

PREVIEW OF 2015 WORST CASE HOUSING NEEDS

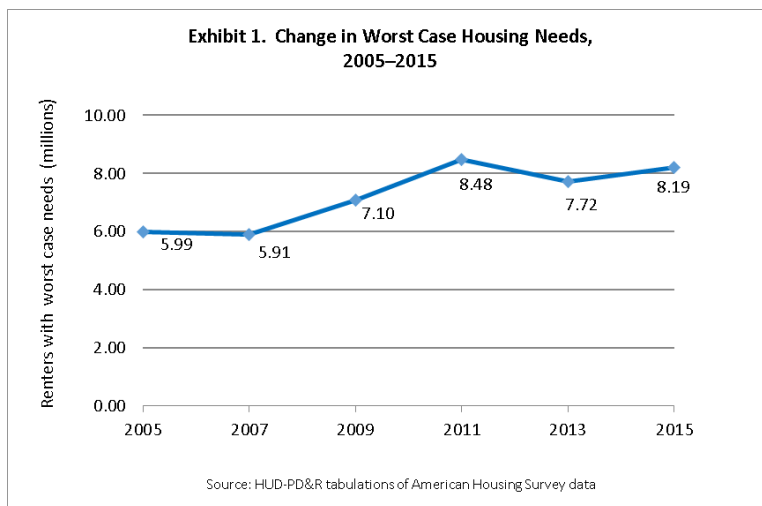


Preview of 2015 Worst Case Housing Needs

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

Extent of Worst Case Needs in 2015¹

- In 2015, 8.19 million renter households had worst case needs (see exhibit 1), a 6.1-percent increase from the 7.72 million cases observed in 2013. These renters have very low incomes,² lack housing assistance, and have either severe rent burdens or severely inadequate housing (or both).³
- With this latest resumption of worsening housing problems, the number of worst case needs has increased by 38.7 percent since 2007, when the recession began, and by 63.4 percent since 2001.
- Renter household formation and shifts in tenure from homeownership to renting contribute most new cases of worst case needs. Between 2013 and 2015, the number of renter households grew by 9.1 percent in contrast to a 1.9 percent decline in owner households.
- In 2015, there are 19.23 million very low-income renters, a 3.9-percent increase from 2013 levels that reverses the 4.0-percent reduction seen in the 2011-to-2013 period. In 2015, 42.6 percent of very low-income renters and 51.1 percent of extremely low-income renters had worst case needs.
- Worst case needs also increased slightly as a proportion of U.S. households during the most recent 2-year period, from 6.7 percent in 2013 to 6.9 percent in 2015.
- The primary problem in 2015 remains severe rent burdens—insufficient tenant incomes relative to rents. Between 2013 and 2015, a 9.4-percent increase in median incomes among renter households was outpaced by a 12.0-percent increase in median housing costs for renters. Severely inadequate housing accounts for only 1.7 percent of worst case needs.



¹ Preliminary tabulations of 2015 American Housing Survey (AHS) data. The AHS is funded by HUD and conducted biennially by the Census Bureau.

² *Very low income* and *extremely low income* refer to income levels adjusted for family size. Very low incomes are no more than 50 percent of Area Median Income (AMI) and extremely low incomes are no more than 30 percent of AMI—typically below the poverty line.

³ Two types of priority problems determine whether very low-income unassisted renter households have worst case needs: *severe rent burden*—paying more than one-half of income for gross rent (rent and utilities), and *severely inadequate housing*—having one or more serious physical problems related to heating, plumbing, and electrical systems or maintenance.

- Housing assistance prevents millions of worst case needs, but the shortfall of housing assistance relative to need grew more severe between 2013 and 2015. In absolute terms, the number of assisted renters increased slightly, by 0.5 percent, but increasingly fell behind the growing need among very low-income renters. The share of very low-income renters receiving housing assistance fell by 0.8 points between 2013 and 2015.

Shortage of Affordable Housing

- Households cannot find affordable units to rent because there is a national shortage of low-cost housing units. With tight rental markets, units that are affordable⁴ to extremely low-income households or very low-income households often are occupied by higher-income households. Exhibit 2 displays a basic comparison of the affordable housing stock to the number of renter households, based on the number of units that are affordable, and the number that are both affordable and available,⁵ per 100 renters in an income group.

Exhibit 2. Trend in Rental Housing Stock by Income Category, 2011 to 2015

Income Category	Rental Units per 100 Renters				
	2011	2013	2015	Change	
				2011 to 2013	2013 to 2015
Extremely low-income renters (0–30% AMI)					
Affordable	58.2	65.3	66.2	7.1	0.9
Affordable and available	35.8	39.0	37.9	3.2	– 1.1
Very low-income renters (0–50% AMI)					
Affordable	92.4	97.2	92.6	4.8	– 4.6
Affordable and available	64.6	65.2	62.1	0.6	– 3.1

AMI = Area Median Income.

Source: HUD-PD&R tabulations of American Housing Survey data

- There are 93 affordable units, but only 62 affordable and available units, per 100 very low-income renters.
- Extremely low-income renters face an even more severe affordable housing gap. For every 100 extremely low-income renters, only 66 affordable units exist, and a minority of those, 37.9 percent, are available to such renters.
- The stock of affordable and available units became more constrained during the 2013-to-2015 period, decreasing 1.1 points for extremely low-income renters and 3.1 points for very low-income renters.

⁴ “Affordable” is defined as housing costs not exceeding 30 percent of income.

⁵ “Affordable and available” is defined as affordable units that are already occupied by the income group of interest or are vacant and available for rent.