Rental Housing Affordability in the Southeast

Southern Conference on Housing and Homelessness

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The comments in this presentation are those of the presenter alone and do not necessarily reflect the views of the Federal Reserve Bank of Atlanta or the Federal Reserve System.
ATLANTA FED COMMUNITY AND ECONOMIC DEVELOPMENT PROGRAM

MISSION
To activate financial, human, and social capital to foster the conditions that support economic growth in the southeast, especially in disinvested communities.

HOUSING & NEIGHBORHOOD REVITALIZATION:
Foster equitable housing opportunities for low- and moderate-income households and the revitalization of distressed neighborhoods

WORKFORCE AND HUMAN CAPITAL DEVELOPMENT:
Define and support the long and short term human capital interventions that encourage local economic growth and mobility

COMMUNITY DEVELOPMENT FINANCE:
Build the scale and scope of the investment opportunity to improve economically distressed communities

SMALL BUSINESS AND ENTREPRENEURSHIP:
Promote greater economic inclusion by assessing credit appetite and access for small businesses
Hosting conversations to understand emerging issues, explore multi-sectoral approaches, discuss data/research, and more.

Planting seeds for evidence-based decision-making

Building the evidence, developing data tools
OVERVIEW

• Affordable housing definitions
• Housing overview for the U.S. and southeast
• Rental affordability data
• “Rental Housing Affordability in the Southeast” paper
• “Southeastern Rental Affordability Tracker” tool
• Discussion
AFFORDABLE HOUSING DEFINITIONS

Area Median Income (AMI)

<30%   Extremely Low Income (ELI)
30%-50%  Very Low Income (VLI)
50%-80%  Low Income (LI)
80%-120%  Moderate Income
>120%   Upper Income: generally not subsidized, although rent increases are impacting this population as well

Cost burdened households
Pay more than 30% of household income on housing

Severely cost burdened households
Pay more than 50% of household income on housing

Affordability is relative – residual income is likely to be lower for lower income households
HOMEOWNERSHIP RATES ARE RELATIVELY HIGH IN THE SOUTHEAST

Source: Census Housing Vacancies and Homeownership (CPS/HVS)
HOMEOWNERSHIP ON THE RISE, HOWEVER BLACK & HISPANIC OWNERSHIP RATES HAVE RECENTLY DECLINED

Source: Census Housing Vacancies and Homeownership (CPS/HVS)
MEDIAN INCOME IS LOWER THAN U.S. MEDIAN IN THE SOUTHEAST

Source: Census ACS/Haver Analytics (in 2017 CPI-U-RS adjusted dollars)
INCOME REMAINS RELATIVELY STAGNANT

Source: Census ACS/Haver Analytics (in 2017 CPI-U-RS adjusted dollars)
HOME PRICES ABOVE PEAK LEVELS IN US

Source: CoreLogic HPI, SF detached homes
RENTAL COSTS REMAIN HIGHER THAN OWNER HOUSING COSTS

Source: Census American Housing Survey
HIGHEST RENTAL COSTS IN FLORIDA

Median Gross Rent as a Percentage of Household Income

- FL: 33.3%
- MS: 29.2%
- GA: 29.1%
- AL: 28.9%
- US: 29.8%

Source: Census American Community Survey, 2017 1-Year Estimates
SHARE OF COST BURDENED RENTER HOUSEHOLDS

Median Gross Rent as a Percentage of Household Income (Renter Households Only)

Source: Census ACS/Haver Analytics
AFFORDABLE HOUSING FOR LOWEST INCOME RENTERS IS INCREASINGLY OUT OF REACH

Cost Burdened Renter Households, Lowest Income Quintile

Source: US Decennial Census and ACS
RENTS ARE OUT OF REACH FOR MANY LOW-INCOME RENTERS

Fair Market Rent = Fair Market Rent.
Source: NLIHC calculation of a weighted-average HUD fair market rent. Affordable rent for average renter wage is based on BLS QCEW, 2016, adjusted to 2018 dollars. Other rents are based on HUD Income Limits and Social Security Administration, 2018.
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HOURLY WAGES BY PERCENTILE VS. ONE AND TWO-BEDROOM HOUSING WAGES

Source: Housing wages are derived from HUD fair market rents. The hourly wages by percentile are from the Economic Policy Institute’s State of Working America Data Library. Adjusted to 2018 dollars.
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www.nlihc.org/oor
EXPIRING SUBSIDIES, FEW FEDERAL DOLLARS AVAILABLE FOR LOW-INCOME RENTERS

Federal Housing Expenditures Poorly Matched to Need

<table>
<thead>
<tr>
<th>Expenditures (billions of dollars)</th>
<th>Households with severe cost burdens (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income less than $10,000</td>
<td>$15.2</td>
</tr>
<tr>
<td>$10-$20,000</td>
<td>$14.9</td>
</tr>
<tr>
<td>$20-$30,000</td>
<td>$4.5</td>
</tr>
<tr>
<td>$30-$40,000</td>
<td>$2.0</td>
</tr>
<tr>
<td>$40-$50,000</td>
<td>$1.6</td>
</tr>
<tr>
<td>$50-$75,000</td>
<td>$6.6</td>
</tr>
<tr>
<td>$75-$100,000</td>
<td>$9.7</td>
</tr>
<tr>
<td>$100-$200,000</td>
<td>$41.4</td>
</tr>
<tr>
<td>More than $200,000</td>
<td>$43.9</td>
</tr>
</tbody>
</table>

Notes: Data are for 2015. Homeowner expenditures include the mortgage interest and property tax deductions; income figures are for tax filing units. Rental expenditures include total outlays for the Housing Choice Voucher, Section 8 Project-Based, Public Housing, Housing for the Elderly (Section 202), and Housing for People with Disabilities (Section 811) programs; income figures are for households. Data on the income of beneficiaries of various housing expenditures are available only for these programs, which represent about three-fourths of homeownership and rental spending. HUD defines households with severe cost burdens as those paying more than half their income for housing.

Sources: CBPP analysis of HUD program data, Census data on number of households and cost burdens in each income group, Joint Committee on Taxation tax expenditure estimates, and the Office of Management and Budget public budget database.
FRBA LOSS OF LOW-COST RENTAL STUDY

Change in Low-Cost Rentals, 2010-2014

- Atlanta: -2,619, -2,690, 4,793
- Birmingham: -813, -389, 649
- Jacksonville: -2,378, -918, 4,304
- Memphis: -3,811, -2,133, 2,073
- Miami: -2,133, -1,121, 8,404
- Nashville: -6,220, -1,558, 3,925
- Orlando: -532, -417, 3,055
- Tampa: -1,027, 231, 4,516

Legend:
- Gross rent - < $500
- Gross rent $500-749
- Gross rent $1,500 or more
“RENTAL HOUSING AFFORDABILITY IN THE SOUTHEAST” REPORT

- Shimberg Center compiled 2015 census data for six southeast states
- Full Atlanta Fed report released in July
- City, region, and state data available in tables, charts, and maps
- Provides detailed data by geography and income level

DATA AND METHODOLOGY

• Analysis used census microdata regions, which are slightly different than MSA, MPO, or city regions

• Area median income (AMI) calculated for each metropolitan and micropolitan area
LEVEL OF COST BURDEN VARIES BY INCOME

Share of Renter Households that are Cost Burdened

- 30% of AMI or Less
- 30.01 to 50% of AMI
- 50.01 to 80% of AMI
- 80.01 to 120% of AMI
AROUND 3/4 OF ALL LOW-INCOME RENTER HOUSEHOLDS ARE COST BURDENED

Share of Low Income Renter Households that are Cost Burdened

<table>
<thead>
<tr>
<th>State</th>
<th>Cost Burdened (Rent is 30-50% Household Income)</th>
<th>Severely Cost Burdened (Rent is &gt;50% Household Income)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AL</td>
<td>25%</td>
<td>44%</td>
</tr>
<tr>
<td>FL</td>
<td>18%</td>
<td>62%</td>
</tr>
<tr>
<td>GA</td>
<td>24%</td>
<td>53%</td>
</tr>
<tr>
<td>MS</td>
<td>20%</td>
<td>46%</td>
</tr>
<tr>
<td>TN</td>
<td>27%</td>
<td>45%</td>
</tr>
</tbody>
</table>

Source: Shimberg Center (University of Florida) tabulations of Census 2015 ACS PUMS data
Includes renter households that are <50% AMI
MAJORITY OF LOW INCOME RENTERS IN MANY METROS PAY RENT THAT IS UNAFFORDABLE

Source: Shimberg Center (University of Florida) tabulations of Census 2015 ACS PUMS data
Includes renter households that are <50% AMI
### RENTERS IN CITIES ARE SIMILARLY COST BURDENED

#### Share of Low Income Renter Households that are Cost Burdened

<table>
<thead>
<tr>
<th>City</th>
<th>Severely Cost Burdened (%)</th>
<th>Cost Burdened (30-50% Household Income) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fort Lauderdale, FL</td>
<td>70%</td>
<td>19%</td>
</tr>
<tr>
<td>Orlando, FL</td>
<td>54%</td>
<td>32%</td>
</tr>
<tr>
<td>Jacksonville, FL</td>
<td>48%</td>
<td>33%</td>
</tr>
<tr>
<td>Tampa, FL</td>
<td>52%</td>
<td>27%</td>
</tr>
<tr>
<td>Savannah, GA</td>
<td>58%</td>
<td>20%</td>
</tr>
<tr>
<td>Jackson, MS</td>
<td>55%</td>
<td>23%</td>
</tr>
<tr>
<td>Montgomery, AL</td>
<td>52%</td>
<td>25%</td>
</tr>
<tr>
<td>Nashville, TN</td>
<td>47%</td>
<td>30%</td>
</tr>
<tr>
<td>Memphis, TN</td>
<td>51%</td>
<td>26%</td>
</tr>
<tr>
<td>Mobile, AL</td>
<td>50%</td>
<td>26%</td>
</tr>
<tr>
<td>Huntsville, AL</td>
<td>33%</td>
<td>41%</td>
</tr>
<tr>
<td>Miami, FL</td>
<td>58%</td>
<td>16%</td>
</tr>
<tr>
<td>Atlanta, GA</td>
<td>49%</td>
<td>24%</td>
</tr>
<tr>
<td>Birmingham, AL</td>
<td>47%</td>
<td>24%</td>
</tr>
</tbody>
</table>

#### Source:
Shimberg Center (University of Florida) tabulations of Census 2015 ACS PUMS data
Includes renter households that are <50% AMI
SIGNIFICANT SHORTAGES OF AFFORDABLE AND AVAILABLE RENTAL HOUSING UNITS EXIST

At or Below 30% AMI (Extremely Low Income)
At or Below 50% AMI (Extremely Low & Very Low Income)
LARGE STATE DEFICITS OF UNITS AFFORDABLE & AVAILABLE AT 50% AMI AND 30% AMI

Deficit of Affordable & Available Units

Surplus or Deficit of Affordable & Available Units at or Below 30% AMI (Extremely Low Income)

Surplus or Deficit of Affordable & Available Units at or Below 50% AMI (Extremely Low & Very Low Income)

Source: Shimberg Center (University of Florida) tabulations of Census 2015 ACS PUMS data
Includes renter households that are <50% AMI
SOUTHEASTERN RENTAL AFFORDABILITY TRACKER

• **Launched today!**
• Data tool translates report into easily digestible information

1. Affordability Profile
2. Cost Burden Map
3. Affordable & Available Map
SOUTHEASTERN RENTAL AFFORDABILITY TRACKER

Cost Burden Map

State

AMI
Extremely Low Income
Cost Burden
Severely Cost Burdened

Percent of Households Cost Burdened, by Region

Cost Burden Map

State

AMI Level
Extremely Low Income (30% of AMI or Less)
Cost Burden
Severely Cost Burdened

Percent of Renter Households Cost Burdened, by Region

Geography:
Ownership:
Cost Burden:
Percent of Households: 74.20%
Number of Households: 38,806

Orlando-Kissimmee, Renter
Severely Cost Burdened
Check out the Southeastern Rental Affordability Tracker today!

IMPLICATIONS

- For low and moderate income households, housing is increasingly unaffordable
- Housing subsidies have been largely provided through the tax code, making them unavailable to many (including renters)
- Under current conditions, wealth gap will continue to increase between income groups and owners and renters
- Local and state action is urgently needed
Thanks!
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