



America's Neighbors:

**The Affordable Housing Crisis
and the People it Affects**



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Executive Summary

The true extent of the affordable housing crisis in America has not been made explicit because it is usually measured by the number of households that have housing problems. Households are composed of individual people. When all the people who live in households with housing problems are counted, we learn that the affordable housing crisis affects far more people than some other social problems that get more media and political attention.

- **95 million** people, one third of the nation, had **housing** problems (high cost burden, overcrowding, poor quality, or homelessness) in 2001. In the same year, **41 million** people, 14.6% of the U.S population, did not have **health** insurance. Twelve percent of all people in the U.S (**33.6 million**) lacked **food** security, meaning they did not have access to enough food for an active, healthy lifestyle.
- A majority of people who do not have health insurance have household incomes less than \$50,000 a year (68%), but the percentage of people with housing problems with household incomes less than \$50,000 is even higher: 78%.
- **65 million** people with housing problems are low income as defined by federal policy (household income at or less than 80% of the area median). They make up 24% of the U.S. population and two-thirds of the people with housing problems.
- 78% of extremely low income people (household income at or less than 30% of the area median) have housing problems. This totals 23 million people, nearly one-tenth (8.6%) of all people in the United States.
- Housing cost burden is the most frequently experienced housing problem. 87% of low income people in households with housing problems have a high housing cost burden.
- The most severe housing cost burdens are experienced by the lowest income people. 61% of low income people with severe housing cost burdens (spending over half of household income on housing) are extremely low income.
- Homeownership does not insulate low income people from housing problems. There are 30.2 million low income people with housing problems in owner households, while 33.7 million low income people with housing problems live in homes that are rented.
- Again, it is extremely low income people who have the most severe housing cost burdens in both owner and renter households (7 million in owner and 10 million in renter).
- While children make up 29% of all low income people, 32% of the low income people with housing problems are children. On the other hand, seniors are 23% of all low income people, but make up only 18% of the low income people with housing problems. Children are also over represented among extremely low income people with severe housing cost burdens.

The numbers are stark, but it is the stories of people struggling to pay for housing that give meaning to the numbers. These data make clear that the private housing market in the United States does not reach down to the lowest income people. Public intervention is required. The lack of safe, decent, and affordable housing is as urgent a public policy problem as is the lack of health insurance.

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The Affordable Housing Crisis and the People it Affects

Food and shelter are the most fundamental human needs, and in today's world, medical care is also considered basic. The degree to which a society assures that all its members have food, shelter, and medical care is a measure of its civility and soundness. The United States is the most powerful and prosperous political-economic system in the history of the world and should be able to provide for the basic needs of all her people. Unfortunately, Americans have yet to achieve consensus on this basic principle.

Lack of Health Insurance, Food Insecurity, and Housing Problems

The lack of universal access to health care in the United States is the most debated social policy issue today. The measurement most frequently used to document the extent of the problem is the number of people who do not have any form of health insurance. The U.S. Census reports that 41,200,000 people, 14.6% of the U.S. population, did not have health insurance in 2001.¹

Food deprivation is not a politically potent problem in the United States today, but hunger evokes strong emotions. Measuring hunger is difficult. The U.S. Department of Agriculture cites food insecurity, which it defines as not having access at all times to enough food for an active, healthy lifestyle for all household members. In 2001, there were 33,600,000 people, 12.2% of the population, living in food insecure households.²

The public debate about shelter today centers around two dimensions: homelessness and the lack of safe, decent, and affordable housing. These are two manifestations of the same problem, but usually are measured differently. Homelessness is counted by persons and lack of safe, decent, and affordable housing is counted by households.

Enumerating the number of homeless people has been a challenge for over 20 years, primarily due to the transience of homeless people, both in and out of being officially without a home and in movement from one setting to another. The best estimate today is that 840,000 people are homeless at some point in the year.³

The lack of safe, decent, and affordable housing is measured by the number of households with the housing problems of substandard conditions, overcrowding, and housing cost in excess of 30% of household income. Using these criteria, analysis of American Housing Survey data shows that 36,900,000 households in United States (31% of all households) had housing problems in 2001.

The use of the household as the unit of analysis to describe the lack of safe, decent, and affordable housing may have the effect of masking the true extent of the problem. Translating household level data into person level data reveals that 94,300,000 people in the United States had a housing problem in 2001. (See Appendix A for methodology). **Adding the estimated number of homeless people, the true number of people with housing problems was 95,100,000.** This is 35% of all people in the United States, over twice as many people than who lack health insurance and nearly three times more than the number of people with food insecurity.

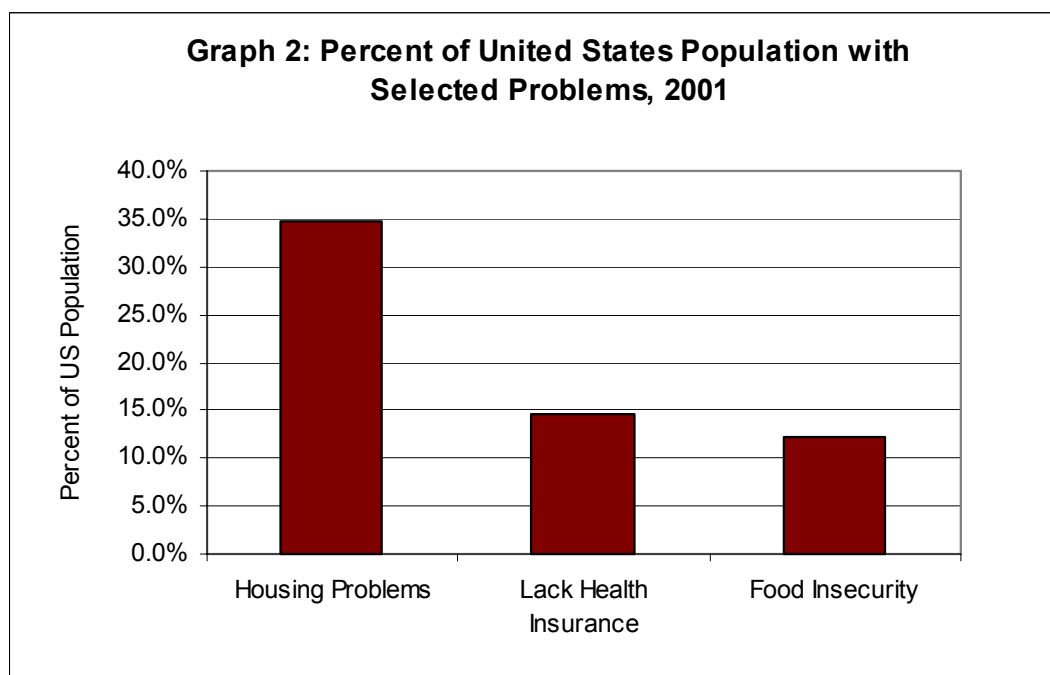
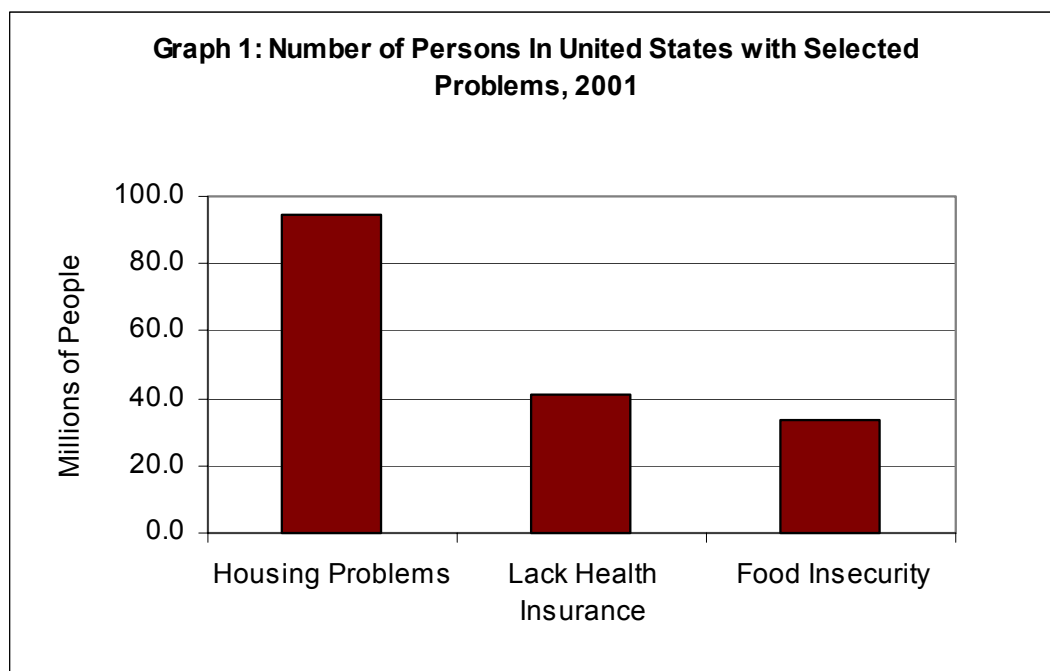
¹ (<http://www.census.gov/prod/2002pubs/p60-220.pdf>).

² (<http://www.ers.usda.gov/publications/fanrr29/fanrr29.pdf>).

³ The National Law Center on Homelessness & Poverty. 2004. *The Human Right to Housing: Homelessness, Housing and Human Rights*. Washington, D.C.: Author Urban Institute. 2001. "What will it take to end homelessness?" Washington, D.C.: Author, p. 1.

This analysis in no way is meant to minimize the seriousness of the lack of health insurance or food insecurity in the United States. Rather, it is intended to elevate the seriousness of the housing shortage to at least the same level of public consciousness and concern.

Graphs 1 and 2 illustrate that housing problems affect more people in the United States than do either lack of health insurance or food insecurity.



Sources:

US Census Bureau, 2002, p. 18

US Department of Agriculture 2001, p. 14

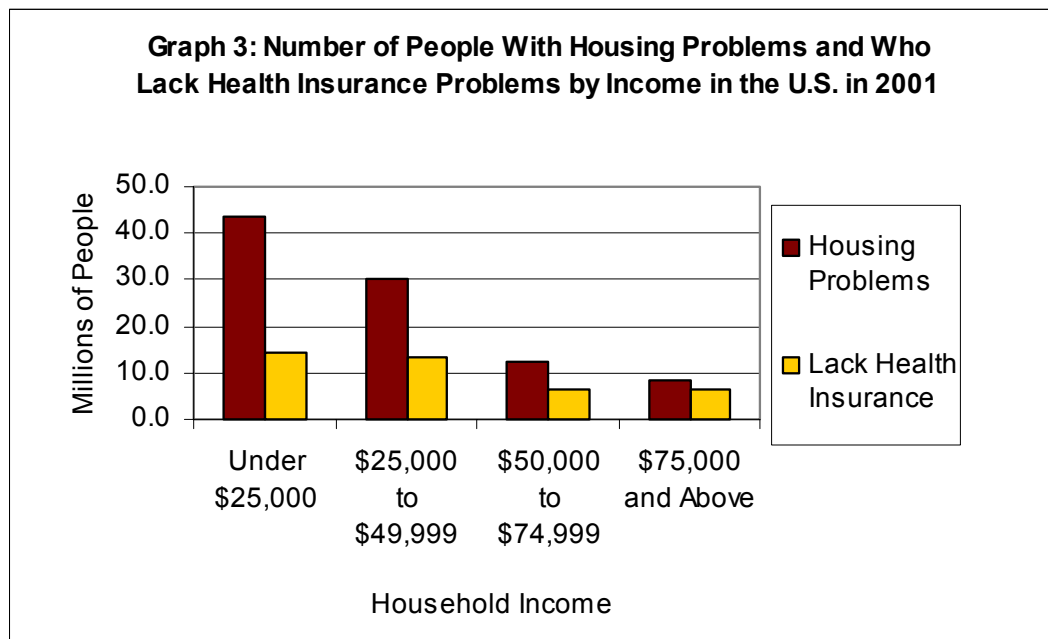
NLIHC Tabulation of the 2001 American Housing Survey

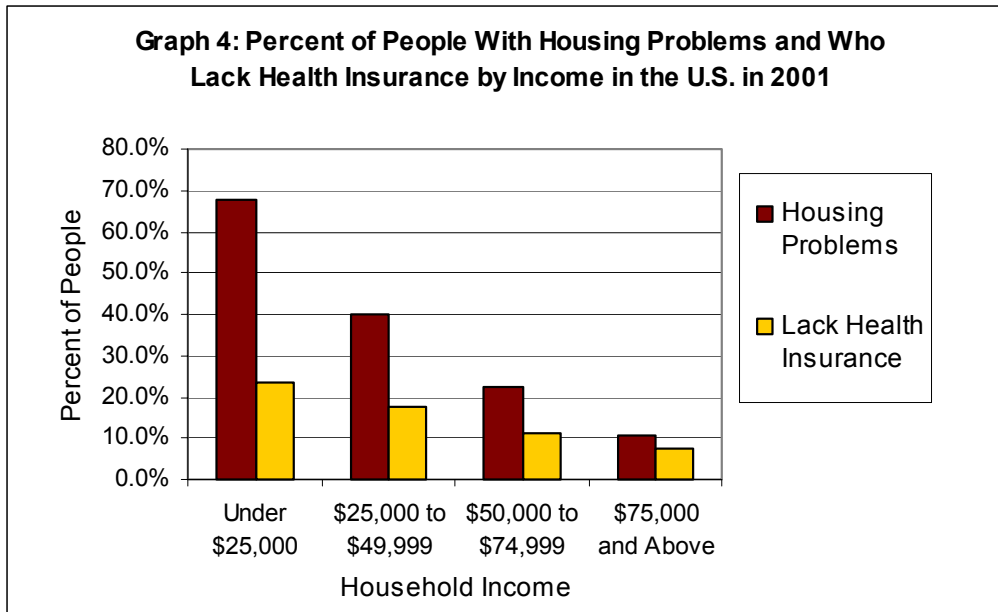
Distribution of Lack of Health Insurance, Food Insecurity, and Housing Problems by Income

Lack of health insurance, food insecurity, and housing problems are difficult for anyone who experiences them. However, someone with a good income may choose not to purchase health insurance or may choose to live in a home that costs more than half of his or her income. These are personal choices, not public policy problems. Public policy is concerned about those people whose income is too low to be able to purchase health insurance, sufficient food, or safe, decent, and affordable housing for themselves and their family members in the U.S. market.

To better gauge the degree to which lack of health insurance, food insecurity, and housing problems are public policy problems, they must be analyzed by income. Given the different ways that data are collected and analyzed for the three different problems, precise comparisons of the number of people who lack health insurance, are food insecure, or who have housing problems by income are not possible. What can be examined is: 1) lack of health insurance and housing problems by household income in \$25,000 increments, and 2) food insecurity and housing problems by percent of poverty.

Graph 3 shows the number of people who lack health insurance and who have housing problems by bands of household income. Graph 4 shows the percent of all people in the United States who lack health insurance and who have housing problems by bands of household income.



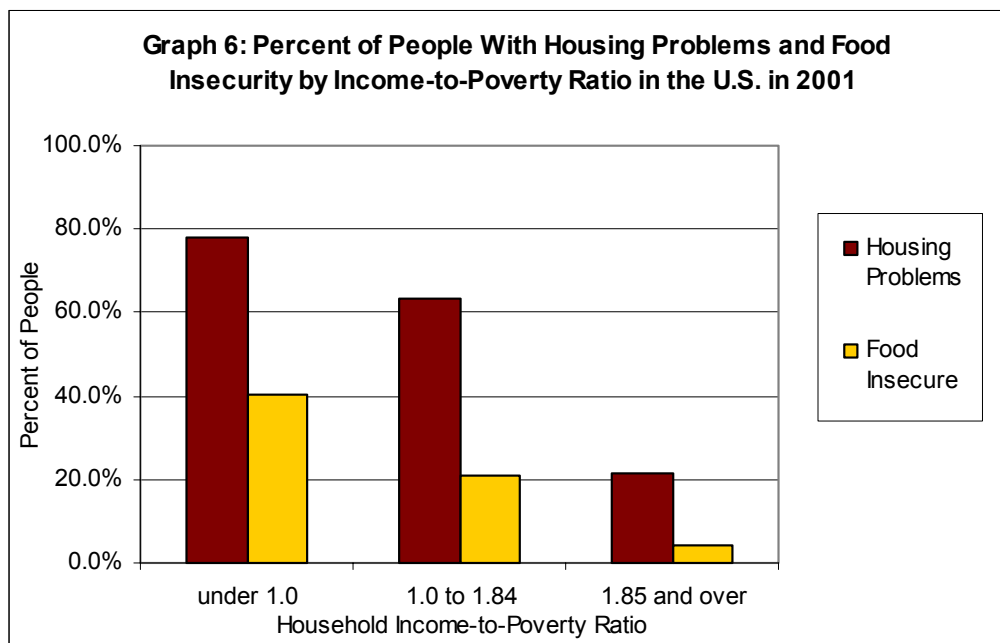
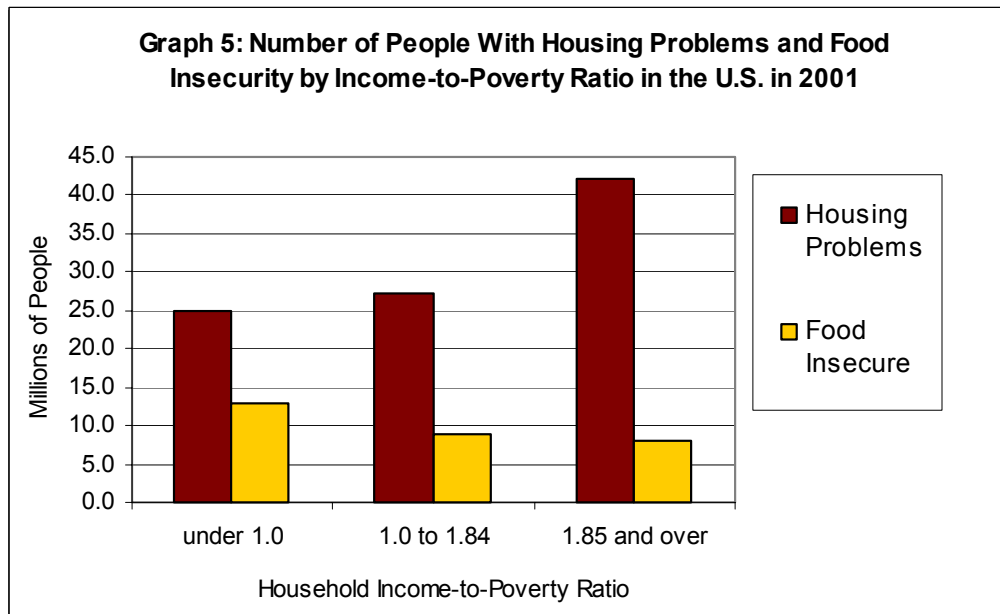


Sources:
 US Census Bureau, 2002, p. 19
 NLIHC Tabulation of the 2001 American Housing Survey

Slightly fewer than 15 million people (14,474,000) in households with incomes of \$25,000 a year or less lack health insurance, vs. 6,623,000 people in households with incomes of \$75,000 or more a year. Thus 35% of the people who lack health insurance are in the lowest income group, while 16% of the people who lack health insurance are in the highest income group. Almost a quarter (22.4%) of all people in households with incomes less than \$25,000 lack health insurance, compared to 8.5% of all people in households with incomes of \$75,000 or more.

The disparities in housing problems by income are much more stark. Nearly 44 million people (43,648,000) in households with incomes of \$25,000 a year or less have housing problems. This is 46% of all people with housing problems. By contrast, 8,385,000 people in households with incomes of \$75,000 or more a year have housing problems, only 9% of all people with housing problems.

Graph 5 shows the number of people who are food insecure and who have housing problems by the ratio of household income to the federal poverty level. Graph 6 shows the percent of all people in the United States who are food insecure and who have housing problems by the ratio of household income to the federal poverty level. The federal poverty level was \$17,960 or less in annual income for a family of four in 2001. The upper income level data that are available for comparison are at 1.85 times the federal poverty level in annual income for a family of four in 2001, which was \$33,226.⁴



Sources:
 US Department of Agriculture, 2001 p. 14
 NLIHC Tabulation of the 2001 American Housing Survey

⁴ www.ers.usda.gov/publications/fanrr29/fanrr29.pdf

The examination of food insecurity by income compared to housing problems by income shows that 12,880,000 people in households in poverty are food insecure, while almost 25,000,000 people in poverty have housing problems. The number of food insecure people declines as household income climbs, but the number of people with housing problems goes up. This simply reflects that housing problems are experienced by many more people than food insecurity.

Among all people in poverty, housing problems are more prevalent than food insecurity by almost a 2-1 margin (78% to 40%). Housing problems continue to be more prevalent than food insecurity among people between poverty level income and 1.85 times poverty by over a 3-1 margin (63% to 21%). The trend is similar for people above 1.85 times poverty, but with an even wider margin (21% to 4%).

Housing Problems of Low Income People

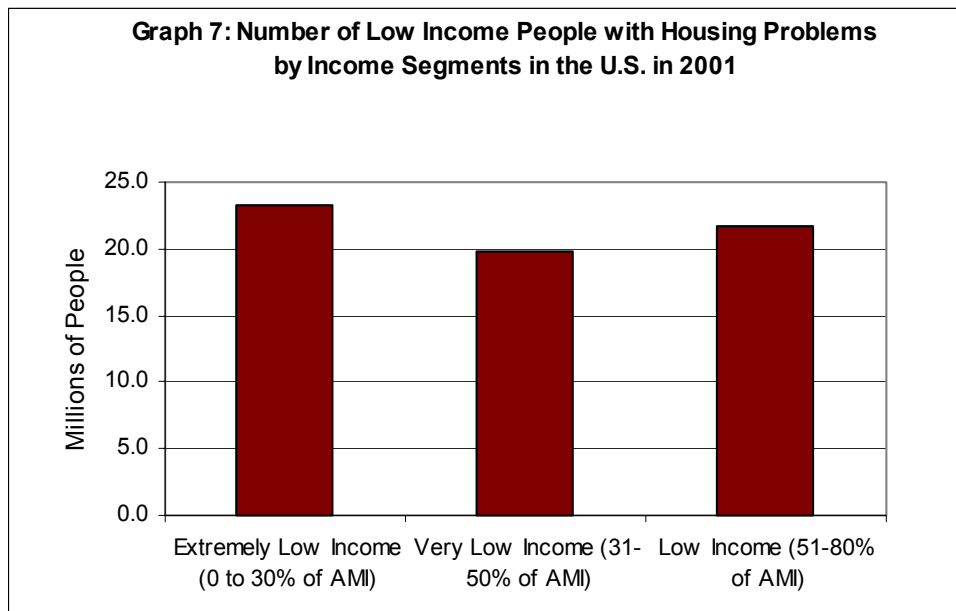
The paper now turns to a more in depth analysis of the housing problems of low income people. What follows are person level data gleaned from the 2001 American Housing Survey.⁵

Federal statute defines income categories for housing policy by area median income (AMI). AMI by definition varies from place to place and is calculated each year by the U.S. Department of Housing and Urban Development. Low income households are those with incomes at or below 80% of area median, very low income households have incomes at or below 50% of the area median, and extremely low income households have incomes at or below 30% of the area median. It is important to keep in mind that these income categories do not correspond to the federal definition of poverty or any other federal or state categorization of people by income.

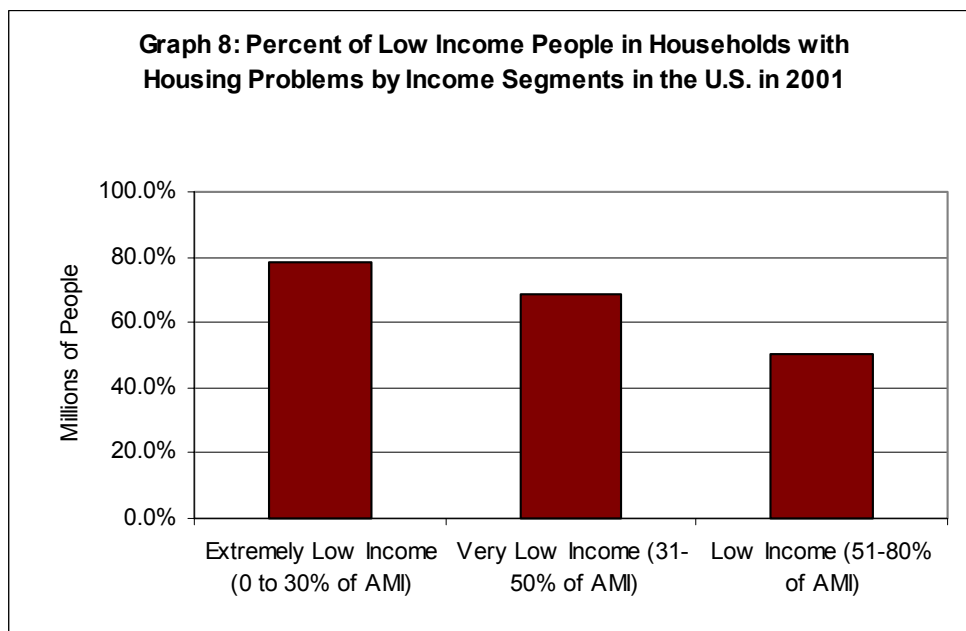
Using these definitions, it is clear that housing problems are most heavily concentrated among the lowest income people. Sixty-seven percent, 2/3 of people with housing problems, are low income. The total of homeless people plus low income people with housing problems equals 64,740,000 people in 2001, 23.9% the total U.S. population. The number of very low income people with housing problems added to the number of homeless people is 43,000,000, 15.9% all people in the U.S. Finally, extremely low income people with housing problems plus homeless people totals 23,200,000 people or 8.6% of the population.

⁵ There are at least three other widely cited housing studies that are based on household level data from the 2001 American Housing Survey. They are reviewed in Appendix B.

Graph 7 shows the number of low income people with housing problems in each of the low income segments. Homeless people are counted with the extremely low income people. Housing problems are more or less evenly distributed among the three segments of low income people: extremely low (23,200,000 or 35.9%), very low or 31-50% of AMI (19,800,000 or 30.6%), and low income or 51-80% of AMI (21,700,000 or 33.5%).



Graph 8 shows the percentage of all people in each of the low income segments who have housing problems. Thus, 78.1% of all extremely low income people in the United States are in a household with a housing problem, while 68.9% of people in households with incomes between 31% and 50% of their area median live in a household with a housing problem. Finally, half (50.3%) of people in households with incomes between 51% and 80% of their area median live in a household with a housing problem.



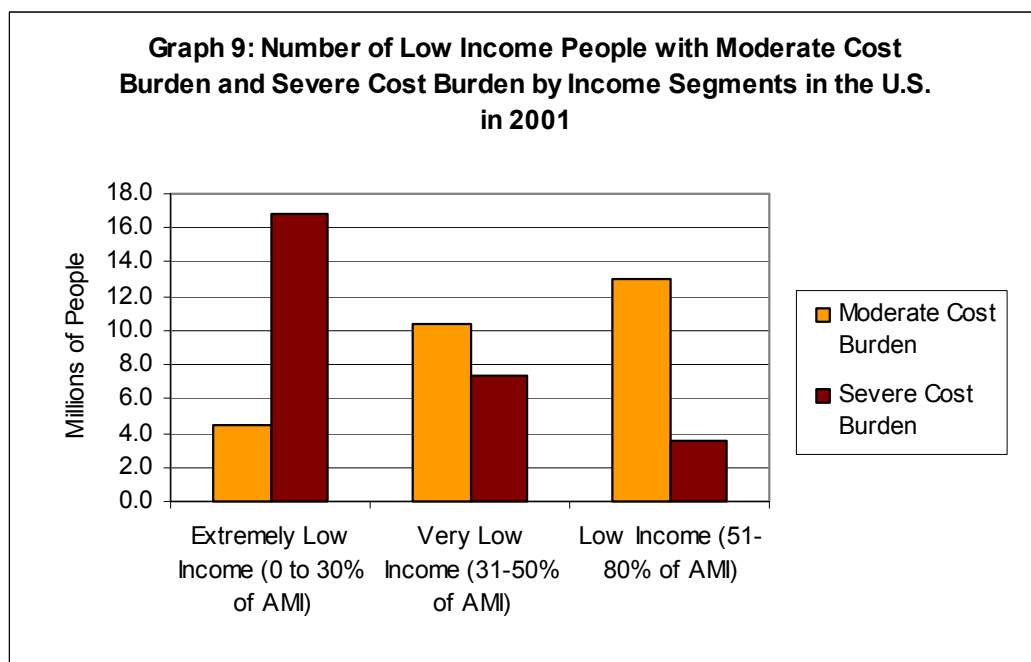
Housing problems are delineated across two dimensions. One is the nature of the housing problem and there are three kinds: 1) costs more than the household can afford, called housing cost burden, 2) is of substandard quality, or 3) is overcrowded, i.e. more people than the size of the house or apartment allows. The second dimension is degree or seriousness of the problem. The categories are moderate and severe.

Housing Cost Burden

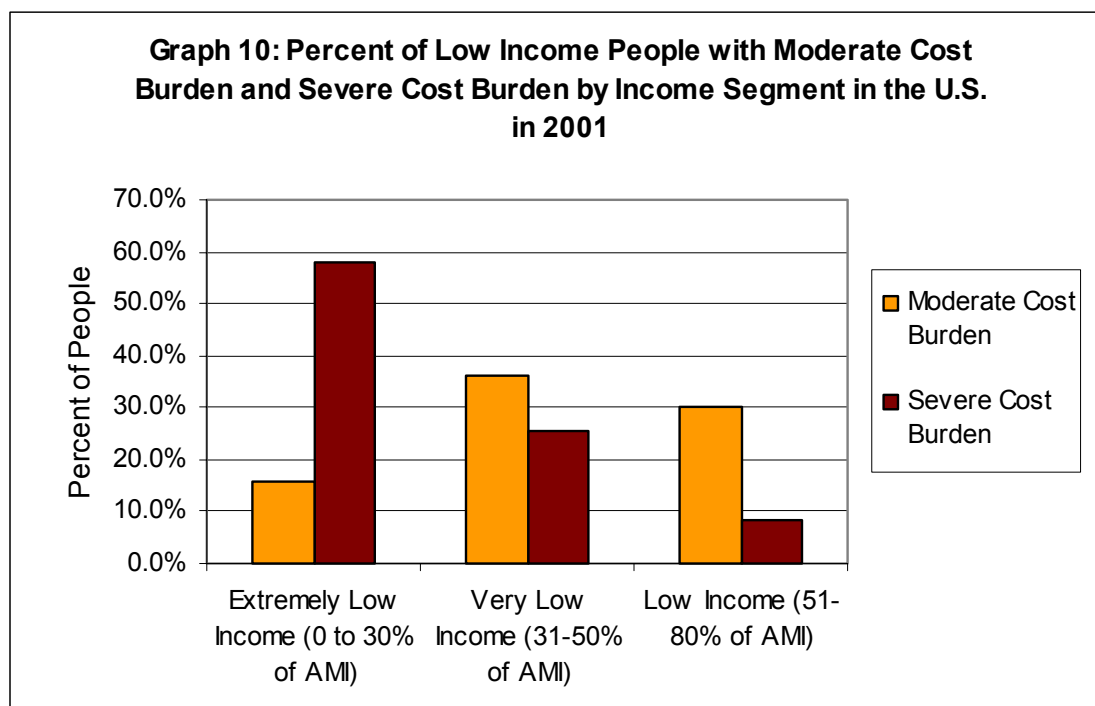
The most prevalent housing problem is housing cost burden. Housing cost burden is the housing problem of 87% of low income people who live in households with a housing problem. A household has a moderate housing cost burden if it spends between 31% and 50% of its income on housing. The housing cost burden is considered severe if it is over 50% of the household income. (Homeless people are not included in the analysis of housing cost burdens.)

Graph 9 shows the number of people who live in households with moderate cost burdens and with severe cost burdens by the low income segments. The total number of low income people in households with cost burdens is 55,500,000. Extremely low income people predominate in low income households with housing cost burdens, 21,300,000 people or 38% of the total. There are 17,700,000 people in households with incomes between 31% and 50% of the area median, another 32% of the total. Another 16,500,000 people (30%) are in households with incomes between 51% and 80% of the area median. There are nearly equal numbers of people in low income households with moderate (27,800,000) and severe (27,600,000) housing cost burdens.

But it is people in extremely low income households that have the most severe housing cost burdens. They make up 61% of the low income people with severe housing cost burdens. In contrast, people in households with incomes between 31% and 50% of the area median and people in households with incomes between 51% and 80% of the area median with housing with housing cost burdens are more likely to have moderate cost burdens.



Graph 10 further illustrates how concentrated severe housing cost burdens are among people in households with extremely low incomes. A majority (58.1%) of all extremely low income people are in households with severe cost burdens, while a small minority (15.6%) has moderate cost burdens. The split is more even between severely and moderately housing cost burdened very low income people. Thirty-six percent of people in households with incomes between 31% and 50% of their area median have moderate housing cost burdens, while 25.5% have severe housing cost burdens. Finally, 30.2% of people in households with incomes between 51% and 80% of the area median have moderate housing cost burdens and only 8.2% of this income segment has severe housing cost burdens.



Stacy, Florida

On October 24, 2002, Stacy* thought she had it all—she was 24 years old with a new job and her own apartment. The next day, everything changed: Stacy was in a car accident that left her paralyzed from the waist down.

After four months in the hospital, Stacy was not able to return to her job. The \$525 she began receiving in SSI was not enough to cover even the most basic of her expenses, many related to her new injury. The only way she could pay her \$700-a-month rent was to put it on her credit card. When that became too much, she gave up her apartment and moved—wheelchair bound—between friends' homes. She began looking for a job so she could find an apartment and pay her other bills, but she says despite her significant office experience, employers usually take one look at her wheelchair and don't bother to finish the interview.

Increasingly frustrated, Stacy went to see a caseworker about her options. She has called the local housing authority every month since her accident, hoping to be told she'll be able to put her name on the waiting list for a Section 8 voucher. But the waiting list has been closed since for more than a year, and Stacy doesn't know when she can expect to join it. Options dwindling, she says the biggest slap in the face came last fall, when her case worker suggested she move into a shelter.

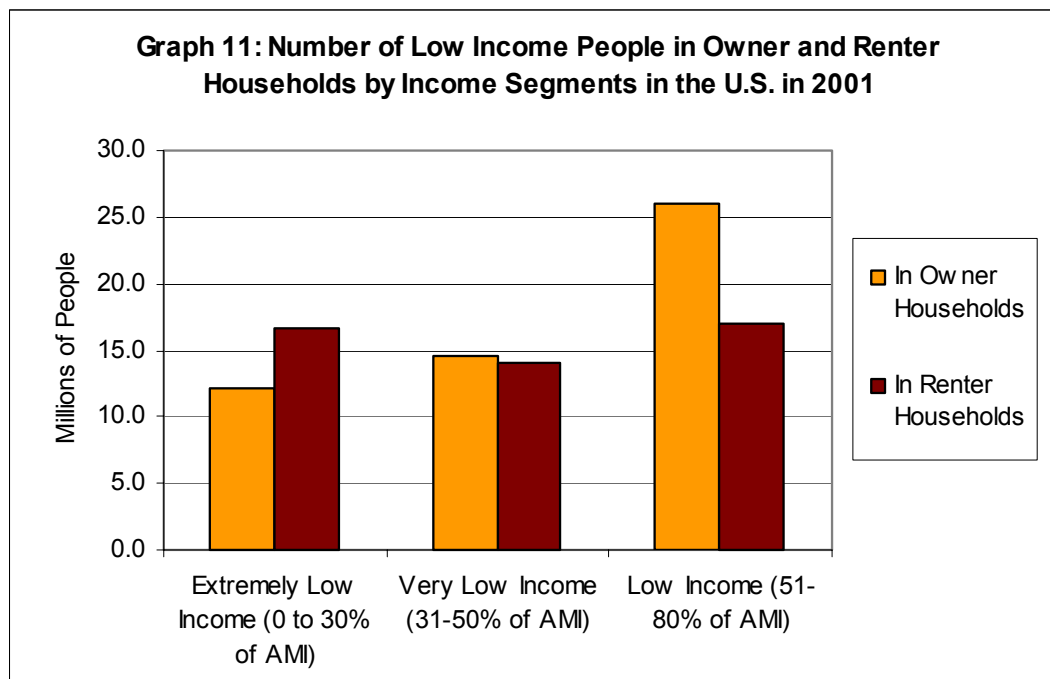
It has not yet come to that, but Stacy says she remains uncertain about what the future holds. She is now temporarily staying with her mother, who has her own health problems. "I want to be independent," Stacy says. "I want to be a productive citizen. I'm trying to get my life back on track."

**Name has been changed.*

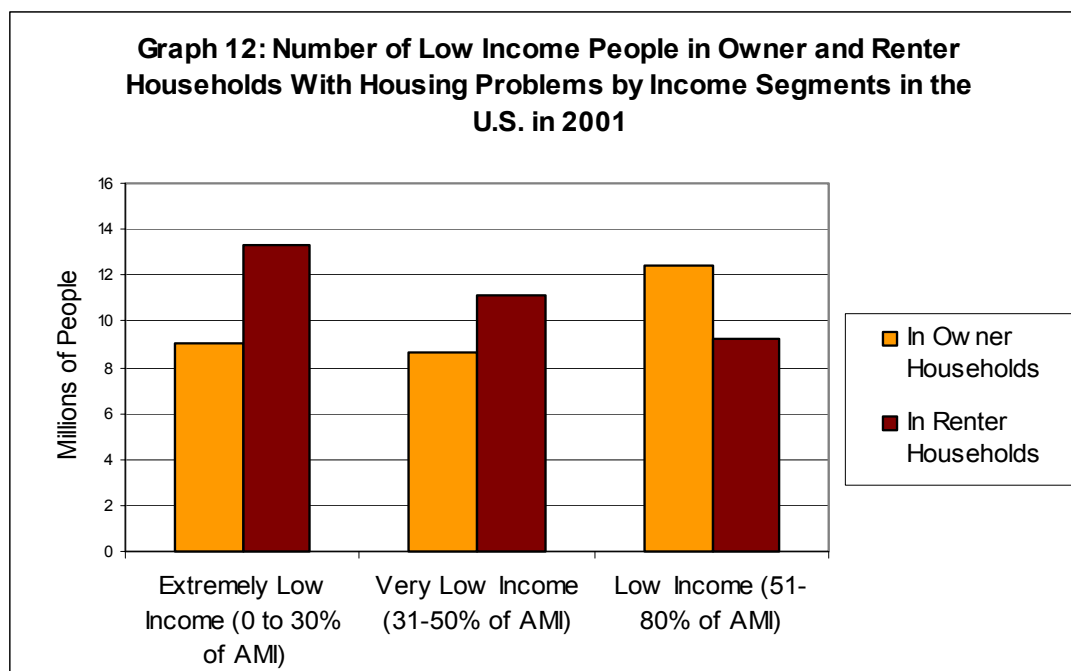
Low Income Owners and Renters

The total number of people who live in homes that are owned (192,300,000) far exceeds the number of people who live in homes that are rented (79,100,000), simply because there are far more homeowner households (71,200,000) than renter households (33,200,000) in the United States. **But homeownership does not inoculate low income people from housing problems.** Low income people with housing problems live in homes that are both owned and rented.

Graph 11 compares the number of low income people in each of the low income segments who live in owner and renter households. There are 12,200,000 extremely low income people in owner households and 16,700,000 extremely low income people in renter households. An almost equal number of low income people in households with incomes between 31% and 50% of the area median live in owner households (14,600,000) and renter households (14,100,000). More low income people in households with incomes between 51% and 80% of the area median live in owner households (26,100,000) than live in renter households (17,000,000).



Graph 12 further illuminates the differential between low income people in owner and rental households by showing those with housing problems by the three income segments. There are 30,200,000 low income people in owner households with housing problems, somewhat less than the 33,700,000 low income people in renter households with housing problems. People in renter households with housing problems outnumber those in owner households with housing problems in both the extremely low income segment (13,400,000 renter and 9,000,000 owner) and the 31% to 50% of AMI income segment (11,100,000 renter and 8,700,000 owner).

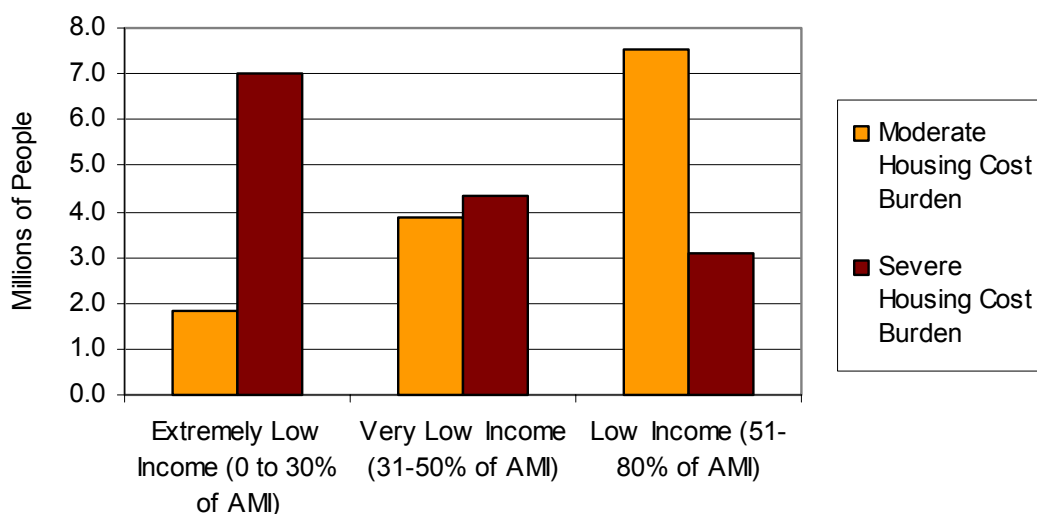


Graphs 13 and 14 provide more detail that differentiates between low income people in renter and owner households by examining housing cost burden. Again it is clear that severe housing cost burdens are concentrated among extremely low income people whether they live in renter or owner households.

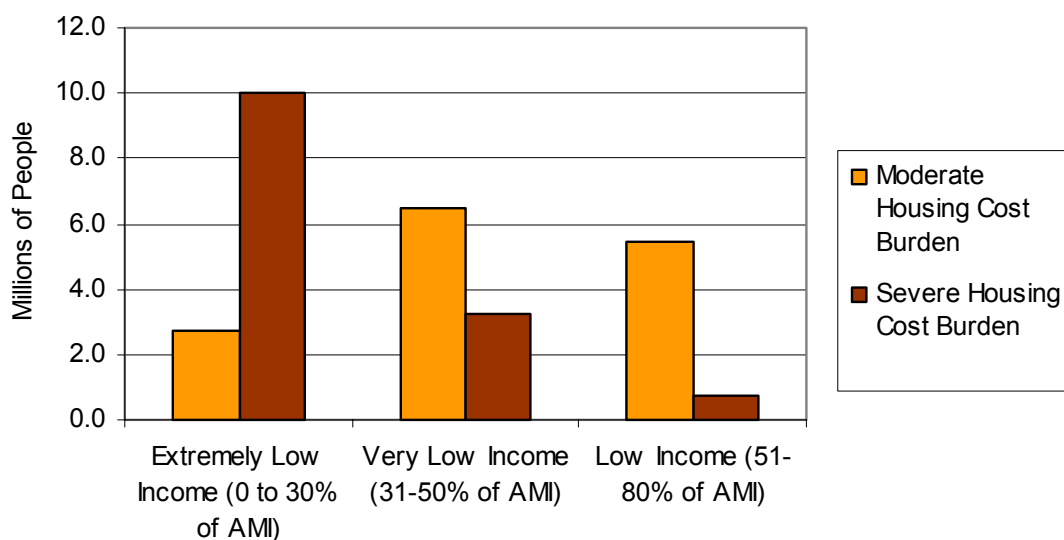
Graph 13 concerns the housing cost burdens of low income people in owner households. Seven million extremely low income people in owner households have severe housing costs burdens, while 1,800,000 have moderate housing cost burdens. People in the mid-income segment of low income people (31% to 50% of AMI) who are in owner households are just as likely to have moderate housing cost burdens (3,800,000) as severe housing cost burdens (4,300,000). Finally, housing cost burdens of people with incomes between 51% and 80% in owner households are more likely to be moderate (7,500,000) than severe (3,100,000).

Housing cost burdens among low income people in renter households are patterned somewhat differently than those among low income owner households, as Graph 14 depicts. Ten million extremely low income people in renter households have severe housing cost burdens vs. only 2,700,000 people in this income group in renter households with moderate housing cost burdens. On the other hand, only 700,000 people in the 51% to 80% of AMI renter household group have severe housing cost burdens, while 5,400,000 people in this income group of renter households have moderate housing cost burdens.

Graph 13: Number of Low Income People in Owner Households with Moderate and Severe Housing Cost Burdens by Income Segments in the U.S. in 2001



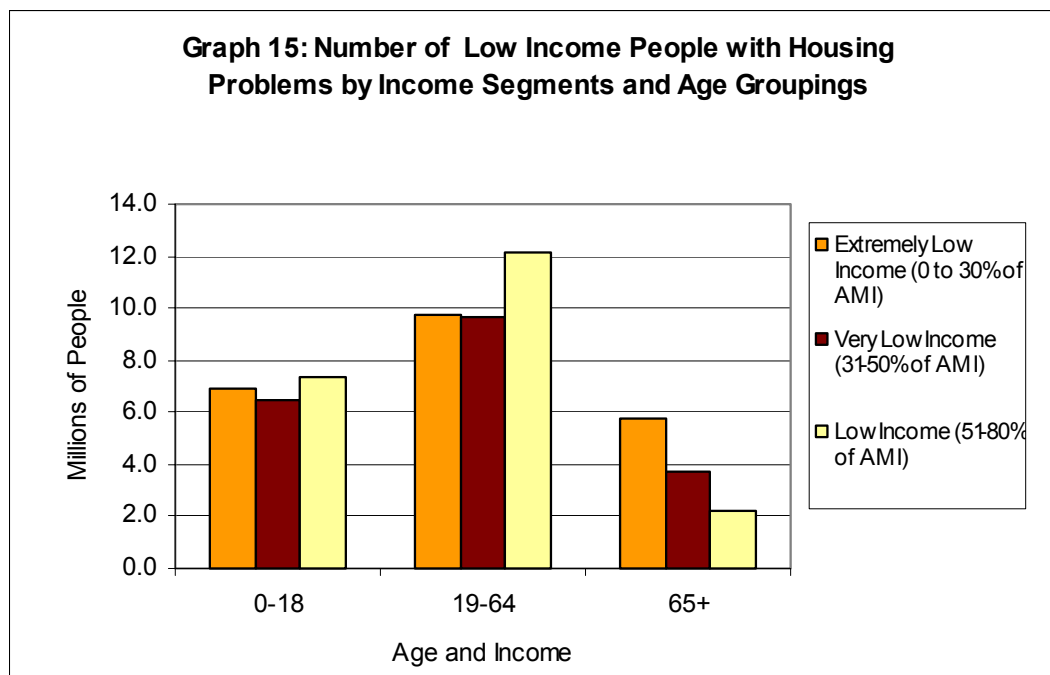
Graph 14: Number of Low Income People in Renter Households with Moderate and Severe Housing Cost Burdens by Income Segments in the U.S. in 2001



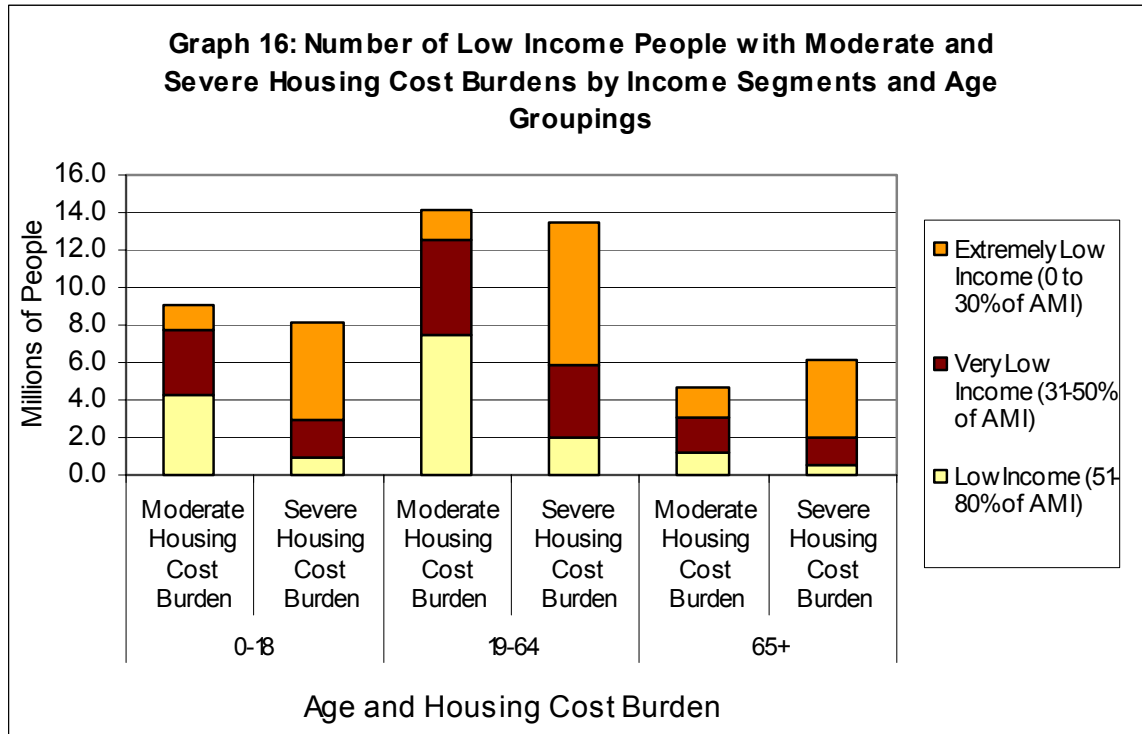
Low Income People with Housing Problems by Age

One of the most important attributes of examining housing problems by people instead of households is the ability to understand the distribution of housing problems by age. Thus, the housing problems of seniors and children are now in plain view. Children make up 27.0% of the U.S. population. Seniors are 13.7%. Children make up 29.3% of the low income population, while seniors are 22.7% of the people in households with low incomes.

Graph 15 shows the distribution by age and income segments of all low income people with housing problems. Age groupings are of children (0-18 years of age), seniors (65 years of age and older), and other adults (19-64 years of age). One third (32%) of low income people with housing problems are children and 18% are seniors. Children are more or less evenly distributed among the three income segments of low income people (6,900,000 are extremely low income, 6,500,000 are in households with incomes between 31% and 50% of AMI, 7,400,000 are in households with incomes between 51% and 80% of AMI). Seniors are more likely to be extremely low income (5,800,000) than in the higher income segment of low income people (2,200,000).



Graph 16 provides a deeper look at the age distribution of low income people by the low income segments. This graph examines who has with moderate and severe housing cost burdens. More low income children are in the group of children in households that are extremely low income and have severe housing burdens than are in any group of children in this analysis (5,100,000 or 30%). Seniors show the same concentration in the poorest group with the most serious housing cost burdens (4,100,000 or 38%).



Dan, Wisconsin

"I was married, I had a good income and a comfortable life," says Dan.* "I never thought something like this could happen to me. If I could help someone in my predicament right now, I would not think twice." While his two young children play in the background, Dan describes the pain of living month to month since his divorce two years ago. He's got a decent job—he works in laboratory earning \$11 an hour, but that just doesn't stretch far enough to pay the rent and make sure the children can eat. He had taken in a roommate to help cover the costs, but the roommate recently got laid off.

"It's really rough for a single parent—I'm living for each paycheck, and I'm still late on the rent. What gets us through each month is the food pantry," Dan says. The frustration of not knowing where to turn is the worst, he says. He's called to see whether he might qualify for any HUD programs to help with the rent, but was told there's a five-year waiting list.

"It snowed the other day, and I couldn't even afford boots for my children. I just didn't have the money. And a lot of times, I didn't know whether we were going to have a place to live," he says. "It's degrading. People are working their hardest to support their families. It's supposed to be government for the people, but it's not."

**Name has been changed.*

Conclusion

Stacy, Dan, and Dan's two children are four of the 95,100,000 people in the United States who lack safe, decent, and affordable housing. Housing problems are twice as prevalent as lack of health insurance and affect three times more people than does food insecurity. Despite the greater magnitude of housing problems, housing does not attract the same level of public concern and political attention as the lack of health insurance. This may be because housing problems are more concentrated among low income people than is lack of health insurance. Further, the most serious housing problem, severe housing cost burden, is highly concentrated among the poorest people.

Housing problems are experienced by low income people who live in both renter and owner households, and by people in all age groups, including children and seniors. This implies that home ownership in and of itself does not protect low income people from housing problems, especially housing cost burdens. It also implies that income security policies intended to assure both children and seniors of some reasonable measure of housing stability are inadequate.

The housing industry is the strongest sector of the American economy today. If there ever were a time for the private housing market to demonstrate its ability to provide safe, decent, and affordable housing for all people in the United States, it would be now. The data are clear that the private housing market does not reach down to the lowest income people in the U.S. Therefore public intervention is required to assure that all people have basic housing. The lack of safe, decent, and affordable housing is as urgent a public policy problem as is the lack of health insurance.

Appendix A: Methodology

Using the 2001 American Housing Survey, weighted (1990 geography) household data were cross tabulated with the variables of interest, including income, tenure, demographic characteristics of the householder, and housing problems, as well as the number of people in each household by age. The result is a series of tables indicating the number of households nationally or within a specific census region with a given set of characteristics in 2001 according to the AHS. And within each table, the households were categorized further by number of people they contained. By multiplying the number of people by the number of households with that number of people within a specific table and summing the results within and across tables, the number of people in households with a particular set of characteristics was determined for the purposes of this report.

Appendix B: Other AHS Analyses

The American Housing Survey data are used in several other analyses to describe the extent of housing problem in the United States. For consumers of housing research, it can sometimes appear that some reports conflict with others. All of the others report household level data, but there may be some marginal differences in how the data are analyzed yielding somewhat different findings on the same dimensions. What is more important is that they report different segments of the data. Three of the most frequently cited analyses of the 2001 AHS data are the *Worst Case Housing Needs Report* by the U.S. Department of Housing and Urban Development, the *Working Families* reports by the Center on Housing Policy of the National Housing Conference, and the *State of the Nation's Housing* by the Joint Center on Housing Studies of Harvard University.

The U.S. Department of Housing and Urban Development is directed by Congress to prepare and submit a “**Worst Case Housing Report**” with the release of the AHS data every two years. “Worst Case Needs” are defined as renter households with household income of 50% of AMI or less that have severe housing problems and do not receive any government housing assistance. As a HUD report, the worst case needs report analyzes the data using income categories based on AMI.

The most recent report, released in December 2003, provides an update on the 2001 worst case needs and trends back to 1978. (*Trends in Worst Case Needs for Housing, 1978-1999: A Report to Congress on Worst Case Housing Needs Plus Update on Worst Case Needs in 2001.*) This report finds 5,100,000 renter households in the United States, 10,900,000 people, with worst case housing needs. The trend from 1978 to 1997 is that the number of households qualifying as worst case needs increased by one-fifth. From 1997 to 1999 the number declined for the first time as the boom economy finally reached the wages and employment prospects of very low income renters. Even in this period, however, the supply of rental units affordable to very low income renters continued to shrink. As the economic boom continued, from 1999 to 2001, worst case needs rose slightly and the number of available units remained stable. The report can be found at: www.huduser.org/publications/affhsg/worstcase03.html.

The Harvard Joint Center for Housing Studies’ 2003 *The State of the Nations Housing* report draws extensively on the 2001 AHS. While the report’s primary focus is on housing markets and the housing stock in general, in its chapter on “Housing Challenges” the report focuses on the problems faced by low income people. This report looks at the incidence of housing problems by breaking households down into income quintiles. The report finds that 75% of housing problems are found among households in the bottom quintile. Comparing the number of units to the number of renter households in the lowest income quintile, this report finds a deficit of 2,000,000 affordable rental units. The report concludes, “the already scarce supply of smaller less costly housing is shrinking, with especially sharp losses among two- to four-unit apartment buildings. The report can be found at: www.jchs.harvard.edu/publications/markets/son2003.pdf.

America’s Working Families and the Housing Landscape 1997-2001, is a recent installment in a series of reports on from the Center for Housing Policy of the National Housing Conference reporting on “critical housing needs” among America’s “Working Families.” Critical housing needs are synonymous with severe housing problems, that is, households that spend over 50% of income on housing or live in severely inadequate units. Working families are households, including singles, who earn more than half of their income from salaries or wages and earn less than 120% of the AMI. The report uses income breakdowns based on AMI similar to those used in this report. The major conclusion of the report is that “employment alone does not prevent critical housing needs, lack of employment aggravates the problem.” The report states that 14,400,000 working families in the US have critical housing needs. The majority of these households earn less than 50% of AMI. The report can be found at: www.nhc.org/nhcimages/HAWF4.pdf.

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