

The State of the Nation's Housing 2008

Joint Center for Housing Studies of Harvard University

Excerpts from pages 30–31

The full report is available online at <http://www.jchs.harvard.edu/son/index.htm>

"The incidence of severe burdens among those earning multiples of the minimum wage is also exceedingly high. More than a third of households with incomes that are one to two times the full-time equivalent of the minimum wage have severe housing cost burdens. Even among the 15.3 million households earning two to three times the full-time minimum wage equivalent, fully 15 percent pay more than half their incomes for housing." p. 30

"Nowhere in America does a full-time minimum-wage job cover the cost of a modest two-bedroom rental at 30 percent of income (Figure 31). In the least affordable areas of the country, the housing wage—the income necessary to afford the fair market rent on a modest apartment, working 40 hours a week for 50 weeks a year is now five times the current federal minimum wage.

"While the Low Income Housing Tax Credit program has succeeded in expanding the supply of affordable units, losses from the inventory remain exceedingly high. With the number of low-income renter households continuing to rise and the number of affordable and available units continuing to fall, the need grows ever larger. Today, there are only about 6 million rentals affordable to the nearly 9 million households with incomes below 30 percent of the median for their Census division (\$11,000 to \$18,000). But nearly half of these affordable units are either inhabited by higher-income households or stand vacant. As a result, about 9 million lowest-income households must compete for just 3 million affordable and available rental units (Figure 32).

"Heavily targeted toward renter households, federal housing assistance currently does next to nothing for owners that have severe housing cost burdens and are at risk of losing their homes. While federal and state governments have intervened to blunt the impending wave of foreclosures, the relief is temporary and in many cases relies on the voluntary efforts of lenders, servicers, and investors. The largest-scale program uses federal housing insurance to allow some homeowners to refinance their way out of trouble. As it is, however, many owners do not qualify for any of the forms of assistance being offered. Once the current storm passes, foreclosure rates may settle back down but the affordability problems of owners—and especially of former owners forced back into renting—will persist.

"The Outlook

"The weakness of the economy does not bode well for income growth in the short run. But even in the longer run, the housing cost pressures on working Americans are unlikely to lighten. Much of employment growth will continue to be in part-time and low wage positions. This trend, together with the high operating costs of housing and the restrictions on building modest homes at higher densities, makes efforts to meet the nation's affordability challenges an uphill battle.

"Thus far, there has been little national outcry about the fact that growing numbers of low- and middle-income families are spending half or more of their incomes on housing, and that so many children are living in unhealthy, unsafe conditions—or, worse yet, forced to make their way

on the streets. The grim plight of many veterans has also failed to rally a groundswell of support to tackle these urgent issues.

"Nevertheless, housing advocates continue to press for additional resources to assist more low-income households and to promote programs that add directly to-or at least stave off further losses from-the supply of affordable rentals. Joining their voices is a growing chorus of organizations intent on drawing attention to the insidious spread of affordability problems. These organizations hope to broaden the political base for housing programs and spark discussion about the need for workforce housing at the local, state, and federal levels. Another contingent, driven by concerns about the environment and the erosion of America's economic competitiveness, is working to encourage smart growth and "green" building practices. Whether these efforts produce a coalition strong enough to attract resources or make meaningful changes to the nation's housing programs remains to be seen" p. 31