What is affordable housing?

As a policy maker or community leader, you probably hear often about the high cost of housing. Residents are feeling pressured by sky-high rents and home prices, and they want you to do something about it.

The impact of high housing costs goes beyond a single household’s wallet to affect entire cities, towns, and counties. High housing costs in your area could be making it hard for your local school district to recruit teachers, or your local fire department to hire firefighters. Increasing housing costs may even force some residents to choose between paying the rent and paying for food or health care.

But, people shouldn’t have to choose between one basic necessity and another! That’s where affordable housing comes in.

Affordable housing is housing that a household can pay for, while still having money left over for other necessities like food, transportation, and health care. That means that what’s considered “affordable” depends on a household’s income.

The federal government typically defines housing as affordable when it consumes no more than 30 percent of a household’s income. So, who needs affordable housing? Everyone. From high-income earners, to hourly wage workers, to the homeless, and everyone in between. The rent or home price that is affordable may vary from one
household to the next, but the need for housing that is affordable is shared by everyone.

The good news is that the housing needs of many families are met adequately by the private market. In other words, housing costs for a high-income CEO are usually not cause for too much public concern.

The bad news is that a large and growing share of the population cannot afford its housing costs. Nationally, more than one in seven households are what economists call “severely cost burdened.” This means that they pay half or more of their income on housing.

You probably wouldn’t be surprised to hear that the lowest-income households are the most likely to find themselves in this crunch. 70 percent of the lowest-income households (those with less than about $15,000 in annual income) are severely cost burdened.

Even moderate-income renters are struggling to pay the rent in many high-cost cities, towns, and counties. And it’s not just a renter’s problem.

Although more than a quarter of renters—11 million households—have severe housing cost burdens, so do about 1 in 10 home-owners, for another roughly 8 million households.

You might be thinking, ‘I get it—I know it’s a problem, but what can I do about it?’ The short answer is—a lot! As a public official or community leader, you can make big impact—even if you have limited funding available. Through incentives, zoning changes, and targeted investments, it’s possible to significantly expand the availability of affordable housing in your community.

Let’s get started, together, to meet this important challenge. To learn more, visit LocalHousingSolutions.org.

See also:

- Why is housing unaffordable?
- How is affordable housing created?
- How do you fill the gap in funding for affordable housing?