



Affordable Housing Shortage

SEPTEMBER 2007

15.8 Million With Housing Cost Burden

As incomes fail to keep pace with housing costs, Americans face complicated choices: desperately trying to put food on the table, pay for quality health-care, educate their children, and keep a roof over their head. Those that cannot manage that balancing act become homeless or live on the periphery. The number of households that are paying over 50 percent of their income toward housing, or severely cost burdened, is estimated to be 15.8 million.¹ Further, 5.2 million households are considered by the Department of Housing and Urban Development (HUD) to be living in “worst case housing” conditions, meaning they spend 50 percent of their income on rent and earn only 50 percent of the area median income or live in severely substandard housing.²

Cost Burden Concentrated Among Low-Income Households

Severe cost burden is particularly troublesome for poor families. Of households with housing cost burden, 74 percent qualify as extremely low income (Exhibit 1).³ Approximately 66 percent of households with severe cost burden have vulnerable family members such as children, the elderly, or the disabled. These households have a harder time paying for food, transportation, and medical care and are at a higher risk for homelessness.⁴

Incomes Fail to Keep Pace

Incomes are not keeping pace with rising housing costs. In 2006, the national housing wage, or hourly wage needed to afford rental housing, increased to \$16.31 revealing how rising housing costs escape the capabilities of low income renters.⁵ The Stamford, CT metro area is the least affordable in the country with a necessary wage of \$30.62 for a two bedroom at the fair market rent.⁶ The metropolitan areas of San Francisco, CA; Orange County, CA; Boston, MA; New York City; and Washington, DC are among the highest cost areas.

Affordable Housing Stock is Dwindling

In recent decades, efforts to provide affordable housing have decreased significantly, diminishing the inventory of affordable rental stock. In the past decade alone, 170,000 public units have been lost due to deterioration.⁷ Between 1999 and 2006, annual funding for public housing declined by 25 percent, threatening program administrator’s ability to preserve the remaining 1.2 million public housing units.⁸ A number of federally subsidized, private market units have also dropped out of the affordable housing stock. In the last ten years, 300,000 have been lost to deterioration.⁹ Funding for such units has declined in the last ten years, threatening the 1.4 million private units that are a part of the federally subsidized, affordable housing stock. Further compounding the problem is the number of unsubsidized affordable units that are going offline. The Joint Center for Housing Studies at Harvard University estimates an annual loss of 200,000 affordable private market rental units due for demolition.¹⁰

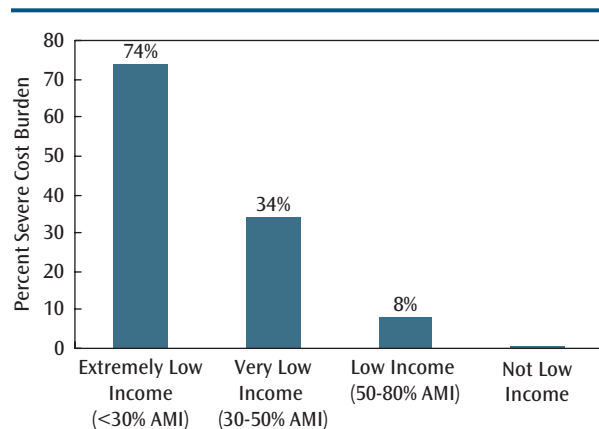
Losing Housing Vouchers

Tenant based subsidies such as The Housing Choice Voucher Program (formerly Section 8) has lost over 150,000 tenant based housing subsidies since 2004 because policy changes and unsound funding formulas.¹¹ While 15.8 million households are eligible for tenant based housing subsidies, only one in nine receive them.¹² Compounding this gap is that only 92.5 percent of all authorized vouchers were estimated to be in use at the end of 2006, well below the target utilization rate of 98.5 percent.¹³

Long Waiting Lists for Housing Subsidies

The dwindling numbers of subsidized housing is leaving many eligible people on waiting lists, often years in length. Places with the greatest need have had their waiting lists closed for years. In January of 2007, New York City opened its waiting list for the first time in 12 years.¹⁴ St. Paul, Minnesota opened its

Exhibit 1 Severely Housing Cost Burdened by Income Level



Source: Data from National Low Income Housing Coalition 2005.

waiting list for two days and had an 11,000 person response resulting in a wait of many years for some families.¹⁵ In Washington, DC, the waiting list for subsidized housing is over 46,000 households long, representing a 92 percent increase since 2002.¹⁶

HUD Budget Trending Downward

Programs dedicated to the provision of affordable housing are primarily funded under the HUD Budget. In 1976, the HUD Budget authority was just over \$86 billion. In the past three decades, this figure fell to approximately \$34 billion. Since 2004, federal appropriations for affordable housing and community development has decreased by \$3.3 billion, and there is a proposed budget cut of an additional \$1.3 billion in 2007.¹⁷ These programs are critical in reducing the gap between the number of available affordable rental units and the number of families who need them. While there are 6 million units of affordable housing accessible to households earning 30 percent of the area median

income, there are 7.7 million such households.¹⁸ This chasm between supply and need will only grow larger if not addressed.

Endnotes

¹ Joint Center for Housing Studies (JCHS). Harvard University 2006. *The State of the Nation's Housing*.

² Department of Housing and Urban Development (HUD). 2003. *Affordable Housing Needs: A Report to Congress on the Significant Need for Housing*. Washington, D.C. Office of Policy Development and Research.

³ National Low Income Housing Coalition (NLIHC). 2006. *Out of Reach*.

⁴ Rice, D. and Sard, B. *The Effects of the Federal Budget Squeeze on Low Income Housing Assistance*. Center on Budget and Policy Priorities. February 2, 2007.

⁵ "Housing Wage" is the hourly wage needed to afford a two bedroom apartment at the HUD defined fair market rent. Source: National Low Income Housing Coalition. *Out of Reach*. 2006.

⁶ Ibid

⁷ Rice, D. and Sard, B. *The Effects of the Federal Budget Squeeze on Low Income Housing Assistance*. Center on Budget and Policy Priorities. February 2, 2007.

⁸ Ibid

⁹ Ibid

¹⁰ Joint Center for Housing Studies (JCHS) Harvard University. *America's Rental Housing – Homes for a Diverse Nation*. 2006.

¹¹ Rice, D. and Sard, B. *The Effects of the Federal Budget Squeeze on Low Income Housing Assistance*. Center on Budget and Policy Priorities. February 2, 2007.

¹² Ibid

¹³ Ibid

¹⁴ New York City Housing Authority. 2007. Section 8 Assistance. General Information. <http://www.nyc.gov/cgi-bin/misc/pfprinter.cgi?action=print&sitename=NYCHA>

¹⁵ Saint Paul Housing Authority. 2007. <http://www.stpaulpha.org/s8other.html>

¹⁶ Lazere, Ed, Rogers, Angie, Rolland, Stacey. *Meeting DC's Challenges, Maintaining Fiscal Discipline: Policy Proposals for the New Mayor and Council*. March 6, 2007

¹⁷ Rice, D. and Sard, B. *The Effects of the Federal Budget Squeeze on Low Income Housing Assistance*. Center on Budget and Policy Priorities. February 2, 2007.

¹⁸ National Low Income Housing Coalition (NLIHC). 2006. *Out of Reach*.

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