

# Renters feel brunt of tighter housing market

*Report: Affordable housing remains out of reach for many*

*The National Housing Trust Fund was established in 2008 to address the need for affordable housing to serve extremely low-income households.*

STAFF REPORTS

**F**ewer available rental units, rising demand among renters and higher rents are putting greater stress on low-income renters.

That's according to the annual housing affordability report by the National Low Income Housing Coalition. In "Out of Reach 2013" the NLIHC illustrates how large numbers of low-income renters can't afford the cost of living in their areas.

Rental unit vacancy rates fell from 8 percent in 2008 to 4.5 percent in late 2012, and two-thirds of large metropolitan areas are seeing tighter rental markets. In the Portland metro area, the rental unit vacancy rate is even lower, around 2 percent.

The NLIHC's housing wage — the full-time hourly wage needed to afford an apartment at the federally accepted Fair Market Rent, while spending no more than 30 percent of income on housing — is estimated to be \$18.79 an hour. The average renter earns \$14.32 an hour. Oregon's minimum wage is currently \$8.95 an hour.

State and national findings:

- Fair Market Rent for a two-bedroom unit in Oregon is \$832

- Oregon's housing wage for a two-bedroom unit is \$16.00 an hour, which ranks 25th most expensive out of all states and territories.

- In the Portland area, the housing wage is \$17.54 an hour, based on HUD's Fair Market Rent percentage of 30 percent of income.

- In Oregon, a renter would need to work 72 hours a week at minimum wage to afford a two-bedroom unit under HUD's formula

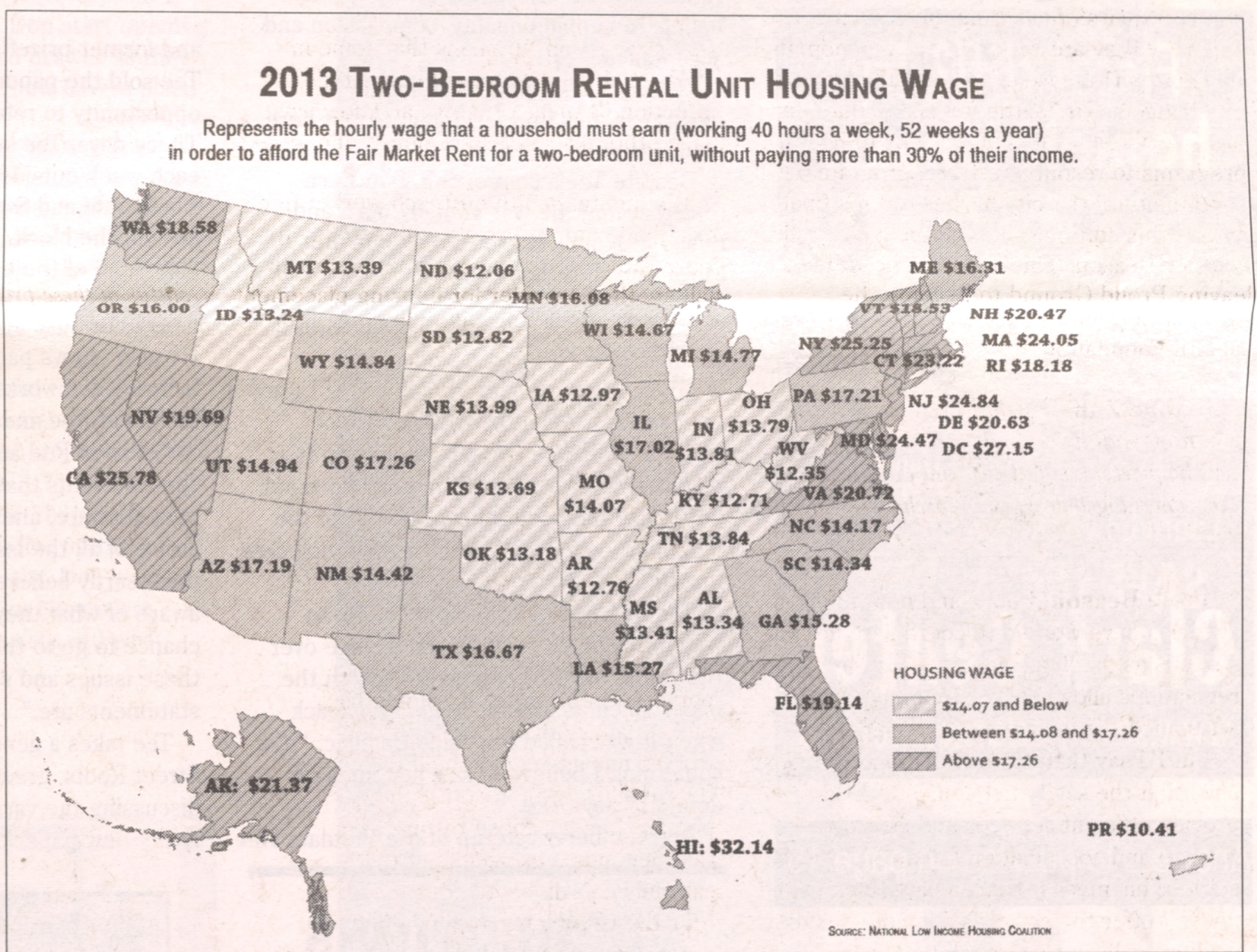
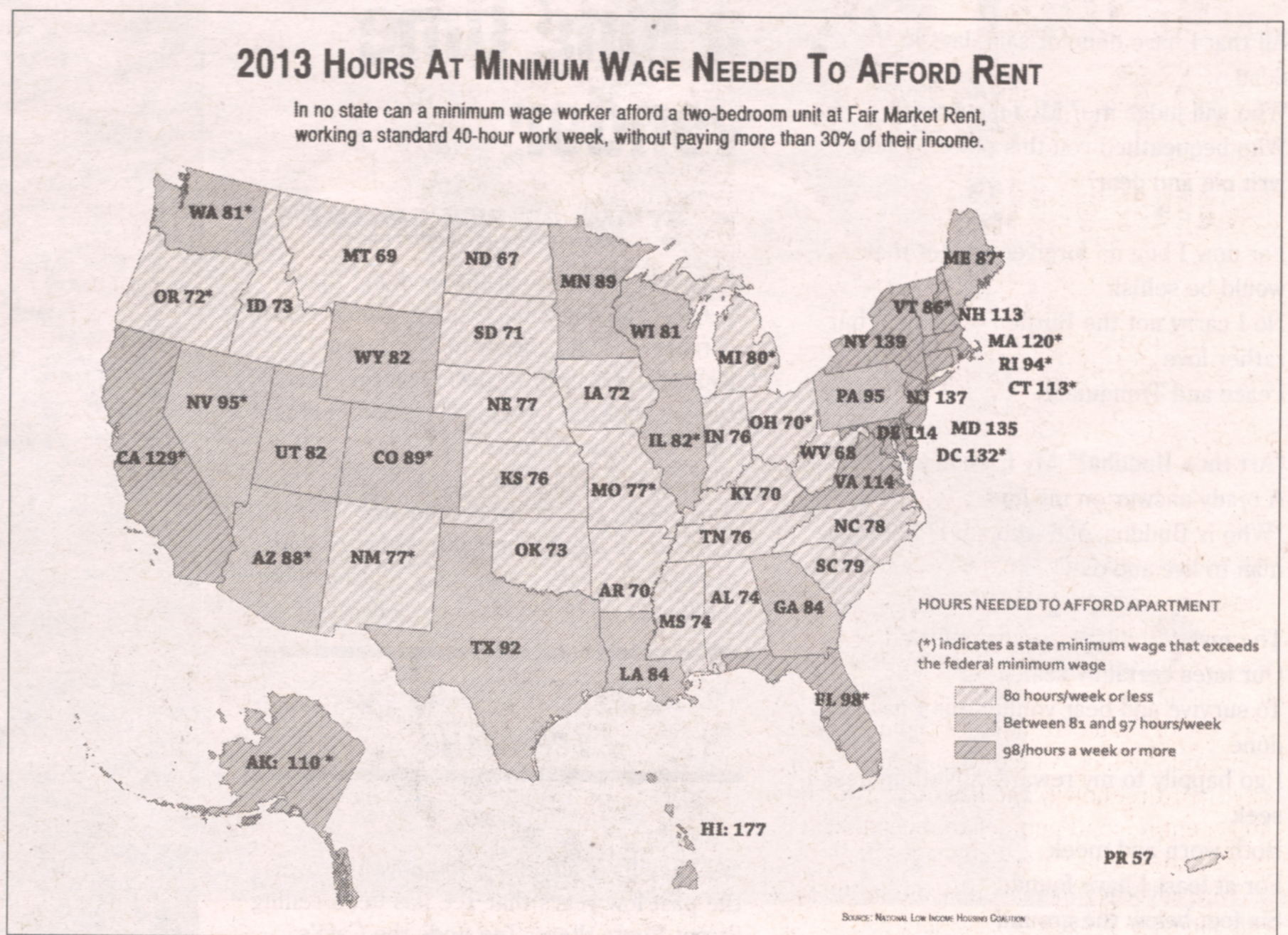
- Nationally, 29 percent of renters live below poverty, and 25 percent have extremely low income, but most new rental units are targeted for high-income households.

- For supply to meet demand, an additional 4.5 million units of affordable housing would be needed.

- One in four renters have extremely low income, totaling 10.1 million households nationally. Of those, 7.7 million spend more than 50 percent of their income on housing. Extremely low income households earn no more than \$19,810 in 2013 — \$400 less than in 2012 — and can afford to spend \$495 a month on rent. Meanwhile, the fair market rent rose to \$977 a month for a two-bedroom unit and \$783 for one bedroom.

- The median wait-time for federal and local assistance is two years; 40 percent of those waiting end up living "doubled up" with friends or family and 23 percent becoming homeless.

- Based on purchasing power, today's minimum wage (\$7.25) is worth about 30 percent less than it was in 1968.



GRAPHICS PROVIDED BY THE NATIONAL LOW INCOME HOUSING COALITION

## BEASON, from page 4

**J.B.:** Folks experiencing homelessness, or who are at risk of becoming homeless through foreclosure or eviction, are the biggest losers. These are seniors, veterans, people suffering from mental illness and families with children. Portland has built an effective service delivery system. While the delivery system may be able to stay somewhat intact, it is the direct services that will be decimated. In other words, we need mental health outreach workers, but what does it mean if they can't place that person into housing and treatment?

**J.Z.:** What does this budget process say about how our communities address poverty and homelessness? Are we letting dollar availability drive policy?

**J.B.:** I think that Mayor Hales has rightfully asked every city bureau to go through the painful exercise of identifying cuts. The Portland Housing Bureau need not be any exception.

Historically, the City Council has recognized and prioritized the safety net. When they see the good work being done, and understand the impacts, I hope and believe they will be inclined to do so again.

**J.Z.:** How is the city and county doing in terms of meeting low-income housing needs? What particular challenges are we going to be looking at ahead?

**J.B.:** We know that placing folks in housing, or helping them keep the housing they have, is the most effective way to address the root causes of homelessness. We know that addressing the minority homeownership gap means delivering generational impacts for communities of

color. So our biggest challenge is the rising rental and ownership market, and the large need for housing that is affordable to our most vulnerable and underserved residents. But the federal resources that have been the historic source for providing affordable housing have been reduced by repeated cuts and decimated by sequestration. My hope is that we can look for local solutions to address the need.

**J.Z.:** If we have to do more with less money, who are the innovators? What are the innovations?

**J.B.:** Portland is lucky to have many innovative providers. PHB's work on focusing our efforts on equity allows us to build on that innovation, I believe, so that our programs and service-providers are addressing disparities in all communities.

There are two significant things that have happened in the past few years. We did get

together — the county, Home Forward, the city and even the state — to look at a coordinated effort to do rent assistance (short-term, usually one or two months of rent, to keep people in housing), so it's not just seven different funds and everybody doing things piecemeal. But we are coordinating what little dollars we do have to make sure they go further.

Some basic statistics that I've heard is it can cost around \$1,600 to \$2,000 to prevent someone from being evicted or get them into housing in the first place. It costs \$7,000 to provide shelter for somebody, per household. We know that we have been innovative in that approach with housing first. Shelters are an expensive, albeit necessary system, but I think we've learned that it's not a system worth growing. Instead, we know that housing first is an approach worth growing. We know it works. It's not just a Band-Aid. It's a good long-term solution.