

The Measurement of Affordable Rental Housing

Community Response Task Force – Housing
May 26, 2020

Data to Inform Housing Investments

- ▶ We track how many affordable rental housing units we have created, but...
 - ▶ How many affordable rental housing units have we lost?
 - ▶ Can we track that?

Affordability as a Relationship

- ▶ What is happening in Charlotte in the relationship between the people who live here and the housing stock?
- ▶ Affordability is the relationship between:
 - ▶ Households – number, size, income
 - ▶ Housing Units – number, size (bedrooms) and gross rent
 - ▶ Area Median Income
- ▶ That relationship is fluid

Affordability as a Relationship

- ▶ Accounting for the total impact of all the changes...
 - ▶ Are there more or fewer affordable units in the City of Charlotte?
 - ▶ Are there more or fewer households in need of affordable housing?
 - ▶ And how do the households relate to the housing units?

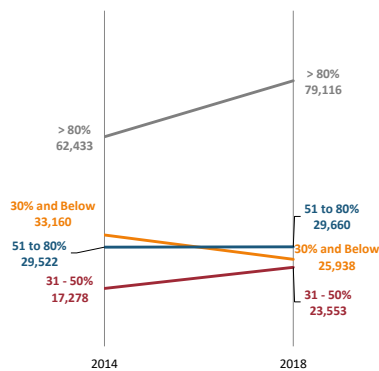
Start by Tracking Net Impacts

- ▶ **Demand** – Number of households with household income at each level of AMI, adjusted for household size
- ▶ **Supply** - Number of housing units with gross rent affordable to each level of AMI, adjusted for bedroom size

How has the demand for affordable rental housing in Charlotte changed over time?

What housing products people need

Households by AMI Level

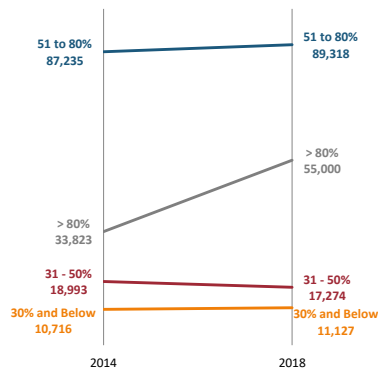


AMI Level	Change
30% and Below	-7,222
31 - 50%	6,275
51 to 80%	138
> 80%	16,683
Total	15,874

How has the supply of affordable rental housing units in Charlotte changed over time?

What housing products are in the market (though not necessarily available for rent)

Housing Units by AMI Level



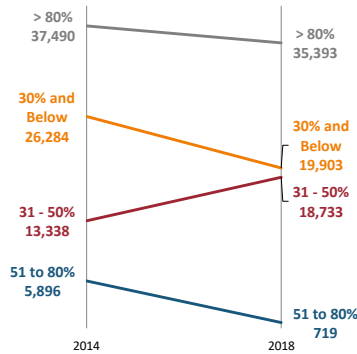
AMI Level	Change
30% and Below	411
31 - 50%	-1,719
51 to 80%	2,083
> 80%	21,177
Total	21,952

The Affordability Gap

- ▶ Difference between **Demand** (what people need) and **Supply** (what exists in the market) at each AMI level
- ▶ **Rental Mismatch** – Number of households renting down or up in AMI level, either by choice or by necessity
 - ▶ **Renting Up** – to access amenities/location, be close to family or jobs, lack of units at the low-end
 - ▶ **Renting Down** – save money, lack of units at the high end
 - ▶ (Staying put as AMI and individual situations change)
- ▶ Affordable and Available – **Renting Match** - An affordable unit at a specific AMI level that is occupied by a household of that same AMI level – does not mean that the unit is available for rent

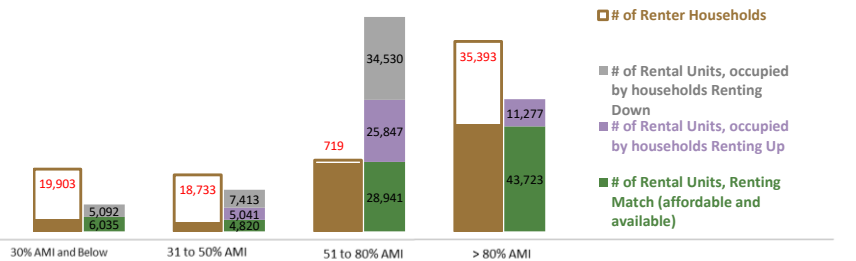
How has the affordability gap changed over time?

From 2014 to 2018, the gap in affordable rental housing in Charlotte **decreased at 30% and Below AMI, increased at 51 to 50% AMI** and **decreased at 51 to 80% AMI**. The gap at >80% AMI decreased slightly but remains high, continuing to put availability pressure on housing units affordable to lower-income households.



Affordability Gap, Rental Mismatch

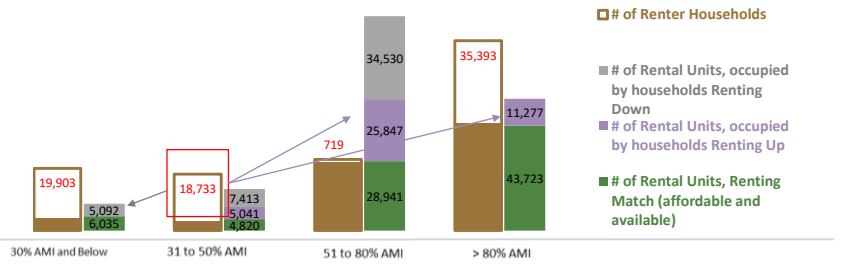
The gap in affordable rental housing is partly a function of rental mismatch – that is, households that are **renting up** or **renting down** in AMI level, either by necessity or by choice. In 2018, rental mismatch contributed to a gap at all levels of AMI, even at 51 to 80% AMI where there were more units (supply) than households (demand).



The **gap** is calculated as the difference in the **number of renter households** and the **number of rental units with corresponding households (Renting Match)** at each level of AMI.

Affordability Gap, Rental Mismatch

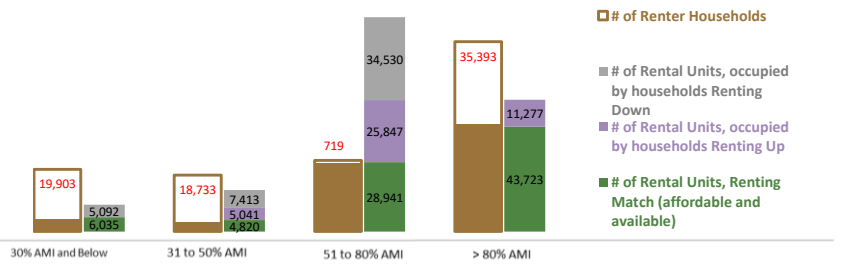
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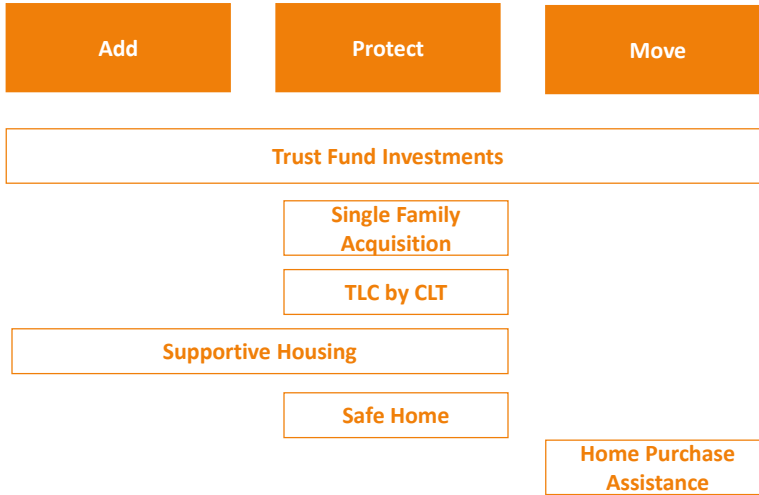
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Add, Protect, Move

How do we help households access the housing they need, or get the housing to where it is needed?

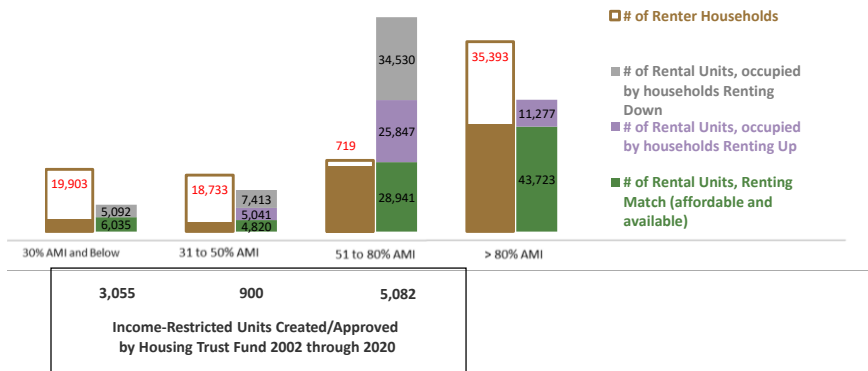


Housing programs are responsive to the gap and the mismatch



Add, Protect, Move

Housing Trust Fund investments over time have contributed to closing the affordability gap by creating income-restricted units (supply + match). For example, nearly half of the units at 30% AMI and below have been created through the Housing Trust Fund.



In Summary

- ▶ As of 2018, overall affordable housing gap measured cumulatively:
 - ▶ ~ 31,900 units affordable to households at < 50% AMI
 - ▶ ~ 2,500 units affordable to 80% AMI and below
- ▶ Overall gap has been rising since 2016 (year-over-year caveats) – this is the number we want to decrease (the lower the number, the better the match)
- ▶ This is the top-level summary – understanding more about the households at each level of AMI helps us to refine our strategies to decrease the affordability gap (seniors, special needs, families with children, students, vehicles in household, etc.)
- ▶ Still only part of the picture – this analysis does not account for homelessness, overcrowding, housing quality, housing instability, etc.

Questions

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Sources:

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