

AMERICA'S RENTAL HOUSING

EXPANDING OPTIONS FOR DIVERSE AND GROWING DEMAND

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**National Alliance to End Homelessness
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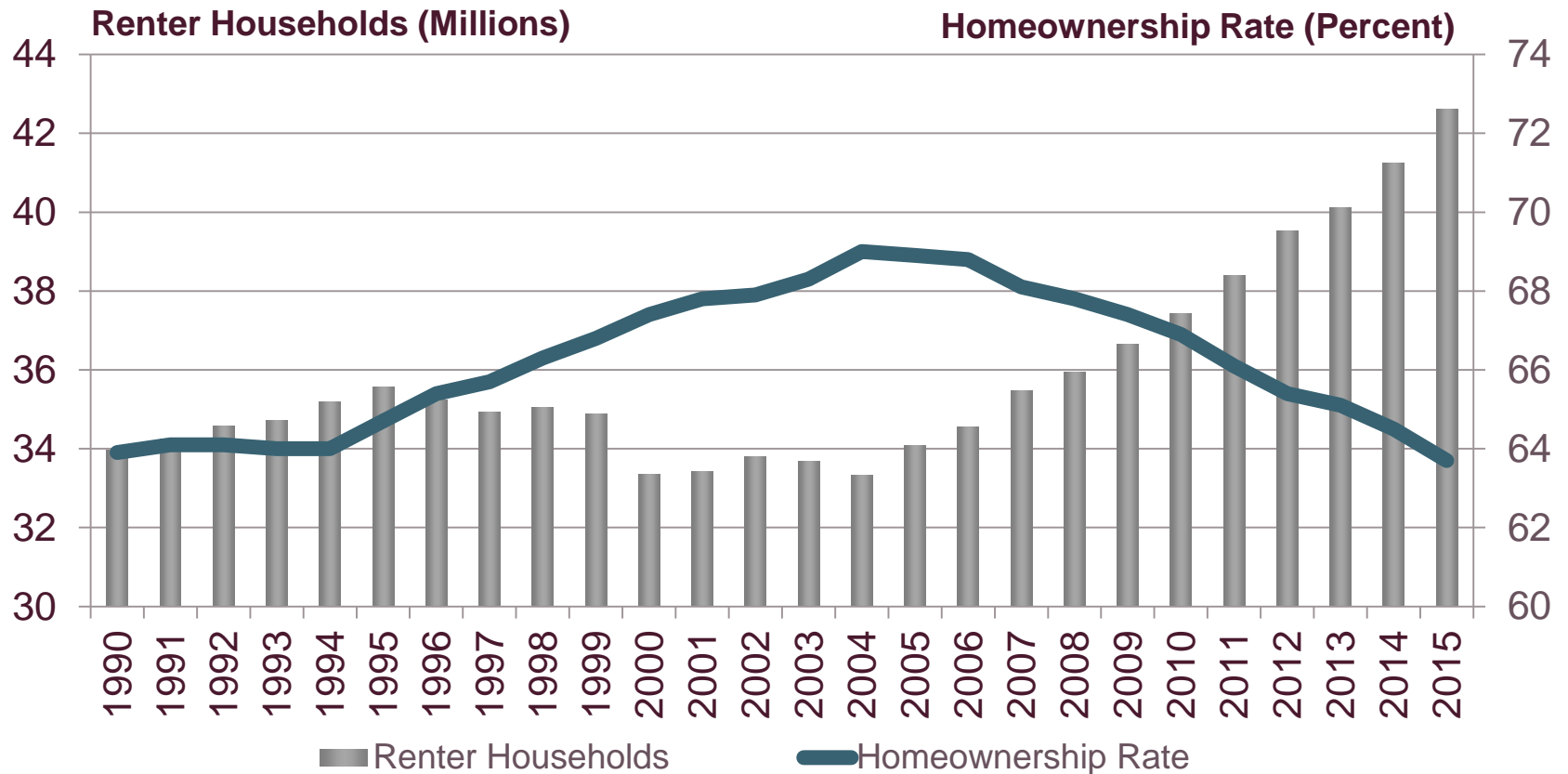
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Key Points

- Growth in rental housing demand is at historic highs, contributing to sharply rising rents
- Record numbers of renters are struggling to pay rent as incomes fall while rents rise
- Housing assistance programs are failing to keep up with the need
- Housing affordability is an important driver of housing insecurity – addressing the affordability problem is critical for homelessness prevention

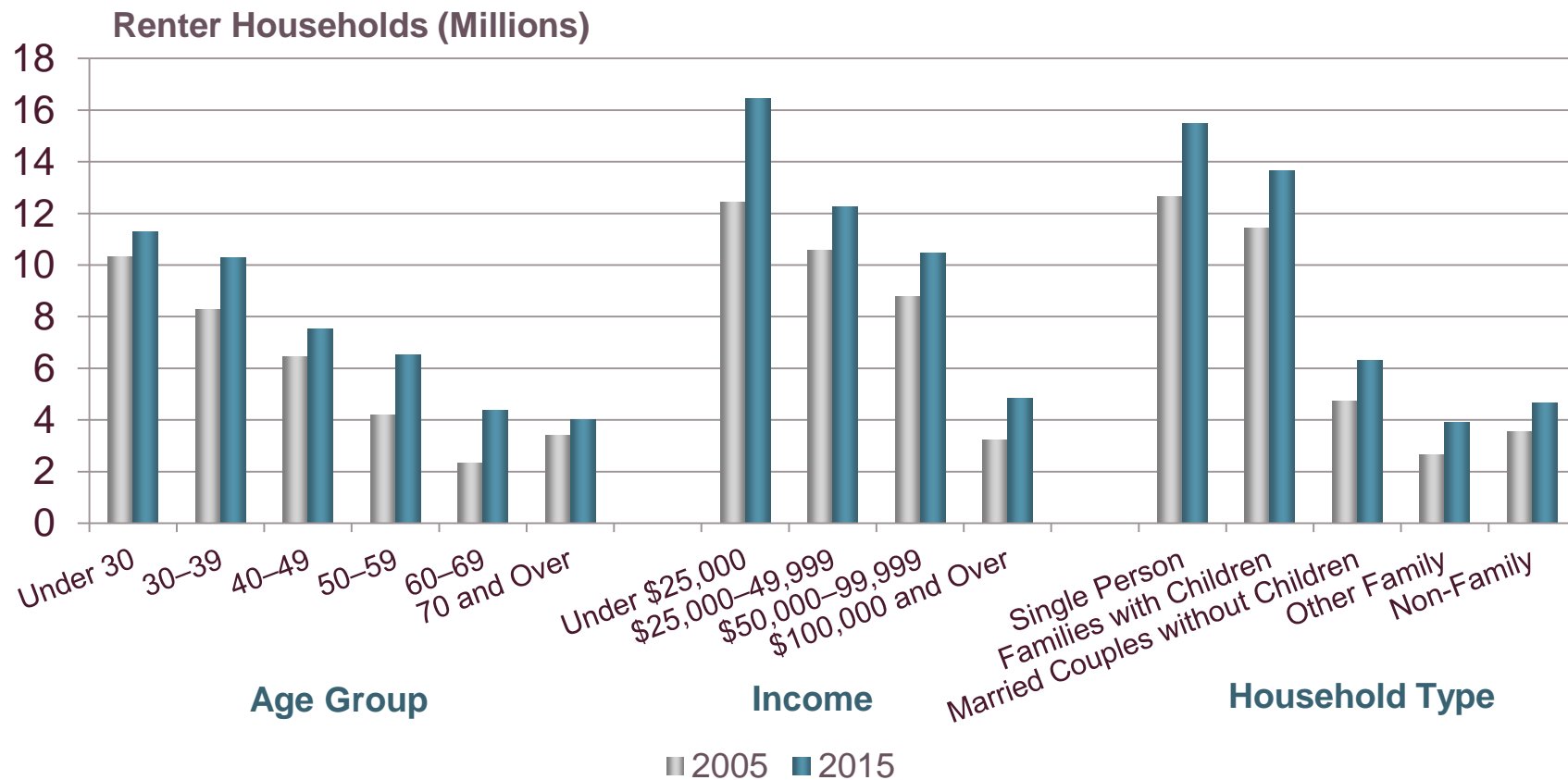
Renter Household Growth Has Surged with the Drop in the Homeownership Rate



Notes: Annual data for 2015 are from the third quarter of that year. Beginning in 2000, renter household data are the revised, consistent-vintage counts. 2000-09 counts are 2010 vintage, 2010-15 are 2014 vintage.

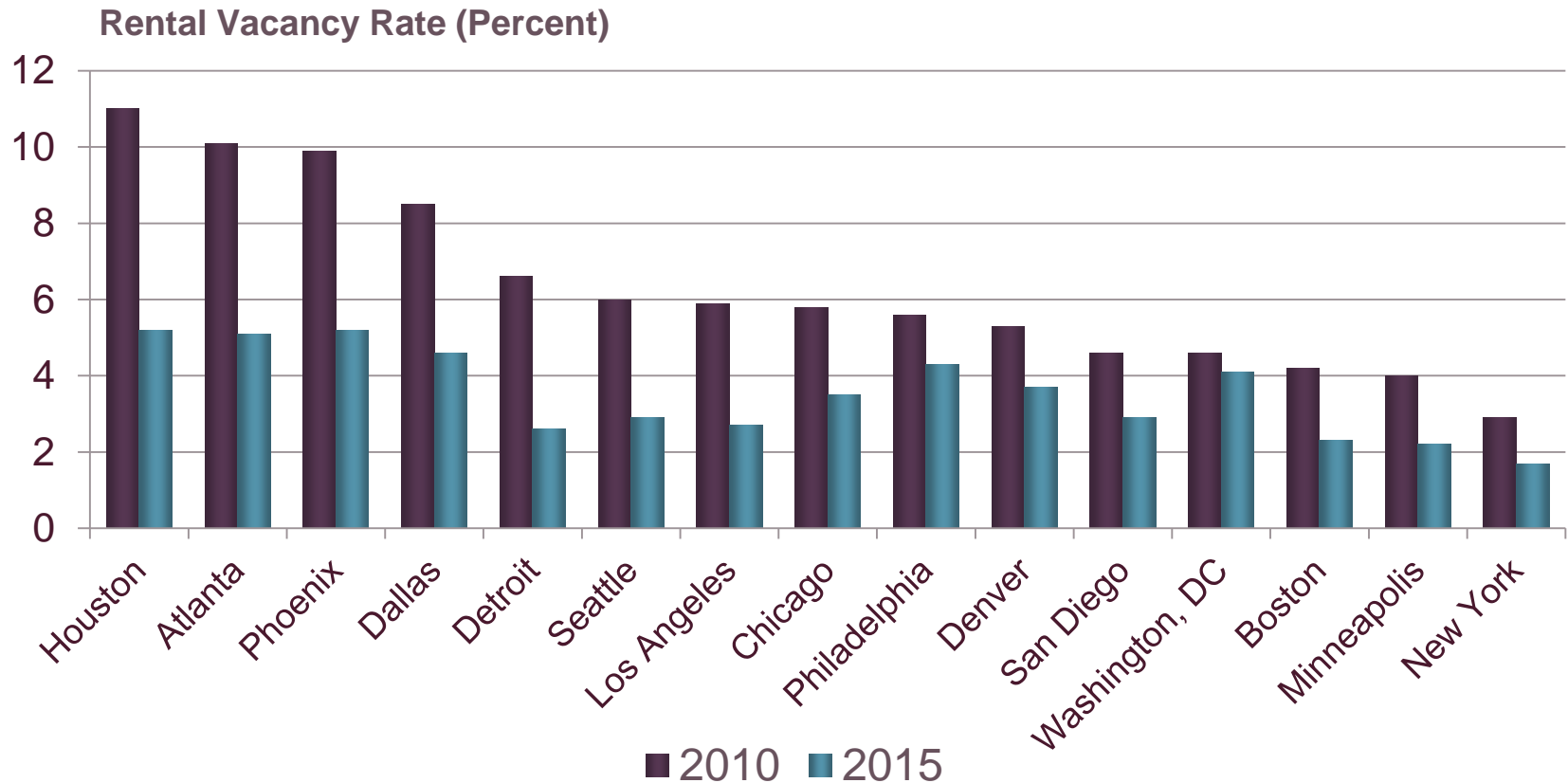
Source: US Census Bureau, Housing Vacancy Surveys.

The Decade-Long Increase in Renter Households Has Been Broad-Based



Note: Household counts are three-year trailing averages and define children as under age 18 only.
 Source: JCHS tabulations of US Census Bureau, Current Population Surveys.

Vacancy Rates Have Fallen Sharply in Markets Across the Country

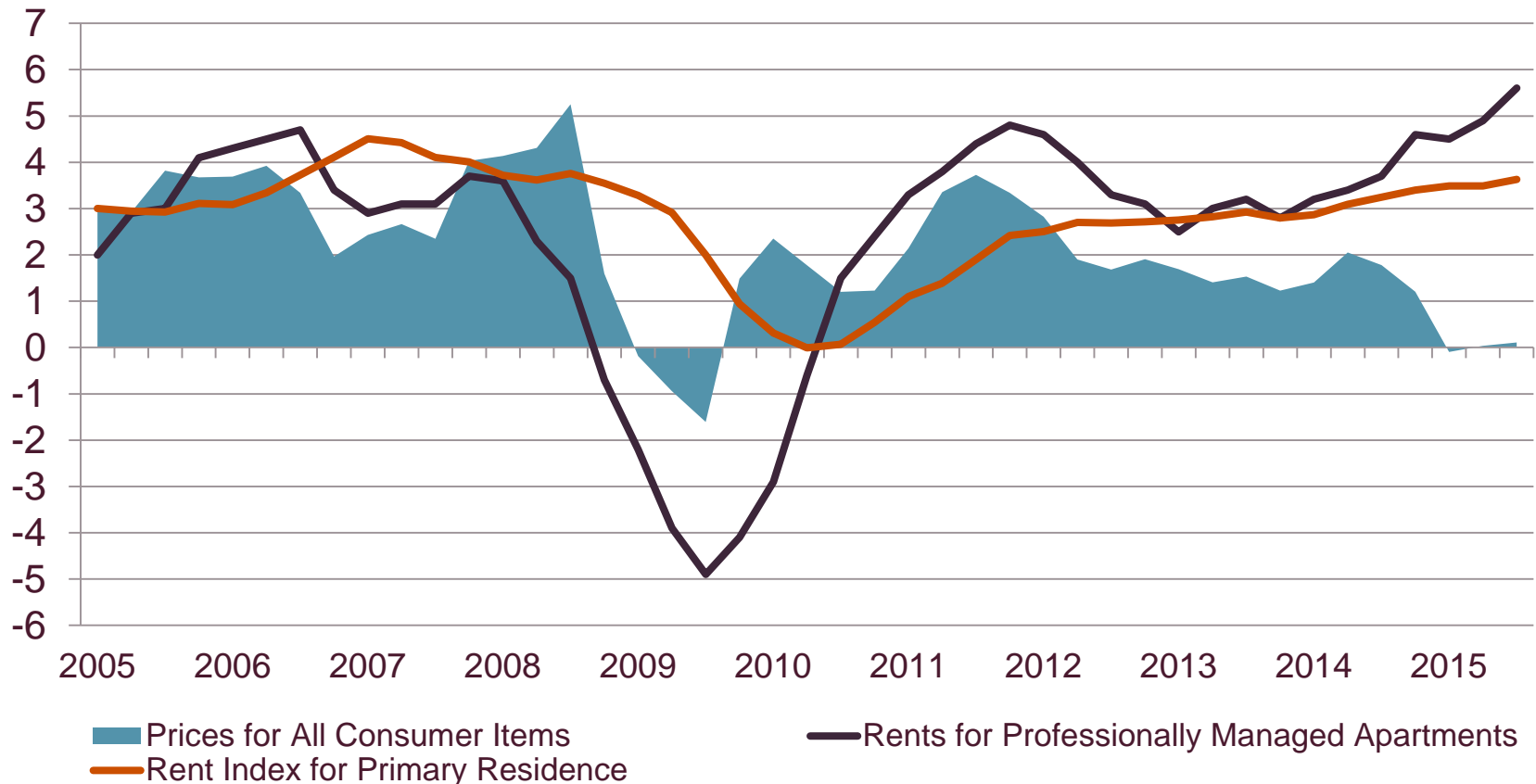


Notes: Estimates are based on a sample of apartments in investment-grade properties. Data for 2010 are from the fourth quarter. Data from 2015 are as of the third quarter.

Source: JCHS tabulations of MPF Research data.

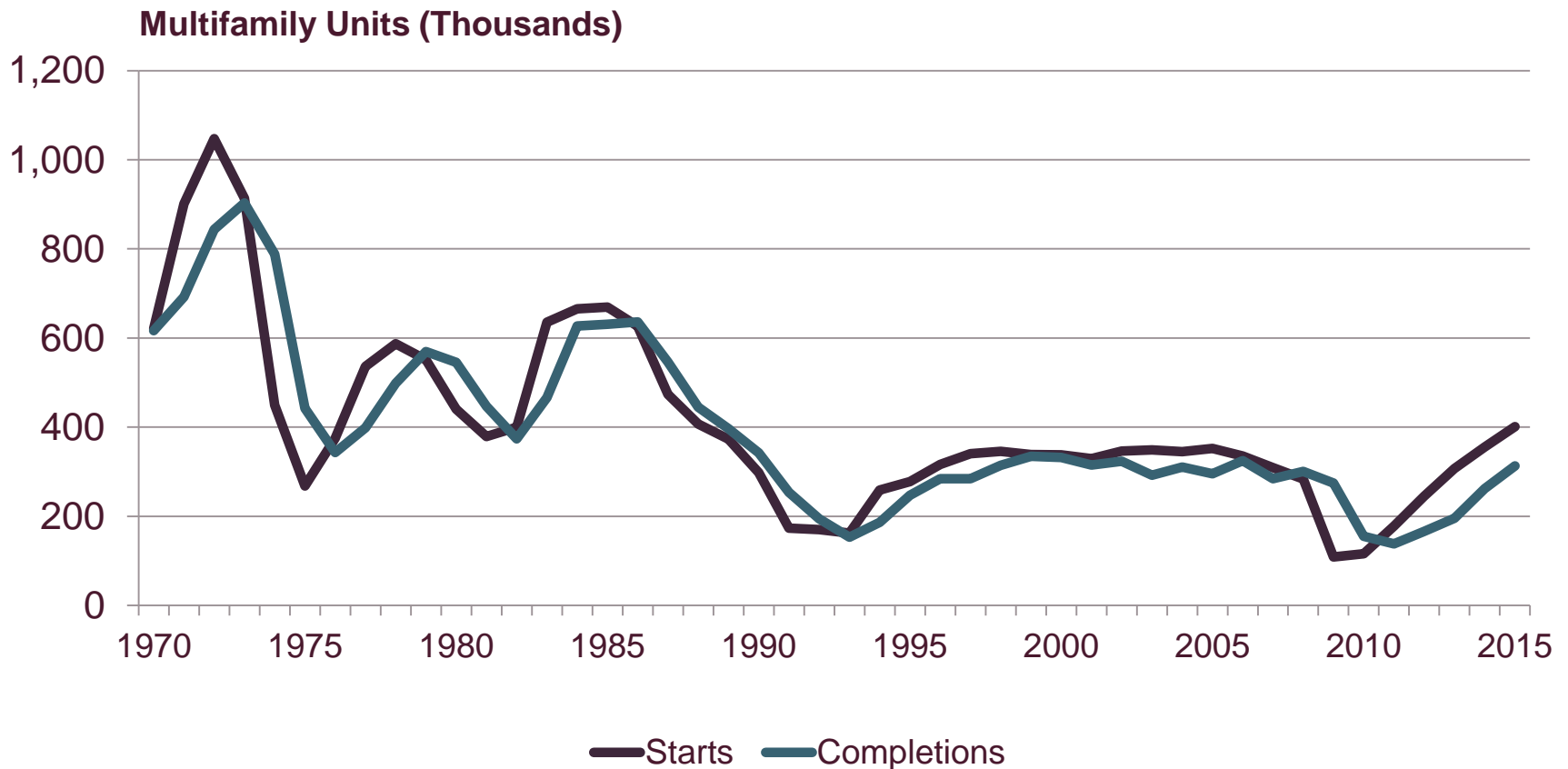
Rent Increases Continue to Outpace Inflation

Annual Change (Percent)



Source: JCHS tabulations of US Bureau of Labor Statistics and MPF Research data.

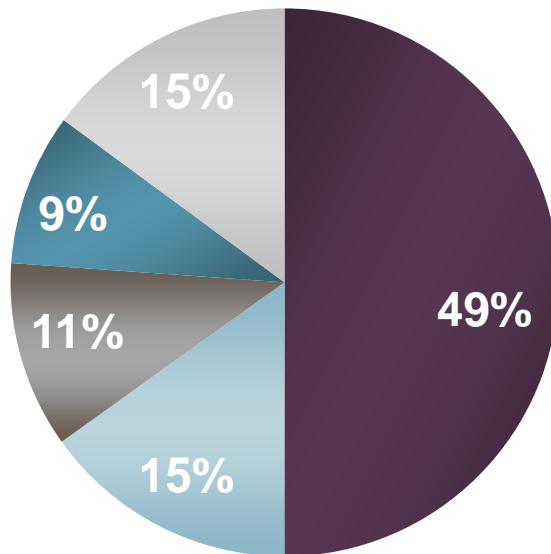
Multifamily Starts Have Been at Their Highest Levels Since the 1980s with Completions Now Catching Up



Note: Estimates for 2015 are year-to-date through September and based on average monthly seasonally adjusted annual rates.
Source: JCHS tabulations of US Census Bureau, New Residential Construction data.

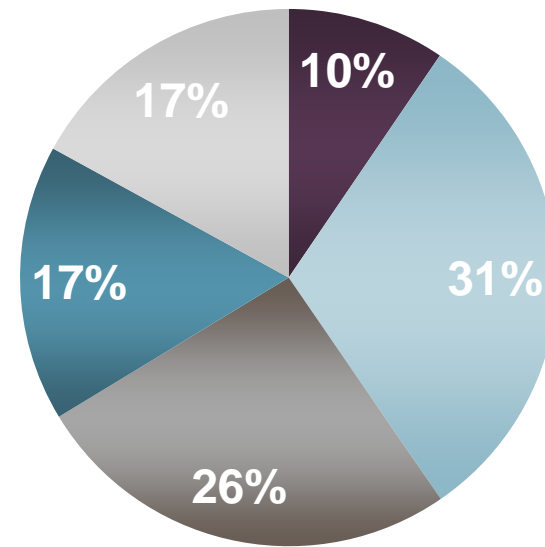
Rents for New Multifamily Units Are Out of Reach for Most Renter Households

Income Distribution of Renter Households



- Under \$35,000
- \$35,000–49,999
- \$50,000–64,999
- \$65,000–99,999
- \$90,000 and Over

Asking Rent of New Multifamily Units

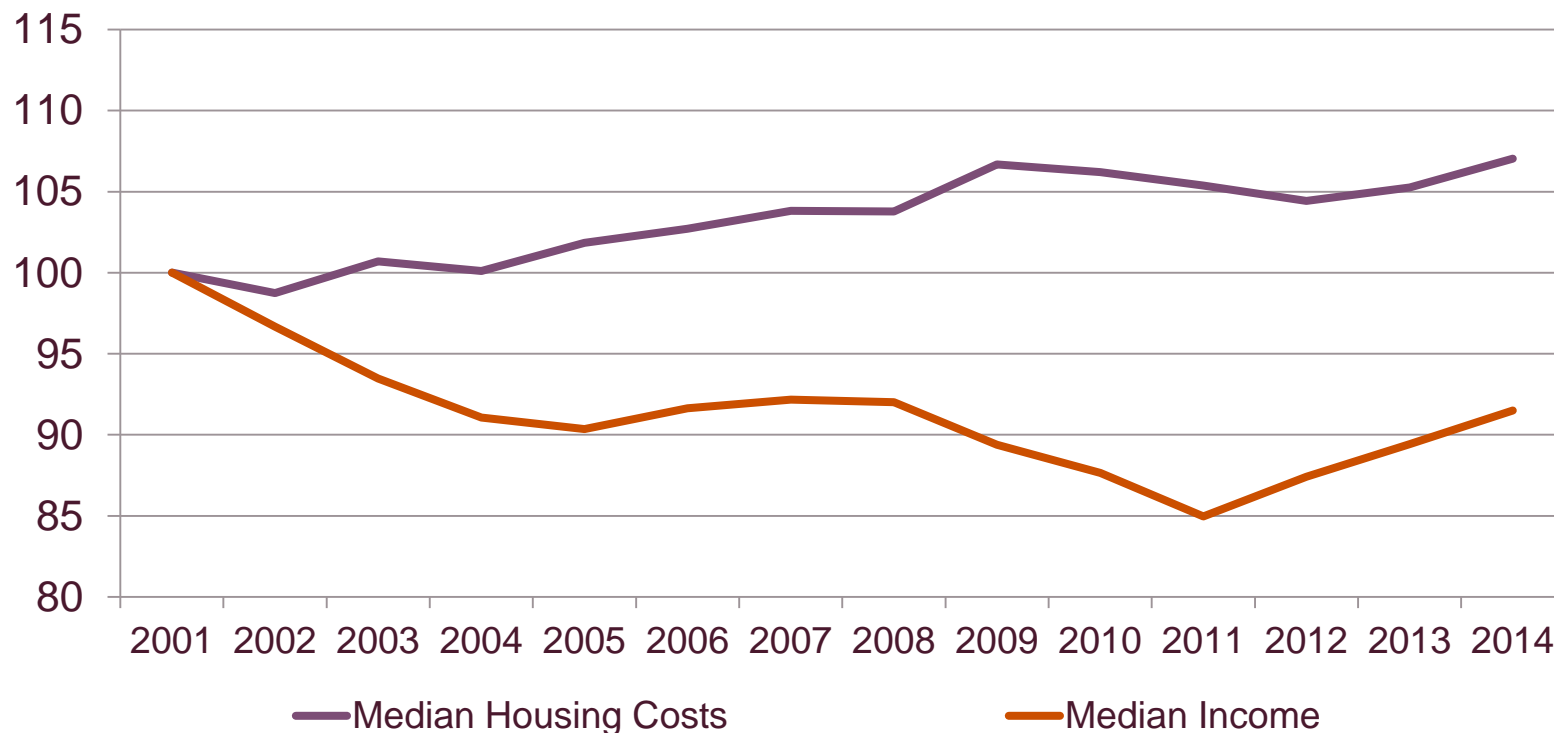


- Under \$850
- \$850–1,249
- \$1,250–1,649
- \$1,650–2,249
- \$2,250 and Over

Note: Income category cutoffs align with rent category cutoffs at the 30% of income affordability standard.
Sources: US Census Bureau, 2015 Survey of Market Absorption and 2015 Current Population Survey.

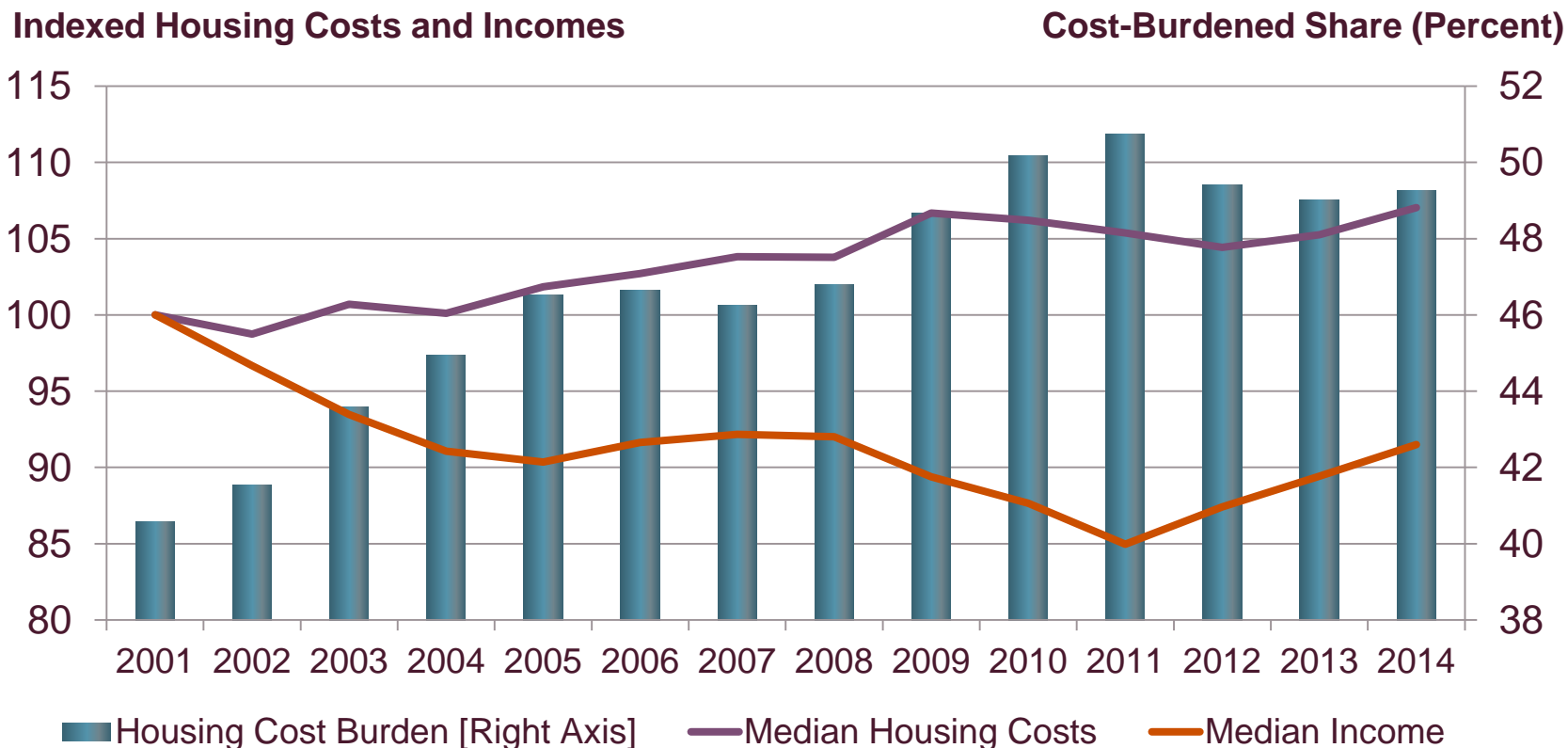
Along with Rising Rents, Falling Incomes are a Critical Driver of Growing Affordability Challenges

Indexed Housing Costs and Incomes



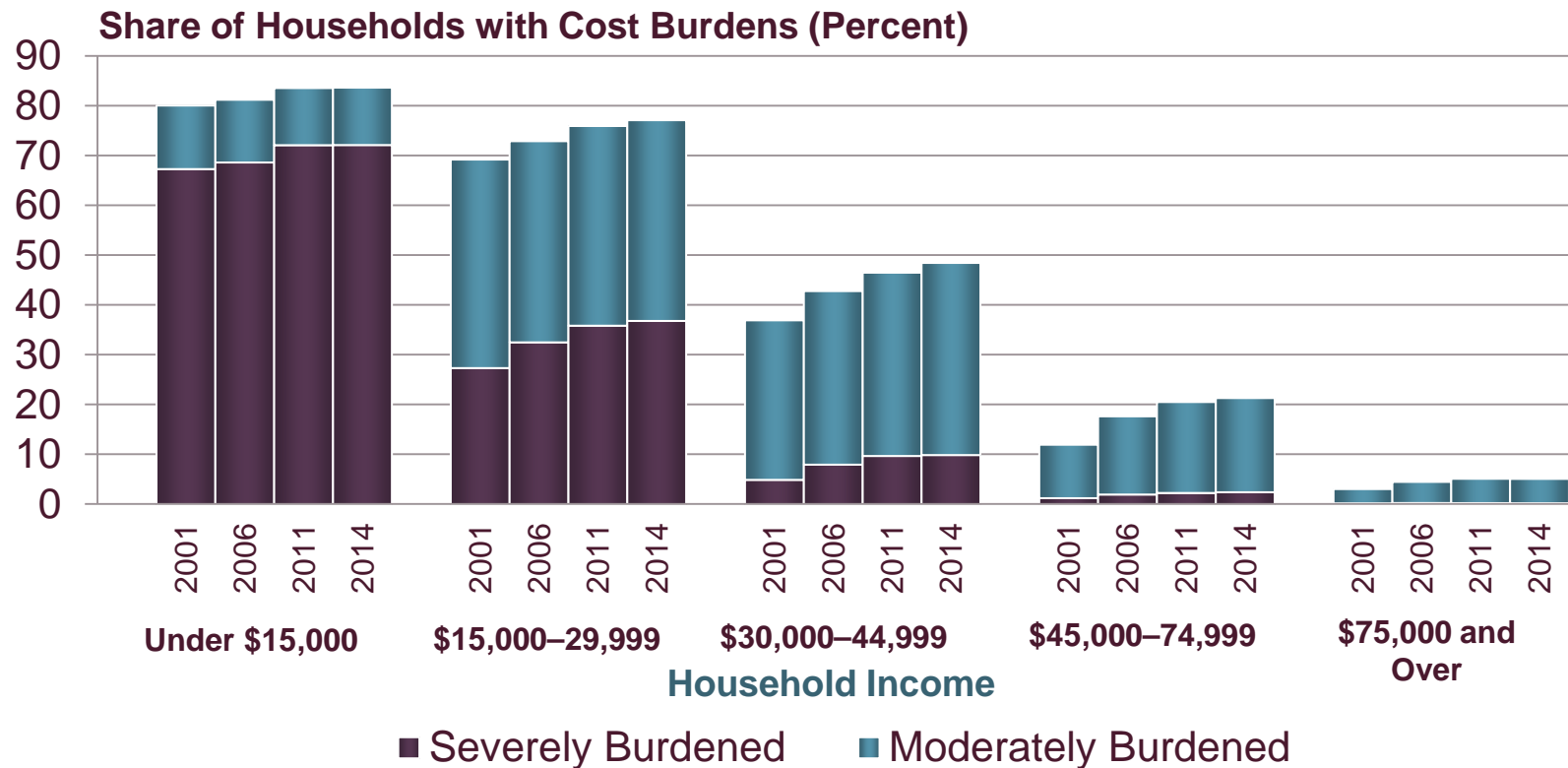
Notes: Median housing costs and household incomes are adjusted to 2014 dollars using the CPI-U for All Items. Housing costs include cash rent and utilities. Cost-burdened households pay more than 30% of income for housing. Households with zero or negative income are assumed to have severe burdens; households paying no cash rent are assumed to be without burdens. Source: JCHS tabulations of US Census Bureau, American Community Surveys.

The Share of Renter Households Facing Cost Burdens Remains Near Record Levels



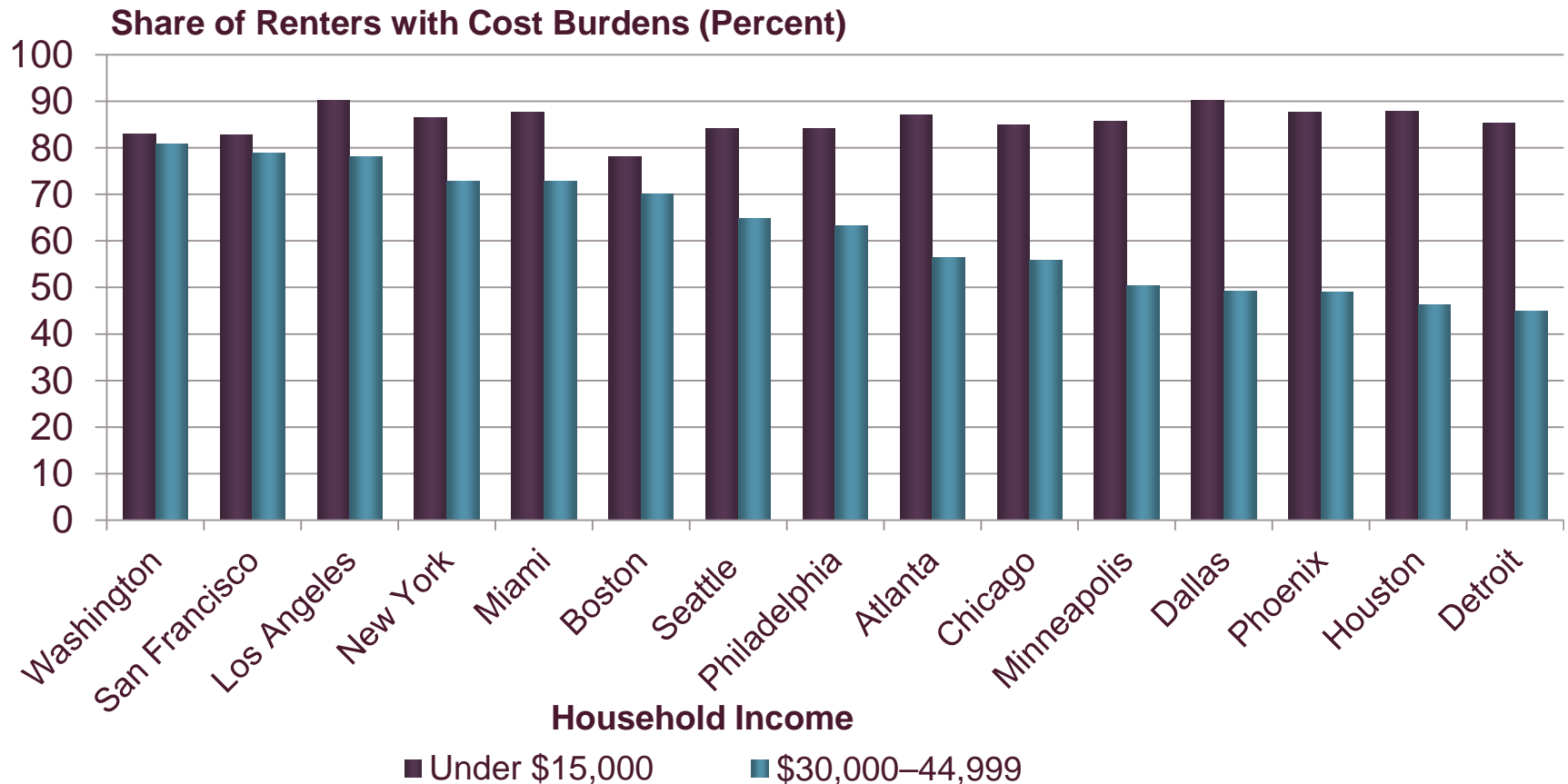
Notes: Median housing costs and household incomes are adjusted to 2014 dollars using the CPI-U for All Items. Housing costs include cash rent and utilities. Cost-burdened households pay more than 30% of income for housing. Households with zero or negative income are assumed to have severe burdens; households paying no cash rent are assumed to be without burdens. Source: JCHS tabulations of US Census Bureau, American Community Surveys.

Cost Burdens Are a Fact of Life for Lowest-Income Renters, But Are Becoming More Common Among Middle-Income Households as Well



Notes: Household incomes are adjusted to 2014 dollars using the CPI-U for All Items. Moderately (severely) cost-burdened households pay more than 30% and up to 50% (more than 50%) of income for housing. Households with zero or negative income are assumed to have severe burdens, while households paying no cash rent are assumed to be without burdens. Source: JCHS tabulations of US Census Bureau, American Community Surveys.

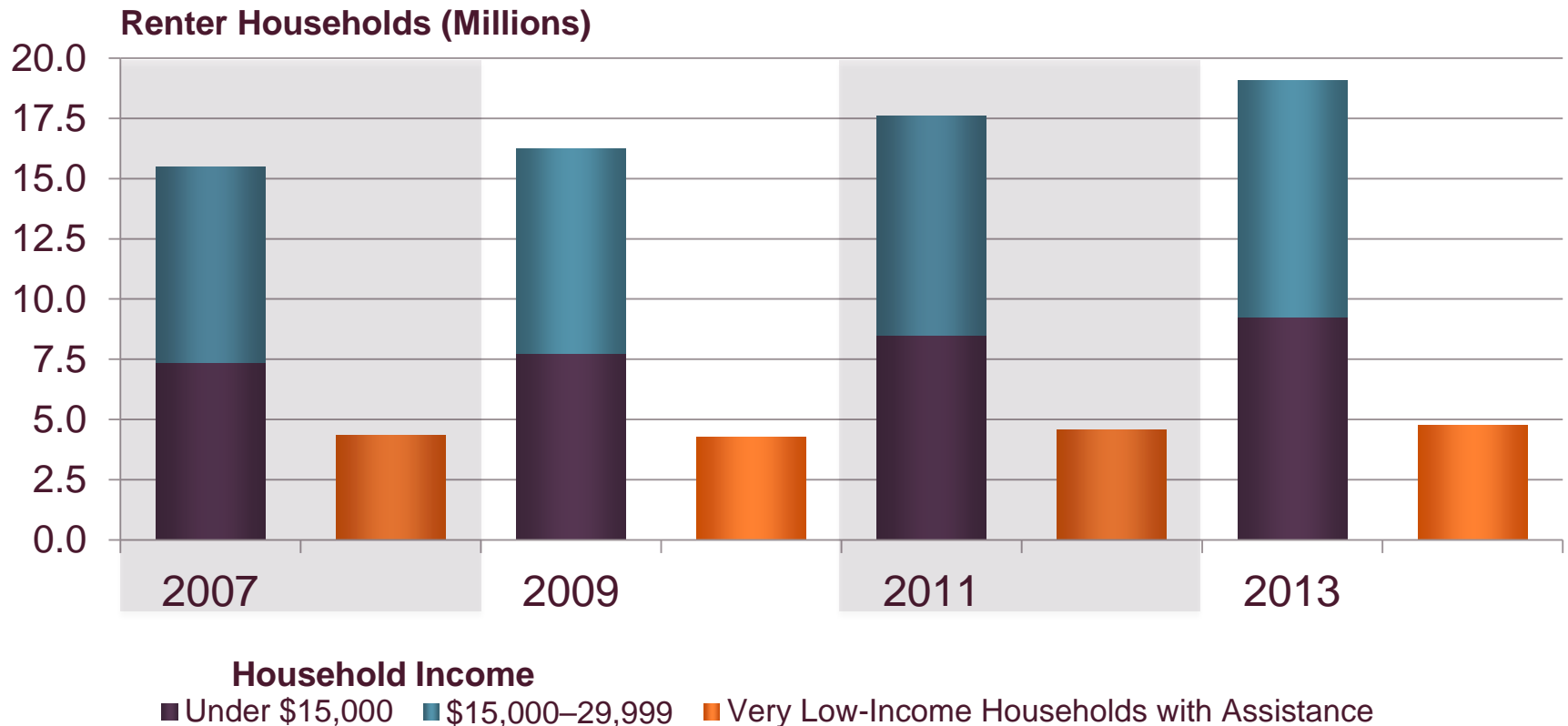
While Most Lowest-Income Households Have Cost Burdens, the Cost-Burdened Share of Moderate-Income Renters Varies Widely Across Markets



Notes: Cost-burdened households pay more than 30% of income for housing. Households with zero or negative income are assumed to have cost burdens, while households paying no cash rent are assumed to be without burdens.

Source: JCHS tabulations of US Census Bureau, 2014 American Community Survey.

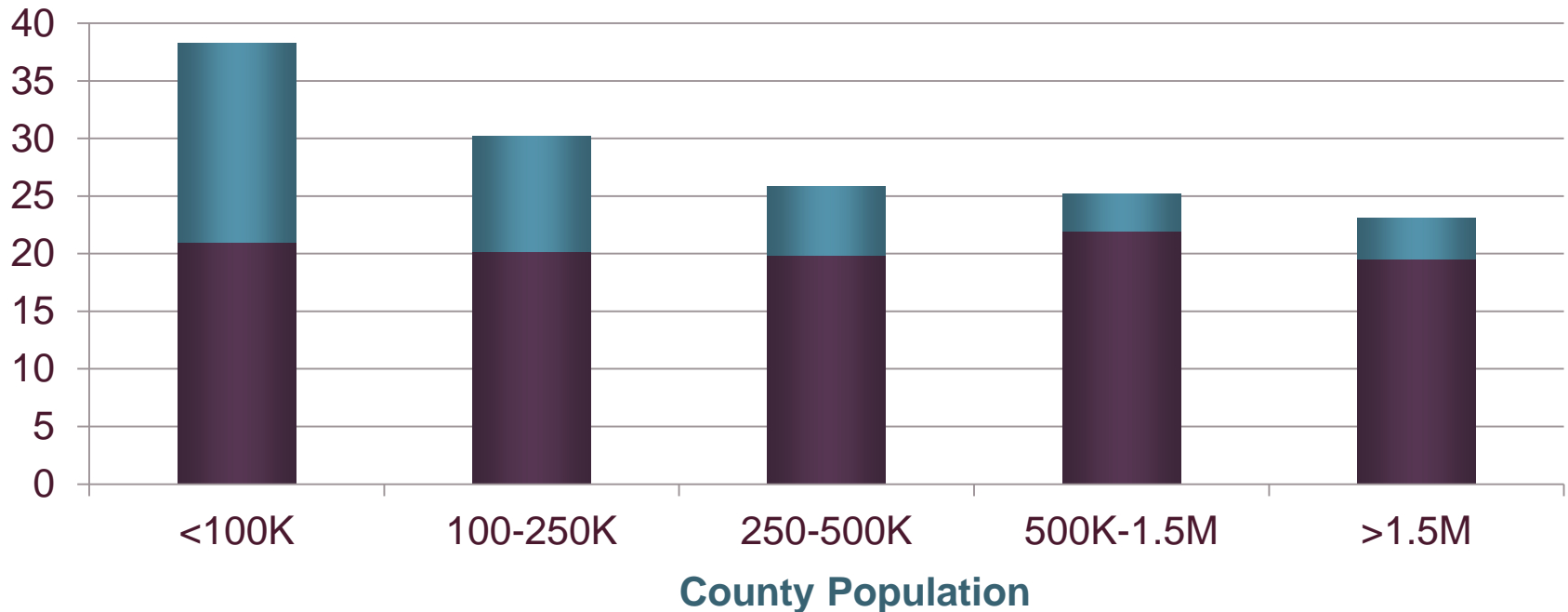
Growth in the Number of Lowest-Income Renters Far Outstrips Increases in Assisted Households



Notes: Household incomes are adjusted for inflation using the CPI-U for All Items. Household counts by income are based on three-year trailing averages. Very low-income renter households have incomes up to 50% of local area medians.
 Sources: JCHS tabulations of US Census Bureau, Current Population Surveys; US Department of Housing and Urban Development, Worst Case Housing Needs Reports to Congress.

Lowest Income Renters Far Outnumber the Affordable, Adequate, and Available Rental Supply—Particularly in Large Urban Areas

Average Number of Units per 100 Extremely Low-Income Renter Households

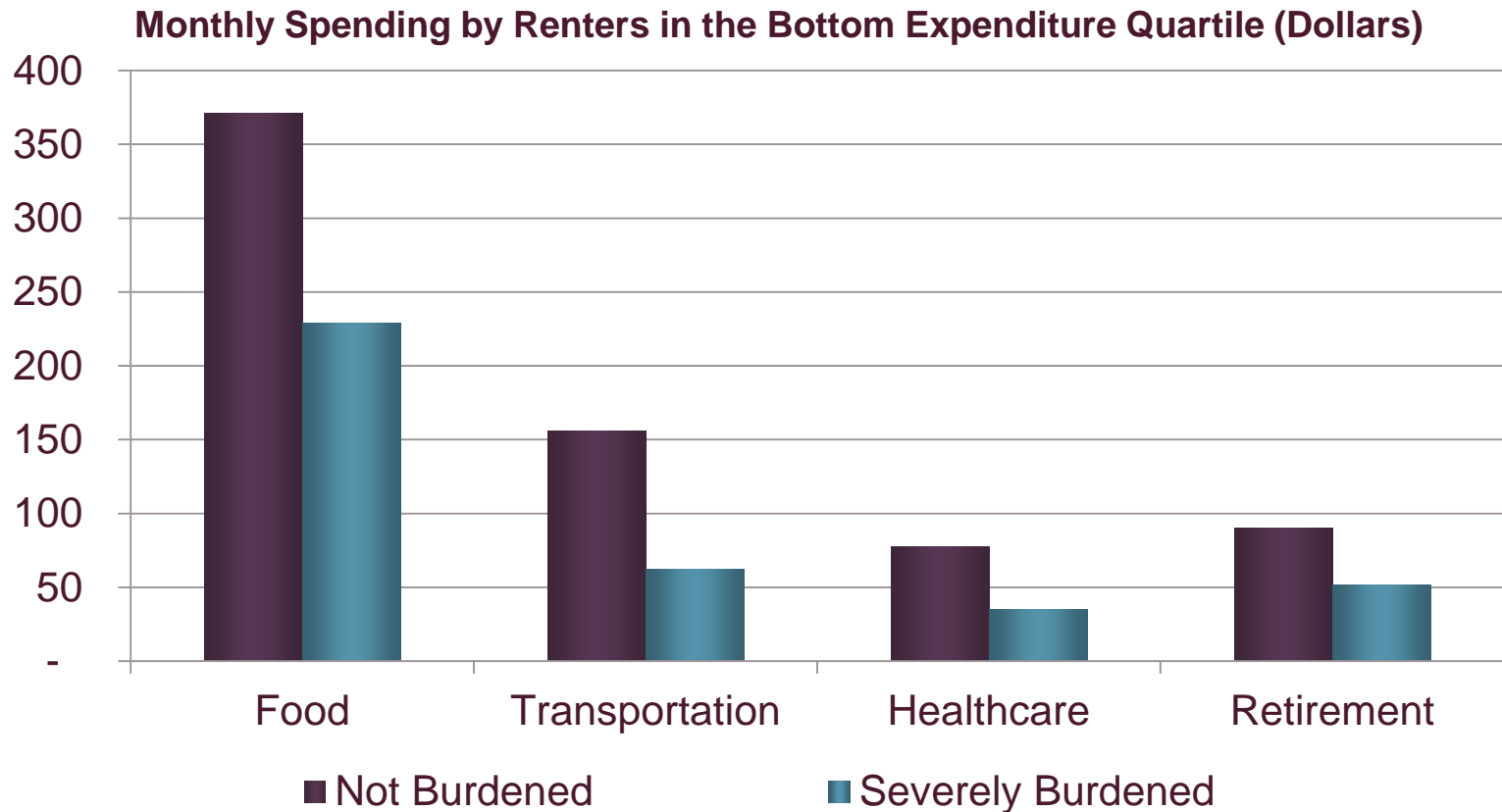


■ Federally Assisted Units ■ Units without Federal Assistance

Notes: Affordable is defined as costing no more than 30% of income for households with extremely low incomes (up to 30% of area median). Adequate units have complete bathrooms, running water, and electricity, and no indicators of major disrepair. Available units are not occupied by higher income renter households.

Source: JCHS tabulations of Urban Institute, Mapping America's Rental Housing Crisis 2011–13.

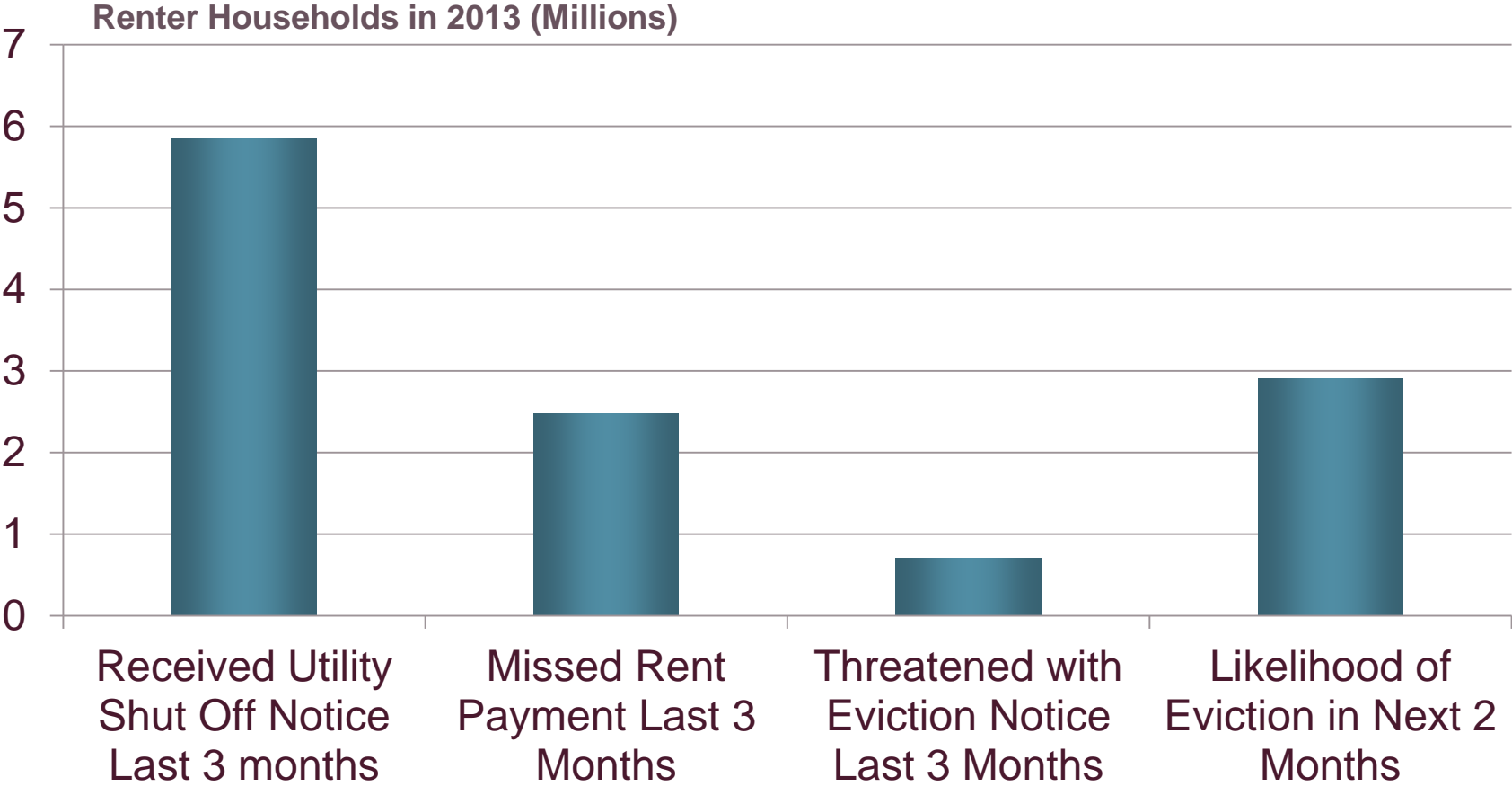
Paying an Outsized Share of Income for Housing Crowds Out Spending on Other Vital Needs



Notes: Severely cost-burdened households pay more than 50% of income for housing. Households with zero or negative income are assumed to be severely burdened, while households paying no cash rent are assumed to be without burdens. Quartiles are equal fourths of all households ranked by total spending. Retirement expenditures are for renters under age 65 only.

Source: JCHS tabulations of US Bureau of Labor Statistics, 2014 Consumer Expenditure Survey.

Millions of Renters Face Housing Instability Due to Affordability Pressures



Source: U.S. Census Bureau, American Housing Survey 2013.



New Research Showing the Importance and Cost-Effectiveness of Permanent Assistance

- Interim report on Family Options Study finds providing permanent vouchers lead to:
 - Improved housing stability
 - Fewer child separations
 - Adults experience less psychological distress, less substance abuse, and less domestic violence
 - Fewer school changes
- Cost is comparable to typical costs associated with the usual care provided to families in shelters

The Challenge: How to Get Political Support for Expanding Rental Housing Assistance?

- Has not been part of presidential debates on either side of the aisle
 - Clinton has now included housing as part of community revitalization agenda—but focused on new supply
- Housing affordability is high on policy agenda at local level
 - Have to get state and local leaders to press the case for federal action

Thank You!

Report and Data Tables Available at:

jchs.harvard.edu