healthcare or medications in order to pay for housing.

Many SSI recipients and seniors with mobility impairments need housing with accessible 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 from a wheelchair. Less than 1% of homes have all of these elements (JCHS, 2018: *Housing America's Older Adults: A Supplement to the State of the Nation's Housing Report*). The growing population of seniors with disabilities will increase the need for accessible housing in the coming years.

The lowest-income households face enormous barriers in obtaining affordable and accessible housing. The data clearly show that they have the greatest housing needs relative to all other income groups. Addressing their needs should be the highest national housing priority.