

# “Where is the Housing?”

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Study by Kirk McClure & Alex Schwartz

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By **Conor Dougherty**  
I cover housing.

The housing crunch has been well documented in high-cost big cities, where rents and mortgages break the bank. Now it has moved into the rest of the country.

The culprit is too little housing, and it began two decades ago. In the three years leading up to the Great Recession, homebuilders started about two million homes a year. That number plunged during the crisis and never fully rebounded. Since 2010, builders have started about 1.1 million new homes a year on average — far below the 1.6 million needed to keep up with population growth. America is millions of homes behind, and it gets worse each year.

NYTimes

## Housing experts say there just aren't enough homes in the U.S.

APRIL 23, 2024 · 4:04 PM ET

HEARD ON ALL THINGS CONSIDERED

By Mary Louise Kelly, Mia Venkat, Kathryn Fink, William Troop

NPR

WASHINGTON, Aug 21 (Reuters Breakingviews) - Like Richard Nixon going to China, sometimes a change in policy is sold best by an unlikely proponent. Vice President Kamala Harris leading the charge for more housing supply in the United States shows just how far her party has come. Democrats have long been skeptical about overhauling supply and regulation to make housing more affordable. Harris' \$40 billion housing agenda, released last week, is a welcome recognition that drastic changes are needed to close a national shortage of 4.5 million homes.

# Introduction/Purpose of Study

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## Purpose:

- Determine the extent of housing shortage in the United States from 2000 to 2020.
- Compare housing availability by income and ownership status



# Literature Review

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- **Freddie Mac estimates**
  - National shortage of housing to be 3.8 million housing units including housing units of any tenure and price
  - 4.4 million units housing shortage when accounting for housing only affordable to those below 60% of the average median income (AMI)
  - Shortage attributed to underbuilding single family homes
- **Freddie Mac solutions to housing shortage**
  - Housing supply must be increased to accommodate household formation
  - Housing supply must meet need of emerging households
  - Vacancy rate determines health of the market. A low vacancy rate implies that the the market has not met the demand of consumer and therefore there will be high rent/price for homes. In a high vacancy rate, it implies there is low demand for housing, means lower rent and income for landlords.
  - Housing supply must meet 13% vacancy rate as a whole. They estimate the US needs to build 1.6 million units per year to meet the ideal vacancy rate

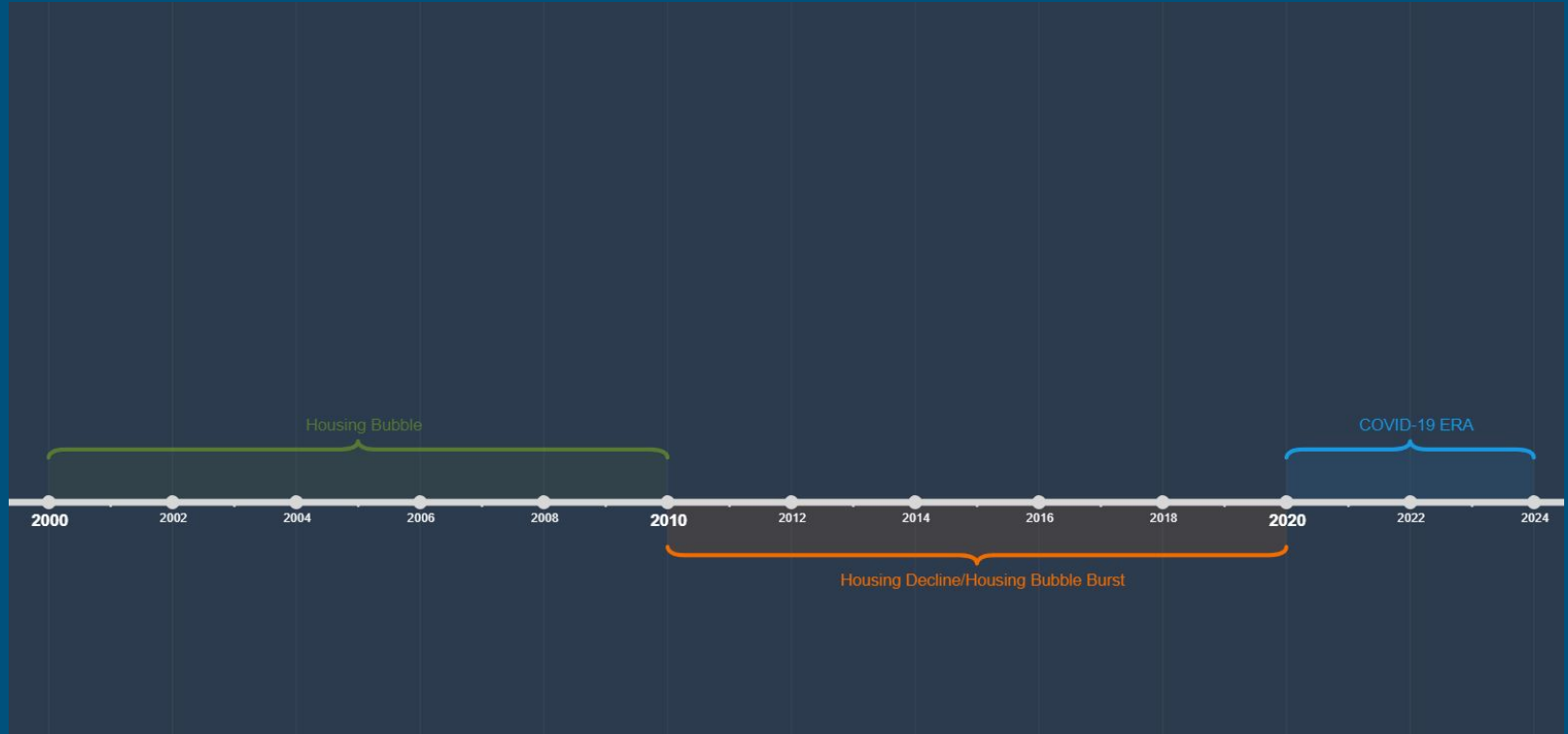
# Methodology of McClure and Schwartz

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- Analysis over a two-decade period using databases Current Population Survey/Housing Vacancy Survey (CPS/HVS) and US Census Bureau
  - Comparison of housing stock growth and household growth
  - Comparison of vacancy rates over time to determine market health
- Identification of income and price mismatches by lower income bracket



# McClure and Schwartz's Housing Market Timeline



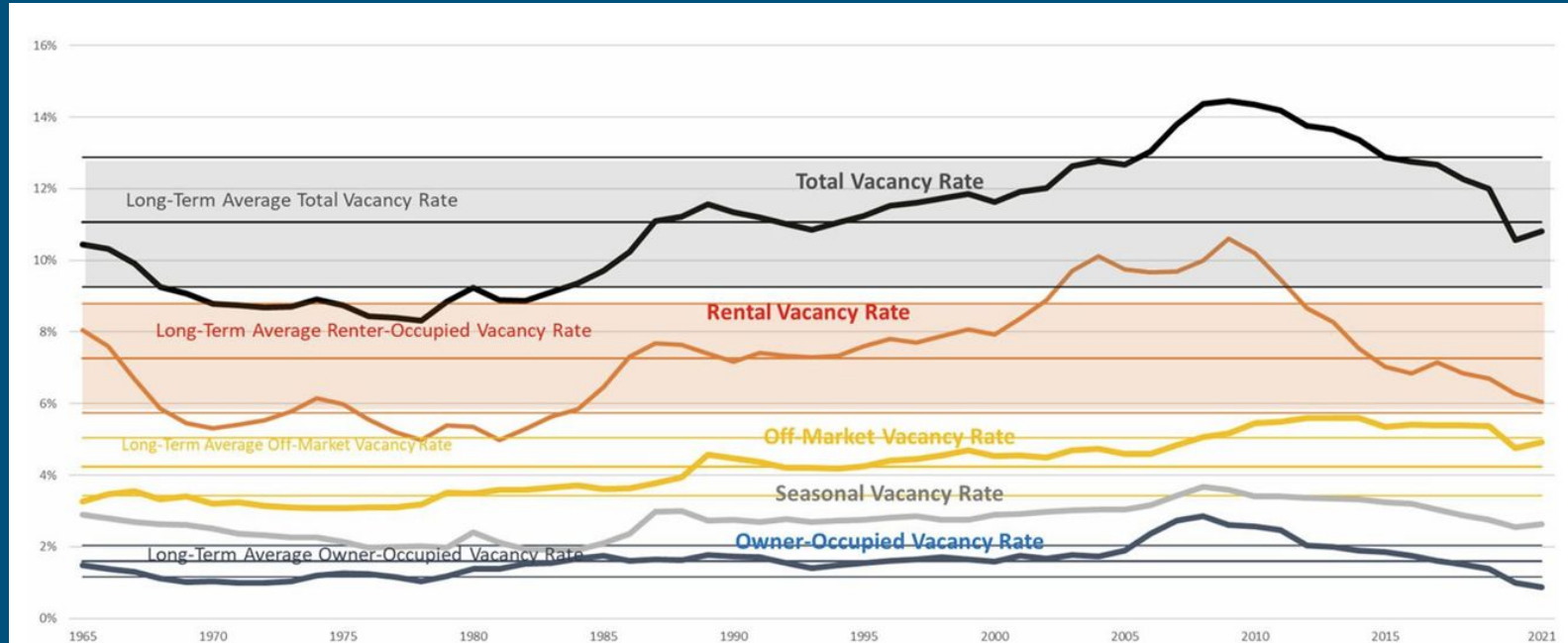
# Housing Stock from 2000 to 2020

**Table 1.** US households, total housing units, and vacant housing units.

	Year				Growth in households and units			
	2000	2010	2020	2022	2000–2010	2010–2020	2000–2020	2020–2022
Source: Decennial census								
Housing units (millions)	115.9	131.7	140.5		15.8	8.8	24.6	
Households (millions)	105.5	116.7	126.8		11.2	10.1	21.3	
Vacant housing units (millions)	10.4	15.0	13.7		4.6	-1.3	3.3	
Vacancy rate	9.0%	11.4%	9.7%					
Source: Housing Vacancy Survey								
Housing units (millions)	116.3	131.8	140.8	143.7	15.5	8.9	24.5	2.961
Households (millions)	102.6	112.9	125.9	128.6	10.3	13.0	23.3	2.737
Vacant housing units (millions)	13.7	18.9	14.9	15.1	5.2	-4.0	1.2	0.224
Vacancy rate	11.8%	14.3%	10.6%	10.5%				

Sources: US Bureau of the Census, Decennial Census 2000, 2010, 2020; Housing Vacancy Survey 2000, 2010, 2020, 2022.

# Vacancy Rates 1965-2021



**Figure 1.** Housing vacancy rates in the United States, 1965 to 2021.

Source: US Census Bureau, Current Population Survey/Housing Vacancy Survey, March 15, 2022.



# Metropolitan vs Metropolitan: Housing Units to population

**Table 4.** Core-based statistical areas (CBSAs) by growth in units to growth in households by type of area, 2000 to 2020.

Housing stock growth as a percentage of household growth

CBSAs with increasing households

	Surplus greater than 110%	Balanced 0% to 110%	Shortage less than 0%	CBSAs with declining households	Total CBSAs
Type of CBSA					
Metropolitan areas	240	118	4	19	381
Percent of metro areas	63.0%	31.0%	1.0%	5.0%	100.0%
Percent of US population	54.7%	30.2%	0.2%	1.0%	86.1%
Micropolitan areas	305	91	19	121	536
Percent of micro areas	56.9%	17.0%	3.5%	22.6%	100.0%
Percent of US population	5.0%	1.4%	0.2%	1.6%	8.3%
Total CBSAs	545	209	23	140	917
Percent of CBSAs	59.4%	22.8%	2.5%	15.3%	100.0%
Percent of US population	59.7%	31.6%	0.4%	2.6%	94.4%

Sources: US Bureau of the Census, Decennial Census 2000, 2020.

# Housing Affordability by Income Bracket

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- Mismatch = Distribution of incomes vs. housing prices
- Affordability problems for extremely low-income renters
- Pronounced shortage for households earning below 30% and 60% of average median income (AMI)
- Extremely Low Income = \$22,000 annual income or 60% of AMI
- Very Low Income = \$44,000 annual income or 30% of AMI
- McClure and Schwartz estimate that the affordable housing ceiling for ELI and VLI was \$106,000 and \$212,000 respectively
- Affordable rent was \$550/month for ELI and \$1,100/month for VLI

**Table 5.** Average number of households and units by income category and tenure core-based statistical areas, 2021.

	Average units by tenure	Average households by tenure	Average surplus (shortage)
Owner occupancy			
Extremely low-income	15,109	8,437	6,672
Very low-income	25,457	13,056	12,402
Renter occupancy			
Extremely low-income	5,601	13,309	(7,708)
Very low-income	22,336	11,999	10,337

Source: American Community Survey 2021.

**Table 6.** Core-based statistical areas (CBSAs) by size and by shortage or surplus of units for extremely low-income and very low-income households by tenure.

	Metropolitan CBSAs		Micropolitan CBSAs		All CBSAs	
	Shortage	Surplus	Shortage	Surplus	Shortage	Surplus
Rental housing						
Very low-income (30% to 60% AMI)	2	377	5	512	7	889
Extremely low-income (<30% AMI)	377	2	489	28	866	30
Owner-occupied housing						
Very low-income (30% to 60% AMI)	33	346	21	496	54	842
Extremely low-income (<30% AMI)	61	318	30	487	91	805

AMI = area median family income. Sources: US Bureau of the Census, Decennial Census 2000, American Community Survey 2010, 2021.

Note: CBSAs in shortage experienced more households in the income category than units priced affordably to the income category.

CBSAs in surplus experienced more units priced affordably to the income category than households in the income category.

# Key Findings

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- Census data shows no substantial evidence of a housing shortage
- Housing production exceeded household growth by 3.3 million units
- Few metropolitan and micropolitan areas experienced shortages
- Housing was unaffordable for extremely low income for both renting and owning

# Study Limitations

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- Housing is assumed to be stable before the year 2000
- All housing units are assumed to be habitable
- Household growth is appropriate to the level of population growth

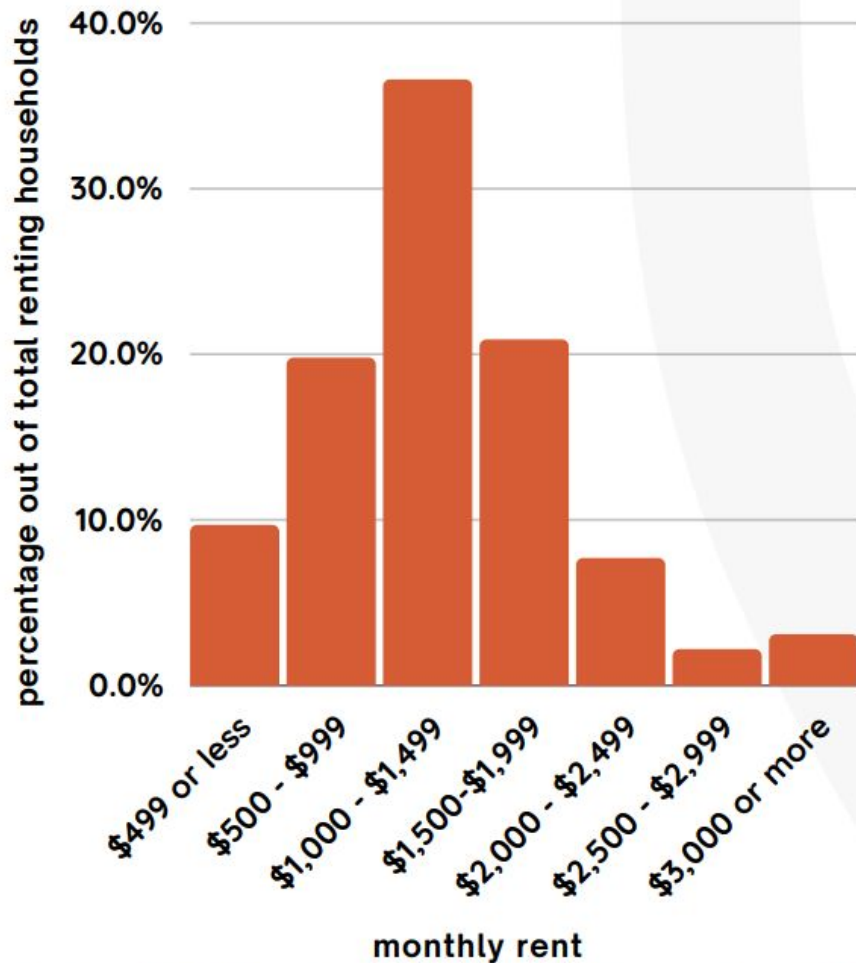


# Study Recommendations

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- Focus on better utilization of existing stock
- Various programs such as the Housing choice voucher program
- Programs that help homeowners remain in their homes such as property-tax assistance and home repair programs





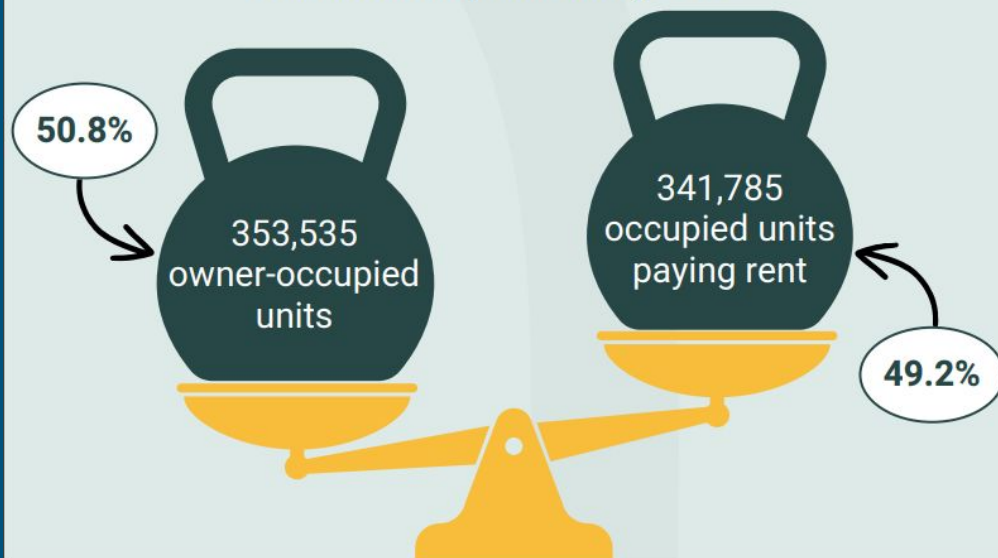
**Percentage of Occupied Units' Gross Monthly Rent within Philadelphia County, 2022**

*median rent for 2022 in Philadelphia was \$1,281*

## OTHER DISCUSSION ITEM: HOUSING IN PHILADELPHIA 2022

[CLICK HERE FOR MORE DETAILS ON THIS SET OF INFOGRAPHICS](#)

### Number and Percentage of **Owner-Occupied vs. Renter-Occupied Units** within Philadelphia County, 2022



Data Source: United States Census Bureau, American Community Survey 2022 1-year estimates, Table DP04



## Philadelphia 2022

**35.9%**

The median monthly household income was \$3,572 (after tax)

This household would spend 35.9% of their income on the median monthly rent of \$1,281

## Philadelphia 2022



34.7% of households made less than \$2,284 monthly (after tax)

Thus, about 1/3 of households would spend 56% or more of their income on the median monthly rent of \$1,281

Data Source: United States Census Bureau, American Community Survey 2022 1-year estimates, Table DP04  
United States Census Bureau, American Community Survey 2022 1-year estimates, Table S1901

# Questions to Consider

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1. What other information would the Prevention Committee like to explore regarding this topic?
2. Is the information applicable to our EMA and how could we make use of this information if applicable?

# Q & A

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