Housing in the Heartland: Four dimensions of housing stress

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Why is housing important?

• Housing costs are rising faster than average incomes.
  – Low & moderate-income families face increasing housing affordability challenges.

• Stable, decent housing is critical to well-being.
  – Housing costs are largest single budget item for most households
  – Residential stability provides foundation for other social & economic activities
  – Where you live determines access to jobs, schools, and place-based amenities
  – Home equity is the largest financial asset for most middle-income households
Housing in the Heartland

• National conversations about housing often overlook important regional & local context
  – More focus on “hot” markets than declining ones
  – Within market types, outliers receive most attention
  – Non-coastal states often treated as single bloc

• Today’s presentation examines four indicators of housing stress for 10 metro areas
  – Allentown, Chicago, Cleveland, Detroit, Fargo, Louisville, Minneapolis, Philadelphia, Pittsburgh, St. Louis
Preview: Housing stress takes many forms

• Lower-income families experience more housing stress than affluent families in same metro
  – Spend larger share of income on housing
  – More likely to experience crowding
  – Live in older housing units
  – Spend more time commuting
  – Are less likely to own their homes

• On some metrics, lower-income families in Heartland fare better than in other regions.
  – Homeownership, crowding, & commute times
Lower-income households spend more on housing

Housing costs as share of income, by income quintile

Severe cost burden

Cost burden

Source: 2012-2016 American Community Survey IPUMS
Lower-income cost burdens vary across metros

Housing costs as share of income, by metro

Source: 2012-2016 American Community Survey IPUMS

Housing the Heartland
Lower-income cost burdens vary across metros

Housing costs as share of income, by metro

Source: 2012-2016 American Community Survey IPUMS

Housing the Heartland
Crowding relatively rare even among low-income HHs

Households with 2+ people per bedroom, by metro

Source: 2012-2016 American Community Survey IPUMS
Crowding relatively rare even among low-income HHs
Households with 2+ people per bedroom, by metro

Source: 2012-2016 American Community Survey IPUMS
Low-income households live in old housing
Share of households in 50+ yr-old homes, by metro

Source: 2012-2016 American Community Survey IPUMS

Housing the Heartland
Low-income households live in old housing
Share of households in 50+ yr-old homes, by metro

Source: 2012-2016 American Community Survey IPUMS
Commute times mostly show small income gap
Households commuting 1+ hour, by metro

Source: 2012-2016 American Community Survey IPUMS

Housing the Heartland
Commute times mostly show small income gap

Households commuting 1+ hour, by metro

Source: 2012-2016 American Community Survey IPUMS

Housing the Heartland
Heartland metros have many low-income homeowners

Homeownership rates, by metro

Source: 2012-2016 American Community Survey IPUMS

US avg, all HHs

US avg, low-income

Source: 2012-2016 American Community Survey IPUMS
Heartland metros have many low-income homeowners

Homeownership rates, by metro

Source: 2012-2016 American Community Survey IPUMS

Housing the Heartland
Summary of results

- Housing stresses vary across Heartland metros.
- Lower-income families experience more housing stress than affluent families in same metro
  - Spend larger share of income on housing
  - More likely to experience crowding
  - Live in older housing units
  - Spend more time commuting
  - Are less likely to own their homes
- On some metrics, lower-income families in Heartland fare better than in other regions.
Thoughtfully designed policies could help

• Subsidies could reduce financial stress for lower-middle income households
  – Slight boost to incomes or decrease in housing costs
  – In less expensive metros, affordability gap around $100/month

• Older housing stock is affordable but brings higher maintenance costs

• Homeownership has costs & benefits
  – Greater stability & predictability of monthly costs
  – Maintenance requires time & money
  – Home values aren’t guaranteed to increase!

• Both renters & owners would benefit from alternate channels for savings & wealth-building.
Comments and questions welcome!

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