The State of the Nation's Housing

1997

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Executive Summary

As the end of 1997 approaches, sweeping public policy initiatives are joining with long-term demographic, income, and mobility trends to fundamentally alter the state of the nation's housing. For most homeowners, this juncture will largely go unnoticed; in fact, the conditions for purchasing and maintaining homes are uniformly favorable. For many low-income renters, though, recent policy shifts could seriously restrict already limited access to decent and affordable housing.

Enactment of much-needed welfare reform, ongoing changes in housing assistance programs, and the devolution of decisionmaking from federal to state and local governments may all have profound impacts on housing markets. After outlining the contribution of the housing sector to overall economic growth in recent years, this report therefore considers these policy initiatives in light of the demographic and income trends driving housing demand, the type and location of new production, the quality of the existing inventory, the value of homeownership as an investment, and the likely response of rental property owners to changing market conditions.

The Homeownership Boom

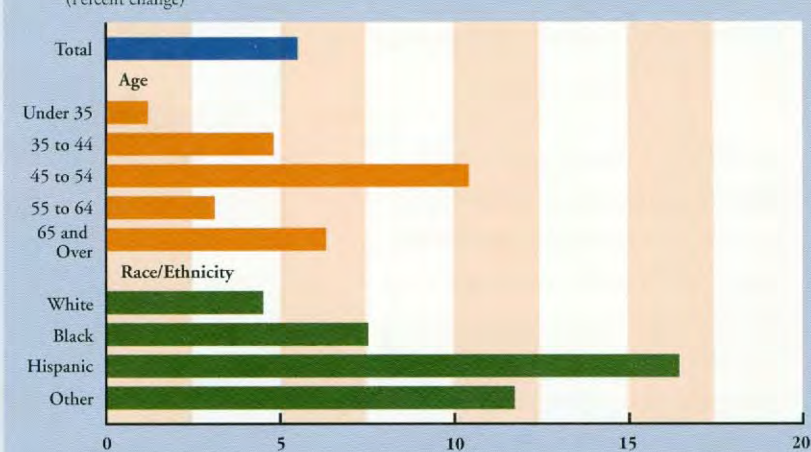
No one could have predicted the dimensions and endurance of the current homebuying boom. In the past three years alone, the number of homeowners has increased by 3.4 million (5.5 percent), pushing the national homeownership rate to a near-peak level of 65.4 percent. With sales of new and existing homes still going strong, the 1990s is shaping up as one of the best decades for housing on record.

This outstanding performance completely counters common concerns that changing demographics — particularly the aging of the baby-bust generation and the associated slowdown in household growth — spelled disaster for housing. This so-called "demographic weakness" was supposed to result in severe construction cutbacks and home price deflation as consumers lost confidence in the value of homeownership. Instead, the opposite has occurred.

What forecasters failed to anticipate was both the strength of baby-boomer tradeup demand and the size of the emerging minority market (Exhibit 1). Now that the baby-boom population is in the peak homeowning years of 45 to 54, both homebuilding and renovation and repair activity

1 Growth of Owner Households: 1993-1996

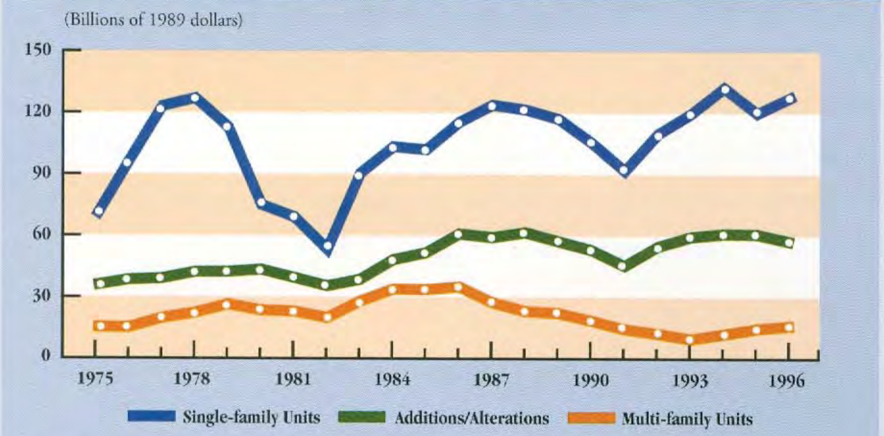
(Percent change)



Notes: Hispanics may be of any race. Other includes Asians and Pacific Islanders and Native Americans.

Source: Table A-7.

2 Value of Residential Construction



Source: Table A-1.

are proceeding at a healthy pace. In addition, the rising number of affluent elderly households is expanding the market for good-quality recreational and retirement housing units.

Meanwhile, after several years of solid employment gains, modest home price inflation, and favorable financing terms, many additional moderate- and low-income renters have been able to buy their first homes. Fortunately for the housing market, many of these new homeowners are immigrants and native-born minorities — thus helping to offset slower growth in the number of younger, native-born white households.

Indeed, minority households account for a large (29 percent) and growing share of new homeowners, and in many areas anchor the first-time buyer market. The number of Hispanic homeowners has shown the most spectacular rise — up 16.3 percent (or 460,000) in the past three years — while blacks and other minorities (primarily Asian Americans) have also made substantial gains.

Contribution to Growth

Single-family construction has topped the one million mark each year since 1991, dominating overall production with a share not equaled since the 1940s and 1950s. An important distinction of today's boom, however, is that new homes are bigger and offer more amenities than ever before. In keeping with the rapid growth of high-income households, the value of new single-family construction climbed to $127.5 billion in 1996, while the value of additions and alterations to existing homes hit nearly $60 billion (Exhibit 2).

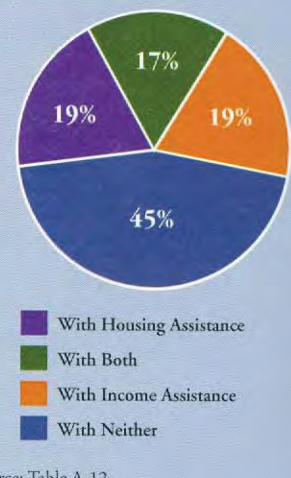
Another noteworthy element in today's market is the increasing popularity of manufactured housing. For the past two years, manufactured housing placements have exceeded 300,000 units nationwide. Once perceived as strictly low-end mobile homes located in trailer parks, manufactured homes are now much more likely to be good-quality, multi-section units that are permanently sited on individual lots or in planned residential communities.

Homebuilders are not the only ones that are profiting in this boom environment. Households are also spending freely on such consumer items as furniture and home appliances. Indeed, expenditures for housing-related purchases — in combination with those for housing consumption, construction and investment — now constitute nearly 20 percent of the nation's Gross Domestic Product. Moreover, individual homeowners are benefiting from the strong housing market as well, thanks to the additional equity they are building as home prices rise.

Policy Shifts

The same long-term demographic and income trends that support strong homebuying also undermine rental markets. As more and more households manage to buy homes, rental housing is increasingly left to low-income households. This is the

3 Extremely Low-Income Households Receiving Assistance: 1995



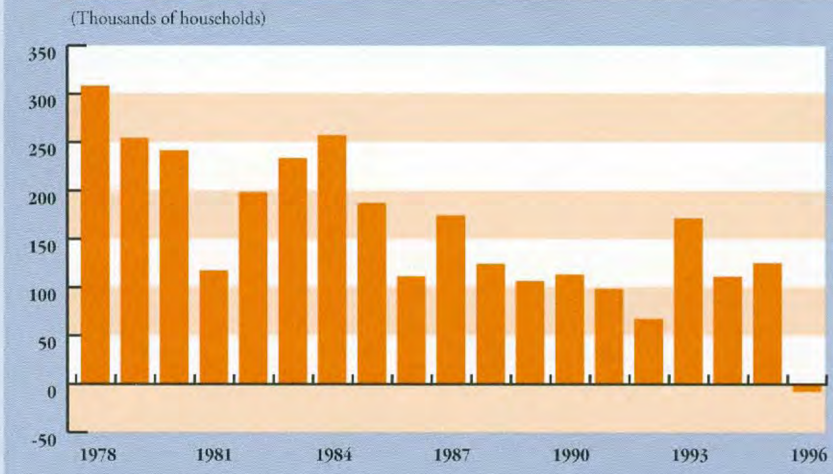
Source: Table A-12.

same population that is most at risk under the current restructuring of housing and income assistance programs.

Of the more than 8 million renter households with extremely low incomes (less than 30 percent of area median), approximately 4.4 million receive either housing or income assistance (Aid to Families with Dependent Children and Supplemental Security Income). This group falls into three roughly equal segments: those receiving only income assistance, those receiving only housing assistance, and those receiving both (Exhibit 3).

Given this overlap in program participation, welfare reform will both limit the rent-paying ability of many low-income households and affect a wide range of housing assistance programs. Meanwhile, the pressure to limit federal domestic spending has already dampened the growth of assisted housing. Indeed, 1996 marked the first time in the history of federal housing programs that the number of assisted units actually fell (Exhibit 4).

4 Change in Renters Receiving Federal Housing Assistance



Source: Congressional Budget Office for the Committee on Ways and Means, Green Book, 1996.

Responding to Change

The impacts of these policy changes are just now taking shape. With further cutbacks in federal funding, more private owners of subsidized units — along with many local public housing agencies — may well choose to sell off their properties or otherwise opt out of programs providing housing to the lowest-income households. Additional losses of assisted units will be particularly damaging to distressed communities where subsidized housing makes up much of the affordable rental inventory.

Welfare reform poses its own threat. In today's strong job market, many former recipients may in fact succeed in making the transition from welfare to work. For those with limited education and skills, however, the ability to earn enough income to secure decent housing is not assured. In many areas, income transfer programs are what now enable low-income households to pay rent. Without this assistance, the number of very low-income households paying more than half their incomes for rent and/or living in inadequate housing could quickly increase from its current level of 6.0 million.

Moreover, much of the housing now occupied by welfare recipients consists of older, often structurally inadequate, single-family homes or small multi-family structures. Many of these properties are owned by absentee landlords without the resources to maintain or operate housing for low-income renters. To the extent that changes in income and housing assistance programs jeopardize the ability of low-income households to pay rent, they also jeopardize the ability of property owners to provide adequate maintenance. This cycle of disinvestment promises to escalate the already rapid disappearance of affordable low-cost units from the housing inventory.

As the nation approaches this transition, timing is critical. The full response of public and private property owners to welfare reform and other policy initiatives will not become obvious for a few years. Meanwhile, the strong national economy makes this an opportune time to build on the homebuying boom to stabilize the distressed neighborhoods most threatened by change. While it is the responsibility of policymakers to make reform work, it is also their responsibility to avoid making this crossroad into a collision course for the nation's most disadvantaged families.

THE HOUSING SECTOR NOT ONLY FULFILLS BASIC NEEDS FOR SHELTER, BUT ALSO PLAYS A VITAL ROLE IN THE HEALTH OF BOTH NATIONAL AND REGIONAL ECONOMIES. RESIDENTIAL CONSTRUCTION EMPLOYS MORE THAN 3.5 MILLION WORKERS EACH YEAR, WHILE HOUSING INVESTMENT AND CONSUMPTION CONTRIBUTE FULLY ONE-FIFTH OF GROSS DOMESTIC PRODUCT. MOREOVER, JUST AS HOME EQUITY REPRESENTS A MAJOR SOURCE OF HOUSEHOLD WEALTH, THE HOUSING STOCK CONSTITUTES ONE OF THE NATION'S PRINCIPAL ASSETS.

MARKET ACTIVITY

Housing is one of the sustaining forces in this long economic expansion. By 1996, sales of existing homes had soared to an all-time high of 4.1 million units, while sales of new homes climbed to 757,000 (Exhibit 5). In large measure, the source of this strength is the tradeup demand of the baby boomers. While most of these households already own homes, many are poised to purchase larger homes with more amenities when the conditions are right. With the economy growing, the stock market at record levels, and interest rates stable, the time has been right.

While the baby boomers are keeping the pressure on the higher end of the single-family market, first-time buyers are also coming out in full force. Thanks to nationwide efforts to expand access to mortgage credit, the number of black and Hispanic homebuyers is on the rise. The move of immigrant households into homeownership is also fueling the first-time buyer market, helping to offset some of the dampening effect of the baby bust.

With sales booming, single-family production has held above the 1.0 million mark for five consecutive years. Moreover, manufactured housing is now responsible for a growing share of total production, with placements hitting 320,000 units in 1996. This is the largest number of placements recorded since introduction of the National Manufactured Housing Code in the mid-1970s.

Even multi-family construction has added to the overall upturn in new housing production, with 316,000 starts in 1996 — the third consecutive year of growth. Along with unit production, the size and quality of new multi-family housing units are also increasing. Restoration of the Low-Income Housing Tax Credit in August 1993 has helped to bolster the multi-family market, as has the growing population of recent immigrants seeking apartments. Nevertheless, multi-family production today is still less than half its 1985 level.

5 Housing Sales and New Production: 1991-1996

(Thousands of units)

	Sales		New Production		
	New Homes	Existing Homes	Single-family Starts	Multi-family Starts	Manufactured Placements
1991	509	3,220	840	174	174
1992	610	3,520	1,030	170	212
1993	610	3,520	1,126	162	243
1994	670	3,967	1,198	258	286
1995	667	3,812	1,076	278	311
1996	757	4,087	1,161	316	320

Source: Table A-1.

Regional Markets

Consistent with the breadth of the current economic expansion, housing production is up sharply in a wide band of states extending from the Southeast to the Southwest and to the Inter-Mountain West. Indeed, from 1991 to 1996, total production (permits for single-family and multi-family units, plus placements of manufactured homes) more than doubled in 13 states, and increased by over 60 percent in another 13 (Table A-6).

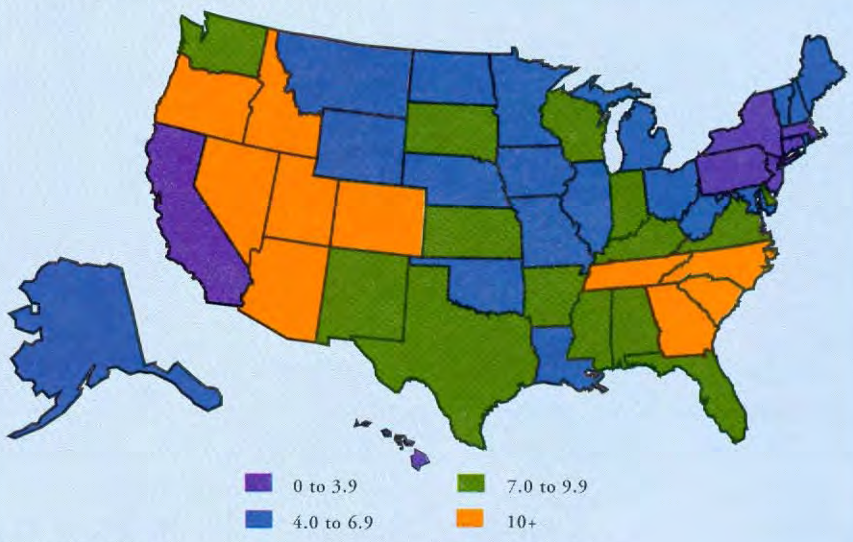
State-to-state variation in housing production, of course, reflects differences in local economic growth and the demographic characteristics of the population. Last year, the intensity of activity varied sharply between the decidedly "hot" states (10 or more units built for every 1,000 residents) in the Southeast and Inter-Mountain West, to the decidedly "cold" areas (less than 4 units per 1,000 residents) that include the Northeast and California (Exhibit 6).

Nevada tops the list of hot states, with housing production reaching an all-time high of 40,000 units last year — about 25 units per 1,000 people. While much of this housing boom is in single-family construction, production of multi-family units was also up more than 30 percent from 1995, and a full 139 percent from 1991 (Table A-6).

Manufactured housing has achieved increasing popularity as an alternative to site-built homes, particularly on the edge of fast-growth metropolitan areas in the South and West. Moreover, manufactured housing also accounts for a sizable share of total production in low-density rural areas where limited sales volumes and absence of skilled construction workers have inhibited the development of an active homebuilding industry.

6 Total Housing Production by State: 1996

(Units per 1,000 residents)



Source: Table A-6 and state population estimates from the U.S. Bureau of the Census.

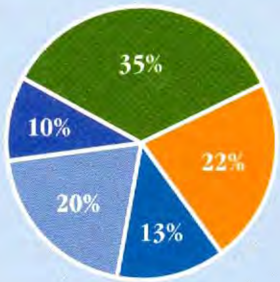
In Alabama, Mississippi, and West Virginia, for example, manufactured homes have accounted for more than 40 percent of total housing production since 1991. In another eight states (Arkansas, Kentucky, Louisiana, Montana, New Mexico, North Carolina, South Carolina and Wyoming), the manufactured home share exceeds 30 percent.

The housing recovery is not limited to just the high-growth South and West. In the Midwest, solid economic growth made 1996 the best year for manufactured home placements and the second-best year for conventional starts since 1974. As a result, several Midwestern states — Indiana, Iowa, Michigan, Nebraska and Ohio — join Alabama, Kentucky, Nevada, North Carolina, Oregon, Tennessee, and Utah in posting the highest levels of housing production in over 20 years.

Housing and the Business Cycle

The importance of housing activity to the national economy cannot be overstated. Residential construction and investment, together with housing consumption and housing-related expenditures, account for approximately 20 percent of Gross Domestic Product (GDP) each year. In addition, changes in housing activity lead the business cycle. For example, once the recession of the early 1990s had run its course, households that had deferred purchasing a home entered the market and builders responded. As a result, residential investment contributed about 30 percent of GDP growth during 1992, the first full year of the current recovery.

7 The Nation's Tangible Assets: 1995



Note: The value of land is not included in the value of residential and non-residental structures.

Source: Bureau of Economic Analysis, Survey of Current Business, May 1997.

The timing and strength of an economic upturn depend on local market conditions. Construction activity not only generates demand for additional workers, but also for locally produced homebuilding materials, plus development, design, and marketing services. These construction-related expenditures, in turn, bolster the local economy as firms and workers spend their incomes on other locally produced goods and services.

As the recovery proceeds, job growth bolsters consumer confidence which, in turn, reinforces economic growth. Meanwhile, lower mortgage rates encourage many homeowners to refinance, freeing up cash to purchase furnishings, appliances, and other goods associated with owning and operating a home.

To put this stimulus in perspective, the National Association of Home Builders estimates that construction of 100 typical single-family homes (valued at an average of $162,000) would generate 158 full-time jobs, nearly $7.0 million in income for local builders, business owners, and workers, and $655,000 in local tax revenue. The spending of this new income within the community would then result in 94 additional year-round jobs, $3.0 million in local income, and $200,000 in local taxes.

Of course, the same forces also work in reverse. A slowdown in overall job growth, a drop in consumer confidence, or a rise in mortgage interest rates can each trigger cutbacks in housing construction activity. The resulting downward pressure ripples through the local economy as the fall-off in housing production eliminates jobs for construction workers and dampens demand for building materials and services.

Today, however, housing is contributing to yet another year of economic growth. While slowing somewhat in the Midwest and West, production is picking up in California, New Jersey, Pennsylvania, and New England, and still going strong in the Southeast and Southwest. Assuming the national economy continues on its moderate growth path throughout the year, existing home sales should once again top 4.0 million units and new production (including single-family and multi-family starts, plus manufactured home placements) should exceed 1.7 million units.

Housing as an Asset

In addition to playing an important role in the business cycle, housing represents a major asset for both individual households and the nation as a whole. The current housing inventory comprises 115 million units. Excluding land, the combined value of these residential structures makes up fully 35 percent of the nation's total tangible assets of $22.6 trillion (Exhibit 7). When land is included, the national housing stock is conservatively valued at nearly $10 trillion.

For households, real estate provides an even larger share of wealth holdings — far exceeding the value of other financial assets (such as stocks, bonds, and savings accounts) or nonfinancial assets (such as cars and boats). Combining the $7.2 trillion value of owner-occupied housing (including land) with the $2.5 trillion value of other real estate assets (including commercial property and rental housing), real estate holdings constitute 46 percent of total household assets (Exhibit 8). Even when mortgage debt is taken into account, households still have net equity of $4.6 trillion in their primary residences, plus $2.0 trillion in other real estate holdings.

It is noteworthy that real estate holdings — as well as all other forms of household assets — are heavily concentrated in the hands of homeowners. Although they make up only two-thirds of total households and have 77 percent of annual income, homeowners control 97 percent of all real estate assets held by households and 93 percent of all household assets.

The ability of homeowners to accumulate equity depends in large measure on house price appreciation. Recent declines in house prices — particularly in high-cost

8 Asset Holdings of Owners and Renters: 1995

(Billions of dollars)

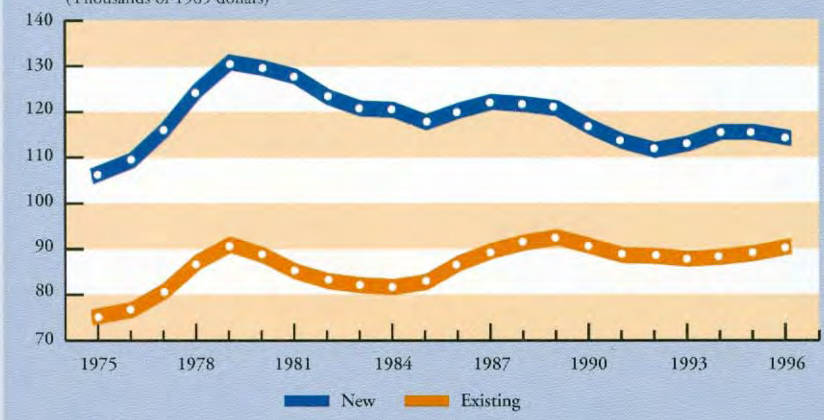
	Total	Owners	Renters
Total Assets	20,900	19,390	1,510
Primary Residence	7,166	7,166	NA
Other Real Estate	2,465	2,184	281
Other Non-Financial Assets	4,525	4,118	407
Financial Assets	6,739	5,918	821
Total Mortgage Debt	3,064	2,980	84
Primary Residence	2,580	2,580	NA
Other Real Estate	484	400	84
Net Equity	6,567	6,370	197
Primary Residence	4,586	4,586	NA
Other Real Estate	1,981	1,784	197

Source: Joint Center tabulations of the 1995 Survey of Consumer Finance.

markets like New York and Los Angeles — have stirred fears about the erosion of home equity. Fortunately for millions of American homeowners, however, metropolitan area markets with steep price declines are the exception rather than the rule. Nationwide, the inflation-adjusted price for existing homes has risen for three straight years, and now stands within 2 percent of its all-time high (Exhibit 9). The price of a new home of constant characteristics has also moved up in recent years, but still remains well below peak levels of the late 1970s.

9 Median Sales Prices for Single-family Homes

(Thousands of 1989 dollars)



Source: Table A-1.

The relative importance of home equity to total household wealth has in fact diminished somewhat in recent years because other assets — notably stocks — have appreciated far faster than housing. In addition, mortgage debt rose sharply in the first half of the 1990s, reflecting the widespread availability of attractive low-downpayment mortgages and the continuing tax advantages of borrowing against equity. Although taking on additional mortgage debt does decrease net equity, it also enables homeowners to purchase consumer goods or invest in other wealth-producing assets — an option that is not available to renters.

Summary

Today's homeownership boom is one of the fundamental forces sustaining the long-lived economic expansion. After a record-setting year in 1996, housing production is likely to reach 1.7 million units and home sales to exceed 4.0 million units again this year. Because of the housing sector's primary importance to the economy as well as to individual well-being, closely monitoring market trends is critical for consumers, producers, and policymakers alike.

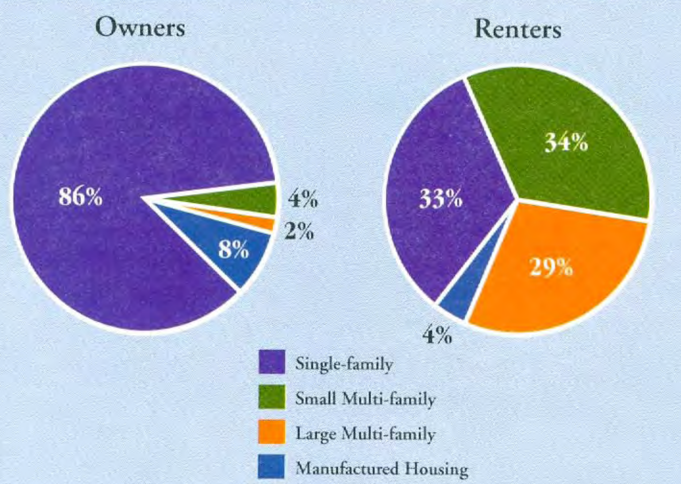
THE NATION'S HOUSING STOCK PROVIDES SHELTER TO MORE THAN 100 MILLION HOUSEHOLDS. IN AN ERA OF SCARCE PUBLIC RESOURCES FOR HOUSING ASSISTANCE, PRESERVING THIS $10 TRILLION ASSET IN A COST-EFFECTIVE MANNER IS A CRITICAL PRIORITY. TO DO SO, HOWEVER, REQUIRES BETTER UNDERSTANDING OF THE FACTORS INFORMING THE INVESTMENT AND MAINTENANCE DECISIONS OF THE MILLIONS OF INDIVIDUALS AND COMPANIES THAT SHARE IN THE OWNERSHIP OF THE HOUSING STOCK.

Housing Stock Diversity

Not surprisingly, owner-occupied housing and renter-occupied housing differ considerably by age, structure type, quality, and location. Overall, single-family homes — including manufactured homes — dominate the owner-occupied inventory. Even so, a significant number of the nation's 67 million owners reside in small and large multi-family structures (Exhibit 10).

Although most apartment buildings constructed in the past 20 years — particularly public housing and privately owned subsidized housing — have 10 or more units, the majority of renters lives in older single-family and small multi-family structures. Many of these older properties were once owner-occupied and then "filtered down" over time to renters.

10 Residential Structure Types for Owners and Renters



Note: Small Multi-family includes structures with 2-9 units. Large Multi-family includes structures with 10 or more units.

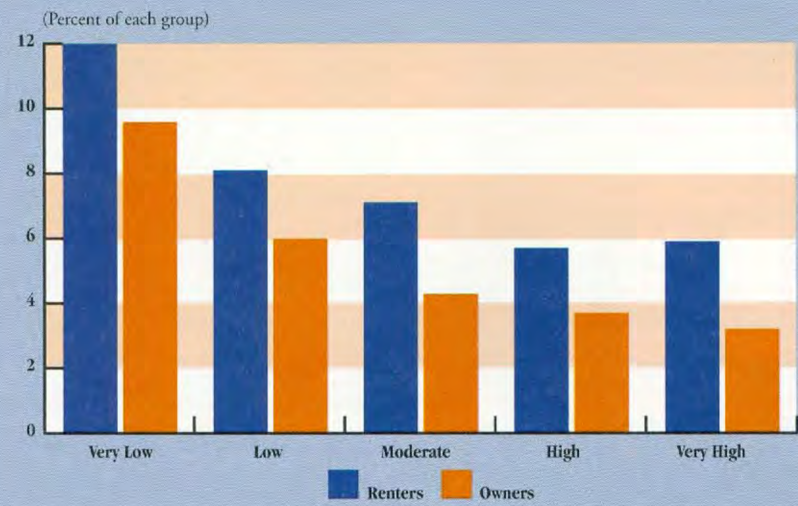
Source: Table A-9.

Housing Quality

In general, the housing inventory is in good repair. The latest American Housing Survey (AHS) provides a comprehensive assessment of housing adequacy, detailing some 25 structural deficiencies along with information on repair and upkeep. By this measure of quality, some 9.2 percent of all rental units are considered structurally inadequate, compared with only 5.1 percent of owner units. But because the renter-occupied stock is half the size of the owner-occupied stock, the absolute number of structurally inadequate rental units (3.1 million) is nearly the same as the number of structurally inadequate owner units (3.2 million).

Housing quality depends in part on the age, characteristics, and location of the dwelling unit. For example, AHS data indicate that two-thirds of the 2.4 million structurally inadequate units located in center cities are renter-occupied. In con-

11 Share of Households Living in Inadequate Housing



Note: Very Low income defined as less than the 50% of area median; Low is between 50% and 80%; Moderate is between 80% and 120%; High is between 120% and 150%; and Very High is above 150% of area median.

Source: Table A-9.

trast, most structurally inadequate housing located in non-metro areas consists of older, owner-occupied single-family and/or manufactured homes. The relative abundance of inadequate housing in these areas reflects not just poor maintenance, but also low initial construction standards: most of these inadequate homes were built when non-metro incomes were particularly low and building codes were much less stringent.

Housing quality also depends importantly on the income of the occupants and their ability to pay for needed repairs. Today, many low-income households live in units that are at risk of loss because they cannot meet the basic costs of maintaining and operating standard housing. In fact, households with very low incomes (less than 50 percent of area median) are more than twice as likely as other households to live in structurally inadequate housing (Exhibit 11).

And even accounting for income differences, renters are more apt to reside in structurally inadequate units than owners. Some 12.0 percent of very low-income renters now live in structurally inadequate housing, compared with 9.6 percent of owners with comparable incomes. This disparity holds across all income groups.

Homeowner Renovation and Repair

The generally sound condition of owner-occupied housing reflects the relatively large amount of time and money expended for maintenance and improvements. Excluding the value of their time, homeowners spent some $62.8 billion in 1996 on activities ranging from simple "do-it-yourself" projects to elaborate alterations and additions (Table A-1).

At minimum, regular maintenance extends the useful life of a home and reduces overall operating costs. More substantial capital improvements serve to upgrade systems or add amenities that were unavailable when the home was constructed. Additions and alterations, in contrast, expand the size and improve the appearance of a residence, often enabling owners to "move up in place" rather than relocate when their housing needs change.

Spending on homeowner renovations and repairs is directly related to the age of the structure. For example, maintenance expenditures tend to increase during the first 20 to 25 years of a property's life, then remain fairly constant thereafter. As a result, overall homeowner spending on repairs rises both as the number of housing units expands and as the overall inventory ages.

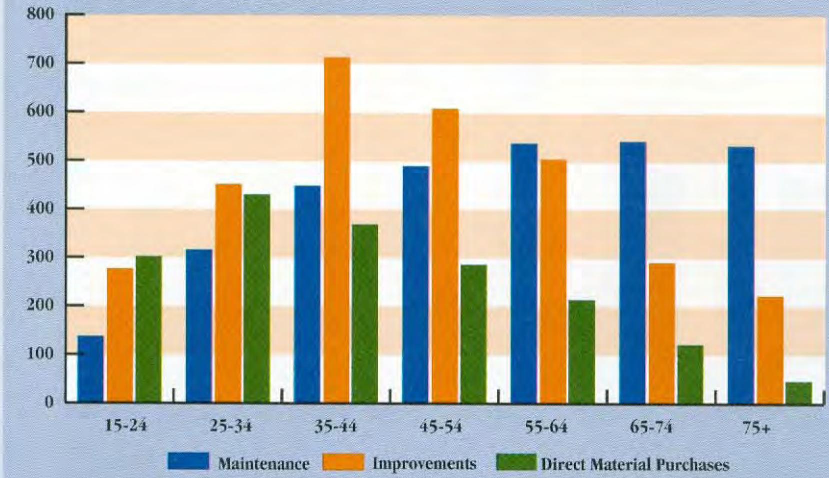
Age of the household head is also an important determinant of renovation and repair activity. Spending on housing improvements is highest among 35 to 44 year-olds, but remains strong up to retirement age (Exhibit 12). Maintenance expenditures among homeowners tend to increase up to age 55 and then hold steady past age 75. In contrast, spending on do-it-yourself projects (measured by household purchases of building materials) is highest among owners up to age 35 and declines steadily thereafter.

Characteristics of Rental Property Owners

Contrary to popular perceptions, much of the rental stock is owned by individuals and married couples — not by large real estate companies or institutional investors. The recently released Property Owners

12 Renovation and Repair Expenditures by Age of Homeowner

(Average annual spending in 1989 dollars)



Source: Joint Center tabulations of the Consumer Expenditure Survey, 1984-1994.

and Managers Survey provides the first detailed, nationally representative profile of rental housing owners. Of the nearly 26 million privately owned rental units reporting ownership characteristics, some 17.1 million (65 percent) are owned by an individual or married couple (Exhibit 13).

The remaining 9.1 million rental units are owned by a variety of partnerships and institutional investors — including limited partnerships (2.8 million units), real estate and other corporations (2.3 million), general partnerships (1.5 million), churches and nonprofit organizations (0.9 million), estates (0.5 million), and real estate investment trusts (0.5 million).

Among individual investors, most own only a few rental units. Nearly 1.1 million rental units are located in small (two- to four-unit) structures with a resident owner. Another 7.9 million units are controlled by non-resident landlords owning fewer than 10 rental units. Together, these small investors own 65 percent of single-family rental units and 60 percent of multi-family properties with two to four units. Larger property owners (owning 10 or more units) and institutional investors are much more likely to own larger apartment buildings.

For many small property owners, the rental business is a part-time activity that provides supplemental income or housing for friends or relatives. It is clearly not a major money-making operation: close to half of resident owners and 35 percent of all small property owners who reported annual income earned less than $30,000 (Exhibit 14). In contrast, most large property owners (58 percent) have incomes above $75,000 (Table A-13).

While most larger landlords invest in rental property for cash flow and/or capital appreciation, most resident owners originally purchased the unit as a place to live. Over 2.2 million small non-resident owners report that they bought their rental property as a residence and held onto the unit when they moved to another home.

13 Rental Housing by Owner Type

(Thousands of units)

		Multi-family Structures			
	Single-family	2-4 Units	5-9 Units	10+ Units	Total
Total Units	8,361	5,306	1,690	10,841	26,200
Individually Owned	7,348	4,714	1,326	3,688	17,079
Resident	NA	1,122	159	129	1,411
Non-Resident					
Owning 1-9 Units	5,424	2,080	411	NA	7,915
Owning 10+ Units	874	800	453	1,644	3,773
Not Reported	1,050	712	303	1,915	3,980
Institutionally Owned	1,013	592	364	7,153	9,121

Source: Table A-13.

Management practices differ considerably between small and large property owners. Some 43 percent of large property owners report that they use a management company or employ a resident manager. In contrast, most small property owners manage the property themselves, with only 12 percent (and 6 percent of resident owners) reporting use of a third-party manager.

Owning and operating rental housing is a difficult business, especially given that many tenants have limited rent-paying ability. Little wonder that less than half of all property owners report making a profit. In fact, many — especially smaller property owners — question the wisdom of holding onto their rental units. Resident owners seem most content with their properties, with 57 percent stating that they would acquire the property again today if it were available for sale. Only 39 percent of small non-resident property owners, however, say they would purchase the unit today.

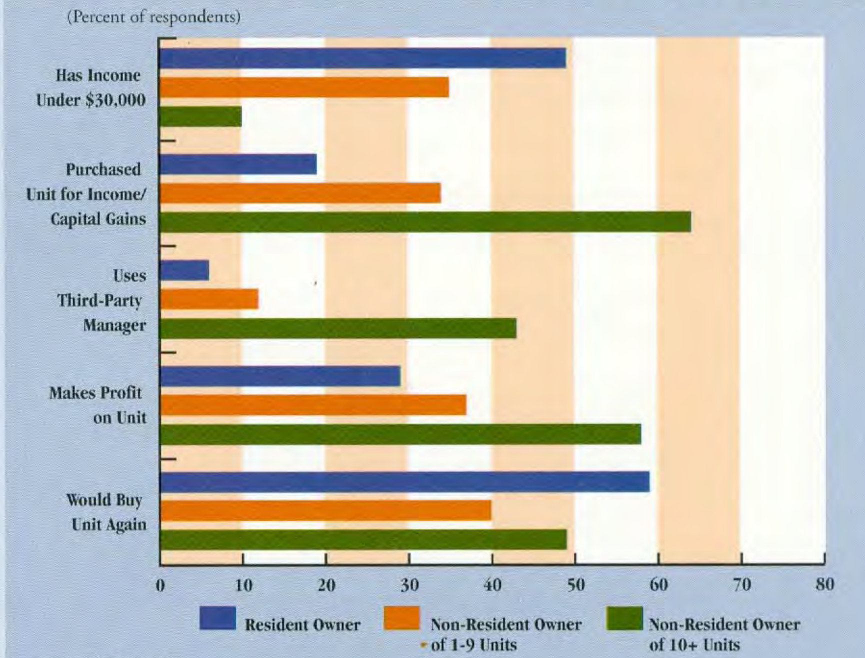
Rental Renovation and Repair

Unlike homeowners, rental property owners have cut back substantially on renovation and repair activities in recent years. Strong demand for rental housing in the 1980s pushed repair and remodeling expenditures to an inflation-adjusted peak of $41 billion in 1990 (Table A-1). By 1996, however, total spending had slipped to just $27.5 billion.

Much less is known about maintenance practices for rental properties than for owner-occupied properties. The newly available Property Owner and Managers Survey does, however, indicate that a typical rental property owner spends between 10 percent and 20 percent of rent receipts on maintenance.

Depending on rent levels and the overall condition of the property, these expenditures may be adequate to maintain the unit. Still, 7 percent of rental property owners report that they make no expenditures on repair and remodeling whatsoever, and fully 15 percent report postponing required major and minor repairs. Small non-resident property owners appear to have the most difficulty keeping up with repairs: 14 percent report spending nothing on maintenance, while 22 percent defer required major and minor repairs (Table A-13).

14 Characteristics of Individual Rental Property Owners



Source: Table A-13.

Summary

Although the owner-occupied housing stock stands in relatively good repair, about 3.2 million units are at risk of loss because of structural inadequacy and/or undermaintenance. Add to this the 3.1 million inadequate renter-occupied units, and the dimensions of the problem become even more alarming. Promoting the sale of housing assets to residents able and willing to maintain properties in distressed communities should therefore be an essential element of the national housing agenda.

FEARS THAT THE BABY BUST WOULD MEAN DISASTER FOR THE HOUSING MARKET HAVE CLEARLY BEEN OVERBLOWN. INDEED, THE BABY BOOMERS, ALONG WITH THE RAPIDLY GROWING MINORITY POPULATION, WILL SUPPORT STRONG HOUSING DEMAND FOR ANOTHER DECADE. THE REAL ISSUE OF CONCERN, HOWEVER, IS THAT LONG-TERM INCOME AND MOBILITY TRENDS CONTINUE TO REINFORCE THE ECONOMIC AND SPATIAL SEPARATION OF AFFLUENT AND POOR HOUSEHOLDS.

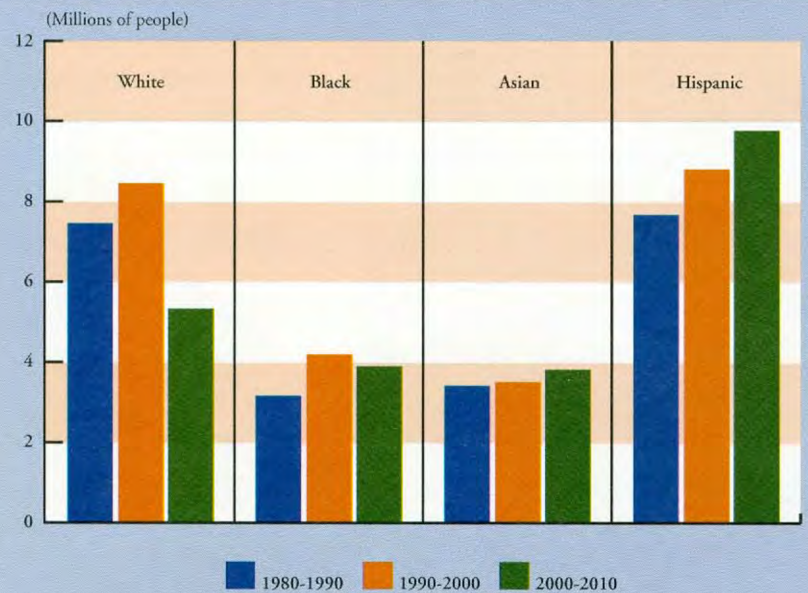
POPULATION GROWTH

As the U.S. population ages, the number of births declines while the number of deaths rises, reducing the rate of natural increase (births over deaths). From a 1.05 percent annual rate today, population growth will slow to just 0.80 percent between 2000 and 2010 — the lowest rate since the 1930s. Much of this slowdown is within the white population, where growth is expected to slip from 0.44 percent annually to only 0.27 percent after the year 2000.

Foreign immigration, however, remains a powerful countervailing force to this general trend. Foreign immigrants — most between the ages of 15 and 45 — have accounted for a large and expanding share of overall population growth for the last 30 years. So far in the 1990s, immigration has contributed almost one-third of total population gains.

Of the nearly one million immigrants that have entered the United States each year of this decade, half are from Latin America and one-quarter from Asia. Fueled by this influx, the minority population is projected to increase by a total of 16.5 million during the 1990s. Moreover, minorities are expected to account for more than three-quarters of total population growth between 2000 and 2010 (Exhibit 15). Combined with slower growth of the white population, these trends will boost the minority share of the U.S. population from 24 percent in 1990 to 32 percent in 2010.

15 Population Growth by Race and Ethnicity



Notes: Asian includes Pacific Islanders. Hispanics may be of any race.
Source: U.S. Bureau of the Census, Current Population Reports, P-20 and P-25.

LOCATION PATTERNS

Given that natural population growth is slowing, foreign immigration flows and domestic migration patterns will largely determine where the strongest

16 Population Growth by County Density: 1990-1996

(Thousands of people)

	Metro Counties			Non-Metro Counties
	High	Medium	Low	
Natural Increase	2,613	4,839	2,290	1,359
Domestic Migration	-4,477	-290	2,801	1,957
Foreign Migration	2,315	1,839	564	273
Total Growth	460	6,637	5,836	3,613
Total 1990 Population	49,121	100,126	43,876	56,279

Note: Metropolitan counties are ranked by population density in 1984. There are 38 high-density, 265 medium-density, 417 low-density, and 2,366 non-metropolitan counties.

Source: Joint Center county database.

population growth occurs. And, as the most recent county-level data confirm, the strongest growth continues to be in the far suburbs and beyond.

Between 1990 and 1996, the 38 highest-density metro area counties experienced population growth of only 460,000. Natural increase of 2.6 million was more than offset by the departure of 4.5 million residents. The only reason these areas avoided significant population losses was the arrival of 2.3 million foreign immigrants (Exhibit 16).

By comparison, consider the growth trends within the 417 lowest-density metro area counties in the country. Here, natural population growth of 2.3 million has been reinforced by substantial domestic migration (and, to a lesser extent, by foreign immigration), pushing overall gains to 5.8 million in the last six years.

Population changes in non-metro areas display yet another pattern. Natural population growth is slow, thanks to the combination of low birth rates and high death rates associated with the aging population. In this case, it is domestic migrants that have fueled rapid growth. The largest population gains have been in non-metro areas adjacent to metropolitan borders, and in more remote areas that cater to recreational and retirement markets.

Income Growth

Income trends shape how the population sorts itself into households, which in turn determines the composition of housing demand. Over the past two decades, the labor force has become increasingly divided between well-educated, high-skilled workers who can take advantage of the opportunities afforded by a growing economy, and less well-educated, low-skilled workers who are unable to advance up the economic ladder.

This divergence is most striking among younger males. From 1979 to 1995 (a period when wage growth was generally sluggish), the inflation-adjusted median earnings of male high-school graduates aged 25 to 34 fell 25 percent, from $23,651 to $16,924 (Exhibit 17). At the same time, the earnings of their college-educated counterparts held stable in the $26,000-27,000 range. Interestingly, the

17 Median Earnings of Young Adults: 1979-1995

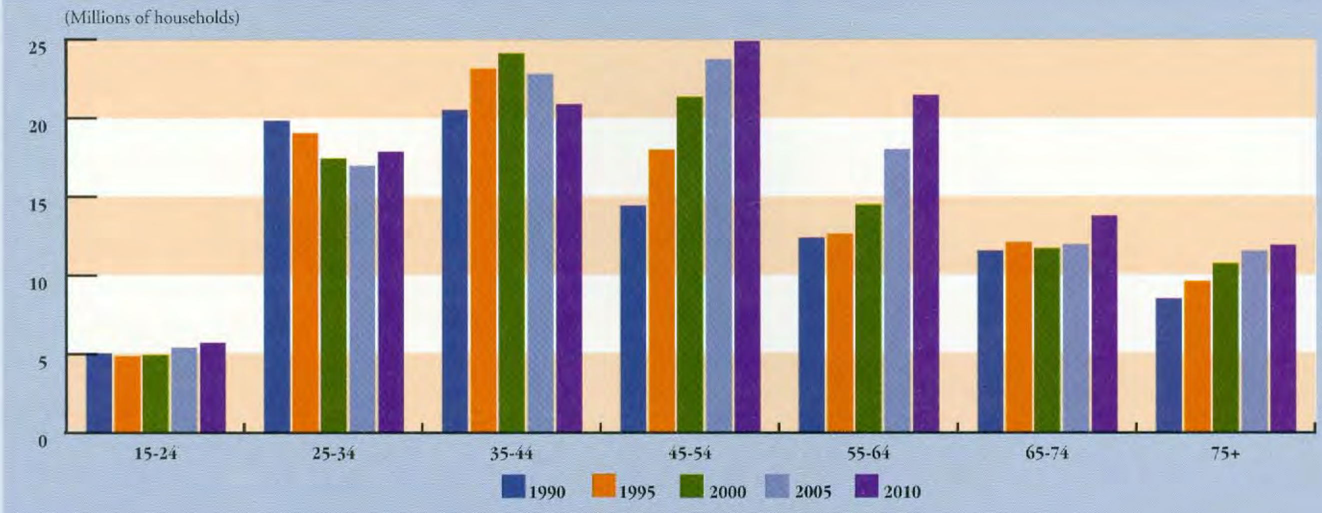
(1989 dollars)

	1979	1989	1995
Males			
College Graduates	27,232	27,861	26,037
High School Graduates	23,651	19,637	16,924
Females			
College Graduates	16,896	20,895	20,341
High School Graduates	11,830	11,940	11,391

Notes: Young adults are defined as persons aged 25 to 34. All figures are expressed in 1989 constant dollars using the Bureau of Labor Statistics' Consumer Price Index (CPI-UX) for All Items.

Sources: Earnings for 1979 and 1989 are tabulations by Richard Murnane, Harvard University, and based on 1980 and 1990 Decennial Census data. Earnings for 1995 are Joint Center tabulations of the 1996 Current Population Survey.

18 Households by Age of Head: 1990-2010



Source: Table A-4.

earnings of same-age females with college degrees increased 20 percent during this period. This gain served to narrow the wage differential between male and female college graduates, while also widening the gap between college-educated and high school-educated females.

Meanwhile, elderly households have seen more or less steady income growth for the past 20 years. Although many older households — particularly elderly women — still live in poverty, most have received increases in retirement income, Social Security, and other benefits that have buffered them from the general slowdown in income growth.

Household Formation

Contrary to the claim that slower population growth will depress household growth, the Joint Center projects that an average of 1.1 to 1.2 million new households will form each year between now and 2010 — close to the pace recorded in the 1980s.

This stability is a product of trends in headship rates (the share of the population in a given age group that forms independent households). Headship rates are affected by a variety of factors — chief among them housing costs and income growth, but social conventions also play a role.

The widening income gap has both positive and negative implications for headship rates and household formation. For some groups — especially baby boomers and older households — relatively good income growth will sustain high headship rates. The baby boomers, of course, continue to dominate the picture, with the strongest household growth occurring among the 45 to 64 year-old age groups (Exhibit 18). The number of households with heads over age 75 will also climb, accounting for more than one in every ten households by the year 2010.

Among younger workers, though, lagging income growth is depressing household formation. With rents relatively expensive, incomes stagnant or declining, and the median age at first marriage at record highs, growing numbers of young adults are sharing living quarters — particularly with their parents. In fact, a record 22 million people over the age of 18 lived with their parents in 1996.

This phenomenon, together with the aging of the baby-bust generation, is stemming the growth of single-person households. From 1990 to 1995, the total number of households aged 25 to 34 declined by 5.0 percent. At the same time, though, the number of single-person households in that age group fell by nearly 11 percent (Table A-4).

Lack of financial resources seems to be responsible for this trend. Young adults living with their parents earn 40 percent to 50 percent less than their counterparts who head independent households. According to the most recent Current Population Survey, the median earnings of 25 to 34 year-olds living at home were just

$11,300 last year, while same-age heads of households earned $10,000 more.

The formation of single-parent households is also set to slow as the number of women in their mid-20s to mid-30s declines. Loss of benefits and/or increased work requirements under welfare reform may reinforce this slowdown by encouraging more young single parents to move in with relatives.

Again, however, growth in the foreign-born population should offset some of this drag on household formation. According to Joint Center estimates, the headship rate for immigrants aged 25 to 34 is 41.2 percent — somewhat lower than the 45.9 percent rate for the native-born population. Over time, however, these differences in headship rates should diminish as immigrants move into the economic mainstream.

Housing Demand and Decentralization

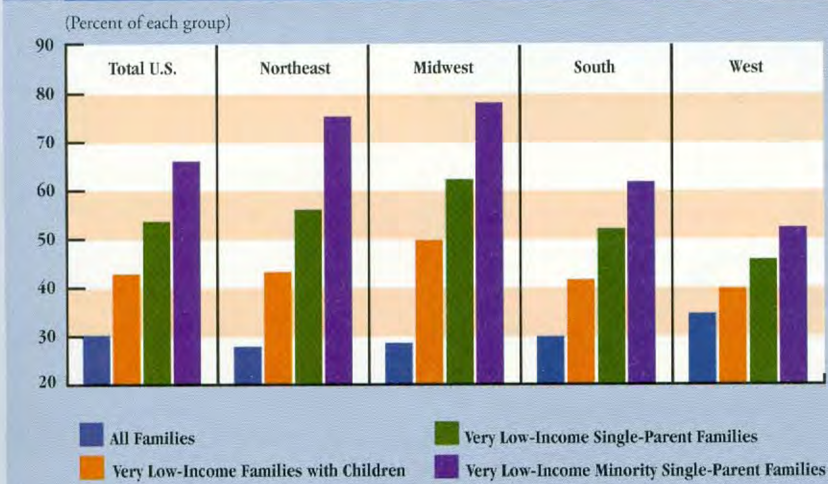
These population and income trends have important implications for the spatial pattern of housing development. Rapid growth of households headed by higher-income, college-educated individuals will sustain the demand for better-quality homes in low-density areas. Baby boomers will continue to seek out second or retirement homes in outlying areas. Even recent immigrants — who currently contribute much of the population growth in large urban centers — are likely to join the general exodus to the suburbs and non-metro areas.

Meanwhile, housing construction in the older neighborhoods of many of the country's highest-density metro areas has come to a virtual halt. Despite highly visible signs of renewed economic growth in many of these areas, housing development still faces formidable barriers. Urban decay has left some neighborhoods with more vacant lots than occupied structures. Redeveloping these areas is complex and costly because it requires assembling the parcels, demolishing dilapidated structures, and sometimes removing hazardous wastes. Finding lenders willing to fund to these projects, and buyers willing to invest in these areas, is equally difficult.

Adding to the challenge of redeveloping urban neighborhoods is the fact that center cities are home to the nation's most disadvantaged households. Nationwide, 30 percent of all families living in metro areas with populations of 500,000 or more reside in the center city. The share of low-income families with children, however, is a disproportionately high 43 percent. For low-income single-parent households, the share is some 54 percent (Exhibit 19).

Racial discrimination reinforces the geographic isolation of poor minority families. This is especially true in the Northeast and Midwest. Indeed, the shares of low-income, single-parent minority households living in the center cities of these regions are more than twice as high as that of all families.

19 Center City Share of Households in Large Metro Areas



Notes: Very Low-Income defined as less than 50% of area median. Large Metro Area defined as having population of 500,000 or more in 1990. Minority includes all households other than non-Hispanic whites.

Source: Joint Center tabulations of the 1996 Current Population Survey.

Summary

Just as the gap between high- and low-income households is widening, so too is the spatial separation of these groups. Households with the resources to do so reside in areas with better housing and schools, and/or greater employment opportunities. These areas are overwhelmingly found in low-density communities located far from the urban center.

NOW THAT HOMEOWNERSHIP HAS BECOME MORE AFFORDABLE, MILLIONS OF ADDITIONAL HOUSEHOLDS HAVE BEEN ABLE TO TAKE ADVANTAGE OF ITS BENEFITS — INCLUDING SIGNIFICANT WEALTH-BUILDING POTENTIAL. THANKS IN PART TO IMPROVED ACCESS TO MORTGAGE CAPITAL, MANY OF THESE NEW HOMEOWNERS ARE RACIAL AND ETHNIC MINORITIES. THE NUMBER OF MINORITY HOMEOWNERS SHOULD CONTINUE TO RISE AS LENDERS, REALTORS, AND BUILDERS INCREASINGLY FOCUS ON THIS EMERGING MARKET.

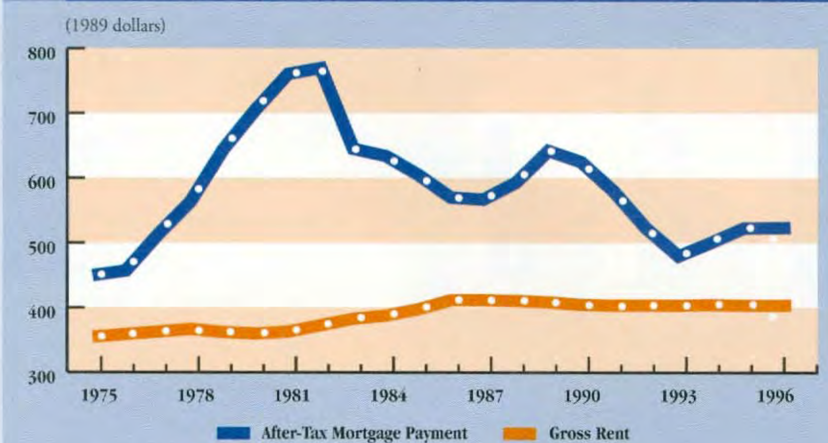
GAINS IN AFFORDABILITY

Homeownership is more affordable today than during much of the 1980s and early 1990s. High levels of consumer confidence — reflecting solid income and employment growth in many parts of the country — have combined with lower mortgage interest rates and attractive financing terms to encourage both first-time and move-up buyers to enter the housing market.

To illustrate the improvement in affordability, consider a household with income equal to 80 percent of the national median, purchasing a representative home. If this buyer had purchased the home in 1982 with a 10 percent downpayment, the monthly after-tax mortgage payment would be $768 in constant dollars. If the same buyer purchased the same house at any time since 1992, however, the inflation-adjusted after-tax mortgage payment would be $525 or less (Exhibit 20).

Even allowing for the relatively weak income growth during the period, the improvement in affordability is dramatic. Between 1982 and 1993, the after-tax mortgage burden (mortgage payment as a share of income) dropped sharply from 34.0 percent to 20.2 percent (Table A-2). Although up slightly in 1996, the after-tax mortgage burden was still an affordable 22.0 percent.

20 Monthly Housing Costs for Owners and Renters



Source: Table A-2.

Renter households, in contrast, have received no comparable relief from high housing costs (Exhibit 20). Nationwide, gross rents (payment to landlord plus fuel and utility costs) climbed steadily during the 1980s, reaching a peak of $410 in 1987. Despite the subsequent economic slowdown and recovery, gross rents are off only marginally from this peak and now stand at $403. Although they are only one of many factors in the homebuying decision, high rents — at least relative to currently available mortgage terms — are undoubtedly helping to sustain today's homeownership boom.

The Homeownership Boom

Between 1993 and 1996, the number of homeowners increased by 3.4 million — a gain of 5.5 percent (Exhibit 21). As a result, the national homeownership rate moved up from 64.1 percent to 65.4 percent, just half a percentage point below the all-time high reached in 1980.

Much of this growth reflects the aging of the baby boomers into the peak homeowning years of 45 to 54. In the past three years, the number of owners in this group jumped by 1.3 million (10.3 percent). The increase in young owners is also noteworthy, given that the baby-bust has reduced the number of younger households by nearly 800,000. Thanks to rising homeownership rates, however, the number of owners under age 35 is up by 118,000.

21 Growth in Homeownership: 1993-1996

	Number of Households (Thousands)				Homeownership Rates (Percent)	
	Total		Owners			
	1993	1996	1993	1996	1993	1996
Total	96,397	99,627	61,758	65,143	64.1	65.4
Age						
Under 35	25,307	24,506	9,475	9,593	37.4	39.1
35 to 44	21,856	23,226	14,300	14,991	65.4	64.5
45 to 54	16,408	18,008	12,324	13,599	75.1	75.5
55 to 64	12,150	12,401	9,674	9,971	79.6	80.4
65 and Over	20,676	21,486	15,985	16,989	77.3	79.1
Race/Ethnicity						
White	75,084	76,932	52,729	55,121	70.2	71.6
Black	11,105	11,334	4,668	5,020	42.0	44.3
Hispanic	7,150	7,939	2,814	3,274	39.4	41.2
Other	3,058	3,423	1,547	1,729	50.6	50.5

Note: Hispanics may be of any race. Other includes Native Americans and Asians and Pacific Islanders.

Source: Table A-7.

The surge in minority homebuying is also offsetting further the demographic drag caused by the baby bust. In the past three years, 460,000 Hispanic households have made the move to homeownership — an impressive 16.3 percent increase. Blacks and other minorities have also posted significant gains. Today, minorities account for 29 percent of the overall growth in homeowners and in many areas anchor the first-time buyer market.

In part, the improvement in minority homeownership rates — particularly for Hispanics and Asians — reflects the movement of immigrants up the housing ladder. Although immigrants typically rent their first homes in the United States, those who have been in the country for several decades tend to own homes at rates that rival those of native-born whites of comparable age and income.

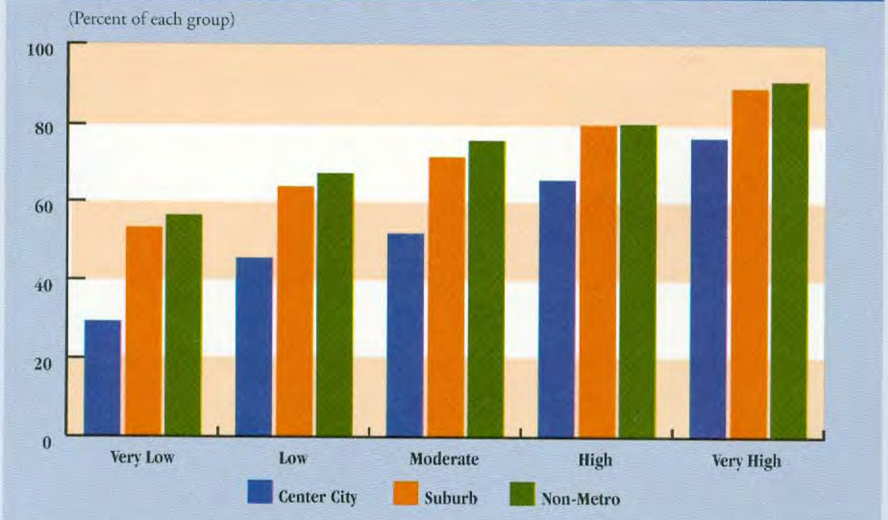
Development Trends

Homeownership rates among center city residents, however, still lag. While 71.5 percent of suburban and 73.5 percent of non-metropolitan area households own their homes, the share for center city residents is only 49.0 percent. The shortfall is particularly large among very low-income households. High-income households who remain in the city, in contrast, own homes at rates much more like their suburban and non-metro counterparts (Exhibit 22).

It is easy to understand why the move to homeownership is often a move away from the center city. First of all, multi-family structures are more common in older urban neighborhoods while newer, better-quality single-family housing is more plentiful in the suburbs. In addition, families with children — a prime homebuying group — often leave the city in search of better schools. Still other households move away in order to live closer to their jobs.

Not everyone can or wants to take advantage of the ownership opportunities that do exist in the city or elsewhere. This is particularly true for minority households. For example, the homeownership rate for African-American households with incomes in excess of 150 percent of area median is only 78.6 percent — well below the 87.0 percent rate for their white counterparts. Similar differences exist between high-income Hispanics and high-income whites.

22 Homeownership by Income Group and Location: 1995



Note: Very Low income defined as less than 50% of area median; Low is between 50% and 80%; Moderate is between 80% and 120%; High is between 120% and 150%; and Very High is above 150% of area median.

Source: Table A-10.

The gaps between white and minority homeownership rates in the lower-income ranges are even larger (Exhibit 23).

Decades of discriminatory practices have clearly left their legacy. Older Hispanic, African-American, and other minority households that were unable to buy homes in the past have missed out on the wealth-building potential of homeownership. As a result, many of these households have limited homebuying experience and little ability to provide downpayment assistance to their children. Worse yet, prejudicial lending and housing market practices still plague some areas of the country.

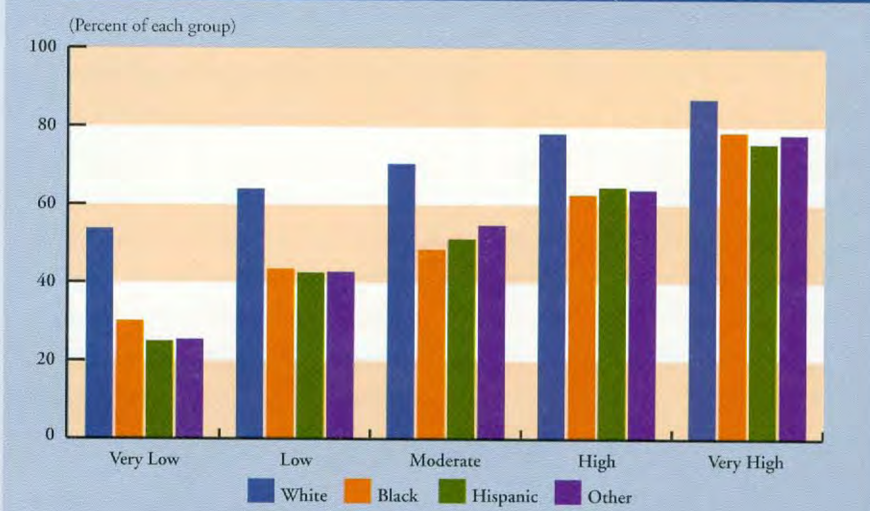
Nevertheless, there are reasons for optimism. The recent surge in minority homebuying has encouraged many lenders, realtors, and builders to reach out to this growing market. As remaining discriminatory barriers are eliminated, minority households are likely to remain an important presence in the homebuying market in the years ahead.

Ownership and Wealth

Beyond the obvious benefits of shelter and safety, homeownership offers significant wealth-building advantages. In fact, half of all homeowners in 1995 held at least half of their net wealth in home equity. Note that growth in home equity is not a rate of return on the home purchase; it is simply the savings a household accumulates from paying down the mortgage principal and from house price appreciation.

The contribution of home equity to net wealth increases as households age. Younger homeowners have less time to pay down the principal or build equity through house price appreciation; they also tend to make smaller downpayments than older homebuyers. As a result, half of all homeowners under age 35 in 1995 held 46 percent or less of their wealth in

23 Homeownership by Income Group and Race/Ethnicity: 1995



Notes: Hispanics may be of any race. Other includes Native Americans and Asians and Pacific Islanders. For income definitions, see Exhibit 22.

Source: Table A-10.

home equity, while half of those age 65 or older held 58.6 percent or more of their wealth in that form (Exhibit 24).

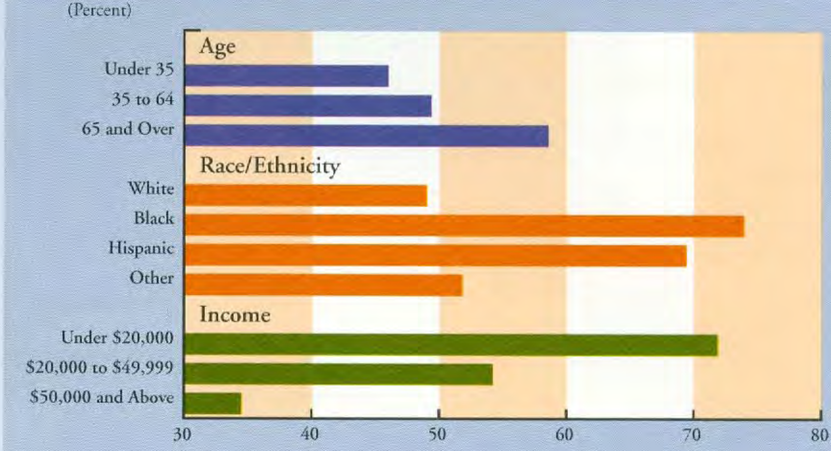
Across all age groups, home equity makes up a larger share of wealth holdings for lower-income than for higher-income owners. Among households with incomes under $20,000, half held 71.9 percent or more of their wealth in home equity in 1995. In contrast, home equity accounted for less than 34.5 percent of wealth holdings for half of the households with incomes of $50,000 or more.

Given the importance of home equity to net wealth, the difference between the wealth holdings of owners and renters is not surprising. In 1995, homeowners had a median net wealth of $102,170, compared with just $4,750 for renters (Table A-8). Even for households with similar incomes, the disparity is still considerable. For example, renters with annual incomes of $50,000 or more in 1995 had a median net wealth of $50,700. For homeowners with similarly high incomes, median home equity alone was $62,600, while median net wealth totaled $180,840.

Growth in Home Equity

Strong demand is now pushing up home prices and generating additional equity for homeowners. Nationwide, the inflation-adjusted price for existing homes has risen for three straight years (Table A-1). In 1996, home prices in most metro areas outpaced inflation, with many markets — including Charlotte, Chicago, Columbus, Detroit, Louisville, Madison, and Portland (OR) — reporting prices at 20-year highs (Table A-5).

24 Home Equity as a Share of Owner Net Wealth: 1995



Notes: Shares are the median for each household category. Hispanics may be of any race. Other includes Native Americans and Asians and Pacific Islanders.

Source: Joint Center tabulations of the 1995 Survey of Consumer Finance.

Since most buyers finance at least 80 percent of a home, even a modest rise in prices yields substantial gains in equity. Take a household that bought a $95,500 home in 1990 with a downpayment of 10 percent, closing costs of 1.5 percent of the purchase price, and a 30-year fixed-rate loan of 9.74 percent. If this home appreciated at the national average, the value of the initial investment of $10,983 would have grown to $32,315 by 1996. While some of this gain reflects the paydown of $3,910 in principal, the increase is primarily due to home price appreciation.

To realize this increase in home equity, of course, the household must either sell the home or refinance the mortgage. Assuming the household sells for the going market price of $114,355 and pays a 6.0 percent brokerage commission of $6,861, the net proceeds from the sale would still total $25,453. This represents a 15.0 percent nominal annual increase (or an 11.6 percent inflation-adjusted annual increase) in home equity.

Homebuying is not always the best choice. Given the high transaction costs, households planning to move in a year or two are better off renting. Moreover, purchasing a home with a low downpayment can be risky, since even a small decline in the inflation-adjusted home price can completely erase any equity. But for most households, in most areas of the country, homeowning brings with it substantial wealth-building potential — especially now that home prices are once again rising in a wide range of markets.

Summary

For decades, minorities have been the fastest-growing segment of both the total population and the high-income population. It was only a matter of time before these households emerged as the fastest-growing segment of the homebuying public. As minority households share more equally in homeownership, they also share more equally in important wealth-building opportunities.

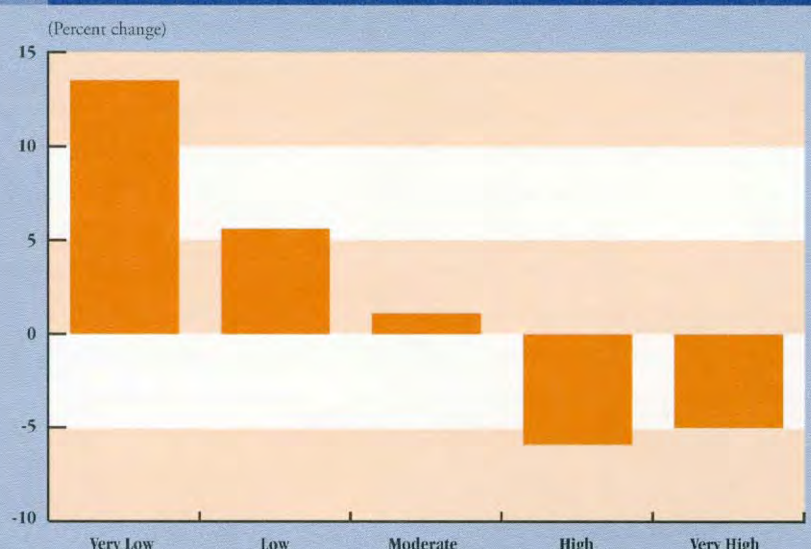
MANY LOW-INCOME HOUSEHOLDS RELY HEAVILY ON PUBLIC ASSISTANCE IN ONE FORM OR ANOTHER TO PAY FOR THEIR HOUSING. CUTBACKS IN SUPPORT PROGRAMS — AND ESPECIALLY WELFARE REFORM — THEREFORE HAVE IMMEDIATE IMPLICATIONS FOR RENTAL HOUSING MARKETS ACROSS THE COUNTRY. THESE POLICY CHANGES MAY NOT ONLY DRAIN INCOME FROM ALREADY DISTRESSED NEIGHBORHOODS, BUT ALSO UNDERMINE THE ABILITY OF MANY PROPERTY OWNERS TO MAINTAIN WHAT IS LEFT OF THE AFFORDABLE HOUSING STOCK.

HOUSEHOLDS AND RENTAL HOUSING

Continuing a trend that began in the 1970s, very low-income households (with incomes less than 50 percent of area median) are the fastest-growing segment of the rental market. During the decade 1985-1995, the number of very low-income renter households jumped by 13.5 percent to a total of 14.4 million (Exhibit 25). The source of much of this growth is the 24.9 percent (774,000) increase in the number of very low-income, single-parent families (Table A-3). Meanwhile, the number of renters with very high incomes (greater than 150 percent of area median) fell by 5.0 percent, to 3.4 million.

About half of all very low-income renters live in center cities. In keeping with decentralized development, however, the number of very low-income renters in the suburbs has risen by 32.4 percent since 1985. Even so, very low-income renters now account for one in four center city households, but only one in ten suburban households. The balance (2.4 million) live in the 2,000+ counties outside metro area boundaries (Table A-3).

25 Growth in Renters by Income Group: 1985-1995



Note: Very Low income defined as less than 50% of area median; Low is between 50% and 80%; Moderate is between 80% and 120%; High is between 120% and 150%; and Very High is above 150% of area median.

Source: Table A-3.

WORST CASE NEEDS

In periodic reports to Congress, the U.S. Department of Housing and Urban Development documents the rapid growth of renter households with "worst case needs" — that is, unsubsidized renters with incomes less than 50 percent of area median and paying at least half that income for housing and/or living in structurally inadequate units. Between 1974 and 1995, the number of households facing serious housing problems increased by two-thirds, to 6.0 million (Exhibit 26). For these renters, excessive rent burdens are the primary problem, but inadequacy is also widespread.

The housing conditions of extremely low-income renters are even worse. Of the 5.2 million renter households with incomes less than 30 percent of area median, 3.6 million (68.6 percent) live in structurally adequate housing and pay half or more of their incomes in rent. Another 726,000 (14.0 percent) live in inadequate units.

Minority households are much more likely to live in structurally inadequate housing than white households. Some 20.2 percent of very low-income blacks and 14.3 percent of very low-income Hispanics live in inadequate units, compared with 10.1 percent of very low-income whites (Table A-12). These relatively large shares reflect the concentration of inadequate housing in center cities and non-metro areas — communities where minority households tend to live.

26 Housing Conditions Among Very Low-Income Renters

(Thousands of households)

	Annual Income		Total
	Less than 30 Percent of Median	30 to 50 Percent of Median	Very Low-Income Renters
Worst Case Needs			
Adequate but Severely Burdened	3,562	1,090	4,652
Inadequate	726	582	1,308
Total	4,288	1,672	5,960
Other Unsubsidized Renters	905	2,968	3,873
Total Unsubsidized Renters	5,193	4,640	9,833

Note: Households with Worst Case Needs defined as those without federal subsidies, with incomes less than 50% of area median, and paying more than half their incomes for rent and/or living in inadequate structures.

Source: Table A-12.

Shifts in Housing Policy

Between 1977 and 1995, the number of federally subsidized rental units more than doubled, rising from 2.2 million to just over 5.0 million. Pressure to limit federal spending, however, has now curtailed growth. Indeed, the number of assisted housing units fell in 1996 for the first time in the history of the programs, and the outlook is for more of the same.

The shift of responsibility from the federal government to states and localities makes the future of affordable rental markets highly uncertain. First of all, simply renewing the contracts on existing assisted housing is costly, and it is unknown whether the necessary funds for this process will be forthcoming. In addition, current efforts to restructure subsidized housing programs are likely to encourage many private owners — along with local public housing agencies — to sell their units or otherwise opt out of programs serving the lowest-income renters.

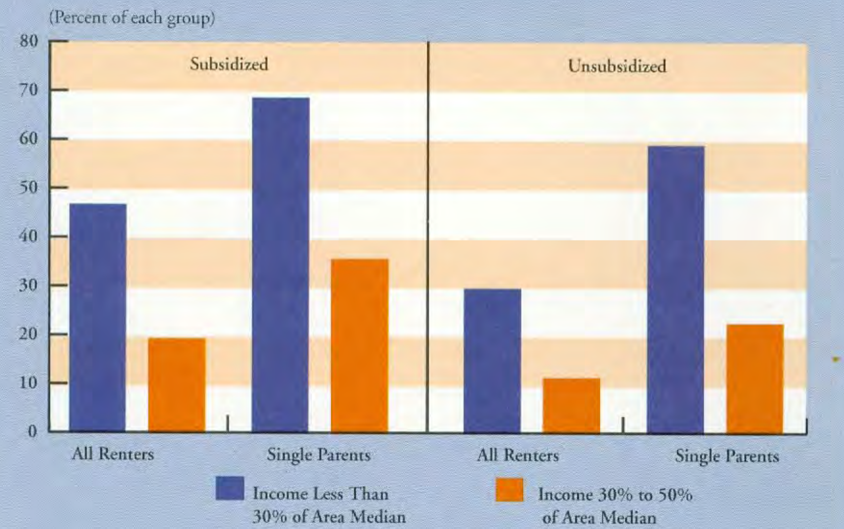
At the same time, many subsidized housing units in the worst repair will (and probably should) be demolished. And finally, new policies intended to stabilize subsidized housing developments by adjusting the income mix of residents will further deplete the supply of affordable rental housing.

Shifts in Income Assistance

The full-scale overhaul of federal income support programs (Aid to Families with Dependent Children and Supplemental Security Income) and categorical subsidies (e.g., Food Stamps and Medicaid) has equally important implications for rental housing markets. Of the over 8.0 million renter households with incomes less than 30 percent of area median, about 4.4 million receive either housing or income assistance. Assisted households fall into three roughly equal groups — those receiving both income and housing assistance, those receiving only housing assistance, and those receiving only income assistance. Given the overlap of coverage between assistance programs, changes in the welfare system enacted in 1996 will not only limit the rent-paying ability of many households, but also have repercussions for a wide range of housing programs.

While federal legislation has established the basic parameters for state welfare

27 Renter Households Receiving Income Assistance: 1995



Source: Table A-12.

programs — including time limitations on federally funded assistance, requirements that recipients must engage in work to receive benefits, and the exclusion of many legal immigrants from eligibility, the states are just now developing and implementing their individual strategies. It is therefore premature to predict with certainty the specific outcomes of reform.

Experience suggests, however, that the responses will differ from one state to the next, and indeed from one household to the next. For example, to the extent that former welfare recipients successfully make the transition from welfare to work, their annual incomes may very well increase. The actual gain will depend, of course, on both their ability to earn a decent wage and the offsetting outlays required for childcare, transportation, and other work-related expenses.

It is just as likely, though, that the incomes of many welfare recipients will drop, reducing the already limited rent-paying ability of many of the nation's most disadvantaged households now living in assisted housing. Among extremely low-income households living in assisted housing, just under half (46.9 percent) also receive income assistance (Exhibit 27). The share for subsidized single-parent families with equally low incomes is nearly 70 percent.

Housing subsidy programs may in some cases offset the decline in rent-paying ability resulting from welfare reform. Tenants covered by the Section 8 program, for example, pay a fixed share of their incomes for rent; less rent-paying ability may therefore trigger higher subsidy payments. In other instances, though, the number of units available to low-income households will drop as owners and managers of subsidized developments adjust their tenant mix to make up for the loss of rent.

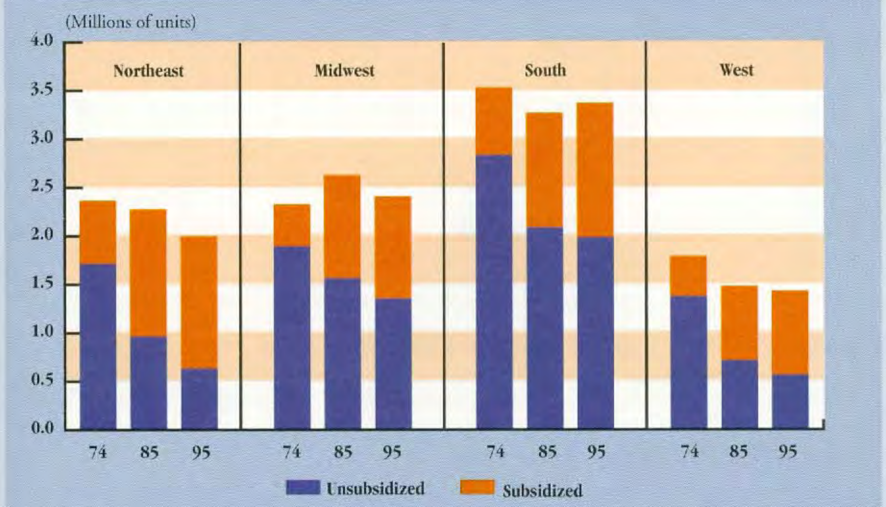
The situation is even more troubling for the two out of every three extremely low-income households that now live in unsubsidized dwellings. Over 80 percent of these households already pay more than half their incomes for housing and/or live in structurally inadequate housing. Moreover, many depend on income transfers to meet these rental payments. In 1995, some 29.7 percent (1.5 million) of the 5.2 million extremely low-income renters living in unsubsidized housing received some form of income support. Countless others supplemented these cash transfers with Food Stamps and other transfers in kind. Once again, single-parent families living in unsubsidized units are most at risk. Before welfare reform, 59.1 percent of these extremely low-income households received income support to help pay rent.

Market Adjustments

Changes in housing and income assistance programs have major implications for low-income households as well as for the stock of low-cost housing that they occupy. As it is, much of the low-cost, unsubsidized rental housing inventory is in poor repair and at risk of loss. Indeed, the number of affordable units has steadily eroded for 20 years (Exhibit 28). The decline has exceeded 1.0 million units in the Northeast alone.

Until now, growth in the number of subsidized units has offset these declines. But with budget cuts and program restructuring, this is no longer the case. Moreover, much of the remaining low-cost stock is located in depressed center city neighborhoods or declining non-metro areas, and consists of older, often structurally inadequate single-family homes and small multi-family properties. To the extent that

28 Affordable Rental Units: 1974-1995



Note: Affordable defined as unsubsidized units with monthly gross rents of less than $300 (1989 dollars) and all subsidized units.

Source: Joint Center tabulations of the 1974, 1985, and 1995 American Housing Surveys.

welfare reform reduces the rent-paying ability of the occupants of these units, many owners will be forced to cut already meager maintenance expenditures even further, prompting further deterioration and ultimately abandonment.

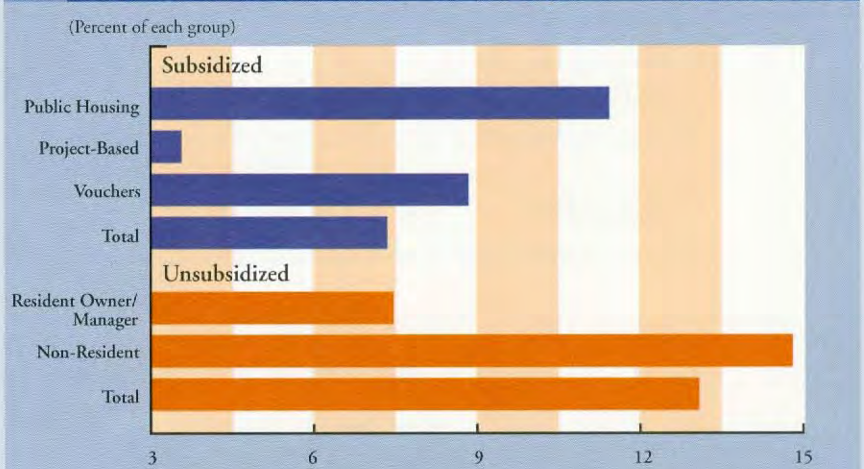
A special tabulation of the 1993 American Housing Survey profiles the condition of both the subsidized and unsubsidized inventory available to very low-income households. Overall, 7.3 percent of low-income households that receive housing assistance live in structurally inadequate housing (Exhibit 29). Of the unsubsidized stock, units controlled by non-resident property owners are much more likely to be structurally inadequate. Among unsubsidized rental units occupied by households with incomes less than 50 percent of median, nearly 15.0 percent of absentee-owned units are structurally inadequate. This compares with only 7.5 percent of resident-owned or managed units.

While the full response of rental property owners to welfare reform remains to be seen, further reductions in the low-cost housing inventory seem inevitable. For those structurally inadequate units owned by smaller non-resident landlords, abandonment may be the outcome since these property owners have little capacity to compensate for any further loss of tenant income. These losses most certainly will add to the pressure on the already dwindling low-cost rental inventory, and further undermine the ability of low-income households to secure decent, safe and affordable housing.

Summary

Having passed comprehensive welfare legislation, Congress must now ensure that reform actually occurs. It is important to keep in mind, however, that many families — especially the growing population of very low-income single-parent households — may be harmed in the process. To mitigate some of the potentially adverse consequences, there must be a concerted effort to preserve and, to the extent possible, expand the supply of affordable housing.

29 Very Low-Income Renters Living in Inadequate Units



Source: U.S. Department of Housing and Urban Development, Characteristics of HUD-Assisted Renters and Their Units, 1993.

Appendix

TABLE A-1 HOUSING MARKET INDICATORS

	Permits (1) (Thousands)		Starts (1) (Thousands)			Size (2) (Median sq. ft.)		Sales Price Single-family Homes (1989 dollars)		Residential Upkeep and Improvement (6) (Millions of 1989 dollars)		Vacancy Rates (7) (Percent)		Value Put in Place (8) (Billions of 1989 dollars)			Home Sales (Thousands)	
Year	Single-family	Multi-family	Single-family	Multi-family	Manu-factured	Single-family	Multi-family	New (4)	Existing (5)	Owner-Occupied	Renter-Occupied	For Sale	For Rent	Single-family	Multi-family	Additions & Alterations	New (2)	Existing (3)
1975	676	263	892	268	229	1,535	942	106,450	75,364	42,970	18,810	1.2	6.0	69.3	15.6	35.7	549	2,476
1976	894	402	1,162	376	250	1,590	894	109,345	76,812	49,210	18,379	1.2	5.6	96.4	15.2	38.5	646	3,064
1977	1,126	564	1,451	536	258	1,610	881	115,863	80,927	52,467	16,346	1.2	5.2	123.0	19.8	39.1	819	3,650
1978	1,183	618	1,433	587	280	1,655	863	124,476	87,175	56,282	20,514	1.0	5.0	126.9	22.4	42.3	817	3,986
1979	982	570	1,194	551	280	1,645	893	130,669	90,985	58,908	20,210	1.2	5.4	112.7	26.5	42.4	709	3,827
1980	710	481	852	440	234	1,595	915	129,468	88,699	59,893	18,415	1.4	5.4	74.9	23.6	43.5	545	2,973
1981	564	421	705	379	229	1,550	930	127,637	85,118	51,693	19,424	1.4	5.0	68.9	23.1	39.5	436	2,419
1982	546	454	663	400	234	1,520	925	123,076	82,984	48,032	17,523	1.5	5.3	53.2	20.0	35.5	412	1,990
1983	902	703	1,068	635	278	1,565	893	120,647	82,146	49,841	18,596	1.5	5.7	90.4	28.1	38.7	623	2,719
1984	922	757	1,084	665	288	1,605	871	120,322	81,689	55,652	27,631	1.7	5.9	103.3	34.0	48.3	639	2,868
1985	957	777	1,072	669	283	1,605	882	117,639	82,832	58,553	33,947	1.7	6.5	101.9	33.8	51.8	688	3,214
1986	1,078	692	1,179	625	256	1,660	876	120,060	86,947	65,306	37,960	1.6	7.3	115.4	35.1	60.9	750	3,565
1987	1,024	510	1,146	474	239	1,755	920	122,031	89,614	63,412	39,287	1.7	7.7	123.7	27.5	59.2	671	3,526
1988	994	462	1,081	407	224	1,810	940	121,547	91,366	68,598	37,391	1.6	7.7	121.4	23.2	61.6	676	3,594
1989	932	407	1,003	373	203	1,850	940	120,629	92,509	62,838	38,053	1.8	7.4	116.9	22.3	57.3	650	3,346
1990	794	317	895	298	195	1,905	955	116,600	90,604	60,043	41,258	1.7	7.2	105.3	18.6	53.1	534	3,211
1991	754	195	840	174	174	1,890	980	113,385	88,623	56,367	32,425	1.7	7.4	91.6	14.5	45.4	509	3,220
1992	911	184	1,030	170	212	1,920	985	111,521	88,395	61,743	29,939	1.5	7.4	109.6	12.3	54.8	610	3,520
1993	987	212	1,126	162	243	1,945	1,005	112,936	87,785	62,542	30,398	1.4	7.3	119.5	9.7	59.5	666	3,802
1994	1,068	303	1,198	258	286	1,940	1,015	115,395	88,166	68,390	27,856	1.5	7.4	132.2	12.1	61.0	670	3,967
1995	997	335	1,076	278	311	1,920	1,040	115,397	89,004	63,939	26,932	1.6	7.6	119.7	14.8	60.8	667	3,812
1996	1,070	356	1,161	316	320	1,950	1,030	114,182	90,376	62,803	27,542	1.6	7.8	127.5	16.2	57.4	757	4,087

Notes: Manufactured housing starts defined as mobile home placements as reported by the U.S. Bureau of the Census. All value series are deflated by the Bureau of Labor Statistics' Consumer Price Index (CPI-UX) for All Items.

Sources:
1. U.S. Bureau of the Census, Construction Reports, Series C-20.
2. U.S. Bureau of the Census, Construction Reports, Series C-25.
3. National Association of Realtors, Real Estate Outlook: Market Trends and Insights.
4. New home price is the 1990 national median home price indexed by the Constant Quality Home Price Index, U.S. Bureau of the Census, Construction Reports, Series C-25.
5. Existing home price is the 1990 median sales price of existing single-family homes determined by the National Association of Realtors, indexed by the Conventional Mortgage Home Price Index from Freddie Mac.
6. U.S. Bureau of the Census, Construction Reports, Series C-50. Owner-occupied series modified to account for change in survey in 1984.
7. U.S. Bureau of the Census, Construction Reports, Series H-111.
8. U.S. Bureau of the Census, Construction Reports, Series C-30.

Table A-2 Income and Housing Costs, U.S. Totals: 1975-1996

(1989 dollars)

	Monthly Income		Owner Costs				Renter Costs		Cost as Percent of Income: Owners		Cost as Percent of Income: Renters	
Year	Owner	Renter	Home Price	Mortgage Rate	Mortgage Payment	After-Tax Mortgage Payment	Contract Rent	Gross Rent	Before-Tax Mortgage Payment	After-Tax Mortgage Payment	Contract Rent	Gross Rent
1975	2,250	1,406	75,364	8.92	542	448	307	353	24.1	19.9	21.8	25.1
1976	2,288	1,430	76,812	8.87	550	455	309	357	24.0	19.9	21.6	24.9
1977	2,298	1,436	80,927	8.82	577	511	310	361	25.1	22.2	21.6	25.1
1978	2,313	1,446	87,175	9.37	652	562	312	365	28.2	24.3	21.6	25.2
1979	2,290	1,431	90,985	10.59	755	642	308	360	32.9	28.0	21.5	25.2
1980	2,251	1,407	88,699	12.46	850	704	304	358	37.7	31.3	21.6	25.5
1981	2,245	1,403	85,118	14.39	931	759	304	361	41.5	33.8	21.7	25.7
1982	2,256	1,410	82,984	14.73	928	768	310	371	41.2	34.0	22.0	26.3
1983	2,268	1,417	82,146	12.26	775	643	318	381	34.2	28.4	22.4	26.9
1984	2,280	1,425	81,689	11.99	756	632	323	386	33.1	27.7	22.6	27.1
1985	2,304	1,440	82,832	11.17	720	603	333	396	31.2	26.2	23.1	27.5
1986	2,354	1,471	86,947	9.79	675	568	349	410	28.7	24.2	23.7	27.9
1987	2,374	1,484	89,614	8.95	646	565	352	410	27.2	23.8	23.7	27.7
1988	2,394	1,496	91,366	8.98	660	591	353	409	27.6	24.7	23.6	27.4
1989	2,364	1,477	92,509	9.81	719	640	352	407	30.4	27.1	23.8	27.6
1990	2,348	1,468	90,604	9.74	700	623	350	403	29.8	26.6	23.8	27.5
1991	2,349	1,468	88,623	9.07	646	578	349	402	27.5	24.6	23.8	27.0
1992	2,399	1,499	88,395	7.83	574	521	350	402	23.9	21.7	23.3	26.8
1993	2,371	1,482	87,785	6.93	522	478	349	402	22.0	20.2	23.6	27.1
1994	2,367	1,479	88,166	7.31	545	499	351	403	23.0	21.1	23.7	27.2
1995	2,380	1,487	89,004	7.69	571	521	351	402	24.0	21.9	23.6	27.0
1996	2,380	1,487	90,376	7.58	573	523	352	403	24.1	22.0	23.7	27.1

Notes: All dollar amounts are expressed in 1989 constant dollars using the Bureau of Labor Statistics' Consumer Price Index (CPI-UX) for All Items.

The Bureau of Economic Analysis measure of Wage & Salary Earnings Per Job, 1975-1994, was converted to an index format. Two Bureau of Labor Statistics news releases, "Average Annual Pay by State and Industry, 1995" and "Average Annual Pay Levels in Metropolitan Areas, 1995" were used to extend the index through 1995. The index was held constant in 1996. The 1990 Median Family Income estimated by the Department of Housing and Urban Development was applied to the index to obtain annual incomes. Monthly owner incomes are defined as 80% of the indexed median family income divided by twelve. Monthly renter incomes are defined as 50% of the indexed median family income divided by twelve.

Home Price is the 1990 median sales price of existing single-family homes determined by the National Association of Realtors indexed by the Freddie Mac Conventional Mortgage Home Price Index and deflated by the CPI-UX. Mortgage Rates are from the Federal Housing Finance Board Monthly Interest Rate Survey. Mortgage Payments assume 30-year fixed mortgage with 10% down. After-Tax Mortgage Payment equals mortgage payment less tax savings from homeownership. Tax savings are based on the excess of housing (mortgage interest and real estate taxes) plus non-housing deductions over the standard deduction. Non-housing deductions are set at 5% of income through 1986. With tax reform, they decrease to 4.25% in 1987 and to 3.5% from 1988 on.

Contract Rent equals 1977 median contract rent from the American Housing Survey, indexed by the CPI residential rent index, with adjustments for depreciation in the stock. Gross Rent equals contract rent plus fuel and utilities, property taxes, and insurance.

Cost as Percent of Income for owners is before-tax or after-tax mortgage payment as a percent of monthly income. Cost as a Percent of Income for renters is monthly contract rent or gross rent as a percent of monthly income.

Table A-3 Owner and Renter Households by Income Group: 1985 and 1995

(Thousands)

	1985						1995					
	Very Low	Low	Moderate	High	Very High	Total	Very Low	Low	Moderate	High	Very High	Total
Owners												
Total	9,745	8,856	12,369	7,423	17,645	56,039	11,578	10,168	12,804	7,819	20,804	63,173
Age												
Under 25	146	184	303	118	187	938	144	183	200	74	121	721
25 to 34	683	1,320	2,346	1,584	3,113	9,045	800	1,212	2,170	1,440	3,161	8,782
35 to 44	890	1,457	2,909	1,988	4,976	12,221	1,481	1,780	3,216	2,353	5,813	14,643
45 to 64	2,613	2,704	4,153	2,759	7,799	20,027	3,065	2,971	4,233	2,927	9,562	22,757
65 and Over	5,413	3,192	2,658	974	1,570	13,808	6,089	4,022	2,985	1,026	2,147	16,270
Household Type												
Married with Children	1,144	2,466	4,652	3,121	6,244	17,627	1,417	2,231	4,008	2,941	7,243	17,840
Single Parent	638	635	709	308	457	2,746	910	796	789	406	665	3,565
Single, Age 65 and Over	3,123	956	606	210	283	5,178	3,311	1,206	825	179	294	5,815
Race/Ethnicity												
White	7,866	7,513	10,815	6,633	16,090	48,917	8,890	8,297	10,927	6,720	18,510	53,344
Black	1,335	852	883	453	740	4,263	1,589	977	888	536	1,007	4,998
Hispanic	459	353	490	201	521	2,024	853	676	650	332	709	3,221
Other	85	138	181	137	293	834	246	218	339	231	579	1,612
Location												
Center City	2,722	2,287	3,219	1,748	4,290	14,266	3,005	2,535	2,850	1,851	4,484	14,724
Suburb	3,987	4,062	6,093	3,821	9,503	27,465	5,438	5,005	6,745	4,193	11,270	32,651
Non-Metro	3,037	2,507	3,057	1,855	3,852	14,308	3,135	2,628	3,209	1,776	5,048	15,795
Renters												
Total	12,723	6,759	6,340	2,656	3,609	32,087	14,439	7,140	6,410	2,499	3,429	33,917
Age												
Under 25	1,996	1,066	923	381	276	4,642	2,108	1,008	776	250	177	4,320
25 to 34	3,235	2,436	2,571	1,117	1,430	10,789	3,621	2,397	2,305	1,018	1,234	10,577
35 to 44	1,716	1,305	1,245	558	919	5,744	2,879	1,635	1,637	584	989	7,723
45 to 64	2,361	1,118	1,126	465	797	5,868	2,678	1,406	1,265	538	883	6,771
65 and Over	3,415	834	474	135	186	5,043	3,152	693	427	108	145	4,526
Household Type												
Married with Children	1,764	1,758	1,503	547	661	6,234	1,843	1,396	1,251	495	626	5,612
Single Parent	3,114	931	525	139	144	4,854	3,888	1,189	624	164	204	6,070
Single, Age 65 and Over	2,642	437	220	69	76	3,444	2,429	394	221	54	94	3,192
Race/Ethnicity												
White	7,558	4,797	4,966	2,182	3,088	22,591	7,516	4,668	4,565	1,866	2,762	21,377
Black	3,184	1,034	696	265	256	5,435	3,655	1,266	945	320	274	6,460
Hispanic	1,539	683	513	142	179	3,055	2,552	913	621	183	230	4,499
Other	442	245	164	68	86	1,005	715	292	280	131	163	1,580
Location												
Center City	6,854	3,137	2,651	1,108	1,446	15,196	7,220	3,020	2,657	976	1,426	15,300
Suburb	3,619	2,454	2,697	1,111	1,584	11,465	4,792	2,839	2,716	1,077	1,488	12,911
Non-Metro	2,251	1,169	992	436	578	5,426	2,427	1,280	1,038	446	515	5,706

Notes: Very Low income defined as less than 50% of area median; Low is between 50% and 80%; Moderate is between 80% and 120%; High is between 120% and 150%; and Very High is over 150% of area median. Excludes households with income less than or equal to zero and monthly housing costs greater than area fair market rent. Hispanics may be of any race. Other includes Native Americans and Asians and Pacific Islanders.

Source: Joint Center tabulations of the 1985 and 1995 American Housing Surveys.

Table A-4 Households by Age and Family Type: 1990-2010

(Thousands)

	1990	1995	Revised 1995	2000	2005	2010
Total Households	92,257	98,262	99,202	104,731	110,390	116,342
Head Under Age 25						
Single Person	1,291	1,135	1,145	1,165	1,269	1,341
Married With Children	759	746	753	770	842	890
Married Without Children	749	608	613	627	687	726
Single Parent With Children	813	887	895	937	1,039	1,097
Other Households	1,437	1,425	1,437	1,445	1,561	1,650
Total	5,049	4,801	4,843	4,944	5,398	5,704
Head Aged 25-34						
Single Person	4,024	3,583	3,617	3,317	3,252	3,441
Married With Children	7,994	7,264	7,330	6,717	6,521	6,842
Married Without Children	2,850	2,691	2,715	2,486	2,414	2,532
Single Parent With Children	2,834	3,121	3,150	3,013	2,986	3,197
Other Households	2,139	2,196	2,216	1,900	1,798	1,836
Total	19,841	18,855	19,028	17,433	16,971	17,848
Head Aged 35-44						
Single Person	3,348	3,741	3,775	3,841	3,589	3,275
Married With Children	10,407	11,311	11,414	11,979	11,372	10,409
Married Without Children	2,445	2,520	2,543	2,673	2,537	2,322
Single Parent With Children	2,750	3,512	3,544	3,846	3,742	3,509
Other Households	1,568	1,814	1,831	1,757	1,562	1,344
Total	20,518	22,898	23,107	24,096	22,802	20,859
Head Aged 45-54						
Single Person	2,516	3,459	3,489	4,428	5,031	5,270
Married With Children	3,824	4,736	4,779	5,558	6,146	6,441
Married Without Children	5,483	6,472	6,530	7,600	8,404	8,806
Single Parent With Children	884	1,043	1,052	1,215	1,344	1,408
Other Households	1,713	2,102	2,121	2,522	2,810	2,944
Total	14,420	17,812	17,971	21,323	23,735	24,869
Head Aged 55-64						
Single Person	2,970	3,178	3,207	3,995	5,218	6,340
Married With Children	717	609	615	688	837	986
Married Without Children	7,094	7,052	7,116	7,915	9,620	11,343
Single Parent With Children	136	140	141	152	185	218
Other Households	1,462	1,513	1,527	1,732	2,140	2,539
Total	12,379	12,492	12,606	14,482	18,000	21,426
Head Aged 65-74						
Single Person	4,200	4,491	4,532	4,580	4,829	5,637
Married With Children	97	117	116	111	111	126
Married Without Children	6,023	6,084	6,139	5,800	5,783	6,579
Single Parent With Children	44	23	23	21	21	24
Other Households	1,185	1,248	1,260	1,201	1,207	1,379
Total	11,549	11,963	12,070	11,713	11,951	13,745
Head Aged 75 and Over						
Single Person	4,763	5,345	5,433	6,095	6,545	6,748
Married With Children	10	4	4	5	5	5
Married Without Children	2,856	3,118	3,154	3,539	3,800	3,913
Single Parent With Children	16	8	8	9	10	10
Other Households	856	966	978	1,092	1,173	1,215
Total	8,501	9,441	9,577	10,740	11,533	11,891

Notes: 1995 data are consistent with 1990 Census. Revised 1995 data are consistent with the 1995 Current Population Survey.

Source: Masnick, McArdle, and Apgar, "U.S. Household Trends: The 1990s and Beyond," Joint Center for Housing Studies, 1996.

TABLE A-5 METRO AREA HOUSE PRICES: 1991-1996

(1989 dollars)

	Peak Since 1975								
	Year	Level	1991	1992	1993	1994	1995	1996	Percent Change 1991-96
Total U.S.	1989	92,509	88,623	88,395	87,785	88,166	89,004	90,376	2.0
Regions									
Northeast	1988	145,862	126,708	124,782	122,742	119,455	117,415	117,415	-7.3
Midwest	1979	82,182	69,854	70,617	71,087	73,611	75,842	78,366	12.2
South	1979	92,348	79,925	80,224	80,224	80,599	81,347	82,619	3.4
West	1990	132,444	129,573	127,180	123,640	121,534	121,534	122,013	-5.8
Metro Area									
Atlanta	1988	88,381	79,633	79,482	79,482	78,955	80,312	82,423	3.5
Baltimore	1989	101,009	98,859	98,783	97,171	95,022	93,794	93,333	-5.6
Boston	1988	189,107	150,650	145,724	143,340	141,751	143,022	145,247	-3.6
Buffalo	1992	74,195	72,978	74,195	74,036	72,607	70,702	70,173	-3.8
Charlotte	1996	92,729	86,686	86,462	86,089	86,985	88,924	92,729	7.0
Chicago	1996	118,669	110,813	112,218	113,211	115,774	117,511	118,669	7.1
Cincinnati	1979	87,472	75,209	75,897	76,085	78,212	79,276	80,715	7.3
Cleveland	1978	93,190	77,032	78,973	79,975	82,167	83,796	86,802	12.7
Columbus	1996	85,448	77,160	78,188	78,895	81,272	83,071	85,448	10.7
Dallas	1986	114,931	83,006	82,911	82,148	80,719	80,052	80,624	-2.9
Denver	1983	109,492	81,463	84,173	88,407	96,790	101,363	104,327	28.1
Detroit	1996	83,471	72,712	73,221	73,278	75,260	78,771	83,471	14.8
Houston	1979	109,456	66,760	67,265	66,760	65,307	63,791	63,665	-4.6
Indianapolis	1979	78,711	71,086	71,746	72,046	73,007	74,508	76,009	6.9
Kansas City	1979	91,446	68,416	67,945	67,541	69,291	70,705	72,389	5.8
Los Angeles	1990	187,850	177,951	170,265	156,289	140,101	132,182	127,407	-28.4
Louisville	1996	65,474	57,393	58,312	58,990	61,797	63,877	65,474	14.1
Madison	1996	96,364	79,071	81,183	82,635	91,546	95,308	96,364	21.9
Miami	1980	98,591	83,716	84,435	87,237	89,752	91,549	93,561	11.8
Milwaukee	1979	101,405	80,851	82,861	84,612	89,215	91,290	92,587	14.5
Minneapolis	1979	99,205	82,785	82,937	83,317	85,825	87,650	90,006	8.7
New York	1988	184,970	148,676	146,198	143,720	140,076	136,869	136,432	-8.2
Philadelphia	1989	106,768	99,412	97,971	96,151	93,118	91,374	90,616	-8.8
Phoenix	1979	100,974	77,405	77,405	76,896	78,422	81,559	84,187	8.8
Portland, OR	1996	107,342	79,704	83,746	87,669	94,504	100,982	107,342	34.7
Raleigh	1987	112,104	100,894	101,087	101,377	105,726	109,302	111,428	10.4
Richmond	1989	85,069	80,823	81,097	80,275	79,864	79,384	79,864	-1.2
Rochester, NY	1988	80,265	73,699	73,766	72,694	70,483	68,138	67,066	-9.0
Sacramento	1991	131,458	131,458	124,817	117,001	108,595	103,804	99,938	-24.0
San Diego	1990	173,809	166,495	160,210	150,611	141,584	137,127	133,128	-20.0
San Francisco	1990	246,008	231,501	223,102	212,107	202,334	197,753	193,935	-16.2
Seattle	1990	124,759	123,276	123,041	121,792	122,417	122,417	123,119	-0.1
St. Louis	1979	83,230	70,914	70,583	69,855	71,113	71,974	73,430	3.5
Washington, DC	1989	145,607	137,289	135,285	131,978	127,669	124,362	122,959	-10.4

Notes: House prices are the 1990 median sales price of existing single-family homes determined by the National Association of Realtors, indexed by the Conventional Mortgage Home Price Index and the Weighted Repeat Sales Index by Freddie Mac, and deflated by the Bureau of Labor Statistics Consumer Price Index (CPI-UX) for All Items.

Table A-6 Housing Permits and Placements: 1991-1996

(Thousands)

	Single-family Permits						Multi-family Permits					
	1991	1992	1993	1994	1995	1996	1991	1992	1993	1994	1995	1996
U.S. Total	753.5	910.7	986.5	1,068.5	997.3	1,069.5	195.3	184.3	212.5	303.2	335.3	356.1
Alabama	8.8	11.5	12.8	14.4	13.4	14.6	2.4	2.4	3.3	4.7	6.7	5.3
Alaska	0.9	1.0	1.4	1.5	1.7	1.8	0.1	0.1	0.3	0.5	0.5	0.8
Arizona	21.4	29.2	34.7	42.1	39.9	41.3	2.1	2.6	3.9	9.7	12.8	12.4
Arkansas	5.0	6.2	7.0	7.8	7.3	7.7	1.9	1.7	3.0	4.6	4.4	3.5
California	73.9	76.3	69.6	77.8	68.1	73.5	32.1	21.4	14.8	19.2	15.7	18.5
Colorado	12.9	20.7	25.9	29.3	28.4	30.4	1.1	2.8	4.1	7.9	10.2	10.8
Connecticut	5.9	7.2	7.8	8.1	7.6	7.6	1.6	0.8	1.4	1.4	0.9	0.9
Delaware	3.8	4.3	4.6	4.7	4.3	4.2	0.5	0.4	0.2	0.3	0.4	0.2
District of Columbia	0.1	0.1	0.1	0.1	0.0	0.0	0.3	0.0	0.2	0.1	0.0	0.0
Florida	71.0	83.7	91.3	96.3	84.1	91.0	24.3	18.3	23.8	32.3	38.8	34.0
Georgia	33.6	42.1	47.6	52.5	55.0	59.4	4.0	2.5	6.3	12.3	17.2	15.5
Hawaii	4.7	4.6	4.6	4.5	3.9	2.7	4.5	3.2	2.0	2.9	2.7	1.2
Idaho	5.5	7.5	8.8	9.3	8.4	9.2	1.1	2.1	2.8	3.4	2.3	1.6
Illinois	26.0	32.7	36.2	38.5	35.4	35.9	6.8	7.7	8.5	10.8	12.1	13.7
Indiana	19.4	24.4	25.9	28.5	27.9	29.9	4.6	4.3	4.9	5.9	7.8	7.4
Iowa	5.9	7.2	7.4	7.9	7.3	7.9	2.1	3.4	3.2	4.6	4.0	4.1
Kansas	6.6	8.5	8.9	10.2	8.7	10.1	1.1	1.3	2.1	2.8	3.9	4.6
Kentucky	9.2	11.6	12.4	14.2	12.8	14.1	2.8	3.1	3.6	4.4	4.8	4.7
Louisiana	6.7	8.9	10.4	12.8	12.5	14.4	0.5	0.9	0.9	2.0	2.3	3.6
Maine	3.5	4.0	3.6	4.3	4.2	4.5	0.2	0.3	0.2	0.3	0.3	0.2
Maryland	21.0	28.1	25.4	25.0	23.2	22.6	4.2	4.3	4.6	4.0	3.4	2.5
Massachusetts	11.3	15.2	15.8	16.5	14.4	15.1	1.3	1.2	1.6	1.6	2.0	2.2
Michigan	28.2	31.5	33.7	38.5	39.3	43.4	5.7	5.6	6.1	8.0	7.9	8.9
Minnesota	18.1	22.5	23.0	21.3	20.7	22.1	3.0	3.8	4.3	4.3	4.8	5.0
Mississippi	4.4	5.5	6.9	8.0	7.3	8.1	0.7	0.8	1.2	3.0	3.5	2.3
Missouri	13.1	16.6	18.3	20.9	19.0	20.1	3.0	3.5	3.4	5.5	5.3	6.2
Montana	1.0	1.7	1.9	2.1	1.7	1.5	0.5	0.4	1.0	0.9	1.4	1.2
Nebraska	4.6	5.1	5.5	5.4	5.2	5.7	1.7	1.6	2.3	2.5	3.0	4.4
Nevada	15.3	13.4	19.5	22.9	22.5	23.8	5.6	3.8	3.8	8.1	10.3	13.4
New Hampshire	3.3	3.7	3.7	4.1	4.1	4.2	0.2	0.4	0.5	0.5	0.3	0.7
New Jersey	12.9	16.5	21.3	22.4	18.3	20.9	2.0	2.6	3.8	3.0	3.2	3.3
New Mexico	5.4	6.9	8.1	9.2	8.6	8.8	0.6	0.3	0.7	2.3	2.4	1.3
New York	21.7	23.3	21.1	22.2	19.9	20.2	6.9	6.6	7.5	9.0	8.2	14.7
North Carolina	33.2	41.9	45.9	49.1	47.7	51.8	5.8	6.3	7.4	13.7	13.2	15.2
North Dakota	1.0	1.4	1.6	1.6	1.5	1.5	1.1	1.1	1.4	1.7	1.7	0.8
Ohio	27.1	31.3	34.1	35.6	32.6	35.7	8.7	11.3	10.2	11.6	12.2	13.6
Oklahoma	5.7	7.3	8.3	8.2	7.8	8.8	0.2	0.3	0.4	1.3	2.3	1.9
Oregon	11.8	13.1	15.2	16.1	15.4	17.2	4.6	3.9	5.3	7.9	10.8	10.6
Pennsylvania	29.4	34.5	35.9	37.0	32.0	32.4	5.3	3.8	4.2	3.2	4.2	5.5
Rhode Island	2.0	2.4	2.4	2.3	2.1	2.1	0.3	0.2	0.2	0.2	0.3	0.4
South Carolina	16.2	17.7	18.7	20.0	19.3	22.5	2.5	2.5	2.4	4.6	4.7	6.9
South Dakota	1.6	2.2	2.3	2.4	2.2	2.4	0.9	1.0	1.4	2.1	1.6	1.2
Tennessee	16.9	21.2	24.1	26.8	27.7	28.2	2.3	2.1	2.9	5.1	7.4	12.3
Texas	41.7	54.8	62.7	70.4	70.4	83.1	10.2	9.4	15.1	32.2	34.7	35.7
Utah	8.1	11.0	13.9	14.7	15.2	16.7	0.9	1.8	3.5	3.9	5.7	6.8
Vermont	1.8	1.8	2.0	2.0	2.0	1.9	0.2	0.4	0.3	0.3	0.3	0.2
Virginia	29.5	35.4	39.4	39.5	34.7	35.2	4.2	4.9	5.6	7.3	8.5	10.8
Washington	23.7	29.1	30.4	31.5	26.8	27.0	9.3	10.6	10.9	12.6	11.4	12.6
West Virginia	1.7	2.0	2.2	3.3	2.9	2.9	0.3	0.3	0.4	0.6	0.8	0.7
Wisconsin	16.5	21.0	21.7	22.8	20.7	21.8	8.6	10.0	10.5	11.8	11.7	11.5
Wyoming	0.6	0.9	1.1	1.7	1.4	1.6	0.1	0.1	0.1	0.3	0.3	0.5

Table A-6 (Continued)

(Thousands)

	Manufactured Housing Placements						Total					
	1991	1992	1993	1994	1995	1996	1991	1992	1993	1994	1995	1996
U.S. Total	174.3	212.0	242.5	286.1	310.7	319.7	1,123.1	1,306.9	1,441.6	1,354.6	1,643.2	1,745.3
Alabama	7.9	9.7	11.1	14.4	14.4	15.5	19.2	23.6	27.2	33.5	34.5	35.4
Alaska	0.0	0.0	0.1	0.0	0.0	0.0	1.0	1.1	1.8	2.1	2.2	2.6
Arizona	2.6	3.5	4.3	5.7	6.5	7.0	26.1	35.3	43.0	57.5	59.2	60.7
Arkansas	3.3	3.5	5.1	5.3	6.3	6.8	10.2	11.4	15.1	17.7	18.0	17.9
California	6.2	5.6	3.8	3.7	3.2	3.7	112.2	103.4	88.1	100.7	87.1	95.8
Colorado	1.1	1.5	2.7	3.8	3.9	4.5	15.2	25.0	32.6	41.0	42.5	45.6
Connecticut	0.0	0.0	0.0	0.0	0.0	0.0	7.5	8.0	9.2	9.5	8.6	8.5
Delaware	1.1	1.6	1.6	1.1	1.5	1.5	5.4	6.2	6.5	6.1	6.1	5.9
District of Columbia	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.1	0.3	0.2	0.0	0.0
Florida	14.6	19.9	17.7	16.7	15.3	15.1	109.9	121.9	132.8	145.3	138.2	140.1
Georgia	9.5	10.6	12.9	17.2	19.1	19.4	47.1	55.2	66.8	82.1	91.3	94.3
Hawaii	0.0	0.0	0.0	0.0	0.0	0.0	9.2	7.8	6.6	7.3	6.6	3.9
Idaho	1.2	1.6	2.1	3.2	2.6	2.2	7.8	11.2	13.7	15.8	13.3	13.0
Illinois	3.3	3.5	4.2	5.2	5.4	4.3	36.1	43.9	48.9	54.5	52.9	53.9
Indiana	5.9	5.8	6.0	7.4	8.0	8.0	29.8	34.5	36.8	41.8	43.7	45.2
Iowa	1.5	2.8	2.0	2.0	2.3	2.5	9.5	13.3	12.6	14.5	13.6	14.5
Kansas	1.5	1.3	2.1	3.2	3.2	3.4	9.3	11.1	13.1	16.2	15.9	18.1
Kentucky	6.2	8.0	7.8	9.3	11.4	10.4	18.2	22.7	23.7	27.9	29.0	29.2
Louisiana	1.6	3.2	4.7	6.4	9.1	8.2	8.8	13.0	15.9	21.2	23.8	26.2
Maine	1.9	1.8	1.3	1.5	1.4	2.0	5.6	6.1	5.1	6.1	5.8	6.7
Maryland	1.5	0.6	1.2	0.8	1.4	0.8	26.7	33.0	31.2	29.8	28.0	25.9
Massachusetts	0.0	0.1	0.3	0.4	0.3	0.0	12.7	16.5	17.8	18.5	16.7	17.3
Michigan	8.6	9.9	9.2	10.4	11.2	12.1	42.4	46.9	49.0	56.9	58.4	64.5
Minnesota	1.1	1.9	2.1	1.9	3.0	3.1	22.2	28.3	29.4	27.5	28.5	30.1
Mississippi	3.6	4.9	6.0	7.7	10.3	10.4	8.8	11.2	14.1	18.6	21.1	20.8
Missouri	3.5	4.8	5.7	8.0	8.1	7.6	19.6	24.9	27.4	34.4	32.4	33.9
Montana	0.6	1.1	1.7	1.7	1.4	1.6	2.1	3.2	4.6	4.7	4.5	4.3
Nebraska	0.7	0.6	0.5	0.5	1.0	1.4	6.9	7.3	8.3	8.4	9.2	11.5
Nevada	2.1	1.9	1.7	2.2	2.2	2.7	23.1	19.2	25.0	33.3	35.0	39.9
New Hampshire	0.3	0.3	0.3	0.6	0.6	0.7	3.8	4.3	4.5	5.3	5.0	5.6
New Jersey	0.0	0.3	0.2	0.4	0.4	0.0	14.9	19.4	25.4	25.8	21.9	24.2
New Mexico	1.9	3.2	5.1	4.5	6.4	6.3	8.0	10.4	14.0	16.0	17.4	16.5
New York	4.8	5.1	5.6	5.3	4.6	5.4	33.4	35.0	34.2	36.4	32.7	40.3
North Carolina	16.9	20.5	24.3	30.4	29.3	33.2	55.9	68.7	77.6	93.3	90.2	100.2
North Dakota	0.3	0.5	0.4	0.7	0.6	0.7	2.4	3.1	3.3	4.1	3.8	3.0
Ohio	5.9	7.3	7.2	7.7	8.4	8.2	41.7	49.9	51.4	54.9	53.2	57.5
Oklahoma	1.0	1.5	3.0	3.2	4.9	5.5	6.9	9.2	11.7	12.7	15.0	16.1
Oregon	4.4	5.2	6.4	8.0	6.3	6.3	20.8	22.2	26.9	32.1	32.5	34.1
Pennsylvania	6.4	6.7	7.0	7.3	6.6	6.3	41.0	45.0	47.1	47.5	42.9	44.2
Rhode Island	0.0	0.0	0.0	0.0	0.0	0.0	2.4	2.6	2.6	2.5	2.3	2.5
South Carolina	8.7	11.4	13.8	14.1	16.7	19.8	27.4	31.6	34.9	38.7	40.7	49.2
South Dakota	0.8	0.9	1.3	1.8	1.3	1.5	3.3	4.1	5.0	6.4	5.1	5.1
Tennessee	7.6	10.8	12.0	14.3	14.8	15.4	26.9	34.1	39.0	46.2	49.9	55.9
Texas	5.2	9.0	14.8	21.8	31.6	32.2	57.1	73.2	92.6	124.4	136.7	151.0
Utah	0.1	0.7	0.8	1.3	1.6	1.7	9.0	13.5	18.1	19.9	22.5	25.2
Vermont	0.5	0.6	0.6	0.5	0.5	0.5	2.5	2.9	2.9	2.9	2.8	2.6
Virginia	5.7	5.5	6.1	6.0	6.7	5.5	39.4	45.7	51.1	52.8	49.8	51.4
Washington	6.4	5.9	6.8	7.0	6.6	5.4	39.4	45.6	48.1	51.0	44.8	45.0
West Virginia	3.2	3.8	4.6	5.8	5.5	5.3	5.2	6.1	7.2	9.7	9.2	8.9
Wisconsin	2.3	3.1	3.8	4.1	3.6	3.8	27.4	34.1	35.9	38.7	36.0	37.1
Wyoming	0.3	0.2	0.4	1.0	1.0	1.1	0.9	1.2	1.6	3.0	2.7	3.3

Source: U.S. Bureau of the Census, Construction Reports, Series C-40 and Series C-20.

Table A-7 Owner and Renter Households and Homeownership Rates: 1993 and 1996

	Number of Households (Thousands)						Homeownership Rates (Percent)	
	Total		Owners		Renters			
	1993	1996	1993	1996	1993	1996	1993	1996
Total	96,397	99,627	61,758	65,143	34,639	34,484	64.1	65.4
Age								
Under 35	25,307	24,506	9,475	9,593	15,831	14,914	37.4	39.1
35 to 44	21,856	23,226	14,300	14,991	7,556	8,236	65.4	64.5
45 to 54	16,408	18,008	12,324	13,599	4,085	4,408	75.1	75.5
55 to 64	12,150	12,401	9,674	9,971	2,477	2,430	79.6	80.4
65 and Over	20,676	21,486	15,985	16,989	4,691	4,497	77.3	79.1
Race/Ethnicity								
White	75,084	76,932	52,729	55,121	22,355	21,811	70.2	71.6
Black	11,105	11,334	4,668	5,020	6,437	6,313	42.0	44.3
Hispanic	7,150	7,939	2,814	3,274	4,336	4,665	39.4	41.2
Other	3,058	3,423	1,547	1,729	1,511	1,694	50.6	50.5
Region								
Northeast	19,322	19,695	12,049	12,188	7,274	7,507	62.4	61.9
Midwest	23,103	23,707	15,475	16,766	7,628	6,941	67.0	70.7
South	33,638	35,143	22,043	23,719	11,595	11,424	65.5	67.5
West	20,334	21,082	12,191	12,470	8,143	8,612	60.0	59.2

Notes: Hispanics may be of any race. Other includes Native Americans and Asians and Pacific Islanders.

Source: Joint Center tabulations of the 1993 and 1996 March Current Population Surveys.

Table A-8 Income and Wealth of Owners and Renters: 1995

(1995 dollars)

	Owners			Renters	
	Median Income	Median Home Equity	Median Net Wealth	Median Income	Median Net Wealth
Total	37,000	49,000	102,170	18,000	4,750
Age					
Under 35	41,000	18,000	44,250	24,000	4,030
35 to 64	44,000	50,000	108,800	21,000	5,300
65 and Over	20,000	76,000	141,300	11,000	6,460
Race/Ethnicity					
White	38,000	52,000	114,180	20,000	7,900
Black	24,000	30,000	52,310	11,000	900
Hispanic	33,000	40,000	60,120	15,000	1,700
Other	45,000	48,000	83,099	22,000	7,000
Income					
Under $20,000	12,000	41,000	66,190	8,700	1,700
$20,000 to $49,999	34,000	42,000	83,500	31,000	10,570
$50,000 and Over	73,000	62,600	180,840	65,000	50,700

Notes: Hispanics may be of any race. Other includes Native Americans and Asians and Pacific Islanders.

Source: Joint Center tabulations of the 1995 Survey of Consumer Finance.

Table A-9 Housing Conditions of Owners and Renters by Income: 1995

(Thousands)

	Owners						Renters					
	Very Low	Low	Moderate	High	Very High	Total	Very Low	Low	Moderate	High	Very High	Total
Total Units	11,578	10,168	12,804	7,819	20,804	63,173	14,439	7,140	6,410	2,499	3,429	33,917
Single-family	9,364	8,446	10,937	6,985	19,132	54,864	4,184	2,348	2,321	923	1,334	11,109
Small Multi-family	473	430	450	236	640	2,229	5,378	2,502	2,107	803	973	11,763
Large Multi-family	265	182	254	156	395	1,253	4,286	1,924	1,780	679	1,049	9,717
Manufactured	1,476	1,110	1,163	441	637	4,828	591	367	203	94	74	1,328
Inadequate Units	1,111	614	550	290	667	3,232	1,740	580	453	143	201	3,117
Single-family	919	519	469	245	611	2,762	681	278	174	65	84	1,282
Small Multi-family	27	29	19	12	14	102	597	159	154	37	66	1,012
Large Multi-family	14	7	4	4	3	32	408	102	118	37	52	71
Manufactured	150	59	58	29	40	336	54	42	7	4	0	107

Notes: Very Low income defined as less than 50% of area median; Low is between 50% and 80%; Moderate is between 80% and 120%; High is between 120% and 150%; Very High is over 150% of area median. Excludes households with incomes of zero or less and monthly housing costs greater than area fair market rent.

Adequate and Inadequate defined in terms of presence or absence of plumbing fixtures, heating equipment and other mechanical subsystems, as well as information on upkeep and maintenance. Small Multi-family structures have 2-9 units; Large Multi-family structures have 10 or more units.

Source: Joint Center tabulations of the 1995 American Housing Survey.

Table A-10 Homeownership by Age, Race/Ethnicity, Location, and Income: 1985 and 1995

(Percent)

	1985						1995					
	Very Low	Low	Moderate	High	Very High	Total	Very Low	Low	Moderate	High	Very High	Total
Total	43.4	56.7	66.1	73.6	83.0	63.6	44.5	58.7	66.6	75.8	85.9	65.1
Age												
Under 25	6.8	14.7	24.7	23.7	40.4	16.8	6.4	15.4	20.5	22.8	40.4	14.3
25 to 34	17.4	35.1	47.7	58.6	68.5	45.6	18.0	33.6	48.5	58.6	71.9	45.3
35 to 44	34.2	52.7	70.0	78.1	84.4	68.0	33.8	52.1	66.3	80.1	85.5	65.4
45 to 64	52.5	70.7	78.7	85.6	90.7	77.3	53.1	67.9	77.0	84.5	91.5	77.0
65 and Over	61.3	79.3	84.9	87.8	89.4	73.2	65.4	85.3	87.5	90.5	93.7	78.0
Race/Ethnicity												
White	51.0	61.0	68.5	75.2	83.9	68.4	53.8	64.0	70.5	78.3	87.0	71.3
Black	29.5	45.2	55.9	63.1	74.3	44.0	30.2	43.5	48.5	62.7	78.6	43.6
Hispanic	23.0	34.1	48.9	58.6	74.5	39.8	25.0	42.5	51.2	64.5	75.6	41.7
Other	16.2	36.0	52.4	66.7	77.2	45.3	25.5	42.8	54.8	63.9	78.0	50.5
Metro Area												
Center City	28.4	42.2	54.8	61.2	74.8	48.4	29.3	45.6	51.8	65.5	75.9	49.0
Suburb	52.4	62.3	69.3	77.5	85.7	70.5	52.6	63.8	71.3	79.6	88.3	71.5
Non-Metro	57.4	68.2	75.5	81.0	87.0	72.5	56.4	67.2	75.6	79.9	90.7	73.5

Notes: Very Low income defined as less than 50% of area median; Low is between 50% and 80%; Moderate is between 80% and 120%; High is between 120% and 150%; Very High is over 150% of area median. Excludes households with incomes of zero or less and monthly housing costs greater than area fair market rent. Hispanics may be of any race. Other includes Native Americans and Asians and Pacific Islanders.

Source: Joint Center tabulations of the 1985 and 1995 American Housing Surveys.

Table A-11 Public Assistance and Housing Problems Among Renter Households: 1985

(Thousands)

	Households by Type of Assistance					Housing Quality and Cost Burdens of Unsubsidized Households			
	Total	With Housing Assistance	With Income Assistance	With Both	With Neither	Total	Adequate, Not Severely Burdened	Adequate, Severely Burdened	Inadequate
Extremely Low Income									
Total	7,161	2,433	3,010	1,244	2,962	4,727	576	3,011	1,140
Region									
Northeast	1,882	765	858	390	649	1,117	109	718	290
Midwest	1,930	623	865	282	724	1,308	221	877	210
South	2,053	707	786	370	930	1,345	117	727	501
West	1,295	338	501	202	658	957	129	689	139
Location									
Center City	4,301	1,503	1,987	817	1,628	2,798	301	1,750	747
Suburb	1,803	578	593	247	879	1,225	157	895	173
Non-Metro	1,056	351	429	179	455	704	118	366	220
Race/Ethnicity									
White	3,813	1,093	1,220	438	1,938	2,720	382	1,860	478
Black	2,184	958	1,230	573	569	1,226	106	664	456
Hispanic	936	307	485	194	338	629	68	377	184
Household Type									
Married with Children	720	119	277	60	384	602	113	336	153
Single Parent	2,190	834	1,570	645	431	1,355	120	881	354
Single, Age 65 and Over	1,574	822	374	223	601	752	135	490	127
Very Low Income									
Total	11,857	3,308	3,646	1,453	6,356	8,550	2,724	4,050	1,776
Region									
Northeast	2,890	1,020	982	440	1,328	1,870	523	962	385
Midwest	2,993	797	1,000	316	1,512	2,197	867	1,041	289
South	3,558	977	950	428	2,059	2,581	736	984	861
West	2,415	514	714	269	1,456	1,902	598	1,063	241
Location									
Center City	6,665	1,956	2,292	930	3,347	4,709	1,410	2,223	1,076
Suburb	3,339	809	787	296	2,039	2,529	852	1,333	344
Non-Metro	1,850	540	566	225	969	1,310	462	493	355
Race/Ethnicity									
White	6,913	1,583	1,540	534	4,324	5,330	1,886	2,670	774
Black	3,055	1,185	1,392	634	1,112	1,870	430	761	679
Hispanic	1,463	428	598	233	670	1,034	294	469	271
Household Type									
Married with Children	1,591	259	378	79	1,033	1,334	570	455	309
Single Parent	3,028	1,047	1,790	720	911	1,980	482	1,040	458
Single, Age 65 and Over	2,375	1,051	431	246	1,139	1,323	420	725	178

Notes: Extremely Low Income defined as less than 30% of area median; Very Low Income is less than 50% of area median. Severely Burdened defined as households paying 50% or more of their incomes for gross rent. Adequate and Inadequate defined in terms of presence or absence of plumbing fixtures, heating equipment and other mechanical subsystems, as well as information on the upkeep of properties. Excludes households with reported housing costs of zero. Hispanics may be of any race.

Source: Joint Center tabulations of the 1985 American Housing Survey.

Table A-12 Public Assistance and Housing Problems Among Renter Households: 1995

(Thousands)

	Households by Type of Assistance					Housing Quality and Cost Burdens of Unsubsidized Households			
	Total	With Housing Assistance	With Income Assistance	With Both	With Neither	Total	Adequate, Not Severely Burdened	Adequate, Severely Burdened	Inadequate
Extremely Low Income									
Total	8,050	2,857	2,882	1,339	3,650	5,193	905	3,562	726
Region									
Northeast	2,042	786	745	367	878	1,255	212	844	199
Midwest	1,770	718	655	317	714	1,052	200	731	121
South	2,322	853	799	424	1,094	1,469	266	931	272
West	1,916	500	683	231	964	1,417	227	1,056	134
Location									
Center City	4,450	1,623	1,660	786	1,953	2,826	486	1,872	468
Suburb	2,408	719	735	306	1,260	1,689	286	1,270	133
Non-Metro	1,193	515	487	247	438	678	134	420	124
Race/Ethnicity									
White	3,808	1,190	1,034	445	2,029	2,617	439	1,918	260
Black	2,384	1,139	1,116	605	734	1,244	220	752	272
Hispanic	1,447	404	582	218	679	1,043	213	671	159
Household Type									
Married with Children	751	136	216	66	465	615	139	411	65
Single Parent	2,591	1,176	1,646	810	579	1415	276	936	203
Single, Age 65 and Over	1,499	731	244	136	660	767	175	513	79
Very Low Income									
Total	13,572	3,742	3,588	1,513	7,755	9,833	3,873	4,652	1,308
Region									
Northeast	3,136	1,060	897	412	1,591	2,075	679	1,098	298
Midwest	2,820	891	812	357	1,474	1,930	845	862	223
South	4,131	1,121	957	481	2,534	3,011	1,235	1,248	528
West	3,485	670	922	263	2,156	2,817	1,114	1,444	259
Location									
Center City	7,011	2,013	2,005	875	3,868	4,997	1,887	2,365	745
Suburb	4,428	986	960	353	2,835	3,443	1,438	1,689	316
Non-Metro	2,134	742	624	285	1,053	1,392	548	598	246
Race/Ethnicity									
White	6,899	1,639	1,348	502	4,414	5,259	2,084	2,642	533
Black	3,537	1,425	1,341	700	1,471	2,112	774	912	426
Hispanic	2,451	505	708	235	1,473	1,945	844	822	279
Household Type									
Married with Children	1,703	226	357	88	1,208	1,477	776	508	193
Single Parent	3,812	1,440	1,958	905	1,319	2,371	959	1,116	296
Single, Age 65 and Over	2,184	972	265	145	1,092	1,211	400	697	114

Notes: Extremely Low Income defined as less than 30% of area median; Very Low Income is less than 50% of area median. Severely Burdened defined as households paying 50% or more of their incomes for gross rent. Adequate and Inadequate defined in terms of presence or absence of plumbing fixtures, heating equipment and other mechanical subsystems, as well as information on the upkeep of properties. Excludes households with reported housing costs of zero. Hispanics may be of any race.

Source: Joint Center tabulations of the 1995 American Housing Survey.

Table A-13 Characteristics of the Rental Stock and Its Owners

(Thousands)

	Individually Owned					
		Non-Resident Owners				
	Resident Owners	1-9 Units	10+ Units	Not Reported	Institutionally Owned	Total
Total Rental Units	1,411	7,915	3,771	3,980	9,121	29,358
Structure Type						
Single-family Detached	NA	4,150	627	696	680	6,438
Single-family Attached	NA	359	110	119	154	773
Other Single-family	NA	915	137	235	180	1,562
Multi-family with 2 to 4 Units	1,122	2,080	800	712	592	5,556
Multi-family with 5 to 9 Units	159	411	453	303	364	1,894
Multi-family with 10 or More Units	129	NA	1,644	1,915	7,153	13,135
Annual Income of Owner						
Less than $30,000	562	2,253	285	179	189	3,480
$30,000 to $49,999	290	1,850	382	147	157	2,826
$50,000 to $74,999	159	1,105	570	153	182	2,174
$75,000 or More	140	1,239	1,726	451	1,739	5,308
Not Reported/Not Applicable	258	1,468	808	3,050	6,855	15,571
Most Important Reason for Purchase						
As Residence for Self	798	2,285	56	310	199	3,665
Income from Rent	169	1,636	1,676	1,072	2,597	7,305
Long-term Capital Gains	44	596	522	330	1,300	2,840
Retirement/Future Security	65	862	662	272	534	2,422
Some Other Reason	62	1,212	513	301	2,465	4,638
Not Reported/Not Applicable	272	1,324	342	1,695	2,025	8,488
Owner Making a Profit on the Unit						
Yes	392	2,902	2,163	1,345	4,014	11,548
No, Breaking Even	386	1,426	338	338	863	3,415
No, Had Loss	408	2,519	714	630	1,494	5,967
Don't Know	185	948	488	1,388	2,328	6,573
Not Reported	39	120	69	279	423	1,855
Owner Would Buy Unit Again						
Yes	799	3,117	1,800	1,055	4,092	10,945
No	282	2,856	1,088	609	1,313	6,186
Don't Know	275	1,799	763	930	2,499	6,451
Not Reported	55	143	120	1,386	1,217	5,775
Owner Uses Third-Party Manager						
No	1,299	6,898	2,100	2,331	1,630	14,569
Yes	87	913	1,607	1,458	7,218	13,687
Not Reported	24	105	64	191	274	1,102
Current Maintenance Program						
Most Problems Postponed	70	689	135	249	219	1,468
Minor Problems Postponed	144	1,006	476	380	681	2,830
Preventive Maintenance/ No Problems Postponed	1,180	6,053	3,127	3,171	8,146	23,955
Not Reported	16	168	34	180	76	1,104
Percent of Rental Income Spent on Maintenance						
None	95	1,022	29	126	222	1,544
0% to 10%	355	2,568	1,078	894	1,899	7,229
10% to 20%	324	1,712	1,111	686	1,981	6,187
20% to 30%	177	759	508	365	1,059	3,051
30% to 40%	73	327	238	237	630	1,586
40% to 50%	46	185	127	126	383	932
More than 50%	180	567	265	252	715	2,106
Not Reported	161	775	415	1,295	2,233	6,723

Note: Total includes owner type not reported.

Source: Joint Center tabulations of the 1997 Property Owners and Managers Survey.

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