



BrainGain@PEC provides brief summaries of research or publications on family homelessness and related issues. Previous issues of BrainGain@PEC can be found at <http://www.pec-cares.org/publications.html>.

Date: October, 2013

Federal Reserve Bank Cites Pennsylvania’s Lack of Affordable Housing

The Federal Reserve Bank of Philadelphia’s [Affordability and Availability of Rental Housing in the Third Federal Reserve District: 2012](#) uses the latest available data to explore rental housing affordability conditions and trends between 2005 and 2010. This BrainGain@PEC summarizes the data specific to the category of renters identified as “Extremely Low Income” (ELI) renter households in Pennsylvania. ELI households are those whose incomes are less than or equal to 30 percent of the HUD-adjusted area median family income (MFI), a characteristic common among families and individuals who experience homelessness.

Contents:

- Key Findings
- Policy Implications
- Other Findings
- Case History
- The State of Rental Housing in Philadelphia
- State Map

Key Findings:

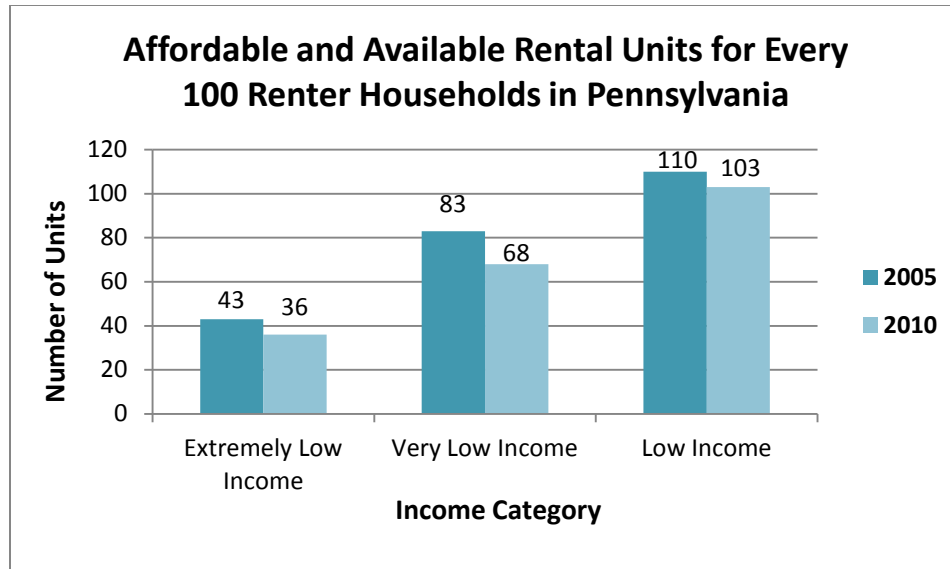
- In 2010, there was a deficit of nearly 266,000 *affordable* and *available* rental units for Pennsylvania’s ELI households.
- For every 100 ELI renter households in Pennsylvania, there were only 36 *affordable* and *available* rental units in 2010.
- In Pennsylvania, close to three in four ELI renter households spent more than 50 percent of their income on gross rent (including utilities) in 2010.
 - Households spending more than 50 percent of their income on housing costs are considered to be experiencing a severe housing cost burden.
- The status of the *affordability* and *availability* of rental housing in Pennsylvania for ELI households worsened across all measures between 2005 and 2010.

Other Findings:

- Out of all renter households in Pennsylvania, 28 percent were considered to be extremely low income in 2010.
- A total of 85 percent of Pennsylvania ELI renter households spent more than 30 percent of their income on gross rent in 2010.
 - Any household spending more than 30 percent of their income on housing costs is considered to be experiencing a housing cost burden.

Pennsylvania	Extremely Low Income (0-30% MFI)		Very Low Income (31-50% MFI)		Low Income (51-80% MFI)	
	2005	2010	2005	2010	2005	2010
Renter Households by Income Category	27%	28%	18%	19%	22%	21%
Percent of Renter Households Spending More than 30% of Income on Housing	83%	85%	68%	71%	31%	39%
Percent of Renter Households Spending More than 50% of Income on Housing	69%	73%	23%	28%	4%	5%

- There are only enough *affordable* rental units for 66 out of every 100 ELI renter households. This is a dramatic decrease from the 2005 ratio of 78:100.
- The ratio of *affordable* and *available* rental units for ELI households dropped from 43:100 in 2005 to 36:100 in 2010.



Implications for Policymakers:

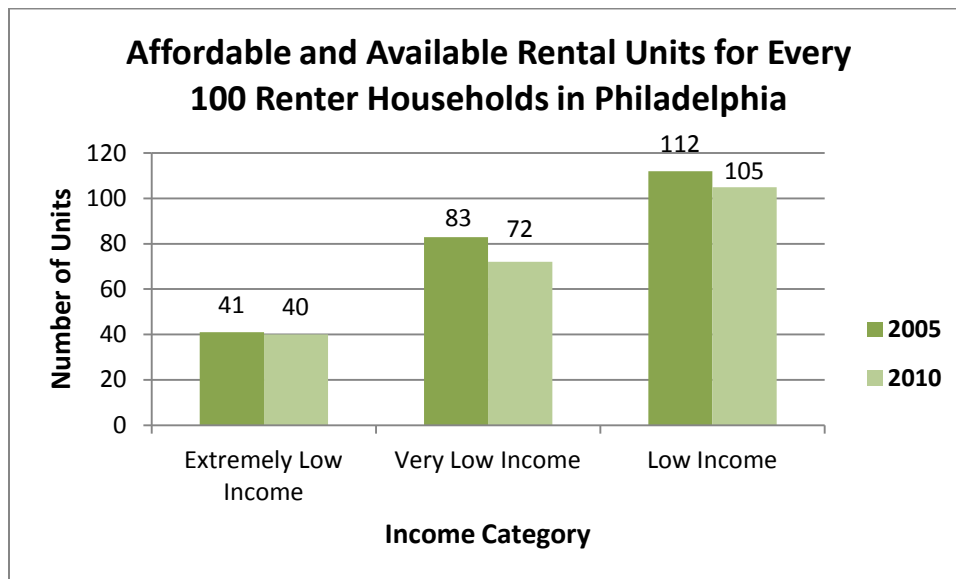
- While this study was not intended to provide strategy recommendations, it offers a valuable methodology for quantifying rental housing needs.
- Rental housing markets within Pennsylvania differ markedly in the extent of the shortage of units affordable and available to ELI and VLI renters, as well as in vacancy rates and population growth trends — reinforcing the importance of choosing strategies that are sensitive to local housing market conditions. In particular, a shortage of affordable and available units does not necessarily mean that more rental housing units are needed.
- The use of vouchers, if enough are available, may be sufficient to address most affordable rental housing needs.
- Ensuring that the existing rental stock is maintained in good condition is particularly important.
- State and local policymakers may want to work with nonprofits (local and national) and others to find ways to preserve the units as part of the affordable rental housing stock.

The State of Rental Housing in Philadelphia:

- Forty three percent of Philadelphia’s renter households were considered extremely low income in 2010.
- For every 100 ELI renter households in Philadelphia, there were 40 affordable and available rental units in 2010.

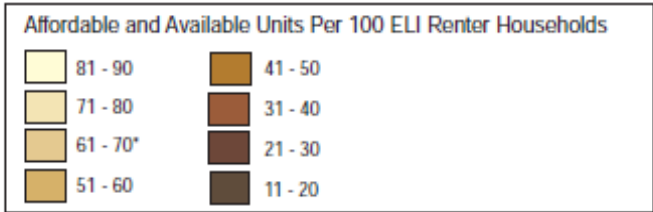
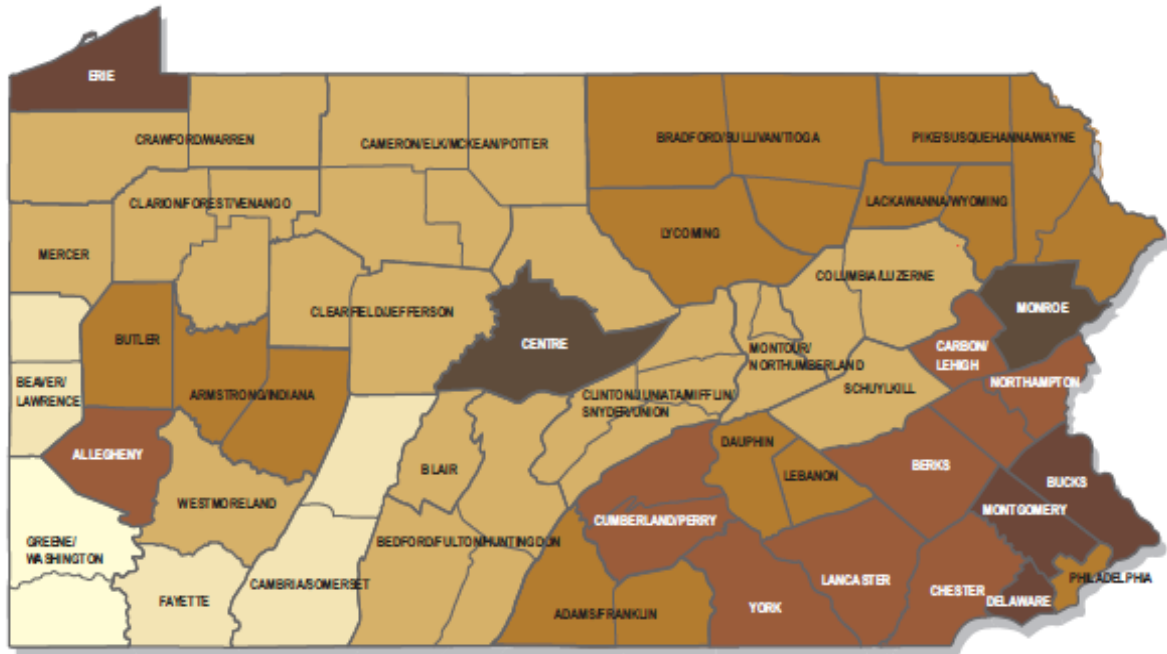
- Similar to state figures, 83 percent of Philadelphia’s ELI renter households spent more than 30 percent of their income on gross rent and 72 percent spent more than 50 percent.

Philadelphia	Extremely Low Income (0-30% MFI)		Very Low Income (31-50% MFI)		Low Income (51-80% MFI)	
	2005	2010	2005	2010	2005	2010
Renter Households by Income Category	40%	43%	18%	16%	18%	17%
Percent of Renter Households Spending More than 30% of Income on Housing	85%	83%	74%	77%	29%	41%
Percent of Renter Households Spending More than 50% of Income on Housing	75%	72%	19%	28%	5%	4%



MAP 7

Affordable and Available Housing Units per 100 ELI Renter Households by Consolidated PUMAs in 2005-06



The **People’s Emergency Center’s** mission is to nurture families, strengthen neighborhoods and drive change in West Philadelphia. Through a community of more than 200 housing units and four educational centers offering job training, parenting and early childhood education, lifeskills training, and technology coursework, PEC seeks to change the life trajectory for the women and children who seek its services and inspire them to aspire to new heights. This report was written by Caroline Morgan and Joe Willard. All inquires can be sent to policy@pec-cares.org.