

US housing distress deepens for renters

Debra Watson
24 May 2013

According to a report released last month by the National Low Income Housing Coalition (NLIHC) more than half of all renter households today pay more than 30 percent of their income for housing. This level is the portion of income allocated for housing considered the benchmark for affordability. The rate is double the rate in 1960, when one in four renters were considered cost-burdened.

Nearly 8 million extremely low-income households in the US pay more than 50 percent of their income for housing costs, leaving little left over for food and other necessities.

The total number of such cost burdened households has increased by about 600,000 since 2010.

The NLIHC report, *Out of Reach 2013*, takes note of the impossible situation facing elderly, disabled and low-income workers. The report exposes the shocking housing conditions in place or soon coming to communities across the US.

Eight million disabled and elderly individuals nationally receive Supplemental Security Income (SSI), with a maximum federal monthly payment of \$710 in 2013. On this income an SSI recipient can afford rent of only \$213 a month. Among those reliant on SSI, there is not a single county in the US where even a modest efficiency apartment, priced according to the Fair Market Rent (FMR), is affordable.

Low-wage workers also face difficulties meeting housing costs. Paychecks for workers in the prime of life have fallen precipitously over the past 40 years, greatly affecting renters. Today's minimum wage is 30 percent lower in real terms than it was in 1968. In 2011, 60 percent of all workers making less than \$10 per hour were not teenagers living at home, but fell into the 25-64 age group. Only about half in the same age group made the equivalent wage in 1979.

There is not a single state in the US where a minimum wage worker, who works 40 hours a week,

can afford even a one-bedroom rental apartment. The report states, "The number of full-time jobs that a household must work today at the prevailing state minimum wage to afford the average two-bedroom FMR ranges from 1.4 jobs (Puerto Rico) to 4.4 jobs (Hawaii)."

More than a third of all households in the country, 41 million, are renters. According the NLHIC report, the number of renter households in the US rose by 1 million in 2011. This is the single largest one-year increase since the early 1980s. This rise reflected the difficulties faced by American families in buying homes due to the increased requirements for down payments.

One in three renters live below the official US poverty level, a derisory income of \$19,500 annually for a family of three or \$11,500 for an individual living alone. Social scientists consider anyone below twice that income level to be low-income.

The report uses a measure of income defined as Extremely Low Income (ELI). It denotes those with household incomes below 30 percent of the median income in cities, towns and rural communities to be ELI. The income cutoff for ELI households actually fell by \$400 from 2012 to 2013 as median incomes for the general population fell.

Ten million households are ELI renters and for every 100 ELI renter households there are only 30 affordable rental units available at any one time. This shortage of affordable units is a widespread problem across the country. For example, between 2000 and 2010 the number of cost-burdened rural households grew by 10 percent, largely due to the lack of affordable housing even in rural areas.

The report cites several reasons for the growing housing distress nationally, including "increasing rents, stagnating wages, and a shortage of affordable housing."

The report notes that “most newly constructed units are for high income households, while older units are being swiftly upgraded to serve a higher income market.” Landlords have benefited handsomely from the tight rental market, with 4.5 million affordable housing units needed to close the gap immediately.

The report notes, “Landlords also began to increase rents in 2012, raising prices an average of 3.8 percent from 2011.” They cite Harvard University’s annual Joint Center for Housing Study report for 2012, which shows that the overall return on investment for landlords hit 15 percent in 2011.

The destruction of 260,000 public housing units that have not been replaced since the mid-1990s has been a boon to landlords. Now only about 1.2 million people live in any form of public housing. Since the early 1970s low-income renters have been directed to voucher programs that pay a portion of the rent. The median wait time for these vouchers is two years.

The NLIHC notes: “For households trapped on waiting lists, many experience unstable housing situations, living ‘doubled up’ with family or friends (40 percent) or in the worst cases suffering bouts of homelessness as they bounce from one untenable housing situation to another (23 percent).”

An additional 140,000 families are expected to be cut from the already woefully inadequate federal housing voucher program this year due to budget cuts under the federal sequester.



To contact the WSWS and the Socialist Equality Party visit:

wsbs.org/contact