

Article 19: Lack of Affordable Housing and Affordable Housing Programs

The **lack of affordable housing** is the direct cause that creates the need for **affordable housing programs** (Colburn et al., 2024; Joint Center for Housing Studies of Harvard University, 2024; McClure & Schwartz, 2024). As housing costs rise relative to stagnant incomes, government and nonprofit organizations develop housing programs to reduce housing instability, prevent homelessness, and improve financial stability for lower-income households (Cohen, 2024; Jacob et al., 2021; Schapiro et al., 2021).

Causes and Scope of Lack of Affordable Housing in the United States

The shortage of affordable housing is a complex issue with several contributing factors. One major cause is the growing imbalance between the cost of housing, which has been rising, and the growth of wages, which has stalled over recent years. This imbalance is often attributed to insufficient housing construction, high development costs, and restrictive zoning policies that limit new units. As a result, millions of households are severely "cost-burdened," paying a disproportionately large share of their income on housing, which leaves them vulnerable to financial emergencies and even homelessness (Colburn et al., 2024; Joint Center for Housing Studies of Harvard University, 2024; McClure & Schwartz, 2024).

The *America's Rental Housing 2024* report by Harvard's Joint Center for Housing Studies looked at the current state of renting in the U.S. It used data from the U.S. Census Bureau, RealPage, and several federal housing programs to explore who is renting, what kinds of homes they live in, and how much they pay. The researchers collected information on how many rental homes exist, how old they are, where they're located, and how affordable they are for different income groups. They found that rent growth has slowed since the pandemic, but housing costs remain very high for many people. In fact, a record 22.4 million renter households now spend more than 30 percent of their income on rent. The study also shows that most rental homes are aging (with the typical unit being over 40 years old) and many need repairs or upgrades. Even though new apartments are being built, most are priced for higher-income renters. The report concludes that the U.S. faces a serious affordability crisis: lower-income renters continue to struggle, homelessness has risen, and the supply of affordable homes and rental aid programs is far too small to meet growing demand (Joint Center for Housing Studies of Harvard University, 2024).

Similarly, a study explored how renters in the U.S. experience housing cost burden—which occurs when they spend more than 30% of their income on housing—and how that burden changes over time. The researchers used fifty years of data from the Panel Study of Income Dynamics (PSID), following renter households from 1970 to 2019 to see how often and how long they struggled with high housing costs. The study found that these burdens are not short-lived or occasional; instead, they are deep, recurring, and increasingly persistent. Over time, more renters have become cost-burdened, and they tend to stay that way for longer periods. The researchers also found strong differences across groups: households with less education and households of color faced longer and more frequent housing struggles than more advantaged renters. The findings suggest that housing cost burden is not just a temporary setback but a long-term challenge for millions of renters. The authors conclude that policies should focus on preventing renters from entering cost burdens and, importantly, on providing lasting

support through affordable housing programs and assistance in related areas, especially in addressing racial and educational inequalities in housing affordability (Colburn et al., 2024).

A study explored the extent of the housing shortage in the U.S. by comparing changes in total housing units and households from 2000 to 2020. The researchers utilized U.S. Census data to analyze housing production and household growth across metropolitan and micropolitan areas. Their findings revealed that, nationally, housing production exceeded household growth by 3.3 million units during this period. Only four metropolitan and 19 micropolitan areas experienced a housing shortage. Despite the overall surplus, the study identified a significant mismatch between housing availability and affordability, particularly for extremely low-income renters. The authors concluded that the primary issue is not a lack of housing units but the affordability of existing housing, suggesting that policies should focus on income support and affordable housing programs rather than solely increasing housing supply (McClure & Schwartz, 2024).

Effectiveness and Impact of Affordable Housing Programs

Affordable housing programs effectively address housing instability and homelessness through vital support services, such as rental assistance and supportive housing. These programs have been shown to reduce poverty and enhance health and educational results for those involved. Furthermore, the impact of targeted initiatives highlights their potential to tackle the multifaceted challenges linked to insufficient affordable housing (Cohen, 2024; Jacob et al., 2021; Schapiro et al., 2021).

A study examined how rental assistance impacts various aspects of housing for low-income renters. The researchers analyzed survey data collected from individuals receiving rental assistance, focusing on four key areas: housing stability, quality, autonomy, and affordability. The findings revealed that rental assistance significantly improves housing stability by reducing the risk of eviction and homelessness. Additionally, recipients reported better housing quality, greater autonomy in choosing their living arrangements, and a reduced financial burden. This reduction in financial stress allowed renters to spend more on other necessities, improving overall household well-being. The study highlighted that these benefits were consistent across different demographic groups and income levels. The authors noted that rental assistance helps create more secure and stable living situations for vulnerable households. The study concluded that rental assistance, including participation in affordable housing programs, plays a crucial role in enhancing the overall well-being of low-income renters. Furthermore, such programs not only helped prevent immediate housing crises but also supported long-term stability. The authors recommend expanding rental assistance and affordable housing initiatives to reach more families in need. Overall, such measures can improve housing security, reduce financial strain, and strengthen the quality of life for low-income renters (Schapiro et al., 2021).

Another study looked at the impact of rapid housing on single adults experiencing homelessness, focusing on future homelessness and socioeconomic outcomes. The research utilized a dataset of administrative records from public agencies in Los Angeles County, comparing individuals based on their caseworker's housing placement speed. Furthermore, the selected individuals were placed into housing programs that provided assistance and supportive services as part of the model. The study found that rapid housing reduced future homelessness, crime, and the need for emergency financial aid, while also increasing reported employment. Researchers concluded that prompt housing placements benefit individuals and may lead to long-term cost savings. Hence, housing programs,

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including those supporting "Housing First" strategies, were crucial to this initiative's success by providing the resources necessary for caseworkers to quickly place and stabilize individuals in permanent housing (Cohen, 2024).

A study analyzed the economic impact of Housing First programs in the U.S., focusing on permanent supportive housing for individuals experiencing chronic homelessness. The researchers reviewed 20 studies, with 17 conducted in the U.S. and 3 in Canada, to assess intervention costs and economic benefits. They found that the median annual cost per person was \$16,479, while the median total benefit was \$18,247, resulting in a benefit-to-cost ratio of 1.80:1 in U.S. studies. This indicates that for every dollar spent on Housing First programs, there was an economic return of \$1.80. The study concluded that Housing First programs are cost-effective in the U.S., suggesting that the economic benefits outweigh the costs. The authors recommended expanding these programs to enhance housing stability and reduce homelessness among vulnerable populations. Overall, these findings support the effectiveness of affordable housing programs in not only providing stable housing but also generating economic benefits and improving well-being for low-income and vulnerable individuals (Jacob et al., 2021).

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