

Housing in the Heartland: Four dimensions of housing stress

Jenny Schuetz

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Brookings Institution
Metropolitan Policy Program

jschuetz@brookings.edu



@jenny_schuetz

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

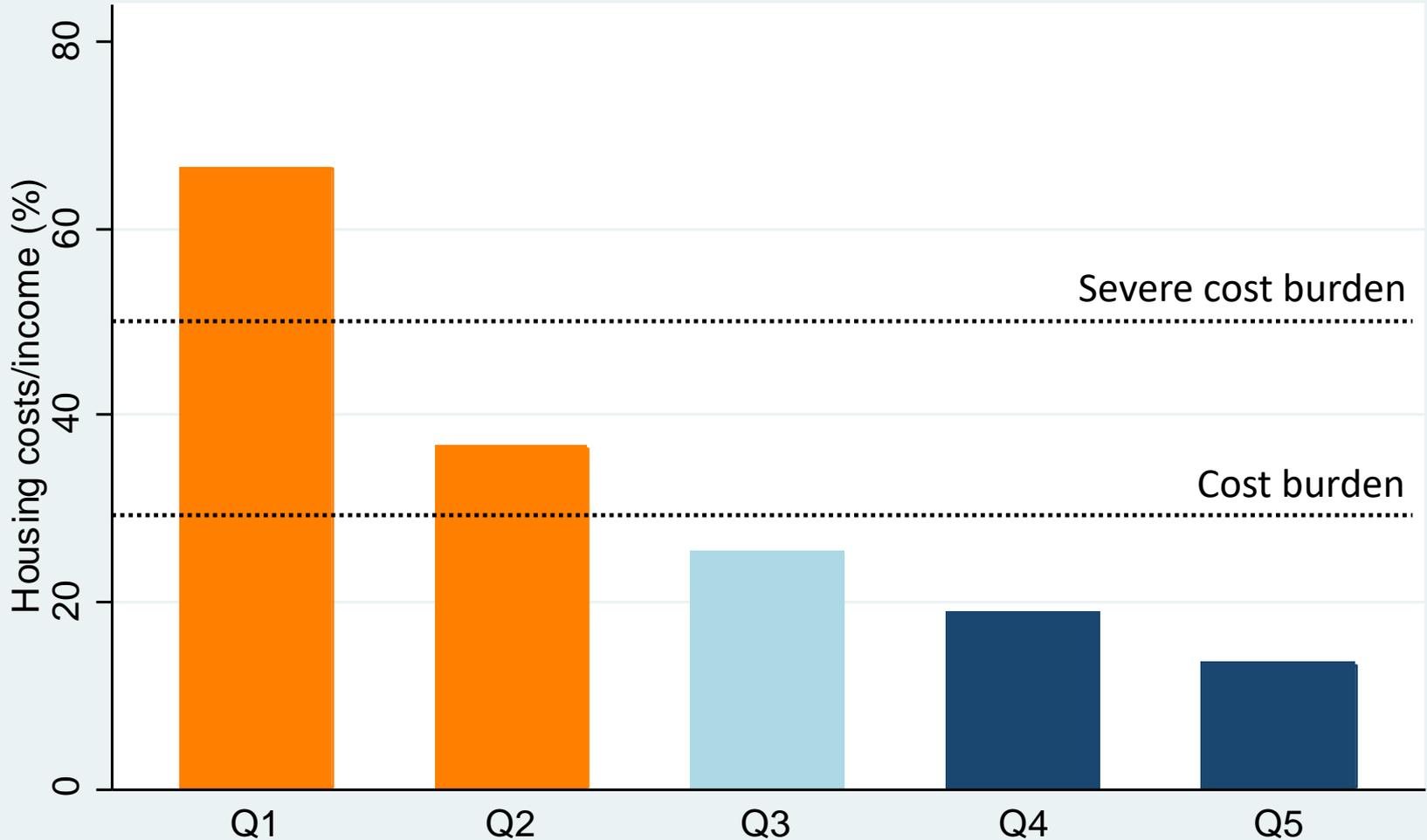
- National conversations about housing often overlook important regional & local context
 - More focus on “hot” markets than declining ones
 - Within market types, outliers receive most attention
 - Non-coastal states often treated as single bloc
- Today’s presentation examines four indicators of housing 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

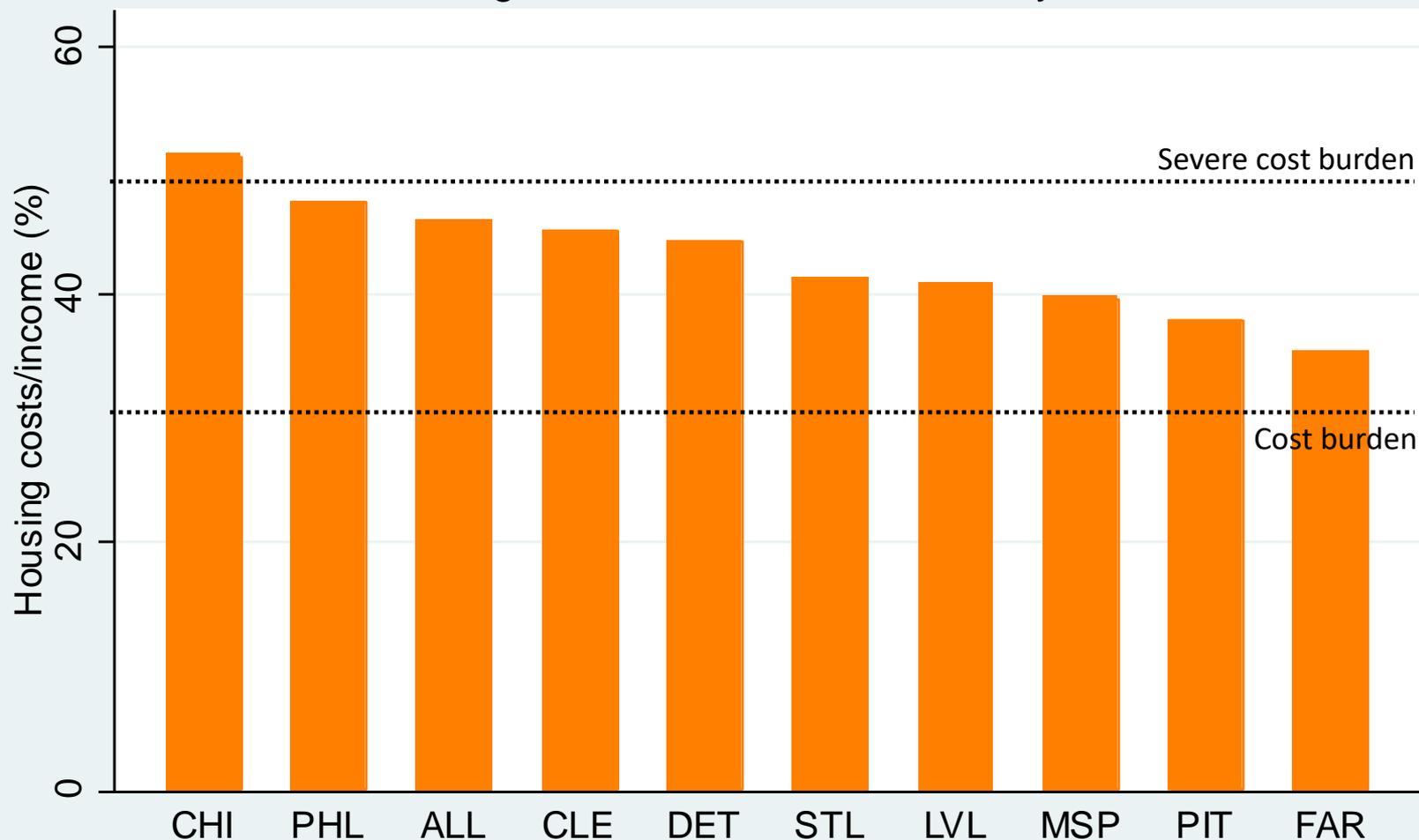
Housing costs as share of income, by income quintile



Source: 2012-2016 American Community Survey IPUMS

Lower-income cost burdens vary across metros

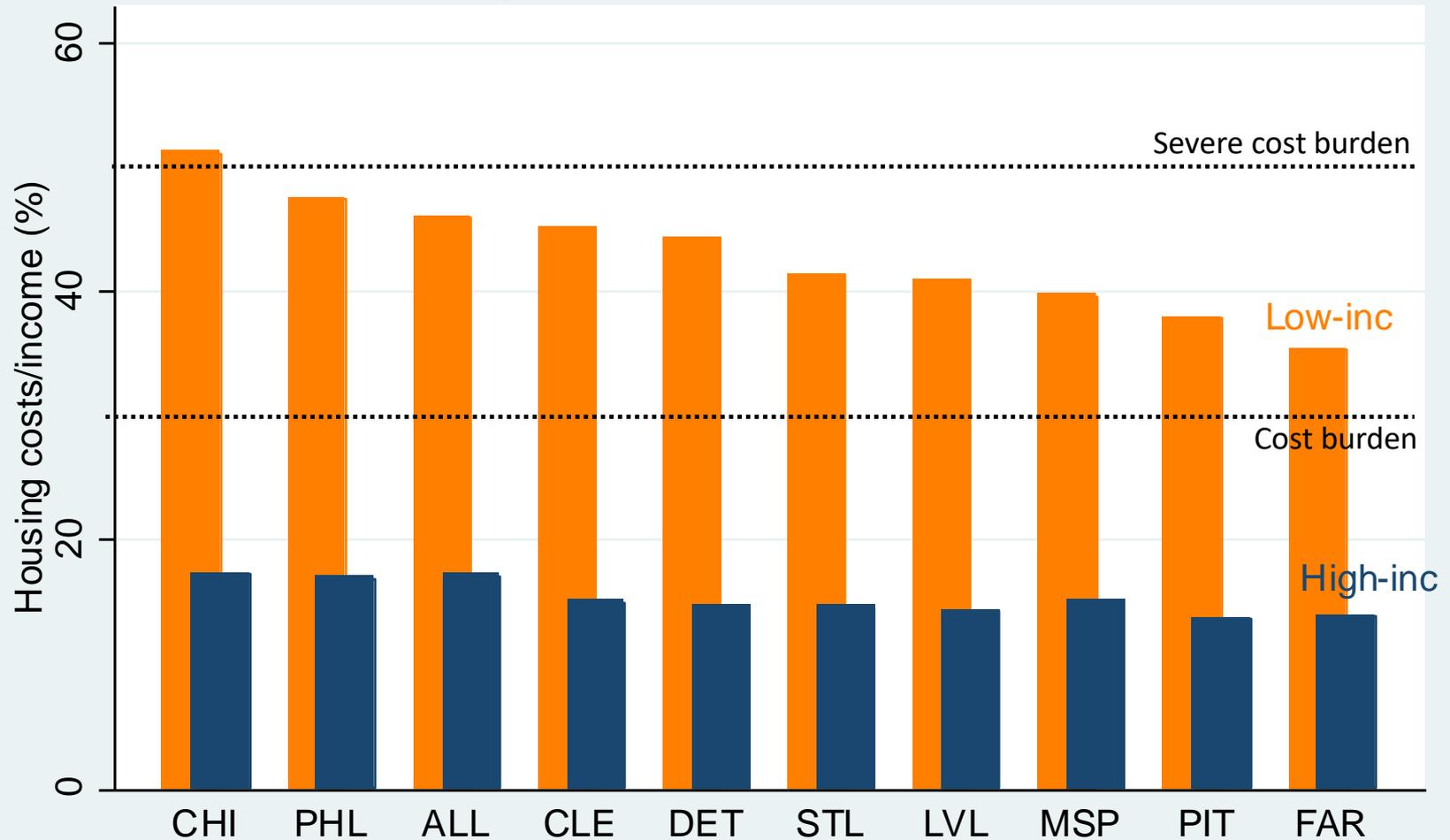
Housing costs as share of income, by metro



Source: 2012-2016 American Community Survey IPUMS

Lower-income cost burdens vary across metros

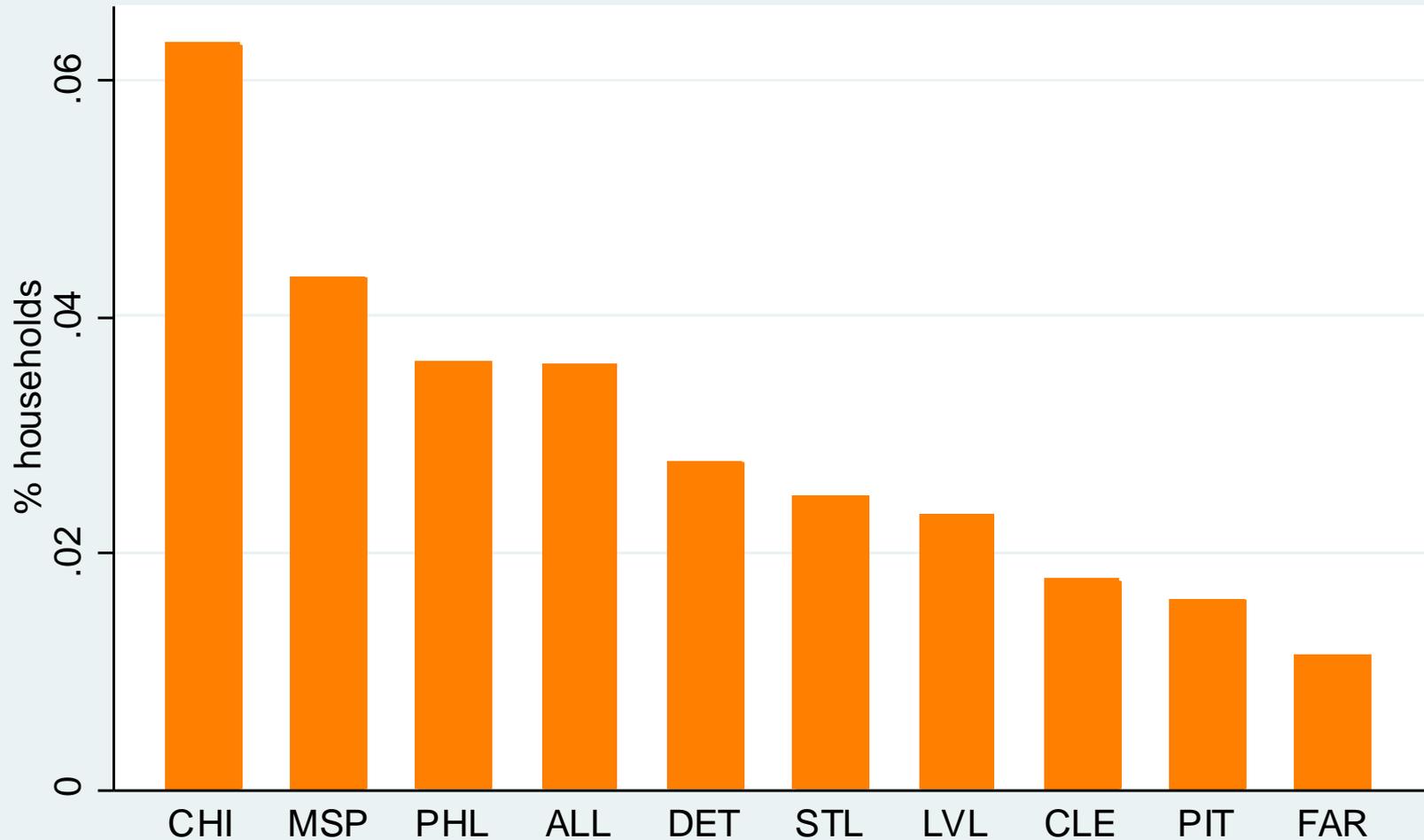
Housing costs as share of income, by metro



Source: 2012-2016 American Community Survey IPUMS

Crowding relatively rare even among low-income HHs

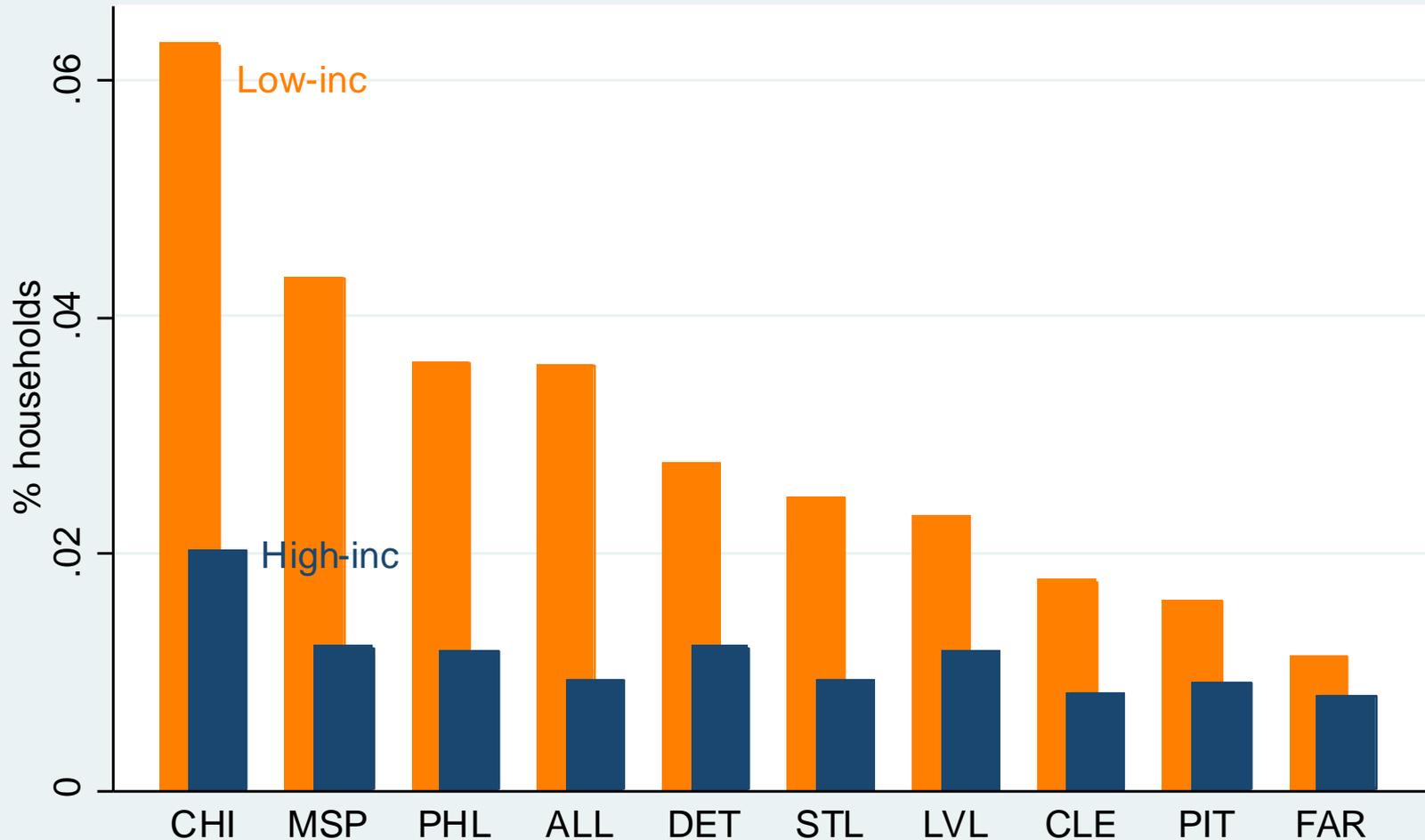
Households with 2+ people per bedroom, by metro



Source: 2012-2016 American Community Survey IPUMS

Crowding relatively rare even among low-income HHs

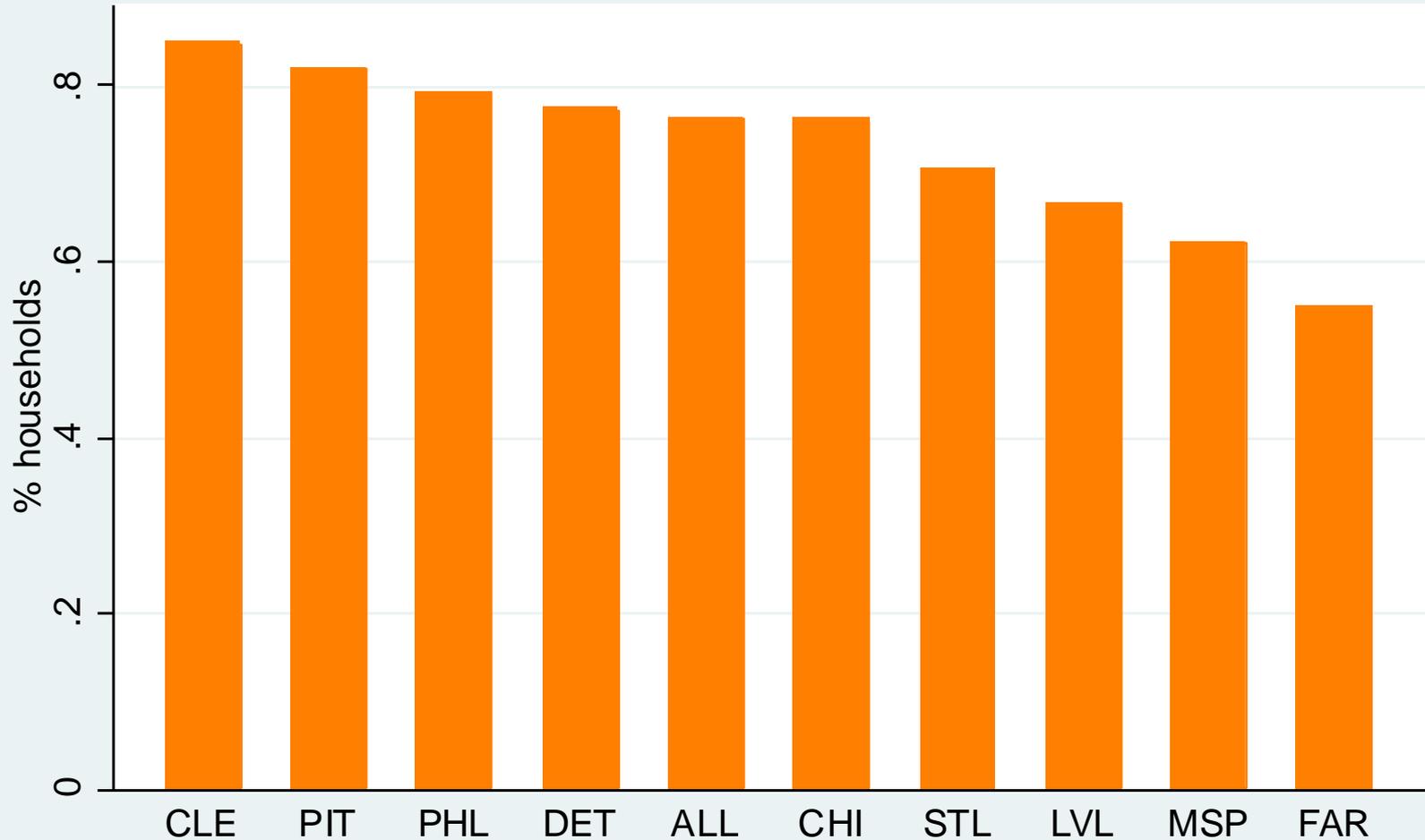
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Source: 2012-2016 American Community Survey IPUMS

Low-income households live in old housing

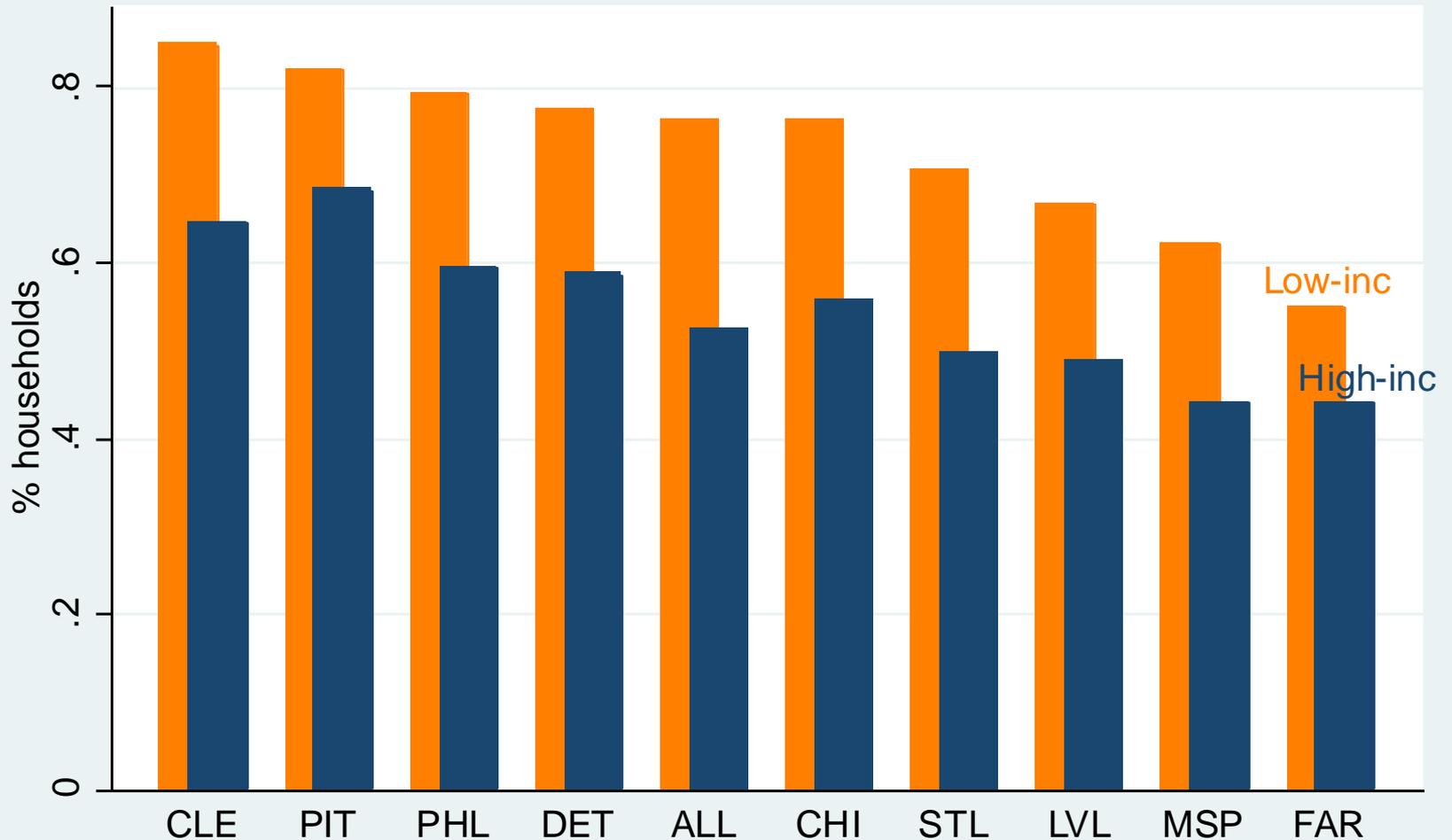
Share of households in 50+ yr-old homes, by metro



Source: 2012-2016 American Community Survey IPUMS

Low-income households live in old housing

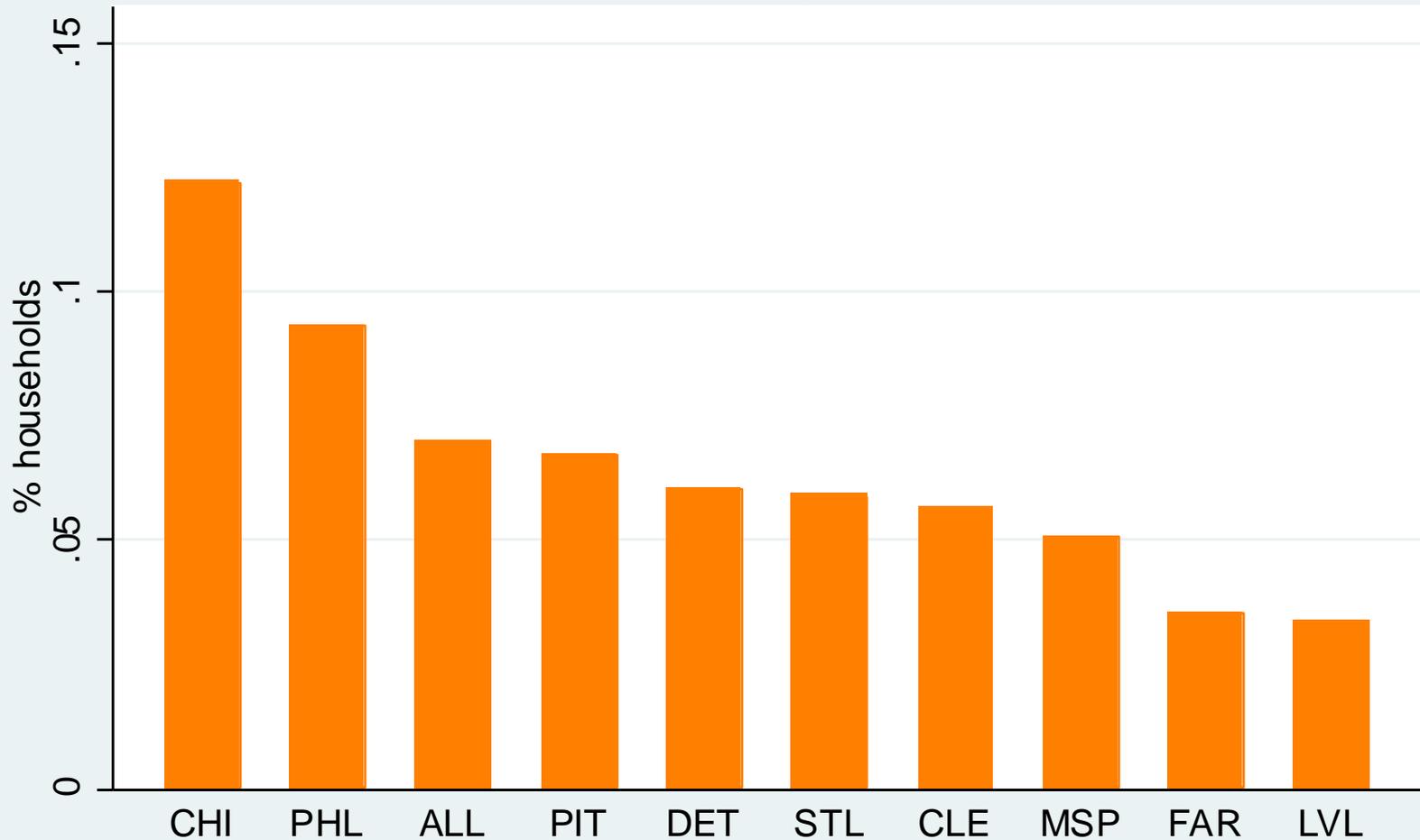
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Commute times mostly show small income gap

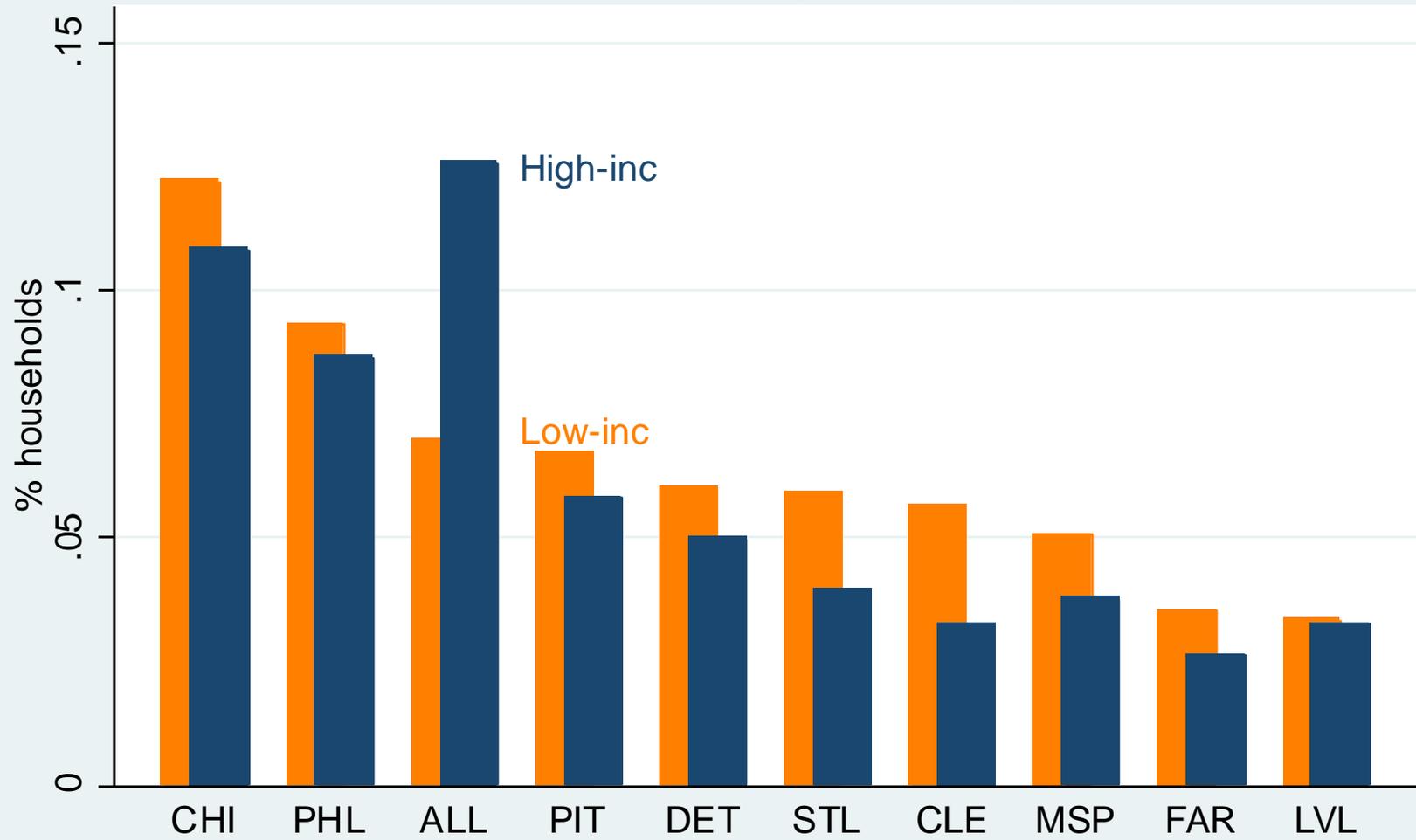
Households commuting 1+ hour, by metro



Source: 2012-2016 American Community Survey IPUMS

Commute times mostly show small income gap

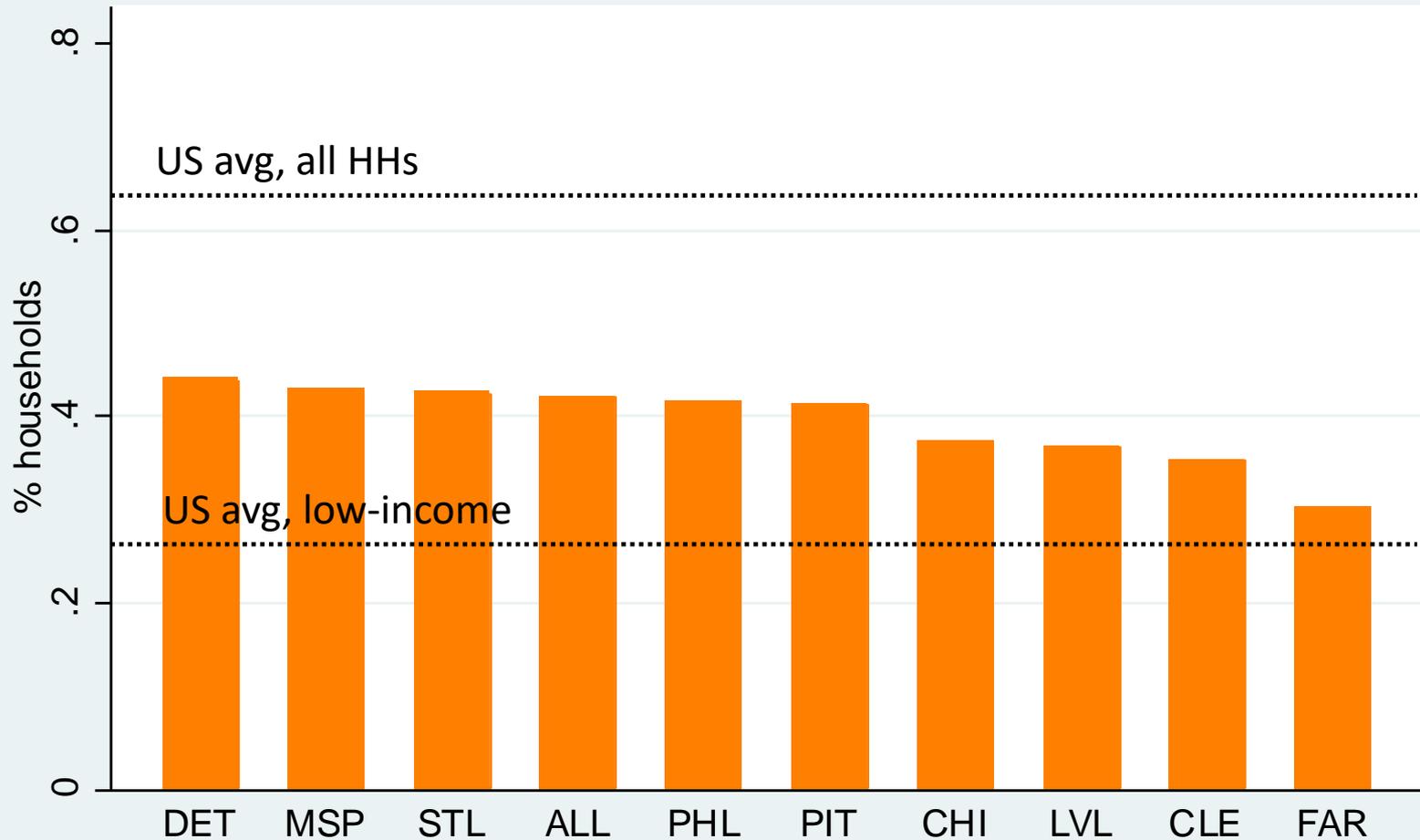
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Source: 2012-2016 American Community Survey IPUMS

Heartland metros have many low-income homeowners

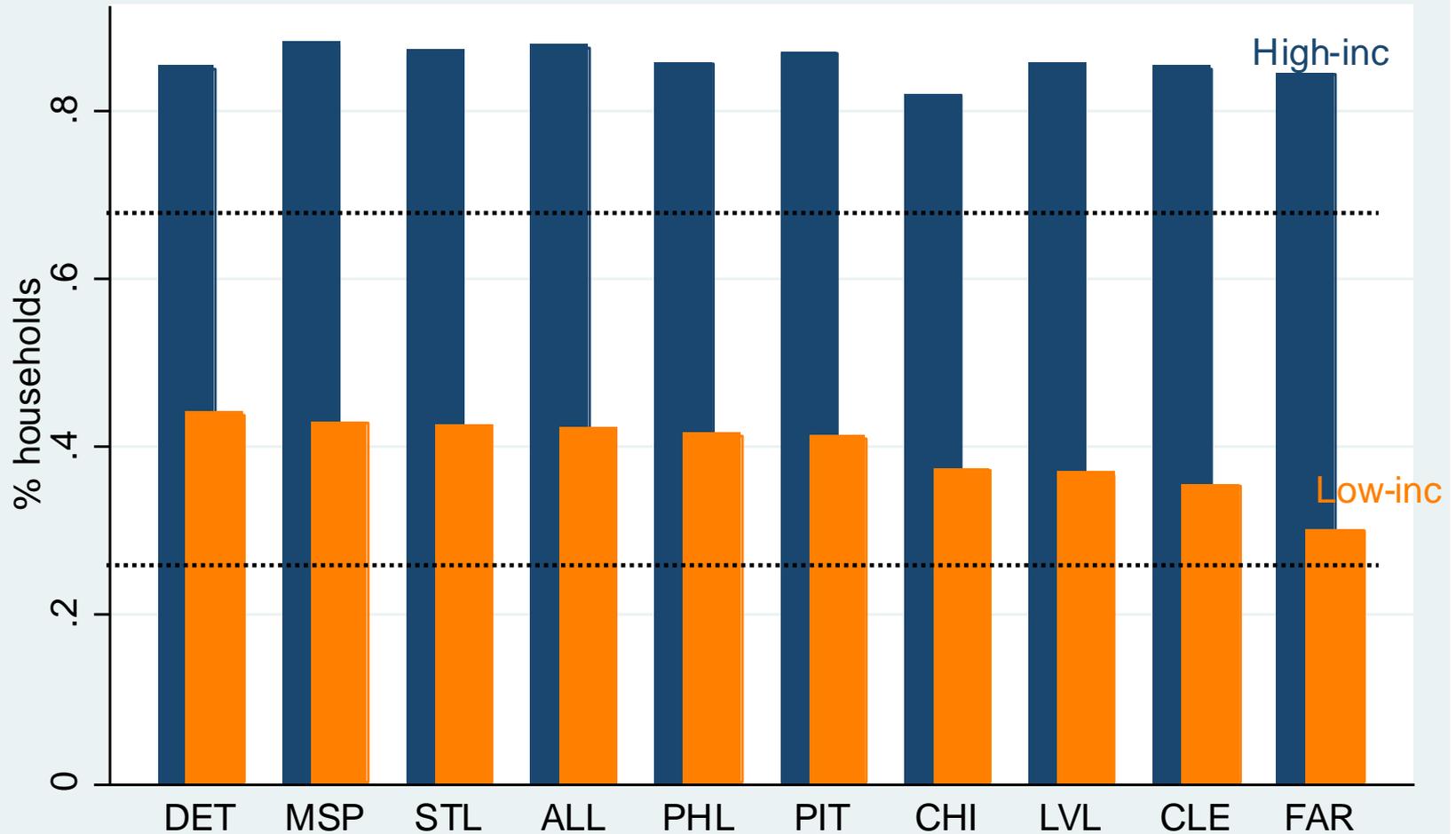
Homeownership rates, by metro



Source: 2012-2016 American Community Survey IPUMS

Heartland metros have many low-income homeowners

Homeownership rates, by metro



Source: 2012-2016 American Community Survey IPUMS

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
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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!

jschuetz@brookings.edu

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