

The Location of Affordable Housing Across and Within the Largest Cities in the United States

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Motivation: National Report

Concerns About the Lack of Affordable Housing Since at Least Ancient Rome

- Always Known to Affect Lowest Income and a Couple of Large Cities on the Coasts
- Less is Known About Trends and Who is Affected in Other Large Cities in the United States

Importance of Quality Neighborhoods

- Higher Adult Earnings for Children of Subsidized Renters Raised in Low-Poverty Environments
- Majority of Subsidized Housing in High-Poverty Areas

Download Full Report at:

<http://www.cba.uc.edu/faculty/erikseml/>

Goals for Today

1. Rental Housing Affordability Trends since '01

- Use Publicly Available Data from HUD for 50 Largest Cities
- Focus on Median Rents and Incomes since 2001
- HUD Median 2-bedroom Rent Projections for 2022

2. Changing Rental Burdens of Low-and Moderate-Income (LMI) Households

- Use HUD Definitions of 60% AMI as Low-Income

3. Availability of Subsidized Rental Housing

- Location of Public Housing, Vouchers, and LIHTC

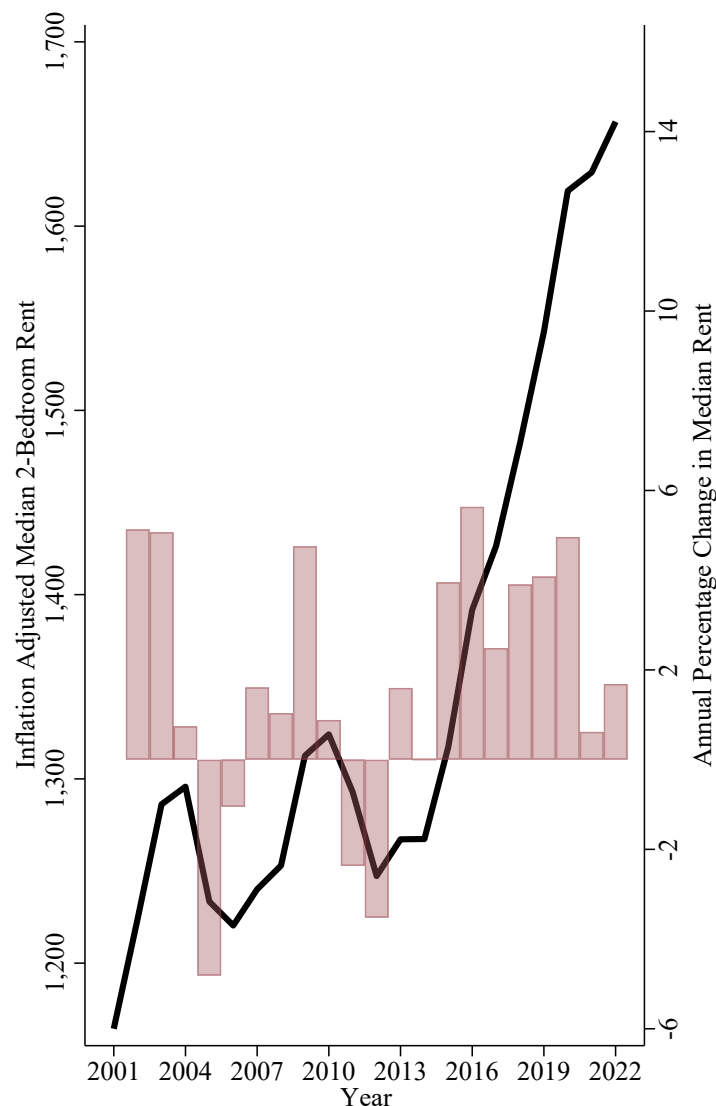
Median Rents in Top 50 Cities

Data Source:

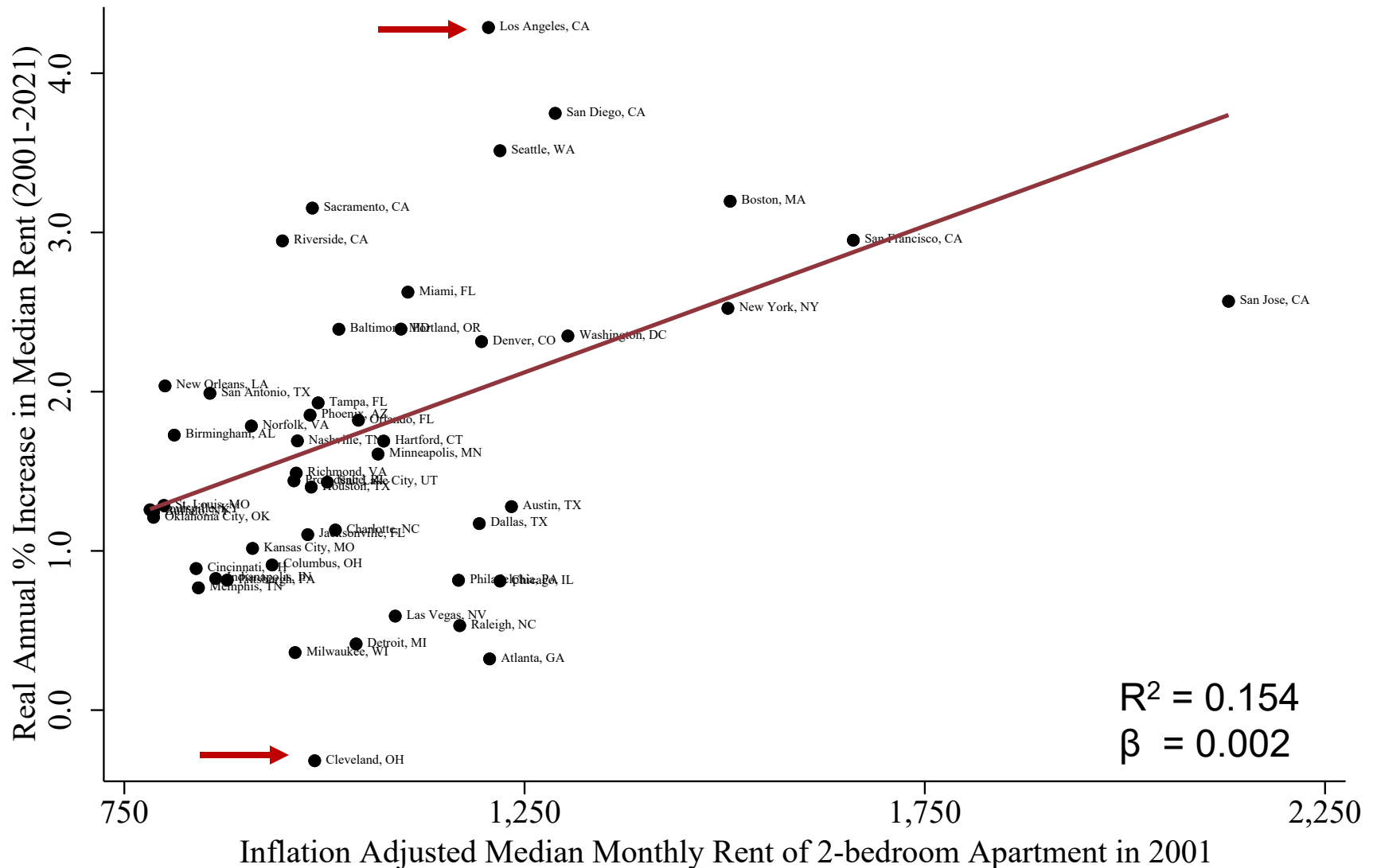
- Department of Housing and Urban Development (HUD)
- Used for Income Eligibility and Subsidy Reimbursement Rates
- 2-bedroom Units with Utilities

Largest 50 Cities

- \$1,629 per month in 2021
- 5.1% Annual Increase since 2001
- 2.0% Above Non-Housing Inflation



Regional Real Rental Growth



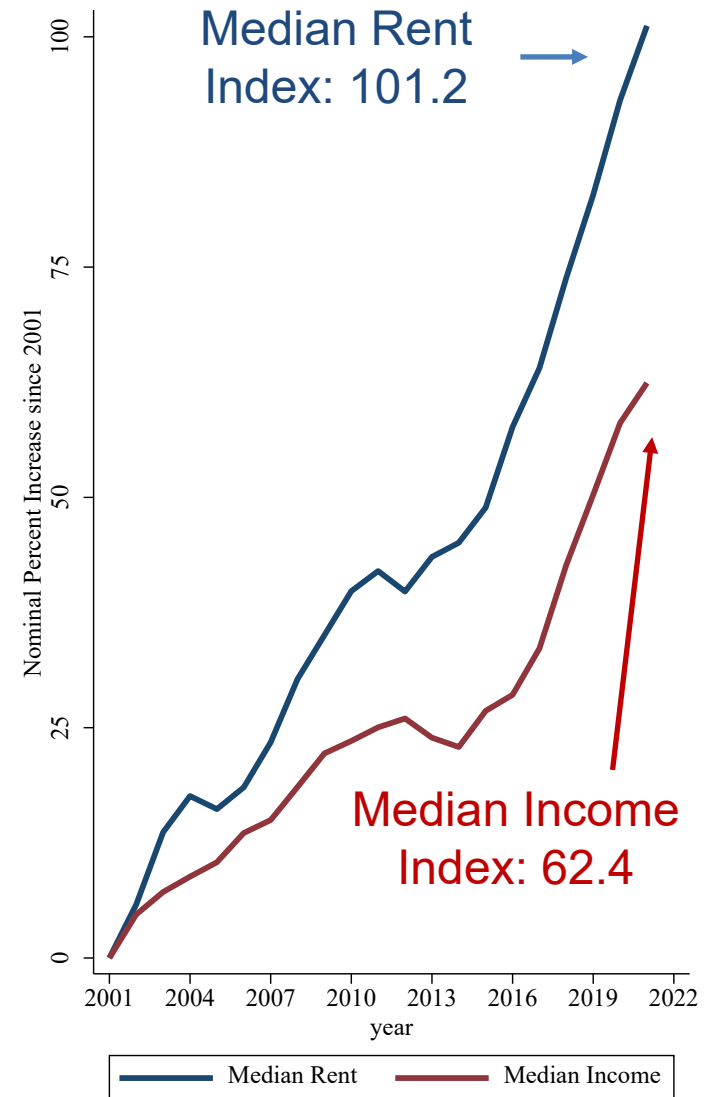
Relative Growth in Incomes

3-person Median Incomes

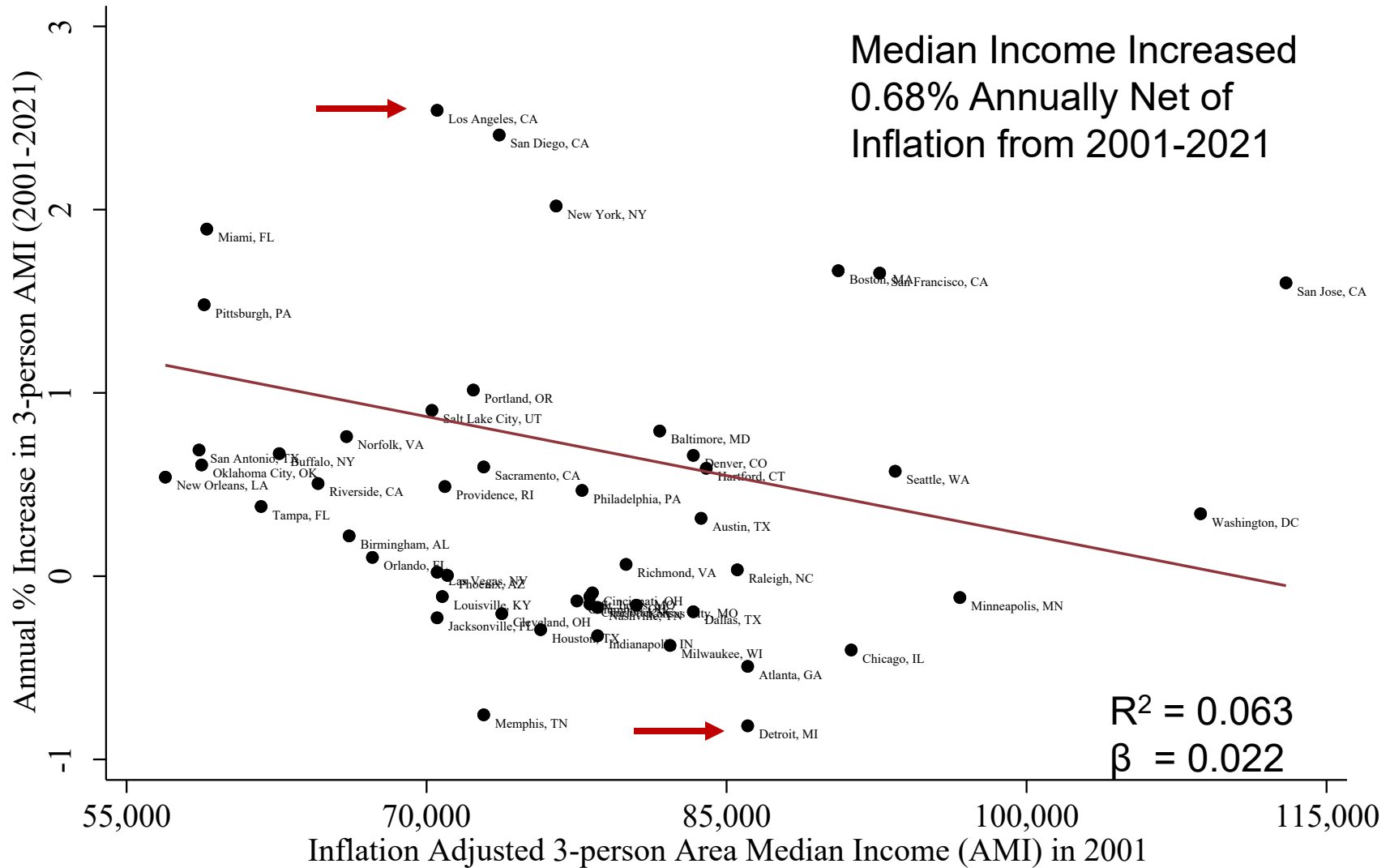
- \$91,836 in 2021 (Weighted Avg)
- 3.1% Annual Increase
- 0.68% Above Non-Housing Inflation Annually

Relative to Median Rent

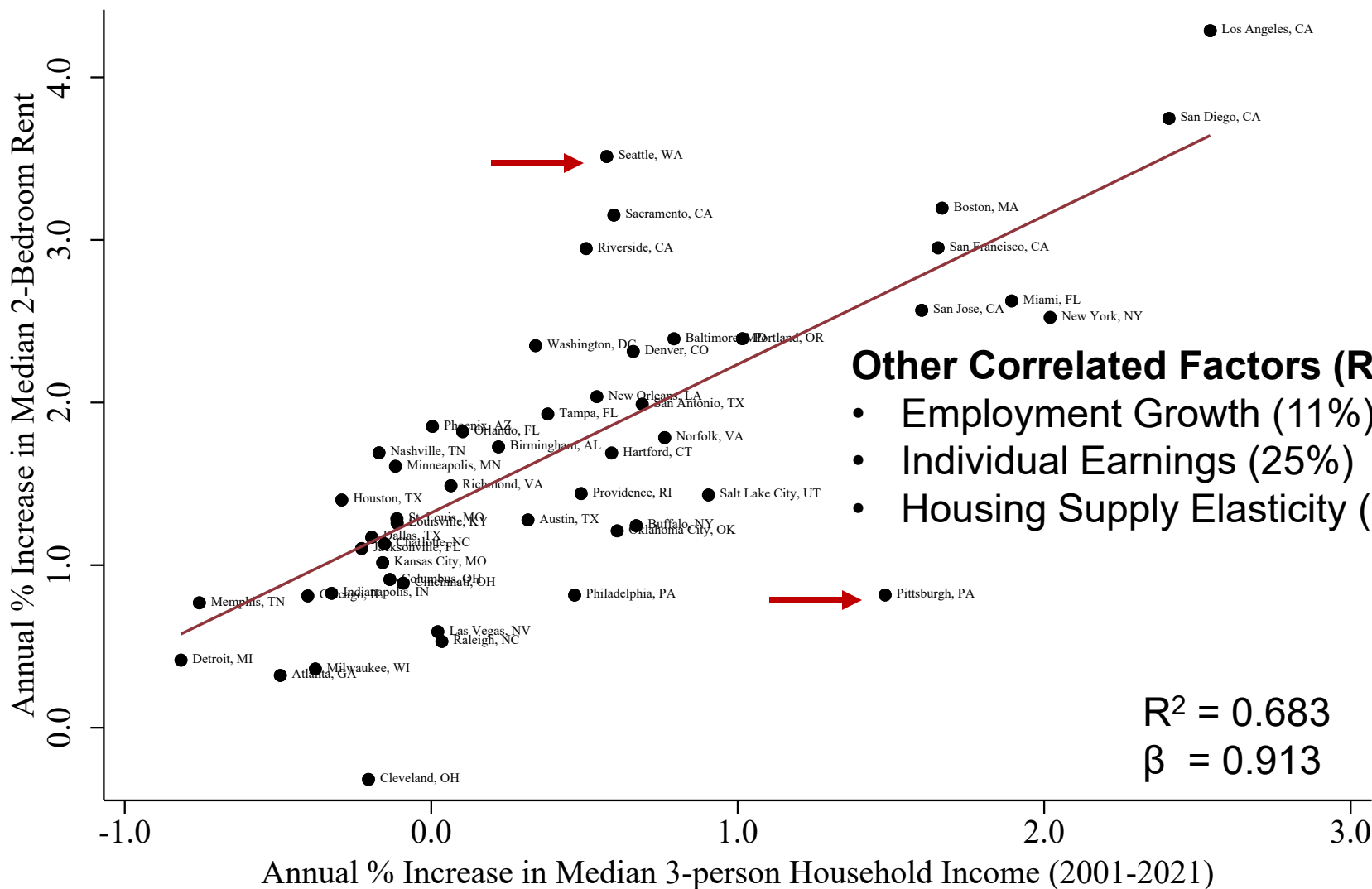
- Median Rent Increased 194% Faster than Median Income



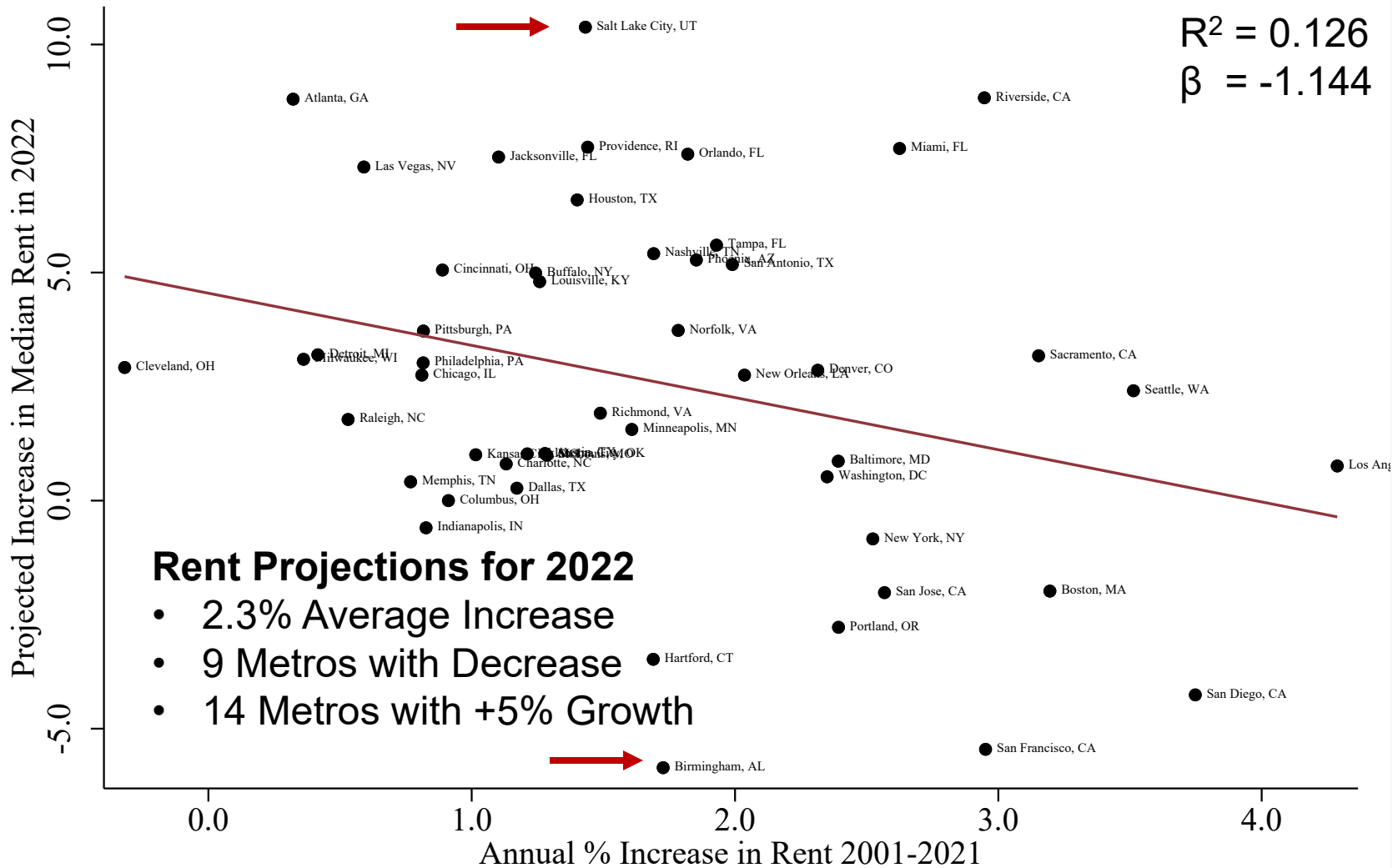
Real Median Income Growth



Median Rent v. Income Growth

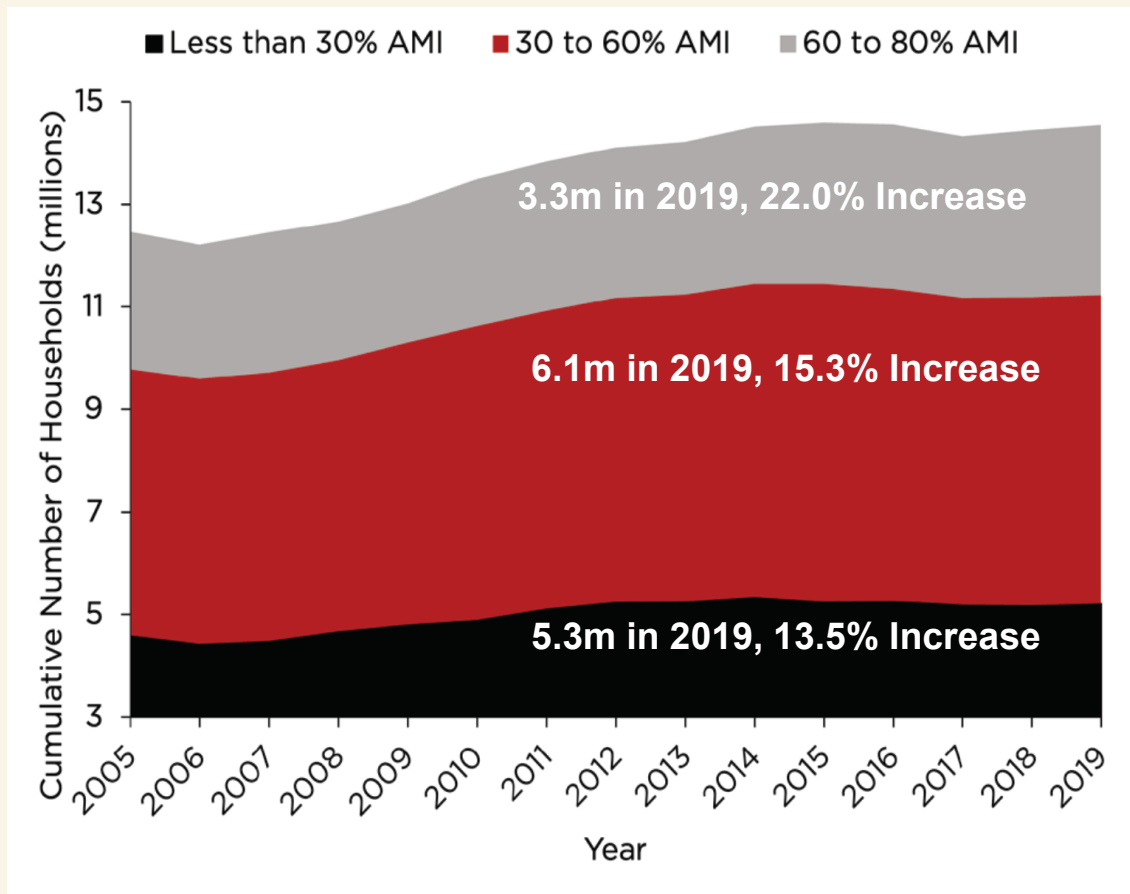


HUD Projected Rent Growth

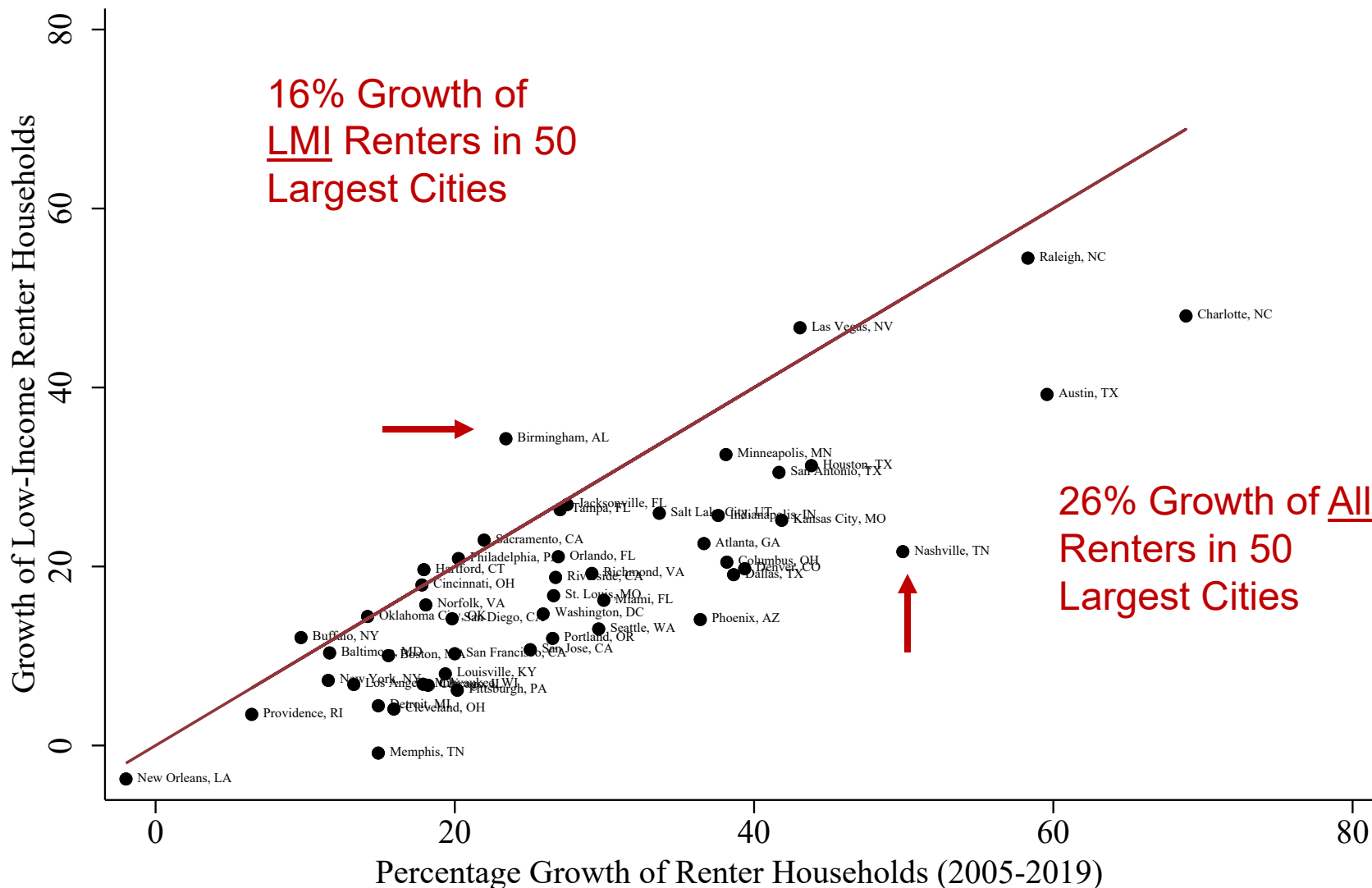


Growth of L&MI Renters

Figure 10. Total number of renter households in the 50 largest metropolitan areas who earned less than 30%, 60% and 80% AMI between 2005 and 2019.



Growth of LMI v. All Renters



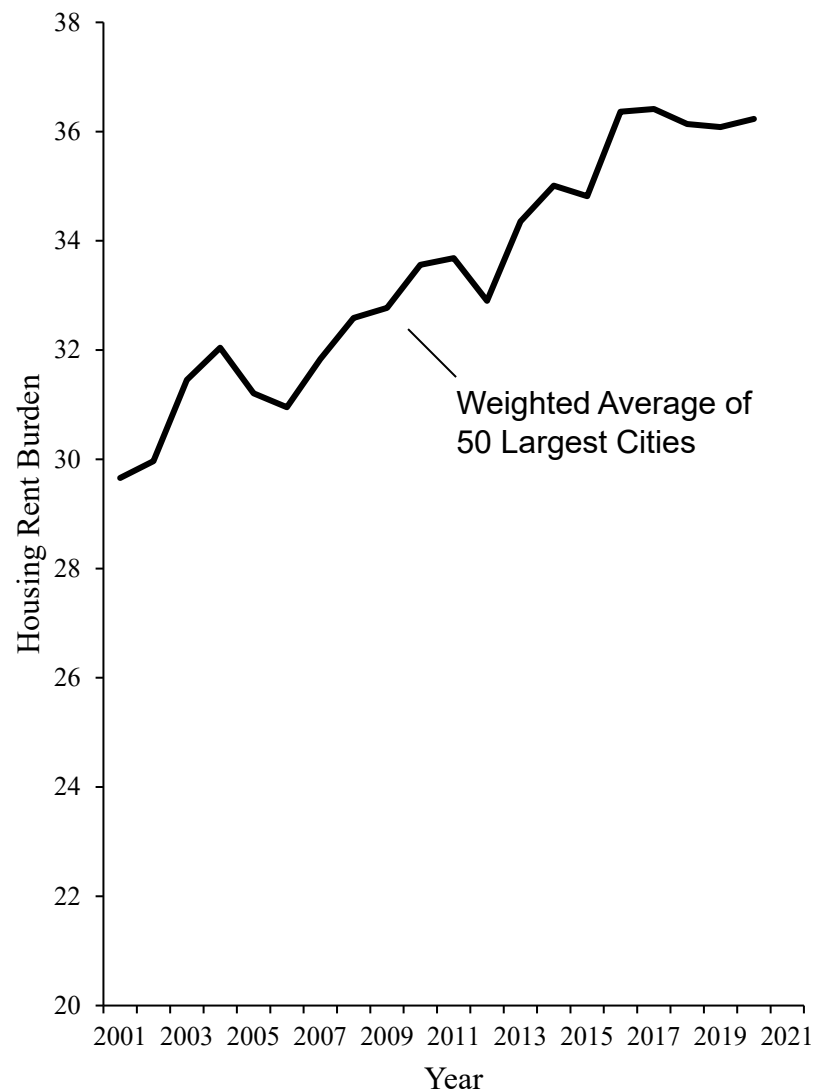
Measuring Affordability

Rental Burden

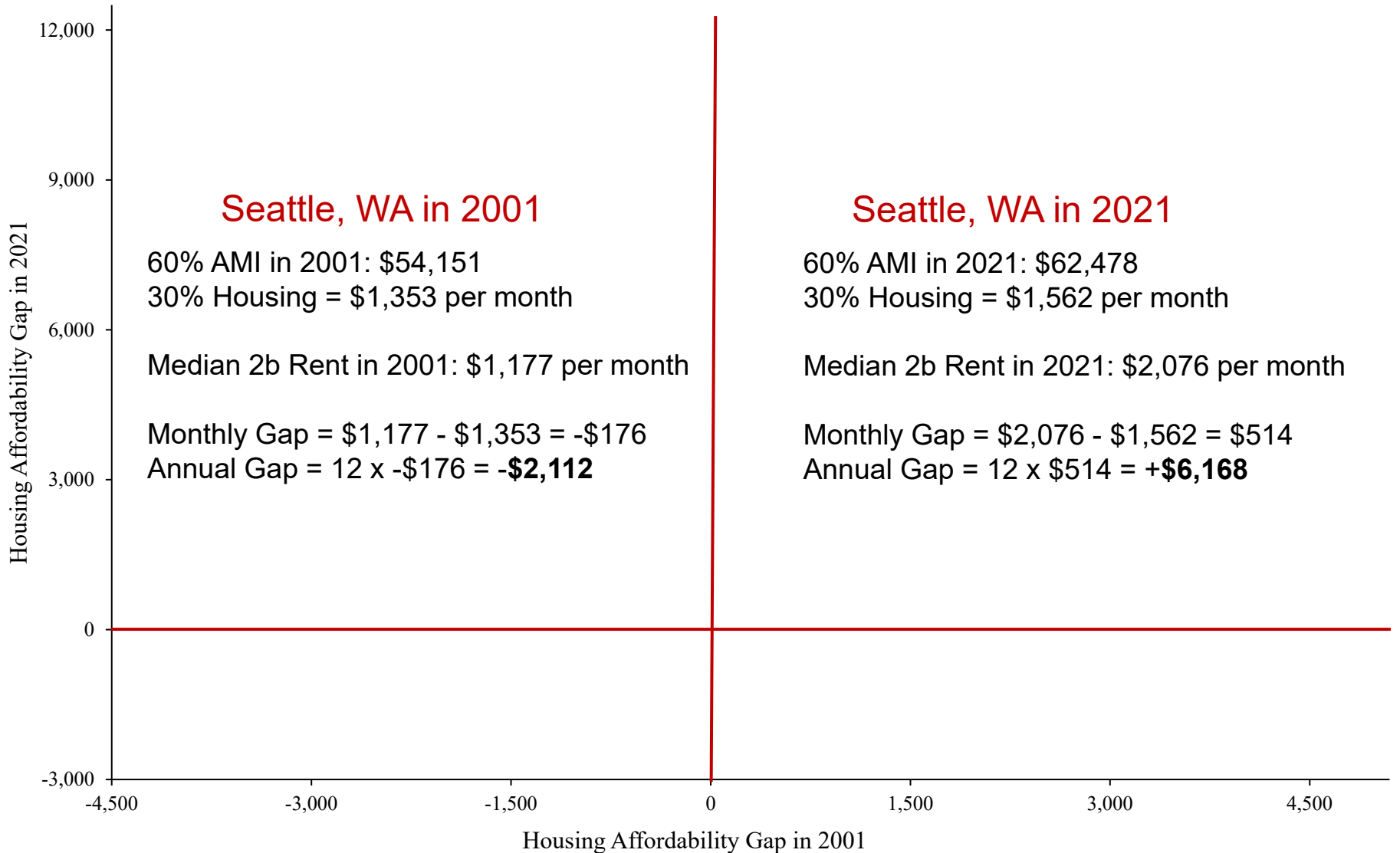
- % of Gross Income on Rent
- 2-bedroom unit w/ 60% AMI (3p)

Housing Affordability Gap

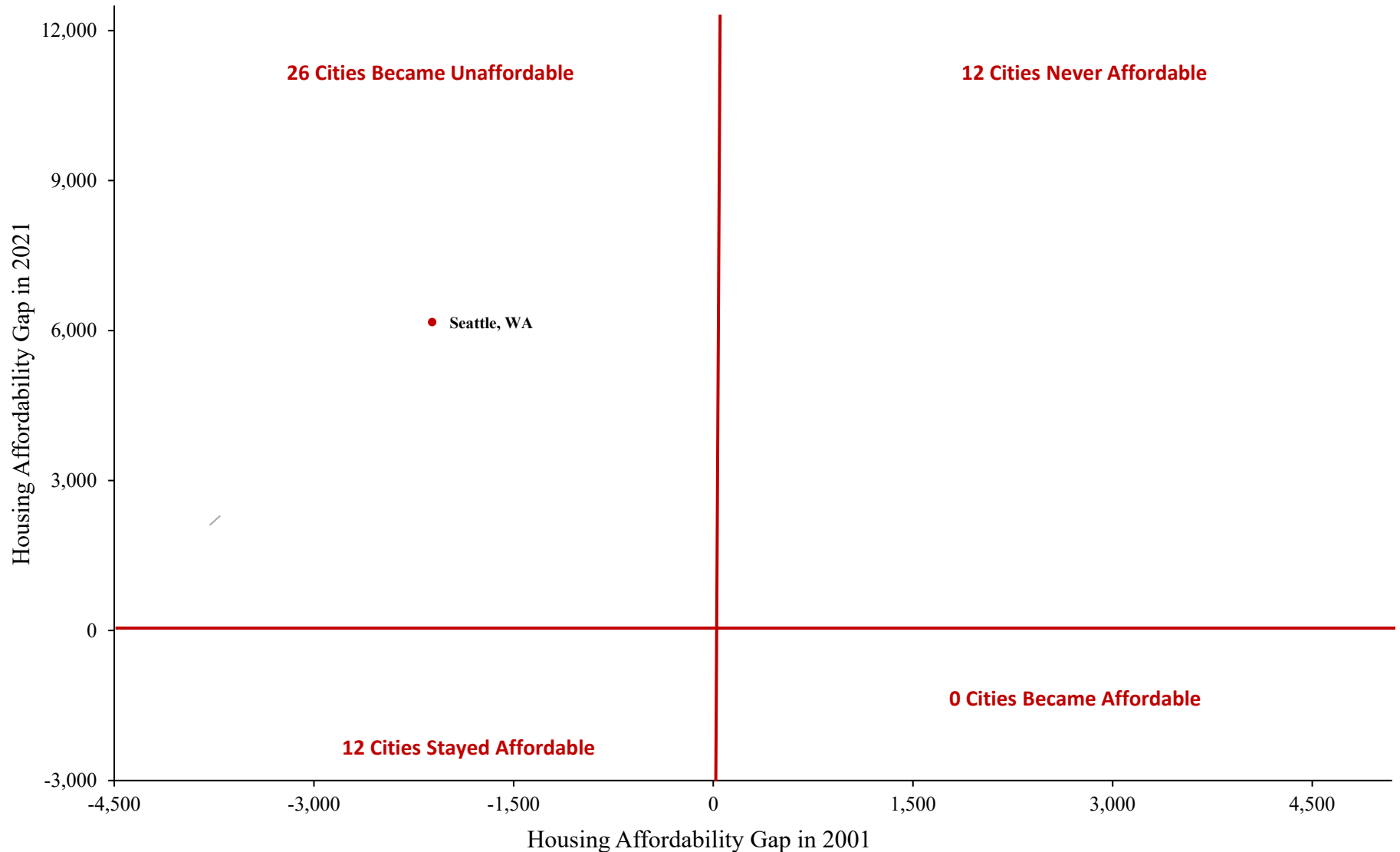
- Dollar Amount Needed for 60% AMI Household to Spend only 30% of Income to Rent Median
- Represents Minimum Housing Voucher (Section 8) Subsidy
- Negative Amount Indicates 60% AMI HH can spend less than 30% of Income to Rent Median Unit



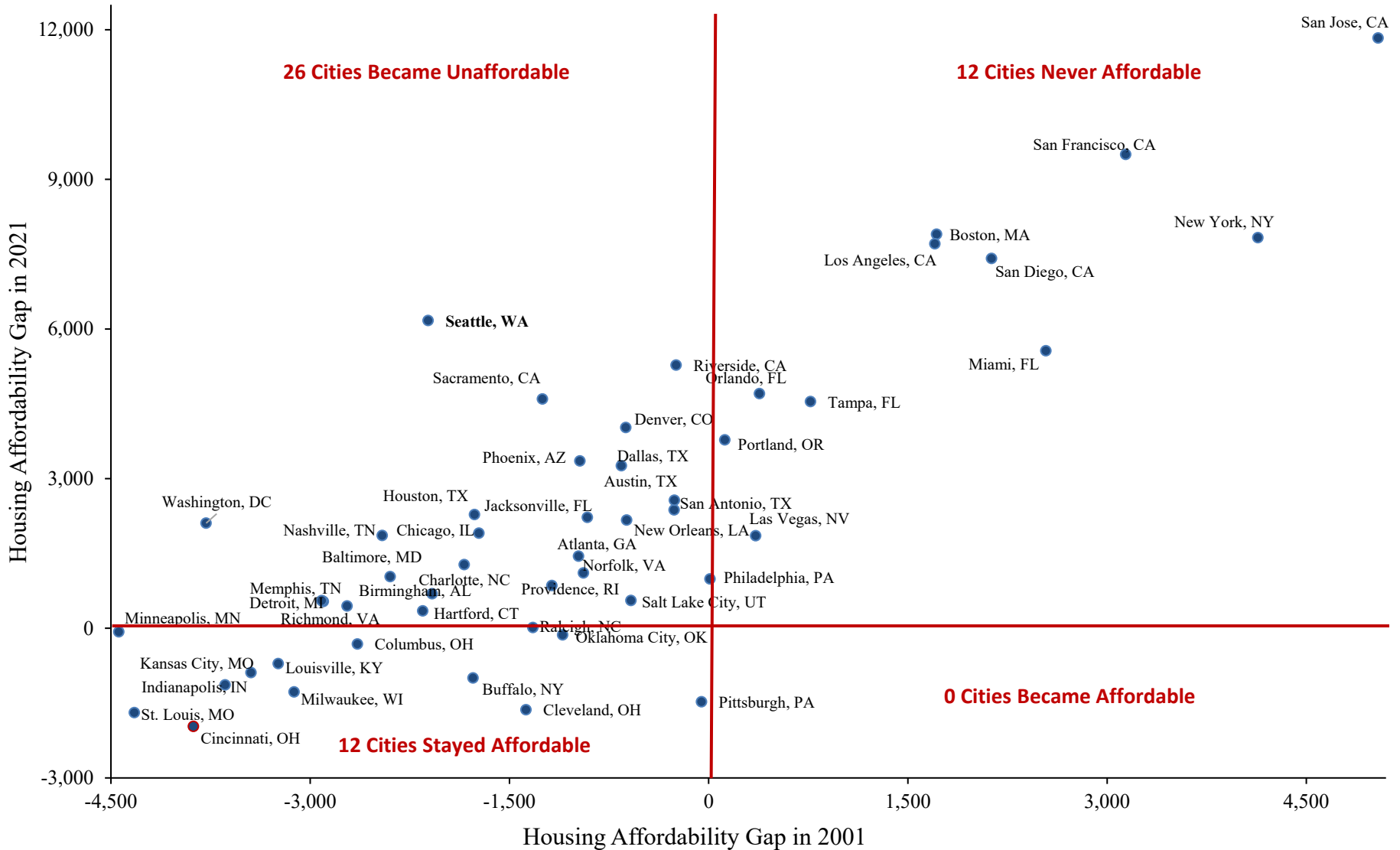
Affordability Gap (60% AMI)



Affordability Gap (60% AMI)



Affordability Gap (60% AMI)



Rental Housing Subsidies

Traditional Public Housing

- Gov't Develops and Operates
- Tenant Pays 30% of Gross Income
- Rents Insufficient to Maintain Units

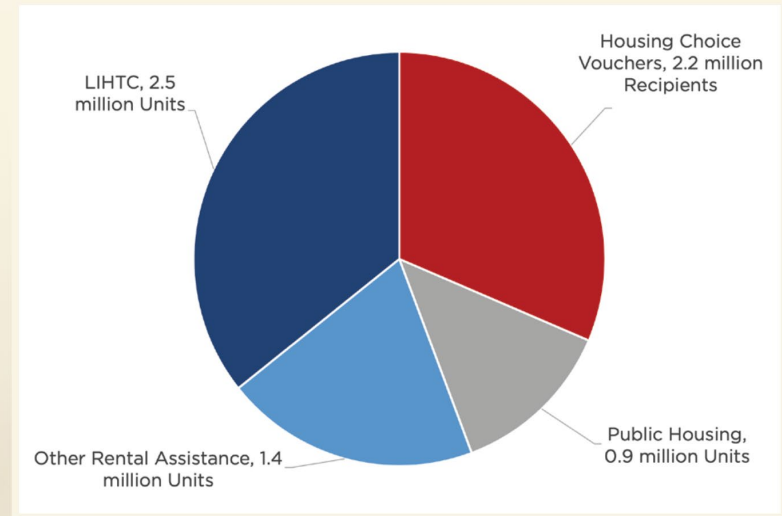
Housing Choice Vouchers

- Tenant Pays 30% of Gross Income
- Gov't Pays Private Landlord Gap Between Tenant Contribution and Fair Market Rent (40th or 50th Percentile)

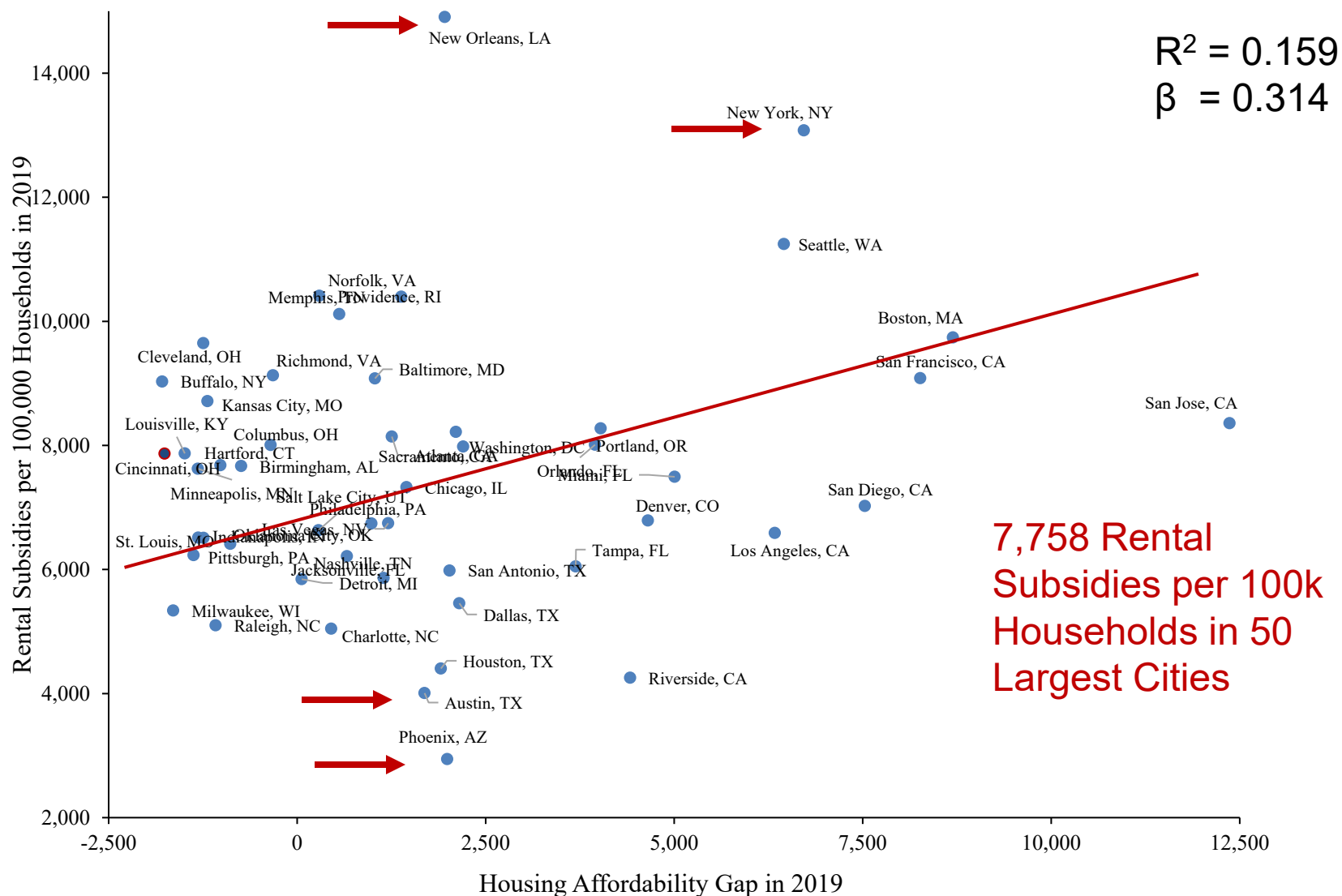
Low-Income Housing Tax Credit

- Gov't Allocates Subsidy to Developers who Operates Rent-Restricted Units
- Income < 60% AMI; Rents < 18% AMI

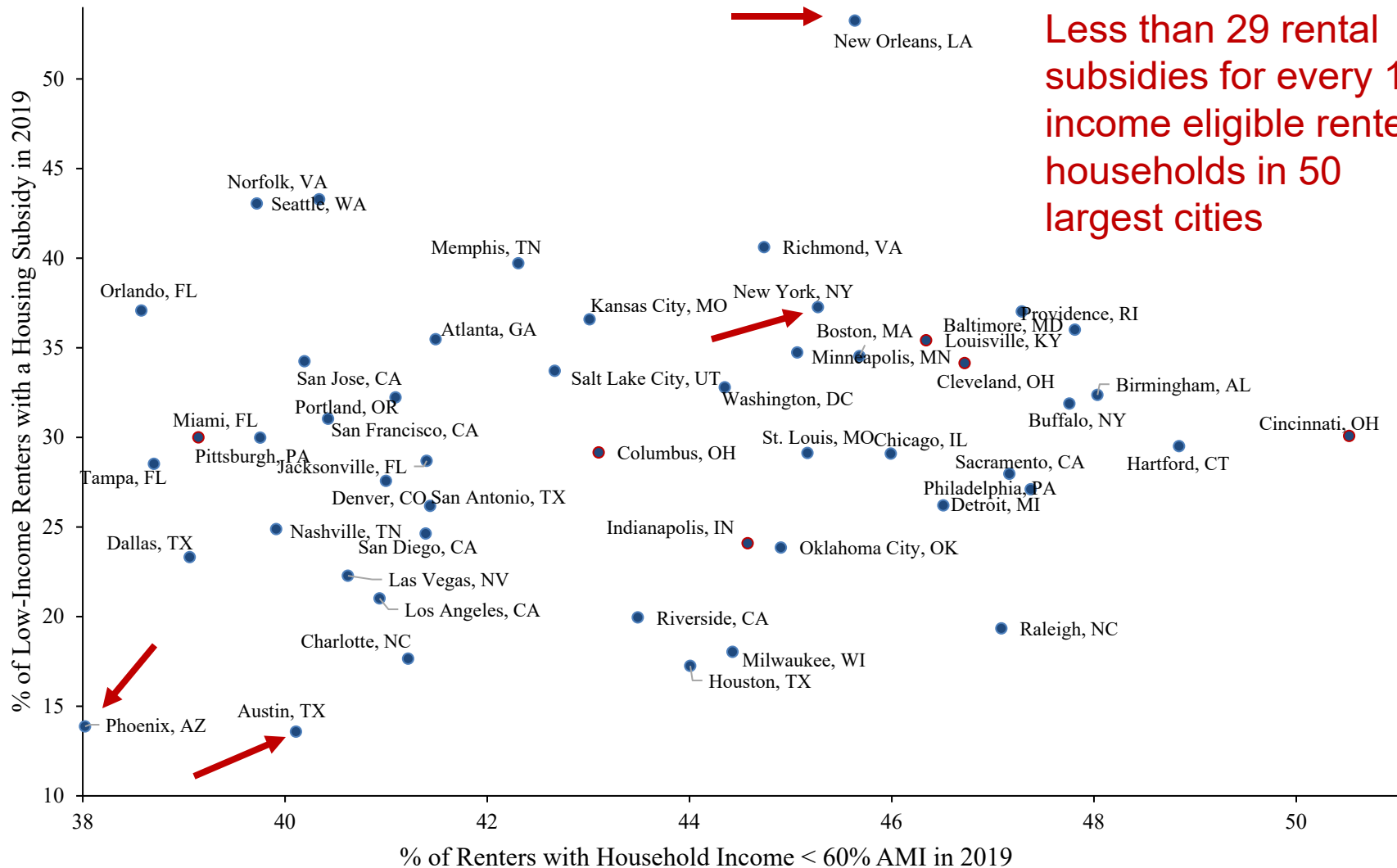
Figure C1. Rental Housing Subsidies in 2019, by Program.



Rental Subsidies per 100k HHs

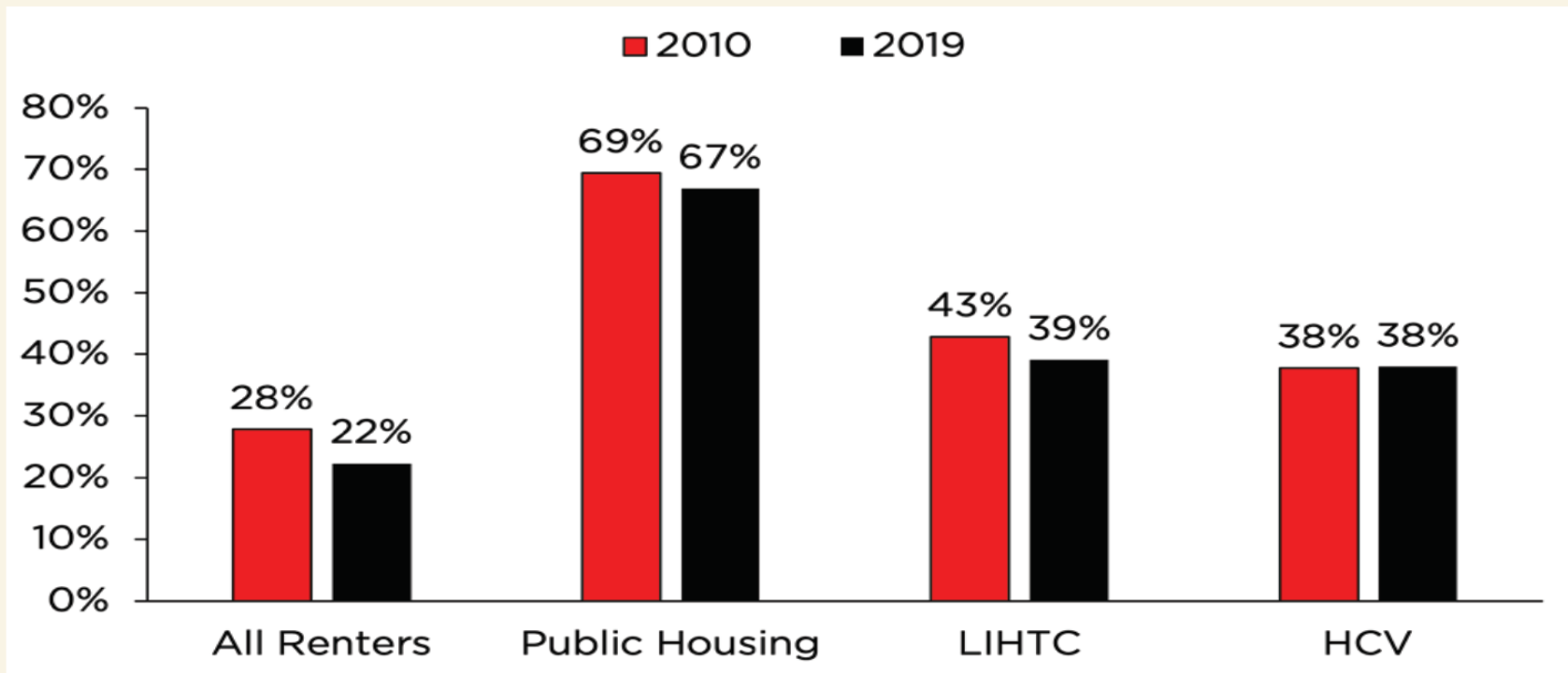


Rental Subsidies per Eligible



High Poverty Neighborhoods

Figure 14. Percent of subsidized renters who live in a Census tract with a poverty rate higher than a 20% in the 2010 and 2019 5-year American Community Survey.



Source: US. Dept of Housing and Urban Development Picture of Subsidized Households and LIHTC Database; American Community Survey

Summary & Implications

Summary of Key Findings

- Median Rents Increased 5.1%; Median Incomes 2.0%
- Rent Growth Correlated with Income and Supply Elasticity
- HUD Projects 2.3% Increase in 2022; Mean Reversion
- Increasing Number of LMI Renters; Slower than Non-LMI
- Significant Excess Eligibility Remains for Rental Subsidies

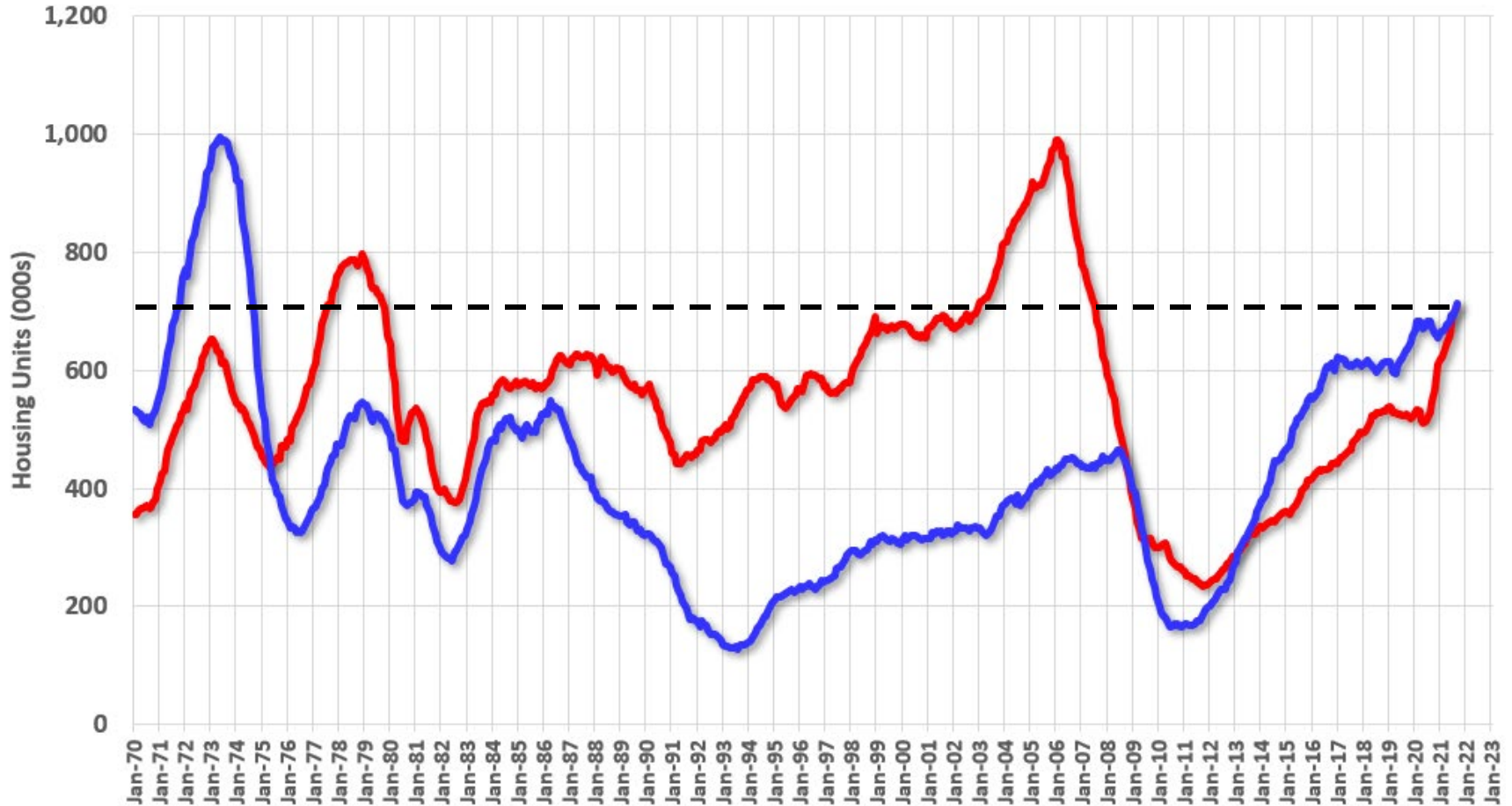
How Can We Make Housing More Affordable?

- Lumber: Higher Cost of Materials; Reduce Tariffs & Innovate
- Land: Increasing Demand for Limited Supply; Document
- Legislative: Increasing Oversight & Uncertainty; Define Rules
- Labor: Reduced Supply of Trades; Attract, Retain and Train

Upcoming Housing Supply

Housing Units Under Construction, SA

— 1 Unit — 2+ Units



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