

For many poor families, housing costs are ‘out of reach’

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Even as the federal government provides housing assistance for 5.5 million households, 7.2 million housing units are needed for more than 10 million extremely low-income families.

Housing and Urban Development (HUD) Secretary Julián Castro delivered this bad news in a report on housing for low-income renters that is “Out of Reach,” which is the name of the study.

“Our nation can’t fulfill any of our major goals — whether it’s tackling inequality, improving health care, keeping neighborhoods safe, or making sure every child gets a good education — unless we also focus on housing,” Castro wrote in this year’s annual report published by the National Low Income Housing Coalition (NLIHC).

The affordable housing situation is bleak. So bleak that “in no state, metropolitan area, or county can a full-time worker earning the prevailing minimum wage afford a modest two-bedroom apartment,” according to the report.

To afford a two-bedroom apartment at the current federal minimum wage of \$7.25 an hour, a worker would need to work 112 hours a week, every week, according to the report. That means workers “would have no remaining time during the week for anything other than working and sleeping.”

The report looks at the annual income needed in each state and the District to afford a two bedroom apartment at the fair market rent, which is used by HUD to reflect the cost of utilities and housing.

In the District, the fair market rent for a two-bedroom is \$1,623. “In order to afford this level of rent and utilities — without paying more than 30% of income on housing — a household must earn \$5,410 monthly or \$64,920 annually,” according to the report.

To afford that, a worker would have to earn more than \$31 an hour – about three times the District’s current minimum wage of \$10.50 an hour. That increases to \$11.50 on July 1. Wage stagnation and the declining real value of the federal minimum wage contribute to the affordable housing crisis.

The coalition has recommendations to improve the situation, including one that would require cutting what has long been a sacred cow.

NLIHC proposes a formula reducing the mortgage interest tax deduction that benefits homeowners. For years, there have been various proposals to change the popular deduction. Whatever reform that might eventually be approved, the coalition wants a portion of the savings to go to affordable housing.

“The federal government has the resources to end the shortage of housing affordable to the lowest income families,” said Diane Yentel, president and CEO of NLIHC. “It is simply a matter of how those resources are allocated. Instead of subsidizing the mortgages of higher income people, we must invest in making rental housing more affordable and available to those most in need of assistance.”

One current program shows what the government can do. The report highlights the Housing Trust Fund as “the first new federal housing program in a generation” to focus on “extremely low income” people.

More than \$173 million will be available this summer for affordable housing programs. At least 90 percent of that must go to build, preserve or rehabilitate affordable rental housing for the poor, the report said. The remainder can be used to support homeownership for them.

During a call with reporters, Castro said affordable housing “is everyone’s issue” because “tackling the affordability crisis isn’t just the right thing to do, it’s also one of [the] best ways we can invest in our nation’s long-term growth.”

He emphasized that it’s not just the very poor who would benefit from increasing affordable housing.

“Last year, rising rents in a number of cities outpaced the rate of inflation, which is hurting low- and moderate income Americans,” the secretary wrote in the preface to the report.

“The crisis is also affecting seniors, many of whom live on fixed incomes,” he added. “Today, HUD is only able to serve one out of every three seniors who needs our help. And Harvard’s Joint Center for Housing Studies calculated that as our nation ages, HUD would need to provide housing support for an additional 900,000 seniors just to keep pace between now and 2030.”

That’s not going to happen without government involvement. The private sector largely isn’t interested in developing housing for the poor.

“Absent public subsidy,” the report said, “the private market does little to produce new rental housing affordable to the lowest income households.”

Columnist Joe Davidson covers the federal government in the Federal Insider. It replaced the Federal Diary, which focused on federal employees. Davidson previously was an assistant city editor at The Washington Post and a Washington and foreign correspondent with The Wall Street Journal, where he covered federal agencies and political campaigns.

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