

THE NEED FOR AFFORDABLE RENTAL HOUSING IS GROWING DRAMATICALLY AND THE DEMANDS ON THE LOW-INCOME HOUSING CREDIT FAR EXCEED THE AVAILABLE RESOURCES

Although the Low-Income Housing Tax Credit (Housing Credit) finances nearly 100,000 affordable homes for low-income households each year, the **unmet need for affordable rental housing and the demands placed on the Housing Credit** to address affordable housing needs continue to far outstrip the available resources.

On Unmet Affordable Housing Needs:

- An unprecedented 11 million renter households—more than one in four of all renters in the U.S. (including those whose incomes are below and above Housing Credit eligibility)—spend more than half of their monthly income on rent. With that rent burden, there is very little left for the other necessities of life, such as food, healthcare, education and transportation to employment. The implications of this fact on the lives of low-income renters are staggering and extend well beyond housing.
- More than half of all renters pay more than 30% of income for rent—the traditional measure of affordability. Creating more affordable rental housing would generate more supply and could help take some pressure off of escalating rents, even for market rate rentals.
- The number of households experiencing “worst-case housing needs” (more than 50% of income paid for rent and/or living in severely inadequate housing) has risen 9% just since 2009 and 49% since 2003!
- In 2012, there were 11.5 million extremely low-income families (below 30% of area median income), but only 3.3 million housing units that were both available and affordable at that income level. This has created an affordable housing supply gap of 8.2 million homes just for this, the neediest segment, of the renter population, marking a 55 percent increase in the supply gap since 2000.
- Analysts expect that each year over the next decade an average of over 400,000 new renter households will enter the rental housing market—those entering the workforce and baby boomers downsizing into rental housing at or near retirement are a big part of this group. Many of these people will be low-income. However, the rental housing industry develops significantly less than this number of new rental units each year, meaning that the gap in rental housing supply vs. demand will only worsen. This factor alone will make it even more difficult in the immediate future and beyond for low-income renters to find a suitable place to live.
- Over 12.8% of the nation’s supply of low-income housing, or 650,000 units, have been permanently lost from the stock of available affordable rental housing since 2001 due to conversion to market rate rentals or condominiums, demolition or obsolescence.
- The net effect of this significant loss of affordable rental homes is that despite the impressive number of units developed with the Housing Credit, according to the Harvard Joint Center on Housing Studies, “the number of affordable units has stagnated over the past decade.”

On Demand for the Housing Credit:

- Every year, state Housing Credit allocating agencies typically receive applications requesting two to three times as much Housing Credit resources as the agencies have to allocate. Yet even this does not quantify the extent to which demand for affordable rental housing outstrips the supply of Housing Credits, as there is no doubt that some developers with worthwhile projects do not even bother applying because the competition for Housing Credits is so fierce.
- State Housing Credit allocating agencies face difficult choices—not just whether to direct their extremely limited Housing Credit resources to preservation as opposed to new construction, but also rural versus urban areas and neighborhood revitalization versus projects in high opportunity areas. They balance whether to finance supportive housing for the homeless against assisted living for the elderly, against housing for needy families, against projects for veterans—all of whom have extraordinary needs. There simply is not enough Housing Credit authority to fund all of the properties we need.

Sources: Joint Center for Housing Studies of Harvard University (JCHS), *America’s Rental Housing*, 2013; JCHS, *The State of the Nation’s Housing 2014*; US Department of Housing and Urban Development, *Worst Case Housing Needs: 2015 Report to Congress*; National Council of State Housing Agencies, *2012 Fact Book*; National Low Income Housing Coalition, *Out of Reach 2014*.