AMERICA’S HOUSING CRISES: THE CHALLENGE FOR PLANNERS

ALAN MALLACH, SENIOR FELLOW
CENTER FOR COMMUNITY PROGRESS
WASHINGTON DC

The critical issues

- The systemic crisis of housing for the poor and near-poor
- The growing affordability challenge for the middle-class
- The challenge of demographic change and an aging housing stock
- The erosion of homeownership
It’s a big country

median sales price July 2017

- Under $200,000
- Over $500,000

It’s a big country - 2

median rent asked 2 BR apartment July 2017

- Under $1000/Month
- Over $2000/Month
The key difference

For the poor and near-poor, housing is a crisis EVERYWHERE.

For moderate income and middle class families, housing is a crisis IN SOME AREAS.

The rental crisis is first and foremost an affordability crisis

- 81% or more of renters earning under $10K/year and 63% of those earning $10-$20K spend 50% or more for rent.
- 10 million renter households spend 50% or more for rent.
Lack of affordability triggers a vicious cycle

- Financial insecurity
- Unaffordable rent
- Poverty
- Homelessness/doubling up
- Poor quality housing and overcrowding
- Eviction
- Health problems
- Condemnation

The gap in the safety net

Of three fundamental human needs – food, health care and shelter – only shelter is a lottery.
Many people live in areas of concentrated poverty.

Costs and burdens are rising.

MEDIAN RENT

NUMBER OF SEVERELY COST-BURDENED RENTERS
House prices are rising, but unevenly

change in median house price over 21 years:

- Denver: +296%
- Aurora: +163%
- Colorado Springs: +101%
- Pueblo: +74%
- CPI increase: +56%

More middle-income people are cost burdened

- More than 50% of income for rent in Denver, Pueblo, and San Francisco.
- More than 35% of income for rent in Denver, Pueblo, and San Francisco.
The country is changing

Key trends

- Fewer married-couples raising children
- More people living alone
- More non-family households
Does our housing stock reflect today’s trends?

Distribution by of units in structure 2016

Homeownership is down

US Homeownership Rate 1995-2017
Fewer mortgages are being made

Mortgage originations by credit score
Homeownership matters

- Creates positive social and psychological benefits for homeowners and their children
- Fosters greater community engagement
- Builds wealth (despite effects of mortgage bust)
- Is often less expensive than renting.

Facing the challenges 1: the crisis of low income renters

- Housing is a necessity – everyone should have decent housing at an affordable cost.
- Provide tenant protection and reduce instability and insecurity
- Create a housing quality floor through effective rental licensing
- Encourage informal means of increasing housing supply
Facing the challenges 2: economic segregation and poverty concentration

- Foster integration through siting of affordable housing developments
- Foster mixed-income housing through multiple strategies
- Use vouchers to deconcentrate poverty, beginning with small area Fair Market Rents
- Build better quality of life in distressed high-poverty areas.

Facing the challenges 3: creating a more diverse housing stock

- Encourage more ‘plain vanilla’ housing
- Encourage more diverse alternatives – small MF buildings, 2-3 family houses, accessory apartments, live/work spaces
- Retrofit places into higher-density, more walkable environments
Facing the challenges 4: build a better model of moderate/middle income homeownership

- Increase mortgage availability for prospective homebuyers
- Build support system for lower-income homeowners
- Help existing owners stay in their homes

Work for these issues

- In each municipality or county
- At the state level
- At the federal level
Thank you.

Alan Mallach
amallach@communityprogress.net