



The National Housing Trust Fund Campaign

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The Affordable Housing Crisis

According to the 2001 American Housing Survey from the Bureau of the Census, there are 37 million households with severe and moderate housing cost and quality problems in the US -- an estimated 94 million people. The problem of housing affordability not only remains great, it is growing.

- 26% of households spend more than 30% of their income on housing, a benchmark for unaffordable housing used by government and the finance industry.
- 11% of households reported *severe housing cost burdens*, spending over half their income on housing.
- An estimated 75 million people lived in unaffordable housing, 30 million of those in households with severe housing cost burdens.

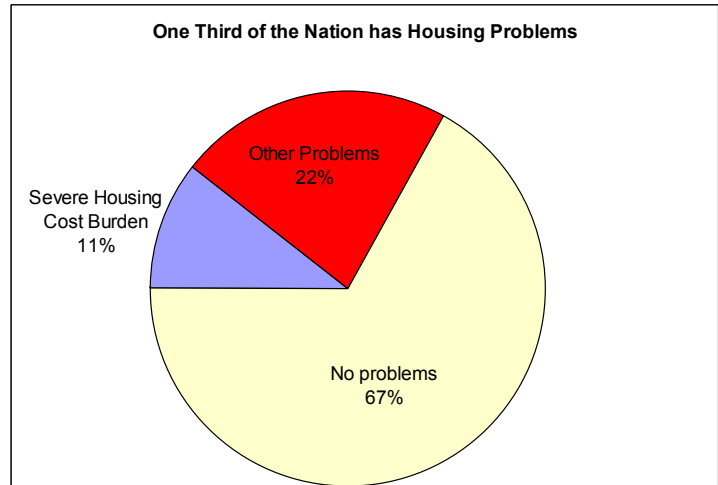


Figure 1 NLIHC Tabulations of 2001 AHS

Renters in the lowest income groups are the most affected.

- 65% of extremely low income (ELI) and 26% of very low income (VLI) renter households face severe housing cost burdens (Figure 1).¹
- Only 2% of moderate income (MI) and less than 1% of high income (HI) households have similar problems.

The problems are similar among owners.

As home ownership has expanded, cost burdens and foreclosures have become a growing concern. For lower income homeowners the problem is keeping up with the property maintenance, and taxes as well as the mortgage payments and utilities.

- The number of severely housing cost burdened owner households increased by over 7 million between 1997 and 2001.²
- 63% of ELI owner households face severe housing cost burdens.

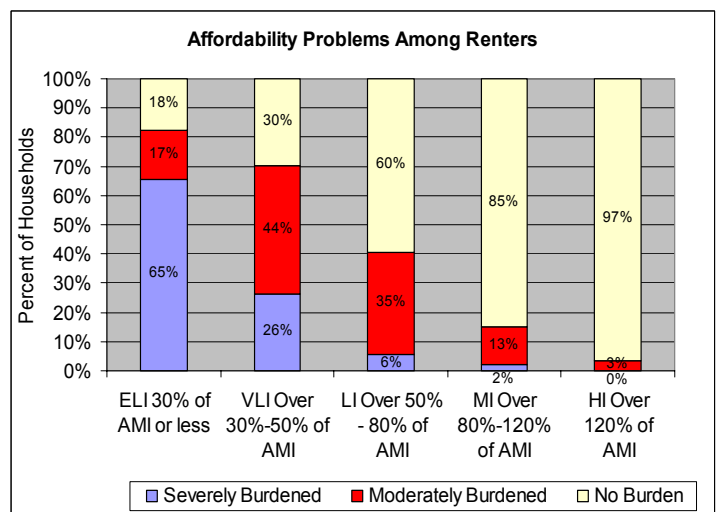


Figure 2 NLIHC Tabulations of 2001 AHS

Quality and Crowding

A low income household may only be able afford housing because it is substandard or, vice versa, unaffordable or barely affordable housing costs may force owners and landlords to neglect upkeep. Crowding a unit is another coping strategy.

¹ Income breakdowns are as follows ELI 30% of Area Median Income (AMI) or less, VLI Over 30%-50% of AMI, Low Income (LI) Over 50% - 80% of AMI, Moderate Income (MI) Over 80%-120% of AMI, and High Income (HI) Over 120% of AMI.

² Joint Center for Housing Studies of Harvard University. 2003. *State of the Nations Housing 2003*. Cambridge MA: Author p 26

- 1.6 million lower income (VLI, ELI, and LI) households face multiple problems, including crowding, cost burdens and quality problems.
- 443,000 lower income households in affordable housing faced severe quality problems.
- Another, 365,000 lower income households face severe cost and severe quality problems.

Causes of the Crisis? The Low Income Housing Gap

The evidence suggests that an insufficient supply of housing for the lowest income households is central to the housing affordability problem in the US.

- There are roughly 2 million more ELI renter households than rental units affordable to them.³
- The total stock of multifamily rental units has only grown by some 100,000 units over the last decade, most of these for moderate and upper income residents.⁴
- Over 90% of high income renter households rent apartments that cost less than 30% of their income.

These figures do not address the families who may rent units that are only affordable because they are substandard. These figures also do not include households made homeless or that are institutionalized due to housing problems. It is estimated there are between 700,000 and 800,000 homeless people in the US on any given day.⁵ The academic literature has found the best predictor of a large homeless population is a lack of affordable housing.⁶

The Problem of Flagging Production Policies

The problem of providing sufficient housing affordable to low income households is not a new problem, but in recent years the government's commitment to solving the problem has flagged.

- Only one third of lower income (ELI and VLI) renters receive housing assistance.
- 5 million ELI and VLI renters with severe housing problems do not receive assistance.⁷
- No significant new public housing has been built in the past 25 years.
- Public housing is shrinking: Approximately 136,000 units were lost from 1991 to 1999⁸.
- Since 1997, 150,000 subsidized units were lost through pre-payment and section 8 opt-outs.⁹
- The first Low Income Housing Tax Credit units are now reverting to market rate and the cumulative impact of this policy will be reduced in the future.
- From 1976 to 2002 the federal housing assistance budget authority dropped 50% in constant dollars.

Even as the amount of money spent on housing assistance has declined, the percent of authorized vouchers in use and the overall number of authorized vouchers has increased each year. Costs per voucher have also increased, as rent increases have led to increases in payment standards. It is now clear that the voucher program alone is not a panacea. The decline in federal support for housing production is a clear factor in the worsening affordable housing picture for low income households. New federal support for low income housing production is necessary.

³ Affordable is defined as renting at 30% of the income threshold for that income category. NLIHC Tabulation from 2001 AHS data.

⁴ Joint Center, p. 20

⁵ Urban Institute. 2001. "What will it take to end homelessness?" Washington, D.C.: Author, p. 1.

⁶ See for example John M. Quigley, Steven Raphael and Eugene Smolensky. 2001. "[Homeless in California, Homeless in America.](#)" *Review of Economics and Statistics*, 83(1), p. 37-51.

⁷ NLIHC tabulation of 2001 AHS data. See also. HUD. 2001. *A Report on Worst Case Housing Needs in 1999: New Opportunity Amid Continuing Challenges 2001*. Washington, D.C.: Author

⁸ Millennial Housing Commission. 2002. "Meeting Our Nation's Housing Challenges." Washington, D.C.: Author p. 100

⁹ Joint Center. p. 28