

WORST CASE HOUSING NEEDS 2009

REPORT TO CONGRESS



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WORST CASE HOUSING NEEDS 2009: REPORT TO CONGRESS

**U.S. Department of Housing and Urban Development
Office of Policy Development and Research**

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FOREWORD

WORST CASE HOUSING NEEDS 2009: REPORT TO CONGRESS

I am pleased to transmit to the U.S. Congress this report from the Department of Housing and Urban Development (HUD), *Worst Case Housing Needs 2009*. Thirteenth in the longstanding series of reports on worst case housing needs, this document provides national data and information on critical problems facing low-income American renting families. The report draws on data from the American Housing Survey (AHS). The Census Bureau has conducted the AHS with HUD funding every 2 years since 1973; the survey is a key source of national data on housing markets, conditions, and dynamics.

As the nation slowly emerges from a deep recession, a sharp increase in severe housing problems has come into focus. In 2009, 7.10 million households had worst case needs—20 percent more than the number just 2 years earlier. These worst case needs households are defined as very low-income renters who do not receive government housing assistance and who either paid more than one-half of their income for rent or lived in severely inadequate conditions, or both. This report makes clear that worst case needs cut across all regions of the country; all racial and ethnic groups; boundaries of all cities, suburbs, and rural areas; and all household types.

High rents in proportion to renter incomes are an increasingly dominant cause of worst case needs. Accordingly, the vulnerability of our poorest households both to employment shocks and to the increased demand for the most affordable units illustrates the importance of housing assistance as an economic cushion. HUD programs that provide rental assistance and spur the production of affordable housing play a critical role in creating stable housing for very low-income renters. The recent national crises in housing and employment lend new urgency to the quest to ensure that Americans are suitably housed so they can take advantage of the opportunities afforded by our great nation.

Raphael W. Bostic
Assistant Secretary for Policy Development and Research



CONTENTS

Foreword	iii
Summary	vii
Section 1. Extent and Nature of Worst Case Needs	1
Extent of Worst Case Needs in 2009.....	1
Inadequate Income and Inadequate Housing.....	2
Incidence of Worst Case Needs by Income	3
Growth in Worst Case Needs.....	3
Demographics of Worst Case Needs	4
Race, Ethnicity, and Immigration Status	4
Worst Case Needs by Household Type	5
Families With Children.....	5
Elderly Households	5
Other Families	6
Other Nonfamily Households	6
Households Including People With Disabilities	6
Summary.....	8
Section 2. Shortage of Affordable Housing	9
Geography of Worst Case Needs	9
Worst Case Needs and Housing Assistance by Region and Metropolitan Location	9
Interaction of Race/Ethnicity and Metropolitan Location	11
How the Market Allocates Affordable Housing on a National Basis	12
Affordability, Availability, and Adequacy of the National Rental Stock.....	12
Rental Stock by Income	13
Geography of Supply.....	14
Rental Stock by Metropolitan Location.....	15
Rental Stock by Region.....	16

Dynamics of Supply..... 16
 Trends in National Rental Stock 16
 Trends in Rental Stock by Metropolitan Location 17
 Summary 18
Section 3. Understanding the Trend in Worst Case Needs..... 19
 Changes in Affordable Housing Demand..... 19
 Household Formation, Tenure, and Income Factors..... 19
 Homeownership Crisis and Recession.....20
 Changes in the Affordable Housing Supply21
 Vacancy Rates, Rents, and Competition for Units.....21
 Concluding Summary21
Literature Cited.....24
Appendix A. Data on Housing Problems and Supply of Affordable Housing27
Appendix B. Supplemental Exhibits.....57
Appendix C. Federal Housing Assistance and Affordable Housing Programs59
Appendix D. Previous Reports to Congress on Worst Case Needs.....60
Appendix E. Data and Methodology61



SUMMARY

WORST CASE HOUSING NEEDS 2009: REPORT TO CONGRESS

The U.S. Department of Housing and Urban Development (HUD) finds dramatic increases in worst case housing needs (known as “worst case needs”) that cut across demographic groups, household types, and regions.¹ This rise in hardship is due to shrinking incomes and upward pressure on rents caused by growing competition for already-scarce affordable units. Worst case needs rose more sharply between the 2007 American Housing Survey (AHS) and 2009 AHS,² both in absolute and percentage terms, than in any previous 2-year period since at least 1985. During this 2007-to-2009 period, the number of renters experiencing worst case needs jumped by more than 20 percent, from 5.91 to 7.10 million.

Given the severely challenged economic conditions that the United States has confronted during the past several years, particularly surrounding the housing market, it is not surprising that the need for housing assistance continues to outpace the ability of federal, state, and local governments to supply it. HUD’s *Worst Case Housing Needs 2009: Report to Congress* examines the causes of and trends in worst case needs for affordable rental housing.

Sharp Increase in Worst Case Needs

Although the incidence of worst case needs has fluctuated during the past decade, the overall upward trend is disturbing: since 2001, the number of cases has increased by almost 42 percent, now representing more than 6 percent of all households. Because of these dramatic increases, 41 percent of the 17.12 million very low-income American renters had worst case needs in 2009. Most of these renters had severe rent burdens, paying more than one-half of their income for rent, with inadequate housing alone accounting for only 3 percent of cases.

¹ The term “worst case needs” is defined as very low-income renters with incomes below 50 percent of the Area Median Income who do not receive government housing assistance and who either paid more than one-half of their income for rent or lived in severely inadequate conditions, or who faced both of these challenges. HUD’s estimates of worst case needs are based primarily on data from the AHS.

² The AHS is conducted between May and September in odd-numbered years.

Worst Case Needs Affect All Demographic Groups and Household Types

No racial or ethnic group is immune to the rise in worst case needs, but Hispanic renters experienced the largest increase in incidence: in 2009, 45 percent of all very low-income Hispanic renters faced this hardship, an 8-percentage-point jump from their 2007 rate. Little evidence indicates that immigration has had a large effect on this increase in worst case needs among the Hispanic population. Overall, of renters burdened with worst case needs, non-Hispanic White renters represent about 48 percent and non-Hispanic Black and Hispanic renters each represent around 23 percent.

Likewise, all types of households are affected by the increase in worst case needs. Families with children represent the highest proportion, about 39 percent; the number of these families with worst case needs grew by 550,000 from the 2007 level, outpacing the increase of very low-income households in this category. The next most common household type experiencing this hardship, at 33 percent of all cases, was “other nonfamily” households, which comprise nonelderly individuals and unrelated people who share a housing unit. Very low-income renters of this household type had a higher incidence, at 54 percent, than any other household type. Further, the addition of 580,000 other nonfamily households during 2007–2009 increased this category’s share from 30 to 31 percent of very low-income renters. Although this category’s share of worst case needs did not increase in the same way, this shift between household types could signal that individuals are doubling up as a way to cope with shrinking incomes and increasing rents.³ Elderly households without children and other family households (without children or with adult children) also experienced significant increases in worst case needs, particularly in percentage terms; however, these groups combined only account for slightly more than one-fourth of cases.

Worst Case Needs Among Households Including People With Disabilities

In 2009, more than 38 percent of very low-income households including nonelderly people with disabilities had worst case needs, amounting to 990,000 households. The share of worst case needs reached as high as 41 percent among families with children including people with disabilities and 36 percent among other nonfamily households including people with disabilities. Evidence from other data sources indicates that this estimate is likely an undercount. The estimate is based on new direct questions on disabilities included in the 2009 AHS. Alternative data from the American Community Survey, however,

indicate that the share of very low-income renters with disabilities is 30 to 60 percent higher than the AHS estimate. HUD will issue a more in-depth supplemental report soon after the release of the core *Worst Case Housing Needs 2009* report to discuss the demographic and geographic characteristics of households including people with disabilities with worst case needs and to examine differences in disability estimates using various measures and sources of data.

Geography of Worst Case Needs

Although the 2009 AHS does not allow for analysis at the level of individual metropolitan areas, it does distinguish between three types of locations—central cities, suburbs, and rural areas—and four geographic regions—Northeast, Midwest, South, and West. The incidence of worst case needs among the nation’s very low-income renters proves slightly greater than the national average in central cities and the suburbs. Likewise, the percentage of those experiencing this hardship is above average in the West and below average in the Northeast and Midwest. The incidence of worst case needs in the South is similar to the average; nevertheless, the South has the highest number of burdened renters by a significant margin.

Because worst case needs are defined in part by a lack of housing assistance, the comparative scarcity of housing assistance in suburban areas and in the West and South contributes to the high rates in those areas, although expensive rents in the West also play a role.

Shortage of Affordable Housing

The need to pay more than one-half of one’s income on rent is the predominant cause of worst case needs, and a lack of affordable, available, and physically adequate rental units is the main driver of these high rent burdens. Units affordable for the poorest renters have lower vacancy rates than those units affordable for higher income groups because the high demand and limited supply cause greater competition for such units. Higher income renters occupy about 42 percent of the units that are affordable to extremely low-income renters, who earn less than 30 percent of Area Median Income (AMI). Further, higher income renters occupy 36 percent of the units that are affordable to renters who have incomes at 30 to 50 percent of AMI. As a result of this competition and because a substantial proportion of available units are not in standard or adequate physical condition, only 32 units of adequate, affordable rental housing are available for every 100 extremely low-income renters. For very low-income renters, 60 adequate units are available per 100 renters. This supply is more scarce in central cities and suburbs than in rural areas and in the West than in other regions; nevertheless, the number of affordable units is far from sufficient in any region.

³ It is notable that two single people with very low incomes who begin to share housing may jointly surpass the very low-income threshold and, thereby, reduce the number of very low-income renters by two. As a result, doubling up could be even more prevalent than the increase in other nonfamily households with very low incomes suggests.

Affordable rental stock availability had been fairly stable for much of the past 25 years. Since 2003, however, vulnerable renters have faced the tightest market for affordable housing since 1985. Several major trends have combined to create these conditions.

Major Causes of the Increase in Worst Case Needs

The homeownership crisis and economic recession likely played a major role in rapidly increasing worst case needs. Although a variety of factors are at play, including changes in household formation and the renter share of households, most of the 2007–2009 increase can be linked to three factors.

- 1. Renter income losses.** An estimated 35 percent of the increase in worst case needs is attributable to shrinking incomes. During 2007–2009, the number of renters with very low incomes increased by 1.18 million, or more than 7 percent. Major causes of declines in renters' income were the rapid increase in unemployment during the recession and the persistence of this unemployment following the recession's official end.
- 2. Rental assistance gap.** Approximately 19 percent of the increase in worst case needs during 2007–2009 can be tied to a growing lack of rental assistance; no increase in housing assistance in proportion to the surge in very low-income renters occurred. Increases of unassisted very low-income renters actually exceeded increases of very low-income renters.

3. Competition for affordable rental units. As discussed previously, competition for affordable units has played the biggest role in the increase of worst case needs, estimated at about 41 percent of the increase. This competition leads to displacement, absorption of vacancies, and upward pressure on rents. Supply and demand factors caused the mean gross rent for very low-income renters to increase by more than 10 percent during 2007–2009; in addition, the number of vacant units affordable to them dropped by 370,000.

Although AHS data do not suggest that changes in the renter share of households have been a key factor, evidence from the Current Population Survey indicates that the homeownership rate for households with incomes below the AMI fell by 2.3 percent during 2007–2009. Homeownership losses by very low-income and subprime homeowners that added to the number of renters may have been offset in AHS data by home purchases by higher income renters.

Conclusion

Although the picture of growing worst case needs, in general, is bleak, there is reason to hope that worst case needs may again decline. The macroeconomic factors that created great pressures for very low-income rental housing are likely to ease as the rebound from recession accelerates. Nevertheless, when more than 6 percent of the nation's households experience this form of hardship, the need for prioritizing assisted housing in national policy deliberations has never been greater.



SECTION

1

EXTENT AND NATURE OF
WORST CASE NEEDS

Extent of Worst Case Needs in 2009

In the context of the recent upheaval in the U.S. housing market and subsequent economic recession, we examine the latest 2009 AHS data to understand the current dimensions of what was already a growing problem. The basic facts presented and examined in the following pages are these—

- In 2009, 7.10 million renters had worst case needs, as shown in exhibit 1-1. These are renters with very low incomes³ who lack housing assistance and have either severe rent burdens or severely inadequate housing, or both.
- The number of worst case needs in 2009 has increased by 20 percent from 2007 levels and by almost 42 percent from 2001 levels.
- The primary problem affecting worst case needs is rent burden—insufficient tenant incomes relative to rental costs. Severely inadequate housing accounts for only a small fraction—2.9 percent—of worst case needs.

PRIORITY PROBLEMS TRIGGER
WORST CASE NEEDS

Two types of priority problems constitute worst case needs for federal housing assistance.

- Severe rent burden means a renter is paying more than one-half of his or her income for gross rent (rent and utilities).
- Severely inadequate housing refers to units having one or more serious physical problems related to heating, plumbing, and electric systems or maintenance. (Problems are listed in appendix E.)

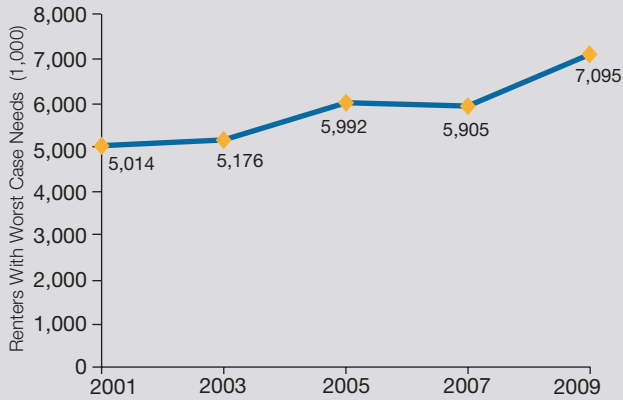
The U.S. Department of Housing and Urban Development (HUD) is the largest federal provider of affordable rental housing. Following a request by Congress in 1991, HUD's Office of Policy Development and Research (PD&R) has been periodically reporting to Congress on the severity of worst case housing needs (known here as "worst case needs") for affordable rental housing as collected in the biennial American Housing Survey (AHS).¹ This report is 13th in the series of core reports.²

¹ The American Housing Survey is conducted between May and September in odd-numbered years.

² The U.S. Department of Housing and Urban Development's (HUD's) Office of Policy Development and Research (PD&R) supplements the core reports on worst case needs with periodic topical reports. A forthcoming supplement will focus on new data about people with disabilities and worst case needs among households including these individuals. For a list of previous titles, see "Previous Reports to Congress on Worst Case Needs" in appendix D.

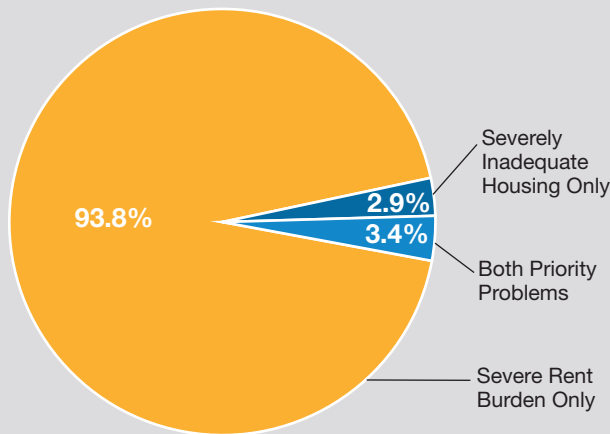
³ The terms "very low income" and "extremely low income" are used throughout this report to refer to the income levels of renters. Very low incomes are those no greater than 50 percent of the Area Median Income (AMI) and extremely low incomes are those no greater than 30 percent of AMI—typically below the poverty line. HUD programs use AMI calculated on the basis of local family incomes, with adjustments for household size. Nationwide, the median income was \$64,000 in 2009, placing the very low-income level at \$32,000 per year and the extremely low-income level at \$19,200 per year. All these income levels are for a family of four. Families with fewer than four people, or who are living in areas with lower family incomes, may have incomes far below these national thresholds if they qualify as very low- or extremely low-income households in their areas. For details about how HUD sets income limits, see <http://www.huduser.org/portal/datasets/il.html>.

EXHIBIT 1-1. GROWTH IN WORST CASE HOUSING NEEDS, 2001–2009



Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

EXHIBIT 1-2. MOST WORST CASE NEEDS ARE CAUSED BY SEVERE RENT BURDENS, 2009



Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

- The dramatic increase in worst case needs during the 2007–2009 period⁴ reflects the effects of the homeownership and financial crises. Mortgage foreclosures, widespread unemployment, and shrinking renter incomes during the recession added many new very low-income renters—those vulnerable to worst case needs.
- Lower incomes affected worst case needs both directly, by decreasing incomes relative to rents, and indirectly, by rapidly increasing demand and competition for the most affordable units and thereby raising rents. So, although the population of vulnerable very low-income renters grew substantially, the proportion of this population that had worst case needs (the “incidence”) increased as well during the 2007–2009 period.
- Although housing assistance prevented millions of housing problems during 2009, the supply of public rental assistance was far from adequate to cope with surging needs—and indeed expanded very little during the 2007–2009 period.

With these basic facts as the focus, Section 1 explores the current extent of worst case needs and the demographic characteristics of those who have such needs and the situations in which they live.

Inadequate Income and Inadequate Housing

Of the two types of priority problems that qualify as worst case needs, severe rent burden appears far more frequently than severely inadequate housing. As exhibit 1-2 illustrates, 97.2 percent of all worst case renters, or 6.89 million, had severe rent burdens in 2009. Paying one-half of a limited total income for rent leaves very little for other essentials, such as food, medical care, transportation expenses, education, and childcare.

Severely inadequate housing alone triggers only 2.9 percent of worst case needs. If renters with severe rent burdens are included, then 6.3 percent (443,000) of worst case renters had severely inadequate housing units.

The small fraction of worst case needs caused by severely inadequate housing is the result of a multidecade trend of improvements to the nation’s housing stock. More stringent building codes prevent construction of units without complete plumbing or heating systems, and additional obsolete units are demolished each year. Nevertheless, the housing stock is continually aging, and severely inadequate units continue to pose threats to the life and health of thousands of renters.

⁴ This range of dates reflects the time between the 2007 AHS and the 2009 AHS.

Incidence of Worst Case Needs by Income

In 2009, two out of three renters with worst case needs had extremely low incomes. The predominance of severe rent burden as a cause of worst case needs highlights the importance of household incomes to the problem. As shown in exhibit 1-3, the 7.10 million worst case needs in 2009 occurred within a universe of 17.12 million very low-income renters. These estimates reflect an overall incidence of 41.5 percent of very low-income renters having worst case needs.

Very low-income households, however, comprise two subgroups: the extremely low-income households who have incomes at 0 to 30 percent of Area Median Income (AMI), and the higher income households with incomes in the range of 30 to 50 percent of AMI. Most very low-income renters, 58.2 percent, are in the extremely low-income category. In 2009, 9.96 million renters had incomes at

0 to 30 percent of AMI, compared with 7.16 million renters with incomes at 30 to 50 percent of AMI.

Extremely low-income renters accounted for 5.07 million cases of worst case needs in 2009, with 50.9 percent of renters in this poorest group having severe housing problems. Renters in the 30–50 percent of AMI group had 2.03 million cases of worst case needs. Thus, the incidence of worst case needs among the higher-income group, at 28.3 percent, was little more than one-half as great as the incidence for extremely low-income renters.

In 2009, the extremely low-income group had both greater numbers and higher incidence of worst case needs than the 30–50 percent of AMI group. As a result, a substantial majority, 71.4 percent, of all worst case needs occurred to those with incomes below 30 percent of AMI. In Section 3, we explore further the relative importance of factors such as changes in the numbers and incomes of very low-income renters.

WHAT ABOUT HOMELESS PERSONS?

Homeless individuals and families clearly have worst case needs for housing assistance. Homeless people, however, are not included in official estimates, because the American Housing Survey covers only housing units and the households who live in them, and homeless populations are always difficult to survey or count.

In the most recent *Annual Homeless Assessment Report* to Congress, HUD estimated that 643,067 sheltered and unsheltered people were homeless at a single point in time during 2009 (HUD, 2010). This estimate reflects continuing improvements in Homeless Management Information Systems operated by a national network of homeless service providers. More reliable homeless data increasingly allow for such estimates to inform analysis of worst case housing needs.

Source: HUD-CPD (2010)

Growth in Worst Case Needs

The number of worst case needs in 2009, 7.10 million, is more than 20 percent greater than the number just 2 years earlier during 2007. HUD's 2007 estimate of 5.91 million worst case needs was not significantly different than the 5.99 million recorded in 2005. In contrast, the increase of 1.19 million during the 2007–2009 period easily satisfies the basic test for statistical significance.⁵

The 2007–2009 increase in worst case needs extended and accelerated the upward trend that has been occurring since 2001. Between 2001 and 2009, 2.08 million renters with worst case needs have been added, an increase of nearly 42 percent.

Worst case needs also are increasing as a percentage of U.S. households. During the 2007–2009 period, the overall incidence increased by a full percentage point, from 5.3 to 6.3 percent. This increase is statistically significant as well.⁶

EXHIBIT 1-3. WORST CASE NEEDS IN 2009

	0–30% AMI	30–50% AMI	Total
Very low-income renters (thousands)	9,961	7,157	17,118
Worst case needs renters (thousands)	5,069	2,026	7,095
Percent of very low-income renters with worst case needs	50.9%	28.3%	41.4%

AMI = Area Median Income.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

⁵ The 90-percent confidence interval for the 2009 estimate of worst case needs is 6.844 to 7.346 million, which does not overlap with the 2007 confidence interval of 5.675 to 6.135 million. See the following footnote for a fuller discussion.

⁶ When analyzing 2009 results, HUD was unable to conduct sophisticated tests of statistical significance that would take into account the AHS panel design. Because the AHS samples the same housing units in multiple years, the samples are not independent from year to year, and confidence intervals for the change in means are larger than simple statistical tests imply. HUD and the Census Bureau, however, previously used a more stringent method in assessing the 2003–2005 change. That test indicated that a 2003–2005 change in incidence across all U.S. households was significant at the 95-percent confidence level if it exceeded 0.294 percentage points (HUD, 2007). The result of this earlier test is strongly suggestive but not conclusive that the 2007–2009 increase of 1.01 percentage points in overall incidence easily is statistically significant.

EXHIBIT 1-4. TREND OF INCREASING INCIDENCE OF WORST CASE NEEDS IS EXTENDED AND ACCELERATED IN 2009

	2001	2003	2005	2007	2009
All households (millions)	105.44	105.87	108.9	110.72	111.86
Renters with worst case needs (millions)	5.01	5.18	5.99	5.91	7.10
Worst case needs as percent of all households	4.76%	4.89%	5.50%	5.33%	6.34%

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

Because the problem of worst case needs primarily involves lacking sufficient units with affordable rents for renters with very low incomes, the remainder of this section examines the demographics of the renters who have these problems. Then, Section 2 explores the dimensions of inadequate supply of affordable rental units, and Section 3 summarizes and integrates supply and demand issues to shed light on the root causes of the growing worst case needs problem.

Demographics of Worst Case Needs

Race, Ethnicity, and Immigration Status

Worst case needs for affordable housing persist across racial and ethnic lines. As the nation’s population becomes more diverse, the problems are found among all communities. Similarities and differences do exist, nonetheless, among the three largest groups defined by race and ethnicity.

During 2009, most worst case needs continued to affect non-Hispanic White renters, with smaller shares affecting non-Hispanic Black renters, Hispanic renters, and other renters. The shares approximate the representation of these groups among very low-income renters. Together, the three largest race/ethnicity groups accounted for 93.8 percent of worst case needs in 2009.

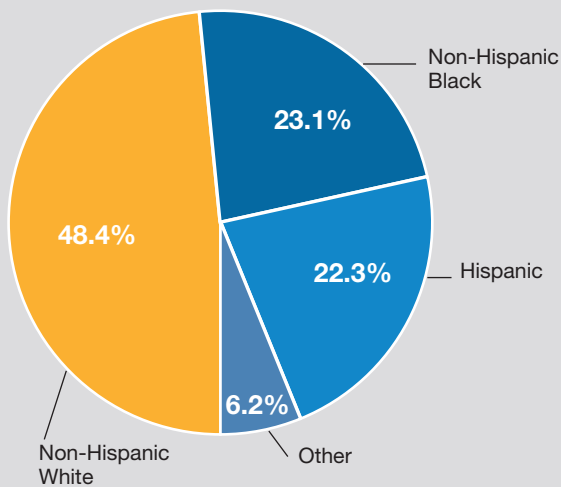
In terms of incidence, the order differs. Exhibit 1-6 illustrates that Hispanic very low-income renters had the highest incidence of worst case needs in 2009, with 45.3 percent. White renters had the next highest incidence, with 42.7 percent, followed by Black renters, with 36.5 percent.⁷

The high incidence among Hispanic renters during 2009 reflects a striking increase of 8.0 percentage points from the 2007 rate. White and Black renters experienced smaller increases of 3.7 and 3.2 percentage points, respectively.

In contrast to the importance of higher incidence for Hispanics, for Black renters, the more important factor in 2009 was the increase in the number of vulnerable very low-income renters. During the 2007–2009 period, the number of very low-income renters increased by 11.1 percent for non-Hispanic Blacks compared with 7.7-percent growth for non-Hispanic Whites and 5.9-percent growth for Hispanics.

The varying experiences of Black, White, and Hispanic renters during the 2007–2009 recessionary period may reflect variations in their

EXHIBIT 1-5. SHARE OF WORST CASE NEEDS BY RACE AND ETHNICITY, 2009



Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

⁷ The estimated increases in worst case needs exceed simple tests of statistical significance (ignoring the lack of independence of the samples) for White and Hispanic renters, but not for Black renters.

geographic locations, which we examine in connection with rental housing markets in Section 2.⁸

Although the rate of immigration, especially Hispanic immigration, has been strong during the past decade, little evidence indicates that it has a disproportionate bearing on worst case needs. In 2009, householders⁹ who are naturalized citizens accounted for 7.0 percent of worst case needs, proportional to their 6.6 percent share of unassisted very low-income households. Likewise, noncitizen householders constituted 15.8 percent of worst case needs, slightly less than their 16.2-percent share of unassisted very low-income households.

Among unassisted very low-income renters, the incidence of worst case needs is 53.7 percent for noncitizen householders and 59.1 percent for naturalized citizens. Across both immigrant groups, the average incidence of worst case needs among unassisted very low-income renters is 55.3 percent, nearly identical to the 55.2-percent rate for U.S. native householders. Among Hispanic immigrants, the incidence is slightly lower, at 54.4 percent of unassisted very low-income renters.

Worst Case Needs by Household Type

The composition of different households reflects variations in their stage of life, income and resources, and housing needs. Most worst case needs affect families with children, followed by nonfamily renter households, elderly renters, and other families.

Exhibit 1-8 provides greater detail, showing the number of very low-income renters and worst case needs among these household types in 2007 and 2009.

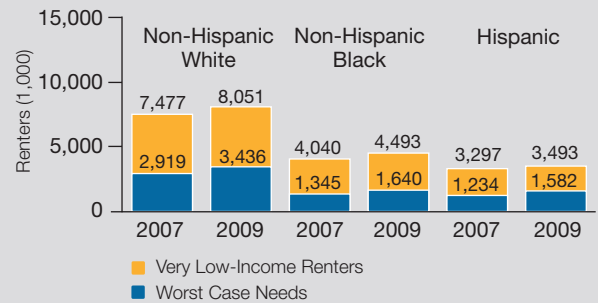
Families With Children

Worst case needs are an increasing problem for families with children. In 2009, the number of renters with children and very low incomes increased by 430,000 from the 2007 level. The number of worst case needs for this group grew even more substantially, increasing by 550,000 cases over the same period. Among very low-income renters with children, the 40.5-percent incidence of worst case needs is up sharply from the 34.6-percent incidence in 2007. Without housing assistance, worst case needs would be substantially higher. Among very low-income renters with children, 1.69 million (25.0 percent) have rental assistance, and therefore cannot have worst case needs by definition.

Elderly Households

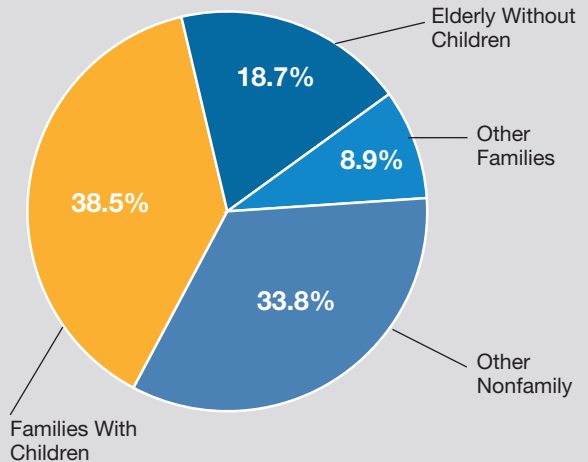
HUD defines elderly households as those having a household head or spouse who is at least 62 years of age and no children under 18 years of age. During 2009, 1.33 million elderly renters had worst case needs, an increase of 120,000 from the 2007 estimate. In 2009, the

EXHIBIT 1-6. VERY LOW-INCOME RENTERS AND WORST CASE NEEDS BY RACE/ETHNICITY, 2007–2009



Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

EXHIBIT 1-7. SHARE OF WORST CASE NEEDS BY HOUSEHOLD TYPE, 2009



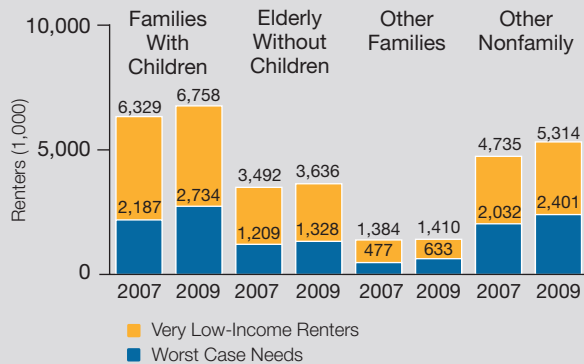
Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

incidence of worst case needs among elderly very low-income renters was 36.5 percent, which is slightly less than the rate for families with children but is slightly higher than the 34.6-percent rate recorded in 2007.

⁸ Other factors that might have contributed to differences in worst case needs among groups during the recessionary period include involvement with the subprime mortgage market and foreclosures, and variations in occupations and industries (for example, construction). A detailed analysis of such factors is beyond the scope of this report.

⁹ In the AHS, "householder" refers to the reference person who is responding to the survey, not necessarily to the head of household.

EXHIBIT 1-8. INCIDENCE AND GROWTH OF WORST CASE NEEDS BY HOUSEHOLD TYPE, 2007–2009



Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

Other Families

After accounting for families with children and elderly-headed households, other renter households can be divided into those with family relationships and those without. “Other families” include households such as married couples who are childless or have adult children at home, adult siblings sharing an apartment, or householders boarding an elderly parent. As such, “other families” is a category that is affected by doubling-up behavior (that is, reverse household formation) during times of economic stress.

“Other families” constitute the smallest category shown in exhibit 1-5, representing 1.41 million very low-income renters, of whom 630,000 had worst case needs in 2009. “Other families” thus account for only 8.9 percent of worst case needs. Their incidence of worst case needs, however, at 44.9 percent, exceeds the rates for both families with children and elderly households, and it represents a dramatic increase from the 33.8-percent rate recorded in 2007.

Other Nonfamily Households

In 2009, more than 5.31 million very low-income renters were “other nonfamily” households, making this the second-largest category after families with children. These renters comprise individuals (82.1 percent—see table A-6a) and unrelated people sharing a housing unit. Worst case needs among these renters numbered 2.40 million, for an incidence of 45.2 percent: that is the highest among the four household categories. However, the increase in incidence from 42.9 percent in 2007 is smaller than the increases seen among family households—either with or without children.

The addition of 580,000 “other nonfamilies” during the 2007–2009 period increased their share from 29.6 to 31.0 percent of very low-

income renters. Although their share of worst case needs did not increase in the same way, the increase in “other nonfamilies” as a proportion of very low-income renters could signal that individuals are doubling up as a way to cope with shrinking incomes and increasing rents.

It is notable that two single individuals with very low incomes who begin to share housing may jointly surpass the very low-income threshold, thereby reducing the number of very low-income renters by two. As a result, doubling up could be even more prevalent than the increase in “other nonfamilies” with very low incomes suggests.

Households Including People With Disabilities

Worst case needs can be especially troublesome for households including people with disabilities. Disabilities can reduce employment options and make it more difficult to find suitable housing at a reasonable cost. Until recently, the only method of identifying people with disabilities using AHS data was to look for income sources associated with people with disabilities, such as social security or disability payments. HUD used these income proxies in past reports on worst case needs, even though the proxies have been shown to undercount people with disabilities (HUD-PD&R, 2008). Over the years, HUD has worked to make estimates of worst case needs better and more precise, particularly among people with disabilities.

Beginning with the 2009 AHS, respondents are asked directly whether household members have any of six types of disabilities, which include four basic functional limitations—visual, hearing, cognitive, and ambulatory—and difficulties with activities of daily

QUESTIONS ABOUT DISABILITIES IN THE 2009 AMERICAN HOUSING SURVEY

- Are you deaf or have serious difficulty hearing?
- Are you blind or have serious difficulty seeing, even when wearing glasses?
- Because of a physical, mental, or emotional condition, does anyone in this household have serious difficulty concentrating, remembering, or making decisions?
- Does anyone in this household have serious difficulty walking or climbing stairs?
- Does anyone in this household have serious difficulty dressing or bathing?
- [For all persons 15 years and older] Because of a physical, mental, or emotional condition, does anyone in this household have difficulty doing errands alone such as visiting a doctor’s office or shopping?

Source: HUD PD&R (2010)

living—self-care and independent living.¹⁰ This valuable capability of the 2009 AHS survey enables HUD to estimate directly worst case needs for households including nonelderly people with disabilities, thereby avoiding limitations of the income-based proxies.

People with disabilities are found among all four household types discussed previously. In 2009, 8.3 percent of all households and 11.0 percent of all renters included nonelderly people¹¹ reporting at least one of the six measures of disabilities. Of the 7.10 million renter households with worst case needs in 2009, almost 990,000, or 13.9 percent, include one or more nonelderly people with disabilities.

Among very low-income renters that include nonelderly people with disabilities, the incidence of worst case needs averages 38.2 percent. The incidence of worst case needs reaches as high as 41.5 percent among families with children including people with disabilities, and also exceeds one-third of “other” households that include nonelderly people with disabilities.

Although these new direct measures of disability are clearly an improvement from the past proxy measures, evidence from other data sources suggests that the estimate of renters with worst case needs that include people with disabilities is likely an undercount. Alternative data from the American Community Survey indicates that the share of very low-income renters with disabilities can be 30 to 60 percent higher than the AHS estimate.

It is the incidence among the disabled population rather than the precise estimation of worst case needs that is crucial for making comparisons across different data sources and examining trends in

this important policy area. Although the new AHS disability questions do not yet support a trend analysis, the income-proxy measure used previously can inform us of trends in worst case needs among very low-income renters with disabilities.

In 2009, 40.7 percent of very low-income renters who were found to include people with disabilities through use of the income proxy had worst case needs. This rate was 3.2 points higher than the 2007 incidence (37.5 percent) and 2.4 points higher than the 2005 incidence (38.3 percent).¹²

Based on the income proxy, the large increase in the number of worst case needs households overall during the 2007–2009 period was not matched by a proportional increase in the number of worst case needs households that include people with disabilities. Worst case needs among households that include people with disabilities grew by 13.3 percent, substantially less than the 20.1-percent increase in worst case needs overall. As a result, from 2007 to 2009, the incidence of disabilities among renters with worst case needs decreased from 17.0 to 16.1 percent.

In order to give the issue of worst case needs among people with disabilities more indepth analysis, in 2011 HUD will issue a supplement to the worst case needs report. The supplement will examine how the AHS’s direct questions on disability compare with measures based on income, analyze the differences in disability estimates based on different measures and data sources, and discuss the demographic and geographic characteristics of worst case needs for households including people with disabilities.

EXHIBIT 1-9. WORST CASE NEEDS AND PRESENCE OF NONELDERLY PEOPLE WITH DISABILITIES BY HOUSEHOLD TYPE, 2009

	Family With Children	Elderly Without Children	Other Families	Other Nonfamily	Total
Very low-income renters	6,758	3,636	1,410	5,314	17,118
Worst case needs	2,734	1,328	633	2,401	7,096
Percentage with worst case needs	40.5%	36.5%	44.9%	45.2%	41.5%
Percentage having nonelderly persons with disabilities	14.8%	2.4%	21.5%	22.4%	15.1%
	1,002	88			
Very low-income renters having nonelderly persons with disabilities	416	29	303	1,190	2,583
Worst case needs	41.5%	33.0%	112	429	986
Percentage with worst case needs	33.0%	41.5%	37.0%	36.1%	38.2%

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

¹⁰ The specific AHS questions about disability are documented as additions to the AHS codebook. See HUD-PD&R (2010).

¹¹ The analysis is limited to nonelderly people with disabilities because a large proportion of elderly people suffer from impairments and activity limitations as a predictable consequence of aging. Note, however, that nonelderly people with disabilities may be found in elderly headed households, and that these individuals are not identifiable with proxy-based methods.

¹² These estimates differ from previously published estimates because they include nonelderly adults with disabilities found among families with children.

Summary

Worst case needs for affordable rental housing are a large and growing problem. In 2009, of the 17.12 million very low-income renters susceptible to severe rent burdens and severely inadequate housing, 7.10 million—41.5 percent—faced one or both of those problems without housing assistance. The number of worst case needs increased sharply and significantly since 2007, when 5.91 million worst case needs were estimated. Further, the number of worst case needs has been climbing for many years. Since 2001, the number of worst case needs has grown by 42 percent, expanding from 4.8 to 6.3 percent of all households in the nation.

Worst case needs have grown even as severely inadequate housing has become less prevalent. In 2009, severely inadequate housing was the sole cause of only 3.4 percent of worst case needs, while 97.2 percent of worst case needs were triggered solely by severe rent burdens, and 3.4 percent by both problems.

For very low-income renters, no racial or ethnic group examined, and no household composition, is exempt from worst case needs. From 2007 to 2009, worst case needs increased among non-Hispanic White renters (with a 3.7-point increase to 42.7 percent of very low-income renters), non-Hispanic Black renters (3.2-point increase to 36.5 percent), and especially rapidly among Hispanics (8.0-point in-

crease to 45.3 percent). Differing experiences of racial and ethnic groups during the recessionary period may result from differences in location, subprime mortgage involvement, and employment situations.

Among very low-income renters, worst case needs are prevalent among families with children (40.5 percent), elderly households without children (36.5 percent), other family households (44.9 percent), and other nonfamily households (45.2 percent), which include single adults and roommates. Families with children account for the largest share of worst case needs, 38.5 percent, followed by other nonfamily renters at 33.8 percent. And although other families constitute a relatively small category, their incidence of worst case needs is 11.1 points higher than it was in 2007.

Worst case needs occurred for 38.2 percent of very low-income renters including nonelderly people with disabilities in 2009—below the overall incidence of 41.5 percent among very low-income renters. Based on income-based proxies, the incidence of worst case needs among disabled renters increased by 3.2 percentage points from the 2007 rate.

Section 2 will examine how the broad problem of worst case needs is caused by shortages of affordable housing, and mitigated by assisted housing, in national and regional markets.

SECTION

2

SHORTAGE OF AFFORDABLE HOUSING

Nationally, only 61 affordable units exist for every 100 extremely low-income renters. Fewer than 36 affordable units are available for occupancy for every 100 extremely low-income renters. The geography of worst case needs and housing assistance sets a foundation for understanding competition for affordable rental housing. There is an inadequate supply of affordable rental units available to very low-income and, especially, to extremely low-income renters. This shortage is worsened by the process of displacement by higher income renters. A final blow is that a significant portion of the affordable stock is physically inadequate and may pose threats to occupants.

Geography of Worst Case Needs

Housing markets are local markets. And perhaps even more than wealthier renters, very low- and extremely low-income renters may find their choice of housing units limited to those in their local communities and neighborhoods.

As a national survey, the AHS does not support biennial estimates of worst case needs for individual metropolitan areas.¹³ It does, however, support an examination of three types of metropolitan locations—central city, suburb, and nonmetropolitan or rural areas—and four geographic regions—Northeast, Midwest, South, and West. This spatial analysis, although at a high level, provides considerable detail to the national picture of worst case needs.

Worst Case Needs and Housing Assistance by Region and Metropolitan Location

A key aspect of the definition of “worst case needs” is that it can be understood as an indicator of need for affordable housing. Because rental housing with deep public subsidies falls into the “affordable” range, the definition of worst case needs excludes renters with housing assistance. Therefore, examining the spatial distribution of housing assistance and of worst case needs together provides information about the extent to which assistance is mitigating severe housing problems.

Exhibit 2-1 shows the distribution of the nation’s 17.12 million very low-income renters across the three metropolitan categories and four Census regions. On a regional basis,

¹³ Through 2009, HUD and the Census Bureau have conducted periodic AHS metropolitan surveys to supplement the national AHS. Beginning in 2011, the national AHS will incorporate metropolitan oversamples to provide metropolitan data more frequently.

most very low-income renters, 5.91 million, are found in the South, followed by similar shares of 3.63 million each in the Northeast and Midwest, and 3.95 million in the West. Central cities are home to 7.92 million very low-income renters, followed closely by suburbs with 6.12 million and nonmetropolitan areas with 3.08 million.

Like very low-income renters, worst case needs are common in every region and metropolitan category across the nation. As a national average, 41.4 percent of very low-income renters have worst case needs. The incidence is slightly higher than the national average in the West, about the same in the South, and marginally lower in the Northeast and Midwest.

Looking across metropolitan categories, the incidence of worst case needs is slightly greater than the national average in central cities and suburbs and below average in nonmetropolitan areas.

Exhibit 2-1 also demonstrates the important role played by housing assistance in reducing worst case needs. On a national basis, 4.27 million very low-income renters—25.0 percent—report receiving

housing assistance and 41.4 percent have worst case needs. Thus, 1.7 very low-income renters have worst case needs for every 1 that is assisted.¹⁴

Because most assisted households would otherwise experience worst case needs, it is worth observing that housing assistance is relatively less common in the suburbs, where only 21.3 percent of these renters are assisted. The prevalence of housing assistance also varies on a regional basis, ranging from 21.2 percent in the West to 30.7 percent in the Northeast, with its established but aging stock of public housing.

Exhibit 2-2 charts the same data to illustrate how housing assistance and worst case needs are inversely related. The incidence of worst case needs is lower in nonmetropolitan areas and in the Northeast and Midwest where housing assistance is relatively more available.

The incidence of worst case needs is greater in the West and in suburbs, where housing assistance is scarcer, although high rents in the West also contribute to this scenario.¹⁵

EXHIBIT 2-1. NUMBER OF VERY LOW-INCOME RENTERS AND INCIDENCE OF WORST CASE NEEDS AND HOUSING ASSISTANCE BY REGION AND METROPOLITAN LOCATION, 2009

Region	Metropolitan Location			Total
	Central Cities	Suburbs	Nonmetropolitan Areas	
Midwest (1,000)	1,654	1,111	864	3,628
With worst case needs	42.1%	38.6%	33.0%	38.9%
With housing assistance	27.0%	24.1%	31.3%	27.2%
Northeast (1,000)	2,041	1,204	381	3,626
With worst case needs	39.2%	41.4%	30.4%	39.0%
With housing assistance	31.8%	25.8%	40.2%	30.7%
South (1,000)	2,399	2,151	1,362	5,912
With worst case needs	42.4%	43.6%	38.5%	41.9%
With housing assistance	26.2%	18.3%	23.3%	22.6%
West (1,000)	1,821	1,654	476	3,951
With worst case needs	45.6%	46.3%	40.8%	45.3%
With housing assistance	22.0%	20.0%	22.5%	21.2%
Total (1,000)	7,915	6,119	3,084	17,118
With worst case needs	42.2%	43.0%	36.3%	41.4%
With housing assistance	26.8%	21.3%	27.5%	25.0%

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

¹⁴ AHS estimates of assisted very low-income renters rely on self-reported data, but they reflect recent improvements in data reliability. For comparison, HUD administrative data for 2009 show 4.60 million assisted households, based on 3.38 million units of Section 8 assistance; 1.05 million units of public housing (net of 7-percent vacancy); 0.15 million units of housing for elderly and disabled individuals; and 0.02 million units of HOME tenant-based assistance (HUD, 2009). Some HUD-assisted renters may have incomes above the very low-income threshold if their incomes increased after program admission.

¹⁵ High rents introduce the question of whether enough rental units are available at Fair Market Rent (FMR) to make housing vouchers an adequate policy response to affordable housing shortfalls. The supplemental table B-3 in appendix B addresses the extent of housing supply on a regional basis. Although enough affordable units exist in each region, the number of available units in each region is sufficient to house only 83–90 percent of the renters who can afford rents no higher than the FMR. For renters who are attempting to find a unit with a Housing Choice Voucher, the housing quality standards of that program imply that those renters' success will depend upon the prevalence of "adequate" units in their area—housing that is not merely affordable and available units.

Interaction of Race/Ethnicity and Metropolitan Location

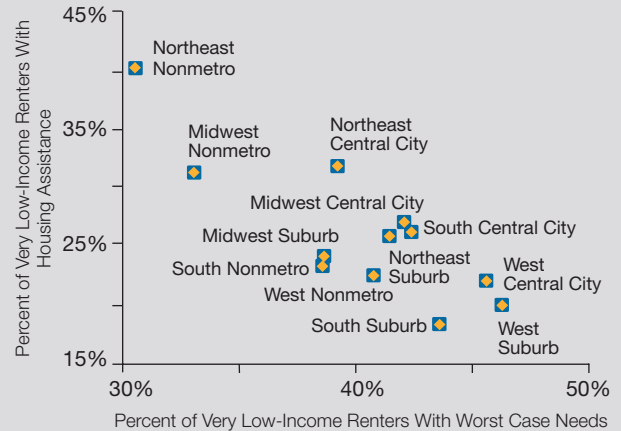
Exhibit 2-3 shows the number of very low-income renters, both overall and with worst case needs, by the major race/ethnicity groups and their metropolitan location.

Across the nation, HUD found a total of 3.34 million worst case needs in central cities (47.1 percent of the total), 2.63 million in suburban areas (37.1 percent), and 1.12 million in nonmetropolitan areas (15.8 percent). The distribution of worst case needs by metropolitan location parallels the distribution of very low-income renters across these areas.

The most common areas to find worst case needs, however, differ for White renters¹⁶ compared with minority populations. White households continue to account for the largest share of very low-income renters and of worst case needs in every metropolitan category. The largest proportion of White very low-income renters (39.3 percent) live in suburbs, and the largest share of their worst case needs (39.2 percent) are found there as well.

In contrast, minority very low-income renters and minority worst case needs are most commonly found in central cities. Central cities are home to 59.9 percent of Black very low-income renters and 59.1 percent of Black worst case needs. Similarly, 56.2 percent of Hispanic very low-income renters and 54.9 percent of Hispanic worst case needs occur in central cities. A similar story can be told for “other” minority households.

EXHIBIT 2-2. GREATER ACCESS TO HOUSING ASSISTANCE, ESPECIALLY IN RURAL AREAS, REDUCES INCIDENCE OF WORST CASE NEEDS, 2009



Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

EXHIBIT 2-3. NUMBER OF VERY LOW-INCOME RENTERS OVERALL AND WITH WORST CASE NEEDS (1,000) BY RACE/ETHNICITY AND METROPOLITAN LOCATION, 2009

Race/Ethnicity	Metropolitan Location			Total
	Central Cities	Suburbs	Nonmetropolitan Areas	
Non-Hispanic White	2,743	3,167	2,140	8,051
With worst case needs	1,291	1,346	799	3,436
Non-Hispanic Black	2,691	1,334	467	4,493
With worst case needs	969	506	164	1,640
Hispanic	1,965	1,238	290	3,493
With worst case needs	869	603	109	1,582
Other	516	379	186	1,081
With worst case needs	214	176	47	437
Total	7,915	6,119	3,084	17,118
With worst case needs	3,344	2,632	1,119	7,095

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

¹⁶ In this discussion, “White” refers to non-Hispanic White renters, and “Black” refers to non-Hispanic Black renters.

How the Market Allocates Affordable Housing on a National Basis

Exhibit 2-4 shows the distribution of rental units and their occupancy by the affordability of their rents relative to Area Median Income (AMI). A unit is considered affordable for a renter as long as gross rent (rent plus utilities) does not exceed 30 percent of income. Any given renter, however, may live in a unit renting for less than, the same as, or more than that threshold.¹⁷

The extent of competition for the most affordable housing portrayed in Exhibit 2-4 is striking.¹⁸ Higher income renters occupy 41.5 percent of the units affordable to extremely low-income renters, 36.3 percent of units affordable for incomes at 30 to 50 percent of AMI, and 32.6 percent of units affordable at 50 to 80 percent of AMI.

Competition for affordable units is demonstrated further by the varying proportions of vacant units across the affordability categories. The vacancy rate increases as affordability of the rent decreases. Among the least costly units—those with rents affordable for incomes at 0 to 30 percent of AMI—only 4.3 percent are vacant. The vacancy rate jumps to 10.7 percent among units affordable at 30 to 50 percent of AMI, to 12.0 percent among units affordable at 50 to 80 percent of AMI, and to 15.1 percent among the highest rent units. This steep gradient in national vacancy rates reflects the very tight market for extremely low-income units and the increasingly slack market conditions found at higher rent levels (which include numer-

ous vacation homes). The gradient also shows that in many markets, rental vouchers could feasibly reduce worst case needs if landlords are willing to participate.

Although vacancy rates provide a valuable indication of the balance between supply and demand, they do not directly compare the number of affordable units with the number of renters. The remainder of Section 2 makes such comparisons, employing three increasingly stringent concepts to assess whether the rental housing stock is sufficient for the need.

Affordability, Availability, and Adequacy of the National Rental Stock

Exhibit 2-5 describes the U.S. rental housing stock in 2009 using AHS data. These aggregate data portray how the overall stock would compare with the need for affordable housing if location did not matter.¹⁹

The cumulative number of affordable units is shown to equal the cumulative number of renters only when incomes of 50 percent of AMI are included. Beyond this point, more than 100 affordable units exist per 100 renters—enough, with perfect allocation, to provide affordable housing to every renter with income above 50 percent of AMI. This threshold moved higher from the 2007 level of 45 percent of AMI, meaning that the scarcity of affordable units is reaching higher up the income scale.

EXHIBIT 2-4. OCCUPANCY OF AFFORDABLE UNITS SHOWS EFFECTS OF COMPETITION AMONG RENTERS, 2009

Occupancy Status	Rental Units by Income Needed to Make the Rent Affordable (1,000)				Total
	0–30% of AMI	30–50% of AMI	50–80% of AMI	>80% of AMI	
Higher income occupants	2,600	3,970	5,289	NA	11,859
Same or lower income occupants	3,395	5,797	8,988	5,357	23,537
Vacant	270	1,171	1,951	956	4,348
Total	6,265	10,938	16,228	6,313	39,744

AMI = Area Median Income. NA = Not Available.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

¹⁷ Note that renters whose incomes place them at the bottom of an income range would not find units affordable that rent at the top of their range. More detailed presentations of these data appear in appendixes A and B, where table A-12 and exhibit B-2 show unit affordability and occupancy status using 10-point income breaks.

¹⁸ For several reasons it may be inappropriate to label the consumption of housing unit that is less costly than one could afford as “displacement” of poorer renters, but for lack of a better word, that term will be used. Households at many income levels face a variety of competing demands on their discretionary income, and they have the freedom to allocate their consumption as they choose. Further, exhibit 2-3 reflects national aggregate data, which do not support assumptions that very low-income renters occupying extremely low-income units, for example, would actually have extremely low-income renters nearby seeking their unit.

¹⁹ Measures of affordability, availability, and adequacy compare the entire housing stock with the entire renter population, and they do not reflect small-scale geographic detail. Even the smaller geographic units used in this analysis are too large to accurately represent local housing supply and demand, so results should be viewed with some caution as national or regional indicators based on underlying local housing markets. More severe shortages or generous surpluses can occur in specific housing markets despite these national and regional findings. For an overview of issues related to local markets, see Khadduri, Burnett, and Rodda (2003).

The ratio of affordable units per renter peaks at an income level of 80 percent of AMI. The ratio of cumulative units to cumulative renters declines at higher incomes. Higher income renters find less need to spend more than 30 percent of their incomes on housing and are able to absorb units without experiencing cost burdens.

Enough affordable units exist to house only 61 percent of extremely low-income renters even if those units somehow could be perfectly allocated. Notably, 61 percent is substantially below the 76 percent of extremely low-income renters for which affordable units existed in 2007.

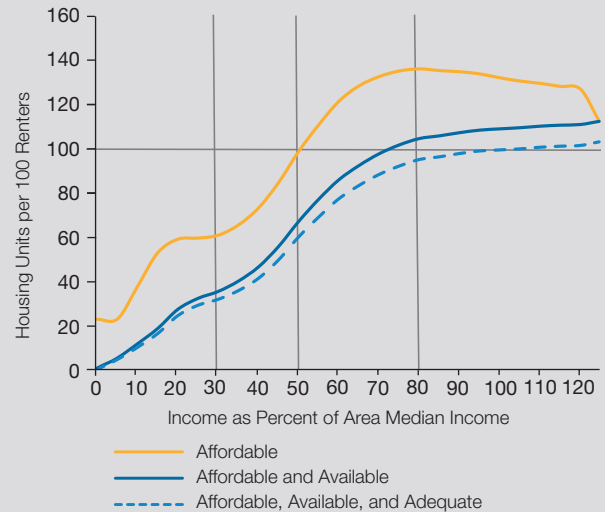
Considering availability in addition to affordability adds an important dimension: whether or not affordable units are currently occupied by higher income renters.²⁰ Availability poses an important additional constraint for renters seeking affordable units, because only about 36 percent of extremely low-income renters could actually find an affordable unit available for their occupancy even if location were not a factor.

The paucity of affordable and available units is due in part to the occupancy of a considerable proportion of the most affordable housing stock by renters who could afford to spend more (as shown previously in Exhibit 2-3). The affordable stock is nominally sufficient to house every renter above 50 percent of AMI, but the available

MEASURING WHETHER AFFORDABLE HOUSING STOCK IS SUFFICIENT FOR THE NEED

- *Affordability* measures the extent to which enough rental housing units of different costs can provide each renter with a unit it can afford (based on the 30-percent-of-income standard). Affordability, which is the broadest measure of the relative supply of the housing stock, addresses whether sufficient housing units would exist if allocated solely on the basis of cost. The affordable stock includes both vacant and occupied units.
- *Availability* measures the extent to which affordable rental housing units are available to renters within a particular income range. Availability is a more restrictive concept, because units that meet the definition must be available as well as affordable. Some renters choose to spend less than 30 percent of their incomes on rent, occupying housing that is affordable to renters of lower income. These units thus are not available to a lower income renter. A unit is available at a given level of income if it is affordable at that level and either (1) occupied by a renter with that income or less or (2) vacant.
- *Adequacy* extends the concept of availability by considering whether sufficient rental units are physically adequate as well as affordable and available. Adequacy thus is the most restrictive of the three measures.

EXHIBIT 2-5. THREE MEASURES CHARACTERIZE THE SUFFICIENCY OF THE U.S. RENTAL HOUSING STOCK, 2009



Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

stock does not match the number of renters until household incomes reach about 73 percent of AMI.

Exhibit 2-4 also illustrates that adding a final criterion—that units should be physically adequate—further reduces the supply of the rental housing stock. Even for renters with low incomes up to 80 percent of AMI, only 95 adequate units are available for every 100 renters. The physically adequate stock does not fully match the need until those units affordable only above 105 percent of AMI are included.²¹

Rental Stock by Income

We have seen that relatively few rental units are affordable, and, because of displacement and limited vacancies, even fewer are available to renters with the lowest incomes. Exhibit 2-6 summarizes the three housing stock measures for the standard income groups used in this report.

A severe mismatch exists between the number of extremely low-income renters and the number of affordable units available to them. For every 100 extremely low-income renters, only 61 affordable units

²⁰ The availability measure also removes units from consideration if they have artificially low rents because they are occupied as a benefit of employment (for example, units provided for caretakers) or because relatives or friends of the occupants own the units. The 2007 AHS data indicate that 2.4 million renter households (6.2 percent) occupied their units while paying no rent. The AHS does not provide estimates of the number of households paying a positive but below-market rent because of employment or other reasons.

²¹ Beginning in 2007, the AHS dropped certain questions related to the condition of common hallways, which had previously been included in the overall adequacy measure. Consequently, it is likely that some units rated as adequate in 2007 and 2009 may have been rated inadequate in 2005, especially for apartments in larger structures.

exist, and fewer than 36 affordable units are available for their occupancy. If physically adequate units are required, only 32 units are available for every 100 extremely low-income renters.²²

Renters with very low incomes find 99 affordable units per 100 renters—nearly enough overall—but similarly find a mismatch of available units. Only 67 units are available for every 100 very low-income renters, and only 60 available units per 100 renters are physically adequate. For low-income renters, available rental stock is sufficient to house all renters, although a small proportion of units have physical problems.

Exhibit 2-7 illustrates that the supply of affordable housing stock for extremely low-income renters fell by 15 units per 100 renters during the 2007–2009 period, from 76 to 61 units per 100 renters. For very low-income renters, affordable units fell by 14 units per 100 renters.

Availability of affordable units did not decline quite as severely during the 2007–2009 period. Available units decreased by 8 units per 100 for extremely low-income and by 7 units per 100 for very low-income renters.

The longer term 2005–2009 trend is also negative for both income groups and for both measures, reversing the modest gains observed for extremely low-income renters during the 2005–2007 period.

Geography of Supply

The previous discussion shows that worst case needs are dispersed across the nation, yet they can be concentrated in certain geographic areas; that spatial variation is affected in part by the availability of housing assistance.

The private market, including both for-profit and nonprofit housing providers, can provide both assisted units and affordable housing. The examination of affordable housing supply on a national basis reveals the following: first, the supply of rental units that are affordable to very low-income and poorer households is simply inadequate; second, this shortage is worsened by the natural process of displacement by higher income renters; and third, this shortage is further worsened by some of the stock’s physical inadequacy.

EXHIBIT 2-6. RENTAL HOUSING STOCK BY INCOME CATEGORY, 2009

	Rental Units per 100 Renters		
	Affordable	Affordable and Available	Affordable, Available, and Adequate
Extremely low-income renters (0–30% AMI)	61.0	35.7	32.2
Very low-income renters (0–50% AMI)	98.7	67.2	60.3
Low-income renters (0–80% AMI)	135.9	104.6	95.1

AMI = Area Median Income.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

EXHIBIT 2-7. TREND IN RENTAL HOUSING STOCK BY INCOME CATEGORY, 2005–2009

	Rental Units per 100 Renters				
	2005	2007	2009	Change	
				2005–2007	2007–2009
Extremely Low-Income Renters (0–30% AMI)					
Affordable	67.6	76.2	61.0	+ 8.6	– 15.2
Affordable and available	39.9	44.2	35.7	+ 4.3	– 8.5
Very Low-Income Renters (0–50% AMI)					
Affordable	117.1	112.9	98.7	– 4.2	– 14.2
Affordable and available	76.7	73.9	67.2	– 2.8	– 6.7

AMI = Area Median Income.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

²² Research based on the Residential Finance Survey indicates that 12 percent of units with gross rents of \$400 or less produced negative net operating income, suggesting they are heading for demolition or conversion to nonresidential use (Joint Center for Housing Studies of Harvard University, 2006).

The following discussion sharpens that scenario by showing how inadequate supply varies by geography.

Rental Stock by Metropolitan Location

Deficiencies in the affordable and available stock are less severe in nonmetropolitan areas. Exhibit 2-8 summarizes the affordable housing supply for cities, suburbs, and nonmetropolitan areas. Notably, although cities and suburbs display comparable available-unit-ratios—with 32 to 34 units per 100 extremely low-income renters and 62 to 66 units per 100 very low-income renters—the underlying supply of affordable units is more constrained in central cities than it is in suburbs.

Further, the relationship between the affordability ratio and availability ratio highlights variations related to metropolitan location. The mathematical difference between estimates of affordable units and available units reflects the combined effect of the two factors presented in Exhibit 2-3: low vacancy rates for affordable units, and displacement of needy renters from affordable units by higher income renters.

Exhibit 2-8 reveals that fewer affordable units are lost because of unavailability in denser, more urban areas. In central cities, about 23 otherwise-affordable units are unavailable per 100 very low-income

renters.²³ In comparison, 35 affordable units are unavailable per 100 renters in suburbs, and 47 affordable units are unavailable per 100 renters in nonmetropolitan areas.

A smaller reduction of affordable housing availability in central city areas may flow from the benefits of thicker, more efficient markets within cities. These markets can offer a wider range of unit features and price points that offer appealing value to higher income renters. More and better choices for higher income renters can affect availability of affordable housing for very low-income renters by reducing displacement or by increasing vacancy rates and causing rents of adequate units to filter down to affordable levels.

Also worth consideration in Exhibit 2-8 is the extent of differences between the ratios of available units and adequate units. Suburban areas lose fewer affordable and available units to inadequacy, likely reflecting the younger housing stock.²⁴ For suburbs, adding the adequacy test reduces the availability ratio by 4 units per 100 very low-income renters. The difference is more than double that in central cities and nonmetropolitan areas, with 9 and 8 fewer units per 100 renters, respectively.

Adjusting availability ratios for differences in adequacy nearly eliminates the city-suburb difference in the affordable rental stock. The adequacy

EXHIBIT 2-8. RENTAL HOUSING STOCK BY INCOME GROUPS IN CENTRAL CITIES, SUBURBS, AND NONMETROPOLITAN AREAS, 2009

	Housing Units per 100 Renters		
	Affordable	Affordable and Available	Affordable, Available, and Adequate
Central Cities			
Extremely low-income renters (0–30% AMI)	48.5	34.4	30.0
Very low-income renters (0–50% AMI)	88.8	65.9	57.3
Low-income renters (0–80% AMI)	129.8	104.8	93.4
Suburbs			
Extremely low-income renters (0–30% AMI)	60.9	32.4	30.6
Very low-income renters (0–50% AMI)	97.0	61.9	57.8
Low-income renters (0–80% AMI)	139.4	102.2	95.5
Nonmetropolitan Areas			
Extremely low-income renters (0–30% AMI)	97.0	45.6	41.2
Very low-income renters (0–50% AMI)	127.6	81.0	72.7
Low-income renters (0–80% AMI)	143.9	108.6	98.4

AMI = Area Median Income.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

²³ These estimates of unavailable units reflect the difference between the estimates of affordable units and available units presented in table 2-8, and differ from estimates of displacement reported in connection with exhibit 2-3 by covering the full very low-income category: units affordable at 0 to 50 percent of AMI rather than only 30 to 50 percent of AMI.

²⁴ Only 13 percent of suburban rental units were built before 1940, compared with 27 percent of central city units and 20 percent of nonmetropolitan rental units (Census Bureau 2008, table 4-1).

test also considerably reduces the potential affordable housing appeal of nonmetropolitan areas relative to denser areas. Even in nonmetropolitan areas, only 7 of every 10 very low-income renters could find an adequate unit that was affordable and available for their use.

Rental Stock by Region

Exhibit 2-9 shows substantial variation in the availability of affordable rental units across the four census regions. The Midwest has the best availability, with 87 units per 100 very low-income renters. The West is worst off, with 53 units per 100 renters, and the Northeast and South have 65 to 66 units per 100 renters. For extremely low-income renters, the availability of affordable units is far from adequate in any region. It is notable that extremely low-income renters find substantially tighter supply in the South than in the Northeast even though very low-income renters in those regions face similar markets.

Indeed, in the West and the Northeast, not enough affordable units are available even when low-income renters (0 to 80 percent of AMI) are included.

Nevertheless, the primary point in exhibit 2-9 is that extremely low-income renters continue to face severely constrained markets across all four regions. Although some regions sometimes have substantially lower housing costs on average, even those regions cannot

make affordable units available for even one-half of their extremely low-income renters. Adding the adequacy test to the availability ratios does not introduce the type of additional disparities across the regions that were apparent across metropolitan locations.

Dynamics of Supply

In addition to understanding the spatial aspects of affordable housing supply, it is useful to consider the trends in supply over time, both nationally and by metropolitan location.

Trends in National Rental Stock

The availability of the affordable rental stock has shown a degree of stability for 25 years. But as exhibit 2-10 illustrates, that stability is waning and housing shortages are approaching new extremes. The availability of affordable rental units per 100 renters is shown for the four standard income categories during the 1985–2009 period. During the past 5 years, the most vulnerable renters—the very low-income majority and the extremely low-income subset—have faced the tightest market for affordable housing since 1985.

In 2005, the availability of affordable rental units decreased for renters in all income groups below 80 percent of AMI. Although some of the losses were recovered in 2007, the shortages regained strength

EXHIBIT 2-9. RENTAL HOUSING STOCK BY REGION AND INCOME CATEGORY, 2009

	Housing Units per 100 Renters		
	Affordable	Affordable and Available	Affordable, Available, and Adequate
Northeast			
Extremely low-income renters (0–30% AMI)	68.6	42.7	38.1
Very low-income renters (0–50% AMI)	95.9	66.3	58.8
Low-income renters (0–80% AMI)	126.8	99.8	89.1
Midwest			
Extremely low-income renters (0–30% AMI)	63.0	39.5	36.3
Very low-income renters (0–50% AMI)	127.8	86.7	79.5
Low-income renters (0–80% AMI)	148.2	115.4	106.4
South			
Extremely low-income renters (0–30% AMI)	58.9	31.8	28.4
Very low-income renters (0–50% AMI)	95.2	65.3	57.9
Low-income renters (0–80% AMI)	139.3	106.8	97.2
West			
Extremely low-income renters (0–30% AMI)	54.6	30.8	27.8
Very low-income renters (0–50% AMI)	79.8	52.9	47.5
Low-income renters (0–80% AMI)	127.8	95.6	87.1

AMI = Area Median Income.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

in 2009. Middle-income renters, in contrast, have continued to experience a stable and adequate supply of affordable rental units. The unusual variations observed in rental housing during the 2003–2009 period may be tied to the gyrations of the homeownership market in recent years—a topic to be explored further in Section 3.

Trends in Rental Stock by Metropolitan Location

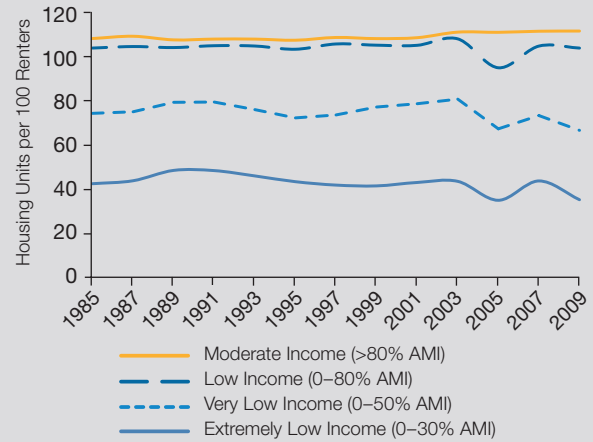
Exhibits 2-11 and 2-12 show how affordability ratios and availability ratios have changed across central cities, suburbs, and nonmetropolitan areas during the 2003–2009 period.

Considering exhibit 2-11, it is apparent that the stock of affordable units has declined significantly relative to the number of renters. These changes are seen despite the year-to-year variations in these estimates that result from the intricacies of changing rents and movement of households between income groups or between homeownership and renting.

During 2007–2009, the affordability ratio declined by 12 to 14 units per 100 very low-income renters in central cities, suburbs, and nonmetropolitan areas. Over the longer 2003–2009 period, declines in the affordable housing stock are even more dramatic, ranging from 24 fewer units per 100 very low-income renters in suburbs to 32 to 33 fewer units per 100 renters in central cities and nonmetropolitan areas.

Although declines in the affordable stock from 2007–2009 are substantial, declines in the availability ratio, although significant, have been less dramatic. Compared with losses of 12 to 14 affordable units, the losses shown in exhibit 2-12 are less severe: the available

EXHIBIT 2-10. AVAILABILITY OF AFFORDABLE RENTAL UNITS, 1985–2009



Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

units ratio declined by only about 6 units per 100 very low-income renters, regardless of metropolitan status.

Losses of available units nevertheless have been substantial over the longer 2003–2009 period, with 11 fewer available units per 100 very low-income renters in suburbs, 16 fewer in central cities, and 17 fewer in nonmetropolitan areas. Similar changes have occurred for ex-

EXHIBIT 2-11. TRENDS IN SUPPLY OF AFFORDABLE UNITS BY METROPOLITAN LOCATION, 2003–2009

	Rental Units per 100 Renters				Change	
	2003	2005	2007	2009	2003–2009	2007–2009
Central Cities						
Extremely low-income renters (0–30% AMI)	65.6	52.2	60.7	48.5	– 17.1	– 12.2
Very low-income renters (0–50% AMI)	120.3	106.1	102.7	88.8	– 31.5	– 13.9
Low-income renters (0–80% AMI)	137.4	133.9	133.9	129.8	– 7.6	– 4.1
Suburbs						
Extremely low-income renters (0–30% AMI)	74.5	66.7	79.1	60.9	– 13.6	– 18.2
Very low-income renters (0–50% AMI)	121.2	113.9	110.6	97.0	– 24.2	– 13.6
Low-income renters (0–80% AMI)	149.6	145.3	146.5	139.4	– 10.2	– 7.1
Nonmetropolitan Areas						
Extremely low-income renters (0–30% AMI)	121.4	106.1	108.3	97.0	– 24.4	– 11.3
Very low-income renters (0–50% AMI)	160.3	148.9	139.7	127.6	– 32.7	– 12.1
Low-income renters (0–80% AMI)	155.1	140.9	141.5	143.9	– 11.2	2.4

AMI = Area Median Income.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

tremely low-income renters, as the declining availability of affordable housing continues to create worst case needs. Only for renters with incomes at 50 to 80 percent of AMI would the news of availability be considered good, with availability generally exceeding 100 units per 100 renters, and with trends somewhat stable or positive since 2007.

Summary

Worst case needs are common in every region and metropolitan category across the United States. Nationally in 2009, 41.4 percent of very low-income renters have worst case needs. The incidence is slightly higher than average in the West (45.3 percent), in central cities (42.2 percent), and in suburbs (43.0 percent). The incidence is lower in nonmetropolitan areas (36.3 percent), in the Northeast (39.0 percent), and in the Midwest (38.9 percent).

Housing assistance, including that provided by HUD, is an important preventer of worst case needs among very low-income renters. Nationwide, 25.0 percent of very low-income renters report receiving housing assistance, totaling 4.27 million households.

But for every very low-income renter who is assisted, 1.7 renters have worst case needs for such assistance. The incidence of housing assistance among very low-income renters is greater in nonmetropolitan areas, and lower in suburbs (21.3 percent), in the West (21.2 percent), and in the South (22.6 percent).

The nation has enough affordable units to house every very low-income renter if allocation were perfect; however, far fewer affordable units are actually available to renters with the lowest incomes. This discrepancy occurs because vacancy rates are low for the lowest rent units, and many affordable units are rented to higher income

families. Of units affordable to extremely low-income renters, 41.5 percent are occupied by higher income families. And, in 2009, the vacancy rate for units affordable at extremely low incomes was only 4.3 percent, compared with 15.1 percent vacancy for units affordable above 80 percent of AMI.

When a simple ratio of affordable units per very low-income renters is made more stringent by adding availability as a constraint, the ratio decreases from 99 units per 100 renters to only 67 per 100 renters. The effects of the availability constraint are even more severe for extremely low-income renters, reducing the affordable unit ratio from 61 to 36 per 100 renters.

Further, a substantial proportion of available units are not in standard physical condition. When the criterion of physical adequacy is added to the analysis of availability during 2009, the number of available units is reduced from 67 to 60 units per 100 very low-income renters, and from 46 to 32 units per 100 extremely low-income renters.

The availability of affordable units also varies across regions. The supply is most scarce in the West, with only 53 affordable units available per 100 very low-income renters, compared with 65 in the South, 66 in the Northeast, and 87 in the Midwest.

The long trend of market stability in the national availability of affordable units began weakening in 2003, and availability of affordable units has significantly worsened. During the 2003–2009 period, affordable and available units per 100 very low-income renters decreased by 16 in central cities, by 12 in suburbs, and by 17 in nonmetropolitan areas. In 2009, available units were down to 66 per 100 very low-income renters in central cities, 62 in suburbs, and 81 in nonmetropolitan areas.

EXHIBIT 2-12. TRENDS IN SUPPLY OF AFFORDABLE AND AVAILABLE UNITS BY METROPOLITAN LOCATION, 2003–2009

	Affordable and Available Units per 100 Renters					
	2003	2005	2007	2009	Change	
					2003–2009	2007–2009
Central Cities						
Extremely low-income renters (0–30% AMI)	43.0	31.8	41.4	34.4	– 8.6	– 7.0
Very low-income renters (0–50% AMI)	81.5	64.1	72.3	65.9	– 15.6	– 6.4
Low-income renters (0–80% AMI)	107.7	93.6	105.5	104.8	– 2.9	– 0.7
Suburbs						
Extremely low-income renters (0–30% AMI)	39.1	32.4	42.7	32.4	– 6.7	– 10.3
Very low-income renters (0–50% AMI)	73.3	64.6	68.1	61.9	– 11.4	– 6.2
Low-income renters (0–80% AMI)	106.9	96.7	104.3	102.2	– 4.7	2.1
Nonmetropolitan Areas						
Extremely low-income renters (0–30% AMI)	56.7	49.4	53.0	45.6	– 11.1	– 7.4
Very low-income renters (0–50% AMI)	97.6	82.6	86.7	81.0	– 16.6	– 5.7
Low-income renters (0–80% AMI)	115.6	98.3	107.4	108.6	– 7.0	1.2

AMI = Area Median Income.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

SECTION

3

UNDERSTANDING THE TREND IN WORST CASE NEEDS

Section 2 demonstrated that worst case needs increased across the nation, and that the increase is related to decreasing availability of affordable rental units relative to the number of very low-income renters who need them. Section 3 elaborates on how the changes in numbers of units, numbers of renters, and rents during the 2007–2009 period underlie this result.

The homeownership crisis and economic recession likely played a major role in fueling the increase in worst case needs. Of the 1.19 million cases of worst case needs that emerged during 2007–2009, 59.0 percent can be attributed to demographic changes that affected the population of unassisted very low-income renters, and 41.0 percent can be attributed to changes in incidence that resulted from the new market pressures those renters generated.

Falling tenant incomes—and possibly mortgage defaults as well—landed many additional households in the category of very-low-income renters with worst case needs. As a secondary effect, new competition for affordable rental units increased displacement of extremely low-income renters, absorbed vacant units, and drove up rents.

Changes in Affordable Housing Demand

This report has shown that changes in worst case needs reflect both changes in the population vulnerable to worst case needs—unassisted very low-income renters—and changes in incidence of worst case needs for that population. The population of vulnerable renters is affected primarily by demographic factors, and the incidence of worst case needs is a product of microeconomic factors—the market response to changes in demand for affordable housing. (The supply of affordable housing is relatively fixed in the short run.)

The following analysis sorts out these factors. First, we distinguish between the effects of incidence and the effects of population change to estimate their relative importance. Then we identify how much various demographic factors affected the population change.

Household Formation, Tenure, and Income Factors

The population of unassisted very low-income renters increased by 11.0 percent during 2007–2009, from 11.57 to 12.83 million. During the same period, incidence of worst case needs in this group increased from 51.0 to 55.2 percent.

From these facts, we can attribute 700,000 new cases of worst case needs (59.0 percent) to demographic changes, and 490,000 new cases (41.0 percent) to changes in

incidence, together totaling the 1.19 million new worst case needs observed in the AHS between 2007 and 2009.²⁵

The 700,000 new worst case needs resulting from demographic shifts can be further broken down, as follows:

- **Household formation.** A 5.5-percent increase in worst case needs, or almost 70,000 new cases, can be attributed to household formation. The nation added 1,140,000 new households from 2007 to 2009. The household formation rate of 1.0 percent (during this 2-year period) was slower than the average biennial increase of 1.5 percent observed in AHS samples since 2001.
- **Renter share of households.** A negligible 0.3-percent decrease in worst case needs is attributed to minor shifts in tenure between homeownership and renting. The nation added 340,000 renter households from 2007 to 2009, but the increase of 1.0 percent was slightly less than the 1.0 percent increase in households on a proportional basis. For comparison, the average biennial growth rate in renter households since 2001 has been 1.2 percent.
- **Renter income losses.** A 34.5-percent increase in worst case needs, or 410,000 new cases, is attributed to income shift. 1,180,000 new very low-income renters were added from 2007 to 2009 because of shrinking incomes, and the growth rate of 7.4 percent exceeded growth in renters on a proportional basis. Since 2001, the average biennial change in very low-income renters has averaged 3.6 percent.
- **Rental assistance gap.** A 19.2-percent increase in worst case needs, or 230,000 new cases, is attributed to lack of rental as-

sistance. The 2007–2009 increase in very low-income renters who lack housing assistance was 1,270,000. The 11.0-percent increase was substantially greater on a proportional basis than the 7.4-percent increase in very low-income renters. Indeed, at least in the AHS data, new unassisted very low-income renters actually exceeded new very low-income renters overall (that is, on an absolute, as well as proportional, basis). The average biennial change in unassisted very low-income renters has averaged 4.8 percent since 2001.

This analysis shows that the primary causes of increases in worst case needs from 2007 to 2009 are economic in nature. The recession-driven losses of income that increased the number of very low-income renters explain 34.5 percent of new worst case needs, and the housing-market driven increases in incidence explain 41.0 percent of new worst case needs.

Exhibit 3-1 illustrates the results of the attribution analysis. The household formation and renter share played only a minor role. Renter income losses, in contrast, were a crucial factor, because falling incomes drove hundreds of thousands of higher income renters into the category of very low-income renters with worst case needs. The rental assistance gap was also significant because no increase in housing assistance occurred in proportion to the surge.

The competition for affordable units had the greatest role in this analysis, increasing the incidence of worst case needs through displacement, absorption of vacancies, and upward pressure on rents.

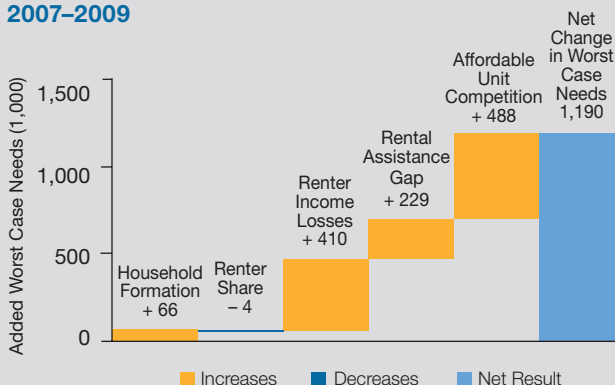
Homeownership Crisis and Recession

The share of renters among U.S. households might have been expected to play a significant role in increasing worst case needs during the recent subprime mortgage and homeownership crises. During the 2007–2009 period, numerous very low-income homeowners once again become renters. Although this AHS analysis does not demonstrate that foreclosed homeowners frequently became renters with worst case needs, this may in fact have occurred. HUD tabulations of the Current Population Survey (CPS) show that the homeownership rate for households with incomes below the AMI fell by 2.3 points during this period, from 53.0 percent in the third quarter of 2007 to 51.7 percent in the third quarter of 2009.

The AHS data are not clear-cut about the facts underlying changes in tenure, but homeownership losses by very low-income and subprime homeowners may have been concealed in these data by home purchases by higher income renters that limited the overall growth in renters. Compared with the 2.3-point decline in the below-median-income homeownership rate, the CPS data show that the overall homeownership rate declined by a much smaller 0.6 points between the third quarters of 2007 and 2009, from 68.2 to 67.6 percent.

The fact that homeowner incomes slid downward substantially from 2007 to 2009 is also suggestive. Despite an increase of 800,000

EXHIBIT 3-1. DEMOGRAPHIC AND ECONOMIC CAUSES OF INCREASING WORST CASE NEEDS, 2007–2009



Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

²⁵ The demographic effect is based on the new incidence multiplied by the numerical increase in renters, and the incidence effect is based on the increase in incidence multiplied by the baseline number of renters.

in the total number of homeowners, a nearly equivalent decrease occurred in those with incomes above 80 percent of AMI, accompanied by an increase of 1.41 million very low-income homeowners (see table A-1b).

Finally, the number of very low-income renters might have increased even more rapidly if unrelated individuals had not doubled up into 580,000 new “other nonfamily” households (see exhibit 1-8). Individuals whose incomes fall below the very low-income threshold might not form very low-income households when they pool their resources and share housing. Doubling up also could help explain the lower rate of household formation and the flat proportion of renters observed during the 2007–2009 period.

A major cause of declines in tenant income was the rapid increase in unemployment during the recession and the persistence of unemployment after the recession officially ended. The recession officially occurred entirely within the mid-2007 to mid-2009 period for which changes in worst case needs are estimated: it began in December 2007 and ended with the trough in the business cycle in June 2009.²⁶ The impact on unemployment was dramatic. In September 2007, the unemployment rate was 4.7 percent and 7.2 million people were unemployed. Unemployment doubled during the recession, so that by September 2009 the unemployment rate was 9.8 percent and 15.1 million were unemployed.²⁷

Changes in the Affordable Housing Supply

Exhibits 2-11 and 2-12 in the previous section presented the widespread decline in availability of affordable rental units, but the reasons may not be clear given the relative stability of the proportion of renters and homeowners. Some additional data, including key numbers underlying the changes in available unit ratios, will shed light on the issue.

Vacancy Rates, Rents, and Competition for Units

Exhibit 3-2 examines the factors responsible for the change in the availability of affordable units. During the 2007–2009 period, the overall U.S. rental stock increased by 1.1 percent, or 410,000 units, and the number of renters increased by a similar 1.0 percent, or 340,000 households. These changes offer no indication of why dramatic increases in worst case needs arose.

It should be noted in exhibit 3-2 that HUD income limits, which define the extremely low, very low, and low-income categories, increased about 5 percent during the 2007–2009 period. During the same 2-year period, the median renter’s income increased by only 3.8 percent.²⁸ This difference indicates that stagnant or decreasing incomes

may have allowed more renters to slip below the income category thresholds. The increases in the numbers of extremely low-income renters (7.5 percent) and very low-income renters (7.2 percent) illustrate that incomes slipped, and suggest why competition for the most affordable units gained strength.

As the analysis at the beginning of this section showed, increased competition for affordable units was a major factor in increasing the incidence of worst case needs. Supply and demand factors caused the median housing cost for all renters to increase by 8.6 percent during the 2007–2009 period.

Rent increases were more severe at the low end of the market. Mean rents increased by 10.6 percent for renters with very low incomes during 2007–2009. (Percentage increases were about the same for the 0–30 percent of AMI and the 30–50 percent of AMI groups. See table A-14.)

Although increases in the number of units exceeded increases in renters on an overall basis, the situation is substantially different at the lower end of the affordability scale. For very low-income renters, affordable and available units decreased by 300,000 but renters increased by 1,180,000. For extremely low-income renters, affordable and available units decreased by 600,000 but renters increased by 715,000.

A significant part of the story is the reduction in vacant units that occurred at lower rent ranges. Exhibit 3-3 illustrates that 480,000 fewer units affordable to extremely low-income renters were vacant in 2009 than in 2007. Very low-income renters lost 370,000 vacant units. Across the entire market, a net increase of 230,000 vacant units occurred mostly among units renting for more than very low-income families could afford.

The absorption of the most affordable vacant units in the market is consistent with the surge of poor renters that occurred as a result of shrinking incomes and mortgage foreclosures. Taken together, the absorption of vacant units, the increase in displacement of very low-income renters, and the increase in the rents they paid paint a compelling picture of the impact of increasing market competition from 2007 to 2009. These factors show that demographic (and macroeconomic) changes in the population of unassisted very low-income renters may have a direct effect on worst case needs. The direct effect, however, is exacerbated by the effect of competition for affordable housing.

Concluding Summary

An analysis of the effects of the incidence of worst case needs on the nation’s population of vulnerable very low-income renters and the effects of population change during the 2007–2009 period indicates that 700,000 new cases of worst case needs (59.0 percent) resulted from demographic changes, and 490,000 new cases (41.0 percent) from changes in incidence.

²⁶ NBER 2010.

²⁷ BLS 2007, BLS 2009.

²⁸ Note that AMI is calculated on the basis of all households, not just renters.

Four demographic factors affect the number of unassisted very low-income renters who are susceptible to worst case needs. National household formation accounts for a small fraction of new worst case needs: 5.5 percent of the 2007–2009 increase. Changes in the renter share of households were negligible, causing a 0.3-percent decrease in worst case needs. The major demographic factors were renter income losses that caused renters to slip into the very low-income population. This factor accounted for 34.5 percent of additional worst case needs, or 410,000 new cases. Finally, the gap in rental assistance relative to growing need accounts for 19.2 percent of new cases, or 230,000 new cases.

The primary causes of increased worst case needs are economic in nature, involving the 34.5 percent of new cases resulting from recession-driven losses of renter income (part of the demographic shift) and the 41.0 percent flowing from housing-market driven increases in incidence of severe housing problems.

Limited, but suggestive, evidence indicates that superficially stable tenure data do not display the effect of foreclosures and other losses of homeownership experienced by recent homebuyers during the 2007–

2009 period. Losses of homeownership by below-AMI households may be concealed by home purchases by higher income renters even though incomes are generally declining. Foreclosed homeowners would likely increase the pools of very low-income and extremely low-income renters, which actually increased by a substantial 7.2 and 7.5 percent, respectively, during the 2007–2009 period. An important cause of income losses was the doubling of unemployment during the recession, from 4.7 percent (7.2 million people) in September 2007 to 9.8 percent unemployment (15.1 million people) in September 2009.

Higher incidence of worst case needs among unassisted very low-income renters primarily reflects increased competition for scarce affordable units. Rapid growth in the number of very low-income renters both increases the number of households seeking each affordable unit, and when incomes suddenly decline, can cause rents that were formerly affordable to become severe burdens.

Several key statistics demonstrate the greater competition for affordable units in the 2007–2009 period: the 8.6-percent increase in median gross rent (compared with only a 3.8-percent increase

EXHIBIT 3-2. FACTORS EXPLAINING CHANGES IN RENTAL HOUSING AVAILABILITY RATE, 2007–2009

	Extremely Low Income (0–30% AMI)	Very Low Income (0–50% AMI)	Low Income (0–80% AMI)	Total
Cumulative Households (1,000)				
2007	9,555	16,251	23,902	35,054
2009	10,270	17,427	24,595	35,396
Percentage change	7.5%	7.2%	2.9%	1.0%
Cumulative Affordable and Available Housing Units (1,000)				
2007	4,224	12,011	25,207	39,330
2009	3,665	11,710	25,715	39,744
Percentage change	– 13.2%	– 2.5%	2.0%	1.1%
Income Limit (Median, Current Dollars)				
2007	\$15,500	\$25,850	\$41,200	—
2009	\$16,300	\$27,150	\$43,450	—
Percentage change	5.2%	5.0%	5.5%	—
Median Household Income (All Renters, Current Dollars)				
2007	—	—	—	\$27,364
2009	—	—	—	\$28,400
Percentage change	—	—	—	3.8%
Median Monthly Housing Cost (All Renters, Current Dollars)				
2007	—	—	—	\$722
2009	—	—	—	\$784
Percentage change	—	—	—	8.6%

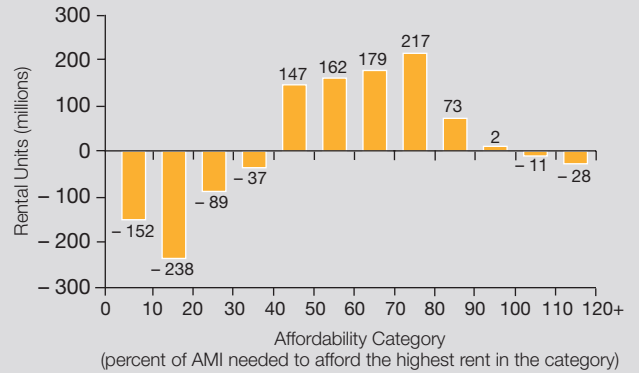
AMI = Area Median Income.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

in median renter income); a 10.6-percent increase in gross rents of very low-income renters; and the net absorption of 370,000 vacant units affordable to very low-income renters.

Although the picture of growing worst case needs, in general, is bleak, there is reason to hope that worst case needs may again decline. The macroeconomic factors that created great pressures for very low-income rental housing are likely to ease as the rebound from recession accelerates. Nevertheless, when more than 6 percent of the nation's households experience this form of hardship, the need for prioritizing assisted housing in national policy deliberations has never been greater.

EXHIBIT 3-3. CHANGE IN RENTAL VACANCIES BY AFFORDABILITY OF RENT, 2007–2009



AMI = Area Median Income.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

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DATA ON HOUSING PROBLEMS AND SUPPLY OF AFFORDABLE HOUSING

APPENDIX

A

TABLE A-1A.	Housing Conditions of Renter Households by Relative Income, 2007 and 2009.....	28
TABLE A-1B.	Housing Conditions of Owner Households by Relative Income, 2007 and 2009.....	29
TABLE A-2A.	Housing Conditions of Renters and Owners, 1999–2009—Number of Households.....	30
TABLE A-2B.	Housing Conditions of Renters and Owners, 1999–2009—Percentage of Households.....	31
TABLE A-3.	Housing Conditions of Unassisted Renter Households by Relative Income, 2007 and 2009.....	32
TABLE A-4.	Incidence of Housing Problems Among Renters by Relative Income, 2007 and 2009—Number and Percentage.....	33
TABLE A-5A.	Incidence of Housing Problems Among Very Low-Income Renters by Household Type, 2007 and 2009—Number and Percentage.....	36
TABLE A-5B.	Incidence of Housing Problems Among Very Low-Income Renters With Disabilities by Household Type, 2009—Number and Percentage.....	38
TABLE A-6A.	Housing Problems and Characteristics of Very Low-Income Renters by Household Type, 2009.....	40
TABLE A-6B.	Housing Problems and Characteristics of Extremely Low-Income Renters by Household Type, 2009.....	42
TABLE A-7.	Housing Problems and Characteristics of Worst Case Renters by Household Type, 2009.....	44
TABLE A-8.	Housing Problems and Characteristics of Extremely Low-Income Worst Case Renters by Household Type, 2009.....	46
TABLE A-9.	Incidence of Housing Problems Among Very Low-Income Renters by Race and Ethnicity, 2007 and 2009—Number and Percentage.....	48
TABLE A-10.	Incidence of Housing Problems Among Very Low-Income Renters by Region, 2007 and 2009—Number and Percentage.....	50
TABLE A-11.	Incidence of Housing Problems Among Very Low-Income Renters by Metropolitan Location, 2007 and 2009—Number and Percentage.....	52
TABLE A-12.	Households Occupying U.S. Rental Units by Affordability of Rent and Income of Occupants, 2007 and 2009.....	54
TABLE A-13.	Renters and Rental Units Affordable and Available to Them by Relative Income, 1999–2009.....	55
TABLE A-14.	Average Income and Average Gross Rent of Renter Households by Relative Income, 2007 and 2009.....	56

TABLE A-1A. HOUSING CONDITIONS OF RENTER HOUSEHOLDS BY RELATIVE INCOME, 2007 AND 2009

2009	Household Income as Percentage of HUD-Adjusted Area Median Family Income					All Incomes
	0-30%	30-50%	50-80%	80-120%	>120%	
Total households (1,000)	9,961	7,157	7,168	5,658	5,452	35,396
Unassisted with severe problems ^a	5,069	2,026	644	203	143	8,085
Unassisted with non-severe problems only ^a	768	3,082	2,747	1,089	544	8,229
Unassisted with no problems ^a	784	1,115	3,424	4,220	4,668	14,211
Assisted	3,340	934	354	146	97	4,871
Any with severe problems	6,536	2,139	662	208	144	9,688
Rent burden >50% of income	6,407	1,985	469	97	41	9,000
Severely inadequate housing	387	194	204	111	102	998
Any with non-severe problems only^b	1,692	3,467	2,851	1,115	552	9,678
Rent burden 30-50% of income	1,486	3,205	2,381	728	181	7,981
Moderately inadequate housing	323	392	407	287	274	1,684
Crowded housing	161	302	290	130	111	993
Any with no problems	1,732	1,551	3,655	4,335	4,757	16,030

2007	Household Income as Percentage of HUD-Adjusted Area Median Family Income					All Incomes
	0-30%	30-50%	50-80%	80-120%	>120%	
Total households (1,000)	9,243	6,697	7,650	5,518	5,946	35,054
Unassisted with severe problems ^a	4,327	1,578	681	245	162	6,993
Unassisted with non-severe problems only ^a	828	2,935	2,960	1,048	674	8,445
Unassisted with no problems ^a	738	1,168	3,541	4,059	4,949	14,455
Assisted	3,350	1,016	468	166	161	5,161
Any with severe problems	5,732	1,711	703	253	165	8,564
Rent burden >50% of income	5,588	1,579	486	98	42	7,793
Severely inadequate housing	372	198	224	156	123	1,073
Any with non-severe problems only^b	1,778	3,375	3,095	1,077	690	10,015
Rent burden 30-50% of income	1,536	3,062	2,524	684	293	8,099
Moderately inadequate housing	324	393	494	308	307	1,828
Crowded housing	196	369	305	99	127	1,096
Any with no problems	1,733	1,611	3,853	4,187	5,090	16,476

^a See table A-3 for housing problems experienced by unassisted renters.

^b See Table A-2 for estimates of the incidence of non-severe problems without regard to whether severe problems are also present.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

TABLE A-1B. HOUSING CONDITIONS OF OWNER HOUSEHOLDS BY RELATIVE INCOME, 2007 AND 2009

2009	Household Income as Percentage of HUD-Adjusted Area Median Family Income					All Incomes
	0-30%	30-50%	50-80%	80-120%	>120%	
Total households (1,000)	7,028	8,201	12,383	15,097	33,755	76,465
Unassisted with severe problems	4,390	2,612	2,128	1,231	812	11,174
Unassisted with non-severe problems only	1,316	2,226	3,757	3,943	3,754	14,996
Unassisted with no problems	1,322	3,363	6,498	9,923	29,189	50,295
Assisted	—	—	—	—	—	—
Any with severe problems	4,390	2,612	2,128	1,231	812	11,174
Cost burden >50% of income	4,309	2,511	1,946	1,090	602	10,458
Severely inadequate housing	159	146	202	149	213	868
Any with non-severe problems only	1,316	2,226	3,757	3,943	3,754	14,996
Cost burden 30-50% of income	1,183	1,999	3,383	3,598	3,225	13,388
Moderately inadequate housing	180	156	299	255	440	1,331
Crowded housing	85	159	224	171	156	795
Any with no problems	1,322	3,363	6,498	9,923	29,189	50,295
2007	Household Income as Percentage of HUD-Adjusted Area Median Family Income					All Incomes
	0-30%	30-50%	50-80%	80-120%	>120%	
Total households (1,000)	6,192	7,630	12,213	13,195	36,436	75,665
Unassisted with severe problems	3,667	2,136	1,991	1,101	1,057	9,951
Unassisted with non-severe problems only	1,185	2,264	3,370	3,312	4,175	14,307
Unassisted with no problems	1,339	3,230	6,851	8,783	31,204	51,407
Assisted	—	—	—	—	—	—
Any with severe problems	3,667	2,136	1,991	1,101	1,057	9,951
Cost burden >50% of income	3,595	2,077	1,858	979	838	9,347
Severely inadequate housing	143	86	149	123	231	732
Any with non-severe problems only	1,185	2,264	3,370	3,312	4,175	14,307
Cost burden 30-50% of income	1,019	2,035	2,945	2,983	3,710	12,691
Moderately inadequate housing	189	199	304	234	410	1,336
Crowded housing	54	140	290	190	145	820
Any with no problems	1,339	3,230	6,851	8,783	31,204	51,407

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

TABLE A-2A. HOUSING CONDITIONS OF RENTERS AND OWNERS, 1999-2009—NUMBER OF HOUSEHOLDS

	1999	2001	2003	2005	2007	2009
Total households (1,000)	102,802	105,435	105,868	108,901	110,719	111,861
Unassisted with severe problems	12,203	13,494	13,398	16,142	16,944	19,259
Unassisted with non-severe problems only	18,237	19,217	19,790	20,849	22,752	23,225
Unassisted with no problems	66,163	66,445	66,468	65,362	65,862	64,506
Assisted	6,168	6,279	6,211	6,547	5,161	4,871
Cost burden >50% of income	12,141	13,330	13,188	16,433	17,140	19,458
Cost burden 30-50% of income	15,862	16,923	17,856	19,403	21,153	21,818
Severely inadequate housing	2,056	2,108	1,971	2,023	1,805	1,866
Moderately inadequate housing	4,821	4,504	4,311	4,177	3,954	3,884
Crowded housing	2,570	2,631	2,559	2,621	2,529	2,509
Renter households (1,000)	34,007	33,727	33,614	33,951	35,054	35,396
Unassisted with severe problems	5,591	5,758	5,887	6,860	6,993	8,085
Unassisted with non-severe problems only	7,560	7,283	7,557	7,303	8,445	8,229
Unassisted with no problems	14,657	14,407	13,958	13,240	14,455	14,211
Assisted	6,203	6,279	6,211	6,547	5,161	4,871
Rent burden >50% of income	6,301	6,412	6,477	7,891	7,793	9,000
Rent burden 30-50% of income	7,141	6,916	7,468	7,502	8,340	8,240
Severely inadequate housing	1,183	1,168	1,038	1,100	1,073	998
Moderately inadequate housing	2,768	2,508	2,525	2,542	2,400	2,264
Crowded housing	1,666	1,658	1,615	1,635	1,511	1,499
Owner households (1,000)	68,795	71,708	72,254	74,950	75,665	76,465
Unassisted with severe problems	6,604	7,736	7,511	9,282	9,951	11,174
Unassisted with non-severe problems only	10,684	11,934	12,233	13,546	14,307	14,996
Unassisted with no problems	51,507	52,038	52,510	52,122	51,407	50,295
Assisted	—	—	—	—	—	—
Cost burden >50% of income	5,841	6,918	6,711	8,542	9,347	10,458
Cost burden 30-50% of income	8,716	10,007	10,388	11,901	12,813	13,578
Severely inadequate housing	867	940	933	923	732	868
Moderately inadequate housing	2,064	1,996	1,786	1,635	1,554	1,620
Crowded housing	894	973	944	986	1,018	1,010

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

TABLE A-2B. HOUSING CONDITIONS OF RENTERS AND OWNERS, 1999–2009—PERCENTAGE OF HOUSEHOLDS

	1999	2001	2003	2005	2007	2009
Total households	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Unassisted with severe problems	11.9%	12.8%	12.7%	14.8%	15.3%	17.2%
Unassisted with non-severe problems only	17.7%	18.2%	18.7%	19.1%	20.5%	20.8%
Unassisted with no problems	64.4%	63.0%	62.8%	60.0%	59.5%	57.7%
Assisted	6.0%	6.0%	5.9%	6.0%	4.7%	4.4%
Cost burden >50% of income	11.8%	12.6%	12.5%	15.1%	15.5%	17.4%
Cost burden 30–50% of income	15.4%	16.1%	16.9%	17.8%	19.1%	19.5%
Severely inadequate housing	2.0%	2.0%	1.9%	1.9%	1.6%	1.7%
Moderately inadequate housing	4.7%	4.3%	4.1%	3.8%	3.6%	3.5%
Crowded housing	2.5%	2.5%	2.4%	2.4%	2.3%	2.2%
Renter households	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Unassisted with severe problems	16.4%	17.1%	17.5%	20.2%	19.9%	22.8%
Unassisted with non-severe problems only	22.2%	21.6%	22.5%	21.5%	24.1%	23.2%
Unassisted with no problems	43.1%	42.7%	41.5%	39.0%	41.2%	40.1%
Assisted	18.2%	18.6%	18.5%	19.3%	14.7%	13.8%
Rent burden >50% of income	18.5%	19.0%	19.3%	23.2%	22.2%	25.4%
Rent burden 30–50% of income	21.0%	20.5%	22.2%	22.1%	23.8%	23.3%
Severely inadequate housing	3.5%	3.5%	3.1%	3.2%	3.1%	2.8%
Moderately inadequate housing	8.1%	7.4%	7.5%	7.5%	6.8%	6.4%
Crowded housing	4.9%	4.9%	4.8%	4.8%	4.3%	4.2%
Owner households	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Unassisted with severe problems	9.6%	10.8%	10.4%	12.4%	13.2%	14.6%
Unassisted with non-severe problems only	15.5%	16.6%	16.9%	18.1%	18.9%	19.6%
Unassisted with no problems	74.9%	72.6%	72.7%	69.5%	67.9%	65.8%
Assisted	—	—	—	—	—	—
Cost burden >50% of income	8.5%	9.6%	9.3%	11.4%	12.4%	13.7%
Cost burden 30–50% of income	12.7%	14.0%	14.4%	15.9%	16.9%	17.8%
Severely inadequate housing	1.3%	1.3%	1.3%	1.2%	1.0%	1.1%
Moderately inadequate housing	3.0%	2.8%	2.5%	2.2%	2.1%	2.1%
Crowded housing	1.3%	1.4%	1.3%	1.3%	1.3%	1.3%

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

TABLE A-3. HOUSING CONDITIONS OF UNASSISTED RENTER HOUSEHOLDS BY RELATIVE INCOME, 2007 AND 2009

2009	Household Income as Percentage of HUD-Adjusted Area Median Family Income					All Incomes
	0-30%	30-50%	50-80%	80-120%	>120%	
Total unassisted households (1,000)	6,621	6,223	6,814	5,512	5,355	30,525
Any with severe problems	5,069	2,026	644	203	143	8,085
Rent burden >50% of income	4,996	1,896	469	97	41	7,500
[and rent > Fair Market Rent]	1,581	1,231	427	97	41	3,378
Severely inadequate housing	278	165	186	107	101	837
Any with non-severe problems only	768	3,082	2,747	1,089	544	8,229
Rent burden 30-50% of income	647	2,869	2,317	712	175	6,720
Moderately inadequate housing	192	348	371	280	273	1,464
Crowded housing	124	288	282	126	111	930
Any with no problems	784	1,115	3,424	4,220	4,668	14,211

2007	Household Income as Percentage of HUD-Adjusted Area Median Family Income					All Incomes
	0-30%	30-50%	50-80%	80-120%	>120%	
Total unassisted households (1,000)	5,893	5,681	7,182	5,352	5,785	29,893
Any with severe problems	4,327	1,578	681	245	162	6,993
Rent burden >50% of income	4,246	1,472	470	96	42	6,326
[and rent > Fair Market Rent]	1,458	1,043	463	96	42	3,102
Severely inadequate housing	268	161	215	149	120	913
Any with non-severe problems only	828	2,935	2,960	1,048	674	8,445
Rent burden 30-50% of income	701	2,693	2,440	661	283	6,777
Moderately inadequate housing	191	330	457	305	302	1,586
Crowded housing	132	326	286	96	124	964
Any with no problems	738	1,168	3,541	4,059	4,949	14,455

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

TABLE A-4. INCIDENCE OF HOUSING PROBLEMS AMONG RENTERS BY RELATIVE INCOME, 2007 AND 2009—NUMBER AND PERCENTAGE (1 OF 3)

	Number		Percentage	
	2007	2009	2007	2009
Renter households (1,000)	35,054	35,396	100.0%	100.0%
Unassisted with severe problems	6,993	8,085	19.9%	22.8%
Unassisted with non-severe problems only	8,445	8,229	24.1%	23.2%
Unassisted with no problems	14,455	14,211	41.2%	40.1%
Assisted	5,161	4,871	14.7%	13.8%
Any with severe problems	8,564	9,688	24.4%	27.4%
Rent burden >50% of income	7,793	9,000	22.2%	25.4%
Severely inadequate housing	1,073	998	3.1%	2.8%
Rent burden only ^a	6,918	8,110	19.7%	22.9%
Any with non-severe problems only	10,015	9,678	28.6%	27.3%
Rent burden 30–50% of income	8,099	7,981	23.1%	22.5%
Moderately inadequate housing	1,828	1,684	5.2%	4.8%
Crowded housing	1,096	993	3.1%	2.8%
Rent burden only	7,234	7,094	20.6%	20.0%
Any with no problems	16,476	16,030	47.0%	45.3%
Income 0–30% HAMFI (1,000)	9,243	9,961	100.0%	100.0%
Unassisted with severe problems	4,327	5,069	46.8%	50.9%
Unassisted with non-severe problems only	828	768	9.0%	7.7%
Unassisted with no problems	738	784	8.0%	7.9%
Assisted	3,350	3,340	36.2%	33.5%
Any with severe problems	5,732	6,536	62.0%	65.6%
Rent burden >50% of income	5,588	6,407	60.5%	64.3%
Severely inadequate housing	372	387	4.0%	3.9%
Rent burden only ^a	4,892	5,712	52.9%	57.3%
Any with non-severe problems only	1,778	1,692	19.2%	17.0%
Rent burden 30–50% of income	1,536	1,486	16.6%	14.9%
Moderately inadequate housing	324	323	3.5%	3.2%
Crowded housing	196	161	2.1%	1.6%
Rent burden only	1,302	1,230	14.1%	12.3%
Any with no problems	1,733	1,732	18.7%	17.4%

TABLE A-4. INCIDENCE OF HOUSING PROBLEMS AMONG RENTERS BY RELATIVE INCOME, 2007 AND 2009—NUMBER AND PERCENTAGE (2 OF 3)

	Number		Percentage	
	2007	2009	2007	2009
Income 30–50% HAMFI (1,000)	6,697	7,157	100.0%	100.0%
Unassisted with severe problems	1,578	2,026	23.6%	28.3%
Unassisted with non-severe problems only	2,935	3,082	43.8%	43.1%
Unassisted with no problems	1,168	1,115	17.4%	15.6%
Assisted	1,016	934	15.2%	13.1%
Any with severe problems	1,711	2,139	25.5%	29.9%
Rent burden >50% of income	1,579	1,985	23.6%	27.7%
Severely inadequate housing	198	194	3.0%	2.7%
Rent burden only ^a	1,429	1,815	21.3%	25.4%
Any with non-severe problems only	3,375	3,467	50.4%	48.4%
Rent burden 30–50% of income	3,062	3,205	45.7%	44.8%
Moderately inadequate housing	393	392	5.9%	5.5%
Crowded housing	369	302	5.5%	4.2%
Rent burden only	2,655	2,811	39.6%	39.3%
Any with no problems	1,611	1,551	24.1%	21.7%
Income 50–80% HAMFI (1,000)	7,650	7,168	100.0%	100.0%
Unassisted with severe problems	681	644	8.9%	9.0%
Unassisted with non-severe problems only	2,960	2,747	38.7%	38.3%
Unassisted with no problems	3,541	3,424	46.3%	47.8%
Assisted	468	354	6.1%	4.9%
Any with severe problems	703	662	9.2%	9.2%
Rent burden >50% of income	486	469	6.4%	6.5%
Severely inadequate housing	224	204	2.9%	2.8%
Rent burden only ^a	465	446	6.1%	6.2%
Any with non-severe problems only	3,095	2,851	40.5%	39.8%
Rent burden 30–50% of income	2,524	2,381	33.0%	33.2%
Moderately inadequate housing	494	407	6.5%	5.7%
Crowded housing	305	290	4.0%	4.0%
Rent burden only	2,327	2,173	30.4%	30.3%
Any with no problems	3,853	3,655	50.4%	51.0%

TABLE A-4. INCIDENCE OF HOUSING PROBLEMS AMONG RENTERS BY RELATIVE INCOME, 2007 AND 2009—NUMBER AND PERCENTAGE (3 OF 3)

	Number		Percentage	
	2007	2009	2007	2009
Income 80–120% HAMFI (1,000)	5,518	5,658	100.0%	100.0%
Unassisted with severe problems	245	203	4.4%	3.6%
Unassisted with non-severe problems only	1,048	1,089	19.0%	19.2%
Unassisted with no problems	4,059	4,220	73.6%	74.6%
Assisted	166	146	3.0%	2.6%
Any with severe problems	253	208	4.6%	3.7%
Rent burden >50% of income	98	97	1.8%	1.7%
Severely inadequate housing	156	111	2.8%	2.0%
Rent burden only ^a	95	96	1.7%	1.7%
Any with non-severe problems only	1,077	1,115	19.5%	19.7%
Rent burden 30–50% of income	684	728	12.4%	12.9%
Moderately inadequate housing	308	287	5.6%	5.1%
Crowded housing	99	130	1.8%	2.3%
Rent burden only	679	705	12.3%	12.5%
Any with no problems	4,187	4,335	75.9%	76.6%
Income >120% HAMFI (1,000)	5,946	5,452	100.0%	100.0%
Unassisted with severe problems	162	143	2.7%	2.6%
Unassisted with non-severe problems only	674	544	11.3%	10.0%
Unassisted with no problems	4,949	4,668	83.2%	85.6%
Assisted	161	97	2.7%	1.8%
Any with severe problems	165	144	2.8%	2.6%
Rent burden >50% of income	42	41	0.7%	0.8%
Severely inadequate housing	123	102	2.1%	1.9%
Rent burden only ^a	38	41	0.6%	0.8%
Any with non-severe problems only	690	552	11.6%	10.1%
Rent burden 30–50% of income	293	181	4.9%	3.3%
Moderately inadequate housing	307	274	5.2%	5.0%
Crowded housing	127	111	2.1%	2.0%
Rent burden only	272	175	4.6%	3.2%
Any with no problems	5,090	4,757	85.6%	87.3%

HAMFI = HUD-adjusted area median family income.

^a The estimates for “rent burden only” exclude households with any non-severe problems.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

TABLE A-5A. INCIDENCE OF HOUSING PROBLEMS AMONG VERY LOW-INCOME RENTERS BY HOUSEHOLD TYPE, 2007 AND 2009—NUMBER AND PERCENTAGE (1 OF 2)

	Number		Percentage	
	2007	2009	2007	2009
Elderly without children (1,000)	3,492	3,636	100.0%	100.0%
Unassisted with severe problems	1,209	1,328	34.6%	36.5%
Unassisted with non-severe problems only	505	551	14.5%	15.2%
Unassisted with no problems	369	440	10.6%	12.1%
Assisted	1,409	1,316	40.3%	36.2%
Any with severe problems	1,607	1,747	46.0%	48.0%
Rent burden >50% of income	1,572	1,694	45.0%	46.6%
Severely inadequate housing	101	103	2.9%	2.8%
Rent burden only ^a	1,397	1,555	40.0%	42.8%
Any with non-severe problems only	947	921	27.1%	25.3%
Rent burden 30–50% of income	892	878	25.5%	24.1%
Moderately inadequate housing	118	97	3.4%	2.7%
Crowded housing	3	0	0.1%	0.0%
Rent burden only	828	824	23.7%	22.7%
Any with no problems	938	967	26.9%	26.6%
Families with children (1,000)	6,329	6,758	100.0%	100.0%
Unassisted with severe problems	2,187	2,734	34.6%	40.5%
Unassisted with non-severe problems only	1,767	1,704	27.9%	25.2%
Unassisted with no problems	624	630	9.9%	9.3%
Assisted	1,751	1,691	27.7%	25.0%
Any with severe problems	2,909	3,444	46.0%	51.0%
Rent burden >50% of income	2,788	3,337	44.1%	49.4%
Severely inadequate housing	234	225	3.7%	3.3%
Rent burden only ^a	2,491	2,963	39.4%	43.8%
Any with non-severe problems only	2,311	2,250	36.5%	33.3%
Rent burden 30–50% of income	1,964	2,020	31.0%	29.9%
Moderately inadequate housing	304	260	4.8%	3.8%
Crowded housing	530	448	8.4%	6.6%
Rent burden only	1,542	1,602	24.4%	23.7%
Any with no problems	1,108	1,064	17.5%	15.7%

TABLE A-5A. INCIDENCE OF HOUSING PROBLEMS AMONG VERY LOW-INCOME RENTERS BY HOUSEHOLD TYPE, 2007 AND 2009—NUMBER AND PERCENTAGE (2 OF 2)

	Number		Percentage	
	2007	2009	2007	2009
Other families (1,000)	1,384	1,410	100.0%	100.0%
Unassisted with severe problems	477	633	34.5%	44.9%
Unassisted with non-severe problems only	406	372	29.3%	26.4%
Unassisted with no problems	260	168	18.8%	11.9%
Assisted	241	236	17.4%	16.7%
Any with severe problems	549	697	39.7%	49.4%
Rent burden >50% of income	527	671	38.1%	47.6%
Severely inadequate housing	46	53	3.3%	3.8%
Rent burden only ^a	453	618	32.7%	43.8%
Any with non-severe problems only	485	453	35.0%	32.1%
Rent burden 30–50% of income	454	434	32.8%	30.8%
Moderately inadequate housing	73	45	5.3%	3.2%
Crowded housing	13	10	0.9%	0.7%
Rent burden only	398	399	28.8%	28.3%
Any with no problems	351	259	25.4%	18.4%
Other nonfamily (1,000)	4,735	5,314	100.0%	100.0%
Unassisted with severe problems	2,032	2,401	42.9%	45.2%
Unassisted with non-severe problems only	1,085	1,222	22.9%	23.0%
Unassisted with no problems	653	662	13.8%	12.5%
Assisted	966	1,030	20.4%	19.4%
Any with severe problems	2,378	2,786	50.2%	52.4%
Rent burden >50% of income	2,280	2,689	48.2%	50.6%
Severely inadequate housing	189	199	4.0%	3.7%
Rent burden only	1,979	2,392	41.8%	45.0%
Any with non-severe problems only	1,411	1,535	29.8%	28.9%
Rent burden 30–50% of income	1,287	1,360	27.2%	25.6%
Moderately inadequate housing	223	314	4.7%	5.9%
Crowded housing	19	5	0.4%	0.1%
Rent burden only	1,188	1,217	25.1%	22.9%
Any with no problems	947	993	20.0%	18.7%

^a The estimates for “rent burden only” exclude households with any non-severe problems.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

TABLE A-5B. INCIDENCE OF HOUSING PROBLEMS AMONG VERY LOW-INCOME RENTERS WITH DISABILITIES BY HOUSEHOLD TYPE, 2009—NUMBER AND PERCENTAGE (1 OF 2)

	<u>Number</u>	<u>Percentage</u>
	2009	2009
Elderly without children (1,000)	88	100.0%
Unassisted with severe problems	29	33.0%
Unassisted with non-severe problems only	29	33.0%
Unassisted with no problems	6	6.8%
Assisted	24	27.3%
Any with severe problems	38	43.2%
Rent burden >50% of income	38	43.2%
Severely inadequate housing	0	0.0%
Rent burden only ^a	32	36.4%
Any with non-severe problems only	38	43.2%
Rent burden 30–50% of income	38	43.2%
Moderately inadequate housing	9	10.2%
Crowded housing	0	0.0%
Rent burden only	29	33.0%
Any with no problems	12	13.6%
Families with children (1,000)	1,002	100.0%
Unassisted with severe problems	416	41.5%
Unassisted with non-severe problems only	201	20.1%
Unassisted with no problems	62	6.2%
Assisted	323	32.2%
Any with severe problems	556	55.5%
Rent burden >50% of income	542	54.1%
Severely inadequate housing	44	4.4%
Rent burden only ^a	427	42.6%
Any with non-severe problems only	307	30.6%
Rent burden 30–50% of income	282	28.1%
Moderately inadequate housing	40	4.0%
Crowded housing	40	4.0%
Rent burden only	229	22.9%
Any with no problems	139	13.9%

TABLE A-5B. INCIDENCE OF HOUSING PROBLEMS AMONG VERY LOW-INCOME RENTERS WITH DISABILITIES BY HOUSEHOLD TYPE, 2009—NUMBER AND PERCENTAGE (2 OF 2)

	Number	Percentage
	2009	2009
Other families (1,000)	303	100.0%
Unassisted with severe problems	112	37.0%
Unassisted with non-severe problems only	62	20.5%
Unassisted with no problems	29	9.6%
Assisted	100	33.0%
Any with severe problems	136	44.9%
Rent burden >50% of income	134	44.2%
Severely inadequate housing	9	3.0%
Rent burden only ^a	122	40.3%
Any with non-severe problems only	106	35.0%
Rent burden 30–50% of income	101	33.3%
Moderately inadequate housing	12	4.0%
Crowded housing	0	0.0%
Rent burden only	94	31.0%
Any with no problems	61	20.1%
Other nonfamily (1,000)	1,190	100.0%
Unassisted with severe problems	429	36.1%
Unassisted with non-severe problems only	164	13.8%
Unassisted with no problems	80	6.7%
Assisted	517	43.4%
Any with severe problems	613	51.5%
Rent burden >50% of income	578	48.6%
Severely inadequate housing	62	5.2%
Rent burden only ^a	473	39.7%
Any with non-severe problems only	311	26.1%
Rent burden 30–50% of income	266	22.4%
Moderately inadequate housing	61	5.1%
Crowded housing	5	0.4%
Rent burden only	245	20.6%
Any with no problems	266	22.4%

^a The estimates for "rent burden only" exclude households with any non-severe problems.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

TABLE A-6A. HOUSING PROBLEMS AND CHARACTERISTICS OF VERY LOW-INCOME RENTERS BY HOUSEHOLD TYPE, 2009 (1 OF 2)

	Total	Elderly, No Children	Families With Children	Other Families	Other Nonfamily
Renter households (1,000)	17,118	3,636	6,758	1,410	5,314
Number of children	13,801	0	13,801	0	0
Number of people	39,704	4,566	25,154	3,396	6,588
Children/household	0.81	0.00	2.04	0.00	0.00
People/household	2.32	1.26	3.72	2.41	1.24
Unassisted with severe problems	7,095	1,328	2,734	633	2,401
Unassisted with non-severe problems only	3,849	551	1,704	372	1,222
Unassisted with no problems	1,900	440	630	168	662
Assisted	4,274	1,316	1,691	236	1,030
Any with severe problems	8,675	1,747	3,444	697	2,786
Rent burden >50% of income	8,392	1,694	3,337	671	2,689
Severely inadequate housing	581	103	225	53	199
Rent burden only ^a	7,527	1,555	2,963	618	2,392
Any with non-severe problems only	5,159	921	2,250	453	1,535
Rent burden 30–50% of income	4,691	878	2,020	434	1,360
Moderately inadequate housing	715	97	260	45	314
Crowded housing	463	0	448	10	5
Rent burden only	4,041	824	1,602	399	1,217
Any with no problems	3,284	967	1,064	259	993

TABLE A-6A. HOUSING PROBLEMS AND CHARACTERISTICS OF VERY LOW-INCOME RENTERS BY HOUSEHOLD TYPE, 2009 (2 OF 2)

	Total	Elderly, No Children	Families With Children	Other Families	Other Nonfamily
Other Characteristics					
One person in household	7,381	2,839	177	0	4,365
Husband-wife family	3,070	447	1,979	644	0
Female head	10,617	2,503	4,751	759	2,604
Minority head	9,067	1,414	4,476	877	2,300
AFDC/Social Security income	3,051	711	1,310	239	791
Social Security income	4,032	2,941	394	157	539
Income below 50% of poverty threshold	4,053	665	1,897	216	1,276
Income below 100% of poverty threshold	9,011	1,625	4,199	557	2,630
Income below 150% of poverty threshold	13,622	2,675	6,066	1,001	3,880
High school graduate	12,292	2,203	4,618	1,004	4,467
Two+ years post high school	2,751	501	745	198	1,307
Earnings at minimum wage:					
At least half time	8,118	315	4,278	931	2,595
At least full time	5,975	186	3,296	713	1,780
Earnings main source of income	8,898	293	4,619	987	2,999
Housing rated poor	990	89	489	62	350
Housing rated good+	12,652	3,023	4,760	1,034	3,835
Neighborhood rated poor	1,405	102	728	110	465
Neighborhood rated good+	11,986	2,988	4,409	972	3,617
Central cities	7,915	1,573	2,957	663	2,722
Suburbs	3,084	698	1,224	206	955
Nonmetropolitan areas	6,119	1,364	2,577	540	1,637
Northeast	3,628	845	1,271	235	1,277
Midwest	3,626	1,081	1,217	367	960
South	5,912	977	2,582	492	1,860
West	3,951	732	1,689	315	1,216

AFDC = Aid to Families with Dependent Children.

^a The estimates for "rent burden only" exclude households with any non-severe problems.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

TABLE A-6B. HOUSING PROBLEMS AND CHARACTERISTICS OF EXTREMELY LOW-INCOME RENTERS BY HOUSEHOLD TYPE, 2009 (1 OF 2)

	Total	Elderly, No Children	Families With Children	Other Families	Other Nonfamily
Renter households (1,000)	9,961	2,290	3,912	639	3,120
Number of children	8,122	0	8,122	0	0
Number of people	22,132	2,688	14,226	1,534	3,683
Children/household	0.82	0.00	2.08	0.00	0.00
People/household	2.22	1.17	3.64	2.40	1.18
Unassisted with severe problems	5,069	930	1,998	397	1,744
Unassisted with non-severe problems only	768	145	359	49	215
Unassisted with no problems	784	175	232	47	331
Assisted	3,340	1,041	1,323	146	831
Any with severe problems	6,536	1,313	2,675	454	2,095
Rent burden >50% of income	6,407	1,281	2,631	446	2,048
Severely inadequate housing	387	77	148	27	135
Rent burden only ^a	5,712	1,174	2,308	411	1,820
Any with non-severe problems only	1,692	423	716	97	456
Rent burden 30–50% of income	1,486	397	632	94	364
Moderately inadequate housing	323	49	129	18	127
Crowded housing	161	0	161	0	0
Rent burden only	1,230	374	448	79	328
Any with no problems	1,732	554	521	88	570

TABLE A-6B. HOUSING PROBLEMS AND CHARACTERISTICS OF EXTREMELY LOW-INCOME RENTERS BY HOUSEHOLD TYPE, 2009 (2 OF 2)

	Total	Elderly, No Children	Families With Children	Other Families	Other Nonfamily
Other Characteristics					
One person in household	4,785	1,947	145	0	2,693
Husband-wife family	1,316	170	880	266	0
Female head	6,526	1,626	2,963	369	1,568
Minority head	5,539	1,004	2,691	392	1,452
AFDC/Social Security income	2,436	588	992	153	702
Social Security income	2,461	1,766	234	86	374
Income below 50% of poverty threshold	4,051	665	1,894	216	1,276
Income below 100% of poverty threshold	8,377	1,612	3,665	529	2,571
Income below 150% of poverty threshold	9,876	2,252	3,901	631	3,091
High school graduate	6,747	1,275	2,519	431	2,521
Two+ years post high school	1,388	286	355	68	679
Earnings at minimum wage:					
At least half time	2,888	85	1,703	271	829
At least full time	1,193	22	872	104	195
Earnings main source of income	3,897	101	2,151	355	1,291
Housing rated poor	691	76	346	36	232
Housing rated good+	7,136	1,869	2,618	446	2,203
Neighborhood rated poor	976	83	502	65	326
Neighborhood rated good+	6,688	1,826	2,384	416	2,061
Central cities	4,901	1,054	1,868	289	1,690
Suburbs	1,722	387	694	93	547
Nonmetropolitan areas	3,338	849	1,350	256	883
Northeast	2,204	488	813	115	789
Midwest	2,212	720	723	158	611
South	3,342	569	1,490	226	1,057
West	2,203	514	886	140	663

AFDC = Aid to Families with Dependent Children.

^a The estimates for "rent burden only" exclude households with any non-severe problems.**Source:** U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

TABLE A-7. HOUSING PROBLEMS AND CHARACTERISTICS OF WORST CASE RENTERS BY HOUSEHOLD TYPE, 2009 (1 OF 2)

	Total	Elderly, No Children	Families With Children	Other Families	Other Nonfamily
Renter households (1,000)	7,095	1,328	2,734	633	2,401
Number of children	5,561	0	5,561	0	0
Number of people	16,576	1,663	10,260	1,558	3,095
Children/household	0.78	0.00	2.03	0.00	0.00
People/household	2.34	1.25	3.75	2.46	1.29
Unassisted with severe problems	7,095	1,328	2,734	633	2,401
Unassisted with non-severe problems only	—	—	—	—	—
Unassisted with no problems	—	—	—	—	—
Assisted	—	—	—	—	—
Any with severe problems	7,095	1,328	2,734	633	2,401
Rent burden >50% of income	6,893	1,296	2,658	613	2,326
Severely inadequate housing	443	70	160	46	167
Rent burden only ^a	6,197	1,185	2,383	563	2,066
Any with non-severe problems only	—	—	—	—	—
Rent burden 30–50% of income	—	—	—	—	—
Moderately inadequate housing	—	—	—	—	—
Crowded housing	—	—	—	—	—
Rent burden only	—	—	—	—	—
Any with no problems	—	—	—	—	—

TABLE A-7. HOUSING PROBLEMS AND CHARACTERISTICS OF WORST CASE RENTERS BY HOUSEHOLD TYPE, 2009 (2 OF 2)

	Total	Elderly, No Children	Families With Children	Other Families	Other Nonfamily
Other Characteristics					
One person in household	3,049	1,049	98	0	1,902
Husband-wife family	1,286	139	855	293	0
Female head	4,271	938	1,869	320	1,144
Minority head	3,659	489	1,754	387	1,029
AFDC/Social Security income	1,083	175	513	100	295
Social Security income	1,476	1,071	156	56	193
Income below 50% of poverty threshold	1,984	354	884	126	620
Income below 100% of poverty threshold	4,516	712	2,037	351	1,417
Income below 150% of poverty threshold	6,193	1,061	2,609	517	2,006
High school graduate	5,186	841	1,814	465	2,066
Two+ years post high school	1,254	211	316	90	637
Earnings at minimum wage:					
At least half time	3,299	98	1,656	406	1,138
At least full time	2,016	60	1,098	260	598
Earnings main source of income	3,974	108	1,916	463	1,487
Housing rated poor	456	41	205	26	183
Housing rated good+	5,142	1,048	1,950	466	1,678
Neighborhood rated poor	541	35	258	37	211
Neighborhood rated good+	4,997	1,058	1,859	440	1,639
Central cities	3,344	619	1,206	262	1,258
Suburbs	1,119	219	425	72	403
Nonmetropolitan areas	2,632	490	1,103	299	740
Northeast	1,410	289	488	83	550
Midwest	1,415	350	518	161	385
South	2,479	402	987	231	859
West	1,791	286	740	158	607

AFDC = Aid to Families with Dependent Children.

^a The estimates for "rent burden only" exclude households with any non-severe problems.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

TABLE A-8. HOUSING PROBLEMS AND CHARACTERISTICS OF EXTREMELY LOW-INCOME WORST CASE RENTERS BY HOUSEHOLD TYPE, 2009 (1 OF 2)

	Total	Elderly, No Children	Families With Children	Other Families	Other Nonfamily
Renter households (1,000)	5,069	930	1,998	397	1,744
Number of children	4,096	0	4,096	0	0
Number of people	11,737	1,118	7,470	975	2,174
Children/household	0.81	0.00	2.05	0.00	0.00
People/household	2.32	1.20	3.74	2.45	1.25
Unassisted with severe problems	5,069	930	1,998	397	1,744
Unassisted with non-severe problems only	—	—	—	—	—
Unassisted with no problems	—	—	—	—	—
Assisted	—	—	—	—	—
Any with severe problems	5,069	930	1,998	397	1,744
Rent burden >50% of income	4,996	912	1,976	393	1,714
Severely inadequate housing	278	52	95	23	108
Rent burden only ^a	4,458	831	1,751	359	1,517
Any with non-severe problems only	—	—	—	—	—
Rent burden 30–50% of income	—	—	—	—	—
Moderately inadequate housing	—	—	—	—	—
Crowded housing	—	—	—	—	—
Rent burden only	—	—	—	—	—
Any with no problems	—	—	—	—	—

TABLE A-8. HOUSING PROBLEMS AND CHARACTERISTICS OF EXTREMELY LOW-INCOME WORST CASE RENTERS BY HOUSEHOLD TYPE, 2009 (2 OF 2)

	Total	Elderly, No Children	Families With Children	Other Families	Other Nonfamily
Other Characteristics					
One person in household	2,272	767	87	0	1,418
Husband-wife family	799	62	560	177	0
Female head	3,086	668	1,406	202	809
Minority head	2,689	363	1,324	243	759
AFDC/Social Security income	944	158	441	79	266
Social Security income	1,036	727	124	41	145
Income below 50% of poverty threshold	1,981	354	881	126	620
Income below 100% of poverty threshold	4,287	700	1,859	334	1,394
Income below 150% of poverty threshold	5,041	924	1,996	390	1,730
High school graduate	3,573	535	1,276	281	1,481
Two+ years post high school	811	126	211	48	425
Earnings at minimum wage:					
At least half time	1,891	40	1,015	210	626
At least full time	730	13	503	80	134
Earnings main source of income	2,618	53	1,298	270	997
Housing rated poor	364	37	165	24	138
Housing rated good+	3,588	715	1,364	300	1,210
Neighborhood rated poor	452	32	212	28	180
Neighborhood rated good+	3,441	715	1,284	276	1,166
Central cities	2,465	451	953	152	910
Suburbs	782	140	290	46	306
Nonmetropolitan areas	1,822	338	755	200	528
Northeast	1,133	203	411	50	469
Midwest	1,030	265	372	95	298
South	1,716	260	710	155	591
West	1,190	201	505	97	386

AFDC = Aid to Families with Dependent Children.

^a The estimates for "rent burden only" exclude households with any non-severe problems.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

TABLE A-9. INCIDENCE OF HOUSING PROBLEMS AMONG VERY LOW-INCOME RENTERS BY RACE AND ETHNICITY, 2007 AND 2009—NUMBER AND PERCENTAGE (1 OF 2)

	Number		Percentage	
	2007	2009	2007	2009
Non-Hispanic White (1,000)	7,477	8,051	100.0%	100.0%
Unassisted with severe problems	2,919	3,436	39.0%	42.7%
Unassisted with non-severe problems only	1,696	1,905	22.7%	23.7%
Unassisted with no problems	1,099	1,105	14.7%	13.7%
Assisted	1,763	1,606	23.6%	19.9%
Any with severe problems	3,469	3,938	46.4%	48.9%
Rent burden >50% of income	3,374	3,832	45.1%	47.6%
Severely inadequate housing	197	232	2.6%	2.9%
Rent burden only ^a	3,007	3,453	40.2%	42.9%
Any with non-severe problems only	2,271	2,404	30.4%	29.9%
Rent burden 30–50% of income	2,101	2,223	28.1%	27.6%
Moderately inadequate housing	289	320	3.9%	4.0%
Crowded housing	87	104	1.2%	1.3%
Rent burden only	1,917	2,001	25.6%	24.9%
Any with no problems	1,737	1,708	23.2%	21.2%
Non-Hispanic Black (1,000)	4,040	4,493	100.0%	100.0%
Unassisted with severe problems	1,345	1,640	33.3%	36.5%
Unassisted with non-severe problems only	752	806	18.6%	17.9%
Unassisted with no problems	362	338	9.0%	7.5%
Assisted	1,581	1,710	39.1%	38.1%
Any with severe problems	1,960	2,359	48.5%	52.5%
Rent burden >50% of income	1,853	2,258	45.9%	50.3%
Severely inadequate housing	177	183	4.4%	4.1%
Rent burden only ^a	1,644	2,020	40.7%	45.0%
Any with non-severe problems only	1,253	1,322	31.0%	29.4%
Rent burden 30–50% of income	1,082	1,202	26.8%	26.8%
Moderately inadequate housing	203	204	5.0%	4.5%
Crowded housing	114	77	2.8%	1.7%
Rent burden only	945	1,051	23.4%	23.4%
Any with no problems	827	812	20.5%	18.1%

TABLE A-9. INCIDENCE OF HOUSING PROBLEMS AMONG VERY LOW-INCOME RENTERS BY RACE AND ETHNICITY, 2007 AND 2009—NUMBER AND PERCENTAGE (2 OF 2)

	Number		Percentage	
	2007	2009	2007	2009
Hispanic (1,000)	3,297	3,493	100.0%	100.0%
Unassisted with severe problems	1,234	1,582	37.4%	45.3%
Unassisted with non-severe problems only	1,049	932	31.8%	26.7%
Unassisted with no problems	301	308	9.1%	8.8%
Assisted	713	672	21.6%	19.2%
Any with severe problems	1,504	1,841	45.6%	52.7%
Rent burden >50% of income	1,446	1,787	43.9%	51.2%
Severely inadequate housing	145	135	4.4%	3.9%
Rent burden only ^a	1,249	1,578	37.9%	45.2%
Any with non-severe problems only	1,279	1,151	38.8%	33.0%
Rent burden 30–50% of income	1,130	1,016	34.3%	29.1%
Moderately inadequate housing	152	148	4.6%	4.2%
Crowded housing	313	256	9.5%	7.3%
Rent burden only	857	776	26.0%	22.2%
Any with no problems	513	501	15.6%	14.3%

^a The estimates for "rent burden only" exclude households with any non-severe problems.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

TABLE A-10. INCIDENCE OF HOUSING PROBLEMS AMONG VERY LOW-INCOME RENTERS BY REGION, 2007 AND 2009—NUMBER AND PERCENTAGE (1 OF 2)

	Number		Percentage	
	2007	2009	2007	2009
Northeast (1,000)	3,487	3,626	100.0%	100.0%
Unassisted with severe problems	1,263	1,415	36.2%	39.0%
Unassisted with non-severe problems only	624	678	17.9%	18.7%
Unassisted with no problems	421	421	12.1%	11.6%
Assisted	1,179	1,112	33.8%	30.7%
Any with severe problems	1,692	1,831	48.5%	50.5%
Rent burden >50% of income	1,620	1,739	46.5%	48.0%
Severely inadequate housing	166	184	4.8%	5.1%
Rent burden only ^a	1,412	1,531	40.5%	42.2%
Any with non-severe problems only	1,003	1,003	28.8%	27.7%
Rent burden 30–50% of income	893	914	25.6%	25.2%
Moderately inadequate housing	110	146	3.2%	4.0%
Crowded housing	106	67	3.0%	1.8%
Rent burden only	793	793	22.7%	21.9%
Any with no problems	792	791	22.7%	21.8%
Midwest (1,000)	3,587	3,628	100.0%	100.0%
Unassisted with severe problems	1,230	1,410	34.3%	38.9%
Unassisted with non-severe problems only	857	811	23.9%	22.4%
Unassisted with no problems	495	422	13.8%	11.6%
Assisted	1,005	986	28.0%	27.2%
Any with severe problems	1,554	1,735	43.3%	47.8%
Rent burden >50% of income	1,494	1,672	41.7%	46.1%
Severely inadequate housing	99	127	2.8%	3.5%
Rent burden only ^a	1,340	1,516	37.4%	41.8%
Any with non-severe problems only	1,143	1,131	31.9%	31.2%
Rent burden 30–50% of income	1,052	1,051	29.3%	29.0%
Moderately inadequate housing	127	136	3.5%	3.7%
Crowded housing	56	60	1.6%	1.7%
Rent burden only	968	951	27.0%	26.2%
Any with no problems	889	762	24.8%	21.0%

TABLE A-10. INCIDENCE OF HOUSING PROBLEMS AMONG VERY LOW-INCOME RENTERS BY REGION, 2007 AND 2009—NUMBER AND PERCENTAGE (2 OF 2)

	Number		Percentage	
	2007	2009	2007	2009
South (1,000)	5,192	5,912	100.0%	100.0%
Unassisted with severe problems	1,942	2,479	37.4%	41.9%
Unassisted with non-severe problems only	1,331	1,416	25.6%	24.0%
Unassisted with no problems	628	678	12.1%	11.5%
Assisted	1,291	1,338	24.9%	22.6%
Any with severe problems	2,420	3,020	46.6%	51.1%
Rent burden >50% of income	2,319	2,944	44.7%	49.8%
Severely inadequate housing	186	145	3.6%	2.5%
Rent burden only ^a	2,047	2,636	39.4%	44.6%
Any with non-severe problems only	1,746	1,813	33.6%	30.7%
Rent burden 30–50% of income	1,536	1,645	29.6%	27.8%
Moderately inadequate housing	304	287	5.9%	4.9%
Crowded housing	174	115	3.4%	1.9%
Rent burden only	1,291	1,427	24.9%	24.1%
Any with no problems	1,026	1,079	19.8%	18.3%
West (1,000)	3,673	3,951	100.0%	100.0%
Unassisted with severe problems	1,470	1,791	40.0%	45.3%
Unassisted with non-severe problems only	951	945	25.9%	23.9%
Unassisted with no problems	362	378	9.9%	9.6%
Assisted	891	838	24.3%	21.2%
Any with severe problems	1,775	2,088	48.3%	52.8%
Rent burden >50% of income	1,734	2,037	47.2%	51.6%
Severely inadequate housing	120	124	3.3%	3.1%
Rent burden only ^a	1,521	1,843	41.4%	46.6%
Any with non-severe problems only	1,261	1,213	34.3%	30.7%
Rent burden 30–50% of income	1,116	1,081	30.4%	27.4%
Moderately inadequate housing	176	146	4.8%	3.7%
Crowded housing	229	221	6.2%	5.6%
Rent burden only	904	870	24.6%	22.0%
Any with no problems	637	650	17.3%	16.5%

^a The estimates for “rent burden only” exclude households with any non-severe problems.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

TABLE A-11. INCIDENCE OF HOUSING PROBLEMS AMONG VERY LOW-INCOME RENTERS BY METROPOLITAN LOCATION, 2007 AND 2009—NUMBER AND PERCENTAGE (1 OF 2)

	Number		Percentage	
	2007	2009	2007	2009
Central cities (1,000)	7,420	7,915	100.0%	100.0%
Unassisted with severe problems	2,800	3,344	37.7%	42.2%
Unassisted with non-severe problems only	1,749	1,752	23.6%	22.1%
Unassisted with no problems	739	695	10.0%	8.8%
Assisted	2,132	2,125	28.7%	26.8%
Any with severe problems	3,584	4,206	48.3%	53.1%
Rent burden >50% of income	3,436	4,054	46.3%	51.2%
Severely inadequate housing	318	341	4.3%	4.3%
Rent burden only ^a	2,988	3,584	40.3%	45.3%
Any with non-severe problems only	2,425	2,363	32.7%	29.9%
Rent burden 30–50% of income	2,142	2,131	28.9%	26.9%
Moderately inadequate housing	355	423	4.8%	5.3%
Crowded housing	286	225	3.9%	2.8%
Rent burden only	1,816	1,749	24.5%	22.1%
Any with no problems	1,411	1,346	19.0%	17.0%
Suburbs (1,000)	5,239	6,119	100.0%	100.0%
Unassisted with severe problems	2,052	2,632	39.2%	43.0%
Unassisted with non-severe problems only	1,275	1,470	24.3%	24.0%
Unassisted with no problems	679	715	13.0%	11.7%
Assisted	1,233	1,303	23.5%	21.3%
Any with severe problems	2,496	3,093	47.6%	50.5%
Rent burden >50% of income	2,426	3,028	46.3%	49.5%
Severely inadequate housing	153	146	2.9%	2.4%
Rent burden only ^a	2,187	2,783	41.7%	45.5%
Any with non-severe problems only	1,686	1,890	32.2%	30.9%
Rent burden 30–50% of income	1,534	1,765	29.3%	28.8%
Moderately inadequate housing	187	154	3.6%	2.5%
Crowded housing	206	195	3.9%	3.2%
Rent burden only	1,331	1,568	25.4%	25.6%
Any with no problems	1,057	1,135	20.2%	18.5%

TABLE A-11. INCIDENCE OF HOUSING PROBLEMS AMONG VERY LOW-INCOME RENTERS BY METROPOLITAN LOCATION, 2007 AND 2009—NUMBER AND PERCENTAGE (2 OF 2)

	Number		Percentage	
	2007	2009	2007	2009
Nonmetropolitan (1,000)	3,281	3,084	100.0%	100.0%
Unassisted with severe problems	1,053	1,119	32.1%	36.3%
Unassisted with non-severe problems only	739	628	22.5%	20.4%
Unassisted with no problems	489	490	14.9%	15.9%
Assisted	1,001	847	30.5%	27.5%
Any with severe problems	1,362	1,376	41.5%	44.6%
Rent burden >50% of income	1,305	1,310	39.8%	42.5%
Severely inadequate housing	100	94	3.0%	3.0%
Rent burden only ^a	1,145	1,160	34.9%	37.6%
Any with non-severe problems only	1,042	906	31.8%	29.4%
Rent burden 30–50% of income	921	795	28.1%	25.8%
Moderately inadequate housing	176	138	5.4%	4.5%
Crowded housing	74	43	2.3%	1.4%
Rent burden only	810	725	24.7%	23.5%
Any with no problems	877	802	26.7%	26.0%
U.S. total (1,000)	15,940	17,118	100.0%	100.0%
Unassisted with severe problems	5,905	7,095	37.0%	41.4%
Unassisted with non-severe problems only	3,763	3,849	23.6%	22.5%
Unassisted with no problems	1,906	1,900	12.0%	11.1%
Assisted	4,366	4,274	27.4%	25.0%
Any with severe problems	7,442	8,675	46.7%	50.7%
Rent burden >50% of income	7,167	8,392	45.0%	49.0%
Severely inadequate housing	570	581	3.6%	3.4%
Rent burden only ^a	6,320	7,527	39.6%	44.0%
Any with non-severe problems only	5,153	5,159	32.3%	30.1%
Rent burden 30–50% of income	4,598	4,691	28.8%	27.4%
Moderately inadequate housing	718	715	4.5%	4.2%
Crowded housing	565	463	3.5%	2.7%
Rent burden only	3,957	4,041	24.8%	23.6%
Any with no problems	3,345	3,284	21.0%	19.2%

^a The estimates for “rent burden only” exclude households with any non-severe problems.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

TABLE A-12. HOUSEHOLDS OCCUPYING U.S. RENTAL UNITS BY AFFORDABILITY OF RENT AND INCOME OF OCCUPANTS, 2007 AND 2009

Relative Income of Households 2009	Occupied and Vacant Rental Units (1,000) by Unit Affordability Category (percent of HAMFI needed to afford the highest rent in the category)												
	10*	20	30	40	50	60	70	80	90	100	110	120+	Total
Extremely low income (≤30% HAMFI)	646	1,569	1,180	1,355	1,841	1,517	805	515	149	85	75	224	9,961
Very low income (30–50%)	210	390	477	1,017	1,583	1,378	910	507	204	136	109	235	7,157
Low income (50–80%)	175	250	337	733	1,403	1,664	1,086	605	252	171	153	338	7,168
Middle income or higher (>80%)	222	272	266	573	1,261	1,928	1,802	1,559	977	581	455	1,215	11,110
Total	1,253	2,482	2,260	3,679	6,088	6,487	4,604	3,187	1,582	972	792	2,011	35,396
Vacant units for rent	80	69	121	350	821	858	624	469	270	152	127	407	4,348

Relative Income of Households 2007	Occupied and Vacant Rental Units (1,000) by Unit Affordability Category (percent of HAMFI needed to afford the highest rent in the category)												
	10*	20	30	40	50	60	70	80	90	100	110	120+	Total
Extremely low income (≤30% HAMFI)	705	1,561	1,209	1,439	1,631	1,125	516	228	108	107	85	248	8,963
Very low income (30–50%)	270	329	562	1,000	1,470	1,343	569	262	119	95	72	210	6,301
Low income (50–80%)	266	300	342	797	1,467	1,712	929	410	194	145	144	352	7,059
Middle income or higher (>80%)	324	319	343	684	1,522	2,017	1,600	1,017	761	474	420	1,337	10,820
Total	1,566	2,509	2,456	3,920	6,091	6,198	3,614	1,917	1,183	822	722	2,147	33,144
Vacant units for rent	232	307	210	387	674	695	445	252	197	150	137	435	4,122

HAMFI = HUD-adjusted area median family income.

* The 10 percent of HAMFI category includes units occupied with no cash rent.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

TABLE A-13. RENTERS AND RENTAL UNITS AFFORDABLE AND AVAILABLE TO THEM BY RELATIVE INCOME, 1999-2009

	1999	2001 ^c	2003	2005 ^d	2007	2009
Renter Households (1,000)	34,007	34,042	33,614	33,951	35,054	35,396
Extremely low income (≤30% HAMFI)	8,513	8,739	9,077	9,979	9,555	10,270
Very low income (30-50%)	6,243	6,315	6,581	6,345	6,697	7,157
Low income (50-80%)	7,270	7,251	7,460	7,488	7,650	7,168
Middle income or higher (>80%)	11,981	11,737	10,496	10,139	11,152	10,801
Affordable Units^a (1,000)	37,018	37,197	37,577	37,924	39,330	39,744
Extremely low income (≤30% HAMFI)	6,683	6,870	7,098	6,747	7,280	6,265
Very low income (30-50%)	12,089	12,366	12,863	12,368	11,071	10,938
Low income (50-80%)	14,222	13,634	13,518	14,044	15,063	16,228
Middle income or higher (>80%)	4,023	4,328	4,099	4,765	5,916	6,313
Affordable and Available Units^b (1,000)	37,018	37,197	37,577	37,924	39,330	39,744
Extremely low income (≤30% HAMFI)	3,573	3,803	3,996	3,982	4,224	3,665
Very low income (30-50%)	7,905	8,132	8,744	8,549	7,786	8,045
Low income (50-80%)	11,841	11,665	12,396	12,865	13,196	14,004
Middle income or higher (>80%)	13,700	13,597	12,441	12,528	14,123	14,029

HAMFI = HUD-adjusted area median family income.

^a Affordable units are rental units (whether vacant or occupied) that rent for no more than 30 percent of specified income levels (relative to the HUD-adjusted area median family income).

^b Affordable and available units are rental units that are affordable as described in footnote a and that also are either currently available for rent or are already occupied by a household with the specified income level.

^c Estimates for 2001 are based on 1990 Census weights rather than the 2000 Census weights used elsewhere in this report.

^d The estimates of units for 2005 were erroneous as originally published but are corrected in this version.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

TABLE A-14. AVERAGE INCOME AND AVERAGE GROSS RENT OF RENTER HOUSEHOLDS BY RELATIVE INCOME, 2007 AND 2009

2009	Household Income as Percentage of HUD-Adjusted Area Median Family Income					All Incomes
	0-30%	30-50%	50-80%	80-120%	>120%	
Total households (1,000)	9,961	7,157	7,168	5,658	5,452	35,396
Unassisted with priority problems	5,069	2,026	644	203	143	8,085
Unassisted with other problems	768	3,082	2,747	1,089	544	8,229
Unassisted with no problems	784	1,115	3,424	4,220	4,668	14,211
Assisted	3,340	934	354	146	97	4,871
Average monthly income	\$717	\$1,917	\$3,006	\$4,319	\$8,459	\$3,191
Unassisted with priority problems	764	1,820	2,860	3,945	8,723	1,416
Unassisted with other problems	1,072	2,005	3,017	4,338	8,498	2,993
Unassisted with no problems	362	1,947	3,031	4,344	8,459	4,972
Assisted	647	1,799	2,951	3,959	7,832	1,278
Average gross rent	\$646	\$755	\$805	\$920	\$1,166	\$825
Unassisted with priority problems	766	1,061	1,495	2,178	2,155	958
Unassisted with other problems	491	664	872	1,205	1,481	845
Unassisted with no problems	536	444	611	789	1,099	823
Assisted	514	647	719	774	1,119	574

2007	Household Income as Percentage of HUD-Adjusted Area Median Family Income					All Incomes
	0-30%	30-50%	50-80%	80-120%	>120%	
Total households (1,000)	9,243	6,697	7,650	5,518	5,946	35,054
Unassisted with priority problems	4,327	1,578	681	245	162	6,993
Unassisted with other problems	828	2,935	2,960	1,048	674	8,445
Unassisted with no problems	738	1,168	3,541	4,059	4,949	14,455
Assisted	3,350	1,016	468	166	161	5,161
Average monthly income	\$679	\$1,835	\$2,800	\$4,061	\$7,941	\$3,127
Unassisted with priority problems	697	1,695	2,661	3,855	7,340	1,378
Unassisted with other problems	1,019	1,925	2,785	3,921	7,667	2,843
Unassisted with no problems	409	1,888	2,844	4,135	8,007	4,772
Assisted	633	1,727	2,767	3,470	7,671	1,352
Average gross rent	\$584	\$682	\$742	\$821	\$1,042	\$753
Unassisted with priority problems	707	966	1,338	1,399	1,492	871
Unassisted with other problems	495	614	805	1,029	1,459	790
Unassisted with no problems	532	499	570	730	973	757
Assisted	452	584	653	788	917	519

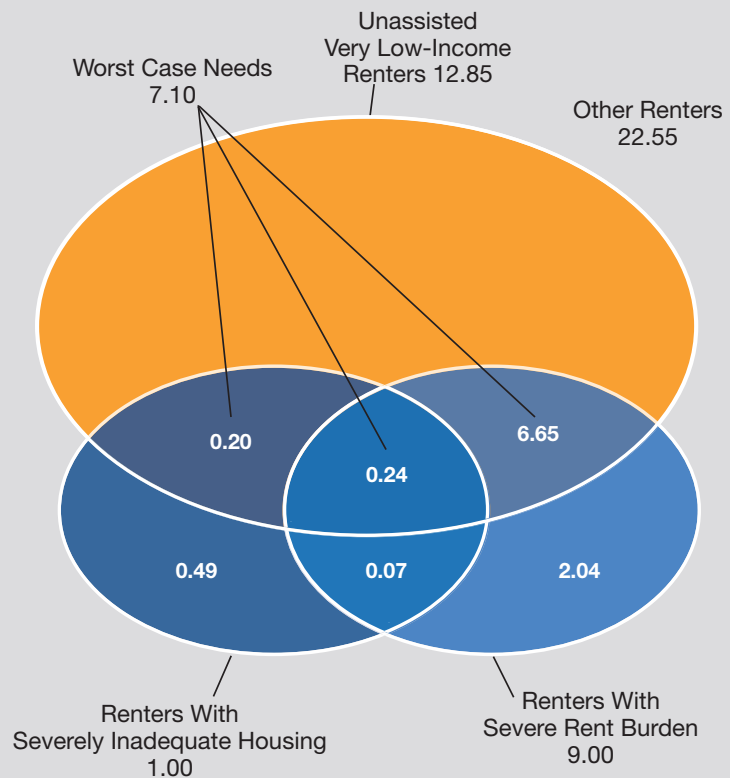
Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

APPENDIX

B

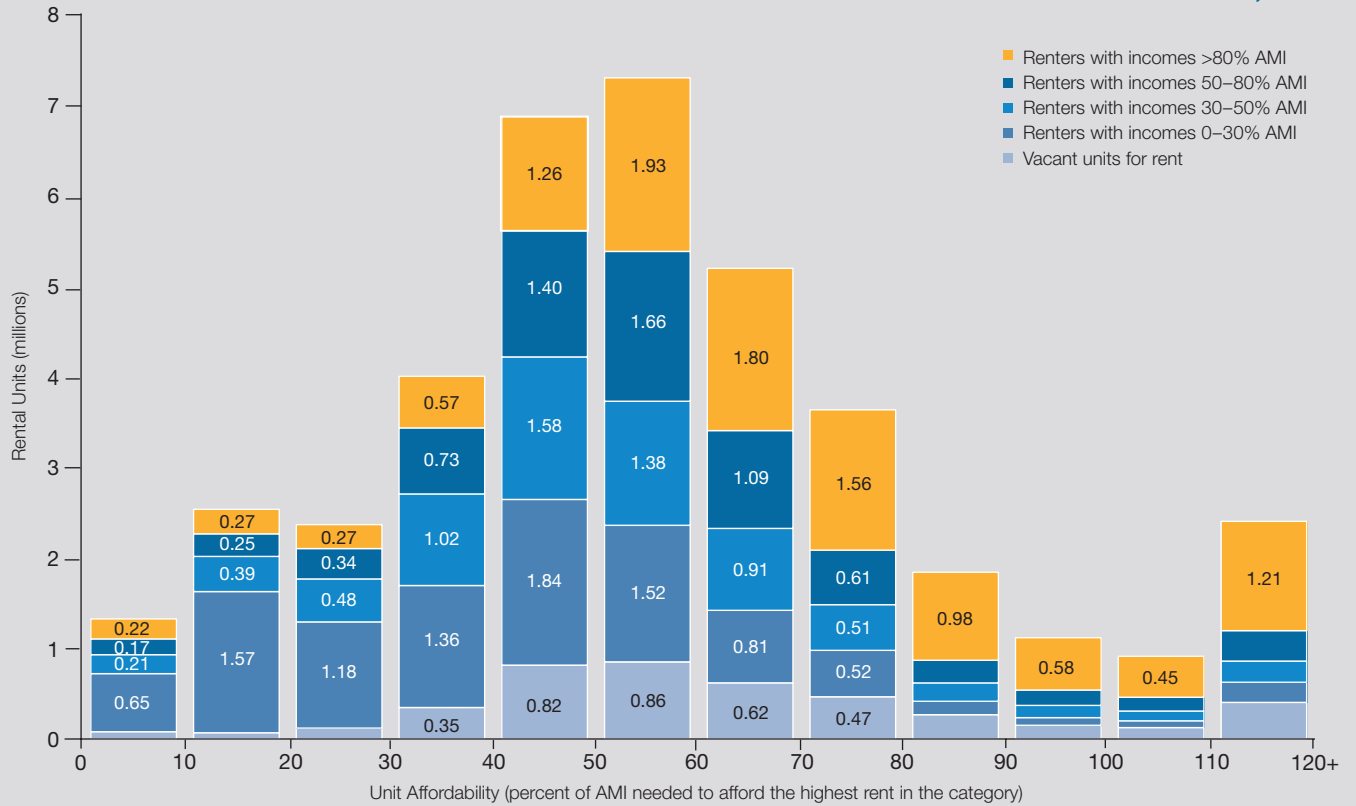
SUPPLEMENTAL EXHIBITS

EXHIBIT B-1. BIRD'S EYE VIEW OF WORST CASE HOUSING NEEDS IN 2009 (MILLIONS)



Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

EXHIBIT B-2. AFFORDABLE RENTAL UNITS FREQUENTLY ARE OCCUPIED BY HIGHER INCOME RENTERS, 2009



AMI = Area Median Income.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

EXHIBIT B-3. RENTAL STOCK OF BELOW-FMR UNITS, 2009

	Renters (1,000)	Housing Units (1,000)			Housing Units per 100 Renters		
		Affordable	Affordable and Available	Affordable, Available, and Adequate	Affordable	Affordable and Available	Affordable, Available, and Adequate
All	21,713	24,363	18,475	16,700	112.2	85.1	76.9
Northeast	4,582	5,129	3,965	3,537	111.9	86.5	77.2
Midwest	3,995	4,704	3,419	3,119	117.8	85.6	78.1
South	7,624	8,582	6,577	5,926	112.6	86.3	77.7
West	5,513	5,948	4,514	4,117	107.9	81.9	74.7
Cities	9,786	10,554	8,410	7,414	107.9	85.9	75.8
Suburbs	8,204	9,273	6,818	6,366	113.0	83.1	77.6
Nonmetropolitan areas	3,724	4,537	3,248	2,919	121.8	87.2	78.4

FMR = Fair Market Rent.

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, tabulations of American Housing Survey data

APPENDIX

C

FEDERAL HOUSING ASSISTANCE AND AFFORDABLE HOUSING PROGRAMS

The U.S. Department of Housing and Urban Development (HUD) provides rental housing assistance through three key programs:

- **Public housing.** Provides affordable housing to 1.1 million families through units owned and managed by local public housing agencies (PHAs). Families are required to pay 30 percent of their income for rent.
- **Project-based assisted housing.** Provides assistance to 1.3 million families living in privately owned rental housing. The assistance is attached to the units, which are reserved for low-income families that are required to pay 30 percent of their income for rent.
- **Tenant-based rental assistance.** The Section 8 voucher program supplements rent payments of more than 2.0 million families in the private rental market. The program is administered through state and local housing agencies. Although 30 percent of income is the rent baseline, families often pay more and use these portable subsidies to locate housing of their choice.

A number of other federal housing programs produce affordable housing, typically with shallower subsidies. Although these units are often more affordable than market-rate units, without additional rent subsidies (such as vouchers), extremely low-income families would often have to pay well more than 30 percent of their income under these programs:

- **Low-Income Housing Tax Credit Program.** Tax credits offered to investors by the Treasury Department subsidize the capital costs of units that have rents affordable to households with incomes at or below 60 percent of the Area Median Income (AMI).
- **HOME Investment Partnership.** Provides annual formula grants to state and local governments that can be used to assist homeowners, first-time homebuyers, or renters. To qualify, rents must be affordable to households with incomes at or below 65 percent of AMI or must be below local Fair Market Rents, whichever is less.
- **Housing Opportunities for Persons with AIDS.** Annual formula and competitive grants are available to state and local governments and nonprofit organizations for rental assistance targeted to a special-needs population.
- **Older rental subsidy programs.** Programs named for sections of the National Housing Act, primarily the Section 221(d)(3) Below Market Interest Rate Program and the Section 236 Mortgage Assistance Program, were active from the early 1960s through the early 1970s. They were designed to produce housing affordable for families with incomes above the public housing income limits.

For further detail on HUD program requirements, see HUD-PD&R (2006b).

APPENDIX

D

PREVIOUS REPORTS TO CONGRESS ON WORST CASE NEEDS

- *Priority Problems and “Worst Case” Needs in 1989* (June 1991, HUD-1314-PDR).
- *The Location of Worst Case Needs in the Late 1980s* (December 1992, HUD-1387-PDR).
- *Worst Case Needs for Housing Assistance in the United States in 1990 and 1991* (June 1994, HUD-1481-PDR).
- *Rental Housing Assistance at a Crossroads: A Report to Congress on Worst Case Housing Needs* (March 1996).
- *Rental Housing Assistance—The Crisis Continues* (April 1998).
- *Rental Housing Assistance—The Worsening Crisis: A Report to Congress on Worst Case Housing Needs* (March 2000).
- *A Report on Worst Case Housing Needs in 1999: New Opportunity Amid Continuing Challenges, Executive Summary* (January 2001).
- *Trends in Worst Case Needs for Housing, 1978–1999* (December 2003).
- *Affordable Housing Needs: A Report to Congress on the Significant Need for Housing* (December 2005).
- *Affordable Housing Needs 2005: Report to Congress* (May 2007).
- *Housing Needs of Persons With Disabilities: Supplemental Findings to the Affordable Housing Needs 2005 Report* (February 2008).
- *Worst Case Housing Needs 2007: A Report to Congress* (May 2010).

These publications are available on line at <http://www.huduser.org>.

E

DATA AND METHODOLOGY

Using the American Housing Survey Data

This report uses data from the latest available American Housing Survey (AHS) in 2009. The AHS is sponsored by the U.S. Department of Housing and Development (HUD), conducted by the U.S. Census Bureau, and is the only detailed periodic national housing survey in the United States. It provides nationally representative data on a wide range of housing subjects, including apartments, single-family homes, mobile homes, vacant homes, family composition, income, housing and neighborhood quality, housing costs, equipment, fuel type, size of housing units, and recent moves. National data are collected every 2 years from a sample of about 53,000 housing units. The survey, which started in 1973, has sampled the same housing units since 1985; it also samples newly constructed units to ensure both continuity and timeliness of the data. Information from the worst case needs reports has helped inform public policy decisions, including decisions on targeting existing resources, determining the need for additional resources, and the form housing assistance should take.

To accurately estimate worst case needs for federal rental assistance from AHS data, we must determine whether household incomes fall below HUD's official very low-income limits (50 percent of HUD-adjusted area median family income [HAMFI, termed AMI in this report]), whether a household already receives housing assistance, and whether an unassisted income-eligible household has one or more of the priority problems that formerly conferred preference in tenant selection for assistance (rent burdens exceeding 50 percent of income, substandard housing, or involuntary displacement).

Weighting. Because the AHS is based on a sample of housing units rather than a census of all housing units, estimates based on the data must be "weighted up" so that totals for each year match independent estimates of the total housing stock and better represent the full housing stock. The Census Bureau weights up responses to account for undercoverage of households (about 2.2 percent) and household nonresponse (about 11 percent). The weights for 2001–2009 AHS data used in this report are based on the 2000 Census of Housing, with adjustments for estimated change since then.

Exclusions. Households reporting incomes that are zero or negative are excluded from estimates of worst case needs, although they are included in counts of total households. If such households pay rents greater than the Fair Market Rent while reporting zero or negative incomes, then their income situation is presumed temporary, and so they are included and higher incomes are imputed to them.

Household and Family Types

Households and families—In this report, the terms “family” and “household” are not interchangeable terms. Although all families are households, not all households are families. “Household” types include households with relatives, households with children, elderly single people age 62 or older, and single people with disabilities. “Families” refers only to a subset of households in which one or more people are related to another household member by birth, marriage, or adoption.

Families with children. Households with a child under age 18 present. They are presumed to meet the definition of a family through relation by birth or adoption (including grandparents as parents).

Elderly households. Household in which at least one householder or spouse is age 62 or older, and no children are present.

Other families. Households with a nonelderly householder and no children in which either one or more people is related to the householder by birth, marriage, or adoption; or one or more subfamilies reside there that have members related to each other by birth, marriage, or adoption.

Other nonfamilies. Households with a single nonelderly person living alone or only with nonrelatives. The “other nonfamily” subgroup appearing in table A-7a and others accounts for a significant proportion, 25 percent, of households with worst case needs, even after excluding those with disabilities. Most of these households are single people living alone, rather than unrelated people sharing housing.

Disabilities. Before 2009, the AHS contained no direct questions that could ascertain whether individuals suffered from disabilities. Worst case needs reports for 2007 and earlier years identified households containing people with disabilities using various forms of income-based proxies. Disabled households were (1) not families with children; (2) not elderly households; and (3) receiving some form of income or government assistance that indicates that an adult with disabilities is present in the household. Beginning with the 2009 AHS, direct questions about impairments and difficulties with activities of daily living are asked about each household member, including children. This worst case needs report, therefore, addresses disability on the basis of people identified with these problems. Elderly people with disabilities are not counted because of the prevalence of disabilities associated with aging. A forthcoming supplemental report will focus on new data about people with disabilities and worst case needs among households containing these individuals.

Housing Assistance Status

In 1997, the AHS questions intended to identify households receiving rental assistance were changed in both content and order from those used previously. After careful review, HUD and the Census

Bureau adopted the following procedure to identify assisted units in a way that produces results that are more comparable to pre-1997 data. These questions were further refined in 2007 as a result of additional cognitive research.

- Determine whether the household must recertify in order to determine the rent it pays.
- Determine whether the rent is lower because of a federal, state, or local government housing program.
- Determine whether the household has a housing voucher, and, if so, whether the voucher can be used to move to another location.
- Determine whether the housing authority is the household’s landlord.
- Determine whether the household was assigned to its housing unit or whether they were allowed to choose it themselves.

Housing Problems

Rent or cost burden—A ratio between housing costs (including utilities) and household income that exceeds 30 percent, which is a conventional standard for housing affordability. To the extent that respondents underreport total income, the AHS estimates may overcount the number of households with cost burden. A “severe” cost burden exceeds 50 percent of reported income. A “moderate” cost burden exceeds 30 percent but is less than or equal to 50 percent of reported income. Only severe cost burdens qualify as potential worst case needs. Households reporting zero or negative income are defined as having no cost burden.

Inadequate housing—Housing with severe or moderate physical problems, as defined in the AHS since 1984 and modified from time to time in order to reflect changes in the survey. Severe inadequacies constitute potential worst case needs but moderate inadequacies do not. The 2007 AHS eliminated the questions about hallways (common stairways and light fixtures) in multiunit structures in the section on selected physical problems. This affects the classification of units having severe or moderate physical problems. Briefly, a unit is defined as having severe physical inadequacies if it has any one of the following four problems:

- **Plumbing.** Lacking piped hot water or a flush toilet or lacking both bathtub and shower, all for the exclusive use of the unit.
- **Heating.** Having been uncomfortably cold last winter for 24 hours or more, or 3 times for at least 6 hours each, because of broken-down heating equipment.
- **Electrical.** Having no electricity or having all of the following three electrical problems: exposed wiring, a room with no working wall outlet, and three or more blown fuses or tripped circuit breakers in the last 90 days.

- **Upkeep.** Having any five of the following six maintenance problems: leaks from outdoors, leaks from indoors, holes in the floor, holes or open cracks in the walls or ceilings, more than a square foot of peeling paint or plaster, or rats in the last 90 days.

A unit has moderate inadequacies if it has any of the following four problems, but none of the above severe problems:

- **Plumbing.** Having all toilets break down simultaneously at least 3 times in the last 3 months for at least 3 hours each time.
- **Heating.** Having unvented gas, oil, or kerosene heaters as the main source of heat (because these heaters may produce unsafe fumes and unhealthy levels of moisture).
- **Upkeep.** Having any three of the six upkeep problems mentioned under severe inadequacies.
- **Kitchen.** Lacking a sink, range, or refrigerator for the exclusive use of the unit.

Overcrowding. The condition of having more than one person per room in a residence. Overcrowding is counted as a moderate problem rather than a severe problem that constitutes a potential worst case need.

“Priority” problems. Problems qualifying for federal preference in admission to assisted housing programs between 1988 and 1996: paying more than one-half of income for rent (severe rent burden), living in severely substandard housing (including being homeless or in a homeless shelter), or being involuntarily displaced. These problems informed the original definition of worst case needs. Because the AHS sample tracks housing units and thus cannot count the homeless, AHS estimates of priority problems are limited to the two severe problems described above: severe rent burdens greater than 50 percent of income or severe physical problems. In accord with the intention to estimate the number of unassisted very low-income renters with priority problems, a number of tables in appendix A classify households with a combination of moderate problems and severe problems as having severe problems.

Income Measurement

Income sources. Income means gross income reported by AHS respondents for the 12 months preceding the interview. The 2007 AHS income questions were very similar to those used in 2005. The only change was that the combined interest/dividend/rental income question was split into separate questions. The “other income” question was also modified to no longer include child support or alimony. For each person in the family, the AHS questionnaire collects the amounts of 13 different types of income. Income includes amounts reported for wage and salary income, net self-employment income, Social Security or railroad retirement income, public assistance or welfare payments, and all other money income, before deductions for taxes or any other purpose. Imputed income from equity is not

included as income in this report. Following HUD rules for determining income eligibility for HUD programs, the earnings of teenagers aged 17 years or younger are not counted as income for this report.

Supplemental and in-kind income sources. Poorer renters with high rent burdens are asked several new questions about whether people outside the household contributed to household expenses such as rent, food, and child care. The supplemental questions are asked of assisted renters who paid more than 35 percent of their reported income for rent, and of unassisted renters with household income below \$10,000 who paid more than 50 percent of their income for rent. (These questions were not asked in the 2007 AHS because the module could not be translated to the Census Bureau’s new computer language [Blaise] in time.)

Family income. Reported income from all sources for the householder (the first household member 18 years or older who is listed as an owner or renter of the housing unit) and other household members related to the householder.

Household income. Reported income from all sources for all household members 18 years or older.

Income Categories

HUD-adjusted area median family income and official income limits—HUD is required by law to set income limits each year that determine the eligibility of applicants for assisted housing programs. In 1974, Congress defined “low income” and “very low income” for HUD rental programs as incomes not exceeding 80 and 50 percent, respectively, of the area median family income, as adjusted by HUD. HAMFI is more commonly referred to as the Area Median Income (AMI), although the latter term may be subject to misinterpretation. It should be noted that income limits are based on median family income, not median household income. Each base income cutoff is assumed to apply to a household of four people, and official income limits are further adjusted by household size: one person, 70 percent of base; two people, 80 percent; three people, 90 percent; five people, 108 percent; six people, 116 percent; and so on. Each household is assigned to an income category using the income limit appropriate to its area and the number of household members.

Income cutoffs in association with AHS geography—To categorize households in relation to “local” income limits as accurately as possible within the limitations of the geography given on the AHS public use files, HUD compares household incomes with area income limits. Very low- and low-income cutoffs for a household of four are defined for each unit of geography identified in the AHS national microdata files. For housing units outside these metropolitan areas, the AHS geography identifies only four regions, metropolitan status, and six climate zones. HUD estimated average income limits for each of these 48 locations.

Because developing estimates of official income limits for the geography identified on the AHS microdata was time consuming, HUD prepared income limits to use with AHS geography only for 3 years: 1978, 1986, and 1995. Beginning with the 2003 AHS, income cutoffs have been based on HUD's official income limits for those years, weighted by AHS weights. The Census Bureau added these cutoffs to the AHS public use file.

Categorizing households by income—For this report, when households are categorized using the very low- and low-income cutoffs, the cutoffs are adjusted for household size using the same adjustment factors used by HUD programs.

In addition, households reporting negative income are attributed incomes just above the AMI if their monthly housing costs exceed the Fair Market Rent and they lived in adequate and uncrowded housing. The justification for imputing higher incomes is that many households in this situation live in housing with amenities such as dining rooms, balconies, and off-the-street parking and thus may be reporting temporary accounting losses.

For housing needs estimates using AHS data since 1985, HUD has classified households with incomes above median income by comparing their income to with the actual median family income for the location, rather than to 80 percent of the low-income cutoff, as was the only approach possible for estimates made through 1983.

- **Extremely low income.** Income not in excess of 30 percent of AMI.
- **Very low income.** Income not in excess of 50 percent of AMI. Very low income thus includes extremely low income, although the term sometimes is used loosely in specific contexts, such as mismatch analysis, to mean incomes between 30 and 50 percent of AMI.
- **Low income.** Reported income not in excess of 80 percent of AMI or, if lower, the national median family income.
- **Poor.** Household income below the national poverty cutoffs for the United States for that household size. (As discussed in appendix A of the Census Bureau's AHS publications, AHS poverty estimates differ from official poverty estimates made from the Current Population Survey. AHS poverty estimates are based on income of households rather than income of families or individuals, and AHS income questions are much less detailed and refer to income during the past 12 months rather than a fixed period.) The poverty cutoff for a family of 4 is approximately 33 percent of AMI. Comparisons of income limits with poverty thresholds are presented in tables A-6a, A-6b, A-7, and A-8.
- **Middle income.** For this report, incomes above 80 percent and below 120 percent of AMI.
- **Upper income.** For this report, households with income above 120 percent of AMI.

Location

Metropolitan Statistical Area (MSA)—From 1973 to 1983, the definitions of metropolitan location in AHS data corresponded to the 243 Standard Metropolitan Statistical Areas used in the 1970 Census. Since 1984, metropolitan location in the AHS has referred to the MSAs defined in 1983, based on the 1980 Census.

Region. The four census regions are the Northeast, Midwest, South, and West.

Mismatch of Supply and Demand for Affordable Rental Housing

Mismatch. The discrepancy between the number of rental units needed by renters in various income categories and the number provided by the market that are affordable at those income levels.

Affordability. Several federal rental programs define "affordable" rents as those requiring not more than 30 percent of an income cutoff defined in relation to AMI. Under the Low-Income Housing Tax Credit (LIHTC) Program, for example, housing units qualify as affordable and eligible for the credit if they have rents as high as 30 percent of an income equaling 60 percent of AMI.

This report generalizes the approach developed to define LIHTC maximum rents for units of different size to define three categories of affordability (extremely low income, very low income, and low income) based on the incomes that are sufficient for the rents: at or below 30 percent of AMI, above 30 and up to 50 percent of AMI, and above 50 percent of AMI. Gross rents for each unit, including payments for utilities, are compared with 30 percent of HUD's income limits, which are set at 30 percent and 50 percent of AMI.

The income limits used to define rent affordability are adjusted for number of bedrooms using the formula codified at 26 U.S.C. 42(g)(2)(C): no bedrooms, 70 percent of base; one bedroom, 75 percent; two bedrooms, 90 percent; three bedrooms, 104 percent; four bedrooms, 116 percent, plus 12 percent of base for every additional bedroom. This formula assumes that an efficiency unit houses one person, a one-bedroom unit houses 1.5 people, and each additional bedroom houses another 1.5 people. For vacant units, the costs of any utilities that would be paid by an occupant were allocated using a "hot deck" technique based on a matrix of structure type, AHS climate code, and eight categories of gross rent.

Three measures of affordability. We use three measures in Section 2 to analyze the supply of the rental housing stock in relation to household incomes.

Categorizing rental units by affordability and households by income. To analyze mismatches between affordability and income in Section 2, household incomes and housing unit rents were compared with 2009 income limits (for income and rent categories up to and including 80 percent of AMI) and to the actual median family

incomes (for categories above 80 percent of AMI). As in the analysis of household income, households reporting negative income were redefined as having incomes just above median income if their monthly housing costs were above the Fair Market Rent and they lived in adequate and uncrowded housing. Units with “no cash rent” reported are categorized solely on the basis of utility costs. Utility costs are allocated to vacant units through “hot-deck” imputation based on units that are comparable on the basis of cost, number of units, region, and tenure.

Race and Ethnicity

In 2003, the AHS began using revised Census Bureau categories of race and ethnicity that are not directly comparable with the 2001 and earlier AHS. Survey respondents now are allowed to select more than one racial group, causing slight but significant decreases in the size of previously monolithic categories.

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