Housing in the 21st Century: Affordable Housing Challenges and Solutions

November 29, 2023

Andrew Aurand, Senior Vice President for Research, aaurand@nlihc.org
There is a national shortage of **7.3 million rental homes** affordable and available to households with extremely low incomes.

Shortage increased by 500,000 during the pandemic.
Renters Households and Affordable & Available Rental Homes

**SOLID** Incremental Increase in Households

**HATCH LINES** Incremental Increase in Affordable & Available Rental Homes

<table>
<thead>
<tr>
<th>Household Income</th>
<th>At Extremely Low-Income</th>
<th>&lt; 50% AMI</th>
<th>&lt; 80% AMI</th>
<th>&lt; 100% AMI</th>
<th>Above Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shortage:</td>
<td>Shortage: 7.3 M</td>
<td>Shortage:</td>
<td>Shortage:</td>
<td>Shortage:</td>
<td>Shortage:</td>
</tr>
<tr>
<td>11.0</td>
<td>11.0</td>
<td>11.0</td>
<td>11.0</td>
<td>11.0</td>
<td>11.0</td>
</tr>
<tr>
<td>3.7</td>
<td>3.7</td>
<td>3.7</td>
<td>3.7</td>
<td>3.7</td>
<td>3.7</td>
</tr>
<tr>
<td>14.6</td>
<td>14.6</td>
<td>14.6</td>
<td>14.6</td>
<td>14.6</td>
<td>14.6</td>
</tr>
<tr>
<td>4.6</td>
<td>4.6</td>
<td>4.6</td>
<td>4.6</td>
<td>4.6</td>
<td>4.6</td>
</tr>
<tr>
<td>7.0</td>
<td>7.0</td>
<td>7.0</td>
<td>7.0</td>
<td>7.0</td>
<td>7.0</td>
</tr>
<tr>
<td>6.1</td>
<td>6.1</td>
<td>6.1</td>
<td>6.1</td>
<td>6.1</td>
<td>6.1</td>
</tr>
<tr>
<td>6.8</td>
<td>6.8</td>
<td>6.8</td>
<td>6.8</td>
<td>6.8</td>
<td>6.8</td>
</tr>
<tr>
<td>Average</td>
<td>12.5</td>
<td>14.6</td>
<td>14.6</td>
<td>14.6</td>
<td>14.6</td>
</tr>
</tbody>
</table>
Affordable and Available Rental Homes in Pennsylvania and Pittsburgh Metro

Affordable and Available Rental Homes Per 100 Renters

**Pennsylvania**

- At or below Extremely Low Income: 38
- At or below 50% of AMI: 69
- At or below 80% of AMI: 98
- At or below 100% of AMI: 102

**Pittsburgh Metropolitan Area**

- At or below Extremely Low Income: 48
- At or below 50% of AMI: 80
- At or below 80% of AMI: 100
- At or below 100% of AMI: 103
<table>
<thead>
<tr>
<th>Metropolitan Area</th>
<th>Affordable and Available Rental Homes per 100 Renter Households</th>
<th>Metropolitan Area</th>
<th>Affordable and Available Rental Homes per 100 Renter Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providence-Warwick, RI-MA</td>
<td>48</td>
<td>Las Vegas-Henderson-Paradise, NV</td>
<td>14</td>
</tr>
<tr>
<td>Pittsburgh, PA</td>
<td>48</td>
<td>Orlando-Kissimmee-Sanford, FL</td>
<td>15</td>
</tr>
<tr>
<td>Boston-Cambridge-Newton, MA-NH</td>
<td>44</td>
<td>Dallas-Fort Worth-Arlington, TX</td>
<td>16</td>
</tr>
<tr>
<td>Kansas City, MO-KS</td>
<td>39</td>
<td>Austin-Round Rock-Georgetown, TX</td>
<td>16</td>
</tr>
<tr>
<td>Cincinnati, OH-KY-IN</td>
<td>38</td>
<td>Houston-The Woodlands-Sugar Land, TX</td>
<td>19</td>
</tr>
<tr>
<td>Cleveland-Elyra, OH</td>
<td>38</td>
<td>San Diego-Chula Vista-Carlsbad, CA</td>
<td>19</td>
</tr>
<tr>
<td>St. Louis, MO-IL</td>
<td>37</td>
<td>Phoenix-Mesa-Chandler, AZ</td>
<td>19</td>
</tr>
<tr>
<td>Minneapolis-St. Paul-Bloomington, MN-WI</td>
<td>36</td>
<td>Los Angeles-Long Beach-Anaheim, CA</td>
<td>20</td>
</tr>
<tr>
<td>Louisville/Jefferson County, KY-IN</td>
<td>35</td>
<td>Riverside-San Bernardino-Ontario, CA</td>
<td>20</td>
</tr>
<tr>
<td>Hartford-East Hartford-Middletown, CT</td>
<td>35</td>
<td>Jacksonville, FL</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tampa-St. Petersburg-Clearwater, FL</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: 2021 ACS PUMS
Why we have the gap

- Private market cannot adequately serve renters with extremely low incomes
- Insufficient public investment in federal U.S. rental housing programs that best target renters with extremely low incomes
Why we have the gap

• Private market cannot adequately serve renters with extremely low incomes

• Insufficient public investment in federal U.S. rental housing programs that best target renters with extremely low incomes

  • Today’s largest supply-side federal program (Low Income Housing Tax Credit) for the creation or preservation of affordable rental housing doesn’t target the lowest-income renters
Average Monthly Tenant Rent Contribution and Share of Renters w/ Extremely Low Incomes, by Program

<table>
<thead>
<tr>
<th>Program</th>
<th>Tenant Contribution (rent)</th>
<th>Share of Renters w/ Extremely Low Incomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 8 Project-Based Rental Assistance</td>
<td>$307</td>
<td>77%</td>
</tr>
<tr>
<td>Public Housing</td>
<td>$348</td>
<td>72%</td>
</tr>
<tr>
<td>Housing Choice Voucher</td>
<td>$390</td>
<td>75%</td>
</tr>
<tr>
<td>Low Income Housing Tax Credit*</td>
<td>$779</td>
<td>53%</td>
</tr>
</tbody>
</table>

Why we have the gap

• Private market cannot adequately serve renters with extremely low incomes

• Insufficient public investment in federal U.S. rental housing programs that best target renters with extremely low incomes
  
  • Today’s largest supply-side federal program (Low Income Housing Tax Credit) for the creation or preservation of affordable rental housing doesn’t target the lowest-income renters

• Affordability restrictions on the subsidized housing stock expire (and housing quality may decline) without additional public investment, which is insufficient
Expiring Affordability Restrictions Within 5 Years (Exit Risk)

- Many units will see their restrictions renewed
  - Section 8 (PBRA) contracts renewed
  - Recapitalizations

**Summary of Expired Section 8 Contracts**

- **Section 8**: 98,490 units (29%)
- **LIHTC**: 178,754 units (52%)
- **Other**: 65,565 units (19%)
Expiring Affordability Restrictions Within 5 Years (Exit Risk), Pennsylvania and Allegheny County

Pennsylvania
- Section 8: 2,046 (26%)
- LIHTC: 3,883 (48%)
- Other: 2,061 (26%)

Allegheny County
- Section 8: 235 (38%)
- LIHTC: 252 (41%)
- Other: 134 (21%)
Federal Solutions

• Rental assistance (vouchers) for all eligible renters who need it
• Preserve and expand the supply of rental housing affordable to renters with the lowest incomes
  • National Housing Trust Fund
  • Capital investment in public housing (and repeal of the Faircloth amendment)
• Emergency rental assistance for renters in temporary financial crises
• Strengthen tenant protections
• NLIHC website: https://nlihc.org/

• The Gap: https://nlihc.org/gap

• Out of Reach: https://nlihc.org/oor (Compares housing costs and wages for every county)

• State & Congressional District Housing Profiles: https://www.nlihc.org/housing-needs-by-state, select Michigan, go to “Resources” tab

• Advocates’ Guide, A Primer on Federal Affordable Housing & Community Development Programs & Policies: https://nlihc.org/explore-issues/publications-research/advocates-guide
Contact Information

Andrew Aurand
Senior Vice President for Research
aarand@nlihc.org
202.662.1530 x245

Lindsay Duvall
Housing Advocacy Organizer
lduvall@nlihc.org
202.662.1530 x206