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

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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/eriksem1/
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

Annual Percentage Change in Median Rent

Inflation Adjusted Median 2-Bedroom Rent

Year

Regional Real Rental Growth

Real Annual % Increase in Median Rent (2001-2021)

Inflation Adjusted Median Monthly Rent of 2-bedroom Apartment in 2001

R² = 0.154
β = 0.002
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

Median Rent Index: 101.2
Median Income Index: 62.4
Real Median Income Growth

Median Income Increased 0.68% Annually Net of Inflation from 2001-2021

$R^2 = 0.063$
$\beta = 0.022$
Median Rent v. Income Growth

Other Correlated Factors ($R^2$)
- Employment Growth (11%)
- Individual Earnings (25%)
- Housing Supply Elasticity (28%)

$R^2 = 0.683$
$\beta = 0.913$
Rent Projections for 2022

- 2.3% Average Increase
- 9 Metros with Decrease
- 14 Metros with +5% Growth

Projected Increase in Median Rent in 2022

Annual % Increase in Rent 2001-2021

$R^2 = 0.126$

$\beta = -1.144$
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.

- **Less than 30% AMI**
  - 5.3m in 2019, 13.5% Increase

- **30 to 60% AMI**
  - 6.1m in 2019, 15.3% Increase

- **60 to 80% AMI**
  - 3.3m in 2019, 22.0% Increase
Growth of LMI v. All Renters

16% Growth of LMI Renters in 50 Largest Cities

26% Growth of All Renters in 50 Largest Cities
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
Seattle, WA in 2001

- 60% AMI in 2001: $54,151
- 30% Housing = $1,353 per month
- Median 2b Rent in 2001: $1,177 per month
- Monthly Gap = $1,177 - $1,353 = -$176
- Annual Gap = 12 x -$176 = -$2,112

Seattle, WA in 2021

- 60% AMI in 2021: $62,478
- 30% Housing = $1,562 per month
- Median 2b Rent in 2021: $2,076 per month
- Monthly Gap = $2,076 - $1,562 = $514
- Annual Gap = 12 x $514 = +$6,168
Affordability Gap (60% AMI)

- 26 Cities Became Unaffordable
- 12 Cities Stayed Affordable
- 12 Cities Never Affordable
- 0 Cities Became Affordable

Housing Affordability Gap in 2001 vs. 2021

- Seattle, WA

Cities: San Francisco, CA; San Diego, CA; New York, NY; Los Angeles, CA; Miami, FL; Riverside, CA; Orlando, FL; Denver, CO; Tampa, FL; Portland, OR; Sacramento, CA; Dallas, TX; Phoenix, AZ; Washington, DC; San Antonio, TX; Austin, TX; Chicago, IL; Las Vegas, NV; Atlanta, GA; Jacksonville, FL; Houston, TX; Nashville, TN; Norfolk, VA; Birmingham, AL; Baltimore, MD; Salt Lake City, UT; Memphis, TN; Philadelphia, PA; Charlotte, NC; Detroit, MI; Raleigh, NC; Providence, RI; Oklahoma City, OK; Richmond, VA; Hartford, CT; Columbus, OH; Minneapolis, MN; Indianapolis, IN; Kansas City, MO; Cleveland, OH; Louisville, KY; St. Louis, MO; Milwaukee, WI; Pittsburgh, PA; Buffalo, NY; Cincinnati, OH.
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
Rental Subsidies per 100k HHs

7,758 Rental Subsidies per 100k Households in 50 Largest Cities

R² = 0.159
β = 0.314
% of Renters with Household Income < 60% AMI in 2019

Less than 29 rental subsidies for every 100 income eligible renter households in 50 largest cities
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.
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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